

## Part 2

### Management and Corporate Governance

#### 7. Securities and Shareholders information

##### 7.1 Securities Information

The registered and issued and paid-up share capital of the Bank as of 31 December 2017 are as follows:

Registered Capital	THB 15,140,113,803.50 (fifteen billion one hundred forty million one hundred thirteen thousand eight hundred and three baht and fifty satang), which comprises: : 30,280,227,607 (thirty billion two hundred eighty million two hundred twenty seven thousand six hundred and seven) ordinary shares, with a par value of THB 0.50 (fifty satang) : No preference shares
Issued and Paid-up Share Capital	THB 15,140,113,803.50 (fifteen billion one hundred forty million one hundred thirteen thousand eight hundred and three baht and fifty satang), comprising 30,280,227,607 shares (thirty billion two hundred eighty million two hundred twenty seven thousand six hundred and seven) ordinary shares, with a par value of THB 0.50 (fifty satang) and no preference shares

##### 7.2 Shareholder

###### (1) Major Shareholder of the Bank

###### a. Top 10 shareholders of the Bank as of 15 June 2017:

No.	Name of Shareholders	Number of Shares	% of Total
1	CIMB BANK BERHAD	28,496,703,159	94.11
2	BANK JULIUS BAER & CO. LTD, SINGAPORE	760,756,147	2.51
3	Thai NVDR Co., Ltd.	185,813,795	0.61
4	Mr. Pisit Prukpaiboon	41,526,382	0.14
5	SCB SET INDEX FUND	20,182,452	0.07
6	Mr. Prawit Phansaichue	13,997,591	0.05
7	Mr. Somchart Namsricharoensuk	13,384,881	0.04
8	Mrs. Jaroonluk Panichsheewa	11,761,750	0.04
9	Mr. Surasit Kiatiyothsakul	11,070,481	0.04
10	SCB SET BANKING SECTOR INDEX	10,484,908	0.03
	Other shareholders	714,546,061	2.36
	<b>Total 8,429 shareholders holding</b>	<b>30,280,227,607</b>	<b>100.00</b>
	8,359 Thai shareholders	1,005,875,794	3.32
	70 Foreign shareholders	29,274,351,813	96.68
	<b>Total number of shares</b>	<b>30,280,227,607</b>	<b>100.00</b>

**b. Major shareholders with significant influence over planning and directing the Bank's operations**

Major shareholder with significant influence over planning and directing the Bank's operations is CIMB Bank Berhad. It holds 28,496,703,159 of the total issued and paid-up shares of the Bank, which is equivalent to 94.11%.

**(2) Operating Business as a Holding Company**

- None -

**(3) Major shareholder agreements regarding share issuance or the Company management**

- None -

**7.3 Issuance of Other Debt Securities**

Issuance of Debt Securities of the Bank (As of 31 December 2017)

Classified by type	Interest rate	Maturity	Collateral	Restrictions and Requirements	Value of debt securities in issue as at 31 Dec 2017 (THB)	Credit ratings (Moody's / Fitch Ratings)	Bond holder representative
1. Subordinated debenture <sup>1</sup>	None	22 December 2003	None	None	544,502,520	None	None
2. Tier 2 subordinated debt <sup>2</sup>	5.60% per annum	5 July 2024	None	For early redemption for each tranche of the subordinated debt where call option is applicable, the issuer may, at its sole discretion and subject to prior approval of the Bank of Thailand and submission to the Bank of Thailand redemption and substitution plans at least thirty (30) days prior to the call date, redeem and cancel the subordinated debt in whole but not in part on the call date in the principal amount together with all deferred and accrued but unpaid interest (if any), under the subordinated debt). The optional redemption by the issuer of the subordinated debt of one tranche does not trigger the redemption of the subordinated debt of other tranches.	3,371,180,000 (MYR 400,000,000)	Issue rating AA 3 by RAM Rating Services Berhad	None

Classified by type	Interest rate	Maturity	Collateral	Restrictions and Requirements	Value of debt securities in issue as at 31 Dec 2017 (THB)	Credit ratings (Moody's / Fitch Ratings)	Bond holder representative
				This is provided that, if required by the Bank of Thailand, 1) the redemption and substitution plans will include the issuance, either immediately or before the redemption, of financial instruments of equivalent or superior quality in substitution for the subordinated debt to be redeemed; and 2) the issuance of these substitute instruments will not affect the issuer's ability to perform its business operation.			
3. Tier 2 subordinated debt <sup>2</sup>	5.35%per annum	11 July 2026	None	For early redemption for each tranche of the subordinated debt where call option is applicable, the issuer may, at its sole discretion and subject to prior approval of the Bank of Thailand and submission to the Bank of Thailand redemption and substitution plans at least thirty (30) days prior to the call date, redeem and cancel the subordinated debt in whole but not in part on the call date in the principal amount together with all deferred and accrued but unpaid interest (if any), under the subordinated debt). The optional redemption by the issuer of the subordinated debt of one tranche does not trigger the	(MYR 570,000,000)	Issue ratingAA 3 by RAM Rating Services Berhad	None

Classified by type	Interest rate	Maturity	Collateral	Restrictions and Requirements	Value of debt securities in issue as at 31 Dec 2017 (THB)	Credit ratings (Moody's / Fitch Ratings)	Bond holder representative
				redemption of the subordinated debt of other tranches. This is provided that, if required by the Bank of Thailand, 1) the redemption and substitution plans will include the issuance, either immediately or before the redemption, of financial instruments of equivalent or superior quality in substitution for the subordinated debt to be redeemed; and 2) the issuance of these substitute instruments will not affect the issuer's ability to perform its business operation.			

- Notes:**
1. Referring to a subordinated debt instrument transferred from a financial institution under regulatory intervention, i.e. Union Asia Finance Plc., in the amount of THB 544.50 million.
  2. Referring to a subordinated debt instrument with cash flow hedge in the amount of MYR400 million and MYR 570 million .

#### 7.4 Dividend Policy of CIMB Thai

The Bank's policy is to allocate dividend to shareholders at not over 40% of its net profit (after corporate income tax) of each operational year. Article 43 of the Bank's Articles of Association states: "No dividend shall be paid otherwise than out of profits. If the Company has incurred accumulated losses, no dividend may be paid. The remaining profit from paying the dividend can be allocated as the reserve funds as the Board of Directors may think fit. The Board of Directors may pay interim dividend to shareholders from time to time as it deems that the Company has enough profit to do so, and the payment of such dividend shall be reported to the shareholders at the next meeting. The payment of dividend shall be made within the time prescribed by law and the written notice of such payment of dividend shall be sent to the shareholders and also published in a newspaper." With respect to the Bank's subsidiary companies, the decision to declare a dividend payment is at the discretion of the respective subsidiaries' Boards of Directors and is dependent upon the subsidiaries' net earnings.

## 8. Management Structure

### 8.1 Board of Directors

As of 31 January 2018, the Board of Directors was composed of the following 10 directors:

Name	Positions
1. Mr. Chakramon Phasukavanich	Chairman
2. Dato' Robert Cheim Dau Meng	Vice Chairman/Member and Alternate Chairperson of Nomination, Remuneration and Corporate Governance Committee
3. Mr. Maris Samaram <sup>/1</sup>	Independent Director/Chairman of Audit
4. Mrs. Watanan Petersik	Independent Director/Chairperson of Nomination, Remuneration and Corporate Governance Committee
5. Dato' Shaarani Bin Ibrahim	Independent Director/Member of Audit Committee/Member of Nomination, Remuneration and Corporate Governance
6. Mr. Chitrapongse Kwangsukstith	Director/Member and Alternate Chairman of Board Risk Committee
7. Ms. Serena Tan Mei Shwen	Director/Member of Board Risk Committee
8. Dato' Lee Kok Kwan	Director/Chairman of Board Risk Committee
9. Mr. Pravej Ongartsittigul	Independent Director/Member of Audit
10. Mr. Kittiphun Anutarasoti	President and Chief Executive Officer

#### **Note**

<sup>/1</sup> The Board of Directors meeting, held on 25 April 2017, resolved to appoint Mr. Maris Samaram as Independent Director/Chairman of Audit Committee in place of Mr. Sukont Kanjana-Huttankit who had resigned, effective on 8 May 2017.

#### **Directors Nominated by Major Shareholder**

CIMB Bank Berhad (CIMB Bank) has appointed two representatives to the Board, namely Dato' Lee Kok Kwan and Ms. Serena Tan Mei Shwen.

#### **Authorised Signatories**

The directors who are authorised signatories of the Bank are Mr. Kittiphun Anutarasoti and Mr. Chitrapongse Kwangsukstith, both of whom to jointly sign and affix the Bank seal.

#### **Powers of the Board of Directors**

1. Appoint and remove regular and temporary employees, determine payment of bonus and compensation to regular and temporary employees or any person doing business for the Bank, and declare dividend payment to shareholders.
2. Establish Board committees as deemed necessary to assist the Board in overseeing the Bank's business affairs, and determine remuneration for committee members as appropriate.
3. Appoint any person as advisor to the Board to give opinion on the Bank's business affairs, and determine remuneration as appropriate.
4. Delegate authority to any one or more director(s) or other person(s) to perform any duty on behalf of the Board.

5. At the Board meeting, each director shall have one vote. Director with beneficial interests in any matter shall not be entitled to vote on that matter. In the event of a vote tie, the Chairman of the meeting shall have the casting vote.

### **Duties and Responsibilities of Board of Directors**

Basic responsibility of the Board is to exercise judgment on the business operations in a manner that they reasonably believe to be in the best interests of the Bank and in compliance with the applicable laws and regulatory rules, the Bank's Articles of Association, and resolutions of the shareholders' meetings, as detailed below:

1. Set vision, targets, policies, strategies, administration, utilisation of resources, and business standards and framework of the Bank; and monitor and supervise the Bank's business operations to ensure efficient and effective discharge of functions in accordance with the policies set forth.
2. Select individuals qualified for directorship and make recommendation thereof to the shareholders' meeting for election as directors, as well as encourage the shareholders to nominate candidates for election as directors.
3. Select qualified individuals from diverse professional backgrounds and with a broad spectrum of experience and expertise for appointment to executive management positions.
4. Review and approve budgets proposed by executive management under joint consideration with executive management.
5. Delegate authority for day-to-day management to executives based on agreed objectives and targets, except when the matter is of high significance and not in normal course of business of the Bank and hence warrants the Board's attention, such as change in the Bank's capital structure, investment in other business, business merger, disposal of assets and capital expenditure; or in case where the Board's ratification is required, including the matter with conflict of interest, and an approval by the shareholders' meeting has to be sought; the Board is duty-bound to give opinion to the shareholders on such matter.
6. Determine the issues to be brought to its attention by executive management.
7. Set measures for executive management to communicate and ensure there is communication of operational targets and policies to Bank staff at all levels.
8. Monitor and supervise executive management's business operations to ensure compliance with relevant laws and regulations as well as contractual terms and conditions.
9. Monitor and ensure that the Bank has in place efficient and effective risk management system.
10. Monitor and ensure that the Bank has in place adequate, proper and efficient internal control system for the benefit of the Bank; formulate and implement a clear procedure to cope with conflict of interest; put in place policies and processes preventing executive management and other concerned parties from using confidential inside information for personal gains; and assess and review the adequacy of the Bank's internal controls every year-end.
11. Ensure that all stakeholders are treated fairly.
12. Assume responsibility for the financial statements of the Bank and its subsidiary companies and in that process, ensure that the notes to the financial statements contain all important disclosures; and supervise to ensure that processes are in place for implementing a sound accounting system and proper accounting records are kept for future references.
13. Ensure that processes are in place for reporting of operating results in comparison with the targets and the problems arisen so that the Board can monitor, improve and rectify the plans and strategies as appropriate.
14. Establish procedures for evaluating the performance of senior executives to determine the appropriate levels of remuneration, taking into account risks and responsibilities involved as well as added value to shareholders in the long run.
15. Review the pay structure and criteria for authorising bonuses, incentives and benefits for regular and temporary staff or any person doing business for the Bank, regardless of whether on a regular basis or not, as recommended by executive management.
16. Appoint any person as advisor to the Board, or seek professional advice from an external advisor, to give opinion and suggestion on the Bank's business affairs at the expense of the Bank; and determine the remuneration for whom as deemed appropriate.
17. Appoint Board committees as necessary to assist the Board in overseeing the Bank's business affairs in the areas assigned, and determine the remuneration for whom as deemed appropriate. Board committees may, at the Bank's expense, engage independent experts to give additional

advice and also have regular staff available to assist in data compilation and coordination to support the Board committees' discharge of duties.

18. Ensure that adequate, accurate and reliable information is disclosed in a timely manner.
19. Appoint Board secretary to assist the Board in managing its business affairs and ensure compliance with the relevant laws, rules and regulations.
20. Put in place corporate governance principles and business ethics, Board and Board committee charters, and human resource management policies.
21. Ensure there are relevant and effective operational controls, monitoring and guidelines available in all work units across the organisation.
22. Conduct self-assessment every year.

The Board shall under no undue influence make independent decisions, or objections in case of disagreement or conflict of interests, and make approvals of matters or recommendation to the shareholders' meeting for approvals as appropriate, based on the following principles:

**Sufficiency:**

1. To act in the best interests of the Bank;
2. To exercise sound and prudent judgment; and
3. To decide dispassionately without consideration of personal gains.

**Prudence:**

1. To act with due care taking all steps in the manner a director should take under similar circumstance;
2. To make informed decisions; and
3. To act with reasonable grounds that information is reliable and correct.

**Integrity:**

1. To act in good faith;
2. To make decisions free of possible or appearance of conflict of interest; and
3. Not to make use of the Bank's information and opportunities for personal or other persons' gains.

**Selection, Appointment and Removal of Directors**

The Board of Directors shall be elected by the shareholders. The Bank has put in place director nomination procedures that are transparent and open for inspection. The Board shall accordingly appoint Nomination, Remuneration and Corporate Governance Committee to take charge of selecting and nominating qualified persons who have no disqualifications according to the law for appointment as directors by recommending them through the Board before submitting to the meeting of the shareholders for approval and appointment. This process shall comply with the rules and procedures on appointment and removal of directors as specified in the Bank's Articles of Association as follows:

- a. According to the shareholders' resolution, the Board of Directors shall comprise no fewer than five and no more than 12 members, with at least half the board members having domicile in Thailand.
- b. Article 16 of the Bank's Articles of Association provides for the following voting procedure:
  - (1) Each shareholder shall have the number of votes equal to the number of shares held. One share is entitled to one vote;
  - (2) Votes shall be cast for either an individual or several directors in the number required to be elected at the respective meeting and as deemed appropriate by the meeting. In the election of either an individual or several directors, each elected person shall receive votes from each shareholder in the full amount of shares held by that shareholder pursuant to (1). The shareholder shall not allot his/her votes to any person in any number; and
  - (3) After the voting, the candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order in the number required in the election. Where the votes cast for candidates in the descending order are tied, and would otherwise cause the number of directors to exceed the number required to be elected at the respective meeting, the remaining appointments shall be made by drawing lots in the procedure to be determined by the Chairman of the meeting.



- (4) At every annual general meeting, one-third of the directors shall retire. In any subsequent years, the directors who have been in office the longest shall retire.
- c. Whenever any person vacates his/her seat as a Board member for any reason other than expiry of term of office, the remaining members shall at the next Board meeting appoint another qualified and suitable director to fill that position for the remainder of the term of office of his/her predecessor except in the event that the vacant position has fewer than two months left in the term. The motion shall require the majority consent of at least three-fourths of the remaining members of the Board.

In addition, pursuant to the Financial Institution Business Act B.E. 2551 (2008), the Bank of Thailand (BOT) is empowered to issue an order requiring a commercial bank to remove from office any director or any person in charge of business operation that has caused serious harm to the society at large, or has failed to comply with the directives prescribed by the BOT. In this respect, the Bank is obliged to select a suitable replacement subject to approval by the BOT. The decision taken by the BOT to appoint or remove any director is conclusive.

In 2017, meeting attendance of Board members and Board committee members was as follows:

Unit: Attendance

No	Director Name (number of meetings attended/total meetings)	(1) Board	(2) Audit Committee	(3) Nomination, Remuneration and Corporate Governance Committee	(4) Board Risk Committee
1.	Mr.Chakramon Phasukavanich	12/12	-	-	-
2.	Dato' Robert Cheim Dau Meng	11/12	-	11/11	-
3.	Mr. Sukont Kanjana-Huttakit	3/3	4/6	-	-
	Mr. Maris Samaram	8/8	10/10	-	-
4.	Mrs. Watanan Petersik	8/12	-	7/11	-
5.	Dato' Shaarani Bin Ibrahim	12/12	16/16	11/11	-
6.	Mr. Chitrapongse Kwangsukstith	10/12	-	-	8/11
7.	Ms. Serena Tan Mei Shwen	11/12	-	-	8/11
8.	Dato'Lee Kok Kwan	9/12	-	-	9/11
9.	Mr. Pravej Ongartsittigul	12/12	16/16	-	-
10.	Mr. Kittiphun Anutarasoti <sup>/</sup>	12/12	-	-	9/11

**Note**

<sup>/1</sup> The Board of Directors meeting, held on 25 April 2017, resolved to appoint Mr. Maris Samaram, as Independent Director/Chairman of Audit Committee in place of Mr. Sukont Kanjana-Huttankit who had resigned, effective on 8 May 2017.

## 8.2 Executive Management

As of 31 January 2018, the Bank's executive management is composed of:

- |    |                           |   |
|----|---------------------------|---|
| 1. | Mr. Kittiphun Anutarasoti | President and Chief Executive Officer   |
| 2. | Mr. Sutee Losoponkul      | Co-Head of Wholesale Banking and Head of Treasury                                 |
| 3. | Mr. Adisorn Sermchaiwong  | Head of Consumer Banking  |
| 4. | Mr. Arthit Masathirakul   | Head of Risk Management   |
| 5. | Mr. Pornchai Padmindra    | Co-Head of Wholesale Banking and Head of Corporate Banking and Investment Banking |



6.	Mrs. Bussakorn Puttinan	Head of Information and Operations
7.	Mrs. Wareemon Niyomthai	Head of Commercial Banking
8.	Ms. Siriporn Sanunpairaue	Head of Internal Audit
9.	Mrs. Kanokpai Vongsatitporn	Head of Human Resources Management
10.	Mr. Jason Leong kok Yew	Head of Finance
11.	Mr. Tan Keat Jin	Head of Strategy
12.	Mr. Prapas Thongsuk	Head of Corporate Communications
13.	Mr. Akash Rathke	Head of Transaction Banking
14.	Mr. Jittiwat Kantamala	Head of Private Banking
15.	Mr. Zethjak Leeyakars	Head of Compliance and Acting Head of Office of the President

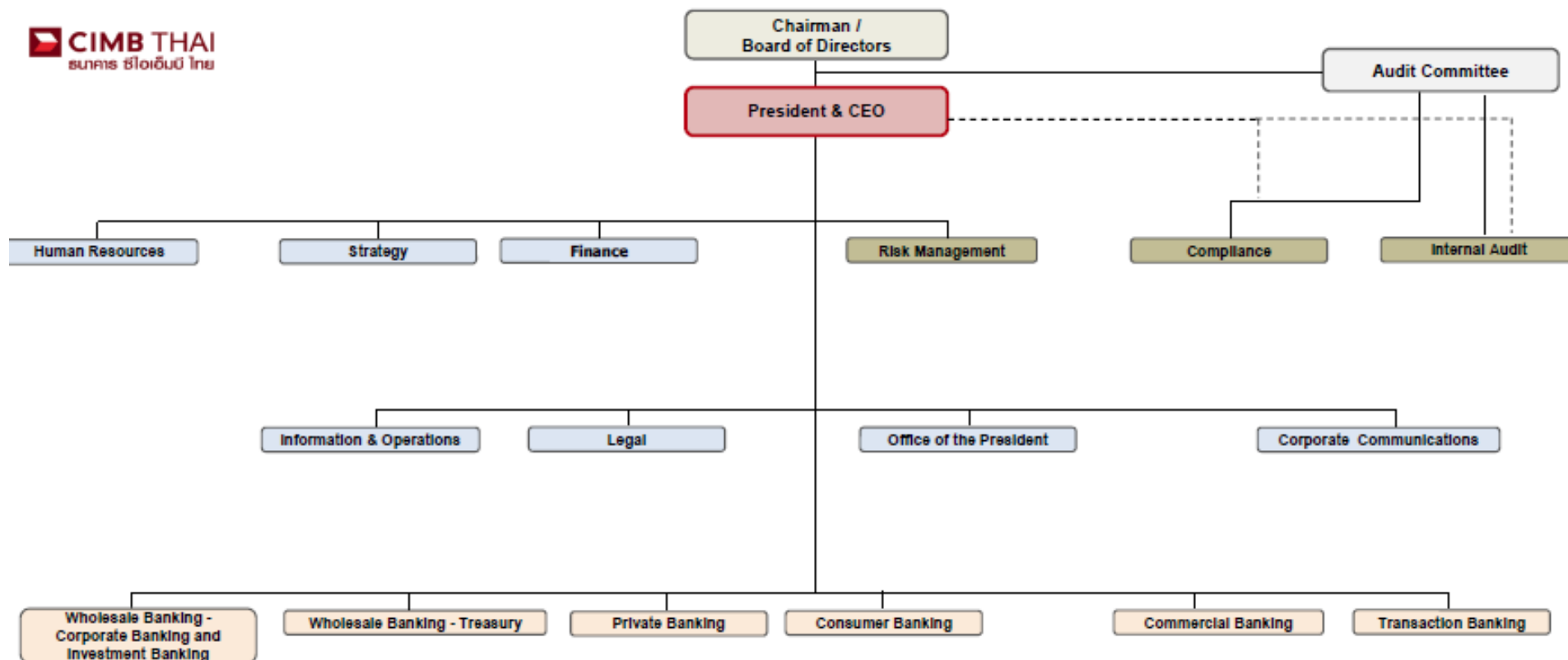
As of 31 January 2018, CIMB Thai has 14 executives from Senior Executive Vice President upward and executives in Accounting and Finance in accordance with the SEC definition of the term 'executives' as below:

1.	Mr. Kittiphun Anutarasoti	President and Chief Executive Officer
2.	Mr. Sutee Losoponkul	Co-Head of Wholesale Banking and Head of Treasury
3.	Mr. Adisorn Sermchaiwong	Head of Consumer Banking
4.	Mr. Arthit Masathirakul	Head of Risk Management
5.	Mr. Pornchai Padmintra	Co-Head of Wholesale Banking and Head of Corporate Banking and Investment Banking
6.	Mrs. Bussakorn Puttinan	Head of Information and Operations
7.	Mrs. Wareemon Niyomthai	Head of Commercial Banking
8.	Ms. Siriporn Sanunpairaue	Head of Internal Audit
9.	Mrs. Kanokpai Vongsatitporn	Head of Human Resources
10.	Mr. Jason Leong kok Yew	Head of Finance
11.	Mr. Tan Keat Jin	Head of Strategy
12.	Mr. Prapas Thongsuk	Head of Corporate Communications
13.	Mr. Akash Rathke	Head of Transaction Banking
14.	Mr. Pao Chatakanonta	Dputy Head of Treasury

President and Chief Executive Officer is an ex officio executive director who has powers and duties as deemed appropriate by the Board of Directors, including:

1. Operate the business of the Bank in accordance with the policies, strategies and goals prescribed by the Board of Directors.
2. Keep abreast of and report business conditions and status of the Bank, and recommend alternatives and strategies which are in line with the policies and market conditions.
3. Consider and deliberate the business operation matters, and have approval authority as given in the work regulation in force.
4. Monitor and control the Bank's operations in such areas as finance, risk management, internal control, operation, and human resource.
5. Serve as representative of the Bank empowered to make business execution and contact with government agencies and other regulatory bodies.
6. Ensure that communication with the public, shareholders, customers and employees is made in a way that enhances good image and reputation of the Bank.
7. Consider any other matters as assigned by the Board of Directors or the Board committees designated by the Board of Directors.  
Ensure bank-wide adoption of good governance principles

**Management Structure** (as at 31 December 2017)



### 8.3 Company Secretary

The Board has appointed Mr. Zethjak Leeyakars as Company Secretary and Secretary to the Board of Directors to assist the Board in fulfilling its tasks. His duties include providing legal advice and ensuring Board activities comply with applicable laws and regulations and in line with corporate governance principles, as follows:

- Providing preliminary advice and recommendations pertaining to legal, regulatory and governance issues and practices to the Board.
- Arranging Board and shareholder meetings in accordance with the laws and the Bank's Articles of Association, preparing minutes of these meetings, and monitoring compliance with the resolutions passed at those meetings.
- Ensuring that corporate information disclosures to regulatory agencies are in accordance with laws and regulations.
- Communicating with shareholders on their legal rights and material Bank information.
- Maintaining the register of directors, minutes of Board meetings, invitation notices and minutes of shareholder meetings, reports of beneficial interests of directors and executives, and other tasks as required by relevant laws.

Profile of the Company Secretary is shown in attachment 1

### 8.4 Director and Management Remuneration as of 31 December 2017

#### (1) Monetary remuneration

##### a. Remuneration for Board members

This report describes the current components of the Bank's remuneration policy and details of the remuneration for each director during his/her directorship in 2017. The aggregate remuneration for directors comprising meeting and entertainment allowances for Board members and remuneration for Board committee members amounted to THB 12,216,000 in 2017 (compared with THB 12,142,400 in 2016), as described below:

1.	Board of Directors	THB	7,400,400 (2016: THB 7,272,400)
2.	Audit Committee	THB	2,014,800 (2016: THB 2,057,600)
3.	Nomination, Remuneration and Corporate Governance Committee	THB	1,431,000 (2016: THB 1,359,200)
4.	Board Risk Committee	THB	1,369,800 (2016: THB 1,453,200)

Unit: THB

	Name	Positions	Monetary Remuneration			
			Board and Board Committee Members			
			Board of Directors	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Board Risk Committee
1	Mr. Chakramon Phasukavanich	Chairman	2,400,000	-	-	-
2	Dato' Robert Cheim Dau Meng	Vice chairman	1,016,400	-	462,000	-
3	Mr. Sukont Kanjana-Huttakit	Independent Director	156,000	288,000	-	-
4	Mr. Maris Samaram	Independent Director	352,000	640,800	-	-
5	Mrs. Watanan Petersik	Independent Director	448,000	-	507,000	-
6	Dato' Shaarani Bin Ibrahim	Independent	528,000	534,000	462,000	-

Name	Positions	Monetary Remuneration			
		Board and Board Committee Members			
		Board of Directors	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Board Risk Committee
7	Mr. Chitrapongse Kwangsukstith	Director	488,000	-	408,000
8	Ms. Serena Tan Mei Shwen	Director	488,000	-	408,000
9	Dato' Lee Kok Kwan	Director	468,000	-	553,800
10	Mr. Pravej Ongartsittigul	Independent Director	528,000	552,000	-
11	Mr. Kittiphun Anutarasoti <sup>1</sup>	President and CEO	528,000	-	-
<b>Total</b>		<b>7,400,400</b>	<b>2,014,800</b>	<b>1,431,000</b>	<b>1,369,800</b>

**Note:**

/1 President and CEO has declared his intention not to receive the meeting allowances in the BOD committees.

**b. Remuneration for senior executives**

The Board is responsible for determining the procedures for evaluating the performance of senior executives based on the responsibilities, challenges and risks faced by each of them, and how their personal contributions help deliver sustainable shareholder value. The Board is also responsible for determining the appropriate remuneration packages for permanent and contract employees or any other persons having done business for the Bank, as recommended by executive management. In 2017, the aggregate remuneration for 14 Senior Executive Vice Presidents and above including the executives of Finance and Accounting (in accordance with the SEC definition of the term 'executives') was THB 113.32 million. In addition, the aggregate remuneration for 48 Executive Vice Presidents and above (in accordance with the BOT definition of the term 'executives') was THB 269.67 million.

**(2) Other benefits**

In 2017, the Bank's contribution towards the provident fund for 14 Senior Executive Vice Presidents and above including the executives of Finance and Accounting (in accordance with the SEC definition of the term 'executives') was THB 4.56 million. Meanwhile, its contribution towards the provident fund for 48 Executive Vice Presidents and above (in accordance with the BOT definition of the term 'executives') was THB 10.99 million.

**8.5 Organisation and Personnel**

As of 31 December 2017, the total manpower of the Bank was 2,642 employees, of whom 740 work at Bank branches and 1,902 at the head office, as below:

	No. of employees
1. President and Chief Executive Officer	1
2. Wholesale Banking, Corporate Banking and Investment Banking	107
3. Wholesale Banking, Treasury	69
4. Private Banking	15
5. Consumer Banking	1,241
6. Commercial Banking	161
7. Transaction Banking	49
8. Risk Management	99
9. Finance	138

10. Information and Operations	534
11. Legal	15
12. Strategy	39
13. Human Resources	50
14. Office of the President	11
15. Corporate Communications	23
16. Internal Audit	53
17. Compliance	36
18. Advisor to the President and CEO	1
<u>Total</u>	<u>2,642</u>

### Staff Development Programme and Human Resource Management Plan

The Bank is committed to continually developing human resources management system with focus on developing existing internal personnel to become a leader and successor to various key positions in the organisation with competency based learning. Training roadmap has been in place for branch staff at all levels to ensure increased skills in serving as a professional financial advisor in line with Consumer Banking business management strategies. Various development programmes have been initiated for branch staff and continued every year, including Winning Wealth Management Programme and Branch Network Talent Development Programme. The Bank has also emphasised on providing all staff levels with leadership programmes. Technology is also available to help employees learn in the Learning Management System (LMS), which can be carried out via the mobile phone or the web at home for key mandatory training programmes for all staff. Its focus has also been on building an organisation culture under 'A Better CIMB' theme of CIMB Group.

### Employee Benefits

The Bank has provided employee benefits such as provident fund, social security fund, life insurance, medical treatment, annual health check-up, staff clinic, housing loan, car/motorcycle loan, staff education loan and general purpose loan, that are competitive against other leading banks to attract and retain talented and competent staff. The total fixed salary paid to Bank employees for the fiscal year was THB 2,104.44 million. To be an employer of choice, the Bank will continue to improve its staff benefits to attract and retain quality staff

### Training Courses and Human Resources Development

In 2017, the Bank organised 284 training courses, comprising 151 internal and 133 external courses at a total cost of THB 23.3 million covering 2,793 staff or 100% of total staff. The average ratio of training for staff was five days per staff per year. In addition, the Bank developed sales and customer experience programmes such as Lead Generator Skill Enhancement, Sale Process and Customer Objection Handling and Service Recovery, etc. The Bank has also teamed up with executives who specialise in credit function to share credit knowledge and experiences under the Credit 101 Programme, and cooperated with Omega Performance (Thailand) to organise the Credit Analysis Certification Programme in line with Omega standard.

As part of Leadership Programmes, the Bank has conducted continuous in-house training such as Working as a High Performing Team, The 7 Habits for Highly Effective People, and so on. Moreover, it has supported high potential staff to join overseas training with employees from other countries under CIMB Group such as Accelerated Universal Bankers (AUB) Programme. Undergraduate scholarship has also been offered to students to support learning and networking with CIMB Group.

## Staff Health and Safety Information

Proportion of average leave days of staff classified by type	2017 %	2016 %
Sick leave	19.26	30.11
Work related injury and sickness	0.0	0.0
Others	80.74	69.89
No. of average sick leave days (days/person)	3.39	2.77
Work related accident death (persons)	0	0

## Human Rights Policy and Procedures

The Bank has established Human Rights Policy and Procedures to ensure its directors, executives and employees comply with and respect human rights as prescribed in the Thai Constitution. This includes the right to equal treatment irrespective of differences in homeland, race, gender, age, personal status, economic or social status, religious beliefs, education, or political viewpoints which are not against the provisions of the Constitution. The Bank is also determined not to get involved or support individuals or organisations having acted in breach of these human rights.

## Policy of Non-violation of Intellectual Property Rights or Copyright

The Bank does not support its directors, executives and employees operating in violation of intellectual property rights or copyright. This includes duplicating, modifying or disseminating creative works with copyrights to the public without permission from the copyright owners.

## Policy for Reporting of Interests of Directors and Executives

In order to control and monitor transactions made between the Bank and its directors, executives and related persons, the Bank has formulated a policy for reporting the interests of directors and executives (reports of interests). Directors and executives of the Bank shall submit their reports and those of related persons within seven business days from the end of each fiscal quarter as well as when there are changes (if any). In addition, they are required to submit copies of such reports to the Chairman of the Board and Chairman of the Audit Committee for acknowledgement within seven business days from the date the reports are received by the Company Secretary.

## Policy and Procedures on Anti-Corruption

The Bank signed the declaration of intention to participate in the “Private Sector Collective Action Coalition against Corruption” and prepared the “Policy and Procedures on Anti-Corruption” to be strictly complied with by the directors, executives, staff and subsidiaries in order to ensure that the Bank has appropriate practice and regulation for corruption prevention. The Bank has been certified by the Private Sector Collective Action Coalition against Corruption Council as an official **“Member of the Private Sector Collective Action Coalition against Corruption.”**

## **9. Corporate Governance**

### **9.1 Corporate Governance Policy**

CIMB Thai firmly believes that its ongoing commitment and efforts in ensuring a strong corporate governance structure and culture across the organisation will help it deliver value to all its stakeholders. Hence, the Bank has strived to have good corporate governance practices put in place and the highest standards of business integrity applied to all its activities.

#### **Corporate Governance Principles**

The Bank has developed processes for identifying, assessing and managing the significant risks and uncertainties facing the Bank. Internal control processes are established to ensure efficiency and effectiveness of business operations and controls in all areas including finance and operations, as well as compliance with relevant laws and regulations. The Internal Audit and Compliance have been tasked to provide oversight and support to ensure that individual business units conduct their business and affairs in a manner that drives forward the Bank's strategic objectives, while complying with applicable laws and regulatory requirements. A strong focus is placed on educating and increasing awareness among directors, executive officers and employees on the Bank's codes of conduct, the relevant laws and regulatory requirements as well as disciplinary procedures.

The Bank's corporate governance policy, which contains guidelines for directors, executive officers, and employees, was formulated. With adherence to this policy in its operations, the Bank aims to build trust and confidence among investors and stakeholders, hence improving its competitiveness, enhancing value and promoting stability. The policy was updated to comply with the good governance principles and relevant regulatory requirements. Details of the Bank's corporate governance policy are available on its website: [www.cimbthai.com](http://www.cimbthai.com).

#### **Corporate Governance**

##### **1. Rights of Shareholders**

The Bank has recognised the rights of all shareholders and encouraged them to exercise their basic rights on an equitable basis, as well as proactively communicated with them regularly. Such rights include the rights to sell, purchase or transfer shares, access Bank information, ensure fair distribution of profit, attend meetings to cast votes, express opinions and comments, and decide on important matters including appointment of directors and auditor, allocation of profit, dividend payment, increase or decrease of capital, and approval of any special items, etc.

The Bank is required to hold its annual general meeting of shareholders (AGM) within four months from the fiscal year end. Meetings of shareholders other than general meetings are called extraordinary meetings, which can be convened by the Board at any time it deems fit. The 2017 AGM was held on 12 April 2017.

Before the AGM, from 1 October 2016 to 31 December 2016, shareholders were invited to propose matters for inclusion in the meeting agenda and propose names of qualified candidates for election as directors of the Bank in accordance with the Bank's rules and criteria. For the 2017 AGM, no agenda items and no director nominations were proposed by the shareholders.

To convene the 2017 AGM, the Bank sent an invitation notice in which each agenda item was clearly identified whether it was for acknowledgement or consideration, together with background, rationale, and recommendations of the Board, as well as supporting documents which comprised criteria of meeting attendance and voting, proxy grants by shareholders, and the 2016 annual report in hard copy. The Bank has assigned Thailand Securities Depository Co., Ltd., the Bank's share registrar, to send the notice to shareholders for consideration 14 days before the meeting. This allowed shareholders to have time to study information beforehand. The Bank also published the notice and other supporting documents on its website at least 14 days before the meeting. The notice was also made available to public via the disclosure channel of the Stock Exchange of Thailand (SET). Furthermore, in accordance with regulatory requirements, the notice was published in newspapers for three consecutive days at least three days before the meeting. On the day of the AGM, various



measures were taken to facilitate participation by the shareholders or proxy holders, including assigning staff to verify their related credentials to preserve their rights and ensure equitable treatment is offered to all shareholders. Registration of attendees was conducted through a bar code system with separate voting slips provided for each agenda item. The shareholders and proxy holders also had the opportunity to register at least two hours before the meeting began. Also, during the meeting, the shareholders could register their attendance to exercise their voting rights for any agenda item for which resolutions had not yet been passed. The Bank prepared proxy forms and details on proxy granting for shareholders who have appointed proxies to attend the meeting on their behalf. The proxy form and details on proxy granting were submitted together with the invitation notice to all shareholders. The Bank also provided an additional option to shareholders by providing the names and backgrounds of independent directors whom shareholders could consider for their proxy appointment. At the 2017 AGM, nine shareholders appointed the member of the Audit Committee who is an independent director to attend the AGM and vote on the shareholders' behalf.

At the 2017 AGM, 90% of the Board members and 486 shareholders and proxies attended the meeting, with total shares held of 24,064,752,762 shares representing 97.1343% of the total issued shares. Before the meeting began, the Chairman had assigned the Company Secretary to give an explanation regarding voting rights and procedures to the attendees. The Chairman assured the shareholders that they would have equal opportunity to ask questions, raise any issues or make recommendations without language restriction. In addition, the Bank gave multimedia presentation of the proposed information for the meeting and provided simultaneous English translation for foreign shareholders. At the meeting, members of the Board and relevant executive officers answered or clarified related issues clearly and comprehensively. Issues raised and recommendations given were recorded in the meeting minutes. Voting was conducted in an open and transparent manner whereby vote casting for each agenda item followed the order specified in the notice and no modifications were made to the original agenda. Voting results on each agenda item were tallied through the bar code system and ballots of shareholders who disagreed and abstained from voting were kept. After the meeting, the minutes of the meeting were prepared in an accurate and comprehensive manner, including a summary of issues raised and clarifications or views provided as well as detailed votes for each agenda item which showed the number of votes cast for and against the motion, etc. The draft minutes of the 2017 AGM were submitted to the relevant supervisory authorities within 14 days from the meeting date as prescribed by law, and posted on the Bank's website, [www.cimbthai.com](http://www.cimbthai.com), for shareholders' reference.

## **2. Equitable Treatment of Shareholders**

The Bank recognises the importance of fair treatment of all shareholders including its duty on protection of shareholders' interests. Measures are in place to prevent the use of internal information for personal gains by the Board members, executives and employees. The Board has set a policy and procedure to prohibit unauthorised disclosure of material, non-public information which may affect the Bank's securities. Such policy and procedure require members of the Board, executives and employees, including spouses and underage children thereof, to refrain from using information that has become privately known to them for purchase, sale, transfer or receipt of transfer of securities of the Bank during a one-month period before such information goes to public. Moreover, members of the Board and executives from levels of Executive Vice President or the equivalents upward, and those holding executive positions or heads of work units or the equivalents upward in the Accounting or Finance function line are duty-bound to report every of their sale or purchase of securities of the Bank and any change of the holding thereof, to the Office of the Securities and Exchange Commission (SEC), and keep copies of such reports at the Office of the President as evidence. In addition, to ensure an efficient and transparent management, the Bank has formulated Code of Ethics and Conduct and guidelines for the Board, executives and employees on the use of internal information and operation guidelines with avoidance of conflicts of interest.

## **3. Role of Stakeholders**

The Bank places great importance to the rights of all its stakeholders including directors, executive officers, employees, shareholders, clients, business partners, creditors and the relevant authorities.

## **CIMB Thai Code of Ethics and Conduct**

### **1. Clients**

The Bank takes its commitment seriously to provide clients with high-quality products and services while safeguarding their interests and treating them fairly in all aspects of their dealings with the Bank. To pursue with this objective, it has set up CIMB Thai Care Centre to efficiently handle client complaints and queries. The centre maintains a database of client complaints and classifies them by source and type. A report is prepared and forwarded to Office of the President, Internal Audit, Compliance and other relevant units, to jointly resolve any complaints in an effective, fair, coordinated and timely manner. Client confidentiality is strictly observed at all times unless the disclosure is required by law or authorised in writing by the client.

### **2. Shareholders**

The Bank recognises the critical importance of ensuring work systems and processes are in place to provide assurance of effective and efficient operations, internal controls and compliance with laws and regulations. Business conduct and ethics policies are implemented and employees are bound by these policies. The Bank focuses on creating and delivering sustainable shareholder value, protection of assets and providing all shareholders with fair treatment whilst allowing them to exercise their rights fully and fairly in an informed manner except when they have material interests in the matter considered at the shareholders' meeting. In such case, the shareholders concerned are required to abstain from voting thereon, but they are eligible to participate in the election of directors.

### **3. Employees**

The Bank believes in fair treatment accorded to all employees, and is fully committed to enhancing the quality of its human capital. In this context, it consistently offers training and support, including opportunities to enhance performance and career development options. Such efforts will help build sustainable growth and serve expansion plans in the increasingly competitive markets.

### **4. Creditors and Business Partners**

The Bank is committed to maintaining high standards of business conduct in compliance with all applicable laws and regulations. It conducts business with its creditors and business partners fairly and in compliance with the relevant laws and regulations.

### **5. Competitors**

The Bank recognises the importance of a fair and competitive business environment. It is committed to conducting business in a fair and confidential manner posing no impairment to the reputation of its competitors and upholding best ethical and legal practices among its employees.

### **6. Responsibility towards the Community and the Environment**

The Bank recognises its ability to make positive impacts on the community and the environment. It is actively involved in a range of charitable activities, including robe offerings, blood donation drives and fund-raising to help monks, underprivileged children and local community at large. Details of the Bank's activities are available on Corporate Social Responsibility section.

## **4. Disclosure and Transparency**

The Bank places great importance to ensuring that accurate, timely and clear information, both in English and Thai, is communicated to the shareholders and other concerned parties across a variety of media channels, including those provided by the SET and the Bank's website. In addition, as required by regulatory criteria, the Bank discloses relevant information in such annual reports as Forms 56-1 and 56-2. Various projects have been launched and activities held to boost investor confidence in the Thai capital market. Communication of clear and accurate information on the Bank's activities has been made to regulatory bodies, investors, shareholders, analysts and the general public. These initiatives include:

- Investor Relations (IR) and Office of the President to take charge of disseminating the Bank's information and maintaining good communications with investors, securities analysts, media and other interested persons. Reports on financial results and material transactions are made in an accurate, fair, and transparent manner and in compliance with the applicable laws and regulatory requirements.

In 2017, the Bank organised IR activities to provide information both directly and indirectly as follows:

1. Welcome of altogether five investors and analysts to meet with the management team for inquiry on operating results, altogether eight meetings.
2. Press release issued whenever the Bank had significant investment or business activities.
3. Availability of channels for inquiries via email at [ir@cimbthai.com](mailto:ir@cimbthai.com), phone at +662-626-7738, or website at [http://www.cimbthai.com/CIMB/investor\\_relations/](http://www.cimbthai.com/CIMB/investor_relations/).
- Dissemination of information to the general public via the media when financial results and business directions are to be announced to interested parties. This allows local and foreign investors and analysts to keep abreast of the Bank's performance and growth.

## 5. Responsibilities of the Board

### A. Board Structure

Members of the Board comprise professionals with diversified backgrounds in finance, banking, business management, marketing, legal, auditing, accounting and government affairs. At present, there are 10 Board members. Election of Board members follows the resolution of the shareholders' meetings and as set out in the Bank's Articles of Association. The number of directors on the Board shall not be fewer than five and not more than 12. The structure of the Board of Directors and the setup of Board Committees are as prescribed by the Bank of Thailand (BOT)'s notification regarding corporate governance of financial institutions and the Capital Market Supervisory Board's notification regarding application and permission for initial public offering and the amendments. The Board composition is as follows:

- 2 executive directors
- 4 non-executive directors
- 4 independent directors (accounting for 40% of the entire Board)

Four of the independent directors who concurrently serve on the Audit Committee must satisfy the criteria based on the good corporate governance principles.

The Board appoints one of its directors to be the Chairman. The President and CEO is not eligible to be appointed as the Chairman. In the interest of good governance, the roles of the Chairman and the President and CEO stay separate, with each of them having clearly defined responsibilities. A clear division of responsibilities helps ensure that no single individual has unfettered decision-making power and enables the Chairman to give objective views on the decisions made by management.

Each director's term of office is prescribed in the Articles of Association. At every annual general meeting, one-third of the directors shall retire. In any subsequent years, the directors who have been in office the longest shall retire. The retiring director may be re-elected.

The Bank has incorporated a policy on directors holding positions in other companies into its corporate governance principles in line with the corporate governance guidelines of relevant regulators, e.g. the BOT and the SET, details of which are as follows:

- Directors, managers and persons with managing authority of the Bank can take one or several positions of chairman, executive director, or authorised director in other companies subject to a maximum of three business groups.
- Directors should hold directorship in not more than five listed companies.

The Board has appointed Mr. Zethjak Leeyakars as Company Secretary and Secretary to the Board of Directors to assist the Board in fulfilling its tasks. His duties include providing legal advice and ensuring Board activities comply with applicable laws and regulations and in line with corporate governance principles, as follows:

- Providing preliminary advice and recommendations pertaining to legal, regulatory and governance issues and practices to the Board.
- Arranging Board and shareholder meetings in accordance with the laws and the Bank's Articles of Association, preparing minutes of these meetings, and monitoring compliance with the resolutions passed at those meetings.
- Ensuring that corporate information disclosures to regulatory agencies are in accordance with laws and regulations.
- Communicating with shareholders on their legal rights and material Bank information.

- Maintaining the register of directors, minutes of Board meetings, invitation notices and minutes of shareholder meetings, reports of beneficial interests of directors and executives, and other tasks as required by relevant laws.

## **B. Board Committees**

The Board has established Board committees comprising Audit Committee, Nomination, Remuneration and Corporate Governance Committee, Board Risk Committee, Management Committee and others, to assist in screening and scrutinising specific operations and support the performance of duties of the Board to ensure efficiency and effectiveness and maintain a good corporate governance system.

## **C. Roles, Duties and Responsibilities of the Board**

### **1. Leadership and Vision**

The Board consists of individuals from diverse professional backgrounds with a broad spectrum of experience and expertise as well as business ethics. The roles and responsibilities of the Board, including the appointment and removal of directors, are set out in the Bank's corporate governance guidelines and Articles of Association. The Board is committed to maintaining the highest standards of corporate governance and has good understanding of the Bank's business. It is responsible for ensuring independent oversight of internal controls and risk management while providing an objective assessment of management in the execution of the Bank's policies and strategies.

### **2. Code of Ethics and Conduct and Conflict of Interests**

The Bank has formulated Code of Ethics and Conduct which the Board, management, and all employees must comply with when interacting with the customers, shareholders, employees, business partners or creditors. Emphasis is also placed on responsibilities for the environment, society and competitors, preservation of client confidentiality, honesty, fairness, professional integrity, business capacities, strict compliance with laws and regulations, as well as cooperation with regulatory agencies. In performing their duties, employees are required to keep uppermost in their mind the principles of good corporate governance, use good judgment, and act in compliance with rules and regulations. Alleged breaches of code of conduct are investigated in accordance with the procedures set out, and disciplinary penalty is imposed if someone is found guilty. Details of the Bank's Code of Ethics and Conduct are available on [www.cimbthai.com](http://www.cimbthai.com). The Bank has communicated to all staff guidelines for compliance with Code of Ethics and Conduct by making such information available online through Lotus Note.

The Bank has policies in place to prevent conflicts of interest, connected transactions or related-party transactions. These include:

- Policy for consideration of the granting of credits and investments to, and undertaking contingent liabilities or other credit-like transactions with, the Bank's major shareholders or businesses with beneficial interest to directors or persons with managing authority of the Bank, which must adhere to the ratio stipulated by the BOT. Any such grant must be approved unanimously by the Board, and no director or person with managing authority who benefits from the granting of credits and investments, and the undertaking of contingent liabilities or other credit-like transactions can take part in the decision-making process.
- Policy for undertaking major transactions. Major transactions include an agreement to undertake connected transactions and/or an agreement to undertake transactions to acquire or dispose of core assets and/or rights to acquire or dispose of the Bank's core assets. The Bank must comply with requirements of regulatory agencies.

When considering related party transactions, if the transactions are related to major shareholders, directors, senior executive vice presidents or those holding the equivalent positions thereto, and executives in the Finance function line, and other related parties pursuant to the SEC criteria, the Board and management members must:

- 1) ensure that the transaction is legitimate, that is, it is reasonable, and is in the best interest of the Bank, including ensuring that the terms and conditions are not different from similar transactions made with unrelated parties; and

- 2) ascertain that the procedures for considering and approving any such transaction are fair, transparent, and verifiable, and that sufficient information on such transaction is disclosed to investors.

Connected transactions are subject to approval by the Board. Persons who review or recommend a transaction for approval must have no interests therein. Directors with material interests therein are not allowed to attend the meeting and vote thereon. The Bank may request additional opinion from an independent financial advisor if the transaction has to go to the shareholders' meeting.

#### **D. Board Meetings**

Board meetings are scheduled in advance for the entire year, with at least one held every quarter. In addition to the scheduled Board meetings, further Board meetings can also be held as and when they are required. The Board Secretary is responsible for providing all directors with the agenda, supporting papers and relevant information for each meeting seven days before the meeting to give the directors adequate time for studying business agendas and to ensure time spent efficiently during the meeting. The Board Secretary is also responsible for taking the minutes of each meeting and preparing the minutes of the meeting, which is adopted by the Board and filed for possible examination by the Board and relevant agencies. In 2017, the Bank held 12 Board meetings (details as disclosed under "Meeting Attendance of Directors").

#### **E. Board/Board Committee Performance Review**

The Bank has conducted annual evaluation of the Board/Board-committee performance to allow Board/Board committee members to make a joint review of their performance, raise concerned problems and obstacles, and give observations and recommendations for increased operational efficiency. The evaluation form is divided into self-assessment of Board/Board committees as a whole, comprising six sections: 1) structure and qualifications of the Board/Board committee members, 2) roles, duties and responsibilities of the Board/Board committees, 3) Board/Board committee meetings, 4) Board/Board committees' performance of duties, 5) relationship with the management, and 6) self-development of the Board/Board committee members and executive officers; and self-assessment on an individual basis, comprising three sections: 1) structure and qualifications of the Board/Board committee members, 2) Board/Board committee meetings, and 3) roles, duties and responsibilities of the Board/Board committees. The evaluation results will be compiled and concluded by the Board Secretary before presenting to the Chairman of the Board/Board committees for review to ensure compliance of the practices with the Board/Board committee Charters.

Moreover, the Bank has made annual evaluation of President and Chief Executive Officer's performance, taking into consideration the key performance indicators determined based on the Bank's strategies and targets each year. The evaluation results will be compiled and concluded by the Board Secretary before presenting to the Chairman of the Board.

#### **F. Remuneration of Directors and Senior Executives**

The Bank discloses information on the remuneration of its directors and senior executives in compliance with the Public Limited Companies Act and the requirements of the supervisory and regulatory bodies. The Board aims to ensure that the Bank maintains competitive policies on remuneration in accordance with the following guidelines:

- **Remuneration of Directors**

The Bank's Articles of Association set out broad policies and practices to allow flexibility in determining directors' remuneration based on excellence in business and personal performance as well as the prevailing market conditions. The remuneration packages for directors, as approved by the meeting of shareholders, comprise meeting allowance, pension, bonus and other benefits. In this respect, the shareholders' meetings shall have remuneration determined either in specific amount or as per general guidelines, and either set from time to time or set to take effect until any change thereafter. Employees who also serve on the Board are still entitled to receive salary and remuneration in their capacity as staff or employees of the Bank.



The Board is responsible for proposing the remuneration packages for directors at the meeting of shareholders. Such remuneration shall commensurate with long-term value and returns to be delivered by them to the Bank and the shareholders, and shall also be in line with that in the industry.

The 2017 annual general meeting of shareholders no. 23 held on 12 April 2017 passed a resolution approving the remuneration for the Board and Board Committee members for 2017, as detailed below:

#### 1. Meeting and entertainment allowances for Board members

Remuneration (Position)	Year 2017	
	Allowance (Monthly)	Allowance (Per attendance)
1. Meeting allowance		
• Chairman	71,500THB/person	58,500THB/person
• Vice Chairman	48,400THB/person	39,600THB/person
• Director	24,000 THB/person	20,000THB/person
2. Entertainment allowance		
• Chairman	70,000 THB/person	-

*Directors are responsible for paying their own income tax.*

**2. Remuneration for Board Committee members** Committee members appointed by the Board shall be paid in form of additional meeting allowances on a monthly basis as below:

Remuneration (Position)	Year 2017	
	Allowance (Monthly)	Allowance (Per attendance)
1. Audit Committee		
• Chairman	39,600 THB/person	32,400 THB/person
• Committee member	22,000 THB/person	18,000 THB/person
2. Other Committees		
• Chairman	28,600 THB/person	23,400 THB/person
• Committee member	22,000 THB/person	18,000 THB/person

*Directors are responsible for paying their own income tax.*

- Directors who are required to serve on other Board committees are entitled to receive additional fees based on the increase in responsibilities, as the Board sees fit.
- The Board has access to independent expert advice where needed, including determination of appropriate remuneration.
- The Board is duty-bound to disclose information on remuneration packages in compliance with the Public Limited Companies Act and relevant regulatory requirements.

#### G. Executive Development Programme

The Bank encourages all directors to participate regularly in the executive development programme, which is designed to familiarise the directors with the Bank's businesses, while providing them with an insight into their roles and responsibilities as Board members, and assisting them in developing visionary thinking. So far, the directors have participated in the programmes organised by the Thai Institute of Directors (IOD), namely the Director Certification Programme (DCP) and Director Accreditation Programme (DAP). Details on the directors' IOD training programmes are in the directors' profiles.

In 2017, there was one new director appointed by the Board meeting. The new director has undergone an in-house induction programme that gives an overview of the Bank and its business plans. An information pack has been provided explaining the Bank's corporate governance policies

and practices and the roles and responsibilities of directors and the Board as a whole, including the various laws and regulations the director needs to know.

## H. Succession Plan

The Bank is fully aware of the necessity to operate its business efficiently and continuously. Thus, Human Resources Management has been tasked with formulating a succession plan to ensure that the Bank has identified executives or talents as successors and an appropriate training and development plan to upskill each individual to be ready to replace key positions with immediate effect or within the specified timeframe. The significant process requiring approval by the Nomination, Remuneration and Corporate Governance Committee and the Board of Directors is as follows:

1. Identify key positions in each function line
2. Identify successor's required qualifications/core competencies
3. Identify qualified managerial personnel/executives individually as appropriate successors to replace key positions with immediate effect or within one year
4. Identify qualified managerial personnel/executives individually as appropriate successors to replace key positions within a period more than one year
5. Identify talents in key areas as high potential resources to be successors within the respective timeframe
6. Provide training and development plan for the identified staff to up skill and bridge any gaps
7. Review and complete annual succession plan for approval by the Nomination, Remuneration and Corporate Governance Committee and the Board of Directors

## 9.2 Board Committees

Board Committee comprise:

1. Audit Committee
2. Nomination, Remuneration and Corporate Governance Committee
3. Board Risk Committee
4. Shariah Sub-Committee

### 1. Audit Committee

The Audit Committee (AC) is composed of:

- |                               |                        |  |
|-------------------------------|------------------------|--|
| 1. Mr. Maris Samaram          | Independent Director   | as Chairman                              |
| 2. Dato' Shaarani Bin Ibrahim | Independent Director   | as Member                                |
| 3. Mr. Pravej Ongartsittigul  | Independent Director   | as Member                                |
| 4. Ms. Siriporn Sanunpairaue  | Head of Internal Audit | as Secretary for Internal Audit function |
| 5. Mr. Zethjak Leeyakars      | Head of Compliance     | as Secretary for Compliance function     |

### Powers, Duties and Responsibilities:

1. Assist the Board in discharging its statutory duties and responsibilities relating to accounting, reporting practices and corporate governance. The AC shall review the effectiveness of internal controls, risk management processes and governance practices, taking into account the requirements of relevant BOT guidelines and SEC's and SET's listing requirements.
2. Review the effectiveness of Internal Audit function.
3. Recommend to the Board and shareholders the appointment of external auditors, including the appropriate remuneration as well as review the effectiveness of external auditors.
4. Review the effectiveness of compliance function and monitor Compliance work unit to ensure compliance with relevant regulations.
5. Review the findings and compliance issues identified by regulators and to ensure that appropriate and prompt remedial actions are taken by management.
6. Review the correctness and adequacy of financial statements for submission to the Board of the relevant entities within the CIMB Thai Group.



7. Review all related party transactions submitted by management that may arise within the CIMB Thai Group and keep the Board informed of such transactions.
8. Report to the Board any corrective action or improvement required should the AC have concerns over conflict of interest activities, fraud, irregularities, significant internal control weakness, or violation to the relevant regulations. If the Board or management does not take appropriate action within the timeframe determined by the AC, any member of the AC has to report such activity to the SEC or the SET.
9. Report all activities of the AC in the Bank's annual report, which must be signed by the AC Chairman. The report must contain minimum information as stipulated in the SET regulations.
10. Clearly document the scope, roles and responsibilities of the advisory service from external expert to AC or appointment of management to perform duty on behalf of AC, if any.
11. Approve, revise and conduct annual reviews of the Bank's internal policies related to compliance, which are not required by regulatory bodies to obtain the Board of Directors' approval.
12. Approve Annual Compliance Report as required by regulators.
13. Approve Internal Audit and Compliance Charter.
14. Perform any other duties as specified in Audit Committee Charter.
15. Perform any other assignments delegated to it by the Board.

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## 2. Nomination, Remuneration and Corporate Governance Committee

The Nomination, Remuneration and Corporate Governance Committee is composed of:

- |                                |                         |   |
|--------------------------------|-------------------------|---|
| 1. Mrs. Watanan Petersik       | Independent Director    | as Chairperson                                    |
| 2. Dato' Robert Cheim Dau Meng |                         | Vice Chairman as Member and Alternate Chairperson |
| 3. Dato' Shaarani Bin Ibrahim  | Independent Director    | as Member   |
| 4. Mrs. Kanokpai Vongsatitporn | Head of Human Resources | as Secretary                                      |

### Powers, Duties and Responsibilities:

#### 1. Nomination:

- To formulate policies, criteria and methods of nominating candidates as the Bank's directors or persons with management power (EVP upwards) for further proposal to the Board for consideration and approval, and to submit such policies, criteria and methods to the Bank of Thailand upon its request.
- To select and nominate names of qualified candidates for the following positions to the Board of Directors for approval:
  - a) Member of the Board of Directors,
  - b) Member of the Board of Directors appointed to sit on any board committee, and
  - c) EVP upwards
- To ensure that the size and composition of the Board of Directors is appropriate for the organisation and the dynamic business environment. Board members shall possess appropriate expertise and experience.
- To disclose the nomination policy and process in the Bank's annual report.
- To consider the appointment and appropriate remuneration of the Bank subsidiaries' directors and recommend to the Board of subsidiaries for approval.

2. Remuneration:

- To develop the policies on remuneration and other benefits payment, as well as remunerations and benefits for directors and persons with management power (EVP upwards) under clear, transparent criteria for proposal to the Board of Directors for consideration and approval, and to submit such policies to the Bank of Thailand upon its request. (Policies on remunerations, benefits and welfares shall cover every aspect of remunerations, including director fees, salaries, allowances, bonuses, as well as relevant options and benefits.)
- To ensure that directors and persons with management power (EVP upwards)'s remunerations are commensurate with their duties and responsibilities. Board members who take extra assignments should receive remunerations commensurate with their designated duties and responsibilities.
- To determine performance assessment criteria for board members and persons with management power (EVP upwards) for use in annual remuneration review, taking into account their responsibilities and relevant risks, as well as increase of shareholders' equity in a long run.
- To disclose the policy on remuneration determination and remunerations in various forms, and to prepare a report on remuneration determination that at least covers the objectives, activities and opinions of the Remuneration Committee in the Bank's annual report.
- To review the remuneration and compensation schemes for CIMB Thai employees in line with the industry practices and remuneration framework of the CIMB Group.
- To recommend the annual salary adjustments and bonuses framework for CIMB Thai group to the Board of Directors for approval.
- To approve any matter relating to staff remuneration and benefits involving an amount up to THB 50 million.

3. Corporate governance:

- To review the Corporate Governance Policy and Codes of Conduct for directors and employees of the Bank to ensure consistency with the corporate governance criteria of relevant regulatory authorities, and to submit to the Board of Directors for approval.
- To approve corporate governance guidelines for relevant units to align with and present to the Board of Directors for acknowledgement on a yearly basis so as to enhance good corporate governance of the Bank.

4. The Committee may consider other matters assigned by the Board.

**3. Board Risk Committee**

The Board Risk Committee (BRC) is composed of:

- |                                   |                         |                                     |
|-----------------------------------|-------------------------|-------------------------------------|
| 1. Dato' Lee Kok Kwan             | Director                | as Chairman                         |
| 2. Mr. Chitrapongse Kwangsukstith | Director                | as Member and<br>Alternate Chairman |
| 3. Ms. Serena Tan Mei Shwen       | Director                | as Member                           |
| 4. Mr. Arthit Masathirakul        | Head of Risk Management | as Secretary                        |

## **Powers, Duties and Responsibilities:**

1. To approve the appointment of risk committees and the appointment of new members and changes of members as well as powers, duties and responsibilities of the following risk committees:
  - 1.1. Risk Management Committee (RMC)
  - 1.2. Assets and Liabilities Management Committee (ALCO)
  - 1.3. Thailand Underwriting Committee (TUC)
  - 1.4. Credit Committee (CC)
  - 1.5. Any other risk committees appointed to report directly to BRC
2. To concur or approve risk management frameworks, policies, limits and MAT (e.g. market risk, credit risk, operational risk, strategic risk, etc.) of CIMB Thai and its financial group as follows:

### Frameworks/Policies/Limits and MATs of CIMB Thai

- 2.1. To approve new or changes which may result in material increase in risk to the existing risk frameworks/policies permitted by regulator(s) to be approved by Board of Directors (BOD) delegated committee; and
- 2.2 To approve all risk limits and MATs permitted by regulator(s) to be approved by the BOD delegated committee.

### Frameworks/Policies/Limits and MAT of Financial Group

- 2.3 To concur on new (only required for the financial group) or changes which may result in material increase in risk to the existing risk frameworks/policies prior to submission to the respective Board of Directors of the companies within the financial group for approval.
- 2.4 To concur on all risk limits and MATs prior to submission to the respective Board of Directors of the companies within the financial group for approval.
3. To oversee the entire risk and capital management functions of CIMB Thai and its financial group including but not limited to the following:
  - 3.1. To ensure capital management frameworks, policies and strategies and its related frameworks, policies and strategies are complied with and implemented effectively.
  - 3.2. To review and approve the Stress Testing Scenario and Risk Posture.
4. To review and concur or approve proposals recommended by risk committees including but not limited to the following:

### New 3<sup>rd</sup> party of CIMB Thai and its Financial Group

- Approve the new 3rd party(ies) of CIMB Thai (excluding CIMB Principal and companies in the financial group) before selling their products or concur on the new 3rd party(ies) of financial group prior to submission to the respective Board of Directors of the companies within the financial group for approval.
5. To provide strategic guidance and review decisions made by the various risk committees.
  6. To ensure that infrastructure, resources, systems including risk measurement tools and other capabilities of CIMB Thai and its financial group are in place for risk management in order to maintain a satisfactory level of risk management and discipline and the risk awareness culture is pervasive throughout the organisation.
  7. To appoint external consultants, from time to time, to review and advise BRC on risk management matters as necessary.
  8. To approve and ensure the following are in line with regulatory requirements:
    - 8.1. Risk-related disclosures; and
    - 8.2. Internal control on risk-related disclosure process.

Coverage: CIMB Thai financial group (where appropriate)

## **4. Shariah Sub-Committee**

The Shariah Sub-Committee consists of Islamic specialists who are not the Bank's employees and/or do not take positions in any other banks, as follows:

1. Dr. Ismaae Alee
2. Dr. Maroning Salaming

### **Powers, Duties and Responsibilities**

1. Explore all possibilities in conducting Shariah financial service business through the Bank and its subsidiaries.
2. Give opinions and propose relevant issues of Shariah business to the Board of Directors and/or other committees involved.

### **9.3 Management Committee**

The Management Committee is composed of:

- |  |                       |
|--|-----------------------|
| 1. President and Chief Executive Officer   | as Chairman           |
| 2. Co-Head of Wholesale Banking and Head of Treasury                                 | as Alternate Chairman |
| 3. Head of Risk Management   | as Member             |
| 4. Head of Finance   | as Member             |
| 5. Head of Transaction Banking   | as Member             |
| 6. Head of Information and Operations  | as Member             |
| 7. Co-Head of Wholesale Banking and Head of Corporate Banking and Investment Banking | as Member             |
| 8. Head of Commercial Banking  | as Member             |
| 9. Head of Consumer Banking  | as Member             |
| 10. Head of Human Resources  | as Member             |
| 11. Head of Corporate Communications   | as Member             |
| 12. Head of Strategy   | as Member             |
| 13. Head of Compliance   | as Member             |
| 14. Head of Private Banking  | as Member             |
| 15. Company Secretary  | as Secretary          |

### **By invitation**

Head of Internal Audit

### **Powers, Duties and Responsibilities:**

1. Advise the President and CEO;
2. Monitor and evaluate performance of each business division;
3. Review financial and other management reports of the Bank;
4. Devise strategy, business and capital management plans and budgets for the Bank;
5. Identify cross-divisional and cross-border synergies;
6. Deliberate key regulatory issues;
7. Approve delegated authorities on internal operations of non-risk related business unit;
8. Approve, revise and conduct annual reviews of the Bank's internal policies related to administration/operation/others, which are not required by regulatory bodies to obtain the Board of Directors' approval;
9. Approve the revision of delegation of authority and policies which will be related to the Bank's reorganisation;
10. Approve the appointment and revision of members, duties and responsibilities of Marketing and Communications Committee and Retail Business Committee;
11. Consider and decide on non-financial issues under 1Platform Project;
12. Review, give opinions, consider and approve the proposed legal provision in case the Bank and executives are sued for damages as recommended by Corporate Legal work unit;
13. Approve fee sharing scheme for investment product selling and/or referring customers through RBG only in case of 3rd party products which are not related party transaction or do not have material change from the existing ones already approved by Risk Management Committee;

14. Approve 3rd party products with non-material change to the existing 3rd party products which have already been approved by Risk Management Committee;
15. Appoint insurance broker for the Bank;
16. Other matters as directed by the Board/President & CEO.

Coverage: CIMB Thai group

### **Selection of Executives**

In 2017, the Bank's principal focus was to attract talents with diverse professional backgrounds who could combine a broad spectrum of experience and expertise with integrity and drive to deliver on the Bank's business strategy and achieve its targets. An interview panel was set up in accordance with Bank policy and a selection and nomination process was formulated for all new senior executive appointments.

## **9.4 Governing Administration of Subsidiaries and Associate Companies**

To governing administration of subsidiaries and associate companies, the Bank has appointed its executives to sit on boards of directors of those companies. The executives are responsible for keeping the Bank's Management Committee apprised of all operations and progress of the subsidiaries and associate companies on a monthly basis. The Board of Directors has also established Risk Management Committee to monitor and supervise companies in the Bank's Financial Group to ensure that their operations are in compliance with Risk Management policy prescribed by the Bank as well as regulations of the Bank of Thailand. In addition, the Board of Directors has given full support to the Audit Committee to oversee the subsidiaries and associate companies enabling the Bank to supervise and monitor operations of such companies to be in accordance with the Financial Group's policies, and to conduct audits of their financial reports to ensure accuracy and adequacy.

## **9.5 Governing Use of Internal Information**

The Bank has oversight of use of internal information in accordance with good corporate governance. It is determined in written form and included in Corporate Governance Policy of the Bank, details of which are as follows:

The Board has set a policy and procedure to prohibit unauthorised disclosure of material, non-public information which may affect the Bank's securities. Such policy and procedure require members of the Board, executives and employees, including spouses and underaged children thereof, to refrain from using information that has become privately known to them for purchase, sale, transfer or receipt of transfer of securities of the Bank during a one-month period before such information goes to public.

Moreover, members of the Board and executives from levels of senior executive vice-president or the equivalents upward, and those holding executive positions or department heads or the equivalents upward in the accounting or finance function line are duty-bound to report every of their sale or purchase of securities of the Bank and any change of the holding thereof, to the Office of the Securities and Exchange Commission (SEC), and keep copies of such reports at the Office of the President as evidence. In addition, to ensure an efficient and transparent management, the Bank has formulated codes of conduct and guidelines for the Board, executives and employees on the use of internal information and operation guidelines with avoidance of conflicts of interest. In this regard, the Board of Directors has concurred on the above practices.

## **9.6 Remuneration for external auditors**

### **Appointment of external auditor and consideration of audit fees**

The Audit Committee considers the qualifications and performance of external candidates and recommends the appointment thereof as the external auditor as well as proposes audit fees to the Board of Directors annually. The Board then proposes the external auditor appointment and audit fees for the consideration and approval of the general meeting of shareholders. The external auditor to be proposed must also be endorsed by the BOT.

### **Remuneration for external auditor**

For the year ended 31 December 2017, fees paid to the external auditor were as follows:

#### **(1) Audit fee**

CIMB Thai group paid the auditor audit fee of THB 11.5 million. Other incidental expenses included transport and photocopying expenses.

#### **(2) Non-audit fee**

CIMB Thai group paid non-audit service fee to the auditor in the fiscal year 2017 amounting to THB 660,000 for the services provided in 2017

## **10. Corporate Social Responsibilities**

The Bank gives importance to corporate social responsibilities in core business operation as it is aware that business sustainable growth can be achieved with social responsibilities.

### **10.1 Social responsibility policy**

The Bank recognizes the importance of rights of all stakeholders, namely employees, shareholders, customers, trading partners, creditors and government agencies. The policy for stakeholders is determined as detailed below:

#### **Customers**

The Bank is determined to protect the interests of, pay attention to and take responsibility for, as well as bring maximum satisfaction to the customers, by offering quality and efficient services and products.

#### **Shareholders**

The Bank is determined to operate its business efficiently, effectively and transparently, with appropriate and consistent growth and stability of returns to the shareholders, and to put best efforts in maintaining its assets, reputation and good image.

#### **Employees**

The Bank considers all staff a valuable resource and is thus determined to promote and develop their knowledge and capabilities for their career progress and stability and proper remuneration commensurate with their capabilities and performance.

#### **Trade partners/creditors**

The Bank adheres to operating its business with integrity on the basis of contractual compliances and under business conditions which are fair and equitable to the creditors.

#### **Corporate social responsibility**

Corporate social responsibility (CSR) is part of the Bank's policy of giving back to the society by strictly complying with the relevant laws and regulations, and assisting and supporting activities that benefit the community and the society as a whole.

#### **Responsibility for competitors**

The Bank has a policy to promote competition under fair and transparent rules and circumstances, with no access to competitors' confidential information in an unethical manner and no ill intention to the reputation of competitors through false or unfair statements or acts.

**The Bank's corporate social responsibilities are determined and categorized into eight principles in line with the Stock Exchange of Thailand ("SET")'s corporate social responsibility guideline:**

#### **1. Business operation for fairness**

The Bank has a policy to promote competition under fair and transparent rules and circumstances, with no access to competitors' confidential information in an unethical manner and no ill intention to the reputation of competitors through false or unfair statements or acts.

#### **2. Anti-corruption**

The Bank has a policy to operate businesses with integrity, transparency and ethics. It emphasizes the importance of staff having mutual attitudes to countering, resolving and being accountable for the



corruption issue, and encourages all employees to have common knowledge and understanding and work with integrity and in accordance with the Bank's Corporate Governance Policy and Codes of Conduct.

### **3. Respect for human rights**

Respect the human rights specified in the constitution; for instance, to respect the rights and human dignity for all persons living in Kingdom of Thailand although there are differences in homeland, race, religion, sex, age, personal status, social or financial status, belief in religion, education, or political view points which are not against the purview of the constitution.

### **4. Fair treatment for labour**

- Strictly comply with the law, rules and regulations relating to employees.
- Treat every employee equally, without discrimination on race, sex, skin color, religion, origins, age, physical disability or personal characteristics irrelevant to performance of duties.
- Appointment, transfer, rewarding and punishment, as well as fringe benefits for employees shall be based on their knowledge, capabilities, suitability, and conduct or performance of duties.

### **5. Responsibilities to consumers**

- Aim at creating benefits to and satisfaction of customers by offering good quality products and services that can respond to customer needs timely and punctually.
- Strictly comply with contracts, agreements or conditions committed to customers. In case of inability to comply, the Bank shall inform the customers thereof in advance in order to jointly work out solutions to prevent any possible damage.

### **6. Environment maintenance**

The Bank complies with laws and regulations regarding environment as well as efficiently ensure the safety and environment. Its employees are encouraged be aware of and have responsibilities for environment and community seriously and continuously. Safety, Occupational Health and Working Environment Policy is prepared to ensure the efficiency of continuous operation of this issue as per the safety, occupational health and working environment standard.

### **7. Community and social development**

The main concept of CIMB Thai Community Link is not only for a long-term participation of the branch teams to create the most suitable project but the Bank will also invite executives, employees, and customers to participate in the activities. The Community Link project which will be financially supported by CIMB Foundation, Malaysia can be considered as a way to give back to the Thai society with the use of foreign capitals.

### **8. Innovation and its distribution**

The Bank has a policy to offer products and services that respond the customers' need. It also supports the energy reservation by offering CIMB Thai's Clean Energy Loan to facilitate the customers who want to make energy efficiency investment.

## **10.2 Operation**

The eight principles of the SET's corporate social responsibilities that the Bank conforms to are:

### **1. Business operation for fairness**

The Bank operates business using transparent and auditable credit underwriting criteria and complying with regulatory requirements. In addition, the Bank has measures to prevent any

transaction having conflict of interest, related party transaction or inappropriate related transaction. Policies are determined as follows:

- Making of such significant transactions as connected transactions and/or acquisition or disposal of assets of the Bank shall comply with the rules and regulations of the relevant regulators.
- The Bank has a policy to consider granting of credits to or making investments or commitments or making credit-like transactions with its major shareholder, or to the business in which directors or persons with managing power have beneficial interests in all cases pursuant to the ratio prescribed by the BOT. Such transactions are subject to unanimous approval by the Board and without involvement in the consideration and approval thereof by directors or persons with managing power who have beneficial interests in such credit or investment granting or credit-like transactions.

## **2. Anti-corruption**

Being aware of the responsibility for all stakeholders, the Bank's Board of Directors ensures that channel is provided for making whistleblowing or complaints directly to the Chairman, the Chairman of the Audit Committee or the President and Chief Executive Officer. The channel is provided on the Bank's website. During the Bank's investigation, the names of the whistleblowers or the complainants will be kept confidential to protect them from any impact.

To ensure that the Bank has appropriate practice and regulation for corruption prevention, the Bank has prepared the "Policy and Procedures on Anti-Corruption" to be strictly complied with by the directors, executives, staff and subsidiaries. The Bank has also reviewed the practice, responsibility structure, risk management system, internal control and audit to prevent any internal fraud. Apart from the announcement of the Policy and Procedures, e-learning on this matter is provided to enhance the staff's knowledge and understanding. Details of such policy and undertakings related to anti-corruption are disclosed in the Bank's website at [www.cimbthai.com](http://www.cimbthai.com) under 'corporate governance' topic.

## **3. Respect for human rights**

Human rights are the fundamental rights all human beings equally have regardless of race, skin, gender, language, religion, political opinion, or other belief. To promote and protect human rights together with government agencies, the Bank has the following practices in place:

- All staff of the Bank has the equal rights in the workplace under the rules, regulations, announcements, and orders of the Bank.
- The Bank adheres to the principles of justice and sincerity in its management by complying with business ethics and etiquettes towards all stakeholders.
- The Bank has the employment standard laws, regulations, orders, and guidelines established devoid of use of forced labor and harassment or abuse in any case.
- All employees of the Bank receive safety rights protection according to the administration and management of the occupational health and safety and workplace environment.
- The Bank provides welfare benefits for the Bank's employees in addition to those required by laws as well as other benefits. Additionally, the Bank has set criteria and regulations for internal use as deemed appropriate

## **4. Fair treatment for labour**

The Bank has provided employee benefits such as provident fund, social security fund, life insurance, medical treatment, annual health check-up, staff clinic, housing loan, car/motorcycle loan, staff education loan and general purpose loan, that are competitive against other leading banks to attract and retain talented and competent staff.

In 2017, the Bank organized 284 training courses, comprising 151 internal and 133 external courses at a total cost of THB 23.3 million covering 2,793 staff or 100% of total staff. The average ratio of training for staff was five days per staff per year. In addition to existing sales and customer experience

program such as Lead Generator Skill Enhancement, Sale Process and Customer Objection Handling and Service Recovery. In addition, the Bank has teamed up with executives who specialize in credit function to share knowledge and experiences about credit in Credit 101 Programme. As well as corporate with Omega Performance (Thailand) to organize the Credit Analysis Certification Program to meet standardize of Omega.

As part of Leadership Program, the Bank conduct continuous in-house training such as Working as a High Performing Team, The 7 Habits for Highly Effective People etc. Moreover, the Bank supports high potential staff to join overseas training with employees from other countries under CIMB Group such as Accelerated Universal Bankers (AUB) Programme. The Bank also offers undergraduate scholarship to student to support learning and networking between CIMB Group as well.

## **5. Responsibilities to consumers**

Provide accurate, adequate and updated information on products and services to customers to support their decision-making, carrying no exaggerated statements that may mislead customers about the quality and conditions pertaining to the products and services.

Give importance to keeping customers' information confidential, and not use it to seek personal interests or those of related persons.

## **6. Community and social development**

Since corporate social responsibility is one of our core missions, CIMB Thai Bank has remained committed to carrying out CSR projects and activities through educational and social projects for the seventh straight year in an attempt to upgrade educational standards for the youth in remote areas which were still in need of learning tools, especially in the area of information and communication technology (ICT). We have handed over computers to rural schools to ensure that children had equal opportunities to access sources of knowledge in line with the government's policy to expedite a set-up of internet connection at all schools in remote areas nationwide to upgrade educational standards for the youth that will become the grown-up in days to come. It has also laid the foundation for the country development in the future according to Thailand 4.0 Policy.

Last year, CIMB Thai, together with its partners such as Thai Television Channel 3 News Family (KROB KRUA KAO 3), Srinakharinwirot University, Bodhivijjalaya College, Media Associated Co., Ltd., Kingsmen C.M.T.I. Pcl., and My Exhibit Co., Ltd. and our customers has joined in the educational projects for altogether seven schools.

Through continued projects as mentioned above which were consistently open for our volunteering staff to participate in various Bank activities, has given staff chances to realize and absorb the sense of being a part of having social responsibility. With this, it has shaped the mindset and organization culture to instill social responsibility consciousness. Each staff from different business units will have the chance to coordinate and team up to initiate projects that contribute to the society, with the support from the Bank and senior management. This has given the chance for staff to step out from their daily routine responsibilities in doing something for the community. A committee has been appointed to assign roles and responsibilities and committed their time to visit local communities in listening to their voices, hence, cooperating and forming a working committee together. Long term initiatives are all planned to give the projects a tangible idea, including CSR Garage Sale activity that was purposely organized to gather funds, without spending the Bank's budget. Projects such as "Let Children Color Their Dreams...Pig Bank Project" and "Let Children Color Their Dreams...Mulberry and Silkworm Learning Center Project" are the projects that required the wisdoms of community leaders and local philosophers to continue and carry on the projects to increase its economic value and creativity to the society.

Aside from that, the Bank has rehabilitated schools that underwent flood in Nakhon Si Thammarat province under the project name of "Fight through floods and rehabilitate with CIMB Thai Bank" project with the donation from customers and public, including staff, of stationery such as notebooks, pens, pencils, desks and chairs to Baan Paak Bang Glom School and other schools in the same area for altogether eight schools in Amphoe Cha Uat, Nakhon Si Thammarat province.

In conclusion, teachers of each school, including teachers and students of network centers, parents, alumni and communities of a total of approximately 7,770 people have benefited from all of the Bank's CSR projects in 2017.

**Educational projects** Computer Literacy Centers, Community Libraries, Science Labs, Growing their Own Lunch and Sericulture Learning Centers, a total of 12 projects over 14 schools are:

1. Baan Ton Pring School, Amphoe Na Mom, Songkhla Province
2. Wat Haem Soong School, Amphoe Chakaraj, Nakhon Ratchasima Province
3. Baan Sum Pa Haan School, Amphoe Uukaew, Udon Thani Province
4. Baan Nhong Majaab School, Amphoe San Sai, Chiang Mai Province
5. Baan Naam Paad School, Amphoe Neunmaprang, Pitsanulok Province
6. Baan Sup Charoen School, Amphoe Soidao, Chantaburi Province
7. Pong Gan Ton Eang Dan Chum Chon School, Amphoe Bo Rai, Trat Province
8. Baan Maneehot Samakkee School, Amphoe Wangmuang, Saraburi Province
9. Baan Kok See School, Amphoe Mayawadee, Roi Et Province
10. Baan Nhong Dern School, Amphoe Mayawadee, Roi Et Province
11. Baan Sarng Fan, Buriram Province by Police Captain Apichit Pantaprateeb
12. Wat Cheetaram School, Amphoe Songpinong, Suphanburi Province
13. Baan Khao Sarapi Border Patrol Police School, Amphoe Sarapi, Sa kaew Province
14. Baan Nhong Muang Waan School, Amphoe Huay Talaeng, Nakhon Ratchasima Province

**Social and environmental projects** The Bank has arranged 6 projects as follows:

1. Blood donation
2. "Fight through floods and rehabilitate with CIMB Thai Bank" Project
3. "Let Children Color Their Dreams...Pig Bank Project", Baan Khao Sarapi Border Patrol Police School and Baan Khao Sarapi Community
4. "Let Children Color Their Dreams...Mulberry and Silkworm Learning Center Project", Baan Hnong Muang Whan School and Community and Baan Muang Ngam Community

## **7. Innovation and its distribution**

The Bank is focusing on making continuous process improvement by adopting innovations to best serve customers. In 2017, many customer experience improvement projects have been done driven by innovations, allowing the Bank to receive many recognition awards, including Highly Commended in the Best CX Business Model 2017 from The Customer Experience In Financial Services Awards 2017 under FORWARD>>CX "The Best or Nothing" Program; The Best Employee Engagement: Honorary Mention from Customer Experience Asia Excellence Awards 2017 under CIMB Thai Customer Experience; The Best CX Personality, CX Rockstar Awards from Customer Experience Asia Excellence Awards 2017 to Dr. Piyawat Jirapongsuwan, Senior Vice President of Business Engineering; ICT Excellent Award in Core Process Improvement 2017 from TMA ICT 2017 under Collection and Recovery Platform. The Bank is committed to continued use of innovations to develop the organization with the target to provide the best services to our customers.

## 11. Internal Controls and Risk Management

The Bank has established the organisational structure, policies and work procedures that ensure that effective risk management and internal control systems are put in place, enabling sustainable business growth and compliance with good corporate governance principles. In addition, the Bank has mechanism in place to consistently monitor, assess and audit its internal control system to ensure adequacy, effectiveness and appropriateness.

### • Organisation and environment

The Bank has structured its organization taking into account proper segregation of duties that will contribute to effective risk management and internal control as well as monitoring and auditing systems. It has also consistently monitored the operations of its staff to be in line with the code of ethics and best practice in business operations with fair treatment of its stakeholders. Short- and medium-term business plans have been worked out to determine business strategy and framework, which are communicated to the staff at managerial levels bank-wide for their awareness and implementation to achieve the plans and targets set forth.

### • Risk management

The Bank has realised the significance of risk management covering both internal and external risk factors. Board Risk Committee and Risk Management Committee have been appointed by the Board of Directors with relevant roles, duties and responsibilities defined and operations of which assessed to ensure conformity with the risk management plan in place. Risk Management is in charge of formulating risk management policy and procedures of the Bank as well as setting up the risk control and monitoring mechanisms, and continuously strengthening the risk ownership of all staff.

### • Oversight of executive management

The Bank has clearly defined, documented and regularly reviewed the scope of authority and responsibilities conferred on or delegated to executive officers at different levels. A clear division of responsibilities between various management positions provides a mechanism for checks and balances between senior executives.

Management is required to bring to the attention of the Board any transactions that concern major shareholders, directors, senior executives or parties related to them. In addition, the Bank has instituted policies and procedures governing the approval of loans for, or investment in businesses in which the Bank, its shareholders, its senior executives or parties related to them have material interest. Any sale, lease, purchase or rent of assets in relation to authorised directors, major shareholders and parties related to them shall also comply with the relevant policies in place.

Furthermore the Bank has established the Compliance unit to provide oversight and support to ensure that the Bank conducts its business in compliance with all applicable laws and regulatory requirements. The Internal Audit has also been set up as an independent unit to examine and ensure all Bank activities are effectively and efficiently managed and operated in line with the risk management and internal control principles.

### • Information and communication infrastructure

The Bank has adopted accounting policies and procedures in line with the generally accepted accounting principles that support the Bank's business requirements. It has consistently developed and managed its information and database systems so that significant information is accessible on an adequate and timely basis. The electronic document management system provides an effective tool for retrieving and storing important documents appropriately and safely. The policies and procedures have been communicated to relevant staff at all levels.

### • Follow-up and monitoring system

The Bank has put in place processes for monitoring and reviewing the implementation of activities against the Bank's strategic objectives, policies, procedures, relevant laws, regulations, and internal control systems. It prepares an annual business plan, which is periodically reviewed to ensure its effectiveness in a rapidly changing environment. The Audit Committee is committed to ensuring that concrete actions are taken to execute recommendations and regularly monitoring resolutions to ensure that any identified issues are brought to satisfactory conclusion.

The Bank appointed Ms. Siriporn Sanunpairaue, Senior Executive Vice President, to be Internal Audit Head having duties to audit the management and operation of the Bank's work units in order to ensure the efficiency and effectiveness. In this regard, the consideration and approval to appoint, dismiss and transfer Internal Audit Head are roles and responsibilities of the Audit Committee.

In addition, the Bank appointed Mr. Zethjak Leeyakars, Executive Vice President, to be Compliance Head having duties to supervise and monitor the Bank's operation in compliance with relevant regulatory requirements.

Qualifications of Internal Audit Head and Compliance Head are as in Attachment 3.



## 12. Related Party Transactions

As of 31 December 2017, the Bank recorded significant business transactions with its subsidiary and affiliated companies (related by way of having common shareholders), including related persons (directors or executives from the level of heads of work units upwards). These transactions were concluded on commercial terms and based on mutually agreed upon criteria in the ordinary course of business between the Bank and such persons or entities. Details are as disclosed in the Notes to Financial Statements item 44 of Financial Statements for the year ended 31 December 2017.

- Connected transactions with persons who may have conflicts of interest are as follows:

Name and Relationship	Transaction Characteristics and Value	Necessity and Reasonableness with Audit Committee's Opinion												
iCIMB MSC, a wholly owned subsidiary of CIMB Holdings which is a subsidiary having CIMB Group as the indirect major shareholder	<p>The Bank has engaged iCIMB (MSC) Sdn Bhd for the following services:</p> <p>a) Housing CIMB Thai hardware and software in CIMB data center in Malaysia;</p> <p>b) Supporting daily business operations and troubleshoot problems;</p> <p>c) Maintaining systems covering daily batch runs, backup and reporting;</p> <p>d) Sharing some of CIMB Bank's hardware and software; and</p> <p>e) Ensuring system stability and business continuity.</p> <p>For the services provided by iCIMB, the Bank would pay to iCIMB the following yearly fees:</p> <table><tr><th>Year</th><th>*Fees (MYR)</th></tr><tr><td>2017</td><td>150,973</td></tr><tr><td>2018</td><td>153,908</td></tr><tr><td>2019</td><td>153,908</td></tr><tr><td>2020</td><td>153,908</td></tr><tr><td>Total</td><td>612,697</td></tr></table> <p>This transaction is considered the Bank's normal business support under general trading terms.</p>	Year	*Fees (MYR)	2017	150,973	2018	153,908	2019	153,908	2020	153,908	Total	612,697	<p>The Board of Directors' meeting no. 1/2017 held on 19 January 2017 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter) deemed it proper to approve the transaction since it was the Bank's normal business support under general trading terms.</p>
Year	*Fees (MYR)													
2017	150,973													
2018	153,908													
2019	153,908													
2020	153,908													
Total	612,697													
CIMB Bank Berhad (CIMB Bank), the major shareholder of the Bank holding 94.11% of the Bank's total issued and paid-up shares	<p>The Bank and CIMB Bank have been granted to be an appointed cross currency dealer (ACCD) for MYR and THB respectively.</p> <p>The Bank, as an ACCD bank for MYR, can offer interest-bearing foreign currency deposit (FCD) in MYR to Thai corporates. CIMB Bank can also pay THB interest for THB balance in THB deposit account which Malaysian corporates open with them.</p> <p>To enable CIMB Bank to pay interest to THB accounts held by Malaysian corporates, CIMB Bank needs to receive interest for THB balance in SNA Nostro account as stipulated in the ACCD guidelines.</p> <p>Payment of THB interest for balance in SNA to CIMB Bank has details as follows:</p> <p>Interest rate offered is normal corporate deposit rate + 0.125% = 0.50%. The ratio of 0.125% is constituted based on 0.025% for withholding tax and other operational cost, and 0.10% reserved for normal profit margin for</p>	<p>The Board of Directors' meeting no. 1/2017 held on 19 January 2017 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter) deemed it proper to approve the transaction since it was the Bank's normal business support and brought benefits to the Bank.</p>												



Name and Relationship	Transaction Characteristics and Value	Necessity and Reasonableness with Audit Committee's Opinion
	deposit taking institution. This transaction is considered the Bank's normal business support under general trading terms.	
CIMB Securities (Thailand) Co., Ltd. (CIMBS), a wholly owned subsidiary of CIMB Securities International Pte. Ltd. which is a subsidiary having CIMB Group as the major shareholder	The Bank has opened an equity account (cash balance account) at CIMBS for ELN shares settlement. The Bank would pay a transfer fee to CIMBS at a rate of THB 100 per transaction. This transaction is considered the Bank's normal business support under general trading terms.	The Board of Directors' meeting no. 2/2017 held on 24 February 2017 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter) deemed it proper to approve the transaction since it was the Bank's normal business support and brought benefits to the Bank.
CIMB Bank Berhad (CIMB Bank), the major shareholder of the Bank holding 94.11% of the Bank's total issued and paid-up shares	The Bank has outsourced the validation of IFRS9 models (for CIMB Thai Group) to validation team of CIMB Bank by extending services scope of outsourcing agreement dated 1 February 2012 between the Bank and CIMB Bank to cover IFRS9 model validation services. CIMB Bank may consider charging the Bank on validation services used for the Bank's benefits from 1 January 2019 onwards, following the effective date of IFRS9 in Thailand. Before CIMB Bank starts charging the Bank for the model validation, Finance will seek Audit Committee/Board of Directors' approval for the charges. However, such charge would not include the services provided during 2017-2018. This transaction is considered the Bank's normal business support under general trading terms.	The Board of Directors' meeting no. 3/2017 held on 28 March 2017 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter) deemed it proper to approve the transaction since it was the Bank's normal business support and brought benefits to the Bank.
CIMB-Principal Asset Management Co., Ltd. (CPAM), a subsidiary of CIMB Group which is the indirect major shareholder of the Bank	The Bank has renewed the existing lease contract of space on floor 16 (600 sq.m.) and floor 15 (436 sq.m.) of its head office building to CPAM for another three years at the rental rate of THB 735/sq.m./month. This transaction is a rental or lease of immovable property under a term of not exceeding 3 years and under general trading conditions.	The Board of Directors' meeting no. 6/2017 held on 29 June 2017 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter) deemed it proper to approve the transaction since it was a rental or lease of

Name and Relationship	Transaction Characteristics and Value	Necessity and Reasonableness with Audit Committee's Opinion
		immovable property under a term of not exceeding 3 years and under general trading conditions.
CIMB Bank Berhad (CIMB Bank), the major shareholder of the Bank holding 94.11% of the Bank's total issued and paid-up shares	1) The Bank has appointed CIMB Bank as Malaysia sub-custodian, for which the new agreement will be arranged. 2) CIMB Bank has appointed the Bank as Thailand sub-custodian. The agreement has already been arranged and implemented since September 2009. However, it will be amended in the part of fee payment schedule. Cross-charge will be similarly applied both way with safekeeping fee charged at 2.5 bps of asset value and transaction fee USD 15 (THB 500 equivalent) per trade so as to maximise business opportunity within CIMB Group. This transaction is considered the Bank's normal business support under general trading terms.	The Board of Directors' meeting no. 6/2017 held on 29 June 2017 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter) deemed it proper to approve the transaction since it was the Bank's normal business support and brought benefits to the Bank.
CIMB-Principal Asset Management Co., Ltd. (CPAM), a subsidiary of CIMB Group which is the indirect major shareholder of the Bank	The Bank has conducted an annual review and extended the L/G (performance) limit, totaling THB 4 million, to 31 August 2018 for CPAM. This transaction is considered the Bank's normal business support under general trading terms.	The Board of Directors' meeting no. 8/2017 held on 25 August 2017 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter) deemed it proper to approve the transaction since it was the Bank's normal business support and brought benefits to the Bank.
CIMB Securities (Thailand) Co., Ltd. (CIMBS), a wholly owned subsidiary of CIMB Securities International Pte. Ltd. which is a subsidiary having CIMB Group as the major shareholder	The Bank has performed an annual review and extended all credit facilities in the amount of THB 811 million to 30 September 2018 for CIMBS. This transaction is considered the Bank's normal business support under general trading terms.	The Board of Directors' meeting no. 9/2017 held on 22 September 2017 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter) deemed it proper to approve the transaction since it was the Bank's normal business support and brought benefits to the Bank.
Sathorn Asset Management Co., Ltd. (STAMC), a subsidiary of CIMB Group which is	The Bank has sold NPLs to STAMC at the price of THB 1,850 million. This transaction is considered the Bank's normal business support under general trading	The Board of Directors' meeting no. 10/2017 held on 31 October 2017 (excluding CIMB Bank's

Name and Relationship	Transaction Characteristics and Value	Necessity and Reasonableness with Audit Committee's Opinion
the indirect major shareholder of the Bank	terms.	representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter) deemed it proper to approve the transaction since it was the Bank's normal course of business and brought benefits to the Bank.
CIMB Group, the indirect major shareholder of the Bank	The Bank has outsourced to CIMB Group IT service for ICRES Revamp, for which agreement would be signed with CIMB Group, covering a period of 5 years, starting from 2018. The yearly service fee (excluding taxes) is MYR 458,886. The cost would be shared between Wholesale Banking (65%) and Commercial Banking (35%). This transaction is considered the Bank's normal business support.	The Board of Directors' meeting no. 11/2017 held on 29 November 2017 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter) deemed it proper to approve the transaction since it was the Bank's a normal business support from CIMB Group Sdn Bhd which caused no damage and brought benefit to the Bank.
Sathorn Asset Management Co., Ltd. (STAMC), a subsidiary of CIMB Group which is the indirect major shareholder of the Bank	The Bank has sold its retail secured NPLs to STAMC. The proposed selling price was originally set at THB 1,248 million. However, later STAMC, the buyer, has engaged an independent advisor to conduct a valuation, resulting in the valuation price of THB 1,201 million. The Bank has accepted THB 1,201 million as the execution price, given the gap of less than 15% from the original pricing, which is the same basis as that adopted for the recent disposal of non-retail NPLs. This transaction is considered the Bank's normal business support.	The Board of Directors' meeting no. 11/2017 held on 29 November 2017 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter) deemed it proper to approve the transaction since it was the Bank's normal course of business and brought benefits to the Bank.
CIMB Bank Berhad (CIMB Bank), the major shareholder of the Bank holding 94.11% of the Bank's total issued and paid-up shares	The Bank has opened a segregated AOO account with CIMB Bank. This transaction is considered the Bank's normal business support.	The Board of Directors' meeting no. 12/2017 held on 22 December 2017 (excluding CIMB Bank's representative directors who had conflict of interest, hence abstaining from participating in the consideration and voting on this matter) deemed it proper to approve the transaction since it was

Name and Relationship	Transaction Characteristics and Value	Necessity and Reasonableness with Audit Committee's Opinion
		the Bank's normal course of business and brought benefits to the Bank

**- Loans, Deposits and Contingent Liabilities**

- a. Loans, contingent liabilities and deposits associated with businesses in which the Bank and its subsidiary companies, or directors or executives from the level of executive vice president upwards, hold 10% or more of their paid-up capital were as follows:

(Unit: THB million)

Company name	31 December 2017				% shares holding	Joint management
	Contingent liabilities	Outstanding loans	Deposits	Borrowings		
<b><u>Parent Company</u></b>						
CIMB Bank Berhad	13	-	-	3,802	94.11	-
Interest rate swap contracts						
- Fixed rate payee	17,198	-	-	-		
- Floating rate payee	55,833	-	-	-		
Forward and spot contracts						
- Bought	2,657	-	-	-		
- Sold	217	-	-	-		
Cross currency and interest rate swap contracts						
- Bought	8,622	-	-	-		
- Sold	1,634	-	-	-		
Commodity						
- Bought	128	-	-	-		
Swaption						
-Sold	1,500	-	-	-		
Equity option						
-Sold	308	-	-	-		
Credit derivatives						
- Sold	5,264	-	-	-		
<b><u>Subsidiary companies</u></b>						
Center Auto Lease Co.,Ltd.	2,150	19,730	184	-	99.99	Mr. Adisorn Sermchaiwong Ms. Sasima Thongsamak Mr. Goh Therd Siang Ms. Onanong Udomkantong

Company name	31 December 2017				% shares holding	Joint management
	Contingent liabilities	Outstanding loans	Deposits	Borrowings		
CT COLL Co.,Ltd.	-	-	49	-	99.99	Mr. Adisorn Sermchaiwong Ms. Onanong Udomkantong Ms. Sasima Thongsamak Mr. Goh Therd Siang
Worldlease Co., Ltd.	-	3,018	69	-	99.99	Mr. Adisorn Sermchaiwong Mr. Visit Phuengpornawan Ms. Onanong Udomkantong Ms. Sasima Thongsamak Ms. Piyawan Thianphranon Mr. Goh Therd Siang
<b><u>Company under common control</u></b>						
CIMB Bank Plc., Cambodia	61	-	-	-	-	
Sathorn Asset Management Co., Ltd.	-	-	302	-	-	Mr. Goh Therd Siang Mr. Tan Keat Jin
CIMB Securities (Singapore)	-	-	8	-	-	
CIMB Securities (Thailand) Co., Ltd.	-	-	874	-	-	Mr. Sutee Losoponkul
CIMB Principal Asset Management Co., Ltd.	-	-	261	-	-	Mr. Adisorn Sermchaiwong
Other related companies	-	30	8	-	-	
Related persons	-	8	470	-	-	-

The Bank pays interests on deposits made by related parties at the normal rates applicable to general depositors.

- b. The Bank is not aware of any person with potential conflicts of interest and holding more than 5% of voting shares in any of the Bank's subsidiaries or associated companies.

**- Justification of related party transactions**

Loans and contingent liabilities associated with directors or executives from the level of executive vice president upwards are subject to interest charges under the Bank's employee benefits scheme. Loans, contingent liabilities and deposits associated with businesses in which the Bank or its subsidiary companies, or directors or executive officers from the level of executive vice president upwards hold 10% or more of their paid-up capital were transferred to the Bank under the merger process, or have

undergone debt restructuring. These loans which include some new loans have been concluded on commercial terms agreed upon in the ordinary course of business between the Bank and the parties concerned, and are subject to market interest rates.

**- Procedures for approving related party transactions and safeguarding shareholders' interest**

According to the Bank's Articles of Association, all related party transactions are subject to a formal approval process, including the analysis and approval of the relevant committees, Audit Committee and Board of Directors. Executives or directors with material interest in any transaction are not allowed to take part in the decision-making process.

**- Related party transaction trends**

Related party transactions include those relating to the Bank's business functions and are subject to the formal approval process in place and the criteria of the relevant regulatory bodies. There is a strong probability that related party transactions will continue to be an integral part of the Bank's business, and will be governed by clearly defined review and approval procedures and practices.