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**Minutes of the Annual General Meeting of Shareholders No. 180  
The Siam Commercial Bank Public Company Limited  
Wednesday 9 April 2003  
at Mahisorn Auditorium  
Head Office, 9 Rutchadapisek Road, Chatuchak, Bangkok**

Mr. Chirayu Isarangkun Na Ayuthaya, Chairman of the Board of Directors, acted as Chairman of the Meeting.

There were the directors who attended the Meeting as follows:

- |                                 |                              |
|---------------------------------|------------------------------|
| 1. Mr. Vichit Suraphongchai     | 2. Mr. Anand Panyarachun     |
| 3. Mr. Aswin Kongsiri           | 4. Mr. Bodin Asavanich       |
| 5. Mr. Maris Samaram            | 6. Mr. Verachai Tantikul     |
| 7. Khunyng Jada Wattanasiritham | 8. Mrs. Kannikar Chalitaporn |

The Chairman thanked the shareholders who attended the Meeting and informed the Meeting that altogether 844 shareholders attended the Meeting both in person and by proxy, holding 1,823,252,517 shares equivalent to 58.21% of the total issued shares, the quorum was therefore constituted according to the Articles of Association of the Bank. The Chairman then declared the Annual General Meeting of the Shareholders No. 180 opened.

The Meeting commenced at 10.00 a.m.

The Chairman informed the Meeting that Mr. Viroj Phutrakul, former member of the Board and chairman of the Audit Committee, had passed away on 16 February 2003. In his place, on the nomination process, the Board appointed Mr. Maris Samaram as member of the Board and member of the Audit Committee, effective from 25 February 2003. Mr. Maris, an expert accountant, had worked at SGV Na Thalang, a leading auditing firm, for over 30 years. He was chairman of SGV Na Thalang Group since 1992 until his retirement in 2001. At present he is an independent consultant at M.E.D. Co., Ltd.

The Board had appointed M.R. Disnadda Diskul, director and member of the Audit Committee as chairman of the Audit Committee in place of Mr. Viroj, also effective from 25 February 2003.

The Chairman then referred to the Board's appointment of Mrs. Kannikar Chalitaporn as a member of the Board of the Bank since 21 January 2002, of which the shareholders were informed in the Annual General Meeting of the Shareholders No. 179 dated 4 April 2002. The rationale underpinning her appointment was the Bank's policy to increase retail banking business since Mrs. Kannikar had vast marketing experience and success from her work with Unilever Thai Holdings Co., Ltd. Following her retirement from Unilever, the Board decided to appoint her as Director and Senior Executive Vice President, Retail Banking Group since 1 January 2003.

Before proceeding with the agendas, the Chairman explained the voting method for each agenda.

The Chairman then proposed that the Meeting consider the following agenda:

**Agenda No. 1 To consider and approve the Minutes of the Annual General Meeting of the Shareholders No. 179 held on 4 April 2002.**

The Chairman requested the Meeting to consider on a page by page basis and approve the Minutes of the Annual General Meeting of the Shareholders No. 179 held on 4 April 2002 as per details in the copy of the Minutes of the Meeting sent to all shareholders together with the notice of this Meeting.

Mr. Siriwat Worawetwutikun, a proxy holder, proposed some amendment to the Minutes as follows:

1. Agenda No. 2 (To acknowledge the Annual Report for the year 2001 prepared by the Board), Item 4.1: “The target for this was to increase the rate of return on equity to 16 percent within 3 years”.

2. Agenda No. 2 (To acknowledge the Annual Report for the year 2001 prepared by the Board): add a certain shareholder’s comment that the Chairman of the Executive Committee and Senior Executive Vice Presidents who response for the Change Program, be held accountable if the Program is not successful.

The Chairman explained that

1. A target return on equity of 16 percent within 3 years was proposed by the consultant to the Board on the basis of a number of assumptions. Putting this number in the Minutes would require reference to substantially more information. Nevertheless, the Board was committed to enhancing the Bank’s competitiveness and efficiency and effectiveness of its business operations.

2. The Board, every Bank management and staff are all responsible for the success of the Change Program which was implemented under close supervision of the Board.

The Chairman explained that the Minutes were intended to cover the main points of the meeting but not word by word.

No other shareholder raised any objection or demanded other amendment.

After due consideration, the Meeting, by a majority vote of 2,151,093,846 shares (with non-approved votes of 2,962 shares and abstained votes of 323,200 shares), RESOLVED THAT the Minutes of the Annual General Meeting of the Shareholders No. 179 dated 4 April 2002 be approved.

## **Agenda No. 2 To acknowledge the Annual Report for the year 2002 prepared by the Board.**

The Chairman requested the Meeting to consider the Annual Report for the year 2002 prepared by the Board and published in the Annual Report of the Bank, which had been sent to the shareholders. The Chairman of the Board, the Chairman of the Executive Committee, and the President then jointly presented to the Meeting the Bank's policies and operational results for the year 2002 that could be summarized as follows:

1. Practice of Governance Principles. The Chairman informed the Meeting that

1.1 In the previous year, the Board approved the Bank's governance policy, reviewed the functions of board committees to ensure that they conformed to best practices, and assigned the Nomination and Corporate Governance Committee (previously the Nomination Committee) the task of overseeing governance practices of the Bank. In addition the Board approved the establishment of Risk Management Committee to oversee overall risk management.

1.2 Remuneration of each director was disclosed in the Annual Report.

1.3 In 2002, neither directors nor Bank executives received any stock option, bonus or any form of remuneration other than those regularly received under the terms of employment.

2. Operational results for 2002. The President informed the Meeting that

2.1 In 2002, profit before loan loss provision was Baht 12,338 Million. The Bank increased loan loss provisioning to Baht 24,825 Million for the year, increased by Baht 15,618 Million from 2001 in order to fully accommodate potential deterioration of problem classified loans. As a result, the Bank recorded a net loss of Baht 12,488 Million for 2002.

2.2 Profit before loan loss provision rose 28.4 percent over 2001, with interest and dividend income increasing by 8.7 percent as a result of liquidity management, interest rates reduction, and better yields from debt restructuring. Non-interest income increased 35.6 percent due to a 10.7 percent increase in fees and service income and a 92.3 percent increase in gains from foreign exchange. Cost-income ratio decreased from 58.2 percent to 52.6 percent.

2.3 In 2002, reserve for doubtful accounts amounted to Baht 79,807 Million, representing 147.4 percent of the Bank of Thailand's mandatory requirement and equivalent to 66.9 percent of problem classified loans.

2.4 Legal capital funds at the end of 2002 totalled Baht 62,062 Million or 14 percent of total risk assets.

2.5 Financial ratio highlights for year 2002: Return on equity before and after loan loss provision were 21.6 percent and (21.9) percent respectively. Net loss per share was Baht 12.9 and book value per share was Baht 16.6.

2.6 The Bank had the fourth largest market share in terms of total assets, loans, and deposits in 2002.

2.7 Major awards received by the Bank in 2002: The Asset's Triple A: Best Bank in Thailand award for the third consecutive year, Asia Money's Best Domestic Commercial Bank in Thailand award, and Best Electronic Master Card in Asia – Pacific.

3. The Bank's Change Program. The Chairman of the Executive Committee informed the Meeting that

3.1 There was continuous progress in the Change Program implementation. Seven projects were completed in 2002: (1) Human resource function redesign (2) Retail sales stimulation (3) Building IT effectiveness (4) Branding enhancement (5) Credit process redesign (6) Operation process redesign and (7) Credit workout enhancement.

3.2 Program implementation in 2003 focused on new retail banking designs including branch network realignment, physical branch redesign, retail process redesign, branding, and retail bank reorganization. Other projects in addition to retail banking related to IT systems and finance function redesign.

Certain shareholders raised questions and comments and also requested the Board to proceed with certain matters as summarized below:

1. A question was raised concerning the Bank's new logo and a new slogan.

The President explained that the new logo was based on surveys of its staff, customers and the public. The old "Bho leaf" design was kept with stripes added to for movement, liveliness, and a contemporary look. Purple and gold were chosen as the colors for the Bank and new letter fonts for print materials. As for the slogan, the Bank would consult its employees before making any change.

2. A question was raised whether the Baht 24,825 Million provisioning charge would be the last.

The Chairman responded that taking this Baht 24,825 Million provisioning decision placed the Bank in the best position compared to its peers. This together with the proposal to the shareholders to compensate retained losses, if approved, would underline the public and financial analysts' understanding and confidence in the Bank's action.

3. A comment was made that branch services continued to be slow especially during the beginning and the end of each month.

The Chairman explained that the Bank was currently implementing physical and customer service redesigns for the Bank branches. Service area would be larger and work area smaller to increase customer convenience and speed of service. This improvement would be rolled out to cover all branches soon.

After due consideration, the Meeting RESOLVED THAT the Board's report for the year 2002 be acknowledged as presented.

**Agenda No. 3 To consider and approve the financial statements for the year ended 31 December 2002 and to acknowledge the non-payment of dividends**

The Chairman proposed to the Meeting to consider and approve the audited financial statements for the year ended 31 December 2002 and to acknowledge the non-payment of dividend due to the Bank's retained losses. These financial statements had been distributed to the shareholders prior to the Meeting.

Certain shareholders raised questions and comments as follows:

1. Profit and loss statement

1.1 Net interest and dividend income increased by about Baht 1,300 Million owing to lower interest payment on long-term debt than banks which issued SLIPs and CAPs.

The Chairman said that the Board proposed to the shareholders to approve the Bank's participation in the Ministry of Finance's Tier 1 Capital Support Scheme. As a result, The Bank did not have to bear SLIPs/CAPs interest burden as other Thai banks.

1.2 Sources of Baht 2,354 Million increase in non-interest income for 2002.

The President explained that this was attributed to profits from sale of non-core investments and foreign exchange gains from overseas money market investments.

1.3 Reason for Baht 906 Million provision for impairment of assets, higher than a provision of Baht 100 Million made in 2001.

The President explained that this related to valuation of foreclosed properties which had to be done annually under the Bank of Thailand's regulations. Provision was made to accommodate asset impairment.

1.4 Reason for deduction of the share of minority interest in subsidiaries' profits in the Bank's consolidated financial statements which resulted in equal net loss figures in the consolidated income statement and Bank-only income statement.

The President explained that this was an accounting method and it had been audited by the external auditor. Mr. Niti Jungnitnirundr, of Deloitte Touche Tohmatsu Jaiyos Co., Ltd., further clarified that this was an equity accounting method. Profits of subsidiary and associated companies were recognized in the Bank-only income statement but the consolidated accounts included profits of associated companies only.

1.5 The Bank's personnel expense in 2002 was comparable to that in 2001 while personnel of owe Thai bank had declined significantly.

The President explained that the Bank's personnel expense was about Baht 1,000 Million lower than those of banks with comparable headcounts.

1.6 Reason for setting a large provision for doubtful loans in 2002.

The President explained that this large one-time provision in 2002 aimed to fully accommodate deterioration of quality of problem classified loans. The Board had also approved a policy to set general provision of Baht 200 Million monthly.

2. High amount of other contingencies in the Bank's balance sheet at Baht 383,239 Million which was 6.18 times greater than the Bank's legal capital funds of Baht 62,062 Million.

The President explained that other contingencies mainly comprised forward contracts (bought /sold). The amount was comparable to those at other banks.

3. Notes to the Financial Statements

3.1 Definition of companies that were related to the Bank through debt restructuring.

The President explained that this classification was made in the Notes to the Financial Statements according to official regulations. Some were not troubled companies but their shares had been transferred to the Bank as part of the debt restructuring.

3.2 The value of the Bank's investment (equity method) in SCB Asset Management Co., Ltd. decreased by about Baht 40 Million from 2001 to only Baht 60 Million in 2002.

The President explained that SCB Asset Management Co., Ltd. booked profit, therefor the company paid dividends to the shareholders, which dividend resulting in its lower retained earnings.

3.3 The value of the Bank's investment in SCB Securities Co., Ltd. in 2002 dropped from Baht 1,637.4 Million (cost method) to Baht 1,333.7 Million (equity method). Was this due to loss from the sale of BankThai PCL shares?

The President explained that SCB Asset Management Co., Ltd. bought 42 Million BankThai PCL shares at Baht 10.26 per share compared to its closing price of Baht 9.25 per share at end 2002. The company had accordingly recorded a loss of Baht 42 Million for this transaction. For 2002, the company reported a net profit of Baht 218 Million.

4. Risk related to mismatch between maturity structure of deposits and loans.

The President explained that there were 2 ways to manage maturity mismatch: (1) Interest rates. The Bank lends at floating interest rates based on MLR which is determined by liquidity in the money market ; and (2) Loan period based on project cash flows and official regulations.

Since there was no further question, the Chairman then proposed that the Meeting grant approval for the financial statements and acknowledge the non-payment of dividend.

After due consideration, the Meeting, by a majority vote of 2,159,762,435 shares, (with non-approved votes of 49,581 shares and abstained votes of 262,932 shares), RESOLVED THAT the audited financial statements for the year ended 31 December 2002 be approved and the non-payment of dividend payment be acknowledged.

#### **Agenda No. 4 To consider and elect directors in place of directors retired by rotation, and to elect two additional directors.**

The Chairman informed the Meeting that M.L. Usni Pramoj, a director who was due to be retired by rotation in this Meeting had informed the Board that he would not seek a reelection owing to his responsibilities as Manager, His Majesty's Private Property Office. The Board greatly appreciated his contributions to the Bank through the years that he held office.

The Chairman requested Mr. Anand Panyarachun, Chairman of the Nomination and Corporate Governance Committee, to inform the Meeting as follows:

##### 1. Election of directors in place of directors retired by rotation

The following Directors were due to be retired by rotation in this Meeting :

- |                         |                        |
|-------------------------|------------------------|
| (1) Mr. Bodin Asavanich | (2) Mr. Aswin Kongsiri |
| (3) Mr. Maris Samaram   | (4) M.L. Usni Pramoj   |

The Nomination and Corporate Governance Committee had duly considered the matter according to the Bank's nomination process and resolved to recommend the Board to propose to the Meeting that the 3 retired directors namely (1) Mr. Bodin Asavanich, (2) Mr. Aswin Kongsiri and (3) Mr. Maris Samaram be re-elected to the office.

In regard to M.L. Usni Pramoj, the Nomination and Corporate Governance Committee resolved to recommend the Board to propose to the Meeting that Mr. Tiraphot Vajrabhaya, Chairman, Shell Companies in Thailand, be elected in his place.

2. Election of two additional directors

The Nomination and Corporate Governance Committee resolved to recommend the Board to propose to the Meeting to approve two additional board memberships, bringing the total to 16. The selection criteria were that the new members had to meet the qualifications of independent directors or non-executive directors and to have international business expertise in order to increase the number of independent directors on the Bank's Board according to good governance principles as well as to enhance business efficiency. The proposed candidates for the new directorships were (1) Mr. Pichai Chunchavajira, Senior Executive Vice President, Corporate Finance & Accounting, PTT Public Company Limited and (2) Mr. Sumate Tanthuwani, Manager Director, Regional Container Lines PCL.

The Chairman informed the Meeting that the Board endorsed the proposal of the Nomination and Corporate Governance Committee and proposed to the Meeting to vote.

After due consideration, the Meeting, by majority votes, RESOLVED THAT

1. The 3 directors retired by rotation in 2003 namely (1) Mr. Bodin Asavanich, (2) Mr. Aswin Kongsiri and (3) Mr. Maris Samaram be re-elected.

2. Mr. Tiraphot Vajrabhaya be elected in place of M.L. Usni Pramoj who would not seek a reelection.

3. Two additional board memberships be created, bringing the total to 16 and that Mr. Pichai Chunchavajira and Mr. Sumate Tanthuwani be elected to fill the new directorships.

Details of the votes for each director are as follows:

(1) Mr. Bodin Asavanich

The Meeting, by majority votes of 2,159,752,736 shares (with non-approved votes of 2,762 shares and abstained votes of 319,450 shares), RESOLVED THAT Mr. Bodin Asavanich be reelected.

(2) Mr. Aswin Kongsiri

The Meeting, by majority votes of 2,159,743,536 shares (with non-approved votes of 2,762 shares and abstained votes of 328,650 shares), RESOLVED THAT Mr. Aswin Kongsiri be reelected.

(3) Mr. Maris Samaram

The Meeting, by majority votes of 2,159,743,536 shares (with non-approved votes of 2,762 shares and abstained votes of 328,650 shares), RESOLVED THAT Mr. Maris Samaram be reelected.

(4) Mr. Tiraphot Vajrabhaya

The Meeting, by majority votes of 2,159,752,736 shares (with non-approved votes of 2,762 shares and abstained votes of 319,450 shares), RESOLVED THAT Mr. Tiraphot Vajrabhaya be elected and appointed to fill in the place of the retiring director, M.L. Usni Pramoj.

(5) Mr. Pichai Chunchavajira

The Meeting, by majority votes of 2,159,752,736 shares (with non-approved votes of 2,762 shares and abstained votes of 319,450 shares), RESOLVED THAT Mr. Pichai Chunchavajira be elected to fill the new directorship.

(6) Mr. Sumate Tanthuwanit

The Meeting, by majority votes of 2,159,752,736 shares (with non-approved votes of 2,762 shares and abstained votes of 319,450 shares), RESOLVED THAT Mr. Sumate Tanthuwanit be elected to fill the new directorship.

**Agenda No. 5 To consider and appoint the auditor and determine the auditing fees.**

The Chairman requested Mr. Maris Samaram, member of the Audit Committee to propose to the Meeting to appoint the auditor and determine the auditing fees. He informed the Meeting that the Audit Committee had already selected the Bank's auditor for year 2003 and recommended the Board to propose to the Meeting to appoint Miss Jongjit Leekpai or Mr. Niti Jeungnijirun of Deloitte Touche Tohmatsu & Jaiyos Co., Ltd. as the Bank's auditor for year 2003, and also to propose to the Meeting the auditing fees in the amount of Baht 5.7 Million for the Bank's accounts and in the amount of Baht 3.0 Million for the Bank's foreign branches, totaling Baht 8.7 Million.

There were questions raised by certain shareholders as to whether the proposed auditing fees were appropriate.

The Chairman explained that the proposed auditing fees were considered appropriate and were based on market rates.

After due consideration, the Meeting, by majority votes of 2,160,016,806 shares (with non-approved votes of 12,962 shares and abstained votes of 45,180 shares), RESOLVED THAT Miss Jongjit Leekpai or Mr. Niti Jeungnijirun of Deloitte Touche Tohmatsu Jaiyos Co., Ltd. be appointed as the Bank's auditor for year 2003, and approved the auditing fees therefore totaling of Baht 8.7 Million be approved.

**Agenda No. 6 To consider and approve the compensation of accumulated losses under the provision of the Public Companies Act (2) B.E. 2544**

The Chairman requested the President to present to the Meeting details of the compensation of accumulated losses under the provision of the Public Companies Act (2) B.E. 2544.

The President explained that under the provision of the Public Companies Act (2) B.E. 2544, the Bank could use its other reserves, legal reserves, and share capital premium respectively to write off its retained losses. The Bank considered that it had sufficient reserves as permitted by the law to under take this move and no further loss was expected in the future. Accordingly, in preparation for dividend payment to its shareholders in the future, it was proposed that the Meeting approve the compensation of the Bank's retained losses under the provision of the Public Companies Act (2) B.E. 2544, effective from 1 January 2003. Such move would not affect the value of total shareholders' equity.



After due consideration, the Meeting, by majority votes of 2,135,918,580 shares (with non-approved votes of 14,639,328 shares and abstained votes of 9,517,040 shares), RESOLVED THAT the compensation of the Bank's retained losses under the provision of the Public Companies Act (No.2) B.E. 2544, be approved effective from 1 January 2003.

**Agenda No. 7 To consider and approve the amendment to Clause 4 of the Bank's Memorandum of Association with respect to changes in the number of ordinary shares and preferred shares due to the conversion from preferred shares into ordinary shares exercised in year 2002.**

The Chairman informed the Meeting that the Bank had issued preferred shares in the amount of 6,191,239,927 shares and that according to the Memorandum of Association, the holders of preferred shares may, every 3 months, exercise their rights to convert preferred shares into ordinary shares. In year 2002, there were 326,662,440 ordinary shares converted from preferred shares. For consistency purpose pursuant to the requirements prescribed by the Ministry of Commerce, the shareholders therefore were requested to approve the amendment to Clause 4 of the Bank's Memorandum of Association in order for it to be consistent with the amount of ordinary shares converted from preferred shares.

After due consideration, the Meeting, by majority votes of 2,144,558,960 shares (with non-approved votes of 5,428 shares and abstained votes of 15,510,560 shares), RESOLVED THAT Clause 4 of the Bank's Memorandum of Association be amended to read as specified below for consistency with such preferred shares conversion:

“Clause 4 registered capital Baht 70,000,000,000 (Seventy Thousand Million Baht)

divided into 7,000,000,000 shares (Seven Thousand Million Shares)

par value per share Baht 10 (Ten Baht)

consisting of:

ordinary shares in 1,057,350,163 shares (One Thousand Fifty Seven Million Three Hundred Fifty Thousand One Hundred Sixty Three Shares)  
the amount of

preferred shares in 5,942,649,837 shares (Five Thousand Nine Hundred Forty Two Million Six Hundred Forty Nine Thousand Eight Hundred Thirty Seven Shares)  
the amount of

## **Agenda No. 8 To consider other business (if any)**

The following questions and comments were raised by certain shareholders:

1. The Annual Report looked attractive though the use of light- colored texts in some sections made it difficult to read. Also, binding was not that good.

2. Current functions of SCB Research Center Co., Ltd.

The President replied that the Bank had closed SCB Research Center Co., Ltd. and moved its staffs to the Bank to undertake research and information services for various business units.

3. Reason for the sale of Nawarat Pattanakarn PCL shares to incumbent shareholders below market prices.

The President explained that the share sale was in accordance with the debt restructuring agreement which gave incumbent shareholders the right to buy back shares during a given period provided that the company had fulfilled the conditions under the agreement. The Bank incurred no loss from the share sale.

Finally, the Chairman informed the shareholders that they could contact the Bank at any time should they have any questions or suggestions, and that shareholders' approval to compensate retained losses would enhance public confidence in the Bank and enable future dividend payment. He thanked the shareholders for their trust in the Board, the management, and all staffs who had worked very hard for the shareholders.

The President then informed the Meeting that there were increasing shares during the Meeting in the amount of 336,822,431 shares, hence, there had been 2,160,074,948 voting shares since the agenda No.3

There being no further question, the Chairman expressed his gratitude to the shareholders for attending the Meeting and giving their views and suggestions which the Board would take into consideration.

The Meeting was adjourned at 13.00 p.m.

(Mr. Chirayu Isarangkun Na Ayuthaya)

**Chairman**

(Mrs. Siribunchong Uthayophas) **Secretary to the Board of Directors**