

## Report of the Corporate Governance Committee

The Corporate Governance Committee of KASIKORNBANK PCL comprises four directors: Mr. Krisada Lamsam as Chairman, Professor Dr. Yongyuth Yuthavong, Sqn. Ldr. Nalinee Paiboon, M.D. and Mr. Wiboon Khusakul as members.

In 2015, the Corporate Governance Committee held 6 meetings on various matters in accordance with 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:

- Revising the Sustainable Development Policy; and considering and providing recommendations on sustainable development action plans, guidelines to lead the organization towards sustainability and creation of corporate culture that incorporate the sustainable development concept in all business processes.
- Providing recommendations on the Bank's business operations to comply with the Dow Jones Sustainability Indices (DJSI), for example, the announcement of Corporate Citizenship Strategy, the appointment of Chief Environmental Officer, determination of policy related to climate changes, establishment of target to reduce greenhouse gas emissions from the Bank's operations and implementation of KBank Supplier Code of Conduct.
- Providing recommendations on guidelines to prevent fraud and operational mishandling, and non-compliance with regulatory requirements.
- Providing recommendations on consideration of projects related to the environment and society to reaffirm the Bank's good corporate governance practices and proper risk management; and monitoring the implementation progress of environmental and social projects on a regular basis.
- Reviewing the Statement of Corporate Governance Principles, Charters of the Board of Directors, Independent Directors Committee, Board Committees and Management Committee, as well as the Statement of Business Conduct and Code of Conduct, KASIKORNBANK Disclosure Policy and Anti-Corruption Policy, keeping them up-to-date in accordance with ongoing business operations of the Bank and in compliance with the laws, international practices and best practices as prescribed by the Bank of Thailand, Stock Exchange of Thailand, Office of the Securities and Exchange Commission, Capital Market Supervisory Board, the Thai Institute of Directors Association and ASEAN Corporate Governance Scorecard.
- Reviewing the Performance Assessment Form of the Board of Directors, Independent Directors Committee and Board Committees in line with the revised Good Corporate Governance Guidelines of the Stock Exchange of Thailand, to be used as a tool for reviewing performance in 2015.
- Considering the Bank's preparations for each General Meeting of Shareholders with respect to the granting of rights to shareholders to propose an issue for inclusion in the AGM agenda and a candidate for election to directorship, as well as the right to submit questions before the AGM.
- Reviewing and providing recommendations on the Bank's practices under the criteria of good corporate governance by the Thai Institute of Directors Association and the ASEAN Corporate Governance Scorecard.
- Approving a strategic plan for good corporate governance activities to enhance compliance of directors, executives and staff with the good corporate governance principles, Code of Conduct and Anti-Corruption Policy, including improvement of communication and knowledge providing patterns, organization of training courses and dissemination of knowledge on the Code of Conduct and Anti-Corruption Policy via the e-Learning system on a continual basis, and production of video presentation on anti-corruption matters.
- Approving guidelines of the Corporate Governance Report in the Annual Report and the Sustainability Report per the G4 Guideline under the Global Reporting Initiative.

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

The Corporate Governance Committee believes that our transparent and fair business operations under the sustainable development concept, as well as collaboration at all levels within the organization, will enhance the confidence of all stakeholders of the Bank.



(Mr. Krisada Lamsam)

Chairman, Corporate Governance Committee

## Report of the Human Resources and Remuneration Committee

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The Human Resources and Remuneration Committee of KASIKORNBANK PCL comprises four directors: Professor Khunying Suchada Kiranandana as Chairperson, and Dr. Abhijai Chandrasen, Professor Dr. Pairash Thajchayapong, and Mr. Kalin Sarasin as members.

In 2015, the Human Resources and Remuneration Committee held 9 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:

- Selecting and nominating qualified candidates to fill vacant director positions, with focus on the appropriate composition, size, and diversity of the Board, as well as compliance with the Bank's business strategic directions, regulatory requirements, the Bank's Articles of Association and the Statement of Corporate Governance Principles. The candidates' qualifications are in accordance with requirements stipulated by the Bank of Thailand and other related regulatory agencies.
- Reviewing suitability of Board Committees' members.
- Reviewing the remuneration 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 resources management strategy and direction.
- Reviewing the Performance Assessment Forms of the Chief Executive Officer and Presidents to ensure conformity with international standards.
- Assessing performance of the Chief Executive Officer and Presidents compared to given targets and plans, and considering employment of the Chief Executive Officer and Presidents.
- 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.
- Providing advice on executive and staff remuneration, taking into account the Bank's operating results, individual performance, industry-wide comparison, and 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 maximum benefit to the Bank and its shareholders.



(Professor Khunying Suchada Kiranandana)

Chairperson, Human Resources and Remuneration Committee

## Report of the Risk Management Committee

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The Risk Management Committee of KASIKORNBANK PCL comprises four directors and four executives of the Bank as members, and Mr. Somkiat Sirichatchai, a non-executive director, as Chairman.

In 2015, the Risk Management Committee held 12 meetings in accordance with the duties and responsibilities mandated by the Risk Management Committee Charter. 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 the Bank's strategic and business plans for enhancing business capability through value-added risk efficiency and risk stability activities.
- Endorsing and approving 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 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 risk strategy to ensure alignment with business direction of digital financial services, with a focus on customer information security, stability of the Bank's 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 risk strategies. Emphasis has been placed on collaboration between KBank and K Companies in establishing risk management framework to be consistent with the Bank's standards. The Risk Management 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 Management Committee Charter, the Risk Management Committee has acted with care and prudence, aiming primarily for maximum benefit to KASIKORNBANK FINANCIAL CONGLOMERATE.



(Mr. Somkiat Sirichatchai)

Chairman, Risk Management Committee

## Corporate Governance

The Board of Directors firmly believes that good corporate governance is instrumental to enhancing the Bank performances, while promoting sound, transparent and standardized management systems, which in turn will uplift our competitiveness and fortify confidence of shareholders, investors and all stakeholders. In 2015, 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 Board of Directors makes every effort to treat shareholders equally and fairly, as stipulated under the Articles of Association of the Bank and applicable laws. The basic legitimate rights of shareholders include the right to participate in shareholders meeting, the right to appoint a proxy to participate in and vote at shareholders meeting, the right to vote for the appointment or removal of individual directors, the right to vote on the annual appointment of independent auditor and the setting of annual audit fees, and the right to vote on various other businesses of the Bank. Shareholders rights also include eligibility to receive dividend payments, the right to give opinions and enquire into business matters of the Bank during shareholders meeting, and the right to receive sufficient information in a timely manner.

Apart from the basic rights above, the Board of Directors emphasizes the disclosure of accurate, complete, timely and transparent information to shareholders. The Bank undertook the following measures to promote the rights of shareholders:

1. All shareholders were encouraged to place importance on the attendance of the 2015 General Meeting of Shareholders, held on April 2, 2015, by the following actions:

- The Bank arranged for delivery of the meeting notice to shareholders, with clear, complete and adequate information on the date, time, and venue of the meeting, a map of the meeting site, and the meeting agenda, in accordance with the law, the Stock Exchange of Thailand's requirements, and the Bank's Articles of Association. In addition, proxy forms and a complete set of supporting documents for the meeting agenda, together with the Bank's Articles of Association related to the meeting, were sent to shareholders for their consideration more than 14 days prior to the meeting date. Along with the meeting notice, shareholders were sent sufficient information to allow them to vote on every agenda item, each of which was identified clearly as for acknowledgment, or for approval, or for consideration, together with sufficient and clear comments by the Board of Directors to help shareholders in their voting decisions. The meeting notice was published in a Thai daily newspaper for at least 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, beginning the day they were notified of the meeting and the meeting agenda until one week before the shareholders meeting date. These criteria were disclosed on the Bank's website and via the information dissemination system of the Stock Exchange of Thailand at the same time as published in the meeting notice.
- 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 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.

2. Procedures on the meeting date:

- The meeting was held at KBank Head Office for convenient access of shareholders. Shuttle vans were available between Phahon Yothin Building and Rat Burana Head Office.



The General Meeting of Shareholders No. 103 at KBank Head Office

- The Bank arranged for shareholder registration to begin more than two hours prior to the meeting schedule. Preparation of the venue and an appropriate number of greeters were also arranged to assist shareholders.
  - The voting and vote counting methods were clearly explained. Both voting and vote counting were carried out in a transparent manner. The Bank used the AGM voting service of Inventech Systems (Thailand) Company Limited, which is a barcode system for shareholder registration, vote counting and presentation of voting results, allowing for a rapid 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 voting results. 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. There were 15 directors in attendance, including Chairman of the Board and Chief Executive Officer, Lead Independent Director, Chairperson of the Audit Committee, Chairman of the Corporate Governance Committee, Chairman of the Human Resources and Remuneration Committee, Presidents and directors.
  - Ballots were used to vote on every agenda item. To enable efficient and rapid vote counting, the Bank collected only the ballots of shareholders opposing or abstaining from each vote. To comply with the best practices for shareholders meetings, the Bank collected the ballots from all shareholders and proxies present at the meeting after the meeting was adjourned, and kept them for future reference.
  - The Bank provided simultaneous English interpretation for foreign shareholders and recorded the meeting on video for further reference.
  - Shareholders who entered the meeting after it had commenced were allowed to vote for agenda items that were still under consideration, pending for voting.
3. Meeting minutes and disclosure of meeting resolutions
- For shareholders' timely acknowledgment and examination of voting results, the Bank discloses the resolution of each agenda item on our website the working day after the shareholders meeting date, aside from disclosure via the information dissemination system of the Stock Exchange of Thailand.
  - Comprehensive meeting minutes were recorded. They included significant details, e.g., meeting resolutions, voting results (divided into approval, opposition, abstention or invalid ballots for each agenda item), questions, explanations and opinions expressed at the meeting. The minutes of the shareholders meeting were sent to regulatory agencies within 14 days from the meeting date, and to shareholders for their acknowledgment, as well as being made available on the Bank's website.
4. The Bank discloses important information and news on our website, and has published the quarterly newsletter "Sam Samphan" since 2009 to provide information and news on 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

- The meeting schedule and agenda were posted on the Bank's website more than 30 days prior to the meeting date, to ensure that shareholders received the information in a convenient and timely manner, and had enough time to study all information in advance. This information on the website was identical to the meeting documentation sent to the shareholders.
- Shareholders were informed that one share equaled one vote; approval of a resolution was based on the majority of votes, except for certain resolutions which required the approval of no less than two-thirds of all votes of those attending the meeting casting their votes, or three-fourths of all votes of those attending the meeting. This practice is in line with the Bank's Articles of Association and related laws.
- The Notice of the General Meeting of Shareholders and the meeting documentation in English were sent to foreign shareholders and posted on the Bank's website at the same time as the Thai language version.

## 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 October 1 - December 31, 2014. 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 were conducted in accordance with the announced agenda. This included consideration of the election of directors individually and director remuneration, together with consideration of the annual appointment of independent auditor, setting 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 compliance with the securities laws and corporate governance principles. 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 who shall submit such reports to the Board of Directors Meeting. Furthermore, the Bank requires that all personnel who have access to significant inside information, under the above criteria, report their ownership of those securities, including those under the possession of their spouses and minor children, to the Bank's Compliance Department.

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

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; also, to prevent transactions that may involve conflicts of interest or connected or related transactions. This is one of the key components of Corporate Governance Policy that the Board of Directors and the Bank's employees must strictly comply with to earn the trust of all stakeholders. Key criteria include:

- The Board of Directors has resolved to approve Intra-Group Transactions among KASIKORNBANK



FINANCIAL CONGLOMERATE Policy 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 in compliance with the laws, regulatory requirements and Consolidated Supervision Criteria of the Bank of Thailand.

- 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.
- 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.
- 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.
- Directors, executives, or employees with related interest in a transaction with the Bank or its subsidiaries must not participate in considering or approving such a transaction. The price of the transaction must be set appropriately, fairly, 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 Board of Directors of the Bank and its subsidiaries in accordance 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 Integrated Risk Management and Analytics Department. The monitoring of credit extensions and investment must follow the rules of concerned regulatory agencies. Information on the benefits of such persons must be reported to the Board of Directors by the Office of Corporate Secretary when a transaction between the Bank and the person related to the Bank's directors and such persons is brought into consideration, 5 business days before the Board of Directors Meeting.
- The Bank has disclosed details of every related or connected transaction that may involve conflicts of interest according to the Office of the Securities and Exchange Commission and Capital Market Supervisory Board's criteria, in the Annual Reporting Form (56-1 Reporting Form), as well as in the Bank's Annual Report and other reports, as the case may be. This also includes disclosures of information on connected transactions to the Stock Exchange of Thailand according to the Stock Exchange of Thailand's regulations 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. In 2015, the Bank had no connected transactions subject to disclosure to the Stock Exchange of Thailand.

- Reviews of connected transactions were carried out in accordance with the plan. In 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 first 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 2015, there were no changes in vested transactions of directors and executives. Directors and executives appointed in 2015 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 guidelines of compliance with human rights and anti-corruption principles. 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 is fully aware of the authority, duties and responsibilities of directors, as well as the rights of stakeholders, and undertakes measures to ensure that these legitimate rights are provided, and that all stakeholders are treated equally and fairly.

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

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

**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.

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

**Creditors:** The Bank abides by lending terms and conditions, 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. Clear explanations have been given to customers 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:**

The Bank acts as a good citizen, is non-partisan and is not aligned with any political party. The Bank bears in mind its role as part of the society at large and its responsibility to assist society and promote activities that benefit the community, society, and environment, in order to enhance the living standards of the people. The Bank recognizes the importance of and demonstrates concern for sound environmental protection through continuing efforts and activities for enhanced energy efficiency and environmental conservation; it also organizes training courses and encourages employee involvement through the expression of opinions and participation in activities related to the development of communities and the environment on a regular basis. In 2015, the Bank implemented the “KBank Officers Caring for Bangkok’s Green Lung Project for the sixth consecutive year, wherein our voluntary employees joined hands with residents of a community located close to the Bank - Bang Nam Pheung Sub-district, Phra Pradaeng District, Samut Prakan, in improving the quality of wastewater before discharging into public waterways for the community’s good health. The “Rak Pa Nan” (Care for Nan Forest) Project has been carried out with the Nan Province and the Royal Thai Army with the aim of forest conservation and rehabilitation, through creating cooperation networks among Nan communities and related parties, raising awareness of natural resource conservation and developing alternative careers for locals. These attempts have been made to ensure the sustainable cohabitation of community residents and the forest. A monthly “Green Diary” has been circulated within the organization to raise staff awareness about sustainable development and ingrain the sustainable development concept in all operational processes and business undertakings. Moreover, the “Cutting Electricity Costs Competition” program has been ongoing to promote efficient use of resources among employees. A summary of this item is under the heading of **Sustainable Development** in this Annual Report. Details on implementations in economic, social and environment aspects in accordance with the Global Reporting Initiative (GRI) are included in **Sustainability Report 2015**.

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 has established 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 has incorporated human rights protection in the Code of Conduct for employees, with regard to support



KBank, in cooperation with Office of H.R.H. Princess Maha Chakri Sirindhorn’s Projects, Chulalongkorn University, and the Royal Thai Army together held the “Family Activity for Tree Plantation along the Roads” program as part of the “Rak Pa Nan” (Care for Nan Forest) Project.



KBank participated in the “Thailand’s 6<sup>th</sup> National Conference on Collective Action Against Corruption” entitled “Anti-corruption in Thailand: Sustaining the Momentum”, held by the Thai Institute of Directors Association.

and respect of human rights by refraining from human rights violations. The Bank also provides related understanding for employees to ensure their correct actions, while arranging channels to receive information and complaints on human rights violations. In 2015, there was no complaint on this matter.

### 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 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.

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 Anti-Corruption Policy, which includes the issues of bribes and inducements, gifts and benefits, charitable contributions and sponsorships, and political participation. The policy is reviewed annually and in 2015, 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 2015, 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 2015, there was no complaint regarding fraudulent acts.

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 Management Committee and Board of Directors. Moreover, all responsible employees have been trained on fraud prevention and responsible employees have been assigned to attend 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 strictly 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 organized training courses, provided knowledge for directors, executives and employees on the subject of compliance with the Code of Conduct, Anti-Corruption Policy and Statement of Corporate Governance Principles, and communicated regularly via the annual corporate governance activities. Moreover, guidelines for monitoring and concrete evaluation have been mapped out.
5. The Bank has extended its operational direction to suppliers, including
- The Bank has communicated with our suppliers on business operations without involvement with corruption and encourages them to regularly follow an Anti-Corruption Policy and operational guidelines.
  - KBank Supplier Code of Conduct has been introduced, including the topics of business ethics, human rights and labor, safety and occupational health, and environment. The Bank has communicated with all suppliers for their acknowledgment of the Supplier Code of Conduct.
  - The Procurement Handbook for Suppliers and Service Providers has been revised, with stipulation that all suppliers and service providers shall not be involved with corruption.
  - The Bank held supplier meetings to clarify about our procurement processes. All suppliers are encouraged to follow the Anti-Corruption Policy and operational guidelines.
  - The Bank has requested related parties to refrain from offering gifts or other benefits to the Bank's employees of the Procurement Management Department, for any festive seasons or occasions, in order to enhance transparent business operations and fair treatment of all stakeholders.

### Receiving Information or Complaints

The Bank provides various communication channels for stakeholders via the K-Contact Center, K-BIZ Contact Center, KBank Live, branches, Investor Relations Unit, etc. A hotline is available as a center to receive and manage complaints from retail and business customers. In addition, in order to promote operational transparency, direct communications with the Board of Directors in alignment with the specified criteria under the "Investors" tab on the Bank's website have been enhanced to receive useful information for business undertaking or complaints

on improper actions. Also, written documents or electronic mails can be directly submitted to the Internal Audit Department to inform about fraudulent or improper actions of employees or inadequate internal control. To protect the rights of information providers, the Bank has established a written policy of information or complaint receiving (Whistle-blowing Policy), identifying the receiving channels, information or complaint management processes, measures to protect the rights of information providers, protection of confidential information - only authorized persons can have access to such information, and 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. In 2015, there were 396 issues or complaints sent to the Board of Directors and the Internal Audit Department. Of these, 377 cases were already examined per the established processes and the remaining 19 cases are being examined. Most of such issues or complaints involved the Bank's processes, products or services and staff operations, for which continuous corrections were undertaken. No significant non-compliance with the Code of Conduct has been found.

## 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 imposed the Disclosure Policy for dissemination of significant information, authorizing the Chief Executive Officer, Presidents, Chief Financial Officer, or executive entrusted as Chief Investor Relations Officer to consider and make decisions on the 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. The executive entrusted as Chief Investor Relations Officer has the authority to hold press conferences or to disseminate significant information related to the Bank, and to answer questions raised by shareholders, investors, and securities analysts. The unit responsible for corporate communications activities should be

assigned to coordinate with information owners in disseminating significant information related to the Bank.

In 2015, the Bank adequately disclosed important financial information in its financial statements. The disclosures were in line with regulations of the Bank of Thailand, Stock Exchange of Thailand, Office of the Securities and Exchange Commission, and Financial Reporting Standards. Such information was also disseminated via the SET Community Portal and the Bank's website. The financial statements were reviewed/audited by certified public accountants and were endorsed by the Audit Committee before disclosure to shareholders; the Board of Directors also disclosed its report of the responsibilities for financial reports in the annual report. Moreover, the Bank has published unreviewed/unaudited quarterly financial statements, reviewed/audited financial statements and Basel III Pillar 3 Disclosure, as well as other non-financial information such as the Management Discussion and Analysis (MD&A) and information on the Bank's corporate governance for the benefit of shareholders, investors and analysts. In addition, the Bank has periodically evaluated the effectiveness of its disclosure procedures.

The Bank 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, and KBank website ([www.kasikornbank.com](http://www.kasikornbank.com)) providing information in four languages: Thai, English, Chinese and Japanese, 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 "Sam 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 external party. Company visits / participation in one-on-one meetings / group analyst meetings / replies to questions related to the Bank's operating results do not occur during this period.

### Investor Relations

The Investor Relations Unit, the Office of Corporate Secretary, is part of the Corporate Secretariat Division, 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. 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 2015, 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	164	270	339
Conference Calls	59	99	122
Group Analyst and Investor Meetings	5	257	333
Investor Conferences	6	104	110
Non-deal Roadshows	7	173	252
<b>Total</b>	<b>241</b>	<b>903</b>	<b>1,156</b>

In 22 of the above events, a total of 251 persons from 348 companies met with the Bank's Chief Executive Officer or Presidents. Some companies met with the Bank on more than one occasion in each type of meeting.

In 2015, the Bank's Investor Relations function was widely acclaimed by analysts and investors, and received several awards, including:

- Platinum Awards 2015 - Financial Performance, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations based on The Asset Corporate Award, organized by The Asset magazine
- Three awards based on the fifth Asian Excellence Award 2015, organized by Corporate Governance Asia magazine:
  - Asia's Best CEO (Investor Relations) given to Mr. Banthoon Lamsam, Chairman of the Board and Chief Executive Officer
  - Best Investor Relations Company (Thailand)
  - Best Investor Relations Professional (Thailand) given to Dr. Adit Laixuthai, Corporate Secretary, Chief Investor Relations Officer and Senior Executive Vice President
- IR Magazine Global Top 50 - Silver based on the Global Investor Relations Forum, organized by IR Magazine and the National Investor Relations Institute in USA
- Best IR by a Thai Company based on IR Magazine Awards - South East Asia 2015, organized by IR Magazine
- Two Awards based on the 12<sup>th</sup> SET Awards 2015, organized by the Stock Exchange of Thailand and Money & Banking magazine:
  - Best CEO Award, given to Mr. Banthoon Lamsam, Chairman of the Board and Chief Executive Officer
  - Outstanding Investor Relations Awards

Investors and shareholders may contact the Bank at:

Chief Investor Relations Officer:

Tel : +662-4702673 to 4

Fax : +662-4702680

Investor Relations Unit, Office of Corporate Secretary:

- Individual Investors and Shareholders

Email : Shareholder\_IR@kasikornbank.com

Tel : +662-4706116

Fax : +662-4702747

- Institutional Investors and Shareholders

Email : 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, 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



KBank President met analysts and fund managers at the Analyst and Thai Fund Manager Meeting, held at KBank Head Office.



Awards and commendation in recognition of KBank's move towards the Bank of Sustainability



## Compliance with other Good Corporate Governance Principles

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 2015, there remained some issues that the Bank has not yet complied with, including the following:

1. Chairman of the Board must 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 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, 2015, 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. According to the company registration in the latest update from the Ministry of Commerce, dated October 16, 2015, the Board of Directors of the Bank is composed of 17 members. The election of Board members follows the resolutions of the shareholders meetings, as well as the laws and regulations and the Bank's Articles of Association. The number of directors is appropriate for the Bank's business operations, and the composition is in conformity with the notifications of the Bank of Thailand and the Capital Market Supervisory Board. As of December 31, 2015, the Bank's Board of Directors includes:

- 3 Executive Directors
- 4 Non-Executive Directors
- 10 Independent Directors

(accounting for 59 percent of the total number of Board members)

Binding agreements of the Bank must be signed by two authorized directors and affixed with the Company's seal. The primary authorized directors with signatory authority on behalf of the Bank are Mr. Banthoon Lamsam, or Mr. Krisada Lamsam,

or Mr. Somkiat Sirichatchai. Any of these persons must co-sign with any of these directors: Dr. Abhijai Chandrasen, or Mr. Predee Daochai, or Mr. Teeranun Srihong.

#### 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, consistent with the Statement of Corporate Governance Principles for effective management of the Bank. The Corporate Secretary must have qualifications and experience, and has main duties and responsibilities, as follows:

##### Qualifications and Experience

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

##### Main Duties and Responsibilities

1. Providing basic advice pertaining to the laws and regulations governing commercial banking business and the Bank's procedures, as well as monitoring compliance on a regular basis and reporting any significant changes to the Board;
2. Promoting knowledge and understanding about corporate governance principles, providing relevant information, as well as promoting and monitoring compliance among the Board of Directors;
3. Preparing agenda and documents for the Shareholders and Board of Directors Meetings;
4. Arranging the Shareholders and Board of Directors Meetings in accordance with the laws and regulations, the Bank's Articles of Association, and best practices;
5. Preparing minutes of the Shareholders and Board of Directors Meetings, and monitoring subsequent actions in accordance with resolutions of those meetings;
6. Preparing and keeping registrations of directors, annual reports of the Bank, notices calling Shareholders and Board of Directors Meetings, as well as minutes of the Shareholders and Board of Directors Meetings;
7. Ensuring that the directors and executives have filed reports on their interest and related persons' interest, as required by law;
8. Keeping reports on interest filed by directors and executives, and presenting copies of such reports to Chairman of the Board and Chairman of the Audit Committee, as specified by law;



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

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

11. Assisting in Board activities;

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

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

14. Coordinating between the Board of Directors and executives.

#### Qualifications of Independent Directors

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

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

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

3. Not being a person related by blood or registration under law, such as father, mother, spouse, sibling, 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 relating to assets or services, or grant or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, including any other similar actions, which result in the Bank or counterparty being liable to indebtedness payable to the other party in the amount of 3 percent or more of the net tangible assets of the Bank or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for the value of connected transactions under the Notification of the Capital Market Supervisory Board concerning regulations in respect of an entering into connected transaction *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of 1 year prior to the date on which such a business relationship with the person commences;

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

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

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

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

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

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

Since 2015, no independent director has had a business relationship with, or has acted as a professional adviser for the Bank, a subsidiary company, an associated company, a major shareholder, or a controlling person.

#### Term of Office

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

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

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

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

the Stock Exchange of Thailand. The details of directorships held by the Bank's Directors, Chief Executive Officer, Presidents and Executives in other companies are reported in the Annual Report under the heading: **Board of Directors and Executives, as well as Directorship of Directors and Executives in Subsidiaries, Associated and Related Companies.**

At present, no executive director holds a directorship in other listed companies. 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 - Professor Khunying Suchada Kiranandana and engaged in delivering recommendations and opinions on important issues in order to maintain a balance between the Board of Directors and the management, and to protect the interests of all stakeholders.

## 5.2 Board of Directors

Mr. Banyong Lamsam is Honorary Chairman of the Bank.

As of December 31, 2015, 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. Professor Khunying Suchada Kiranandana	Vice Chairperson and Lead Independent Director	Independent Director
3. Mr. Krisada Lamsam	Vice Chairman	Non-Executive Director
4. Mr. Predee Daochai	President	Executive Director
5. Mr. Teeranun Srihong	President	Executive Director
6. Ms. Sujitpan Lamsam	Director	Non-Executive Director

Name	Position	Director Type
7. Professor Dr. Yongyuth Yuthavong	Director	Independent Director
8. Dr. Abhijai Chandrasen	Director	Non-Executive Director
9. Professor Dr. Pairash Thajchayapong	Director	Independent Director
10. Sqn. Ldr. Nalinee Paiboon, M.D.	Director	Independent Director
11. Mr. Saravoot Yoovidhya	Director	Independent Director
12. Dr. Piyasvasti Amranand	Director	Independent Director
13. Mr. Kalin Sarasin	Director	Independent Director
14. Mr. Somkiat Sirichatchai	Director	Non-Executive Director
15. Ms. Puntip Surathin	Director	Independent Director
16. Mr. Wiboon Khusakul	Director	Independent Director
17. Ms. Suphajee Suthumpun	Director	Independent Director

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

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

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

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

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

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

4. Monitoring the Bank's performance and progress 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. Ensuring capital adequacy, including an appropriate capital assessment process, for present and future business.

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

The following activities require approval of the Board of Directors:

1. Issues related to the Bank policies.
2. Issues likely to cause significant changes in the Bank's business.
3. Issues involving regulatory compliance of the Board of Directors.
4. Issues involving the Bank's established regulations.
5. Issues considered by the Management Committee

as appropriate for approval by the Board of Directors on a case-by-case basis, or under the criteria designated by the Board of Directors, such as credit underwriting, etc.

#### **Authorities, Duties and Responsibilities of the Chairman of the Board:**

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

#### **Nomination of Directors**

The Bank established the Human Resources and Remuneration Committee to select and review candidates nominated to the position of director under director nomination policy. The appropriate composition, size and diversity of the Board, i.e. gender, age, skills, knowledge, expertise and experience, are taken into consideration, which must also conform to regulatory statutes, the Bank's Articles of Association, and the Statement of Corporate Governance Principles. Moreover, the Human Resources and Remuneration Committee takes into consideration to seek directors aligned with the Bank's strategic directions, 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 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.

### 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 Chairman and Vice Chairman may approve the empowerment of executive authority to the Bank's Chief Executive Officer or Presidents to act legally on behalf of the Bank in conducting transactions up to 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 each year. The meetings are normally scheduled for the last Thursday of every month in order to continually monitor actions in line with policies and plans. At the beginning of each year, all board members are informed of the meeting schedule and agenda for the entire year. Additional meetings may be held as deemed appropriate. The Corporate Secretary arranges for notices of board meetings, agenda, and related documents containing complete information to be delivered to each director at least 5 business days in advance, except in urgent cases, to allow sufficient time for the directors to study the matters at hand. Each director may ask for additional information or access to necessary information from the Corporate Secretary and is free to propose agenda items. The agenda for board meetings shall be categorized clearly and include agenda items designed to monitor the operating results of the Bank on a regular basis. The designation of the agenda must undergo the consideration of the Chairman of the Board and Chief Executive Officer and Presidents. All directors are expected to attend every meeting, except in extenuating circumstances.

During the meeting, the Chairman will allocate sufficient time for discussion and allow directors to freely express their opinions, including corporate governance issues. Pertinent executives of the Bank shall be invited to attend the meeting to provide related information and to directly acknowledge related policies to ensure efficient implementation. The Bank provides a teleconference system and delivers presentations over WebEx to facilitate directors who cannot attend the meeting in person. Each agenda item and its resolution are recorded in writing, and the minutes

of the meeting which have been affirmed by the Board together with related documents are systematically filed for examination and reference by the Board, or others concerned. Directors may request independent professional advice, as appropriate, at the Bank's expense.

Moreover, the Board has established that non-executive directors shall conduct at least one meeting annually without the participation of the 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 2015, 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 2015.**

#### 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, 2015, including:

1. Mr. Pairote Lamsam
2. Mr. Sukri Kaocharem
3. Mr. Somchai Bulsook
4. Ms. Elizabeth Sam
5. Mr. Hiroshi Ota

#### Authorities, Duties and Responsibilities of the Advisory Council to the Board of Directors

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

### 5.3 Independent Directors Committee

The Board of Directors approved the appointment of the Independent Directors Committee on January 31, 2013. Its role is to oversee the Bank's overall interests, ensure fair benefits for each

shareholder, maintain checks and balances between the Board of Directors and the management, and protect shareholders' rights by offering recommendations and views on significant matters beneficial to the Bank, investors and minor shareholders, with independence, transparency and freedom from involvement in any interest. This will assist the Board of Directors in performing with greater efficiency and effectiveness. Members shall have a term in office per their term as members of the Board of Directors. The Committee comprises all of the Bank's independent directors. As of December 31, 2015, the Committee had 10 independent directors, as follows:

1. Professor Khunying Suchada Kiranandana  
Lead Independent Director
2. Professor Dr. Yongyuth Yuthavong  
Member
3. Professor Dr. Pairash Thajchayapong  
Member
4. Sqn. Ldr. Nalinee Paiboon, M.D.  
Member
5. Mr. Saravoot Yoovidhya  
Member
6. Dr. Piyasvasti Amranand  
Member
7. Mr. Kalin Sarasin  
Member
8. Ms. Puntip Surathin  
Member
9. Mr. Wiboon Khusakul  
Member
10. Ms. Suphajee Suthumpun  
Member

The Independent Directors Committee holds meetings at least once a quarter. In 2015, 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 Management 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 3-year term. Each member is fully qualified in accordance with the qualifications prescribed by the Securities and Exchange Commission, the Capital Market Supervisory Board, and the Bank of Thailand. Ms. Puntip Surathin and Ms. Suphajee Suthumpun have adequate expertise and experience to audit the credibility of the financial statements. As of December 31, 2015, 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

The Audit Committee holds at least 6 meetings per year and reviews operations regularly per its charter. In 2015, 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 statements on a quarterly, semi-annual, and annual basis with management and the external auditor of the Bank in order to ensure that the financial statements 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. Overseeing the compliance function and approving its charter and annual compliance plan.

6. 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.

7. 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 and dismissal of the Internal Audit Head.

8. 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. In addition, holding at least one meeting a year with the external auditor without the presence of management.

9. Considering the Bank's policy and procedures in relation to non-audit services from 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.

10. 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.

11. 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.

12. 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.

13. Overseeing and receiving complaint or information submitted directly by stakeholders for attention of the Board of Directors.

14. 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.

15. 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.

16. 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.

17. 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 3-year term. As of December 31, 2015, the Committee had 4 members, comprising 1 non-executive director and 3 independent directors, as follows:

1. Mr. Krisada Lamsam  
Chairman
2. Professor Dr. Yongyuth Yuthavong  
Member
3. Sqn. Ldr. Naline Paiboon, M.D.  
Member
4. Mr. Wiboon Khusakul  
Member

The Corporate Governance Committee holds at least 4 meetings each year. In 2015, the Committee held 6 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.

### 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 3-year term. The Committee comprises at least 3 non-executive directors. As of December 31, 2015, the Committee had 4 members, comprising 1 non-executive director and 3 independent directors, as follows:

1. Professor Khunying Suchada Kiranandana  
Chairperson
2. Dr. Abhijai Chandrasen  
Member
3. Professor Dr. Pairash Thajchayapong  
Member

4. Mr. Kalin Sarasin  
Member

The Human Resources and Remuneration Committee holds at least 3 meetings each year. In 2015, the Committee held 9 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.

### Nomination of Management

The Human Resources and Remuneration Committee is responsible for nominating, selecting and reviewing qualified candidates to be proposed to the Board of Directors for endorsement before submitting to the Bank of Thailand for concurrence for appointments to 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 Management Committee

The Board of Directors approved a change in the status of the former Internal Risk Management Subcommittee to the Risk Management Committee on April 3, 2003. Each member has a 2-year term and the Committee must comprise at least 7 members. As of December 31, 2015, the Committee had 8 members comprising 2 executive directors, 2 non-executive directors, and 4 executives, namely:

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

The Risk Management Committee meets at least once each month. In 2015, the Committee held 12 meetings and reported all meeting minutes to the Board of Directors. The Committee ensures that there are effective risk management systems for early warning and measures to prevent and manage risks, including risks that affect operations. They also oversee compliance with risk management practices according to relevant policies, and prepare risk management reports.

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

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

1. Possessing the authority to make decisions on related undertakings within the scope of its responsibility, as stipulated in the Risk Management Committee Charter, with the authority to access all pertinent information.

2. Formulating the KASIKORNBANK FINANCIAL CONGLOMERATE risk management policy and risk appetite to present to the Board of Directors for consideration of overall risk management. The policy must cover the various risks associated with strategies, liquidity, credit, market, operational, or other significant types of risk to the financial conglomerate.

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

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

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

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

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

#### 6. Management Committee

The Board of Directors and the 88<sup>th</sup> General Meeting of Shareholders, on April 4, 2000, approved the appointment of the Management Committee. The Committee consists of the Chief Executive Officer, Presidents, and other Bank officers. As of December 31, 2015, the Committee comprised 16 members, namely:

1. Mr. Banthoon Lamsam  
Chairman
2. Mr. Predee Daochai  
Member
3. Mr. Teeranun Srihong  
Member
4. Mr. Pakorn Partanapat  
Member

5. Ms. Kattiya Indaravijaya  
Member
6. Dr. Adit Laixuthai  
Member
7. Mr. Wirawat Panthawangkun  
Member
8. Mr. Krit Jitjang  
Member
9. Mr. Somkid Jiranuntarat  
Member
10. Mr. Pipit Aneaknithi  
Member
11. Mr. Ampol Polohakul  
Member
12. Mr. Patchara Samalapa  
Member
13. Dr. Pipatpong Poshyanonda  
Member
14. Mr. Thawee Teerasoontornwong  
Member
15. Mr. Chongrak Rattanapian  
Member
16. Ms. Noppawan Jermhansa  
Member

The Management Committee shall hold at least one meeting a week, except when there is compelling reason or when there is no required meeting agenda or other justifiable reason. In 2015, the Management Committee held 50 meetings and reported all meeting minutes to the Board of Directors.

#### **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 undertaking the Bank's business as assigned by the Board of Directors, or by specific resolutions of the Board of Directors.
2. Managing the Bank's business according to established policies and plans.
3. Taking action in accordance with the authority delegated by the Board of Directors, and per their mandated management jurisdiction over the Bank.

4. The Chairman of the Management Committee shall submit the minutes of the Management Committee meetings to the Board of Directors for acknowledgment. However, policy-related issues, or issues likely to have significant impact on the Bank's business, or issues requiring action by the Board of Directors in compliance with laws, or the Bank's rules and regulations, must be approved by the Board of Directors. These also include issues for which the Management Committee considers it appropriate to seek the approval of the Board of Directors on a case-by-case basis, or per the criteria designated by the Board of Directors.

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

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

## Meeting Attendance of the Board, Independent Directors Committee and Board Committees in 2015

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 6 meetings)	Human Resources and Remuneration Committee (Total 9 meetings)	Risk Management Committee (Total 12 meetings)
Mr. Banthoon Lamsam	12/12						
Mr. Somchai Bulsook <sup>(1)</sup>	2/3		3/3	2/3		3/3	
Prof. Khunying Suchada Kiranandana <sup>(2)</sup>	12/12	1/1	12/12	3/3		6/6	
Mr. Krisada Lamsam	12/12	1/1			6/6		
Mr. Predee Daochai	12/12						12/12
Mr. Teeranun Srihong	12/12						9/12
Ms. Sujitpan Lamsam	12/12	1/1					12/12
Prof. Dr. Yongyuth Yuthavong <sup>(3)</sup>	3/3		2/2		2/2		
Dr. Abhijai Chandrasen	12/12	1/1				9/9	
Prof. Dr. Pairash Thajchayapong	12/12	1/1	10/12			8/9	
Sqn. Ldr. Nalinee Paiboon, M.D.	11/12	1/1	12/12		6/6		
Mr. Saravoot Yoovidhya <sup>(4)</sup>	12/12	1/1	10/12	7/9	1/1		
Dr. Piyasvasti Amranand <sup>(5)</sup>	12/12	1/1	11/12	11/12			
Mr. Kalin Sarasin	11/12	1/1	8/12			8/9	
Mr. Somkiat Sirichatchai	12/12	1/1					12/12
Mr. Rapee Sucharitakul <sup>(6)</sup>	3/3						4/4
Ms. Puntip Surathin	12/12	1/1	11/12	12/12			
Mr. Wiboon Khusakul <sup>(7)</sup>	9/9	1/1	8/9		5/5		
Ms. Suphajee Suthumpun <sup>(8)</sup>	3/3		2/2	2/2			

## Remarks:

- (1) Mr. Somchai Bulsook expressed his intent on not to be nominated for re-election in compliance with the Board of Directors Charter, effective on April 2, 2015.
- (2) Prof. Khunying Suchada Kiranandana was appointed Vice Chairperson, Lead Independent Director, and Chairperson of the Human Resources and Remuneration Committee, and no longer held the position of Chairperson of the Audit Committee, effective on April 2, 2015.
- (3) Prof. Dr. Yongyuth Yuthavong was appointed a director on October 1, 2015 and a member of the Corporate Governance Committee on October 29, 2015.
- (4) Mr. Saravoot Yoovidhya was appointed a member of the Audit Committee and no longer held the position of member of the Corporate Governance Committee, effective on April 2, 2015.
- (5) Dr. Piyasvasti Amranand was appointed Chairman of the Audit Committee on April 2, 2015.
- (6) Mr. Rapee Sucharitakul resigned from his directorship on April 29, 2015.
- (7) Mr. Wiboon Khusakul was appointed a director and a member of the Corporate Governance Committee on April 2, 2015.
- (8) Ms. Suphajee Suthumpun was appointed a director on October 6, 2015 and a member of the Audit Committee on October 29, 2015.

• Number of members on the Board, Independent Directors Committee and Board Committees (As of December 31, 2015):

The Board of Directors	17 members
Independent Directors Committee	10 members
Audit Committee	4 members
Corporate Governance Committee	4 members
Human Resources and Remuneration Committee	4 members
Risk Management Committee	8 members
(4 Board members inclusive)	

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

The Board of Directors	Mr. Teeranun Srihong	2	meetings
	Ms. Sujitpan Lamsam	5	meetings
	Mr. Kalin Sarasin	1	meeting
Non-Executive Directors	Mr. Somkiat Sirichatchai	2	meetings
	Mr. Kalin Sarasin	1	meeting
Independent Directors Committee	Mr. Kalin Sarasin	1	meeting
Human Resources and Remuneration Committee	Mr. Kalin Sarasin	2	meetings
Risk Management Committee	Mr. Somkiat Sirichatchai	2	meetings
	Mr. Teeranun Srihong	5	meetings
	Ms. Sujitpan Lamsam	11	meetings

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



## 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 Mission, Vision, and Core Values as well as 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 Mission, Vision and Core Values, Statement of Business Conduct, and the Code of Conduct. This includes the protection of the legitimate rights of shareholders in all groups, who are encouraged to

exercise their rights, as reflected in operational guidelines and directions adopted internally that ensure that the Bank has adequately followed the best practices in corporate governance. In 2015, 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.

All members of the Board of Directors are aware of their mutual responsibilities for sustaining the most benefit to the Bank, and their roles in supervising information disclosure, transparency in business undertakings and the decision-making process, and fair treatment to all stakeholders. In addition, the Bank places great importance on fairness in every business undertaking, as well as participation in environmental preservation and social development activities. The Bank and its employees must strictly adhere to the Code of Conduct in performing their duties under the social responsibility and environmental conservation. The Bank also participated in projects aimed for public benefits, environmental protection and social development, in recognition of benefits for all stakeholders.

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 2015, 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.
- 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.
- Actions that comply with the Code of Conduct were broadcasted through fillers of the Bank's closed-circuit TV network - known as KASIKORNTV - in order to promote common understanding of actions stipulated in the Statement of Corporate Governance Principles.
- Actions pertaining to the Statement of Corporate Governance Principles, the Code of Conduct and Anti-Corruption Policy were organized through the KASIKORNBANK newsletter circulated within the organization, e.g. the acceptance of gifts.
- Activities were organized on the "Welcome Page" of the KBank electronic network, to disseminate information on the Statement of Business Conduct and the Statement of Corporate Governance Principles, including quotes concerning the Code of Conduct.
- Criteria for supervising the use of inside information related to securities and stock futures trading, and the KASIKORNBANK Disclosure Policy concerning operating results, were disseminated to directors and employees.
- E-newsletter was prepared to inform directors on the Bank's activities and Corporate Governance principles or practices.
- A Corporate Governance Journal was prepared to report to the Board of Directors on Corporate Governance and Sustainable Development activities of the Bank and other leading business entities, and disseminated to employees through a Corporate Governance database set in the electronic network.
- The CG Visit Project was implemented for secretaries to the Audit Committee, Human Resources and Remuneration Committee and Risk Management Committee to offer consultation, recommendations, and review of compliance with the Statement of Corporate Governance Principles.
- The training courses related to the Code of Conduct and Anti-Corruption Policy were organized via KBank e-Learning system to enhance correct understanding and observance among executives and employees in the discharge of their duties. Employees' knowledge and understanding were evaluated after the trainings.

#### 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.

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

Also, the Bank has established the Corporate Governance Unit to launch activities to promote ethical behavior within a culture of good corporate governance. Best practices and actions in line

with the Code of Conduct are regularly and efficiently disseminated to all employees. These activities are also reported to the Corporate Governance Committee for acknowledgment, and the Compliance Department monitors and evaluates the effectiveness of employees' actions, as stated in the Code of Conduct.

#### 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 and also ensures the adequacy of staff. Training and orientation programs are provided for skill enhancement, accurate practices as well as efficient and effective performance are established. 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 all 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 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 are communicated to responsible persons and serious matters are reported to Board of Directors, Audit Committee and/or executives in a timely manner, as appropriate.

Recognizing the importance of its roles and responsibilities towards Corporate Governance, the Board oversees that the Bank’s business operations are in compliance with good corporate governance principles, and has also established and reviewed appropriate and effective risk management, internal control, internal auditing and compliance measures. The Board has appointed an Audit Committee entirely comprised of independent directors to review effectiveness and appropriateness of such processes. The Bank’s management is responsible for monitoring operations of employees at all levels with regard

to risk management, including the effectiveness of internal control systems, 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 respond to emerging risk appropriately. The Internal Audit Department also applies the concepts of Continuous and Integrated Audit and Data Analytics. 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.

The Internal Audit Department, which is an independent unit, has been assigned as another channel for receiving complaints and suspicious conduct. This ensures that the Bank has a transparent and fair whistle-blowing process and complies with good corporate governance standards. The 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 and Audit Division, by the Compliance Department, supervises the conduct of the Bank in order to comply with regulatory requirements and the Bank regulations, provides views on law and regulatory compliance, identifies and assesses related risks and reports to high-level executives, the Audit Committee or the Board of Directors. Other tasks include the review of the Bank operations and preparation of relevant policies, also acts as the center for contact with the regulatory agencies. Mr. Phaisarn Vorasetsiri is the Compliance Head.

## Risk Management

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

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

In 2015, 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 9,366,000 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 17,553,600 in the past accounting year.

### 2. Non-Audit Fees:

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

- Auditors of the Bank totaling Baht -0- over the past accounting year, together with future payments of Baht -0-, due on incomplete work in the past accounting year.
- The respective audit companies or their independent contracted auditors, including individuals or business entities related to the auditors and their respective audit companies, totaling Baht 6,815,300 over the past accounting year, together with future payment of Baht 1,253,800, due on incomplete work in the past accounting year.

## 5.6 Self-Assessment by the Board of Directors

The Bank has established a self-assessment plan for the Bank's Board of Directors and review of the assessment form is conducted annually. It serves as a tool for reviewing performance, as well as issues and obstacles facing each director over the past year. It also helps increase the operational effectiveness of the Board. Performance assessment of the Board of Directors is conducted in 2 ways: the overall performance assessment of the Board and the performance assessment of each individual director. To facilitate this, the Bank has developed an assessment form consistent with the Statement of Corporate Governance Principles, as well as the duties and responsibilities stated in the Board of Directors Charter. The Board of Directors conducts self-assessments once a year. The Corporate Secretary submitted the 2015 performance assessments to directors, including 6 topics: (1) Structure and characteristics of the Board; (2) Roles and responsibilities of the Board; (3) Board meetings; (4) Discharge of duties of the Board; (5) Relationship with the Bank's management; (6) Self-development of directors and executive development. The assessment results were then analyzed and evaluated to indicate the level of achievement for self-assessment by the Board of Directors, as established by Bank regulations.

In 2015, the self-assessment process was also applied to the Independent Directors Committee and all Board Committees-Audit, Corporate Governance, Human Resources and Remuneration, and Risk Management. The Independent Directors Committee and all Board Committees conduct self-assessment every year, and the assessment results have been presented to the Board of Directors.

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

## 5.7 Remuneration to Directors and Executives

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

The General Meeting of Shareholders No. 103, on April 2, 2015, approved director remuneration and bonuses, which shall remain effective until a General Meeting of Shareholders determines otherwise. A director who is also a member of other Board Committees shall receive additional remuneration in accordance with the increased responsibilities, except that the executive directors receive no remuneration for their membership in a Board Committee as follows:

		(Baht)
1. Remuneration for directors for the Board of Directors Meeting		
• Chairman of the Board	154,000	per person/month
• Vice Chairman/ 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		
• Chairman	50,000	per person/month
• Member	36,000	per person/month
3.3 The Human Resources and Remuneration Committee		
• Chairman	50,000	per person/month
• Member	36,000	per person/month
3.4 The Risk Management Committee		
• Chairman	50,000	per person/month
• Member	36,000	per person/month
4. Remuneration for the Legal Adviser	330,000	per person/month
5. Bonus for directors at the rate of 0.5 percent of dividend payments.		

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 and the performance of each individual executive relative to key performance indicators regarding finance, customer, operational process, risk management and human capital development to ensure sustainable success of the Bank under transparent regulations and scopes of responsibility, 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 2015, 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 85,759,203.

2) Remuneration for executives: In 2015, executives in the position of First Senior Vice President or equivalent and higher, totaling 65 persons, received remuneration including salaries, living expenses, special contributions, and bonuses from the Bank, totaling Baht 707,164,488, 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 200,620,741.



## Remuneration for Directors in 2015

Mr. Banthoon Lamsam	Received remuneration as Chairman of the Board, totaling Baht 1,848,000, and a bonus of Baht 5,090,545.
Mr. Somchai Bulsook <sup>(1)</sup>	Received remuneration as Vice Chairman, totaling Baht 346,500; as Independent Director, totaling Baht 90,000; as Chairman of the Human Resources and Remuneration Committee, amounting to Baht 150,000; and as a member of the Audit Committee, amounting to Baht 180,000, and a bonus of Baht 3,558,837.
Professor Khunying Suchada Kiranandana <sup>(2)</sup>	Received remuneration as Vice Chairperson, totaling Baht 1,039,500; as a director, totaling Baht 300,000; as Lead Independent Director, totaling Baht 900,000; as Independent Director, totaling Baht 90,000; as Chairperson of the Audit Committee, amounting to Baht 270,000; and as Chairperson of the Human Resources and Remuneration Committee, amounting to Baht 450,000, and a bonus of Baht 2,631,633.
Mr. Krisada Lamsam	Received remuneration as Vice Chairman, totaling Baht 1,386,000; and as Chairman of the Corporate Governance Committee, amounting to Baht 600,000, and a bonus of Baht 3,817,911.
Mr. Predee Daochai	Received remuneration as a director, totaling Baht 1,200,000, and a bonus of Baht 2,545,275.
Mr. Teeranun Srihong	Received remuneration as a director, totaling Baht 1,200,000, and a bonus of Baht 2,545,275.
Ms. Sujitpan Lamsam	Received remuneration as a director, totaling Baht 1,200,000; and as a member of the Risk Management Committee, amounting to Baht 432,000, and a bonus of Baht 2,545,275.
Professor Dr. Yongyuth Yuthavong <sup>(3)</sup>	Received remuneration as a director, totaling Baht 300,000; as Independent Director, totaling Baht 210,000; and as a member of the Corporate Governance Committee, amounting to Baht 108,000, and a bonus of Baht 1,319,967.
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 2,545,275.
Professor Dr. Pairash Thajchayapong	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 720,000; and as a member of the Human Resources and Remuneration Committee, amounting to Baht 432,000, and a bonus of Baht 2,545,275.
Ms. Kobkarn Wattanavrangkul <sup>(4)</sup>	Received a bonus of Baht 1,319,967.
Sqn. Ldr. Nalineee Paiboon, M.D.	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 720,000; and as a member of the Corporate Governance Committee, amounting to Baht 432,000, and a bonus of Baht 2,545,275.

Mr. Saravoot Yoovidhya <sup>(5)</sup>	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 720,000; as a member of the Audit Committee, amounting to Baht 540,000; and as a member of the Corporate Governance Committee, amounting to Baht 108,000, and a bonus of Baht 2,545,275.
Dr. Piyasvasti Amranand <sup>(6)</sup>	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 720,000; as Chairman of the Audit Committee, amounting to Baht 810,000; and as a member of the Audit Committee, amounting to Baht 180,000, and a bonus of Baht 2,545,275.
Mr. Kalin Sarasin	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 720,000; and as a member of the Human Resources and Remuneration Committee, amounting to Baht 432,000, and a bonus of Baht 2,545,275.
Mr. Somkiat Sirichatchai	Received remuneration as a director, totaling Baht 1,200,000; and as Chairman of the Risk Management Committee, amounting to Baht 600,000, and a bonus of Baht 2,545,275.
Mr. Rapee Sucharitakul <sup>(7)</sup>	Received remuneration as a director, totaling Baht 400,000; and as a member of the Risk Management Committee, amounting to Baht 144,000, and a bonus of Baht 2,427,958.
Ms. Puntip Surathin	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 720,000; and as a member of the Audit Committee, amounting to Baht 720,000, and a bonus of Baht 2,072,919.
Mr. Wiboon Khusakul <sup>(8)</sup>	Received remuneration as a director, totaling Baht 900,000; as Independent Director, totaling Baht 630,000; and as a member of the Corporate Governance Committee, amounting to Baht 324,000, and a bonus of Baht 172,716.
Ms. Suphajee Suthumpun <sup>(9)</sup>	Received remuneration as a director, totaling Baht 300,000; as Independent Director, totaling Baht 210,000; and as a member of the Audit Committee, amounting to Baht 120,000.

## Remark :

- (1) Mr. Somchai Bulsook expressed his intent not to be nominated for re-election in compliance with the Board of Directors Charter, effective on April 2, 2015.
- (2) Prof. Khunying Suchada Kiranandana was appointed Vice Chairperson, Lead Independent Director, and Chairperson of the Human Resources and Remuneration Committee, and no longer held the position of Chairperson of the Audit Committee, effective on April 2, 2015.
- (3) Prof. Dr. Yongyuth Yuthavong received a bonus from dividend payment for the 2H14 operating results, prorated by his term in office and was appointed a director on October 1, 2015 and a member of the Corporate Governance Committee on October 29, 2015.
- (4) Ms. Kobkam Wattanavrangkul received a bonus from dividend payment for the 2H14 operating results, prorated by her term in office.
- (5) Mr. Saravoot Yoovidhya was appointed a member of the Audit Committee and no longer held the position of a member of the Corporate Governance Committee, effective on April 2, 2015.
- (6) Dr. Piyasvasti Amranand was appointed Chairman of the Audit Committee on April 2, 2015.
- (7) Mr. Rapee Sucharitakul resigned from his directorship on April 29, 2015.
- (8) Mr. Wiboon Khusakul was appointed a director and a member of the Corporate Governance Committee on April 2, 2015.
- (9) Ms. Suphajee Suthumpun was appointed a director on October 6, 2015 and a member of the Audit Committee on October 29, 2015.

## 2. Other remuneration

- 1) Remuneration for directors: none
- 2) Remuneration for executives: In 2015, the Bank's executives received benefits and other welfares similar to other staff members in conformity with the Bank's regulations, such as medical and health checkup expenses, as well as various types of loan, plus provident funds. The Bank contributed Baht 16,839,661 to the provident funds for the Bank's executives in the positions of First Senior Vice President or equivalent and higher, totaling 65 persons, and Baht 4,732,650 to the provident funds for the Bank's executives in the positions of Senior Executive Vice President or equivalent and higher, totaling 10 persons.

## 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 the Bank's strategies, good corporate governance practices, 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 3 new directors in 2015, namely Professor Dr. Yongyuth Yuthavong, Mr. Wiboon Khusakul and Ms. Suphajee Suthumpun.

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, 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 related to the roles and responsibilities of directors, and also further their skills and knowledge in seminars or training programs in 2015 as follows:

Board Members	Seminars/Training Programs
1. Mr. Banthoon Lamsam	<ul style="list-style-type: none"> <li>• Seminar on "TAKSILA ASEAN+ BANKING FORUM LEADERSHIP PROGRAM 2015, EPISODE 1 : IN THE TIME OF A PERFECT FINANCIAL STORM", KASIKORNBANK</li> <li>• Seminar on "Towards 500 Years of Thai-Chinese Relations", Thai-Chinese Journalists Association</li> </ul>
2. Mr. Krisada Lamsam	<ul style="list-style-type: none"> <li>• Curriculum of 4<sup>th</sup> Metropolitan Development Training Course for Top Executives, Institute of Metropolitan Development, Navamindradhiraj University</li> <li>• Advanced Security Management Program Class 7, The Association National Defence College of Thailand under the Royal Patronage of His Majesty the King</li> </ul>
3. Mr. Predee Daochai	<ul style="list-style-type: none"> <li>• Capital Market Academy Leader Program Class 20, Capital Market Academy</li> <li>• Ethical Leadership Program (ELP) Class 1/2015, Thai Institute of Directors Association</li> <li>• Dinner Talk on "Vision 2020 and Outstanding Alumni Awards", University of Illinois Thai Alumni Association</li> </ul>
4. Mr. Teeranun Srihong	<ul style="list-style-type: none"> <li>• The Executive Program of Energy Literacy for a Sustainable Future Class 6, Thailand Energy Academy</li> <li>• Advanced Management Program, Harvard Business School</li> <li>• Seminar on "Anti-Corruption for Executive Program (ACEP) Class 14/2015", Thai Institute of Directors Association</li> </ul>
5. Dr. Abhijai Chandrasen	<ul style="list-style-type: none"> <li>• CG Forum 3/2015 on "Risk Oversight: High Priority Roles of The Board", The Stock Exchange of Thailand</li> </ul>
6. Professor Dr. Pairash Thajchayapong	<ul style="list-style-type: none"> <li>• Seminar on "The Article and Climate Change", Chulalongkorn University, National Science and Technology Development Agency under Ministry of Science and Technology, Ministry of Foreign Affairs in cooperation with the University Center in Svalbard and the Norwegian Polar Institute</li> </ul>
7. Mr. Saravoot Yoovidhya	<ul style="list-style-type: none"> <li>• Advanced Audit Committee Program (AACP) Class 20/2015, Thai Institute of Directors Association</li> </ul>
8. Dr. Piyasvasti Amranand	<ul style="list-style-type: none"> <li>• Seminar on "Alternative Energy for Thailand Development", The Association of Researchers, Energy Regulatory Committee, Department of Alternative Energy Development and Efficiency and National Research Council of Thailand</li> </ul>
9. Mr. Kalin Sarasin	<ul style="list-style-type: none"> <li>• Seminar on "Future Thai Economy Amid Fragile Global Economy", Bank of Thailand</li> <li>• Seminar on "Private Higher Education and Country's Competitiveness Development for Long-Term Sustainability", Association of Private Higher Education Institutions of Thailand under the Patronage of Her Royal Highness Princess Maha Chakri Sirindhorn</li> </ul>

Board Members	Seminars/Training Programs
10. Mr. Somkiat Sirichatchai	<ul style="list-style-type: none"> <li>• Advanced Management Program, Harvard Business School</li> <li>• RiskMinds International 2015, The International Centre for Business Information (ICBI)</li> <li>• Seminar on “Best Practices in HR”, Human Resources Institute, Thammasat University</li> </ul>
11. Mr. Wiboon Khusakul	<ul style="list-style-type: none"> <li>• Director Certification Program (DCP) Class 211/2015, Thai Institute of Directors Association</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, taking into account different factors, e.g. the qualification, knowledge, competencies and experiences required for each position. The performance of potential executives is evaluated in order to formulate individual development plans; and rotation of responsibilities is undertaken

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

## Dividend Policy

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### The Bank's Dividend Policy

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

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

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

### The Dividend Policies of Subsidiaries

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

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