

Corporate Governance Policy

The Board of Directors truly believes that good corporate governance process will sustain and enhance the business undertakings of KBANK as a key to success and achievement of its ultimate goals, including the maximization of value to shareholders. As a leading financial institution in Thailand, the Board of Directors strictly adheres to 'best practices' in corporate governance, consisting of the following major components:

1. Integrity
2. Transparency
3. Independence
4. Accountability
5. Responsibility
6. Fairness
7. Social Responsibility

The Statement of Corporate Governance Principles, which reflect the values, procedures and direction adopted for internal use of the Bank. These principles will guide the business activities of KBANK in a manner viable in the market, while also being ethical, meeting international standards and complying with the laws and the Statement of Corporate Governance Principles, adopted by the Stock Exchange of Thailand (SET).

The directors have a broad range of knowledge, skills and experience to bring independent judgement and effective leadership to bear on the strategies, directions, policies and missions of the Bank. Also, they have monitored the Bank's operations in order to achieve goals, and to comply with the laws, rules and regulations enforced by related government agencies. Effective communication has been maintained with all stakeholders and the general public. Risks have been kept at a manageable level. All actions are in compliance with laws, regulations and the resolutions of the Annual General Meeting of Shareholders. They act with integrity and care, for the maximum benefit of the Bank, being responsible to all shareholders and other stakeholders of KBANK. Moreover, in order to enhance effectiveness, efficiency and transparency, the Bank has adopted a self-assessment process for its directors.

The Board of Directors consists of (1) executive directors, not exceeding one-fourth of all directors; (2) non-executive directors, being independent directors, not less than one-third of all directors; and (3) other non-executive directors. The Board of Directors is fully aware of the significance of corporate governance principles, sound and effective internal control and audit systems, and sound risk management. As a result, four Board Committees have been established, comprising the Corporate Governance, Audit, Human Resources and Remuneration, and Risk Management Committees. These Board Committees represent the Board in overseeing KBANK operations in various aspects. All members of these Board Committees possess the qualifications, duties and responsibilities stipulated by the Stock Exchange of Thailand (SET). The legitimate duties and responsibilities of each Board Committee have been stated clearly in their Charter. Nine Sub-committees have been established, also assisting the Board in overseeing KBANK business, striving towards the attainment of designated policies and goals, which, as the Bank believes, will enhance efficiency and effectiveness in its business undertakings. The economic value of the Bank will be thus enhanced, within the realm of laws and the Statement of Corporate Governance Principles of the Bank of Thailand and the Stock Exchange of Thailand.



Rights and Equality of Shareholders

Recognizing the importance of shareholders, KASIKORNBANK has a policy of treating its shareholders equally and fairly in line with the laws of regulatory agencies. Basic legitimate rights of KBANK's shareholders include the right to participate in shareholders' meetings, the right to appoint other persons as a proxy for participating in and voting at meetings, and the right to participate in the election or disqualification of a director, individually. Their rights also include voting on the annual audit fees and appointments of independent auditors, and voting for other businesses of KBANK, such as increases in, or reduction of capital, right to receive dividend payments, as well as the right to give opinions and the right to inquire during shareholders' meeting.

The Annual General Meeting of Shareholders shall be held within the first four months after the end of an accounting year. The Bank will send out a notice to all shareholders at least 14 days in advance before the scheduled meeting of shareholders. Attached to the notice will be sufficient information for voting on every agenda item, each of which shall be identified clearly as either for acknowledgement or consideration, as the case may be, together with comments by the Board on particular issues.

In addition, the notice will clearly inform all shareholders of all required documents to maintain their legitimate rights for participating in the meeting and a Proxy form to appoint proxies to the meeting. Proxies can be other persons, or the Chairman of the Board, or the Chief Executive Officer, or the President, or any independent director. At least one hour before the Meeting begins, the Bank will provide an opportunity for its shareholders to register for the meeting.

At the meeting, the Bank will inform all shareholders of the voting and vote-counting procedures, and during the consideration of each agenda item, all shareholders will have equal rights for expressing opinion and asking questions at an appropriate time. The voting and vote-counting procedures will be conducted openly and efficiently, counting one share as one vote, and approval of a resolution will be based on the majority of votes, except under a special resolution which will require voting by not less than three-fourths of eligible voters being present at a meeting. Each participant shall exercise his/her votes on ballots only for opposition, abstention or split votes, and the ballots will be kept for later inspection. In preparing the Minutes of a Meeting, the Bank has clearly shown total votes in approval, opposition or abstention on each agenda item. These totals will be recorded in writing, together with questions raised on every agenda item, together with clarification and comments by the Bank.

The Bank also emphasizes the disclosure of accurate, complete and transparent information to shareholders, and information updates have been regularly provided on KBANK's website and through the media.

Rights of Stakeholders

The Bank places significant emphasis on the equal rights of all stakeholders, both internal stakeholders, i.e., shareholders, the Board of Directors, and employees of the Bank and its subsidiary companies, and external stakeholders, i.e., customers, counter-parties, creditors, as well as related government agencies. It also takes responsibility to community, society and the environment.

The Bank has established a Code of Business Conduct in writing and disseminated it through KBANK's website for strict adherence by directors, executives and employees at all levels. This Code of Business Conduct and the Code of Conduct have been distributed as guidelines to all employees for their acknowledgement and compliance. Related matters have been communicated to all employees for their understanding via the KBANK Newsletter and KASIKORNTV – both being internal communication channels of the Bank. In order to ensure effective implementation and supervision of the Statement of Corporate Governance Principles, the Bank has assigned the Compliance Department to monitor compliance, and to periodically report to the Corporate Governance Committee for their acknowledgement. All departments responsible for various types of KBANK products must strictly abide by the principles therein.

Shareholders: One of KBANK's ultimate goals is to ensure favorable and stable growth, with solid viability and due consideration to both current and future risks to ensure the highest value to its shareholders over the long-term. Its primary duty is to carry on with usual business, disclose all information fairly and transparently, and use its best efforts to protect its assets and reputation.

The Board of Directors: The Board of Directors is fully aware of the rights of stakeholders and undertakes measures to ensure that these legitimate rights are protected, and that stakeholders will be treated equally and fairly.



Employees: KBANK's employees are perceived as the most valuable assets. The Bank continues to seek capable and experienced personnel in line with its growth and demand in the organization. Necessary training programs have been continuously provided for additional knowledge and skills upgrades to attract high-caliber personnel, with compensations and other benefits comparable to other leading companies. Favorable culture and atmosphere have been promoted in the workplace, together with fair and equal treatment for all employees. The Bank has recognized the welfare and security of its employees, especially in the establishment of a provident fund, scholarships for employees and their children, fire drills, fire prevention system, etc.

Recognizing the benefits of continual development of its key personnel, the Bank has hastened to enhance capabilities and skills necessary for business achievements and customer satisfaction. Its personnel development program has been modified in accordance with business strategies, and is being shifted towards higher professional standards in sales, service, credit underwriting, risk management, leadership, and the efficient management and administration. Again, the primary focus has been placed on actions in strict compliance with the Statement of Corporate Governance Principles and Code of Business Conduct. A standard post-training testing program has been used to measure learning. The Bank has promoted personnel to obtain licenses to act as marketing officers, or as sales agents of financial instruments/unit trusts by the Office of the Securities and Exchange Commission (SEC), or by the Association of Investment Management Companies (AIMC), as well as other professional certifications. In 2004, the Bank organized 105 in-house training courses, or a total of 252 classes, with 10,708 employees completed these courses.

Besides, the Bank has encouraged its personnel to seek new knowledge through participation in seminars organized by specialized institutions both at home and abroad. Variable learning processes have been adopted in order to promote self-study and joint learning approaches among all employees, and are considered a sustainable development process that will eventually lead to a learning organization.

Customers: The Bank aims to promote customer satisfaction through the offering of high-quality products and services. It recognizes the importance of customers, paying due attention to them, and more importantly, protecting their confidential information.

Counter-parties: The Bank respects actions in accordance with trading terms and conditions as contracted, and in fair and acceptable competition, without practicing any dishonest actions.

Creditors: The Bank abides by lending terms and conditions, and by all legitimate duties to creditors, especially account payables, debenture holders, and depositors. It is the duty of the Bank to explain clearly to customers about all possible risks involved with non-deposit services.

Responsibility to the community and society: KBANK acts as a good citizen, being non-partisan, and unaligned with any political party. It bears in mind the awareness and realization of its role in society, contributes to charitable activities and promotes a healthy environment in communities and the society at large, for better living standards.

Responsibility toward the environment: The Bank regards the importance of sound environmental protection through its continuing efforts to promote environmental conservation and protection.

The Bank has also designated other procedural guidelines, as follows:

Fairness: The Bank believes in fairness to all parties having any business relationship with the Bank, and does its best to prevent bias or any event that leads to conflict of interest.

Justice: The Bank adheres to the Code of Business Conduct and integrity in every business endeavor it pursues.

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

Responsiveness: The Bank keeps itself ready for any changes in customer needs, as well as changes in society, the economy and technology, both present and future.

Discipline and compliance: The Bank pursues business with discipline and ethical principles to ensure that its business undertakings comply with laws, rules and regulations, the Code of Business Conduct and Code of Conduct as mentioned.



General Meetings of Shareholders

In 2004, the Bank held two shareholders' meetings; the General Meeting of Shareholders on April 2, 2004, and the Extraordinary Meeting of Shareholders on November 5, 2004. Normally, the Bank arranges for the delivery of the Notice of the General Meeting, proxy forms and complete meeting agenda documentation to shareholders not less than 14 days prior to meeting dates. In addition, the Bank also places the Notice of the Meeting in Thai daily newspapers for three consecutive days, and not less than three days prior to the meeting date. Moreover, on the meeting day, the Bank arranged for staff to register and facilitate shareholders and other proxies who wished to attend the meeting, using a barcode system for registration, and printed ballots given to each shareholder for voting on every meeting agenda item.

In both shareholders' meetings, the Chairman of the Board acted as the Chairman of the Meeting, and was also attended by the Chief Executive Officer, the President, the Chairmen of Board Committees and directors. In the previous General Meetings of Shareholders, there were 14 directors in attendance:

1. Mr. Banyong	Lamsam	Chairman of the Board
2. Pol. Gen. Pow	Sarasin	Vice Chairman
3. Mr. Banthoon	Lamsam	Director
4. Mr. Sukri	Kaocharern	Director
5. M.R. Sarisdiguna	Kitiyakara	Director
6. Mr. Somchai	Bulsook	Director
7. Ms. Sujitpan	Lamsam	Director
8. Professor Khunying Suchada	Kiranandana	Director
9. Professor Dr. Yongyuth	Yuthavong	Director
10. Dr. Abhijai	Chandrasen	Director
11. Mr. Charles L.	Coltman, III	Director
12. Ms. Elizabeth	Sam	Director
13. Mr. Chaisak	Saeng-Xuto	Director
14. Dr. Schwin	Dhammanungune	Director

Consideration and voting were conducted according to the meeting agenda. During each meeting, apart from related Meeting documents, the Bank also presented information using a video presentation system and provided English translations for foreign shareholders. The Chairman of the Meeting provided the opportunity for shareholders to inquire about all matters and express opinions equally, which were answered and supplemented with complete information to shareholders. Comprehensive minutes of the meetings were recorded, along with details of the voting on each agenda item. The Minutes of Meetings were sent to official regulatory agencies within 14 days after the shareholders' meetings, and will be presented to shareholders for acknowledgement at the next shareholders' meeting.

Leadership and Vision

At KASIKORNBANK, the Board of Directors considers the Bank's vision, missions and strategies, and also approves key issues pertaining to business direction and policies, including the annual business plan and budgets. The Board is also responsible for supervising actions by management consistent with the approved policies and business plans, as well as in compliance with laws, rules and regulations of all involved government agencies, and under resolutions of the Annual General Meeting of Shareholders. The best benefit to the Bank and all stakeholders is thus assured for the higher economic value of the Bank.

In addition to the above, the Bank will assure that it has internal control and risk management systems appropriate and sufficient for the current business undertakings. The Board will work under close cooperation with management continuously striving for excellent performance, taking into consideration the current and future risks, and in a manner consistent with the vision, missions, Business Code of Conduct, and the Statement of Corporate Governance Principles of KBANK.



Protection Against Conflict of Interest

The Bank places great importance on good corporate governance to prevent conflict of interest and the misuse of inside information. All staff are required to strictly comply with the following:

1. Eradication of Conflict of Interest

The Board of Directors considers that some transactions may be involved with conflict of interest, including related or connected transactions, so, to be in compliance with standards of good governance and meet the scrutiny of the Audit Committee, as well as supervision to meet the criteria of the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC) and the Bank of Thailand (BOT), the data of some transactions involving conflict of interest will be revealed to the public. The Bank has defined policies, regulations, and procedures to approve transactions that may involve conflict of interest which executives, staff and related persons must comply with, the important principles of which are as follows:

1.1 For any transactions in which directors, staff or related personnel could derive personal benefit from entering into the transaction with the Bank, all related directors and staff are not permitted to participate in the approval of such transaction, and the price must be properly defined in a manner consistent with that offered to general customers.

1.2 The price must be defined in a fair and suitable manner to prevent conflicts of interest and follow the Bank's general conditions.

1.3 To follow the regulations defined by SET concerning connected transactions, the required connected transactions must be proposed to the Audit Committee to consider for their opinion before asking approval from the Board of Directors, according to the principles of good corporate governance.

1.4 Concerning loan or investment approvals in businesses that the Bank, its directors or the Bank's high-ranking executives having interest, or approvals on loans to major shareholders, the Bank's high-ranking executives or the Board, such transactions may proceed only upon the approval of a Board meeting with its full consent and approval, but without the attendance or vote of related directors or high-ranking executives of such investment or loan.

1.5 Details of transactions, related transactions or connected transactions that may involve conflict of interest according to the criteria of SET and SEC must be disclosed in the annual report form (form 56-1), in the Bank's annual report or other reports declaring such activities. This also includes disclosure of information on connected transactions according to SET regulations, as well as related transactions to the Bank according to standard accounting criteria and the rules of the Bank of Thailand.

The disclosure of connected transactions must be shown in the Notes to Financial Statement, concerning related transactions.

2. Rules for Proper Use of Insider Information

The Bank has a policy to strictly follow good corporate governance principles to encourage good governance and meet targets related to its implementation. Therefore, the Bank has laid down regulations to supervise the use of insider information. These regulations concerning securities trading of directors and staff are in compliance with securities law. The essence of these policies is as follows:

2.1 The Bank has a policy that all operational units must set up a system to maintain inside information under proper supervision.

2.2 Staff are prohibited from buying, selling, transferring or receiving the transfer of securities in any manner that may take advantage of outsiders by relying upon insider information that would be significant to changes in the price of securities that has not been revealed to the public or SET, though they have become aware of such information in their capacity as an employee of the Bank. Such actions are prohibited whether to favor themselves or others, or to reveal such information to others to do and receive any material advantage.

2.3 Directors, Executive Vice Presidents and above, including staff with position of First Vice President and above or in a position equal to department head in any group related to finance and accounting have a duty to submit a report on their holding of securities issued by the Bank, including those of their spouses and children who are considered minors under the law to SET and SEC, and report changes in their securities holdings issued by the Bank at each occasion upon the sale, purchase, transfer or receiving of securities issued by the Bank as required for the disclosure of related forms, and do so within the period set by SET and SEC.



2.4 Concerning the supervision of securities trading and prevention from the misuse of inside information, the timeframe limiting securities trading of directors and staff has been stipulated by the Bank. Regulations preventing the misuse of insider information has been disseminated to directors, staff, or other personnel through the internal database system, internal memoranda, e-mails, and other means.

Business Ethics

The Bank respects a business approach that is transparent, honest and fair. All directors, executives and employees share common goals in carrying out their designated duties, being responsible to the Bank and its stakeholders. They have performed their duties with integrity, in compliance with governing laws and regulations of the Bank, based on professional standards. The Bank has designated a Code of Business Conduct and a Code of Conduct, which are both posted on the KBANK web-site and in its central database. Employees shall observe these rules strictly and prudently. Also, the Bank has established a compliance unit to monitor employees' actions as stated in the Code of Conduct. In addition, certain activities have been launched to promote ethical behavior, within a culture of good corporate governance. Best practices and actions in line with the Code of Conduct have been disseminated to all employees regularly, continuously and effectively, and these activities have been reported to the Corporate Governance Committee for acknowledgement. These actions can be described as:

- The Bank circulates its Code of Conduct to all employees for their acknowledgement.
- The Statement of Corporate Governance Principles and Code of Conduct are two main issues in every orientation program for its newly recruited personnel.
- Actions in compliance with the Code have been disseminated by e-mail.
- Actions that comply with the Code have been promoted through the KBANK closed-circuit TV programs – also known as KASIKORNTV – in order to promote common understanding towards actions stipulated under the Statement of Corporate Governance Principles.
- This includes information posted in the KASIKORN Newsletter, circulated within the Bank, which provides articles, descriptions and a question-and-answer column for issues pertaining to the Code of Conduct.
- Activities have been organized by the electronic networks of KBANK, notably information on the Code of Business Conduct and the Statement of Corporate Government Principles on the “Welcome” Page of its website, and a weekly issue column concerning the Bank’s Codes, including the “Quotes of the Week” article concerning the Code of Conduct.
- Words of wisdom has been disseminated through the internal public address system within the Headquarters on a regular basis.
- A summary of the Statement of Corporate Governance Principles has been disseminated to all employees for acknowledgement.
- Self-assessments of knowledge pertaining to the Statement of Corporate Governance Principles have been disseminated to employees through an electronic system. This includes a checklist for actions in compliance with these principles in order to collect useful data for supervising appropriate and effective actions in compliance with the Statement of Corporate Governance Principles.

Balance of Authority with Non-Executive Directors

The election of members of the Board of Directors must follow the resolutions of shareholders' meetings, as well as complying with the criteria, legal procedures and regulations of the Bank. As of December 31, 2004, the Board of Directors comprised 16 members, including 2 executive Directors, 6 non-executive Directors, and 8 independent Directors that account for 50 percent of the entirety of the Board members. This is aimed at maintaining a balance between auditing and management. Two directors are authorized to sign and affix the common seal of the Company. The first group of the Directors with signatory authority on behalf of the Bank are Mr. Banyong Lamsam, or Mr. Banthoon Lamsam, or Dr. Prasarn Trairatvorakul, or Ms. Sujitpan Lamsam. Anyone of these will have to co-sign with any of the following Directors, i.e., Pol. Gen. Pow Sarasin, or Mr. Sukri Kaocharern, or M.R. Yongswasdi Kridakorn, or Dr. Abhijai Chandrasen.

The Bank has defined the meaning of “Independent Director” to conform to the principles of good Corporate Governance and operational guidelines of the Securities and Exchange Commission and the Stock Exchange of Thailand to create confidence with investors and maintain a balance in good management.



“Independent Director” means a director who does not take part in the management of the Bank, affiliated company, or associated company; is independent from the management or control of shareholders; and has no business relationship with the Bank in any way that may have an impact on their independence in decision-making. He/she must also possess the following qualifications:

1. Holding not more than 0.5 percent of the Bank’s shares with voting rights in the Bank, or those of any affiliated company, or associated company.

2. Not taking part in the management and not being an employee, staff member, adviser who receives a regular salary, nor be an auditor, lawyer or other professional which would affect the giving of independent opinions to the Bank, affiliated company, associated company, nor has other such control over the Bank, affiliated company, associated company, nor be a person with a conflict of interest, except they have exited any such position for at least one year.

3. Having no direct or indirect business relationship which limits the director’s independence with an amount or value in significant proportion to the Bank’s income, nor benefit or interest in finance and management of the Bank, affiliated company, associated company, nor be a person with a conflict of interest that may affect the giving of independent opinions.

4. Not being a close relative of any member of senior management or majority shareholder of the Bank, affiliated or associated company, nor be a person with conflict of interest. Nor shall they be a representative safeguard the rests of Bank directors or majority shareholders.

Separation and Integration of Key Management Positions

Chairman of the Board of Directors is not the same person as the Chief Executive Officer. Neither is he a regular employee nor an executive of the Bank. The Bank has clearly set the scope of duties, responsibilities, and governance authority in the Board of Directors Charter for each of these positions. If and when the Chairman and the Chief Executive Officer are one and the same person, or are related in any way, then the Board shall nominate a senior director who is an independent director to perform specific functions from time to time that would be expected of an independent chairman of the board of directors.

Board of Directors

The Board of Directors of the KASIKORNBANK PUBLIC COMPANY LIMITED, as of December 31, 2004, comprises 16 members, consistent with the Bank of Thailand’s directives concerning board structure to enhance corporate governance of commercial banks, includes:

- 2 executive Directors
- 6 non-executive Directors
- 8 independent Directors, representing half of the Board members

The members of the Board of Directors are qualified persons who have experience beneficial to the Bank.

They are:

1. Mr. Banyong	Lamsam	Chairman
2. Pol. Gen. Pow	Sarasin	Vice Chairman
3. Mr. Banthoon	Lamsam	Executive Director
4. Dr. Prasarn	Trairatvorakul	Executive Director
5. Mr. Sukri	Kaocharern	Director
6. M.R. Sarisdiguna	Kitiyakara *	Director
7. M.R. Yongswasdi	Kridakon	Director
8. Mr. Somchai	Bulsook *	Director
9. Ms. Sujitpan	Lamsam	Director
10. Professor Khunying Suchada	Kiranandana *	Director
11. Professor Dr. Yongyuth	Yuthavong *	Director
12. Dr. Abhijai	Chandrasen	Director
13. Mr. Charles L.	Coltman, III *	Director
14. Ms. Elizabeth	Sam *	Director
15. Mr. Chaisak	Saeng-Xuto *	Director
16. Dr. Schwin	Dhammanungune *	Director

* Independent Directors



Roles and Responsibilities of the Board of Directors

The Board of Directors is responsible for all the Bank's shareholders. Each director represents all shareholders and takes part in supervisory and regulatory functions of the Bank's operations in an independent and impartial manner for the benefits of all shareholders and other stakeholders.

The Board has roles and responsibilities designated in the Board of Directors' Charter, which are:

1. Supervise and manage the Bank so that it is in accordance with the laws and the Bank's objectives, the Articles of Association and the resolutions of Shareholders' Meetings.
2. Approve the Vision, Mission, Value and Business Conduct.
3. Review and discuss Management's proposed strategy options and approve major discussions in respect of direction and policy. The Board also reviews and approves Management's initiated annual Business Plan and Capital Expenditure Budget, other performance goals as well as all the major initiatives central to the achievement of the goals.
4. Monitor the Bank's performance and progress in achieving set objectives as well as practices in compliance with laws, regulations and related policies.
5. Supervise and review the balance between the Bank's short- and long-term objectives.
6. Ensure that the Bank shall vest in the Chief Executive Officer and the President the authority to initiate, commit and approve payments for all expenditures approved in the Capital Expenditure Budget, and other budgets approved by the Board for the purpose of special projects. The Board shall also review and approve credit proposals over the established limits of operational authority;
7. Review and approve the human resources vision and strategy, management development plans and remuneration policy. The Board shall select and appoint successors of the Chief Executive Officer and President as well as appraise their performance and ensure an effective process for the Bank executive performance appraisals;
8. Ensure the existence of an effective internal control system and appropriate risk management framework;
9. Ensure an effective audit system executed by both internal and external auditors;
10. Approve quarterly and annual financial reports; ensure high quality financial reporting to shareholders.
11. Ensure the Bank has a proper system in place to communicate effectively with its stakeholders and the Public.

Selection of Board Members

The Bank appointed the Human Resources and Remuneration Committee to select qualified candidates. In selecting independent Directors, the Human Resources and Remuneration Committee will select qualified persons that do not have forbidden characteristics – including independent Directors – as stipulated by the Bank of Thailand and other state agencies that supervise the Bank, prior to submittal to General Meetings of Shareholders for the position of Board Members. The appointed committee members will be apprised of their roles, duties and responsibilities, including information about the regulations of the Bank and its committees, important policies of the Bank and about the manuals of financial institution committees, as a process to create understanding within committees about their roles and the Bank's business operations.

Appointment and Removal of Directors of the Board

1. The Bank's shareholders shall appoint not less than 7 and no more than 18 directors, whereby no fewer than half of all directors shall reside in the Kingdom. The director may or may not be a Bank shareholder. Directors shall be elected by a 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 by them;
 - (3) Each shareholder shall use all of his votes in the election of directors;
 - (4) Be those persons receiving the highest number of approving votes among all candidates to be elected, in proportion to the number of positions to be filled at that meeting.
 - (5) In the event of a tied vote on candidates for the last opening for a director, the chairman of the meeting shall have the deciding vote.
2. At each General Meeting of Shareholders, one-third of the Directors, or, if their number is not a multiple of three, then the number nearest to one-third must retire from office.



3. The directors who have been in the office longest shall retire first. In the case of disagreement as to who should retire, it shall be decided by drawing lots. The retiring Directors may be re-elected.

4. Any director who passes away, or tenders his/her resignation prior to the end of his/her term, or is resolved to be removed by a meeting, or ordered by a Court of law to resign, or lacks the qualifications set in the regulations, shall be removed from the office immediately.

5. In the case of vacancy in the Board of Directors for reasons other than the expiration of the director's term of office, the remaining Board of Directors shall elect a person who has the proper qualifications, but no prohibited characteristic, as a substitute director at the next meeting of the Board of Directors, unless the remaining term of office of said director is less than two months. Such resolution of the Board of Directors shall consist of the votes of not less than three-fourths of the remaining directors. The substitute director shall hold office only for the remaining term of the director whom he or she replaces.

Empowerment Process by the Board of Directors

On April 5, 2004, the Bank's Chairman and Vice Chairman approved the empowerment of executive authority to the Bank's Chief Executive Officer or President to legally act on behalf of the Bank in conducting transactions up to a limit of Baht 3,000 million for each transaction. Either the Chief Executive Officer or President may delegate this authority to a Bank employee to act on behalf of the Bank within the limit of each employee's responsibility. In case of transactions over the said limit, the Board shall review and approve the limit of such transaction on a case-by-case basis.

Executive Authority of the Bank

In addition to the aforementioned empowerment of an executive authority, the Bank has also established a set of criteria and plan 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, yet without losing control. The internal executive authority is categorized into 3 areas:

- (1) Executive authority shared by various authorities
- (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 distribution of the Chief Executive Officer's and/or President's authority to administer and execute various tasks within the Bank to the next lower level of management.

(2) The Chief Executive Officer and/or the President are assigned by the Board of Directors to approve the internal executive authority and its Principles.

(3) The internal executive authority shall include:

3.1 The executive authority specified in monetary terms within the limits of the Bank's approved budget;

3.2 Other executive authority that is non-financial, but represents the required authority which management at various levels and positions must use to manage functions, such as the authority to increase or decrease manpower, the authority to disclose sensitive information and the authority to hire outside contractors;

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

4.1 Executive authority shared among various entities refers to authority that is not assigned specifically to any one particular entity, but may be specified according to the work performed by those employing such authority in various departments. This includes executive authority in 9 areas:

- 4.1.1 Executive authority relating to human resources
- 4.1.2 Executive authority relating to credit approval
- 4.1.3 Executive authority relating to collateral
- 4.1.4 Executive authority in debt restructuring and litigation
- 4.1.5 Executive authority relating to expenditures



4.1.6 Executive authority to quote exchange rates and offer fee and interest rate discounts to domestic and foreign businesses

4.1.7 Executive authority to provide service to customers in export-import businesses

4.1.8 Executive authority of the Assets and Liabilities Management Sub-committee

4.1.9 Executive authority relating to other aspects

4.2 Departmental executive authority is executive authority given to a specific department relative to its business activities and is being delegated to the management of that group or department, as well as to individuals in various positions in the related department(s).

4.3 Branch executive authority is the authority given to a specific branch relative to its business activities, being delegated to District Managers, Zone Managers and Branch Managers, as well as individuals in various positions in the branch.

(5) Executive authority principles are established and presented in tabular form to ensure that the management and staff at all operational levels will perform according to the approved authority and risk management limit.

Board Meetings

The Board schedules Board Meetings for every last Thursday of the month, and, in addition, may hold special meetings as deemed appropriate. The agenda for Board Meetings shall be categorized into groups. The Secretary to the Board shall arrange a Notice of the Board Meeting, agenda and related documents to be delivered to each Director at least 7 days in advance, except in cases of urgency, to allow sufficient time for the Board to study the matters at hand. Each item of agenda and resolution is recorded in writing, and the Minutes of the Board Meeting are certified by the Board and filed for examination by the Board, or others concerned.

In 2004, the Board held a total of 15 meetings: Details of each Director's attendance have appeared under the item of each Board's Meeting in 2004.

Advisers to the Board of Directors

The Board of Directors appointed several qualified persons to act as Advisers to the Board of Directors, comprising:

1. Mr. Pirote Lamsam
2. Mr. Chaleo Yoovidhya
3. Mr. William Mark Evans

Roles and Responsibilities of the Advisers to the Board of Directors

Roles and responsibilities of the Advisers to the Board of Directors are to make recommendations to the Board of Directors in matters that are relevant to, and within, the authority and responsibilities of the Board of Directors. These include, for example, the Bank's policies, or issues that require compliance with established laws and regulations, as well as on other important business that, once undertaken, may cause significant changes to, or clearly impact, the Bank's operations.



The Board Committees

The Board of Directors has appointed persons who have knowledge and skills that are suitable to be members of Board Committees with the specific duty to study and review important matters that need close supervision prior to proposal to the Board of Directors. The Board Committees consist of the Audit Committee, the Corporate Governance Committee, the Human Resources & Remuneration Committee, and the Risk Management Committee. The Bank also has a Management Committee consisting of the Chief Executive Officer, the President and a number of executives to manage and operate the Bank's business as defined by the Board. In addition, a number of directors have been appointed as the Advisory Directors to the Management Committee, with the duty of providing consultation as the Board deems appropriate.

Moreover, the Bank has also appointed nine Sub-committees to consider and review the scope of work designated as the responsibility of each Sub-committee.

1. Audit Committee

The Board of Directors approved the establishment of the Audit Committee on June 25, 1998. Each member has a 3-year term. The Committee must have at least 3 independent members. At present, there are 4 members and at least one of them has specific knowledge, understanding and experience in accounting and finance. Members are:

1. M.R. Sarisdiguna	Kitiyakara	Chairman
2. Mr. Somchai	Bulsook	Member
3. Professor Khunying Suchada	Kiranandana	Member
4. Ms. Elizabeth	Sam	Member
5. Mr. Vasant	Chariyatantiwate	Secretary

The Committee holds meetings and reports on resolutions to the Board of Directors regularly. In 2004, the Committee held a total of eleven meetings and reported all meeting resolutions to the Board.

Roles and Responsibilities of the Audit Committee

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

1. Review the Bank's quarterly, mid-year and annual financial statements with the Bank's Financial and Control Group and commonly review these with the Bank's auditor. This shall ensure as much as possible that the financial statements exhibit the correct and accountable financial status of the Bank, as well as complying with accepted accounting principles and existing banking laws and standards.

2. Review the effectiveness and adequacy of all risk management processes and the internal control system by discussing and evaluating work performed by internal and external auditors.

3. Review the Bank's operations to ensure that they are in compliance with the Securities and Exchange Acts, Stock Exchange of Thailand regulations, banking laws and regulations pertaining to banking business.

4. Review the effectiveness and adequacy of the internal audit functions.

5. Evaluate performance of external auditors, consider and make recommendations to the Board the appointment of external auditors each year, including the audit fees.

6. Review the connected transactions and consider cases for disclosure to ensure transparency in the event of connected or related transactions, or conflict of interest.

7. Prepare the Audit Committee's report to the Board of Directors after each meeting, and submit a yearly report signed by the Committee's Chairman summarizing actions of the Audit Committee to be included in the Bank's annual report.

8. Discuss and review with Management or outside experts any matters or activities having a bearing on the Board's oversight responsibilities.

9. Review its charter and the previous year's performance at least once a year, taking into account any assessment or commentary provided by the Chairman of the Board.

2. Corporate Governance Committee

The Board of Directors approved the establishment of the Corporate Governance Committee on April 3, 2002. Each member has a 3-year term. The committee comprises at least 3 members. At present, there are 2 non-executive Directors and 1 independent director, namely:



1. Pol. Gen. Pow	Sarasin	Chairman
2. Mr. Sukri	Kaocharern	Member
3. Professor Dr. Yongyuth	Yuthavong	Member
4. Ms. Sumonthip	Otrakul	Secretary

In 2004, the Corporate Governance Committee held five meetings and has reported all meeting resolutions to the Board.

Roles and Responsibilities of the Corporate Governance Committee

The Corporate Governance Committee has duties and responsibilities as established by regulations approved by the Board of Directors, as follows:

1. Establish principles and key rules for an effective governance supervision process that suits the Bank.
2. Develop and disseminate the principles for best practices in Corporate Governance.
3. Formulate the Code of Business Conduct and the Code of Conduct for the Bank's employees, and publicize or communicate to all concerned as performance guides, and for public information.
4. Develop and set up a plan for overseeing the Corporate Governance's compliance as proclaimed.
5. Review announcements concerning good corporate governance to prepare and present in the Bank's reports.
6. Recommend the Code of Best Practice for the Board of Directors and propose guidelines for the Board of Directors Charter, as well as all other Board Committee Charters.
7. Recommend the Code of Ethics for the Bank's business practices and the Code of Business Conduct for the Bank's management and personnel.
8. Review operational guidelines and Corporate Governance to ensure consistency and compatibility with the Bank's business.
9. Review and propose public announcements related to Corporate Governance issues.
10. Review and report to the Board of Directors matters related to Corporate Governance and give opinions on practical guidelines and suggest improvements, as deemed appropriate.
11. Monitor Good Corporate Governance at the Bank to have practical results.

3. Human Resources and Remuneration Committee

The Board approved the establishment of the Human Resources and Remuneration Committee on April 3, 2002. Each member has a 3-year term. The committee comprises at least 3 non-executive Directors. As of the end of 2004, there are 4 members; one of them is a non-executive director and 3 are independent directors, namely:

1. Mr. Charles L.	Coltman, III*	Chairman
2. M.R. Yongswasdi	Kridakon	Member
3. Mr. Chaisak	Saeng-Xuto	Member
4. Dr. Schwin	Dhammanungune	Member
5. Mr. Wanarak	Eckachai **	Secretary

* Mr. Charles L. Coltman, III has resigned from the position of Chairman of Human Resources and Remuneration Committee, and Dr. Schwin Dhammanungune has assumed the position.

** Mr. Wanarak Eckachai resigned the secretary's position, and Mr. Somkiat Sirichatchai is his successor as of January 1, 2005.

In 2004, the Human Resources and Remuneration Committee held 3 meetings and has reported all meeting resolutions to the Board of Directors.

Roles and Responsibilities of Human Resources and Remuneration Committee

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

1. Review and propose to the Board of Directors for approval issues relating to the human resources vision and strategies that are aligned with the Bank's business strategy.
2. Review the composition, size, experience and remuneration of the Board of Directors as well as selecting and recommending candidates with proper qualifications to the Board prior to further submittal for appointment at a General Meeting of Shareholders.
3. Ensure that a succession plan for senior management in specific positions and a list of candidates entitled for consideration are reviewed from time to time.



4. Review the remuneration strategy and propose for the Board's endorsement as well as review the salaries and benefits of senior management.

5. Establish the terms and conditions for the President and Chief Executive Officer's employment contract, their remuneration, as well as seek and recommend qualified successors to the President and the Chief Executive Officer when considered necessary.

4. Risk Management Committee

The Board of Directors approved to upgrade the status of the Internal Risk Management Sub-committee to that of the Risk Management Committee on April 3, 2003. Each member has a 2-year term and it must comprise at least 7 directors and executives. At present, the committee includes 2 Executive Directors, 1 Non-executive Director and 10 Bank executives, namely:

1. Mr. Banthoon	Lamsam	Chairman
2. Dr. Prasarn	Trairatvorakul	Member
3. Ms. Sujitpan	Lamsam	Member
4. Dr. Piengchai	Pookakupt	Member
5. Mr. Boontuck	Wungcharoen	Member
6. Mr. David L.	Hendrix	Member
7. Mr. Richard A.	Clarke	Member
8. Mr. Teeranun	Srihong	Member
9. Mr. Krisada	Lamsam	Member
10. Ms. Patcharin	Vongsiridej	Member
11. Mr. Surasak	Dudsdeemaytha	Member
12. Ms. Kattiya	Indaravijaya	Member
13. Mr. Prasopsuk	Damrongchietanon	Member and Secretary

In 2004, the Risk Management Committee held 13 meetings and reported to the Board of Directors per their assigned duties. This committee ensures that the Bank has established an effective risk management framework for early warning and sets measures to prevent and manage risks, including risks that affect operations, supervision to follow practices according to policies, and preparation of risk management reports to responsible persons.

Roles and Responsibilities of the Risk Management Committee

The Risk Management Committee has duties and responsibilities as established by regulations approved by the Board of Directors, as follows:

1. Have the authority to make decisions on related operations within the scope of responsibility defined in the Risk Management Committee Charter, with authority to access all pertinent information.

2. Define risk management policies of the Bank and present to the Board of Directors for their consideration such matters. These policies must cover the various types of risks associated with strategies, liquidity, credit, marketing, operation or other significant risks to the Bank.

3. Formulate strategies on the organization and resources used in the Bank's risk management to conform with the risk management policy of the Bank. These strategies must enable the effective analysis, assessment, evaluations, and monitoring of the Bank's risk management.

4. Define maximum credit lines according to the risk appetite and propose to the Board of Directors for consideration.

5. Monitor, review and recommend to the Board of Directors with regard to risk management policy, standard procedures, strategies and an overall risk estimation to ensure that the risk management strategy is being effectively implemented.



5. Advisory Directors to the Management Committee

The Board of Directors and the 88th Annual General Shareholders' Meeting on April 4, 2000, approved the establishment of the Advisory Directors to the Management Committee, comprising 5 members, namely:

- | | |
|--------------------|------------|
| 1. Mr. Banyong | Lamsam |
| 2. Pol. Gen. Pow | Sarasin |
| 3. Mr. Sukri | Kaocharern |
| 4. M.R. Yongswasdi | Kridakon |
| 5. Dr. Abhijai | Chandrasen |

Roles and Responsibilities of the Advisory Directors to the Management Committee

1. Give recommendations to the Management Committee as the Board of Directors deems appropriate.
2. Ensure efficiency of the Bank's management and operations.

6. Management Committee

The Board of Directors and the 88th General Meeting of Shareholders, on April 4, 2000, approved the establishment of the Management Committee, comprising 9 members, namely:

- | | | |
|-------------------|----------------|----------------------|
| 1. Mr. Banthoon | Lamsam | Chairman |
| 2. Dr. Prasarn | Trairatvorakul | Member |
| 3. Mr. Apichai | Bunyakiat | Member |
| 4. Dr. Piengchai | Pookakupt | Member |
| 5. Mr. Boontuck | Wungcharoen | Member |
| 6. Mr. David L. | Hendrix | Member |
| 7. Mr. Richard A. | Clarke | Member |
| 8. Mr. Wanarak | Eckachai* | Member |
| 9. Mr. Somkiat | Sirichatchai | Member and secretary |

**Mr. Wanarak Eckachai left the membership on January 1, 2005.*

In 2004, the Management Committee held a total of 50 meetings and has reported all meeting resolutions to the Board of Directors.

Authorities, Duties and Responsibilities

The Management Committee has duties and responsibilities as established by regulations approved by the Board of Directors, as follows:

1. The Management Committee shall have the responsibility of managing and undertaking the Bank's business as designated by the Board of Directors, or by specific resolution of the Board of Directors.

2. The Management Committee shall have the authority to manage the Bank's business according to given policies and plans.

3. The Management Committee shall have authority delegated by the Board of Directors, under their management jurisdiction of the Bank.

4. Management Committee Chairman shall submit Minutes of Management Committee Meetings for acknowledgement by the Board of Directors, but the following activities require prior approval of the Board of Directors:

4.1 Policy-related issues of the Bank

4.2 Certain issues likely to generate significant impact on the Bank's business

4.3 Certain issues requiring action by the Board of Directors in compliance with law

4.4 Certain issues requiring action in compliance with the Bank's Memorandum of Association

4.5 Issues the Management Committee considers 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.

5. The Management Committee shall have the responsibility and authority to undertake activities aimed at attaining the Bank's targets, including:

5.1 Preparation and review of strategic objectives, financial plans and key policies of the Bank, to be submitted for approval by the Board of Directors.



5.2 Screening the annual business plans, capital expenditures, performance targets, and other initiatives to attain the Bank's targets, to be submitted for approval by the Board of Directors.

5.3 Screening projects with capital expenditures, in excess of budgets designated by the Board of Directors, and submitting them for approval by the Board.

5.4 Considering and approving other issues stipulated under its legitimate authority, or as delegated by the Board of Directors

5.5 Reviewing management authority in various aspects stipulated under the approval authority hierarchy, to be submitted for approval by the Board of Directors

5.6 Managing and creating a balance between short- and long-term objectives

5.7 Appointing, monitoring and evaluating performances of employees from the level of Department Head down to Middle Management, including the recruitment of successors

5.8 Monitoring and reporting to the Board of Directors the Bank's operating results and other works in progress for achieving the Bank's objectives

5.9 Monitoring performances of employees at all levels with regard to risk management under the Bank's policies, including the effectiveness of the internal control system, and operations in compliance with related laws, rules and regulations

5.10 Reviewing newly initiated major activities or products, to be submitted for consideration and approval by the Board of Directors.

5.11 Communicating with outside stakeholders as deemed appropriate under delegated authority.

Selection of Management

The Management Committee's function is to select qualified candidates to be approved by the Board and appointed as management at the position of First Senior Vice President and above. As for the appointment of management of lower rankings, Group Heads shall select qualified candidates to be nominated and approved by the Management Committee or the President.

7. The Sub-committees

The Sub-committees' roles are to review and manage various matters within the Bank to ensure fairness, appropriateness, effectiveness and the highest efficiency for the Bank. There are nine Sub-committees, namely:

1. Information Technology Sub-committee
2. Assets and Liabilities Management Sub-committee
3. Retail Business Credit Sub-committee
4. Corporate Business Debt Recovering and Restructuring Sub-committee
5. Retail Business Debt Recovering and Restructuring Sub-committee
6. Foreclosed Property Management Sub-committee
7. Information Infrastructure Sub-committee
8. Product Pricing Sub-committee
9. Credit Policy Sub-committee



Meeting attendance of each Board Committee in 2004

Unit : Time

Board Members	Board of Directors (Total 15 meetings)	Corporate Governance Committee (Total 5 meetings)	Risk Management Committee (Total 13 meetings)	Audit Committee (Total 11 meetings)	Human Resources and Remuneration Committee (Total 3 meetings)
Mr. Banyong Lamsam	14				
Pol. Gen. Pow Sarasin	15	5			
Mr. Banthoon Lamsam	15		8		
Dr. Prasarn Trairatvorakul	10		10		
Mr. Sukri Kaocharern	13	4			
M.R. Sarisdiguna Kitiyakara	14			11	
M.R. Yongswasdi Kridakon	13				3
Mr. Somchai Bulsook	15			10	
Ms. Sujitpan Lamsam	14		13		
Professor Khunying Suchada Kiranandana	13			11	
Professor Dr. Yongyuth Yuthavong	13	4			
Mr. Charles L. Coltman, III	11				3
Mr. William Mark Evans	-	1			
Dr. Abhijai Chandrasen	15				
Ms. Elizabeth Sam	14			10	
Mr. Chaisak Saeng-Xuto	15				3
Dr. Schwin Dhammanungune	13				3

Remarks:

The number of members in each committee

<i>Board of Directors</i>	<i>16 members</i>
<i>Corporate Governance Committee</i>	<i>3 members</i>
<i>Risk Management Committee</i>	<i>13 members (3 are Board of Directors' members)</i>
<i>Audit Committee</i>	<i>4 members</i>
<i>Human Resources and Remuneration Committee</i>	<i>4 members</i>

Details of taking up positions:

*Dr. Prasarn Trairatvorakul took the position of Board Director on April 2, 2004.
Mr. William Mark Evans left the position of Board director on April 2, 2004.*

Details of meeting attendance through Teleconferencing system of each committee--

<i>Board of Directors</i>	<i>Mr. Banyong Lamsam</i>	<i>1</i>
	<i>Mr. Banthoon Lamsam</i>	<i>1</i>
	<i>Ms. Sujitpan Lamsam</i>	<i>6</i>
	<i>Mr. Charles L. Coltman, III</i>	<i>9</i>
	<i>Ms. Elizabeth Sam</i>	<i>2</i>



Corporate Governance Committee	Mr. William Mark Evans	1
Risk Management Committee	Ms. Sujitpan Lamsam	10
Audit Committee	Ms. Elizabeth Sam	5
Human Resources and Remuneration Committee	Mr. Charles L. Coltman, III	1

Three Board members, i.e., Mr. Charles L. Coltman, III, Ms. Elizabeth Sam and Ms. Sujitpan Lamsam do not reside in Thailand.

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 by taking into consideration the appropriateness of remuneration with respect to the obligations and responsibilities of each director, and the Bank's financial status, to ensure that remuneration is comparable to other commercial banks. A member of a committee who is also a member of other committees shall receive additional remuneration according to their increased responsibilities. The Bank has already received approval on its remuneration policies from General Meeting of Shareholders No. 90, dated April 3, 2002.

The remuneration for management is paid according to policies and criteria set by the Board of Directors. It ties directly to the performance of the Bank and Management. The Human Resources and Remuneration Committee shall propose appropriate remuneration to the Board of Directors for consideration and approval.

Details of remuneration to directors and executives are as follows:

1. Financial remuneration

1.1 Directors' remuneration: In 2004, 17 directors received remuneration as Bank Directors, and for the Advisory Directors to the Management Committee, the Audit Committee, the Corporate Governance Committee, the Human Resources and Remuneration Committee as well as Legal Adviser, totaling Baht 35,016,000.

Remuneration for Directors in 2004

Mr. Banyong Lamsam	-Received remuneration for Chairman and Advisory Director to the Management Committee, totaling Baht 6,960,000.
Pol. Gen. Pow Sarasin	-Received remuneration as Vice Chairman and Advisory Director to the Management Committee, totaling Baht 5,196,000; and as Chairman of the Corporate Governance Committee amounting Baht 360,000.
Mr. Bantoon Lamsam	-Received remuneration as a Director totaling Baht 840,000.
Dr. Prasarn Trairatvorakul	-Received remuneration as a Director totaling Baht 630,000.
Mr. Sukri Kaocharern	-Received remuneration as a Director and Advisory Director to the Management Committee, totaling Baht 2,040,000; and as a Member of the Corporate Governance Committee, amounting to Baht 240,000.
M.R. Sarisdiguna Kitiyakara	-Received remuneration as a Director totaling Baht 840,000; and as Chairman of the Audit Committee, amounting to Baht 720,000.
M.R. Yongswasdi Kridakon	-Received remuneration as a Director and Advisory Director to the Management Committee, totaling Baht 2,640,000; and as a Member of the Human Resources and Remuneration Committee, amounting to Baht 240,000.
Mr. Somchai Bulsook	-Received remuneration as a Director, totaling Baht 840,000; and as a Member of the Audit Committee, amounting to Baht 600,000.
Ms. Sujitpan Lamsam	-Received remuneration as a Director totaling Baht 840,000.
Professor Khunying Suchada Kiranandana	-Received remuneration as a Director totaling Baht 840,000 and as a Member of the Audit Committee, amounting to Baht 600,000.



Professor Dr. Yongyuth Yuthavong	- Received remuneration as a Director totaling Baht 840,000; and as a Member of the Corporate Governance Committee, amounting to Baht 240,000.
Dr. Abhijai Chandrasen	- Received remuneration as a Director and Legal Adviser totaling Baht 4,440,000.
Mr. Charles L. Coltman, III	- Received remuneration as a Director totaling Baht 840,000 and as Chairman of the Human Resources and Remuneration Committee amounting to Baht 360,000.
Mr. William Mark Evans	- Received remuneration as a Director totaling Baht 210,000; and as a Member of the Corporate Governance Committee amounting to Baht 60,000.
Ms. Elizabeth Sam	- Received remuneration as a Director totaling Baht 840,000; and as a Member of the Audit Committee amounting to Baht 600,000.
Mr. Chaisak Saeng-Xuto	- Received remuneration as a Director totaling Baht 840,000 and as a Member of the Human Resources and Remuneration Committee amounting to Baht 240,000.
Dr. Schwin Dhammanungune	- Received remuneration as a Director totaling Baht 840,000 and as a Member of the Human Resources and Remuneration Committee amounting to Baht 240,000.

Remarks: Dr. Prasarn Trairatvorakul assumed the position of Director on April 2, 2004.

Mr. William Mark Evans resigned from his position as a Director on April 2, 2004.

1.2 Remuneration for committee advisers totaled Baht 1,056,000.

1.3 Management remuneration: In 2004, executives from the position of Executive Vice Presidents and higher totaling 10 persons, received remuneration including salaries, living expenses, special pensions and bonuses from the Bank totaling Baht 140,594,610.01.

2. Other remuneration

The Extraordinary Meeting of Shareholders No. 1/1999, approved the offering and issuance of 50 million units of warrants to Bank employees (excluding directors) in 3 phases of the ESOP program. The shareholders' delegates or other persons delegated by them shall allocate these warrants to employees by taking into consideration the competency and potential of each employee.

The warrants are irrevocable subscription certificates offered at Baht 0 (zero) per unit. Each warrant can be exercised to purchase one Baht 10 (par) common share at a price of Baht 30 per share. The Bank received approval (from the shareholders) to offer 18.5 million units, of which 15,612,600 units were allocated to employees in Phase 1, August 2000. The first exercise date was December 28, 2001, and the final exercise date will be December 30, 2005. The Bank also received approval to offer 5 million warrants in Phase 2, of which 3,962,500 units were allocated to employees in December 2001. The first exercise date was December 30, 2002, and the final exercise date is December 29, 2006.

In Phase 3, the Bank offered 26.5 million warrants, of which 26,490,560 units were allocated to employees in December 2002. The first exercise date was December 30, 2003, and the last exercise date will be December 30, 2007. For Phase 3, the rules and conditions were revised to comply with a resolution of General Meeting of Shareholders No. 90 on April 3, 2002, as follows:

1. Adjustment of the exercise price from Baht 30 per share to a weighted average price from the last 5 trading days before the offering date, which was then equal to Baht 27.82 per share;

2. Adjustment of the warrant exercise dates from twice a year to four times a year. Exercise dates shall be the last working day of each March, June, September and December, until the expiration of each warrant.

Bank management-level personnel received allocations of warrants in the ratios of 7.68 percent, 11.68 percent and 11.28 percent of the total number of warrants allocated in Phase 1, Phase 2 and Phase 3, respectively. As of December 31, 2004, the total number of exercised warrants was 16,799,850 units, with 8,541,060 units from Phase 1, 1,451,140 units from Phase 2, and 6,807,650 units from Phase 3.

Furthermore, the Bank's executives at positions of Executive Vice President and higher totaling 10 persons received remuneration derived from provident funds totaling Baht 3,914,775.30.



Internal Control and Audit Systems

The Board of Directors has placed significant emphasis on efficient internal control systems, which are considered sufficient and appropriate for the Bank's business undertakings in order to prevent any possible damage to the Bank. It covers all key issues, ranging from management, operations, custodianship, financial systems, risk management, and compliance matters. The organizational structure of the Bank has been rearranged to enhance efficient functioning of management. Targets, strategies and operational guidelines have been set clearly and are measurable. Policies and procedures in writing have been put in place to prevent damage to assets of the Bank and its subsidiaries, or the misuse of power for personal gain. Recognizing the significance of an efficient internal audit system, the Board of Directors has established the Compliance and Audit Group, and this division of the Bank has the duty of supervising and auditing actions taken by Bank personnel and the internal control system itself, the results of which is reporting directly to the Audit Committee on a regular and continual basis. Due attention has been paid to comments and recommendations made by independent auditors, and the auditors of the Bank of Thailand (BOT), which, as the Board believes, enhances the efficiency of the internal control system for the highest efficiency.

Designated contents of the internal control and audit systems are as follows:

1. The Audit Committee is in charge of ensuring the sufficiency of the internal control system of the Bank, by reviewing, regularly and continuously, performance results of the Compliance and Audit Group and independent auditors. The Bank has an internal system considered sufficient and appropriate for current business undertakings, including control of actions in compliance with governing laws and the directives of regulatory agencies. In addition, it is stipulated that the Compliance and Audit Group must participate in discussions and exchange of information, together with reporting on compliance and internal audit actions to the Audit Committee at least once a quarter. This is established to assist the Audit Committee in deliberating on the limits, responsibilities, action plans, sufficiency and quality of the internal control system. Any useful recommendations on major problems or deficiencies will be immediately reported by the Audit Committee to the Board of Directors for timely and effective remedy.

2. The Risk Management Committee is responsible for supervising appropriate management of overall risks of the Bank. It also recommends to the Board of Directors a proper risk management policy, including assessment, mitigation and monitoring of risks, and reporting on the risk status.

3. Job descriptions and authority have been clearly prepared in writing for both the employees and executives. The duties of personnel, supervisors and assessors have been clearly separated as part of a proper check-and-balance system. This includes regular audits and control of its subsidiaries, as well.

4. The Bank has prepared written policies and operational procedures for the different functions of the Bank. Training and orientation programs have been provided for its employees in order to ensure a common understanding and capabilities that will lead to effective functioning. There is a manual for employees providing information on rules and regulations, a professional code of conduct, and standardized disciplinary actions for serious offenses for the sake of efficiency, transparency and fairness in actions for the benefit of all stakeholders.

5. The Compliance and Audit Group, directly under the Audit Committee, supervises the performance of the Bank and its subsidiaries. A risk-based approach has been adopted. It covers the supervision of actions in accordance with directives of regulatory agencies, operational procedures and the Code of Business Conduct of the Bank. The sufficiency of assessment of the internal control system, and appropriate risk management are covered as well. Audit results are reported to the Audit Committee once per quarter, together with further notification to relevant business group heads for action. Should any significant observations or recommendations emerge, the Compliance and Audit Group will immediately inform the President for timely alleviation and also present these findings to the Audit Committee for acknowledgement. Besides this, the Bank has enforced regular reviews of actions taken by the Bank and the internal control systems in order to promote awareness of correct and appropriate actions for Bank personnel.

6. The Bank recognizes the importance of IT and database systems to provide accurate and current information, sufficient for timely decision-making by executives and the Board of Directors. Particular attention has been given to data storage and accounting systems, which were developed in accordance with accounting policies and standards as prescribed by the BOT.

7. Reporting and evaluation: The Bank has monitored its performance results compared with designated goals for each and every month. Rectification is undertaken promptly where any significant deviation exists.



Report by the Board of Directors

It is the duty of the Board of Directors to report on the Bank's operating results and major events over the past year to shareholders for their acknowledgement. Also, the Board is responsible for the risk management and internal control systems to ensure that they be appropriate and effective. Pursuant to this, the Board has appointed the Audit Committee to maintain the quality of the Bank's Financial Statements and the internal control systems, as well as other related processes in compliance with generally accepted accounting standards. The Bank's financial data has been disclosed publicly and transparently. The Board of Directors has provided its report on the Bank's operations, and the Audit Committee report has been included in this Annual Report.

Investor Relations

Realizing the importance of information disclosure, the Bank has supervised and set clear policies, approved by the Board of Directors, relative to communications with outsiders. The objective of this is to ensure that disclosure of the Bank's financial and general information to its shareholders, investors and the general public will be accurate, complete and timely, in accordance with related laws and regulations. The Bank's information has been disseminated via various channels:

1. The Stock Exchange of Thailand, dispatches including -
 - 1.1 The Annual Report Form (56-1 Reporting Form)
 - 1.2 The Bank's Financial Statements (C.B. 1.1 Reporting Form, the Quarterly Financial Statement, and the Annual Financial Statement)
 - 1.3 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
6. Television
7. KBANK PR News
8. KBANK website (www.kasikornbank.com)
9. Company Visits/One-on-One Meetings
10. Non-dealing Roadshows
11. Analyst Meetings
12. Press Conferences
13. Notices to KBANK shareholders

The Bank has granted the Chairman, the Chief Executive Officer, the President and/or executives in the Corporate Communications and Administration Department the authority to reveal the Bank's information as well as reply to questions of investors who are both the Bank's shareholders and those interested in purchasing the Bank's stock. The Investor Relations Division was also established under Corporate Communications and Administration Department, with objectives and responsibilities to handle Investor Relations-related activities. It serves as the focal point for information services to shareholders, investors, analysts and credit rating agencies, both local and foreign. Accurate and timely information enhances the good image and reliability of the Bank to investors, as well as helping to provide service to shareholders more efficiently.

The Investor Relations Division was established on May 18, 1998, being initially called the Investor Relations and Shareholders' Services, under the Executive Office of the Corporate Secretariat Group. Then, on December 20, 2001, the Investor Relations and Shareholders' Services Unit was transferred to the Corporate Communications Department (CN) of the Corporate Secretariat Group. It was restructured on September 29, 2003, and the CN was renamed Corporate Communications and Administration Department, which directly supervises the Investor Relations.



In 2004, the Bank's executives and the Investor Relations Unit met with related persons to provide information in the following activities:

Meeting	No. of Meetings	No. of Companies	No. of Persons
One-on-one-Meetings	155	271	312
Conference Calls	9	10	12
Group Analyst Meetings	25	91	129
Investor Conferences	1	32	42
Roadshows	2	40	48
Total	192	444	543

Of the above figures, 21 meetings, which were attended by 101 persons from 70 companies, met with the Bank's Chief Executive Officer.

In 2004, KBANK Investor Relations won citations and praise from many investor polls conducted by magazines distributed globally, i.e. –

1. The Stock Exchange of Thailand presented KBANK with the “Best Investor Relations” at the SET Award 2004 Fair on July 26, 2004.

2. IR Magazine presented the “Best IR by a Thai Company” Award to KBANK on November 4, 2004, for the second consecutive year.

Corporate Secretary

The Bank has assigned Ms. Tida Samalapa, Secretary to the Board to handle the Corporate Secretariat function, and the Corporate Communications and Administration Department to carry out this function in detail consistent with the Statement of Corporate Governance Principles, for efficient management of the Bank.

The main duties and responsibilities of the corporate secretary include:

1. Providing primary advice pertaining to laws and regulations governing commercial bank business and the Bank's Articles of Association, monitor compliance of subsequent actions on a regular basis, and reporting on any significant changes to the Board.
2. Arranging meetings of shareholders and meetings of the Board of Directors in accordance with laws and regulations, and the Bank's Articles of Association and procedures.
3. Preparing meeting minutes for shareholder and Board of Directors meetings, and monitoring subsequent actions under resolutions of the shareholder and Board meetings.
4. Ensuring that corporate information disclosure to regulatory agencies is in accordance with laws and regulations.
5. Informing general shareholders of their legitimate rights and disseminating the Bank's information.
6. Assisting in Board activities.

Self-Assessment by KBANK Board of Directors

The Bank has resolved to adopt a self-assessment process, and a Self-Assessment Form is being used by the KBANK Board of Directors. It serves as a tool for reviewing performance, problems, issues and obstacles that have faced each director over the past year. Meanwhile, it also helps to strengthen working efficiency, providing a clearly designated scope of work and responsibility, and also complies with Corporate Governance Principles. The Board of Directors of KBANK conducts self-assessments once a year, and the assessment results are brought up for discussion at the next monthly Meeting of the Board.



Appointment of Auditors and Consideration of Audit Fees

The Audit Committee considers the qualifications and operations of auditors for recommendation to the Board of Directors on the appointment of the Bank's auditors, each year, including the audit fee to propose for approval at the Shareholders Meeting. The list of auditors to be proposed as the Bank's auditors must also be approved by the Bank of Thailand.

In 2004, the auditors' remuneration comprised of:

1. Audit Fees

The Bank and its subsidiary companies have paid audit fees to:

- Certified auditors of the Bank totaling Baht 8,602,000 in the past accounting year.
- The respective audit company or its independent, contracted auditors, including individuals or business entities related to the auditors and the respective audit company, totaling Baht 7,726,144 in the past accounting year.

2. Non-Audit Fees

The Bank and its subsidiary companies have paid non-auditing fees, i.e., special purpose audit engagement fees, asset valuations, consulting services irrelevant to auditing and engagements to perform agreed upon procedures, to:

- Certified auditors of the Bank totaling Baht 14,140,000* over the past accounting year, together with future payments of Baht 4,320,000*, due to incomplete work in the past accounting year.
- The respective audit company or its independent, contracted auditors, including individuals or business entities related to the auditors and their respective audit company, totaling Baht 590,250* over the past accounting year, together with future payments of Baht -0-, due to the incomplete work in the past accounting year.

*Note : * Excluding VAT*

Factors Affecting Investment Decisions

Legal Disputes

With the exception of lawsuits which ordinarily occur in general commercial bank operations, KBANK at present has no conflicts with business counterparts, no pending lawsuits or any litigation involving principals (excluding interest and expenses) exceeding 5 percent of the Total Shareholders' Equity as stated in the latest year-end balance sheet.

