



(Translation)

**Minutes of the General Meeting of Shareholders  
of  
Thai Farmers Bank Public Company Limited No. 89  
Thursday 29<sup>th</sup> of March 2001  
at  
“Samarnchan” Auditorium, 3<sup>rd</sup> Floor,  
Thai Farmers Bank Public Company Limited’s Head Office,  
1 Thai Farmers Lane, Ratburana Road, Khwaeng Ratburana,  
Khet Ratburana, Bangkok Metropolis**

Mr. Banyong Lamsam, Chairman of the Board of Directors, was Chairman of the Meeting.

The Chairman thanked the shareholders who attended the Bank’s General Meeting of Shareholders No. 89, and informed the Meeting that there were 132 shareholders present in person and by proxies, holding altogether 941,439,285 shares, which exceeded one-third of the Bank’s total shares sold. The quorum was thus formed in accordance with the Articles of Association of the Bank. The Chairman therefore declared the General Meeting of Shareholders No. 89 opened.

The Meeting started at 14.00 hours.

The Chairman informed the Meeting of the voting methods and then proposed that the Meeting consider the following agendas:

**1. To consider adopting the minutes of the General Meeting of Shareholders No. 88**

The Chairman asked the Meeting to consider adopting the minutes of the General Meeting of Shareholders No. 88, held on April 4, 2000, the copy of which had been delivered to the shareholders together with the notice of this meeting.

No shareholder opposed or requested that the minutes be amended otherwise.

The Meeting considered the matter and resolved by the majority votes of the shareholders who attended the meeting and cast their votes, to adopt the minutes of the General Meeting of Shareholders No. 88.

**2. The Board of Directors to report on year 2000 operation**

The Chairman asked the Meeting to consider the Board of Directors' report on Year 2000 operation according to the details in the Board of Directors' Report and the Balance Sheet as at December 31, 2000, which were delivered to the shareholders together with the notice of this meeting.

A shareholder observed that the Board of Directors' Report sent to the shareholders mentioned about adjustment in the Bank’s business strategies through an announcement of 8 strategic programs. The shareholder wished to know the details of these programs.

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The President explained that the details of each strategic program had been stated in the Board of Directors' Report and the Balance Sheet, already delivered to the shareholders prior to the meeting. The said business strategy adjustment was a result of the Bank's commitment to develop and modify the Bank's operations to become efficient and flexible to cope with competitions and changes in the new era of the financial market. The significant contents of the Bank's 8 strategic programs which have been conducted are as follows:

1. Customer Relationship Management Development Program: this involves the development of the marketing process, sales and customer services to meet the diverse needs of customers.
2. Credit Transformation Program: this focuses on an adjustment of operation process and credit approval standard for maximum efficiency.
3. Fee-Based Business Development Program: this involves a development of business competition capability aimed to increase fee-based income in Bank's services.
4. E-approach Development Project: this involves an adjustment and development of services via the Bank's website.
5. Centralized Back Office Reconfiguration Program: this involves the centralization of various operations, especially of Bank's branches.
6. IT Infrastructure Development Program: this focuses on an upgrade and change of the Bank's IT infrastructure and information system.
7. Value-Based Management Program: this focuses on the development of system and planning process for targeting and management, including the determination of a significant mathematically-based approach for operation to support decision-making.
8. Human Resource Management Development Program: this involves an adjustment of performance assessment system and preparation of database for efficient human resource management planning.

There was no more question from the shareholders.

The Meeting acknowledged the report on the Bank's operation in year 2000.

**3. To consider approving the Balance Sheet and the Statement of Income for the year ending December 31, 2000, and to acknowledge the omission of dividend payment**

The Chairman asked the Meeting to consider approving the Balance Sheet and the Statement of Income for the year ending December 31, 2000, according to the details in the Board of Directors' Report and the Balance Sheet as at December 31, 2000 delivered to the shareholders together with the notice of this meeting. The Chairman also asked the President to explain the matter.

The President explained the Balance Sheet and the Statement of Income to the Meeting, and requested the shareholders for any question.



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A shareholder observed that, based on the assets shown in the Balance Sheet, the Bank's loans in year 2000 decreased from the previous year. The shareholder would like to know whether or not the Bank had extended new loans in year 2000 and for what percentage. In addition, the Balance Sheet also showed a significant increase of the net volume of foreclosed property in 2000 compared to the volume in 1999. In this regard, the shareholder would like to know whether or not the Bank of Thailand had any criteria on disposition of such foreclosed property and what they were. The shareholder also wished to know the operating results of both Asset Management Companies established by the Bank and expressed the hope that the Bank's operating results would become better in years to come.

The President explained that there was almost a zero growth rate in terms of credit extension in the commercial banking system last year. This reflected the country's economic condition. Besides, good entrepreneurs were reluctant to expand their businesses but instead repay their loans to the Bank. In addition, as the credit approval required careful and thorough measures, the loan extension was therefore done with difficulty. The result was that the Bank's net credit decreased. However, this did not mean that the Bank did not extend new loans to new customers. Rather, it continued to grant new loans. Regarding the foreclosed property, this was obtained from debtors who transferred their properties for debt repayment, which must be gradually disposed of within the period set by the Bank of Thailand. For example, with regards to property transferred from debt restructuring, the Bank of Thailand required that the disposal must be made within 10 years. However, the current economic condition was not favorable to the disposal of immovable property. The Bank tried to maximize its own benefits. Regarding the two Asset Management Companies, they were established to separate the non-performing loans for better and more efficient management. The loss was a result of declining value of the credits. In the future, if the Bank could manage and control damage from increasing, that would be a success. If the non-performing loans were not separated, there will be more damages.

A shareholder made an observation that as the Bank transferred its non-performing loans to the Asset Management Companies, aside from economic crisis which was an external factor, the Bank should analyze whether or not its credit extension in the past had any weakness. Such an internal auditing would benefit the Bank's future management and this would also maintain the shareholders' benefits.

The Chairman acknowledged the recommendations for consideration and proposed that if there were no more questions, the Meeting was to consider approving the Balance Sheet and the Statement of Income for the year ending December 31, 2000.



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The Meeting considered and resolved by majority votes of the shareholders who attended the meeting and cast their votes to approve the Balance Sheet and the Statement of Income for the year ending December 31, 2000.

The Chairman asked the President to present the 2000 operating results for the Meeting to acknowledge the omission of dividend payment for a one-year period of 2000.

The President presented the operating results as follows:

Loss brought forward from December 31, 2000's period	Baht (89,438,125,088.01)
Net profit for the year 2000	Baht 1,264,613,264.09
Retained loss carried forward	Baht (88,173,511,823.92)

The dividend for a one-year accounting period of 2000 would not be paid.

The Meeting acknowledged the omission of dividend payment for a one-year accounting period of 2000.

#### **4. To consider the election of directors to replace those retiring by rotation**

The Chairman informed the Meeting that pursuant to the Bank's Articles of Association, one-third of all directors had to retire by rotation at every General Meeting of Shareholders. The directors who had to retire by rotation at this General Meeting of Shareholders were as follows:

1. M.R. Yongswasdi Kridakon
2. Mr. Sukri Kaocharern
3. M.R. Sarisdiguna Kitiyakara
4. Mr. Banthoon Lamsam
5. Mr. William Mark Evans

The Board of Directors of the Bank deemed that the Shareholders' Meeting should consider re-electing all five directors who had retired by rotation as the Bank's directors for another term.

The Meeting considered and resolved by majority votes of the shareholders who attended the meeting and cast their votes to approve the re-election of all five directors as the Bank's directors for another term.



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**5. To consider the election of directors to replace those whose offices were vacated**

The Chairman proposed to the Meeting that as the following three directors of the Bank namely Mr. Pairote Lamsam, Mr. Chaleo Yoovidhya and Mr. Tawee Butsunton, had resigned from the Bank's directorship. As a result, there were three vacant positions of the Bank's directors. To elect qualified candidates to fill in the vacant positions, the Bank had the same practice as in the past year. This meant the selection of qualified candidates for vacancies in the Board of Directors was under the discretion of the Nomination Committee which consisted of the following persons:

1. Mr. Paron Israsena
2. Dr. Panas Simasathien
3. Dr. Aran Thammano
4. Professor Toemsakdi Krishnamra
5. Mr. Hiran Radeesri
6. Professor Khunying Khaisri Sri-Aroon

The Nomination Committee shall consider, select and screen candidates with appropriate qualifications and propose their names to the Board of Directors for proposing to the General Meeting of Shareholders for election as the Bank's directors. The Nomination Committee had selected two qualified candidates and the Bank's Board of Directors had considered selecting another qualified candidate. The Meeting was therefore requested to consider the election of the following persons whom selected by the Nomination Committee and the Bank's Board of Directors as directors to replace the three resigning directors:

1. Mrs. Elizabeth Sam as the director replacing Mr. Pairote Lamsam
2. Mr. Chaisak Saeng-Xuto as the director replacing Mr. Chaleo Yoovidhya
3. Mr. Schwin Dhammanungune as the director replacing Mr. Tawee Butsunton

The Bank's Board of Directors also considered it appropriate to propose the appointment of Mrs. Elizabeth Sam as an additional member of the Audit Committee of the Bank, and the fixing of the remuneration at the same rate as that of other members of the Audit Committee, that was Baht 32,000 per quarter. All of the above candidates were fully qualified and possessed no prohibited characteristics as provided or stipulated in the laws currently applicable to the Bank. Such laws included the Public Limited Companies Act B.E. 2535 (1992), the Securities and Exchange Act B.E. 2535 (1992), the Commercial Banking Act B.E. 2505 (1962) and the Regulations of the Stock Exchange of Thailand. All had consented to be recommended or nominated as directors. All of their resumes are in Annex 1 attached to the notice of the meeting.

A shareholder asked what to do with the distributed voting slips and wondered if his failure to vote in this voting slip would mean an abstention.



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The Chairman explained that the voting slips distributed to the shareholders were for the shareholders present in this meeting to vote in case of wishing to oppose or propose otherwise. The number of abstention votes reported to the Meeting in each agenda would be in line with the proxies given to the Chairman or the President or independent directors and this excluded shareholders in the auditorium.

There was no more question from the shareholders.

The Meeting considered and resolved by majority votes of the shareholders who attended the meeting and cast their votes to approve the election of three candidates as proposed by the Board of Directors as directors to replace the resigning directors, to appoint Mrs. Elizabeth Sam as the member of the Audit Committee of the Bank and to approve the remuneration of the additional member of the Audit Committee by receiving the remuneration at the same rate as that of other members of the Audit Committee.

#### **6. To consider the appointment and fixing of remuneration of the auditors**

The Chairman informed the Meeting that the Bank's Board of Directors proposed that the following should be appointed as the Bank's auditors with the following remuneration.

The Bank's auditors would be the auditors from KPMG Audit (Thailand) Limited, namely:

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|---------------------------------|------------------------------|
| 1. Mr. Nirand Lilamethwat       | CPA Registration Number 2316 |
| 2. Mr. Supoj Singhasaneh        | CPA Registration Number 2826 |
| 3. Mr. Thiridthong Thepmangkorn | CPA Registration Number 3787 |
| 4. Mrs. Wilai Buranakittisopon  | CPA Registration Number 3920 |

Any of the above auditors shall have a power to examine, prepare and sign the auditor's report. The four auditors were approved by the Bank of Thailand under its letter No. Sor.Kor.Sor.(02) 379/2544, dated March 16, 2001, to become the Bank's auditors. Under this circumstance, the auditor's duties and responsibilities remained high as ever. This means the auditor was to examine information which must be additionally disclosed in the financial statements in accordance with the accounting standard announced and in force and a compliance according to the Bank of Thailand's provisions. In addition, as the Bank was able to restructure more of its debts, there was increasing review of credits and auditing. As a result, KPMG Audit (Thailand) Limited proposed a total auditing fee of Baht 10,820,000, which was slightly lower than that of last year. Details were as follows:

1. Annual and periodical auditing fee for the Bank of Baht 2,400,000
2. Reviewing fee for quarterly, periodical and annual financial statements and a special auditing in accordance with the Bank of Thailand's order of Baht 3,800,000
3. Auditing fee of the Bank's overseas branches equivalent to Baht 4,620,000.



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For any other audits in addition to the above audits, it shall be under the discretion of the Management Board to consider payment of the auditing expenses as deemed appropriate.

The Meeting considered and resolved by majority votes of the shareholders who attended the meeting and cast their votes to approve the appointment of the auditors and fixing of the auditor's remuneration as proposed and to approve the Management Board to consider payment of auditing expenses for other audits which may exist in addition to the above to the auditor as deemed appropriate.

#### **7. To consider approving the amendment to the Bank's Articles of Association**

The Chairman asked the Meeting to consider approving the amendment to the Bank's Articles of Association. The Chairman explained that the Extraordinary Meeting of Shareholders No. 1/2542 approved the Bank to issue and offer for sale 50 million units of warrants for ordinary shares of the Bank (the "warrants") to the Bank's employees, except for the employees who are directors, in a 3-year project. In 2000, the Bank issued and offered for sale 18.5 million units of warrants to the employees, and planned to issue and offer for sale a certain amount of warrants in 2001, which would be subject to the approval of the Office of the Securities and Exchange Commission (the "SEC"). The SEC announced as part of its approval condition that certain provisions must be stipulated in the Bank's Articles of Association. The Board of Directors, therefore, proposed that the Bank's Articles of Association be amended, by adding Clause 34. therein with the following contents:

"Clause 34. In case the Company or a subsidiary company enters into a connected transaction, or a transaction relating to an acquisition or disposal of the assets of the Company or the subsidiary company, as defined in the Stock Exchange of Thailand's notifications which govern connected transaction of a listed company or an acquisition or disposal of assets of a listed company, as the case may be, the Company shall comply with the rules and procedures as stipulated in such notifications for that particular matter."

Besides, the Chairman requested the Meeting to consider authorizing the Board of Directors, the Management Board, the President, or any person entrusted by either of the former to have power to amend the contents or wordings in the said amended Articles of Association in accordance with the instruction, recommendation or comment of the Registrar of the Ministry of Commerce and officers of any other government authorities.

The Meeting considered and resolved with more than three-fourths of all votes of the shareholders who attended the meeting and were entitled to vote to approve the amendment to Clause 34. of the Bank's Articles of Association, and to approve the authorization as per the details proposed in all respects.





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**8. To consider the matter of the change of the exercise price and exercise date of warrants for ordinary shares of the Bank to be issued and offered for sale to the Bank's employees, except for the employees who are directors**

The Chairman informed the Meeting that the Extraordinary Meeting of Shareholders of the Bank No. 1/2542 approved the Bank to issue and offer for sale 50 million units of warrants for ordinary shares of the Bank to the Bank's employees, except for the employees who are directors, in a 3-year project. The exercise price was Baht 30 per share and the exercise date was the last business day of June and December of every year. The Bank had offered for sale 18.5 million units of warrants in the first project to its employees in 2000. However, as the price of the Bank's ordinary shares declined in accordance with the stock market condition, to ensure that employees who were allocated the warrants would have an incentive to work with the Bank in a long term by receiving the rights and benefits from an exercise of the right to purchase the Bank's shares in the future, the Board of Directors deemed appropriate to amend the terms and conditions of the warrants. This would limit to the warrants which have not yet been issued and offered for sale, for a total remaining amount of 31.5 million units of warrants. Details are as follows:

1. To adjust the exercise price from Baht 30 per share to a weighted average market price on five working days before the offering date.
2. To amend the exercise date from twice a year to four times a year.

Details of the adjustment of the exercise price, the amendment of the exercise date and a table comparing details before and after the adjustment or amendment are in Annex 3 attached to the notice of the meeting.

In addition, as the same Extraordinary Meeting of Shareholders also resolved to appoint a Selection Committee which comprised Mr. Tawee Butsunorn, Dr. Abhijai Chandrasen and Mr. Apichai Bunyakiat to have the authority and duties to determine or change non-material details and conditions regarding an offer for sale of warrants, including the authority to consider allocating the warrants to the employees. However, as Mr. Tawee Butsunorn had resigned from the Board of Directors of the Bank, the Board of Directors requested the Meeting to consider appointing Mr. William J. Fontana, Executive Vice President and Human Resource Group Head, to serve as a member of the Selection Committee appointed by the shareholders, replacing Mr. Tawee Butsunorn.

Based on vote-counting in the auditorium, the Meeting considered and resolved with votes of not less than three-fourths of all votes of the shareholders who attended the meeting and were entitled to vote to approve the amendment of the exercise price and the exercise date of warrants for ordinary shares of the Bank which would be issued and offered for sale to the Bank's employees, except for the employees who are the Bank's directors, and to approve the appointment of Mr. William J. Fontana as a member of the Selection Committee appointed by the shareholders.





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However, after the casting of votes in the Shareholders' Meeting, the Bank had examined the proxy instruments submitted by the proxies to the Bank. It appeared that the proxies did not vote in accordance with the shareholders' intentions as stated therein. As a result, the original announcement of vote-counting result in the Shareholders' Meeting which stated that the Meeting approved the matter was not correct. Based on new vote-counting, it appeared that Agenda 8 failed to obtain up to three-fourths of the votes of the shareholders who attended the meeting and were entitled to vote. Consequently, Agenda 8 was not deemed approved by the Shareholders' Meeting. Therefore, the issuance and offer for sale of warrants for ordinary shares of the Bank to the Bank's employees, except for the employees who are the Bank's directors, shall be in accordance with the existing conditions in all respects.

## 9. Other Businesses

The Chairman informed the Meeting that the Bank of Thailand required the Bank to inform the Shareholders' Meeting of the rights to buy or hold shares as well as the remuneration under the employment agreement which its directors and executives from Department Head or equivalent and higher received from the Bank and affiliated companies in which the Bank holds more than 10 percent of the total shares sold. The Chairman would like to report to the Meeting as follows.

1. The Bank had issued warrants for ordinary shares of the Bank under the first project whereby it had offered for sale the warrants to the following employees who were executives.:

Executives from First Senior Vice President and higher comprising:

<u>Name of the Executives</u>	<u>Number of Warrants</u>	
1. Mr. Sirivuthi Siamphakdee	200,000	units
2. Mrs. Tida Samalapa	200,000	units
3. Mr. Apichai Bunyakiat	200,000	units
4. Mr. Preecha Oonchitte	200,000	units
5. Dr. Piengchai Pookakupt	200,000	units
6. Mr. Boontuck Wungcharoen	200,000	units
7. Mrs. Buranee Arunpairojana	150,000	units
8. Mr. Tongchai Charoensit	150,000	units
9. Mr. Siripongs Kalayanarooj	120,000	units
10. Mr. Pramoth Chaiamporn	120,000	units
11. Mr. Methee Pattarakornkul	120,000	units

Department Head: a total of 40 persons received the rights and benefits from an allocation and offer for sale of 10,000 units to 120,000 units of warrants totaling 3,270,000 units. The warrants under the first project had the exercise price of Baht 30 per share and the right to purchase the ordinary shares can be exercised after one year.



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2. Affiliate companies did not grant any privilege to the Bank's directors and executives from Department Head or equivalent and higher to purchase any share in the companies.

3. Executives from Department Head or equivalent and higher were committed to the employment agreement provided in the same way to general employees that when the agreement expired, the Bank would pay severance pay equivalent to his last-month salary or wage multiplied by the number of working years.

The Meeting acknowledged the matter.

The Chairman invited shareholders to express opinions or ask questions regarding the Bank's operations.

A shareholder observed that shareholders attending the meeting might wish to know the names of all directors present at the meeting. The shareholder suggested that the Bank prepare the signs showing the names of the directors instead of their positions in the next shareholders' meeting. In addition, the shareholder suggested a voting method because there were a large number of abstention votes and invalid voting slips, presumably due to the misunderstanding of the shareholders. The shareholder proposed that the Bank count the number of shareholders who opposed to the matter in the meeting, as there would not be a lot. In addition, the shareholder wished to know about a large amount of provision for loan loss set aside by the Bank. The shareholder would like to know if when the economy recovered in the future and debtors were able to return to run their businesses as usual, whether or not the Bank would turn some of the above provisions as income resulting in profits.

The Chairman accepted the suggestion for consideration to provide the signs showing the directors' names as proposed. He also took this opportunity to introduce each of the directors to the Meeting. As to the voting method, the Chairman explained that the number of the abstention votes reported to the Meeting was compiled from proxy instruments given to the Chairman or the President or independent directors of the Bank, which the shareholders stated therein the intentions to abstain from voting. Most of the abstention votes came from foreign funds which did not wish to vote or express opinions. Regarding a large number of invalid voting slips, the Chairman explained that this was due to the fact that the shareholders did not cast all of their votes in one box, whether they agreed, disagreed or abstained from voting. Rather, the votes were split which was not lawful and therefore the voting slips became invalid.

The President explained on the provision for loan loss that the returned amounts would become the Bank's incomes.

A shareholder asked about the establishment of the Thai Asset Management Corporation ("TAMC") and whether the Bank would participate in the project.

The President explained that the establishment of the TAMC was the current government's policy to handle non-performing loans ("NPLs") in the local commercial banking system.

The NPLs were defined to be the loans which involved 2-3 creditors and for which full provisions had been provided. This was based on an assumption that a single creditor can effectively manage and demand for debt repayment better than several creditors. In addition, the



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government would enact a law to provide a special management authority to the TAMC, which currently prepared and planned the method to transfer assets to the same place. With regard to the Bank, there would be NPLs which were qualified under the authority's definition for an approximate amount of Baht 15,000 million. This would be transferred from the Bank and not from its own Asset Management Companies. However, a financial institution which transferred the non-performing assets would have both gains and losses. This means that after five years, if the operating result with regard to each financial institution's debts being transferred recorded a profit, the financial institution would receive the profit in return. However, if there was any loss, the financial institution would be responsible for such loss. The project however would be subject to future assessment.

A shareholder made an observation that from the Bank's operating results in the past year, the Bank recorded a net profit of Baht 1,265 million while other commercial banks still suffered loss. The shareholder wished to encourage the Banks' directors and its employees.

A shareholder wished to know about the opinion on the country's economic condition in 2001 and 2002, what target the Bank had in terms of credit extension, to what sector the Bank emphasized of extending credit and to what sector it would slow down its extension, and the opinion about the real estate sector.

The President explained that Thailand's current economy was facing negative external factors. This means the Thai economy depended on export. At the same time, Thailand's trading partners were facing an economic slowdown, therefore, their purchasing power was declining. The Thai government was trying to fix the problem by introducing several measures. However, this would depend on the economic-stimulating packages. Whether increasing local purchasing demands would be able to resist the decline of the export. This would be a matter of wait and see. With regard to the Bank's credit extension, a growth rate of 3-4 percent was good enough. Every business sector was likely to receive credit extension. The real estate sector in general remained in trouble but part of the sector should be able to continue its business.

As no shareholders asked further questions, the Chairman announced the meeting adjourned and expressed his appreciation for all the shareholders who attended the meeting and gave valuable comments to the Bank.

The Meeting was adjourned at 15.40 hours.

(Signed) Banyong Lamsam  
(Mr. Banyong Lamsam)  
Chairman of the Meeting

(Signed) Tida Samalapa  
(Ms. Tida Samalapa)  
Secretary to the Board of Director