

Corporate Governance Report



The 2011 Annual General Meeting of Shareholders

The Board always recognizes the critical importance of corporate governance in supporting the Bank's sustainable growth, creating shareholder value, and securing trust from all stakeholders, including shareholders, customers, employees and the general public. The Board has therefore long had a strong intention to adhere to good corporate governance practices on a continuous basis. As a result, several organizations have honored the Bank with awards; such as, the best CG report and excellent corporate social responsibility from The Stock Exchange of Thailand (SET Awards 2011) and "The Best of Asia 2011 Award" for the fifth year in a row from Corporate Governance Asia, the leading magazine about corporate governance in the region. The Thai Institute of Directors CG assessment results for 2011 recognized that the Bank has continually enacted and developed excellent corporate governance practices for seven consecutive years during the period of 2005 - 2011. The Office of Securities and Exchange Commission and Thai Investors Association jointly scored the Bank at a full 100 points based on their 2011 shareholders meeting assessment, citing the Bank as a good example.

Corporate Governance Policy

The Board has assigned the Nomination, Compensation, and Corporate Governance Committee to formulate corporate governance policy and monitor compliance. The Committee also reviews and adapts the policy to ensure that it is in line with guidelines issued by supervisory authorities for commercial banks and listed companies, and moves toward the best internationally accepted standards. The Bank's goal is to adopt

world-class practices in order to benefit stakeholders and maintain their trust.

During the period from 2011 through early 2012, the Nomination, Compensation, and Corporate Governance Committee, with approval from the Board, improved the Bank's Corporate Governance Policy, making it more comprehensive by encompassing various issues as follows:

- 1) The Bank's vision, mission and core values as well the code of conduct for the Bank, the Board, and employees.
- 2) The corporate governance structure, inclusive of roles and responsibilities, composition, and member tenure of the Board and the Board Committees; Board meeting procedures; nomination and appointment of members of the Board; orientation for new Board members; limits on a Board member's right to hold posts in other companies; separation of position between the chairman of the Board, chairman of the Executive Committee, and the president; remuneration of directors and persons with management authority; assessment of performance of the Board and persons with management authority; succession plan; and company secretary's role.
- 3) The right and treatment of stakeholders (shareholders and other stakeholders) in terms of arrangement of shareholders' meetings, dividend payments, and disclosure of information and transparency.

- 4) The internal control encompassing use of inside information by directors and employees, connected transactions, conflicts of interest, and conflict-of-interest reporting.

In this regard, the improved Corporate Governance Policy is published for the general public at the Bank's website (www.scb.co.th) under the headings "About SCB," "Corporate Governance," and "Corporate Governance Policy." Furthermore, the Charter of the Board and charters for each of the Board committees were improved in order for them to be consistent with the Corporate Governance Policy and clearer regarding details and procedural practices as explained on the Bank's website under "About SCB," "Corporate Governance," and "Charter of the Board and Board Committees."

1. Right and Equitable Treatment of Shareholders

The Bank has complied with the Corporate Governance Policy related to shareholders in all respects, regardless of whether it is a matter of their basic rights, rights in relation to shareholders' meetings (before, during, and after the meeting) and dividend payments as well as information disclosure and transparency, whereby all shareholders have always been given equal treatment. With respect to this, the principles applied by the Bank in respect of right and equitable treatment of shareholders are explained in Section 3 (Rights and Treatment of Stakeholders) of the Bank's Corporate Governance Policy on the website cited above.

1.1 Shareholders' Meeting

In 2011, the Bank held its Annual General Meeting of Shareholders (AGM) No. 188 on the 5th day of April, in compliance with laws and other relevant regulations, including good governance practices and the AGM Checklist jointly prepared by the Thai Investors Association, Thai Listed Companies Association, Office of Securities and Exchange Commission, and The Stock Exchange of Thailand, in terms of shareholders' rights and the equitable treatment of shareholders in order to accommodate and facilitate the shareholders. The venue for AGM No. 188 was also changed to match the increased number of shareholders.

Prior to the meeting day of the 2011 AGM, the invitation to minority shareholders to propose agenda items and questions, and to nominate directors in advance of the meeting, was made during the period of October 1 - 31, 2010 for which the channels made available were e-mail at "company_secretary@scb.co.th" and the Bank's website. However, as from the 2012 AGM, the period during which the shareholders may propose such matters is three months prior to the Bank's previous fiscal year end, i.e., during October 1 to December 31 of each year, in order to extend the time available to shareholders for

their proposals according to the Bank's improved Corporate Governance Policy.

As for the Meeting Notice for the 2011 AGM, containing detailed agendas, factual details, rationales and Board recommendations for each agenda item, as well as accompanying documents, details of meeting procedures, voting and proxy appointments prepared in both Thai and English, the Bank disseminated this information via its website 31 days prior to the AGM, while all such information in printed form, plus the 2010 Annual Report (in the form of a CD-ROM), were delivered to shareholders 16 days in advance. The Meeting Notice was also advertised for three consecutive days in newspapers no fewer than three days prior to the date of the AGM. If any shareholders wished to obtain the 2010 Annual Report in printed form before the date of the meeting, they were entitled to receive one from the company secretary upon their request. All these procedures were made in order for the shareholders to have sufficient information and time for consideration prior to the meeting and for their proxy arrangement should they not be able to be present at the meeting in person, so that shareholders' best interests would have been safeguarded and their rights would have been maintained in full.

In regard of the shareholders who were unable to attend the meeting in person, three forms of proxy prescribed by the Business Development Department, Ministry of Commerce were prepared and delivered to shareholders, including the proxy form in which various choices for delegating power were clearly specified in detail. As an option to shareholders wanting the appointment of a proxy, the Bank also made available two independent directors to shareholders for their appointment as proxy for attending and voting in the meeting. The Bank provided in detail relevant personal information regarding such independent directors, such as, historical record, residing address, educational background, positions in rival companies/bank-related companies, relationship with the Bank or the Bank's subsidiaries, and interest in relation to the agenda item. The shareholders may therefore have selected either one of such independent directors, or any other person, as their proxy as they deemed appropriate.

On the meeting day, several arrangements were conducted to facilitate the shareholders and their proxies who were to attend the meeting, while all such persons were treated equally. The meeting registration was available during a period of two hours in advance of the meeting time and was conducted through a bar-code system. Registration desks were separately prepared for document inspection and registration according to the types of shareholders attending the meeting, i.e., individual and corporate shareholders. The ballots for each agenda item with the same bar code as that of the registration record were distributed and delivered to the shareholders for their voting in the meeting room. As a result, the meeting registration process was convenient to the shareholders and finished in a

timely manner. The registration is open for shareholders both prior to and during the meeting, by virtue of which shareholders were still able to register to attend the meeting at any time and vote on any agenda items not yet dealt with.

The meeting was chaired by the chairman of the Board, and 15 directors of the Bank attended the meeting, as did the Bank's senior executives including the auditor, in order to clarify and answer all issues and any questions raised by shareholders. Prior to starting with the agenda of the meeting, the company secretary informed the meeting about the voting procedure for each agenda item. In order to increase efficiency and speed up the voting process, the secretary collected only the ballots voting disapproval or abstention. Voting and ballot counting were conducted openly, and were computed based on the bar code using PDAs. The company secretary reported the voting results to the meeting on an agenda item-by-item basis, and as for the ballots used for calculation of the votes, they all were kept for further verification.

For shareholder convenience and easy understanding, multi-media presentations were shown during the meeting. The chairman of the meeting allowed shareholders full opportunity to ask questions and make recommendations on an equal treatment basis, and provided comprehensive clarification and answered all questions. The directors and management representatives jointly responded to shareholder questions and clarified the issues related to them while the company secretary took minutes of the meeting and recorded the votes in each agenda item thoroughly. Because the Bank recognizes and respects shareholders' rights with the utmost seriousness, the agenda of the meeting was neither added to nor revised without informing the shareholders in advance in the notice for calling the meeting.

In the 2011 AGM, there were shareholders presented in person and by proxy at the beginning of the meeting amounting to a total of 2,128, with the number of shares held by them totaling 2,663,413,067 shares, or 78.35 percent of the total number of issued shares.

Moreover, there were two extraordinary general meetings (EGM) of shareholders held by the Bank because shareholder interests may have been affected, and so it was necessary to obtain approval from the shareholders, as follows:

- 1) EGM No. 1/2011, held on the 16th day of March 2011, of which the main agenda item was approval of the Bank's acquisition of Siam Commercial New York Life PCL; and
- 2) EGM No. 2/2011, held on the 30th day of June 2011, of which the main agenda items were:
 - (1) approval of the Bank's acquisition of The Siam Industrial Credit PCL ("SICCO") through a tender offer in general for all issued securities of SICCO and delisting of SICCO's securities from The Stock Exchange of Thailand; and

- (2) approval for the Bank to make a tender offer in general for purchase of SICCO Securities PCL's ("SSEC") securities from other shareholders of SSEC in the event where the tender offer for all securities of SICCO yields 50% or more of the Bank's voting shares in SICCO.

In such 2 EGMs, all shareholders were treated equally and their rights were recognized equally, similar to those of the 2011 AGM.

Following the meeting day of both the AGM and EGMs, the minutes of the 2011 AGM and EGMs were submitted to The Stock Exchange of Thailand within 14 days of the relevant meeting, and disclosed on the Bank's website (www.scb.co.th) to allow shareholders rapid access to the information and to allow other interested persons to note and study the Bank's information, which was in full compliance with the rules set forth by The Stock Exchange of Thailand. The minutes were systematically kept for future reference and inspection. Each material matter proposed in the meeting, including the question raised by shareholders and the resolutions, together with the number of votes, were recorded in such minutes.

1.2 Dividend Payment

As stipulated in the Bank's Corporate Governance Policy, the Bank has a policy to pay dividends at the rate of 30-50% of net profit according to the consolidated financial statements in any year in which the Bank posts a profitable operating result, provided there are no accumulated losses, and the Bank has set aside all statutory and other reserves and is able to maintain adequate capital funds in compliance with the regulatory requirements.

In 2011, the dividend from the Bank's operational results in the financial year 2010 was paid to holders of the Bank's preferred and ordinary shares at the rate of Baht 3.00 per share equivalent to Baht 10,198 Million or approximately 42.1% of the 2010 net profit, divided into an interim payment on the 16th day of September 2010 at Baht 1.00 per share amounting to Baht 3,399 Million, and payment of the remainder on the 4th day of May 2011 at Baht 2.00 per share amounting to Baht 6,799 Million, pursuant to which any individual shareholder may request a tax credit on dividends at the rate of 3/7 of the amount of dividends because the Bank had already paid the 30% corporate income tax.

2. Role of Various Groups of Stakeholders

The Bank always recognizes the rights of stakeholders in various groups, which could be seen in the Bank's vision of being "The Bank of Choice for Our Customers, Shareholders, Employees and Community," where other groups of stakeholders are also concerned. It is the Bank's policy to allow each group of stakeholders to be able to obtain their rights in full on a fair basis for mutual sustainable growth among the Bank and such stakeholders, through the Bank's compliance with all applicable laws, rules and principles of corporate governance policy as

stipulated in the Bank's Corporate Governance Policy. In this connection, the Bank's practices under its Code of Conduct for the sake of various groups of stakeholders could be mentioned, using the following points as examples:

Customers: In addition to adhering to the Code of Conduct in relation to customers as stated above, the Bank, since 2004, has measured "customer engagement" by commissioning an independent international research company to conduct customer surveys at all of its branches to measure service satisfaction and compare it with the research company's global database. Since 2008, a satisfaction survey has also been conducted among corporate and SME customers. The Bank has utilized these survey results for regular improvement of its customer services, and to enhance customer engagement in the long term. On the retail banking front, the Bank has improved service quality to bring customer engagement to world-class levels since 2006.

In 2011, a year in which the country was seriously affected by floods and the area around the Bank's head office was flooded, as were districts around many branches, the Bank used its best endeavors in order for it to be able to provide full financial services to customers without any interruption. Furthermore, the Bank had a firm intention to provide help and support to customers affected by the floods since the disaster's beginning. In this connection, the Bank provided several different financial support projects according to customer type, i.e., retail, SME and wholesale. These included allowing a debt moratorium for both principal and interest, extending the installment period, reducing interest, and granting special credit facilities.

Shareholders: As for shareholders for whom the Bank has formulated its Code of Conduct to deliver satisfactory returns by enhancing the efficiency of management to sustain superior operating results with effective internal controls and risk management, the Bank's market capitalization calculated from total shares (ordinary and preferred shares) as of year-end 2011 was equivalent to Baht 396 Billion, the highest among Thai financial institutions.

Employees: Employees are one of the key drivers of the Bank's performance and sustained development. Therefore, the Bank emphasizes: comprehensive employee development programs and human resource management in several ways in order to enhance learning, competency and skills development; the ability to respond to challenges in an increasingly volatile and competitive business environment; and appropriate compensation and benefits. Employees receive equitable treatment, and there is no gender, age or religious discrimination or discrimination against disability in the workplace.

In 2011, although the Bank had to operate its business in a volatile environment resulting from economic recession and floods, the Bank still paid great attention to, and gave much support to, employees who were affected by the disaster. This attention and support came in the form of several activities in conjunction with advancing our employee development program in order to enhance their capability as well as strengthen their engagement with the Bank. Such major activities were:

- Taking care of employees during the flood

The Bank provided support and assisted the employees affected by floods in order to build their spirit and inner strength as follows:

- Preliminary measures included allowing employees to take leave with pay, finding temporary accommodation, providing vehicles to support their commutes, and distributing sand bags to protect their houses.
- Financial problem alleviation measures included giving a special preliminary amount of money, granting emergency loans, and extending repayment periods under loans.
- Health measures included providing health tests and treatment by physicians and nurses to employees and members of their families, including psychiatrists for psychotherapy, and distributing EM balls and toilet-paper.
- Post-flood measures included arranging for staff volunteers to clean and repair the homes and belongings of flood-hit employees as well visits to their homes by senior executives.

- Strengthening employee engagement

The Bank strongly emphasizes building up employee engagement beginning from the first day that an employee becomes a member of the Bank's family, with our "On-Boarding Program." In addition, we develop engagement between supervisors, subordinates and colleagues, because we believe that promoting good relationships in the workplace will enhance employee efficiency, and motivate them to continuously dedicate themselves to the Bank's success.

In an employee engagement poll carried out by Gallup in August 2011, involving a high 99% employee participation rate, the Bank's overall engagement score was 4.69 and ranked in the 92nd percentile, a level considered to be world class. Because the Bank has made serious efforts to build up employee engagement, SCB won the Greatest Workplace Award for 2011 from Gallup.

- People Development Committee (PDC)'s Activities and the Establishment of Business Unit PDC and Sub-Business Unit PDC
 - In order to encourage managers and supervisors to take ownership of, and assume the responsibility for, staff development, with the Human Resources Group acting as advisor on HR policy, principles, and best practices, several committees were set up in order:
 - To formulate the Bank's human resource development policy to be in alignment with its business direction.
 - To monitor HR development policy implementation.
 - To formulate a long-term talent development plan to fill key positions.

Corporate Social Responsibility: The Bank adheres to the principle of conducting business with responsibility to society and local communities, and with precaution and sensitivity toward persons on whom the Bank's actions might have an effect. Furthermore, the Bank regularly supports and participates in activities beneficial to society and local communities; such as, youth development, conservation of art and culture, conservation of nature and the environment, and assistance and support to society in times of disaster. The Bank encourages staff and the public to embrace volunteerism in order to benefit local communities where the Bank's branches are located, and society as a whole. (Additional information regarding corporate social responsibility projects is available on page 50 of this Annual Report).

With respect to other groups of stakeholders, the Bank has followed the procedural guidelines set out in Section 1 (Vision, Mission, Core Values, and Code of Conduct) and Section 3 (Right and Treatment of Stakeholders) of the Bank's Corporate Governance Policy specified in the Bank's website in which the available channels for complaint submission by all stakeholders and the Bank's complaint handling procedures are detailed.

3. Disclosure of Information and Transparency

Because the Bank emphasizes transparency and the disclosure of information, procedural practices and policy regarding these matters are incorporated into the Corporate Governance Policy of the Bank. Major principles can be summarized as follows:

- a) Information to be disclosed must be accurate, complete and clear, while the disclosure must be made in a timely fashion.
- b) Compliance with all applicable rules in relation to disclosure of information must be rendered in a correct and full manner.
- c) All of the Bank's stakeholders, including shareholders, investors, analysts and other interested persons, must have equal right to know or receive information disseminated by the Bank.
- d) Any information that could serve as material for decision-making by investors and thereby affect the price of the Bank's securities, or that could affect the rights of shareholders, must be disclosed promptly through The Stock Exchange of Thailand.

Moreover, the Bank has designated persons and/or units responsible for information disclosure and transparency, and specified the period during which the Bank's operating result must be disclosed, and stated the disclosure of the Bank's securities holdings by the Bank's directors and executives as specified in the Corporate Governance Policy. As for information related to securities holdings and changes thereto by directors and executives, it is shown in detail in Table 4, page 81 of this Annual Report.

In 2011, investor relations activities for disclosure of the Bank's information, which were continually undertaken by the Bank, can be summarized as follows:

Forms of Activities	Number of Times
One-on-one meetings as well as conference calls with investors and equity analysts	124
General meetings with equity analysts	4
Investor conferences	7
Global road shows	5

Furthermore, the Bank also issued press releases regularly and held press conferences and media events to publicize the Bank's important activities.

4. Internal Control

The Board of Directors has laid out measures designed to disclose and prevent conflicts of interest and prevent the use of inside information by formulating policy, operational guidelines and supervision through the means provided in the Corporate Governance Policy of the Bank. As for 2011, regulations in relation to securities trading by the Bank's employees were improved by dividing such regulations into general rules for securities trading by employees and those for Watch List and Restricted List securities specifically applied to the employees involved with such Watch List and Restricted List securities. This is to increase the clarification and stringency of the rules in order to prevent conflict-of-interest transactions and the illegitimate use of inside information.

5. Responsibilities of the Board

5.1 Board Composition

At the end of 2011, there were 16 Board members. Members of the Board comprise professionals with diverse backgrounds in finance, banking, business management, marketing, law, auditing and accounting, corporate governance, social and community project management, and other experience considered beneficial to banking supervision. The number of Board members is commensurate with the Bank's size and business. The Bank's Board composition conforms with the Capital Market Supervisory Board Notification No. TorJor 28/2551, Re: Application for and Approval of Offer for Sale of Newly Issued Shares and the Bank of Thailand's Notification No. SorNorSor. 13/2552, Re: Corporate Governance of Financial Institutions, as follows:

The Bank has nine independent directors (representing approximately 56% of the total directors), namely Mr. Anand Panyarachun, Mr. Maris Samaram, Mr. Chumpol NaLamlieng, Khunying Jada Watthanasiritham, Mr. Sumate Tanthuwani, Assoc. Prof. Dr. Kulpatra Sirodom, Prof. Vicharn Panich M.D., Mr. Ekamol Kiriwat, and Mr. Robert Ralph Parks. It also has three executive directors (representing approximately 19% of the total directors), namely Dr. Vichit Suraphongchai, Mrs. Kannikar Chalitaporn and Mr. Bodin Asavanich. Two directors have signing authority according to the Bank's Articles of Association, who are Dr. Vichit Suraphongchai, chairman of the Executive Committee and Mrs. Kannikar Chalitaporn, president. Either one is authorized to sign on behalf of the Bank.

Names of the Bank's Board members are provided in Table 1.

Table 1 : Board of Directors

Name	Positions (at the end of 2011)
1. Mr. Anand Panyarachun	Chairman of the Board, independent director, and member of the Corporate Social Responsibility Committee
2. Dr. Vichit Suraphongchai	Director, chairman of the Executive Committee, and member of the Corporate Social Responsibility Committee
3. Mr. Maris Samaram	Independent director and chairman of the Audit Committee
4. Dr. Chirayu Isarangkun Na Ayuthaya ¹⁾	Director and chairman of the Corporate Social Responsibility Committee
5. Mr. Chumpol NaLamlieng	Independent director and chairman of the Nomination, Compensation, and Corporate Governance Committee
6. Khunying Jada Wattanasiritham	Independent director and member of the Corporate Social Responsibility Committee
7. Mr. Sumate Tanthuwani	Independent director and member of the Audit Committee
8. Assoc. Prof. Dr. Kulpatra Sirodom	Independent director and member of the Audit Committee
9. M.R. Disnadda Diskul ¹⁾	Director and member of the Corporate Social Responsibility Committee
10. Prof. Vicharn Panich M.D.	Independent director and member of the Corporate Social Responsibility Committee
11. Mr. Ekamol Kiriwat ²⁾	Independent director and member of the Nomination, Compensation, and Corporate Governance Committee
12. Miss Supa Piyajitti ¹⁾	Director and member of the Nomination, Compensation, and Corporate Governance Committee
13. Mr. Robert Ralph Parks	Independent director and member of the Nomination, Compensation, and Corporate Governance Committee
14. Mr. Thevan Vichitakul ^{1) and 3)}	Director and member of the Nomination, Compensation, and Corporate Governance Committee
15. Mrs. Kannikar Chalitaporn	Director, president, member of the Executive Committee, and member of the Corporate Social Responsibility Committee
16. Mr. Bodin Asavanich	Director, member of the Executive Committee, and senior executive vice president, Group General Counsel

Remarks:

1) Dr. Chirayu Isarangkun Na Ayuthaya, M.R. Disnadda Diskul, Miss Supa Piyajitti, and Mr. Thevan Vichitakul represent the majority shareholders.

2) Mr. Ekamol Kiriwat was elected by the shareholders as an independent director on 5 April 2011.

3) Mr. Thevan Vichitakul was appointed by the Board of Directors as a director on 18 January 2011.

5.2 Tenure

For transparency and corporate governance purposes, the Bank has set forth the principle that the tenure of an independent director in general should normally not exceed three consecutive terms.

5.3 Segregation of Positions

According to the Bank's governance structure, the Bank has segregated the positions and capacities of the chairman of the Board, the chairman of the Executive Committee, and the president to enhance the operation, governance, and transparency of internal operations, as follows:

Chairman of the Board - The chairman of the Board of Directors is an independent director and shall not be the chairman of the Executive Committee or the president of the Bank, nor be involved in the Bank's routine management. This is in compliance with the principle of segregation of roles in policy formulation and oversight from those in operations management.

Chairman of the Executive Committee - The Board has appointed one of its members as chairman of the Executive Committee with powers and duties to manage and control the business of the Bank as assigned by the Board. The chairman of the Executive Committee is an authorized director who is empowered to develop and review key strategies and practices with roles and responsibilities relating to business of the Bank and other Board committees as appointed by the Board of Directors, including overseeing the Executive Committee's compliance with its charter, and signing on behalf of the Bank. The Executive Committee Charter is available to the public on www.scb.co.th under "Corporate Governance."

President - Under the Articles of Association, the president is an ex-officio member of the Executive Committee. The president is also an authorized director with powers and duties, as assigned by the Board. Power and duty of the president in general are in accordance with those stated in the Bank's Corporate Governance Policy.

5.4 Membership of Other Company Boards

The Bank has laid down a clear policy regarding membership of other company boards, which is in line with ethical practices as prescribed by the relevant supervisory bodies; such as, the Bank of Thailand and The Stock Exchange of Thailand. The Stock Exchange of Thailand has recommended that a director of a listed company shall not hold positions in more than five listed companies, while the Bank of Thailand has announced that a director of any commercial bank shall not be chairman, executive director or an authorized director of limited companies of more than three business groups.

In addition, the Bank has established internal practical guidelines for directorship of other companies, requiring directors to notify the Bank via the Nomination, Compensation and Corporate Governance Committee and the company secretary in advance before assuming any position in companies or organizations so that the Nomination, Compensation, and Corporate Governance Committee may review the appointment for appropriateness and compliance with relevant laws and regulations. The company secretary shall regularly inform the Board of the membership status of each director. Membership of other listed company boards is disclosed to shareholders in the Annual Report.

5.5 Company Secretary

The Board of Directors appointed Mrs. Siribunchong Uthayophas, senior vice president and manager, Board Secretariat and Shareholder Services Office, as company secretary with the responsibilities as set forth by law and those set forth in the Bank's Corporate Governance Policy. The company secretary reports functionally to the chairman of the Board of Directors and operationally to the senior executive vice president, Group General Counsel.

5.6 Board Committees

The Board has appointed the following committees to study and review specific matters.

5.6.1 Board Committees

At present, the Bank has four committees appointed by the Board of Directors or the Board Committees: the Executive Committee; the Audit Committee; the Nomination, Compensation, and Corporate Governance Committee; and the Corporate Social Responsibility Committee. Each of these committees has a role and responsibility as specified in the relevant charter of the committee where their operations in 2011 were as follows:

- **Executive Committee**

Members of the Executive Committee drawn from the Board hold concurrent tenure with that of their directorship. Currently, the Executive Committee comprises 10 members, namely Dr. Vichit Suraphongchai (Chairman), Mrs. Kannikar Chalitaporn, Mr. Bodin Asavanich, and seven other persons who are senior executive vice presidents of the Bank.

The major functions and responsibilities of the Committee are to operate the Bank's business by following the Bank's strategies and policies. In 2011, the Board of Directors adjusted the structure of the Committee in order to enhance its flexibility and efficiency in terms of management operations and decision making. Such a new structure had already been proposed to and approved by shareholders in the 2011 AGM pursuant to which changes in the relevant Articles of Association have also been made. The Committee held 39 meetings in 2011.

- **Audit Committee**

The Board appointed the Bank's first Audit Committee in 1998. Tenure of the members of the Audit Committee is concurrent with that of their directorships. In 2011, the Audit Committee comprised three independent directors, namely Mr. Maris Samaram (chairman), Mr. Sumate Tanthuwani and Assoc. Prof. Dr. Kulpatra Sirodom. Mr. Maris Samaram and Assoc. Prof. Dr. Kulpatra Sirodom are Board members who possess strong knowledge of and experience in reviewing financial statements. In 2011, the Audit Committee held 14 meetings, and their operations are described on page 92 of this Annual Report.

- **Nomination, Compensation, and Corporate Governance Committee**

Tenure of the committee members is concurrent with that of their directorships. The Nomination, Compensation and Corporate Governance Committee is composed of five members, namely Mr. Chumpol NaLamlieng (chairman), Mr. Ekamol Kiriwat, Miss Supa Piyajitti, Mr. Robert Ralph Parks and Mr. Thevan Vichitakul. In 2011, the Committee held nine meetings, and their operations are described on page 82 of this Annual Report.

- **Corporate Social Responsibility Committee**

Tenure of the Corporate Social Responsibility Committee members is concurrent with that of their directorships. Members of the Committee comprise Dr. Chirayu Isarangkun Na Ayuthaya (chairman), Mr. Anand Panyarachun, Dr. Vichit Suraphongchai, Khunying Jada Wattanasiritham, Prof. Vicharn Panich M.D., M.R. Disnadda Diskul and Mrs. Kannikar Chalitaporn. In 2011, the Corporate Social Responsibility Committee held seven meetings, which resulted in successful undertaking of the Bank's social efforts within the framework and policy set by the Board, such as projects supporting youth development, conservation of art and culture, conservation of nature and the environment, and other aid and support to society.

5.6.2 Committees Related to Management

There are six committees related to management, namely the Management Committee, the People Development Committee, the Change Program Steering Committee, the Risk Management Committee, the Assets and Liabilities Management Committee, and the Equity Investment Management Committee, more fully described as follows:

- **Management Committee**

In early 2011, the Bank restructured the Strategy and Review Committee, renaming it the Management Committee. The Committee held 20 meetings according to its responsibility to discuss and exchange members' views in relation to the Bank's business operations, and to consider and/or approve any new products, services or operational processes.

- **People Development Committee**

The People Development Committee was set up in 2010. In 2011 the Committee held 10 meetings in order to administer and develop the Bank's human resources.

- **Change Program Steering Committee**

The Change Program Steering Committee is in charge of developing and laying down the program or project framework for the Bank's development, including monitoring each of the projects. The Committee held 12 meetings in 2011.

- **Risk Management Committee**

The Board of Directors established a Risk Management Committee in 2002. As for 2011, the Committee held 11 meetings to set out policy and guidelines regarding risk management of the Bank's financial group of companies.

- **Assets and Liabilities Management Committee**

The Assets and Liabilities Management Committee is part of the Bank's market risk management framework. In order to formulate strategies for risk management in liquidity and interest and exchange rates to be at an appropriate level, the Committee held 15 meetings in 2011.

- **Equity Investment Management Committee**

The Equity Investment Management Committee is in charge of formulating equity investment management plans that are consistent with the Bank's overall policy. The Committee held four meetings in 2011.

5.7 Roles, Duties, and Responsibilities of Board Members

The Board is committed to conducting itself in accordance with the highest standards of ethical behavior and in accordance with the law. The functions and responsibilities of the Board are as stipulated by such laws as: the Financial Institutions Business Act, B.E. 2551 (A.D. 2008), the Securities and Exchange Act, B.E. 2535 (A.D. 1992), the Public Company Limited Act, B.E. 2535 (A.D. 1992), Articles of Association, and shareholder resolutions. Details of the functions and responsibilities of the Board can be viewed on the Bank's website, www.scb.co.th, under "Corporate Governance" Re: The Board Charter.

5.8 Board Meetings

The Board of Directors and the Board Committees held meetings in accordance with specifications of the charters of the Board and the relevant Board Committees, including the Corporate Governance Policy. In 2011, there were 16 Board meetings (including one Board Retreat) and two non-executive directors' meetings. Details of each meeting in 2011 are shown in Table 2.

Table 2 : Details of Director Attendance Records in 2011

Name	The Board of Directors	The Executive Committee	The Audit Committee	The Corporate Social Responsibility Committee	The Nomination, Compensation, and Corporate Governance Committee	The Annual General Meeting No. 188	The Extraordinary General Meeting No. 1/2011	The Extraordinary General Meeting No. 2/2011
1. Mr. Anand Panyarachun	16/16			7/7		1/1	1/1	1/1
2. Dr. Vichit Suraphongchai	15/16	36/39		7/7		1/1	0/1	1/1
3. Mr. Maris Samaram	15/16		14/14			1/1	1/1	0/1
4. Dr. Chirayu Isarangkun Na Ayuthaya	13/16			6/7		1/1	1/1	0/1
5. Mr. Chumpol NaLamlieng	15/16				7/9	1/1	0/1	1/1
6. Khunying Jada Wattanasiritham ¹⁾	16/16	12/12		7/7		1/1	1/1	1/1
7. Mr. Sumate Tanthuwani	15/16		12/14			1/1	0/1	1/1
8. Assoc. Prof. Dr. Kulpatra Sirodorn	15/16		14/14			1/1	1/1	1/1
9. M.R. Disnadda Diskul	14/16			5/7		1/1	1/1	1/1
10. Prof. Vicharn Panich M.D.	14/16			7/7		0/1	1/1	1/1
11. Mr. Ekamol Kiriwat ²⁾	12/12				6/6			1/1
12. Miss Supa Piyajitti	16/16				7/9	1/1	1/1	1/1
13. Mr. Robert Ralph Parks	9/16				8/9	1/1	1/1	0/1
14. Mr. Thevan Vichitakul ³⁾	14/15				8/8	1/1	1/1	1/1
15. Mrs. Kannikar Chalitaporn	16/16	38/39		7/7		1/1	1/1	1/1
16. Mr. Bodin Asavanich	14/16	31/39				1/1	1/1	1/1
17. Mr. John William Hancock ²⁾	3/4				3/3	1/1	1/1	

Remarks:

- 1) *Khunying Jada Wattanasiritham ceased to be a member of the Executive Committee on 5 April 2011.*
- 2) *Mr. Ekamol Kiriwat was elected from shareholders as an independent director to replace Mr. John William Hancock, who retired by rotation in the 2011 AGM on 5 April 2011.*
- 3) *Mr. Thevan Vichitakul was appointed by the Board as a Bank director on 18 January 2011.*

5.9 Board and Senior Executive Assessment**Board Assessment**

Board assessment is divided into three parts covering: 1) self assessment of individual Board members; 2) assessment of the chairman of the Board; and 3) assessment of the Board as a whole. The company secretary is assigned to send assessment forms and to gather those forms for delivery to the chairman of the Nomination, Compensation, and Corporate Governance Committee for consideration, as per the Board Charter. The results are discussed at a Board meeting. Details of the process are available on the Bank's website.

The Board assessment is undertaken every year. The recommendations from the Board assessment have been adopted for improving the effectiveness of Board performance to the optimal benefit of the Bank's good corporate governance.

Senior Executive Assessment

The Nomination, Compensation, and Corporate Governance Committee is responsible for assessing the performance of the chairman of the Executive Committee, the president and other senior executives on an annual basis. Regarding assessment of the chairman of the Executive Committee and the president, the said Committee has the duty to review the targets and

performance criteria, to monitor and assess the performance, and to propose assessment results to the Board of Directors for consideration.

Regarding performance assessment of other senior executives, management sets up the key performance indicators following the goals and strategies set each year, monitors and assesses the performance, and proposes assessment results to the Nomination, Compensation, and Corporate Governance Committee for consideration. The Committee will then propose the results to the Board of Directors for considering appropriate remuneration and other benefits.

5.10 Procedure for Nomination of Directors and Executives

The Nomination, Compensation, and Corporate Governance Committee has the duty to screen and propose to the Board qualified candidates to serve as directors and members of Board committees. The Committee's recommendations are based on the candidates' knowledge, capabilities and past experience needed to meet the Bank's requirements in filling vacant positions. The Nomination, Compensation, and Corporate Governance Committee will consider a list of candidates proposed by shareholders, and individual directors and, after scrutiny to ensure their qualifications are in compliance with the related laws and regulations, make recommendations to the Board. After the Board acknowledges a candidate, management will seek approval from the Bank of Thailand prior to proposing the candidate to the Board or the shareholders for approval.

The Nomination, Compensation, and Corporate Governance Committee is responsible for screening executive positions at the levels of: chairman of the Executive Committee; president; senior executive vice presidents; and executive vice presidents. The Nomination, Compensation, and Corporate Governance Committee is thus responsible for proposing screened nominees to the Board of Directors for its approval. After approval by the Board, management will seek approval from the Bank of Thailand prior to the appointment process.

5.11 Succession Planning

The Board assigned the Nomination, Compensation, and Corporate Governance Committee to be responsible for succession planning to ensure that the Bank has an appropriate succession plan in place for the key positions.

5.11.1 Succession plan for the positions of chairman of the Executive Committee and the president

In 2011, the Board and the Nomination, Compensation, and Corporate Governance Committee addressed the succession plan for the positions of chairman of the Executive Committee and the president in board meetings and on other occasions including identifying potential future leadership.

5.11.2 Succession plan for senior executive and key management positions

In 2011, the Nomination, Compensation, and Corporate Governance Committee endorsed the search procedure and the succession plan and the competency criteria for senior executive and key management positions that were proposed by management. The Committee will monitor and review progress of the plan for the potential successors on a regular basis.

The succession planning procedures adopted by management for senior executive and key management positions are as follows:

- Identifying the position for which a succession plan is required and the competency criteria.
- Identifying candidates for the successor pool.
- Evaluation of individual candidates in the successor pool in relation to the higher-level job profile, to identify strengths and development requirements.
- Competency development plan to ready the candidates for the higher position.
- Competency assessment and determination of the successor.

5.12 Director and Management Remuneration

responsibilities to fulfill stakeholder expectations and comply with applicable laws and regulations. It is implicit that Bank directors must possess appropriate experience and qualifications and must receive appropriate remuneration corresponding to these contributions and responsibilities. The Nomination, Compensation, and Corporate Governance Committee is responsible for proposing remuneration of directors and members of Board Committees to the Board for consideration and proposal to shareholders for annual approval.

Remuneration of Board Members

The current Board remuneration was approved at the 2011 AGM. The Board chairman receives a remuneration of Baht 1.8 million per year, and Board members receive Baht 1.2 million per year. This rate was adopted in 2000. In 2011, the Board of Directors, totaling 17 persons, received aggregate remuneration of Baht 19.73 million.

Furthermore, at the 2011 AGM, shareholders approved the payment of a directors' bonus at the rate of 0.5 percent of the dividend, and authorized the Board to determine how the bonus should be distributed. Shareholders approved a dividend payment of Baht 3.00 per share for 2010 operating results, for a total payment of Baht 10,196 million. Accordingly, the total directors' bonus for 2010 performance was Baht 50.98 million.

Remuneration of Board Committee Members

Remuneration of the current Board Committee members, based on the approval of the 2011 AGM, was as follows:

Board of Directors	Monthly Remuneration (Baht)	Meeting Allowance (Baht / Time)
Executive Committee		
Chairman	-	-
Non-executive members	150,000	-
Audit Committee		
Chairman	75,000	15,000
Members	50,000	10,000
Nomination, Compensation, and Corporate Governance Committee		
Chairman	60,000	15,000
Members	40,000	10,000
Corporate Social Responsibility Committee		
Chairman	30,000	15,000
Members	20,000	10,000

Remark: a) Chairman of the Executive Committee; b) president; and c) director and senior executive vice president of Group General Counsel, do not receive remuneration for serving on Board Committees.

In 2011, Board Committee members, namely members of the Executive Committee, the Audit Committee, the Nomination, Compensation, and Corporate Governance Committee and the Corporate Social Responsibility Committee numbering 14 persons received remuneration in the total amount of Baht 8.11 million.

Individual remuneration is shown in Table 3.

Remuneration of Senior Management

The Nomination, Compensation, and Corporate Governance Committee is responsible for proposing the remuneration of senior management to the Board of Directors and in this respect to consider the appropriate remuneration according to the Bank's policy to look at the link between the Bank's operational results and an individual's performance results based on transparent criteria and the responsibilities of such executives. To the extent possible, such compensation should reflect relative compensation levels in the finance and banking marketplace in Thailand for senior executives with similar capabilities and experience.

In accordance with the definition of the Office of Securities and Exchange Commission, the word "executives" means "the executives at the senior executive vice president level and up including the executive of finance and accounting department." In 2011, according to that definition, the remuneration of the relevant 11 executives was Baht 274.74 million. In accordance with the definition of the Bank of Thailand, the word "executives" means "the executives at the executive vice president level and up." In 2011, according to that definition, the remuneration for the relevant 58 executives was Baht 729.49 million.

Other Benefits for Directors and Executives

Directors and executives are entitled to receive other benefits in accordance with the Bank's regulations, including medical welfare. International travel and related accommodation expenses are covered for non-resident foreign directors attending meetings in Thailand.

In 2011, three executive directors of the Bank obtained welfare benefits in the total amount of Baht 248,078. As for the Bank's senior executives, they were entitled to welfare and other benefits similar to those provided to other employees, such as medical welfare, life and accident insurance, travel and related accommodation expense reimbursements plus the provident fund contribution. The Bank's provident fund contribution in 2011 to eight executives as defined by the Office of Securities and Exchange Commission (i.e., the senior executive vice president level and up including the executive of the finance and accounting department) was Baht 7.57 million, and to 55 executives at the executive vice president level and up according to the definition of the Bank of Thailand was Baht 25.57 million.

Table 3 : Details of Individual Remuneration in 2011.

Unit: MM

Name	The Board of Directors	The Executive Committee	The Audit Committee	The Corporate Social Responsibility Committee	The Nomination, Compensation, and Corporate Governance Committee	The Directors' Bonus for 2010 Operations
1. Mr. Anand Panyarachun	1.80			0.31		4.881
2. Dr. Vichit Suraphongchai	1.20					3.254
3. Mr. Maris Samaram	1.20		1.11			3.254
4. Dr. Chirayu Isarangkun Na Ayuthaya	1.20			0.45		3.254
5. Mr. Chumpol NaLamlieng	1.20				0.94	3.254
6. Khunying Jada Wattanasiritham ¹⁾	1.20	0.47		0.31		3.254
7. Mr. Sumate Tanthuwani	1.20		0.72			3.254
8. Assoc. Prof. Dr. Kulpatra Sirodom	1.20		0.74			3.254
9. M.R. Disnadda Diskul	1.20			0.29		3.254
10. Prof. Vicharn Panich M.D.	1.20			0.31		3.254
11. Mr. Ekamol Kiriwat ²⁾	0.89				0.41	
12. Miss Supa Piyajitti	1.20				0.63	3.254
13. Mr. Robert Ralph Parks	1.20				0.64	2.441
14. Mr. Thevan Vichitakul ³⁾	1.14				0.54	
15. Mrs. Kannikar Chalitaporn	1.20					3.254
16. Mr. Bodin Asavanich	1.20					3.254
17. Mr. John William Hancock ²⁾	0.30				0.25	3.254
18. Dr. Areepong Bhoocha-Oom ⁴⁾						1.356
Total	19.73	0.47	2.57	1.67	3.40	50.980

Remarks:

- 1) *Khunying Jada Wattanasiritham ceased to be a member of the Executive Committee on 5 April 2011, and she received remuneration for her position in the Bank's subsidiary in the amount of Baht 1.83 million.*
- 2) *Mr. Ekamol Kiriwat was elected from shareholders as an independent director in replacement of Mr. John William Hancock who was retired by rotation in the 2011 AGM on 5 April 2011.*
- 3) *Mr. Thevan Vichitakul was appointed by the Board as a Bank director on 18 January 2011.*
- 4) *Dr. Areepong Bhoocha-Oom resigned from the position of director on 2 June 2010.*

5.13 Director and Executive Development

The Bank considers director and management development to be important, and has set a policy to encourage learning activities for directors and management. The Bank encourages its directors to attend courses or join activities aimed at enhancing their performance on the Board and Board Committees. Such activities are organized by the Thai Institute of Directors, The Stock Exchange of Thailand, and the Office of Securities and Exchange Commission. The Bank always keeps directors informed of training courses well in advance.

Executive development is aimed at building competency and integrity through enhancing skills, knowledge and professional and management capabilities that are aligned with the Bank's strategic plan and policies to achieve world-class competitiveness and business excellence.

Executive development is undertaken on a continuing basis through the Executive Development Program. Sponsorships are available at for courses at local and foreign universities on banking, people management and leadership. Special meetings and seminars are held regularly with a concentration on network and team-building along with leadership skills and knowledge development so that the Bank's executives are ready to advance jointly with the Bank.

At the same time, the Bank sets training and development frameworks for development of employees at all levels. This is to increase knowledge and competency of employees in order for them to be able to operate banking and financial business as a team with strong capabilities and leadership skills while observing high ethical standards, which is a core value of the Bank adhered to by all employees. The Bank creates readiness preparation systems and people development processes in order for employees to become executives at the primary, intermediate and senior levels in the future.

In addition, the Bank creates a work environment that encourages people development through cross departmental functions, involvement in projects, and increasing roles and responsibilities. Currently, the Bank has several and various training programs such as talent development through training courses consistent with an employee's professional target for anyone who has potential to hold a higher position; a training roadmap to encourage the employee's knowledge and skill; coaching in order for supervisors to be able to transfer knowledge and experience; a functional young talent program for selection and development of capable new employees; e-learning for employees to study by themselves, allowing them to learn without limits involving time and place; as well as encouragement of employees to study domestically and abroad at leading institutions.

In 2011, the Bank arranged 450 training and development courses arranged for employees, including 252 conducted in-house and 198 external courses (both in Thailand and abroad). Employees attended courses at an average rate for each person of seven days per year.

5.14 Director Orientation

The Bank holds orientation meetings for new Board members. In these meetings, the chairman of the Executive Committee, president and senior executives give briefings on the Bank's vision, strategies and key business targets and operational plans. Important documents are also provided to new directors, including the Director's Manual, the Memorandum and Articles of Association of the Bank, and the Bank's latest Annual Report. The main areas of focus are Roles and Responsibilities of Directors, Policy Statement on Corporate Governance, Approval Authorities, Prohibitions Under Applicable Laws, and Roles and Responsibilities of the Board Committees.

Table 4 : Changes in Bank Shareholding or Debenture Holding of Directors and Senior Management

Name	Positions	Number of shares as at 31 December 2010	Number of shares as at 31 December 2011	Change [increase/ (decrease)]
1. Mr. Anand Panyarachun	Chairman of the Board, independent director, and member of the Corporate Social Responsibility Committee	461,093 SCB	461,093 SCB	-
2. Dr. Vichit Suraphongchai	Director, chairman of the Executive Committee, and member of the Corporate Social Responsibility Committee	-	-	-
3. Mr. Maris Samaram	Independent director and chairman of the Audit Committee	-	-	-
4. Dr. Chirayu Isarangkun Na Ayuthaya	Director and chairman of the Corporate Social Responsibility Committee	-	-	-
5. Mr. Chumpol NaLamlieng	Independent director and chairman of the Nomination, Compensation, and Corporate Governance Committee	-	-	-
6. Khunying Jada Wattanasiritham	Independent director and member of the Corporate Social Responsibility Committee	-	-	-
7. Mr. Sumate Tanthuwani	Independent director and member of the Audit Committee	51,953 SCB	51,953 SCB	-
8. Assoc. Prof. Dr. Kulpatra Sirodom	Independent director and member of the Audit Committee	-	-	-
9. M.R. Disnadda Diskul	Director and member of the Corporate Social Responsibility Committee	-	-	-
10. Prof. Vicharn Panich M.D.	Independent director and member of the Corporate Social Responsibility Committee	-	-	-
11. Mr. Ekamol Kiriwat	Independent director and member of the Nomination, Compensation, and Corporate Governance Committee	-	-	-
12. Miss Supa Piyajitti	Director and Member of the Nomination, Compensation, and Corporate Governance Committee	-	-	-
13. Mr. Robert Ralph Parks	Independent director and member of the Nomination, Compensation, and Corporate Governance Committee	-	-	-
14. Mr. Thevan Vichitakul	Director and member of the Nomination, Compensation, and Corporate Governance Committee	-	-	-
15. Mrs. Kannikar Chalitaporn	Director, president, member of the Executive Committee, and member of the Corporate Social Responsibility Committee	43,000 SCB	43,000 SCB	-
16. Mr. Bodin Asavanich	Director, member of the Executive Committee, and senior executive vice president, Group General Counsel	580 SCB	15,580 SCB	15,000 SCB
17. Mr. Deepak Sarup	Senior executive vice president, Change Program and chief financial officer	-	-	-
18. Mr. Sirichai Sombutsiri	Senior executive vice president, Business Banking Group	-	-	-
19. Mr. Yokporn Tantisawetrat	Senior executive vice president, chief risk officer	9,434 SCB	9,434 SCB	-
20. Mr. Yol Phokasub	Senior executive vice president, Retail Banking Group	10 SCB	10 SCB	-
21. Mr. Arthid Nanthawithaya	Senior executive vice president, Corporate Banking Group	-	-	-
22. Mr. Manoon Sunkunakorn	Senior executive vice president, Human Resources Group	-	-	-
23. Mr. Sarunthorn Chutima	Senior executive vice president, Special Business Group	2,320 SCB 3,030 SCB-P	5,350 SCB	3,030 SCB (3,030) SCB-P
24. Mr. Krieng Wongnongtaey	Executive vice president, Financial Reporting & Controls Division	-	-	-

Remarks: SCB means ordinary shares.

SCB-P means preferred shares.

No Bank directors had any direct or indirect interest in any contract entered into by the Bank.