



Minutes of the Extraordinary Meeting of Shareholders No.1/2547

of

KASIKORNBANK PUBLIC COMPANY LIMITED

Friday, 5th of November 2004

at

“Samarnchan” Auditorium, 3rd Floor,

KASIKORNBANK PUBLIC COMPANY LIMITED’s Head Office,

1, Soi Kasikornthai, Ratburana Road, Khwaeng Ratburana,

Khet Ratburana, Bangkok

The Meeting convened at 14.00 hours.

Mr. Banyong Lamsam, Chairman of the Board of Directors, acted as Chairman of the Meeting. Directors participating in the Meeting included Pol. Gen. Pow Sarasin, Mr. Banthoon Lamsam, Dr. Prasarn Trairatvorakul, Mr. Sukri Kaocharern, M.R. Sarisdiguna Kitiyakara, Mr. Somchai Bulsook, Prof. Dr. Yongyuth Yuthavong, Dr. Abhijai Chandrasen, Mr. Chaisak Saeng-Xuto, and Dr. Schwin Dhammanungune.

The Chairman thanked the shareholders for attending the Bank’s Extraordinary Meeting of Shareholders No.1/2004, and informed that there were 159 shareholders attending the Meeting in person and by proxies, holding altogether 984,177,070 shares, which exceeded one-third of the Bank’s total outstanding shares. A quorum was thus constituted in accordance with the Articles of Association of the Bank. The Chairman therefore declared the Extraordinary Meeting of Shareholders No.1/2004 open.

The shareholders acknowledged the voting procedures, as explained by the Bank through visual presentations of information, and the Chairman invited two shareholders from the floor to come forward and witness the vote-counting in the Meeting. Then, the Chairman proposed that the Meeting consider the following matters:

1. To Consider Approving the Minutes of the General Meeting of Shareholders No. 92

The Chairman asked the Meeting to consider approving the Minutes of the General Meeting of Shareholders No. 92, as held on April 2, 2004, a copy of which had been delivered to the shareholders together with the notice of this Meeting.

No shareholder objected or requested that the Minutes be amended otherwise.

The Meeting considered the matter and cast votes.





The Chairman announced the voting results. The Minutes of the General Meeting of Shareholders No. 92 was approved by 983,395,192 votes of shareholders, while it was objected by 11,192 votes, and 1,362,828 abstained. In conclusion, the Meeting resolved to approve the Minutes of the General Meeting of Shareholders No. 92 by the majority vote of shareholders who attended the Meeting and cast their votes.

2. To Consider the Purchase of Shares of Asset Plus Securities Public Company Limited

The Chairman asked the Chief Executive Officer to clarify to the Meeting the purchase of shares of Asset Plus Securities Public Company Limited.

The Chief Executive Officer informed the Meeting that as the Financial Sector Master Plan allowed commercial banks to provide full and complete financial services, the Board of Directors resolved to allow the Bank to extend the scope of its business to cover a securities business to fully respond to the needs of customers. Since a securities business must be licensed, and at present, the authorities had no policy to issue new licenses for certain categories of security business, realizing that the existing number of licensed traders was adequate to market demand, the Board of Directors thus recommended that the Meeting consider the purchase of shares of Asset Plus Securities Public Company Limited, which holds three types of securities license, i.e. securities brokerage license, securities underwriting license, and private fund management license. The Meeting was also requested to empower the Board of Directors, the Management Committee, the Chief Executive Officer, the President, or any other person(s) entrusted by such persons or person to act as deemed necessary for or related to the purchase or holding of shares of Asset Plus Securities Public Company Limited, as detailed in Attachment 2 of the Meeting Notice.

A shareholder asked about the previous operating results of Asset Plus Securities Public Company Limited, and future earnings from the shares acquisition in said company, as equity investment could involve high risks.

The Chief Executive Officer replied that the purchase of Asset Plus Securities Public Company Limited's shares was not an investment in the equity market, but rather, the acquisition of controlling shares in that company in order to obtain its securities licenses, given the fact that, at present, the relevant authority had no policy to issue new licenses for certain categories of security business with their view that the existing number of licensed traders was adequate to meet market demand. Thus, in order to enable the Bank to extend its financial services to cover the securities business, as specified under the Financial Sector Master Plan, the Bank had proposed to purchase shares of Asset Plus Securities Public Company Limited which held securities licenses and had already ceased operations, from Asia Plus Securities Public





Company Limited which was the major shareholder holding 99.91 percent of total paid-up capital, and to afterwards acquire the rest from the minority shareholders. Hence, the total price of Baht 550 Million could be considered the cost of acquiring the securities business licenses, which would enable the Bank to enter into this business. It was assumed that, within 3 years, by acquiring a market share of 1–2%, the company would be able to provide the same rate of return to the shareholders as expected from the bank.

A shareholder asked on which areas of the securities business the Bank wished to focus, given the three types of securities business licenses noted previously, and how long the Bank expected it would take to become a market leader in that area.

The Chief Executive Officer replied that the Bank would focus on securities brokerage and underwriting, and that the Bank expected to take the lead in those areas, similar to its success in other businesses in which the Bank had earlier invested. As for individual fund management, the Bank is already involved in this business through KASIKORN ASSET MANAGEMENT COMPANY LIMITED

A shareholder asked about the expected income from the securities business, in proportion to its net income over the next few years.

The Chief Executive Officer replied that, given the small proportion of investment in relation to the Bank's capital, income to be derived from securities business would not be significant to the Bank in the short-term.

A shareholder commented that the Bank had allocated profits of about Baht 550 Million for the shares acquisition, and enquired whether this sum was spent merely for the acquisition of rights or not.

The Chief Executive Officer clarified that such investment would be considered as an additional investment in a related financial business. Given the small investment as mentioned, the Bank would use the existing capital without need of capital increase. When the shares acquisition was complete, the company would be renamed KASIKORN SECURITY PUBLIC COMPANY LIMITED.

A shareholder asked about the reasons for the existing shareholders of Asset Plus Securities Public Company Limited selling their stake in that company.

The Chief Executive Officer responded that the existing shareholder, Asia Plus Securities Public Company Limited had already obtained licenses of its own after mergers and acquisitions, and at the moment, Asset Plus Securities Public Company Limited had ceased business operations, leaving only its licenses. They were therefore approached by the Bank, and





entered into negotiations to sell those licenses, and the above investment of the Bank would be aimed at acquiring said securities licenses only.

A shareholder asked that, since the sum of Baht 550 Million was not the net purchase price, what the final purchase price would be. In addition, if the minority shareholders in Asset Plus Securities Public Company Limited holding 55,308 shares were unwilling to sell their shares, whether the Bank would allow them to continue holding the shares. The shareholder also asked if the Bank still holds shares in Phatra Securities Company Limited

The Chief Executive Officer replied that, at present, Asset Plus Securities Public Company Limited had ceased all business, and has only cash assets, together with some remaining liabilities and contingencies. The company was currently in the process of liquidating or transferring these assets in order to have only cash, while minimizing its contingent liabilities to the smallest values possible. The final purchase price might be higher than Baht 550 Million. The incremental amount over that sum would only be the outstanding cash in the company. In addition, the Bank planned to acquire all shares from minority shareholders. Although the Bank might not be able to acquire 100 percent of the total shares, the minority shareholding portion would not impact the Bank's control in the company's management. As for its stake in Merrill Lynch Phatra Securities Company Limited, the Bank has already sold the company's shares together with the other major shareholder, Merrill Lynch Group, Inc.

The Meeting considered the matter and cast their votes.

The Chairman announced the voting results. There were 905,100,522 votes approving and 31,197,170 votes objecting against the matter, while 48,918,170 abstained. In conclusion, the Meeting resolved, by the votes of not less than three-fourths of all votes of shareholders who were present and entitled to vote, to approve the following:

1. To purchase 59,944,692 shares of Asset Plus Securities Public Company Limited at a par value of Baht 5 each, accounting for approximately 99.91 percent of Asset Plus Securities Public Company Limited's total shares sold, from Asia Plus Securities Public Company Limited, at the price calculated by the following formula: Baht 550 Million plus outstanding Cash less Liabilities of Asset Plus Securities Public Company Limited, as of the Completion Date of the share purchase and sale.

The purchase of Asset Plus Securities Public Company Limited's shares as described above, would proceed only when conditions necessary or related to the purchase of Asset Plus Securities Public Company Limited's shares fully complied with the criteria set by the Board of Directors, the Management Committee, the Chief Executive Officer, the President, or any other





person entrusted by such persons or person as deemed appropriate. Conditions necessary or related to the purchase of Asset Plus Securities Public Company Limited's shares included the following:

(a) Approval from the Shareholders' Meeting of the Bank and Asia Plus Securities Public Company Limited

(b) Permission, approval or relaxation relating to or necessary for the purchase or holding of shares as well as changes in Asset Plus Securities Public Company Limited's operation or management from relevant authorities including the Bank of Thailand or the Securities and Exchange Commission.

2. To allow the Bank to propose or accept to purchase Asset Plus Securities Public Company Limited's 55,308 shares with a par value of Baht 5 each, accounting for approximately 0.09 percent of Asset Plus Securities Public Company Limited's total shares sold, from minority shareholders at an appropriate price so as to acquire the highest amount possible of Asset Plus Securities Public Company Limited's shares.

3. To empower the Board of Directors, the Management Committee, the Chief Executive Officer, the President, or any other person entrusted by such persons or person to determine and/or amend details, terms or conditions regarding the purchase of Asset Plus Securities Public Company Limited's shares, which should include price, considerations, period and payment as well as to act otherwise as necessary for or related to the purchase or holding of such shares and changes of Asset Plus Securities Public Company Limited's operations or management, or to do any other necessary acts and things as deemed appropriate; provided that such acts should not be in conflict with the criteria described in Clauses 1 and 2, above.

3. Other Business

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

A shareholder asked about the progress of the Bancassurance business, as undertaken by commercial banks with the permission of the Bank of Thailand. How much had the Bank invested and what would the expected income from such business be in relation to the Bank's net income over the next few years.

The Chief Executive Officer informed the Meeting that the Bank had not specifically invested in the Bancassurance business, but served as brokers for life and non-life insurance services via various sales channels of the Bank, using the sales and services network that not only offered these insurance products, but all types of financial products and services, as well.





The Bank offered life and non-life insurance products together with other businesses of the Bank, which had led to higher fee income. This was in line with the current trend among commercial banks in Thailand. In the future, commercial bank income would not rely solely on lending, but would derive from other products and services via various sales channels.

A shareholder asked if the Bank would pay a 2004 interim dividend to shareholders, as several banks had started paying out dividends.

The Chief Executive Officer clarified for the Meeting that dividend payments would depend upon the Bank's operating results and shareholders' equity in the long-term, as well as the Bank's capital requirements for business expansion. Previously, the Bank had been unable to pay out dividends due to retained deficits. Although the Bank had compensated all retained deficits per the resolution of the General Meeting of Shareholders on April 2, 2004, and the possibility existed that the Bank could pay out dividends, the Bank was yet unable to determine clearly whether it could or not, or the timing and amount. Due consideration would be given to the operating results of 2004, and prior discussion would be sought with the Bank of Thailand.

A shareholder asked the reasons why the Bank had summoned an extraordinary meeting of shareholders for shares purchase, which, in fact, required a minimal amount of capital. He also asked to know the percentage of interest and other income of the Bank, and what targets there were for expanding into other businesses to increase the income of the Bank.

The Chief Executive Officer pointed out that, although the total investment capital was not high, relatively, Section 107 of the Public Company Limited Act, B.E. 2535, stipulates that a public limited company must seek prior approval from the shareholders' meeting for the company's acquisition or acknowledgement of transfer of another company or private company. At present, the Bank has increasingly made expansion into other financial-related businesses, such as factoring which is the business of acquiring trade receivables or claims for the collection of debts in the trade or leasing business. The Bank holds 100 percent of the shares in the factoring company. Also, the Bank now manages mutual funds, through KASIKORN ASSET MANAGEMENT COMPANY LIMITED. The next expansion would be KASIKORN SECURITIES PUBLIC COMPANY LIMITED, which would begin operating in 2005. It is interesting to note that the Bank does not rely solely on interest income from lending, which depends very much upon the overall economic situation and risk levels. Financial services and products have developed markedly, and KBANK now earns non-interest income of over 30 percent of total income, and this would be a prime strategic target for the Bank this year.

A shareholder asked about the NPL status of the Bank over the past year.





The Chief Executive Officer responded that the Bank had attempted to restructure non-performing loans since the crisis, and has been successful in this area. The debt recovery rate had been satisfactory, in comparison with other financial institutions in the market. Nonetheless, the Bank of Thailand is in the process of re-defining non-performing loans, which may impact some restructured debt accounts. Some of them may become NPLs again, but this would not imply that the Bank's NPL status would worsen because debtors could still be able to follow debt-restructuring agreements. However, qualitative changes in loan classification would have to comply with international standards, which would be beneficial for the local banking industry in the long-term. The reclassification of troubled loans would not significantly affect the Bank's NPL status or the NPLs of the entire banking industry, due to the ongoing debt-restructuring efforts. In addition, the NPL ratio to total loans has also been declining.

A shareholder asked if the Bank plans to change its name to simply "KBANK".

The Chief Executive Officer replied that the Bank did not have the intention to do so at this time. "KBANK" was only an abbreviation used on the SET bourse, having replaced the former abbreviation in April 2003. It had now become widely used.

A shareholder asked if the Bank's income would drop after it had to start paying corporate income tax in 2005, and what would the dividend payout ratio be for that year.

The Chief Executive Officer replied that the Bank would have to pay corporate income tax from 2005 onwards, but its total income would also expand in accordance with the economic situation. As for the dividend ratio, it could not be specified now, but it would likely be consistent with the direction of other commercial banks.

With no other questions from the floor, the Chairman declared this Meeting adjourned, expressing thanks to the neutral witnesses to the vote-counting, and all shareholders for their presence at the Meeting.

The Meeting adjourned at 14.55 hours.

(Signed)

(Banyong Lamsam)

Chairman of the Meeting

(Signed)

(Ms. Tida Samalapa)

Secretary to the Board of Directors

