













The President explained that the allowance for doubtful accounts to loans had increased slightly over last year. In managing lending, we tried to address customers' problems in advance, by advising them how to adjust their business operations. We had also adjusted the terms of lending to assist business customers. Regarding Interbank and money market items, they are normal transactions involving borrowing or lending to other banks, or the buying of bonds to manage liquidity and ensure maximum benefit.

A shareholder proposed that we improve upon the Annual Report, particularly in the section concerning important financial information (consolidated financial statements) by enlarging the lettering and presenting the Bank's year-to-year operating results in easy-to-understand graphics. In addition, details on loans extended to the real estate sector and their subsidiaries should be provided in the Annual Report to allow monitoring of related risks.

The Chairman agreed to consider the above matter.

A shareholder proposed that because the real estate sector – particularly condominiums – had achieved high growth last year, but KBank had focused more on loans to manufacturing and commerce instead, perhaps we should provide details about mortgage loans each year. In addition, the shareholder asked if our loan-to-deposit ratio at 96 percent was appropriate, and how we see the overall picture for lending in 2010.

The President explained that although the real estate sector had exhibited high growth last year, KBank was being cautious about extending home loans and appraising home prices that are invariably linked to economic conditions and interest rates. Moreover, we were cautious in our estimates of the debt servicing ability of borrowers, as well as toward their objectives in buying new homes, and observing caution toward the financial stability of real estate companies. Regarding our loan-to-deposit ratio at 96 percent, it was considered an appropriate level because of the development of the Thai money market where new forms of savings products were being introduced, including bills of exchange, promissory notes, debentures and mutual funds. Nevertheless, amid the low interest rate environment and quite high liquidity in the market, if a higher proportion of highly-liquid assets were maintained, it would adversely affect the average yield on total assets, thus causing the profit to decline.

The Chief Executive Officer explained further that in 2010 we had targeted 8 percent growth in loans; our loan-to-deposit ratio at 95-96 percent was considered appropriate because it was in equilibrium, allowing us to utilize savings more effectively without sustaining a shortfall in liquidity. At the same time, because we had developed more systematic procedures and criteria for loan approvals, we had been able to reduce the rate of non-performing loans to the lowest level in the industry.

A shareholder proposed that we obtain low-interest loans from the Bank of Thailand and lend that money to large corporations to benefit from a wider interest spread. This would also help reduce borrowing costs for us and our customers. The shareholder was of view that our focus on expanding business within the retail and SME segments was not an important factor for success; hence, we should resort to acquiring other banks to expand business and make a quick profit. The shareholder asked if we had any plan to acquire other banks in the future. In addition, the shareholder advised that our factoring business should offer this service to both borrowers and creditors to help increase our income and market share.



The Chief Executive Officer explained that finding low-cost funding for lending to large corporations is a normal endeavor for the Bank. Nevertheless, it is more appropriate to extend loans to all customer segments, including large corporate business, SME business and the retail segment, to create a balance in income, diversify risks and for the benefit of overall economic development. As for the shareholder's recommendation to acquire other commercial banks, KBank had no policy of doing so because we had already built an extensive branch network nationwide. In addition, the acquisition of other commercial banks would give rise to redundancies due to legal and social restrictions. Regarding the recommendation toward factoring business, we have offered such services to our customers already. At the same time, it is important that we offer a greater understanding of this business to our customers, so that they receive the maximum benefit from it.

The President explained further that the main role of the Bank of Thailand is not extending loans to commercial banks, but to maintain short-term stability in the money market. In carrying out their monetary policy, the central bank tends to charge interest rates on loans higher than regular deposit interest rates to prevent arbitrage. In addition, to obtain short-term loans from the Bank of Thailand for commercial lending to large corporations that normally prefer long-term loans would create greater risks. Therefore, it is more appropriate to use funding from commercial banks.

A shareholder recommended that we present clearer graphics depicting our income structure, particularly the proportions of interest income and non-interest income. Shareholders would also like to see non-interest income presented more clearly as a percentage of the total income, as well as what our management plans for non-performing assets would be, and what are the operating results of Phethai Asset Management Co., Ltd., looked like. Also, the shareholder asked what the volume of our foreign exchange transactions was, and how we hedged against foreign currency fluctuations, as well as on investments in foreign debt instruments.

The President explained that we wanted to increase the proportion of non-interest income to reduce future credit risk. KBank's non-interest income is comprised of many components. Currently, it stands at almost 40 percent of our total income. The most important proportion of non-interest income is fee-income, which constituted 25 percent of our total non-interest income in 2009. We are targeting an increase in fee-income to 30 percent of the overall total. Regarding the management of properties foreclosed through debt restructuring contracts by Phethai Asset Management Co., Ltd., those properties had been sold off in an amount very close to the new acquisition volume. As for foreign exchange rate risk management, it employs a risk control framework approved by the Board of Directors. Also, we had hedged all foreign investments against foreign exchange risks.

No more questions were raised from the floor.

The Meeting considered the matter and cast votes.

The Assistant Secretary to the Board of Directors announced the voting results.

There were 1,221,533,243 votes approving, equal to 99.7315 percent of shareholders who were in attendance at the Meeting, and casting votes; 3,288,884 votes disapproval, equal to 0.2685 percent of shareholders who were in attendance at the Meeting, and casting votes; and 35,003,589 votes in abstention. There were no invalid ballots.

In conclusion, the Meeting resolved, by a majority of shareholders' votes attending the Meeting and casting their votes, to approve the Balance Sheets and the Statements of Income for the year ended December 31, 2009.



#### 4. To Consider Approving the Appropriation of Profit from the 2009 Operating Results and the Dividend Payments

The Chairman of the Meeting requested the Meeting to consider approving an appropriation of profit from the 2009 operating results, and dividend payments, as presented to the Meeting by the President.

The President proposed an appropriation of profit from the 2009 operating results, and dividend payments as noted below:

- No legal reserve appropriation because KBank's legal reserve has reached the amount required by law.
- A dividend on ordinary shares of Baht 2.50 per share, making the total dividend payments Baht 5,983,150,482.50, equivalent to 41.88 percent of the 2009 net profit. KBank made an interim dividend payout at the rate of Baht 0.50 per share on September 24, 2009, equivalent to the total Baht 1,196,630,096.50, and will pay out the remaining dividend at the rate of Baht 2.00 per share, amounting to Baht 4,786,520,386. The Bank scheduled the record date on April 20, 2010 to determine the shareholders entitled to receive dividend, and set the shareholder register book closing date and suspending shares transfer on April 21, 2010 to compile the list of shareholders pursuant to Section 225 of the Securities and Exchange Act. The dividend payments were scheduled for April 30, 2010.

The Board of Directors considered the above rate as appropriate, as the Bank's capital status would remain solid and be able to continue supporting growth and business expansion in the years ahead.

A shareholder proposed that other than the dividend payout to be made to shareholders, KBank should provide additional information in the Annual Report on corporate social responsibility activities that took place during the year and organize special activities for individual shareholders in the future.

The Chairman thanked the shareholder for the recommendation and agreed to consider the above matter.

The President explained further that over the past two years, KBank had organized many activities for individual shareholders, such as seminars for shareholders residing in the eastern region and Bangkok, plus disseminating quarterly newsletters that would be useful to shareholders.

A shareholder presented a view concerning KBank's tax management on dividends and proposed that we open new branches or offices in foreign countries that have agreements avoiding double-taxation with Thailand, because this might benefit KBank and shareholders.

The Chief Executive Officer agreed to consider the above matter to ensure the maximum benefit. Regarding the setting up of foreign branches, KBank now operates foreign branches in the United States and People's Republic of China only. These countries offer ample business opportunities and will continue to do so in the future.

No more questions were raised from the floor.

The Meeting considered the matter and voted.

The Assistant Secretary to the Board of Directors announced the voting results.

There were 1,254,127,982 votes approving, equal to 99.7380 percent of shareholders who were in attendance at the Meeting and casting votes; 3,294,984 votes in disapproval, equal to 0.2620 percent of shareholders who were in attendance at the Meeting and casting votes; and 2,446,400 votes in abstention. There were no invalid ballots.



In conclusion, the Meeting resolved by a majority of shareholders with votes attending the Meeting and casting votes, to approve the appropriation of profit from the 2009 operating results and dividend payments, as proposed, as well as acknowledging the interim payment at the rate of Baht 0.50 per share on September 24, 2009.

**5. To Consider the Election of Directors to Replace those Retiring by Rotation**

The Chairman of the Meeting informed the Meeting that, under the Bank's Articles of Association, one-third of all directors must retire by rotation at every General Meeting of Shareholders. The directors who retired by rotation at this Meeting were:

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|--------------------------------|------------------------------------|
| 1. Mr. Sukri Kaocharern        | Director with Authorized Signature |
| 2. M.R. Sarisdiguna Kitiyakara | Independent Director               |
| 3. Mr. Banthoon Lamsam         | Executive Director                 |
| 4. Dr. Prasarn Trairatvorakul  | Executive Director                 |
| 5. Dr. Schwin Dhammanungune    | Independent Director               |

The Chairman requested Dr. Schwin Dhammanungune, Chairman of the Human Resources and Remuneration Committee, to present this agenda item to the Meeting.

The Chairman of the Human Resources and Remuneration Committee informed the Meeting that the Human Resources and Remuneration Committee had considered the re-election of the aforementioned directors, and was of the opinion that they were fully qualified, without any prohibited characteristics for election as directors of a financial institution in accordance with related laws. In addition, they hold the qualifications, skills, knowledge, capability and experience as specified by the Bank. They have performed their duties with full responsibility, prudence and integrity in compliance with the regulatory requirements, objectives and Articles of Association of the Bank, as well as resolutions of the Board of Directors and General Meeting of Shareholders. All of the directors have contributed greatly to the Bank's business. The Human Resources and Remuneration Committee had presented the above comment to a recent Meeting of the Board of Directors. The said Board of Directors Meeting, excluding these five nominated directors, endorsed the proposal made by the Human Resources and Remuneration Committee Committee.

The Meeting was, therefore, requested to consider approving the re-election of five directors of the Bank, each for one more term. All the proposed directors had received concurrence from the Bank of Thailand. The profiles and experiences of the five nominated directors, plus the definition of "Independent Director", were presented in Annex attached to the Notice of this Meeting, which had been delivered to all shareholders prior to the Meeting.

There were no questions raised from the floor.

The Meeting considered and cast votes to re-elect the Directors on individual basis.

The Assistant Secretary to the Board of Directors announced the voting results, as follows:



1. Mr. Sukri Kaocharearn : - Approved by shareholders representing 1,249,715,401 votes, equal to 99.3925 percent of shareholders who were in attendance at the Meeting and casting votes;  
- Disapproved by shareholders representing 7,638,425 votes, equal to 0.6075 percent of shareholders who were in attendance at the Meeting and casting votes;  
- Abstention totaled 2,589,800 votes;  
- No invalid ballots.
2. M.R. Sarisdiguna Kitiyakara : - Approved by shareholders representing 1,227,443,591 votes, equal to 97.6153 percent of shareholders who were in attendance at the Meeting and casting votes;  
- Disapproved by shareholders representing 29,985,735 votes, equal to 2.3847 percent of shareholders who were in attendance at the Meeting and casting votes;  
- Abstention totaled 2,514,300 votes;  
- No invalid ballots.
3. Mr. Banthoon Lamsam : - Approved by shareholders representing 1,253,934,841 votes, equal to 99.7210 percent of shareholders who were in attendance at the Meeting and casting votes;  
- Disapproved by shareholders representing 3,508,385 votes, equal to 0.2790 percent of shareholders who were in attendance at the Meeting and casting votes;  
- Abstention totaled 2,500,400 votes;  
- No invalid ballots.
4. Dr. Prasam Trairatvorakul : - Approved by shareholders representing 1,253,934,341 votes, equal to 99.7211 percent of shareholders who were in attendance at the Meeting and casting votes;  
- Disapproved by shareholders representing 3,506,885 votes, equal to 0.2789 percent of shareholders who were in attendance at the Meeting and casting votes;  
- Abstention totaled 2,502,400 votes;  
- No invalid ballots.
5. Dr. Schwin Dhammanungune : - Approved by shareholders representing 1,248,403,301 votes, equal to 99.4571 percent of shareholders who were in attendance at the Meeting and casting votes;  
- Disapproved by shareholders representing 6,814,225 votes, equal to 0.5429 percent of shareholders who were in attendance at the Meeting and casting votes;  
- Abstention totaled 4,726,100 votes;  
- No invalid ballots.

The Meeting resolved, by a majority of the shareholders with votes in attendance at the Meeting and casting their votes, to re-elect all five directors as the Bank's Directors for another term.



## 6. To Consider Approving the Remuneration of Directors

The Chairman of the Meeting notified the Meeting that for voting on this agenda item, parties with an interest in the matter, notably the directors, who were also shareholders of the Bank were not eligible to vote. The Chairman requested that Dr. Schwin Dhammanungune, Chairman of the Human Resources and Remuneration Committee, present the agenda item to the Meeting.

The Chairman of the Human Resources and Remuneration Committee referred to the resolution of the General Meeting of Shareholders No.97, on April 3, 2009, approving the directors' remuneration and bonuses, which would be effective until the Shareholders' Meeting determines otherwise. For the year 2010, the Human Resources and Remuneration Committee considered it appropriate to propose that the remuneration for the Directors, Advisory Directors to the Management Committee, the Board Committees, and the Legal Adviser, including the Board of Directors' special bonus to remain at the same rate as their 2009 remuneration, as approved by the General Meeting of Shareholders No. 97. However, a decline in the total remuneration for directors occurred due to a decrease in the number of directors. In addition, the Bank has changed the structure of the Risk Management Committee Member by including Non-executive Director. Thus, it is considered appropriate for the General Meeting of Shareholders to approve remuneration for the Risk Management Committee Members, who are Non-executive Directors according to the increased responsibility.

The Meeting was thereby requested to consider approving director's remuneration as detailed below:

- Remuneration for directors for the Board of Directors' Meeting totaling Baht 1,669,500 per month;
- Remuneration for Advisory Directors to the Management Committee totaling Baht 868,000 Baht per month;
- Remuneration for the Audit Committee totaling Baht 231,000 per month;
- Remuneration for the Corporate Governance Committee totaling Baht 99,000 per month;
- Remuneration for the Human Resources and Remuneration Committee totaling Baht 99,000 per month;
- Remuneration for the Risk Management Committee totaling Baht 55,000 per month;
- Remuneration for Legal Adviser totaling Baht 330,000 per month; and
- Director's bonus at 0.5 percent of the dividend payment, payable at the time of as dividend payments to shareholders.

The above remuneration would remain effective until a successive General Meeting of Shareholders determines otherwise. The General Meeting of Shareholders resolved to approve the dividend pay-out for the year 2009, totaling Baht 5,983,150,482.50 and the Bank granted bonuses, totaling Baht 5,983,075 to the Board of Directors which was paid with the interim dividend payment on September 24, 2009. The Meeting was therefore requested to consider approving the Board of Directors' bonuses at the rate of 0.5 percent of the total dividend per the above resolution, equivalent to Baht 23,932,677.40, to be paid at the same time as the final dividend payments.

A shareholder proposed that in fixing the remuneration of directors for next year, KBank should compare the proposed levels with the average remuneration of other boards of directors and use KBank operating results as a basis for consideration.

The Chairman agreed to consider the above matter.



No more questions were raised from the floor.

The Meeting considered the matter and cast their votes.

The Assistant Secretary to the Board of Directors announced the voting results, as follows:

There were 1,217,858,986 votes approving, equal to 96.9527 percent of shareholders who were in attendance at the Meeting; 29,995,289 votes disapproval, equal to 2.3879 percent of shareholders who were in attendance at the Meeting; and 8,283,293 votes in abstention, equal to 0.6594 percent of shareholders who were in attendance at the Meeting. There were no invalid ballots.

In conclusion, the Meeting resolved, with the votes of not less than two-thirds of all votes of shareholders who were in attendance at the Meeting, to approve the Board of Directors' remuneration and bonuses, as proposed.

#### 7. To Consider Approving the Appointment and the Fixing of Remuneration of the Auditors

The Chairman of the Meeting asked M.R. Sarisdiguna Kitiyakara, Chairman of the Audit Committee, to present the appointment and fixing of remuneration for the auditors for the year 2010, as proposed by the Audit Committee.

The Chairman of the Audit Committee presented to the Meeting that Audit Committee had considered the agenda, and deemed it appropriate to propose the appointment of the following certified public auditors of KPMG Phoomchai Audit Limited, as the Bank's auditors for the year 2010, comprising:

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|--------------------------------|--------------|
| 1. Ms. Somboon Supasiripinyo   | CPA No. 3731 |
| 2. Mr. Winid Silamongkol       | CPA No. 3378 |
| 3. Ms. Wilai Buranakittisophon | CPA No. 3920 |
| 4. Mr. Nirand Lilamethwat      | CPA No. 2316 |

Any of them shall be empowered to audit, perform and sign on the financial statements. All of the above auditors were approved by the Bank of Thailand as auditors of the Bank, per letter No. For. Kor. Kor (02)121/2553, dated February 16, 2010.

With regard to the audit fees, KPMG Phoomchai Audit Limited proposed a total fee of Baht 12,245,000, lower than that of the previous year by Baht 520,000, including the annual audit fees for domestic audit, which increased from 2009 by Baht 30,000, or 0.34 percent, due to the expansion of duties pertaining to the provisioning requirements under the International Financial Reporting Standards (IFRS). The audit fee for overseas branches, expressed in Baht, decreased from 2009 by Baht 550,000, or 14.03 percent due to foreign currency depreciation. Those audit fees included:

1. Annual and periodical audit for the Bank's financial statements and its consolidated financial statements totaling Baht 5,266,000;



2. Reviewing quarterly the Bank's financial statements and its consolidated financial statements totaling Baht 2,899,000;
3. Bank of Thailand special audit report totaling Baht 710,000; and,
4. Audit for overseas branches (in Baht) totaling Baht 3,370,000

Other audit fees that may additionally incur under the regulatory requirement shall be under the discretion of the Management Committee.

In addition, to ensure a uniform accounting policy and audit standards between the Bank and its subsidiaries, KPMG Phoomchai Audit Limited was assigned to audit 28 subsidiary companies of the Bank, as shown in the Annex No. 5 to the Notice of this Meeting. The total audit fees of the Bank's subsidiary companies for 2010 increased over last year by Baht 1,685,000, or 21.67 percent because of the increase in number of subsidiary companies.

A shareholder proposed that KBank present information regarding the number of years that the auditors had performed their task for KBank in the Notice of the General Meeting to Shareholders, and clarify whether their audit fees were considered appropriate or not.

The President explained that years of auditing and their tenures as those empowered to sign the Bank's financial statements are already presented in Annex of the Notice of General Meeting. The Bank had complied with the regulatory requirement stipulating that the auditors who were empowered to sign the Bank's financial statements must be rotated every five years. Nevertheless, the Bank is permitted to use the same audit company, i.e., KPMG Phoomchai Audit Limited, which employs a sizable team to audit KBank's financial statements each year. If comparing the audit fees charged by KPMG Phoomchai Audit Limited with those of other international audit firms, their fees are quite reasonable.

No additional questions were raised from the floor.

The Meeting considered the matter and cast their votes.

The Assistant Secretary to the Board of Directors announced the voting results, as follows:

There were 1,254,006,887 votes approving, equal to 99.7340 percent of shareholders who were in attendance at the Meeting, and casting votes; 3,344,074 votes disapproval, equal to 0.2660 percent of shareholders who were in attendance at the Meeting, and casting votes; plus 2,592,665 votes in abstention. There were no invalid ballots.

In conclusion, the Meeting resolved, by a majority of shareholders with votes attending the Meeting and casting votes, to appoint the auditors and fix the remuneration for auditors as proposed, and to authorize the Management Committee to consider other audit fees that may additionally incur under the regulatory requirement.

## **8. Other Business**

The Chairman of the Meeting invited shareholders to express their opinions or ask questions regarding the business operations of the Bank.



A shareholder presented their observation that KBank's net income for 2009 had fallen due to increases in bad debts and doubtful accounts. The shareholder sought an explanation about the classification of bad debts and doubtful accounts and asked what management methods were used to address that problem.

The President explained that in 2009, the Thai economy had been adversely affected by the global economic crisis, causing sluggishness in domestic business, thus affecting KBank customers. The Bank had tried very hard to help customers from the onset by establishing a special team to provide advice to them. In 2009, our non-performing loan to total asset ratio was not significantly high, standing at 3.5 percent. That level was considered satisfactory despite worsening economic conditions.

A shareholder recommended that for the benefit of KBank and to help boost the morale of directors and auditors, we should not reduce directors' remuneration and audit fees. In addition, directors' remuneration and audit fees should be presented on a yearly basis rather than a monthly one. The shareholder also proposed that detailed features of KBank's services and products should be disclosed on the KBank website. The shareholder also asked if KBank had any plan to support government projects for the betterment of the Thai economy, and if it would be possible to appoint auditors as independent directors of the Bank.

The President explained that the Bank had proposed to the Meeting to keep directors' remuneration at the same rate; however, a decline in the total remuneration to directors occurred due to a decrease in the number of directors. Nevertheless, their bonuses were based on operating results and the dividend payout. As for the proposal to present information on our products and services on our website, we had already done so, wherein those products and services are presented in four domains. Regarding plans to support the government projects, we were a leading force last year in providing loans and acting as an underwriting agent for government bonds, as well as being a financial advisor to the government. As for the appointment of auditors to become independent directors, we are not permitted to do so because it contradicts regulatory requirements and the Statement of Corporate Governance Principles.

A shareholder said that, based on the consolidated financial statements since 2005, KBank had accrued more cash, but asked why KBank has not used that cash to generate more profit.

The Chief Executive Officer explained that over recent years, Thailand had been adversely affected by a deteriorating economy; therefore commercial banks were extremely cautious about using liquidity for loans in compliance with the Bank of Thailand's policy. Based on past experience, any commercial bank that extends excessive lending would suffer for it later. Therefore, all shareholders should feel assured that KBank management is supervising lending with great prudence.

The President explained further that the consolidated financial statements between 2008 and 2009 showed that our cash had declined despite the increases in the number of branches to 120 branches and ATMs to over 1,000 machines. These required KBank to maintain cash at appropriate levels, wherein the overall volume of our cash had not increased.



A shareholder proposed that KBank improve the layout and content of the Annual Report, as well as providing snacks and souvenirs for shareholders attending the Meeting.

The Chairman agreed to consider the above matter.

A shareholder asked about the purpose of reducing KBank's borrowing costs, and whether we had any plan with other commercial banks to find low-cost funding from other sources, such as the Bank of Thailand.

The President explained that it is not the role of the Bank of Thailand to act as a funding source for commercial banks that use money for lending to the business sector. The Bank of Thailand normally extends short-term loans to the money market only. Basically, commercial banks have numerous types of deposits over various maturities, so they should be the more appropriate sources of funding to the business.

There were no more questions raised. The Chairman of the Meeting declared the Meeting closed, and expressed his appreciation to all shareholders for attending the Meeting and sharing their valuable views with the Bank.

The Meeting was adjourned at 16.45 hours.

(Signed) (Mr. Banyong Lamsam)

Chairman of the Meeting

(Signed) (Ms. Tida Samalapa)

Corporate Secretary

