(Translation)

Opinion of the Independent Financial Advisor on Connected Transaction In the Disposal of Ordinary Shares in BT Asset Management Co., Ltd.

of

CIMB THAI Bank Public Company Limited

Prepared by

Advisory Plus Co., Ltd.

April 8, 2010

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Subject Opinion of the Independent Financial Advisor on connected transaction in the disposal of shares in BT Asset Management Co., Ltd. of CIMB Thai Bank Plc.

To Audit Committee and Shareholders

CIMB Thai Bank Plc.

The Board of Directors' Meeting of CIMB Thai Bank Plc. ("CIMBT" or "the Bank") No. 5 /2553 held on March 25, 2010 resolved to approve the disposal of shares in BT Asset Management Co., Ltd. ("BTAM") in the amount of 24,999,993 shares[1], representing 99.99% of BTAM's issued and paid-up share capital, at a price of Bt. 10 per share totaling Bt. 249,999,930 to CIMB-Principal Asset Management Berhad ("CPAM"). In this regard, CPAM is deemed to be a connected person as defined under the Capital Market Supervisory Board's Notification No. ThorChor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand ("SET") Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) and its amendments ("Connected Transaction Notification"). This is because the indirect shareholder of the Bank, CIMB Group Sdn Bhd ("CIMB Group") (holding a stake of 99.99% in CIMB Bank Berhad ("CIMB Bank") which owns a stake of 93.15% of the Bank's issued and paid-up share capital), is the major shareholder of CPAM, with shareholding of 60%.

The above transaction constitutes a connected transaction according to the Connected Transaction Notification with the size of transaction equal to 3.36%, which exceeds 3% of the net tangible asset value of the Bank and its subsidiaries, calculated based on the consolidated financial statement ended December 31, 2009. The said transaction is also considered a disposal of assets of a listed company in accordance with the Capital Market Supervisory Board's Notification No. ThorChor.20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of the SET Board of Governors Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547 (2004) and its amendments ("Acquisition or Disposal Notification"). The transaction size is 0.51% of the net tangible asset value of the Bank and its subsidiaries according to the consolidated financial statement ended December 31, 2009.

There are also other transactions approved at the above CIMBT board meeting and other transactions taking place in the past six months, comprising 1) sale of shares of Worldclass Rent A Car Co., Ltd. valued at Bt. 73.85 million, 2) sale of shares of Sathorn Asset Management Co., Ltd. at Bt. 229.15 million, 3) sales of NPLs of the Bank to Sathorn Asset Management Co., Ltd. at Bt. 3,160.53 million, 4) disposal of investment in BT Insurance Co., Ltd. at Bt. 392 million, 5) disposal of investment in Milea Life Insurance (Thailand) Plc. at Bt. 72 million, and 6) sale of the Bank's Sathorn office block at Bt. 1,053 million (transactions (1)-(3) were approved at the above CIMBT board meeting and transactions (4)-(6) took place in the past six months).

The size of transactions computed according to the Connected Transaction Notification is 49.87% of the net tangible asset value of the Bank and its subsidiaries according to the consolidated

[1] Being the number of shares after the capital increase of 1,500,000 new shares in BTAM from the current 23,499,993 shares held by the Bank.

financial statement ended December 31, 2009 (inclusive of the disposal of BTAM shares and the transactions in (1)-(3) above) and calculated according to the Acquisition or Disposal Notification is 2,109.79% (inclusive of the disposal of BTAM shares and the transactions in (1)-(6) above).

As a consequence, the Bank is required to prepare and disclose a report on the transaction to the SET and to seek approval from its shareholders' meeting subject to a vote of at least three-fourths of the total votes of the shareholders attending the meeting and having the right to vote, excluding the shareholders with a vested interest, CIMB Bank. The meeting invitation letter to be sent to the shareholders must be accompanied by opinion of an independent financial advisor regarding (1) reasonableness and benefit of the transaction to the listed company, (2) fairness of price and conditions of the transactions, and (3) recommendation as to whether the shareholders should vote for or against the transaction together with the rationales.

In this respect, the Bank has appointed Advisory Plus Co., Ltd. as the independent financial advisor ("IFA") to provide opinion to the Bank's shareholders regarding the connected transaction in the sale of BTAM shares as mentioned above.

As of the date of the IFA opinion report hereof, CIMBT holds 23,499,993 shares in BTAM or 99.99% of BTAM's total 23,500,000 issued and paid-up shares. However, CIMBT Board of Directors' Meeting No. 3/2553 held on February 23, 2010 passed a resolution approving a capital increase in BTAM from Bt. 235 million to Bt. 250 million with the payment for the 1,500,000 new shares totaling Bt. 15 million to be made based on BTAM's funding need in order to maintain its capital adequacy ratio in accordance with the rule for maintaining of capital funds of asset management companies[2] under the relevant SEC notification.[3] Meanwhile, if BTAM needs not to make the capital increase before entering into this transaction, the number of BTAM shares to be sold by the Bank to CPAM will then be equal to the existing issued and paid-up shares of CPAM of 23,499,993 shares at the agreed price of Bt. 249,999,930, representing a price per share of Bt. 10.6383 (the agreed price, irrespective of whether the capital increase of Bt. 15 million is made or not, will be the same at Bt. 249,999,930 and the Bank shall include the newly issued shares in the shares offered for sale to CPAM under this transaction).

As a basis for our analysis and rendering of opinion herein, we have studied the information and documents available from the Bank and the publicly disclosed information such as the Bank's board resolution and information relevant to the transaction, the draft share sale agreement between CIMBT and CPAM (share sale agreement), the annual registration statement (Form 56-1), the auditor report, the financial statements, the assumptions used for financial projection and other documents obtained from the Bank and BTAM, the SET's statistical data on listed companies in the sector related to the business of BTAM, i.e. Financials Industry, Finance and Securities Sector, as well as from interviews with BTAM management and analysis of the industry situation and economic factors.

The opinion given is based on the assumption that the information and documents available from the Bank and BTAM and the information derived from the interviews with the management are reliable, complete and accurate without any material change therein. Moreover, our consideration has been made based solely on the economic environment and the information perceivable at the time of this study. As such, if there is any significant change in these factors, it will likely pose a material impact on the Bank, the transaction described herein and the shareholders' decision. Therefore, we cannot affirm as to whether there will be any material impact that will likely be posed on the Bank in the future. Our opinion can be summed up as follows:

[2] Asset management companies refer to mutual fund management companies and private fund management companies.

[3] SEC Notification No. KorNor.20/2552 Re: Rule for maintaining capital funds of asset management companies requires mutual fund management companies to maintain their capital funds as of the end of each month consisting of shareholders' equity at not less than Bt. 20 million and early warning level at Bt. 30 million.

Executive Summary

The Board of Directors' Meeting of CIMBT No. 5/2553 held on March 25, 2010 resolved to approve the disposal of 24,999,993 shares in BTAM, representing 99.99% of BTAM's issued and paid-up share capital, at a price of Bt. 10.00 per share totaling Bt. 249,999,930 to CPAM. In this regard, CPAM is deemed to be a connected person since CIMB Group Sdn Bhd, which is the major shareholder of CPAM, is also the major shareholder (indirect) of CIMBT (CIMB Group Sdn Bhd holds directly 60% in CPAM and holds indirectly 93.15% in CIMBT through CIMB Bank, which is 99.99% owned by CIMB Group Sdn Bhd and holds a stake of 93.15% in CIMBT).

The above transaction constitutes a connected transaction according to the Connected Transaction Notification with the size of transaction equal to 3.36% of the net tangible asset value of the Bank and its subsidiaries, calculated based on the consolidated financial statement ended December 31, 2009. It is also deemed as a transaction under the Acquisition or Disposal Notification with the size of transaction equal to 0.51% of the net tangible asset value of the Bank and its subsidiaries based on the consolidated financial statement ended December 31, 2009. When combined with the other transactions approved at CIMBT board meeting mentioned above and other transactions taking place in the past six months, the size of transaction under the Connected Transaction Notification is 49.87% of the net tangible asset value of the Bank and its subsidiaries and, computed under the Acquisition or Disposal Notification, is equal to 2,109.79%.

Therefore, to conform to the above notification, CIMBT has the duty to prepare and disclose a report on the transaction to the SET and to seek approval from the shareholders' meeting subject to a vote of at least three-fourths of the total votes of the shareholders attending the meeting and having the right to vote, excluding the shareholder with a vested interest, i.e. CIMB Bank. CIMBT must forward a letter of invitation to the shareholders' meeting, accompanied by the IFA's opinion report, to the shareholders at least 14 days ahead of the meeting date. CIMBT has set to convene the 16th Annual General Meeting of Shareholders on April 29, 2010 to consider and approve the said transaction.

The sale of BTAM shares will take place after the Bank obtains approval from the 16th Annual General Meeting to be held on April 29, 2010 and is granted approval from the Bank of Thailand, the Office of the Securities and Exchange Commission ("SEC") and/or other relevant supervisory bodies. The Bank will receive the share payment in full after the completion date of fulfillment of all conditions under the share sale and purchase agreement. The disposal of BTAM shares is expected to be complete by 2010.

The disposal of shares in BTAM under this transaction has been prompted by the fact that BTAM has successively incurred a net loss since its inception in December 2004. CIMBT, as its major shareholder, therefore had to inject additional funds to BTAM from time to time, through capital increases in BTAM in 2006, 2007 and 2009, involving a total of Bt. 135 million. It is likely that if the Bank continues as BTAM's major shareholder, it may have to increase the capital for BTAM again in the near term in order to meet the capital adequacy requirement according to the SEC rule.

The Bank has thus evaluated the reasonableness of the shareholding in BTAM by CPAM, a member of the CIMB Group Sdn Bhd, which is Malaysia's second largest asset management company with networking in Malaysia, Singapore and Indonesia. The disposal of BTAM shares to CPAM will give CPAM an opportunity to gain a foothold in Thailand's fund management industry, while the Bank itself will benefit from such share disposal in terms of mitigation of risk from uncertainties in BTAM's future performance which will likely show a continued loss and hence require additional capital injection from the Bank. Moreover, by selling its shares in BTAM, the Bank will be able to focus primarily on its core banking business and will in the future likely reap the benefit from cross-selling of diverse product types of BTAM after becoming a CPAM subsidiary. In addition, the Bank will have excess cash and revenue from sale of shares, and will in 2010 earn income from reversal of the allowance for diminution in value of investment (by the amount reserved by the Bank) of Bt. 152 million.

However, the Bank might lose the opportunity to obtain benefit directly from its investment in BTAM if in the future BTAM can generate a net profit and pay dividend. In 2009, BTAM posted a net loss of Bt. 44.23 million and a retained loss as of such year-end of Bt. 194 million. In legal terms, BTAM will be able to pay dividend only after it could generate a net profit and clean up the accumulated loss.

The Bank foresees that this transaction will be beneficial to it both at present and in the long term. Moreover, it has been agreed between the Bank and CPAM that the transaction must be clear and the benefits therefrom must be explainable to the shareholders. Since there are no other investors approaching the Bank for this transaction, we cannot make any comparison regarding the making of such transaction with a third party. The agreed price for BTAM shares is Bt. 10.00 per share, which is higher than the fair value appraised herein by the discounted cash flow approach at Bt. 9.96 per share and is within the price range figured out in the sensitivity analysis of Bt. 9.08 - 11.04 per share. Therefore, the transaction price is deemed reasonable and is the best offer obtainable by the Bank for the time being. Here is the conclusion of share valuation by different approaches:

Valuation approach	**Valued price (Bt./share)**	**Selling price (Bt./share)**	**Valued price (lower)/higher than selling price**	
			Bt./share	**%**
1. Book value approach	2.2399	10.00	7.7601	77.60
2. Adjusted book value approach	1.9599	10.00	8.0401	80.40
3. Market comparable approach				
3.1 P/BV ratio	1.7538 - 2.4393	10.00	(7.5607 - 8.2462)	(75.61 - 82.46)
3.2 P/E ratio	5.4419 - 10.9589	10.00	(4.5581) - 0.9589	(45.58) - 9.59
3.3 EV/EBITDA ratio	4.4755 - 6.6538	10.00	(3.3462 - 5.5245)	(33.46 - 55.25)
4. Acquisition comparable approach				
4.1 P/AUM ratio	6.7540 - 7.0608	10.00	(2.9392 - 3.2460)	(29.39- 32.46)
4.2 P/BV ratio	3.9872 - 4.1888	10.00	(5.8112 - 6.0128)	(58.11 - 60.13)
4.3 P/E ratio	8.7796 - 9.5176	10.00	(0.4824 - 1.2204)	(4.82 - 12.20)
5. Discounted cash flow approach				
5.1 Base case	9.96	10.00	(0.0400)	(0.40)
5.2 Sensitivity analysis	9.08 - 11.04	10.00	(0.9200) - 1.0400	(9.2000) - 10.40

In our opinion, the discounted cash flow approach is the most appropriate method as this method better reflects the future business operations and profitability prospects of BTAM than other approaches.

The Bank's shareholders will benefit from the transaction, which is considered reasonable with fair price and conditions. We therefore recommend that the shareholders vote in favor of the sale of shares in BTAM by the Bank.

The shareholders can, in deciding whether to approve or disapprove the transaction, take into consideration the IFA's opinion rendered herein and should make final decision at the shareholders' own discretion.

1. Nature and description of the transaction

1.1 Date of Transaction

The transaction will take place after approval from the Annual General Meeting of Shareholders No. 16/2010, to be held on April 29, 2010, and subsequent approvals granted by the Bank of Thailand ("BOT"), the Office of Securities and Exchange Commission (the "SEC") and/or any other regulating agencies concerned with the transaction. CIMBT expects that it will be able to complete the sale of its shares in BTAM to CPAM by 2010.

1.2 Type and size of the transaction

The Board of Directors' Meeting of CIMBT No. 5/2553 held on March 25, 2010 resolved to approve the disposal of shares held by the Bank in BTAM in the amount of 24,999,993 shares, representing 99.99% of BTAM's issued and paid-up share capital at a price of Bt. 10 per share totaling Bt. 249,999,930 to CPAM. In this regard, CPAM is deemed to be a connected person under the Connected Transaction Notification since CIMB Group Sdn Bhd, which is the major shareholder of CPAM, is also the major shareholder (indirect) of CIMBT (CIMB Group Sdn Bhd holds directly 60% in CPAM and holds indirectly 93.15% in CIMBT through CIMB Bank, which is 99.99% owned by CIMB Group Sdn Bhd and holds a stake of 93.15% in CIMBT).

The disposal of the Bank's investment in ordinary shares in BTAM constitutes a connected transaction according to the Connected Transaction Notification with the size of transaction equal to 3.36% of the net tangible asset value of the Bank and its subsidiaries, calculated based on the consolidated financial statement ended December 31, 2009. The calculation of the size of transaction is as follows:

Calculation of the transaction size is detailed as follows:

Transaction Value	=	Bt. 249,999,930
Net Tangible Assets	=	Total Assets - Total Liabilities – Intangible Assets – Minority Interest
	=	Bt. 140,341,561,849 - 132,397,430,832 - 427,224,808 - 70,357,816
	=	Bt. 7,446,548,393
Size of Transaction	=	Transaction Value / Net Tangible Assets
	=	249,999,930 / 7,446,548,393
	=	3.36%

Therefore under the Capital Market Supervisory Board's Notification No. ThorChor. 21/2551 Re: Rules on Connected Transactions, CIMBT has the duty to prepare and disclose a report on the transaction to the SET and to seek approval from the shareholders at a shareholders' meeting subject to a vote of at least three-fourths of the total votes of the shareholders attending the meeting and having the right to vote, excluding the shareholder with a conflict of interest, i.e. CIMB Bank. CIMBT must forward a letter of invitation to the shareholders' meeting, accompanied by the IFA's opinion report, to the shareholders at least 14 days ahead of the meeting date. CIMBT has set to convene the Annual General Meeting of Shareholders No. 16/2553 on April 29, 2010 to consider and approve the said transaction.

1.3 Value and consideration

In selling BTAM shares, the Bank will receive total consideration of Bt. 249,999,930. The said consideration is determined based on the intention of the buyer and the seller, taking into account the following factors:

1) Assets under management ("AUM") of BTAM of Bt. 19.2 billion as of December 31, 2009. Based on the AUM size, the disposal consideration represents a price-to-AUM ("P/AUM") multiple of 1.3%.

2) Losses posted by BTAM over the past 5 years.

3) Net assets of Bt. 41.9 million as of December 31, 2009. Based on the size of net assets, the disposal consideration represents a price-to-net assets ("P/B") multiple of 5.97 times.

4) Previous transactions involving the sale and purchase of asset management companies in Thailand, with the average P/AUM multiple of 0.92% and the average P/B multiple of 1.87 times.

5) BTAM projected financial statements.

In this regard, the Bank will be paid the whole amount of consideration after it has fulfilled all conditions under the share sale and purchase agreement (completion date). Major conditions of the agreement include approval of the disposal of BTAM shares from the shareholders' meeting of the Bank, CPAM and CIMB Group (the Bank will seek approval of such transaction at the Annual General Meeting of Shareholders No. 16 to be held on April 29, 2010), approval from the SEC for the change of BTAM's shareholding structure and appointment of new directors/independent directors, approval from the Malaysian Controller of Foreign Exchange for CAPM to invest in BTAM shares, etc.

1.4 Connected persons and nature of relationship

- *Parties concerned*

Buyer	:	CIMB-Principal Asset Management Berhad (CPAM)
Seller	:	CIMB Thai Bank Public Company Limited (CIMBT)

- *Relationship between the concerned parties and scope of interest of the connected persons*

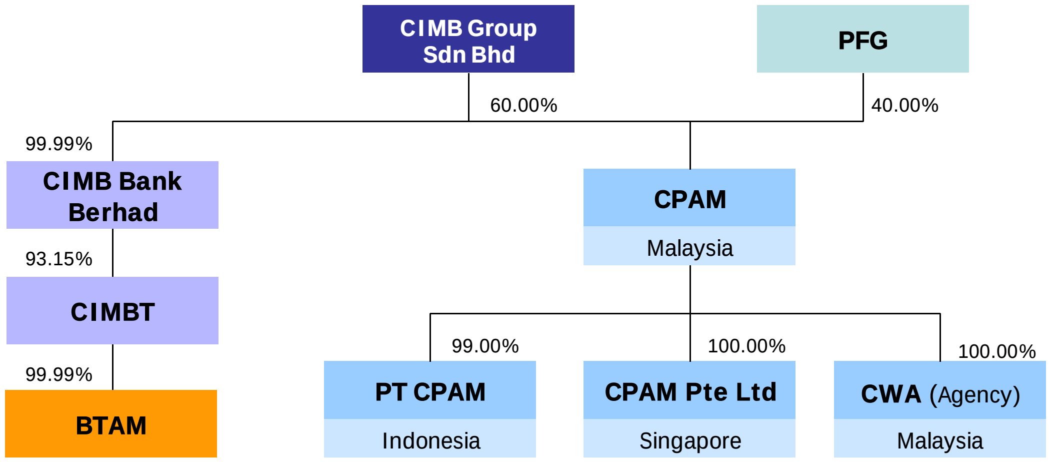
  - CIMB Bank is CIMBT's major shareholder with shareholding of 93.15% of the Bank's total paid-up shares.

  - CIMB Group Sdn Bhd owns 99.99% in CIMB Bank and 60% in CPAM.

  - CIMB Group Sdn Bhd is the major shareholder, both direct and indirect, in CIMBT, CIMB Bank and CPAM.

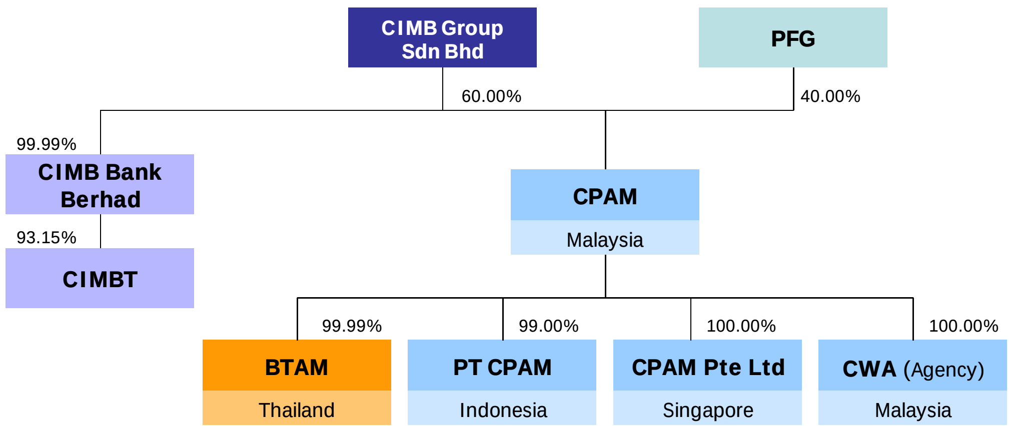
At CIMBT Board of Directors' Meeting No. 5/2553 on March 5, 2010 on the agenda to consider and vote on the disposal of shares in BTAM, there were three directors having a conflict of interest, namely Mr. Kenny Kim and Dato' Robert Cheim Dau Meng in their capacity as representatives of CIMB Bank and Mrs. Watanan Petersi in her capacity as a representative of CIMB Group Sdn Bhd and, hence, abstaining from voting on this issue.

Present Shareholder Structure of BTAM (Before the Transaction)



Note: **PFG** - Principal Financial Group
CPAM - CIMB-Principal Asset Management
PT CPAM - PT-CIMB Principal Asset Management
CPAM Pte Ltd - CIMB Principal Asset Management (s) Pte Ltd.
CWA - CIMB Wealth Advisors
CIMBT - CIMB Thai Bank Plc.
BTAM - BT Asset Management Co., Ltd.

Shareholder Structure of BTAM (After the Transaction)



CPAM is Malaysia's second largest asset management company, judging from its total AUM as of December 31, 2009 of approximately Bt. 230 billion. The core business of CPAM is management of trusts, investment units and other fund management activities for institutional entities and companies in general. It has since the inception in 1995 grown strongly by expanding its Malaysian base and establishing regional representatives in Singapore and Indonesia. CPAM was founded through a joint venture between CIMB Group and Principal Financial Group, which are leading financial service providers offering more than 500 diverse types of financial services.

1.5 Details of the disposed assets

Brief information of BTAM

Description of business

BT Asset Management Co., Ltd. ("BTAM" or "the Company") was incorporated on December 15, 2004 to engage in fund management business, presently engaged in full services of fund management, i.e. mutual fund, private fund, provident fund and investment advisory. It was permitted by the Ministry of Finance to operate three types of fund management, which are 1) *mutual fund management* business under license no. 0006/2548 granted by the Ministry of Finance on March 2, 2005, 2) *provident fund management* and 3) *private fund management* under license no. 0018/2548 granted on July 4, 2005.

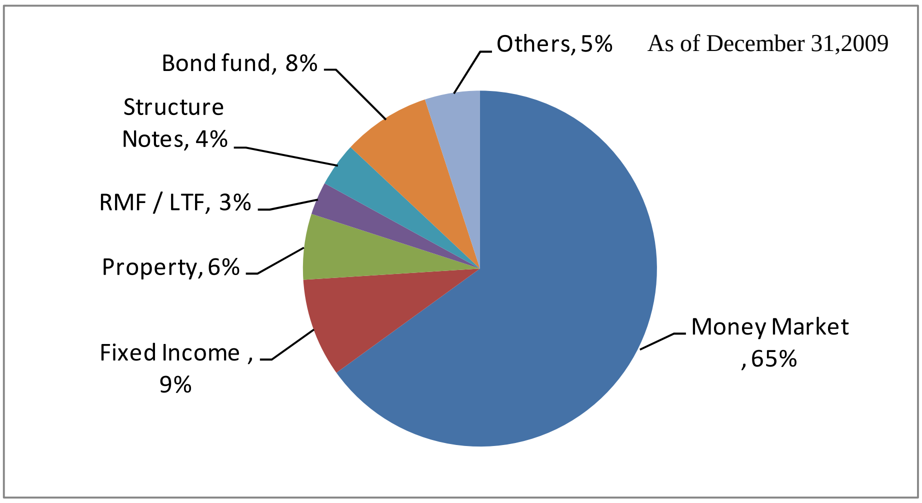
Moreover, BTAM has engaged in investment advisory service under license no. 033/2548 granted on October 26, 2005.

Currently, BTAM has a total issued and paid-up capital of Bt. 235 million, with the Bank as the major shareholder owning a stake of 99.99% of BTAM's issued and paid-up capital.

As of December 31, 2009, BTAM had a total of 50 funds under management with total asset under management ("AUM") of Bt. 19,187 million, comprising three types of funds under management as follows:

1) Mutual fund: 25 funds investing in a diverse type of financial instruments, including money market fund, bond fund, fixed income fund, structured note, property fund, long-term equity fund (LTF), and retirement mutual fund (RMF). Presently BTAM had the most investment portion in bond fund. As of December 31, 2009, the AUM of BTAM's mutual fund portfolio totaled Bt. 10,444 million, representing a market share of 0.57% and ranking the 17th out of the total 20 asset management companies.

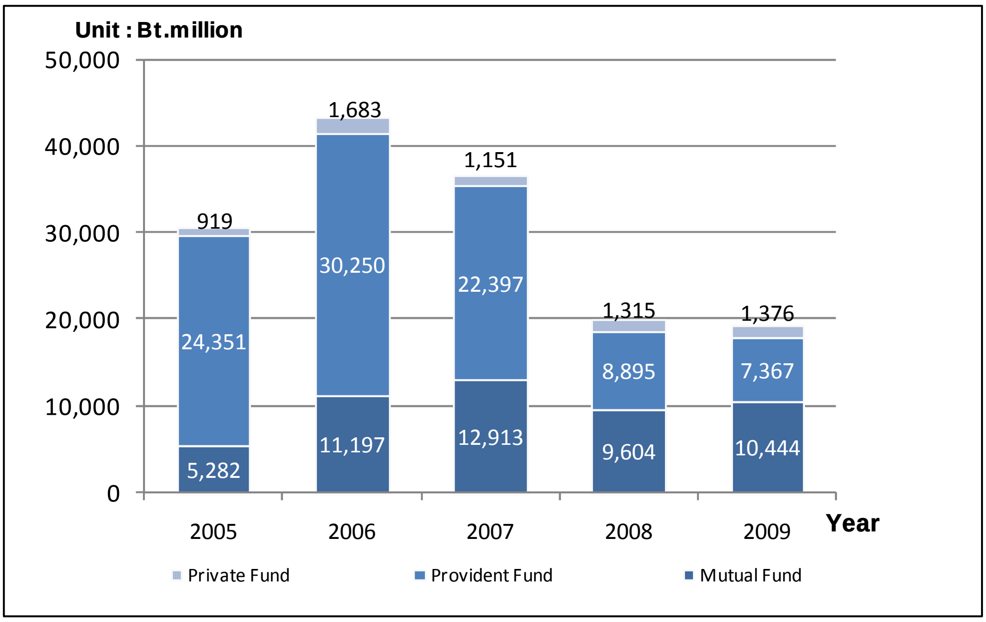
Figure illustrating the types of mutual funds managed by BTAM under the fund management policy



2) Provident fund: 21 funds with around 55,000 members, investing in both equity securities and debt securities and also in securities of the employee's choice. As of December 31, 2009, the AUM of this fund portfolio amounted to Bt. 7,367 million, representing a market share of 1.43% and ranking the 14th out of the total 17 asset management companies.

3) Private fund: Four funds with AUM as of December 31, 2009 of Bt. 1,376 million, representing a market share of 0.64% and ranking the 16th among the total 24 asset management companies.

Figure illustrating BTAM's AUM in 2005-2009



Board of Directors and Shareholders

- *The Board of Directors of BTAM* is composed of three members as of March 25, 2010 as follows:

No.	Name	Position
1.	Mr. Ekajai Tivutanond	Director
2.	Mr. Prapaisit Tankeyoon	Director
3.	Mr. Anusorn Buranakanonda	Director

Authorized signatories: The directors no.1 and no.3 are authorized to co-sign, with company's seal affixed.

- *Shareholders*

As of November 18, 2009, BTAM had a paid-up registered capital of Bt. 235,000,000, divided into 23,500,000 ordinary shares with a par value of Bt. 10 per share. Here are the details of its shareholders:

No.	Name	No. of shares	%
1.	CIMB Thai Bank Public Company Limited	23,499,993	99.99
2.	Other shareholders	7	< 0.01
	Total	**23,500,000**	**100.00**

Operating results and financial position

- *Table summarizing operating results and financial position of BTAM for 2007-2009*

	2007		2008		2009	
	Bt. million	**%**	**Bt. million**	**%**	**Bt. million**	**%**
Assets						
Cash and cash equivalent items	8.02	8.47	6.97	11.48	16.97	30.21
Short-term investments	29.81	31.47	3.02	4.98	-	-
Investments in debt securities and equity securities	-	-	-	-	-	-
Fees and services receivable	27.35	28.88	21.21	34.97	16.03	28.53
Land, buildings and equipment-net	8.53	9.01	7.39	12.17	7.68	13.67
Intangible assets	8.73	9.22	7.12	11.73	3.92	6.97
Other assets	12.27	12.96	14.97	24.66	11.58	20.62
Total assets	**94.70**	**100.00**	**60.67**	**100.00**	**56.17**	**100.00**
Liabilities and shareholders' equity						
Accrued expenses	8.66	9.14	6.15	10.13	7.46	13.27
Fee income receivable in advance	24.49	25.86	9.17	15.11	4.14	7.38
Other liabilities	10.64	11.23	5.11	8.43	3.57	6.36
Total liabilities	**43.79**	**46.24**	**20.43**	**33.67**	**15.17**	**27.01**
Registered capital	220.00		220.00		235.00	
Issued and paid-up capital	190.00	200.63	190.00	313.20	235.00	418.39
Surplus on revaluation of investment	-	-	0.02	0.03	-	-
Retained losses	(139.09)	(146.87)	(149.78)	(246.90)	(194.00)	(345.40)
Total shareholders' equity	**50.91**	**53.76**	**40.25**	**66.33**	**41.00**	**72.99**
Total liabilities and shareholders' equity	**94.70**	**100.00**	**60.67**	**100.00**	**56.17**	**100.00**
Revenues						
Fee and service income	74.82	98.02	114.95	98.09	70.39	99.36
- Provident fund management	22.84	29.93	18.93	16.15	16.25	22.93
- Mutual fund management	44.67	58.52	87.15	74.37	46.09	65.05
- Private fund management	4.41	5.78	2.52	2.15	3.66	5.17
- Registrar fee income	2.87	3.76	6.26	5.34	4.23	5.97
- Other income	0.03	0.04	0.08	0.07	0.16	0.23
Interest income	1.02	1.34	0.92	0.78	0.13	0.18
Other revenues	0.49	0.64	1.32	1.12	0.33	0.47
Total revenues	**76.33**	**100.00**	**117.18**	**100.00**	**70.85**	**100.00**
Expenses						
Fee and service expense	18.38	24.08	29.23	24.94	19.92	28.12
Operating expense						

	2007		2008		2009	
	Bt. million	**%**	**Bt. million**	**%**	**Bt. million**	**%**
- Personnel expense	65.08	85.27	67.69	57.76	61.46	86.75
- Premises and equipment expense	13.09	17.15	15.37	13.11	16.30	23.00
- Tax and duty	0.07	0.09	0.04	0.03	0.16	0.22
- Directors' remuneration	0.92	1.21	1.43	1.22	1.09	1.54
- Other expenses	15.15	19.85	14.11	12.04	16.14	22.78
Total operating expenses	94.31	123.56	98.64	84.18	95.15	134.31
Total expenses	**112.68**	**147.64**	**127.87**	**109.12**	**115.08**	**162.42**
Net loss for the year	**(36.36)**	**(47.64)**	**(10.69)**	**(9.12)**	**(44.23)**	**(62.42)**

Note: The financial statements for 2007-2009 were audited by Ms. Ratana Jala of Ernst & Young Office Ltd., an SEC-accredited auditor.

Key financial ratios

	2007	**2008**	**2009**
Liquidity ratio (time)	1.77	2.26	2.94
Gross profit margin (%)	75.43	74.57	71.70
Net profit (loss) margin (%)	(47.64)	(9.12)	(62.42)
Debt to equity (time)	0.86	0.51	0.37

Analysis of BTAM operating results and financial position for 2007-2009

Operating results

BTAM recorded total revenues of Bt. 76 million in 2007, growing by 54% to Bt. 117 million in 2008 and shrinking 40% to Bt. 71 million in 2009. The sharp decrease of total revenue in 2009 from 2008 was due to the maturity of mutual funds with higher management fee during the year and sales of new money market funds and corporate fixed income funds which yield lower management fee. The total revenues came almost entirely from fee and service income earned from management of mutual fund, provident fund and private fund and registrar fee. Fee and service income was recorded at Bt. 75 million, Bt. 115 million and Bt. 71 million for 2007, 2008 and 2009 respectively. Mutual fund management generated the largest fee and service income to BTAM, accounting for Bt. 45 million, Bt. 87 million and Bt. 46 million or 60%, 76% and 65% of the total fee and service income in 2007-2009 respectively. Coming second was fee and service income from provident fund, amounting to Bt. 23 million, Bt. 19 million and Bt. 16 million or 31%, 16% and 23% of the total fee and service income in 2007-2009 respectively.

Total expenses were Bt. 113 million in 2007, up by 13% to Bt. 128 million in 2008 and down by 10% to Bt. 115 million in 2009. The total expenses consisted partly of fee and service expense such as selling agent fee, incentive, etc., amounting to Bt. 18 million, Bt. 29 million and Bt. 20 million which was 25%, 25% and 28% of fee and service income over the same period respectively. Another major expense item was the operating expense, composed of personnel expense, premises and equipment expense, etc. and amounting to Bt. 94 million, Bt. 99 million and Bt. 95 million over 2007-2009 respectively. The biggest item was personnel expense, which made up around 65% - 69% of the total operating expense.

Between 2007 and 2009, BTAM posted a net loss of Bt. 36 million, Bt. 11 million and Bt. 44 million, representing a negative net profit margin of (48)%, (9)% and (62)% respectively. BTAM had a gross profit margin of 75%, 75% and 72% and net (loss) profit margin of (47.64)%, (9.12)% and (62.42)% in 2007, 2008 and 2009 respectively.

Financial position

As of year-end 2007, BTAM had total assets of Bt. 95 million, dropping by 36% to Bt. 61 million in 2008 and by 7% to Bt. 56 million in 2009. The major items were fees and services receivable, cash and cash equivalent and other assets such as withholding income tax, expenses payable in advance, etc. The decrease in total assets in 2008 of Bt. 34 million was attributed largely to a fall in short-term investments, i.e. matured government bonds, and in fees and services receivable. The slight decline in the total assets in 2009 of Bt. 5 million resulted from a drop in short-term investments and fees and services income receivable, intangible assets (computer and software) and other assets, whereas cash and cash equivalent items went up.

Total liabilities were Bt. 44 million, Bt. 20 million and Bt. 15 million in 2007-2009 respectively, principally coming from fee income receivable in advance and accrued expenses. BTAM's debt to equity ratio stood at 0.86, 0.51 and 0.37 time in 2007, 2008 and 2009 respectively.

Shareholders' equity was Bt. 51 million, Bt. 40 million and Bt. 41 million in 2007-2009 respectively. The equity drop in 2008 stemmed from a net loss from operation. For 2009, the equity increased slightly due to BTAM receiving cash from capital increase amounting to Bt. 45 million which mitigated the loss from operation of Bt. 44 million.

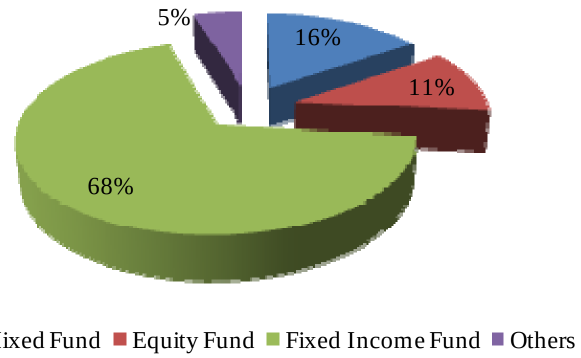
1.6 Overview of fund management industry

Industry situation

As of year-end 2009, there were a total of 1,256 mutual funds, rising from 1,104 a year earlier, with total AUM of Bt. 1,842,905 million which grew by 20.9% from Bt. 1,526,812 million in 2008, fostered by the world and Thai economic improvement. Among all mutual fund types, equity fund saw the sharpest growth rate of 62.5% thanks to the dramatic increase in stock indices on both domestic and overseas stock bourses from year-end 2008. Meantime, fixed income fund expanded 29.2% due to concerns about the economic uncertainties which accordingly drove some investors away to the more secured funds. In 2009, the fixed income funds that invested in foreign bonds (South Korean bonds) could largely attract the investors due to the better returns than those yielded from fixed deposits and local bonds and the low interest rates in Thai banking sector.

Most of these mutual funds have mobilized funds domestically, with AUM of Bt. 1,675,884 million in 2009. Of such amount, fixed income funds ranked at the top, followed by mixed funds, equity funds, and others respectively, as illustrated in the figure below:

Figure illustrating NAV of locally funded mutual funds as of year-end 2009 (NAV of Bt. 1,675,884 million)



However, the fund management business is facing more intense competition with other investment alternatives such as government savings bonds, corporate debentures, special fixed deposit products offering especially higher interest rate, etc. Asset management companies must therefore introduce new products in alignment with the economic and market situations to best address the investors' demand.

Industry outlook

Based on a research report dated December 24, 2009 by Kasikorn Research Center, the mutual fund business will remain vulnerable to the economic uncertainties prevailing from the previous year, the interest rate trend and the major currencies movements. Below are factors impacting the investment condition in the mutual fund market:

(1) Distinctness of recovery in western countries, notably the USA

In late December 2009, the US economic data turned out to be more favorable than as predicted in terms of retail sales, inventories and consumer confidence index in November 2009, etc. If this recovery trend continues, it is likely that the US Federal Reserve will revise the Fed Fund rate up sooner than expected, thereby leading to a stronger US dollar. On the contrary, price increase of other assets will be constrained by shrinking investor demand.

However, if the US economic data turns negative with the jobless rate staying high and the interest rate increase by the Federal Reserve is unlikely to be seen in the near future, the US dollar will relatively weaken, thereby prompting the investors to shift their investments to risky assets. For Thailand, no policy rate increase is anticipated in the first half of 2010 due to low inflation in line with consumers' limited spending demand.

(2) News of property bubble in several Asian countries

Investors in the global market has just encountered fallouts from the debt moratorium in Dubai, the devaluation of dong currency by Vietnam, and the warning about possibility of sharp price adjustment of Hong Kong properties. If these concerns are aggravated by property price hikes in many Asian countries (as boosted by the plentiful liquidity in global market and the US's low Fed Fund rate), investors might become more stringent in their investment in certain foreign investment funds (FIF).

(3) Political issue and local investment situation

Investors in the global market has just encountered fallouts from the debt moratorium in Dubai, the devaluation of the dong currency by Vietnam, and warnings about possibility of sharp price adjustment of Hong Kong properties. If these concerns are aggravated by property price hikes in many Asian countries (as boosted by the plentiful liquidity in global market and the US's low Fed Fund rate), investors might become more stringent in their investments in certain foreign investment funds (FIF).

(4) Maturity of South Korean bonds

Thai investment climate and private sector funding in 2010 will likely remain vulnerable due to the controversial Map Ta Phut project suspension, the postponed 3G license issue, and the ensuing effect on record-high debenture supply from the private sector in 2009 in a bid to take advantage of the low interest rate environment.

In view of the above factors, asset management companies need to consider the right timing for their fund offering and choose the products that are easily saleable and responsive to customers' demand. Most customers still have a limited ability to tolerate risk, while expecting higher returns from mutual funds compared to fixed deposit rates from banks. In the midst of economic uncertainties and steady domestic interest rates, mutual funds likely to be launched are money market funds, private bond funds, foreign government bond funds, and LTF/RMF. At the same time, property funds (no. 1) will probably be boosted by new supply to the market in the near term. Others such as FIF, gold fund and oil fund are still promising if the Fed Fund rate increase remains unclear and liquidity in the world money market remains plentiful.

1.7 Risks from the operation of fund management business

1.7.1 Risk involved with market volatility

The major income source of fund management business is from fund management fees. Such income is calculated based on the net asset value which is dependent on changes in, among others, stock index, securities price, interest rate and exchange rate, which vary in line with the local and global financial and economic condition. Fluctuations in the economic condition and financial market will impact the performance of securities issuers and their yield payments throughout the tenure of the securities, which is likely to hurt the AUM and the fund performance.

1.7.2 Risk involved with political uncertainty and government instability that have shaken the economic and capital market conditions

The political uncertainty, government instability, political unrest and demonstration have eroded the confidence of local and foreign investors. The consequential fluctuations of trading volume in the stock market may lead to decline in the AUM.

1.7.3 Risk involved with tough competition that tends to intensify

The liberalization of fund management business has resulted in stiff competition which tends to intensify. Amid the highly volatile global economic and capital market conditions, the fund management business has to adjust to the escalating competition. Some fund management companies may face the risk of losing clients and income if they are unable to introduce products that meet the market demand.

1.7.4 Risk involved with personnel dependency

Fund management business requires personnel that have experience, competence, knowledge, and expertise particularly in the highly competitive condition. The limited number of experienced fund management personnel has caused a shortage of talented personnel in this business. Personnel turnover may disrupt the business continuity and materially affects the financial position and operating results of a company.

2. Brief information of CIMBT

2.1 Business overview

CIMB Thai Bank Plc. ("CIMBT" or "the Bank"), formerly BankThai Plc., emerged from the merger of the Union Bank of Bangkok Plc., 12 finance companies intervened by the government,[4] and Krungthai Thanakit Plc.[5] according to the government order on August 14, 1998, the Cabinet's resolution on October 27, 1998, and Notification of the Ministry of Finance (MOF) dated December 22, 1998.

As of December 21, 1998, BankThai Plc. had the Financial Institutions Development Fund (FIDF) as its major shareholder. Thai Bank was privatized according to the government's policy. The Stock Exchange of Thailand (SET) approved the trading of its shares on the stock market on March 30, 2001.

On November 5, 2008, CIMB Bank was approved by the Bank of Thailand, MOF and related regulatory bodies to acquire the ordinary shares from FIDF and became the major shareholder of the Bank owning approximately 42.13% of the issued and paid-up capital of the Bank. On November 17, 2008, the Bank received the tender offer from CIMB Bank for the shares not owned by CIMB Bank (3,862,838,023 shares at par value of Bt. 1 per share or 57.87% of issued and paid-up capital of the Bank) at the offering price of Bt. 2.10 per share, representing the tender offer price of Bt. 8,111,959,848.30 in total. After completion of the tender offer on January 6, 2009, CIMB Bank owns a total of 6,143,544,532 shares at par value of Bt. 1 per share, or 92.04% of the issued and paid-up capital of the Bank. Upon completion of a rights offering by CIMBT and a reduction of par value from Bt. 3.75 to Bt. 0.50, CIMB Bank holds a total of 12,435,069,760 shares or 93.15% of the issued and paid-up capital of the Bank.

As of December 31, 2009, the Bank's issued and paid-up capital totaled Bt. 6,674,700,582, divided into 13,349,401,164 ordinary shares at par value of Bt. 0.50 per share.

Moreover, on March 25, 2010 the Board of Directors passed a resolution to approve the increase in registered capital of the Bank by Baht 1,483,266,796 from Baht 6,674,700,582 to Baht 8,157,967,378.00 via the issuance of 2,966,533,592 new ordinary shares of the Bank with a par value Baht 0.50 per share to the Bank's existing shareholders in proportion to their shareholding at the ratio of 2 new shares for every 9 existing CIMBT shares held, at a price of Baht 1.00 per share. The Board of Directors will propose at the Annual General Meeting of Shareholders for approval on April 29, 2010 for consideration of approval.

[4] These include the following finance and securities companies:

Nava Finance and Securities Plc.	Vajiradhanathun Finance Co., Ltd.	First City Investment Plc.
Thai Summit Finance and Securities Co., Ltd.	Erawan Trust Co., Ltd.	Ksit Finance and Securities Plc.
Mahatun Finance Co., Ltd.	Progressive Finance Co., Ltd.	Union Asia Finance Plc.
Bangkok Asian Finance Co., Ltd.	Dhana Siam Finance and Securities Plc.	IFCT Finance and Securities Plc.

[5] Formerly known as Krungthai Thanakit Finance and Securities Plc.

The Bank was granted permission by the MOF and related agencies to operate commercial banking business. In this regard, the Bank places importance on providing value-added products and services to its customers.

The Bank's operations include five core businesses as follows:

1. Commercial banking business - all types of banking services such as deposit, loan, discounting, acceptance, aval, guarantee, foreign exchange, issue of letter of credit, tele-banking, ATM, etc.

2. Insurance business - life and non-life insurance broker licensed by the Office of Insurance Commission, Ministry of Commerce

3. Securities business and other related businesses licensed by the SEC and/or MOF –

   3.1 Financial advisory service

   3.2 Securities registrar

   3.3 Securities dealing and underwriting of debt securities

   3.4 Representative of debenture holders

   3.5 Securities brokerage, securities dealing and underwriting of unit trusts

   3.6 Custodian and trustee

   3.7 Forward contract

   3.8 Advisory business

   3.9 Asset management business

Overall, the Bank has invested in businesses that directly and indirectly support the business of the Bank. Its policy also focuses on the strategic consistency with the businesses of the associated and subsidiary companies to strengthen the position and ensure future development. The Bank also plans to invest only in efficient companies that can give yields to the Bank.

At present, the Bank offers services through branches in Thailand. As of December 31, 2009, it had 27 business centers, which are full branches, and 147 sub-branches. All of its branches provide currency exchange services. The clients of the Bank can conveniently withdraw cash from more than 465 ATM outlets across the country.

The current business structure of the Bank consists of interest and dividend income and non-interest income. Details are as follows:

- Income structure of the Bank and its subsidiaries during 2007-2009

Revenues from Business	2007		2008		2009	
	Bt. mil.	%	Bt. mil.	%	Bt. mil.	%
Interest and dividend income						
1. Loans	7,526.25	72.71	6,855.04	57.04	5,483.56	55.47
2. Interbank and money market items	877.03	8.47	798.08	6.64	434.27	4.39
3. Hire purchase and finance lease	609.97	5.89	628.98	5.23	611.44	6.19
4. Investments	5,456.13	52.71	3,084.74	25.67	1,224.91	12.39
Total interest and dividend income	**14,469.38**	**139.79**	**11,366.84**	**94.59**	**7,754.18**	**78.44**

Revenues from Business	2007		2008		2009	
	Bt. mil.	%	Bt. mil.	%	Bt. mil.	%
Non-interest income						
1 Fee and service income						
1.1 Acceptances, aval and guarantees	124.26	1.20	109.57	0.91	80.53	0.81
1.2 Others	830.53	8.02	838.34	6.98	782.76	7.92
2. Gains (Losses) on investments	(5,497.92)	(53.12)	(1,001.02)	(8.33)	774.10	7.83
3. Gains (Losses) on foreign exchange	(260.21)	(2.51)	279.60	2.33	80.26	0.81
4. Others	684.56	6.61	424.12	3.53	413.26	4.18
Total non-interest income	**(4,118.78)**	**(39.79)**	**650.61**	**5.41**	**2,130.91**	**21.56**
Total revenues	**10,350.60**	**100.00**	**12,017.45**	**100.00**	**9,885.09**	**100.00**

Board of Directors and Shareholders

- *The Board of Directors as of March 25, 2010 comprises 10 members, namely:*

	Name	Position
1.	Mr. Chakramon Phasukavanich	Chairman
2.	Mr. Subhak Siwaraksa	Director
3.	Mr. Preecha Oonchitti	Director
4.	Mr. Kenny Kim	Director
5.	Mr. Chin Yuen Yin	Director
6.	Dato' Robert Cheim Dau Meng	Director
7.	Mrs. Watanan Petersi	Independent Director
8.	Mr. Sukont Kanjana-Huttakit	Chairman of Audit Committee and Independent Director
9.	Mr. Chatchawal Eimsiri	Member of Audit Committee and Independent Director
10.	Dato' Shaarani Bin Ibrahim	Member of Audit Committee and Independent Director

Authorized signatories: Directors no. 2 and 3 are to co-sign, with the Bank’s seal affixed.

- *Shareholders*

As of March 12, 2010 (the latest closing date of share registration book), the Bank had a total issued and paid-up capital of Bt. 6,674,700,582, divided into 13,349,401,164 shares at a par value of Bt. 0.50 per share. The shareholders are listed below:

No.	Name	No. of Shares	% of Total Shareholding
1.	CIMB Bank Berhad	12,435,069,760	93.15
2.	Barclays Bank Plc. (Singapore)	529,733,488	3.97
3.	Thai NVDR Co., Ltd.	55,934,510	0.42
4.	Mr. Pisit Phruekpaiboon	17,488,600	0.13
5.	Mrs. Charoonlak Panitchiwa	5,150,085	0.04

No.	Name	No. of Shares	% of Total Shareholding
6.	SCB SET Index Fund	4,835,300	0.04
7.	Mrs. Ranee Uathawikul	4,300,000	0.03
8.	Mr. Preecha Sujinankul	3,450,000	0.03
9.	Mr. Pairoj Charoenwisuttiwong	3,426,500	0.03
10.	Mr. Songchai Atchariyahiranchai	3,396,500	0.03
	Total of top 10 shareholders	**13,062,784,743**	**97.85**
	Other shareholders	286,616,421	2.15
	Total	**13,349,401,164**	**100.00**

Summary of operating results and financial position

The operating results of the Bank and subsidiaries during 2007-2009

Consolidated financial statements	2007		2008		2009	
	Bt. mil.	%	Bt. mil.	%	Bt. mil.	%
Assets						
Cash	3,875.06	1.88	4,631.71	2.16	2,821.77	2.01
Interbank and money market items	8,741.49	4.25	43,367.15	20.26	15,369.55	10.95
Securities purchased under resale agreement	2,250.00	1.09	-	-	-	-
Investments	76,957.44	37.40	45,520.19	21.27	20,714.60	14.76
Loans and accrued interest receivables	88,096.75	42.82	83,656.89	39.08	78,298.63	55.79
Properties foreclosed - net	2,600.84	1.26	2,482.63	1.16	2,409.90	1.72
Customers' liability under acceptance	367.73	0.18	162.59	0.08	53.95	0.04
Premises and equipment - net	4,078.77	1.98	3,863.33	1.80	3,548.98	2.53
Accounts receivable from sale of investments	11,072.42	5.38	24,144.59	11.28	13,284.80	9.47
Intangible assets	635.06	0.31	550.71	0.26	427.22	0.30
Other assets	7,077.43	3.44	5,671.25	2.65	3,412.16	2.43
Total assets	**205,752.98**	**100.00**	**214,051.03**	**100.00**	**140,341.56**	**100.00**
Liabilities and shareholders' equity						
Deposits	166,028.94	80.69	159,777.02	74.64	88,398.76	62.99
Interbank and money market items	7,698.81	3.74	10,249.75	4.79	9,947.38	7.09
Liability payable on demand	276.25	0.13	188.35	0.09	286.03	0.20
Borrowings	9,715.09	4.72	7,069.13	3.30	15,143.44	10.79
Bank's liability under acceptance	367.73	0.18	162.59	0.08	53.95	0.04
Accrued interest expenses	1,030.39	0.50	679.01	0.32	373.26	0.27
Accounts payable for purchases of investments	14,518.93	7.06	24,191.83	11.30	13,284.75	9.47

Consolidated financial statements	2007		2008		2009	
	Bt. mil.	%	Bt. mil.	%	Bt. mil.	%
Provisions - Pension benefits to employees	436.02	0.21	493.08	0.23	524.23	0.37
Other liabilities	4,969.81	2.42	6,105.03	2.85	4,385.65	3.12
Total liabilities	**205,041.96**	**99.65**	**208,915.79**	**97.60**	**132,397.43**	**94.34**
Share capital	25,030.13	12.17	50,060.25	23.39	6,674.70	4.76
Issued and paid-up share capital	8,343.38	4.06	25,030.13	11.69	6,674.70	4.76
Share discount	-	-	10,606.99	4.96	-	-
Revaluation surplus on assets	767.70	0.37	748.81	0.35	729.33	0.52
Revaluation deficit on change in value of investment	(273.50)	(0.13)	54.64	0.03	49.18	0.04
Retained earnings - statutory reserve	6.05	0.00	6.05	0.00	-	-
Retained earnings (deficits)	(7,726.98)	(3.76)	(9,704.74)	(4.53)	420.57	0.30
Shares held by subsidiaries	(467.21)	(0.23)	(460.38)	(0.22)	-	-
Equity attributable to the Bank's shareholders	649.44	0.32	5,067.53	2.37	7,873.77	5.61
Minority interest	61.58	0.03	67.71	0.03	70.36	0.05
Total shareholders' equity	**711.02**	**0.35**	**5,135.23**	**2.40**	**7,944.13**	**5.66**
Total liabilities and shareholders' equity	**205,752.98**	**100.00**	**214,051.03**	**100.00**	**140,341.56**	**100.00**
Income statements						
Interest and dividend income	14,469.38	139.79	11,366.85	94.59	7,754.18	78.44
Non-interest income (loss)	(4,118.77)	(39.79)	650.61	5.41	2,130.91	21.56
Total Income	**10,350.60**	**100.00**	**12,017.45**	**100.00**	**9,885.10**	**100.00**
Interest expense	7,704.80	74.44	5,484.23	45.64	2,997.72	30.33
Bad debt and doubtful accounts	3,478.26	33.60	2,315.36	19.27	1,160.87	11.74
Non-interest expense	6,084.62	58.79	6,141.53	51.11	5,671.61	57.38
Total Expense	**17,267.68**	**166.83**	**13,941.12**	**116.01**	**9,830.21**	**99.44**
Income (Loss) before corporate income tax	**(6,917.08)**	**(66.83)**	**(1,923.67)**	**(16.01)**	**54.89**	**0.56**
Corporate income tax	(9.88)	(0.10)	(59.96)	(0.50)	(50.58)	(0.51)
Net income (loss)	**(6,926.95)**	**(66.92)**	**(1,983.62)**	**(16.51)**	**4.32**	**0.04**
Net income (loss) attributable to minority interests of the subsidiaries	1.77	0.02	6.17	0.05	2.65	0.03
Net income (loss) attributable to equity holders of the Bank	**(6,928.73)**	**(66.94)**	**(1,989.80)**	**(16.56)**	**1.67**	**0.02**

Cash flow

Unit: Bt. mil.	**2007**	**2008**	**2009**
Cash flow provided from (used for) operating activities	5,108.34	(39,525.70)	(38,892.94)
Cash flow provided from (used for) investing activities	(10,141.06)	34,348.07	26,467.94
Cash flow provided from(used for) financing activities	5,126.57	2,934.28	10,615.06
Net (decrease) increase in cash and cash equivalents	93.85	756.65	(1,809.94)
Cash and cash equivalents at beginning of the year	3,781.21	3,875.06	4,631.71
Cash and cash equivalents at the end of the year	3,875.06	4,631.71	2,821.77

Note: The financial statements for the years 2007-2009 were audited by Miss Ratana Jala, Certified Public Accountant of Ernst & Young Office Limited, an SEC-accredited auditor.

Key financial ratios

	2007	**2008**	**2009**
Interest income (%)	8.43%	7.24%	5.77%
Interest expense (%)	4.02%	3.04%	2.06%
Net interest margin (%)	4.41%	4.20%	3.71%
Net profit margin (%)	(66.94%)	(16.56%)	0.02%
ROE (%)	(277.45%)	(68.07%)	0.03%
ROA (%)	(3.26%)	(0.95%)	0.00%
Bad debt provision to total loans (%)	11.15%	9.68%	9.21%
Debt to total loans (%)	0.09	2.12	2.77
Total capital to risk-weighted asset ratio (%)	1.48%	5.80%	11.99%
Tier-1 capital to risk-weighted asset ratio (%)	0.81%	3.57%	6.00%

- *Analysis of operating results and financial position*

Operating results in 2007-2009

The Bank and subsidiaries recorded total revenues of Bt. 10,351 million in 2007, growing by Bt. 1,667 million or 16% to Bt. 12,017 million in 2008 and then contracting by Bt. 2,132 million or 18% to Bt. 9,885 million in 2009. The major items were interest on loans and income from investments.

The revenue growth in 2008 largely came from a dramatic rise in non-interest income of Bt. 4,769 million, which resulted from a greater amount of realized loss on revaluation of fair value of investments in collateralized debt obligations (CDO) in 2007 than in 2008, coupled with realized gains on sales of CDO in Q3/2008. Meantime, interest and dividend income fell by Bt. 3,103 million, as a result of a decrease in interest on loans and income from investments. The drop in revenues in 2009 was caused by drop in interest on loans and income from investments of Bt. 3,613 million and also resulted from no realized loss on revaluation of fair value of investments in collateralized debt obligations (CDO) similar to 2007 – 2008, while growth in non-interest income was attributed to gain on revaluation of investments.

Total expenses of the Bank and subsidiaries amounted to Bt. 17,268 million in 2007, down by Bt. 3,327 million or 19% to Bt. 13,941 million in 2008 and by Bt. 4,111 million or 29% to Bt. 9,830 million in 2009. The major expense items included interest and non-interest expenses.

The fall in total expenses in 2008 was ascribed to a decrease of Bt. 2,221 million in interest expense in line with drops in deposits and interest rates, together with a decrease in allowance for doubtful accounts of Bt. 1,163 million from 2007. The decline in total expenses in 2009 resulted chiefly from a decrease in interest expense of Bt. 2,487 million according to the Bank's deposit management strategy, and also from a drop in allowance for doubtful accounts of Bt. 1,154 million from 2008.

The Bank and subsidiaries posted a net profit (loss) in 2007-2009 of Bt. (6,927) million, Bt. (1,984) million and Bt. 4 million respectively, representing a net profit margin (loss) of (67)%, (17)% and 0.04% respectively.

<u>Financial position as of the end of 2007-2009</u>

As of year-end 2007-2009, the Bank and subsidiaries had total assets of Bt. 205,753 million, Bt. 214,051 million and Bt. 140,342 million respectively, representing an increase (decrease) of Bt. 8,298 million and Bt. (73,709) million or 4% and (34)% respectively. The key assets for the core activities were loans, investments, and interbank and money market items. The asset growth in 2008 primarily sprang from a sharp increase in interbank and money market items and a rise in receivables from sales of investments. For 2009, the assets went down due to decreases in the interbank and money market items, investments, loans and accrued interest receivables, and receivables from sales of investments. Here are details of the quality of assets:

(1) Loans and loan concentration

As of the end of 2007-2009, net loans of the Bank and subsidiaries accounted for Bt. 88,097 million, Bt. 83,657 million and Bt. 78,299 million respectively, falling by Bt. 4,440 million and Bt. 5,358 million or 5% and 6% respectively. The drop in net loans in 2008 was because debt repayments outpaced loan growth during the year. The Bank's loans were extended largely to the manufacturing and commercial sectors, followed by public utilities and services sector and property and construction sector respectively. For 2009, the fall in net loans was still caused by the faster pace in repayments than in loan growth. The loans went primarily to the manufacturing and commercial sectors, followed by public utilities and services sector and housing sector respectively.

The Bank always revises its loan portfolio to make sure it is not concentrated heavily on any single sector and to be in line with the policy to support customers in the key economic sectors with high growth potentials and to diversify the portfolio to cover large, medium, small and retail businesses, while emphasizing the manufacturing sector and retail customers with sound position.

(2) Asset classification

As of the end of 2007-2009, the classified assets of the Bank totaled Bt. 95,756 million, Bt. 87,879 million and Bt. 81,378 million respectively, down by Bt. 7,877 million and Bt. 6,501 million or 8% and 7% respectively. For 2008, the Bank set aside the allowance for doubtful accounts of Bt. 5,269 million, resulting in the allowance for doubtful accounts to total loans of 6% as presented in the Bank-only financial statement and 10% in the consolidated financial statement. For 2009, the allowance for doubtful accounts was set aside at Bt. 4,246 million, resulting in the allowance for doubtful accounts to total loans of 5% as presented in the Bank-only financial statement and 9% in the consolidated financial statement.

The Bank has closely monitored the loan extension through regular month-end reporting on outstanding loans classified into four groups of overdue period: (1) overdue from one to three months, (2) overdue more than three up to six months, (3) overdue more than six up to 12 months, and (4) overdue more than 12 months. The Bank will then review the customers' payment records for classification purpose to be a basis for follow-up and forecast of NPL.

(3) Stop-accrued loans/non-performing loans

As of year-end 2007-2009, non-performing loans (NPL) (before bad debt allowance) stood at Bt. 13,854 million, Bt. 13,608 million and Bt. 12,785 million respectively, falling by Bt. 246 million and Bt. 823 million or 2% and 6% respectively. The NPL to total loans of the Bank and subsidiaries (principal only and including loans to financial institutions) accounted for 14%, 11% and 13% respectively, calculated according to the BOT notification dated December 21, 2006 which defines NPL as Substandard, Doubtful and Doubtful of Loss, excluding troubled loans undergoing debt restructuring and upgraded to the Pass or Special Mention classes under the BOT criteria.

The total liabilities of the Bank and subsidiaries as of the end of 2007-2009 amounted to Bt. 205,042 million, Bt. 208,916 million and Bt. 132,397 million respectively, up (down) by Bt. 3,874 million and Bt. (76,518) million or 2% and (37)% respectively. The increase in liabilities in 2008 resulted from a rise in accounts payable for purchases of investments, whereas the drop in liabilities in 2009 sprang from decrease in deposits.

As of the end of 2007-2009, the shareholders' equity of the Bank and subsidiaries accounted for Bt. 711 million, Bt. 5,135 million and Bt. 7,944 million respectively, surging by Bt. 4,424 million and Bt. 2,809 million respectively. Growth in 2008 resulted from a capital increase by the Bank in an amount of Bt. 6,080 million, while growth in 2009 also came from the capital increase of Bt. 2,536 million together with a capital write-down to clean up the accumulated losses.

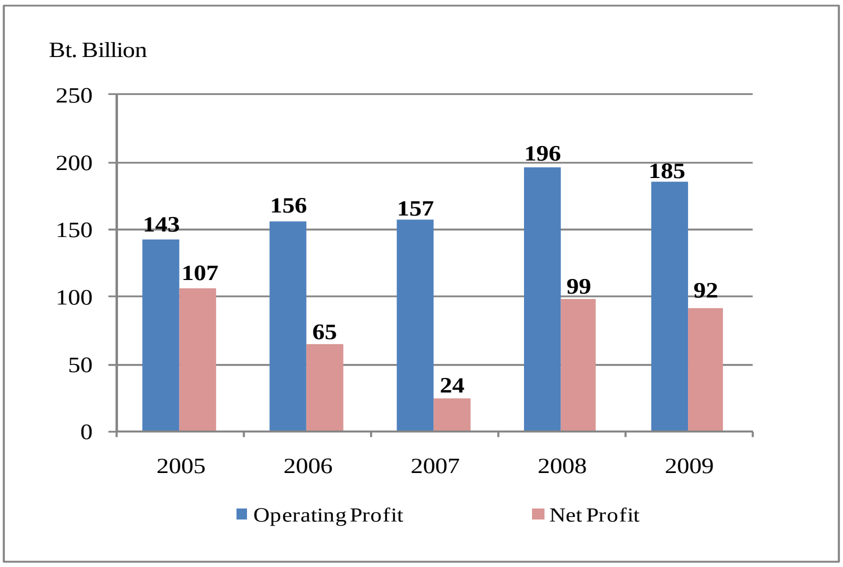
As of December 31, 2009, the Bank and subsidiaries' tier-1 capital to risk-weighted asset ratio and total capital to risk-weighted asset ratio (Basel II) stood at 6% and 12% respectively, higher than the BOT's minimum requirements of 4% and 9% respectively.

2.2 Overview of banking industry

Industry situation

Due to the slight economic improvement in 2009, the internal political instability, and the money and capital market fluctuation, the banking sector's net profit fell 6.6% from Bt. 98,799 million in 2008 to Bt. 92,232 million in 2009, thus leading the net interest margin (NIM) to drop from 3.2% a year earlier to 2.9% and the return on assets (ROA) from 1.0% to 0.9%.

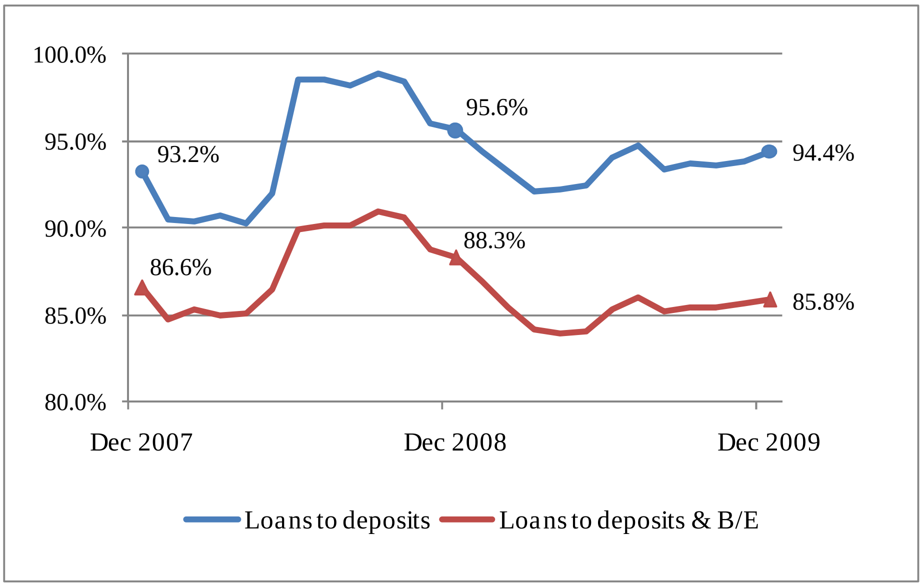
Figure showing banking performance in 2005-2009



Source: Bank of Thailand

Bank loans slowed down continually from early 2009 and contracted in Q3, before picking up in the final quarter, leading the overall bank loans as of end-2009 to shrink by just 1.7% to Bt. 6,612,187 million from Bt. 6,729,462 million as of the end of 2008. Deposits declined as well by 0.5% from Bt. 7,037,157 million at the end of 2008 to Bt. 7,004,198 million as of year-end 2009. However, by including the mobilized funds and bills of exchange (B/E), bank deposits grew by 1.1%, a slower pace than the preceding year owing to depositors' switch to other more lucrative securities. Liquidity increased minimally on account of loan contraction. The loans to deposits and B/E went down from 95.6% in 2008 to 94.4% in 2009.

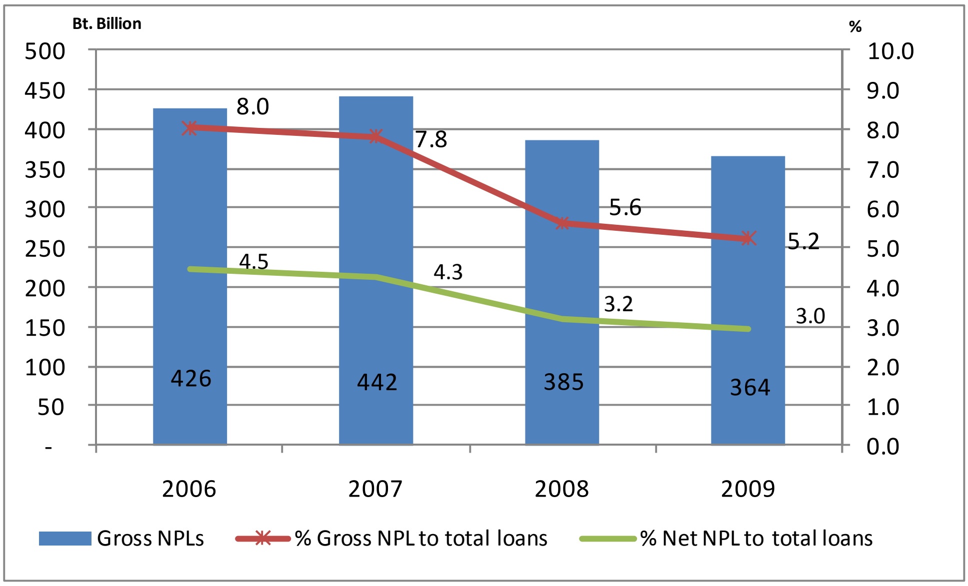
Figure illustrating loans to deposits and loans to deposits and B/E in Dec 2007- Dec 2009



Source : Bank of Thailand

On the quality side, banks' stricter lending standards and proactive measures to assist customers in high-risk sectors helped to bring down the gross non-performing loans (gross NPL) by 5.4% from Bt. 401,022 million in 2008 to Bt. 379,461 million in 2009, with the gross NPL to total loans dropping from 5.3% to 4.8%. As well, the net NPL, computed from the gross NPLs deducted by provisions for NPLs, went down from 2.9% to 2.7% over the same period.

Figure illustrating the gross NPL to total loans and the net NPL to total loans in 2006-2009



Source : Bank of Thailand

Nonetheless, Thai economic recovery at the next stage is still threatened by both internal and external risk factors, which will give rise to volatility in international capital inflow and outflow. Banks should therefore give importance to risk management in credit, market and international transactions.

Industry outlook

According to Kasikorn Research Center's research report as of January 18, 2010, the overall economic improvement in 2009 will help banks to better grow their loans and fee-based income and will thereby intensify competition in the banking sector.

Loans are expected to increase by roughly 6%-7% in 2010, based on the average growth target set by most banks of more than 5%, on signs of recovery in consumer confidence and some industry sectors and rising farm product price trends that will help boost farmers' income. Moreover, increases in raw material prices in certain industries will lead to greater demand for working capital loans, particularly among sectors concerned with international trade, farming and government sector projects. Large credit customers will more likely come from SMEs than from the corporate segment as many corporate customers have already raised funds through debenture issuance in 2009 and loan drawdown demand has been disrupted by the Map Ta Phut project suspension and the postponed 3G license issue.

Fee income will likely grow around 15% in 2010 thanks to increases in fee income from loans and credit cards (fee income from loans makes up about 25% of total fee income). Furthermore, the improved trends in international trade will help grow fee income from L/C issuance, money transfer, collection and cheque. Meantime, upon the SEC's liberalization of brokerage fee income in the securities business by adopting the progressive fee framework in early 2010, keener competition will impact capital market fee income such as advisory fee and/or brokerage fee generated through banks' securities arms.

In terms of loan quality forecast for 2010, since it is the beginning of economic recovery and the result will still not be felt in all sectors, the businesses undergoing debt restructuring or those with payment trouble will need some time to adjust themselves. As a result, a significant decrease in NPLs is unlikely to happen immediately in line with the economic improvement, especially given that bad debts are not disposed of.

Banks' interest margin for 2010 is expected in a range of 3.41% - 3.46% (in the scenario of zero increase in bank interest rates), resulting from conversion of liquidity partially into loans that are anticipated to grow distinctly. Loans deliver a much higher return than the average yield from maintaining the liquidity. Moreover, cost of fixed deposits that will become due, notably those with six and 12 months tenor, will start to decrease after the downward adjustment of interest rates of those deposits since late 2008. The interest margin will be on a rise if Thai banks begin to scale up their fixed deposit rates and loan interest rates. Shown in the below table is the forecast by Kasikorn Research Center on commercial banks' interest margins for 2010 in case of a 0.75% increase in fixed deposit rates and MLR in H2/2010 and a 0.25% increase in Q4/2010:

	2009	2010 forecast		
		Scenario 1: Zero increase in banks' interest rates	**Scenario 2: 0.75% increase in TD rates and MLR in H2/2010**	**Scenario 3: 0.25% increase in TD rates and MLR in Q4/2010**
NIM (%)	2.9	3.41 - 3.46	3.50 - 3.55	3.43 - 3.48

However, threats to Thai economy in 2010 lie in the political chaos and the unclear legal issues (as in the case of Map Ta Phut projects and 3G license). Moreover, the heightened inflationary pressure from energy and commodity prices might prompt the central bank to tighten the monetary policy, thereby driving up interest rates in the banking sector.

2.3 Risks involved with CIMBT's business

Five major risks that financial institutions are commonly exposed to are strategic risk, credit risk, market risk, liquidity risk and operational risk. The Bank believes that the quality and effectiveness of its risk management capabilities will be critical in sustaining its current growth and profitability. To efficiently develop and enhance its risk management procedures, the Bank has appointed a Risk Management Committee, comprising members with relevant experience and expertise, responsible for proposing policies on risk management to the Board of Directors for consideration, establishing and corresponding governance structure to ensure that risks are managed efficiently and effectively with a transparent decision-making process.

1) Strategic risk

Risk resulting from inappropriate determination and implementation of strategic or operation plans, which could likely affect the Bank's revenue, capital and stability.

The Bank's strategy and annual business plans are developed with full participation from related units. Business plans are thoroughly assessed prior to submission for approval by the Board of Directors and are constantly monitored and measured against targets. Some of the risks related to the implementation of strategic plans are as listed below:

- ***Risk resulting from economic instability and competition***

  Economic conditions and competition are the two external factors the Bank needs to handle with caution. Implementation of inappropriate business plans may lead to unsatisfactory performance. To closely monitor the economic conditions, economist and the Bank's internal research team are assigned to support the Bank's committees to respond to changes in external situations rapidly.

- ***Risk resulting from capital inadequacy***

  The Bank of Thailand closely monitors the performance of financial institutions to ensure their accountability in deposit taking and lending services. Hence, financial institutions' exposures to risk assets are limited in relation to their amount of capital – which is recognized as the "Capital to Risk Weighted Assets Ratio," where failure to comply will result in specific sanctions/actions from the Bank of Thailand. In 2007-2008, CIMBT failed to meet the BOT's capital adequacy requirement. The Bank is aware of such risks and has taken proactive measures to strengthen its capital position throughout 2009. In addition to the recapitalization, CIMB Group has shared best practices in areas such as IT and Risk Management with the Bank.

- ***Risk resulting from inappropriate organizational structure and management***

  The Bank believes that having a proper organizational structure is one of the key factors in achieving the targets. The Bank has set up various units with qualified staff and check-and-balance procedures to ensure smooth implementation of its business plans. In order to improve its organizational structure, the Bank established the Organizational Development Division, a specialized unit to oversee roles and responsibilities of each business unit in the Bank.

2) Credit risk

Credit risk is a financial loss and suffering when any of the contractual parties involving the banks, customers, and/or counterparties fail to fulfill their agreed obligations. Credit risk may also arise where deterioration in credit quality poses a negative impact on the bank's financial performance and capital fund.

Under credit risk management policy, the Bank has put in place an organization structure to maintain checks and balances, while providing a clear division of responsibilities between the marketing, credit analysis, credit underwriting, credit approval body, credit evaluators and risk management officers.

The Bank manages its credit risk exposures at both the obligor and portfolio levels, using different credit risk rating tools. Risk grading tools have been developed and implemented to corporate customers, SME Filter for SME customers, and also credit scoring system to accurately evaluate borrower's creditworthiness for all retail loans, both unsecured and secured basis. At the same time, risk management is fundamental part of the Bank's business activity. An EWRM (Enterprise-Wide Risk Management) framework initiative was introduced in 2009 and will continue in 2010 to assist the Bank and subsidiary companies in managing credit/business and strengthening the credit risk measurement tools.

Furthermore, the risk of NPLs is a major risk, affecting profitability and capital adequacy. As such, the Bank focuses on NPL management carefully. The Bank has made appropriate provisions for bad debt and doubtful accounts and these provisions are reflected in the Bank's capital in addition to ongoing rehabilitation efforts with the customers. To closely control NPLs, the Bank has established a Loan Classification and Provisioning Review Committee with the risk management group executive as a chairperson.

For portfolio credit risk, particular attention is given to the correlation between the credit quality of obligors and concentration and diversification within the portfolio, by business type, as well as the analysis of returns from obligors in both credit quality perspective and business type perspective. Risk analysis report has been consistently revised, along with determination of risk limits.

3) Market risk

Market risk occurs when the Bank undertakes transaction with exposure to interest rates, foreign exchange rates and securities prices in capital and commodity markets, all of which may negatively affect the revenue and capital reserve of the Bank.

- ***Interest rate risk***

  The Bank controls and monitors interest rate risk through the Assets and Liabilities Management Committee (ALCO) which determines interest rate risk and limits on the banking book, arising from mismatch of assets and liabilities of the Bank. The Bank analyzes the interest rate movement of assets and liabilities in different time periods (Gap Analysis) as one of the risk assessment procedures. In addition, the Bank employs Net Interest Income Simulation methodologies, through which risk profiles are assessed and monitored. Market risk management measures are proposed to ALCO on a monthly basis by the risk management unit. ALCO will determine the optimal assets and liabilities structure to maintain an appropriate level of risk according to the Bank's policy

  Interest rate risk transacted in the trading book is supervised by Risk Management Committee (RMC) and obtained Board of Directors' approval. The calculation of fair value for those transactions is performed on a daily basis so as to monitor marked-to-market profit and loss. A daily risk status report for the Bank's management is produced by the risk management unit which is independent from the risk takers. Adequate risk limits, sorted by products and by risk types such as Value-at-Risk (VaR) Limit and One Basis Point Shift (PV01) Limit are assigned in order to assess the risk associated with movement in interest rate, which affects the revenue and capital reserve of the Bank.

- ***Foreign exchange risk***

  In foreign exchange risk management, the Bank will make an effort either to match the funding source in exactly the same currency, or to enter into derivative instruments for foreign exchange hedging, so as to reduce risk arising from foreign exchange volatility and to maintain risk at a level determined by the Bank's policy. In addition, the Bank monitors and controls foreign exchange transactions. Adequate risk limits are assigned and sorted by products, and risk types such as Value-at-Risk (VaR) Limit, FX Net Open Position Limit, and Stop Loss Limit. Daily marked-to-market on foreign exchange is performed. In addition, stress testing is frequently conducted and its results analyzed in detail.

- ***Market risk of equity securities***

  The Bank does not invest in equity securities apart from investment in subsidiary or affiliate companies and common shares possessed in the event of loan default. Also, the Bank does not execute any commodity-related transaction; thereby, market risk exposure is limited.

  The Bank has in place a Market Risk Policy and ensures that the rules and procedures therein are complied with. This includes back-testing in market risk models on a regular basis. Also, the Bank regularly assesses its capital reserve for market risk to comply with the Bank of Thailand regulations.

4) Liquidity risk management

Liquidity risk means the probability of not being able to make payment according to the obligation within the specified period, as a consequence of not being able to convert assets into cash or not being able to obtain adequate funding on time.

The Bank also controls and monitors its liquidity levels to ensure adequate liquidity for current and future obligation. The Bank can also manage funds for the optimum benefit in alignment with the market condition. Liquidity risk management is under the supervision of ALCO.

To manage liquidity risk, the Bank has instruments to measure and evaluate risks and has procedures to follow and control liquidity at the appropriate level under business operation and economic situation for each defined period.

In addition, CIMBT has prepared a contingency funding plan for liquidity crisis situation to ensure smooth and timely crisis management.

As of December 31, 2009, the Bank had liquid assets totaling Bt. 23,642 million or 26.74% of the total deposits, which was sufficient based on the requirement prescribed by the Bank of Thailand.

5) Operational risk management

Operational risk management is the risk of loss from inadequate or failed internal process and systems and lack of corporate governance and management incompetence. Other risk factors include people, business process and external events that might adversely affect the Bank's income and capital reserve.

In order to effectively manage operational risks, the Bank has set up appropriate policies, processes and procedures that not only bring the Bank in line with international standards, but also contribute towards enhancing transparency and good governance. In this respect, the Risk Management Committee is given the authority to establish policies and procedures which correspond with international best practice for board's approval before releasing for bank-wide application.

The Bank appoints the head of each unit as a Risk Owner responsible for identifying, assessing and managing operational risks, as well as supervising and inculcating the awareness of operational risk management in their respective unit. Risk Owner appoints a Risk Coordinator to liaise with other staff members in complying with the operational risk management procedures. Risk Management Group is responsible for developing tools, systems and procedures for identifying, assessing, reporting and following up operational risks in accordance with the Bank's risk management policy and international standard. Each business unit in the Bank and its subsidiaries is required to manage its operational risks under the following guidelines:

- **Operational risk self-assessment**

  Each business unit is required to conduct an operational risk management self-assessment and report the results regularly to the Risk Management Group. These reports will be used in assessing the overall operational risk exposure and ensuring that adequate controls are in place. Risk reports are also required to be submitted to the Risk Management Committee to provide a basis for determining corrective actions and follow-up. This makes it incumbent upon individual business units to review regularly that their working processes are structured and managed, thereby mitigating operational mishaps and enhancing their ability to redress the problems in a coherent and timely manner. In this context, continuous attention has been given to providing effective and efficient oversight across the organization, including defining a clear scope of responsibilities and approval authority, establishing checks and balances, and securing data and information. Particular attention has also been given to ensure the continuity of business activities in accordance with international standards while enhancing sound corporate governance.

- **Loss incident reports**

  The Bank requires every business unit to submit loss incident reports through designated channels. These reports are intended to help individual units to further improve the management of their operational risk profiles while reducing the possibility of similar losses in the future. They also provide a suitable basis for developing models for calculating operational risk capital requirements.

- **Key risk indicators (KRIs)**

  The Bank requires every business unit to submit KRIs reports as part of the overall operational risk management process. In addition, each business unit is required to collaborate with the Operational Risk Management team to identify specific key operational risk indicators for monitoring the level of risks and identifying potential risks.

- **New product approval process**

  New product or improved business process are proposed by the working group. In this respect, the Bank enforces a strict approval process to ensure the quality of products with the identification, assessment and appropriate control of credit, market and operational risks forming an integral part of the product approval process. All products are subject to a suitable review process before they can be signed-off and launched in the market by the working groups and related business units.

- **Business continuity plan**

  The Bank has prioritized the development of a business continuity plan with the purpose of reducing risks arising from either natural disasters or any crisis that may disrupt the business operations and dampen the Bank's and its subsidiaries' reputation and customer confidence. To such end, the Bank has put in place a business continuity plan for its six core activities and tested the said plan.

- **Complaint management process**

  The Bank is aware of the importance of reputation risk and customers' satisfaction and has thus set up a central unit and established procedures to resolve customers' complaints. The unit will record complaints into the system, monitor related units' efforts to solve the problems, ensure response within specific period and report to the Bank's executives regularly.

CIMBT has established an Internal Audit Division and Compliance unit together with the Credit Review team as independent units to assist the Audit Committee to fulfill its internal oversight responsibilities. They report directly to the Audit Committee and are responsible for reviewing the performance of individual business units to ensure compliance with the Bank's internal procedure and prevailing laws and regulations.

6) Risk related to foreign investment

As of December 31, 2009, the Bank's foreign financial institution investment was at USD 116 million or equivalent to Bt. 3,901 million (decreased from USD 409 million or Bt. 12,730 million in December 2008). Those investments were comprised of structured notes issued by foreign financial institutions with a minimum credit rating of "A," amounting to USD 100 million with market value at the end of December 2009 of USD 98.06 million or 98.06% of their face value, and fixed income notes issued by foreign financial institutions with credit rating of "AA" and "AAA," amounting to Bt.

550 million with market value at the end of December 2009 of Bt. 546 million or 99.27% of their face value.

Since all structured notes are the principal-protected ones, the risk of investment would arise from the uncertainty of the coupon, which depends on various market factors that will affect the market value of those notes. The Bank has controlled such risk by diversifying its portfolio with different coupon structures and closely monitoring adverse movement of market risk factors. However, the risks related to interest rate and foreign exchange were within the approved limits.

3. Reasonableness of the transaction

3.1 Objective and necessity

The disposal of shares in BTAM under this transaction has been prompted by the fact that BTAM has successively incurred a net loss since its inception in December 2004. CIMBT, as its major shareholder, therefore had to inject additional funds to BTAM from time to time through capital increases in 2006, 2007 and 2009, amounting in total to Bt. 135 million. It is likely that if the Bank remains as BTAM's major shareholder, it may have to inject additional capital into BTAM in the near term in order to meet the capital adequacy requirement according to the SEC rule.

The Bank has thus evaluated the reasonableness of selling the shareholding in BTAM to CPAM, a member of the CIMB Group Sdn Bhd, which is Malaysia's second largest asset management company with network in Malaysia, Singapore and Indonesia. The disposal of BTAM shares to CPAM will give CPAM an opportunity to gain a foothold in Thailand's fund management industry, while the Bank itself will benefit from such share disposal in terms of mitigation of risk from uncertainties in BTAM's future performance which will likely continue to show a loss and hence require additional capital injection from the Bank. Moreover, by selling its shares in BTAM, the Bank will be able to focus primarily on its core banking business and will likely reap benefits from cross-selling of BTAM's diverse types of products that will be developed on a broad range and in-depth basis with the know-how transfer from CPAM after BTAM becomes a subsidiary of CPAM.

3.2 Advantages and disadvantages of entering and not entering into the transaction

1) Advantages of entering into the transaction

1.1) Mitigation of risk from diminution in value of investment in BTAM shares likely arising from uncertainties of BTAM's future performance

BTAM's fund management business bears a risk associated with uncertainties of its future performance, which in turn stems mainly from investment risk. The Company primarily generates revenues from fund management fees, chargeable based on the AUM. As such, risk incidental to changes in the SET index, securities prices, interest rates, and exchange rates due to the economic and the money market fluctuations, as well as changes not only in the operating results of the issuing companies in which funds are invested, but also in the terms and conditions of coupon payment throughout the securities lifespan, may result in a decline in the AUM and eventually affect the financial performance of BTAM.

Since its inception in December 2004, BTAM has posted a net loss all along, amounting to Bt. 0.34 million, Bt. 54.31 million, Bt. 48.08 million, Bt. 36.36 million, Bt. 10.69 million and Bt. 44.23 million from 2004 to 2009 respectively. As of December 31, 2009, the Company had a retained loss of Bt. 194 million, total shareholders' equity of Bt. 41.00 million and a registered capital of Bt. 235 million.

Due to the said successive losses, the Bank has never received any dividend or yield from its investment in BTAM shares and has to set aside an allowance for diminution in value of the BTAM shares, thereby hitting the Bank's own operating results. In 2009, the Bank accounted for investment in BTAM shares in an amount of Bt. 235 million and the said allowance for diminution in value of the shares in an amount of Bt. 152 million, resulting in a net investment value of Bt. 83 million.

The disposal of BTAM shares will help to avert risk relating to any further decline in the value of investment in BTAM shares, arising from the uncertainties. Moreover, the Bank will no longer have to bear an expense on the said allowance for diminution in the BTAM share value.

1.2) No further of requirement for further capital injection

BTAM has continually required capital injection by CIMBT, by raising its registered capital from the initial Bt. 100 million in 2004 to Bt. 220 million in 2006 and Bt. 235 million in 2009, as follows:

Registration of capital increase		Call for share payment from CIMBT		
Date	Registered capital (Bt. million)	Date	Capital increase (Bt. million)	Paid-up capital (Bt. million)
Dec 15, 2006 (Establishment)	100			
Feb 23, 2006	220	Oct 25, 2006	60	160
		Jun 26, 2007	30	190
		Mar 15, 2009	30	220
Nov 18, 2009	235	Nov 18, 2009	15	235

BTAM must comply with to the Notification of the Securities and Exchange Commission ("SEC") No. KorNor.20/2552 Re: Rules for maintaining of capital adequacy of asset management companies, which requires that asset management companies must, as of the final day of each month, maintain shareholders' equity at not less than Bt. 20 million and an early warning level at Bt. 30 million.

The operating losses described in Section 1.1 has resulted in BTAM's equity decreasing close to the Bt. 30 million warning level, thus necessitating the recapitalization as mentioned above to ensure compliance with the required capital adequacy. Failure to maintain the minimum shareholders' equity of Bt. 20 million will result in BTAM having to suspend its business operation until it could meet the said regulatory rule.

The Bank, as the single largest shareholder of BTAM, has thus been burdened with capital injection into the Company. After the establishment of BTAM in 2004 with a start-up capital of Bt. 100 million, the Bank has additionally injected Bt. 135 million in order for the Company to meet the said capital adequacy requirement.

Therefore, to continue holding shares in BTAM will likely put the Bank at risk of further capital injection, given that the Company has yet to turn profitable. By disposing its entire stake in BTAM, the Bank will no longer be burdened with any further fund injection to help the Company maintain the required capital adequacy.

1.3) Ability to focus on its core banking business

The disposal of the entire investment in BTAM will enable the Bank to allocate all its resources to the banking business, which is its core business activity, and focus on maximizing fee income from its distribution network.

1.4) Indirect benefit from BTAM's product offering that will likely be further developed

After the disposal of BTAM shares to CPAM, BTAM will remain a member of the CIMB Group, whose parent company, CIMB Group Holdings Berhad is listed on the main board of the Bursa Malaysia Stock Exchange and is Malaysia's second largest financial services provider and one of Southeast Asia's leading universal banks, offering a full range of financial services such as consumer banking, investment banking, Islamic banking, asset management, and life and non-life insurance products and services. CIMB Group is headquartered in Kuala Lumpur, Malaysia, and has regional presence in key Southeast Asian markets such as Singapore, Indonesia and Thailand.

After this transaction, BTAM will become a subsidiary of CPAM, which is 60% owned by CIMB Group and 40% by Principal Financial Group (PFG).[6] The shareholder structure of BTAM after the transaction is given in Item 1.4 Connected persons and nature of relationship.

CPAM is a Malaysia-based holding company, being the second largest asset management company in Malaysia and having an investment network through subsidiary asset management companies in Singapore and Indonesia with expertise in equity and fixed income management services.

BTAM will then obtain a know-how and experience transfer from CPAM (which will own 99.99% in BTAM after this transaction) and can gain direct access to CPAM's diverse fund products at the regional level. It will be able to develop new products of more diversified types and win greater acceptance among investors. CIMBT is thus expected still distributor of BTAM products further to indirectly benefit from the broader selection of financial products and services to better address its own customers' diverse needs in a more comprehensive fashion and thereby generate fee income from sales of a variety of products.

1.5) Excess cash and revenue from sale of shares

The disposal of BTAM shares will bring in additional cash for the Bank totaling Bt. 250 million after the Bank has fulfilled all conditions under the share sale and purchase agreement. This will help boost the Bank's liquidity and working capital.

In addition, in case of the Bank not increase capital in BTAM in 2010, the Bank will earn income from reversal of the allowance for diminution in value of investment (by the amount reserved by the Bank) of Bt. 152 million and will also bring in gains on sale of BTAM shares of Bt. 15 million (the Bank has no corporate income tax burden as it still benefits from accumulated loss in the past) totaling Bt. 167 million, if the capital injection of another Bt. 15 million is not required to be made by the Bank, the Bank will earn income from reversal of the allowance for diminution in value of investment of Bt. 152 million only. In 2009, CIMBT reported a net profit under the Bank-only financial

[6] PFG was established more than 125 years ago which operation in USA and is a leading company in Fortune 500 magazine. The Group offers a wide range of financial products and services including retirement and investment services, life and health insurance and mortgage banking through financial group of PFG.

statement of Bt. 68.71 million and a consolidated net profit of Bt. 1.67 million (sharing of only the net profit attributable to the Bank's shareholders).

2) Disadvantages of entering into the transaction

2.1) Loss of opportunity to receive yields directly from the investment in BTAM shares in the future

If in the future BTAM can generate a net profit and pay dividend, the Bank will, after the disposal of its shares in BTAM, lose the opportunity to enjoy such benefit.

In 2009, BTAM posted a net loss of Bt. 44.23 million and a retained loss as of such year-end of Bt. 194 million. In legal terms, BTAM will be able to pay dividend only after it could generate a net profit and clean up the accumulated loss.

However, it is expected that after this transaction the business coordination between BTAM and the Bank will resume, albeit BTAM no longer being the Bank's subsidiary. This is because both of them will still be under the same umbrella of CIMB Group and have the same ultimate shareholder, which is CIMB Group. The Bank will probably benefit indirectly from BTAM becoming a direct subsidiary of CPAM as described above (Item 1.4 Advantages of entering into the transaction).

3) Advantages of not entering into the transaction

3.1) An opportunity to gain from investment in BTAM shares

If this transaction does not take place and the Bank continues holding shares in BTAM, it may recognize the income of BTAM in the consolidated financial statement in the future when BTAM turns profitable. Moreover, the Bank may have a chance to receive gains from investment in BTAM if in the future BTAM is able to generate a net profit and wipe out the accumulated loss and finally pay dividend to the Bank.

4) Disadvantages of not entering into the transaction

4.1) Risk involved with BTAM's performance

The business operation of BTAM is affected by many risk factors. If it continues to incur a loss in the future, the Bank will have to bear expense on the allowance for diminution in value of investment in BTAM, as has been the case in the past, which will relatively hurt the Bank's overall results.

4.2) Possibility of additional fund injection in BTAM

As of the end of 2009, BTAM had total shareholders' equity of Bt. 41 million. If in the first few months of 2010 BTAM posts a loss from operation, its equity will likely fall to the Bt. 30 million warning level, thereby necessitating a recapitalization to maintain the required capital adequacy in accordance with the SEC rule. As the single largest shareholder, the Bank will have to inject additional funds into BTAM.

4.3) No benefit from know-how transfer

Remaining as a CIMBT subsidiary, BTAM may not fully benefit from the technology and expertise transfer from CPAM, whereas by becoming a direct subsidiary of CPAM, it will obtain the technical and knowledge support from CPAM. The Bank itself has to focus primarily on its core banking business in order to maintain and further increase its market share in the banking sector. Thus, the Bank might lose an opportunity to reap the benefits from the expansion into new financial products, which will help to boost its fee income and enlarge the client base for its future business expansion.

4.4) Loss of opportunity to receive cash from sale of BTAM shares

If this transaction does not take place, the Bank will not have a chance to obtain fresh funds of Bt. 250 million from disposal of BTAM shares. By lending such funds to customers, it is expected that yields therefrom will be obtainable sooner than from the continued investment in BTAM. Based on an assumed rate of return of 6.5% a year according to Minimum Loan Rate of the Bank, that will result in the Bank bringing in revenues of about Bt. 16.25 million per year, while the continued investment in BTAM will unlikely deliver any return such as in the form of dividend yield to the Bank due to the restriction from its weak financial position and performance.

Besides, the Bank will not enjoy gains from share premiums from the sale of BTAM shares in an amount of Bt. 15 million (in case the Bank needs not inject another Bt. 15 million into BTAM).

3.3 Advantages and disadvantages between entering into the transaction with a connected person and the transaction with a third party, necessity of entering into the transaction with a connected person, and reasons for not entering into the transaction with a third party

From the sale of BTAM shares to CPAM, the Bank will instantly benefit from mitigation of risk associated with BTAM’s performance and capital injection requirement, and also from additional cash receivable. Moreover, after the disposal of BTAM shares, the Bank can further benefit from selling of BTAM’s products under the strong branding of CPAM, a member of CIMB Group Sdn Bhd and PFG (CPAM’s shareholders).

The Bank expects to gain the utmost benefit, as described above, from entering into this transaction with CPAM and all relevant procedures will be smoothly completed, considering the longstanding relationship and cooperation between CIMB Group Sdn Bhd and PFG/CPAM.

The Bank foresees that this transaction will be beneficial to it both at present and in the long term. Moreover, it has been agreed between the Bank and CPAM that the transaction must be clear and the benefits therefrom must be explainable to the shareholders. Since there are no offers made by any other investors to the Bank for this transaction, we cannot make any comparison regarding the making of such transaction with a third party. The agreed price for BTAM shares is Bt. 10.00 per share, which is higher than the fair value appraised herein by the discounted cash flow approach at Bt. 9.96 per share and is within the price range figured out in the sensitivity analysis of Bt. 9.08 - 11.04 per share. Therefore, the transaction price is deemed reasonable and is the best offer obtainable by the Bank for the time being.

4. Fairness of price and conditions of the transaction

The Bank agrees to sell the entire 24,999,993 shares in BTAM to CPAM at a total price of Bt. 249,999,930 or Bt. 10 per share. The Bank will receive cash payment for the entire shares disposed.

As of the date of this report, BTAM had a total issued and paid-up share capital of Bt. 235 million, divided into 23,500,000 ordinary shares. The Bank owns 23,499,993 shares in BTAM, representing 99.99% of BTAM’s issued and paid-up capital. Given that BTAM needs fresh funds of Bt. 15 million to maintain its capital adequacy ratio as regulated by the relevant SEC rule, its issued and paid-up capital will rise to Bt. 250 million and the Bank’s shareholding in BTAM will become 24,999,993 shares, equivalent to the maximum amount to be sold to CPAM at the total price of Bt. 249,999,930 (the agreed price, irrespective of whether the capital increase of Bt. 15 million is made or not, will be the same at Bt. 249,999,930 and the Bank shall include the newly issued shares in the shares offered for sale to CPAM under this transaction).

Therefore, in the share valuation, we have assumed that BTAM increases its registered capital by another Bt. 15 million and accordingly has a total issued and paid-up capital of Bt. 250 million.

4.1 Appropriateness of the price

To identify the reasonableness of the selling price of BTAM shares, we have valued BTAM shares by different approaches, with the price per share calculated based on the number of shares after the capital increase, totaling 25 million shares, the details of which are as follows:

1) Book Value Approach

The valuation by this method is based on the book value of BTAM derived from its financial statement ended December 31, 2009, which has not yet been audited by a certified public accountant of Ernst & Young Office Ltd., and adjusted by the capital increase of 1.5 million shares, bringing the registered capital of BTAM up from 23.5 million shares as of the date of the said financial statement to 25 million shares, as detailed below:

Item	Bt. million
shareholders' equity as of December 31, 2009	41.00
Adjusted by registered capital increase	15.00
Shareholders' equity after capital increase	**56.00**
Par value (Bt./share)	10.00
No. of total shares sold (million shares)	25.00
Book value (Bt./share)	**2.2399**
Total value (25 million shares)	**56.00**

The share valuation by this approach reflects only the operating results and financial position at a certain point of time, but not the profitability prospect or contingent liabilities in the future. Therefore, it cannot exhibit the true value of BTAM.

BTAM shares are valued by this approach at a total of Bt. 56.00 million or Bt. 2.2399 per share, which is lower than the agreed price of Bt. 10 per share by Bt. 7.7601 per share or by 77.60%.

2) Adjusted Book Value Approach

Under this approach, the shares are appraised based on an adjustment of the book value derived from the financial statement as of December 31, 2009 by the registered capital increase and the contingent liabilities arising from litigation at the labor court.

As of January 21, 2008, BTAM faced a lawsuit with damage claim of about Bt. 47 million, but the case has not yet become final and was under negotiation. Later on July 10, 2008, the plaintiff filed a damage claim of Bt. 7 million, which has not been settled yet and still under negotiation. BTAM has not yet accounted for such contingent liabilities.

According to the Company's legal counsel, a precedent has been set by the past ruling of the Labor Court and the Supreme Court's Labor Case Section that the court usually grants a compensation to an employee in the amount lower than that claimed by the employee and will calculate such compensation based on the years of service of that employee with the employer and the last monthly salary rate before the employee is made redundant, for one month per year throughout the years of service. In this case, the damage claim is computed, under the said criterion, to be Bt. 4,347,000.

However, such court ruling has been simply a precedent generally adopted, but not an immutable rule and, hence, the compensation granted by the court in any labor dispute case can be more or less than such precedent, hinging on the factual information, witness and evidence, and the court's own discretion.

In making an adjustment to the book value by the contingent liabilities arising from the said court case, we have given importance to the amount most recently claimed by the plaintiff (July 10, 2008), which is around Bt. 7 million.

Other commitments prevailing as of December 31, 2009 included the commitment under a building rent and service contract and other service agreements, which the Company is obliged to pay for within 1-4 years in an amount of Bt. 4.80 million, and the commitment of fund management business fees payable to the SEC at 1% of revenues before expenses on the fund management business operation, but not less than Bt. 500,000 per year and not higher than Bt. 5,000,000 per year. We however have not factored this item into our adjustment since it is deemed as a usual expense in the normal course of business of BTAM.

Moreover, BTAM has not conducted any revaluation of its assets used in the operation, consisting of office equipment, furniture and fixture, computers and software (being intangible assets), with total net book value as of December 31, 2009 of about Bt. 11.63 million or 20% of total assets. These items have been depreciated according to their useful life of about 5 years in line with their economic benefit. Thus, the net book value of these assets already reflects their actual value.

Here is the outcome of the share valuation:

Item	Bt. million
Shareholders' equity as of December 31, 2009	41.00
Adjustment items	
Add Cash receivable from capital increase	15.00
Less Contingent liabilities	(7.00)
Net book value after adjustment	49.00
No. of total shares sold (million shares)	25.00
Par value (Bt./share)	10.00
BTAM share price (Bt./share)	**1.9599**
Total value	**49.00**

This method can reflect the more updated net asset value of BTAM than the book value approach. It reflects the likely increased value of BTAM's future liabilities. However, this approach does not take into account the operating results, competitiveness and profitability prospect of BTAM in the future.

BTAM shares are valued by this approach at a total of Bt. 49.00 million or Bt. 1.9599 per share, which is lower than the agreed price of Bt. 10 per share by Bt. 8.0401 per share or by 80.40%.

3) Market Comparable Approach

Under this method, the share valuation is made based on different ratios such as P/BV, P/E and EV/EBITDA of SET-listed companies in the Financials Industry, Finance & Securities Sector, engaging in similar businesses to BTAM, over the retroactive period up to March 24, 2010, the last business day immediately before the date of CIMBT board meeting held to approve the disposal of the entire shares in BTAM to CPAM.

The reference ratios adopted for the valuation of BTAM shares are derived from the average ratios of listed companies in the Financials Industry, Finance & Securities Sector, comprising one company operating the fund management business, i.e. MFC Asset Management Plc., and 15 companies engaging in the securities business, totaling 16 entities as follows:

(1) MFC Asset Management Plc. (MFC)

(2) Asia Plus Securities Plc. (ASP)

(3) BFIT Securities Plc. (BSEC)

(4) Bualuang Securities Plc. (BLS)

(5) Country Group Securities Plc. (CGS)

(6) Capital Nomura Securities Plc. (CNS)

(7) Finansia Syrus Securities Plc. (FSS)

(8) Globlex Holding Management Plc. (GBX)

(9) Kim Eng Securities (Thailand) Plc. (KEST)

(10) KGI Securities (Thailand) Plc. (KGI)

(11) Phatra Securities Plc. (PHATRA)

(12) SICCO Securities Plc. (SSEC)

(13) Trinity Watthana Plc. (TNITY)

(14) UOB Kay Hian Securities (Thailand) Plc. (UOBKH)

(15) United Securities Plc. (US)

(16) Seamico Securities Plc. (ZMICO)

Since there is only one company, MFC, operating the same business as BTAM, to use the P/E, P/BV and EV/EBITDA solely of MFC as a reference for the share valuation might not very well reflect the average ratio of the whole industry and therefore might lead the valued share price to deviate from the true value. Accordingly, we have also adopted the average ratios of securities companies in our valuation since the securities business is most similar to the fund management business. These two businesses earn their revenues primarily from fee-based income and are similarly vulnerable to factors such as the money and capital market conditions, securities price movement, interest rate trend, etc.

We have conducted the share valuation in two scenarios:

(1) Valuation of BTAM share based on the average ratio of MFC

(2) Valuation of BTAM share based on the average ratio of MFC and the 15 securities companies

Moreover, the valued share price derived under this method is further discounted by 10% for a reason that BTAM, unlike the selected peer companies, is not listed on the SET (using the discount rate adopted in the share valuation for the IPO of about 10%-15%).

3.1) Price to Book Value Approach (P/BV)

This method valuates the share price by multiplying the book value derived in 1), which is Bt. 2.2399 per share, by the P/BV ratio of the above mentioned peer companies over the retroactive period of 3 months, 6 months, 9 months and 12 months up to March 24, 2010, the last business day immediately before the date of CIMBT board meeting held to approve the disposal of the entire shares in BTAM to CPAM. Here are the details:

Average P/BV of the selected SET-listed companies in the Finance & Securities Sector

Period	MFC	ASP	BLS	BSEC	CGS	CNS	FSS
Avg. of past 3 months	1.21	0.92	0.51	1.42	1.17	0.50	0.73
Avg. of past 6 months	1.19	0.99	0.53	1.52	1.28	0.49	0.84
Avg. of past 9 months	1.16	1.03	0.53	1.56	1.44	0.45	0.84
Avg. of past 12 months	1.10	1.01	0.57	1.53	1.28	0.43	0.82

Period	GBX	KEST	KGI	PHATRA	SSEC	TNITY	UOBKH
Avg. of past 3 months	1.30	1.44	0.52	1.11	0.69	0.54	0.62
Avg. of past 6 months	1.31	1.60	0.56	1.18	0.71	0.59	0.63
Avg. of past 9 months	1.14	1.68	0.56	1.22	0.66	0.58	0.61
Avg. of past 12 months	0.99	1.65	0.54	1.19	0.61	0.58	0.60

Period	US	ZMICO	Average
Avg. of past 3 months	0.48	0.75	0.87
Avg. of past 6 months	0.49	0.79	0.92
Avg. of past 9 months	0.46	0.79	0.92
Avg. of past 12 months	0.44	0.75	0.88

Source: Data from www.setsmart.com

Conclusion of BTAM share valuation by the P/BV ratio approach

(1) Based on P/BV of MFC

Period	Avg. P/BV of MFC	Share price (Bt./share)	Discount 10 %	
			Share price (Bt./share)	Total value (Bt. million)
Avg. of past 3 months	1.21	2.7103	2.4393	60.98
Avg. of past 6 months	1.19	2.6655	2.3990	59.98
Avg. of past 9 months	1.16	2.5983	2.3385	58.46
Avg. of past 12 months	1.10	2.4639	2.2175	55.44

From the share valuation by basing on the average P/BV ratio of MFC, the price of BTAM shares comes out in a range of Bt. 55.44 - 60.98 million in total or Bt. 2.2175 - 2.4393 per share.

(2) Based on the average P/BV of MFC and securities companies

Period	Avg. P/BV of MFC + Securities Co.	Share price (Bt./share)	Discount 10%	
			Share price (Bt./share)	Total value (Bt. million)
Avg. of past 3 months	0.87	1.9487	1.7538	43.85
Avg. of past 6 months	0.92	2.0607	1.8546	46.37
Avg. of past 9 months	0.92	2.0607	1.8546	46.37
Avg. of past 12 months	0.88	1.9711	1.7740	44.35

From the share valuation by basing on the average P/BV of MFC and the securities companies, the price of BTAM shares comes out in a range of Bt. 43.85 - 46.37 million in total or Bt. 1.7538 - 1.8546 per share.

Period	Valued price – based on avg. P/BV of MFC		Valued price – based on avg. P/BV of MFC and Securities Co.	
	Price/share (Bt.)	Total value (Bt. million)	Price/share (Bt.)	Total value (Bt. million)
Avg. of past 3 months	2.4393	60.98	1.7538	43.85
Avg. of past 6 months	2.3990	59.98	1.8546	46.37
Avg. of past 9 months	2.3385	58.46	1.8546	46.37
Avg. of past 12 months	2.2175	55.44	1.7740	44.35

This method reflects the operating performance and financial position of BTAM at a certain period of time, but may not reflect the present market value of the assets and the profitability prospect in the future.

BTAM shares valued by this approach are in a range of Bt. 43.85 - 60.98 million in total or Bt. 1.7538 - 2.4393 per share, which is lower than the agreed price of Bt. 10 per share by Bt. 7.5607 - 8.2462 per share or by 75.61% - 82.46%.

3.2) Price to Earnings Ratio Approach (P/E)

By this method, the share price is valued by multiplying the earnings per share (EPS) of BTAM in 2010 as projected by the IFA (equivalent to Bt. 0.49/share by the discounted cash flow approach), by the average P/E ratio of the above SET-listed peer companies over the retroactive period of 3 months, 6 months, 9 months and 12 months up to March 24, 2010, the last business day immediately before the date of CIMBT board meeting held to approve the disposal of the entire shares in BTAM to CPAM. Here are the details:

Average P/E of the selected SET-listed companies in the Finance & Securities Sector

Period	MFC	ASP	BLS	CNS	KEST	KGI
Avg. of past 3 months	15.96	8.87	10.79	18.50	9.56	10.44
Avg. of past 6 months	23.83	12.78	13.65	26.24	11.99	15.87
Avg. of past 9 months	24.85	17.11	16.69	29.13	13.73	26.49
Avg. of past 12 months	22.96	17.83	17.44	26.45	13.73	27.24

Period	UOBKH	Average
Avg. of past 3 months	12.24	**12.34**
Avg. of past 6 months	16.83	**17.31**
Avg. of past 9 months	18.97	**21.00**
Avg. of past 12 months	18.60	**20.61**

Source: Data from www.setsmart.com

We have excluded the P/E of BSEC and PHATRA, which is in a range of 180.66 - 325.87 times and 25.42 - 48.66 times respectively, as it differs substantially from the average P/E of its peers, and also did not factor in the average P/E of CGS, FSS, GBX, SSEC, TNITY, US and ZMICO because they operated at a net loss during certain period under calculation and their average P/E was not available accordingly.

Conclusion of BTAM share valuation by the P/E ratio approach

(1) Based on average P/E of MFC

Period	**Avg. P/E of MFC**	**Share price (Bt./share)**	**Discount 10%**	
			Share price (Bt./share)	**Total value (Bt. million)**
Avg. of past 3 months	15.96	7.8204	7.0384	175.96
Avg. of past 6 months	23.83	11.6767	10.5090	262.73
Avg. of past 9 months	24.85	12.1765	10.9589	273.97
Avg. of past 12 months	22.96	11.2504	10.1254	253.14

From the share valuation by basing on the average P/E ratio of MFC, the price of BTAM shares comes out in a range of Bt. 175.96 - 273.97 million in total or Bt. 7.0384 - 10.9589 per share.

(2) Based on the average P/E of MFC and securities companies

Period	**Avg. P/E of MFC + Securities Co.**	**Share price (Bt./share)**	**Discount 10%**	
			Share price (Bt./share)	**Total value (Bt. million)**
Avg. of past 3 months	12.34	6.0466	5.4419	136.05
Avg. of past 6 months	17.31	8.4819	7.6337	190.84
Avg. of past 9 months	21.00	10.2900	9.2610	231.53
Avg. of past 12 months	20.61	10.0989	9.0890	227.23

From the share valuation by basing on the average P/E ratio of MFC and the securities companies, the price of BTAM shares comes out in a range of Bt. 136.05 - 231.53 million in total or Bt. 5.4419 - 9.2610 per share.

Period	**Valued price – based on avg. P/E of MFC**		**Valued price – based on avg. P/E of MFC and Securities Co.**	
	Price/share (Bt.)	**Total value (Bt. million)**	**Price/share (Bt.)**	**Total value (Bt. million)**
Avg. of past 3 months	7.0384	175.96	5.4419	136.05
Avg. of past 6 months	10.5090	262.73	7.6337	190.84
Avg. of past 9 months	10.9589	273.97	9.2610	231.53
Avg. of past 12 months	10.1254	253.14	9.0890	227.23

This method takes into account the profitability prospect in the current year only, but not the long-term profitability prospect in the future.

BTAM shares valued by this approach are in a range of Bt. 136.05 - 273.97 million in total or Bt. 5.4419 - 10.9589 per share, which is lower than the agreed price of Bt. 10 per share by Bt. 4.5581 per share or by 45.58% and higher than the agreed price by Bt. 0.9589 per share or by 9.59%.

3.3) Enterprise Value to EBITDA Approach (EV/EBITDA)

Under this approach, the share price is valued by multiplying the average EV/EBITDA of the selected SET-listed peer companies mentioned above by the projected EBITDA for 2010 of BTAM, which is Bt. 17.69 million (EBITDA projected by the discounted cash flow approach). From the EV derived therefrom, BTAM share price is then appraised. As of December 31, 2009, BTAM had cash and cash equivalent items of Bt. 16.97 million plus the adjusted item from cash receivable from capital increase of Bt. 15 million, making Bt. 31.97 million in total, without any interest-bearing debt.

The EV and BTAM share price are calculated by the following formula:

EV of BTAM	=	Avg. EV/EBITDA of reference companies x EBITDA of BTAM
Where: EV	=	Market value of BTAM shares + Interest-bearing debt – Cash
Market value of shares	=	Share price x No. of total shares sold of BTAM
BTAM share price	=	[(Avg. EV/EBITDA of reference companies x EBITDA of BTAM) – Interest-bearing debt + Cash] / No. of total shares sold of BTAM

Average EV/EBITDA of the selected SET-listed companies in the Finance & Securities Sector

Period	MFC	ASP	BLS	CNS	FSS	GBX	KEST
Avg. of past 3 months	8.64	4.32	2.39	2.13	0.90	16.18	3.95
Avg. of past 6 months	8.33	4.60	2.64	1.87	0.98	16.12	4.50
Avg. of past 9 months	8.11	4.66	2.71	1.25	0.92	13.51	4.70
Avg. of past 12 months	7.69	4.48	2.57	0.78	0.87	11.31	4.53

Period	KGI	PHATRA	SSEC	Average
Avg. of past 3 months	6.20	4.56	11.22	**6.05**
Avg. of past 6 months	6.53	4.81	11.51	**6.19**
Avg. of past 9 months	6.59	4.83	10.23	**5.75**
Avg. of past 12 months	6.38	4.60	9.02	**5.22**

Source: Calculation by IFA

We have excluded the EV/EBITDA of CGS, TNITY, US and ZMICO, which is in a range of 17.63 - 63.17 times, as it differs substantially from the average EV/EBITDA of other peers and also have not factored in the average EV/EBITDA of BSEC and UOBKH because their EV in the past 12 months was in deficit.

Conclusion of BTAM share valuation by the EV/EBITDA approach in two scenarios:

(1) Based on the average EV/EBITDA of MFC

Period	**Avg. EV/EBITDA of MFC**	**Share price (Bt./share)**	**Discount 10%**	
			Share price (Bt./share)	**Total value (Bt. million)**
Avg. of past 3 months	8.64	7.3931	6.6538	166.35
Avg. of past 6 months	8.33	7.1737	6.4563	161.41
Avg. of past 9 months	8.11	7.0180	6.3162	157.91
Avg. of past 12 months	7.69	6.7208	6.0487	151.22

From the share valuation by basing on the average EV/EBITDA ratio of MFC, the price of BTAM shares comes out in a range of Bt. 151.22 - 166.35 million in total or Bt. 6.0487 - 6.6538 per share.

(2) Based on the average EV/EBITDA of the selected SET-listed companies in the Finance & Securities Sector

Period	**Avg. EV/EBITDA of MFC + Securities Co.**	**Share price (Bt./share)**	**Discount 10%**	
			Share price (Bt./share)	**Total value (Bt. million)**
Avg. of past 3 months	6.05	5.5602	5.0042	125.11
Avg. of past 6 months	6.19	5.6592	5.0933	127.33
Avg. of past 9 months	5.75	5.3479	4.8131	120.33
Avg. of past 12 months	5.22	4.9728	4.4755	111.89

From the share valuation by basing on the average EV/EBITDA ratio of the selected SET-listed companies in the Finance & Securities Sector, the price of BTAM shares comes out in a range of Bt. 111.89 - 127.33 million in total or Bt. 4.4755 - 5.0933 per share.

Period	**Valued price – based on avg. EV/EBITDA of MFC**		**Valued price – based on avg. EV/EBITDA of MFC and Securities Co.**	
	Price/share (Bt.)	**Total value (Bt. million)**	**Price/share (Bt.)**	**Total value (Bt. million)**
Avg. of past 3 months	6.6538	166.35	5.0042	125.11
Avg. of past 6 months	6.4563	161.41	5.0933	127.33
Avg. of past 9 months	6.3162	157.91	4.8131	120.33
Avg. of past 12 months	6.0487	151.22	4.4755	111.89

This method takes into account the profitability prospect in the current year only, but not the long-term profitability prospect in the future.

By this approach, the valued BTAM share price comes out in a range of Bt. 111.89 - 166.35 million in total or Bt. 4.4755 - 6.6538 per share, which is lower than the agreed price of Bt. 10 per share by Bt. 3.3462 - 5.5245 per share or by 33.46% - 55.25%.

4) Acquisition Comparable

This method is a comparison of previous acquisition transactions. The share price is appraised based on the ratios derived from comparison between the acquisition prices of asset management company shares and the assets under management (AUM), the book value and the earnings of the acquired shares/businesses in the past five years.

Shares of asset management companies selected for the comparison are detailed as follows:

	Transaction date	**Acquired share/business**	**Acquirer**	**Acquired shares as % of total shares (%)**	**Acquisition value (Bt. million)**	**Enterprise value* (Bt. million)**
1.	June 18, 2005	Aberdeen Asset Management Plc. ("ABERDEEN")	Aberdeen Asset Management Asia Ltd. ("ABERDEEN ASIA")	60.00%	244.07	406.78
2	June 22, 2005	TMB Asset	TMB Bank Plc.	5.63%	15.75	279.75

	Transaction date	Acquired share/business	Acquirer	Acquired shares as % of total shares (%)	Acquisition value (Bt. million)	Enterprise value* (Bt. million)
		Management Co., Ltd. ("TMBAM")	("TMB")			
3	Dec 30, 2005	MFC Asset Management Plc. ("MFC")	Government Savings Bank (GSB)	11.17%	302.84	2,711.19
4	Q1/2007	TMBAM	TMB	5.63%	19.00	337.48
5	June 19, 2008	MFC	Country Group Securities Plc. (formerly Adkinson Securities Plc.) ("CGS")	11.63%	202.35	1,739.90
6	Oct 14, 2008	TMBAM	TMB	18.75%	117.00	624.00
7	June 24, 2009	Ayudhya Fund Management Co., Ltd. ("AYF")	Ayudhya Allianz C.P. Life Plc. ("AACP") and BBTV Equity Co., Ltd. ("BBTV")	23.40%	91.17	389.62
8	June 24, 2009	Primavest Asset Management Co., Ltd. (PMV)	AYF	100.00%	101.30	101.30

Note: *Computed from the acquisition price for the entire shares in a business (100%).

We have adopted three methods of share valuation under the acquisition comparable approach as follows:

4.1) Price to assets under management (P/AUM)

4.2) Price to book value (P/BV)

4.3) Price to earnings ratio (P/E)

Here are the ratios of the previous acquisition transactions:

	Transaction date	Acquired shares	Enterprise value (Bt. million)	AUM (Bt. million)	Book value (Bt. million)	Earnings (Bt. million)	P/AUM (%)	P/BV (time)	P/E (time)
1	June 18, 2005	ABERDEEN	406.78	20,577.53	124.73	19.00	1.98%	3.26	21.41
2	June 22, 2005	TMBAM	279.75	54,448.77	170.44	30.04	0.51%	1.64	9.31
3	Dec 30, 2005	MFC	2,711.19	150,584.83	1,257.54	102.05	1.80%	2.16	26.57
4	Q1/2007	TMBAM	337.48	101,298.91	228.36	32.47	0.33%	1.48	10.39
5	June 19, 2008	MFC	1,739.90	220,111.01	1,338.50	105.68	0.79%	1.30	16.46
6	Oct 14, 2008	TMBAM	624.00	142,829.00	284.48	56.12	0.44%	2.19	11.12
7	June 24, 2009	AYF	389.62	49,207.32	213.50	7.00	0.79%	1.82	55.66
8	June 24, 2009	PMV	101.30	13,549.91	90.90	(16.20)	0.75%	1.11	(6.25)
Average							**0.92%**	**1.87**	**18.08**

	Transaction date	Acquired shares	Enterprise value (Bt. million)	AUM (Bt. million)	Book value (Bt. million)	Earnings (Bt. million)	P/AUM (%)	P/BV (time)	P/E (time)
Weighted average							**0.88%**	**1.78**	**19.60**
Ratio computed on selling price of BTAM shares at Bt. 250 million							**1.30%**	**4.46**	**20.59**
Valued price of BTAM shares **Total value (25 million shares) (Bt. million)**							168.85 - 176.52	99.68 - 106.46	219.49 - 237.94
Price per share (Bt.)							6.7540 - 7.0608	3.9872 - 4.1888	8.7796 - 9.5176
Calculation based on: - AUM as of Dec 31, 2009 at Bt. 19,187 million - Book value as of Dec 31, 2009, adjusted by capital increase, at Bt. 56.00 million - Projected earnings for 2010 at Bt. 12.14 million									

4.1) Price to Assets Under Management (P/AUM)

This method is a comparison between the acquisition price and the AUM of the individual selected companies. The AUM as of the end of the month prior to the transaction is applicable.

From the calculation, we have derived the average P/AUM of 0.92% and the weighted average of 0.88% for the selected companies and calculated the price of BTAM shares, based on its AUM as of December 31, 2009 of Bt. 19,187 million, to be in a range of Bt. 168.85 million - 176.52 million in total or Bt. 6.7540 - 7.0608 per share, which is lower than the agreed price of Bt. 10 per share by Bt. 2.9392 - 3.2460 per share or by 29.39% - 32.46%.

4.2) Price to book value (P/BV)

This approach is a comparison between the acquisition price and the book value of the individual selected companies. The book value as of the end of the year prior to the transaction is applicable (except for MFC whose book value as of the quarter prior to the transaction is applicable because MFC is a SET-listed entity and has prepared and disclosed its financial statement on a quarterly basis).

From the calculation, we have derived the average P/BV of 1.87 times and the weighted average of 1.78 times for the selected companies and calculated the price of BTAM shares, based on its book value as of December 31, 2009, adjusted by the capital increase, of Bt. 56 million, to be in a range of Bt. 99.68 - 106.46 million in total or Bt. 3.9872 - 4.1888 per share, which is lower than the agreed price of Bt. 10 per share by Bt. 5.8112 - 6.0128 per share or by 58.11% - 60.13%.

4.3) Price to earnings ratio (P/E)

This approach is a comparison between the acquisition price and the earnings of the individual selected companies. The earnings for the year prior to the transaction is applicable (except for MFC whose earnings for the last four quarters prior to the transaction is applicable because MFC is a SET-listed entity and has prepared and disclosed its financial statement on a quarterly basis).

From the calculation, we have derived the average P/E of 18.08 times and the weighted average of 19.60 times for the selected companies and calculated the price of BTAM shares, based on its projected 2010 earnings of Bt. 12.14 million, to be in a range of Bt. 219.49 million - 237.94 million in total or Bt. 8.7796 - 9.5176 per share, which is lower than the agreed price of Bt. 10 per share by Bt. 0.4824 - 1.2204 per share or by 4.82% - 12.20%.

This valuation method compares the past share acquisition transactions of fund management companies, using the acquisition prices, financial position and operating results prevailing at the time of making the transaction. The said acquisition prices are derived by different methods such as P/BV, P/E and dividend discounted model approaches. This method simply provides a comparison of different ratios at the time of the share acquisition.

To sum up, the price of BTAM shares valued by the acquisition comparable approach comes out in a range of Bt. 99.68 - 237.94 million - 237.94 million in total or Bt. 3.9872 - 9.5176 per share, which is lower than the agreed price of Bt. 10 per share by Bt. 0.4822 - 6.0128 per share or by 4.82% - 60.13%.

Based on the above comparison, it is found that the selling price of BTAM shares of Bt. 250 million represents the P/AUM of 1.30%, the P/BV of 4.46 times and the P/E of 20.59 times, which are higher than the average ratios of the selected companies of 0.92%, 1.87 times and 18.08 times respectively and also than the weighted average ratios of 0.88%, 1.78 times and 19.60 times respectively.

5) Discounted Cash Flow Approach

By this method, the share price is valued based on the future profitability prospect of BTAM, by figuring out the present value of free cash flow expected in each year from the financial projection over the next five years (2010-2014) using a discount rate based on the cost of equity (Ke) of BTAM.

The financial projection for the said period has been prepared by the IFA on a going concern basis, assuming that BTAM continues the fund management business under the existing business policy and without yet benefiting from the entrance of CPAM in terms of new product development, strong branding of CIMB Group and PFG (a shareholder of CPAM), etc. The assumption has been set based largely on the actual past financial information and/or projection of BTAM, the present economic condition, and the future business information and business policy obtained from an interview with BTAM's management or officials.

The said financial projection is prepared for the sole purpose of identifying reasonableness of the agreed share price for this transaction. Any material change from the assumptions in the economic condition and other external factors impacting BTAM's operations or its status will relatively lead to an alteration in the share price valued by this approach. The valued share price cannot be used as a reference price for any purpose other than that mentioned above.

The key assumptions used for the financial projection are as follows:

1. *Fee and service income*

BTAM generates fee income from management of various funds such as mutual funds (i.e. equity fund, fixed income fund and property fund), private funds, and provident funds. BTAM charges the fee in percentage of AUM of the individual funds. Its management fee income can be broken down into three groups:

1.1 Management fee - Mutual Fund

Fee income from mutual fund management is estimated based on the projected AUM of mutual fund of BTAM and the average fee rate for such mutual fund management. The said AUM is projected from the forecast under the new fund issue plan and/or projected pro rata with the industry's AUM or from the market share.

AUM of mutual fund, market share of BTAM and fee income from mutual fund management actually earned in 2006-2009 and projected for 2010-2014

	Actual					Projected				
(Unit: Bt. million)	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
AUM of mutual fund										
- Industry	962,021	1,222,270	1,610,893	1,533,570	1,845,656	2,172,163	2,563,152	3,024,520	3,568,934	4,211,342
Industry growth rate		27%	32%	-5%	20%	18%	18%	18%	18%	18%
- BTAM		11,197	16,064	9,604	10,444	21,358	26,400	31,153	36,760	43,377
BTAM's market share		0.92%	1.00%	0.63%	0.57%	0.98%	1.03%	1.03%	1.03%	1.03%
Fee income from mutual fund management										
- BTAM	-	20	45	87	46	132	121	135	155	177

AUM of mutual fund of the industry stood at Bt. 962,021 million in 2005 and grew to Bt. 1,845,656 million in 2009, representing a compound annual growth rate (CAGR) of about 18% per year. Over 2006-2009, BTAM captured a market share for mutual fund management of roughly 0.57%-1.00%.

AUM of mutual fund of the industry for 2010-2014 is projected to grow equal to the past CAGR in 2005-2009 of 18% per year. For 2010, BTAM projects its AUM at Bt. 21,358 million, representing a market share of 0.98% and jumping sharply by 105% from its AUM in 2009 due to launching of new funds, including a money market fund of approximately Bt. 6,600 million and three property funds totaling Bt. 3,300 million as BTAM were already proposed 2 property fund around Bt. 2,600 million to the SEC for approval. BTAM plans to launch new property funds worth Bt. 1,000 million in 2011 and then Bt. 800 million a year from 2012 onwards.

During 2011-2014, BTAM's AUM, projected based on its estimated market share of 1.03% according to the forecast by BTAM management, will reach Bt. 26,400 million, Bt. 31,153 million, Bt. 36,760 million and Bt. 43,377 million respectively.

In 2007-2009, BTAM earned average mutual fund management fees (refer to financial statement of BATM) around 0.33%, 0.68% and 0.46% of average AUM of mutual funds respectively. For 2010, such fees are projected at around 0.83% of average AUM of mutual funds in 2010 based on the average fee under BTAM's 2010 budget which will focus on expanding the money market funds and property funds. The fee rate increases dramatically from 2009 due to BTAM policy to launch new property funds of more than Bt. 3,000 million that will bring in a huge amount of underwriting fee and relatively drive the average fee rate up sharply in such year. For 2011-2014, such fees are projected to be 0.51%, 0.47%, 0.46% and 0.44% of average AUM of mutual funds annually respectively. The fee rate will decrease from 2010 due to a drop in the launch of property funds to Bt. 1,000 million in 2011 and Bt. 800 million from 2012 onwards.

1.2 Management fee - Provident Fund

Fee income from provident fund management is estimated based on the projected AUM of provident fund of BTAM and the average fee rate for such provident fund management.

The said AUM is projected from the forecast pro rata with the industry's AUM or from the market share.

AUM of provident fund, market share of BTAM and fee income from provident fund management actually earned in 2006-2009 and projected for 2010-2014

	Actual					Projected				
(Unit: Bt. million)	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
AUM of provident fund										
- Industry	345,896	386,657	441,720	465,296	514,237	567,829	624,612	687,073	755,781	831,359
Industry growth rate		12%	14%	5%	11%	10%	10%	10%	10%	10%
- BTAM		30,251	22,398	8,929	7,367	8,106	8,932	9,825	10,808	11,888
BTAM's market share		7.82%	5.07%	1.92%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%
Fee income from provident fund management										
- BTAM		21	23	19	16	15	17	19	21	23

AUM of provident fund of the industry accounted for Bt. 345,896 million in 2005 and grew to Bt. 514,237 million in 2009, representing a CAGR of about 10% per year. Over 2006-2009, BTAM captured a market share for provident fund management of roughly 1.43%-7.82%.

AUM of provident fund of the industry for 2010-2014 is projected to grow equal to the past CAGR in 2005-2009 of 10% per year. For 2010-2014, BTAM projects its AUM at Bt. 8,106 million, Bt. 8,932 million, Bt. 9,825 million, Bt. 10,808 million and Bt. 11,888 million respectively, representing a market share of 1.43% based on its 2009 market share.

In 2007-2009, BTAM earned provident fund management fees (refer to financial statement of BATM) of around 0.09%, 0.12% and 0.20% of AUM of provident funds respectively. The fee growth in 2009 was ascribed to the fact that some large-sized funds with small management fee rates did not renew the management service contract in this year, thus leading the average of fee rate to increase in 2009. For 2010-2014, such fees are projected to be 0.20%, based upon the actual average fee rate in 2009, which is close to the average fee at present. However, we have not focused on the projection that is based on the fee rate in 2007 - 2008 as the rate in such year was low because of the management of provident fund for a group of major customers with fee rate lower than other customers in general. At present, BTAM has not provided the service to such major customers and we therefore have not adopted the fee rate in such year for the fee projection.

1.3 Management fee - Private Fund

Fee income from private fund management is estimated based on the projected AUM of private fund of BTAM and the average fee rate for such provident fund management.

The said AUM is projected from the forecast pro rata with the industry's AUM or from the market share.

AUM of private fund, market share of BTAM and fee income from private fund management actually earned in 2006-2009 and projected for 2010-2014

	Actual					Projected				
(Unit: Bt. million)	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
AUM of private fund										
- Industry	142,547	147,328	175,481	168,277	216,501	240,345	264,380	290,818	319,900	351,890
Industry growth rate		3%	19%	-4%	29%	10%	10%	10%	10%	10%
- BTAM		1,683	1,152	1,316	1,376	1,538	1,692	1,861	2,047	2,252
BTAM's market share		1.14%	0.66%	0.78%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%
Fee income from private fund management										
- BTAM	-	4	4	3	5	4	5	5	6	6

AUM of private fund of the industry stood at Bt. 142,547 million in 2005 and grew to Bt. 216,501 million in 2009, representing a CAGR of about 10% per year. Over 2006-2009, BTAM captured a market share for private fund management of roughly 0.64%-0.78%.

AUM of private fund of the industry for 2010-2014 is projected to grow equal to the past CAGR in 2005-2009 of 10% per year. For 2010-2014, BTAM projects its AUM at Bt. 1,538 million, Bt. 1,692 million, Bt. 1,861 million, Bt. 2,047 million and Bt. 2,252 million respectively, representing a market share of 0.64% based on its 2009 market share.

In 2007-2009, BTAM earned private fund management fees (refer to financial statement of BATM) of around 0.31%, 0.20% and 0.37% of AUM of private funds respectively. For 2010-2014, such fees are projected to be 0.30%, based upon the actual average fee rate in 2007-2009.

1.4 Registrar fee income

BTAM earns revenues from serving as registrar for funds, collecting a fee in percentage of the AUM of each fund.

BTAM's AUM and registrar fee income actually earned in 2006-2009 and projected for 2010-2014

	Actual				Projected				
(Unit: Bt. million)	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
BTAM's AUM	43,132	39,614	19,849	19,188	31,002	37,024	42,839	49,615	57,517
Registrar fee income	0.28	3	6	4	12	16	19	21	25
% Registrar fee income to average AUM	0.00%	0.01%	0.02%	0.02%	0.05%	0.05%	0.05%	0.05%	0.05%

BTAM's AUM for 2010-2014 is estimated at Bt. 31,002 million, Bt. 37,024 million, Bt. 42,839 million, Bt. 49,615 million and Bt. 57,517 million respectively. Its registrar fee income for the same period is projected at 0.05%, based on the fee rate under BTAM's budget for 2010.

2. *Fee and service expense*

Fee and service expense, including items such as selling agent fee, incentive and other expenses, is estimated according to fee and service income and fee and service charge rates under BTAM's budget for 2010.

BTAM's AUM and fee and service expense actually incurred in 2006-2009 and projected for 2010-2014

	Actual				Projected				
(Unit: Bt. million)	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
BTAM's AUM	43,132	39,614	19,849	19,188	31,002	37,024	42,839	49,615	57,517
Fee and service expense	9	18	29	20	66	63	70	80	91
% Fee and service expense to fee and service income	20%	25%	25%	28%	44%	44%	44%	44%	44%

BTAM's fee and service income is projected at Bt. 152 million, Bt. 143 million, Bt. 159 million, Bt. 181 million and Bt. 206 million over 2010-2014 respectively. Fee and service expense is forecast to be 44% of such fee and service income, based on BTAM's 2010 budget.

3. *Operating expense*

Operating expense consists of personnel expense, expense on premises and equipment, tax and duty, directors' remuneration and others, with personnel expense as the major item.

Personnel expense for 2010 is expected based on BTAM's budget at Bt. 56 million, dropping from Bt. 64 million – 68 million per year in 2007-2009 in line with its cost-cutting policy. For 2011-2014, personnel expense is projected to grow 5% per year according to the pay increase rate in general.

Other items such as expense on premises and equipment, tax and duty, directors' remuneration and others are projected for 2010 based on BTAM's budget at Bt. 18 million, Bt. 0.2 million, Bt. 1 million and Bt. 11 million respectively. For 2011-2014, expense on premises and equipment is expected to grow 5% per year while other items are in percentage of the average fee and service income in 2010.

Operating expense actually incurred in 2006-2009 and projected for 2010-2014

	Actual				**Projected**				
(Unit: Bt. million)	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Personnel expense	59	65	68	64	56	59	62	65	69
Premises and equipment expense	10	13	15	20	18	19	20	21	22
Tax & duty	0.01	0.07	0.04	0.16	0.2	0.2	0.2	0.3	0.3
Directors' remuneration	1	1	1	1	1	1	1	1	1
Others	14	15	14	10	11	10	12	13	15
Total operating expense	**85**	**94**	**99**	**96**	**87**	**90**	**95**	**101**	**107**

4. *Capital expenditure*

BTAM sets its capital expenditure for 2010-2014 at around Bt. 6 million a year, equivalent to the depreciation written off in 2010.

5. *Working capital*

Accounts receivable are projected in proportion to the AUM of each fund. The outstanding accounts receivable in 2010-2014 will be about 0.1%, based on the actual figures recorded in 2007-2009.

6. *Terminal growth rate*

Terminal growth rate is conservatively projected to be zero from 2014 onwards.

7. *Discount rate*

The discount rate used for calculation of the present value of free cash flow is 10.91%, based on the cost of equity (Ke) as BTAM has no debt burden. Here is the formula for Ke calculation:

Calculation of Ke:

$$Ke = Rf + \beta(Rm - Rf)$$

Where: Risk Free Rate (Rf)	Based on bid yield on the 20-year government bond as of March 24, 2010, which is 4.30% (based on www.thaibma.or.th) refer to the long term bond that could reflect the riskless assets as if the company operate with going concern basis.
Beta (β)	Coefficient of variation of SET Index and closing share price of selected peer companies (Levered Beta[7]). To find beta of BTAM, beta of the selected peer companies over the past 3 years is applied (data from Bloomberg as of March 19, 2010) the period of time that could better reflect the investment condition than short term data, adjusted by D/E ratio and corporate income tax (30%) of each peer to derive the unlevered beta, which is 0.737. (The average beta is not adjusted by the D/E ratio and corporate income tax of BTAM because it carries no debt burden.)
Rm	Based on the average return on investment in the SET over the previous 20 years the period of time that consistent with consideration riskfree as above (data from the SET during 1989-March 24, 2010), which is 13.27%

Table summarizing cash flow projection for 2010-2014

Unit: Bt. 000's

	2010	**2011**	**2012**	**2013**	**2014**
EBITDA	18	15	22	32	43
Less Income tax	-	-	-	(4)	-
Add / (Less) Change in working capital - net	4	(11)	(6)	(5)	(6)
Less Capital expenditure	(6)	(6)	(6)	(6)	(6)
Free cash flow to firm	16	(2)	11	16	31
Terminal value					281
PV of free cash flow to firm	50				
PV of terminal value	168				
Total PV of free cash flow to firm	217				
Add Cash as of December 31, 2009	17				
Cash receivable from capital increase	15				
Total PV of free cash flow - net	249				
No. of total shares sold of BTAM (million shares)	25.00				
BTAM share price (Bt./share)	**9.96**				

From the calculation of present value of free cash flow under the above assumptions, using the cost of equity (Ke) of 10.91% as the discount rate for the share valuation, the share price is valued at Bt. 249 million in total or Bt. 9.96 per share, which is lower than the agreed price of Bt. 10 per share by Bt. 0.04 per share or by 0.40%.

We have additionally conducted a sensitivity analysis on the above share valuation, using Ke in the base case plus/minus 1% or equivalent to 9.91% and 11.91%. The outcome is as below:

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[7] Based on data from Bloomberg and using the average levered beta of 16 SET-listed companies as listed in Item 3) Market Comparable Approach.

Ke (%)	Share price (Bt./share)
9.91	11.04
10.91	9.96
11.91	9.08

From the sensitivity analysis, BTAM share price appraised by the discounted cash flow approach will be in a range of Bt. 9.08 - 11.04 per share, which is (lower)/higher than the agreed price of Bt. 10 per share by Bt. (0.92) - 1.04 per share or by (9.20)% - 10.40%.

Conclusion of BTAM share valuation

Valuation approach	Valued price (Bt./share)	Selling price (Bt./share)	Valued price (lower)/higher than selling price	
			Bt./share	%
1. Book value approach	2.2399	10.00	7.7601	77.60
2. Adjusted book value approach	1.9599	10.00	8.0401	80.40
3. Market comparable approach				
3.1 P/BV ratio	1.7538 - 2.4393	10.00	(7.5607 - 8.2462)	(75.61 - 82.46)
3.2 P/E ratio	5.4419 - 10.9589	10.00	(4.5581) – 0.9589	(45.58) - 9.59
3.3 EV/EBITDA ratio	4.4755 - 6.6538	10.00	(3.3462 - 5.5245)	(33.46 - 55.25)
4. Acquisition comparable approach				
4.1 P/AUM ratio	6.7540 – 7.0608	10.00	(2.9392 - 3.2460)	(29.39- 32.46)
4.2 P/BV ratio	3.9872 - 4.1888	10.00	(5.8112 - 6.0128)	(58.11 – 60.13)
4.3 P/E ratio	8.7796 – 9.5176	10.00	(0.4824 - 1.2204)	(4.82 – 12.20)
5. Discounted cash flow approach				
5.1 Base case	9.96	10.00	(0.04)	(0.40)
5.2 Sensitivity analysis	9.08 - 11.04	10.00	(0.92) - 1.04	(9.2000) - 10.40

The above valuation approaches have different strengths and weaknesses in identifying a reasonable share price, as described below:

1) Book value and price to book value approaches: These methods reflect the performance and financial position only at a certain point of time, but not the profitability prospect and the contingent liabilities in the future. These approaches therefore cannot mirror the true value of BTAM.

2) Adjusted book value approach: This approach can better reflect the net asset value than the book value approach, with adjustment made to the book value by the contingent liabilities. However, this approach does not take into account the operating results, competitiveness and profitability prospect of BTAM in the future.

3) P/E and EV/EBITDA approaches: These methods reflect the financial position and/or profitability prospect for the current year only, and does not take into account the long-term profitability prospect in the future.

4) Acquisition comparable approach: This method compares the share acquisition transactions performed by fund management companies in the past, using the acquisition

prices, financial position and operating results prevailing at the time of making the transaction. The acquisition prices adopted in the comparison are the prices of acquisition transactions performed at different periods and under different market conditions and surrounding factors in each period. Moreover, the said acquisition prices are derived by different methods such as P/BV, P/E and dividend discounted model approaches. This method simply provides a comparison of different ratios at the time of the share acquisition.

5) Discounted cash flow approach: This method takes into account the future business operations and profitability prospect of BTAM by basing on its net present value of free cash flow and the overall economic and industrial trend.

In our opinion, the discounted cash flow approach is the most appropriate method as this method takes into account the future business operations and profitability prospects of BTAM. The share value appraised by this approach is Bt. 9.96 per share, which is lower than the agreed price of Bt. 10 per share by Bt. 0.04 per share. From the sensitivity analysis, the share price comes out in a range of Bt. 9.08 - 11.04 per share, which is (lower)/higher than the agreed price of Bt. 10 per share by Bt. (0.92) - 1.04 per share.

4.2 Appropriateness of the payment conditions

The Bank will receive cash payment for the sale of shares in BTAM in a total amount of Bt. 249,999,930 after the completion date of fulfillment of all requirements set out in the share sale and purchase agreement. The key conditions include approval from the shareholders' meeting of the Bank, CPAM and CIMB Group for the sale and purchase of BTAM shares, approval from the SEC for the shareholder restructuring and changes of directors/independent directors of BTAM, and approval from Malaysian Controller of Foreign Exchange for CPAM to invest in BTAM shares. Moreover, BTAM must hand over all relevant documents to CPAM, including share certificates, share register book, corporate seal, and receipt of share payment according to the share sale agreement, and must arrange to seek approval from the Board of Directors/shareholders' meeting of BTAM for the appointment of a new team of BTAM Board of Directors, the change of authorized signatories as nominated by CPAM, and the change of BTAM name.

We deem that the above payment conditions are the conditions set for business acquisition in general and each party to the agreement must accept all requirements and abide by the rules and regulations of the regulatory authorities in order to ensure that the said transaction will not violate the applicable laws in Thailand and Malaysia. Upon completion of all conditions, the Bank will receive the consideration for the shares fully in one single payment. The conditions of this transaction are thus considered fair to all parties and will not cause any loss of benefit to the Bank.

5. Conclusion of the IFA's opinion

In our opinion, the disposal of the entire 24,999,930 shares in BTAM, or 99.99% of its issued and paid-up share capital (number of shares after capital increase), at the price of Bt. 249,999,930 or Bt. 10 per share is deemed reasonable. This is based on the reasons that the Bank will no longer take a risk involved with BTAM's future performance, which will likely show a loss, and will not be burdened with additional capital injection into the Company. Moreover, the Bank will be able to focus more on its banking business and will have additional working capital obtainable from the disposal of BTAM shares for Bt. 250 million and, if no capital increase of another Bt. 15 million is required, will receive a profit from the shares selling of Bt. 15 million. Despite the disposal of shares in BTAM, the Bank will still benefit from cross-selling of new products and services of BTAM with the know-how of CPAM which has a strong branding under the reputation of CIMB Group Sdn Bhd and PFG (CPAM's shareholders).

However, the Bank might lose the opportunity to obtain benefit from its investment in BTAM if in the future BTAM can generate a net profit and pay dividend. In 2009, BTAM posted a net loss of Bt. 44.23 million and a retained loss as of such year-end of Bt. 194 million. BTAM will be able to pay dividend only after it could generate a net profit and clean up the accumulated loss.

We view further that the disposal value of BTAM shares at Bt. 250 million is reasonable since it is higher than the price valued herein by the discounted cash flow (DCF) approach at Bt. 249 million and is within the range of prices worked out in a sensitivity analysis under the DCF approach of Bt. 227 million - Bt. 276 million. The share valuation by the DCF approach is deemed appropriate because it can reflect the profitability prospect of BTAM in the future.

The Bank will receive the Bt. 250 million share payment in full after all conditions are fulfilled such as seeking of approval from the shareholders' meeting of the Bank for the disposal of BTAM shares, approval from the SEC for the shareholder restructuring and changes of directors of BTAM, approval from the Bank of Thailand, etc. We deem that the above payment conditions are the conditions set for business acquisition in general and are fair to all parties, without causing any loss of benefit to the Bank.

To enter into the transaction, the Bank must first obtain approval from the shareholders' meeting with a vote of at least three-fourths of the total votes of the shareholders attending the meeting and having the right to vote, excluding the shareholder with a vested interest, i.e. CIMB Bank

Based on the above rationales, we deem that the shareholders will benefit from such transaction and that the transaction is reasonable with fair price and conditions. The shareholders are therefore recommended to approve the disposal of BTAM shares.

In deciding whether to approve or disapprove the said transaction, the shareholders can take into consideration the reasons and opinion given herein. The final decision rests with the shareholders' own discretion.

We hereby certify that we have given the above opinion prudently under the code of professional practices and in the interest of the shareholders.

Yours sincerely,
Advisory Plus Co., Ltd.

(Prasert Patradhilok)
President

ADVISORY PLUS CO.,LTD.

(Sumalee Tantayaporn)
Operational Controller