

## Supporting Document

### Agenda Item 1: Considering the Meeting of Shareholders for 2007

#### Minutes of the Annual General Meeting of Shareholders for the Year 2008

#### Thanachart Capital Public Company Limited

Jamjuree Ballroom, M Floor, Pathumwan Princess Hotel  
Phayathai Road, Kwaeng Wangmai, Khet Pathumwan, Bangkok

Monday, 28 April 2008

Starting at 15:00 hours

#### **Quorum**

At 15:00 hours, the meeting was attended by 314 shareholders in person, 236 shareholders by proxy and 176 juristic shareholders by proxy. The total number of shareholders attending the meeting amounted to 726, accounting for 746,899,040 shares or 56.035 percent of the Company's total 1,333,154,003 issued and paid-up shares. Those present at the meeting constituted a quorum.

#### **Additional Note**

804 shareholders and proxyholders representing both individual and juristic shareholders gradually joined during the course of the meeting from the time it was called to order to the time it was adjourned. Of the additional shareholders, 338 shareholders attended the meeting in person, 247 individual shareholders by proxy, and 219 juristic shareholders by proxy. Taking into account the additional shareholders, the total number of shares of the shareholders attending the meeting accounted for 769,942,693 shares or 57.753 percent of the total issued and paid-up shares.

#### **Members of the Board of Directors Attending the Meeting**

1. Mr. Banterng Tantivit	Chairman
2. Mr. Suphadej Poonpipat	Vice Chairman of the Board
3. Mr. Sommart Poonpakdee	Independent Director and Chairman of the Audit Committee

4. Mrs. Siripen Sitasuwan	Independent Director and Chairperson of Nomination Committee and Chairperson of Remuneration Committee
5. Mr. Somkiat Sukdheva	Independent Director, Member of the Nomination Committee and Member of the Remuneration Committee
6. Rear Admiral Vitura Sangsingkeo	Independent director
7. Mr. Phimol Rattapat	Director
8. Miss Suvarnapa Suvarnaprathip	Director
9. Mr. Taweesak Saksirilarp	Director
10. Mr. Anuwat Luengtawekul	Director

### **Calling the Meeting to Order**

Mr. Banterng Tantivit, Chairman of the Board of Directors acting as Chairman of the meeting, called the meeting to order at 15:05 hours. The Chairman appointed Mr. Panupan Tuangthong as secretary responsible for taking the minutes of the meeting. Before proceeding further, the Chairman said that Mrs. Chantima Chaturaphat who was independent director, member of the Nomination Committee and member of the Remuneration Committee, was unable to participate in the meeting as she had important business to attend to. He also introduced to the meeting the following two new directors:

1. Mr. Taweesak Saksirilarp, Director and Executive Vice President, replacing Mrs. Suchada Pavanant who resigned during 2007.
2. Mr. Anuwat Luengtawekul, Director and Executive Vice President, replacing Mr. Piyaphong Artmangkorn who resigned during 2007.

As well, the Chairman introduced to the meeting Ms. Rattana Jala, the Company's auditor, who also attended this meeting.

The Chairman then explained the details and procedures relating to the conduct of the meeting and voting, which could be summarized as follows:

1. The Company made available ballots which gave details about each agenda item. As Agenda Item 2 was the presentation of a report for acknowledgement only, no resolution had to be adopted. The ballots were given to the shareholders upon their registration for the meeting.

2. The ballots made available could be used to cast votes. Shareholders wishing to “cast their votes of disapproval” or to “abstain from voting” on any agenda item were required to vote or abstain from voting by marking and signing the ballot received for the agenda item, after which they would raise their hand so that the staff could collect their ballots. In counting votes for each agenda item which required voting, one share would equal one vote.
3. Shareholders wishing to “vote in favor” of agenda items were not required to submit their ballots. To arrive at the number of the votes in favor of the agenda item, the Company would deduct the number of votes of disapproval and the number of those abstaining from voting from the total votes of the shareholders present at the meeting. In this connection, the total number of votes took into account the votes of the shareholders who indicated their choices in the proxies given to the Company’s directors who attended on their behalf. The proxies were sent to the Company prior to the meeting.
4. While the meeting waited for the vote count results, the Chairman would proceed with the next agenda item. When the vote count results of each agenda item were available, the Chairman would announce them to the meeting.

Having provided the shareholders with the above explanation, the Chairman proceeded with the established agenda of the meeting.

### **Agenda Item 1**

#### **To consider and approve the Minutes of the Annual General Meeting of Shareholders for the Year 2007**

The Chairman said that the Annual General Meeting of Shareholders for the Year 2007 was held on 30 April 2007. There were ten agenda items discussed at the meeting, the Minutes of which were given in the Notice of the Meeting from Page 7 to Page 46 (40 pages in total). The Chairman proposed that the shareholders together consider the Minutes page by page. He asked whether any shareholder found any part of the Minutes inaccurate or incomplete or whether any shareholder wished to make amendments or additions on any point or page.

As no shareholder had any opinion or suggestion to amend the Minutes, the Chairman requested the meeting to consider the approval of the Minutes of the Meeting for the Year 2007.

**Additional Note**

The adoption of a resolution for this agenda item required majority votes of the shareholders present at the meeting and having voting rights.

**Resolution**

The following were the results of the voting on Agenda Item No. 1 regarding the approval of the Minutes of the Annual General Meeting of Shareholders for the Year 2007.

<b>Results</b>	<b>Number of Votes</b>	<b>Percent</b>
Approval Votes	769,808,990	100.00
Disapproval Votes	0	0.000
Abstained from Voting	0	0.000
Total Number of Eligible Votes on this Agenda Item	769,808,990	100.000

**Summary**

The meeting unanimously approved the Minutes of the Annual General Meeting of Shareholders for the Year 2007 held on 30 April 2007.

**Agenda Item 2****To acknowledge the report on the Company's performance for the fiscal year 2007**

The Chairman requested Mr. Suphadej Poonpipat to present to the meeting the report on the Company's performance for the fiscal year 2007. The report was presented in the form of a video presentation which was about 20 minutes in length. The shareholders were informed that, together with the video presentation, they could read the related details from Annual Report 2007 under the heading "Message from Chairman of the Board of Directors". The annual report was available on CD-ROM which was sent together with the Notice of the Meeting. The shareholders could request for a hard copy of the annual report.

After the end of the video presentation, the Chairman said that this agenda item was for acknowledgement only and no resolution had to be adopted.

The meeting acknowledged the report on the Company's performance for the fiscal year 2007 as given through the video presentation.

**Agenda Item 3**

**To consider and approve the balance sheet and the income statement for the year ended 31 December 2007, which were audited by the auditor and considered by the Audit Committee**

The Chairman said that this agenda item was for the meeting's consideration and approval of the balance sheet and the income statement for the year ended 31 December 2007, which were audited by the auditor and were considered by the Audit Committee. He said that, after the related information was presented to the meeting, any shareholders wishing to put questions to the auditor or the Board of Directors could do so.

The Chairman requested Mr. Suphadej Poonpipat to present to the meeting the summary of the key points of the balance sheet and the income statement for the year ended 31 December 2007. The presentation would be based on the consolidated financial statements of Thanachart Capital Public Company Limited which also reflected the performance of the Company's subsidiaries and affiliated companies. The financial statements were included in the Company's Annual Report 2007 which was sent to the shareholders together with the Notice of the Meeting. The report on the various key points of both the balance sheet and the income statement was given via a video presentation which was about 15 minutes in length.

After the video presentation, the Chairman gave the shareholders an opportunity to ask questions and expressed opinions. The ensuing discussion took quite a while. The summary of the questions asked by the shareholders and the replies given by the Board of Directors was as follows:

The proxyholder from Bangkok Bank Public Company Limited responsible for managing the Provident Fund of Electricity Generating Authority of Thailand which was the Company's shareholder asked about the loan classification in Annual Report 2007. He said that, on Page 33, the normal loans amounted to 199,066 million baht while, on Page 156, the normal loans amounted to 198,753 million baht. He asked for an explanation of the difference.

Ms. Rattana Jala, the auditor, said that the normal loans shown on Page 33 included all the loans classified as normal. On the other hand, as regards the details on Page 156, three groups of normal loans on both Page 156 and Page 157 had to be added up. These three groups included the loans and accrued interest receivable on Page 156, the loans of N.F.S. Asset Management Co., Ltd. on Page 157 and the investment in receivables transferred to loans on Page 157. The combined amount of three groups was the same as the total amount shown on Page 33.

Mr. Weera Chaimanowong, a shareholder, said that the deposit rates were expected to rise in 2008. As a result, the costs of the deposits would increase and the hire purchase portfolios which charged fixed rates over a long period would generate lower profits. As the Company's hire purchase portfolios accounted for 70-80 percent of the total loans, he asked what the Company planned to do to solve this problem. He also asked what the Company's loan structure would be in the future with The Bank of Nova Scotia (BNS) as partner.

In response, Mr. Suphadej Poonpipat said that next year the proportion of the Company's hire purchase portfolios would decrease. Thanks to the growth in industrial loans as well as retail loans, the proportion of the hire purchase loans would drop to 60-70 percent with the remaining proportions accounted for by the retail loans and industrial loans.

As regards the deposit rates which might increase, Thanachart Group had increased its long-term loans which included issuance of debentures. This served as part of the effort to manage its costs in terms of the interest expenses, together with the opening of new branches. Moreover, he believed that, as the credit rating on Thanachart Bank was upgraded to A+ , Thanachart Group would be able to manage its costs in terms of interest expenses more efficiently.

Mr. Wichai Jarusuktavorn, a shareholder, asked questions as follows:

**1<sup>st</sup> Question**

He said that he had been holding the company shares for a long period. While Thanachart Group managed to register a dramatic growth, the share prices remained stable with the price-to-book ratio (P/B ratio) being below 1. He asked why the prices of the company shares were lower than they should be.

**2<sup>nd</sup> Question**

He asked whether The Bank of Nova Scotia (BNS) would buy shares from the Company or subscribe new shares issued by Thanachart Bank for capital increase, in increasing the stake of BNS in Thanachart Bank to 49 percent. If the new shares were subscribed, the shareholders' equity of Thanachart Bank would increase by about 14,000 million baht. As a result, Thanachart Bank would have substantial equity for business expansion. If the Company sold the shares of Thanachart Bank to BNS, the Company's gains from the sale would be subject to taxation. The Board of Directors would also have to consider how to make use of the proceeds or it planned to return the money to the shareholders.

The answers given by the Chairman were as follows:

**Answer to 1<sup>st</sup> Question (Why the share prices were low?)**

This was probably due to the great number of the company shares being traded on the Stock Exchange of Thailand. Whenever the prices of the company shares rose slightly, investors would sell their shares. As a result, the share prices did not increase as they should, despite the fact that the Company organized activities on its own and together with the Stock Exchange of Thailand, which were aimed at promoting better investor relations both domestically and overseas. Moreover, the credit rating on the Company's management was at a relatively high level. In his opinion, the value of the company shares was much higher than the prices of the shares traded on the Stock Exchange of Thailand. On the part of the foreign investors, as far as he knew, they were interested in buying additional shares in the Company but could not do so because of the legal foreign ownership limit which had been reached.

**Answer to 2<sup>nd</sup> Question (Selling shares to BNS in the next stage)**

Under the agreement reached with BNS, when the approval was given by the Bank of Thailand, BNS would buy the shares of Thanachart Bank from the Company. After the implementation in line with the agreement, the Company would have to pay the income taxes. Thanachart Group used to explore the idea of subscribing new shares issued by Thanachart Bank for capital increase. However, the investment by BNS would have to increase by about 14,000 million baht. As well, Thanachart Bank's BIS ratio would be too high and its Return on Equity (ROE) would also be lowered. Thanachart Bank's relatively low profitability would, in turn, affect the Company. However, in the process of the implementation, the Company would choose the method that was most beneficial to Thanachart Group.

In response to the question as to how to make use of the proceeds, in capacity of a holding company of the solo consolidation group which could operate businesses specified by the Financial Institutions Business Act (FIBA) to be in force in August 2008, the Company was conducting studies on a number of possible businesses permitted under the legal framework, such as venture capital, factoring and other businesses. If it found investment channels which generated a good return, it would invest the proceeds for the return on the long term. However, if it was not able to find the channels which generated a good return, it might return the money to the shareholders. There were several alternatives available. These included, among others, the following:

- 1) Making special dividend payments with all the gains to be paid as dividends.
- 2) By means of treasury stock. This alternative would benefit those shareholders who did not want to sell their shares on the Stock Exchange of Thailand.

Assuming that the company shares were currently traded at 17 baht per share, if the Company announced that it would buy back the shares at 20 baht per share, the shareholders would benefit from the difference of 3 baht in the share prices. The Company was studying impacts on various areas.

- 3) By means of capital decrease. Studies were being conducted to find out whether the shareholders' equity of the Company was too large. However, if the Company chose this alternative, the gains to be made by the retail shareholders who were not juristic persons would be subject to taxation.

Since gains made from stock investments were rather volatile, Mr. Weera Chaimanowong, a shareholder, asked which methods or principles the Company's investments were based on. He also asked whether the Company had a team responsible for making investments. As well, he asked what the nature of the Company's investments was and whether the Company's investments were for trading or long term.

In response, the Chairman said that the Company had no policy of making investments for trading or speculation. In conducting its business, the Company had a lot of information about stock prices. As a result, speculative investments by the Company would be very inappropriate. As well, it might be seen that the Company unfairly took advantage of the information. For medium- and long-term investments, the Company established an investment analysis team responsible for identifying shares in good industries and having the professional management teams which, most importantly, consisting of trustworthy executives with competency and high ethical standards. The team would then establish the target rates of return as well as the appropriate prices, both buying and selling.

Mr. Thara Cholpranee, a shareholder, made the following comments.

1. Referring to the video presentation on the financial products which included the wording of the 'deposit' in bills of exchange, he thought that buying short-term bills of exchange was a type of investment but not a deposit. A deposit should mean only the money that was paid into a savings account whose principal amount would be protected. The message might mislead those who bought the bills of exchange into the understanding that they would be protected by the Financial Institutions Development Fund (FIDF). But this was not the case since the money invested in the bills of exchange was not a deposit. He was of the opinion that this should be corrected.
2. Regarding the liabilities and shareholders' equity which were part of the income structure in the form of deposits, in 2006 the total deposits amounted to about 198,000 million baht. However, in 2007, the total deposits decreased to



190,000 million baht. The amount of 8,000 million baht went somewhere else. He asked whether Thanachart Bank had a lowered ability to mobilize deposits, despite the fact that Thanachart Bank offered relatively higher interest rates than those offered by others in the market. Furthermore, with regard to the borrowings which consisted of two parts including short-term borrowings and long-term ones, he found that the long-term borrowings decreased from 26,575 million baht to 11,047 million baht, the change of which was substantial. The interesting point was that the short-term borrowings increased from 18,460 million baht to 65,398 million baht.

3. Referring to the question raised by the previous shareholder, he said that, taking into consideration the income structure, one could see that most interest income was from the hire purchase portfolios which accounted for 70-80 percent. This reflected too much concentration on the hire purchase loans. Probably, the risk which was too high resulted in a high book value. However, the share prices were not high because the stock analysts might consider that the stock was not interesting. He did not know whether Thanachart Bank had increased loans in other areas.

The Chairman answered the questions asked by the shareholder as follows:

1. He agreed that the word 'deposit' in the video presentation should be changed to 'loan'. He said that the bills of exchange were not protected by the Financial Institutions Development Fund. However, he reassured the shareholders that, in the process of selling the bills of exchange, the Company clearly indicated to the customers that the investment was not protected.
2. Referring to the question asked by the shareholder about the decrease in deposits, he said that the deposits did not go somewhere else. But Thanachart Group adopted a policy to borrow by selling bills of exchange in a large amount to the customers in 2007. This gave Thanachart Group two benefits. Regarding the first benefit, Thanachart Bank did not have to pay the deposit insurance premiums to the Financial Institutions Development Fund. As a result, it managed to reduce its costs by 0.4 percent, which was quite substantial. All financial institutions adopted the same policy. The change was reflected in the amount of the short-term borrowings in the financial statements. Regarding the second benefit, selling the bills of exchange helped prepared the depositors or customers for the investments which were not protected by FIDF and for enhancing their confidence in the creditworthiness of Thanachart Bank. This was one of the measures aimed at preparing for the implementation of the Institute of Deposit Protection Act.

Regarding the question of whether Thanachart Group's too much concentration on the hire purchase loans resulted in lower share prices, he commented that there were some commercial banks whose loan portfolios were quite close to those of Thanachart Bank. But their share prices were above the book value. Personally, he did not think that too much concentration on the hire purchase loans was the main reason explaining the low share prices. He believed that specialization, reputation and leadership in the hire purchase business gave more benefits. When Mr. Suphadej Poonpipat said that the Company would decrease the proportion of the hire purchase portfolios from 70 percent to 60 percent, he did not mean that the size of the portfolios would decrease. What he meant was that the hire purchase business almost reached its saturation point and the growth in this business would not be high. However, Thanachart Bank would continue expanding its hire purchase business since the hire purchase loan was a type of retail loan which helped diversify the risk as a result of various customer groups. However, the income generated by the hire purchase loans varied in line with the changes in the interest rates. But, overall, the hire purchase loans gave a good return in the long term. As a result, it was Thanachart Bank's policy to maintain its leadership position in the hire purchase business. At the same time, it would expand business in other areas in order to achieve the growth target which was established. With the support from its strong partner, it expected to register the growth in other areas including corporate loans or other retail loans such as credit cards.

With regard to the long-term borrowings which decreased from 26,575 million baht in 2006 to 11,047 million baht in 2007, the figures were shown in the consolidated financial statements, which reflected the decrease in the long-term borrowings of both the Company and Thanachart Bank, i.e. those long-term borrowings with the remaining term of less than one year which had to be put under the short-term loans. The short-term loans included, among others, the bills of exchange which were sold to the institutional investors. These bills were due to be repaid within less than one year.

In addition, a shareholder who did not disclose his name said that he used to be worried about takeover attempts since the company share prices were much lower than they should be.

In response, the Chairman said that he was not too much worried because the new Financial Institutions Business Act to be in force in August 2008 covered the shareholding in the parent company of the financial institution, the wording of which was tightly written. As in the case of the financial institutions, no shareholder was allowed to have a more than 10 percent stake. The definition of the shareholder also encompassed the related party. As a result, it was difficult to take over the Company. Moreover, in case of takeover, the Bank of

Thailand would have to give full protection to Thanachart Bank. In addition, thanks to the agreement with BNS, the party which intended to take over the Company would not have a full control of Thanachart Bank or it would not be able to seek unfair advantages. This was because there was still another equity partner BNS on another side, which helped govern Thanachart Bank.

As no shareholder asked any questions or gave more opinions, the Chairman requested the meeting to adopt a resolution for this agenda item.

#### **Additional Note**

The adoption of a resolution for this agenda item required majority votes of the shareholders present at the meeting and having voting rights.

#### **Resolution**

The following were the results of the voting on Agenda Item 3 regarding the approval of the balance sheet and the income statement for the year ended 31 December 2007, which were endorsed by the Board of Directors.

<b>Results</b>	<b>Number of Votes</b>	<b>Percent</b>
Approval Votes	738,781,197	95.953
Disapproval Votes	0	0.000
Abstained from Voting	31,161,496	4.047
Total Number of Eligible Votes on this Agenda Item	769,942,693	100.000

#### **Summary**

With the majority votes of the shareholders attending the meeting and having voting rights, the meeting passed the resolution approving the balance sheet and the income statement for the year ended 31 December 2007, which were endorsed by the Board of Directors.

#### **Agenda Item 4**

#### **To acknowledge the appropriation of the profit and approve the dividend payment for the operating results of the year 2007**

The Chairman said that, in line with the reports presented earlier to the shareholders under Agenda Items 2 and 3 respectively on the Company's performance, the net income for the year 2007 for the Company only amounted to 2,750,182,959.06 baht. The Board of Directors deemed it appropriate to present the following matters to the shareholders for acknowledgement and approval under this agenda item:

1. The Board of Directors requested that the shareholders acknowledge the appropriation of the profit at 5 percent of the net income as a statutory reserve. This amounted to 137,509,147.95 baht. The appropriation of the profit was in line with the legal requirements.
2. The Board of Directors requested that the shareholders approve the dividend payment to the holders of both ordinary and preferred shares at an equal rate of 0.60 baht per share or 799,892,401.80 baht in total for the operating results of the second half of the year 2007 from 1 July 2007 to 31 December 2007. Taking into account this round of the dividend payment and the interim dividend payment worth 0.30 baht or 399,946,200.90 baht in total which was made on 2 November 2007 for the operating results of the first half of the year 2007 from 1 January 2007 to 30 June 2007, the total dividend payment for the operating results of the year 2007 amounted to 0.90 baht per share or 1,199,838,602.70 baht in total.

**The total amount presented to the shareholders for acknowledgement and approval of the appropriation under this agenda item was 1,337,347,750.65 baht.**

In addition, to make use of the remaining net profit, the Board of Directors requested that the shareholders approve the transfer of the remaining net profit worth 1,412,835,208.35 baht into the shareholders' equity of the Company. The remaining net profit consisted of 137,509,147.95 baht which was the part of the net profit appropriated as statutory reserve and 1,275,326,060.40 baht which was the remaining net profit after the appropriation.

The Chairman said that, if the shareholders approved the dividend payment, the Company would be able to close the share register book and suspend any transfer of shares (XD) as from 13 May 2008 in order to determine the right to receive the dividend with the dividend to be paid on 27 May 2008.

The Chairman then gave the shareholders an opportunity to ask questions. As no shareholder asked any questions or gave opinions, the Chairman requested the meeting to adopt a resolution for this agenda item.

#### **Additional Note**

The adoption of a resolution for this agenda item required majority votes of the shareholders present at the meeting and having voting rights.

**Resolution**

The following were the results of the voting on Agenda Item 4 regarding the acknowledgement of the appropriation of the profit and the approval of the dividend payment for the operational results of the year 2007.

<b>Results</b>	<b>Number of Votes</b>	<b>Percent</b>
Approval Votes	769,927,543	99.998
Disapproval Votes	15,000	0.002
Abstained from Voting	150	0.000
Total Number of Eligible Votes on this Agenda Item	769,942,693	100.000

**Summary**

With the majority votes of the shareholders attending the meeting and having voting rights, the meeting passed the resolution approving the appropriation of the net profit and the dividend payment for the operating results of the year 2007 in line with all the details as proposed.

**Agenda Item 5****To consider the remuneration of the Board of Directors for 2008 and the Allotment of Performance Allowances for 2007 Performance**

The Chairman said that this agenda item included the report on the payment of remuneration to the Board of Directors for the year 2007 as well as the annual consideration of the remuneration of the Board of Directors. He would like to report to the shareholders for acknowledgement on the payments of remuneration which were made to all committees in 2007 in comparison with the payments made in 2006. All the details relating to the remuneration of the Board of Directors were given in the supporting document of the meeting, namely Attachment No. 3 to the Notice of the Meeting, from Pages 48-50. Except for the payments mentioned above, there were no other payments of remuneration and/or benefits given to the directors, which were not of a regular nature.

As regards the consideration of the remuneration of the Board of Directors and the performance allowances given to the Board, Mrs. Siripen Sitasuwan who was the Chairperson of the Remuneration Committee provided the shareholders with the details related to the agenda item.

Mrs. Siripen Sitasuwan informed the shareholders that the Remuneration Committee deemed it appropriate to propose to the shareholders for consideration two separate matters under this agenda item.

1. Since the remuneration currently paid to the Board of Directors was at an appropriate level, the Remuneration Committee proposed that the shareholders still approve the same level of the remuneration of the Board of Directors.
2. The Remuneration Committee proposed that the shareholders approve the Allotment of Performance Allowances for the Year 2007 at the rate of one percent of the dividend payments approved for the shareholders. This was in line with the policy established by the shareholders. The proposed dividends for the full-year performance to be made to the shareholders this year amounted to 1,199,838,602.70 baht. As a result, the total performance allowances to be paid to all members of the Board of Directors would amount to 11,998,386.03 baht with the Board being authorized to allot the related payments to its members. The summary of the remunerations paid in 2007, compared to those payments made in 2006 and 2005, based on the performances of 2006, 2005 and 2004 respectively could be seen on Page 52 of the Notice of the Meeting.

The Chairman then gave the shareholders an opportunity to ask questions. As no shareholder asked any questions or gave opinions, the Chairman requested the meeting to adopt a resolution for this agenda item.

**Additional Note**

The adoption of a resolution for this agenda item required at least a two-thirds majority of the votes of shareholders present at the meeting and having voting rights.

**Resolution**

The following were the results of the voting on Agenda Item 5 regarding the remuneration of the Board of Directors for 2008 and the Allotment of Performance Allowances for 2007 Performance:

1. Acknowledgement of the report on payment of remuneration to the Board of Directors for the year 2007.
2. Consideration of the Allotment of Performance Allowances to the Board of Directors for the Year 2007 at the rate of one percent of the dividend payments approved for the shareholders, which amounted to 11,998,386.03 baht with the Board being authorized to allot the related payments to its members.



information about the nomination of directors on behalf of the Nomination Committee.

Mr. Somkiat Sukdheva informed the shareholders that the retirement of the members of the Board of Directors by rotation also resulted in their respective retirement from the various committees.

In finding and proposing the list of names of persons to fill the vacancies of the directors retiring by rotation, the Board of Directors assigned the Nomination Committee to be responsible for the related work. In addition, during the early part of 2008 from 4 to 29 February 2008, the Company allowed the shareholders to propose, through its website ([www.thanachart.co.th](http://www.thanachart.co.th)), names of qualified persons for election at this meeting. However, after the end of the specified schedule, there was no shareholder proposing any person for consideration. As a result, in line with the recommendation made by the Nomination Committee for each of the retiring directors, the Board of Directors deemed it appropriate to propose to the shareholders that they re-elect all the retiring directors as directors for another term.

In this connection, Mr. Somkiat Sukdheva provided the shareholders with a brief profile and achievements of each director who retired by rotation. He indicated that these retiring directors had made use of their knowledge, skills and various experiences in different areas of work in providing the Company with their advice and suggestions which were useful to the Company and the Board of Directors. The details related to the profile of each director were given in the Notice of the Meeting from Pages 55-57.

He then asked the shareholders whether they wished to propose otherwise or whether anyone wished to ask questions or give additional opinions.

Mr. Thara Cholpranee, a shareholder, referred to Agenda Item 6 on Page 4 of the Notice of the Meeting in relation to the objective and reason. The message was that, pursuant to the Company's Article of Association No. 18, one-third or 4 members of the 11-person Board of Directors would retire at each of the annual general meetings of the shareholders. He said that the amount of 3 persons was in direct contradiction to the amount of 4 persons. In fact, according to the Articles of Association, Article 18 states, "At every annual ordinary meeting, one-third of the directors, or if their number is not a multiple of three, then the number nearest to but not more than one-third must retire from office." Instead of the amount of 4 persons as specified in the 'objective and reason' section, the correct amount proposed in the Notice of the Meeting should be 3 persons in compliance with the Company's Articles of Association. This was his first question.



The second was about his advice in identifying the retiring directors. Those who had to retire by rotation were those elected as directors in 2005. This information about these directors was on Page 53 of the Notice of the Meeting. They included: (1) Mr. Suphadej Poonpipat, (2) Mrs. Siripen Sitasuwan, (3) Mr. Wirasak Chiraset, and (4) Mr. Bundit Chevadhanarak. He understood that No. (4) Mr. Bundit Chevadhanarak resigned during the term, i.e. in the middle of 2005, with Mr. Piyaphong Artmangkorn filling the vacancy. Later, Mr. Anuwat Luengtawekul was appointed as director replacing Mr. Piyapong who resigned in the middle of 2007. As a result, the three directors who retired by rotation were those with the longest period in the position. He suggested that such explanation should be given in the Notice of the Meeting so that the shareholders would have a proper understanding of the matter to be considered. Another issue was the vacancy of Mr. Wirasak Chiraset or the director replacing Mr. Wirasak who also resigned. As a result, the total number of current directors was 11, compared to 12 previously. The question was whether the Board of Directors wished to keep the vacancy in order to keep the total number of directors at 12 with another director to be elected later.

The Chairman responded as follows:

On the first question, he apologized for the typo error. It should not be 4 members. As regards the additional explanation, he agreed to convey the suggestion to the secretarial team for improvement in the next meeting. On the total number of directors, he wished to keep it at 12. However, the Board of Directors considered it not necessary as yet to appoint another director at this stage.

As no shareholders asked more questions or gave additional opinions, the Chairman requested the shareholders to adopt the resolution electing the retiring directors to serve as the Company's directors for another term. In addition, he said that, for transparency in adopting the resolution, the shareholders were requested to adopt a separate resolution for each director by making use of the ballot which indicated Item 6 and the name of the director concerned, namely:

- 6.1 Mrs. Siripen Sitasuwan,
- 6.2 Mr. Suphadej Poonpipat, or
- 6.3 Mr. Anuwat Luengtawekul.

In case all the three directors were re-elected, the Company's Board of Directors would be responsible for appointing them as members of the various committees at a later stage.

**Additional Note**

The adoption of the resolutions for this agenda item required majority votes of the shareholders present at the meeting and having voting rights.

**Resolutions**

The following were the separate results of the voting on the re-election of each director under Agenda Item No. 6 on the appointment of directors to replace the directors retiring by rotation.

1. Mrs. Siripen Sitasuwan

<b>Results</b>	<b>Number of Votes</b>	<b>Percent</b>
Approval Votes	768,425,443	99.803
Disapproval Votes	360,450	0.047
Abstained from Voting	1,156,800	0.150
Total Number of Eligible Votes on this Agenda Item	769,942,693	100.000

2. Mr. Suphadej Poonpipat

<b>Results</b>	<b>Number of Votes</b>	<b>Percent</b>
Approval Votes	768,469,593	99.809
Disapproval Votes	360,300	0.047
Abstained from Voting	1,112,800	0.145
Total Number of Eligible Votes on this Agenda Item	769,942,693	100.000

3. Mr. Anuwat Luengtawekul

<b>Results</b>	<b>Number of Votes</b>	<b>Percent</b>
Approval Votes	768,475,593	99.809
Disapproval Votes	375,300	0.049
Abstained from Voting	1,091,800	0.142
Total Number of Eligible Votes on this Agenda Item	769,942,693	100.000

**Summary**

With the majority votes of the shareholders attending the meeting and having voting rights, the meeting passed the resolution electing the retiring directors namely Mrs. Siripen Sitasuwan, Mr. Suphadej Poonpipat, and Mr. Anuwat Luengtawekul as directors for another term.

Before proceeding to Agenda Item 7, the Chairman invited all the three directors to re-enter the meeting room to participate in the discussion of the remaining agenda items.

### **Agenda Item 7**

#### **To appoint the auditor and to determine the audit fee for the Year 2008**

The Chairman said that, in the past year, the Company appointed Ernst & Young Office Limited as the auditor for the year 2007 and fixed the audit fee at 1,850,000 baht. For the year 2008, the Audit Committee went through the process of selecting the auditor and submitted the following list to the Board of Directors for forwarding it to the shareholders for appointment. It was proposed that

1. Mr. Narong Patawongs (Certified Auditor No. 3315),
2. Miss Rungnapa Lertwankul (Certified Auditor No. 3516) or
3. Ms. Rattana Jala (Certified Auditor No. 3734)

of Ernst & Young Office Limited, be appointed as the auditors of the Company for the year 2008. It was also proposed that the shareholders approve the audit fee of 1,650,000 baht for the year 2008. The fee rate was arrived at after the Audit Committee and the Accounting Group negotiated with the auditing firm.

The Chairman then requested Mr. Sommart Poonpakdee, Chairman of the Audit Committee, to give additional information about the appointment of the auditor.

In his capacity as Chairman of the Audit Committee, Mr. Sommart Poonpakdee informed the shareholders that, taking into consideration the volume of work and other related factors, the Audit Committee was of the opinion that Ernst & Young Limited had experience in auditing companies in the financial industry as well as extensive networks worldwide and widely acceptable to many countries. As a result, the auditor's services would help raise the standards of the Company's auditing to the level on a par with the international standards. As well, the auditor would transfer its auditing knowledge to the Company. The auditing fee proposed for the year 2008 was considered appropriate. Both the three auditors and Ernst & Young Limited had neither relationship nor transactions which might lead to any conflicts of interest with the Company.

The Chairman of the Audit Committee then gave an opportunity to the shareholders to ask questions or express their opinions. The summary of the questions asked and the responses given by the Board of Directors was as follows:

Mr. Weera Chaimanowong, a shareholder, said that he supported the selection of Ernst & Young Limited as the Company's auditor based on the rationale given. However, he had a number of questions as follows:

Question 1

He wished to know whether the audit fee for 2008 which amounted 1.65 million baht covered the audit services given to the Company as well as those given to its subsidiaries as the Company had 16 subsidiaries.

Question 2

He also wished to know whether Ernst & Young Limited also audited the accounts of all members of Thanachart Group. If it audited the whole group's accounts, he wished to know whether the total audit fees of the whole Thanachart Group in 2008 amounted to about 16 million baht.

Question 3

As well, he wished to know whether the negotiation of the audit fee took into account the audit services for the Group as a whole, when the Company negotiated the audit fee.

Question 4

As the Chairman of the Audit Committee indicated that Ernst & Young Limited was one of the top five audit firms with high quality, he wished to know whether the other four audit firms also bid for the contract to give audit services to the Company. If they did not, he would like the other four audit firms to participate in bidding for the contract when the Company selected the audit firm next year. With such an arrangement, the selection process would be transparent and the Company would receive appropriate price quotations from those firms with similar quality.

The answers given by the Chairman of the Audit Committee in response to the questions were as follows:

Answer to Question 1

The audit fee in 2008 which amounted 1.65 million baht covered the audit services which Ernst & Young Limited gave to Thanachart Capital Public Company Limited only.

Answer to Question 2

In auditing the accounts of all members of Thanachart Group, the total audit fees which were charged by Ernst & Young Limited for auditing the accounts of all members of Thanachart Group amounted to about 16 million baht.

Answer to Question 3

When it negotiated the audit fee, the Company's negotiation took into account the audit services for the Group as a whole.

Answer to Question 4

In selecting the audit firm about 4-5 years ago, the Company invited the top five audit firms with high quality to bid for the audit contract. Ernst & Young Limited was one of these five firms. A few years later, only 2-3 audit firms bid for the contract. However, the audit fee quoted by Ernst & Young Limited was the most appropriate. However, next year the Company would invite the first five audit firms to participate in bidding for the contract again.

In addition, the Chairman of the meeting said that this year there were two audit firms bidding for the contract. These included Ernst & Young Limited and one of the country's top five audit firms. According to the regulations of the Stock Exchange of Thailand, the auditor of a listed company must also audit the accounts of the listed company's subsidiaries. As a result, when the Company together with BNS considered the selection of the audit firm, both parties agreed that Ernst & Young Limited was a quality company and its quoted price was appropriate. Other factors were also taken into consideration in addition to the audit work. These included its comments and suggestions in improving the recording of accounting transactions, the related rules and regulations, as well as its ability to produce the reviewed and audited financial statements accurately in a timely manner.

As no shareholders asked more questions or gave additional opinions, the Chairman requested the shareholders to cast votes on the appointment of the three auditors of Ernst & Young Limited to audit the accounts of the Company for the year 2008, with one of them being the auditor who would audit and give opinions about the Company's financial statements. Their names were as follows:

1. Mr. Narong Patawongs (Certified Auditor No. 3315),
2. Miss Rungnapa Lertwankul (Certified Auditor No. 3516) or
3. Ms. Rattana Jala (Certified Auditor No. 3734).

It was also proposed that the shareholders approve the audit fee of 1,650,000 baht as recommended.

**Additional Note**

The adoption of the resolutions for this agenda item required majority votes of the shareholders present at the meeting and having voting rights.

**Resolutions**

The results of the voting on Agenda Item 7 regarding the appointment of the auditor and the determination of the audit fee for the Year 2008 were as follows:

<b>Results</b>	<b>Number of Votes</b>	<b>Percent</b>
Approval Votes	768,836,293	99.856
Disapproval Votes	0	0.000
Abstained from Voting	1,106,400	0.144
Total Number of Votes under this Agenda Item	769,942,693	100.00

**Summary**

With the majority votes of the shareholders attending the meeting and having voting rights, the meeting passed the resolution approving the appointment of the three auditors of Ernst & Young Office Limited as auditors of the Company for the year 2008 as well as the resolution approving the audit fee of 1,650,000 baht in line with all the details proposed.

**Agenda Item 8****Other Business**

The Chairman said that this agenda item represented an opportunity for the shareholders to give any suggestions to the Board of Directors. He then invited the shareholders to have the floor.

Mr. Thara Cholpranee, a shareholder, said that he had the following observations:

**Observation 1**

Referring to Page 55 and Page 65 of the Notice of the Meeting, he said that the total number of the meetings and the number of the meetings attended by Mr. Suphadej Poonpipat were not the same.

**Observation 2**

He called the attention of the Chairman to the name of Chulalongkorn University in Thai on the map of the meeting venue on Page 71 hereof which was incorrectly typed as 'Mahavittayalaichulalongkorn' instead of 'Chulalongkornmahavittayalai'. He suggested that the mistake be corrected.

The following were the Chairman's responses:

**Observation 1**

The mistakes on the total number of the meetings and the number of the meetings attended by Mr. Suphadej Poonpipat were corrected, referring to the errata in the list which was sent together with the Notice of the Meeting.

**Observation 2**

He conceded that the mistake was made and would have the mistake corrected. As well, the Company would try its best to avoid making mistakes.

Ms. Kulaya Jarutheerachon, a shareholder, had the following question and suggestion:

**No. 1**

She asked whether the hotel was not able to handle a large number of guests. The meal preparation was in disorder with the food being inadequate for the shareholders.

**No. 2**

She suggested that, to project a positive image of Thanachart Group and to build the confidence of the shareholders who had held shares in the Company for a long period, the management find a proper solution to the problem about the meal preparation.

In response, the Chairman thanked the shareholder for the advice. He said that the Company would improve the situation. He apologized for the problem caused. In addition, he said that any shareholders who had not yet received the gift were requested to give the staff their name, address and phone number for callback so that the gift could be sent to them.

Moreover, Mr. Suphadej Poonpipat said that there were more shareholders attending the meeting on that day than anticipated earlier. In particular, there were over 800 shareholders registering at the meeting with about 500 shareholders and proxyholders attending the meeting. Normally, there were only about 350 participants. As a result, this might cause the problem about the food and beverages. The problem would be fixed in the future.

Mr. Weera Chaimanowong, a shareholder, made an additional suggestion that, regarding the light meal and refreshments, the Company give each shareholder a coupon which could be exchanged for a food box. This would enable the Company to manage the event in an orderly manner. It would also result in a better image than the one with the shareholders vying for the food. The arrangement would also help the Company handle a large number of participants more efficiently.

The Chairman thanked the shareholder for the good suggestion. He then asked whether any other shareholders would like to give more opinions.

Mr. Wichai Jarusukthavorn, a shareholder, suggested that the Board of Directors pay attention to those who cast disapproval votes or abstained from voting. This was because those who cast disapproval votes were those who did not attend the meeting. Since it was important to pass resolutions at the meeting, he proposed that the Board of Directors considered this issue.

Having requested the shareholder to give clarifications for better understanding, the Chairman said that, in voting and counting the votes, the votes of the shareholders who did not attend the meeting would not be counted. Only the votes of the shareholders attending the meeting in person or by proxy would be counted. He believed that the arrangement which required the shareholders with disapproval votes or those wishing to abstain from voting to raise their hand and to cast their votes through the ballots should be an efficient voting method. Or if the shareholders wished to preserve their anonymity, they could just give their ballots to the staff. However, if there was any shareholder who would like to give suggestions, he would welcome them.

For transparency in voting, Mr. Thara Cholpranee, a shareholder, suggested that the Company prepare a voting guideline regarding the election of directors. This was because different companies had different interpretations. For example, in counting the votes of those shareholders attending the meeting but failing to give their ballots back, some companies interpreted that these shareholders abstained from voting while other companies interpreted that these shareholders gave their approval votes. In case of Thanachart Group, no guideline was given. But he understood that failing to give the ballots back meant casting approval votes. As a result, he proposed that the Company consider the issue and prepare the voting guideline.

The Chairman thanked the shareholder for his suggestion. He would consult the legal staff specifically about this issue and try to find a correct and clearest method for future votings.



Mr. Weera Chaimanowong, a shareholder, said that he had been the Company's shareholder for many years. But this year was the first that he attended the meeting. He admired the Chairman for giving the shareholders an opportunity to ask questions about various issues. This made him feel secure. Moreover, he was satisfied with the video presentations under Agenda Item 2 and Agenda Item 3 which were exciting to him and easier for him to understand than normal presentations which were like reading reports to the audience.

He had a suggestion and a question. He suggested that most of the Company's loan portfolios were hire purchase loans which accounted for 70-80 percent. Although the President said that the Company would attempt to reduce the proportion to 60-70 percent by increasing trade finance and giving more corporate loans, he still thought that the new proportion was still relatively too high. He also asked whether the Company was able to diversify risk better with The Bank of Nova Scotia being an equity partner. Apart from reducing the proportion of the hire purchase loans, he asked whether the Company would be able to expand its business to overseas such as Indochina, with its expertise in the hire purchase business.

In response, the Chairman said that the Company did not want to lower its target established for the hire purchase business but it intended to reduce its proportion. The Company still placed strongest emphasis on the hire purchase business in order to maintain its leadership position. He said that there was no overseas business expansion in the Company's three-year plan. Focus would still be given to domestic businesses. In future when the Basel II requirements were imposed, the hire purchase business would be beneficial since it did not require a large capital. As a result, many parties were interested in this type of business and the Company had to work hard to maintain its market share.

Mr. Weera Chaimanowong, a shareholder, also asked whether The Bank of Nova Scotia had any constraint in expanding its business overseas since it already operated businesses in various countries around Thailand.

In response, Mr. Suphadej Poonpipat said that there was no constraint. The reason when it did not expand its business in these countries because they did not have laws regulating financial institutions or hire purchase business. However, the Government of Lao PDR already sent its delegates to Thailand to study about these laws. As well, Cambodia planned to send its delegates to Thailand to study about the laws.

Mr. Weera Chaimanowong, a shareholder, said that he was worried about the Company after it reduced its shareholding in Thanachart Bank to 51 percent. He worried that the Company would have no activities other than managing the assets since most activities were shifted to Thanachart Bank. As well, it still had no plan to manage the proceeds from selling the shares in Thanachart Bank to The Bank of Nova Scotia. He asked whether the move was correct and how the Company would grow since the growth would take place at Thanchart Bank in which the Company's shareholding was reduced to only 51 percent.

In response, the Chairman said that, although the Company reduced its shareholding in Thanachart Bank to 51 percent, the plan and targets relating to business expansion as well as the increase in the shareholding of BNS would increase the growth of Thanachart Bank dramatically. The growth would, in turn, increase the Company's rate of return from the investments in Thanachart Bank.

If the Company still had no investment plan, Mr. Weera Chaimanowong, a shareholder, asked why the Company did not arrange for its shareholders to hold the shares in Thanachart Bank and list Thanachart Bank shares on the Stock Exchange of Thailand.

In response, the Chairman said that, if the Company's shareholders held shares in Thanachart Bank, there would be problems as follows:

1. Thanachart Bank would have The Bank of Nova Scotia as its only major shareholder with a 49 percent stake.
2. Foreign investors would not be allowed to hold additional shares in Thanachart Bank since the legal shareholding limit was reached.

Mr. Taweesak Chanapamokko, a shareholder, asked about the constraints which the dividend policy of Thanachart Bank Public Company Limited imposed on the payment of dividends to Thanachart Capital Public Company Limited.

In response, the Chairman said that, in line with the regulation of the authority concerned, the dividend had to be paid from the profits made as a result of the performance of the company concerned. The gains made from the investments in subsidiaries could be used in making the dividend payments. As well, the agreement with BNS required Thanachart Bank to make dividend payments to all shareholders at least 75 percent of the net profit. However, in case Thanachart Bank needed substantial capital for business expansion, it was possible that Thanachart Bank might pay the dividend at a rate of lower than 75 percent of the net profit. This was subject to approval by the parent company. If that was the

case, the Company might consider making dividend payments by using the retained earnings.

He then asked the shareholders for permission to declare the meeting closed. The Chairman expressed thankfulness to the shareholders for attending the meeting and for giving their comments and suggestions which would be used for improvements in the next meeting.

The meeting was adjourned at 18:15 hours.

Signed Banternng Tantivit Chairman of the meeting  
(Mr. Banternng Tantivit)

Signed Panupan Tuangthong Secretary of the meeting  
(Mr. Panupan Tuangthong)