

[ Translation ]

Minutes of the 2011 Annual General Shareholders' Meeting of  
Kiatnakin Bank Public Company Limited

.....

The Meeting was held on Thursday, 21 April 2011 at 10.00 hours at the Grand Ballroom, Grand Hyatt Erawan Bangkok Hotel, 494 Rajdamri Road, Patumwan District, Bangkok 10330. The Bank set the record date on 18 March 2011 to determine the shareholders entitled to attend the Annual General Meeting of Shareholders 2011, and set the shareholder register book closing date and suspending shares transfer on 21 March 2011 to compile the shareholder list pursuant to Section 225 of the Securities and Exchange Act. On this date, the registered capital of the Bank was 6,960,999,870 Baht or 696,099,987 ordinary shares, with a par value of 10 Baht per share. The Bank has paid-up capital of 6,343,288,640 Baht, equivalent to 634,328,864 ordinary shares.

**Names of Bank Directors present at the Meeting**

1. Mr. Supol	Wattanavekin	Chairman of the Board of Directors and Chairman of the Risk Management Committee
2. Mr. Pichai	Dachanapirom	Independent Director and Chairman of the Audit Committee
3. Assoc. Prof. Manop	Bongsadact	Independent Director, Chairman of the Nomination and Remuneration Committee and Member of the Audit Committee
4. Mr. Chet	Pattrakornkul	Independent Director, Chairman of the Compliance and Governance Committee, Member of the Audit Committee and Member of the Nomination and Remuneration Committee
5. Mr. Pravitt	Varutbangkul	Independent Director, Member of the Audit Committee and Member of the Compliance and Governance Committee
6. Mr. Tamin	Chirasoonthorn	Director, Member of the Compliance and Governance Committee
7. Mr. Suraphol	Kulsiri	Director, Member of the Nomination and Remuneration Committee and Member of the Main Credit and Foreclosed Property Committee
8. Mr. Tawatchai	Sudtikitpisan	Director and Chief Executive Officer and President
9. Mr. Pracha	Chumnarnkitkosol	Director
10. Ms. Thitinan	Wattanavekin	Director

**Names of members of the Bank's Executive Committee and senior executives in attendance**

1. Mr. Chavalit	Chindavanig	Head of Finance and Budgeting
2. Mr. Patom	Amorndechawat	Head of Operations
3. Mr. Sarawut	Charuchinda	Head of Debt Restructuring
4. Ms. Nujaree	Sithasrivong	Executive Vice President, Human Resource Management
5. Mrs. Piradee	Chongsiriwanchai	Executive Vice President, Deposit and Marketing

6. Mr. Verasak	Tantiniorn	Executive Vice President, Retail Lending
7. Mr. Somkiat	Pongjunyakul	Executive Vice President, Information Technology
8. Mr. Sathit	Bovornsantisuth	Executive Vice President, Deposit and Marketing
9. Mr. Siri	Senajak	Executive Vice President, Retail Lending
10. Mrs. Suwanee	Wattanavekin	Executive Vice President, Debt Restructuring
11. Mrs. Sujaree	Monchon	Executive Vice President, Risk Management
12. Mr. Kriengsak	Sukhanaphorn	Senior Vice President, Internal Audit Group
13. Mr. Pongphan	Sukhyanga	Senior Vice President, Compliance Group
14. Mrs. Suree	Harnpijsak	Senior Vice President, Accounting Department

**Name of Auditor from Deloit Touche Tomatsu Chaiyos Ltd. in attendance**

Mr. Supamit            Techamontreekul            Certified Public Accountant Registration No. 3356

**Name of Legal Counselor from Erawan Law Office Co., Ltd. in attendance**

Mr. Yodying            Dejphuwadol and advisors from his team

**The Meeting commenced at 10.05 hours**

Mr. Supol Wattanavekin, Chairperson of the Board of Directors, acted as Chairperson of the Meeting. He informed that 236 shareholders were attending the meeting in person, and another 272 attending as proxies. A total of 508 persons thus were in attendance, equivalent to 285,010,324 shares or 44.93% of total paid up share capital. This constituted a quorum, according to the Articles of Association of the Bank. He then formally opened the 2011 General Shareholders' Meeting. He welcomed and thanked shareholders for attending, introduced the Bank's Board of Directors, the Executive Committee, senior executives, the auditors, and the legal counselor attending.

Before discussing the agenda items, the Chairperson explained the procedures for voting in each agenda item and for the counting of votes, as follows:

- Shareholders have the right to vote according to the number of shares they own, one share is entitled to one vote. He or she can vote on each agenda item only whether to agree, disagree, or abstain. It is not possible to divide up the shares and vote separately on them except in the case where a proxy with a letter of appointment from a foreign shareholder to be custodian has been given authorization to be the share custodian. In the case where a shareholder has a connected interest in any item, that shareholder cannot vote on that item, except when voting to elect directors.
- Any resolution arising from the Shareholders' Meeting must be approved by the majority of shareholders present and entitled to vote, except when the law deems otherwise. Thus, for agenda item 6 where the topic is about determining remuneration for the directors, the rule is for a vote of two-thirds majority of the total votes cast by those shareholders attending the meeting and qualified to vote is required. For item 8 on considering the reduction of registered capital of the Bank by cancellation of unsold registered shares and item 9 on amending Clause 4 of the

Bank's Memorandum of Association in order to facilitate the reduction in registered capital of the Bank ,the principle of three-fourths majority as stated above is required as well.

- The counting of votes in the Shareholders' Meeting when voting on a resolution follows the rules explained below:

**In the case of shareholders attending the Meeting in person:**

For each agenda item, the Chairperson will ask for and count the votes only of those who disapprove or abstain on the resolution. So, for any agenda item, if shareholders do not want to approve or want to abstain, they are requested to write their preferences on the voting cards and then raise their hands so the staff can collect their written votes for counting. For shareholders who approve, they do not have to hand in their ballots. The votes of disapproval and abstention are then subtracted from the total number of shares present at the Meeting. It is deemed that the rest of the votes remaining are in favour of the resolution.

**In the case where shareholders assign proxies to attend the Meeting:**

If the shareholder had voted on a proposed resolution in advance in the form provided by the Bank, the Bank will record that vote – agree, disapprove, abstain – in the computer to be counted in the final tally. But if the shareholder (granter of the proxy) did not state his/her preference on the form or states it unclearly, the proxy can vote on behalf of the shareholder and follow the procedure as mentioned in the above paragraph. The Bank staff will then collect the voting card from the proxy as if collecting from the shareholder.

- The above-mentioned procedures shall be used for every agenda item, except for agenda no. 5 on electing directors to be retired by rotation. In order for such election process to follow good practices as specified in the Securities and Exchange Commission project on quality Shareholders' Meetings and of the Thai Investors Association, which aims to enable transparency and verifiability in the counting of votes, it is therefore requested that all shareholders attending the Meeting irrespective of whether they approve, disapprove, abstain, to record their preferences on the voting cards. The Bank staff will then collect voting cards from every shareholder for counting. And, in order to speed up the vote counting, the Bank will collect only voting cards of only those who disapprove and abstain on an agenda item. Also, after the end of the Meeting, shareholders are requested to return all voting cards to the Bank staff.

This year the Bank is using the system of organizing shareholders' meeting of the Thailand Securities Depository Co.,Ltd. and is using the barcode system in registration and counting the votes as in last year's meeting. Also, so that the Meeting is conducted with transparency and in accordance with the law and the Bank's article of association, the Bank has assigned Erawan Law Office Co., Ltd. to oversee the proceedings to ensure that it is conducted with transparency and in accordance with the regulations of the Bank. In addition, the Chairperson has invited 2 shareholders to sit with the Bank and Erawan Law Office staff assigned to vote counting as witnesses and check the correctness of the voting.

The Chairperson informed the Meeting that the Bank had on its website, invited shareholders to propose the names of persons whom they saw as having appropriate qualifications to be selected as directors, and to propose agenda topics for consideration in this Meeting. Neither had been submitted.

The Chairperson then proposed the Meeting to consider the agenda items as stated in the Letter of Invitation to attend the Annual General Shareholders Meeting for 2011, as follows:

**Agenda No. 1**            **To consider and approve the minutes of the Annual General Shareholders Meeting for 2010**

The Chairperson asked the Meeting to consider and approve the minutes of the Annual General Shareholders Meeting for 2010, which was held on 22 April 2010. The Bank had already sent the minutes to the Stock Exchange of Thailand and the Ministry of Commerce within the time limit required by law. The Bank has also posted the Minutes on its website and a copy had been sent to shareholders earlier with the letter of Invitation to attend this meeting.

The Chairperson asked if any shareholder would like to modify, correct, or express an opinion about the minutes.

No objections, questions, or request for changes to the minutes of the meeting were expressed.

The Chairperson asked for a vote to approve the minutes. He then announced the voting results as follows:

- Approved    419,354,761 votes    or    99.9941 % of shareholders attending the Meeting and entitled to vote
- Disapproved            0 votes    or    0.0000 % of shareholders attending the Meeting and entitled to vote
- Abstained            24,700 votes    or    0.0058 % of shareholders attending the Meeting and entitled to vote

**Resolution of the Meeting:**            The Meeting, by a majority vote of shareholders attending the Meeting and entitled to vote, approved the minutes of the General Shareholders Meeting for 2010, held on 22 April 2010 as proposed.

**Agenda No. 2**            **To acknowledge the Bank's activities during 2010**

The Chairperson asked the Meeting to acknowledge the Bank's activities as detailed in the Annual Report for 2010, which had been sent to shareholders along with the Letter of Invitation. He asked Mr. Tawatchai Sudtikitpisan, Chief Executive Officer and President, to report on Bank activities in 2010 for shareholders' acknowledgement. Mr. Tawatchai Sudtikitpisan, Chief Executive Officer and President, summarized the Bank's activities in 2010 as follows:

In 2010, even though the competition had been intensifying both in the hire-purchase business and in deposit mobilization, but for Kiatnakin Bank, it was another year of supreme success, in the areas of quality and growth. This can be seen in the following figures: assets grew to 141,900 million Baht, representing a growth of 11.4%; loans totaled 107,726 million Baht, a growth of 23.7%; net profit was 2,840 million Baht, a growth rate of 27.4%; non-interest income reached 3,455 million Baht, a growth of 94.3%; rate of return on assets (ROA) was 2.1% compared to 1.9% in 2009 and 1.8% in 2008; non performing loans or NPL was 4.41% with a value of 4,974 million Baht compared to 5.62% and value of 5,448.5 million Baht in 2009; provisioning for NPL was 85.1%, higher than in 2009 which was 69.2%. The Board of Directors therefore resolved to propose that the shareholders' meeting approve the dividend payment for 2010 at the rate of 2.40 Baht per share, which is the highest dividend ever paid by the Bank. This proposed dividend is calculated to be 50.8% of net profit as recorded in the consolidated accounts. As for the remaining profit, it will be added to the Bank's reserve fund, to support the Bank's future business expansion.

On management, the Bank made some adjustments to the organizational structure and made some changes at the higher executive level in order to meet the growth of the Bank in the next phase, by setting up a new the Compliance and Governance Committee and a new Main Credit and Foreclosed Property Committee. The Bank also appointed the following persons to new positions: Mr. Supol Wattanavekin as Chairman of the Board of Directors, Mr. Tawatchai Sudtikitpisan as Chief Executive Officer and President, Ms. Thitinan Wattanavekin as Director, and Mr. Pracha Chumnarnkitkosol as Chairman of the Credit and Foreclosed Property Committee.

#### **Report of the Audit Committee**

Mr. Pichai Dachanapirom, Independent Director and Chairman of the Audit Committee reported on its activities to the Meeting, details being in the annual report for 2010, pages 67-68.

The Chairperson asked if any shareholder would like to ask questions or make comments.

One shareholder asked what problems did the Audit Committee find after having audited the Bank's risk management operations?

Mr. Pichai Dachanapirom, Chairman of the Audit Committee explained that assessing risk is done by referring to the standards set by the Bank of Thailand, and thus 5 risks were identified: strategic risk, liquidity risk, marketing risk, credit risk, and operational risk. The Risk Management Committee is tasked with determining general risk management, while the Audit committee is charged with checking risk management which is linked with an internal control system that oversees all the Bank's risks. From the auditing done, it was found that the Bank does have appropriate and efficient risk management in place. The Board of Directors also monitor results of the assessment for all 5 risks mentioned above through the section on risk management and internal control. In addition, the Risk Management Committee has set strategies and developed tools to manage risk, so that it would be at an appropriate level and therefore contribute to efficiency in Bank operations.

Shareholders asked about 2 issues:

- 1) After looking comparatively at figures on deposits and loans for 2009 and 2010, it seems that loans grew substantially but deposits grew at a slower rate, even though the Bank had opened more branches. What are the reasons for this?
- 2) What is normally the budget for the opening of each branch?

Mr. Tawatchai Sudtikitpisan, Chief Executive Officer and President, explained that in the longer term, growth of loans, deposits and borrowing by the bank tend to move in the same direction. In some years, the Bank would campaign to attract deposits and to borrow more, in order to add to liquidity so it would be in a position to meet future credit growth. And in some years, when the Bank has sufficient deposits and money from borrowing to carry on the business, it would manage deposit and borrowing to be in approximate balance with loans. For the years 2009 and 2010 credit grew by 23.7% whereas deposits and borrowing grew by only 8.9%. This is because during 2009, the Bank accumulated much deposits and borrowing and it was sufficient for conduct of business in 2010. Therefore, deposit and borrowing growth grew less than that of credit in 2010. In 2011, if the Bank's business grew more, it would then have to mobilize deposits and borrowing more—as has been done in the past.

On the question of the budget for each new branch opening, it is about 10 million Baht, and this amount will be treated in accounting terms as expenses within three years. The addition of more branches is in order to mobilize deposits and broaden the customer base, to enhance stability in the deposit stream. Moreover, branches are a lower cost tool of mobilization of capital, lower cost than for fixed deposits.

The Chairman of the Meeting stated that because this agenda is one for acknowledgement of activities of the Bank for 2010, therefore the answers given will primarily be about performance for 2010. For other questions raised by the shareholders, the Chairman will summarize the questions and ask each director responsible to respond in the appropriate agenda. As for questions on 2011 performance, these will be answered when we get to agenda no.10.

No other shareholders asked additional questions or comment. The Chairperson proposed the Meeting to acknowledge the activities of the Bank for 2010.

**Resolution of the Meeting:** It acknowledged the Bank's activities during 2010 as proposed.

**Agenda No. 3** To consider and approve the Financial Statements for the year ended 31 December 2010

The Chairman proposed the Meeting to consider and approve the Financial Statements for the year ended 31 December 2010, which has been audited by the certified public accountant, as detailed in the 2010 Annual Report

pages 88-167 sent earlier to shareholders along with the invitation to this meeting. Mr. Tawatchai Sudtikitpisan, Chief Executive Officer and President, elaborated on details of the Balance Sheet and the Income Statement for the Meeting.

The Chairperson asked if there were any questions or comments.

A shareholder asked to explain the case whereby the Bank recorded certain losses in Financial Statements for the 4<sup>th</sup> quarter of 2010 to the amount of more than 500 million Baht.

The Chief Executive Officer and President explained that the Bank had entered into an auction for assets and bid for them at a price higher than its real value, the reason being due to a mistake in communication and the fact that there were other bidders too. The result was a bid for assets at the price of more than 700 million Baht, whereas the asset price was more than 100 million Baht. Once the Bank learned of this mistake about the asset value as stated in the auction, it cancelled its bid and did not purchase the asset in question. Then, the Bank in a subsequent auction bid for this asset for a second time and won at a price of more than 100 million Baht. However, afterwards, the Legal Execution Department demanded the difference between the price bid in the first auction and the price paid at the second auction, as it was deemed that damages had arisen as a result of a commercial contract having been broken. The difference between the two figures and hence fine was over 500 million Baht, which the Bank then recorded in the Financial Statements for quarter 4 of 2010. But the Bank has appealed to the Supreme Court to consider the case, and the Bank believes that in its position as preferred creditor, the Bank has the chance to win the court case. The process of litigation would take some time. But whatever the court judgment, the damages have already been reflected in the Financial Statements of quarter 4. And Bank executives realize their responsibility in correcting the problem and preventing it from occurring again.

No other shareholders asked additional questions or comment. The Chairperson proposed the Meeting to consider and vote on the Financial Statements for the year ended 31 December 2010.

The Chairman then announced the voting results as follows:

- Approved 419,231,376 votes or 99.8563 % of shareholders attending the Meeting and entitled to vote
- Disapproved 0 votes or 0.0000 % of shareholders attending the Meeting and entitled to vote
- Abstained 603,300 votes or 0.1436 % of shareholders attending the Meeting and entitled to vote

**Resolution of the Meeting:** The Meeting, by a majority vote of shareholders attending the Meeting and entitled to vote, approved the Financial Statements for the year ended 31 December 2010.

**Agenda No.4**            **To consider and approve the allocation of 2010 operating profits and payment of dividend**

The Chairman proposed that the Meeting consider and approve the allocation of profit from business operations in 2010 and payment of dividend. He informed the Meeting that the Bank made a net profit as shown in the consolidated financial statements for 2010 amounting to 2,840,151,758 Baht. Also, the Bank did not have any accumulated losses. Thus, the Bank can consider paying dividends to shareholders according to Section 115 of the Public Limited Companies Act B.E. 2535 (1992) and Article 45 of the Bank's Articles of Association which states that the Board of Directors may pay an interim dividend to shareholders from time to time. Once the Board paid such a dividend, it was to inform shareholders of such payment in the next general meeting of shareholders. In addition, Section 116 of the Public Limited Companies Act stated the Bank must apportion part of its net annual profit as capital reserves to the amount not less than 5% of the net annual profit after deduction of accumulated losses (if any). This was to be done until the capital reserve reached 10% of its registered capital.

The Board of Directors thus felt it appropriate to ask the Shareholders' Meeting to approve the allocation of profits from the results of 2010 operations and payment of the dividend as follows:

- (1) It is not necessary this year to allocate profits to legal capital reserve, since the Bank had already allocated sufficient capital as reserves and fulfilled the 10% rule of registered capital as required in Section 116 of the Public Limited Companies Act B.E. 2535.
- (2) Pay the annual dividend for 2010 at the rate of 2.40 Baht, of which 1.00 Baht has already been paid out as interim dividend on 20 August 2010. Thus, 1.40 Baht remains to be paid this time to shareholders. The payment is from net income where a corporate tax rate of 30% is applied. The dividend receiver who is a natural person can receive tax credit in accordance with Section 47 bis of the Revenue Code. The Bank had set the record date on 28 April 2011 to determine the shareholders entitled to receive dividend, and the shareholder register book closing date and suspending shares transfer on 29 April 2011 to compile the shareholder list pursuant to Section 225 of the Securities and Exchange Act B.E.2535. Dividend payment date is 20 May 2011.
- (3) Allocate profits from operating performance for 2010, after payment of dividend, to capital fund in accordance with Section 4 of the Financial Institutions Business Act B.E. 2551 (2008).

The Chairman asked if there were any questions or comments. No shareholder asked questions or made any comments. The Chairperson asked the Meeting to consider and vote on the item.

The Chairman then announced the voting results as follows:

- Approved    419,992,659 votes    or    99.9978 % of shareholders attending the Meeting and entitled to vote
- Disapproved    3,000 votes    or    0.0007 % of shareholders attending the Meeting and entitled to vote
- Abstained        6,000 votes    or    0.0014 % of shareholders attending the Meeting and entitled to vote

**Resolution of the Meeting:** The Meeting, by a majority vote of shareholders attending the Meeting and entitled to vote, approved the said allocation of profits and the payment of the dividend as follows:

- (1) It is not necessary this year to allocate profits to legal capital reserve, since the Bank had already allocated sufficient capital as reserves and fulfilled the 10% rule of registered capital as required in Section 116 of the Public Companies Act B.E. 2535.
- (2) Pay the annual dividend for 2010 at the rate of 2.40 Baht, of which 1.00 Baht has already been paid out as interim dividend on 20 August 2010. Thus, 1.40 Baht remains to be paid this time to shareholders. The payment is from net income where a corporate tax rate of 30% is applied. The dividend receiver who is a natural person can receive tax credit in accordance with Section 47 bis of the Revenue Code. The Bank had set the record date on 28 April 2011 to determine the shareholders entitled to receive dividend, and the shareholder register book closing date and suspending shares transfer on 29 April 2011 to compile the shareholder list pursuant to Section 225 of the Securities and Exchange Act B.E.2535. Dividend payment date is 20 May 2011.
- (3) Allocate profits from operating performance for 2010, after payment of dividend, to capital fund in accordance with Section 4 of the Financial Institutions Business Act B.E. 2551 (2008).

**Agenda No.5** To consider and elect directors in place of directors retired by rotation

The Chairperson asked Associate Professor Manop Bongsadadt, Independent Director, Chairman of the Nomination and Remuneration Committee and Member of Audit Committee, to explain the details of this agenda item on electing directors in place of directors retired by rotation. Assoc. Prof. Manop Bongsadadt said according to Article 18 of the Bank's Articles of Association, one-third of Directors have to retire by rotation at every annual general shareholders meeting. Thus, the three directors having to retire by rotation are:

- |                   |                  |                        |
|-------------------|------------------|------------------------|
| (1) Mr. Suraphol  | Kulsiri          | Non-executive Director |
| (2) Mr. Tawatchai | Sudtikitpisan    | Executive Director     |
| (3) Mr. Pracha    | Chumnarnkitkosol | Executive Director     |

These three directors who thus have a connected interest in this agenda left the meeting hall, while this agenda was being discussed.

In addition, the Chairman of the Nomination and Remuneration Committee said the Bank posted on its website and invited shareholders to propose names of individuals seen as suitably qualified for election as director, as well as to propose agenda items to be considered, but there was no response from shareholders.

The Nomination and Remuneration Committee in its deliberation, without the participation of the directors with connected interest, considered the qualifications of the 3 retiring directors in terms of their qualifications, experience, and competencies and was of the opinion that they would continue to contribute greatly to the operations of the Bank

and to the Board of Directors. They also had the appropriate qualifications and did not have any prohibited attributes as defined in the legal provisions, which apply to the Bank. Furthermore, they have expertise and experience in businesses connected with the Bank's operations thus can bring benefits to the Bank. In addition, they have been working in their duties with responsibility, care, and with integrity, and the Bank of Thailand has given approval for them. Thus, it was recommended that the Shareholders' Meeting reelect the 3 directors for another term. The profiles of the 3 directors can be seen in the Letter of Invitation to this Meeting. The Chairperson also presented the profile of each director, to assist shareholders in their consideration.

The Chairperson then asked shareholders to deliberate on each director. In order to comply with the project on enhancing quality of shareholders' meeting of listed companies, shareholders were asked to vote on one director at a time and the Bank will collect the ballots of every shareholder attending the meeting whether it be to approve, disapprove, or abstain. But in order to speed up the voting process and counting, the Bank will collect ballots only of those shareholders who voted to object or abstain first. After the Meeting, all shareholders are requested to return all ballots to Bank staff.

The Chairperson asked whether there were any questions or comments. No shareholder asked questions or made any comments.

The Chairperson asked the Meeting to consider and elect the directors one by one in place of those retired by rotation.

The Chairperson then announced the voting results as follows:

**(1) Mr. Suraphol Kulsiri Non-executive Director**

- Approved 418,794,259 votes or 99.7093 % of shareholders attending the Meeting and entitled to vote
- Disapproved 1,178,600 votes or 0.2806 % of shareholders attending the Meeting and entitled to vote
- Abstained 42,000 votes or 0.0099 % of shareholders attending the Meeting and entitled to vote

**(2) Mr. Tawatchai Sudtikitpisan Executive Director**

- Approved 419,383,159 votes or 99.8496 % of shareholders attending the Meeting and entitled to vote
- Disapproved 603,700 votes or 0.1437 % of shareholders attending the Meeting and entitled to vote
- Abstained 28,000 votes or 0.0066 % of shareholders attending the Meeting and entitled to vote

**(3) Mr. Pracha Chumnarnkitkosol Executive Director**

- Approved 419,368,059 votes or 99.8460 % of shareholders attending the Meeting and entitled to vote
- Disapproved 603,700 votes or 0.1437 % of shareholders attending the Meeting and entitled to vote
- Abstained 43,100 votes or 0.0102 % of shareholders attending the Meeting and entitled to vote

**Resolution of the Meeting:** The Meeting, by a majority vote of shareholders attending the Meeting and entitled to vote, approved the reelection to the Board of Directors of Mr. Suraphol Kulsiri, Mr. Tawatchai Sudtikitpisan, Mr. Pracha Chumnarnkitkosol, directors retired by rotation, for another term as proposed.

Agenda No.6

To consider remuneration for directors for 2011

Associate Professor Manop Bongsadadt, Independent Director, Chairman of the Nomination and Remuneration Committee and Member of Audit Committee proposed the Meeting to consider remuneration for directors for 2011. He reported that in 2010, the General Meeting of Shareholders approved remuneration of directors at not more than 10 million Baht in total, but in actual fact the Bank paid out 6,886,400 Baht, which was lower than the amount approved by that Annual General Shareholders' Meeting. Details on remuneration of directors can be seen in the Annual Report page 80 and it was proposed that the Meeting acknowledge the remuneration paid out to directors and executives for 2010 as shown on pages 79-80.

Remuneration for directors should be a reflection of their tasks and responsibilities, and that the rate should be reviewed annually. For 2011, the Nomination and Remuneration Committee had carefully considered the remuneration of directors, advisory director and other committees. It also made reference to rates paid out by other banks of equivalent status and to prevailing business trends. In addition, it also considered the rate of remuneration and other factors that would lead to incentives to attract directors with superior capabilities. Another point entering into consideration is the fact that the Bank has reorganized the structure of Bank committees by appointing one more director for the Audit Committee and set up two new committees: the Compliance and Governance Committee and the Main Credit and Foreclosed Property Committee, in addition to appointing the Chairman of the Board of Directors (who is a non-executive director) as Advisor to the Executive Committee. In addition, the Board has revised the description of powers and responsibilities of the various Bank committees to optimize their contribution to the Bank, the shareholders, and all stakeholders, and to be in accord with the principle of good governance. For these reasons, the committee recommends the Board to propose to this shareholders' meeting to approve the remuneration of directors for 2011 at the amount of not more than 15 million Baht, the sum comprising directors' and committee members' monthly remuneration, meeting honorarium, and gratuities.

The Board of Directors, after due consideration, agreed with the proposal of the Nomination and Remuneration Committee and proposed that the Shareholders' Meeting approve remuneration for the Board of Directors, director who is advisor to the Executive committee and Bank committee members, to the amount of not more than 15 million Baht, an increase of 5 million Baht from last year. This sum consists of their monthly remuneration, meeting honorarium, and gratuities. In the case where the Board has to set remuneration for Bank committees, if more appointments are made, it is proposed that the Board of Directors can go ahead with such determination provided it is within the 15 million Baht limit. Thus, the details of what the Board proposes to the meeting as follows:

Composition of remuneration	For 2011 (year proposed)		Year 2010	
	Monthly remuneration (Baht)	Meeting honorarium <sup>(2)</sup> (Baht/meeting)	Monthly remuneration (Baht)	Meeting honorarium <sup>(2)</sup> (Baht/meeting)
<b>(1) Remuneration for Bank directors</b>				
- Chairperson of the Board	72,000	-	60,000	
- Directors	36,000	-	30,000	
<b>(2) Remuneration of 5 Bank committees <sup>(1)</sup></b>				
<b>1. The Audit Committee</b>				
- Chairman	-	28,000	-	25,000
- Members	-	17,000	-	15,000
<b>2. The Nomination and Remuneration Committee</b>				
- Chairman	-	28,000	-	25,000
- Members	-	17,000	-	15,000
<b>3. The Compliance and Governance Committee <sup>(3)</sup></b>				
- Chairman	-	28,000	-	-
- Members	-	17,000	-	-
<b>4. The Risk Management Committee <sup>(4)</sup></b>				
- Chairman	180,000	-	-	-
<b>5. The Main Credit and Foreclosed Property Committee <sup>(3)</sup></b>				
- Members	50,000	-	-	-
<b>(3) Remuneration of Advisory Director to Executive Committee <sup>(5)</sup></b>	50,000	-	-	-
<b>(4) Gratuities for board directors</b>	Rate of payment for directors' gratuities will depend on bank performance for each year, and authority to set such payment for each director lies with the Board of Directors' meeting. Once added up, the total of such gratuities, remuneration for directors shall not exceed 15 million Baht.		Adding gratuities to directors and remuneration to Board directors of every category, it must not exceed 10 million Baht. It is to be the power of the Board of Directors Meeting to set the amount to be paid to each director.	

**Footnotes :** (1) Directors who are also Bank executives or committee members who are also company secretary will not receive remuneration for sitting on Bank committees.

(2) Meetings honorarium will be paid each time and only if one attends the meeting.

(3) On 17 January 2554 the Board of Directors resolved to set up 2 more Bank committees.

(4) For 2010, there was no remuneration paid to the Risk Management Committee, because all of its members were also Bank executives.

(5) On 21 December 2010, the Board of Directors resolved to appoint Mr. Supol Wattanavekin, Chairman of the Board of Directors to be Advisor to the Executive Committee effective 1 January 2011.

The Chairman of the Meeting informed that shareholders who are also directors hold a total of 46,608,177 shares. Thus, they were deemed to have connected interest and therefore do not have the right to vote on this agenda item.

The Chairperson asked if there were any questions or comments.

A shareholder asked 2 questions about remuneration to directors and committee members:

- 1) The reason given for the increase in the remuneration budget from 10 million to 15 million Baht was that the Bank had paid out 6.8 million Baht from the proposed 10 million Baht the last time. So is the Bank going to adjust such payment to directors every year, including increasing remuneration to other Bank committees?
- 2) Can the Board decrease the number of Bank committees so as to lessen expenses on remuneration?

Assoc. Prof. Manop Bongsadatt, Chairman of the Nomination and Remuneration Committee explained that this year the Bank has made adjustments to the Bank committees by: appointing 1 more member of the Audit Committee; establishing 2 new Bank committees which are the Compliance and Governance Committee and the Main Credit and Foreclosed Property Committee; appointing the Chairman of the Board of Directors who is a non-executive director to be an advisor to the Executive Committee; changed the extent of power and responsibilities of the various committees so as to maximize their effectiveness to the Bank, the shareholders, and all shareholders groups, such that it would follow the principles of good governance. In addition, the Bank has made a comparison of remuneration rates of banks in the same class as well as considered the duties and responsibilities of each committee, before coming to a determination of the budgeted amount. For the total of 15 million Baht proposed today for approval, it is expected that not all the amount will be used. Details of the remuneration rates proposed can be seen on page 40 of the invitation letter to this meeting.

Mr. Supol Wattanavekin, Chairman of the Board, explained also that the Board does review remuneration of the directors every year, but the Board does not increase it every year necessarily. The record is that it has been adjusted once every 2-3 years. In the past year, total payments to directors may be seen as less than the amount allocated because the Board realizes its responsibilities to shareholders. And the payment has been in tandem with operating results of the Bank. If the latter is not good, then the rate of dividend payment would be less, and the same principle applies to directors' and committee members' remuneration. And since in 2011, the Board has restricted the system of committees and executives as mentioned above from before having a chairman of the Executive Committee and a president to now merging the positions into one, which is an expense reduction measure. Furthermore, under the new structure of the Board of Directors and of the Bank committees plus the fact of the increasing size of the Bank, has resulted in a higher expectation of the Board's performance. The Board of Directors is responsible for supervision in general of the Bank and to balance the weight of the Executive Committee. Therefore, remuneration proportionate to the size of the organization will result in the Board being able to act in an effectively and sustained way, as representative of shareholders, to perform duties and look after shareholders' long term interests.

No shareholder asked questions or made any comments. The Chairman then asked the Meeting to consider and vote:

The Chairman then announced the voting results as follows:

- Approved 373,342,202 votes or 99.9767 % of all votes of shareholders who were present and entitled to vote
- Disapproved 30,600 votes or 0.0081 % of all votes of shareholders who were present and entitled to vote
- Abstained 56,300 votes or 0.0150 % of all votes of shareholders who were present and entitled to vote

**Resolution of the Meeting:** The Meeting, by vote of not less than two-thirds of all votes of shareholders attending the Meeting and entitled to vote, approved the remuneration for directors, for advisor to the Executive Committee, and Bank committee members for the year 2011 to the amount of not more than 15 million Baht, which comprise of monthly remuneration for directors and committee members, meetings honorarium, and gratuities for directors and committee members. In the case where the Board may have to determine remuneration for newly appointed Bank committee members, the Board shall be the entity to implement this. The said remuneration is to fall within the amount budgeted, that is, 15 million Baht as mentioned above.

**Agenda No. 7** To consider and appoint auditors and their fees

The Chairman asked Mr. Pichai Dachanapirom, Independent Director and Chairman of the Audit Committee, to provide details on the appointment and remuneration of the auditors for 2011.

The Chairman of the Audit Committee explained that the Public Limited Companies Act and the Bank's Articles of Association Article 36 state that the Annual General Meeting of Shareholders shall appoint and fix auditor's fee every year. The Audit Committee considered three auditors and audit fee for 2011 and proposed to the Board of Directors to select firm Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. since it is of the opinion that this audit firm has extensive experience in auditing many commercial banks, has a worldwide network, is universally acceptable, and can transfer relevant knowledge to the Bank. Moreover, in the past accounting year, the auditors have performed their tasks professionally; and have provided advice on internal control systems and various types of risks. They have also worked with independence. The three auditors proposed to be appointed are:

1. Mr. Suphamit Techamontrikul Certified Public Accountant Registration No.3356
2. Mr. Niti Jungnitnirundr Certified Public Accountant Registration No.3809
3. Mr. Permsak Wongpatcharapakorn Certified Public Accountant Registration No.3427

It was proposed that anyone of the above individual do the auditing. If all of the three auditors were unavailable, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. was to find one of their auditors to do the job. Also, it should be noted that the 3 auditors and Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. do not have any relation or transaction with the Bank such that would create a conflict of interest with the Bank, its subsidiaries, its executives, major shareholders or

persons connected with them. Moreover, the Bank of Thailand had already approved all three auditors. It was also proposed that the audit fee for 2011 be 5,250,000 Baht.

In addition, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd are also auditors for the Bank's subsidiary as stated in the Letter of Invitation to attend this meeting. Thus, the Bank proposed for acknowledgement the audit fee for the Bank's subsidiary at 4,230,000 Baht.

The Chairman asked if there were any questions or comments. No shareholder asked any questions or made any comments. The Chairman asked the Meeting to consider and vote on the item.

The Chairman then announced the voting results as follows:

- Approved 419,975,479 votes or 99.9843 % of shareholders attending the Meeting and entitled to vote
- Disapproved 19,200 votes or 0.0045 % of shareholders attending the Meeting and entitled to vote
- Abstained 46,700 votes or 0.0111 % of shareholders attending the Meeting and entitled to vote

**Resolution of the Meeting:** The Meeting, by majority vote of shareholders attending the Meeting and entitled to vote, approved the appointment of Mr. Suphamit Techamontrikul, Certified Public Accountant No. 3356 or Mr. Niti Jungnitnirundr, Certified Public Accountant No. 3809 or Mr. Pemsak Wongpatcharapakorn, Certified Public Accountant No. 3427 of Deloitte Touche Tohmatsu Jaiyos Audit Co. Ltd. to be the Bank's auditor and approve the audit fee for the year 2011 at 5,250,000 Baht. Also, these three auditors have been approved by the Bank of Thailand. The Meeting, in addition, acknowledged the audit fee for the Bank's subsidiaries in 2011 at 4,230,000 Baht as proposed.

**Agenda No. 8** To consider and approve reduction of registered capital of the Bank by cancellation of unsold registered shares

The Chairman asked Mr. Tawatchai Sudtikitpisan, Chief Executive Officer and President to expand on both agenda items 8 and 9 since they are related.

The Chief Executive Officer and President said that at present, the Bank has 35,771,123 unsold registered shares, which it now has no need to retain as follows:

- (1) Reserved shares for the exercise of KK-W4 29,235,623 shares approved by the Annual General Meeting of Shareholders No. 30 held on 27 April 2000. Such warrants have expired.
- (2) Reserved shares for the exercise of the ESOP Warrant 6,535,500 shares approved by the Annual General Meeting of Shareholders No. 30 held on 27 April 2000, and which are reserved for allocation to directors and/or bank staff. At present, there are no remaining warrants to exercise at present.

It is thus proposed that the Annual General Meeting of Shareholders approve the reduction of registered capital of the Bank from 6,960,999,870 Baht to a new registered capital of 6,603,288,640 Baht, or 660,328,864 shares by cancellation of unsold registered shares of 35,771,123 shares.

No shareholder asked any questions or made any comments. The Chairman asked the Meeting to consider and vote on the item.

The Chairman then announced the voting results as follows:

- Approved 419,977,758 votes or 99.9845 % of shareholders attending the Meeting and entitled to vote
- Disapproved 24,000 votes or 0.0057 % of shareholders attending the Meeting and entitled to vote
- Abstained 40,900 votes or 0.0097 % of shareholders attending the Meeting and entitled to vote

**Resolution of the Meeting:** The Meeting, by a vote of not less than three-quarters of all votes of shareholders attending the Meeting and entitled to vote, approved the reduction of registered capital of the Bank from 6,960,999,870 Baht to 6,603,288,640 Baht, or 660,328,864 shares, by cancellation of unsold registered shares totaling 35,771,123 shares.

**Agenda No.9** To consider and approve the amendment to Clause 4 of the Bank's Memorandum of Association in order to facilitate the reduction in registered capital of the Bank

Mr. Tawatchai Sudtikitpisan, Chief Executive Officer and President, proposed the Meeting to consider and approve the amendment to Clause 4 of the Bank's Memorandum of Association in order to facilitate the reduction in registered capital of the Bank as stated in agenda no.8.

Clause 4 registered capital	6,603,288,640	Baht	(Six thousand six hundred and three million two hundred and eighty eight thousand six hundred forty Baht)
Divided into	660,328,864	shares	(Six hundred sixty million three hundred and twenty eight thousand eight hundred and sixty four shares)
Par value	10	Baht	(Ten Baht)
Divided into			
Ordinary shares	660,328,864	shares	(Six hundred sixty million three hundred and twenty eight thousand eight hundred and sixty four shares)
Preferred shares	( - )	shares	(none)

No shareholder asked questions or comments. The Chairman asked the Meeting to consider and vote on the item.

The Chairman then announced the voting results as follows:

- Approved 419,988,469 votes or 99.9870 % of all votes of shareholders who were present and entitled to vote
- Disapproved 14,000 votes or 0.0033 % of all votes of shareholders who were present and entitled to vote
- Abstained 40,200 votes or 0.0095 % of all votes of shareholders who were present and entitled to vote

**Resolution of the Meeting:** The Meeting, by vote of not less than three-quarters of all votes of shareholders attending the Meeting and entitled to vote, approved the amendment to Clause 4 of the Bank's Memorandum of Association in order to facilitate the reduction in registered capital of the Bank as approved in agenda no. 8.

**Agenda No.10 Other Matters (if any)**

The Chairman invited shareholders to express their opinions and questions about the Bank's operation. A question asked was that in the proceedings to elect a board director, or to re-elect a director due for rotation, the candidates should explain their vision to the shareholders so the latter would get to know the candidates better before casting their ballots.

The Chairman thanked the meeting for the question and will consider the suggestion.

Then, the Chairman summarized the questions asked by shareholders during consideration of the 2<sup>nd</sup> agenda item. He asked Mr. Tawatchai Sudtikitpisan, Chief Executive Officer and President, to elaborate on Bank performance for the 1<sup>st</sup> quarter of 2011 and on the question whether there were any profits from the seasonal sale of foreclosed properties, including what the Bank's direction and strategy for the future would be, given the very competitive environment faced. Also, what is the strategy in keeping and attracting deposit customers to stay with the Bank.

Mr. Tawatchai Sudtikitpisan, Chief Executive Officer and President, said the future direction of the Bank is an extension of what the Bank has been doing since its inception as a commercial bank, that is, to choose to do businesses in which the Bank has expertise in and which it is in a position to compete. This means the Bank has and will focus on 3 businesses; 1) Hire purchase for automobiles, which now comprise 70% of the Bank's business; 2) Housing loans, at 15% of total loans; 3) General loans, which consists of SME and personal loans, the last two comprising 15% of total loans. And this and the following year, the Bank will emphasize expanding the deposit base at the branches, and will give more importance to wealth management in order to increase fee income further.

The reason why the Bank did not choose to do housing loans is because this type of loan generates a very low margin and there exists a high level of competition in interest rates. However, the bank has involved itself in a business cooperation project with the Secondary Mortgage Corporation. The nature of the business here is that the Bank dispenses housing loans to Bank customers sells the loan portfolio to the Secondary Mortgage Corporation. The Bank gains from various fee income such as fees related to loans, fees for fire insurance etc. In the same manner as what

other banks gain from this type of business. Engaging in the real estate business this way also decreases the risk to the Bank from having to do long term lending.

As for 1<sup>st</sup> quarter 2011 operating results, the bank has achieved the objectives set, as can be seen by the fact that the Bank's loans have continuously expanded, whereas the interest spread decreased only slightly at 5.2%. As for selling of non-performing assets for this quarter, it was slower than scheduled, resulting in a decline on profit from such sale. The Bank is continuously promoting the sale of non-performing assets and have set the target at 4,800 million Baht, and it is expected that such sales will increase in the following quarter.

As for hire purchase loan strategy, at present the Bank has 70% of total loans in hire purchase. Last year, the Bank's market share in this area increased by 1%, the comparison being with the 5 top players in this kind of loan. It is believed the Bank can compete in both new and second hand car hire purchase, even though the competition is severe. And if the bank can manage cost costs such that they are lower, then it can compete better. In addition to competition in terms of interest rates, there is the question of good relationship between customers and a company in general, including the speed of service. The bank gives importance to this aspect and emphasizes providing better service in order to be able to compete and grow further.

A shareholder asked about the case where the Bank of Thailand increased interest rates to 2.75% two days ago. How will the Bank respond, in relation to its plan to grow profits?

The Chief Executive Officer and President explained that the Bank's strategy for this year is to increase revenue and decrease operating expenses. As for income generation, the bank will emphasize expanding its businesses to grow more income quickly, and will try to increase fee income more from offering financial products such as life and non-life insurance. As for the Bank's core expenses, these are 1) interest expenses, which depends on the situation of interest rates, and as we are in the phase of increasing rates, therefore interest expenses have gone up. 2) Administrative and management expenses. The bank will increase the efficiency of bank personnel and slow down the hiring, so as to control costs and compensate for the increased interest expenses incurred.

A shareholder asked about Bank policy on choice of sites to open sub-branches, and suggested it choose sites where people would find it convenient to access, such as at shopping malls.

The Chief Executive Officer and President explained that the bank has plans to continually open new branches and will choose sites convenient to customers. It has opened some branches in shopping malls and some are open 7 days a week. The decision on whether to open a branch would be governed by the assessment of which customer groups to serve: 1) There are branches that provide loan services; 2) There are branches for servicing depositors. The bank tries to build satisfaction of both groups. Presently, at the end of 1<sup>st</sup> quarter 2011, the Bank had opened 3 new branches and

by the end of this year, the bank will have had 77 new branches, a number of which will be located in shopping centres and department stores, in order to provide convenient services to customers.

A shareholder asked for an explanation as to why operating expenses for quarter 1 of 2011 increased by 40% compared to such expenses during the same period last year (2010), which seem to be due to increased expenses on personnel and branch expansion.

The Chief Executive Officer and President said in the past year, the Bank has opened almost 20 branches and as a result, needed more staff. Normally, opening a branch would incur many expenses in the first year and would reach breakeven point in 1-1.5 years. The Bank has a need to open more branches to use to mobilize deposits and reach out to new customers, as well as increasing the convenience for present customers. But of course the Bank knows well that this expansion would increase costs and does make an effort to prevent them from overrunning short term revenue.

A shareholder asked whether the Bank could increase earnings from loans for installment of natural gas cylinders in cars and from bancassurance.

The Chief Executive Officer and President said that the management accepts this idea on loans for auto natural gas cylinder installment for consideration. However, the Bank already has a personal loan service for bank customers who have taken out loans with the Bank, so that they can apply for these loans for certain purposes including installing the tanks. For bancassurance, 1) It is sold in parallel with hire purchase loans, and the growth has been good; 2) Bancassurance that is sold to savings depositors. The Bank has started to engage in this business only recently and we are taking measures to grow this, as a way to increase another channel of fee income.

A shareholder asked about the bank's current car loans, what is the proportion between new and second hand cars? Also, how far would be the effect of natural disasters such as flooding or storms on Bank income and on customers' ability to repay loans?

The Chief Executive Officer and President explained that the average proportion of new car loans is 60% compared to 40% for second hand cars. As for effects of the flooding in the South, the bank had prepared measures to assist those customers affected as follows: one, restructuring loans by extending the time period for payback, this being for 3 branches in Nakhon Si Thammarat, Surat Thani and Krabi which were affected. At this time, more than 100 customers have received such help. Two, on the question of NPLs, up to this day, the bank has not seen any indication of a rise in the Bank's NPL, but we are and will be watching the situation of those customers affected closely for another 2-3 months. But on the whole, we do not see any serious impact from such natural disaster.

Another shareholder asked about this year's government deposit insurance policy, what are the Bank's plans in this regard?

Ms. Thitinan Wattanavekin, Director and Head of Deposit and marketing said the Bank has prepared a plan to meet such development and has been implementing it continually. This is what the Bank has done: 1) Expanded the customer deposit base, the results which can be seen in the increase in deposit accounts from 48,000 jumping to 88,000. 2) Increased the number of branches continuously, whereby in 2011 this year, we will open 16 new branches, to meet the new requirement that government deposit insurance will decrease its coverage to cover only million Baht maximum next year. 3) Offered new financial products to customers, in order to diversify savings of big deposit customers to other investment vehicles such as mutual funds, bancassurance, stocks, all which comprise ways to lessen the concentration of big depositors in only one form. In addition, the Bank has a priority banking service which will provide special financial privileges, and benefits, provide consultation as well as other varied and modern services in personal finance. And 4) The Bank has prepared a contingency plan on liquidity in case big customers withdraw money from their savings account, such plan having informed the Bank of Thailand.

Shareholders made the following suggestions:

- 1) A request for management of listed companies such as Kiatnakin Bank to fix the date of Annual General Shareholders' Meeting so it would not be held on the same day as other companies, so all shareholders could attend. One can look at XM information in [www.setsmart.com](http://www.setsmart.com) prior to fixing the date.
- 2) In operating the business, the Bank should search to borrow from lower interest instruments such the inter-bank market and other financial markets and then use the money to dispense loans at a higher rate of return than what the bank has to pay out in interest.

The Meeting's Chairman thanked all for their comments and suggestions. There were no other subsequent questions and comments. The Chairman then thanked shareholders for their continuous support to the Bank, and reaffirmed the Board of Directors' commitment to continually improve operations of the Bank. He thanked shareholders for attending the Meeting and giving useful comments to the Bank. He then closed the Meeting.

The Meeting ended at 12.15 hours.

Signed	<i>Supol Wattanavekin</i> (Mr. Supol Wattanavekin) Chairman of the Board of Directors	Chairperson of the Meeting
Signed	<i>Porntip Chuprakhun</i> (Miss Porntip Chuprakhun) Company Secretary	Secretary to the Meeting