
**Statement of
Corporate Governance
Principles**

Introduction

The Board of Directors of KASIKORNTHAIBANK Limited (“the Board”) strongly believes that good corporate governance will enhance the sustainable growth of performance of the Bank, and is central to achieving the Bank’s primary objective of maximizing shareholder value. The corporate governance practices at KASIKORNBANK provide the structure which enables this objective to be achieved, whilst ensuring that the business and affairs of the Bank are conducted competitively under high ethical standards and in accordance with the law.

The Board has confirmed that, as a leading financial institution in Lao PDR, it embraces the main characteristics of good corporate governance, namely:

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| a) integrity | e) responsibility |
| b) transparency | f) fairness |
| c) independence | g) social responsibility |
| d) accountability | |

This “Statement of Corporate Governance Principles” reflects the values, practices and directions that apply within the Bank, as determined and approved by the Board.

Board of Directors

The Board is accountable to all shareholders. Each director represents all shareholders, and is expected to participate in the governance of the Bank both independently and objectively for the benefit of all shareholders and other key stakeholders.

The role of the Board is to oversee the Bank’s management, ensuring that management are continually striving for superior performance, taking into account risk.

The function of the Board is to:

- a) Review and discuss Management’s proposed strategic options and approve major issues in respect of KASIKORNTHAIBANK Limited direction and policy

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- b) Review and approve Management's initiated annual Business Plan, Capital Expenditure Budget and other performance goals prior to proposing to shareholders' meeting for consideration and approval
 - c) Oversee and balance the emphasis given to short and long term objectives
 - d) Find and appoint successor of the Country Director and appraise the performance of the Country Director prior to proposing to shareholders' meeting for consideration and approval as well as ensure that there is an effective process for evaluating the performance of senior executives
 - e) Monitor the performance of the Bank, progress towards the achievement of the Bank's objectives and compliance with policies and procedures, and with applicable laws and regulations
 - f) Monitor the risk management framework including the effectiveness of internal controls
 - g) Approve major corporate initiatives prior to proposing to shareholders' meeting for consideration and approval
 - h) Ensure an appropriate system for effective communications with stakeholders and the public.

The Board shall comprise no less than 5 members and no more than 7 members of which may be independent directors and its quorum shall be not less than half of all directors participating in the meeting.

The Board includes the chair person, deputy chair person, and certain members who are appointed or removed by the shareholders' meeting. The Board shall have a term of office not exceeding two years and may be re-appointed.

The Board shall have adequate knowledge and experiences in order to fulfill the duties and responsibilities.

The directors shall have a range of skills and experience to bring independent judgment, effective leadership and considerable knowledge to the Board's discussions. On appointment, each director shall receive information about the Bank and clarification of legal and regulatory constraints and other obligations of a director of the Bank and of a private company in Lao PDR.

Directors may take independent professional advice at the Bank's expense, in appropriate circumstances.

All of the directors shall have access to the advice and services of the Corporate Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

The Chairman of the Board can be either an Executive or a Non-executive Director.

The duties of the Chairman of the Board:

1. Summon the meetings of the Board of Directors and supervise the delivery of meeting notices and related documents so as to ensure that the Board of Directors acquire adequate and timely information;
2. Preside over the Board of Directors meeting;
3. Promote CG standards of the Board of Directors;
4. Preside over the Shareholders meeting and conduct the meeting in compliance with the Bank Articles of Association and follow the sequence of the agenda;
5. Supervise efficient communications between the directors and shareholders;
6. Perform the duty specified by law as the duty to be performed by the Chairman.

There is to be a clear division between the responsibilities of management and of the Board.

The Board shall not ordinarily become involved in management issues or in managing the implementation of Board policy. The Board's role includes the task of monitoring management in such a manner as to ensure that appropriate policies and processes are in place, that they are operating effectively and that the Bank is meeting its responsibilities to all stakeholders.

The relationship between the Board and management is one of partnership. Whereas the Country Director is responsible to the Board for the day-to-day management of the Bank involving operational planning, decisions and implementation, the Board provides strategic oversight, tactical input and monitoring of implementation and results.

Management is responsible for the day-to-day operations of the Bank. The role of the Board is to ensure that management is working in the best interests of the Bank and its stakeholders by working to enhance corporate economic value.

The duties of the full Board include:

- a) meetings of the Board shall be held at least every three months. There may be extra meetings as deemed appropriate to discharge their responsibilities. All directors are expected to attend every meeting, except under unavoidable circumstances. A program of meetings shall be prepared and agreed each year, which ensures that each of the significant responsibilities of the Board is addressed.
- b) regularly reviewing the corporate strategy of the Bank
- c) receiving a detailed assessment of the Bank's performance, the significant issues confronting each business unit within the Bank, and such other information that enables them to discharge their responsibilities.

The directors will be provided with appropriate and timely information in advance of each Board meeting so that they can maintain full and effective control over strategic, financial, operational, compliance and governance issues. Any additional information requested by directors will be provided.

The Board's performance shall be assessed by the Board as a whole.

Term of Bank directorship, the Board shall have a term of office not exceeding two years.. Any director vacating office on due term can be re-elected by shareholders meeting.

The directors shall not exceed the age limit of 72 years old.

Board Committees

The Board shall be assisted in the discharge of its duties by various Board Committees. The purpose of each board committee is to consider, in greater depth than is practicable at Board meetings, matters for which the Board retains responsibility. The Board's committees includes a Governance Committee, a Risk Management Committee and an Audit Committee.

In the case of necessity, other committees can be established based on the approval of the Board of Directors.

Each committee has three members of the Board of Directors, in which one person acts as a chair person. If there is an independent director in such committee, he shall be a chair person of the committee. A Board member may be a member of several committees, but shall be a chair person of only one committee.

The type and composition of Board Committees shall be reviewed by the Board.

A description of the existing Board Committees, each of which operates under terms of reference or charters approved by the Board, is given below.

The minutes of all meetings of Board Committees shall be submitted to the Board for acknowledgement. This provides directors with an opportunity to receive additional information or to comment and express views on issues being addressed at Board Committees level.

Governance Committee

The Governance Committee shall comprise Board members as appointed by the Board of Directors. Its main responsibility is to oversee the Bank’s business practice and the conduct of the Board of Directors, Board committees as established by the Bank, the management, and employees to ensure compliance with the Statement of Corporate Governance Principles and Sustainable Development, laws and regulations, policies of government agencies or institutions supervising commercial banks, as well as the Bank’s policies.

To undertake the above duties and responsibilities, the Governance Committee shall set and review the Code of Conduct of the Bank, as prescribed under the Statement of Corporate Governance Principles, and select individuals qualified to become directors or General Director and Chief of Financial Officer in accordance with established criteria; and to recommend to meeting of shareholders for consideration or appoint such persons. These include the duties to review policies, principles and guidelines for the good Corporate Governance Practices, to recommend ethics and Code of Best Practices in business

undertaking to the Directors, the management and employees, to ensure effective consistency and compatibility with the businesses of the Bank under the Statement of Corporate Governance Principles, to supervise the Bank's Sustainable Development undertakings, and to meet at least every six months, or to meet extraordinarily convened by the board. The Governance Committee shall report to the Board of Directors matters related to Corporate Governance and Sustainable Development of the Bank, give opinions on practicing guideline and recommend amendments as deemed appropriate. It shall also have to review public announcement related to good Corporate Governance of the Bank to stakeholders and general public.

Audit Committee

The Board shall appoint the Audit Committee of at least three members nominated by the Governance Committee and shall designate one member, who shall not chair any other committees, as a chairperson. If there is an independent director in the Audit Committee, he/she shall be a chairperson. The principal responsibilities include reviewing financial statements on a quarterly, semi-annual and annual basis, and overseeing the risk management system, internal control system and internal audit, and compliance with applicable laws, regulations and the Bank's Code of Conduct, and to deliver opinions to the Board on any matters that it wishes to address including those submitted to it by the management or board.

The Audit Committee can access to any information and invite management, employees, or external parties to attend Audit Committee meetings, as appropriate. The meeting shall be held at least every two months or as determine by the Board of Directors. The Audit Committee shall meet separately and periodically with management, the Chief Audit Executive, and the external auditor to foster open communication and if deemed appropriate, it may request any employees or outside counsel to attend a meeting of the Audit Committee. The Audit Committee shall also have a duty to make assessment of the quality of the service of the external audit company, and assess the auditor's independence in relation to all relationships between the independent external auditor and the bank.

Risk Management Committee

The Risk Management Committee consists of Directors and/or Executives of the Bank appointed by the Board of Directors. The Committee shall be responsible for assisting the Board of Directors oversight of overall risk management processes to ensure that the risk level is appropriate. The Committee must also ensure that the Bank has a well-developed structure and comprehensive on-going processes for identifying, assessing, managing and monitoring all risks associated with the operations in accordance with the regulations issued by the Bank of the Lao PDR ,and to be reported to the Board of Directors for acknowledgement. The Risk Management Committee shall meet at least once per month, or to meet extraordinarily convened by the board of directors.

The Risk Management Committee shall have the duty to formulate the Bank risk management policy and risk appetite in setting the overall risk management, which should cover all possible risks associated with the business, and reports shall be presented regularly to the Board on the following matters:

- 1) Impact of portfolio exposure and changes in risk frameworks, including effects from changes in policies and new product developments
- 2) Status of risks and changes on the risk appetites at appropriate time
- 3) Make sure that the Board of Directors is informed and made aware of the factors likely to have significant impacts on the Bank risk status.

Risk Management and Internal Control

The Board and senior management of the Bank have placed an emphasis on promoting of an appropriate business culture, recognizing the importance of risk management and the adequacy of the internal control system in every business undertaking. This leads to the formulation of written policies, procedures and operational manuals as means to communicate with employees on a regular basis. Risk appetite and key risk limit shall be set. Control activities shall be set as an integral part of day-to-day operations. Well established budgeting

and forecasting procedures shall be in place and reports shall be presented regularly to the Board detailing:

- a) overall strategy
- b) business plans
- c) results of each principal business unit
- d) variances against budget and prior year, and
- e) other performance data.

Code of Conduct

The Board has approved a Code of Conduct that is in line with Core Values, and in compliance with laws and regulations. All employees shall have access to a copy of this Code of Conduct and are expected to observe high standards of integrity and fair dealings in relation to stakeholders. The Code forms part of the Bank's compliance framework which shall include policies and standards for compliance with rules and regulations.

Insider Trading

The Board has approved a policy that imposes restrictions on trading in the securities and stock futures of the Bank and other organizations where access to price sensitive information could constitute insider trading. The policy shall include an agreed upon time frame during which the buying and selling of the Bank's shares and stock futures is permitted. This includes a report on trading in securities and stock futures by directors and senior management of the Bank, under good corporate governance principles.

Conflict of Interest

Any conflict of interest or potential conflict, or the conduct of related transactions, or being as part of or involved in transactions subject for consideration by the Bank, that a Director may have, shall be declared to the Board by said Director so immediately that conflict is recognized. Directors involved shall not take part in decisions relating to business activities in which they have a personal interest. In general terms, the Directors must act in the Bank's best interests.

Relations with Shareholders

The Board recognizes the importance of all shareholders' rights and strictly adheres to a policy on treating all shareholders equally and fairly, according to related laws and the Articles of Association of the Bank, which cover basic legal rights. Aside from the basic rights, the Bank places great importance on disclosure with shareholders. To that end, the Bank circulates each year, along with the annual report and information explaining features of the Bank's performance in the previous year. The Annual General Meeting shall function as an opportunity to communicate with all shareholders, who are encouraged to attend the Annual General Meeting.

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Approved by the Board of Directors
Mr.
Chairman of the Board