

**CIMB Thai Bank Public Company Limited**

**A) Information Memorandum in respect of clause 16 of the Notification of the Board of Governors of the Stock Exchange of Thailand B.E. 2546 (A.D. 2003)**

**Information Memorandum in respect of the Connected Transactions and Disposition of the Bank's Assets**

The Board of Directors meeting of the CIMB Thai Bank Public Company Limited ("**CIMB Thai**" or the "**Bank**") No. 3/2011 held on 16 March 2011 has approved the sale of CIMB Thai's 49,999,993 ordinary shares held in CIMB Securities (Thailand) Co., Ltd. ("**CIMBS**"), at par value of Baht 10 each, representing 99.99% of the registered capital of CIMBS, for a total cash consideration of Baht 510,337,881.85 to CIMB Securities International Pte Ltd ("**CIMBSI**"), a wholly-owned subsidiary of CIMB Group Sdn Bhd ("**CIMB Group**") (the "**Sale of CIMBS**")

The aforementioned transaction is considered as a connected transaction as prescribed in the Notification of the Capital Market Supervisory Board Toror 21/2551 re: Related Parties Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) as well as the amendments thereof ("**Notification of Connected Transactions**"), since the size of the transaction of the Sale of CIMBS is 4.48%, which is more than 3% of the net tangible assets ("**NTA**") of the Bank and its subsidiaries, based on the audited consolidated financial statements as at 31 December 2010, which amounts to THB 11,401.89 million.

There are also other connected transactions previously approved by the Board that have taken place in the past six months, including (1) the provision of Insourcing Services to Sathorn Asset Management Co., Ltd. ("**STAMC**") valued at THB 7 million; and (2) the provision of Insourcing Services to CIMB-Principal Asset Management Co., Ltd at THB 1.65 million. The aggregate size of these connected transactions computed according to the Notification of Connected Transactions is 4.55% of the NTA of the Bank and its subsidiaries, based on the audited consolidated financial statements as at 31 December 2010 (inclusive of the Sale of CIMBS and the transactions (1) and (2) above).

As such, the Sale of CIMBS shall be proposed for approval by the Bank's shareholders in a shareholders' meeting by a vote of not less than three quarters of the votes of all shareholders who are present at the meeting and who are entitled to vote. As CIMB Bank Berhad ("**CIMB Bank**") is an interested shareholder, CIMB Bank shall abstain from voting on this agenda item at the AGM No.17 to be held on 20 April 2011.

In addition, the aforementioned transaction is considered a disposition of the Bank's asset in accordance with the Notification of the Capital Market Supervisory Board No. Tor Jor. 20/2551 re: Rules for Significant Transactions Constituting an Acquisition or Disposal of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosure and Procedures of Acquisition and Disposition of Assets of Listed Companies B.E. 2547 (2004) ("**Notification of Acquisitions and Disposal Transactions**"); and based on the maximum criteria of net asset value, the value of the transaction is 4.21%, which is lower than 15%. As such, disclosure of the transaction and the approval from a shareholders' meeting are not required pursuant to the Notification of Acquisition and Disposal Transactions.

In this regard, the Bank would like to further disclose the details of the connected transaction, which requires shareholders' approval as follows:

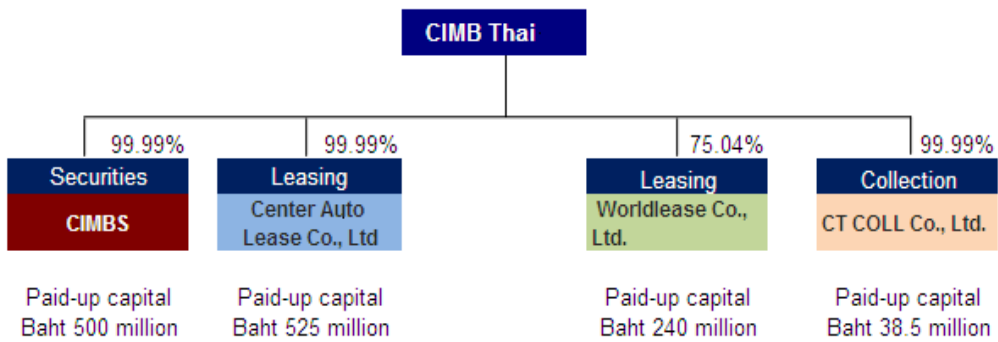
**1. Date of Transaction:**

To occur after the Annual General Meeting of Shareholders No.17, to be held on 20 April 2011 and other approvals relevant to this transaction being obtained, if required.

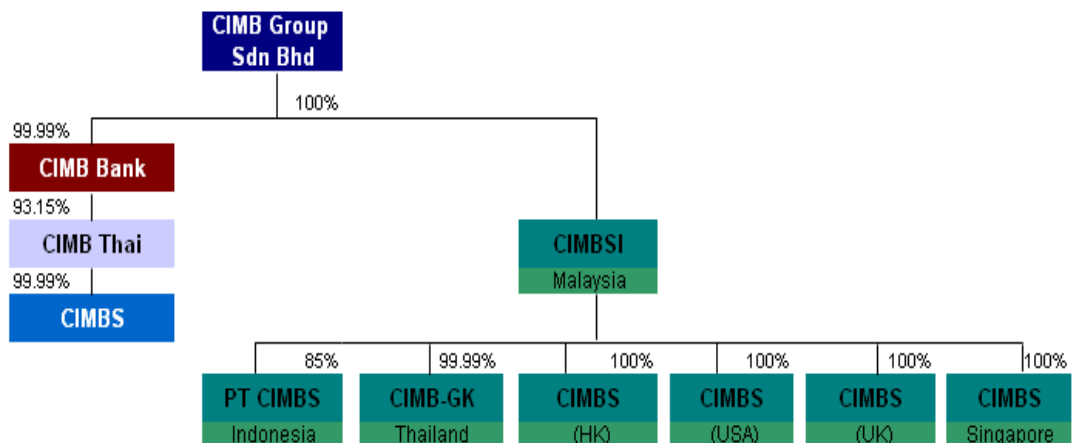
**2. Connected persons and nature of relationship:**

- Parties concerned
  - Seller : The Bank
  - Purchaser : CIMBSI
  
- Relationship between the concerned parties
  - CIMB Bank Berhad (“**CIMB Bank**”) is a major shareholder of the Bank, holding 93.15% of the Bank’s total issued and paid-up capital;
  - CIMB Group is a 99.99% shareholder of CIMB Bank and 100.00% shareholder of CIMBSI; and
  - As such, CIMB Group is the ultimate major shareholder of CIMB Thai, CIMB Bank, CIMBSI and CIMBS

**The Corporate Structure of CIMB Thai**



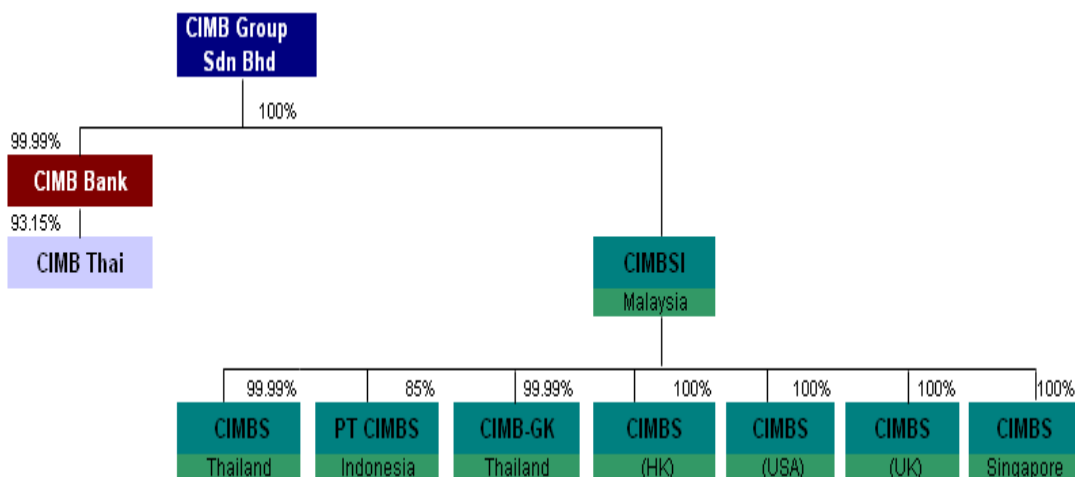
**Shareholder Structure of CIMBS (Before the Transaction)**



Note: CIMBSI - CIMB Securities International Pte Ltd (Formerly known as CIMB-GK Pte Ltd)  
 PT CIMBS - PT CIMB Securities Indonesia  
 CIMB-GK - CIMB-GK Securities (Thailand) Ltd

CIMBS (HK) - CIMB Securities (HK) Ltd  
 CIMBS (USA) - CIMB Securities (USA) INC  
 CIMBS (UK) - CIMB Securities (UK) Ltd  
 CIMBS (Singapore) - CIMB Securities (Singapore) Pte Ltd (Formerly known as CIMB-GK Securities Pte Ltd)

### Shareholder Structure of CIMBS (After the Transaction)



### 3. Characteristics of Transaction:

The Board of Directors meeting of the CIMB Thai No. 3/2011 held on 16 March 2011 has approved the sale of CIMB Thai's 49,999,993 ordinary shares held in CIMBSI, at a par value of Baht 10 each, representing 99.99% of the registered capital of CIMBSI, for a total cash consideration of Baht 510,337,881.85 to CIMBSI.

Post-Sale of CIMBS, CIMB Thai and its subsidiaries do not intend to undertake any securities brokerage-related businesses, with the exception of corporate finance advisory services, which is proposed to be undertaken at the Bank upon CIMB Thai having obtained the necessary licences / approvals from the Office of the Securities and Exchange Commission of Thailand ("SEC"), Bank of Thailand ("BOT") and other regulators (if required).

With the Sale of CIMBS:

- (1) CIMB Thai will realise a gain on sale of THB 50.6 million (based on cost of investment as at 31 December 2010), which will also increase its BIS ratio;
- (2) CIMB Thai shall be able to allocate and refocus resources to its existing core businesses. In light of recent changes in regulatory requirements, CIMBS may require additional capital to support its growth plans as well as to enhance its competitiveness in view of the anticipated industry liberalisation in 2012; and
- (3) The Bank shall be able to realise synergies between CIMB Thai and the corporate finance advisory business

The Sale of CIMBS is a transaction between the Bank and the connected persons of the Bank (as CIMBSI is 100% owned by CIMB Group and CIMB Group is also a 99.99% shareholder of CIMB Bank, which in turn holds 93.15% of the shares of the Bank) where the transaction size represents 4.48% which is more than 3% of the net tangible assets ("NTA") of the Bank and its subsidiaries, based on the audited financial statements as at 31 December 2010, which amounts to Baht 11,401.89 million.

There are also other connected transactions previously approved by the CIMB Thai Board of Directors that have taken place in the past six months, including (1) the provision of Insourcing Services to Sathorn Asset Management Co., Ltd. valued at Baht 7 million; and 2) the provision of Insourcing Services to CIMB-Principal Asset Management at Baht 1.65 million. The aggregate size of these connected transactions computed according to the Notification of Connected Transactions is 4.55% of the NTA of the Bank and its subsidiaries, based on the audited financial statements as at 31 December 2010 (inclusive of the Sale of CIMBS and the transactions (1) and (2) above).

As such, the Sale of CIMBS shall be proposed for approval by the Bank's shareholders in a shareholders meeting by a vote of not less than three quarters of the votes of all shareholders who are present at the meeting and who are entitled to vote. As CIMB Bank is an interested shareholder, CIMB Bank shall abstain from voting on this agenda item at the Annual General Meeting of Shareholders No.17 to be held on 20 April 2011.

In addition, the aforementioned transaction is considered a disposition of the Bank's asset in accordance with the Notification of Acquisition or Disposal Transactions; and based on the maximum criteria of net asset value, the value of the transaction is 4.21%, which does not exceed 15%. As such disclosure of the transaction and approval from a shareholders' meeting are not required pursuant to the Notification of Acquisition or Disposal Transactions.

#### 4. Background information:

Name of company	: CIMB Securities (Thailand) Co., Ltd.
Nature of business	: Offers a wide range of professional securities services including financial advisor service for institutional and individual clients our services are as follows: <ul style="list-style-type: none"> <li>• Securities Brokerage</li> <li>• Securities Dealing</li> <li>• Investment Advisory</li> <li>• Securities Underwriting</li> <li>• Derivatives Agent</li> <li>• Financial Advisory</li> <li>• Selling Agent of Unit Trust</li> </ul>
Registered capital	: Baht 500 million (Par @ Baht 10)
Paid-up capital	: Baht 500 million (Par @ Baht 10)
Profit / (Loss) after tax	: For the financial year ended <ul style="list-style-type: none"> <li>2006 : Baht (487.9) million</li> <li>2007 : Baht (246.5) million</li> <li>2008 : Baht 38.8 million</li> <li>2009 : Baht (13.7) million</li> <li>2010 : Baht 1.26 million</li> </ul>
Revenue	: For the financial year ended <ul style="list-style-type: none"> <li>2006 : Baht (150.7) million</li> <li>2007 : Baht 0.6 million</li> <li>2008 : Baht 238.5 million</li> <li>2009 : Baht 206.7 million</li> <li>2010 : Baht 351.5 million</li> </ul>
Total assets	: Baht 1,174.1 million as at 31 December 2010
Total liabilities	: Baht 688.0 million as at 31 December 2010

Shareholders' equity : Baht 486.0 million as at 31 December 2010  
 Commitments The Company has long-term commitments in the respect of office rental and services and other services. The Company has the rent and services including other services which due after the balance sheet date as follows:

-	Within 1 year	16,878,763	Baht
-	Within 2 - 5 years	4,594,840	Baht
	Total	<u>21,473,603</u>	Baht

As at 31 December 2010, there were outstanding bank guarantees for the amount of Baht 64,000 (2009: Baht 64,000) for the utilities.

Please refer to the Opinion of the Independent Financial Advisor on Connected Transaction for the summary of CIMBS' financial statements for the past 3 years.

**5. Basis used to determine the value of consideration:**

The consideration of THB 510,337,881.85 was determined on a willing buyer-willing seller basis, after taking into consideration the following:

- (1) The audited net book value of CIMBS as at 31 December 2010. Based on the size of the net book value, the disposal consideration represents a price-to-book multiple of 1.05x;
- (2) Price multiples of comparable precedent transactions; and
- (3) Projected cash flow requirement of CIMBS.

**6. The conditions of the transaction:**

The Sale of CIMBS is considered a connected transaction by the Bank, of which the transaction size exceeds the 3% of NTA threshold, and hence is required to be approved by the Bank's shareholders at a shareholders' meeting by a vote of not less than three quarters of the votes of all shareholders who are present at the meeting and entitled to vote. The Sale of CIMBS shall be tabled to the Bank's shareholders in the Annual General Meeting of Shareholders No.17 to be held on 20 April 2011. As CIMB Bank is an interested shareholder, CIMB Bank shall abstain from voting on this agenda at this Annual General Meeting of Shareholders.

**7. Opinions of Board of Directors:**

The Board of Directors (excluding CIMB Bank's representatives on the Board of Directors who had abstained from voting on this matter at the Board of Directors' meeting) has deliberated and concluded that the transaction is in the best interest of the Bank, after taking into consideration the benefits to the Bank.

**8. Opinions of Audit Committee and/or Directors of the Bank that are Different from those of the Board of Directors pursuant to Clause 7 above:**

All opinions are in accordance with the opinion of the Board of Directors.

**9. Directors with special interest:**

Mr. Kenny Kim and Dato' Robert Cheim, representative directors from CIMB Bank, who may be deemed to have interest, had abstained from voting on this agenda at the Board of Directors meeting.

**10. Submission of Invitation to Shareholders:**

The Bank will submit to the SEC and the Stock Exchange of Thailand (“**SET**”) for perusal the invitation letter and other attachments before the invitation is sent to all shareholders. The invitation letter and attachments shall be sent to all shareholders at least 14 days prior to the shareholders' meeting date.

## B) Brief information concerning the Company and its business operation

Company Name : CIMB Thai Bank Public Company Limited  
Registration No. : 0107537002338 (former Bor. Mor. Jor. 480)  
Business Type : Commercial Banking  
Head Office : Langsuan Building 44 Langsuan Road,  
Lumpini, Patumwan, Bangkok 10330  
Telephone : 0-2638-8000, 0-2626-7000  
CIMB Thai Care Center : (66)-2-626-7777 Press 0  
Facsimile : (66)-2-633-9026  
Website: : [www.cimbthai.com](http://www.cimbthai.com)

### 1. Background and key developments

CIMB Thai<sup>1</sup> was established through the amalgamation of the Union Bank of Bangkok Public Company Limited, the 12 state-intervened finance companies<sup>2</sup> and Krungthai Thanakit Finance Public Company Limited<sup>3</sup> pursuant to the governmental order on 14 August 1998, a Cabinet resolution of 27 October 1998 and the notification of the Ministry of Finance, dated 22 December 1998. The consolidated entity subsequently changed its name to “BankThai Public Company Limited”, a new commercial bank established on 21 December 1998. The Financial Institutions Development Fund (the “FIDF”) acquired a major shareholding in the Bank and subsequently, the SET approved the trading of the Bank’s ordinary shares on 30 March 2001 with “BT” designated as its stock trading sign.

Details of the Bank’s major developments are summarised below:

The BOT issued an order to the Union Bank of Bangkok Public Company Limited to reduce its registered capital via a par value reduction from THB 10 per share to THB 0.01 per share, resulting in a decrease of the registered capital from THB 1,800 million to THB 1.8 million. The BOT then ordered Union Bank to increase its registered capital from THB 1.8 million to THB 12,334 million through the issuance of increased ordinary shares totaling 1,233,220 million shares at 0.01 THB per share, all of which were allotted to the FIDF. As a result, the Bank’s registered and paid-up capital was THB 12,334 million with the FIDF holding 100%. With that, the Bank’s capital funds were sufficient to facilitate the consolidation between the Union Bank of Bangkok PCL, the 12 state-intervened finance companies and Krungthai Thanakit Finance and Securities Public Company Limited, into a new commercial bank, with the FIDF being the major shareholder.

Pursuant to the resolution of the Cabinet on 27 October 1998 and the notification of the Ministry of Finance on 22 December 1998, the following steps taken were:

- (i) transfer of all assets and liabilities of 12 finance companies to Krungthai Thanakit Finance Public Company Limited; and
- (ii) transfer of all assets and liabilities of Krungthai Thanakit Finance Public Company Limited to the Union Bank of Bangkok Public Company Limited.

Upon completion of the above processes, Krungthai Thanakit Finance Public Company Limited and the other 12 controlled finance companies surrendered their finance business licenses to the Ministry of Finance. The Union Bank of Bangkok Public Company Limited changed its name on 21 December 1998 to BankThai Public Company Limited.

<sup>1</sup> To registered the name change to CIMB THAI Bank Public Company Limited on 1 May 2009.

<sup>2</sup> Comprises:

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

<sup>3</sup> Previously named Krungthai Thanakit Finance and Securities Public Company Limited

In 1999, the Bank changed the par value of its ordinary shares from THB 0.01 per share to THB 10 per share and increased capital amounting to THB 40,000 million via the issuance of non-cumulative preferred shares, of which can be converted into ordinary shares with the right to receive capital reduction upon conversion into ordinary shares for 4,000 million shares with a par value of THB 10 per share to the FIDF. The allotment was made through a private placement to the FIDF for the entire amount at a price equal to par value, i.e. THB 10 per share. The FIDF paid for 3,706.80 million shares at the price of 10 THB per share, totaling THB 37,068 million. As a result, the Bank's registered capital increased to THB 52,334 million and the issued shares to THB 49,402 million, with the FIDF holding 100%.

Subsequently in 2000, the Bank reduced its registered capital by THB 2,932 million by canceling un-issued preferred shares and then increasing registered capital via the issuance of 260.05 million ordinary shares with a par value of THB 10 per share. The increased capital was allotted through a private placement offering to shareholders of Krungthai Thanakit Finance Public Company Limited at the price of THB 5.6184 per share. The purchase was paid with the ordinary shares of Krungthai Thanakit Finance Public Company Limited. The value of the bank's ordinary shares, as appraised by the Bank, was equal to THB 1.3566 per share, resulting in a share swap ratio of 0.2414478 the Bank's share per 1 share of Krungthai Thanakit Finance Public Company Limited. Upon completion of the share swap, the Bank's registered and paid-up capital stood at THB 52,002.5 million with the FIDF being the major shareholder holding 5,145.3 million shares (1,438.5 million ordinary shares and 3,706.8 million preferred shares), representing 98.94% of total issued shares.

At the end of 2000, the Bank complied with the resolution with regards to the compensation of non-performing assets as approved by the Cabinet on 19 September 2000. The Bank reduced capital via the cancellation of all preferred shares and returned the total preferred share capital of THB 37,068 million to the FIDF, in order to relieve the FIDF's burden and to adjust the amount of capital to an appropriate level. The Bank subsequently recorded the FIDF as a creditor and issued promissory notes to the FIDF, which were to be payable by 1 January 2006. The Bank gradually made partial repayment of THB 15,068 million of the promissory notes in cash, and the remaining THB 22,000 million was mutually agreed by the FIDF and the Bank to be used against the compensation of non-performing asset transactions the Bank recorded as receivables from the FIDF under a gain/loss sharing and yield maintenance agreement. The Bank had fully set off such an amount by the end of 2005.

Additionally, as the FIDF had been the sole absorber of the burden incurred from the Bank's financial difficulties and capital increase in the past, to provide an opportunity for the Bank to compensate the FIDF and to improve the Bank's business status and operations, on 9 May 2001, the Bank issued 10-year warrants to purchase its preferred shares ("**Warrants**"), totaling 3,706.80 million units and maturing on 8 May 2011 to the FIDF, at no cost. The Warrants carried transfer restrictions, and each Warrant may be converted into 1 preferred share of the Bank at THB 10 per share. The Bank increased its registered preferred share capital by 3,706.80 million shares at THB 10 per share as full reserve for the Warrants and registered the same with the Registrar of public limited companies. With that, the Bank's registered capital was equal to THB 52,002.50 million, consisting of 1,493.45 million ordinary shares with a par value of THB 10 per share and 3,706.80 million preferred shares with a par value of THB 10 per share. The Bank's issued shares stood at THB 14,934.50 million with the FIDF being the major shareholder holding 1,438.45 million ordinary shares, or equivalent to 96.32% of the Bank's total ordinary shares.

In 2002, the FIDF decreased its shareholding in the Bank in line with the government's privatisation policy through the disposal of 707 million of the Bank's ordinary shares held by the FIDF to the public. Accordingly, the FIDF's shareholding declined from 96.32% to 48.98% of the Bank's total shares. In terms of the Warrants issued to the FIDF, to prevent any negative impact on the Bank's share price and to limit the FIDF's holding in the Bank's shares to less than 50% of the total issued shares, the Bank's Board of Directors' meeting No. 13/2002, held on 28 August 2002, passed a resolution to cancel the Warrants by buying them back from the FIDF. Subsequently, on 23 September 2002, the Bank entered into a



Warrant buyback option agreement with the FIDF (the “**Agreement**”). The Bank paid a total of THB 300 million to the FIDF for its reacquisition rights.

On 16 February 2007, the Bank’s Board of Directors passed a resolution ratifying the accrual of the Warrants buyback transaction at a total price of THB 1,034.46 million plus interest of THB 111.18 million (a total of THB 1,145.64 million), retrospectively, and effective until 31 December 2006, and the recording of the buyback transaction was made directly against the Bank’s deficit with the corresponding credit of amounts due to FIDF in the 31 December 2006 financial statements.

After obtaining approval from the Extraordinary General Meeting of Shareholders No. 1/2007, held on 30 May 2007, the Bank repurchased and canceled its Warrants by way of a payment to the FIDF of THB 1,162 million (inclusive of interest calculated from 1 January 2007 – 30 May 2007 of THB 16 million), recorded on the balance sheet, and increasing registration via the cancellation of preferred shares and all remaining unsold shares (3,706.8 million shares) on 12 July 2007.

Additionally, in 2007 the Board of Directors’ approved the sale of 556.23 million new ordinary shares to investors, i.e. Newbridge Sukhothai Netherlands B.V (“**Newbridge**”), representing approximately 24.99% of the total paid up shares at the price of THB 4.17 per share, for a total amount of THB 2,319.46 million, and to Blum Strategic III BT Hong Kong Limited, and MSOF Hong Kong BT Limited for a total of 175.23 million shares or 7.90% of the total paid-up capital at the price of THB 4.17 per share, for a total amount of THB 730.69 million. The Annual General Meeting of Shareholders No.13 (2007) approved a whitewash to the abovementioned investors, and approved a capital reduction via the reduction of par value from THB 10 per share to THB 3.75 per share. On 13 November 2008 (the last closing date of the share register book of the Bank), Newbridge Sukhothai Netherlands B.V., Blum Strategic III BT Hong Kong Limited and MSOF Hong Kong BT Limited acquired the shares of the Bank, representing approximately 36.74%, 3.95% and 1.31% of the total paid-up shares, respectively.

On 20 June 2008, the FIDF entered into a share purchase agreement with CIMB Bank. Under the agreement, the FIDF agreed to sell its 2,811.86 million shares in the Bank (equivalent to 42.13% of the total and paid up shares of the Bank) at the price of THB 2.10 per share, totaling of THB 5,904.91 million.

On 5 November 2008, upon receiving the necessary approvals from the BOT, the Ministry of Finance and other regulatory authorities, CIMB Bank completed its purchase of ordinary shares from the FIDF, and as a result, emerged as the largest shareholder of the Bank with a shareholding of 42.13%. On 17 November 2008, the Bank was notified that CIMB Bank will be undertaking a tender offer to purchase all the remaining shares of the Bank it does not own (3,862.83 million shares or 57.87% of the total issued and paid-up shares of the Bank) at the price of THB 2.10 per share, which is equivalent to a total consideration of THB 8,111.95 million. Upon completion of the tender offer on 6 January 2009, CIMB Bank’s shareholding in the Bank had increased to 6,143.54 million shares, representing 92.04% of the total issued and paid-up shares of the Bank

On 3 September 2008, the Extraordinary General Meeting of Shareholders No.2/2008 approved an increase in the registered capital, from THB 25,030.12 million to THB 50,060.25 million by issuing 6,674.70 million new ordinary shares with a par value of THB 3.75 each.

On 20 February 2009, the Extraordinary General Meeting of Shareholder No. 1/2009 had approved to make an amendment on the resolution of Extraordinary General Meeting of Shareholders No. 2/2009 subjected to the previous stipulated offering price not lower than THB 0.66 per share amended to THB 0.38 per shares and approved a capital reduction via the reduction of par value from THB 3.75 per share to THB 0.50 per share. Upon completion of the share offering on 18 March 2009 which was fully subscribed by existing shareholders of the Bank totaling THB 2,536.38 million, CIMB Bank held 12,435.06 of the Bank’s million shares which represents 93.15% of the total shares issued and paid up shares of the Bank, and registered the name change from BankThai Public Company Limited to CIMB THAI

Bank Public Company Limited on 1 May 2009, with “CIMBT” designated as its stock trading sign.

On 29 April 2010, the General Meeting of Shareholders No.16 approved an increase in the registered capital, by THB 1,483.27 million from THB 6,674.70 million to THB 8,157.97 million by issuing 2,966.53 million new ordinary shares with a par value of THB 0.50 each to existing shareholders, in proportion to each shareholding at the ratio of 2 new shares for 9 existing share held, at a price of THB 1.00 per share. Upon completion of the capital increase on 15 October 2010, CIMB Bank currently holds 15,198.42 million shares, equivalent to 93.15 percent of total issued and offered shares of the Bank.

CIMB Group is Malaysia’s second largest financial services provider and one of Southeast Asia’s leading universal banking groups. It has the largest retail network in the region with 1,090 branches, offering full universal banking capabilities in Malaysia, Indonesia, Thailand and Singapore and serving over 11 million customers. With staff strength more than 37,000, the Group reaches 81% of the ASEAN population, representing 89% of ASEAN’s gross domestic product. Present in 13 countries, CIMB Group is also the single largest shareholder of CIMB Thai in Thailand via its 99.99% shareholding in CIMB Bank, and the majority shareholder of CIMB Niaga in Indonesia. CIMB Group is listed on the Main Board of Bursa Malaysia via its parent company, CIMB Group Holdings Berhad

## **2. Type of Business and Business Activities**

The Bank is licensed by the Ministry of Finance and related authorities to engage in commercial banking, which constitutes the primary business of the Bank. In commercial banking, the Bank focuses on innovative and value-added products and services, particularly fee-based products and services such as to cash management, financial advisory and treasury.

The main business areas of the Bank can be summarised as follows:

- (i) Commercial banking: the Bank provides a full suite of commercial banking products and services, such as deposits, loans, discounting, aval/acceptance of bills of exchange, letters of guarantee, foreign exchange trading, letters of credit, tele-banking and ATM services;
- (ii) Insurance: life and non-life insurance brokerage as licensed by Office of Insurance Commission, Ministry of Commerce;
- (iii) Securities businesses and other related businesses as licensed by the SEC and/or Ministry of Finance such as:
  - (a) Financial advisory;
  - (b) Registrar and paying agent services;
  - (c) Debt securities dealing and underwriting;
  - (d) Bondholders’ representative;
  - (e) Brokerage, dealing and underwriting of investment unit trusts;
  - (f) Custodian services;
  - (g) Derivatives dealing;
- (iv) Business consultancy; and
- (v) Asset management.

In all cases, the Bank holds a stake in businesses that contribute, either directly or indirectly, towards promoting its growth.

The Bank's policy remains focused on building synergies between its strategic business units and its subsidiary and associate companies. With this in mind, the Bank intends to retain only those companies with growth potential and which are able to generate good investment returns, as at March 31, 2011, subsidiaries of the bank consist of

- (1) CIMB Securities (Thailand) Co., Ltd\*
- (2) Center Auto Lease Co., Ltd (former known as "BT Leasing Co., Ltd")
- (3) Worldlease Company Limited (former known as "BT Worldlease Co.,Ltd")
- (4) CT COLL Co., Ltd. (former known as "BT Business Consulting Co., Ltd")

(Remark,\* CIMB Securities will propose the sale of all CIMBS shares held by the Bank to CIMBSI for approval from the Annual General Meeting of Shareholders no. 17, which will be held on 20 April 2011.)

The Bank's strengths lie in its well-established and extensive network of domestic branches. As at 31 December 2010, the Bank operated 21 main offices with credit facilities and 149 branches, all of them equipped with foreign exchange facilities. In addition, clients enjoy easy and convenient access to 502 ATM terminals across the country.

**C) List of Management and list of first 10 shareholders as at the date of close of share register book**

**1. Board of Directors**

The Board of Directors of the Bank as at 31 March 2011 is as follows:

	Name	Title
1.	Mr. Chakramon Phasukavanich	Chairman
2.	Dato' Robert Cheim Dau Meng	Vice Chairman
3.	Mr. Sukont Kanjana-Huttakit	Independent Director/Chairman of the Audit Committee
4.	Dato' Shaarani Bin Ibrahim	Independent Director/Member of the Audit Committee
5.	Mrs. Watanan Petersik	Independent Director/Member of the Audit Committee
6.	Mr. Preecha Oonchitti	Director
7.	Mr. Kenny Kim	Director
8.	Mr. Subhak Siwaraksa	President and Chief Executive Officer

*Note: Additional Information relating to Directors*

<i>A. Illegal Record</i>	<i>: None</i>
<i>B. Debt on Bank or subsidiary companies</i>	<i>: None</i>
<i>C. Conflict of Interest</i>	<i>: None</i>

**2. Executive Management**

The Executive Management Committee of the Bank as at 31 March 2011 is as follows:

1.	Mr. Subhak Siwaraksa	President and Chief Executive Officer
2.	Mrs. Duangphorn Sucharittanuwat	Senior Executive Vice President Corporate Banking Group
3.	Mr. Surachai Chitratsenee	Senior Executive Vice President SME Banking Group and
4.	M.L. Nathchanya Davivongse	Senior Executive Vice President Transaction Banking Group
5.	Mr. Ekajai Tivutanond	Senior Executive Vice President Business Support Group
6.	Mr. Narongchai Wongthanavimok	Senior Executive Vice President Strategy & Finance Group
7.	Mr. Wee Kim Peng	Senior Executive Vice President Group Information and Operations Division
8.	Mr. Thanachai Thanachaiary	Senior Executive Vice President Consumer Sales and Distribution Division
9.	Mr. Sutee Losoponkul	Executive Vice President Treasury Group
10.	Mrs. Panute Na Chiangmai	Executive Vice President Risk Management Group
11.	Ms. Ng Wai Yee	Executive Vice President Finance Division
12.	Mrs. Teeraporn Ratanopas	Vice President, Financial Accounting Department

*Note:* 1. "Executive Management" means Executives and directors, chief executive officers, persons in the next four executive levels below the chief executive, or in similar positions, accounting or finance department managers or above, and their associates and relatives.

2. Additional Information relating to the Management Committee:

- |    |                                      |        |
|----|--------------------------------------|--------|
| A. | Illegal Record                       | : None |
| B. | Debt on Bank or subsidiary companies | : None |
| C. | Conflict of Interest                 | : None |

### 3. Shareholders

The top 10 shareholders of the Bank as at 15 February 2011 are as follows:

	Name of shareholders	Number of Shares	% of Total
1.	CIMB BANK BERHAD	15,198,418,595	93.15
2.	SOCIETE GENERALE BANK & TRUST, SINGAPORE BRANCH	647,452,040	3.97
3.	Thai NVDR Co., Ltd.	106,376,077	0.65
4.	Mr. Sombat Panichsheewa	29,938,500	0.18
5.	Mr. Pisit Prukpaiboon	22,163,844	0.14
6.	Mrs. Sujitra Dusitanon	10,874,000	0.07
7.	Mrs. Jaroonluk Panichsheewa	6,300,000	0.04
8.	Mr. Chutiwat Passpachee	6,271,834	0.04
9.	SCBSET Index Fund.	6,090,488	0.04
10.	Mr. Prawit Phansaichue	5,805,200	0.04
	Other shareholders	276,244,178	1.69
Total 5,212 shareholders		16,315,934,756	100.00

*(30 March 2011 shall be the closure date of the Share Registry Book for preparing the list of shareholders. The Bank shall distribute the list of shareholders (as at 30 March 2011) to the all shareholders present at the Annual General Meeting of Shareholders No. 17)*

**D) Related party transactions during the past year and present year until the latest quarter (if any)**

Related party transactions constitute part of the Bank's business activities and are subject to the formal approval process. There is every probability that related party transactions will continue to be an integral part of the Bank's businesses, however, they will continue to be governed by clearly-defined procedures and practices for reviewing and approving such transactions.

In year 2009, the Bank recorded significant business transactions with its subsidiary, associated and affiliated companies (related by way of common shareholders and/or common directors), including related persons (directors or executives from the level of vice president upwards). These transactions have been concluded under commercial terms and based on the mutually agreed upon criteria in the ordinary course of business between the Bank and its subsidiary, associated and affiliated companies. (Details are as disclosed in the Notes to Financial Statements item 32)

Connected Transactions with persons who may have conflicts of interest are as follows:

Name and relationship	Transaction characteristics and value	Conditions of transaction	Necessity and reasonableness with Audit Committee's opinion
CIMB Bank (L) Ltd., a company 99.99% held by CIMB Bank Berhad, which in turn owns 93.15% in the Bank	Issuance and offering of hybrid debt capital instruments which is regarded by the BOT as tier 2 capital (hybrid tier 2 debt capital) amounting to THB 2,500 million	The effective yield rate of the hybrid tier 2 debt capital is determined subject to the prevailing market conditions and under the terms at the time of issuance	The Board of Directors has considered and deliberated the above transaction, and has concluded that the transaction constitutes a major part of the recapitalization of the Bank which is integral to the strengthening of the Bank's current capital position, and for sustainable growth and development both in the short and long run, which was approved in the Extraordinary General Meeting of Shareholders no. 1/2009, held on 20 February 2009.

Loans, deposits, borrowings and other commitments

- 1) Loans, contingent liabilities and deposits associated with businesses in which the Bank and its subsidiary companies, or directors or executives from the level of vice president upwards, hold 10% or more of their paid-up capital were as follows:

(Unit: Million THB)

Company name	Other commitments	Outstanding loans / Investments in receivables	Deposits	Borrowings	% Shareholding	Joint management
<b><u>Parent Company</u></b>						
CIMB Bank Berhad					93.15	-
Interest rate swap contracts						
- Fixed rate payer	1,458					
- Floating rate payer	500					
- Fixed rate payee	500					
- Floating rate payee	1,458					
Rage accrual swap contracts						
- Payer	1,418					
- Payee	1,418					
<b><u>Subsidiary companies</u></b>						
CIMB Securities (Thailand) Co., Ltd. (Formerly known as "BT Securities Co., Ltd.")	-	55	109		99.99	Director with delegated signature authority: Mr. Lee Teck Seng
BT Leasing Co., Ltd.	-	2,260	31		99.99	Directors with delegated signature authority: Mr. Surachai Chitratsenee, Mr. Tada Charukitphaisan
BTAM	-	-	17		99.99	Director with delegated signature authority: Mr. Ekajai Tivutanond
BT Business Consulting Co., Ltd.	-	4	1		99.99	Directors with delegated signature authority: Mr. Chirawut Chaiyawat, Mr. Arnon Limmongkol
BT Insurance Co., Ltd.	-	-	57		99.99	Directors with delegated signature authority: Mr. Preecha Oonchitti, Mr. Ekajai Tivutanond, Mr. Surachai Chitratsenee, Mr. Tada Charukitphaisan

Company name	Other commitments	Outstanding loans / Investments in receivables	Deposits	Borrowings	% Shareholding	Joint management
STAMC	-	-	30		99.99	Directors with delegated signature authority: Mr. Ekajai Tivutanond, Mr. Thaphop Kleesuwan
Krungthai Thanakit Finance Plc.*	-	-	254		99.10	-
BT WorldLease Co., Ltd.	200	528	37		75.04 * The other shareholders are not related persons	Directors with delegated signature authority: Mr. Surachai Chitratsenee, Mr. Tada Charukitpaisarn
<b><u>Associated company</u></b>	3	-	-		-	-
<b><u>Related company</u></b> CIMB Bank (L) Ltd  Cross currency and interest rate - Bought - Sold Other Companies	   2,500 2,363 -	    125	    340	    2,500	    -	    -
<b><u>Related persons</u></b>	-	-	64		-	-

\* Currently undergoing liquidation process

The Bank pays interests on deposits made by related parties at the normal rates applicable to general depositors.

In year 2010, the Bank recorded significant business transactions with its subsidiary, associated and affiliated companies (related by way of common shareholders and/or common directors), including related persons (directors or executives from the level of executive vice president upwards). These transactions have been concluded under commercial terms and based on the mutually agreed upon criteria in the ordinary course of business between the Bank and its subsidiary, associated and affiliated companies. Details are as disclosed in the Notes to Financial Statements item 34 of Financial Statements ended 31 December 2010.

- Connected Transactions with persons who may have conflicts of interest are as follows.

Name and relationship	Transaction characteristics and value	Necessity and reasonableness with Audit Committee's opinion
<p>CIMB Group Sdn Bhd ("CIMB Group") is the indirect major shareholder of the Bank</p>	<p>The Bank develops Cash Management System with CIMB Group. The Bank provides these following services to customers:</p> <ul style="list-style-type: none"> <li>- Payment service such as monthly payment, product and service payment by money transfer and cheque</li> <li>- Collection service such as utility payment and the Bank will pay charges to CIMB Group as follows:               <ol style="list-style-type: none"> <li>1. System maintenance fee for 1 RM (apprx. Baht 10/year)</li> <li>2. Communication link fee between Thailand and Malaysia                   <ol style="list-style-type: none"> <li>2.1 System installation fee of Baht 130,000</li> <li>2.2 Annual service fee of Baht 3,000,000</li> </ol> </li> </ol> </li> </ul> <p>This is a normal supporting business transaction of the Bank whereby CIMB Group will charge system maintenance fee for Baht 10/ year.</p>	<p>After considering possible damage to the Bank, the Board of Directors meeting of the Bank ("the Board of Directors") No. 1/2010 held on 28 January 2010 (excluding CIMB Bank's representatives on the Board of Directors who had abstained from voting on this matter) has approved the principle and concluded that the Bank would not suffer any damage or lose any interest from such transaction as income generated from such transaction is only the Bank's income and the transaction can help decrease hardware and maintenance hardware cost. Also, the transaction is to support the Bank's operations, which is in the best interest of the Bank.</p>
<p>Mutiara Makmur Ventures Sdn Bhd., a company 99.99% held by CIMB Group, which is the indirect major of the Bank)</p>	<p>(1) The Bank sells its entire portion of ordinary shares held in STAMC totaling 2,499,993, representing 99.99% of the registered capital of STAMC to Mutiara Makmur Ventures Sdn Bhd which is a subsidiary of CIMB Group Sdn Bhd and has received a total cash consideration of THB 229,149,954 ("<b>Sale of STAMC</b>").</p> <p>(2) The sale of an identified non-performing loan ("NPL") portfolio of CIMB Thai encompassing Corporate, SME, and Retail secured NPLs with a net book value of THB 3,160,530,190.71 ("NPL Sale Portfolio") as of 31 December 2009 to STAMC. The NPL Sale Portfolio has been reduced as some of the accounts included therein no longer fall under the classification of NPLs under BOT guidelines. As such, the consideration for the NPL Sale Portfolio has been reduced from THB 3,160,530,190.71 to THB 2,908,734,149.84 which is equivalent to the net book value of the remaining NPL accounts as of 31 December 2009.</p>	<p>After considering possible damage to the Bank, the Board (excluding CIMB Bank's representatives on the Board of Directors who had abstained from voting on this matter) deliberated and concluded that the Bank would not suffer any damage or lose any interest from such transaction. This transaction is to support the Bank's operations, which is in the best interest of the Bank, which was approved in the Annual Meeting of Shareholders no. 16/2010, held on 29 April 2010.</p>



Name and relationship	Transaction characteristics and value	Necessity and reasonableness with Audit Committee's opinion
<p>CIMB-Principal Asset Management Berhad (“CPAM”) a company 99.99% held by CIMB Group, which is the indirect major of the Bank)</p>	<p>The Bank sold 24,999,993 ordinary shares it has held in BT Asset Management Co. Ltd. (“BTAM”), representing 99.99% of the registered capital of BTAM to CPAM on 30 June 2010 for the total cash consideration of THB 249,999,930 (“Sale of BTAM”) * (BTAM has registered the name change to CIMB-Principal Asset Management Co., Ltd. on 2 August 2010.)</p>	<p>After considering possible damage to the Bank, the Board (excluding CIMB Bank’s representatives on the Board of Directors who had abstained from voting on this matter) deliberated and concluded that the Bank would not suffer any damage or lose any interest from such transaction. This transaction is to support the Bank’s operations, which is in the best interest of the Bank, which was approved in the Annual Meeting of Shareholders no. 16/2010, held on 29 April 2010.</p>
<p>CIMB Group Sdn Bhd (“CIMB Group”) is the indirect major shareholder of the Bank</p>	<p>The Bank uses the system RRCS (Regional Retail Credit System) and the CRDE (Centralized Retail Decision Engine) Phase I and Phase II of the CIMB Group to provide application processing of retail lending product. The Bank will pay for the use of the system to CIMB Group at the rate of 2 RM per application form. This is a normal business supporting transaction of the Bank.</p>	<p>After considering possible damage to the Bank, the Board of Directors No. 7/2010 held on 27 May 2010 and No. 11/2510 held on 22 September 2010 (excluding CIMB Bank’s representatives on the Board of Directors who had abstained from voting on this matter) has approved the principle and concluded that the Bank would not suffer any damage or lose any interest from such transaction. This transaction is to support the Bank’s operations, which is in the best interest of the Bank.</p>
<p>CIMB Bank Berhad (“CIMB Bank”) is a major shareholder of the Bank, holding 93.15% of the Bank’s total issued and paid-up capital.</p>	<p>The Bank has approved the credit limit i.e. Money Market, Foreign Exchange, Derivative, Structured Swap, Swap, Option, Nostro Account, Stand by L/C, Foreign Bank Guarantee, Bill Exchange Purchase, Bond Trading, Loan, etc., to CIMB Bank Berhad and its related companies (“CIMB group”), with a total credit Limit of Baht 12.60 billion or Baht 1.55 billion calculated by using SLL method. This is a normal business of the Bank. The effective yield rate will be determined subject to the prevailing market conditions and under the terms at the time</p>	<p>After considering possible damage to the Bank, the Board of Directors No. 8/2010 held on 26 June 2010 (excluding CIMB Bank’s representatives on the Board of Directors who had abstained from voting on this matter) has approved the principle and concluded that the Bank would not suffer any damage or lose any interest from such transaction. This transaction is to support the Bank’s operations, which is in the best interest of the Bank</p>

Name and relationship	Transaction characteristics and value	Necessity and reasonableness with Audit Committee's opinion
<p>STAMC, a subsidiary of CIMB Group (post-Sale of STAMC"), which is an indirect major shareholder</p>	<p>The Bank's use of STAMC's service for managing, tracking, and resolving NPL (Outsourcing) of the Bank for five years with the rates of service fees as follows:</p> <p>1) Fees for management of Corporate &amp; SME accounts will be charged at 25% (excluded VAT) of the collection (cash or in kind) of the portfolio</p> <p>2) Fees for management of both Retail Secured and Unsecured accounts will be charged at 30% (excluded VAT) of the collection (cash or in kind) to the principal of the portfolio.</p> <p><i>All fees in item 1 and 2 shall be paid on success basis and shall be subject to annual review.</i></p> <p>3) Fees for litigation services (both civil and criminal)</p> <p>3.1 If the litigation services are provided by STAMC employees, the servicing fee shall be at a rate not less than the rate the Bank shall pay to its third party service providers; or</p> <p>3.2 If the litigation services are performed by others, STAMC shall provide monitoring service for the bank and servicing fee shall be 1,000 baht per case per month.</p> <p>This is a normal business supporting transaction of the Bank with the same terms and conditions of service fee as general commerce.</p>	<p>After considering possible damage to the Bank, the Board of Directors No. 12/2010 held on 2 November 2010 (excluding CIMB Bank's representatives on the Board of Directors who had abstained from voting on this matter) has approved the principle and concluded that the Bank would not suffer any damage or lose any interest from such transaction. This transaction is to support the Bank's operations, which is in the best interest of the Bank</p>
<p>CPAM, a subsidiary of CIMB Group (post-Sale of BTAM), which is an indirect major shareholder</p>	<p>The Bank will provide three types of supporting and other relevant services ("insourcing services") to CIMB-Principal and receive a total cash consideration of approximately 1.65 million Baht (total value under the service agreement of 1-year term).</p> <p>- IT System functions service fee calculation based on:</p> <ol style="list-style-type: none"> <li>1. Depreciation for each system</li> <li>2. Maintenance of related hardware &amp; software</li> <li>3. Internet and Network Link Monthly service fees</li> <li>4. Market prices</li> </ol> <p>- Human resource functions service fee calculation based on THB 200/head/month Slightly higher than market rate of which is charging around THB 150</p> <p>- Office administration functions service fee calculation based on: External charge. This is a normal business supporting transaction of the Bank</p>	<p>After considering possible damage to the Bank, the Board of Directors No.13/2010 held on 24 November 2010 (excluding CIMB Bank's representatives on the Board of Directors who had abstained from voting on this matter) has approved the principle and concluded that the Bank would not suffer any damage or lose any interest from such transaction. This transaction is to support the Bank's operations, which is in the best interest of the Bank, not of CIMB Bank.</p>

Name and relationship	Transaction characteristics and value	Necessity and reasonableness with Audit Committee's opinion
<p>STAMC, a subsidiary of CIMB Group (post-Sale of STAMC<sup>TM</sup>), which is an indirect major shareholder</p>	<p>The Bank will provide the following back office services ("Insourcing Services") to STAMC ("Insourcing") and receive a total cash consideration of approximately 7 million Baht (total value under the Insourcing agreement for the 1-year term). Services provided are as follows:</p> <ul style="list-style-type: none"> <li>- IT System functions service fee Calculation based on the average. cost of each system and man hours to maintain the system</li> <li>- Human resource functions service fee calculation of THB 200/head/month Slightly higher than market rate of which is charging around THB 150</li> <li>- Credit operations service fee calculation based on: <ul style="list-style-type: none"> <li>1. Collateral Registration This is the same rate that bank is charging to its customer.</li> <li>2. Debt Restructuring Agreement based on the man hours to provide the service to STAMC</li> <li>3. Credit Administration i.e. debt collection agent etc .based on the man hours to provide the service to STAMC</li> </ul> </li> <li>- Accounting and finance service fee calculation based on the man hours to provide the service to STAMC This is a normal business supporting transaction of the Bank.</li> </ul>	<p>After considering possible damage to the Bank, the Board of Directors No.13/2010 held on 24 November 2010 (excluding CIMB Bank's representatives on the Board of Directors who had abstained from voting on this matter) has approved the principle and concluded that the Bank would not suffer any damage or lose any interest from such transaction. This transaction is to support the Bank's operations, which is in the best interest of the Bank.</p>
<p>CIMB Bank, a major shareholder of the Bank, holding 93.15% of the Bank's total issued and paid-up capital.</p>	<p>The Bank uses the ALM (Asset Liability Management) system to control risks according to the Basel II Pillar 2 of the Bank of Thailand. The Bank will pay Baht 0.8 million per year for the use of system to CIMB Bank for three years. This is a normal business supporting transaction of the Bank.</p>	<p>After considering possible damage to the Bank, the Board of Directors No.14/2010 held on 16 December 2010 (excluding CIMB Bank's representatives on the Board of Directors who had abstained from voting on this matter) has approved the principle and concluded that the Bank would not suffer any damage or lose any interest from such transaction. The rate the Bank pays to CIMB Group is relatively low compared with investments in this project. Furthermore, this transaction is to support the Bank's operations, which is in the best interest of the Bank, not of CIMB Bank</p>

Name and relationship	Transaction characteristics and value	Necessity and reasonableness with Audit Committee's opinion
CIMB Group, an indirect major shareholder of the Bank	The Bank uses CIMB Clicks system of CIMB Group in the CIMB Clicks project (Thailand), which provides financial transaction services to customers via the internet banking system. The Bank will pay for the use of the system to CIMB Group at the rate of RM 12.97 or about 129.70 Baht per user. This is a normal business supporting transaction of the Bank.	After considering possible damage to the Bank, the Board of Directors No.14/2010 held on 16 December 2010 (excluding CIMB Bank's representatives on the Board of Directors who had abstained from voting on this matter) ) has approved the principle and concluded that the Bank would not suffer any damage or lose any interest from such transaction. The service rate which the Bank paid to the company developing the system was relatively low due to discounts from price negotiation of CIMB Group. Furthermore, this transaction is to support the Bank's operations, which is in the best interest of the Bank, not of CIMB Bank
CIMB Bank, a major shareholder of the Bank, holding 93.15% of the Bank's total issued and paid-up capital.	CIMB Bank allowed the Bank to use Team Audit Management Software free of charge. This is a normal business supporting transaction of the Bank.	After considering possible damage to the Bank, the Board of Directors No.14/2010 held on 16 December 2010 (excluding CIMB Bank's representatives on the Board of Directors who had abstained from voting on this matter) has approved the principle and concluded that the Bank would not suffer any damage or lose any interest from such transaction. Furthermore, this transaction is to support the Bank's operations, which is in the best interest of the Bank.
CIMB Group, an indirect major shareholder of the Bank	CIMB Group will develop the 1Platform project to set up a Core Banking system in four countries (Malaysia, Singapore, Indonesia, and Thailand) to set standard operating procedures for regional deposit and loan products. System development expenses will be mostly borne by CIMB Group and the Bank will pay service fees at the actual utilization rate of about 2.18 billion Baht. Such fees are under consideration which must be estimated based on the transaction information of the Bank and CIMB Group and are expected to be concluded by April 2011.	After considering possible damage to the Bank, the Board of Directors No.14/2010 held on 16 December 2010 (excluding CIMB Bank's representatives on the Board of Directors who had abstained from voting on this matter) has approved the principle and concluded that the Bank would not suffer any damage or lose any interest from such transaction as system development expenses will be mostly borne by CIMB Group and such expenses will be charged back later on according to the actual utilization and periods earlier agreed on a cost recovery basis. Furthermore, this transaction is to support the Bank's operations, which is in the best interest of the Bank, not of CIMB Group.

- Loans, deposits, borrowings and other commitments

- 1) Loans, contingent liabilities and deposits associated with businesses in which the Bank and its subsidiary companies, or directors or executives from the level of executive vice president upwards, hold 10% or more of their paid-up capital were as follows:

(Unit: Million THB)

Company name	31 December 2010			Borrowings	% shares held by the Bank	Joint management
	Contingent liabilities	Outstanding loans / Investments in receivables	Deposits			
<b><u>Parent Company</u></b>						
CIMB Bank Berhad					93.15	-
Interest rate swap contracts						
- Fixed rate payer	7,686					
- Floating rate payer	5,168					
- Fixed rate payee	2,815					
- Floating rate payee	10,039					
Rage accrual swap contracts						
- Payer	391					
- Payee	385					
<b><u>Subsidiary companies</u></b>						
CIMB Securities (Thailand) Co., Ltd (Formerly known as "BT Securities Co., Ltd")	-	125	76		99.99	Director with delegated signature authority: Mr. Lee Teck Seng
BT Leasing Co., Ltd.	-	3,763	31		99.99	Directors with delegated signature authority: Mr. Surachai Chitratsenee, Mr. Tada Charukitphaisan
CT COLL Co.,Ltd (Formerly known as "BT Business Consulting Co.,Ltd")	-		2		99.99	Directors with delegated signature authority: Mr. Ekajai Tivutanond, Mr. Songwud Buakhem Mr. Surin Pakavaleetorn
Krungthai Thanakit Finance Plc.*	-	-	256		99.10	-
Worldlease Co., Ltd (Formerly known as "BT World Lease Co.,Ltd")	270	790	28		75.04	Directors with delegated signature authority: Mr. Surachai Chitratsenee, Mr. Tada Charukitphaisan

Company name	31 December 2010			Borrowings	% shares held by the Bank	Joint management
	Contingent liabilities	Outstanding loans / Investments in receivables	Deposits			
<u>Related company</u> CIMB Bank (L) Ltd  Cross currency and interest rate -Bought 2,500 -Sold 2,135				2,500		-
<u>Other Companies</u>	-	123	604		-	-
<u>Related persons</u> The Bank's executives	-	-	28	-	-	-

\* Currently undergoing liquidation process

The Bank pays interests on deposits made by related parties at the normal rates applicable to general depositors.

E) **Summary of financial statements during the past 3 years and the present year until the latest quarter, as well as the explanation and analysis of financial condition and operating result in the past year and the present year until the latest quarter**

Summary of Financial Statement and Ratio of CIMB Thai Bank Ltd. (PCL) for the year ended 31 December 2010, 2009 and 2008

(Unit : THB million)	2010	2009(Restated)	2008
<b>Financial Position</b>			
<b>Total Assets</b>	<b>139,210.18</b>	<b>125,580.95</b>	<b>212,719.74</b>
Interbank and money market items	14,836.15	14,809.06	43,000.97
Investment - net	22,720.60	21,628.14	46,228.49
Loans and accrued interest receivables - net	89,906.38	77,131.96	82,610.24
Cash and other assets	11,747.05	12,011.79	40,880.04
<b>Total Liabilities</b>	<b>127,515.96</b>	<b>117,957.49</b>	<b>207,684.87</b>
Deposits	94,547.48	88,424.24	160,005.58
Interbank and money market items	5,678.83	9,872.93	9,985.68
Borrowings	20,292.44	15,096.63	6,598.14
Other liabilities	6,997.21	4,563.69	31,095.47
<b>Shareholders' equity</b>	<b>11,694.22</b>	<b>7,623.46</b>	<b>5,034.87</b>
Issued and paid-up share capital	8,157.97	6,674.70	25,030.13
Share premium (discount)	1,483.27	-	(10,606.99)
Retained earnings and other reserves	2,052.98	948.76	(9,388.27)
<b>Operating results</b>			
Interest and dividend income	5,960.47	7,390.83	10,974.93
Interest expenses	(1,583.55)	(2,986.48)	(5,424.82)
<b>Net Interest and dividend income</b>	<b>4,376.92</b>	<b>4,404.35</b>	<b>5,550.11</b>
Bad debt and doubtful accounts	(775.00)	(1,145.00)	(2,196.00)
Non-interest income	1,947.75	1,461.53	(1,011.45)
Non-interest expenses	(4,547.19)	(4,652.17)	(5,129.80)
<b>Net income (loss) for the periods before tax</b>	<b>1,002.48</b>	<b>68.71</b>	<b>(2,787.14)</b>
Corporate income tax	-	-	-
<b>Net income (loss) for the periods</b>	<b>1,002.48</b>	<b>68.71</b>	<b>(2,787.14)</b>
<b>Earning (Loss) per share</b>	<b>0.07</b>	<b>0.01</b>	<b>(0.43)</b>
<b>Financial Ratios</b>			
Net Interest Margin (%)	3.7	3.2	3.4
Return on Equity (%)	11.2	1.1	(86.4)
Return on Assets (%)	0.8	0.0	(1.3)
Capital Fund per Risk Assets (%)	14.69	11.99	5.80
1st Tier Capital Funds per Risk Assets (%)	9.04	6.00	3.57

Summary of Financial Statement and Ratio of CIMB Thai Bank Ltd. (PCL) and subsidiaries for the year ended 31 December 2010, 2009 and 2008.

(Unit : THB million)	2010	2009(Restated)	2008
<b>Financial Position</b>			
<b>Total Assets</b>	<b>140,476.82</b>	<b>127,019.52</b>	<b>214,051.03</b>
Interbank and money market items	15,242.13	15,369.55	43,367.15
Investment - net	21,631.56	20,714.60	45,520.19
Loans and accrued interest receivables - net	91,386.84	78,298.63	83,656.89
Cash and other assets	12,216.29	12,636.74	41,506.80
<b>Total Liabilities</b>	<b>128,540.99</b>	<b>119,075.39</b>	<b>208,915.80</b>
Deposits	94,663.62	88,398.76	159,777.02
Interbank and money market items	5,867.24	9,947.38	10,249.75
Borrowings	20,392.78	15,192.20	7,069.13
Other liabilities	7,617.35	5,537.05	31,819.90
<b>Shareholders' equity</b>	<b>11,935.83</b>	<b>7,944.13</b>	<b>5,135.23</b>
Issued and paid-up share capital	8,157.97	6,674.70	25,030.13
Share premium (discount)	1,483.27	-	(10,606.99)
Retained earnings and other reserves	2,212.32	1,199.07	(8,895.24)
Treasury stocks	-	-	(460.38)
Minority interest	82.27	70.36	67.71
<b>Operating results</b>			
Interest and dividend income	6,451.66	7,640.18	11,366.85
Interest expenses	(1,597.29)	(2,999.05)	(5,484.23)
<b>Net Interest and dividend income</b>	<b>4,854.37</b>	<b>4,641.13</b>	<b>5,882.62</b>
Bad debt and doubtful accounts	(800.49)	(1,168.16)	(2,315.36)
Non-interest income	1,930.84	1,621.24	650.61
Non-interest expenses	(5,274.31)	(5,218.73)	(6,141.54)
<b>Net income (loss) for the periods before tax</b>	<b>710.41</b>	<b>(124.52)</b>	<b>(1,923.67)</b>
Corporate income tax	(23.52)	(3.16)	(59.96)
Profit after tax of discontinued operations	153.90	132.00	-
<b>Net income (loss) for the periods</b>	<b>840.79</b>	<b>4.32</b>	<b>(1,983.63)</b>
<b>Net income (loss) Equity holders of the Bank</b>	<b>828.85</b>	<b>1.67</b>	<b>(1,989.80)</b>
<b>Earning (Loss) per share</b>	<b>0.06</b>	<b>0.00</b>	<b>(0.31)</b>
<b>Financial Ratios</b>			
Net Interest Margin (%)	4.1	3.3	3.5
Return on Equity (%)	8.9	0.0	(68.1)
Return on Assets (%)	0.7	0.0	(1.0)
Capital Fund per Risk Assets (%)	14.94	11.87	7.19
1st Tier Capital Funds per Risk Assets (%)	9.26	5.94	4.47



## **ANALYSIS OF FINANCIAL STANDING AND OPERATING PERFORMANCE**

### **1. Performance Results**

#### **Consolidated operating results**

For the financial year ended 31 December 2010, the Bank and its subsidiaries ("CIMB Thai Group") reported a net profit of THB 828.8 million, up THB 827.1 million from a net profit of THB 1.7 million in 2009. The notable improvement was mainly derived from improved total income whilst operating expenses remained flat in the current year. In addition, Loan Loss Provisioning was lower by THB 367.7 million, or 31.5%, which helped boosted the net profit.

Strategies in rightsizing the deposit book as well as managing our deposit costs helped improve our NIM further. In 2010, average NIM was 4.1%. Deposits increased by 7.1% or THB 6.3 billion to THB 94.7 billion in 2010 compared to THB 88.4 billion in 2009. CIMB Thai Group consolidated gross loan for 2010 stood at THB 93.8 billion, an increase of 9.1% (if Sathorn Asset Management Co., Ltd (STAMC) is included, gross loan increased 13.5%). The notable loan growth largely arose from SME and retail portfolio expansion. Deposits and Bill of Exchanges, meanwhile, stood at THB 108.5 billion, up 11.4% from THB 97.4 billion at the end of 2009. Given the aforementioned development in loans and deposits, the loan to deposit ratio (including Bill of Exchanges) improved and registered at 86.0%.

#### **(A) A summary of CIMB Thai Group's income**

In 2010, CIMB Thai Group's total income increased Y-o-Y by THB 522.8 million, or 8.3%, from THB 6.3 billion to THB 6.8 billion. The higher income was attributed to both the improvement in net interest income and non-interest income. For the current year, net interest income increased by THB 213.2 million, or 4.6%, largely underlined by loan expansion as well as lower interest expenses. In addition, loan loss provisioning was lowered by THB 367.7 million, or 31.5%.

CIMB Thai Group's Non-interest income increased by THB 309.6 million, or 19.1%, was largely attributed to the gain from derivatives trading, redemption of the structured deposits, one-off gains from the disposal of the Sathorn building and three subsidiaries – namely, BT Asset Management Co., Ltd, BT Insurance Co., Ltd., and Sathorn Asset Management Co., Ltd (STAMC), - as well as the divestment of minority interests in Worldclass Rent a Car Co., Ltd.

#### **(B) Cost of Funds and Operating Expenses**

CIMB Thai Group's interest expenses for 2010 was THB 1.6 billion, a decline of THB 1.4 billion or 46.7% from 2009. This substantial drop in interest expense was mainly due to the rightsizing of the deposit book as well as managing our deposit costs.

On a Y-o-Y basis, operating expenses were marginally higher by THB 55.6 million, or 1.1%, mainly due to the increased personnel costs and marketing expenses. These were however offset by lower Deposits Protection Agency expenses and off balance sheet provisioning in the current year. The cost to income ratio improved to 77.7% in 2010 compared to 83.3% (after restatement of discontinued operations for 2009), boosted by the organisational restructuring and alignment, which resulted in improved operating efficiency

#### **(C) Net Profit / (Loss)**

CIMB Thai Group's net profit for 2010 was THB 828.8 million compared to THB 1.7 million last year. The increase in the net profit was largely due to rightsizing the deposit book as this lowered the funding costs and helped improve our NIM further, lower loan loss provisioning

from a better and more streamlined collection process and higher non interest income from the one-off gain from the disposal of Sathorn building and disposal of subsidiaries and associated company.

#### **(D) Return on Equity**

For the 2010, CIMB Thai Group showed a return on equity of 8.9% compared to 0.02% in 2009. For the Bank only figures, the return on equity was 11.2% compared to 1.0% for 2009. The ratio reflected the turnaround of the Bank in 2010.

## **2. CIMB Thai Bank Group's financial position**

### **Assets**

CIMB Thai Group's primary assets consist of loans, investments, interbank and money market items. As at 31 December 2010, CIMB Thai Group had total assets of THB 140.5 billion showing an increase of THB 13.5 billion or 10.6% as compared to 2009. A net loan outstanding was THB 91.4 billion, an increase of THB 13.1 billion or 16.7%. Net Investments were at THB 21.6 billion, an increase of THB 0.9 billion or 4.4% from 2009. The cash balances and interbank and money market items were THB 2.7 billion and THB 15.2 billion respectively, a drop of THB 77.3 million or 2.7% and THB 127.4 million or 0.8% respectively.

### **Asset Quality**

#### **(A) Loans and loan concentration**

As at 31 December 2010, CIMB Thai Group's net outstanding loans was THB 91.4 billion showing an increase of THB 13.1 billion or 16.7% compared to THB 78.3 billion at the end of 2009. Loans were mainly extended to the retail consumer sector and manufacturing sector. These two sectors made up 55.3% of total loans as at 31 December 2010. Loans granted to the retail consumer sector amounted to THB 28.3 billion or 30.1% of total loans representing an increase of THB 5.6 billion or 24.4% from the end of last year, while loans granted to manufacturing sector totalled THB 23.6 billion or 25.1% of total loans representing an increase of THB 1.2 billion or 5.2% from the end of last year. The remaining loan disbursements were made to the commercial, real estate and construction, public utilities and service sectors.

To avoid concentration risk in any particular industry, the Bank continued to diversify the proportion of loans granted to various business sectors, which was in compliance with its credit policy to extend loans to clients of vital business sectors with good growth potential and clients from all categories of large, medium, small and retail sectors. Lending continued to focus on clients who are manufacturers in high-potential sectors and on the valued retail client portfolio.

#### **(B) Classification of assets**

As at 31 December 2010, the CIMB Thai Group's gross loans (including accrued interest receivables, but excluding loans to financial institutions) stood at THB 94.0 billion whereas allowance for bad and doubtful debts was THB 2.6 billion. For the Bank only basis, the ratio of non-performing loans to total loans (including money market and Repo) was at 2.7% while the loan loss coverage was 88.4% of NPL as compared to 9.6% and 46.5% as at 31 December 2009 respectively.

On the CIMB Thai Group consolidated basis, the non-performing loans to total loans ratio (including money market and Repo) was 2.7%, with loan loss coverage of 91.4% of NPLs compared to 12.8% and 62.2% as at 31 December 2009 respectively, showing significant improvements as a result of our strategic initiative..

The Bank has closely monitored the status of each loan by maintaining a database of loans with outstanding balances ageing by segregating loan balances into 4 categories, namely, (1) 1-3 months past due, (2) 3-6 months past due, (3) 6-12 months past due and (4) over 12 months past due which is in line with loan classification rules prescribed by the Bank of Thailand. Based on such information, the Bank reviews repayment records together with account history for debt reclassification, the collection process and forecasting trends for non-performing loans.

### **(C) Non-performing loans (substandard loans)**

As at 31 December 2010, CIMB Thai Group's non-performing loans (before allowance for doubtful debts) amounted to THB 2.9 billion or 2.7% of the loan portfolio outstanding. As at 31 December 2009, the non-performing loans were to THB 12.8 billion or 12.8%. Such loan classification was made in accordance with BOT's regulations dated 3 September 2008 which classifies non-performing loans into substandard, doubtful and doubtful of loss.

### **(D) Criteria for income recognition**

Revenue is recognised on accrual basis based on the outstanding principal amount. With respect to defaulted loans where the last payment of principal or interest was more than three months overdue, interest accrual will no longer be recognised while already-accrued interest during the past three months will be reversed. This interest reversal is made in compliance to the BOT's directives. Any subsequent interest received after this period will be recognised on a cash basis.

The interest income on restructured loans is recognised on an accrual basis except for loans that have yet to comply with the restructuring agreement. In this respect, the interest is recorded as income on a cash basis until the borrower is able to comply with the restructuring conditions for at least three consecutive months or at least by three consecutive instalments, whichever is longer.

The interest on investments is recognised on accrual basis based on the effective rate. The dividend from securities is recognised when the right to receive the dividends is established.

The gain or loss on sale of investment is recognised as income or expense on the transaction date.

### **Liabilities and Shareholders' Equity**

As at 31 December 2010, CIMB Thai Group had total liabilities of THB 128.5 billion representing an increase of THB 9.5 billion or 7.9% from 2009. The major component contributing to the increase was the total deposits increased by THB 6.3 billion or 7.1% to THB 94.7 billion, while borrowings increased by THB 5.2 billion or 34.2% to THB 20.4 billion mainly from the short term borrowings and offset by the drop in Interbank and money market liabilities by THB 4.1 billion or 41.0%.

As at 31 December 2010, shareholders' equity stood at THB 11.9 billion representing an increase of THB 4.0 billion or 50.2% compared to December 2009.

The Bank's Board of Directors also approved the appropriation of THB 100.0 million out of the Bank's net profit for the year of THB 1.0 billion into statutory reserve and to carry forward the remaining net profit into retained earnings as well as no declaration of dividends for the

year ended 31 December 2010. The decision to appropriate net profit to statutory reserve and retained earnings were made to accommodate our sustaining growth momentum and ensuring of adequate capital going forward.

## Liquidity

The cash and cash-equivalent items, as indicated in the cash flow statement of the Bank and its subsidiaries at the 31 December 2010, were THB 2.7 billion, showing a decrease of THB 77.3 million from 2009. Details of the changes are as follows:

The cash and cash-equivalent items, as indicated in the cash flow statement of the Bank and its subsidiaries at the 31 December 2010, were THB 2.7 billion, showing a decrease of THB 77.3 million from 2009. Details of the changes are as follows:

Net cash used in operations in 2010 was THB 8.5 billion. The losses from operations before changes in operating assets and liabilities were THB 6.3 billion including THB 0.9 billion being the net profits for the year while the remaining deficit of THB 7.2 billion resulted from adjustments of non-cash items to net profit, mainly from interest and dividend income and reversal of allowance for doubtful debts from the disposal of subsidiary, offset by bad debts and doubtful accounts and interest expenses. Operating assets for the year increased by THB 10.2 billion due to the increase in loans, offset by decrease in properties foreclosed, interbank and money market items (asset) and investments held for trading. Meanwhile, operating liabilities increased by THB 3.5 billion resulting from the increased in deposits and offset by decrease in interbank and money market items (liabilities).

Net cash from investing activities was THB 0.4 billion mainly due to the disposal of investment in subsidiaries and associates coupled with the disposal of premises and equipments, offset by increased net investment for securities held to maturity and available for sale. The net cash from financing activities was THB 8.0 billion mainly resulted from increased short-term borrowings and cash received from capital increase.

## Relationships between Sources and Uses of funds

Two major sources of funds for the Bank were deposits and borrowings while the uses of funds covered the extension of loans. As at 31 December 2010, the Bank had deposits, borrowings and loans classified by maturities as follows:

Maturities	Credits <sup>a/</sup>		Deposits <sup>a/</sup>		Borrowings <sup>a/</sup>	
	Amount	%	Amount	%	Amount	%
Payable on demand	3.6	3.9	34.0	35.1	1.0	4.3
Up to one year	35.5	38.5	61.7	63.9	17.5	73.7
Over one year	53.1	57.6	1.0	1.0	5.2	22.0
<b>Total</b>	<b>92.2</b>	<b>100.0</b>	<b>96.7</b>	<b>100.0</b>	<b>23.7</b>	<b>100.0</b>

<sup>a/</sup> Including interbank and money market items.

The Bank derived its funds from customer deposits which can be categorised as follows:

Categories of Deposit	(THB : billion)					
	2010		2009		2008	
	Amount	%	Amount	%	Amount	%
Current and savings deposits	27.5	28.4	25.1	27.9	24.0	14.2
Fixed deposits	62.7	64.9	65.0	72.1	144.9	85.8
Other deposits	6.5	6.7	-	-	-	-
<b>Total</b>	<b>96.7</b>	<b>100.0</b>	<b>90.1</b>	<b>100.0</b>	<b>168.9</b>	<b>100.0</b>

## Ratios

### Capital funds and Capital adequacy ratio

On 29 April 2010, the General Meeting of Shareholders No.16 approved an increase in the registered capital from THB 6.7 billion to THB 8.2 billion by issuing 2.9 billion new ordinary shares with a par value of THB 0.50 each to existing shareholders at a price of THB 1.0 per share. Subsequently, on October 21 2010, the Bank registered the capital increase with the Ministry of Commerce. After the registration, the registered and paid-up capital totaled THB 8.2 billion, of which THB 1.5 billion was premium on shares.

As at 31 December 2010, the Bank's assets were THB 11.7 billion higher than its liabilities. The difference represents the positive shareholders' equity balance. The Bank's total capital funds was THB 17.2 billion while capital funds adequacy ratio (BIS ratio) of 14.7%, which exceeds the regulatory requirement. This is in line with the Basel II directives in relation to the calculation of capital funds.

At CIMB Thai Group level for full consolidation, the capital adequacy ratio was 14.9%.

### Liquid assets ratio

The Bank of Thailand requires all commercial banks to maintain a minimum liquid assets ratio of not less than 6.0% of total deposits and offshore borrowings with less than one-year to maturity. At the end of 31 December 2010, the Bank's total liquid assets were THB 31.6 billion, while its loan-to-deposit ratio stood at 95.3%. The liquid assets to total assets ratio was 22.7% and liquid assets to total deposits was 32.7%. All of these ratios were within the regulatory minimum requirement.

### Investment in subsidiaries

As of 31 December 2010, the Bank had net investment in subsidiaries of THB 1.3 billion, a decrease of THB 141.0 million compared to December 2009, resulted from the Bank disposal of three subsidiaries and an associated company namely BT Asset Management, Sathorn Asset Management Co., Ltd, BT Insurance Co., Ltd. And World Class Rent a Car Co., Ltd.

On 29 September 2010, the Board of Directors of BT Leasing Co., Ltd., a subsidiary of the Bank approved the increase in its capital to THB 1.0 billion. This increase of capital was subsequently approved by Bank's Board of Directors on 24 November 2010

**F) Other information (if any) that may materially affect the decision of investors**

- None -

**G) Statements indicating that connected persons and/or shareholders having interests shall have no right to vote whereby the names and the number of shares held by such shareholders having no voting rights shall be indicated**

CIMB Bank, the major shareholder of the Bank, holds 15,198,418,595 shares of the Bank, which represents 93.15% of the current entire issued and paid-up share capital of the Bank, shall have no right to vote on this agenda item of consideration and approval of the connected transactions and Disposition of the Bank's Assets in the Annual General Meeting of Shareholders No. 17 to be held on 20 April 2011.

H) **Appraisal of asset price by an independent appraiser in case of acquisition or disposal of asset having fundamental significance in a form of asset value such as immovable property**

- None -

I) **Opinion of the Board of Directors about a decision to enter into a connected transaction specifying the reasonableness and the highest benefit to the listed company compared to a decision to enter into a transaction with an independent third party**

The Board of Directors (excluding CIMB Bank's representatives on the Board of Directors who had abstained from voting on this matter at the Board of Directors' meeting) has deliberated and concluded that the transaction is in the best interest of the Bank, after taking into consideration the benefits to the Bank.

J) **Opinions of the company's Audit Committee and/or directors which are different from the opinions of the Board of Directors under (I)**

Opinions of Audit Committee are in accordance with the opinion of the Board of Directors.

The Bank has certified that the information in this report is true and accurate.

- *Thaphop Kleesuwan* -

(Mr. Thaphop Kleesuwan)  
Senior Vice President  
Office of the President