

## Report of the Corporate Governance Committee



The Corporate Governance Committee of KASIKORNBANK PUBLIC COMPANY LIMITED comprises four directors: Sqn.Ldr. Nalinee Paiboon, M.D. as Chairperson, Mr. Wiboon Khusakul, Mr. Chanin Donovanik and Mr. Sara Lamsam as members.

In 2018, the Corporate Governance Committee held 4 meetings in order to discharge the duties and responsibilities mandated by the Corporate Governance Committee Charter. All meeting results were reported to the Board of Directors for acknowledgment, which in summary include:

- Endorsing the Bank's Corporate Sustainability Target, Corporate Citizenship Strategy and Environmental Management Strategy for 2019 - 2023.
- Providing recommendations on consideration of projects related to environment and society to reaffirm the Bank's good corporate governance practices and proper risk management; and monitoring the implementation progress of the projects on a regular basis.
- Approving action plans for sustainable development and corporate social responsibility activities; and providing recommendations and monitoring the implementation and dissemination of sustainable development and environmental campaigns.
- Reviewing the Bank's actions and information disclosure to enhance their effectiveness in accordance with the Corporate Governance Code established by the Office of the Securities and Exchange Commission.
- Reviewing charters, principles and policies as concern corporate governance and sustainable development to make them up-to-date and appropriate for the Bank's business and in compliance with relevant laws and best practices.
- Reviewing the Performance Assessment Form of the Board of Directors, Independent Directors Committee and Board Committees to be used as a tool for their performance assessment.
- Reviewing the Bank's preparations for General Meeting of Shareholders, in compliance with the laws, regulatory requirements, and best practices, including 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.
- Approving a strategic plan for good corporate governance activities to promote as organizational culture and promoting actions of directors, executives and employees in accordance with the good corporate governance principles, Code of Conduct and Anti-Corruption Policy, which has been communicated to companies within KASIKORNBANK FINANCIAL CONGLOMERATE.
- Providing recommendations on guidelines to promote actions of employees in accordance with the Code of Conduct.
- Approving guidelines of the Corporate Governance Report in the Annual Report and the Sustainability Report.

The Corporate Governance Committee has prudently and carefully discharged their duties and responsibilities as specified in the Corporate Governance Committee Charter, aiming primarily for maximum benefit to the Bank, shareholders and all stakeholders.

With the determination towards continuous improvements in corporate governance and sustainable development operations, the Bank has been selected as a component of the Dow Jones Sustainability Indices (DJSI) 2018 for the third consecutive year, becoming a part of both the DJSI World and DJSI Emerging Markets Indices. In addition, the Bank has received the outstanding sustainability award for listed companies and has been selected to be on the Thailand Sustainability Investment (THSI) list by the Stock Exchange of Thailand. The Bank also achieved the excellent assessment result under the Corporate Governance Report of Thai Listed Companies 2018 Project, organized by the Thai Institute of Directors Association.

The Corporate Governance Committee is strongly confident that our operations in accordance with corporate governance principles and sustainable development, as well as collaboration at all levels within the organization, will create sustainable value to all stakeholders and our business operation.

(Sqn.Ldr. Nalinee Paiboon, M.D.)

Chairperson, Corporate Governance Committee

## Report of the Human Resources and Remuneration Committee



The Human Resources and Remuneration Committee of KASIKORNBANK PUBLIC COMPANY LIMITED comprises three directors: Ms. Kobkarn Wattanavrangkul as Chairperson, Dr. Abhijai Chandrasen and Mr. Kalin Sarasin as members.

In 2018, the Human Resources and Remuneration Committee held 8 meetings on various matters in accordance with the duties and responsibilities mandated by the Human Resources and Remuneration Committee Charter. All meeting results were reported to the Board of Directors for acknowledgment, which in summary include:

- Concurring with the establishment of the Risk Oversight Committee, by abolishing the Risk Management Committee in accordance with the Bank of Thailand's Notification regarding Corporate Governance of Financial Institutions.
- Nominating qualified candidates as Board Committees' members and reviewing their suitability.
- Selecting and nominating qualified candidates to fill up the positions of directors retiring by rotation and for replacement of vacant positions under nomination process, with focus on the appropriate composition, size, and diversity of the Board, as well as compliance with the Bank's business strategic directions for submission to the Board of Directors for consideration and submission to General Meeting of Shareholders for election.
- Reviewing the criteria of granting the rights to shareholders to nominate candidates for election as directors and the questionnaire on qualifications of the nominated persons.
- Revising the Human Resources and Remuneration Committee Charter and Performance Assessment Form so that they are up-to-date, consistent with Bank's business operations, and in compliance with regulatory requirements and best practices.
- Reviewing the remuneration rate for directors to ensure that it is commensurate with the scope of their duties and responsibilities, as well as industry-wide comparison, taking into consideration such factors as the Bank's operating results, performance, and overall business, and the current economic environment.
- Providing advice on the Bank's human capital strategy and direction.
- Considering performance assessment of the Chief Executive Officer and Presidents compared to given targets and plans, and considering remuneration of the Chief Executive Officer and Presidents, which will be further proposed to the Board of Directors.
- Considering senior executive appointment proposals, plus changes in their duties and responsibilities, in tandem with the Bank's business direction, and reviewing succession plans for senior executives.
- Concurring with adjustment of criteria for annual salary review.
- Providing concurrence with executive and staff remuneration and benefits, in connection with the Bank's operating results and individual performance, as against peers, current inflation and trends.

The Human Resources and Remuneration Committee has prudently and carefully performed their duties and responsibilities, with transparency, as specified in the Human Resources and Remuneration Committee Charter, aiming primarily for the maximum benefit to the Bank and its shareholders.

(Ms. Kobkarn Wattanavrangkul)

Chairperson, Human Resources and Remuneration Committee

## Report of the Risk Oversight Committee



The Risk Oversight Committee of KASIKORNBANK PUBLIC COMPANY LIMITED comprises seven directors of KBank and one executive as members, of which Ms. Kobkarn Wattanavrangkul as Chairperson.

In 2018, the Bank has established the Risk Oversight Committee to replace the Risk Management Committee, which held 9 meetings during January to September, while the Risk Oversight Committee held 2 meetings during October to December in accordance with the duties and responsibilities mandated by the Risk Oversight Committee Charter. The Charter stipulates that Committee hold at least one meeting a quarter. All meeting results were reported to the Board of Directors for acknowledgment. Main duties and responsibilities include the following:

- Conducting an annual review of KASIKORNBANK FINANCIAL CONGLOMERATE risk management policies and risk appetite to align with KBank's strategic and business plans for enhancing business capability through value-added risk efficiency and risk stability activities.
- Endorsing the annual review of key risk limits, e.g., industry concentration limit, country limit, large group and large exposure limit and trading risk framework.
- Monitoring risk profile on various dimensions and ensuring impact analysis of changes in economic, social, political and regulatory changes in technology and cybersecurity factors on KASIKORNBANK FINANCIAL CONGLOMERATE, and providing guidance regarding approaches and implementation of stress testing program as well as formulating risk management strategy in anticipation of changing environment.
- Providing recommendation on formulation of IT and cybersecurity risk strategy to ensure alignment with business direction of digital financial services, with a focus on customer information security, stability of KBank system and changing behaviors of customers.
- Ensuring efficient risk management of KASIKORNBANK FINANCIAL CONGLOMERATE with concrete risk management assessment for K Companies to help prioritize key gaps and formulate consistent risk strategies. Emphasis has been placed on collaboration between KBank and K Companies in establishing risk management framework to be consistent with KBank standards. The Risk Oversight Committee has also emphasized the transparency of transactions within KASIKORNBANK FINANCIAL CONGLOMERATE to avoid conflicts of interest, and regularly given guidance on K Companies' risk management.

In the discharge of duties and responsibilities specified in the Risk Oversight Committee Charter, the Risk Oversight Committee has acted with care and prudence, aiming primarily for maximum benefit to KASIKORNBANK FINANCIAL CONGLOMERATE.

(Ms. Kobkarn Wattanavrangkul)  
Chairperson, Risk Oversight Committee

## Corporate Governance



The Board of Directors firmly believes that good corporate governance is instrumental to creating sustainable value to the business and enhancing the Bank's role as a "Bank of Sustainability", as well as fortifying confidence of shareholders and all stakeholders. In 2018, the Bank complied with the good corporate governance principles, as follows:

### 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 Bank makes every effort to ensure the basic equal legitimate rights of shareholders, including 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 auditor and the fixing of annual audit fees, and the right to vote on other various 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. Moreover, the Bank emphasizes the disclosure of accurate, complete, timely and transparent information to shareholders. The following measures were undertaken to promote the rights of shareholders:

1. All shareholders including institutional shareholders were encouraged to attend the 2018 General Meeting of Shareholders, held on April 4, 2018, by the following actions:

#### 1.1 Procedures prior to the meeting date:

- The meeting notice and related documents, both Thai and English, were disseminated on website more than 30 days prior to the meeting date, 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 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 were sent sufficient information to allow them to vote on every agenda item, each of which was identified clearly as items for acknowledgment, for approval, or for consideration, together with sufficient and clear comments by the Board of Directors to help shareholders in their voting decisions. The meeting notice was published in a daily newspaper for 3 consecutive days, at least 3 days before the meeting date.

- Shareholders were given the opportunity to submit questions concerning meeting agenda items in advance 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 in the meeting notice.
- The Bank gave detailed information as to which documents were necessary for shareholders or proxies to present on the meeting date in order to confirm the right to attend the



General Meeting of Shareholder Meeting No. 106 at KBank's head office

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, and to determine the voting directions.

#### 1.2 Procedures on the meeting date:

- The meeting was held at KBank Head Office. For convenient access of shareholders, shuttle vans were available between Rat Burana Head Office and Phahon Yothin Building.
- The Bank arranged for shareholder registration to begin more than 2 hours prior to the meeting schedule. Preparation of the venue and an appropriate number of greeters were also arranged to assist shareholders.
- The number and proportion of shareholders participating in the meeting in person and through proxies, the voting and vote counting methods were clearly explained. Both voting and vote counting were carried out in a transparent manner. The Bank used a barcode system for shareholder registration, vote counting and presentation of voting results, allowing for a rapid and efficient meeting process.
- The Bank arranged for an independent legal advisory firm to supervise meeting transparency, in compliance with related laws and the Bank's Articles of Association, and examination of the accuracy of vote counts. Shareholder representatives were selected to witness the vote counting.
- The meeting proceeded according to the announced agenda; no additional agenda item was included without prior notice to the shareholders.
- All shareholders were offered an equal opportunity to give suggestions and ask questions within an appropriate timeframe, and directors in charge of topics clarified and provided complete information to shareholders. All 16 directors were in attendance, as well as senior executives and auditors.

- Ballots were used to vote on every agenda item. For each agenda item, the Bank collected only the ballots of shareholders opposing or abstaining. To comply with the best practices for shareholders meetings, the Bank requested shareholders and proxies present at the meeting to return the ballots after the meeting was adjourned, and kept them as evidence and for future reference.
- The Bank provided English simultaneous interpretation for foreign shareholders and recorded the meeting on video for further reference.
- Shareholders who entered the meeting room after it had commenced were allowed to vote for agenda items that were still under consideration, pending for voting.

#### 1.3 Procedures after the meeting date:

- For shareholders' timely acknowledgment and examination of voting results, the Bank disclosed the resolution of each agenda item on our website on the shareholders meeting date.
- Comprehensive meeting minutes were recorded. They included significant details for each agenda item, e.g., attendance of directors and executives, proportion of directors attending the meeting, meeting resolutions, voting results (divided into approve, disapprove, abstain, no vote, voided ballot, or not entitled to vote), 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, as well as being made available on the Bank's website.

2. The Bank discloses important information for shareholders on our website and via the information dissemination system of the Stock Exchange of Thailand, and has published the quarterly newsletter Sarn Samphan to provide information and news on website, such as the overall economy, investment in money and capital markets, and other information that may be beneficial to shareholders.

## 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. Provision of information prior to the General Meeting of Shareholders:

- Shareholders were informed that 1 share equaled 1 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 having the right to vote. This practice is in line with the Bank's Articles of Association and related laws.

2. Protection of shareholders rights:

- Under the specified criteria of the Board and relevant regulatory agencies, the Bank provided shareholders with the opportunity to propose matters for inclusion as agenda items, as well as the opportunity to propose qualified candidates having no prohibited characteristics for election as directors at the General Meeting of Shareholders, during September 1 - November 30, 2017. Guidelines on the proposing procedure and 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.
- 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 was 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 auditor, fixing of the audit fees, and other agenda items as specified in the meeting notice.

3. The Bank has established internal regulations to supervise the use of inside information and securities and stock futures trading by directors and employees. In essence:

- 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 Senior 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 KBank 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 must have a copy of their ownership report of securities submitted to the Corporate Secretary, and such reports in 2018 were submitted 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.

4. Concerning intra-group transactions among KASIKORNBANK FINANCIAL CONGLOMERATE and conflicts of interest prevention, KASIKORNBANK operates as a financial conglomerate under the Financial Institution Business Act as approved by the Bank of Thailand. To encourage actions in compliance with standards of good governance and to meet targets related to its implementation, the Bank has initiated guidelines to control and supervise intra-group transactions, as well as preventing 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. Key criteria include:

- The Board of Directors has resolved to approve the policy of Intra-Group Transactions among KASIKORNBANK FINANCIAL CONGLOMERATE and the risk management policy of Intra-Group Transactions among KASIKORNBANK FINANCIAL CONGLOMERATE as operational guideline for the Bank and its subsidiaries in order to formulate systematic and precise intra-business transaction framework, under appropriate risk management and there should be review to ensure compliance with the laws, regulatory requirements and Consolidated Supervision Criteria of the Bank of Thailand for financial business groups.
- All types of business transactions within the financial conglomerate are based upon the Statement of Corporate Governance Principles. Attention is duly paid to the transaction conditions, all risks involved, internal control, reporting procedure and information disclosure, according to the Bank of Thailand's relevant policies.
- The Board of Directors has resolved to approve the Conflicts of Interest Prevention Policy, as well as guidelines to consider appropriateness in the

conduct of transactions that shall be under 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.

- All intra-business transactions comply with the procedures and are under the terms and conditions applied to the normal course of business. The quantitative amount of intra-business transactions, both individually and cumulatively, comply with the Conflicts of Interest Prevention Policy.
- Directors, executives, or employees with related interest in a transaction with the Bank or its subsidiaries must not participate in consideration or approval of such a transaction. The price of the transaction must be set appropriately, fairly, on an arm's length basis and in accordance with general commercial terms as applied to general customers.
- Connected transactions must be submitted to the Audit Committee for consideration, in case of such connected transactions being within the scope of consideration 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 of 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 Bank's and its subsidiaries' Board of Directors, and comply with policies and regulations enforced by the Bank and any competent agencies, as the case may be.
- 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 Management Department that has the responsibility to update the information regularly for use by the SME Product and Business Process Management Department and the Credit Policy and Risk Management Department. The monitoring of credit extensions and investment must follow the rules of concerned regulatory agencies. The Office of Corporate Secretary shall report information on the benefits of such persons to the Board of Directors when a transaction between the Bank and the person related to the Bank's directors and such persons is brought into consideration.

- 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 and to the Office of the Securities and Exchange Commission, 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 general commercial conditions 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.

- Evaluation of knowledge and understanding of staff dealing with connected transactions was conducted as planned. In this regard, the Bank's directors and employees must follow the Conflicts of Interest Prevention Policy as mentioned above, in accordance with official regulations.

5. Directors and executives shall file the reports on their interests and related persons' interests to the Corporate Secretary for further submittal to the Chairman of the Board and Chairman of the Audit Committee. Such reports shall be submitted each time of the change, to comply with the Securities and Exchange Act. In 2018, there were no changes in vested transactions of directors and executives. Directors and executives appointed in 2018 have already submitted their reports to the Chairman of the Board and Chairman of the Audit Committee for acknowledgment.

### 3. Roles of Stakeholders

The Bank has placed emphasis on the rights of all stakeholders, and clearly defined the policies and operational guidelines towards different stakeholders in the Statement of Business Conduct and Code of Conduct for all employees, as well as the human rights and anti-corruption policies. Contact channels have been in place for all stakeholders.

#### Actions towards Stakeholders

##### 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 has acknowledged and fully complied with 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

growth and demands of the organization. Compensation should be tied with short-and-long term performance, based on balanced scorecard, comparable to that of other leading companies. The Bank also ensures that compensation and performance evaluation criteria are appropriate with the current economic conditions and competition, and these are communicated to employees. Necessary training programs are continuously provided to enhance employees' capabilities. Good business culture and favorable 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 safety, occupational health and proper welfare 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 disaster 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. The Board approved a Market Conduct Policy to ensure fair and transparent treatments to customers. The Board also approved a Customer Data Privacy Policy that 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.

#### 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, avoid causing any environmental pollution and comply with the Bank's Supplier Code of Conduct. The Bank places emphasis on counterparties' transparent business operations, respect for human rights, fair treatment of labor and compliance with the standards related to safety, occupational health and environment. The Bank continuously organizes training to our suppliers, including monitoring, examining and assessing them.

#### Competitors:

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



KBank organized an activity to promote financial literacy for young members of the AFTERKLASS online community at K-Expert Center, Chamchuri Square Building.

#### Creditors:

The Bank abides by lending terms and conditions, including guarantee stipulations, and all legitimate duties to creditors, debenture holders and depositors. The Bank has in place the capital management directions that comply with related laws, regulatory requirements, and international guidelines and practices. In compliance with related laws, accurate and appropriate explanations have been given to creditors on all of the possible risks involved with non-deposit financial services. In case the Bank is unable to comply with any established conditions, advance notification will be made to related creditors in order to jointly resolve the problems.

#### Responsibility towards the Community, Environment and Society:

With adherence to the Corporate Citizenship Strategy, the Bank bears in mind the duties as a good citizen of the society and nation to promote and create benefits for the community, society and the environment. As part of our endeavor to create sustainability in community development, the Bank focuses on projects that help address problems and meet the needs of communities so as to create real changes in the society. The Bank supports projects that create benefits to the society and communities through our expertise in order to create positive impacts and changes in the society. These include budgetary support, donations, emergency assistance, employee volunteer activities, internal charitable activities, knowledge transfer via various activities with our business partners, networks, customers and the Kasikornthai Foundation. Those projects are monitored and evaluated to ensure that our social operations help tackle



KBank welcomed senior high school students and officials under the “Military Takes Kids to Government House” Program Class 5/2018 upon their study visit to KBank.



The “CSF CSR The Series: Kind-Hearted Elephants” project was introduced as part of the “100,000 Chuamong Chuan Kan Tham Di Tham Dai (100,000 Volunteer Hours)” project to make elephant-shaped hand exercising tools for patients with muscle weakness at Siriraj Hospital.

problems and create positive changes in the society, which promote growth of the whole nation. Notable projects include the “100,000 Chuamong Chuan Kan Tham Di Tham Dai (100,000 Volunteer Hours)” project, aimed at promoting our employees to invite outsiders, their family members, stakeholders to participate in volunteer activities in order to create benefits to the society in a sustainable manner. Our employees can take a one-day leave and select to participate in any volunteer activities of their choice. This project also encourages them to provide financial literacy to targeted groups in order to promote financial discipline. The “Cultivation of Wisdom” Project is intended to enhance the capacities of teachers and students by improving their mind and spiritual wellness to cope with changes in teaching and learning, as well as bolstering their advanced thinking skills, in order to create concrete results to the society and improve the Thai education system. “AFTERKLASS” Project is aimed at offering financial literacy to children and youths, including savings, finances, investment and how to start the business via [www.AFTERKLASS.com](http://www.AFTERKLASS.com), and AFTERKLASS CITY game, which simulates the real-life business world. Under the AFTERKLASS project, various activities are organized to enhance business skills to youths and experts are invited to share their experiences in various fields. The “Rak Pa Nan (Care for Nan Forest)” Project is aimed at conserving and protecting forests in Nan Province. As a major financial institution of the country, KBank has assisted in the implementation of the Nan Sandbox project aimed at revolutionizing the alleviation of headwater forest problems based on Phacharat (Civil Society) scheme, promoting community cooperation with the local communities, government agencies and related networks. The Nan Sandbox serves as

a platform to experiment with new concepts and problem-solving methods, which will be replicated in other provinces across the country. Our project to add value to organic waste via biosynthesis process can be developed to sustainably deal with organic waste in the future. The Bank also implemented various projects in support of efficient resource utilization, for example electricity and lighting system improvements, wastewater recycling, carbon neutral program, and staff training sessions on environmental issues under the Bank’s sustainability development courses. Officers were sent to attend training or seminars, including the Voluntary Reduction of Greenhouse Gas Emission Program, organized by Kasetsart University under the support of Thailand Greenhouse Gas Management Organization (Public Organization), for the fifth consecutive year. The Bank has also joined the Thailand Voluntary Emission Reduction Program (T-VER) and received Carbon Neutral Certification from Thailand Greenhouse Gas Management Organization (Public Organization). Details of implementations in economic, social and environmental dimensions in accordance with the Global Reporting Initiative Standards (GRI Standards) are included in **Sustainability Report 2018**.

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 is committed to discipline in the operation of its business and ensures that all business decisions and actions comply with all applicable laws and regulations and to observe the Bank's ethical standards and the Code of Conduct.

**Protection of Intellectual Property Right and Copyright:** The Bank complies with laws related to intellectual property and has a stance to not support any operation that may violate intellectual property right, via establishment of a policy to ensure IT stability and safety; only copyrighted software is used in the Bank's information systems. Employees are prohibited from installing unauthorized software copies on the Bank's computer systems, and their software use is examined.

**Human Rights Protection:** The Bank is committed to operating businesses in compliance with the laws and major international standards, such as principles of humanity and rights in accordance with International Labor Organization (ILO) and Principles of the United Nations Global Compact (UNGC). The Bank established the Human Rights Policy related to employees, customers and suppliers, and incorporated respect of human rights in the Code of Conduct, with regard to support and respect of human rights by refraining from human rights violations. The Bank also provides related knowledge for employees for use in their operations, while arranging channels to receive information and complaints on human rights violations. The policy is reviewed annually and in 2018, the policy was reviewed and there were no complaints on human rights violations.

## Anti-Corruption

KASIKORNBANK is committed to conducting business with transparency, integrity and compliance with regulatory requirements as well as good corporate governance practices. The Bank acts against corruption in all its forms and it undertook the following tasks:

1. 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. Since 2013, the Bank, KAsset and KSecurities have been recognized as certified companies of Thailand's Private Sector Collective Action Coalition Against Corruption by the Private Sector Collective Action Coalition Against Corruption Council, or CAC and received approval from CAC for recertification in 2016.

2. 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 addition, the Board of Directors approved the No Gift Policy and the Anti-Corruption Policy, which includes the issues of bribes and inducements, gifts and benefits, charitable contributions and financial sponsorships, as well as political contribution and activities. The policy is reviewed annually and in 2018, the annual review was already undertaken, and there was no donation for organization, unit, project or activity related to politics.

3. The Bank recognizes the importance of communications on the Anti-Corruption Policy for appropriate practices and actions within the organization. In 2018, training courses have been organized for executives and employees to equip them with knowledge on Anti-Corruption Policy. Moreover, communications on the Anti-Corruption Policy have been made with all directors, executives and employees via the Bank's internal media including a Corporate Governance Journal, electronic network system and its website, and tests have been conducted to measure the related knowledge of relevant employees via electronic system. In 2018, there were no complaints regarding corrupt actions. With our strong commitment towards anti-corruption of all forms, as well as ensuring transparency in our business operations and good governance practices, KBank and companies within KASIKORNBANK FINANCIAL CONGLOMERATE have adopted a No Gift Policy.

4. The Bank's departments responsible for risk assessment, monitoring and evaluation of anti-corruption practices include the following:

- The Operational Risk and Fraud Management Department is responsible for defining operational risk strategies and policy, as well as operational risk assessment and control, to ensure efficient prevention and mitigation of operational risks and mishandlings that may affect the Bank's financial position and reputation. 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 in order to detect suspicious cases that may lead to fraud. The Bank is now equipped with analysis of fraud and operational risks in all departments, with annual assessment of high-risk departments. Reports of such analysis are submitted to the Operational Risk Management Sub-committee, Risk Oversight Committee and Board of Directors. Moreover, all responsible employees have been trained on fraud prevention, while responsible employees have been assigned to attend fraud prevention courses organized by government agencies and outside organizations on a regular basis.

- 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 strict compliance 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 relevant internal control are proposed.
- The Corporate Governance Unit, Office of Corporate Secretary, has reviewed the Anti-Corruption Policy in consistence with the best practices and international standards, organized training and provided knowledge for directors, executives and employees. It also communicated regularly via the annual corporate governance activities, including mapping out concrete guidelines for monitoring and evaluation.

5. The Bank has extended its operational direction to suppliers, including:

- Communication with suppliers on the Code of Conduct related business ethics, human rights and labor, safety and occupational health, and environment for their acknowledgment and compliance.
- Establishment of guideline to inform to suppliers about the Bank's Code of Conduct before participating in the bidding processes.
- Communication with suppliers on business operations with no involvement with corruption and encouragement of suppliers to comply with anti-corruption policy and practices.
- Arrangement of supplier meetings on the Bank's procurement procedures and encouragement of suppliers to comply with anti-corruption policy and practices.
- Communication with customers and suppliers on No Gift Policy for any festivals and special occasions.

### Receiving Information, Complaints or Whistle-blowing

The Bank provides various communication channels for stakeholders, namely K-Contact Center, K-BIZ Contact Center, and branches, etc. A hotline is available as a center to receive and manage complaints. In addition, the Bank has established a written policy, Whistle-blowing Policy, which provides a channel for our stakeholders and companies within KASIKORNBANK FINANCIAL CONGLOMERATE to whistle-blow inappropriate or improper conduct, including non-compliance with laws, regulations, Code of Conduct, the Bank's policies and procedures or internal control weaknesses that may result in losses. Whistle-blowers can directly notify the Board of Directors of any improper conduct in alignment with the specified criteria shown under the "Investors" tab on the Bank's website or the Internal Audit Department as an independent unit in written documents or electronic mails. The Bank has a procedure and measure to protect the rights of information providers, protection of confidential information – only authorized persons can have access to such information, and the Audit Committee is assigned to issue instructions 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

### Information Disclosure

The Bank has a well-defined KASIKORNBANK Disclosure Policy, approved by the Board of Directors, 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 regulations. The Bank has authorized the Chief Executive Officer, Presidents, Chief Financial Officer, or Corporate Secretary who is responsible for Chief Investor Relations Officer function to consider and make decisions on the contents 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. Corporate Secretary who is responsible for Chief Investor Relations Officer function 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 should be assigned to coordinate with information owners in disseminating significant information related to the Bank.

In 2018, the Bank adequately disclosed important financial information in its financial statements. The disclosures were in line with regulations of the Bank of Thailand, the Stock Exchange of Thailand, the 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 independent certified public accountants. The Board of Directors 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 quarterly 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. Over the 5 year-period (2014 - 2018), the Office of Securities and Exchange Commission (SEC) fined the Bank twice in 2015 and 2016 due to the violation of section 113 of SEC Act.

The fine amount was not significant and the Bank has already improved its operations.

The Bank has disseminated its information through various channels and mass media on a regular basis so that shareholders and stakeholders can receive information thoroughly. Information outlets include, for example, the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, the Ministry of Commerce, newspapers, magazines and journals, television, KBank IR/PR news, KBank website ([www.kasikornbank.com](http://www.kasikornbank.com)), company visits, press conferences, and notice and meeting documents sent by mail to shareholders. In addition, the Bank provided information to shareholders and investors in various forms, e.g. Investor Presentation, Monthly Economic Information, K-IR Quarterly Review, quarterly newsletter Sarn Samphan and K-IR News which can be accessed via the Bank's website. In compliance with the Statement of Corporate Governance Principles, 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 outsiders via all channels, such as one-on-one meetings, conference calls, group analyst meetings and replies to questions related to the Bank's operating results.

### Investor Relations

In 1998, the Bank established the Investor Relations Unit under the Office of Corporate Secretary, as part of the Corporate Secretariat Division, to be responsible for investor relations management, preparation of annual investor relations plan and systemic disclosure of the Bank's information per regulatory requirements, for the benefits of shareholders, investors, analysts and credit rating agencies, both local and international. These included acknowledgment of opinion, recommendations and anticipations of shareholders, investors and securities analysts, in order to submit them to executives and the Board of Directors of the Bank (Two-way Communications), which will lead to the creation of consistent long-term targets. The Unit is also responsible for managing and supervising shareholders rights and benefits, in accordance with all applicable laws, as well as creating, maintaining and promoting cordial relationships with the Bank's shareholders. This will in turn enhance the Bank's image and credibility, thus creating higher value to shareholders in a sustainable manner over time. The Bank also conducts investor relations satisfaction

survey on an annual basis. The survey results are analyzed to optimize the efficiency and effectiveness of the investor relations policies, functions and activities in accordance with international standards. In this regard, shareholders can contact ordinary shares registrar at the Thailand Securities Depository Company Limited (TSD). The Bank business operations place emphasis on actions in accordance with the Good Corporate Governance Principles and the Bank has devised an Investor Relations Code of Conduct to ensure that our investor relations function is accurate, complete, and transparent in compliance with the laws, regulatory requirements, and the Bank's regulations. In 2018, the Bank implemented the Investor Relations activities, wherein 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	119	173	266
Conference Calls	52	199	240
Group Analyst and Investor Meetings	5	259	332
Investor Conferences	12	200	253
Non-deal Roadshows	8	187	319
Site Visits	7	37	54
<b>Total</b>	<b>203</b>	<b>1,055</b>	<b>1,464</b>

There were 12 events, out of the above, wherein a total of 308 persons from 196 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.

To create and support business with the foundation of Bank of Sustainability, the Investor Relations Unit has improved its operations towards a digital format by reducing the use of paper and delivering documents via digital channels. If printing of document or report is mandatory, environmental-friendly paper, printing ink and printing processes are chosen as to reduce greenhouse gas emissions.

Investors and shareholders may contact the Bank at: Corporate Secretary who is responsible for Chief Investor Relations Officer function:

Tel. : +662-4702673 to 4

Fax : +662-4702680

Investor Relations Unit, Office of Corporate Secretary:

- Individual Investors and Shareholders

E-mail : Shareholder\_IR@kasikornbank.com

Tel. : +662-4706116

Fax : +662-4702690

- Institutional Investors and Shareholders

E-mail : IR@kasikornbank.com

Tel. : +662-4706900 to 1 and +662-4702660 to 1

Fax : +662-4702690

Address:

KASIKORNBANK PUBLIC COMPANY LIMITED

Head Office, 33<sup>rd</sup> Floor,

Investor Relations Unit,

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.kasikornbank.com](http://www.kasikornbank.com)



Chairman of the Board and Chief Executive Officer met with analysts and fund managers at KBank's head office.

## Compliance with other Good Corporate Governance Principles

The Board of Directors considered applying the principles guidelines outlined in Corporate Governance Code for Listed Companies 2017 developed by the Office of the Securities and Exchange Commission into business operations. As the governing body of the company, all directors considered the Code thoroughly and understood the benefits and importance of adopting the CG Code for the company's sustainable value creation. The performance results in accordance with each practice guideline in the CG Code were assessed to ensure conformance with the guidelines that are suitable to business operations. For particular principles that are not used in the Bank's operations, the Board of Directors has considered and recorded as a board resolution.

The Bank recognizes the importance of and adheres to the good corporate governance principles, in conformance with the international standards which have been applied to the Bank's business operations based on transparency and suitability. In 2018, in comparison with the Corporate Governance Code of Office of the Securities and Exchange Commission and the Thai Institute of Directors Association, there remained some issues that the Bank has not yet complied with, including the following:

1. Chairman of the Board shall be independent and not be the same person as Chief Executive Officer. If not, the number of independent directors should be more than half of Board members.

Currently, Mr. Banthoon Lamsam is Chairman of the Board and Chief Executive Officer, so as to fulfill ongoing missions and create new generation of qualified leaders who can drive the organization towards stability and sustainability. The number of independent directors is more than half of all directors, i.e., 9 independent directors out of the total of 17 directors and the Board of Directors has appointed the Independent Directors Committee to maintain a check-and-balance between the Board and the management, and to protect the interests of all stakeholders.

2. The Board of Directors should comprise at least 5 but no more than 12 directors, appropriate for size, nature and complexity of business.

As of December 31, 2018, the Bank's Board of Directors was composed of 17 members - a number suitable for the Bank's business nature and consistent with the Bank's strategies and Articles of Association.

## 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. As of December 31, 2018, the Bank's Board of Directors included:

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

The directors consist of 6 women and 11 men. 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. Sara Lamsam, or Mr. Abhijai Chandrasen. Any of these persons must co-sign with Mr. Predee Daochai, or Ms. Kattiya Indaravijaya, or Mr. Pipit Aneaknithi, or Mr. Patchara Samalapa.

#### Corporate Secretary

The Board of Directors resolved to appoint Dr. Adit Laixuthai, Senior Executive Vice President, as Corporate Secretary and Secretary to the Board of Directors. The Office of Corporate Secretary, Corporate Secretariat Division, is a unit supporting the secretarial function of the Bank. The Corporate Secretary shall have basic knowledge in business, accounting, laws and regulations governing commercial banking business, or attended training courses concerning corporate secretarial practices; have knowledge and understanding about corporate governance principles and best practices; Be independent and straightforward in the discharge of duties and provision of both recommendations and comments; and have experience in the secretarial function to the Board of Directors or other qualifications that contribute to effectiveness in the discharge of corporate secretarial functions. Details of qualifications and experience, and main duties and responsibilities of Corporate Secretary are disclosed on the Bank's website, under the tab "Investors", "Corporate Governance" and then "Roles and Responsibilities of the Board".

In 2018, the Corporate Secretary attended Bangkok Sustainable Banking Forum 2018, organized by the Bank of Thailand, the "Cyber Risk Knowledge Sharing" training, organized by Oliver Wyman, "Thailand Focus 2018: The Future is Now" seminar, organized by the Stock Exchange of Thailand and "Thailand SDGs Forum 2018#1: Localizing the SDGs (Thailand's Sustainable Business Guide)", organized by ThaiPublica, an online news agency, and Thailand Sustainable Development Foundation.

### Qualifications of Independent Directors

The Board of Directors has revised the definition of "Independent Director" in conformity with the requirements of the Bank of Thailand and Notification of the Capital Market Supervisory Board and Corporate Governance Principles, in order to maintain investor confidence and balance in good governance. The Independent Directors are independent of management and major shareholders. The qualifications set by the Bank for "Independent Director" have been defined more stringent than the criteria set by the Capital Market Supervisory Board and in accordance with the Bank of Thailand's criteria. 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 a non-independent director, an executive director, a manager, an employee, a staff member, an adviser who receives a regular salary, or a controlling person of the Bank, company in KASIKORNBANK FINANCIAL CONGLOMERATE, 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, and 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 related 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 2018, 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 term of office for directors has been established clearly in the Articles of Association, Board of Directors Charter 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 hold their positions for no more than 9 consecutive years.

The term of office of directors of the Board Committees, i.e., Audit Committee, Corporate Governance Committee, Human Resources and Remuneration Committee, and Risk Oversight Committee shall be in accordance with directorship term at the Bank.

### 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 reporting system for holding the position of director in other companies has been setup, whereby KBank's directors are required to confirm information of being a director in other companies with the Office of Corporate Secretary at the end of every month for record. For high-ranking executives, they are required to directly report such information via the system at the end of every month. 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. Neither director nor executive of the Bank holds a directorship in more than 3 listed companies. None is 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 – Ms. Kobkarn Wattanavrangkul 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.

### Roles and Responsibilities of the Chief Executive Officer and the President

The Chief Executive Officer and the President shall have the responsibility of managing and conducting the Bank's business as designated by the Board of Directors, manage the Bank's business according to set policies and plans, and under the authorization delegated by the Board of Directors as well as the Bank's delegated operating authority.

## 5.2 Board of Directors

Mr. Banyong Lamsam is Honorary Chairman of the Bank.

As of December 31, 2018, the Bank's Board of Directors had 17 members, as follows:

Name	Position	Director Type
1. Mr. Banthoon Lamsam	Chairman of the Board and Chief Executive Officer	Executive Director
2. Ms. Kobkarn Wattanavrangkul	Vice Chairperson and Lead Independent Director	Independent Director
3. Ms. Sujitpan Lamsam	Vice Chairperson	Non-Executive Director
4. Mr. Predee Daochai	President	Executive Director
5. Ms. Kattiya Indaravijaya	President	Executive Director
6. Mr. Pipit Aneaknithi	President	Executive Director
7. Mr. Patchara Samalapa	President	Executive Director
8. Dr. Abhijai Chandrasen	Director and Legal Adviser	Non-Executive Director
9. Sqn.Ldr. Nalinee Paiboon, M.D.	Director	Independent Director
10. Mr. Saravoot Yoovidhya	Director	Independent Director
11. Dr. Piyasvasti Amranand	Director	Independent Director
12. Mr. Kalin Sarasin	Director	Independent Director
13. Ms. Puntip Surathin	Director	Independent Director
14. Mr. Wiboon Khusakul	Director	Independent Director
15. Ms. Suphajee Suthumpun	Director	Independent Director
16. Mr. Sara Lamsam	Director	Non-Executive Director
17. Mr. Chanin Donavanik	Director	Independent Director

### Authorities, Duties and Responsibilities of the Board of Directors

The Board of Directors is accountable 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 towards 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. Formulating or approving sound risk governance framework and overseeing the instillation of risk-based organizational culture.

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

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

The following activities require 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, taking into consideration, appropriate composition

and size, and diversity policy of the Board, i.e. gender, race, nationality, age, skills, knowledge, expertise, experience and independence (Board Skill Matrix), 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 revised the criteria and methods of director nomination on an annual basis, and took into consideration to seek directors in alignment with the Bank's strategies of business operations and sustainable development, using the information in the director pool database. Selection guidelines include:

1. Considering qualified persons, not having characteristics prohibiting them from holding a directorship in a financial institution, per the criteria of the Bank of Thailand, Office of the Securities and Exchange Commission, 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 experience defined by the Bank.

The Human Resources and Remuneration Committee shall consider performances of the directors who are due to retire by rotation, to be nominated for re-election as a director for another term.

The Bank gives shareholders the opportunity to propose candidates for consideration and election to such positions in the 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 retiring 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 retiring 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 retiring 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.

In 2018, the Human Resources and Remuneration Committee conducted director nomination, received the list of nominated persons and used the Director Pool as part of their consideration. Nomination was in line with the Bank's Customer Centricity strategy and in support of new business opportunities. Directors must possess experiences that are beneficial for the Bank's business undertaking and comply with the policy to promote diversity in the Board of Directors. Ms. Kobkarn Wattanavrangkul and Mr. Patchara Samalapa were deemed as having excellent knowledge and experience in business management, and the General Meeting of Shareholders resolved to appoint Ms. Kobkarn Wattanavrangkul and Mr. Patchara Samalapa as directors.

### 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 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 directors 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 the specified limit. 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.

### Board of Directors Meetings

The Board of Directors holds monthly meetings and schedules the meeting dates and agenda items in advance at the beginning of each year. The meetings are normally scheduled for the last Thursday of every month. Additional meetings may be held as deemed appropriate. The Corporate Secretary arranges for notices of board meetings, agenda, 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, or no less than 75 percent of the Board of Directors meetings held each year, except in extenuating circumstances; they should attend at least half of the board meetings held each year. The Board assigns the management to report the Bank's business operations to the Board of Directors for acknowledgment every month.

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. As for directors unable to attend the meeting in person, the Bank has provided a telecommunication system, according to the criteria and methods as specified by the laws, and improved presentation system via WebEx application. 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 management, 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 2018, 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 2018.**

### 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 as of December 31, 2018, including:

1. Mr. Sukri Kaochareem
2. Mr. Somchai Bulsook
3. Ms. Elizabeth Sam
4. Mr. Hiroshi Ota
5. Professor Dr. Yongyuth Yuthavong
6. Professor Dr. Pairash Thajchayapong
7. Professor Khunying Suchada Kiranandana

### Roles and Mission 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 assigned by the Board of Directors.

### 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 of 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, 2018, the Committee had 9 independent directors, as follows:

1. Ms. Kobkarn Wattanavrangkul  
Lead Independent Director
2. Sqn.Ldr. Naline Paiboon, M.D.  
Member
3. Mr. Saravoot Yoovidhya  
Member
4. Dr. Piyasvasti Amranand  
Member
5. Mr. Kalin Sarasin  
Member
6. Ms. Puntip Surathin  
Member
7. Mr. Wiboon Khusakul  
Member
8. Ms. Suphajee Suthumpun  
Member
9. Mr. Chanin Donavanik  
Member

The Independent Directors Committee holds meetings at least once a quarter. In 2018, the Committee held a total of 12 meetings and reported all meeting minutes to the Board of Directors.

### Authorities, Duties and 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 study and pre-screen matters that need prudent attention prior to submission to the Board

of Directors. Board Committees include the Audit Committee, Corporate Governance Committee, Human Resources and Remuneration Committee, and Risk Oversight Committee. The Board has also established a Management Committee 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.

### 1. Audit Committee

The Board of Directors approved the appointment of the Audit Committee in 1998, with the Committee having at least 3 independent members and each member having a term of office in accordance with directorship term at the Bank. 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. As of December 31, 2018, the Committee had 4 independent directors as follows:

1. Dr. Piyasvasti Amranand  
Chairman
2. Ms. Puntip Surathin  
Member
3. Mr. Saravoot Yoovidhya  
Member
4. Ms. Suphajee Suthumpun  
Member

Ms. Puntip Surathin and Ms. Suphajee Suthumpun have adequate expertise and experience to audit the credibility of the financial statements.

The Audit Committee holds at least 6 meetings per year and reviews operations regularly per its charter. In 2018, the Committee held a total of 12 meetings and reported all meeting minutes to the Board of Directors.

### Authorities of the Audit Committee

The Audit Committee shall have authority to obtain independent professional opinions or advices for the matters related to its duties and responsibilities, as necessary, at the Bank's expense.

The Audit Committee shall also have authority to access to any information it requires and to request a meeting with management, employees or external parties, as appropriate.

### Duties and Responsibilities of the Audit Committee

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

1. Reviewing financial reports on a quarterly, semi-annual, and annual basis, including taxation risk management with management and the external auditor of the Bank in order to ensure that the financial reports are accurate, sufficient and reliable, and in compliance with financial reporting standards and regulatory requirements.

2. Reviewing the effectiveness and appropriateness of risk management processes with the Risk Management Unit, in consultation with 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 laws and regulations pertaining to commercial banking business.

5. Reviewing reports of the internal auditors on the effectiveness and efficiency of risk management, internal control system and governance; discussing with the internal auditors about audit findings; and reviewing the implementation per recommendations of the internal auditors, external auditor, and regulators.

6. Reviewing the effectiveness of the internal audit function by reviewing and approving Internal Audit Charter, annual audit plan and significant changes of the approved plan; considering its independence and sufficiency of necessary resources; and concurring in the appointment, transfer, dismissal as well as evaluating performance of the Internal Audit Head.

7. Considering the qualifications, independence, performance and proposed audit fee of the external auditor and recommending the appointment and termination of the external auditor, including audit fee arrangement to the Board of Directors; and holding at least one meeting a year with the external auditor without the presence of management.

8. Considering the Bank's policy and procedures in relation to non-audit services provided by the audit firm of the external auditor and giving consent to the engagement of such service to ensure that it will not impair the independence of the external auditor.

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

10. Considering the disclosure of information on connected transactions, conflicts of interest or certain Bank operations that can produce significant effects to ensure transparency and appropriateness.

11. Ensuring that preliminary investigation is carried out after receiving the external auditor's report on suspicious of fraud or violation of laws by the Bank's 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.

12. Overseeing and receiving complaint or information submitted directly by stakeholders for attention of the Board of Directors and the whistle-blowing through Internal Audit channel.

13. Reviewing the effectiveness of the internal control system and reviewing the validity of self-assessment results in compliance with the anti-corruption policy.

14. Reporting to the Board of Directors when there is information about the material weaknesses of internal control and overseeing immediate remediation of internal control weaknesses.

15. Submitting minutes of each Audit Committee Meeting to the Board of Directors, and preparing the annual Audit Committee Report, signed by the Audit Committee Chairman, 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.

16. Reviewing the Audit Committee Charter at least once a year to appropriately cover its duties and responsibilities and proposing any necessary amendments to the Board of Directors for consideration.

17. Annually conducting its performance assessment relatively to the Audit Committee's purpose, duties and responsibilities and reporting the performance assessment to the Board of Directors.

18. Performing other duties per regulatory requirements or assignment of the Board of Directors, as agreed by the Audit Committee.

## 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 term of office in accordance with directorship term at the Bank. As of December 31, 2018, the Committee had 4 members, comprising 3 independent directors and 1 non-executive director, as follows:

1. Sqn.Ldr. Nalinee Paiboon, M.D.  
Chairperson
2. Mr. Wiboon Khusakul  
Member
3. Mr. Sara Lamsam  
Member
4. Mr. Chanin Donovanik  
Member

The Corporate Governance Committee holds at least 4 meetings each year. In 2018, the Committee held 4 meetings and reported all meeting minutes to the Board of Directors.

### Authorities, Duties and 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 the Bank's sustainable development undertakings.
11. Reviewing and reporting to the Board of Directors matters related to corporate governance and sustainable development of the Bank, giving opinions on practical guidelines and recommending amendments as deemed appropriate.

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

13. Overseeing the good corporate governance of KASIKORNBANK FINANCIAL CONGLOMERATE.

### 3. Human Resources and Remuneration Committee

The Board of Directors approved the appointment of the Human Resources and Remuneration Committee in 2002, with each member having a term of office in accordance with directorship term at the Bank. The Committee comprises at least 3 non-executive directors. As of December 31, 2018, the Committee had 3 members, comprising 2 independent directors and 1 non-executive director, as follows:

1. Ms. Kobkam Wattanavrangkul  
Chairperson
2. Dr. Abhijai Chandrasen  
Member
3. Mr. Kalin Sarasin  
Member

The Human Resources and Remuneration Committee holds at least 3 meetings each year. In 2018, the Committee held 8 meetings and reported all meeting minutes to the Board of Directors.

### Authorities, Duties and 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, diversity, and remuneration of the Board of Directors on a regular basis, 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 approval.

6. Overseeing the formulation of policy, criteria and procedure for the nomination and payment of remunerations and benefits to directors and senior management of companies within financial business group.

7. Discussing with the Risk Oversight Committee about a remuneration policy that reflects major risks of financial institutions.

### Nomination of Management

The Human Resources and Remuneration Committee is responsible for nominating, selecting and reviewing qualified candidates, in consultation with the Chief Executive Officer or the Presidents, considered the criteria to be proposed to the Board of Directors for endorsement before submitting to the Bank of Thailand for concurrence for appointments to the 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 Oversight Committee

The Board of Directors approved the establishment of the Risk Oversight Committee to replace the Risk Management Committee on September 27, 2018. Each member who is a Bank director has a term of office in accordance with directorship term at the Bank. For member who is an executive, his/her term of office is subject to the Board of Directors' resolution. The Committee must comprise at least 3 members. As of December 31, 2018, the Committee had 8 members, comprising 4 independent directors, 1 non-executive director, 2 executive directors and 1 executive, namely:

1. Ms. Kobkarn Wattanavrangkul  
Chairperson
2. Ms. Sujitpan Lamsam  
Member
3. Dr. Piyasvasti Amranand  
Member
4. Ms. Puntip Surathin  
Member
5. Ms. Suphajee Suthumpun  
Member
6. Mr. Pipit Aneaknithi  
Member
7. Mr. Somkid Jiranuntarat\*  
Member
8. Mr. Patchara Samalapa  
Member

\* Mr. Somkid Jiranuntarat resigned from Chairman of KASIKORN BUSINESS-TECHNOLOGY GROUP, effective on January 1, 2019, and Mr. Ruangroj Poonpol, Chairman of KASIKORN BUSINESS-TECHNOLOGY GROUP, was appointed as a member of the Risk Oversight Committee, effective from January 18, 2019.

The Risk Oversight Committee meets at least once each quarter. In 2018, the Committee held 2 meetings and reported all meeting minutes to the Board of Directors. Before the Risk Oversight Committee establishment, the Risk Management Committee held 9 meetings in 2018.

### Authorities, Duties and Responsibilities of the Risk Oversight Committee

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

1. Providing advice for the Bank's Board of Directors related to the risk governance framework of the Financial Conglomerate.
2. Ensuring that the high-ranking executives and head of risk management function adhere to the risk management policies and strategies, as well as risk appetites.
3. Ensuring that the strategies for capital and liquidity management are consistent with the approved risk appetites.

4. Reviewing and examining the adequacy and effectiveness of the overall risk management policies and strategies, including the risk appetites as well as compliance with laws and regulations at least once a year or upon significant changes. Conducting consultation and exchange of opinions with the Audit Committee to assess whether the overall risk management policies and strategies cover all risk types and emerging risks, and to ensure that the overall policies and strategies of risk management and compliance with laws and regulations have been implemented efficiently and effectively.

5. Reporting to the Bank's Board of Directors on risk positions, risk management efficiency, risk culture assessments and significant matters, as well as corrective actions to address any risk policies or risk strategies compliance issues.

6. Participating in the evaluation of the head of risk management and compliance function performance.

7. Performing other duties as determined by the authorities or the Bank's Board of Directors.

#### 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> General Meeting of Shareholders, on April 4, 2000, approved the appointment of the Management Committee. The Committee consists of the Chief Executive Officer, Presidents, officials and persons that the Board of Directors deems appropriate. As of December 31, 2018, the Committee comprised 6 members, namely:

1. Mr. Banthoon Lamsam  
Chairman
2. Mr. Predee Daochai  
Member
3. Ms. Kattiya Indaravijaya  
Member
4. Mr. Pipit Aneaknithi  
Member

5. Mr. Somkid Jiranuntarat\*  
Member

6. Mr. Patchara Samalapa  
Member

\* Mr. Somkid Jiranuntarat resigned from Chairman of KASIKORN BUSINESS-TECHNOLOGY GROUP, effective on January 1, 2019, and Mr. Ruangroj Poonpol, Chairman of KASIKORN BUSINESS-TECHNOLOGY GROUP, was appointed as a member of the Management Committee, effective from January 18, 2019.

The Management Committee shall hold at least one meeting a month, except when there is compelling reason or when there is no required meeting agenda or other justifiable reason. In 2018, the Management Committee held 25 meetings and reported all meeting minutes to the Board of Directors every month.

#### Authorities, Duties and Responsibilities of the Management Committee

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

1. Managing and conducting the Bank's business as designated by the Board of Directors, or under specific assignment by the Board of Directors.

2. Managing the Bank's business according to set policies and plans, and under the authorization delegated by the Board of Directors as well as the Bank's delegated operating authority, to ensure that the Bank's business management can achieve the set target.

3. Considering and approving the roles and duties of the Operating Committee and change in constituents of the Operating Committee.

4. The Management Committee Chairman or persons, assigned by the Chairman, shall report business activities undertaken by the Management Committee to the Board of Directors for acknowledgment. However, policy-related issues of the Bank, or issues likely to cause significant changes in the Bank's business, or certain issues requiring action by the Board of Directors of the Bank in compliance with laws, or the Bank's rules and regulations, or 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 activities require prior approval of the Board of Directors.

## Meeting Attendance of the Board, Independent Directors Committee and Board Committees in 2018

(Number of Meetings)

Board Members	Board of Directors (Total 12 meetings)	Non-Executive Directors (Total 1 meeting)	Independent Directors Committee (Total 12 meetings)	Audit Committee (Total 12 meetings)	Corporate Governance Committee (Total 4 meetings)	Human Resources and Remuneration Committee (Total 8 meetings)	Risk Management Committee (Total 9 meetings)	Risk Oversight Committee (Total 2 meetings)
Mr. Banthoon Lamsam	12/12							
Professor Khunying Suchada Kiranandana <sup>(1)</sup>	3/3		3/3			3/3		
Ms. Kobkam Wattanavrangkul <sup>(2)</sup>	9/9	1/1	9/9			5/5		2/2
Ms. Sujitpan Lamsam	12/12	1/1					9/9	2/2
Mr. Predee Daochai	12/12						9/9	
Ms. Kattiya Indaravijaya	11/12						5/9	
Mr. Pipit Aneaknithi	11/12						9/9	2/2
Mr. Patchara Samalapa <sup>(3)</sup>	8/9						5/6	1/2
Dr. Abhijai Chandrasen	12/12	1/1				8/8		
Sqn.Ldr. Nalinee Paiboon, M.D.	12/12	1/1	12/12		4/4			
Mr. Saravoot Yoovidhya	11/12	1/1	10/12	10/12				
Dr. Piyasvasti Amranand	11/12	1/1	11/12	12/12				2/2
Mr. Kalin Sarasin	10/12	1/1	11/12			7/8		
Ms. Puntip Surathin	11/12	1/1	11/12	9/12				2/2
Mr. Wiboon Khusakul	12/12	1/1	11/12		4/4			
Ms. Suphajee Suthumpun	11/12	1/1	11/12	12/12				2/2
Mr. Sara Lamsam <sup>(4)</sup>	12/12	1/1			1/1		8/9	
Mr. Chanin Donavanik	11/12	1/1	11/12		4/4			

## Remarks:

- <sup>(1)</sup> Professor Khunying Suchada Kiranandana expressed her intent not to be nominated for re-election in compliance with the Board of Directors Charter, effective on April 4, 2018.
- <sup>(2)</sup> Ms. Kobkam Wattanavrangkul was appointed a director, Vice Chairperson, Lead Independent Director and Chairperson of the Human Resources and Remuneration Committee on April 4, 2018.
- <sup>(3)</sup> Mr. Patchara Samalapa was appointed a director and President, and a member of the Risk Management Committee on April 4, 2018.
- <sup>(4)</sup> Mr. Sara Lamsam was appointed a member of the Corporate Governance Committee on September 1, 2018.

• Number of members on the Board, Independent Directors Committee and Board Committees (As of December 31, 2018):

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

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

The Board of Directors	Ms. Sujitpan Lamsam	6 meetings
	Mr. Wiboon Khusakul	2 meetings
	Mr. Chanin Donavanik	1 meeting
Non-Executive Directors	Mr. Chanin Donavanik	1 meeting
Independent Directors Committee	Mr. Kalin Sarasin	2 meetings
	Mr. Wiboon Khusakul	1 meeting
	Mr. Chanin Donavanik	1 meeting
Corporate Governance Committee	Mr. Chanin Donavanik	1 meeting
Human Resources and Remuneration Committee	Mr. Kalin Sarasin	5 meetings
Risk Management Committee	Ms. Sujitpan Lamsam	4 meetings
	Mr. Predee Daochai	7 meetings
	Mr. Patchara Samalapa	1 meeting
	Mr. Sara Lamsam	8 meetings
Risk Oversight Committee	Ms. Sujitpan Lamsam	1 meeting
	Mr. Pipit Aneaknithi	1 meeting
	Mr. Patchara Samalapa	1 meeting

## 5.5 Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors comprises persons who have knowledge, ability and working experience beneficial to the Bank, and are independent in their decision making. Every year the Board reviews and approves the Vision, Mission, Core Values and strategies. The 2018 review was completed to ensure that all matters are up-to-date and comply with the Bank's long-term business directions. Also on a yearly basis, the Board of Directors approves strategic directions and policies of KASIKORNBANK FINANCIAL CONGLOMERATE, reviews the annual business plan and budget, and monitors and oversees management in effectively carrying out actions that are in line with the designated policies, corporate strategy 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 has assigned the management to report the Bank's operational results to its meetings on a quarterly basis.

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 sustain 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, 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 on the Bank's website.

The Corporate Governance Policy covers the Bank's Vision, Mission, 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 2018, the Bank assessed operations results according to the Corporate Governance Policy and the review of such policy was proposed to the Board of Directors for consideration so as to ensure compliance with regulatory requirements and best practices.

The Bank encourages everyone 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 2018, 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, Code of Conduct and Anti-Corruption Policy were three main issues in an orientation class for new directors and executives and through e-Learning activities for new employees.
- Criteria for supervising the use of inside information related to securities and stock futures trading, the KASIKORNBANK Disclosure Policy concerning the prohibition of operating result disclosure were disseminated to directors and employees.
- A no gift policy has been communicated at KBank and companies within KASIKORNBANK FINANCIAL CONGLOMERATE.
- Meetings were held to enhance correct understanding concerning risk management and fraud prevention, internal control, practices in compliance with corporate governance principles, anti-corruption policy and regulatory requirements to K Companies and P Companies.
- Training course on Corporate Governance, Risk Management and Compliance (GRC) was organized for executives.
- Actions in compliance with the Code of Conduct, Anti-Corruption Policy and the Statement of Corporate Governance Principles were disseminated to employees

through a Corporate Governance database set in the electronic network, including bulletin, Corporate Governance Journal and the Bank's closed circuit TV network.

- Communications were conducted on compliance with the Bank's regulations and requirements, and channels to submit information about complaints, via the Bank's closed circuit TV network, electronic network and KASIKORNBANK newsletter.
- Operational guidelines based on "Responsibility, Transparency and Fairness" were communicated by executives for employees' adherence in their performance under the principle of providing fair sales and services in order to instill a risk-based culture in the organization. To perform their tasks with responsibility employees are required to understand sales regulations, provide recommendations that meet the customers' needs and financial ability. To undertake their tasks with transparency, employees are required to provide complete and accurate information, as well as basic rights and alternatives to the customers. To carry out their tasks with fairness, employees must not force the customers to buy or set up sales conditions.
- The CG Visit Project was implemented for secretaries to the Audit Committee, Human Resources and Remuneration Committee and Risk Oversight Committee to offer consultation, recommendations, and review of compliance with the Statement of Corporate Governance Principles.
- A training course related to the Code of Conduct and Anti-Corruption Policy was organized via KBank e-Learning system to enhance correct understanding and observance among executives and employees in the discharge of their duties. Employees were required to pass an evaluation of their knowledge and understanding after the training.
- Recommendations and knowledge were provided as concerns legal issues, regulations, requirements and operational procedures related to corporate governance for directors, executives, department staff and K Companies' employees, while responses were given to all their inquiries.
- The Bank participated in the Anti-Corruption Day (Thailand) 2018.

### Statement of Business Conduct and Code of Conduct

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. Attracting and recruiting people with skills and experience, continually developing human resources, and offering salaries and benefits 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. Ensuring fairness for all.
6. Believing in strong ethical standards and carrying out our business with integrity and honesty.
7. Protecting customer confidentiality using professional standards.
8. Being dedicated to carrying out responsibilities in a professional manner.
9. Being responsive to customers' needs.
10. Being committed to discipline in business execution, conforming to related laws and regulations.

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.

The Bank has identified important rules and practical guidelines that are in accordance with the Code of Conduct, which are detailed and disseminated to employees, and supported the implementation of the Code of Conduct throughout K Companies and P Companies. Operational procedures have been prepared and reviewed in accordance with business and regulatory requirements.

The Corporate Governance Unit, Office of the Corporate Secretary, has reviewed the Code of Conduct in consistence with the best practices, and launched activities to promote ethical behaviors 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.

In addition, the Bank has assigned the Compliance Department to supervise staff compliance with the Code of Conduct to assess effectiveness of operation.

### 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 internal control system in every business undertaking of the Bank and Companies within KASIKORNBANK FINANCIAL CONGLOMERATE. Internal Control Policy, in compliance with Internal Control – Integrated Framework recently revised by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), was introduced requiring all units to comply with the policy for all business operations and employees' practices to ensure that the goals and objectives of the Bank and Companies within KASIKORNBANK FINANCIAL CONGLOMERATE will be met and the operations will be effective and efficient to achieve long-term profitability including maintaining reliable financial and managerial reporting. Such a system can also help to ensure compliance with laws and regulations as well as policies, plans, and internal rules and procedures, and prevent the risk of unexpected losses or damage to assets and reputation of the KASIKORNBANK FINANCIAL CONGLOMERATE.

The Bank demonstrates a commitment to integrity and ethical values to create awareness on the importance of risk management and internal control system. To create an appropriate control environment, executives and employees at all levels have the roles, duties and responsibilities for internal control. In order to achieve so, the Bank established written policies and operational procedures. The Bank's sales and services are based on Market Conduct. In 2018, Market Conduct Procedure was implemented to ensure that all staff understand related roles and responsibilities and comply with the Bank's policy as well as ensuring that the bank has an appropriate end-to-end process that meets the regulatory requirements and customers' needs. In addition, the Bank continues to place importance on Customer Data Privacy to protect customers' information.

The Bank shall ensure the adequacy of staff. Also, training and orientation programs are provided for skill enhancement, accurate practices, and efficient and effective performance are established in a consistency with the business structure and competition in current environment. An operational manual with information on rules and regulations, a professional Code of Conduct, and penalties against disciplinary actions and gross offenses have also been provided to ensure common understanding as well as capabilities that will lead to efficient, transparent and fair operations for the benefit of customers, suppliers and other stakeholders. In addition, in order to strengthen the supervision aspect and to promote a control culture that is consistent at 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, and e-Learning on "Internal Control" is developed for all staff.

The Bank identifies and analyzes risks to the achievement of its objectives across the Bank, Companies within KASIKORNBANK FINANCIAL CONGLOMERATE, departments and functions. Risk Management unit and a clear risk management policy are set up.

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.

Information 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. Information systems include the financial data, as well as operational and compliance data, to monitor the effectiveness of the internal control system for prompt corrective action against significant deficiencies. The Bank also provides varied and effective communication channels to ensure that all executives and employees understand and adhere to the policies and procedures affecting their duties and responsibilities and to receive useful information for business undertaking or recommendations from external stakeholders such as customers, counterparties and regulators.

The Bank establishes monitoring activities, both ongoing monitoring and separate evaluations, to ascertain whether the internal control is present and functioning as designed that contributes to the mitigation of risks at different periods. The internal control deficiencies will be communicated to responsible persons and serious matters will be reported to the Board of Directors, Audit Committee and/or executives in a timely manner.

Recognizing the importance of its roles and responsibilities towards Corporate Governance, the Board oversees that the Bank is equipped with appropriate and effective systems of risk management, internal control, internal auditing and governance. The Audit Committee, comprising independent directors, has been assigned to review the effectiveness and appropriateness of such processes, and to consider important audit results of the Internal Audit Department, the Bank of Thailand and other regulatory agencies, as well as acknowledging risk reports including emerging risk and new threats in Thailand and other countries, and action against those risks. The Bank's management is responsible for managing tasks and activities, and monitoring the operations of employees at all levels with regard to risk management, including the effectiveness of internal control system, and compliance with laws, regulations and related policies. The Board is of the view that the Bank has maintained an effective internal control system at an adequate and appropriate level of protection.

Internal auditing is conducted by Internal Audit Department which is independent in its tasks and reports directly to the Audit Committee. 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. Audit plan is continuously reviewed and revised so as to appropriately respond to

emerging risks, such as cyber risk. The Internal Audit Department has steadily applied the principles of Continuous Audit, Integrated Audit and Data Analytics in its operations. Internal auditors have been encouraged to acquire new knowledge and skills in areas of technology and financial innovation to brace for the digital banking age. 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. The Department constantly evaluates and improves the quality of its work as measured against the generally accepted international auditing standards. In addition, there is an external assessment by independent auditors every 5 years.

The Internal Audit Department, which is an independent unit, has also been assigned as another whistle-blowing reporting channel. This ensures that the Bank has a transparent and fair whistle-blowing process and complies with good corporate governance standards. The Audit Committee resolved to appoint Mr. Surasak Dudsdeemaytha as Internal Audit Head, in view of his suitable knowledge, qualifications and experience to perform this function.

The Compliance Department is tasked with supervising compliance with the 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.

## Risk Management

The Bank has enhanced its overall risk management framework by establishing the Risk Oversight Committee to oversee the overall risk management of the KASIKORNBANK FINANCIAL CONGLOMERATE, review the adequacy and effectiveness of policies, strategies and risk appetites. 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. Details of risk management are disclosed in the section entitled **Risk Management and Risk Factors**.

## Appointment of External Auditor 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 2018, 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 10,655,000 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 15,894,500 in the past accounting year.

### 2. Non-Audit Fees:

The Bank has established criteria and approval process for engaging external auditors in non-audit services to ensure that the services do not impair its independence under the Audit Committee's oversight.

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

- Auditors of the Bank totaling Baht 1,500,000 over the past accounting year, together with future payments of Baht -0-, due to 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 6,090,700 over the past accounting year, together with future payment of Baht 8,743,100, 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, which is conducted in 2 ways: the overall performance assessment of the Board consisting of 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; and (6) Self-development of directors and executive development, and the performance assessment of an individual director evaluating their own performance and other directors' performance (cross assessment) consist of 2 topics: (1) Board meetings; and (2) Responsibilities of the Board. The Board of Directors have set the criteria on performance assessment of the Board. The Corporate Governance Committee reviews the performance assessment form of the Board of Directors on an annual basis, in compliance with good corporate governance practices, so that the Board of Directors may take a review of their performances and obstacles over the past year in order to enhance their efficiency, and to consider the appropriate composition of the Board. In 2018, the Corporate Governance Committee improved the self-assessment form of directors on an individual basis and introduced the performance assessment of other directors (cross assessment) in compliance with best practices of the Stock Exchange of Thailand and Good Corporate Governance Principles of the Office of Securities and Exchange Commission, which was later on forwarded to every Board member by the Corporate Secretary. The summarized assessment results and recommendations were submitted to the Board of Directors for acknowledgment, including the report on the cross-performance assessment results and recommendations, submitted to individual directors. In addition, the Internal Audit Department arranged for the review of guidelines and issues concerning the performance assessment of the Board of Directors to improve efficiency of the assessment.

The self-assessment process was also applied to the Independent Directors Committee and all Board Committees, namely Audit, Corporate Governance, Human Resources and Remuneration, and Risk Oversight. The Independent Directors Committee and all Board Committees conduct self-assessment every year, based on the assessment criteria with respect to the efficiency of Independent Directors Committee and Board Committees. The Board of Directors designated the Corporate

Governance Committee to review the performance assessment form every year. In 2018, the Corporate Governance Committee reviewed the self-assessment form and the Secretaries to the Independent Directors Committee and Board Committees forwarded the self-assessment form to every Committee member. The summarized assessment results and recommendations were already presented to the Board of Directors.

The performance assessments of the Board of Directors, Independent Directors Committee and all Board Committees are based on the rating scales of one point (substantial improvement needed) to five points (excellent) and their average performance assessment results for 2018 ranged from "good" to "excellent"; in other words the performance results of the Board of Directors, Independent Directors Committee and all Board Committees were in line or above the set targets.

The Chief Executive Officer and the Presidents also undergo an annual assessment in order to compare their actual performances with the Bank's targets and the annual business plan. The Board of Directors, excluding Executive Directors, approved the performance assessment criteria, which is in alignment with the Bank's long-term business operations and strategies and communicated it to the Chief Executive Officer and the Presidents in advance. The Human Resources and Remuneration Committee is responsible for submitting the assessment results to the Board of Directors for consideration. The 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 informs the Board's assessment results, together with their opinion, to the Chief Executive Officer and the Presidents for acknowledgment prior to approving the annual remuneration.

## 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, long-term strategies and targets to ensure that the Bank's remuneration is comparable to that of other commercial banks.

The General Meeting of Shareholders No. 106, on April 4, 2018, 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 Chairperson 115,500 per person/month
  - Director 100,000 per person/month
2. Remuneration for Independent Directors
  - Lead Independent Director 100,000 per person/month
  - Member 70,000 per person/month
3. Remuneration for Board Committees:
  - 3.1 The Audit Committee
    - Chairman 90,000 per person/month
    - Member 60,000 per person/month
  - 3.2 The Corporate Governance Committee
    - Chairperson 50,000 per person/month
    - Member 36,000 per person/month
  - 3.3 The Human Resources and Remuneration Committee
    - Chairperson 50,000 per person/month
    - Member 36,000 per person/month
  - 3.4 The Risk Management Committee
    - Chairperson 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.

The Human Resources and Remuneration Committee shall propose remuneration of executives to the Board of Directors for consideration and approval in accordance with the Bank policies. Remuneration for executives, including that for Chief Executive Officer and Presidents are tied directly to short-and-long term performance of the Bank, which reflects our status as being a sustainable bank, relative to four key performance indicators as specified in the Balance Scorecard, regarding finance, customers, development of operational process and risk management, and human capital development, plus indicators for being a sustainable banks on the economy, society and the environment, under transparent regulations and scopes of responsibility that reflect related risks, as well as the competitiveness of the Bank vis-à-vis other leading financial institutions in Thailand.

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

### 1. Remuneration

- 1) Remuneration for directors: In 2018, directors received remuneration as directors, Independent Directors and members of the 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 87,951,203. Remuneration for members of the Risk Management Committee is paid from January to September 2018 only because the Board of Directors Meeting on September 27, 2018 approved the establishment of the Risk Oversight Committee and terminated the Risk Management Committee.
- 2) Remuneration for executives: In 2018, executives in the position of First Senior Vice President or equivalent and higher, totaling 75 persons, received remuneration including salaries, living expenses, special contributions, and bonuses from the Bank, totaling Baht 839,552,776, while executives in the position of Senior Executive Vice President or equivalent and higher, totaling 10 persons, received remuneration including salaries, living expenses, special contributions, and bonuses from the Bank, totaling Baht 253,929,915.

## Remuneration for Directors in 2018

Mr. Banthoon Lamsam	Received remuneration as Chairman of the Board, totaling Baht 1,848,000, and a bonus of Baht 5,201,136.
Professor Khunying Suchada Kiranandana <sup>(1)</sup>	Received remuneration as Vice Chairperson, totaling Baht 346,500; as Lead Independent Director, totaling Baht 300,000; and as Chairperson of the Human Resources and Remuneration Committee, amounting to Baht 150,000, and a bonus of Baht 3,664,682.
Ms. Kobkam Wattanavrangkul <sup>(2)</sup>	Received remuneration as Vice Chairperson, totaling Baht 1,039,500; as Lead Independent Director, totaling Baht 900,000; and as Chairperson of the Human Resources and Remuneration Committee, amounting to Baht 450,000, and a bonus of Baht 236,175.
Ms. Sujitpan Lamsam	Received remuneration as Vice Chairperson, totaling Baht 1,386,000; and as Chairperson of the Risk Management Committee, amounting to Baht 450,000, and a bonus of Baht 3,900,857.
Mr. Predee Daochai	Received remuneration as a director, totaling Baht 1,200,000, and a bonus of Baht 2,600,572.
Mr. Teeranun Srihong <sup>(3)</sup>	Received a bonus of Baht 448,735.
Ms. Kattiya Indaravijaya	Received remuneration as a director, totaling Baht 1,200,000, and a bonus of Baht 2,600,572.
Mr. Pipit Aneaknithi	Received remuneration as a director, totaling Baht 1,200,000, and a bonus of Baht 2,600,572.
Mr. Patchara Samalapa <sup>(4)</sup>	Received remuneration as a director, totaling Baht 900,000, and a bonus of Baht 157,450.
Professor Dr. Yongyuth Yuthavong <sup>(5)</sup>	Received a bonus of Baht 448,735.
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 432,000, and a bonus of Baht 2,600,572.
Professor Dr. Pairash Thajchayapong <sup>(6)</sup>	Received a bonus of Baht 448,735.
Sqn.Ldr. Nalinee Paiboon, M.D.	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as Chairperson of the Corporate Governance Committee, amounting to Baht 600,000, and a bonus of Baht 2,600,572.

Mr. Saravoot Yoovidhya	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as a member of the Audit Committee, amounting to Baht 720,000, and a bonus of Baht 2,600,572.
Dr. Piyasvasti Amranand	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as Chairman of the Audit Committee, amounting to Baht 1,080,000, and a bonus of Baht 2,600,572.
Mr. Kalin Sarasin	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as a member of the Human Resources and Remuneration Committee, amounting to Baht 432,000, and a bonus of Baht 2,600,572.
Ms. Puntip Surathin	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as a member of the Audit Committee, amounting to Baht 720,000, and a bonus of Baht 2,600,572.
Mr. Wiboon Khusakul	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as a member of the Corporate Governance Committee, amounting to Baht 432,000, and a bonus of Baht 2,600,572.
Ms. Suphajee Suthumpun	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as a member of the Audit Committee, amounting to Baht 720,000, and a bonus of Baht 2,600,572.
Mr. Sara Lamsam <sup>(7)</sup>	Received remuneration as a director, totaling Baht 1,200,000; as a member of the Corporate Governance Committee, amounting to Baht 144,000; and as a member of the Risk Management Committee, amounting to Baht 324,000, and a bonus of Baht 2,600,572.
Mr. Chanin Donavanik	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as a member of the Corporate Governance Committee, amounting to Baht 432,000, and a bonus of Baht 2,151,834.

## Remarks:

<sup>(1)</sup> Professor Khunying Suchada Kiranandana expressed her intent not to be nominated for re-election in compliance with the Board of Directors Charter, effective on April 4, 2018.

<sup>(2)</sup> Ms. Kobkam Wattanavrangkul was appointed a director, Vice Chairperson, Lead Independent Director and Chairperson of the Human Resources and Remuneration Committee on April 4, 2018.

<sup>(3)</sup> Mr. Teeranun Srihong received a bonus from dividend payment for the 2H17 operating results, prorated by his term of office.

<sup>(4)</sup> Mr. Patchara Samalapa was appointed a director and President, and a member of the Risk Management Committee on April 4, 2018.

<sup>(5)</sup> Professor Dr. Yongyuth Yuthavong received a bonus from dividend payment for the 2H17 operating results, prorated by his term of office.

<sup>(6)</sup> Professor Dr. Pairash Thajchayapong received a bonus from dividend payment for the 2H17 operating results, prorated by his term of office.

<sup>(7)</sup> Mr. Sara Lamsam was appointed a member of the Corporate Governance Committee on September 1, 2018.

## 2. Other Remuneration

- 1) Remuneration for directors: none
- 2) Remuneration for executives: In 2018, executives in the position of First Senior Vice President or equivalent and higher, totaling 75 persons, received the Bank's contributions to their provident funds, totaling Baht 24,620,898, while executives in the position of Senior Executive Vice President or equivalent and higher, totaling 10 persons, received the Bank's contributions to their provident funds, totaling Baht 6,237,600. In addition, the Bank's executives received benefits and other welfares under the Bank's regulations, similar to other employees, such as healthcare and medical checkup expenses, and loan benefits.

## 5.8 Professional Development for Directors and Executives

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, for instance, good corporate governance practices, strategic direction for the Bank business, human resources, information technology, risk management of KASIKORNBANK FINANCIAL CONGLOMERATE, plus 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 2 new directors in 2018, namely Ms. Kobkam Wattanavrangkul and Mr. Patchara Samalapa.

In addition, 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, accounting and financial, investor relations and corporate governance, in attending seminars and training courses at the Thai Institute of Directors Association (IOD), the Stock Exchange of Thailand, and other independent institutions, in accordance with the established plan and budget.

All board members attended training programs regarding the discharge of their duties, and, in 2018, received continued education programs on corporate governance and regulatory requirements concerning directorship via electronic network. All directors expanded their knowledge horizons by attending seminars or training programs, as follows:

Board Members	Seminars/Training Programs
1. Mr. Banthoon Lamsam	<ul style="list-style-type: none"> <li>• Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco</li> <li>• Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman</li> <li>• Seminar on “Bangkok Sustainable Banking Forum 2018”, Bank of Thailand</li> <li>• Seminar on “Chairman Dinner 2018”, Thai Institute of Directors Association</li> <li>• Seminar on “THAILAND Focus 2018: The Future is Now”, the Stock Exchange of Thailand</li> </ul>
2. Ms. Kobkam Wattanavrangkul	<ul style="list-style-type: none"> <li>• Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman</li> <li>• “Board Nomination &amp; Compensation Program (BNCP)”, Class 4/2018, Thai Institute of Directors Association</li> </ul>
3. Ms. Sujitpan Lamsam	<ul style="list-style-type: none"> <li>• Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco</li> <li>• Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman</li> <li>• Seminar on “The Blockchain Technology Conference 2018”</li> </ul>
4. Mr. Predee Daochai	<ul style="list-style-type: none"> <li>• Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco</li> <li>• Seminar on “Bangkok Sustainable Banking Forum 2018”, Bank of Thailand</li> <li>• Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman</li> <li>• Seminar on “BOT Symposium”, Bank of Thailand</li> </ul>
5. Ms. Kattiya Indaravijaya	<ul style="list-style-type: none"> <li>• Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco</li> <li>• Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman</li> <li>• Seminar on “Roles of e-Payment and Fintech in Future Thai Financial Sector”, Faculty of Commerce and Accountancy, Chulalongkorn University, and Faculty of Commerce and Accountancy Chulalongkorn University Alumni Association</li> <li>• The National Defence Course Class 60, National Defence Collage</li> </ul>
6. Mr. Pipit Aneaknithi	<ul style="list-style-type: none"> <li>• Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco</li> <li>• Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman</li> <li>• Seminar on “IBM Think 2018”, USA</li> <li>• “Executive Program”, Singularity University, USA</li> </ul>
7. Mr. Patchara Samalapa	<ul style="list-style-type: none"> <li>• Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman</li> <li>• Seminar on “Visa Pacific Senior Client Council”, Visa Worldwide Pte. Limited</li> <li>• Director Certification Program Class 253/2018, Thai Institute of Directors Association</li> </ul>
8. Dr. Abhijai Chandrasen	<ul style="list-style-type: none"> <li>• Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco</li> <li>• Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman</li> <li>• Audit Committee Forum on “Cyber Security - Advances to the More Complex Level”, KPMG Phoomchai Audit Ltd.</li> <li>• “Board Nomination &amp; Compensation Program (BNCP)”, Class 3/2018, Thai Institute of Directors Association</li> </ul>

Board Members	Seminars/Training Programs
9. Sqn.Ldr. Nalinee Paiboon, M.D.	<ul style="list-style-type: none"> <li>• Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco</li> <li>• Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman</li> <li>• Seminar on “Can Businesses Adhering to Ethical Principles Survive?”, Office of the National Anti-Corruption Commission</li> <li>• Top Executive Program in Commerce and Trade (TEPCoT), Commerce Academy, University of the Thai Chamber of Commerce</li> </ul>
10. Mr. Saravoot Yoovidhya	<ul style="list-style-type: none"> <li>• Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco</li> <li>• Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman</li> </ul>
11. Dr. Piyasvasti Amranand	<ul style="list-style-type: none"> <li>• Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman</li> </ul>
12. Mr. Kalin Sarasin	<ul style="list-style-type: none"> <li>• Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman</li> <li>• Seminar on “ASEAN Business and Investment Summit”, Singapore Business Federation</li> <li>• Seminar on “CLMVT Forum 2018”, Ministry of Commerce</li> </ul>
13. Ms. Puntip Surathin	<ul style="list-style-type: none"> <li>• Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman</li> </ul>
14. Mr. Wiboon Khusakul	<ul style="list-style-type: none"> <li>• Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco</li> <li>• Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman</li> <li>• Seminar on “Bangkok Fin Tech Fair 2018, Bank of Thailand</li> <li>• Seminar on “Bangkok Sustainable Banking Forum 2018”, Bank of Thailand</li> </ul>
15. Ms. Suphajee Suthumpun	<ul style="list-style-type: none"> <li>• Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman</li> <li>• Seminar on “Learning from the Past to Brace for Opportunities in Thailand 4.0”, Thailand-China Business Council</li> <li>• Seminar on “Thailand 2019 - Tourism and Hotel Business”, Prachachat Turakij Newspaper</li> </ul>
16. Mr. Sara Lamsam	<ul style="list-style-type: none"> <li>• Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman</li> <li>• Seminar on “Board Forum 2018” Office of Insurance Commission</li> <li>• Business Revolution and Innovation Network Program (BRAIN) Class 2, Federation of Thai Industries</li> <li>• Advanced Master of Management Program (AMM) Class 2, National Institute of Development Administration</li> </ul>
17. Mr. Chanin Donavanik	<ul style="list-style-type: none"> <li>• Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman</li> </ul>

In addition, the Human Resources and Remuneration Committee has considered executive development and succession plans for the positions of Chief Executive Officer, Presidents, and other senior executives, in compliance with the Bank's business strategies, taking into account different factors, e.g. the qualification, knowledge, competencies and experiences required for each position, such as performance results under Balanced Scorecard, strategic planning, risk management and control, and leadership. 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 put in place short- and long-term development plans for individual employees, and continuously implemented the Management Development Program (MDP) for executives of the Bank and K Companies.

## Dividend Policy



### 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 and regulatory requirements.

### The Dividend Policies of Subsidiaries

The Bank has not fixed a dividend payout ratio for 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, subsidiaries 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. Dividend payments must also be in compliance with statutory and regulatory requirements.