

This English translation has been prepared solely for the convenience of foreign shareholders of BankThai Public Company Limited and should not be relied upon as the definitive and official opinions of BankThai Public Company Limited and of the Independent Financial Advisor on the connected transaction. The Thai language version of the opinions of the BankThai Public Company Limited and of the Independent Financial Advisor is the definitive and official document of the advisor and shall prevail in all respects in the event of any inconsistency with this English translation.



- Translation -

No. IBL 3 / 2552

February 2, 2009

Re: The Opinion by an Independent Financial Advisor in Relation to a Connected Transaction for BankThai Public Company Limited

To: The Board of Directors and Shareholders of BankThai Public Company Limited

Whereas the Board of Directors' meeting of BankThai Public Company Limited (the "Bank" or the "Company") No. 1/2009, held on January 14, 2009, and No. 2/2009, held on January 22, 2009 resolved to approve the issuance and offering for sale (the "Issuance") of instruments having a similar in nature of capital which is regarded by the BOT as Hybrid Tier 2 capital ("Hybrid Tier 2 capital"), up to an amount of THB 2,500,000,000 by means of private placement with terms and conditions in Appendix 1, for the purpose of recapitalizing the capital structure of the Bank to supplement the capital base of the Bank as well as to expand the short run and long run business operations and future developments of the Bank. The Board of Directors of the Bank resolved to further submit the Issuance of Hybrid Tier 2 capital and the to obtain Shareholders' approval in the Extraordinary General Meeting of Shareholders No. 1/2009 to be held on February 20, 2009 and the authorization of the Board of Directors including the person or the group of persons assigned by the foregoing to have power / discretion to determine terms and conditions with regards to such Issuance of Hybrid Tier 2 capital.

With regards to the determination of on average yield for the Issuance of Hybrid Tier 2 capital, based on current market pricing and recent comparable transactions, the Bank cannot determine the

definite average coupon rate with the tentative schedule of the Issuance of Hybrid Tier 2 capital in March 2009. Nevertheless, based on current market situation, recent available comparable transactions, and the assumption that the Issuance of Hybrid Tier 2 capital takes place in the end of January 2009 under the current market conditions, the indicative range of average yield is the 10-year Government Bond yield plus the indicative spread range of 2.1% to 3.1%. Based on the current 10-year Government Bond yield as of January 21, 2009 of 3.41%, this translates to an indicative range of yield of approximately 5.5% to 6.5% per annum.

The final yield for the Issuance of Hybrid Tier 2 capital shall be dependent on the prevailing market conditions at the time of Issuance of Hybrid Tier 2 capital, including demand from investors, and under the agreements and condition of the Hybrid Tier 2 capital issued at that time, and to be under notifications of the Securities and Exchange Commission (the "SEC") and of the Stock Exchange of Thailand (the "SET") and/or regulations of any government agencies concerned which are still in effect at the time of Issuance of Hybrid Tier 2 capital and the offers (if more than one issue).

In the Board of Directors' meeting No. 1/2009, held on January 14, 2009, had also been informed that CIMB Bank Berhad ("CIMB Bank"), the major shareholder of the Bank, or its nominated party(ies), will be participating in the issuance of Hybrid Tier 2 capital to the level that the capital funds of the Bank will meet the minimum Capital Adequacy Ratio requirements of the BOT (the "Transaction"). As a result, the transaction will be considered a connected transaction of listed companies for receipt of financial assistance, as prescribed in the Notification of Capital Market Supervisory Board Tor Jor 21/2551 re: Related Parties Transactions and the Notification of the Board of Governors of the SET. The Bank expects that the value and size of such receipt of financial assistance, determined from the interest payments that will be paid to CIMB Bank or its nominated party(ies), will exceed the size of 3% of net tangible assets of the Bank and its subsidiaries as of 30 September 2008. With respect to this, the Bank is required to disclose the details of the transaction to the SET, receive approval from the Bank's Board of Directors, and receive approval from the Bank's Board of Directors, and receive the resolution with approval from the Shareholders of at least three fourth of the attending shareholders who are eligible to vote, excluding the shareholder who are related party to the transaction which is CIMB Bank.

In this respect, the Bank has appointed TISCO Securities Company Limited (the "Financial Advisor") to be an Independent Financial Advisor to the shareholders of the Bank for rendering an opinion concerning the reasonableness, fairness of the pricing, and the terms and conditions of the Transaction.

In rendering an opinion on the Transaction to shareholders of the Bank, the Financial Advisor has determined the Transaction from documents received from the Bank, the information disclosed by the Bank to the SET, and information in the public domain including the Board of Directors' approval of

the Bank for the Transaction, financial statement, annual registration statement (Form 56 – 1), annual report, indicative terms and conditions of the Issuance of Hybrid Tier 2 capital for the transaction being approved, information from interviews with the Bank’s managements and employees, and other relevant documents, including the economic situation, capital markets, money markets, and other external factors affecting the operation of the Bank. However, the Financial Advisor have not conduct the review concerning the legal, tax, the marketability of the Issuance, therefore, the Financial Advisor cannot provide any opinion on such aspects.

The Financial Advisor assumes that the received information and documents are reliable, complete, and accurate at the date that the Financial Advisor rendering the opinion on the Transaction. In the circumstances that the received information and documents as well as the economic situation, capital markets, money markets, and other external factors have changed from the date of rendering the opinion on the transaction, the rendered opinion of the Financial Advisor might have to be changed, accordingly.

Summary of nature and details of the Transaction

After the Extraordinary General Meeting of the Shareholders No. 1/2009, to be held on February 20, 2009 resolve to approve the Issuance of Hybrid Tier 2 capital and, subsequently, the proposed Issuance of Hybrid Tier 2 capital is subjected to the approval of the SEC and the inclusion of the Hybrid Tier 2 capital reduction is subjected to the approval of the BOT. The Bank expects that it will be able to issue and offer the sale of the Hybrid Tier 2 capital to be approximately in March 2009.

The Bank expects that the size of the Transaction will exceed the size of 3% of net tangible assets of the Bank and its subsidiaries as of 30 September 2008. In order to comply with the Notification of Capital Market Supervisory Board Tor Jor 21/2551 re: Regulations for a Connected Transaction, a disclosure of transaction details to the SET, the approval from the Bank’s Board of Directors, the approval from the Bank’s Board of Directors, and the resolution from the shareholders meeting voting in favor of the Transaction from at least three fourth of the attending shareholders who are eligible to vote, excluding the shareholder who are connected party that is CIMB Bank.

The size of the Issuance of Hybrid Tier 2 capital, the portion that CIMB Bank would subscribe, the interest rate offered may not yet be able to be determined at the date of the Extraordinary General Meeting of the shareholders No. 1/2009 to be held on February 20, 2009. Hence, for the purpose of determining a size of the transaction, the Financial Advisor would assume the followings:

- The size of the issuance and offering for sale of the Hybrid Tier 2 is THB 2,500.00 million.
- CIMB Bank or its nominated party(ies) would subscribe the whole amount of the Hybrid Tier 2 capital offered which is THB 2,500 million.
- The average yield offered is 6.50% per annum (10-year Government Bond yield of 3.4% plus credit spread of 2.1% to 3.1%).
- The maturity of the Hybrid Tier 2 is 10 years without redemption until year 10.
- The Bank is able to pay all the interest payments due or all the accrued interest payments.

The value of the Transaction when calculated according to the guideline for calculation of receipt of financial assistance, which takes into account the interest and/or benefits which the Bank expects to pay CIMB Bank or its nominated party(ies), is approximately THB 1,625,000,000. Based on the Bank's unaudited but reviewed consolidated financial statements as of the September 30, 2008, the size of the transaction is 32.30% when calculated by comparing the value of the Transaction.

The Bank will determine the actual average yield in the period of the Issuance the Hybrid Tier 2 capital. The definite average yield will depend on the market conditions, and be under the agreements and condition of the Hybrid Tier 2 capital issued at that time, and to be under notifications of the SEC and the SET and/or regulations of any government agencies concerned which are still in effect at the time of Issuance of Hybrid Tier 2 capital and the offers (if more than one issue).

The Issuance of Hybrid Tier 2 capital will be on a market-driven basis. The method of placement of the Hybrid Tier 2 will be on the Private Placement basis. The Bank will seek for potential investors and conduct the market sounding / book building process to measure the demand of potential investors on the Issuance of Hybrid Tier 2 capital and to determine the average yield based on guideline approved by the shareholder meeting of the Bank. If CIMB Bank or its nominated party(ies) were to participate in the issuance of the Hybrid Tier 2, CIMB Bank or its nominated party(ies) will receive the same coupon rate that has been determined by a the demand of other investors who are not related to CIMB Bank or its nominated proxy(ies). However, if the economic situation and market conditions changes from its current state, or if the market survey of the Hybrid Tier 2 capital shows that the average yield required by investors are above the approved range by the Shareholders' meeting, the Board of Directors including the person or the group of persons assigned by the shareholders shall have the authorization to determine the details of the issuance and other terms and conditions of Hybrid Tier 2 capital as necessary in order to successfully issue the Hybrid Tier 2 capital as assigned.

Summary of opinion of the Financial Advisor

Since the beginning of 2008, the global financial and economic downturn as well as domestic political uncertainties have caused negative effects on the Bank's operation performance which affected the Capital Adequacy ratio to be lower than the level required by law. Subsequently to gaining majority control of the Bank, CIMB Bank is proceeding to reinforce the financial status, increase the Capital Adequacy ratio, and improve the ability to expand the business of the Bank by proposing the recapitalization plan to the BOT together with other plans for its approval. The Issuance of Hybrid Tier 2 capital is part of recapitalization plan.

The Board of Directors of the Bank has proposed to the Shareholders' meeting of the Bank to approve the Issuance of Hybrid Tier 2 capital up to an amount of THB 2,500,000,000. The Bank has been informed that CIMB Bank, the major shareholder of the Bank, or its nominated party(ies) will be participating in the Issuance of Hybrid Tier 2 capital to the level that the capital funds of the Bank will meet the minimum Capital Adequacy Ratio requirements of the BOT. The transaction will be considered a connected transaction of listed companies for receipt of financial assistance.

The Bank will be able to issue the Hybrid Tier 2 capital once approved by the Shareholders' meeting, approved the Issuance of the Hybrid Tier 2 capital by the SEC, and the inclusion of the Hybrid Tier 2 capital as capital fund by the BOT, which the Bank expects to be able to issue the Hybrid Tier 2 capital approximately in March 2009. However, since at present and in the near future the market condition is volatile, therefore, the Bank cannot yet determine the coupon rate that investors will be interested in investing in Hybrid Tier 2 capital. Hence, the Bank cannot determine the amount that CIMB Bank or its nominated party(ies) will be investing in. Nevertheless, the Bank has determined the range of the appropriate credit spread of the Issuance of Hybrid Tier 2 capital base on the 10-year Government Bond yield. The use of the 10-year Government Bond yield as a base in determining the appropriate average yield is used by the issuers and the investors on a normal practice basis. Moreover, the reason that the Bank use the 10-year Government Bond yield to determine the average yield of the Issuance of Hybrid Tier 2 capital is because both have equivalent tenures.

The Financial Advisor has considered the credit spread range of the Hybrid Tier 2 capital by comparing the credit spread to those recent issuance of debentures and/or subordinate debentures by domestic commercial banks in the local market. The Financial Advisor has estimated the credit rating of the Bank and of the Issuance of the Hybrid Tier 2 capital by comparing to those of other commercial banks to compare the credit rating and, consequently, the credit spread

Under the Top-down approach, since CIMB Bank is the major shareholder of the Bank, it can be seen that the major shareholder will be in its best interest to support its subsidiary and may be viewed as a guarantee provider on the financial status of the Bank. However, since CIMB Bank does

not neither provide full or partial guarantee for the Hybrid Tier 2 capital in any legal or enforceable way, the Financial Advisor views that the credit rating of CIMB Bank cannot be fully comparable.

According to the Bottom-up approach, the Financial Advisor estimates the credit rating of the Bank by comparing the Bank's financial status and operating performance with those of the small banks. Although, the Bank's asset size and total asset is larger than those of TISCO and KK, but its profitability in recent years has been making a constant loss due the loss on investments in CDOs resulting in insufficient capital and weak financial position and inadequate Capital Adequacy ratio as required by law. However, since CIMB Bank has become the majority shareholder and provide support to the Bank, including the recapitalization plan, it may strengthen the Bank's financial position and financial performance. Therefore, the Financial Advisor views that with these factors the indicative company rating of the Bank with the Bottom-Up approach could be estimated to be in the range of those of TISCO and KK or lower.

From the above comparison and given the fact that the Hybrid Tier 2 capital is unrated and has features that are junior to the subordinate debenture and the current financial status of the Bank, the Financial Advisor views that the proposed credit spread range of 2.1% to 3.1%, which is equivalent to the average yield of Hybrid Tier 2 capital of 5.5% per annum to 6.5% per annum, is reasonable and beneficial to the Bank and its minority shareholders.

The Bank intends to have Issuance of Hybrid Tier 2 capital to be on a market-driven basis. The method of placement of the Hybrid Tier 2 will be on the Private Placement basis. The Bank will seek for potential investors and conduct the market sounding / book building process to measure the demand of potential investors on the Issuance of Hybrid Tier 2 capital and to determine the average yield based on guideline approved by the shareholder meeting of the Bank. If CIMB Bank or its nominated party(ies) were to participate in the issuance of the Hybrid Tier 2, CIMB Bank or its nominated party(ies) will receive the same coupon rate that has been determined by a the demand of other investors who are not related to CIMB Bank or its nominated proxy(ies). However, if the economic situation and market conditions changes from its current state, or if the market survey of the Hybrid Tier 2 capital shows that the average yield required by investors are above the approved range by the Shareholders' meeting, the Board of Directors including the person or the group of persons assigned by the shareholders shall have the authorization to determine the details of the issuance and other terms and conditions of Hybrid Tier 2 capital as necessary in order to successfully issue the Hybrid Tier 2 capital as assigned.

The Financial Advisor is of the opinion that the shareholders should vote in favor for this Transaction. Nevertheless, the final decision is at the discretion of the shareholders. The opinion of the Financial Advisor is base on the assumption that information and documents received from interviews with the Bank's managements and employees are reliable, complete, and accurate. Moreover, in order

to make an informed decision, the shareholder should carefully study and understand the characteristics of Hybrid Tier 2 capital together with other documents attached in this letter in details as well as attend the meeting to receive details on the Issuance of the Hybrid Tier 2 capital and the economic and capital market situations that may have changed since the date of this opinion is rendered, which may cause affects on the average yield that the Bank expects to pay CIMB Bank or its nominated party(ies).

The Financial Advisor, hereby, warrants that this report is prudently and professionally evaluated for the beneficiaries of the Company's shareholders.

The details of the opinion of the Financial Advisor are as follows:

1. Background of BankThai Public Company Limited

1.1 Background

BankThai Public Company Limited was established on 21 December 1998 as a commercial bank through the amalgamation of the Union Bank of Bangkok Public Company Limited, Krung Thai Tanakij Finance Public Company Limited, and 12 other finance companies (namely Nava Finance and Securities Public Company Limited, Thai Summit Finance and Securities Company Limited, Mahatun Finance Company Limited, Bangkok Asian Finance Company Limited, Vajiradhanathun Finance Company Limited, Erawan Trust Company Limited, Progressive Finance Company Limited, Dhana Siam Finance and Securities Public Company Limited, First City Investment Public Company Limited, KSIT Finance and Securities Public Company Limited, Union Asia Finance Public Company Limited, and IFCT Finance and Securities Public Company Limited).

After the amalgamation, several capital and business restructuring plans were implemented, which resulted in the Financial Institutions Development Fund (the "FIDF") holding 100% of the Company's outstanding issued and paid-up share capital and warrants. As part of the plan to privatize the Bank, FIDF offered its shares to the public and on 30 March 2001, the Company was listed on the SET. Post-offering, FIDF's stake was reduced to approximately 48.98%. To further strengthen the Bank's capital position and enhance its competitiveness, the Bank raised additional capital and placed new capital to global private investment firm, Texas Pacific Group and its co-investors ("TPG Consortium") (which comprises Newbridge Sukhothai Netherlands B.V., Blum Strategic III BT Hong Kong Limited and MSOF Hong Kong BT Limited), in April 2007 of 731,450,194 shares equaling to 32.88% of the paid up capital of the Bank.

On June 20, 2008, FIDF informed the Bank that it has entered into a Share Purchase Agreement with CIMB Bank to divest its shareholding of 2,811,862,559 ordinary shares (per value of

Baht 3.75 per share) in the Bank, representing approximately 42.13% of the total issued shares capital of the Bank, at a price of THB 2.10 per share for a total consideration of approximately THB 5,904.9 million. The Bank had requested permission from the Ministry of Finance, with concurrence of the BOT to allow foreign shareholders to hold an aggregate of more than 49% to 100% of the total issued shares, so that the new investor can purchase the Bank's shares from FIDF. However, the Bank also plans to increase its share capital to resolve the Bank's capital fund issue.

On October 9, 2008, the BOT informed the Bank that the Ministry of Finance, with the concurrence of the BOT, had approved holding of the Bank's shares by CIMB Bank, and approved foreign shareholding in an aggregate of more than 49 percent of the total shares of the Bank. The Ministry of Finance also approved non-Thai directors holding more than one half of the total directorships of the Bank, in proportion to the shareholdings acquired from the FIDF and from the tender offer, including from the recapitalization in the first quarter of 2009.

On November 5, 2008, CIMB Bank purchased ordinary shares of the Bank from FIDF who is existing shareholder of the Bank holding 2,811,862,559 shares or 42.13% of the total issued and paid-up shares of the Bank at the stated price. On November 17, 2008, the Bank received a copy of tender offer to purchase all the remaining shares of the Bank, which the CIMB Bank is not currently holding, of 3,862,838,023 shares or 57.87% of the total issued and paid-up shares of the Bank at the price of THB 2.10 per share for the total value of approximately THB 8,112.0 million. After the closing of the tender offer, CIMB Bank currently holds 6,143,544,532 shares equaling 92.04% of the total paid-up shares of the bank.

Recently, the Bank had been making constant loss due the loss on investments in CDOs, resulting in inadequate Capital Adequacy ratio as required by law, thus affecting the Banks capability to expand its business. With CIMB Bank coming in as the majority shareholder, it proceeds to implement initiatives to reinforce the financial status, increase the Capital Adequacy ratio, and improve the ability to expand the business of the Bank. The Bank has proposed the recapitalization plan to the BOT for the objective to ensure that the Capital Adequacy Ratio of the Bank will meet the minimum required level by law and to optimize the capital structure of the Bank for supporting ongoing business of the Bank. The proposed recapitalization plan proposed to the BOT comprises of three approaches:

(1) Proposed rights offering

The Extraordinary General Meeting of Shareholders No. 2/2008, held on September 3, 2008, of the Bank had resolved to approve a capital increase by issuing by right offering to existing shareholders to offer the right offering shares at a price lower than its par value of THB 3.75 each, at the offering price but not lower than THB 0.66 per share to existing shareholders in proportion to each shareholding (rights offering) at the ratio of 1 existing share to 1 new share. Subsequently, the Board of Directors' Meeting resolved to approve the amendment on the offering price of not lower than THB

0.66 per share to the offering price of THB 0.38 per share, which will result in an approximately THB 2,536 million increase in the Bank's capital funds. The amendment on the offering price of not lower than THB 0.38 per share is subjected to the approval of the Extraordinary General Meeting of the Bank No. 1/2009 to be held on February 20, 2009.

The decrease in the right offering price enables the opportunity for all existing shareholders to participate in the development and growth of the Bank.

This right offering to existing shareholders will result in an increase in the Capital Adequacy ratio to 9.19%¹ with the Tier 1 Capital of 5.84%. The Bank plans to offer the right offering during the middle of March 2009.

(2) Proposed Issuance of Hybrid Tier 2 capital

The Board of Directors' Meeting No. 1/2009, held on January 14, 2009, and The Board of Directors' Meeting No. 2/2009, held on January 22, 2009 have passed a resolution to approve the Issuance of Hybrid Tier 2 capital with the opinion by the Financial Advisor rendered to the minority shareholders with regards to this Transaction. The Issuance of Hybrid Tier 2 capital will have to receive approval from the Shareholders' approval in the Extraordinary General Meeting of Shareholders No. 1/2009 to be held on February 20, 2009. Subsequent to receiving the approval from the Bank's shareholders in the Issuance of the Hybrid Tier 2 capital, the proposed Issuance of Hybrid Tier 2 capital is subjected to the approval of the SEC, and the inclusion of the Hybrid Tier 2 capital as capital fund by the BOT. If the Bank is able to proceed according to the recapitalization plan and issue and offer the Hybrid Tier 2 up to THB 2,500 million, the Capital Adequacy ratio will increase to approximately 11.34%². The Bank plans to finish the issuance of the Hybrid Tier 2 capital by the end of March 2009.

The reason that the Bank did not choose to issue debenture or subordinate debenture is because according to the BOT's regulation, the proceeds from the issuance and offering of debenture is not regarded as the capital fund. Therefore, the fund raising by issuing debenture will not help the Bank to improve its Capital Adequacy ratio to meet the minimum level require by law.

In addition, according to the BOT's Regulations on the Inclusion of Hybrid Debt Capital Instruments, the subordinated debenture can be included as Tier 2 Capital with its full paid-up amount but not exceed 50% of the Tier 1 Capital of the Bank. According to the Bank's financial statement as of September 30, 2008, the Bank's had outstanding subordinate debenture of THB 2,055, which is approximately 49.94% of the Bank's Capital Tier 1. Given the current financial status, the Bank will not

¹ Source: The Bank with the calculation from the Capital Adequacy ratio as of 31 December 2008

² Source: The Bank with the calculation from the Capital Adequacy ratio as of 31 December 2008

be able to raise the Tier 2 Capital by additional issuance of subordinate debenture base on the current Capital Tier 1 if the Bank does not implement its right offering first, or in the event that the right offering is delayed or unsuccessful, in order to raise the Capital Adequacy ratio to meet the minimum level require by law as stated in the recapitalization plan to the BOT.

The issuing and offering of debentures or subordinate debenture requires the offering company to be rated by the rating agencies. The rating agency usually requires approximately 2 – 3 months to conduct the credit rating assuming that the company is operationally and financially strong. The current financial difficulties and the recent changes in the shareholder structure do not make the Bank suitable to be rated by the rating agency. The Bank might have to undergo the capital recapitalization plan prior to applying for credit rating. In addition, the time required for the Bank to be prepared for credit rating, the time the credit agency requires to conduct the credit rating, and the time required to issue the debenture might take longer than the time frame to improve the capital requirement of the Bank.

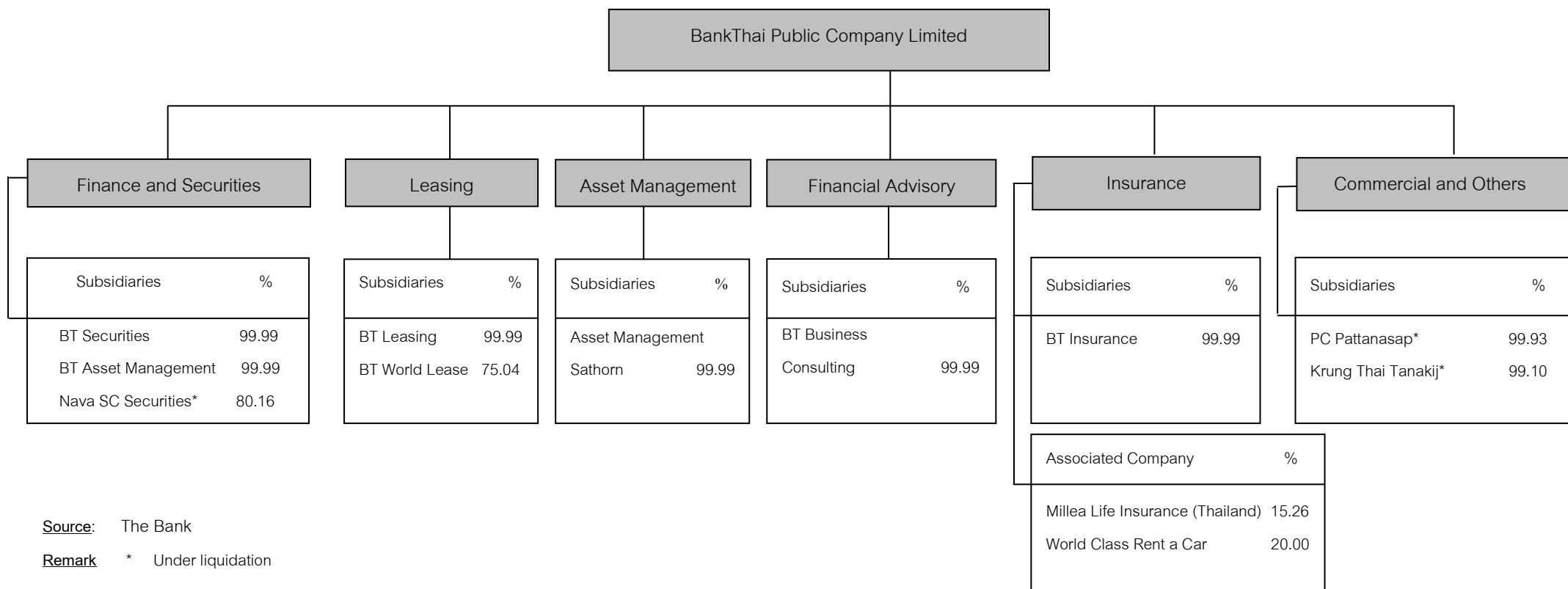
(3) Other initiatives plans

The Bank has proposed to the BOT on the other initiatives plans that the Bank will execute to enhance its business operation and as part of the recapitalization plan.

Moreover, in order to proceed with the recapitalization plan, the Board of Directors' Meeting No. 1/2009, held on January 14, 2008, passed a resolution to approve the transfer of the Bank's reserve funds to compensate for the accumulated loss, and the decrease of registered capital by way of lowering the par value from THB 3.75 per share to THB 0.50 per share, of which the premium arising from the capital reduction exercise shall be used to credit the share discount account in order to offset the share discount amount and subsequently, the retained earnings account in order to offset the accumulated loss amount. However, the capital reduction of the Bank will not affect the Capital Adequacy ratio and Tier 1 capital under the Basel 1 and Basel 2. The capital reduction exercise shall only take place upon the completion of the rights offering and after obtaining the approval from the BOT. The Bank plans to complete the capital reduction process within the end of March 2009.

1.2 Overview of Business Operation

The Corporate Structure of the Bank, its Subsidiaries and Affiliates as of January 12, 2009



The Bank was given a license by the Ministry of Finance and related authorities to engage in commercial banking business, with loans and deposits constituting the primary business of the Bank. In addition the Bank has also focused on innovated and value-added products and services, especially those that can contribute to its fee based incomes; such as to assist the customers in relation to cash management, financial advisory service, services and treasury products. The main businesses of the Bank can be summarized as follows:

1. Commercial banking business: the Bank provides all kind of commercial banking business, such as deposits, loans, discounting, aval/acceptance of bills of exchange, letters of guarantee, foreign exchange trading, letters of credit, tele-banking and ATM services;

2. Insurance business: the Bank has obtain life and non-life insurance brokerage, as licensed by the Department of Insurance, the Ministry of Commerce; and

3. Securities businesses and other related businesses, which are:

3.1 On June 26, 2000, the Bank obtained approval from the Office of the SEC to act as type 1 financial advisor. The Bank is also a type A financial advisor registered at the Thai Consultants Database Center of the Ministry of Finance;

3.2 On May 12, 2000, the Bank was granted a license by the SEC to act as a securities registrar;

3.3 On August 8, 2002, the Bank was granted a license by the Ministry of Finance to act as a debt securities dealer and underwriter;

3.4 On July 5, 2004, the Bank obtained approval from the SEC to act as bondholder's representative;

3.5 On March 21, 2005, the Bank obtained a license from the Minister of Finance to serve as broker, dealer and underwriter of investment units;

3.6 On March 29, 2005, the Bank obtained approval from the SEC to act as a custodian; and

3.7 From July 28, 2006, the Bank is a derivatives dealer registered with the SEC.

The Bank has invested in a number of companies, including those transferred from 13 state-intervened financial institutions, resulting in the holding of equity shares and/or the Bank's representation on the Board of Directors of each of the subsidiaries and associate companies engaged in 7 following key business areas as follows:

1. Securities;
2. Hire purchase and leasing;
3. Business consultancy;
4. Life and non-life insurance;
5. Fund management;
6. Asset management; and
7. Commercial and other businesses.

In all cases, the Bank holds a stake in businesses that contribute, either directly or indirectly, towards promoting its growth, with some having been transferred to the Bank under the amalgamation process. The Bank's policy remains focused on building synergies between its strategic business units and its subsidiary and associate companies. The Bank intends to retain only those companies with growth potential and which are able to generate good investment returns.

The Bank's strength lies in its well-established and extensive network of domestic branches. As at 30 September 2008, the Bank operated 36 main offices with credit facilities and 147 branches, all of them equipped with foreign exchange facilities. In addition, the Bank has 1,123 Automatic teller Machines (ATM) terminals nationwide. At the branches, the Bank also has 23 Cash Deposit Machines (CDMs) and 30 Passbook Update Machines.

1.3 Registered and paid-up capital

As at January 12, 2009, the Bank's registered capital is THB 50,060,254,365 comprising of 13,349,401,164.5 shares at par value of THB 3.75, of which THB 25,030,127,182.5 is paid-up comprising of 6,674,700,582 shares at par value of THB 3.75.

1.4 Shareholder structure

The top 10 major shareholders of the Bank as at January 12, 2009, were as follows:

<u>Name</u>	<u>No. of Shares</u>	<u>% Shareholding</u>
1. CIMB Bank Berhad	6,143,544,532	92.04%
2. BARCLAYS BANK PLC, SINGAPORE-WEALTH MGT	264,866,744	3.97%
3. Pannasub Co., Ltd.	118,790,100	1.78%
4. Thai NVDR Co., Ltd.	34,209,795	0.51%
5. Mr. Pisit Phruekpaiboon	9,604,300	0.14%
6. Clearstream Nominees Ltd.	2,644,655	0.04%
7. Mrs. Charoonlak Panitchiwa	2,544,400	0.04%
8. Mrs. Suwanna Supachardkaisorn	2,000,000	0.03%
9. Mr. Reunphet Sethapiyanon	2,000,000	0.03%
10. Mr. Pairoj Charoenwisuttiwong	1,826,500	0.03%
Other Shareholders	92,669,556	1.39%
Total	6,674,700,582	100.00%

Source: The Bank

1.5 Board of Directors

The Bank's Board of Directors as at February 3, 2009 is composed of 12 directors as follows:

<u>Name</u>	<u>Position</u>
1. Mr. Tawee Butsunton	Chairman
2. Mr. Chin Yuen Yin	Acting President
3. Mr. Techapit Sangsingkeo	Independent Director / Chairman of Audit Committee
4. Mr. Dharin Divari	Independent Director / Member of Audit Committee
5. Mr. Chatchawal Eimsiri	Independent Director / Member of Audit Committee
6. Dato' Shaarani Bin Ibrahim	Independent Director
7. Mr. Preecha Oonchitti	Director
8. Mr. Ranvir Dewan	Director
9. Mrs. Watanan Petersik	Director
10. Dato' Robert Cheim Dau Meng	Director
11. Mr. Kenny Kim	Director
12. Mr. Phirasilp Subhapholsiri	Director

Source: The Bank

1.6 Financial status and financial results

1.6.1 Summary of financial status of the Bank and its Subsidiaries

Unit: THB million (Unless stated otherwise)

	Audited		Reviewed	
	2005	2006	2007	30 Sep 2008
<u>Balance Sheet Summary</u>				
Total Assets	269,837.8	219,469.6	205,697.0	183,875.4
Interbank and Money Market Items	12,829.5	13,326.9	8,741.5	25,091.2
Investments - Net Loans and Accrued Interest	64,328.9	79,407.3	76,957.4	48,395.6
Receivables - Net	119,657.0	96,072.9	88,096.8	83,132.3
Total Liabilities	261,272.8	215,186.1	204,986.0	178,278.2
Deposits	194,446.9	181,219.4	166,028.9	147,104.1
Interbank and Money Market Items	50,762.7	10,781.3	7,698.8	5,680.3
Borrowings	3,414.2	7,298.6	9,715.1	7,170.9
Total Shareholder's Equity	8,565.0	4,283.5	711.0	5,597.2
Issued and Paid-Up Share Capital	14,934.5	14,934.5	8,343.4	25,030.1
Share Discounts	-1,123.6	-1,123.6	-	-10,607.0
Retained Earnings and Unrealized Operating Performance	-3,194.7	-8,265.9	-7,165.2	-8,365.6
<u>Income Statement Summary</u>				
Total Income	10,420.4	15,809.6	10,350.6	9,212.0
Interest and Dividend Income	8,839.3	13,795.8	14,469.4	8,687.0
Non-Interest Income	1,581.1	2,013.9	-4,118.8	525.0
Gain (Loss) From Investments	268.6	313.8	-5,497.9	-705.3
Fees and Charges	821.8	951.7	954.8	725.5
Other Income	490.7	748.4	424.4	504.8
Total Expenses	9,812.6	20,253.1	17,277.6	10,180.1
Interest Expenses	5,022.1	8,092.3	7,704.8	3,953.4
Bad Debt and Doubtful Accounts	238.0	2,115.5	3,478.3	1,685.9
Non-Interest Expense	4,528.3	10,028.8	6,084.6	4,488.5
Net Income (Losses) for the Period	607.8	-4,443.4	-6,927.0	-968.1
Net Income (Loss) Attributable to Equity Holders	611.3	-4,423.0	-6,928.7	-974.2
Income (Loss) per Share Attributable to Equity Holders (THB)	0.48	-3.32	-3.70	-0.15

	Audited			Reviewed
	2005	2006	2007	30 Sep 2008
<u>Financial Ratio Summary</u>				
Yield Rate (%)	4.58	6.76	8.43	5.71
Cost Rate (%)	2.14	3.59	3.86	2.24
Spread (%)	2.44	3.18	4.57	3.46
Net Profit (%)	5.83	-28.11	-66.92	-10.51
Return on Equity (%)	7.49	-69.17	-277.38	-30.69
Return on Assets (%)	0.24	-1.82	-3.26	-0.50
Allowance for Doubtful Accounts per Total Loan (%)	17.14	7.29	11.15	10.67
Bad Debt per Total Loan (%)	1.18	0.62	0.09	0.33
Dividend Paid (%)	-	-	-	-
Capital Fund per Risk Assets (%)	8.56	5.95	1.48	6.93
1 st Tier Capital Funds per Risk Assets (%)	8.45	4.12	0.81	4.24

Sources: Consolidated financial statements for the years ended 2005, 2006 and 2007 audited by certified public accountants (Thailand). Consolidated financial statements for the nine-month period ended September 30, 2008 reviewed by certified public accountants (Thailand).

* Earnings per share calculated from net income (loss) for the period, to be divided by the weighted average number of ordinary shares issued and paid-up to holders of third persons for the period (net from treasury stock holders by subsidiary companies)

1.6.2 Management's discussion and analysis

1.6.2.1 Consolidated operating results

The Bank remains committed to its strategy of achieving sustainable growth through time by improving its flexibility and ability to adapt to a constantly changing environment. The Bank brought a new and tighter focus to facilitate financing access for corporate customers, especially small and medium sized enterprises ("SMEs"), which aims to facilitate financing access for SMEs that are not only one of the country's major economic drivers, but also exhibit a strong potential to contribute to the Bank's own business growth. In parallel with this, continued emphasis has been given to developing new products and services to help meet the changing needs of large corporate customers and maintaining close customer relationships. As of December 31, 2007 and for the nine-month period ended September 30, 2008, the Bank reported a net loss of THB 6,929 million and THB 974 million, respectively, resulting from the impact of the financial crisis on the global economy as evidenced by

various declines, the sub prime mortgage crisis in the United States, the political crisis within the country, and allowances for bad and doubtful debts and loss valuation of investment in foreign debts instruments.

Revenue of the Bank and its subsidiaries

The Bank and its subsidiaries have an income structure derived from Interest and Dividend Income and Non-Interest Income, where Interest and Dividend Income accounted for the major income stream. As at December, 31 2007, interest and dividend income was THB 14,469 million, which represented an increase THB 673 million, or 4.88% from the same period in 2006, which was THB 13,796 million. Of this amount, only interest from loans decreased by THB 124 million against the increase in interest from interbank and money market items of THB 279 million, from hire purchase and financial leases of THB 118 million, and from investments totaling THB 400 million.

The Bank's non-interest income comprised gains (losses) on investments, fees and charges (for example, acceptances, aval and guarantees) as the major generators of this category of income. The Bank's non-interest income for 2007 comprised losses of THB 4,119 million, a 304.52% decrease of THB 6,133 million compared to the same period in 2006, which was THB 2,014 million, reflected the Bank's reclassification of Collateralized Debt Obligations ("CDOs") and Structure Notes from held-to-maturity investments, which are presented at acquisition cost less provision for impairment, to trading investments, which are presented at fair value, with gains or losses from revaluation recognized as income/expenses in the income statements, in compliance with the new criteria in a recent BOT notification.

Total income for the nine-month period ended September 30, 2008 as presented in the consolidated financial statements was THB 9,212 million, a 14.20% decrease of THB 1,525 million compared to the same period in 2007. Interest and dividend income for the Bank and its subsidiaries for the nine-month period ended September 30, 2007 and 2008 was THB 11,129 million and THB 8,687 million, respectively, which represented a decrease of THB 2,442 million or 21.95%, attributed to a decrease in interest from loans of THB 509 million, from interbank and money market items of THB 268 million, and from investments of THB 1,678 million.

Non-interest Income of the Bank and its subsidiaries as presented in the consolidated financial report for the nine-month period ended September 30, 2008 was THB 525 million, a 233.66% increase of THB 918 million compared to the same period in 2007 with the loss of THB 393 million. This reflected a subsidiary's gain from sale of investments of THB 1,145 million and the Bank's unrealized losses caused by the mark-to-market of CDOs of THB 2,943 million. However, on 29 July 2008, the Bank sold all of its CDOs and realized again on the sale of THB 970 million.

Capital funds and operating expenses

The capital funds structure and operating expenses comprised both interest expenses and non-interest expenses, wherein interest expenses represented the largest component. As at 31 December 2007, the Bank and its subsidiaries' interest expenses were equivalent to 44.59% of total expenses, which were THB 7,705 million, a decrease of THB 387 million or 4.79% from 2006's figures of THB 8,092 million. This was a consequence of the decrease in expenses from deposits of THB 754 million and an increase in expenses from borrowings of THB 465 million.

Non-interest expenses (including allowances for doubtful debts, corporate income tax and minority interests of subsidiaries) in 2006 and 2007 were THB 12,140 million and THB 9,574 million, respectively, a decrease by THB 2,566 million or 21.13% from the previous year, whereby in 2006 the Bank and its subsidiaries recorded losses from the settlement of the Gain/Loss sharing and Yield Maintenance Agreement of THB 2,196 million and uncollected yield maintenance income of THB 1,691 million in 2006.

Interest expense in the consolidated financial statements for the nine-month period ended September 30, 2008 accounted for 38.81% of total expenses. For the nine-month period ended September 30, 2007 and 2008, this figure was THB 6,234 million and THB 3,953 million, respectively, which represented a decrease of THB 2,281 million, or 36.58%, owing to the decrease in expenses from deposit and interest rates for the first half of 2008.

Non-interest expenses (including allowances for doubtful debts, corporate income tax and minority interests of subsidiaries) as presented in the consolidated financial statements as at September 30, 2008 were equivalent to 61.19% of total expenses. Non-interest expenses for the nine-month period ended September 30, 2007 and 2008 were THB 7,495 million and THB 6,233 million, respectively, a decrease of THB 1,262 million or 16.84%. In aggregate, the principal categories of non-interest expenses for the nine-month period ended September 30, 2008 were personnel expenses at 27.78%, and bad debts and doubtful accounts at 27.05%.

Net Profit (Loss)

The Bank and its subsidiaries registered a net loss in the years 2006 and 2007 of THB 4,423 million and THB 6,929 million, respectively. The loss in 2007 increased to THB 2,506 million, or 56.65% over 2006, due to allowances for bad and doubtful debts allocated for loans and investments in receivables corresponding to the guideline on non-performing assets as notified by the BOT, and equivalent to THB 1,376 million; a specific provision for President Agri Trading Group for THB 1,419 million; and losses from the valuation of investment in foreign debts instruments in the form of CDOs for THB 7,315 million.

Operating Results for the nine-month period ended September 30, 2007 and 2008, for the Bank and its subsidiaries recorded a net loss of THB 2,992 million and THB 974 million, respectively. This was attributed to the Bank's unrealized losses caused by the mark-to-market of CDOs in 2006 and the first half of 2008, and the realization of a gain on the sale CDOs in the third quarter of 2008.

1.6.2.2 *Financial position*

Assets

Primary Assets contributed to business operations in the form of loans, money market items and investments. As at December 31, 2006 and 2007, the Bank and its subsidiaries had total assets of THB 219,470 million and THB 205,697 million, respectively, a decrease of THB 13,773 million or 6.28% as compared to 2006, resulting from the decreased in interbank and money market items of THB 4,585 million; from loan and accrued interest receivables by THB 7,976 million, resulting from the Bank's decreased loans and provided as an allowance for doubtful debt, which together with net investments decreased by THB 2,450 million.

The total assets of the Bank and its subsidiaries as at September 30, 2008 amounted to THB 183,875 million, a decrease by THB 21,822 million or 10.61% from 2007, resulting from an increased in interbank and money market items of THB 16,350 million; from accounts receivables from the sale of investments of THB 851 million; against a decrease in investments of THB 28,561 million, and of loans and accrued interest receivables of THB 4,965 million.

Assets Quality

(a) Loan concentration

As at December 30, 2007, the Bank and its subsidiaries net outstanding loans of THB 88,097 million decreased from the same period in 2006, which had a value of THB 96,073 million, by THB 7,976 million or 8.30%, the repayment of the loans was higher than the extension of the loans during this period.

As at September 30, 2008, the Bank and its subsidiaries' net outstanding loans of THB 83,132 million decreased by THB 4,965 million from the end of 2007, or by 5.64%, as the repayment of the loans was higher than the extension of the loans during this period, such bank loans were mainly extended to the manufacturing sector, followed by loans for consumer goods and banking and finance businesses at the percentage of 22.65%, 22.02% and 20.84% of total loans, respectively. Loans extended to the manufacturing sector amounting to THB 24,735 million decreased by THB 3,956 million or 13.79%, as compared to the same period last year, while loans to the consumer goods sector

totaling THB 24,051 million increased by THB 4,528 million or 23.19%. Loan extended to the banking and finance businesses sector of THB 22,759 million increased by THB 15,185 million or 200.49%.

The Bank continued to diversify the proportion of loans granted to various business sectors to avoid over-concentration in any particular industry, in compliance with a credit policy whereby credit is extended to customers of vital business sectors with good growth potential and customers from all categories of large, medium, small and retail sectors. In addition, lending continues to focus on customers who are manufacturers in potential sectors and on increasing the valued retail customer portfolio.

The majority of loans carried maturities of more than one year, totaling THB 67,571 million or 61.86% of the total loans portfolio. Loan accounts exceeding THB 10 million totaled THB 82,461 million, or 75.50% of the total loans portfolio.

(b) Classification of assets

As at September 30, 2008, the Bank's classification of assets (including accrued interest receivables, but excluding loans to financial institutions) totaled THB 89,949 million, against an allowance for bad and doubtful debts of THB 8,012 million. The non-consolidated financial statements of the Bank as at September 30, 2008 then showed a ratio of loan-loss reserves to total loans (including accrued interest receivables, but excluding loans to financial institutions) at 8.91%, as compared to 6.97% in 2007. The consolidated financial statements as at September 30, 2008 indicated a ratio of the Bank's loan-loss provisions to total loans (including accrued interest receivables, but excluding loans to financial institutions) at 10.67%, as compared to 10.48% in 2007.

The Bank has closely monitored the status of each loan by maintaining a database of loans with outstanding balances ageing at each month's end and by dividing loan balances into 4 categories, namely: (1) 1-3 months past due; (2) 3-6 months past due; (3) 6-12 months past due; and (4) more than 12 months past due. Based on such information, the Bank reviews repayment records together with accounts history for debts reclassification, the collection process and forecasting trends for non performing loans.

(c) Non-performing loans (substandard loans)

As at December 30, 2007, the Bank and its subsidiaries' non-performing loans amounted to THB 13,854 million or 13.55% of the outstanding loan portfolio (only with respect to principal plus loans to financial institutions). As at September 30, 2008, the Bank and its subsidiaries' non-performing loans amounted to THB 13,507 million or 12.02% of the outstanding loan portfolio, which were classified according to the BOT's notification dated December 21, 2006 defining non-performing loans as substandard, doubtful and lost, and including doubtful loans written off and subsequently reversed for booking.

Liabilities and Shareholders' equity

The Bank and its subsidiaries had total liabilities as at December 31, 2006 and 2007 of THB 215,186 million and THB 204,986 million, respectively, which represented a decrease of THB 10,200 million or 4.74% from the last year. This was due to a decrease in deposits of THB 15,190 million as a result of compensation for a decrease in the deposit interest rate, while interbank and money market items decreased by THB 3,082 million, borrowings decreased by THB 2,416 million and accounts payable for purchases of investments decreased by THB 8,474 million.

As presented in the consolidated financial statements as at September 30, 2008, total liabilities were THB 178,278 million, a decrease of THB 26,708 million or 13.03% compared to 2007. This was due to compensation for a decrease in the deposit interest rate in the first half of the year, interbank and money market items decreasing by THB 2,019 million and borrowings decreasing by THB 2,544 million.

Shareholders' equity as at December 31, 2006 and 2007 was THB 711 million and THB 4,284 million, respectively. The decrease in shareholders' equity reflected the impact of losses of THB 6,929 million incurred from the allowance for bad and doubtful debts and loss in investments as mentioned above.

As presented in the consolidated financial statements as at September 30, 2008, shareholders' equity totaled THB 5,597 million, an increase of THB 4,886 million, or 687.21% compared to 2007. This demonstrated the effect of the capital increase by THB 6,079 million in January 2008 and unrealized net losses of THB 1,980 million.

1.6.2.3 Liquidity

The details of the Bank and its subsidiaries' cash flows for the year ended 31 December 2007 are as follows:

- The Bank's net cash flow received from operational activities was THB 10,175 million. This was a result of an increase in operating asset outpacing operating liabilities, and income from operating activities before changes in operating assets and liabilities.
- The Bank's net cash flow used in investment activities was THB 15,743 million due to an increase in investments held for trading.
- The Bank's net cash flow received from financing activities was THB 5,662 million, and was the result of a increase in cash received from capital and short-term borrowings, as well as long-term borrowings.

As presented in the consolidated financial statements for the nine-month period ended September 30, 2008, the Bank's cash flow had the details as follows:

- The Bank's net cash flows used in operating activities was THB 32,550 million. This reflected decreases in interbank and money market items.
- The Bank's net cash flow received from investment activities was THB 28,863 million, due to a decrease in investments held for trading.
- The Bank's net cash flow received from financing activities was THB 3,508 million, and was the result of an increase in cash received from capital, short-term borrowings and a decrease in long-term borrowings.

The difference between the Bank's net cash flows received from (or used in) operating activities and net cash flow received from (or used in) investment activities and financing activities did not have any material impact on the Bank's cash position and liquidity situation at the end of the accounting period, both of which were maintained at the minimum level required by the Bank of Thailand.

1.6.2.4 Maintenance of ratios

Non-compliance with capital fund maintenance provisions

As at September 30, 2008, the Bank's assets exceeded its liabilities by THB 5,365 million (a positive shareholders' equity balance). However, the Bank's Tier 1 capital funds and Capital Adequacy ratio, which as of September 30, 2008 is at 4.24% and 6.93%, respectively which was less than the level required by law. The Bank has requested a waiver from the BOT and proposed a plan to increase its capital funds, which was supported by a letter of intent issued by its potential investor. The BOT has ordered the Bank to report the BOT on the progress to ratify the non-compliance with capital funds maintenance provision towards a resolution of the issue of maintenance of capital funds and increases in capital on a monthly basis, as from the end of July 2008.

Liquid assets ratio

The BOT requires all commercial banks to maintain a minimum liquid assets ratio at not less than 6% of total deposits and offshore borrowings with a maturity of less than one year. For the nine-month period ended September 30, 2008, the Bank's total liquid assets were THB 51,672 million, while its loan-to-deposit ratio stood at 60.74%. The liquid assets to total assets ratio was 28.34% and liquid assets to total deposits stood at 35.02%, all of which were covered by the regulatory minimum.

1.6.3 Future Prospects

The US financial crisis has slowed down global economies and may lead to a recession in the year 2009. Further, the local political situation is still uncertain. The Bank projects that the interest rates may lower during the next 1-2 years period. After that, the interest rates may be higher. However, after CIMB Bank has a plan to make the Bank become a first rate and universal bank in Thailand which the Bank projects that the entry of CIMB Group will help develop the management and operation of the Bank, also the expansion of the service for the Bank to be able to fully satisfy the needs of its customers. The regional alliance network of CIMB Group throughout South East Asia would help the Bank achieve better operational results. In addition, the expansion of loan extensions would be focused on more corporate and retail customers. However, with the slowing down of the global economy, the Bank may still incur a loss from operations during the year 2009 even with the capital increase in the first quarter of 2009, but will undergo a significant turnaround in its operations. The main reason is from the loss in the Bank's investments in foreign instruments i.e. CDOs which have been sold and structured notes which the Bank decreasingly holds while the profits from loan interests are unable to sufficiently expand.

However, after the recapitalization plan by the Bank which is expected to be completed by March 2009, the financial standing of the Bank will be improved and the Bank will resolve its insufficient capital funds to risk-weighted assets ratio (CAR ratio).

Since the tender offer, there have been no changes in the business plans moving forward and business direction since stated in the tender offer (Form 247-4). CIMB has no present intention of making any material changes to the Bank's objectives and business direction, and has no present intention to dispose of the Bank's core assets. However, regarding its future business direction, CIMB Bank is in the process of conducting a comprehensive review of the bank which is expected to be completed in the first half of 2009.

2. Nature and details of the connected transaction

2.1 Date, month, year to enter into the Transaction

After the Extraordinary General Meeting of the Shareholders No. 1/2009, to be held on February 20, 2009 resolve to approve the Issuance of Hybrid Tier 2 capital and, subsequently, the proposed Issuance of Hybrid Tier 2 capital is subjected to the approval of the SEC and the inclusion of the Hybrid Tier 2 capital reduction is subjected to the approval of the BOT. The Bank expects that it will be able to issue and offer the sale of the Hybrid Tier 2 capital to be approximately in March 2009.

2.2 Type and size of the Transaction

The potential subscription of the Issuance of Hybrid Tier 2 capital by CIMB Bank or its nominated party(ies) is a connected transaction for receipt of financial assistance in accordance with the Notification of Capital Market Supervisory Board Tor Jor 21/2551 re: Regulations for a Connected Transaction.

The Bank expects that the value and size of the Transaction will exceed 3.0% of the net tangible assets of the Bank and its subsidiaries as of 30 September 2008. In order to comply with the Notification of Capital Market Supervisory Board Tor Jor 21/2551 re: Regulations for a Connected Transaction, a disclosure of transaction details to the SET, the approval from the Bank's Board of Directors, and the resolution from the shareholders meeting voting in favor of the Transaction from at least three fourth of the attending shareholders who are eligible to vote, excluding the shareholder who are connected party that is CIMB Bank.

The size of the Issuance of Hybrid Tier 2 capital, the portion that CIMB Bank would subscribe, the interest rate offered may not yet be able to be determined at the date of the Extraordinary General Meeting of the shareholders No. 1/2009 to be held on February 20, 2009. Hence, for the purpose of determining a size of the transaction, the Financial Advisor would assume the followings:

- The size of the issuance and offering for sale of the Hybrid Tier 2 is THB 2,500 million.
- CIMB Bank or its nominated party(ies) would subscribe the whole amount of the Hybrid Tier 2 capital offered which is THB 2,500 million.
- The average yield offered is 6.50% per annum (10-year Government Bond yield of 3.4% plus credit spread of 2.1% to 3.1%).
- The maturity of the Hybrid Tier 2 is 10 years without redemption until year 10.
- The Bank is able to pay all the interest payments due or all the accrued interest payments.

The value of the Transaction when calculated according to the guideline for calculation of receipt of financial assistance, which takes into account the interest and/or benefits which the Bank expects to pay CIMB Bank or its nominated party(ies), is approximately THB 1,625,000,000. The details of the calculation are as follows:

$$\begin{aligned} \text{Value of Transaction} &= (\text{Maximum issuance of Hybrid Tier 2 capital}) \times (\text{Maximum average yield}) \times \\ &\quad (\text{Maximum terms of Hybrid Tier 2 capital}) \\ &= \text{THB } 2,500,000,000 \times 6.50\% \text{ per annum} \times 10 \text{ years} \\ &= \text{THB } 1,625,000,000 \end{aligned}$$

Based on the Bank's unaudited but reviewed consolidated financial statements as of the September 30, 2008, the size of the transaction is 32.30% when calculated by comparing the value of the Transaction.

Net Tangible Assets = Total assets – Total liabilities – Intangible assets – Minority shareholders

(Unit THB '000) = 183,875,361 – 178,278,188 – 497,800 – 67,686

= 5,031,687

Size of Transaction = Value of Transaction / Net Tangible Assets

(Unit THB '000) = 1,625,000 / 5,031,687

= 32.30%

The calculation indicates that the value of the Transaction exceeds 3.0 of the net tangible assets of the Bank and its subsidiaries as of 30 September 2008, therefore to comply with the Notification of Capital Market Supervisory Board Tor Jor 21/2551 re: Regulations for a Connected Transaction, The Bank is required to disclosure the transaction details to the SET, the approval from the Bank's Board of Directors, and the resolution from the shareholders meeting voting in favor of the Transaction from at least three fourth of the attending shareholders who are eligible to vote, excluding the shareholder who are connected party that is CIMB Bank.

2.3 Explanation of the connected transaction

The indicative terms and conditions of the Hybrid Tier 2 capital can be summarized as follows:

Type of connected transaction : Receipt of financial assistance

Issuer : BankThai Public Company Limited

Facility Description : Cumulative Hybrid Tier 2 Capital Securities ("Securities")

(Please see *Appendix 2: The Announcement of the BOT on Regulations on the Inclusion of Hybrid Debt Capital Instruments* for the information of the facility description of the Hybrid Tier 2 capital regarded by the BOT.)

Issue size : Up to THB 2,500 million

Use of proceed : The proceed from the issuance of the Hybrid Tier 2 will be used by the Bank for general corporate purpose and to provide the Bank with Hybrid Tier 2 capital in order to strengthen its capital base

Interest / distribution rate : To be determined closer to issuance date, depending on the prevailing market conditions at the time of issuance of the Securities, and under the agreements and conditions of the Securities issued at that time, and to be under the SEC's notification and/or the SET and/ or the notification or regulations of any government agencies concerned which are still in effect at the time of issuance and offering of the Securities (if more than one issue)

(The interest payment is referred to as "Distribution" and each payment date is referred to as "Distribution Payment Date". The Interest / Distribution Rate may also include step up rate)

Maturity date : 10 years from the issue date

Optional Redemption Date : A date falling no earlier than the fifth anniversary (5th) of the relevant Issue Date, and any Distribution Payment Date thereafter.

Redemption amount : In the case of an Optional Redemption, a Tax Redemption or a Regulatory Redemption, an amount equal to 100% of the face value together with accrued but unpaid Distributions (if any) relating to the then current Distribution period (if any) up to (and excluding) the date on which the Securities are Redeemed

Mode of issue : Private Placements

Listing Status : The Securities will not be listed

Events of Default : There are no events of default under the Securities.

Limitation on Payment of Distribution : If any of the following is satisfied:

(A) If the capital adequacy ratio ("BIS Ratio") of the Issuer is, on a Distribution Payment Date, lower than 0% or;

(B) If the Issuer would, immediately after a Distribution Payment Date, cause the Issuer's BIS Ratio to be lower than 0% ;

(C) If the Bank of Thailand has intervened by ordering a capital increase or decrease of the Issuer and such increase or decrease has not been completed;

then the Issuer shall defer paying Distribution on such Distribution Payment Date, by giving not less than 5 nor more than fifteen (15) business days' notice to the Facility Agent /Paying Agent / and the Trustee (whichever applicable) (which notice shall be irrevocable and shall oblige the Issuer to defer payment of the interest amount

which, but for the Payment Limitation Condition, was payable on such Distribution Payment Date).

To the extent that the above clause does not apply, if the Payment Limitation Condition (see below) is met, the Issuer may, at its option, defer the Distribution which would otherwise have been payable on such Distribution Payment Date.

Any such deferral pursuant to the above paragraphs will not constitute or be deemed a default by the Issuer for any purpose whatsoever.

For the avoidance of doubt all Deferred Distribution Amount shall be cumulative.

Dividend and Capital Stopper : In the event that the Issuer has not made a full payment of any Distribution or Deferred Distribution Amount on a Distribution Payment Date then (A) the Issuer shall not pay any dividends to its shareholders or make any interest payment or distribution on any security or instruments ranking pari passu with or junior to the Securities (the **Dividend Stopper**); and (B) the Issuer shall not redeem, purchase, reduce or otherwise acquire any of its ordinary shares, preference shares, securities or instruments ranking pari passu with or junior to the Securities, or any securities of any of its subsidiary undertakings benefiting from a guarantee from the Issuer, ranking, as to the right of redemption of principal, or in the case of any such guarantee, as to the payment of sums under such guarantee, pari passu with or junior to the Securities (the **Capital Stopper**).

Ranking : The Securities are direct and unsecured obligations of the Issuer.

Voting rights : Holders will not be entitled to receive notice of or attend or vote at a meeting of the ordinary shareholders of the Issuer or to participate in the management of the Issuer.

The Bank is unable to determine the definite average yield of the Hybrid Tier 2 capital at the moment. Based on current market conditions and recent comparable transactions, the indicative average yield range for the Issuance of Hybrid Tier 2 capital, on the assumption that the issuance of Hybrid Tier 2 takes place in the end of January 2009 under the current market conditions, is the 10-year

Government Bond yield of 3.4% plus credit spread of 2.1% to 3.1%, which translates to an average yield of 5.5% to 6.5% per annum.

The Bank will determine the actual average yield in the period of the Issuance the Hybrid Tier 2 capital. The definite average yield will depend on the market conditions, and be under the agreements and condition of the Hybrid Tier 2 capital issued at that time, and to be under notifications of the SEC and the SET and/or regulations of any government agencies concerned which are still in effect at the time of Issuance of Hybrid Tier 2 capital and the offers (if more than one issue).

The Issuance of Hybrid Tier 2 capital will be on a market-driven basis. The method of placement of the Hybrid Tier 2 will be on the Private Placement basis. The Bank will seek for potential investors and conduct the market sounding / book building process to measure the demand of potential investors on the Issuance of Hybrid Tier 2 capital and to determine the average yield based on guideline approved by the shareholder meeting of the Bank. If CIMB Bank or its nominated party(ies) were to participate in the issuance of the Hybrid Tier 2, CIMB Bank or its nominated party(ies) will receive the same coupon rate that has been determined by a the demand of other investors who are not related to CIMB Bank or its nominated proxy(ies). However, if the economic situation and market conditions changes from its current state, or if the market survey of the Hybrid Tier 2 capital shows that the average yield required by investors are above the approved range by the Shareholders' meeting, the Board of Directors including the person or the group of persons assigned by the shareholders shall have the authorization to determine the details of the issuance and other terms and conditions of Hybrid Tier 2 capital as necessary in order to successfully issue the Hybrid Tier 2 capital as assigned.

2.4 Total value of considerations

The value that the Bank have to pay to CIMB Bank or its nominated party(ies) is the value of interest paid which is calculated by multiplying the proposed indicative average yield with the size that CIMB Bank or its nominated party(ies) invest in and the maturities of the Hybrid Tier 2 capital. The calculation is based on the assumption that the Issuance of Hybrid Tier 2 capital is offered at the end of January with indicative range of average yield of 5.5% to 6.5% per annum, the issuance size of THB 2,500 million and CIMB Bank or its nominated proxy(ies) would subscribe the whole amount with the maturity of 10 years, and that the interest payments due or accrued are fully paid. The approximate total interest payments to CIMB Bank or its nominated party(ies) will be THB 1,625 million.

2.5 Name of the connected persons and their relationship

Name of the receiver of the financial assistance : BankThai Public Company Limited

Name of the offeror of the financial assistance : CIMB Bank* or its nominated party(ies)

Note: * The holding proportion of CIMB Bank in the Bank is 92.04% of paid-up capital of the Bank according to the Tender Offer Result Report Form (Form 256 – 2) as of January 13, 2009.

There are two directors of the Bank that have a relationship with CIMB Bank as follows:

<u>Name</u>	<u>Position in the Bank</u>	<u>Position in CIMB Bank</u>	<u>Holding proportion in the Bank*</u>
1. Dato Robert Cheim Dau Meng	Director and Member of Executive Committee / Not authorized to sign on behalf of the Bank	Director of Bumiputra – Commence Holdings Berhad (BCHB) / CIMB Group	-
2. Mr. Kenny Kim	Director / Not authorized sign on behalf of the Bank	Head, Group Strategy	-

Note: * The holding proportion of the two directors in the Bank according to the Tender Offer Result Report Form (Form 256 – 2) as of January 13, 2009.

On the agenda for considering the Issuance of Hybrid Tier 2 capital and the receipt of the financial assistance from CIMB Bank and/or nominated party(ies) during the Board of Directors' meeting No. 1/2009 held on January 14, 2009 and No. 2/2009 held on January 22, 2009, the two directors of the Bank that have a relationship with CIMB Bank, which are (1) Dato Robert Cheim Dau Meng and (2) Mr. Kenny Kim abstained in voting for this particular agenda in the Board of Directors' meeting No. 1/2009 and did not attend the Board of Directors' meeting No. 2/2009.

3. Reasonableness of the Transaction

3.1 Objectives and necessity of the Transaction

On June 20, 2008 CIMB Bank entered into a sale and purchase agreement of shares (the "SPA") with FIDF and eventually, on November 5, 2008, purchased 2,811.86 million shares or 42.13% of total issued and paid-up shares from FIDF in accordance with the SPA. Subsequently, on November 5, 2008, CIMB Bank made a Tender Offer in respect to the all the Bank's ordinary shares which are not held by CIMB Bank. The Tender Offer for the ordinary shares caused CIMB Bank to currently hold 6,143.54 million shares or 92.04% of total issued and paid-up shares.

As during the past period the global financial and economic downturn as well as domestic political uncertainties have caused negative effects on the Bank's operation performance which

affected the Capital Adequacy ratio to be lower than the level required by law, and its ability to expand its business, therefore subsequent to gaining majority control of the Bank, CIMB Bank is proceeding to implement initiatives to reinforce the financial status, increase the Capital Adequacy ratio, and improve the ability to expand the business of the Bank. As a result, on January 14, 2008 and 22 January 2009, the Board of Directors' meeting No. 1/2009 and No. 2/2009 resolved to approve a number resolutions to issue and offer for sale of the Hybrid Tier 2 capital.

The proceeds from the issuance and offering for sale of the Hybrid Tier 2 with an amount up to THB 2,500 million will be used for general purpose of the Bank and are regarded by the BOT as being eligible to be Tier 2 capital. As a result, the proceeds from the issuance and offering will improve the Bank's Tier 1 capital funds and Capital Adequacy ratio, which as of September 30, 2008 is at 4.24% and 6.93%, respectively, which is lower than level required ratio by law³.

3.2 Advantages and disadvantages of the Transaction

The proceeds from the issuance and offering for sale of the Hybrid Tier 2 capital will reinforce the financial status, increase the Capital Adequacy ratio, and improve the ability to expand the business of the Bank. The Transaction will cause the following effects to the Bank:

3.2.1 Advantages of the Transaction

- (1) The Bank's Capital Adequacy ratio will increase and meet the minimum level required ratio by law

The law requires commercial banks to maintain the minimum Capital Adequacy ratio at 8.50%. However, international and domestic economic slowdown in the past year affected the Bank's operating performance and caused the Bank's Capital Adequacy ratio to be less than the level required by law. The Bank has requested a waiver from the BOT and proposed a recapitalization plan to the BOT. Thus, the BOT has ordered the Bank to report the progress towards resolution of the maintenance of capital funds and the recapitalization plan on a monthly basis from the end of July 2008 onward. As at September 30, 2008, the Bank's Capital Adequacy ratio was at 6.9%.

As the proceeds from the Hybrid Tier 2 capital are eligible to be Tier 2 capital by the BOT's criteria, the Bank will be able to carry out the plan to increase its capital funds as stated to the BOT. For illustration purpose, if the Bank is able to proceed according to the recapitalization plan and issue and offer the Hybrid Tier 2 up to THB 2,500 million, the Capital Adequacy ratio will increase to

³ The law requires the commercial banks to maintain a minimum Tier 1 capital funds and Capital Adequacy ratio of 4.25% and 8.50%, respectively.

approximately 11.34%⁴. Such level will make the Capital Adequacy ratio increase to meet the minimum level required by law.

(2) Support the recapitalization plan and improve its financial structure

In addition to the issuance and offering for sale of the Hybrid Tier 2 capital, the Bank has planned to issue common share right offering and proposed initiatives as part of the recapitalization plan that the Bank proposed to the BOT. The issuance and offering for sale of the Hybrid Tier 2 plays an integral part in the recapitalization plan. If the issuance and offering for sale of the Hybrid Tier 2 is not successful, the Bank will not be able to complete its proposed recapitalization plan which plays an important role to support the development and growth of the Bank's business in both the short and long run.

(3) The Bank will have more financial flexibility

The Hybrid Tier 2 will provide the Bank an option to defer the coupon payments to investors if, on or immediately after the interest payment date, the Capital Adequacy ratio of the Bank is lower than the than 0%. In addition, such deferral of coupon payments will not constitute or be deemed as default by the Bank for any purpose as according to the terms and conditions of the Hybrid Tier 2 capital. The issuance and offering of sale of the Hybrid Tier 2 capital provides the greater flexibility than other capital instruments for the Bank to continue its operation even though it is unable to make the coupon payments.

(4) There will be no dilution effect to existing shareholders

The issuance and offering for sale of the Hybrid Tier 2 capital will enable the Bank to raise capital fund without imposing dilution effects to existing shareholders unlike in case of equity offering to new investors. The offering of the Hybrid Tier 2 capital will not increase the equity base but the Bank is still able to use the funds received from the issuance to develop and expand its business which will increase the level of Returns on Average Equity (ROAE) of the Bank in the future.

(5) The Bank will be able to raise funds with relatively low cost of funds

The proposed indicative coupon rate of the Hybrid Tier 2 capital with the indicative average yield of 5.5% - 6.5% per annum is relatively lower, compare to issuing the shareholders other available source of funds. Given the current situation of the Bank, the probable alternative source of fund is through common shares offering.

When compared with the cost of common shares offering, the required rate of return on equity (k_e) is estimated using the Capital Asset Pricing Model (CAPM), k_e to equity investors would be approximately 9.97%. The Bank can obtain a relatively lower cost of funds by issuing the Hybrid Tier

⁴ Source: The Bank with the calculation from the Capital Adequacy ratio as of 31 December 2008

2 capital. However, the above calculation is based on theoretical reference while in practice the result may differ due to investors preference and the return of other investment alternatives.

The rate of return on equity (k_e) is based on the following assumptions:

- r_f = Risk free rate referred to the government 10-year Treasury Bond as of January 21, 2009, which is 3.41% (source from Thai Bond Market Association)
- β = The Bank's Beta of 0.711 (source from Bloomberg as of January 21, 2009).
- r_m = Expected market return, calculated from return from the SET as of January 21, 2009, which is 12.63% (source from Bloomberg as of January 21, 2009). The Financial Advisor uses the market risk premium of the SET to match with the beta figure used in this calculation, which is derived from the comparison with the SET index.

- $k_e = r_f + \beta(r_m - r_f) = 3.41\% + 0.711(12.63\% - 3.41\%) \approx 9.97\%$

3.2.2 Disadvantages of the Transaction

- (1) The Bank's debt-to-equity ratio will increase

The issuance and offering for sale of the Hybrid Tier 2 capital will increase the Bank's debt-to-equity ratio, which is already at a significantly high level. As at September 30, 2008, the total liabilities and total shareholders' equity are THB 178,278.19 million and THB 5,597.17 million, respectively. The Bank's debt-to-equity ratio is at 31.85 times. For illustration purpose, if the Bank is able to issue and offer the Hybrid Tier 2 capital up to THB 2,500 million, based on the financial information as at September 30, 2008, the total liabilities will slightly increase to THB 180,778.19 million and the debt-to-equity ratio will increase to 32.30 times.

3.3 Comparison of the advantages and disadvantages for entering into the Transaction with the connected parties and entering into the Transaction with external parties

3.3.1 Advantages and disadvantages of entering into the Transaction with the connected parties

3.3.1.1 *Advantages of entering into the Transaction with connected parties*

Having CIMB Bank showing interests in participating in the issuance of the Hybrid Tier 2 capital plays an important role not only to the success of the Issuance Hybrid Tier 2 capital but also to the improvement on the Bank's financial status.

- (1) Provide confidence to external parties interested in subscribing to the Hybrid Tier 2 capital

As CIMB Bank is a major shareholder of the Bank, holding 92.04% of paid-up capital of the Bank, having CIMB Bank showing interest to participate in the Issuance of the Hybrid Tier 2 capital will lend support and credence to the Issuance. The Bank believes that non-related investors

would be more receptive if the major shareholder of the Bank takes part in the Issuance. On the other hand, the Bank might face a risk that the proposed Issuance of the Hybrid Tier 2 capital may not be successful if CIMB Bank does not participate in this Issuance. Thus having CIMB Bank indicating interest in subscribing the Hybrid Tier 2 capital will be a key driver to the success of the Issuance, and consequently, to the success to the Bank's recapitalization plan.

- (2) The Bank will be assured to receive sufficient capital to help the Bank meet the Capital Adequacy ratio level required by law

The Bank is currently in need of additional capital as its Capital Adequacy ratio as of September 30, 2008, is at 6.93% that is lower than the level required by law at 8.50%. The proceeds from the Issuance of the Hybrid Tier 2 are vital for the Bank to increase the Capital Adequacy ratio to the required level. CIMB Bank intends to participate in the Hybrid Tier 2 capital to a certain level to ensure that the Bank will receive adequate amount of capital to meet the required Capital Adequacy ratio. Therefore, such financial assistance from CIMB Bank is critical to help the Bank to improve its financial status and be able to implement the proposed recapitalization plan, which is submitted to the BOT.

3.3.1.2 Disadvantages of entering into the Transaction with connected parties

- (1) Increase dependency on major shareholder

Holding 92.04% of the paid-up capital of the Bank, the Bank is already dependent on CIMB Bank as a major equity provider. If CIMB Bank participates in the Issuance of the Hybrid Tier 2 capital, the Bank will increase its dependency on CIMB Bank as both debt and equity provider.

3.3.2 Advantages and disadvantages of entering into the Transaction only to external parties

3.3.2.1 Advantages of issuing and offering Hybrid Tier 2 capital only to external parties

- (1) Expand investors base

If the capital market at the time of Issuance of the proposed Hybrid Tier 2 capital is favorable for the Bank to raise up to THB 2,500 million from non-related investors, the Bank will be able to expand its investors base to various institutional investors. This diversification of sources of fund will enable the Bank to decrease the dependency on CIMB Bank, its major shareholder, as capital provider. This will also lessen the level of dependency of the Bank's future financial status on that of CIMB Bank.

3.3.2.2 *Disadvantages of issuing and offering Hybrid Tier 2 capital only to external parties*

- (1) The Bank might not be able to attain sufficient Capital Adequacy Ratio

The Bank might face the risk of not being to issue and offer of the sale of the Hybrid Tier 2 capital if it plans to rely only on external parties. Given current financial status of the Bank, it incurred net loss of THB 968.08 million for the first nine months of 2008 and having accumulated retained loss of THB 8,693.92 million, external investors might not be confident on the ability of the Bank to make the interest and principal payment. Moreover, the fact that the Bank is not rated by the credit agency further lessens the confidence of external investors on the Hybrid Tier 2 capital.

In this regards, if the Bank plans to place the proposed Issuance of the proposed Hybrid Tier 2 capital only to external investors and not having CIMB Bank participate, the Bank may not be able to raise the level of capital of the Bank to increase its Capital Adequacy ratio as required by law as well as the success of the proposed recapitalization plan.

3.3.3 Advantages and disadvantages of entering into the Transaction with external parties through issuance and offering of ordinary shares through public offerings and/or private placement

The Extraordinary General Meeting of Shareholders had resolved to approve the issuing of new ordinary shares to existing shareholders in proportion to each shareholding (rights offering). Hence, the comparison in this section is made to assess the advantages and disadvantages of entering into the Transaction and the offering of capital increase share to new investors by means of public offerings and/or private placement.

3.3.3.1 *Advantages of issuance and offering of capital increase shares*

- (1) The Bank does not have commitment to pay interest payment therefore enhancing the flexibility

The Bank can choose to pay out dividend depending on its capability at the time, therefore the Bank will have more flexibility compared to interest payments.

- (2) Issuance and offering of capital increase shares will reduce the debt-to-equity ratio

The issuance and offering of capital increase shares will raise the Bank's shareholders' equity and hence reduce the debt-to-equity ratio. Thus the Bank will be able to have more capacity to increase debts to support the business operations in the future.

- (3) Issuance and offering of capital increase shares will increase the free float

As a listed company in the SET, the Bank is required to maintain its free float proportion having not less 150 minority shareholders with the aggregate shareholding not less than

15.00% of the paid-up capital. Subsequent to the tender offer, CIMB Bank holds 92.04% of total issued and paid-up shares of the Bank, which makes the aggregate shareholder less than 15.00% of the paid-up capital. The issuance and offering of capital increase shares to new shareholders will increase the number of aggregate shareholders to meet the requirement of the SET.

3.3.3.2 *Disadvantages of issuance and offering of capital increase shares*

- (1) Issuance and offering of capital increase shares will cause dilution effects to existing shareholders

The issuance and offering of capital increase shares to new investors via public offering and/or private placement will increase the number of paid-up shares and will have dilution effects on existing shareholders such as control, price, and earnings per share. The capital increase will also reduce the level Returns on Average Equity (ROAE) to current shareholders.

- (2) Equity markets are unfavorable for new issuance resulting in low valuations

The success of the issuance and offering of the capital increase shares significantly depends on favorable capital market environment. Unfortunately, due to unfavorable capital market condition, there were only 10 new listed companies in the SET and the Market of Alternative Investment (“MAI”) in 2008, which indicated that there were less appetite on common share offerings. Therefore the issuance and offering of the capital of the Bank might not receive sufficient demand from the general public to provide the Bank with favorable pricing of its shares.

- (3) Issuance and offering of capital increase shares required higher rate of return than that of the Hybrid Tier 2 capital

As previously mentioned in 3.2.1 (5) The advantage that the Bank will be able to raise relatively low cost of funds given available funding alternative, the cost of equity of the Bank calculated using CAPM model of 9.97% is higher than that of the indicative average yield of 5.5% - 6.5% per annum of the Hybrid Tier 2 capital.

- (4) The Bank may not be able to obtain sufficient funding to maintain the Capital Adequacy ratio as required by law

The Bank may face the risk that the issuance and offering of the capital increase shares may not receive enough interests from external investors due to low confidence in its financial status and structure, resulting from its THB 968.08 million loss during the 9 months of 2008 and its THB 8,693.92 million retained loss as at September 30, 2008.

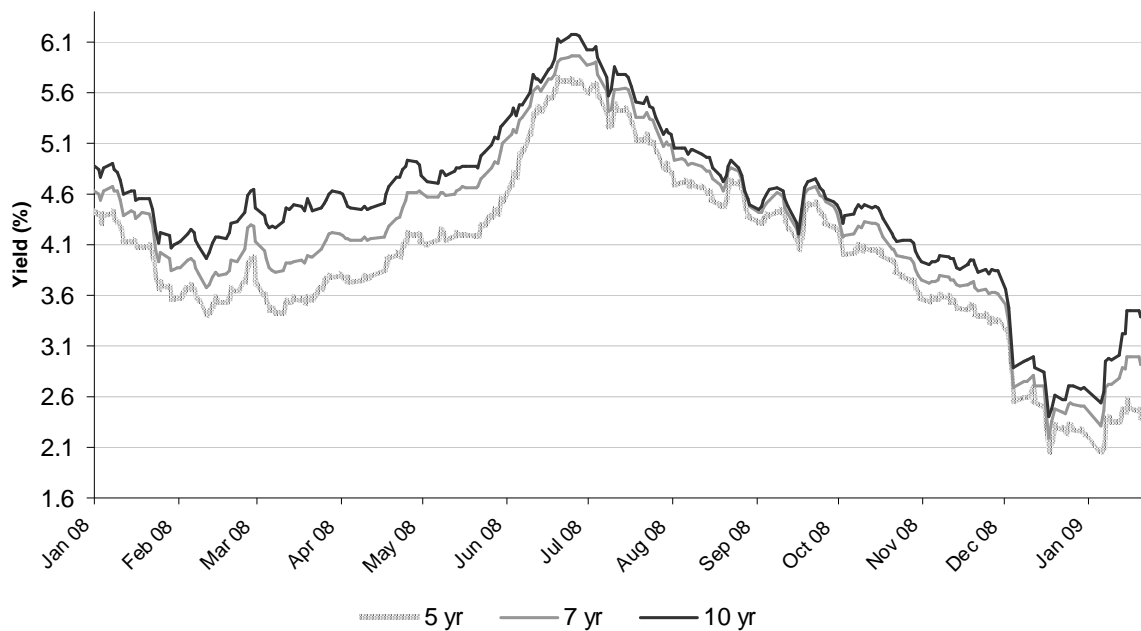
4. Reasonableness of price and terms and conditions of the Transaction

4.1 Reasonableness of price and terms and conditions of the Hybrid Tier 2 capital

In normal practice, coupons of debentures are benchmarked with the government bond with corresponding maturities because such bond represents a credit-risk free investment with the same investment duration. The credit spread will depend on the credit risk represented by the credit rating of the company and of the issuance as well as the capital market situation at that time. If the debenture is considered to have higher risks profile, investors will require higher return which is compensated by the credit spread over the credit-risk free rate of the government bond yield.

Therefore, the coupon setting of a debenture issuance cannot always be determined in advance since the coupon will be determined by the government bond yield and the credit spread required to compensate a company's risk profile at the book building or subscription period.

Government Yield Curve Movement

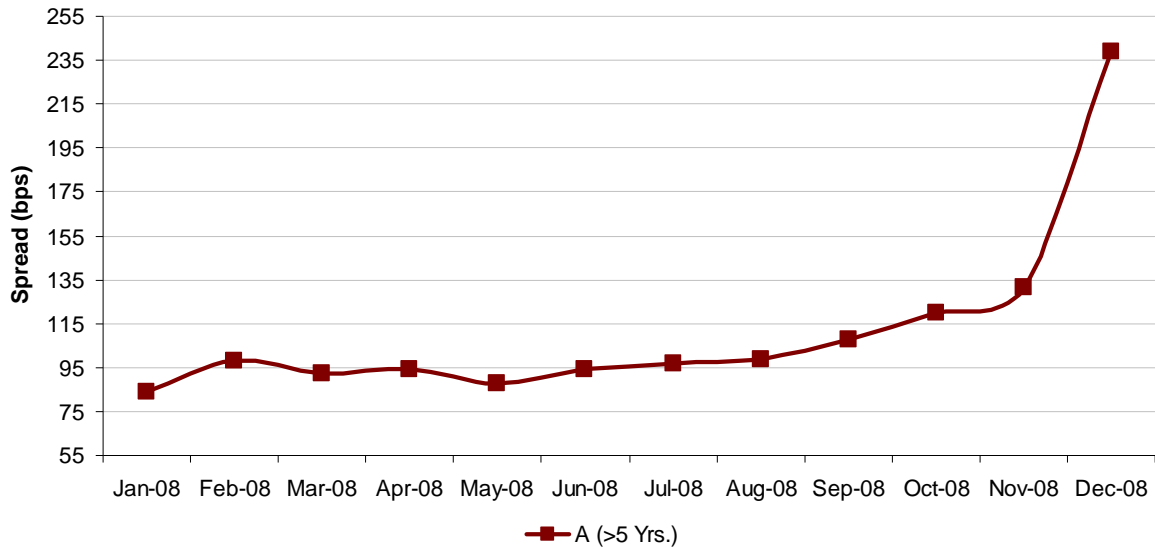


Source: The Thai Bond Market Association (as of January 21, 2009)

The above graph shows 5 year, 7 year, and 10 year government bond yield movement from January 2008 to January 2009. During the first half of 2008, there was an upward trend in the government bond yield due to inflationary pressure; however, during the second half of 2008, the government bond yield decreased because government bonds are viewed as safe heaven, having the lowest risk compared to other investments, during the global financial market turmoil economic crisis. In addition, the Monetary Policy Committee ("MPC") has aggressively cut the policy rate from 3.75% to a

total of 1.75% since December 3, 2008 to the present date to boost the economy resulting in a sharp drop in government bond yield, the current rate of which is at 2.00%.

“A” Rated Debenture Average Credit Spread Movement



Source: The Thai Bond Market Association (as of January 21, 2009)

The above graph shows the average credit spread movement of A rated debentures with more than 5 years until maturity. The reason the Financial Advisor choose to show the movement of the A rated debenture credit spread is due to the fact that the majority of debentures are debentures with the rating of A or above and represents the majority of the debentures traded in the secondary market. However, there are few debentures with the rating below A, such as BBB, in the secondary market and are not liquid, therefore the Financial Advisor did not include in the comparison.

In a normal market situation, timing of a debenture issuance will not have significant impact on the difference of the credit spread given debentures' equivalent rating as can be seen during the period of January 2008 to August 2008. However, after the global financial markets turmoil during the second half of 2008, the credit spread has increased significantly. The increase in credit spread is an effect from the decrease in government bond yield due to the policy rate cut while investors still require a high return in absolute terms that justify the additional investment risk in the current market condition.

Summary of Selected Comparable Recent Debenture Issuance

Issuer	Siam Commercial Bank Public Company Limited	Thanachart Capital Public Company Limited	PTT Chemical Public Company Limited	Kasikorn Bank Public Company Limited	TISCO Bank Public Company Limited ¹
First Subscription Date	12 May 2008	10 November 2008	1 December 2008	11 December 2008	5 January 2009
Type of Debenture	Subordinated, Unsecured Debenture with Debentureholders' Representative	Senior, Unsecured Debenture with Debentureholders' Representative	Senior, Unsecured Debenture with Debentureholders' Representative	Subordinated, Unsecured Debenture with Debentureholders' Representative	Subordinated, Unsecured Debenture with Debentureholders' Representative
Name of Debenture	Subordinated Debenture of Siam Commercial Bank Public Company Limited No. 1/2008 Due 2018, With the Issuer's Early Redemption Right	Senior Debenture of Thanachart Capital Public Company Limited No. 1/2008 Tranche 2 Due 2011	Senior Debenture of PTT Chemical Public Company Limited No. 2/2008 Due 2015	Subordinated Debenture of Kasikorn Bank Public Company Limited No. 1/2008 Due 2018, With the Issuer's Early Redemption Right	Subordinated Debenture of TISCO Bank Public Company Limited No. 1/2009 Due 2019, With the Issuer's Early Redemption Right
Offering Type	Public Offering	Public Offering	Public Offering	Public Offering	Public Offering
Issue Size	THB 20,000.00 million	THB 1,500.00 million	THB 4,000.00 million	THB 17,000.00 million	Up to THB 2,000.00 million

Issuer	Siam Commercial Bank Public Company Limited	Thanachart Capital Public Company Limited	PTT Chemical Public Company Limited	Kasikorn Bank Public Company Limited	TISCO Bank Public Company Limited ¹
Tenor	10 years from Issue Date The issuer has early redemption option after 5 years from Issue Date and every coupon payment date (semi-annually) after 5 years from Issue Date. The Issuer will send notice at least 30 days but not exceed 60 days before Early Redemption date	3 years from Issue Date	7 years from Issue Date	10 years from Issue Date The issuer has early redemption option after 5 years from Issue Date and every coupon payment date (quarterly) after 5 years from Issue Date. The Issuer will send notice at least 30 days but not exceed 60 days before Early Redemption date	10 years from Issue Date The issuer has early redemption option after 5 years from Issue Date and every coupon payment date (quarterly) after 5 years from Issue Date. The Issuer will send notice at least 30 days but not exceed 60 days before Early Redemption date
Credit Rating	AA- (tha) by Fitch Ratings	A by TRIS Rating	A+ (tha) by Fitch Ratings	AA- (tha) by Fitch Ratings	A- (tha) by Fitch Ratings
Coupon	- Year 1-2: 4.25 % p.a. - Year 3-6: 5.25 % p.a. - Year 7-10: 6.25 % p.a.	5.25 % p.a.	- Year 1-3: 5.30 % p.a. - Year 4-5: 6.00 % p.a. - Year 6-7: 6.45 % p.a.	- Year 1-3: 5.25 % p.a. - Year 4-7: 5.75 % p.a. - Year 8-10: 6.50 % p.a.	- Year 1-3: 5.50 % p.a. - Year 4-7: 6.00 % p.a. - Year 8-10: 6.50 % p.a.
Coupon Payment	Semi-annually	Semi-annually	Quarterly	Quarterly	Quarterly
IRR of Coupon	5.42%	5.32%	5.90%	5.88%	6.07%
Credit Spread ²	0.58%	1.94%	2.40%	2.88%	3.54%

¹ The Subordinated Debenture of TISCO Bank Public Company Limited No. 1/2009 Due 2019, with the Issuer's Early Redemption Right is currently in the subscription period with the issue date on February 17, 2009.

² The Credit Spread is calculated from the difference between Internal Rate of Return (IRR) of the investment in the debenture and the yield of government bonds with corresponding maturity at the first day of subscription period.

The above table shows the summary of key terms and pricing of the debenture issuances during each time period and with different issue ratings. The comparable issuances are selected by recent issuance of subordinate debentures and unsubordinated debentures with long tenors.

The difference in credit spread can be seen when comparing the subordinate debenture issued by Siam Commercial Bank Public Company Limited (“SCB”) in May 2008 with the subordinate debenture issued by Kasikorn Bank Public Company Limited (“KBANK”) in December 2008 with the same credit rating of AA- (tha) from Fitch Ratings (Thailand) Co., Ltd. (“Fitch Ratings”) The SCB issuance was issued in a relatively stable market condition and was able to issue with a coupon that result in an average yield of 5.42% per annum which equaled a credit spread of 0.58% over the 10 year government bond yield on the first subscription date. In contrast, the government bond yield and interest rates has already dropped sharply at the time of the issuance of KBANK subordinate debenture, but with the highly uncertain financial market and economic environment investors required a high credit spread of 2.88% over the 10 year government bond yield on the first subscription date, resulting in a coupon rate that equals an average yield of 5.88% per annum.

As the Bank does not have a credit rating, in order to compare the average yield of the Hybrid Tier 2 capital with the coupon rate of the issuance of debentures and/or subordinate debentures in the local market, the Financial Advisor has attempted to estimated the range of credit rating of the Bank and the Hybrid Tier 2 capital through the following approaches.

4.1.1 Top-Down Approach

In general market practice, if a parent company or other companies provide guarantee for the issuer and the debenture, that issuance will receive the rating of the issue that reflects the credit of the guarantor. If the guarantor provides unconditional and irrevocable guarantee on the principle and interest payment, the issuance will receive a credit rating equivalent to the guarantor. However if it is only a partial guarantee, the rating will be less, accordingly.

With this approach, since CIMB Bank is the major shareholder of the Bank, it can be seen that the major shareholder would be in its best interest to support its subsidiary. However, since CIMB Bank does not provide full or partial guarantee for the Hybrid Tier 2 capital in any legal or enforceable way, the Financial Advisor views that the credit rating of CIMB Bank cannot be fully comparable.

4.1.2 Bottom-Up Approach

The Financial Advisor has compared the asset size, financial performance, and financial strength of other Thai banks which have issued debentures and/or subordinate debentures in order to estimate credit rating of the Bank.

Financial Summary and Ratios Comparison (For the 9 months period ending September 30, 2008)

Unit: THB million (Unless stated otherwise)

Company	The Bank	Siam Commercial Bank Public Company Limited	Kasikorn Bank Public Company Limited	TMB Bank Public Company Limited	Thanachart Capital Public Company Limited	TISCO Bank Public Company Limited	Kiatnakin Bank Public Company Limited
Issuer Default Rating (Domestic Rating)	Not rated	AA (tha) by Fitch	AA by Fitch	A+ by Fitch A+ by TRIS	A by Fitch A- by TRIS	A by Fitch	BBB+ by Fitch A- by TRIS
Total Deposit	147,104.1	895,732.0	872,216.9	433,499.5	252,228.1	42,660.8	55,915.7
Total Assets	183,875.4	1,196,777.6	1,124,935.3	592,987.0	368,694.3	116,059.5	106,565.7
Gross Loan	92,733.9	889,326.2	871,971.8	427,484.2	271,071.5	98,304.6	79,215.5
Total Liabilities	178,278.2	1,075,321.5	1,015,855.5	544,499.3	336,296.1	104,704.3	89,751.4
Total Equity	5,597.2	121,456.1	109,079.7	48,487.8	32,398.2	11,355.2	16,814.3
Total Interest and Dividend Income	8,687.0	47,131.1	43,927.5	21,931.2	15,675.1	5,620.7	5,574.3
Net Profit*	(974.2)	17,430.8	12,543.6	4,414.2	2,352.9	1,328.3	1,532.0

Company	The Bank	Siam Commercial Bank Public Company Limited	Kasikorn Bank Public Company Limited	TMB Bank Public Company Limited	Thanachart Capital Public Company Limited	TISCO Bank Public Company Limited	Kiatnakin Bank Public Company Limited
Net Interest Spread (%)	2.44%	4.53%	4.12%	3.20%	4.1%	3.7%	4.6%
Gross Non-Performing Loan to Total Loans (%)	12.02%	5.20%	4.05%	15.4%	4.4%	3.9%	12.02%
ROAE (%)**	-41.18%	19.93%	16.00%	12.66%	9.70%	14.93%	11.53%
ROAA (%)**	-0.67%	1.97%	1.58%	0.97%	0.91%	1.65%	2.09%
Tier-1 Capital (%)	4.24%	12.30%	10.76%	12.78%	8.95%	9.94%	14.74%
Capital Adequacy Ratio (%)	6.93%	17.10%	14.44%	17.30%	12.75%	9.90%	15.34%

Source: Companies' Reported Financial Statement, Companies' MD&A

Note: * Net Profit is based on Net Income (Loss) Attributable To Equity Holder of the Bank (after minority interest)

** Return on Average Equity (ROAE) and Return on Average Asset (ROAA) is calculated by annualizing the 9 months net income

Please see Appendix C: Fitch Ratings Definitions for more details on the information on credit rating classifications

From the above table comparing the company rating of Thai banks, it can be seen that large banks with sound financial strength such as SCB and KBANK received a rating of AA (tha) from Fitch Ratings. Smaller banks such as TISCO Bank Public Company Limited (“TISCO”) and Kiatnakin Bank Public Company Limited (“KK”) with less financial strengths than the large banks received a lower rating accordingly to reflect the higher credit risks. TISCO received a rating of A (tha) from Fitch Ratings while KK received a rating of BBB+ (tha) from Fitch Ratings and A- from TRIS Rating.

Comparing with its peers, the Bank’s asset size both in terms of deposit and total asset is larger than those of TISCO and KK, but its profitability in recent years has been making a constant loss due the loss on investments in CDOs, resulting in insufficient capital, weak financial position, and inadequate Capital Adequacy ratio as required by law. With CIMB Bank involving as a majority shareholder and providing support to the Bank and implement initiatives to reinforce the financial status, as well as its recapitalization plan including the right offering to existing shareholders which will result in an increase in the Capital Adequacy ratio to 9.19%⁵ with the Tier 1 Capital of 5.84%, the prospect of the Bank in the future may be better than its past performance. Therefore, the Financial Advisor views that with these factors the indicative company rating of the Bank with the Bottom-Up approach could be estimated to be in the range of those of TISCO and KK or lower.

From the above comparison, the proposed credit spread of 2.1% to 3.1% over the 10 year government yield for the Hybrid Tier 2 capital is therefore even lower compared with TISCO’s subordinate debenture issuance which received a rating of A- (tha) which has a credit spread of 3.54% at the first subscription date (Please see the credit spread of TISCO subordinate debenture in the Summary of Recent Selected Comparable Debenture Issuance table) despite the fact that the Hybrid Tier 2 capital is unrated and has features that are junior to the subordinate debenture. Therefore, in the current market situation, the proposed credit spread is reasonable and beneficial to the Bank and to its minority shareholders. However, in the time of highly uncertain market conditions, the proposed credit spread may not be reasonable from the investor’s point of view if the market conditions significantly change during the issuance period. Therefore, the Financial Advisor views that it is reasonable for the Bank to have the flexibility in adjusting the credit spread if the market significantly changes in order to be able to successfully market the Hybrid Tier 2 capital.

The Financial Advisor has reviewed the proposed terms and condition of the Hybrid Tier 2 capital and found that the terms and conditions are in accordance with the BOT guideline, and normal market practice, and found that there are no terms and conditions which are unfavorable to the Bank and its minority shareholders. The Financial Advisor opines that the terms and conditions of the Hybrid Tier 2 are reasonable and beneficial to the Bank.

⁴ Source: The Bank with the calculation from the Capital Adequacy ratio as of 31 December 2008

4.2 Reasonableness of the Transaction

The Bank will be able to issue the Hybrid Tier 2 capital once approved by the Shareholders' meeting, approved the Issuance of Hybrid Tier 2 capital from the SEC, and the inclusion of the Hybrid Tier 2 capital as capital fund by the BOT, which the Bank expects to be able to issue the Hybrid Tier 2 capital approximately in March 2009. However, since at present and in the near future the market condition is volatile, therefore, the Bank cannot yet determine the coupon rate that investors will be interested in investing in Hybrid Tier 2 capital. Hence, the Bank cannot determine the amount that CIMB Bank or its nominated party(ies) will be investing in.

The Bank intends to issue the Hybrid Tier 2 capital on a market-driven basis and the method of placement of the Hybrid Tier 2 capital will be on the Private Placement basis. The Bank will seek for potential investors and conduct the a book building process to measure the demand of potential investors on the Issuance of the Hybrid Tier 2 capital to determine the average yield based on the approved guideline by the shareholders of the Bank. If CIMB Bank or its nominated party(ies) were to participate in investing in the Hybrid Tier 2 capital, CIMB Bank or its nominated party(ies) will receive the same average yield that was determined on a market-driven basis through the book building process from other investors which are not related to CIMB Bank or its nominated party(ies).

If the market condition is favorable at the time that the Hybrid Tier 2 capital is issued and the non-related potential investors fully subscribe the Hybrid Tier 2 amounting THB 2,500.00 million, CIMB Bank or its nominated party(ies) participation in the subscription will not be critical to the success of the Issuance of the Hybrid Tier 2 capital. However, if at the time of the Issuance of the Hybrid Tier 2 capital, the market is not as favorable as initially expected and the non-related potential investors do not fully subscribe to the whole amount of the Hybrid Tier 2 capital being issued, CIMB Bank or its nominated party(ies) will be able to step in to take the remaining amount not taken by the non-related potential investors.

If the economic situation changes from its current situation or of the book building process of the Hybrid Tier 2 capital indicates that the average yield by investors is higher than the approved indicative range of average yield by the shareholders of the Bank, then, the Board of Directors including the person or the group of persons assigned by the Shareholders' meeting to be authorized to determine the details of the issuance and other terms and conditions as necessary to successfully issue the Hybrid Tier 2 capital as assigned.

In this respect, at the time of the Shareholders' meeting on the Issuance of the Hybrid Tier 2 capital, the portion invested by CIMB Bank or its nominated party(ies) and the average yield that CIMB Bank or its nominated party(ies) will receive from this investment is subjected to the market conditions at the issue period and cannot yet be determined at this time as previously stated.

5. Summary of opinion of the Financial Advisor

Since the beginning of 2008, the global financial and economic downturn as well as domestic political uncertainties have caused negative effects on the Bank's operation performance which affected the Capital Adequacy ratio to be lower than the level required by law. Subsequently to gaining majority control of the Bank, CIMB Bank is proceeding to reinforce the financial status, increase the Capital Adequacy ratio, and improve the ability to expand the business of the Bank by proposing the recapitalization plan to the BOT together with other plans for its approval. The Issuance of Hybrid Tier 2 capital is one of recapitalization plan.

The Board of Directors of the Bank has proposed to the Shareholders' meeting of the Bank to approve the Issuance of Hybrid Tier 2 capital up to an amount of THB 2,500,000,000. The Bank has been informed that CIMB Bank, the major shareholder of the Bank, or its nominated party(ies) will be participating in the Issuance of Hybrid Tier 2 capital to the level that the capital funds of the Bank will meet the minimum Capital Adequacy Ratio requirements of the BOT. The transaction will be considered a connected transaction of listed companies for receipt of financial assistance.

In rendering the opinion, the Financial Advisor has considered the current financial status of the Bank, the necessity of the Transaction, the benefits and disadvantages that the Bank will receive from entering into the Transaction, the structure of the Transaction, the reasonableness of the average yield that the Bank expects to pay CIMB Bank or its nominated party(ies) if they invest in Hybrid Tier 2 capital, and the reasonableness of the Bank entering into the Transaction.

The advantages of entering into the Transaction will be as follows:

- The Bank's Capital Adequacy ratio will increase and meet the minimum level of required by law
- Provide support to the recapitalization plan of the Bank
- According to the indicative terms and conditions of Hybrid Tier 2 capital, the Bank will have more financial flexibility as it can deferred the interest payments and such deferral will not constitute or be deemed as default by the Bank
- There will be no dilution effects to existing shareholders
- The Bank will be able to raise relatively low cost of funds given funding alternatives

However, the disadvantage of entering into the Transaction is as follow:

- The Bank's debt-to-equity ratio will increase

The acceptance of the financial assistance from CIMB Bank or its nominated party(ies) as opposed to entering into the Transaction with external parties will provide the following benefits to the Bank:

- Provide confidence to external parties interested in subscribing Hybrid Tier 2 capital
- CIMB Bank will be able to participate in the Issuance of Hybrid Tier 2 capital and as such the Bank will meet the minimum Capital Adequacy Ratio requirements of the BOT
- Assure that the Bank will receive sufficient capital to help the Bank meet the minimum Capital Adequacy ratio required by law

However, the disadvantages of entering into the Transaction with CIMB Bank as opposed to with the external parties is:

- The Bank will increase the dependency on the major shareholder, CIMB Bank, as capital provider

The Bank will be able to issue the Hybrid Tier 2 capital once approved by the Shareholders' meeting, approved of the Issuance of Hybrid Tier 2 by the SEC, and the inclusion of the Hybrid Tier 2 capital as capital fund by the BOT, which the Bank expects to be able to issue the Hybrid Tier 2 capital approximately in March 2009. However, since at present and in the near future the market condition is volatile, therefore, the Bank cannot yet determine the coupon rate that investors will be interested in investing in Hybrid Tier 2 capital. Hence, the Bank cannot determine the amount that CIMB Bank or its nominated party(ies) will be investing in. Nevertheless, the Bank has determined the range of the appropriate credit spread of the Issuance of Hybrid Tier 2 capital base on the 10-year Government Bond yield. The use of the 10-year Government Bond yield as a base in determining the appropriate average yield is used by the issuers and the investors on a normal practice basis. Moreover, the reason that the Bank use the 10-year Government Bond yield to determine the average yield of the Issuance of Hybrid Tier 2 capital is because both have equivalent tenures.

The Financial Advisor has considered the credit spread range of the Hybrid Tier 2 capital by comparing the credit spread to those recent issuance of debentures and/or subordinate debentures by domestic commercial banks in the local market. The Financial Advisor has estimated the credit rating of the Bank and of the Issuance of the Hybrid Tier 2 capital by comparing to those of other commercial banks to compare the credit rating and, consequently, the credit spread

Under the Top-down approach, since CIMB Bank is the major shareholder of the Bank, it can be seen that the major shareholder will be in its best interest to support its subsidiary and may be viewed as a guarantee provider on the financial status of the Bank. However, since CIMB Bank does

not neither provide full or partial guarantee for the Hybrid Tier 2 capital in any legal or enforceable way, the Financial Advisor views that the credit rating of CIMB Bank cannot be fully comparable.

According to the Bottom-up approach, the Financial Advisor estimates the credit rating of the Bank by comparing the Bank's financial status and operating performance with those of the small banks. Although, the Bank's asset size and total asset is larger than those of TISCO and KK, but its profitability in recent years has been making a constant loss due the loss on investments in CDOs resulting in insufficient capital and weak financial position and inadequate Capital Adequacy ratio as required by law. However, since CIMB Bank has become the majority shareholder and provide support to the Bank, including the recapitalization plan, it may strengthen the Bank's financial position and financial performance. Therefore, the Financial Advisor views that with these factors the indicative company rating of the Bank with the Bottom-Up approach could be estimated to be in the range of those of TISCO and KK or lower.

From the above comparison and given the fact that the Hybrid Tier 2 capital is unrated and has features that are junior to the subordinate debenture and the current financial status of the Bank, the Financial Advisor views that the proposed credit spread range of 2.1% to 3.1%, which is equivalent to the average yield of Hybrid Tier 2 capital of 5.5% per annum to 6.5% per annum, is reasonable and beneficial to the Bank and its minority shareholders.

The Bank intends to have Issuance of Hybrid Tier 2 capital to be on a market-driven basis. The method of placement of the Hybrid Tier 2 will be on the Private Placement basis. The Bank will seek for potential investors and conduct the market sounding / book building process to measure the demand of potential investors on the Issuance of Hybrid Tier 2 capital and to determine the average yield based on guideline approved by the shareholder meeting of the Bank. If CIMB Bank or its nominated party(ies) were to participate in the issuance of the Hybrid Tier 2, CIMB Bank or its nominated party(ies) will receive the same coupon rate that has been determined by a the demand of other investors who are not related to CIMB Bank or its nominated proxy(ies). However, if the economic situation and market conditions changes from its current state, or if the market survey of the Hybrid Tier 2 capital shows that the average yield required by investors are above the approved range by the Shareholders' meeting, the Board of Directors including the person or the group of persons assigned by the shareholders shall have the authorization to determine the details of the issuance and other terms and conditions of Hybrid Tier 2 capital as necessary in order to successfully issue the Hybrid Tier 2 capital as assigned.

The Financial Advisor is of an opinion that the shareholders should vote in favor for this Transaction. Nevertheless, the final decision is at the discretion of the shareholders. The opinion of the Financial Advisor is base on the assumption that information and documents received from interviews with the Bank's managements and employees are reliable, complete, and accurate. Moreover, in order

to make an informed decision, the shareholder should carefully study and understand the characteristics of Hybrid Tier 2 capital together with other documents attached in this letter in details as well as attend the meeting to receive details on the Issuance of the Hybrid Tier 2 capital and the economic and capital market situations that may have changed since the date of this opinion is rendered, which may cause affects on the average yield that the Bank expects to pay CIMB Bank or its nominated party(ies).

We, the Financial Advisor, hereby undertake that our opinions in this report have been rendered with circumspect consideration according to the professional standard for the benefits of the shareholders.

Yours sincerely,

(Mr. Suradech Kietthanakorn)

Executive Director

TISCO Securities Company Limited

Cumulative Hybrid Tier 2 Capital Securities

Indicative Principal Terms and Conditions

<i>Issuer</i>	:	BankThai Public Company Limited
<i>Facility Description</i>	:	Cumulative Hybrid Tier 2 Capital Securities (“Securities”)
<i>Issue Size</i>	:	Up to Baht 2,500 million
<i>Issue Price</i>	:	Par to the nominal value of the Securities
<i>Use of Proceed</i>	:	The proceeds from the issuance of the Securities will be used by the Issuer for general corporate purpose and to provide the Issuer with Hybrid Tier 2 capital in order to strengthen its capital base.
<i>Maturity Date</i>	:	10 years from the issue date
<i>Interest / Distribution Rate</i>	:	To be determined closer to issuance date, depending on the prevailing market conditions at the time of issuance of the Securities, and under the agreements and conditions of the Securities issued at that time, and to be under the SEC's notification and/or the SET and/ or the notification or regulations of any government agencies concerned which are still in effect at the time of issuance and offering of the Securities (if more than one issue) (The interest payment is referred to as “Distribution” and each payment date is referred to as “Distribution Payment Date”. The Interest / Distribution Rate may also include step up rate)
<i>Mode of Issue</i>	:	Private Placements
<i>Listing Status</i>	:	The Securities will not be listed.
<i>Events of Default</i>	:	There are no events of default under the Securities. Upon occurrence of any of the following events (Enforcement Events): (a) a default made in the payment of any nominal value of the Securities on the due date for payment thereof; or (b) a default made in the payment of Distribution amounts

(including any additional amounts) on the Securities on the due date for payment thereof, which default continues for 14 days consecutively (other than non-payment of Distribution under the item “limitation on payment of distributions”)

the holders of the Securities may, at their discretion and without further notice, institute proceedings against the Issuer in Thailand (but not elsewhere) provided that, such holders shall have no right to accelerate payment of such Securities in the case of non-payment of Distribution on, or other amounts owing under, such Securities.

If a Winding Up Proceeding (see below) commences in respect of the Issuer, or an effective resolution of the shareholders of the Issuer is passed for a Winding Up Proceeding in respect of the Issuer, the holders of the Securities may, at such holders' option, declare the principal of and any Distribution amounts on the Securities to be due and payable immediately, by a notice in writing to the Issuer. Upon such a declaration, such nominal value and any Distribution amounts shall become immediately due and payable.

Winding Up Proceeding means the occurrence of any of the following:

- (a) a court or agency or supervisory authority in Thailand having jurisdiction in respect thereof shall have instituted a proceeding or entered a decree or order for the appointment of a receiver or liquidator in any insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities, or similar arrangements involving the Issuer or all or substantially all of its properties, or for the winding up of or liquidation of its affairs and such proceeding, decree or order shall not have been vacated or shall have remained in force undischarged or unstayed for a period of 60 days; or
- (b) The Issuer files a petition to take advantage of any insolvency statute.

Limitation on Payment of Distribution : If any of the following is satisfied:

- (A) If the capital adequacy ratio ("BIS Ratio") of the Issuer is, on a Distribution Payment Date, lower than 0% or;
- (B) If the Issuer would, immediately after a Distribution Payment Date, cause the Issuer's BIS Ratio to be lower than 0% ;
- (C) If the Bank of Thailand has intervened by ordering a capital increase or decrease of the Issuer and such increase or decrease has not been completed;

then the Issuer shall defer paying Distribution on such Distribution Payment Date, by giving not less than 5 nor more than fifteen (15) business days' notice to the Facility Agent /Paying Agent / and the Trustee (whichever applicable) (which notice shall be irrevocable and shall oblige the Issuer to defer payment of the interest amount which, but for the Payment Limitation Condition, was payable on such Distribution Payment Date).

To the extent that the above clause does not apply, if the Payment Limitation Condition (see below) is met, the Issuer may, at its option, defer the Distribution which would otherwise have been payable on such Distribution Payment Date.

Any such deferral pursuant to the above paragraphs will not constitute or be deemed a default by the Issuer for any purpose whatsoever.

Payment Limitation Condition means that during the [12] month period immediately preceding any Distribution Payment Date, the Issuer did not declare and/or pay any dividend to its shareholders, or make any interest payment or distribution, on any securities or instruments ranking junior to the Securities, and that the Issuer expects that the net profit for the current fiscal year is expected to be zero or less.

"Deferred Distribution Amount" means any Distribution amount which is deferred by the Issuer pursuant to the Limitation on Payment of Distribution clause herein.

For the avoidance of doubt all Deferred Distribution Amount shall be cumulative.

*Dividend and Capital
Stopper*

: In the event that the Issuer has not made a full payment of any Distribution or Deferred Distribution Amount on a Distribution Payment Date then (A) the Issuer shall not pay any dividends to its shareholders or make any interest payment or distribution on any security or instruments ranking pari passu with or junior to the Securities (the Dividend Stopper); and (B) the Issuer shall not redeem, purchase, reduce or otherwise acquire any of its ordinary shares, preference shares, securities or instruments ranking pari passu with or junior to the Securities, or any securities of any of its subsidiary undertakings benefiting from a guarantee from the Issuer, ranking, as to the right of redemption of principal, or in the case of any such guarantee, as to the payment of sums under such guarantee, pari passu with or junior to the Securities (the Capital Stopper).

Optional Redemption

The Issuer may, at its option and subject to the Redemption Conditions (see below) being satisfied, Redeem (see below) the Securities (in whole but not in part) on any Optional Redemption Date.

Redemption Conditions means:

- (1) The Issuer is solvent at the time of any Redemption (see below) of the Securities and immediately thereafter;
- (2) The Issuer is not in breach of BOT's minimum capital adequacy ratio requirements applicable to the Issuer; and
- (3) The Issuer has obtained the written approval of BOT prior to Redemption of the Securities.

Redeem means:

- (1) redeem the Securities for the Redemption Amount (see 7. redemption amount below)

"Redemption" and "Redeemed" have the corresponding meanings.

- Optional Redemption Date* : A date falling no earlier than the fifth anniversary (5th) of the relevant Issue Date, and any Distribution Payment Date thereafter.
- Tax Redemption* : If there is more than an insubstantial risk that:
- (1) The Issuer would no longer obtain tax deductions for the purposes of Thailand corporation tax for any payment in respect of the Securities;
- as a result of a change in, or amendment to, the laws or regulations of Thailand or any political subdivision or any authority thereof or therein having power to tax, or change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of first issue and the Issuer cannot, by taking reasonable measures available to it, avoid such obligations, then the Issuer may, at its option, Redeem the Securities (in whole, but not in part) at the Redemption Amount, subject to the Redemption Conditions being satisfied on any Optional Redemption Date.
- Regulatory Redemption* : If the Securities no longer qualify as Tier 2 capital of the Issuer for the purposes of BOT's capital adequacy requirements under any regulations applicable to the Issuer, then the Issuer may, at its option, Redeem the Securities (in whole, but not in part) at the Redemption Amount, subject to the Redemption Conditions being satisfied on any Optional Redemption Date.
- Redemption Amount* : In the case of an Optional Redemption, a Tax Redemption or a Regulatory Redemption, an amount equal to 100% of the face value together with accrued but unpaid Distributions (if any) relating to the then current Distribution period (if any) up to (and excluding) the date on which the Securities are Redeemed.
- Ranking* : The Securities are direct and unsecured obligations of the Issuer.
- Amounts payable on the Securities will be subordinated in right of payment upon the occurrence of any winding up proceeding to the prior payment in full of all deposit liabilities and all other liabilities of the Issuer (including liabilities of all offices and branches of the Issuer wherever located and any debt securities (whether

subordinated or unsubordinated) of the Issuer that rank senior to the Securities) except, in each case, to those liabilities which by their terms rank equal with or junior to the Securities.

Claims in respect of the Securities will rank pari passu and without preference among themselves, but in priority to the rights and claims of holders of tier 1 capitals of the Issuer and the preference shares (if any) of the Issuer as well as ordinary equity shares of the Issuer.

Voting Rights

Holders will not be entitled to receive notice of or attend or vote at a meeting of the ordinary shareholders of the Issuer or to participate in the management of the Issuer.

Governing Laws

: The Securities will be governed by, and shall be construed in accordance with Law of the Kingdom of Thailand.

The Announcement of the BOT No. Sor Nor Sor 88/2551 on the Regulations on the Inclusion of Hybrid Debt Capital Instruments (Attachment 3)

Domestic registered commercial banks may include the proceeds obtained from the issuance of two types of instruments, which are subordinated to depositors and general creditors, i.e. (1) Hybrid Debt Capital Instruments (the Capital Securities is classified into this category) or (2) Subordinated Debt as Tier 2 Capital by applying for approval from the Bank of Thailand to include such proceeds from the issuance of the aforementioned capital instruments as Tier 2 Capital. The money shall be included in Tier 2 Capital only when permission has been granted and the applicant shall comply with the following requirements:

1. Hybrid Debt Capital Instrument which can be included as Tier 2 Capital with its full paid-up amount must have the following characteristics:

- 1.1 They must not be secured by any person or any property as a pledge or mortgage;
- 1.2 They must have maturity of at least 10 years, and during the final 5 years, an amortization factor of 20% per annum must be applied
- 1.3 They cannot be redeemed prior to maturity, except with prior approval from the BOT;
- 1.4 They must be subordinated to all depositors and general creditors
- 1.5 Domestic registered commercial banks have the right to defer interest payments if there is no current-year profit and they are unable to make dividend payments to common and preferred shareholders;
- 1.6 Principal and interest payments on hybrid debt capital instrument must be deferred if such payments will result in negative capital of the issuing bank, or if the BOT has intervened by ordering a capital decrease or increase.

With regard to the deferral of the interest payments of these hybrid debt capital instruments by Domestic registered commercial bank, subject to the applicable law, wishes to pay interest on the deferred interest, the payment can be made at a rate not exceeding the original coupon rate.

2. Subordinated debts which can be included as Tier 2 Capital with its full paid-up amount but not exceeding 50% of the Tier 1 Capital of a Domestic registered commercial bank, must have the following characteristics:

- 2.1 They must not be secured by any person or any property as a pledge or mortgage;
- 2.2 They must have maturity of at least 5 years, and during the final 5 years, an amortization factor of 20% per annum must be applied;
- 2.3 They cannot be redeemed prior to maturity, except with prior approval from the BOT;
- 2.4 They must be subordinated to all depositors and general creditors, but ranked senior to the hybrid debt capital instruments holders, as specified in 1.

3. Procedure of redemption of hybrid debt capital instrument or subordinated debt which is included as Tier 2 Capital prior to its maturity

The Domestic registered commercial bank wishing to redeem the instrument included in Tier 2 Capital prior to its maturity shall apply for approval from the BOT and the BOT will consider and grant approval under the following conditions:

- 3.1 Such Domestic registered commercial bank shall immediately increase its Tier 1 Capital or Tier 2 Capital to replace the redeemed debt instrument was redeemed;
or
- 3.2 Assuming that there will not be any capital increase, the BOT will consider the following three factors: (1) projected profit and loss from business operation (2) projected expansion of risk-weighted assets and (3) projected reserve for classified assets under the Notification of the BOT re: Requirements of Asset Classification and Reserves of Financial Institutions, which may have impact upon the status of capital funds of financial institutions within a period of 3 years, so that such earlier redemption will not result in a decrease to lower than 9% of the ratio of capital to risk-weighted assets.
- 3.3 The earlier redemption of hybrid debt capital instrument can be made only after the 5th year of the issuance of such instrument.
- 3.4 With regard to subordinated debt which is not approved to be included as Tier 2 Capital, domestic registered commercial banks may redeem or buy back prior to the maturity of such instrument and shall notify the BOT of such redemption within 7 days from the date of redemption or buy-back.

Fitch Ratings Definitions

Long-term debt rating symbols for Thailand

Fitch Ratings (Thailand) Co., Ltd. ("Fitch") uses the symbol starting from "AAA" which is the highest rating to D which is lowest rating according to the issuer's ability to repay debt and interest payments of its long-term debts.

AAA(tha)

'AAA' national ratings denote the highest rating assigned in its national rating scale for that country. This rating is assigned to the "best" credit risk relative to all other issuers or issues in the same country and will normally be assigned to all financial commitments issued or guaranteed by the sovereign state.

AA(tha)

'AA' national ratings denote a very strong credit risk relative to other issuers or issues in the same country. The credit risk inherent in these financial commitments differs only slightly from the country's highest rated issuers or issues.

A(tha)

'A' national ratings denote a strong credit risk relative to other issuers or issues in the same country. However, changes in circumstances or economic conditions may affect the capacity for timely repayment of these financial commitments to a greater degree than for financial commitments denoted by a higher rated category.

BBB(tha)

'BBB' national ratings denote an adequate credit risk relative to other issuers or issues in the same country. However, changes in circumstances or economic conditions are more likely to affect the capacity for timely repayment of these financial commitments than for financial commitments denoted by a higher rated category.

BB(tha)

'BB' national ratings denote a fairly weak credit risk relative to other issuers or issues in the same country. Within the context of the country, payment of these financial commitments is uncertain to some degree and capacity for timely repayment remains more vulnerable to adverse economic change over time.

B(tha)

'B' national ratings denote a significantly weak credit risk relative to other issuers or issues in the same country. Financial commitments are currently being met but a limited margin of safety remains and capacity for continued timely payments is contingent upon a sustained, favorable business and economic environment.

CCC(tha), CC(tha), C(tha)

These categories of national ratings denote an extremely weak credit risk relative to other issuers or issues in the same country. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments.

DDD(tha), DD(tha), D(tha)

These categories of national ratings are assigned to entities or financial commitments which are currently in default.

A special identifier "tha" is added to the end of each symbol to differentiate the Thailand national scale from the international scale.

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' Long-term rating category, to categories below 'CCC', or to Short-term ratings other than 'F1'.

Rating Watch: Ratings are placed on Rating Watch to notify investors that there is a reasonable probability of a rating change and the likely direction of such change. These are designated as "Positive", indicating a potential upgrade, "Negative", for a potential downgrade, or "Evolving", if ratings may be raised, lowered or maintained. Rating Watch is typically resolved over a relatively short period.

Source: Fitch Ratings