

The Corporate Governance Committee of KASIKORNBANK PCL comprises four directors: Mr. Krisada Lamsam, Non-Executive Director, as Chairman; Professor Dr. Yongyuth Yuthavong, Independent Director; Sqn. Ldr. Naline Paiboon, M.D., Independent Director; and Mr. Saravoot Yoovidhya, Independent Director, as members. The main responsibilities of the Committee are to oversee the Bank's business practices in compliance with the Statement of Corporate Governance Principles, as well as laws and regulations that ensure effective practice of corporate governance principles by the Bank, and to supervise Corporate Social Responsibility (CSR). In 2013, the Corporate Governance Committee held 6 meetings on various matters in accordance with the duties and responsibilities mandated by the Corporate Governance Committee Charter, which in summary include:

- Endorsing Anti-Corruption Policy.
- Approving a strategic plan and activities to enhance good corporate governance. Emphasis has been placed on the maintenance and development of the Bank corporate governance standards in a continuing and sustainable manner and the establishment of corporate governance as an organizational culture with effective practices:
  - Communicating regularly on the Statement of Corporate Governance Principles and Code of Conduct to all directors, executives and employees via KASIKORNTV, intranet and KASIKORNBANK Newsletter.
  - The self-assessment of knowledge of the Code of Conduct program was implemented after submission of revised Code of Conduct booklets to all departments and branches nationwide. The assessment included anti-corruption practices under said policy.
  - Disseminating the Bank CG values and information to external entities, agencies and interested persons to promote compliance with corporate governance principles.
- Endorsing a Corporate Social Responsibility guideline for the Bank, as well as providing recommendations on, and monitoring of, related activities.
- Considering the Bank preparations for each Annual General Meeting with respect to the granting of rights to shareholders to propose an issue for inclusion in the AGM agenda and a candidate for election to directorship, as well as the right to submit questions before the AGM.

- Endorsing the Independent Directors Committee Charter and reviewing the Statement of Corporate Governance Principles, Charters of the Board of Directors and Board Committees, as well as the Statement of Business Conduct and Code of Conduct, and KASIKORNBANK Disclosure Policy, keeping them up-to-date in accordance with ongoing business operations of the Bank and in line with the laws, international practices and best practices as prescribed by the Bank of Thailand, Stock Exchange of Thailand, Office of the Securities and Exchange Commission, Capital Market Supervisory Board and Thai Institute of Directors Association.

- Endorsing the Performance Assessment Form of Independent Directors Committee and reviewing the Performance Assessment Forms of Board of Directors and Board Committees, to be used as a tool for reviewing performance in 2013.

- Reviewing practices of the Bank under the criteria of Corporate Governance Report of Thai Listed Companies, by the Thai Institute of Directors Association and the Principles of Good Corporate Governance for Listed Companies, by the Stock Exchange of Thailand.

- Approving guidelines of the Corporate Governance Report in the Annual Report.

- Approving guidelines of the Sustainability Development Report per the Global Reporting Initiative.

In the discharge of duties and responsibilities specified in the Corporate Governance Committee Charter, the Corporate Governance Committee has performed their duties carefully and prudently with an emphasis on maximizing benefit to the Bank, its shareholders and other stakeholders. The Corporate Governance Committee believes that our continued transparent and fair business operations, as well as collaboration at all levels within the organization, will enhance the confidence of all stakeholders and contribute to long-term business sustainability.



(Mr. Krisada Lamsam)

Chairman, Corporate Governance Committee

The Human Resources and Remuneration Committee of KASIKORNBANK PCL comprises five directors, namely Mr. Somchai Bulsook, Independent Director, as Chairman, Dr. Abhijai Chandrasen, Non-Executive Director, Professor Dr. Pairash Thajchayapong, Independent Director, Ms. Kobkarn Wattanavrangkul, Independent Director, and Mr. Kalin Sarasin, Independent Director, as members. The Committee held 10 meetings in 2013.

According to its Charter, the Human Resources and Remuneration Committee has the duties and responsibilities for formulation of human resource policy, director and senior executives nomination, review of the Board of Directors remuneration and recommendation on compensation for the senior executives specified by the policy in line with the business direction of the Bank, as well as recommendation of the executive succession plan.

As for the nomination of directors, members of Board Committees and senior executives, the Human Resources and Remuneration Committee is responsible for nominating qualified persons with primary qualifications specified by the Bank and not having characteristics prohibiting them from holding a directorship. In addition, factors to be taken into consideration include the appropriate proportion, size, diversity, and composition of the Board as well as compliance with regulatory requirements, the Bank's Articles of Association and the Statement of Corporate Governance Principles. The Committee nominated the Presidents to the Board of Directors meeting. Qualifications of director and senior executive positions have been regularly reviewed.

Upon reviewing the remuneration for directors and senior executives, the Human Resources and Remuneration Committee proposed revised remuneration to the Board of Directors which deemed it commensurate with the scope of their duties and responsibilities, taking into consideration such factors as the Bank's performance results, performance assessment as well as the overall business and economic environment. The revised remuneration was approved by the 2013 Annual General Meeting of Shareholders, as proposed.

In the discharge of duties and responsibilities specified in the Human Resources and Remuneration Committee Charter, the Human Resources and Remuneration Committee is of confidence that it has performed duties with prudence, transparency, and regards for the best benefits of the Bank and shareholders.



(Mr. Somchai Bulsook)

Chairman, Human Resources and Remuneration Committee

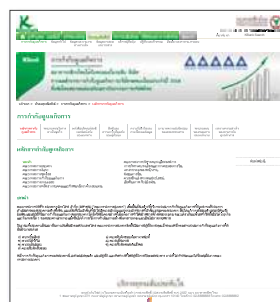
## 1. Rights of Shareholders

In recognizing the importance and rights of all shareholders, and having specified relations with shareholders in the Statement of Corporate Governance Principles, the Board of Directors makes every effort to treat shareholders equally and fairly, as stipulated under the Articles of Association of the Bank and applicable laws. The basic legitimate rights of shareholders include the right to participate in shareholders meeting, the right to appoint a proxy to participate in and vote at shareholders meeting, the right to vote for the appointment or removal of individual directors, the right to vote on the annual appointment of independent auditors and the setting of annual audit fees, and the right to vote on various other businesses of the Bank. Shareholders rights also include eligibility to receive dividend payments, the right to give opinions and enquire into business matters of the Bank during shareholders meeting, and the right to receive sufficient information in a timely manner.

Apart from the basic rights above, the Board of Directors emphasizes the disclosure of accurate, complete, timely, and transparent information to shareholders. Information updates are regularly provided on the Bank's website in four languages, Thai, English, Chinese, and Japanese, as well as to the public media. In 2013, the Bank took the following measures to facilitate and promote the rights of shareholders:

1. The Board of Directors Meeting No. 2/2013, on February 28, 2013, resolved to schedule the 2013 Annual General Meeting of Shareholders on April 3, 2013. The resolution was published on the information dissemination system of the Stock Exchange of Thailand starting on the day the resolution was passed.

2. Before the General Meeting of Shareholders, in order to encourage all shareholders to place importance on meeting attendance, the Bank arranged for delivery of the meeting notice to shareholders, with clear, complete and adequate information on the date, time, and venue of the meeting, a map of the meeting site, and the meeting agenda, in accordance with the law, the Stock Exchange of Thailand's requirements, and the Bank's Articles of Association. In addition, proxy forms and a complete set of supporting documents for the meeting agenda, together with the Bank's Articles of Association related to the meeting, were sent to shareholders for their consideration more than 14 days prior to the meeting date. Along with the meeting notice, shareholders



Dissemination of information on corporate governance via KBank website



The Bank allows shareholders to nominate candidates for directors before the Meeting date.



The Bank allows shareholders to propose the Meeting agenda before the Meeting date.



The Bank's Notice of the General Meeting of Shareholders was presented in Thai and English.

were sent sufficient information to allow them to vote on every agenda item, each of which was identified clearly as for acknowledgment, or for approval, or for consideration, together with sufficient and clear comments by the Board of Directors to help shareholders in their voting decisions. All of the information sent in document form was also posted on the Bank's website ([www.kasikornbankgroup.com](http://www.kasikornbankgroup.com)) more than 30 days prior to the meeting date, to ensure that shareholders received the information in a convenient and timely manner, and had enough time to study all information in advance. Moreover, the meeting notice was published in a Thai daily newspaper for at least 3 consecutive days, at least 3 days before the meeting date. The Notice of the General Meeting of Shareholders and the meeting documentation in English were sent to foreign shareholders and posted on the Bank's website at the same time as the Thai language version.

For those attending the General Meeting of Shareholders or their proxies, the Bank gave detailed information as to which documents were necessary for shareholders to present on the meeting date in order to have the right to attend the meeting, including a proxy form per the Ministry of Commerce designation. Also included was a list of independent directors, the Chairman of the Board and Chief Executive Officer, or any other persons whom the shareholders might wish to appoint as proxy, to cast votes at the meeting on his/her behalf.

3. On the meeting date, the Bank arranged for shareholder registration to begin more than one hour prior to the meeting schedule. Preparation of the venue and an appropriate number of greeters were also arranged to assist shareholders. In 2013, the Bank used the AGM Voting Service, organized by Thailand Securities Depository Co., Ltd. A barcode system was used for shareholder registration and proxy registration as in the previous year, allowing for a quick and efficient registration process. Printed ballots were handed out to each shareholder for voting on each agenda item.

4. Before the meeting commenced, the Chairman of the meeting announced that all shareholders had been informed of the voting and vote-counting procedure. The counting of votes was carried out in a transparent manner. The Bank adopted the Thailand Securities Depository Co., Ltd. system to facilitate the vote counting and result presentation. One share equaled one vote; approval of a resolution was based

on the majority of votes, except for certain resolutions which required the approval of no less than two-thirds of all votes of those attending the meeting, or three-fourths of all votes of those attending the meeting and casting their votes. This practice was in line with the Bank's Articles of Association and the law.

In the 101<sup>st</sup> General Meeting of Shareholders, the Chairman of the Board and Chief Executive Officer acted as Chairman of the meeting, which was also attended by the Presidents, the Chairpersons of all Board Committees, and directors. Altogether, there were 14 directors in attendance:

1. Mr. Bantoon Lamsam  
Chairman of the Board and Chief Executive Officer
2. Mr. Somchai Bulsook  
Vice Chairman, Lead Independent Director and  
Chairman of the Human Resources and  
Remuneration Committee
3. Mr. Krisada Lamsam  
Vice Chairman and Chairman of the Corporate  
Governance Committee
4. Mr. Predee Daochai  
President
5. Mr. Teeranun Srihong  
President
6. Ms. Sujitpan Lamsam  
Director
7. Professor Khunying Suchada Kiranandana  
Independent Director and Chairperson of  
the Audit Committee
8. Professor Dr. Yongyuth Yuthavong  
Independent Director
9. Dr. Abhijai Chandrasen  
Director and Legal Adviser
10. Professor Dr. Pairash Thajchayapong  
Independent Director
11. Ms. Kobkarn Wattanavrangkul  
Independent Director
12. Ms. Chantira Purnariksha  
Independent Director
13. Sqn. Ldr. Naline Paiboon, M.D.  
Independent Director
14. Mr. Saravoot Yoovidhya  
Independent Director

5. During the meeting, the Chairman of the meeting offered all shareholders an equal opportunity to give suggestions and ask questions within an appropriate timeframe, and allowed directors in charge of topics that were raised to clarify and provide complete information to shareholders. Moreover, shareholders were given the opportunity to submit questions concerning meeting agenda items in advance, beginning the day they were notified of the meeting and the meeting agenda until one week before the shareholders meeting date. These criteria were disclosed on the Bank's website and via the information dissemination system of the Stock Exchange of Thailand at the same time as published in the meeting notice. Shareholders who entered the meeting after it had commenced were allowed to vote for agenda items that were still under consideration, pending for voting.

6. The Bank has published the quarterly newsletter "Sam Samphan" since 2009, providing information and news on the overall economy, stock market, investments and other information that may be beneficial to shareholders in order to strengthen relationships with and enhance understanding among minor shareholders. The newsletter can be found on the Bank's website.

## 2. Equitable Treatment of Shareholders

Recognizing the importance of equitable treatment of shareholders, the Board of Directors has established a Corporate Governance Policy based on shareholders rights and the equal and fair treatment of all shareholders, and undertook the following tasks:

1. To promote good governance, the Bank provided shareholders with the opportunity, before the shareholders meeting, to propose matters for inclusion as agenda items, as well as the opportunity to propose qualified candidates having no prohibited characteristics for election as director at the General Meeting of Shareholders. Both options were under the specified criteria and process of the Board and relevant regulatory agencies during October 1 - December 31, 2012. Guidelines on the proposing procedure and shareholders



The Bank's Board of Directors at the 101<sup>st</sup> Annual General Meeting of Shareholders



Scene from the registration desk prior to the 101<sup>st</sup> Annual General Meeting of Shareholders



Dissemination of Notice of the General Meeting of Shareholders on KBank website



"San Samphan" newsletter for KBank shareholders

rights were provided to shareholders through the information dissemination system of the Stock Exchange of Thailand and disclosed on the Bank's website. Shareholders proposed no items to be included in the agenda, nor did they propose any candidates for election as directors.

2. The Bank arranged for the shareholders meeting to be conducted in a transparent and efficient manner, in line with the Bank's Articles of Association and related laws. The consideration of items and voting were conducted in accordance with the announced agenda. This included consideration of the election of directors individually and director remuneration, together with consideration of the annual appointment of independent auditors, setting of the audit fee, and other agenda items as specified in the meeting notice. During the meeting, in addition to related meeting documents, the Bank provided simultaneous English interpretation for foreign shareholders.

3. Shareholders unable to participate in the meeting in person had the option to appoint proxies to the meeting. Proxies could be any independent director, or the Chairman of the Board and Chief Executive Officer, or any other person appointed to participate in voting on behalf of the shareholders. Proxy forms were designed in such a way that shareholders were able to designate their preferred direction of voting.

4. Ballots were used to vote on every agenda item. To enable efficient and rapid vote counting, the Bank collected only the ballots of shareholders opposing or abstaining from each vote. To comply with the best practices for shareholders meetings, the Bank collected the ballots from all shareholders and proxies present at the meeting after the meeting was adjourned, arranged to have officers from a legal advisory firm verify the vote counting, and asked shareholder volunteers to witness ballot counts. Also, the Bank kept the ballots for future reference.

5. For shareholders' timely acknowledgment and examination of voting results, the Bank discloses the resolution of each agenda item on our website the working day after the shareholders meeting date, aside from disclosure via the information dissemination system of the Stock Exchange of Thailand.

6. Comprehensive meeting minutes were recorded. They included significant details, e.g., meeting resolutions, voting results (divided into approval, opposition, abstention or invalid ballots for each agenda item), questions, explanations and opinions expressed at the meeting. The minutes of the shareholders meeting were sent to regulatory agencies within 14 days from the meeting date, and to shareholders for their acknowledgment, as well as being made available on the Bank's website. Moreover, the Bank arranged for the meeting to be recorded on video for future reference.

7. The Bank has established internal regulations to supervise the use of inside information and securities and stock futures trading by directors and employees, in compliance with the securities laws and Corporate Governance Principles. The essence of the internal regulations is presented as follows:

- All operational units must set up a system, manage their workplace, and maintain inside information to prevent disclosure to others. Inside information can be used and sent only by persons who need to know or use that information for their operations.
- Directors and employees are prohibited from buying, selling, transferring or obtaining the transfer of securities and stock futures that may take advantage of outsiders by using inside information that may have a significant impact on the price of securities and has not been disclosed to the public or the Stock Exchange of Thailand. Though they may have become aware of such information in their capacity, either as directors or employees of the Bank, such actions are prohibited, whether to favor themselves or others, or to reveal such information to others to act upon it or receive benefit thereof.
- The Bank has regulated that directors, officers in the position of Executive Vice President or equivalent and higher, and staff in the position of Department Head or equivalent and higher in the Financial Accounting Management



Department or Financial Planning Department under the Financial and Control Division, must report their ownership of securities issued by the Bank and stock futures with underlying Bank stock, including those under ownership of their spouses and minor children. Moreover, they must report every change in their holding of those securities, i.e. by any purchase, sale, transfer, or obtaining the transfer of securities and stock futures, as regulated by the Office of the Securities and Exchange Commission, and also must have a copy of their ownership report of securities submitted to the Corporate Secretary who shall collectively provide such reports to the Board of Directors Meeting. Furthermore, the Bank requires that all personnel who have access to significant inside information, under the above criteria, report their ownership of those securities, including those under the possession of their spouses and minor children, to the Bank's Compliance Department.

- Concerning the supervision of securities and stock futures trading and prevention of the use of inside information, the Bank has stipulated a silent period for securities and stock futures trading by directors and related staff, including their spouses and minor children, prohibiting trading of those securities starting one month prior to the Bank's disclosure of financial statements or quarterly performance, and lasting until the second day after the information has been disclosed. Internal regulations on the prevention of the use of inside information are disseminated at the beginning of each year and quarterly to directors and related staff through various operating channels of the Bank, including regular monitoring of actions.

8. Directors and executives shall file the first reports on their interests and related persons' interests to the Corporate Secretary for further submittal to the Chairman of the Board and Chairperson of the Audit Committee. Such reports shall be submitted each time of the change, to comply with the

Securities and Exchange Act. In 2013, there were no changes in vested transactions of directors and executives. Directors and executives appointed in 2013 have already submitted their reports to the Chairman of the Board and Chairperson of the Audit Committee.

### 3. Roles of Stakeholders

The Bank places particular emphasis on the equal rights of all stakeholders, both internal stakeholders, i.e., shareholders, the Board of Directors and employees; and external stakeholders, i.e., customers, counterparties, competitors, creditors, as well as the community, environment and society at large, including human rights and anti-corruption acts. The Bank operates as a good financial institution and conducts business according to the Statement of Corporate Governance Principles. The Bank believes that environmental and social responsibilities are part of sustainable development. The Board of Directors has established a Corporate Social Responsibility (CSR) Policy as follows:

- To strictly adhere to the Statement of Business Conduct, and to participate in social development and environmental protection
- To encourage employees at all levels to strictly abide by the Code of Conduct and CSR Principles
- To launch CSR activities for the benefit of all stakeholders
- To arrange workplaces with an emphasis on safety, occupational health, environmental concerns, and facilitation for employees and customers
- To promote environmental preservation and contribution to society

In order to ensure the rights of stakeholders, the Bank established a Statement of Business Conduct and a Code of Conduct for all employees, which have been disseminated through the Bank's website and internal communication media such as the KASIKORNBANK newsletter, intranet and KASIKORNTV – the Bank's closed-circuit TV network – for strict adherence by directors, executives and employees at all levels. In addition, the Bank assigned the Compliance Department of the Compliance and Audit Division, to monitor

the performance of all employees in compliance with the Code of Conduct, and assigned the Corporate Governance Unit under the Office of Corporate Secretary, Corporate Secretariat Division, to oversee all governance issues of the Bank and to report to the Corporate Governance Committee for acknowledgment.

**Shareholders:** The Bank is determined to achieve good operating performance, sustainable growth, and competitiveness, with due consideration given to both current and future risk factors, in order to maximize shareholders value over the long term. The Bank discloses all information in a fair and transparent manner, and makes every effort to protect the Bank's assets and uphold its reputation.

**The Board of Directors:** The Board of Directors is fully aware of the authority, duties and responsibilities of directors, as well as the rights of stakeholders, and undertakes measures to ensure that these legitimate rights are provided, and that all stakeholders are treated equally and fairly.

**Employees:** Employees are valuable assets of the Bank. The Bank continues to seek capable and experienced personnel in line with its growth and the demands of the organization. Necessary training programs are continuously provided to enhance employees' capabilities, and appropriate remuneration – comparable to that of other leading companies – is offered. Favorable business culture and atmosphere are promoted in the workplace, together with fair and equal treatment, and respect for the honor, dignity, and individual rights of all employees. The Bank recognizes the need for proper welfare and security for employees, and provides benefits such as provident funds, scholarships for employees and their children, annual medical check-ups, as well as safety procedures such as fire drills and the installation of fire prevention systems, etc.

**Customers:** The Bank aims to promote customer satisfaction by offering diverse, complete, and high-quality financial products and services, in response to the needs of customers. The Bank gives due attention to and holds itself accountable to customers, and, more importantly, gives high priority to the protection of their confidential information. Customers are provided with explanations of the risks related to the use of various financial services, and are given the opportunity to

express opinions through responsible parties that the Bank has assigned to handle customer complaints.

**Counterparties:** The Bank respects compliance with contracted terms and conditions in trade, in fair and acceptable competition, and refrains from all mala fide practices. For supplier selection, the Bank shall not enter into business matching with unlawful businesses, and suppliers should have the Corporate Social Responsibility policy, and avoid causing any environmental pollution.

**Competitors:** The Bank observes fairness in competition and does not practice any mala fide methods that are deleterious to competitors.

**Creditors:** The Bank abides by lending terms and conditions and all legitimate duties to creditors, debenture holders and depositors. The Bank also gives clear explanations to customers on all of the possible risks involved with non-deposit financial services.

**Responsibility for the Community, Environment and Society:** The Bank acts as a good citizen, is non-partisan and is not aligned with any political party. The Bank bears in mind its role as part of the society at large and its responsibility to assist society and promote activities that benefit the community, society, and environment, in order to enhance the living standards of the people. The Bank recognizes the importance of and demonstrates concern for sound environmental protection through continuing efforts and activities for enhanced energy efficiency and environmental conservation; it also organizes training courses and encourages employee involvement through the expression of opinions and participation in activities related to the development of communities and the environment on a regular basis. In 2013, aside from the "Cutting Electricity Costs Year 2 project", Green at Heart project, to encourage staff participation in efficient use of resources, The Bank exhibited our responsibility towards the society, economy and environment and initiated the "Tham Di Tham Dai" project to celebrate our 68<sup>th</sup> year of business operations. This project is aimed at inspiring our employees to join force in conducting a total of 68 good deeds for the benefit of society. A summary of this item is under the heading of **Sustainable Development** in this annual report, and details are included in **Sustainability Development Report 2013**.



The Bank also specified other procedural guidelines, as follows:

**Fairness:** The Bank demonstrates fairness to all parties having business relationships with the Bank, and does its best to avoid any bias or events that would lead to conflicts of interest.

**Ethics:** The Bank adheres to its Statement of Business Conduct and pursues every business endeavor with integrity.

**Professionalism:** The Bank maintains professional standards, aiming high for superb quality integrated with modern and sophisticated technology.

**Responsiveness:** The Bank has the readiness to respond to the needs of its customers and society, as well as changes in the economy and technology, both at present and in the future.

**Discipline and Compliance:** The Bank pursues business with discipline and ethical principles, and certifies that its business operations comply with the law, the Statement of Business Conduct, and the Code of Conduct for employees, such as protection of intellectual property right and copyright. A software compliance policy has been implemented to ensure that only copyrighted software is used in the Bank's information systems. A prohibition against offering or receiving bribes for business benefits, etc. has been incorporated into the Code of Conduct. In addition, the Bank supports and respects human rights protection by refraining from human rights violations and providing related understanding for employees to ensure their correct actions.

### Anti-Corruption Acts

The Bank, KASIKORN ASSET MANAGEMENT CO., LTD. (KAsset), and KASIKORN SECURITIES PCL (KSecurities) have co-signed a declaration of the "Private Sector Collective Action Coalition Against Corruption" project jointly initiated by the Thai Institute of Directors Association (IOD), the Thai Chamber of Commerce, the Joint Foreign Chambers of Commerce in Thailand, the Thai Listed Companies Association, the Thai Bankers' Association, the Federation of Thai Capital Market Organizations and the Federation of Thai Industries. The project's major objective is to fight corruption, and in 2013, the Bank, KAsset and KSecurities were granted certification by the Private Sector Collective Action Coalition Against Corruption Council.

The Bank has established anti-corruption regulations on all fronts, with abstention from bribery and inappropriate incentives, as directed in the Code of Conduct, which is strictly observed by directors and employees. In 2013, the Board of Directors approved the Anti-Corruption Policy, which includes the issues of bribes and inducements, gifts and benefits, charitable contributions and sponsorships, and political participation. Communications on the Anti-Corruption Policy have been made with directors, executives and employees via the Bank's internal media and website, while tests have been conducted to measure the related knowledge of executives and branch managers across the country. The results will be compiled and used in planning of further communications. K Companies and P Companies have been notified to prepare similar policies.

The Bank engages in transparent and ethical business undertakings with a well-designed organizational structure that promotes transparency and efficiency, in accordance with the Bank's business goals and nature. Segregation of responsibilities, operational procedures, and line of command in each unit are well-defined in order to ensure existence of checks and balances for the Bank's sustainable growth. The Board of Directors has approved the Statement of Corporate Governance Principles, the Statement of Business Conduct, and the Code of Conduct, which involve fundamental principles of professional operations that directors and employees must adhere to. These present a common scope of accountability to the Bank and stakeholders with integrity and anti-corruption principles under a professional Code of Conduct that maintains transparent, honest and fair business conduct, together with punitive clauses against any violation. For practical implementation, operational guidelines have been established including regulations to prevent transactions that involve conflicts of interest and connected transactions, regulations to supervise the use of inside information, regulations involving anti-money laundering and combating the financing of terrorism, regulations in securities and stock futures trading, employee guidelines in accepting gifts and/or benefits, etc.

The Operational Risk and Fraud Management Department has been established with the assignments to identify the processes of operational risk and fraud management, in order to cope with

fraudulent acts and operational mishandlings that may lead to fraud. The department is responsible for risk assessment, analysis, monitoring and control. It also compiles the overall risk position to remain within an appropriate risk appetite, as well as examining and gathering preliminary information or evidence of fraud, and coordinating with relevant parties to minimize damages. The Bank is now equipped with analysis of fraud risk in all products, and in 2013, the Operational Risk and Fraud Management Department supervised all departments to identify and assess their related operational risks per the Bank for International Settlements (BIS) criteria, including fraud issues, in order to formulate guidelines for risk management as well as regular monitoring and assessment of control measures, all of which is reported to the management and Board of Directors. Moreover, all responsible employees have been trained on fraud prevention. In addition, responsible employees have been assigned to attend courses organized by outside agencies, such as VISA, MasterCard, the Thai Institute of Banking and Finance Association (TIBFA), the Fraud Management Club of the Thai Bankers' Association, the Office of the National Anti-Corruption Commission (NACC), etc.

The Compliance Department acts as the center of compliance supervision, responsible for overseeing the Bank's business operations to be in compliance with the Bank's policies and regulations, as well as regulatory requirements. It is the Bank's policy to ensure full regulatory compliance of the KASIKORNBANK FINANCIAL CONGLOMERATE. The Compliance Policy, approved by the Board of Directors, stipulates the duties and responsibilities related to compliance of the Board of Directors, the Audit Committee, executives, departments or units, and employees. Employee communications have been conducted to instill awareness of their duties and responsibilities in studying and understanding related laws and requirements, as well as Bank regulations, and in strictly complying with such regulations.

The Internal Audit Department performing its functions with independence, relies upon risk-based auditing approach. Fraud and unethical conduct are among the concerned risks assessed and audited by the Internal Audit Department. In addition, recommendations on fraud prevention measures are proposed.

The Corporate Governance Unit, Office of Corporate Secretary, has organized employee training courses on the subject of compliance with the Code of Conduct and Statement of Corporate Governance Principles, and communicated regularly with the Board of Directors, executives and employees via the annual corporate governance activities. Emphasis has been placed on maintenance and development of the corporate governance standards, and promotion of corporate governance practices as part of the organizational culture. Moreover, guidelines for monitoring and concrete evaluation have been mapped out.

#### Receiving Information or Complaints

The Bank provides various communication channels for stakeholders via the K-Contact Center, Investor Relations Unit, Shareholder Relationship Management Unit, etc. In order to promote operational transparency, direct communications with the Board of Directors in alignment with the criteria specified on the Bank's website have been enhanced to receive useful information for business undertaking or complaints on improper actions. Also, information or complaints can be directly submitted to the Internal Audit Department via documents or e-mails to inform about improper actions of employees or evidences of internal fraud. To protect the rights of information providers, the Bank has established a written policy of information or complaint receiving, identifying the receiving channels, information or complaint management processes, measures to protect the rights of information providers, protection of confidential information – only authorized persons can have access to such information, and only independent directors are assigned to give orders and report to the Board of Directors on confidential information. Fair measures have been established for stakeholders to whom losses are incurred due to violation of their legal rights.

## 4. Disclosure and Transparency

Realizing the importance of transparent information disclosure, the Bank has supervised and set up the KASIKORNBANK Disclosure Policy, approved by the Board of Directors.

The objective of this policy is to ensure that disclosures of the Bank's financial and non-financial information to shareholders, investors, analysts, regulatory agencies, and the general public are accurate, complete, timely, equal, transparent, consistent, and in accordance with all applicable laws, regulatory requirements, and criteria.

On May 18, 1998, the Bank established the Investor Relations and Shareholders Services Unit under the Executive Services Department, Corporate Secretariat Division. In 2007, under a change in organizational structure, the unit was renamed the Investor Relations Unit, under the Office of Corporate Secretary, with the objective and responsibility of handling investor relations activities. Responsibilities of the Investor Relations Unit also include setting up annual investor relations plans, and consistently and systematically providing complete, timely and accurate information to shareholders, investors, analysts and credit rating agencies, both local and international, so as to enhance the Bank's image and credibility among investors and the Bank's shareholders. The Bank also distributes KBank Investor Relations Satisfaction Survey to institutional shareholders, investors, and analysts, on an annual basis. The information gathered from the survey is systematically analyzed to optimize the efficiency and effectiveness of the investor relations functions and activities.

For shareholder services, the Shareholder Relationship Management Unit, under the Office of Corporate Secretary, is responsible for the management and supervision of shareholders rights and benefits, as well as creating, maintaining and promoting cordial relationships with the Bank's minor shareholders. The unit has developed a strategic plan to accomplish the latter objective. This has enhanced the image and credibility of the Bank as an exemplary organization with respect to the care and services provided to shareholders. Marketing activities have been organized to build connections with shareholders and provide them useful information, such as panel discussions on the economy, stock market and investment, publication of quarterly shareholder newsletters "San Samphan" on the Bank's website containing useful information for shareholders, monitoring of uncleared dividend cheques and returned dividend cheques to the Thailand Securities Depository Co., Ltd., as well as offering the e-Dividend service. These activities have received positive feedback from shareholders.



Panel discussion on the economy and investment held for KBank shareholders



Code of Conduct booklet



Article on corporate governance in the internal newsletter

KBank Chairman of the Board and Chief Executive Officer met analysts and fund managers at the Analyst and Thai Fund Manager Meeting, KBank Head Office



KBank President represented the Bank in receiving the SET Award of Honor for Excellence in Corporate Governance Report (2008-2013), Outstanding Company Performance Awards, Outstanding Investor Relations Awards, and Outstanding Corporate Social Responsibility Awards from the SET Awards 2013.



Luncheon Talk on Basel III held by KBank Executives for analysts and Thai fund managers at KBank Head Office



Dissemination of information on investor relations via KBank website



The Bank's Annual Report and Sustainability Development Report were presented in three languages, i.e., Thai, Chinese and English.



In addition, the Bank formulated and imposed the KASIKORNBANK Disclosure Policy for dissemination of significant information, authorizing the Chief Executive Officer, Presidents, Chief Financial Officer, or executive entrusted as Chief Investor Relations Officer to consider and make decisions on the content of significant information for public disclosure. Any one of these persons may disclose information by him/herself, or assign relevant parties to handle this task. The executive entrusted as Chief Investor Relations Officer has the authority to hold press conferences or to disseminate significant information related to the Bank, and to answer questions raised by shareholders, investors, and securities analysts. The unit responsible for corporate communications activities coordinates with information owners in disseminating significant information related to the Bank.

In 2013, the Bank adequately disclosed important financial information in its financial statements. The disclosures were in line with regulations of the Bank of Thailand, Stock Exchange of Thailand, Office of the Securities and Exchange Commission, and Financial Reporting Standards. Such information was also disseminated via the SET Community Portal and the Bank's website. The financial statements were reviewed/audited by certified public accountants and were endorsed by the Audit Committee before disclosure to shareholders; the Board of Directors of the Bank also disclosed its report of the responsibilities for financial reports in the annual report. Moreover, the Bank has published unreviewed/unaudited quarterly financial statements, reviewed/audited financial statements and Basel III Pillar 3 Disclosure, as well as other non-financial information such as the Management Discussion and Analysis (MD&A) and information on the Bank's corporate governance for the benefit of shareholders, investors and analysts. In addition, the Bank has periodically evaluated the effectiveness of its disclosure procedures.

The Bank enforces a 7-day silent period before the quarterly operating results are reported to the Stock Exchange of Thailand. During this period, no information related to the Bank's performance is revealed to shareholders, investors, and analysts. Company visits / participation in one-on-one meetings / group analyst meetings / replies to questions related to the Bank's operating results do not occur during this period. This



practice is regarded as a key policy of the Bank, to ensure that operations of units are consistent with the Bank's procedures, which are always in compliance with the Statement of Corporate Governance Principles. In this way, the Bank can ensure that its disclosures are transparent and equally accessible to all.

For disclosures of important information, the Bank uses various communication channels, communicating regularly through public media channels so that the Bank's shareholders and stakeholders have thorough access to information. Information outlets include:

1. The Stock Exchange of Thailand
  - 1) The Annual Report and Sustainability Development Report
  - 2) The Bank's Financial Statements
  - 3) Notification of the Board of Directors' Resolutions and Other Matters
2. The Office of the Securities and Exchange Commission

3. The Ministry of Commerce
4. Newspapers
5. Magazines and journals
6. Television channels
7. KBank IR/PR News
8. KBank website ([www.kasikornbankgroup.com](http://www.kasikornbankgroup.com))  
Information available in four languages: Thai, English, Chinese and Japanese
9. Company visits / one-on-one meetings
10. Non-deal roadshows both in Thailand and overseas
11. Analyst meetings
12. Press conferences
13. Notice and meeting documents sent by mail to shareholders

In 2013, the Bank's executives and the Investor Relations Unit met with various groups to provide information through the following venues:

Type of Meeting	No. of Events	No. of Companies	No. of Persons
One-on-One Meetings	183	315	413
Conference Calls	46	49	57
Group Analyst and Investor Meetings	6	271	340
Investor Conferences	4	81	96
Non-deal Roadshows	7	161	295
<b>Total</b>	<b>246</b>	<b>877</b>	<b>1,201</b>

In 5 of the above events, a total of 186 persons from 116 companies met with the Bank's Chief Executive Officer or Presidents. Some companies met with the Bank on more than one occasion in each type of meeting.

In 2013, the Bank's Investor Relations function was widely acclaimed by analysts and investors, and received several awards, including:

- Best Investor Relations by a Thai Company 2013, from IR Magazine, for the fifth time;
- Outstanding Investor Relations Awards from the SET Awards 2013 ceremony, organized by the Stock Exchange of Thailand (SET) and Money

& Banking magazine. In the past, the Bank also received the SET Award of Honor for Excellence in Investor Relations 2010 - 2012 and Best Investor Relations Awards in the years 2004, 2008, 2010 and 2011;

- Asia Best CEO (Investor Relations) and Best Investor Relations Company (Thailand) from the 3<sup>rd</sup> Asian Excellence Recognition Awards 2013 of Corporate Governance Asia magazine, for the third consecutive year (2011 - 2013), and Asia Best CFO (Investor Relations) from the same awards ceremony.

Investors may contact the Bank at:

Chief Investor Relations Officer:

Tel. : +662-4702673 to 4

Fax : +662-4702680

Investor Relations Unit:

(Thai and Foreign Institutional Investors and Shareholders)

e-mail : IR@kasikornbank.com

Tel. : +662-4706900 to 1, +662-4702659 to 62

Fax : +662-4702690

Shareholder Relationship Management Unit:

(Thai Investors and Shareholders)

e-mail : Shareholder\_Relations@kasikornbank.com

Tel. : +662-4706116

Fax : +662-4702747

Address:

KASIKORNBANK PCL Head Office,  
33<sup>rd</sup> Floor, Office of Corporate Secretary,  
Corporate Secretariat Division,  
1 Soi Rat Burana 27/1, Rat Burana Road,  
Rat Burana Sub-District, Rat Burana District,  
Bangkok 10140, Thailand

Website: www.kasikornbankgroup.com

## 5. Responsibilities of the Board of Directors

### 5.1 Structure of the Board of Directors

#### Composition of the Board of Directors

The Bank's Board of Directors comprises qualified persons who possess knowledge, ability, and experience beneficial to the Bank. According to the company registration in the latest update from the Ministry of Commerce, dated November 27, 2013, the Board of Directors of the Bank is composed of 17 members. The election of Board members follows the resolutions of the shareholders meetings, as well as the laws and regulations and the Bank's Articles of Association. The number of directors is appropriate for the Bank's business operations, and the composition is in conformity with the Bank of Thailand's notification on the "Governance of Financial Institutions" and the Capital Market Supervisory Board's notification on "Application for and Approval of Offer

for Sale of Newly Issued Shares". The Bank's Board of Directors includes:

- 3 Executive Directors
- 5 Non-Executive Directors
- 9 Independent Directors (accounting for 53 percent of the total number of Board members)

Binding agreements of the Bank must be signed by two authorized directors and affixed with the Company's seal. The primary authorized directors with signatory authority on behalf of the Bank are Mr. Banthoon Lamsam, or Mr. Krisada Lamsam, or Mr. Somkiat Sirichatchai. Any of these persons must co-sign with any of the following directors: Dr. Abhijai Chandrasen, or Mr. Predee Daochai, or Mr. Teeranun Srihong.

#### Corporate Secretary

The Board of Directors resolved to appoint Dr. Adit Laixuthai as Corporate Secretary and Secretary to the Board of Directors, effective from May 30, 2013. The Office of Corporate Secretary, Corporate Secretariat Division, is a unit supporting the secretarial function of the Bank, consistent with the Statement of Corporate Governance Principles for effective management of the Bank. The Corporate Secretary must have qualifications and experience, and has main duties and responsibilities, as follows:

##### Qualifications and Experience

1. Having basic knowledge in business, accounting, laws and regulations governing commercial banking business, or having attended training courses concerning corporate secretarial practices;
2. Having knowledge and understanding about corporate governance principles and best practices;
3. Being independent and straightforward in the discharge of duties and provision of both recommendations and comments;
4. Having experience in the secretarial function to the Board of Directors, or other qualifications that contribute to effectiveness in the discharge of corporate secretarial functions.

##### Main Duties and Responsibilities

1. Providing basic advice pertaining to the laws and regulations governing commercial banking business and the Bank's procedures, as well as monitoring compliance on a regular basis and reporting any significant changes to the Board;



2. Promoting knowledge and understanding about corporate governance principles, providing relevant information, as well as promoting and monitoring compliance among the Board of Directors;

3. Preparing agenda and documents for the Shareholders and Board of Directors Meetings;

4. Arranging the Shareholders and Board of Directors Meetings in accordance with the laws and regulations, the Bank's Articles of Association, and best practices;

5. Preparing minutes of the Shareholders and Board of Directors Meetings, and monitoring subsequent actions in accordance with resolutions of those meetings;

6. Preparing and keeping registrations of directors, annual reports of the Bank, notices calling Shareholders and Board of Directors Meetings, as well as minutes of the Shareholders and Board of Directors Meetings;

7. Ensuring that the directors and executives have filed reports on their interest and related persons' interest, as required by law;

8. Keeping reports on interest filed by directors and executives, and presenting copies of such reports to Chairman of the Board and Chairperson of the Audit Committee, as specified by law;

9. Ensuring that corporate information disclosures to regulatory agencies are in accordance with the laws and regulations;

10. Communicating with shareholders on their legitimate rights and on the Bank's information, and serving as a communication center between shareholders and directors and executives;

11. Assisting in Board activities;

12. Arranging performance assessment of the Board of Directors and reporting the performance assessment results to the Board;

13. Monitoring regulatory requirements and practices as concern commercial banking business and directorship in order to provide initial recommendations;

14. Coordinating between the Board of Directors and executives.

### Qualifications of Independent Directors

The Board of Directors has prescribed the definition of "Independent Director" in conformity with the Principles of Good Corporate Governance of the Stock Exchange of Thailand, the requirements of the Bank of Thailand on the "Governance of Financial Institutions", and the requirements of the Capital Market Supervisory Board, in order to maintain investor confidence and balance in good governance. The qualifications set by the Bank for "Independent Director" have been defined more stringently than the criteria set by the Capital Market Supervisory Board. They are as follows:

1. Holding not more than 0.5 percent of the Bank's shares with voting rights, or that of any subsidiary company, associated company, major shareholder or controlling person of the Bank, which shall be inclusive of the shares held by any related person of such an independent director;

2. Neither being nor having been an executive director, an employee, a staff member, an adviser who receives a regular salary, or a controlling person of the Bank, subsidiary company, associated company, subsidiary company at the same level, major shareholder or controlling person of the Bank unless the foregoing status has ended for more than 2 years;

3. Not being a person related by blood or registration under law, such as father, mother, spouse, sibling, or child, including the spouse of a child, of other director, any executive, major shareholder, controlling person or person to be nominated as a director, an executive or a controlling person of the Bank or subsidiary company;

4. Neither holding nor having held a business relationship with the Bank, subsidiary company, associated company, major shareholder or controlling person in a manner which may interfere with his/her independent judgment, and neither being nor having been a substantial shareholder or a controlling person of any person having a business relationship with the Bank, subsidiary company, associated company, major shareholder or controlling person unless the foregoing relationship has ended for more than 2 years.

The aforementioned "business relationship" includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services, or grant or receipt of financial assistance through receiving or extending

loans, guarantees, providing assets as collateral, including any other similar actions, which result in the Bank or counterparty being liable to indebtedness payable to the other party in the amount of 3 percent or more of the net tangible assets of the Bank or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for the value of connected transactions under the Notification of the Capital Market Supervisory Board concerning regulations in respect of an entering into connected transaction *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of 1 year prior to the date on which such a business relationship with the person commences;

5. Neither being nor having been an auditor of the Bank, subsidiary company, associated company, major shareholder or controlling person, and not being a substantial shareholder, controlling person, or partner of an audit firm which employs auditors of the Bank, subsidiary company, associated company, major shareholder or controlling person unless the foregoing relationship has ended for more than 2 years;

6. Neither being nor having been any professional adviser including legal adviser or financial adviser who receives an annual service fee exceeding Baht 2 million from the Bank, subsidiary company, associated company, major shareholder or controlling person, and not being a substantial shareholder, controlling person, or partner of the professional adviser, unless the foregoing relationship has ended for more than 2 years;

7. Not being a director who has been appointed as a representative of the Bank's director, major shareholder, or shareholder related to the major shareholder;

8. Not undertaking any business the nature of which is the same as that of the Bank or subsidiary company and which, in any material respect, is competitive with business of the Bank or subsidiary company, or not being a substantial partner in the partnership, a director who is involved in management, an employee, a staff member, an adviser who receives a regular salary, or a shareholder holding more than 1 percent of shares with voting rights of a company undertaking any business the nature of which is the same as that of the Bank or subsidiary company and which, in any material respect, is competitive with business of the Bank or subsidiary company;

9. Not having any characteristics that prohibit the expression of independent opinion towards the Bank's business undertakings.

The previous directorial records as an independent director to be brought up for consideration shall comply with the above criteria, except under exemption in accordance with the Notification of the Capital Market Supervisory Board.

Since 2013, no independent director has had a business relationship with, or has acted as a professional adviser for the Bank, a subsidiary company, an associated company, a major shareholder, or a controlling person.

### Term of Office

The Board of Directors has a clearly established term of office for directors in the Articles of Association and the Corporate Governance Policy of the Bank. At each General Meeting of Shareholders, one-third of the directors – or the number nearest to one-third if the number is not a multiple of three – must retire from office. The directors who have been in office the longest retire first. If there is any disagreement as to who shall retire, it shall be decided by drawing lots. Retiring directors may be re-elected. The directors shall not exceed the age limit of 72 years old, and independent directors shall not hold more than three consecutive terms of directorship. It shall take effect after the Annual General Meeting of Shareholders in 2013.

Members of the Board Committee, Audit Committee, Human Resources and Remuneration Committee, and Corporate Governance Committee shall hold office for a term of 3 years, while members of the Risk Management Committee shall hold office for a term of 2 years.

### Directorship of Directors, Chief Executive Officer, Presidents and Executives in Other Companies

The Board of Directors established guidelines that the Bank's Directors, Chief Executive Officer, Presidents and Executives may hold a directorship in no more than 5 listed companies. They shall not hold the position of chairman, executive director, or director with signatory authority in more than 3 other business groups, in conformity with the criteria of the Bank of Thailand and the Stock Exchange of Thailand. The details of directorships held by the Bank's Directors, Chief

Executive Officer, Presidents and Executives in other companies are reported in the Annual Report under the heading **Board of Directors and Executives**, as well as **Directorship of Directors and Executives in Subsidiaries, Associated and Related Companies**.

At present, no executive director holds a directorship in other listed companies. No director or executive of the Bank holds a directorship in more than 3 listed companies, nor are any in the position of chairman, executive director or director with signatory authority in excess of 3 other business groups.

#### Holding of the Chairman of the Board and the Chief Executive Officer Positions

The Chairman of the Board can be either an executive or a non-executive director, and the Chairman of the Board and Chief Executive Officer can be one and the same person. The Chief Executive Officer and the President can also be one and the same person. The Board of Directors shall appoint the Independent Directors Committee, and an independent director as Lead Independent Director, under recommendation by independent

directors, in order to maintain a check-and-balance between the Board and the management.

At present, Mr. Banthoon Lamsam is the Chairman of the Board and Chief Executive Officer. More than half of the members of Board of Directors are independent directors, and the Board of Directors has established the Independent Directors Committee, chaired by Lead Independent Director – Mr. Somchai Bulsook and engaged in delivering recommendations and opinions on important issues in order to maintain a balance between the Board of Directors and the management, and to protect the interests of all stakeholders.

#### 5.2 Board of Directors

Mr. Banyong Lamsam is Honorary Chairman of the Bank.

Members of the Board of Directors are qualified persons who have knowledge, ability, and experience beneficial to the Bank. As of December 31, 2013, they were:

Name	Position	Director Type
1. Mr. Banthoon Lamsam	Chairman of the Board and Chief Executive Officer	Executive Director
2. Mr. Somchai Bulsook	Vice Chairman	Independent Director
3. Mr. Krisada Lamsam	Vice Chairman	Non-Executive Director
4. Mr. Predee Daochai	President	Executive Director
5. Mr. Teeranun Srihong	President	Executive Director
6. Ms. Sujitpan Lamsam	Director	Non-Executive Director
7. Professor Khunying Suchada Kiranandana	Director	Independent Director
8. Professor Dr. Yongyuth Yuthavong	Director	Independent Director
9. Dr. Abhijai Chandrasen	Director	Non-Executive Director
10. Professor Dr. Pairash Thajchayapong	Director	Independent Director
11. Ms. Kobkarn Wattanavrangkul	Director	Independent Director
12. Sqn. Ldr. Naline Paiboon, M.D.	Director	Independent Director
13. Mr. Saravoot Yoovidhya	Director	Independent Director
14. Dr. Piyasvasti Amranand	Director	Independent Director
15. Mr. Kalin Sarasin	Director	Independent Director
16. Mr. Somkiat Sirichatchai	Director	Non-Executive Director
17. Mr. Rapee Sucharitakul	Director	Non-Executive Director

#### Responsibilities of the Board of Directors

The Board of Directors is responsible to the Bank's shareholders. Each director represents all shareholders and takes part in supervisory and regulatory functions in the Bank's

operations, in an independent and impartial manner, for the benefit of all shareholders and other stakeholders.

The Board has duties and responsibilities designated in the Board of Directors Charter as follows:

1. Supervising and managing the Bank so that it is in accordance with the law and the Bank's objectives, the Articles of Association and the resolutions of shareholders meetings.

2. Approving the Vision, Mission, Core Values, and Statement of Business Conduct.

3. Reviewing and discussing the management's proposed strategic options and approving major decisions with respect to KASIKORNBANK FINANCIAL CONGLOMERATE direction and policies. The Board also reviews and approves the Annual Business Plan, Capital Expenditure Budget, and performance goals proposed by the management.

4. Monitoring the Bank's performance and progress toward achieving set objectives, as well as compliance with the laws, regulations and related policies.

5. Supervising and reviewing the balance between the Bank's short-term and long-term objectives.

6. Ensuring that the Bank shall vest authority in the Chief Executive Officer and the President to initiate, commit and approve payments for expenditures approved in the Capital Expenditure Budget and other budgets approved by the Board for the purpose of the special projects. The Board shall also review and approve any credit proposal beyond the established limits of the delegated lending authority.

7. Reviewing and approving human resources policies, management development plans, and remuneration policies. The Board shall seek and nominate successors to the Chief Executive Officer and the President, appraise their performance and ensure that effective performance assessments are undertaken for Bank executives.

8. Ensuring the existence of an effective internal control system and appropriate risk management framework.

9. Ensuring an effective audit system executed by both internal and external auditors.

10. Approving quarterly, semi-annual and annual financial reports; ensuring that reports are prepared under generally accepted accounting standards.

11. Ensuring capital adequacy, including an appropriate capital assessment process, for present and future business.

12. Ensuring that the Bank has a proper system in place to communicate effectively with all stakeholders and the public.

The following activities require the prior approval of the Board of Directors:

1. Issues related to the Bank policies
2. Issues likely to cause significant changes in the Bank's business
3. Issues involving regulatory compliance of the Board of Directors
4. Issues involving the Bank's established regulations
5. Issues considered by the Management Committee as appropriate for approval by the Board of Directors on a case-by-case basis, or under the criteria designated by the Board of Directors, such as credit underwriting, etc.

#### Authorities, duties and responsibilities of the Chairman of the Board:

1. Summoning the meetings of the Board of Directors and supervising the delivery of meeting notices and related documents so as to ensure that the Board of Directors acquire adequate and timely information;
2. Presiding over the Board of Directors meeting;
3. Promoting Corporate Governance standards of the Board of Directors;
4. Presiding over the Shareholders meeting and conducting the meeting in compliance with the Bank's Articles of Association and following the sequence of the agenda;
5. Supervising efficient communications between the directors and shareholders;
6. Performing the duty specified by law as the duty to be performed by the Chairman.

#### Nomination of Directors

The Bank established the Human Resources and Remuneration Committee to select and review candidates nominated to the position of director under director nomination policy. The appropriate proportion, number, diversity and composition of the Board are taken into consideration, which must also conform to regulatory statutes, the Bank's Articles of Association, and the Statement of Corporate Governance Principles. Moreover, the Human Resources and Remuneration Committee takes into consideration the skills and expertise of the current directors to seek additional directors with suitable skills and expertise, using the information in the director

pool database. Selection guidelines include:

1. Considering qualified persons, not those having characteristics prohibiting them from holding a directorship in a financial institution, per the criteria of the Bank of Thailand, the Office of the Securities and Exchange Commission, the Capital Market Supervisory Board, and other related agencies.

2. Reviewing their qualifications based on the Qualifications of Financial Institution Directors questionnaire, and in accordance with related laws.

3. Ensuring that candidates have the qualifications, skills, knowledge, and basic experience defined by the Bank.

The Bank gives shareholders the opportunity to propose candidates for consideration and election to such positions in the Annual General Meeting of Shareholders, according to specified criteria and procedures. The Human Resources and Remuneration Committee may propose to the Board of Directors to set up an ad hoc committee comprising the Bank's Directors or external personnel to handle the director nomination procedure. If there is no suitable candidate, the nomination procedure will be resumed to find new qualified candidates. For the nomination of independent directors, the Human Resources and Remuneration Committee will consider qualified candidates who do not have characteristics prohibiting them from holding such positions as prescribed by the regulations of the Bank of Thailand and other regulatory agencies. Qualified candidates will be recommended to the Board of Directors for consideration and submitted for concurrence to the Bank of Thailand before being proposed to the General Meeting of Shareholders for individual election, in the case of election of director due by rotation and appointment of new director.

After the Board of Directors resolves to endorse the proposal, the Office of Corporate Secretary proceeds to ask for the Bank of Thailand's concurrence, in either electing a director due by rotation or a new director, or a director as replacement for a vacancy. If the Bank of Thailand does not concur with the proposal, the Human Resources and Remuneration Committee shall resume the nomination process.

After the shareholders meeting has passed a resolution to elect a director, in the case of appointment due by rotation or a new director or in the case of the Bank of Thailand concurring with a proposal to appoint a vacancy replacement before the end of a term, the Office of Corporate Secretary shall register the

change of director and report to related official agencies within the defined period of time.

### Appointment and Removal of Directors

1. The Bank's shareholders meeting shall appoint not less than 7 and not more than 18 directors; not fewer than half of all directors shall reside in the Kingdom of Thailand and not fewer than three-fourths of all directors shall be of Thai nationality. A director may or may not be a shareholder. Directors shall be elected by the meeting of shareholders in accordance with the following rules and procedures:

- 1) Directors shall be elected individually.
- 2) Each shareholder shall have one vote per share held.
- 3) Each shareholder shall use all of his/her votes in the election of directors.
- 4) Persons receiving the highest number of approving votes among all candidates are to be elected in respective order, not exceeding the number of positions to be filled at that meeting.
- 5) In the event of a tied vote on the last in the order of director positions to be filled, the chairman of the meeting shall have the deciding vote.

2. At each Annual General Meeting of Shareholders, one-third of the directors - or the number nearest to one-third if the number is not a multiple of three - must retire from office. The directors who have been in office the longest shall retire first. If there is disagreement as to who should retire, it shall be decided by drawing lots. Retiring directors may be re-elected.

3. Any director who passes away, or tenders his/her resignation prior to completion of his/her term, or is resolved to be removed by a meeting, or is ordered by the Court to resign, or whose qualifications fall short of the criteria and prerequisites specified, shall be removed from office.

4. If a vacancy in the Board of Directors occurs for reasons other than the expiration of the director's term of office, the remaining Board members shall elect a person with the proper qualifications, and no prohibited characteristics, as a replacement director at the next meeting of the Board of Directors, unless the remaining term of office of said director is less than 2 months. Such a resolution by the Board of Directors shall require not less than three-fourths of the remaining directors' votes for approval. The replacement director shall hold office only for the remaining term of the director whom he or she is replacing.

### Empowerment by the Board of Directors

The Chairman and Vice Chairman may approve the empowerment of executive authority to the Bank's Chief Executive Officer or Presidents to act legally on behalf of the Bank in conducting transactions up to a limit of Baht 3,000 million per transaction. Such executives may delegate this authority to a Bank employee to act on behalf of the Bank within the limits of each employee's responsibility. For transactions over the specified limit, the Board shall review and approve the limit of such transactions on a case-by-case basis.

### Executive Authority of the Bank

In addition to the aforementioned empowerment of executive authority, the Bank has also established a set of criteria and plans for exercising internal executive authority. These principles help the Bank to delegate authority among employees in various positions, enabling them to perform specific functions and make effective decisions with flexibility, while staying within the confines of an appropriate control system. Internal executive authority is categorized into 3 areas:

1. Executive authority shared by various departments
2. Departmental/Office executive authority
3. Branch executive authority

### Principles

The following are the main points of the structure and content of the internal executive authority:

1. The empowerment of executive authority is the delegation of authority of the Chief Executive Officer or Presidents to administer and execute various tasks within the Bank to the next lower level of management, as appropriate.
2. The Chief Executive Officer or Presidents are assigned by the Board of Directors to approve the internal executive authority and principles.
3. Internal executive authority shall include:
  - 1) Executive authority involving approvals and instructions that are intended for financial and non-financial transactions for internal management within the department or unit according to assigned duties.
  - 2) Executive authority involving disbursements must be within the approved budget of the Bank.

4. For complete control, executive authority is divided into categories according to operational function, as follows:

- 1) Executive authority shared among various departments refers to authority that is not assigned specifically to any one particular department, but may be specified according to the job performed by the Chief Executive Officer, Presidents, Division Heads, Department Heads, and other individuals in various positions employing such authority in various departments/units as follows:
  - (1) Executive authority relating to human resources
  - (2) Executive authority relating to expenditures
  - (3) Executive authority to quote exchange rates and offer lower fees or interest rates to domestic and international businesses
  - (4) Executive authority of the Assets and Liabilities Management Subcommittee
  - (5) Executive authority relating to customer services
  - (6) Executive authority relating to account debit/closing for debt settlement
  - (7) Executive authority relating to credit product pricing
  - (8) Executive authority in endorsement of letters to the Bank of Thailand, regulatory agencies, or government agencies
  - (9) Executive authority relating to procurement management
  - (10) Executive authority relating to budget management
  - (11) Executive authority relating to redress to customers or external persons
  - (12) Executive authority relating to assignment of employees as special lecturers
  - (13) Executive authority relating to credit approval and authority in debt restructuring/recovery
  - (14) Executive authority relating to approval of interest rates for retail customers, which will incur loss to the Bank
  - (15) Executive authority relating to other aspects



2) Departmental executive authority is the executive authority delegated to a specific department relative to its business activities or tasks. Authority is delegated to the Chief Executive Officer, Presidents, Division Heads, Department Heads, as well as to individuals in various positions in related department(s) within their scope of responsibilities.

3) Branch executive authority is the authority regarding the scope of responsibilities delegated to branches relative to their business activities, to network heads, zone managers, and branch managers, as well as individuals in various positions in the branch.

5. The principles of executive authority are established and presented in tabular form to ensure that the management and staff at all operational levels understand and perform their duties according to the delegated authority and risk management framework.

### Board of Directors Meetings

The Board of Directors schedules the meeting dates and agenda items in advance each year. The meetings are normally scheduled for the last Thursday of every month in order to continually monitor actions in line with policies and plans. At the beginning of each year, all board members are informed of the meeting schedule and agenda for the entire year. Additional meetings may be held as deemed appropriate. The Corporate Secretary arranges for notices of board meetings, agendas, and related documents containing complete information to be delivered to each director at least 7 days in advance, except in urgent cases, to allow sufficient time for the directors to study the matters at hand. Each director may ask for additional information or access to necessary information from the Corporate Secretary and is free to propose agenda items. The agenda for board meetings shall be categorized clearly and include agenda items designed to monitor the operating results of the Bank on a regular basis. The designation of the agenda must undergo the consideration of the Chairman of the Board and Chief Executive Officer and Presidents. All directors are expected to attend every meeting, except in extenuating circumstances.

During the meeting, the Chairman will allocate sufficient time for discussion and allow directors to freely express their opinions, including corporate governance issues. Pertinent executives of the Bank shall be invited to attend the meeting to provide related information and to directly acknowledge related policies to ensure efficient implementation. The Bank provides a teleconference system for directors who cannot attend the meeting in person. Each agenda item and its resolution are recorded in writing, and the minutes of the meeting which have been affirmed by the Board together with related documents are systematically filed for examination and reference by the Board, or others concerned. Directors may request independent professional advice, as appropriate, at the Bank's expense.

Moreover, the Board has established that non-executive directors shall conduct at least one meeting annually without the participation of the executive directors, to offer them the opportunity to discuss problems related to the business of the Bank or any other concerns, and evaluate the performance of the Chief Executive Officer and Presidents. The outcome of such meetings shall be reported to the Chief Executive Officer and Presidents.

In 2013, the Board held a total of 12 board meetings; in addition, 1 non-executive directors meeting was held in August. Details of each director's attendance appear under the heading, **Meeting Attendance of the Board, Independent Directors Committee and Board Committees in 2013.**

### Advisory Council to the Board of Directors

The Board of Directors appointed several qualified persons to act as Advisory Council to the Board of the Directors, including:

1. Mr. Pairote Lamsam
2. Mr. Sukri Kaocharern
3. Ms. Elizabeth Sam
4. Mr. Hiroshi Ota
5. Mr. William Mark Evans
6. Dr. Tian Suning

### Responsibilities of the Advisory Council to the Board of Directors

Roles and responsibilities of the Advisory Council to the Board of Directors are to make recommendations to the Board of Directors in matters relevant to and within the authority and responsibilities

of the Board of Directors. Examples include the Bank's policies, issues that require compliance with the laws and regulations, as well as other important business that, once undertaken, may cause significant changes or impact to the Bank's operations.

### 5.3 Independent Directors Committee

The Board of Directors approved the appointment of the Independent Directors Committee on January 31, 2013. Its role is to oversee the Bank's overall interests, ensure fair benefits for each shareholder, maintain checks and balances between the Board of Directors and the management, and protect shareholders' rights by offering recommendations and views on significant matters beneficial to the Bank, investors and minor shareholders, with independence, transparency and freedom from involvement in any interest. This will assist the Board of Directors in performing with greater efficiency and effectiveness. Members shall have a term in office per their term as members of the Board of Directors. The Committee comprises all of the Bank's independent directors. As of December 31, 2013, the Committee had 9 independent directors, as follows:

1. Mr. Somchai Bulsook  
Lead Independent Director
2. Professor Khunying Suchada Kiranandana  
Member
3. Professor Dr. Yongyuth Yuthavong  
Member
4. Professor Dr. Pairash Thajchayapong  
Member
5. Ms. Kobkarn Wattanavrangkul  
Member
6. Sqn. Ldr. Naline Paiboon, M.D.  
Member
7. Mr. Saravoot Yoovidhya  
Member
8. Dr. Piyasvasti Amranand  
Member
9. Mr. Kalin Sarasin  
Member

The Independent Directors Committee holds meetings at least once a quarter. In 2013, the Committee held its first meeting

on March 21, 2013, making a total of 10 meetings and reported all meeting minutes to the Board of Directors.

#### Responsibilities of the Independent Directors Committee

The Independent Directors Committee has duties and responsibilities mandated in the Independent Directors Committee Charter approved by the Board of Directors, as follows:

1. Expressing an opinion or providing notes or queries in the Board of Directors Meeting with independence and freedom from involvement in any interest, to ensure that any decision is for the Bank's benefit and does not affect the rights of shareholders, especially minor shareholders and other stakeholders.

In case independent directors have a different opinion or other notes, independent directors shall request that their views be recorded in the meeting minutes. In case the independent directors cannot attend the meeting and disagree with any agenda, a letter of notification shall be submitted to the Chairman of the Board within three days from the date of the meeting.

2. Providing advice or commenting on important matters under the Board of Directors' authority including major investment projects, credit policy, information technology, credit underwriting and approval, and lending transactions authorized by the Bank.
3. Recommending agenda items wherein matters are crucial and in need of the Board of Directors' consideration, which have not yet been added to the Board of Directors Meeting agenda.
4. Performing other duties assigned by the Board of Directors.

#### Authorities, duties and responsibilities of the Lead Independent Director:

1. Acting as Chairman of the Independent Directors Committee Meeting.
2. Acting as Chairman of the Non-Executive Directors Meeting held once a year.
3. Acting as the leader who integrates diverse opinions and notes made by the Independent Directors Committee for submission to the Board of Directors.

4. Coordinating communications between shareholders and the Independent Directors Committee.
5. Being responsible for specific operations needing to be conducted by the independent directors.

## 5.4 Board Committees

The Board of Directors has appointed directors who have suitable knowledge and skills to act as members of Board Committees, with the specific duty to pre-screen matters that need prudent attention prior to submission to the Board of Directors. Board Committees include the Audit Committee, the Corporate Governance Committee, Human Resources and Remuneration Committee, and Risk Management Committee. The Board has also established a Management Committee consisting of the Chief Executive Officer, the Presidents, and other Bank officers to manage and operate the Bank's business as defined by the Board. In addition, directors may be appointed Advisory Directors to the Management Committee, with the duty to provide expert consultation as deemed appropriate by the Board.

Moreover, the Bank has appointed 16 subcommittees to consider and review the scope of work assigned to them.

### 1. Audit Committee

The Board of Directors approved the appointment of the Audit Committee in 1998, with the Committee having at least three independent members and each member having a 3-year term. Each member is fully qualified in accordance with the qualifications prescribed by the Securities and Exchange Commission, the Capital Market Supervisory Board, and the Bank of Thailand. Professor Khunying Suchada Kiranandana, the Chairperson, has adequate expertise and experience to audit the credibility of the financial statements. As of December 31, 2013, the Committee had 3 independent directors as follows:

1. Professor Khunying Suchada Kiranandana  
Chairperson
2. Mr. Somchai Bulsook  
Member
3. Dr. Piyasvasti Amranand  
Member

The Audit Committee holds at least 6 meetings per year and reviews operations regularly per its charter. In 2013, the Committee held a total of 12 meetings and reported all meeting minutes to the Board of Directors.

### Responsibilities of the Audit Committee

The Audit Committee has duties and responsibilities mandated in the Audit Committee Charter approved by the Board of Directors, as follows:

1. Reviewing financial statements on a quarterly, semi-annual, and annual basis under consultation with the Bank's Finance and Control Division and external auditor in order to ensure that the financial statements of the Bank are accurate and reliable and in compliance with the accounting standards, laws, and standards pertaining to the Bank's operations.
2. Reviewing the effectiveness and appropriateness of risk management processes with the Risk Management Unit, in consultation with both internal and external auditors.
3. Overseeing the effectiveness and independence of risk asset review function.
4. Reviewing the Bank's operations to see that they are in compliance with Securities and Exchange Acts, SET regulations and standards or banking laws and regulations pertaining to commercial banking business.
5. Overseeing the compliance function and approving the Compliance Department Charter and annual compliance plan.
6. Reviewing the effectiveness and appropriateness of the internal control and reviewing the effectiveness of internal audit function to ensure compliance with the Professional Practice of Internal Auditing, including approving and reviewing Internal Audit Charter and annual audit plan; reviewing the appropriateness and sufficiency of required auditing resources; considering the independence of the internal audit function; and concurring in the appointment, transfer and dismissal of the Internal Audit Head.
7. Reviewing the performance of the external auditors; considering, selecting and recommending to the Board the appointment and annual audit fees of the independent auditors. Holding at least one meeting per year with the external auditors without presence of the management.

8. Evaluating connected transactions, or transactions with possible conflict of interest in relation to compliance with the laws and regulatory requirements, in order to ensure transparency of those transactions.

9. Considering the disclosure of information on connected transactions, conflicts of interest or certain Bank operations to ensure transparency and appropriateness.

10. Ensuring that preliminary investigation is carried out after receiving the external auditor's report on suspicion of fraudulent behaviour or violation of laws by Bank Board members and management. The Audit Committee shall report the results of such investigation to the Securities and Exchange Commission and the external auditor within 30 days from the date they are notified by the external auditor.

11. Overseeing and reviewing complaint or information submitted directly by stakeholders for attention of the Board.

12. Performing other duties, as regulated or assigned by the Board as agreed by the Audit Committee.

13. Submitting minutes of each Audit Committee Meeting to the Board of Directors, and preparing the annual Audit Committee Report, signed by the Audit Committee Chairperson, summarizing the year's activities and giving information or data specified by the Stock Exchange of Thailand for disclosure in the annual report of the Bank.

14. Discussing and reviewing with the management or outside experts any matters or activities having a bearing on the Board's oversight responsibilities according to Audit Committee Charter and consolidated supervision policy.

15. At least once a year, the Audit Committee shall review its Charter and performance over the past year, taking into account any assessment or comments provided by the Chairman of the Board.

## 2. Corporate Governance Committee

The Board of Directors approved the appointment of the Corporate Governance Committee in 2002, with the Committee having not less than 3 members and each member having a 3-year term. As of December 31, 2013, the Committee had 4 members, comprising 1 non-executive director and 3 independent directors, as follows:

1. Mr. Krisada Lamsam  
Chairman

2. Professor Dr. Yongyuth Yuthavong  
Member

3. Sqn. Ldr. Naline Paiboon, M.D.  
Member

4. Mr. Saravoot Yoovidhya  
Member

The Corporate Governance Committee holds at least 4 meetings each year. In 2013, the Committee held 6 meetings and reported all meeting minutes to the Board of Directors.

### Responsibilities of the Corporate Governance Committee

The Corporate Governance Committee has duties and responsibilities mandated in the Corporate Governance Committee Charter and approved by the Board of Directors, as follows:

1. Establishing the principles and best practices for effective corporate governance appropriate to the Bank.
2. Developing and disseminating the principles and best practices of good corporate governance.
3. Formulating the Statement of Business Conduct and the Code of Conduct of the Bank's employees, and disseminating these codes as practical guidelines to all concerned.
4. Developing and formulating plans for review of corporate governance compliance.
5. Reviewing announcements concerning good corporate governance to summarize and present in the Bank's reports.
6. Recommending the Code of Best Practices for the Board of Directors or proposing guidelines for the Board of Directors Charter and all other Board Committee Charters.
7. Recommending the Statement of Business Conduct and the Code of Conduct of management and Bank personnel.
8. Reviewing corporate governance guidelines and corporate governance practice to ensure consistency and compatibility with the Bank's business.
9. Reviewing and proposing public announcements related to corporate governance issues.
10. Supervising corporate environmental and social responsibility.
11. Reviewing and reporting to the Board of Directors matters related to corporate governance, giving opinions on

practical guidelines and suggesting improvements, as deemed appropriate.

12. Ensuring effective practice of corporate governance principles in the Bank.

### 3. Human Resources and Remuneration Committee

The Board approved the appointment of the Human Resources and Remuneration Committee in 2002, with each member having a 3-year term. The Committee comprises at least 3 non-executive directors. As of December 31, 2013, the Committee had 5 members, comprising 1 non-executive director and 4 independent directors, as follows:

1. Mr. Somchai Bulsook  
Chairman
2. Dr. Abhijai Chandrasen  
Member
3. Professor Dr. Pairash Thajchayapong  
Member
4. Ms. Kobkarn Wattanavrangkul  
Member
5. Mr. Kalin Sarasin  
Member

The Human Resources and Remuneration Committee holds at least 3 meetings each year. In 2013, the Committee held 10 meetings and reported all meeting minutes to the Board of Directors.

### Responsibilities of the Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee has duties and responsibilities mandated by the Human Resources and Remuneration Committee Charter and approved by the Board of Directors, as follows:

1. Reviewing and making recommendations on the proposals of the Chief Executive Officer and/or the President relating to human resources policies for the Board of Directors' approval, to ensure that proposals are aligned with the Bank's business strategies.

2. Ensuring a succession plan for senior management in important positions and occasionally reviewing a list of candidates entitled to consideration.

3. Reviewing the remuneration strategy and proposing improvements for the Board's endorsement, in order to retain highly qualified personnel, as well as reviewing the salaries and benefits to senior management.

4. Establishing terms and conditions of employment contracts of the Chief Executive Officer and the President, including their remuneration, as well as seeking and recommending qualified successors to the Board for the positions of Chief Executive Officer and President, when considered necessary.

5. Reviewing the composition, size, experience, and remuneration of the Board of Directors, as well as making recommendations on the selection of candidates with proper qualifications for the position of director prior to submission to the General Meeting of Shareholders for appointment.

### Nomination of Management

The Human Resources and Remuneration Committee is responsible for nominating, selecting and reviewing qualified candidates to be proposed to the Board of Directors for endorsement before submitting to the Bank of Thailand for concurrence for appointments to Bank's management at the level of First Senior Vice President and above, or an equivalent position under a different name. For the appointment of executives ranked below First Senior Vice President, Division Heads and the Human Resource Management Department shall prepare a list of qualified candidates to be nominated before submission for further consideration and approval by the Chief Executive Officer or the Presidents.

### 4. Risk Management Committee

The Board of Directors approved a change in the status of the former Internal Risk Management Subcommittee to the Risk Management Committee on April 3, 2003. Each member has a 2-year term and the Committee must comprise at least 7 members. As of December 31, 2013, the Committee had 8 members comprising 2 executive directors, 2 non-executive directors, and 4 executives, namely:

1. Mr. Somkiat Sirichatchai  
Chairman
2. Mr. Predee Daochai  
Member
3. Mr. Teeranun Srihong  
Member
4. Ms. Sujitpan Lamsam  
Member
5. Mr. Thiti Tantikulan  
Member
6. Ms. Kattiya Indaravijaya  
Member
7. Mr. Somkid Jiranuntarat  
Member
8. Mr. Wirawat Panthawangkun  
Member

The Risk Management Committee meets at least once each month. In 2013, the Committee held 12 meetings and reported all meeting minutes to the Board of Directors. The Committee ensures that there are effective risk management systems for early warning and measures to prevent and manage risks, including risks that affect operations. They also oversee compliance with risk management practices according to relevant policies, and prepare risk management reports.

#### Responsibilities of the Risk Management Committee

The Risk Management Committee has duties and responsibilities as mandated in the Risk Management Committee Charter approved by the Board of Directors, as follows:

1. Possessing the authority to make decisions on related undertakings within the scope of its responsibility, as stipulated in the Risk Management Committee Charter, with the authority to access all pertinent information.
2. Formulating the KASIKORNBANK FINANCIAL CONGLOMERATE risk management policy and risk appetite to present to the Board of Directors for consideration of overall risk management. The policy must cover the various risks associated with strategies, liquidity, credit, market, operational, or other significant types of risk to the financial conglomerate.

3. Formulating strategies for the organization and resources in risk management to conform to the risk management policy of the Financial Conglomerate. The strategies must enable the effective analysis, assessment, evaluation, and monitoring of risk management.

4. Defining maximum credit lines according to the Bank's defined risk limits and proposing such to the Board of Directors for consideration.

5. Overseeing, reviewing, and providing recommendations to the Board of Directors with regard to the risk management policy, standard practices, strategies, and overall risk measurement to ensure that the risk management strategy is properly implemented.

#### 5. Advisory Directors to the Management Committee

The Board of Directors may appoint Advisory Directors to the Management Committee, with the duty to give recommendations to the Management Committee, as the Board of Directors deems appropriate, and to ensure efficiency in the Bank's management and operations.

#### 6. Management Committee

The Board of Directors and the 88<sup>th</sup> Annual General Meeting of Shareholders, on April 4, 2000, approved the appointment of the Management Committee. The Committee consists of the Chief Executive Officer, Presidents, and other Bank officers. As of December 31, 2013, the Committee comprised 15 members, namely:

1. Mr. Banthoon Lamsam  
Chairman
2. Mr. Predee Daochai  
Member
3. Mr. Teeranun Srihong  
Member
4. Mr. Pakorn Partanapat  
Member
5. Mr. Surasak Dudsdeemaytha  
Member
6. Ms. Kattiya Indaravijaya  
Member



7. Dr. Adit Laixuthai  
Member
8. Mr. Vasin Vanichvoranun  
Member
9. Mr. Ampol Polohakul  
Member
10. Mr. Wirawat Panthawangkun  
Member
11. Mr. Somkid Jiranuntarat  
Member
12. Mr. Pipit Aneaknithi  
Member
13. Mr. Patchara Samalapa  
Member
14. Mr. Pipatpong Poshyanonda  
Member
15. Mr. Vallop Vongjitvuttikrai  
Member

The Management Committee shall hold at least one meeting a week, except when there is compelling reason or when there is no required meeting agenda or other justifiable reason. In 2013, the Management Committee held 51 meetings and reported all meeting minutes to the Board of Directors.

### Responsibilities of the Management Committee

The Management Committee has duties and responsibilities as mandated in the Management Committee Charter, approved by the Board of Directors, as follows:

1. Managing and undertaking the Bank's business as assigned by the Board of Directors, or by specific resolutions of the Board of Directors.
2. Managing the Bank's business according to established policies and plans.
3. Taking action in accordance with the authority delegated by the Board of Directors, and per their mandated management jurisdiction over the Bank.
4. The Chairman of the Management Committee shall submit the minutes of the Management Committee meetings to the Board of Directors for acknowledgment. However, policy-related issues, or issues likely to have significant impact

on the Bank's business, or issues requiring action by the Board of Directors in compliance with laws, or the Bank's rules and regulations, must be approved by the Board of Directors. These also include issues for which the Management Committee considers it appropriate to seek the approval of the Board of Directors on a case-by-case basis, or per the criteria designated by the Board of Directors.

5. Undertaking activities as assigned in order to achieve the Bank's targets, including:

- 1) Preparing and reviewing of strategic objectives, financial plans and key policies of the Bank, to be submitted to the Board of Directors for approval.
- 2) Considering the annual business plans, capital expenditures, performance targets, and other initiatives to achieve the Bank's targets, including projects with capital expenditures in excess of budgets designated by the Board of Directors, to be submitted to the Board of Directors for approval.
- 3) Considering and approving various issues under their legitimate authority, or as delegated by the Board of Directors.
- 4) Reviewing management authority in various aspects stipulated in the approval authority hierarchy, to be submitted for approval to the Board of Directors.
- 5) Managing and ensuring balance between short-term and long-term objectives.
- 6) Developing and ensuring that the human resources initiatives are in line with the human resources roadmap and strategies approved by the Human Resources and Remuneration Committee.
- 7) Monitoring and reporting on the Bank's operating results to the Board of Directors, as well as on other work in progress to achieve the Bank's objectives.
- 8) Monitoring the performance of employees at all levels with regard to risk management, per the Bank's guidelines, including the effectiveness of internal control systems, and operational

compliance with laws, and regulations and related policies.

- 9) Reviewing new projects and products prior to submission to the Board of Directors for consideration and approval.
- 10) Communicating with external stakeholders, per designated authority, and as deemed appropriate.

## 7. The Subcommittees

The responsibilities of the Subcommittees are to review and manage various matters within the Bank to ensure accuracy, propriety, efficiency, and the highest effectiveness.

The Bank has reviewed and approved the establishment of Subcommittees. As of December 31, 2013, there were 16 Subcommittees, namely:

1. Information Technology Strategy Subcommittee
2. Assets and Liabilities Management Subcommittee
3. Debt Recovery and Restructure Subcommittee
4. Foreclosed Property Management Subcommittee
5. Corporate and SME Product Pricing Subcommittee
6. Retail Product Pricing Subcommittee
7. Credit Policy and Risk Management Subcommittee
8. Data Governance Subcommittee
9. Information Technology Investment Subcommittee
10. Procurement Subcommittee
11. Capital Management Subcommittee
12. Operational Risk Subcommittee
13. Credit Process Management Subcommittee
14. KBank Branding and Communications Subcommittee
15. Business Continuity Management Subcommittee
16. Market Risk Management Subcommittee

## Meeting Attendance of the Board, Independent Directors Committee and Board Committees in 2013

Number of Meetings

Board Members	Board of Directors (Total 12 meetings)	Non-Executive Directors (Total 1 Meeting)	Independent Directors Committee (Total 10 meetings)	Audit Committee (Total 12 meetings)	Corporate Governance Committee (Total 6 meetings)	Human Resources and Remuneration Committee (Total 10 meetings)	Risk Management Committee (Total 12 meetings)
Mr. Banyong Lamsam <sup>(1)</sup>	2/2						
Pol. Gen. Pow Sarasin <sup>(2)</sup>	0/2				0/1		
Mr. Banthoon Lamsam <sup>(3)</sup>	12/12						0/2
Mr. Sukri Kaocharern <sup>(4)</sup>	2/2				1/1		2/2
Mr. Somchai Bulsook	12/12	1/1	10/10	11/12		10/10	
Mr. Krisada Lamsam <sup>(5)</sup>	10/10	1/1			5/5		
Mr. Predee Daochai <sup>(6)</sup>	10/10						10/10
Mr. Teeranun Srihong <sup>(7)</sup>	10/10						7/10
Ms. Sujitpan Lamsam	11/12	1/1					4/12
Prof. Khunying Suchada Kiranandana	12/12	1/1	9/10	12/12			
Prof. Dr. Yongyuth Yuthavong	12/12	1/1	9/10		6/6		
Dr. Abhijai Chandrasen	12/12	1/1				10/10	
Ms. Elizabeth Sam <sup>(8)</sup>	2/2			2/2			
Prof. Dr. Pairash Thajchayapong	10/12	0/1	10/10			10/10	
Mr. Hiroshi Ota <sup>(9)</sup>	2/2				0/1		
Ms. Kobkarn Wattanavrangkul	10/12	0/1	8/10			10/10	
Ms. Chantira Purnariksha <sup>(10)</sup>	6/6		4/4	5/6			
Sqn. Ldr. Naline Paiboon, M.D. <sup>(11)</sup>	11/12	1/1	9/10		4/5		
Mr. Saravoot Yoovidhya <sup>(12)</sup>	11/12	1/1	10/10		5/5		
Dr. Piyasvasti Amranand <sup>(13)</sup>	8/9	1/1	9/9	9/9			
Mr. Kalin Sarasin <sup>(14)</sup>	8/9	0/1	7/9			5/6	
Mr. Somkiat Sirichatchai <sup>(15)</sup>	9/9	1/1					9/9
Mr. Rapee Sucharitakul <sup>(16)</sup>	2/2						

## Remarks:

- (1) Mr. Banyong Lamsam resigned from his directorship on March 1, 2013.
- (2) Pol. Gen. Pow Sarasin passed away on March 7, 2013.
- (3) Mr. Banthoon Lamsam resigned from the Risk Management Committee on March 1, 2013.
- (4) Mr. Sukri Kaocharern resigned from his directorship on March 1, 2013.
- (5) Mr. Krisada Lamsam was appointed Vice Chairman and Chairman of the Corporate Governance Committee on March 1, 2013.
- (6) Mr. Predee Daochai was appointed a director on March 1, 2013.
- (7) Mr. Teeranun Srihong was appointed a director on March 1, 2013.
- (8) Ms. Elizabeth Sam resigned from her directorship on March 1, 2013.
- (9) Mr. Hiroshi Ota resigned from his directorship on March 1, 2013.
- (10) Ms. Chantira Purnariksha resigned from her directorship on July 19, 2013.
- (11) Sqn. Ldr. Naline Paiboon, M.D. was appointed a member of the Corporate Governance Committee on April 3, 2013.
- (12) Mr. Saravoot Yoovidhya was appointed a member of the Corporate Governance Committee on April 3, 2013.
- (13) Dr. Piyasvasti Amranand was appointed a director and a member of the Audit Committee on April 3, 2013.
- (14) Mr. Kalin Sarasin was appointed a director and a member of the Human Resources and Remuneration Committee on April 3, 2013.
- (15) Mr. Somkiat Sirichatchai was appointed a director and Chairman of the Risk Management Committee on April 3, 2013.
- (16) Mr. Rapee Sucharitakul was appointed a director on November 22, 2013.

## • Number of members on the Board, Independent Directors Committee and Board Committees

(As of December 31, 2013):

The Board of Directors	17 members
Independent Directors Committee	9 members
Corporate Governance Committee	4 members
Risk Management Committee	8 members
(4 Board members inclusive)	
Audit Committee	3 members
Human Resources and Remuneration Committee	5 members

## • Details of meeting attendance through teleconferencing to the Board, Independent Directors Committee and Board Committees:

The Board of Directors	Ms. Sujitpan Lamsam	5 meetings
	Ms. Elizabeth Sam	1 meeting
	Mr. Kalin Sarasin	2 meetings
Independent Directors Committee		
Audit Committee	Ms. Elizabeth Sam	2 meetings
Human Resources and Remuneration Committee	Prof. Dr. Pairash Thajchayapong	1 meeting
	Ms. Kobkarn Wattanavrangkul	1 meeting
	Mr. Kalin Sarasin	1 meeting
Risk Management Committee	Ms. Sujitpan Lamsam	4 meetings

## • One board member, Ms. Sujitpan Lamsam, does not reside in Thailand.

## 5.5 Roles and Responsibilities of the Board of Directors

The Board of Directors comprises persons who have knowledge, ability and working experience beneficial to the Bank. Every year the Board reviews and approves the Mission, Vision, and Core Values as well as strategic directions and policies of KASIKORNBANK FINANCIAL CONGLOMERATE, reviews the annual business plan and budget, and oversees management in effectively carrying out actions that are in line with the designated policies and business plans and are in accordance with the rules and regulatory requirements of related government agencies and the resolutions of shareholders meeting. The Board of Directors decisions are independent, in order to ensure that the Bank and its stakeholders receive the maximum benefit and increased economic value of the Bank.

Moreover, the Board of Directors ensures the existence of an effective internal control system and appropriate risk management framework, and cooperates with the Bank's management in business undertakings in order to attain the best results. Current and future risks are taken into consideration, in conformity with the Bank's Mission, Vision, Statement of Business Conduct, and Statement of Corporate Governance Principles.

### Supervision of Subsidiary and Associated Companies

Nomination of directors or executives for K Companies is under the responsibility of Bank units that oversee respective K Companies. Such nomination of Bank executives of the First Senior Vice President level and higher must be approved by the Human Resources and Remuneration Committee and reported to the Board of Directors for acknowledgment. As for Bank executives of lower levels, their nomination must be submitted to the Bank Presidents and approved by the Bank Chief Executive Officer. After approval, the respective companies will be notified for other related proceedings, such as submittal to their board of directors for approval and filing for registration at the Ministry of Commerce. Companies' directors are assigned for drawing up business strategies and policies, supervising the management's operations to attain maximum benefits for the companies, and monitoring the companies' administration to ensure efficient implementation of the companies' strategies and policies, in line with the established goals and plans.

In addition, companies' directors must ensure compliance with corporate governance principles and regulations of the Bank, as well as regulatory requirements of the Bank of Thailand, the Securities and Exchange Commission and other related agencies. Before casting any votes on important issues, companies' directors must obtain approval from the companies' board of directors. Besides, the companies have been required by the Bank to set up the regulation in respect of connected transactions corresponding to the Bank, compile and record data of related transactions with the Bank to be incorporated in the financial statements on a timely basis.

Annual audit and review are conducted by the Bank to ensure regulatory compliance of K Companies.

### Corporate Governance Policy

KASIKORNBANK places great importance on good corporate governance, believing it to be essential to sustaining the Bank's business. The Statement of Corporate Governance Principles has been revised and approved by the Board of Directors. The same principles have been applied to K Companies, as well. The principles are aimed primarily at communicating to all employees, shareholders, and other stakeholders the ultimate goal of the Board of Directors, namely to act in accordance with the 7 major components of corporate governance:

- Integrity
- Transparency
- Independence
- Responsibility
- Accountability
- Fairness
- Social Responsibility

The content of the Bank's Statement of Corporate Governance Principles covers the structure, composition, roles, duties, and responsibilities of the Board of Directors, Independent Directors Committee and all Board Committees, as well as matters of risk management, internal control systems, supervision for the use of inside information policies, and issues that are likely to involve conflicts of interest and shareholder relationships. Details of the Statement of Corporate Governance Principles can be found under the "Investors" tab at [www.kasikornbankgroup.com](http://www.kasikornbankgroup.com).

The Corporate Governance Policy covers the Bank's Mission, Vision and Core Values, Statement of Business Conduct, and the Code of Conduct. This includes the protection of the legitimate rights of shareholders in all groups, who are encouraged to exercise their rights, as reflected in operational guidelines and directions adopted internally that ensure that the Bank has adequately followed the best practices in corporate governance. In 2013, the Bank assessed and reviewed operations results according to the Corporate Governance Policy, and the Board of Directors resolved to amend the Statement of Corporate Governance Principles so as to comply with regulatory requirements and best practices.

All members of the Board of Directors are aware of their mutual responsibilities for sustaining the most benefit to the Bank, and their roles in supervising information disclosure, transparency in business undertakings and the decision-making process, and fair treatment to all stakeholders. In addition, the Bank places great importance on fairness in every business undertaking, as well as participation in Corporate Social Responsibility (CSR) activities. The Bank and its employees must strictly adhere to the Code of Conduct in performing their duties under the CSR principles. The Bank has also been enthusiastically participating in and promoting environmental protection and social development projects, in recognition of the importance of the need for improvement in the quality of life of individuals and the community at large, and for the benefits of all stakeholders.

The Bank encourages all people in the organization to realize the importance of acting in compliance with the Statement of Corporate Governance Principles by organizing activities to promote continuing and sustainable corporate governance. Emphasis is placed on the maintenance and development of corporate governance, and the promotion of corporate governance as an organizational culture. In 2013, the Bank's activities to promote Corporate Governance were as follows:

- The Bank circulated the Code of Conduct to employees for their acknowledgment.
- The Statement of Corporate Governance Principles and Code of Conduct were two main issues in an orientation class for newly recruited executives and through e-Learning activities for employees.
- Actions in compliance with the Code of Conduct and the Statement of Corporate Governance Principles were disseminated to employees through a Corporate Governance database set in the electronic network.
- Actions that comply with the Code of Conduct were promoted through broadcasts of fillers through the Bank's closed-circuit TV network – known as KASIKORNTV—in order to promote common understanding of actions stipulated in the Statement of Corporate Governance Principles.
- Actions pertaining to the Statement of Corporate Governance Principles and the Code of Conduct were organized through the KASIKORNBANK newsletter circulated within the organization, i.e. the acceptance of gifts.
- Activities were organized on the "Welcome Page" of the KBank electronic network, to disseminate information on the Statement of Business Conduct and the Statement of Corporate Governance Principles, including quotes concerning the Code of Conduct.
- Criteria for supervising the use of inside information related to securities and stock futures trading, and the KASIKORNBANK Disclosure Policy concerning operating results, were disseminated to directors and employees.
- A Corporate Governance Journal was prepared to report to the Board of Directors on Corporate Governance and Corporate Social Responsibility activities of the Bank and other leading business entities, and disseminated to employees through a Corporate Governance database set in the electronic network.
- The CG Visit Project was implemented for secretary to the Human Resources and Remuneration Committee to offer consultation, recommendations, and review of compliance with the Statement of Corporate Governance Principles.
- The Code of Conduct assessment project was organized to evaluate staff knowledge and understanding on compliance with the Bank's Anti-Corruption Policy amongst Senior Vice Presidents, First Vice Presidents, Branch Managers and SME Business Network Team Managers across the country.

## Business Ethics

The Board of Directors has promoted the establishment of a Statement of Business Conduct and a Code of Conduct for directors and employees. All directors, executives, and employees share common goals in carrying out their designated duties and responsibilities to the Bank and its stakeholders. They perform their duties with integrity, in compliance with the law and the Bank's rules and regulations, based on professional standards and a business approach that is transparent, honest, and fair, for the development of the organization towards attaining international standards. The Statement of Business Conduct and the Code of Conduct have been disseminated via the Bank's website and database.

The Bank adheres to the Statement of Business Conduct, as follows:

1. Aiming to satisfy customers by offering quality products and excellent services.
2. Continually striving for superior performance.
3. The Bank's employees are valuable assets. The Bank seeks and recruits people with skill and experience, continually develops human resources, and offers remuneration comparable to other leading companies.
4. Performing as a good corporate citizen, conducting business with impartiality and contributing to social development and environmental preservation.
5. Believing in fairness for all.
6. Believing in strong ethical standards and determining to carry out business with integrity.
7. Protecting customer confidentiality and maintaining customer trust using professional standards.
8. Being dedicated to carrying out responsibilities in a professional manner and striving to achieve excellent results by integrating modern approaches and technological advances.
9. Respecting the rights of other stakeholders.
10. Being committed to discipline in business execution and making certain that all business decisions and operations conform to related laws and regulations by pursuing the Statement of Business Conduct of the Bank and the Code of Conduct of the workforce.

Salient points of the Code of Conduct include:

- 1) principles and guidelines of KBank code of conduct;
- 2) observance of laws and Bank policies; 3) relations

with customers; 4) relations with counterparties; 5) relations with creditors; 6) relations with competitors; 7) relations with communities; 8) relations with employees; 9) advertising and promotion policies; 10) confidentiality; 11) integrity and accuracy of Bank records; 12) avoidance of the use of inside information in securities trading; 13) prevention of conflicts of interest; 14) abstention from bribery and inappropriate incentives; 15) non-involvement in political activities; 16) avoidance of accepting or offering inappropriate gifts and/or benefits; and 17) reporting breaches.

In this Code of Conduct, the Bank has designated the basic principles concerning the execution of duties and compliance with professional standards by directors and employees. Details of the Code of Conduct can be viewed on the Bank's website.

Moreover, the Bank identifies important rules and practical guidelines that are in accordance with the Code of Conduct, which are detailed and disseminated to employees. The Bank also supports the practical implementation of the Code of Conduct throughout K Companies and P Companies, and has designated regulations that are consistent with business and compliance responsibilities.

Also, the Bank has established the Corporate Governance Unit to launch activities to promote ethical behavior within a culture of good corporate governance. Best practices and actions in line with the Code of Conduct are regularly and efficiently disseminated to all employees. These activities are also reported to the Corporate Governance Committee for acknowledgment, and the Compliance Department monitors and evaluates the effectiveness of employees' actions, as stated in the Code of Conduct.

## Conflicts of Interest Prevention

To encourage good governance, to be in compliance with standards of good governance, and to meet targets related to its implementation, the Bank has initiated guidelines to control, supervise, and prevent transactions that may involve conflicts of interest or connected or related transactions. This is one of the key components of corporate governance policy that the Board of Directors and the Bank's employees must strictly comply with to earn the trust of all stakeholders. The following is the essence of these principles:



- The Board of Directors has resolved to approve a Conflicts of Interest Prevention and Connected Transaction Policy, as well as guidelines to consider appropriateness in the conduct of transactions that must undergo the scrutiny of the Audit Committee and ensure compliance with the criteria of the Office of the Securities and Exchange Commission, the Capital Market Supervisory Board, the Stock Exchange of Thailand, and the Bank of Thailand.
- Directors, executives, or employees with related interest in a transaction with the Bank or its subsidiaries must not participate in considering or approving such a transaction. The price of the transaction must be set appropriately, fairly, and in accordance with general commercial terms as applied to general customers.
- Connected transactions must be submitted to the Audit Committee for consideration before further submission to the Board of Directors for approval, according to the Statement of Corporate Governance Principles and the criteria stipulated by the Office of the Securities and Exchange Commission.
- The Board of Directors has established a principle for conducting connected transactions between the Bank's directors, executives, or related persons and the Bank or its subsidiaries. Such a transaction can be conducted if the transaction is under terms and conditions similar to those applied to general customers in the normal course of business of the Bank and its subsidiaries.
- In conducting transactions between the Bank and its subsidiaries or transactions between the Bank's subsidiaries, the Bank requires that all transactions be under terms and conditions similar to those applied to other persons in the normal course of business at a similar level of risk. Those transactions must be approved by the Board of Directors of the Bank and its subsidiaries, as the case may be.
- The Bank and its subsidiaries which conduct transactions in granting credit have no policy to grant credit, conduct transactions similar to credit granting or conduct transactions relating to assets for any of the directors, executives, or related persons of the Bank and its subsidiaries which conduct such transactions in granting credit, except for cases in line with exceptions according to the Bank of Thailand's regulations. Moreover, the Bank and its subsidiaries have no policy to grant credit, invest, create contingent liabilities, or conduct transactions similar to credit granting for any of the major shareholders or related persons of the Bank and its subsidiaries which conduct transactions in granting credit, or any of the businesses that have related interests with the Bank and its subsidiaries which conduct such transactions in granting credit, separately or in combination, at the end of each day, in excess of the amount prescribed by the Bank and the Bank of Thailand.
- Directors, officers in the position of First Senior Vice President and higher, and those in the position of Department Head or equivalent in the Financial Accounting Management Department or Financial Planning Department under the Finance and Control Division and their related persons are required to disclose their shareholding information in business, their directorship or their authority to manage or control majority votes in the shareholders meeting, including the right to control the election and removal of directors or the assignment of any other person to be the nominee of their shareholding or management, or the authority to control businesses. The disclosure must be made in the Bank's database, which is under the responsibility of the Information and Operations Management Department that has the responsibility to update the information regularly for use by the Credit Policy and Risk Management Department. The monitoring and control of credit extensions and investment must follow the rules of concerned regulatory agencies. Information on the benefits of directors, officers in the position of Executive Vice President or equivalent and higher, and those in the position of Department Head or equivalent in the Financial Accounting Management Department or Financial Planning Department, under the Financial and Control Division and their related persons, must be

reported to the Board of Directors by the Office of Corporate Secretary when a transaction between the Bank and the person related to the Bank's directors and such persons is brought into consideration, seven days before the Board of Directors Meeting.

- The Bank has disclosed details of every related or connected transaction that may involve conflicts of interest according to the Office of the Securities and Exchange Commission and Capital Market Supervisory Board's criteria, in the Annual Reporting Form (56-1 Reporting Form), as well as in the Bank's Annual Report and other reports, as the case may be. This also includes disclosures of information on connected transactions to the Stock Exchange of Thailand according to the Stock Exchange of Thailand's regulations, as well as disclosure of related transactions of the Bank according to the recognized accounting standards and the rules of the Bank of Thailand. Disclosures of related transactions are shown in the Notes to the Financial Statements, under "Related Party Transactions". The Bank used the same criteria as used with general customers to consider connected transactions, in accordance with defined procedures necessary to support the Bank's business operations, and in a manner consistent with the Bank's strategies in the best interests of shareholders. In 2013, the Bank had no connected transactions subject to disclosure to the Stock Exchange of Thailand.
- Reviews of connected transactions were carried out in accordance with the plan. In cases where the Bank becomes involved in any related party transaction, the Bank is subject to report to the Audit Committee. In this regard, the Bank's directors and employees must follow the Conflicts of Interest Prevention and Connected Transaction Policy as mentioned above, in accordance with official regulations.

### Internal Control and Auditing Systems

The Board of Directors and the Bank's management have placed particular emphasis on an efficient internal control system

and promotion of an appropriate business culture, recognizing the importance of risk management and the adequacy of the internal control system in every business undertaking. The Bank requires all units to comply with the best practices for internal control as a guideline for the Bank's business operations and employees' practices. The Bank also set up a Risk Management Unit and a clear risk management policy. The Audit Committee has the duty and responsibility to review the effectiveness and adequacy of all risk management processes and internal control systems by discussing and evaluating operational results with the Compliance and Audit Division on a continuing basis. These discussions include consideration of the appropriateness of the scope of work, roles and responsibilities, audit plans, audit conclusions with regard to the adequacy and effectiveness of the risk management, internal control, and governance processes, as well as the monitoring of compliance with the Bank's Articles of Association and laws and regulations. Major recommendations or material deficiencies must be reported to the Board of Directors in a timely manner for effective action.

To create an appropriate control environment, written policies and operational procedures, training and orientation programs, an operational manual providing information on rules and regulations, a professional Code of Conduct, a regular self-assessment program, and standardized disciplinary actions for gross offenses have been established. These also ensure common understanding as well as capabilities that will lead to efficient, transparent and fair operations for the benefit of all stakeholders. In addition, in order to strengthen the supervision aspect and to promote a control culture that is consistent on all levels of the organization, the Bank organized a course entitled "Governance, Risk Management and Compliance", which has been incorporated into the executive training course.

Control activities are an integral part of day-to-day operations. Appropriate segregation of duties is embedded to create a proper "check-and-balance" system for operating staff, supervisors, and performance assessment. Any possible conflict of interest is identified and subject to careful monitoring, in accordance with regulatory requirements and the Bank's regulations.

IT systems have continuously been upgraded to provide accurate, up-to-date, and adequate information for timely decision-making by the management and the Board of Directors.

Systems include the financial data system, as well as operational and compliance databases, to monitor the effectiveness of the internal control system for prompt corrective action against significant deficiencies. The Bank also provides effective communication channels to ensure that all executives and employees understand and adhere to the policies and procedures affecting their duties and responsibilities.

The Bank has assigned the Compliance and Audit Division to audit and monitor the operations of KASIKORNBANK FINANCIAL CONGLOMERATE. The Compliance and Audit Division is independent in its tasks and reports directly to the Audit Committee. The Audit Committee Meeting No. 1/2014, on January 16, 2014, resolved to appoint Mr. Surasak Dudsdeemaytha as Internal Audit Head, in view of his suitable knowledge, qualifications and experience to perform this function. The audit is risk-based and aimed at assessing the adequacy and effectiveness of the risk management and internal control system, the efficiency of resource management, the accuracy and reliability of information, and compliance with regulatory requirements, the Bank's operational procedures, and the Statement of Business Conduct. Moreover, the Internal Audit Department provides consulting services to the audited units, in accordance with the nature and scope of task as agreed upon by both parties, with the objective of increasing the value and improving the operations of the KASIKORNBANK FINANCIAL CONGLOMERATE. The Internal Audit Department acts in conformance with the International Standards for the Professional Practice of Internal Auditing, and applies the concepts of continuous audit and integrated audit in its audit process. The Department constantly evaluates and improves the quality of its work as measured against the generally accepted international auditing standards. Additionally, the Internal Audit Department, which is an independent unit, has been assigned as another channel for reporting complaints and suspicious conduct. This ensures that the Bank has a transparent and fair whistle-blowing process and complies with good corporate governance standards.

The Compliance and Audit Division, by the Compliance Department, supervises the conduct of the Bank in order to comply with regulatory requirements and the Bank regulations, provides views on law and regulatory compliance, identifies and assesses related risks and reports to high-level executives, the Audit Committee or the Board of Directors. Other

tasks include the review of the Bank operations and preparation of relevant policies, also acts as the center for contact with the regulatory agencies. Mr. Phaisarn Vorasetsiri is the Compliance Head.

The Bank is aware that a system of effective internal controls is a critical component of the Bank's management and a foundation for the "safe and sound" operations of the Bank. These features help to ensure that the goals and objectives of the Bank will be met, that the Bank will achieve long-term profitability, and will maintain reliable financial and managerial reporting. Such a system can also help to ensure that the Bank will comply with laws and regulations as well as policies, plans, and internal rules and procedures, and prevent the risk of unexpected losses or damage to the Bank's assets and its reputation. The Bank, therefore, monitors the effectiveness of the internal control system through regular operations and periodic assessment, so as to be assured of the system's consistency and capability in managing the changing risks at different periods of time. Any detected irregularities are immediately reported to responsible managers, and significant findings are appropriately reported to senior management and the Board of Directors.

### Risk Management

The Risk Management Committee is responsible for designating organization-wide risk management policies under the guidelines established by the Board of Directors, to whom the results must be reported regularly. The Bank has outlined the risk management process, key steps of which include risk identification, assessment, monitoring and control, and reporting. Moreover, the Bank emphasizes early warning indicators, monitoring of key risk, exposures and concentration, as well as regular reviews of the sufficiency of the risk management system and its effectiveness. The details of risk management are disclosed in the section entitled **Risk Management and Risk Factors**.

### Appointment of External Auditors and Consideration of Audit Fees

The Audit Committee considers the qualifications and performance of external auditors for recommendation to the Board of Directors for their annual appointment, and the proposed audit fees for further consideration and approval by the General Meeting of Shareholders. The list of external

auditors to be proposed as the Bank's auditors must also be endorsed by the Bank of Thailand.

In 2013, the remuneration for external auditors included:

**1. Audit Fees:**

The Bank and subsidiary companies have paid audit fees to:

- Auditors of the Bank, totaling Baht 8,980,000 in the past accounting year.
- The respective audit company including individuals or business entities related to the auditors and the respective audit company, totaling Baht 14,853,700 in the past accounting year.

**2. Non-Audit Fees:**

The Bank and subsidiary companies have paid non-regular auditing fees, i.e., special purpose audit, legal and tax service engagements to perform agreed-upon procedures and consulting services irrelevant to auditing to:

- Auditors of the Bank totaling Baht -0- over the past accounting year, together with future payments of Baht 775,000, due on incomplete work in the past accounting year.
- The respective audit companies or their independent contracted auditors, including individuals or business entities related to the auditors and their respective audit companies, totaling Baht 2,076,500 over the past accounting year, together with future payment of Baht 4,072,800, due on incomplete work in the past accounting year.

## 5.6 Self-Assessment by the Board of Directors

The Bank has established an annual self-assessment plan for the Bank's Board of Directors. It serves as a tool for reviewing performance, as well as issues and obstacles facing each director over the past year. It also helps increase the operational effectiveness of the Board. Performance assessment of the Board of Directors is conducted in 2 ways: the overall performance assessment of the Board and the performance assessment of each individual director. To facilitate this, the Bank has developed an assessment form consistent with the Statement of

Corporate Governance Principles, as well as the duties and responsibilities stated in the Board of Directors Charter. The Board of Directors conducts self-assessments once a year. The Corporate Secretary submitted the 2013 performance assessments to directors, including 6 topics: (1) Structure and characteristics of the Board; (2) Roles and responsibilities of the Board; (3) Board meetings; (4) Discharge of duties of the Board; (5) Relationship with the Bank's management; (6) Self-development of directors and executive development. The assessment results were then analyzed and evaluated to indicate the level of achievement for self-assessment by the Board of Directors, as established by Bank regulations.

In 2013, the self-assessment process was also applied to the Independent Directors Committee and all Board Committees—Audit, Corporate Governance, Human Resources and Remuneration, and Risk Management. The Independent Directors Committee and all Board Committees conduct self-assessment every year, and the assessment results have been presented to the Board of Directors.

The Chief Executive Officer and the Presidents also undergo self-assessment in order to compare their actual performance with the Bank's targets and the annual business plan. The Human Resources and Remuneration Committee is responsible for submitting the assessment results to the Board of Directors for consideration. The self-assessment of the Chief Executive Officer and the Presidents are specified as part of their performance assessment in the Board of Directors' Charter. The Chairman of the Human Resources and Remuneration Committee then submits the Board's assessment results, together with their opinion, to the Chief Executive Officer and the Presidents.

## 5.7 Remuneration to Directors and Executives

The Bank has established a set of well-defined and transparent remuneration policies for directors. The Human Resources and Remuneration Committee is responsible for reviewing these policies, taking into consideration the appropriateness of remuneration with respect to the scope of responsibilities of each director to ensure that the Bank's remuneration is comparable to that of other commercial banks.

The General Meeting of Shareholders No. 101, on April 3, 2013, approved director remuneration and bonuses, which shall remain effective until a General Meeting of Shareholders determines otherwise. A director who is also a member of other Board Committees shall receive additional remuneration in accordance with the increased responsibilities, except that the executive directors receive no remuneration for their membership in a Board Committee as follows:

(Baht)

1. Remuneration for directors for the Board of Directors Meeting
  - Chairman of the Board 154,000 per person/month
  - Vice Chairman 115,500 per person/month
  - Director 100,000 per person/month
2. Remuneration for Independent Directors
  - 30,000 per person/month
3. Remuneration for Board Committees:
  - 3.1 The Audit Committee
    - Chairperson 90,000 per person/month
    - Member 60,000 per person/month
  - 3.2 The Corporate Governance Committee
    - Chairman 50,000 per person/month
    - Member 36,000 per person/month
  - 3.3 The Human Resources and Remuneration Committee
    - Chairman 50,000 per person/month
    - Member 36,000 per person/month
  - 3.4 The Risk Management Committee
    - Chairman 50,000 per person/month
    - Member 36,000 per person/month
4. Remuneration for the Legal Adviser
  - 330,000 per person/month
5. Bonus for directors at the rate of 0.5 percent of dividend payments.

Remuneration to executives is paid according to the policies and criteria set by the Board of Directors. It is tied directly to the performance of the Bank and the performance of each individual executive. The Human Resources and Remuneration Committee shall propose remuneration to the Board of Directors for consideration and approval.

Details of remuneration to directors and executives are shown as follows:

## 1. Remuneration

1) Remuneration for directors: In 2013, directors received remuneration as directors and as Independent Directors, members of the Advisory Directors to the Management Committee, Audit Committee, Corporate Governance Committee, Human Resources and Remuneration Committee, Risk Management Committee, and as Legal Adviser, together with a bonus at the rate of 0.5 percent of the dividend payments, totaling Baht 71,935,905.

### 2) Remuneration for executives:

- Executives in the position of First Senior Vice President or equivalent, totaling 39 persons, received remuneration including salaries, living expenses, special contributions, and bonuses from the Bank, totaling Baht 290,296,353.
- Executives in the position of Executive Vice President or equivalent and higher, totaling 24 persons, received remuneration including salaries, living expenses, special contributions, and bonuses from the Bank, totaling Baht 318,786,100.

In summary, executives in the position of First Senior Vice President or equivalent and higher, totaling 63 persons, received remuneration including salaries, living expenses, special contributions, and bonuses from the Bank, totaling Baht 609,082,453.

## Remuneration for Directors in 2013

Mr. Banyong Lamsam <sup>(1)</sup>	Received remuneration as Chairman of the Board and Advisory Director to the Management Committee, totaling Baht 1,188,000, and a bonus of Baht 3,911,150.
Pol. Gen. Pow Sarasin <sup>(2)</sup>	Received remuneration as Vice Chairman and Advisory Director to the Management Committee, totaling Baht 887,000; and as Chairman of the Corporate Governance Committee, amounting to Baht 66,000, and a bonus of Baht 2,933,355.
Mr. Banthoon Lamsam <sup>(3)</sup>	Received remuneration as Chairman of the Board, totaling Baht 1,540,000; and as a director, totaling Baht 200,000, and a bonus of Baht 2,395,120.
Mr. Sukri Kaocharern <sup>(4)</sup>	Received remuneration as a director and Advisory Director to the Management Committee, totaling Baht 400,000; as Chairman of the Risk Management Committee, amounting to Baht 66,000; and as a member of the Corporate Governance Committee, amounting to Baht 44,000, and a bonus of Baht 1,955,570.
Mr. Somchai Bulsook <sup>(5)</sup>	Received remuneration as Vice Chairman, totaling Baht 1,155,000; as a director, totaling Baht 200,000; as Independent Director, totaling Baht 270,000; as Chairman of the Human Resources and Remuneration Committee, amounting to Baht 549,000; and as a member of the Audit Committee, amounting to Baht 705,000, and a bonus of Baht 2,285,230.
Mr. Krisada Lamsam <sup>(6)</sup>	Received remuneration as Vice Chairman, totaling Baht 1,155,000; and as Chairman of the Corporate Governance Committee, amounting to Baht 483,000, and a bonus of Baht 329,660.
Mr. Predee Daochai <sup>(7)</sup>	Received remuneration as a director, totaling Baht 1,000,000, and a bonus of Baht 219,770.
Mr. Teeranun Srihong <sup>(8)</sup>	Received remuneration as a director, totaling Baht 1,000,000, and a bonus of Baht 219,770.
Ms. Sujitpan Lamsam	Received remuneration as a director, totaling Baht 1,200,000; and as a member of the Risk Management Committee, amounting to Baht 390,000, and a bonus of Baht 2,175,350.
Professor Khunying Suchada Kiranandana	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 270,000; and as a Chairperson of the Audit Committee, amounting to Baht 1,008,000, and a bonus of Baht 2,175,350.
Professor Dr. Yongyuth Yuthavong	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 270,000; and as a member of the Corporate Governance Committee, amounting to Baht 390,000, and a bonus of Baht 2,175,350.
Dr. Abhijai Chandrasen	Received remuneration as a director and Legal Adviser, totaling Baht 5,160,000; and as a member of the Human Resources and Remuneration Committee, amounting to Baht 390,000, and a bonus of Baht 2,175,350.
Ms. Elizabeth Sam <sup>(9)</sup>	Received remuneration as a director, totaling Baht 200,000; and as a member of the Audit Committee, amounting to Baht 110,000, and a bonus of Baht 1,955,570.
Professor Dr. Pairash Thajchayapong	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 270,000; and as a member of the Human Resources and Remuneration Committee, amounting to Baht 390,000, and a bonus of Baht 2,175,350.

Mr. Hiroshi Ota <sup>(10)</sup>	Received remuneration as a director, totaling Baht 200,000; and as a member of the Corporate Governance Committee amounting to Baht 44,000, and a bonus of Baht 1,955,570.
Ms. Kobkarn Wattanavrangkul	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 270,000; and as a member of the Human Resources and Remuneration Committee, amounting to Baht 390,000, and a bonus of Baht 2,175,350.
Ms. Chantira Purnariksha <sup>(11)</sup>	Received remuneration as a director, totaling Baht 600,000; as Independent Director, totaling Baht 90,000; and as a member of the Audit Committee, amounting to Baht 345,000, and a bonus of Baht 2,058,180.
Sqn. Ldr. Naline Paiboon, M.D. <sup>(12)</sup>	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 270,000; and as a member of the Corporate Governance Committee, amounting to Baht 324,000, and a bonus of Baht 1,263,760.
Mr. Saravoot Yoovidhya <sup>(13)</sup>	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 270,000; and as a member of the Corporate Governance Committee, amounting to Baht 324,000, and a bonus of Baht 891,750.
Dr. Piyasvasti Amranand <sup>(14)</sup>	Received remuneration as a director, totaling Baht 900,000; as Independent Director, totaling Baht 270,000; and as a member of the Audit Committee, amounting to Baht 540,000, and a bonus of Baht 157,450.
Mr. Kalin Sarasin <sup>(15)</sup>	Received remuneration as a director, totaling Baht 900,000; as Independent Director, totaling Baht 270,000; and as a member of the Human Resources and Remuneration Committee, amounting to Baht 324,000, and a bonus of Baht 157,450.
Mr. Somkiat Sirichatchai <sup>(16)</sup>	Received remuneration as a director, totaling Baht 900,000; and as Chairman of the Risk Management Committee, amounting to Baht 450,000, and a bonus of Baht 157,450.
Mr. Rapee Sucharitakul <sup>(17)</sup>	Received remuneration as a director, totaling Baht 200,000.

- Remarks:
- (1) Mr. Banyong Lamsam resigned from his directorship on March 1, 2013.
  - (2) Pol. Gen. Pow Sarasin passed away on March 7, 2013.
  - (3) Mr. Banthoon Lamsam was appointed Chairman of the Board on March 1, 2013.
  - (4) Mr. Sukri Kaocharern resigned from his directorship on March 1, 2013.
  - (5) Mr. Somchai Bulsook was appointed Vice Chairman on March 1, 2013.
  - (6) Mr. Krisada Lamsam was appointed Vice Chairman and Chairman of the Corporate Governance Committee on March 1, 2013.
  - (7) Mr. Predee Daochai was appointed a director on March 1, 2013.
  - (8) Mr. Teeranun Srihong was appointed a director on March 1, 2013.
  - (9) Ms. Elizabeth Sam resigned from her directorship on March 1, 2013.
  - (10) Mr. Hiroshi Ota resigned from his directorship on March 1, 2013.
  - (11) Ms. Chantira Purnariksha resigned from her directorship on July 19, 2013.
  - (12) Sqn. Ldr. Naline Paiboon, M.D. was appointed a member of the Corporate Governance Committee on April 3, 2013.
  - (13) Mr. Saravoot Yoovidhya was appointed a member of the Corporate Governance Committee on April 3, 2013.
  - (14) Dr. Piyasvasti Amranand was appointed a director and a member of the Audit Committee on April 3, 2013.
  - (15) Mr. Kalin Sarasin was appointed a director and a member of the Human Resources and Remuneration Committee on April 3, 2013.
  - (16) Mr. Somkiat Sirichatchai was appointed a director and Chairman of the Risk Management Committee on April 3, 2013.
  - (17) Mr. Rapee Sucharitakul was appointed a director on November 22, 2013.



## 2. Other remuneration

1) Remuneration for directors: none

2) Remuneration for executives: In 2013, the Bank contributed Baht 7,626,997 to the provident funds for the Bank's executives in the positions of First Senior Vice President or equivalent, totaling 39 persons, and Baht 7,787,000 to the provident funds for the Bank's executives in the positions of Executive Vice President or equivalent and higher, totaling 24 persons, making a total contribution of Baht 15,413,997 for executives in the positions of First Senior Vice President or equivalent and higher, totaling 63 persons.

## 5.8 Professional Development for Directors and Executives

To enhance the operational efficiency of the Board of Directors, the Bank continued to implement a policy of supporting directors, executives and staff performing duties related to corporate secretary, compliance, internal control, and corporate governance, in attending seminars and training courses at the Thai Institute of Directors (IOD), the Stock Exchange

of Thailand, and other independent institutions, in accordance with the established plan and budget.

The Bank has organized orientations for new directors, to provide them with information on their roles and responsibilities, as well as information related to the Bank, clarifications on legal obligations, regulations related to the directorship of listed companies, regulations related to the Board and Board Committee's charters, the Bank's core policies, and the manual for directors of financial institutions and securities companies, as an overall process to promote understanding among directors about their roles and the Bank's business operations. Information on the business operations of the Bank has also been continuously provided in the forms of documents and presentations in meetings. An orientation session was arranged for 7 new directors in 2013, namely Mr. Krisada Lamsam, Mr. Predee Daochai, Mr. Teeranun Srihong, Dr. Piyasvasti Amranand, Mr. Kalin Sarasin, Mr. Somkiat Sirichatchai, and Mr. Rapee Sucharitakul.

In 2013, Board members attended seminars or training programs as follows:

Board Members	Seminars/Training Programs
1. Mr. Banthoon Lamsam	- Seminar on “Looking Global, Looking at Thailand into 2015,” Thailand-China Business Council
2. Mr. Krisada Lamsam	- Director Accreditation Program (DAP), Class 103/2013, Thai Institute of Directors Association - The National Defence Course, Class 55, National Defence College - The Programme for Senior Executives on Justice Administration, Class 18, National Justice Academy
3. Mr. Predee Daochai	- Making Innovation Happen Programme, London Business School
4. Mr. Teeranun Srihong	- Director Certification Program (DCP), Class 179/2013, Thai Institute of Directors Association
5. Ms. Kobkarn Wattanavrangkul	- Executive Program, Class 2, Thailand Energy Academy (TEA) - Executive Development Program (EDP), Class 2, Office of the Royal Development Projects Board - Executive Program, Class 1, Institute of Business and Industrial Development, Ministry of Industry
6. Sqn.Ldr. Naline Paiboon, M.D.	- Director Accreditation Program (DAP), Class 100/2013, Thai Institute of Directors Association
7. Mr. Saravoot Yoovidhya	- Director Accreditation Program (DAP), Class 100/2013, Thai Institute of Directors Association
8. Mr. Kalin Sarasin	- Director Accreditation Program (DAP), Class 105/2013, Thai Institute of Directors Association - Certificate in Senior Executive Program, Class 17, Capital Market Academy
9. Mr. Somkiat Sirichatchai	- Director Certification Program (DCP), Class 178/2013, Thai Institute of Directors Association - Effective Predictive Modeling and Decision Making for Non-Statisticians, YF Asia Pte Ltd - Workshop on “Quantitative Credit Risk Models”, Chulalongkorn University - The Global Risk Regulation Summit, RiskMinds, U.S.A.

In addition, the Human Resources and Remuneration Committee has considered executive development and succession plans for the positions of Chief Executive Officer, President, and other senior executives, taking into account different factors, e.g. the qualification, knowledge, competencies and experiences required for each position. The performance of potential executives is evaluated in order to formulate individual development plans; and rotation of responsibilities is undertaken

to ensure that they will gain greater understanding and hands-on experience, preparing them for organization-level management. Criteria and a list of persons qualified for these positions are reviewed regularly and reported to the Board of Directors. In addition, the Bank continuously implemented the Management Development Program (MDP) for executives of the Bank and K Companies.

### The Bank's Dividend Policy

In determining dividend payments, the Bank will take into consideration its operating results as well as long-term returns to shareholders. Dividend payments will be in accordance with Article 32 of the Bank's Articles of Association, stating that no dividend shall be paid out of any money, other than profits. In the event that the Bank has an accumulated loss, no dividend shall be paid.

Dividend shall be paid equally, according to the number of shares. Payment of dividend shall be subject to shareholders approval. The Board of Directors may pay to the shareholders the interim dividend from time to time, if there is sufficient profit for such payments, and shall report the same to the shareholders at the next shareholders meeting.

Dividend payments must also be in compliance with statutory requirements, including the Bank of Thailand Notification, Re: "Classification and Provisioning of Financial Institutions" stating that if impaired assets are not written off, or full provisioning for impaired and unimpaired assets and contingent liabilities has not yet been set aside, banks cannot pay dividends or other benefits to shareholders. In addition, the Bank of Thailand Notification, Re: "Guidelines on Accounting of Financial Institutions" states that banks should not pay dividend from the transactions that resulting in unrealized gain or no real cash inflow or the profit arising from selling of asset which is not actually been sold that lead to a higher profit or lower loss than it should be.

### The Dividend Policies of Subsidiaries

The Bank has not fixed a dividend payout ratio for our subsidiaries. Their dividend payments shall depend on the operating results of each company.

Dividend payments of subsidiaries to the Bank must be in accordance with each company's regulations on dividend payments that must be approved by a resolution of their General Meeting of Shareholders. Interim dividend payments are allowed. In paying dividend, subsidiary companies must record some profits. If there is an operating loss, dividend payments are barred until such losses are recovered. In addition, at least one-twentieth (1/20) of all profits after accumulated loss must be set aside as provisioning reserves until provisioning reserves reach one-tenth (1/10) of a company's authorized share.