

**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 Annual General Meeting of Shareholders No. 17 of the Bank held on 20 April 2011 passed a resolution disapproving the proposed sale of 49,999,993 ordinary shares held by CIMB Thai in CIMB Securities (Thailand) Co., Ltd. ("**CIMBS**") with a par value of THB 10 each, representing 99.99% of CIMBS's registered capital, to CIMB Securities International Pte Ltd. ("**CIMBSI**"), a wholly owned subsidiary of CIMB Group Sdn Bhd ("**CIMB Group**"). Later, on 7 September 2011, the Bank was required to make additional equity investment in CIMBS in the amount of THB 600 million to serve the increase in its securities brokerage volume. After such capital increase, the Bank now owns 109,999,993 ordinary shares in CIMBS. To accommodate future securities brokerage transactions which are expected to increase, the securities company has planned to raise capital by another THB 700 million. Even with the Bank's further funding of the capital increase, CIMBS still has consecutive operating losses to be resolved. Therefore, to relieve the Bank's burden of funding CIMBS's future recapitalization amid the intensifying competition in face of Thailand's liberalization of securities business in 2012, to mitigate risks associated with securities business undertakings, and most importantly, to restructure the financial advisory service in relation to corporate banking and treasury business of the Bank to ensure higher efficiency, while refocusing its resources (especially capital fund) to its existing core businesses, the Board of Directors meeting of CIMB Thai No. 3/2012 held on 6 March 2012 has approved the divestment of equity in CIMBS, totaling 109,999,993 ordinary shares held in CIMBS, with a par value of THB 10 each, representing 99.99% of the registered capital of CIMBS, for a total cash consideration in the range of THB 1,066,800,000 - 1,117,600,000, or THB 9.70 – 10.16 per share, to CIMBSI. This represents a price-to-book multiple of 1.05 – 1.10 times the audited book value of CIMBS as at 31 December 2011. In this regard, the exact transaction price will be determined upon the approval of the transaction by the Bank's Annual General Meeting of Shareholders No. 18 to be held on 12 April 2012 (the "**Sale of CIMBS**").

The aforementioned transaction is considered a connected transaction as prescribed in the Notification of the Capital Market Supervisory Board TorJor 21/2551 re: Related Party Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosure of Information and 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 8.30% – 8.70%, 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 2011, which amounts to THB 12,851.02 million.

There are also other connected transactions previously approved by the Board that have taken place in the past six months, i.e. the Bank's provision of back office and other services (Insourcing) to Sathorn Asset Management Co., Ltd. ("**STAMC**") valued at THB 32 million. The aggregate size of these connected transactions computed according to the Notification of Connected Transactions is 8.55% – 8.95% of the NTA of the Bank and its subsidiaries, based on the audited consolidated financial statements as at 31 December 2011 (inclusive of back office and other services provided to STAMC above (Insourcing)).

As such, the Sale of CIMBS shall be proposed for approval 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 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.18 to be held on 12 April 2012.

In addition, the aforementioned transaction is considered a disposition of the Bank's assets in accordance with the Notification of the Capital Market Supervisory Board No. TorJor. 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 Acquisition and Disposal Transactions**"); and based on the maximum criteria of net asset value, the value of the transaction is 7.74% of the NTA (Transaction size cannot be calculated according to net profit criteria as CIMBS posted operating losses), 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:

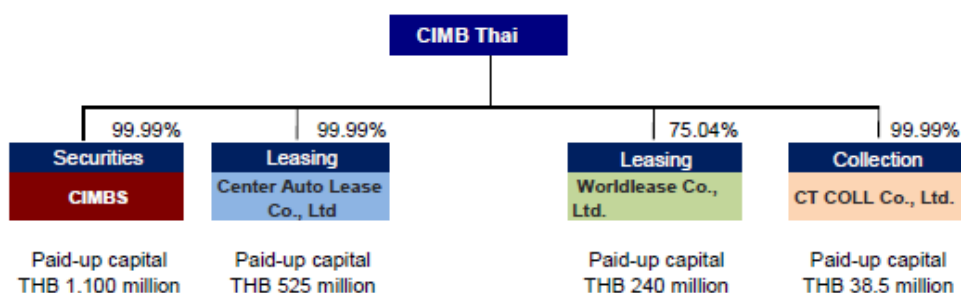
**1. Date of Transaction:**

Transaction will take place after the Annual General Meeting of Shareholders No.18, to be held on 12 April 2012 and other approvals by regulatory authorities relevant to this transaction being obtained (if required).

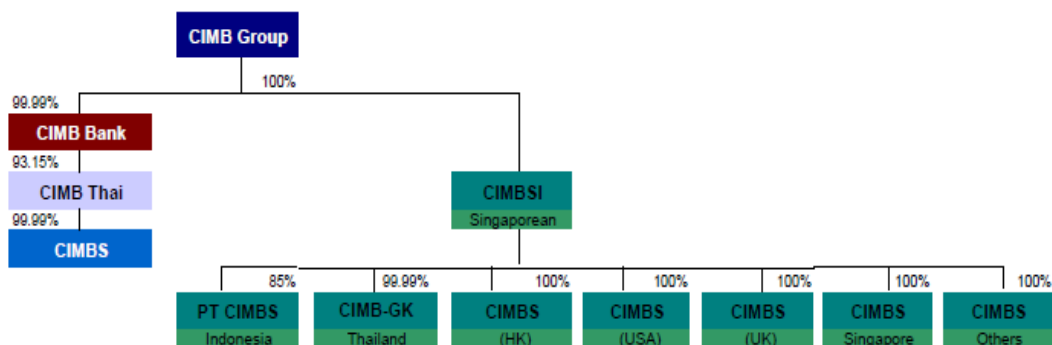
**2. Connected persons and nature of relationship:**

- Parties concerned
  - Seller : The Bank
  - Purchaser : CIMBSI
  
- Relationship between the concerned parties
  - CIMB Bank 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

**Corporate Structure of CIMB Thai**

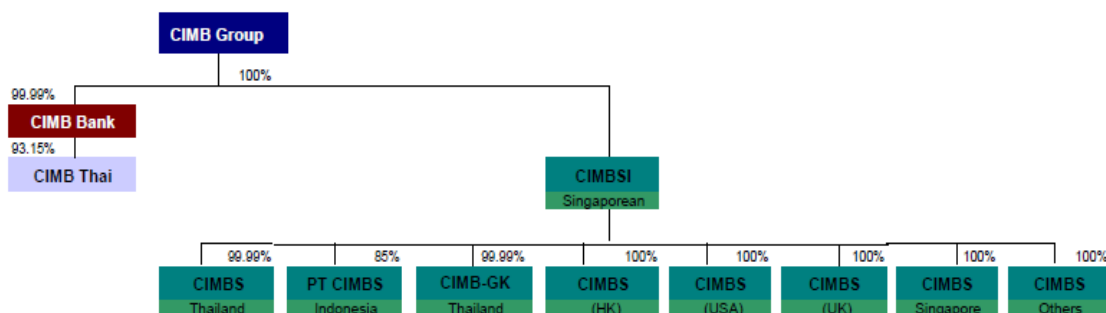


**Shareholder Structure of CIMBS (Before the Transaction)**



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 Bank No. 3/2012 held on 6 March 2012 has approved the sale of 109,999,993 ordinary shares held by CIMB Thai in CIMBS, at a par value of THB 10 each, representing 99.99% of the registered capital of CIMBS, for a total cash in the range of THB 1,066,800,000 - 1,117,600,000 to CIMBSI.

Securities business provided by CIMBS covers the following areas:

- (1) Securities brokerage
- (2) Proprietary trading
- (3) Investment banking (corporate finance advisory)
- (4) Research unit to mainly support its securities brokerage and proprietary trading business

In 2011, CIMBS recorded profit in its corporate finance advisory business while loss was incurred for securities brokerage and proprietary trading as a result of huge operating expenses. Despite significant increase in securities brokerage transactions until that the company needed to raise capital, its volume was not large enough to make it profitable.

The Bank has planned to move the corporate finance advisory unit from CIMBS and integrate it as part of the Bank (or probably through a subsidiary) after 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), in order to synergize corporate finance advisory business with the Bank’s corporate banking and treasury business. As the Bank does not intend to undertake any securities brokerage-related business and research function as continuation of such business will require additional capital increase in a large amount, the Bank has planned to sell out CIMBS.

With the Sale of CIMBS:

- (1) CIMB Thai will realize gains on sale of CIMBS in the amount of THB 7,021,695 - 57,821,695 (calculated based on the Bank’s investment value in CIMBS as at 31 December 2011) of THB

1,059,778,305 and consideration from the Sale of CIMBS of THB 1,066,800,000 - 1,117,600,000, which will also boost the Bank's BIS ratio;

- (2) CIMB Thai will be able to allocate and refocus its resources (especially capital fund) 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 upcoming industry liberalization in 2012; and
- (3) The Bank will be able to realize synergies between CIMB Thai and the corporate finance advisory business, especially as regards benefits to the Bank's corporate banking and treasury 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 8.30 – 8.70% which is more than 3% of the NTA of the Bank and its subsidiaries, based on the audited financial statements as at 31 December 2011, which amounts to THB 12,851.02 million.

There are also other connected transactions previously approved by the Board that have taken place in the past six months, i.e. the Bank's provision of back office and other services (Insourcing) to STAMC valued at THB 32 million. The aggregate size of these connected transactions computed according to the Notification of Connected Transactions is 8.55% – 8.95% of the NTA of the Bank and its subsidiaries, based on the audited consolidated financial statements as at 31 December 2011 (inclusive of back office and other services provided to STAMC above (Insourcing)).

As such, the Sale of CIMBS shall be proposed for approval 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 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.18 to be held on 12 April 2012.

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 7.74 % of the NTA (Transaction size cannot be calculated according to net profit criteria a CIMBS posted operating losses), 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	Offering 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	THB 1,100 million (Par @ THB 10)
Paid-up capital	THB 1,100 million (Par @ THB 10)
Profit / (Loss) after tax	For the financial year ended 2006 : THB (487.9) million 2007 : THB (246.5) million

	2008 : THB 38.8 million 2009 : THB (13.7) million 2010 : THB 1.26 million 2011 : THB (38.20) million
Revenue	For the financial year ended 2006 : THB (150.7) million 2007 : THB 0.6 million 2008 : THB 238.5 million 2009 : THB 206.7 million 2010 : THB 351.5 million 2011 : THB 458.96 million
Total assets	THB 1,570.79 million as at 31 December 2011
Total liabilities	THB 554.71 million as at 31 December 2011
Shareholders' equity	THB 1,016.08 million as at 31 December 2011
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: <ul style="list-style-type: none"> <li>- Within 1 year            THB 27,962,985</li> <li>- Within 2 - 5 years      THB 19,060,368</li> </ul> <p style="text-align: right;">Total                            THB 47,023,353</p> As at 31 December 2011, there were outstanding bank guarantees for the amount of THB 64,000 (2010: THB 64,000) for the utilities.

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

The consideration of THB 1,066,800,000 -1,117,600,000 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 2011. Based on the size of the net book value, the disposal consideration represents a price-to-book multiple of 1.05 – 1.10x;
- (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 at the Annual General Meeting of Shareholders No.18 to be held on 12 April 2012. 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 Dau Meng, 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 Office of the Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand 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:	:	<a href="http://www.cimbthai.com">www.cimbthai.com</a>

**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

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

<sup>2</sup> Comprising:

<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

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.

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 unissued 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 1,105 branches, offering full universal banking capabilities in Malaysia, Indonesia, Thailand and Singapore and serving over 14 million customers. With staff strength more than 40,000, the Group reaches 81% of the ASEAN population, representing 89% of ASEAN's gross domestic product. Present in 12 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;
  - (h) Business consultancy; and
  - (i) 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, 2012, subsidiaries of the bank consist of

- (1) CIMB Securities (Thailand) Co., Ltd. ("CIMBS") \*
- (2) Center Auto Lease Co., Ltd.
- (3) Worldlease Co., Ltd
- (4) CT COLL Co., Ltd.

(Remark, \* CIMBS will propose the sale of all CIMBS shares held by the Bank to CIMBSI for approval from the Annual General Meeting of Shareholders no. 18, which will be held on 12 April 2012.)

The Bank's strengths lie in its well-established and extensive network of domestic branches. As at 31 March 2012, the Bank operated 23 main offices with credit facilities and 159 branches, all of them equipped with foreign exchange facilities. In addition, clients enjoy easy and convenient access to 528 ATM terminals across the country.

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

**1. Board of Directors**

The Board of Directors of the Bank as at 31 March 2012 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*

A. Illegal record	: None
B. Debt with Bank or subsidiary companies	: None
C. Conflict of interest	: None

**2. Executive Management**

The Executive Management Committee of the Bank as at 31 March 2012 is as follows:

1.	Mr. Subhak Siwaraksa	President and Chief Executive Officer
2.	Mr. Surachai Chitratsenee	Senior Executive Vice President Commercial Banking Group
3.	M.L. Nathchanya Davivongse	Senior Executive Vice President Transaction Banking Group
4.	Mr. Narongchai Wongthanavimok	Senior Executive Vice President Strategy & Finance Group
5.	Mr. Wee Kim Peng	Senior Executive Vice President Group Information and Operations Division
6.	Mrs. Panute Na Chiangmai	Senior Executive Vice President Risk Management Group
7.	Mr. Thanachai Thanachaiary	Senior Executive Vice President Consumer Sales and Distribution Division
8.	Mr. Sutee Losoponkul	First Executive Vice President Treasury Group
9.	Ms. Ng Wai Yee	Executive Vice President Finance Division
10.	Ms. Winita Kimsawadi	Senior Vice President Finance Division

*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 with Bank or subsidiary companies	: None

C. Conflict of interest

: None

## Shareholders

The top 10 shareholders of the Bank as at 30 December 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.	114,574,989	0.70
4.	Mr. Pisit Prukpaiboon	24,148,044	0.15
5.	Mr. Sombat Panichsheewa	21,788,700	0.13
6.	Mrs. Sujitra Dusitanon	9,228,800	0.06
7.	Thailand Securities Depository Co., Ltd. for Depositors	8,986,852	0.06
8.	Mr. Nattapong Phanrattanamongkol	6,779,800	0.04
9.	Mr. Prawit phansaichue	6,764,300	0.04
10.	Mrs. Jaroonluk Panichsheewa	6,300,000	0.04
	Other shareholders	271,492,636	1.66
	Total 5,207 shareholders	16,315,934,756	100.00

*(As at 20 March 2012 shall be the date to specify the names of the shareholders who have the right to attend the AGM No. 18. The Bank shall distribute the list of the shareholders to the shareholders present at the AGM)*

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

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
CIMB Group Sdn Bhd ("CIMB Group") is the indirect major shareholder of the Bank	<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 (approx. THB 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 THB 130,000</li> <li>2.2 Annual service fee of THB 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 THB 10/ year.</p>	<p>The Board of Directors meeting of the Bank ("the Board ") 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 cost. Also, the transaction is to support the Bank's operations, which is in the best interest of the Bank.</p>
Mutiara Makmur Ventures Sdn Bhd., a company 99.99% held by CIMB Group, which is the indirect major of the Bank)	<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>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 ("<b>CPAM</b>") 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. ("<b>BTAM</b>"), 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 ("<b>Sale of BTAM</b>") * (BTAM has registered the name change to CIMB-Principal Asset Management Co., Ltd. on 2 August 2010.)</p>	<p>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 ("<b>CIMB Group</b>") 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>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 ("<b>CIMB Bank</b>") 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 ("<b>CIMB group</b>"), with a total credit Limit of THB 12.60 billion or THB 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>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> <ol style="list-style-type: none"> <li>1) Fees for management of Corporate &amp; SME accounts will be charged at 25% (excluding VAT) of the collection (cash or in kind) of the portfolio</li> <li>2) Fees for management of both Retail Secured and Unsecured accounts will be charged at 30% (excluding VAT) of the collection (cash or in kind) to the principal of the portfolio. <i>All fees in item 1 and 2 shall be paid on success basis and shall be subject to annual review.</i></li> <li>3) Fees for litigation services (both civil and criminal) <ol style="list-style-type: none"> <li>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</li> <li>3.2 If the litigation services are performed by others, STAMC shall provide monitoring service for the bank and servicing fee shall be THB 1,000 per case per month.</li> </ol> </li> </ol> <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>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 THB 1.65 million (total value under the service agreement of 1-year term).</p> <ul style="list-style-type: none"> <li>- IT System functions service fee calculation based on: <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> </li> <li>- Human resource functions service fee calculation based on THB 200/head/month Slightly higher than market rate of which is charging around THB 150</li> <li>- Office administration functions service fee calculation based on: External charge. This is a normal business supporting transaction of the Bank</li> </ul>	<p>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>Sathorn Asset Management Co., Ltd. ("STAMC"), a subsidiary of CIMB Group (post-Sale of STAMC"), 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 THB 7 million (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>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 THB 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>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 THB 129.70 per user. This is a normal business supporting transaction of 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.	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 Bank, an indirect major shareholder of the Bank	CIMB Bank 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 Bank and the Bank will pay service fees at the actual utilization rate of about THB 2.18 billion. Such fees are under consideration which must be estimated based on the transaction information of the Bank and CIMB 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 Bank



- 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			
Parent Company CIMB Bank Berhad						
Interest rate swap contracts					93.15	-
- 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	-	125	76	-	99.99	Director with delegated signature authority: Mr. Lee Teck Seng On 15 February 2011, Mr. Lee Teck Seng resigned as Executive of the Bank and the director with
						delegated signature authority of CIMBS, the Bank to appointed Mr. Sutee Losoponkul as the director with delegated signature authority of CIMBS, effective from 4 March 2011
Center Auto Lease Co., Ltd. (Formerly known as "BT Leasing Co., Ltd.")	-	3,763	31		99.99	Directors with delegated signature authority: Mr. Surachai Chitratsenee, Mr. Tada Charukitphaisan  On 1 February 2011, Mr. Tada Charukitphaisan resigned as Executive of the Bank

Company name	31 December 2010			Borrowings	% shares held by the Bank	Joint management
	Contingent liabilities	Outstanding loans / Investments in receivables	Deposits			
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  On 22 February 2012, Mr. Ekajai Tivutanond, resigned as Executive of the Bank
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  On 1 February 2011, Mr. Tada Charukitphaisan resigned as Executive of the Bank
<b>Related company</b> CIMB Bank (L) Ltd  Cross currency and interest rate -Bought -Sold	   2,500 2,135			2,500		-
<b>Other Companies</b>	-	123	604		-	-
<b>Related persons</b> 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.

As of 31 December 2011, the Bank recorded significant business transactions with its subsidiary and affiliated companies (related by way of common shareholders), including related persons (directors or executives from the level of vice president upwards). These transactions were concluded on commercial terms and based on 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 38 of Financial Statements ended 31 December 2011.

- 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
CIMB Securities International Pte Ltd ("CIMBSI"), a company 100% held by CIMB Group Holdings Berhad ("CIMB Group"), which indirectly holds shares of the Bank and CIMB Securities (Thailand) Co., Ltd. ("CIMBS")	The Bank's sale of 49,999,993 ordinary shares held in CIMBS, at a par value of THB 10 each, representing 99.99% of the registered capital of CIMBS, for a total cash consideration of THB 510,337,881.85 to CIMBSI	The Board of Directors meeting ("the Board meeting") No. 3/2011 held on 16 March 2011 (excluding CIMB Bank's representatives on the Board of Directors who abstained from voting on this matter) deliberated and concluded that the Bank would not suffer any damage or lose any interest from this transaction and this transaction is in the best interest of the Bank. The Annual General Meeting of Shareholders no. 17 on 20 April 2011 did not approve the sale of CIMBS shares to CIMBSI.
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	The Bank uses a validation service of CIMB Bank for Risk Model and Valuation Model for risk management of the Bank and its subsidiaries free of charge. This is a normal business supporting transaction of the Bank.	The Board meeting No. 3/2011 held on 16 March 2011 (excluding CIMB Bank's representatives on the Board of Directors who abstained from voting on this matter) deliberated and concluded that the Bank would not suffer any damage or lose any interest from such transaction. Furthermore, this transaction is to support operations of the Bank and its subsidiaries and the Bank will get economic benefits from this support, which is in the best interest of the Bank.
CIMB Bank Berhad ("CIMB Bank") is a company 100% held by CIMB Group which indirectly holds shares of the Bank.	The Bank implemented the Regional ATM Link on 22 April 2010 which provides cash withdrawal and balance inquiry services for CIMB Group's customers in 4 countries (Malaysia, Thailand, Singapore and Indonesia) through MEPS, an ATM Pool service provider. In the initial stage, this service covers only Malaysia, Thailand and Singapore.	The Board meeting No.6/2011 held on 24 June 2011 (excluding CIMB Bank's representatives on the Board of Directors who abstained from voting on this matter) deliberated and concluded that this transaction be approved since CIMB Bank absorbed the first year cost in implementing the Regional ATM Link Project. Furthermore, this transaction is to support the Bank's operations, which is in the best interest of the Bank.

Name and relationship	Transaction characteristics and value	Necessity and reasonableness with Audit Committee's opinion
	<p>On 9 June 2010, CIMB Niaga started offering this service in Indonesia., All switching transactions of CIMB Group in 3 countries with CIMB Niaga must be done through Artajasa, an ATM Pool service provider. The Bank will pay service fees at the actual utilisation rate of about THB6.8 million via CIMB Bank to MEPS and Artajasa (total value under the 5-year service agreement). This is a normal business supporting transaction of the Bank.</p>	
<p>CIMB Bank Berhad ("CIMB Bank") is a company 100% held by CIMB Group which indirectly holds shares of the Bank.</p>	<p>The Bank implemented the Regional ATM Link on 22 April 2010 which provides cash withdrawal and balance inquiry services for CIMB Group's customers in 4 countries (Malaysia, Thailand, Singapore and Indonesia) through MEPS, an ATM Pool service provider. In the initial stage, this service covers only Malaysia, Thailand and Singapore.</p> <p>On 9 June 2010, CIMB Niaga started offering this service in Indonesia., All switching transactions of CIMB Group in 3 countries with CIMB Niaga must be done through Artajasa, an ATM Pool service provider. The Bank will pay service fees at the actual utilisation rate of about THB 6.8 million via CIMB Bank to MEPS and Artajasa (total value under the 5-year service agreement). This is a normal business supporting transaction of the Bank.</p>	<p>The Board meeting No.6/2011 held on 24 June 2011 (excluding CIMB Bank's representatives on the Board of Directors who abstained from voting on this matter) deliberated and concluded that this transaction be approved since CIMB Bank absorbed the first year cost in implementing the Regional ATM Link Project. Furthermore, 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 meeting of the Board of Directors held on 16 December 2010 approved of the Bank setting up a Core Banking system across four countries (Malaysia, Singapore, Indonesia, and Thailand). As for 1Platform Release 1, which will be implemented in Thailand first, the Bank will be responsible for all its hardware expenses as the system will be processed in Thailand and operators will be the Bank's own staff. However, software expenses including core banking and legacy system development fees as well as expenses of personnel of the Bank and CIMB Bank shall be borne by CIMB Bank which will be charged to the Bank at an actual utilisation rate as agreed once the system is ready in the first quarter of 2012.</p>	<p>The Board meeting No.6/2011 held on 24 June 2011 and No. 7/2011 held on 30 July 2011 (excluding CIMB Bank's representatives on the Board of Directors who abstained from voting on this matter) considered the opinion of Ernst &amp; Young Co. Ltd, which was appointed by the Bank as the Independent Financial Advisor (IFA) on the fairness of the reasonableness of this transaction between the Bank and the major shareholder. It concluded that pricing is reasonable as CIMB Bank will charge the Bank based on a reasonable utilisation charge mechanism and the transaction value from such</p>

Name and relationship	Transaction characteristics and value	Necessity and reasonableness with Audit Committee's opinion
	The meeting of the Board of Directors on 30 July 2011 considered and approved the indicative utilization cost of the Core Banking system for CIMB Bank at THB135.13 per account created. This is a normal business supporting transaction of the Bank.	
CIMB-Principal Asset Management Co., Ltd ("CPAM"), a subsidiary of CIMB Group, which is an indirect major shareholder of the Bank	The Bank issued a letter of guarantee totaling THB 435,000 to prepare a register service contract with Provident Fund for CPAM. This is a normal business of the Bank.	The Board meeting No. 8/2011 held on 22 August 2011 (excluding CIMB Bank's representatives on the Board of Directors who abstained from voting on this matter) deliberated and concluded that the transaction constitutes normal business of the Bank with commercial terms and conditions of service fee, which is in the best interest of the Bank.
CIMB Bank Berhad, Labuan Offshore Branch ("CIMBBLOB") is a branch of CIMB Bank Berhad, a company 100% held by CIMB Group, which indirectly holds shares of the Bank and CIMB Securities (Thailand) Co., Ltd. ("CIMBS")	CIMBS provided a private fund management service, with a total fund size of THB 250 million, for CIMBBLOB, and the management fees charged to CIMBBLOB are at the same or higher rate than market rate. This is a normal business transaction of CIMBS.	The Board meeting No. 10/2011 held on 18 October 2011 (excluding CIMB Bank's representatives on the Board of Directors who abstained from voting on this matter) deliberated and concluded that the transaction forms part of the normal business of the Bank with the same terms and conditions of service fee as general commerce, which is in the best interest of CIMBS.
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.	The Bank uses the Credit Risk Model Development service of CIMB Bank for risk management of the Bank and its subsidiaries free of charge. This is a normal business supporting transaction of the Bank.	The Board meeting No. 10/2011 held on 18 October 2011 (excluding CIMB Bank's representatives on the Board of Directors who abstained from voting on this matter) deliberated and concluded that the transaction is to support operations of the Bank and its subsidiaries and CIMB Bank does not charge any fees to the Bank, which is in the best interest of the Bank.
CIMB Bank Singapore ("CIMB Singapore") a company 100% held by CIMB Group, which indirectly holds shares of the Bank	The Bank uses the Trade Risk Management (TRM) service of CIMB Singapore to monitor the assessment of inventories/collateral for Inventory Financing Program (IFP) free of charge. This is a normal business supporting transaction of the Bank.	The Board meeting No. 10/2011 held on 18 October 2011 (excluding CIMB Bank's representatives on the Board of Directors who abstained from voting on this matter) deliberated and concluded that the TRM is required to monitor the assessment of inventories/collateral for Loan to Value (LTV) according to terms and conditions of Credit Approval, which requires specialists/experts to perform. This service is offered by CIMB Singapore free of charge. Furthermore, this transaction is to support the Bank's operations, which is in the best interest of the Bank.

Name and relationship	Transaction characteristics and value	Necessity and reasonableness with Audit Committee's opinion
<p>Sathorn Asset Management Co., Ltd. ("STAMC"), a subsidiary of CIMB Group, which is an indirect major shareholder of the Bank.</p>	<p>The Bank sold selected non performing loans ("NPL") comprising unsecured retail NPL with the cut off date of 1 December 2011 (approximately 76,680 accounts) to STAMC at a price equivalent to THB 200 million. This is a normal business transaction of the Bank.</p>	<p>The Board meeting No.11/2011 held on 25 November 2011 (excluding CIMB Bank's representatives on the Board of Directors who abstained from voting on this matter) considered the opinion of KPMG Phoomchai Advisory Business on the transaction between the Bank and STAMC. It concluded a sale price within this range is reasonable as it is equal to or greater than the upper end of valuation range. Furthermore, this transaction forms normal business of the Bank, which is in the best interest of the Bank.</p>
<p>Sathorn Asset Management Co., Ltd. ("STAMC"), a subsidiary of CIMB Group which is an indirect major shareholder of the Bank.</p>	<p>The Bank has provided IT and back office services (Insourcing) to STAMC for one year commencing on 30 November 2010 under the service agreement. STAMC has expressed its intention to continue using these services for another 4 years and the Bank will get fees of THB 32 million.</p>	<p>The Board meeting No.11/2011 held on 25 November 2011 (excluding CIMB Bank's representatives on the Board of Directors who abstained from voting on this matter) deliberated and concluded that the Bank will receive fee income from providing such services. Furthermore, this transaction forms normal business of the Bank, which is in the best interest of the Bank.</p>
<p>Sathorn Asset Management Co., Ltd. ("STAMC"), a subsidiary of CIMB Group which is an indirect major shareholder of the Bank.</p>	<p>The Bank outsources sale of non-performing assets (NPA) to STAMC over a 4-year period at the following rates:</p> <ol style="list-style-type: none"> <li>1) The service fee shall be 1% of the value of NPA sold, payable upon the Bank's receipt of the full amount of the sale proceeds.</li> <li>2) If STAMC is able to perform better than agreed targets, it shall receive an additional fee of 0.5% of the total value of NPA sold.</li> </ol> <p>(The service fees shall be subject to annual review.) This is a normal business transaction of the Bank</p> <p>In addition, the Board meeting no. 11/2011 held on 25 November 2011 approved the current rates as the Bank has used STAMC's service for managing, tracking, and resolving Corporate, SME and Retail NPL (Outsourcing) since January 2011 (5-year period) which was approved in the Board meeting No.12/2010 held on 2 November 2010. This is a normal business supporting transaction of the Bank.</p>	<p>The Board meeting No.11/2011 held on 25 November 2011 (excluding CIMB Bank's representatives on the Board of Directors who abstained from voting on this matter) deliberated and concluded that the Bank would not suffer any damage or lose any interest from such transaction since the services fee is reasonable with terms and conditions of service fee comparable to that in the general market. Furthermore, 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>CIMB Securities International Pte Ltd. ("CIMBSI"), a subsidiary 100% held by CIMB Group, which is an indirect major shareholder of the Bank</p>	<p>The Bank approved the foreign exchange spot transaction for THB 1,100 million to CIMBSI. This is a normal business transaction of the Bank.</p>	<p>The Board meeting No.11/2011 held on 25 November 2011 (excluding CIMB Bank's representatives on the Board of Directors who abstained from voting on this matter) deliberated and concluded that it be approved, due to the short tenor of the transaction (2 business days). As such, the market risk is low and acceptable and there is no settlement risk as the Bank will receive an advice of payment from an acceptable bank for which the Bank has provided DSR limit prior to crediting Thai Baht to CIMBSI's account, Furthermore, this transaction forms normal business of the Bank, which is in the best interest of the Bank.</p>
<p>CIMB Securities Singapore Pte Ltd ("CIMBSG"), a company 100% held by CIMB Group, which indirectly holds shares of the Bank and CIMB Securities (Thailand) Co., Ltd. ("CIMBS")</p>	<p>CIMBS opened a TFEX Account for CIMBSG. CIMBS will receive the commission fee in accordance with the requirement of the Futures Industry Club (FIClub). This is a normal business transaction of CIMBS</p>	<p>The Board meeting No.11/2011 held on 25 November 2011 (excluding CIMB Bank's representatives on the Board of Directors who abstained from voting on this matter) deliberated and concluded that the commission fee is in accordance with the requirement of the FIClub which indicates that if the transaction is made between institutions, the price of the transaction is subject to negotiation. Moreover, when compared with the company cost, the transaction can still generate fee profits not less than 20% of direct cost and help increase market share. In addition, there is no risk of order keying because CIMBSG will key orders themselves via internet trading system. Lastly, this transaction is part of the normal business of CIMBS, which is in the best interest of CIMBS.</p>
<p>CIMB Group Holding Berhad ("CIMB Group"), which indirectly holds shares of the Bank</p>	<p>CIMB Group approved a Contingent Liquidity Facility amounting to USD 150 million to the Bank. This is a normal business supporting transaction of the Bank.</p>	<p>The Board meeting No.11/2011 held on 25 November 2011 (excluding CIMB Bank's representatives on the Board of Directors who abstained from voting on this matter) deliberated and concluded that the Bank would not suffer any damage or lose any interest as the Bank took action according to opinions of the BoT and Bank Negara Malaysia (BNM) which require the Bank to have a contingency funding line established with CIMB Group according to the contingency funding plan of the Bank. Furthermore, this transaction is to support the Bank's operations, with the same terms and conditions of service fee as the general market, 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>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 uses IT Outsourcing for Operational Risk Management System (ORM) of CIMB Bank. The project will be entirely invested by CIMB Bank and the cost will be charged back to the Bank at the actual utilization rate of about THB 2.11 million (under the 5-year service agreement based on an estimate of 110 users). This is a normal business supporting transaction of the Bank.</p>	<p>The Board meeting No.12/2011 held on 16 December 2011 (excluding CIMB Bank's representatives on the Board of Directors who abstained from voting on this matter) deliberated and concluded that the ORM solution will improve its operational risk rating as set by the BOT. The system not only helps the Bank prevent operational losses using proper tools but is more acceptable to the regulator in terms of reputation. The project will be initially invested by CIMB Bank and the cost will be charged back to the Bank on an annual basis, based on the number of users in the system. Furthermore, this transaction is to support the Bank's operations and its subsidiaries, which is in the best interest of the Bank.</p>
<p>CIMB Securities (Singapore) Pte Ltd, CIMB Securities (HK) Ltd, PT CIMB Securities Indonesia, CIMB Securities (UK) Ltd, CIMB Securities (USA) INC ("CIMB Group"), a company 100% held by CIMB Group Holdings Berhad ("CIMB Group"), which indirectly holds shares of the Bank and CIMB Securities (Thailand) Co., Ltd. ("CIMBS")</p>	<p>CIMBS opened a securities trading and/or futures trading account with CIMB Group. This is a normal business transaction of the Bank.</p>	<p>The Board meeting No.12/2011 held on 16 December 2011 (excluding CIMB Bank's representatives on the Board of Directors who abstained from voting on this matter) deliberated and concluded that CIMBS will get commission fees from customers and can provide more comprehensive services, which can help increase clients' satisfaction. Furthermore, this is part of normal business at CIMBS with the same terms and conditions of service fee as the general market.</p>

Loans, deposits and contingent liabilities (Awaiting financial statements)

a. 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 2011				% shares held by the Bank	Joint management
	Contingent liabilities	Outstanding loans / Investments in receivables	Deposits	Borrowings		
<b><u>Parent Company</u></b>						
CIMB Bank Berhad				678	93.15	-
Interest rate swap contracts		-		-		
- Fixed rate payee	4,775	-		-		
- Floating rate payee	10,486					
Forward and spot contracts		-		-		
- Bought	402					
<b><u>Subsidiary companies</u></b>						
CIMB Securities (Thailand) Co., Ltd	-	-	94	-	99.99	Director with delegated signature authority: Mr. Sutee Losoponkul
Center Auto Lease Co.,Ltd	-	6,208	31	-	99.99	Directors with delegated signature authority: Mr. Surachai Chitratsenee, Mrs. Kampoo Visuthiphol, Mr. Arichai Numlamun
CT COLL Co.,Ltd	-	-	11	-	99.99	Directors with delegated signature authority: Mr. Ekajai Tivutanond, Mr. Songwud Buakhem Mr. Surin Pakavaleetorn
Krungthai Thanakit Finance Plc.*	-	-	259	-	99.10	-
Worldlease Co., Ltd	400	915	28	-	75.04	Directors with delegated signature authority: Mr. Ekajai Tivutanond, Ms. Suwanna Leewiraphan  On 22 February 2012, Mr. Ekajai Tivutanond, resigned as Executive of the Bank

Company name	31 December 2011				% shares held by the Bank	Joint management
	Contingent liabilities	Outstanding loans / Investments in receivables	Deposits	Borrowings		
<b><u>Company under common control</u></b>						
CIMB Bank (L) Ltd.				2,547	-	-
Cross currency and interest rate swap contracts - Sold	2,954					
Forward and spot contracts - Bought	256					
- Sold	95					
CIMB-Principal Asset management Co., Ltd.	1	-	25	-	-	Directors with delegated signature authority: Mr. Narongchai Wongthanavimok
CIMB-Principal Global Bond Fund	-	-	-	-	428	-
Sathorn Asset Management Co., Ltd.	-	-	562	-	-	Directors with delegated signature authority: Mr. Ekajai Tivutanond, Mr. Songwud Buakhem, Mr. Thaphop Kleesuwan
<b><u>Other Companies</u></b>	-	119	2	-	-	-
<b><u>Related persons</u></b>						
The Bank's executives	-	-	83	9	-	-

\* Currently undergoing liquidation process

The Bank pays interest 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 Ratios of CIMB Thai Bank Ltd. (PCL) for the year ended 31 December 2011, 2010 and 2009.

(THB : million)

	2011	2010 (Restated)	2009 (Restated)
<b>Financial Position</b>			
<b>Total Assets</b>	<b>166,551</b>	<b>139,203</b>	<b>125,517</b>
Cash	3,121	2,743	2,821
Interbank and money market items - net	4,577	14,836	14,809
Derivatives assets	2,527	2,476	1,592
Investments - net	32,492	21,398	20,164
Investments in subsidiaries - net	1,923	1,323	1,464
Loans and accrued interest receivables - net	114,120	89,906	77,132
Other assets - net	7,791	6,521	7,535
<b>Total liabilities</b>	<b>153,316</b>	<b>127,508</b>	<b>117,894</b>
Deposits	101,291	94,540	88,360
Interbank and money market items-net	4,550	3,417	9,803
Derivatives liabilities	2,271	1,941	1,183
Debt issued and borrowings	40,210	22,554	15,167
Other liabilities	4,994	5,056	3,381
<b>Shareholders' equity</b>	<b>13,235</b>	<b>11,695</b>	<b>7,623</b>
Issued and paid-up share capital	8,158	8,158	6,675
Premium on share capital	1,483	1,483	-
Retained earnings and other reserves	3,594	2,054	948
<b>Operating results</b>			
Interest income	7,425	5,784	7,100
Interest expenses	(3,441)	(1,934)	(3,585)
<b>Net interest income</b>	<b>3,984</b>	<b>3,850</b>	<b>3,515</b>
Net fee and service income	433	583	486
Operating income	2,124	1,492	1,170
<b>Total operating income</b>	<b>6,541</b>	<b>5,925</b>	<b>5,171</b>
Other operating expenses	(4,253)	(4,122)	(3,957)
Bad and doubtful debts and impairment losses	(942)	(801)	(1,145)
<b>Profit from continuing operation before income tax expenses</b>	<b>1,346</b>	<b>1,002</b>	<b>69</b>
Income tax expenses	-	-	-
<b>Net profit for the year</b>	<b>1,346</b>	<b>1,002</b>	<b>69</b>
<b>Basic earnings per share (THB per share)</b>	<b>0.08</b>	<b>0.07</b>	<b>0.01</b>
<b>Financial Ratios</b>			
Net Interest Margin (%)	3.0	3.3	2.6
Return to Equity (%)	11.4	11.2	1.1
Return to Assets (%)	0.9	0.8	0.0
Capital Fund per Risk Assets (%)	13.0	14.7	12.0
1st Tier Capital Funds per Risk Assets (%)	7.7	9.0	6.0

**Summary of Financial Statement and Ratios of CIMB Thai Bank Ltd. (PCL) and its subsidiaries for the year ended 31 December 2011, 2010 and 2009.**

(THB : million)

	<b>2011</b>	<b>2010 (Restated)</b>	<b>2009 (Restated)</b>
<b>Financial Position</b>			
<b>Total Assets</b>	<b>168,023</b>	<b>140,475</b>	<b>126,981</b>
Cash	3,123	2,745	2,822
Interbank and money market items - net	5,205	15,248	15,392
Derivatives assets	2,527	2,476	1,592
Investments - net	32,543	21,478	20,509
Investments in subsidiaries - net	154	154	206
Loans and accrued interest receivables - net	116,212	91,403	78,299
Other assets - net	8,259	6,971	8,161
<b>Total liabilities</b>	<b>154,612</b>	<b>128,539</b>	<b>119,037</b>
Deposits	101,574	94,656	88,358
Interbank and money market items-net	4,787	3,612	9,877
Derivatives liabilities	2,271	1,941	1,183
Debt issued and borrowings	40,316	22,654	15,262
Other liabilities	5,664	5,676	4,357
<b>Shareholders' equity</b>	<b>13,411</b>	<b>11,936</b>	<b>7,944</b>
Issued and paid-up share capital	8,158	8,158	6,675
Premium on share capital	1,483	1,483	-
Retained earnings and other reserves	3,681	2,213	1,199
Equity attributable to Non-controlling interest	89	82	70
<b>Operating results</b>			
Interest income	8,112	6,273	7,345
Interest expenses	(3,459)	(1,947)	(3,602)
<b>Net interest income</b>	<b>4,653</b>	<b>4,326</b>	<b>3,743</b>
Net fee and service income	874	919	698
Operating income	2,245	1,114	1,146
<b>Total operating income</b>	<b>7,772</b>	<b>6,359</b>	<b>5,587</b>
Other operating expenses	(5,321)	(4,822)	(4,544)
Bad and doubtful debts and impairment losses	(1,075)	(827)	(1,168)
<b>Profit from continuing operation before income tax expenses</b>	<b>1,376</b>	<b>710</b>	<b>(125)</b>
Income tax expenses	(51)	(23)	(3)
Net profit from continuing operation	1,325	687	(128)
Profit after tax of discontinued operation	-	154	132
<b>Net profit for the year</b>	<b>1,325</b>	<b>841</b>	<b>4</b>
Non-controlling interests	9	12	2
<b>Owners of the Bank</b>	<b>1,316</b>	<b>829</b>	<b>2</b>
<b>Basic earnings per share (THB per share)</b>	<b>0.08</b>	<b>0.06</b>	<b>0.00</b>

	2011	2010 (Restated)	2009 (Restated)
<b>Financial Ratios</b>			
Net Interest Margin (%)	3.5	3.8	2.8
Return to Equity (%)	11.1	9.1	0.0
Return to Assets (%)	0.9	0.7	0.0
Capital Fund per Risk Assets (%)	13.2	14.9	11.9
1st Tier Capital Funds per Risk Assets (%)	7.8	9.3	5.9

## Analysis of financial standing and operating performance

### 1. Performance results

#### Consolidated operating results

For the financial year ended 31 December 2011 (FY2011), the Bank and its subsidiaries ("the Group") reported a net profit of THB 1,316.4 million, up THB 487.5 million or 58.8% from the net profit of THB 828.8 million recorded in 2010. The increase was mainly driven by shared gains from the management of non-performing loans (NPL) by Thai Asset Management Corporation (TAMC) and gains from the sale of unsecured NPL to an affiliate company in the fourth quarter of 2011 (4Q11).

Net interest margin (NIM) over earning assets decreased to 3.5% in FY2011 from 3.8% in FY2010, mainly due to the increase in deposit and borrowing (bills of exchange) rates as a result of intense competition in the deposit market.

The Group's consolidated total gross loans less unearned interest stood at THB 119.3 billion, up 27.1% compared to the end of December 2010. Loans growth was largely underlined by corporate and SME (small and medium-sized enterprise) loan expansion. Deposits increased by 7.3% or THB 6.9 billion to THB 101.6 billion in 2011 compared to THB 94.7 billion in 2010. Deposits and bills of exchange, meanwhile, stood at THB 134.4 billion, up 20.7% from THB 111.4 billion at the end of December 2010. Given the aforementioned development in loans and deposits, the loan-to-deposit ratio (including bills of exchange) stood at 88.8%. Looking at the Bank alone, the loan-to-deposit ratio (including bills of exchange) stood at 87.2%.

#### (A) A summary of Group income

On a year-on-year basis, the Group's consolidated FY2011 total operating income increased by THB 1,413.5 million, or 22.2%, from THB 6,358.9 million to THB 7,772.4 million. The higher operating income was mainly due to higher net interest income, gains on trading and foreign exchange transactions and other operating income arising from TAMC and the NPL sale to an affiliate company, which was offset by lower gains on investments and net fee and service income.

On the net interest income side, FY2011 recorded an increase of THB 327.4 million, or 7.6%, largely underlined by loan expansion. On the net fee and service income side, there was a decrease of THB 45.1 million, or 4.9%, due to the increase in collection fee expense in 2011. Meanwhile, there was an increase of THB 1,131.2 million on the non-interest and fee income side, or 101.5%, largely due to the exceptional gains sharing from TAMC and gains from the sale of NPL in 4Q11.

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

The Group's interest expenses for 2011 was THB3,459.2 million, an increase of THB1,511.9 million or 77.6% from 2010, mainly due to the increase in deposit and borrowing (bills of exchange) rates as a result of intense competition in deposit market.

On a year-on-year basis, FY2011 operating expenses were higher by THB499.3 million, or 10.4% from FY2010, mainly due to increased personnel costs, taxes and duties expenses and other operating costs especially from losses on properties foreclosed, offset by the decrease in premises and equipment expenses and lower commission expenses and consultancy fees. However, the cost-to-income ratio improved to 68.5% in FY2011 compared to 75.8% in FY2010 mainly due to the shared gains from TAMC and gains from the sale of unsecured NPL to an affiliate company.

### (C) Net Profit

The Group's net profit for FY2011 was THB1,316.4 million compared to THB 828.8 million the previous year, representing an increase of THB 487.5 million or 58.8%. The increase in net profit was mainly due to an increase in net interest income and other operating income, particularly from the shared gains from TAMC and gains from the sale of NPL, offset by the increase in operational expenses, bad and doubtful debts and impairment losses.

### (D) Return on Equity

For FY2011, the Group showed a return on equity of 11.1% compared to 9.1% in 2010. Taking the Bank alone, the return on equity was 11.4% compared to 11.2% in 2010. The improved ratio reflected better operating performance.

## 2. The Group's financial position

### Assets

The Group's primary assets consist of loans, investments, interbank and money market items. As at 31 December 2011, it had total assets of THB168.0 billion, an increase of THB 27.5 billion or 19.6% as compared to 2010. Net loan and accrued interest receivables outstanding were THB 116.2 billion, an increase of THB 24.8 billion or 27.1%. Net investments stood at THB 32.5 billion, an increase of THB 11.1 billion or 51.5% from 2010. Cash balances were THB 3.1 billion, up THB 378.3 million or 13.8% whilst interbank and money market items amounted to THB 5.2 billion, a drop of THB 10.0 billion or 65.9%.

### Asset Quality

#### (a) Loans and loan concentration

As at 31 December 2011, the Group's net outstanding loans were THB 116.2 billion, showing an increase of THB 24.8 billion or 27.1% compared to THB 91.4 billion at the end of 2010. Lending mainly comprised housing loans and loans extended to the manufacturing and services sector, making up 70.5% of total loans. The manufacturing and commerce segment were the largest borrowers, taking THB 47.5 billion worth of loans or 39.8% of total loans. Meanwhile, the public utilities and services segment borrowed THB 17.3 billion or 14.5% of total loans while housing loans amounted to THB 19.3 billion or 16.2% of the total loans. Sectors which saw high growth were real estate and construction, up 86.4%, and hire purchase and financial leases, up 49.1% from the end of 2010 as the Bank focused its efforts in these areas.

Classified by types of business and loan classification	2011		2010		Change	
	Million THB	%	Million THB	%	Million THB	%
Agricultural and mining	2,301	1.9	765	0.8	1,536	200.8
Manufacturing and commerce	47,536	39.8	39,025	41.6	8,511	21.8
Real estate and construction	10,200	8.6	5,472	5.8	4,728	86.4
Public utilities and services	17,324	14.5	14,434	15.4	2,890	20.0
Personal cash	5,521	4.6	5,993	6.4	(472)	7.9
Housing loans	19,297	16.2	16,384	17.5	2,913	17.8
Hire purchase receivable and financial lease receivable	8,710	7.3	5,844	6.2	2,868	49.0
Others	8,400	7.1	5,921	6.3	2,477	41.9
<b>Total Loans net of deferred revenue</b>	<b>119,289</b>	<b>100.0</b>	<b>93,838</b>	<b>100.0</b>	<b>25,451</b>	<b>27.1</b>

To avoid concentration risk in any particular industry, the Bank continued to diversify the proportion of loans granted to various business sectors, 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 and small enterprises 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 2011, the Group's gross loans (including accrued interest receivables, but excluding loans to financial institutions) stood at THB119.6 billion, whereas allowance for bad and doubtful debts was THB3.3 billion.

Loan loss coverage ratio decreased to 81.6% as at 31 December 2011, from 91.4% as at 31 December 2010, as reflected by the increase in gross NPL in FY2011. Meanwhile, excess reserves over Bank of Thailand (BoT) requirements rose to THB1,403 million.

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 BoT. 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 2011, the Group's NPL (before allowance for doubtful debts) amounted to THB 4.1 billion or 3.4% of the outstanding loan portfolio. As at 31 December 2010, the non-performing loans were THB 2.9 billion or 2.7%. This was mainly due to the deterioration in credit quality of certain sizeable accounts and the impact of the floods on debt collection. We have made adequate provision for these accounts and continue to work on rectifying the status.

(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 is more than three months overdue, interest accrual will no longer be recognised while already-accrued interest during the previous three months will be reversed. This interest reversal is made in compliance with BoT 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. Dividends 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 Equity

As at 31 December 2011, the Group had total liabilities of THB 154.6 billion, representing an increase of THB 26.1 billion or 20.3% from 2010. The major contributor to the increase was total deposits, which increased by THB 6.9 billion or 7.3% to THB 101.6 billion, and the rise in borrowings by THB17.7 billion or 80.0% to THB 40.3 billion, mainly from the short term borrowings. Interbank and money market liabilities amounted THB 4.8 billion, an increase of THB 1.2 billion or 32.5%.

As at 31 December 2011, total equity stood at THB 13.4 billion, representing an increase of THB 1.5 billion or 12.4% compared to December 2010. The Bank's Board of Directors also gave its approval for THB 67.5 million to be appropriated from the Bank's net profit for the year of THB 1,346.0 billion into statutory reserve, to carry forward the remaining net profit into retained earnings and that no dividends be declared for the year ended 31 December 2011.

The decision to appropriate net profit to statutory reserve and retained earnings was made to sustain the Bank's growth momentum and ensure adequate capital going forward.

### Liquidity

The cash and cash-equivalent items, as indicated in the cash flow statement of the Bank and its subsidiaries as at 31 December 2011, were THB 3.1 billion, showing an increase of THB 378 million from 2010. Details of the changes are as follows:

Net cash provided by operations in 2011 was THB 7.8 billion. Losses from operations before changes in operating assets and liabilities were THB 2.2 billion, including THB 1.4 billion being the net profits for the year, adjustments of non-cash items to net profit, mainly from net interest and dividend income, gain sharing from TAMC and bad





adequacy ratio (BIS ratio) stood at 13.0%, exceeding the regulatory requirement. This is in line with the Basel II directives in relation to the calculation of capital funds.

At Group-level, the capital adequacy ratio was 13.2%, with consolidated capital funds amounting to THB 19.0 billion

### **Liquid assets ratio**

The BoT requires all commercial banks to maintain a minimum liquid assets ratio of 6% of total deposits and offshore borrowings with less than one year to maturity. At the end of 31 December 2011, the Bank's total liquid assets were THB 33.3 billion, while its loan-to-deposit ratio stood at 115.5%. Its ratio of liquid assets to total assets was 20.0% and its ratio of liquid assets to total deposits was 32.9%. All of these ratios were within the minimum regulatory requirement.

### **Investment in subsidiaries**

On 7 September 2011, the Bank increased its investment in a subsidiary, CIMB Securities (Thailand) Co., Ltd. by THB600 million in order to accommodate growth of the subsidiary and strengthen its capital funds.

As of 31 December 2011, the Bank's net investment in subsidiaries amounted to THB1.9 billion.

#### **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. 18 to be held on 12 April 2012.

#### **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)  
Executive Vice President  
Office of the President