

**Survey of Banks' Corporate Governance in Indonesia,
Republic of Korea, Malaysia and Thailand**

Sang-Woo Nam and Chee Soon Lum

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1. Introduction

Corporate governance in the banking systems in Asia has been a focus of attention since the outbreak of the Asian financial crisis in 1997. The Asian Development Bank Institute (ADBI) in collaboration with the Center for Economic Institutions, Hitotsubashi University hosted a seminar on Corporate Governance of Banks in Asia in Tokyo in January 2005. The theme of their seminar was apt and timely, considering the widely articulated concerns that the poor internal corporate governance mechanism in the Asian banking institutions was a contributing factor to the crisis. Four country studies on Indonesia, the Republic of Korea, Malaysia and Thailand were undertaken by country consultants and four theme papers were written by field consultants on Board effectiveness, risk management procedures, the role of market discipline and deposit insurance for this seminar.

During the post crisis period, the Central Banks in the four countries have introduced various banking regulations that focused on changes in the internal corporate governance mechanisms of the banking institutions in their respective economies. Since there is much diversity in the ways the regulatory changes have been implemented, their impacts are also different on the institutional corporate governance mechanism in each of these countries: some impacts are being felt earlier than others. The purpose of this paper is to put into perspective what these regulatory changes are and to provide a comparative analysis of the legal and regulatory environment in the banking systems in these four countries during the post crisis period.

To provide the empirical support for this analysis, the ADBI in collaboration with the country consultants collated a set of factual information about the legal and regulatory environment relating to bank supervision and financial safety nets, operations and ownership, effectiveness of the Board and disclosure rules in the banking systems in the four countries (Table 1). The sample consists of 63 banks, 26 are in Indonesia, 14 in the Republic of Korea, 10 in Malaysia, and 13 in Thailand.

In addition, questionnaire surveys were conducted to elicit basic corporate information about the banking institutions and their Board of Directors and an opinion survey was conducted that included questions about the role of the Board and its independent directors, compensation and liabilities and the effectiveness of the Board as seen by the executive directors and non-executive independent directors of the Boards in these banking institutions (Table 2). The basic corporate governance data on the characteristics of the Boards of Directors and the ownership structures in the banks were taken as of 2003.

2. Legal and Regulatory Environment

The comparative analysis of the legal and regulatory environment in the four countries has the following four broad objectives:

- To assess the extent of the progress in the regulatory changes in the area of supervision and financial safety nets in the four countries;
- To compare the differences and changes in the regulations on banking activities, operations and ownership in the four countries;
- To compare the main characteristics of the Board of Directors and their effectiveness in the four countries;
- To assess the extent of the progress in the implementation of disclosure rules and regulations in the four countries.

The basic information collated in the surveys indicates that while there are differences in the legal and regulatory environments among the four countries, there is sufficient persuasive evidence to suggest that there are indeed improvements being made in the corporate governance of banks in each of these countries through the regulatory changes during the post crisis period.

2.1 Supervision and Financial Safety Nets

To provide a better insight into the role of bank supervision, information was gathered with respect to the internal organizational structure and responsibilities of the bank supervisory agency, its power to take legal actions against external auditors for their negligence and to declare insolvency of a bank that supersedes the rights of bank shareholders. For an updated perspective of the role and professionalism of bank supervisors, information was also gathered about the frequency of on-site inspections of the banking institutions, the salary, employment and liability of the bank supervisors.

2.1.1 Bank Supervisory Agency

Except for the Republic of Korea where the Financial Supervisory Commission is responsible for the supervision of the banks, the role of the bank supervisory agency in the other three countries rests with the Central Bank: Bank Indonesia, Bank Negara Malaysia and the Bank of Thailand. The head of the bank supervisory agency is appointed by the President in the case of Indonesia and the Republic of Korea, by the Minister of Finance in Malaysia and by the Crown upon recommendation of the Cabinet in Thailand.

In contrast to Thailand, the bank supervisory agency in the Republic of Korea, Indonesia and Malaysia has the legal power to make changes in the internal organizational structures of problem banks that have difficulties to continue with the business of banking. While the ways these changes are implemented may be different in the three countries, they share a common strand that the Board of Directors and the officers of the banking institutions could be removed if required. Bank Indonesia has the power to authorize the shareholders to replace the Board of Commissioners and/or Board of Directors of banks in difficulties while the Financial Supervisory Commission in the Republic of Korea may order the closure or suspension of business and the replacement of the Board members, the external auditors and officers of problem banks. By way of imposing conditions on the banking licenses, such as threat of revocation and/or prosecution, Bank Negara Malaysia may remove or appoint new Board members to resuscitate the banking institutions in difficulties.

Except in Thailand, the bank supervisory agency in the three countries can take legal actions against external auditors for their negligence. The ways these legal actions are taken may be different in the three countries. The Bank of Indonesia can advise the Ministry of Finance and the Association of Public Accountants to revoke the licenses of the external auditors while the Financial Supervisory Commission in the Republic of Korea can impose restrictions on their auditing business. In Malaysia, the Central Bank could blacklist the negligent external auditors or institute negligence suit against the bank auditors, if necessary. The bank supervisory agency in all four countries can legally declare insolvency of a bank and supersedes the rights of bank shareholders.

The maxim of prevention rather than cure has motivated more frequent on-site inspections of banks by professional bank supervisors. The number of on-site inspections varies from 50 (in

Thailand) to 345 (in Malaysia) in all four countries. At the last count, there are 100 professional bank supervisors in the Directorate of Bank Supervision in Indonesia and about 183 professional bank supervisors and examiners in the Financial Supervisory Commission in the Republic of Korea. Regular on-site inspections are conducted at least once a year in all four countries. Additional on-site inspections may be conducted if the circumstances warrant the frequency of the inspections and their frequency varies among the countries. For instance, partial on-site inspections are frequently conducted in Korean banks while bank supervisors in Thailand inspect the high rated banks once every two years and twice a year for banks with low rating. These numbers attest to the seriousness in which the task of bank supervision and examinations are conducted in these four countries.

Among the most positive results of the survey is that there is no indication of any conflict of interests among bank supervisors in discharging their responsibilities in all four countries. This fact is laudable when about 50 percent of the bank supervisors who left or retired from the Korean Financial Supervisory Commission or the Bank Negara of Malaysia have been employed as officers of financial institutions. Almost all the bank supervisors work for Bank Indonesia until they retire. In Thailand, some of the higher ranking bank supervisors may be employed by banks after they have retired, but the turnover rate of bank supervisors is estimated to be a low figure of 2 percent in the Bank of Thailand.

A significant indicator of the impartiality of bank supervisors is that the salary of the working level supervisors is as competitive as the bankers in the private banking industry in all four countries. In practice, bank supervisors are provided with statutory immunity for their actions and thus are not legally liable for the implementation of the policy decisions as long as such actions are taken in accordance with the task and authority and conducted in good faith.

2.1.2 Deposit Protection

Before the Asian financial crisis in 1997, the Republic of Korea is the only country of the four that has an explicit partial deposit insurance system. Indonesia, Malaysia and Thailand have an implicit deposit insurance system and there are plans in these countries to introduce an explicit deposit insurance system in the future. Given that providing deposit insurance is still a contentious issue, a persuasive argument for introducing an explicit deposit insurance system in these countries is that small depositors who lack the knowledge or the resources to monitor risky banks can be protected to some degree by the existence of deposit insurance.

As a result of the depth of the financial crisis, all four countries introduced a blanket deposit guarantee system in which both deposits and liabilities of creditors were fully covered right after the crisis. However, some modifications were made to the blanket deposit guarantee in the Republic of Korea and Thailand during the post crisis period. In the case of the Republic of Korea, from July 1998, deposits exceeding 20 million won were guaranteed only for the principal sum; while in Thailand, creditors are no longer covered since October 2003.

In January 2001, an explicit deposit insurance system was re-introduced to cover 50 million won of depositors' funds in the Korean banking system. The coverage of the system excluded performance-based Trusts, RPs, inter-bank deposits and foreign currency deposits. Although the system excluded variable insurance premium or differential capital requirement for high risk banks, the Korean Deposit Insurance Corporation (KDIC) had the legal power of recourse if there were reasons to suspect that wrong doings existed. By the end of 2003, as a result of its investigation of 15 insolvent banks which had received public funds, the KDIC was able to make damage claim proceedings against 186 bank officers and other employees

for compensation worth 85 billion won, attesting to the fact that the KDIC could take legal actions against bank directors and officers of the banking institutions if wrong doings existed.

This power of recourse also exists for the implicit insurance system in the other three countries. In Malaysia, there have been a few isolated cases of prosecution for contravention of the Bank Act. In Indonesia and Thailand, the two Central Banks have taken legal actions against the banks and their directors in the past. For instance, Bank Indonesia can apply administrative sanctions to the banks, including revoking their bank licenses; and such actions have been taken involving Bank Bali, Bank BNI, Bank Dagang and Bank Asiatik.

In the case of Thailand, the Bank of Thailand can take legal actions against the banks and the bank directors where the conduct and operation of the bank may cause damage to the public interest or when the directors fail to comply with a Central Bank order for rectifying such conditions. The Bank of Thailand has applied its power of recourse in cases involving the Bangkok Bank of Commerce (BBC) in the past.

2.2 Regulations on Banking Activities, Operation and Ownership

One of the reasons for the differences in the institutional corporate governance features of the banking institutions in Asia is that the environment in which the banking activities operate are quite different in the four countries. There are varying degrees of competitive environments, restrictions and regulations on the operations of different business segments, and the ownership structure embedded within the banking institutions in the four countries. The results of the ADBI survey have indeed provided a rich source of such information for a comparative analysis of the banking industries in the four countries.

2.2.1 Competitive Environment

According to official statistics, there were 135 commercial banks in Indonesia, 14 in the Republic of Korea, 23 in Malaysia and 12 in Thailand in 2004. The market share for the five largest commercial banks in terms of deposits ranges between 50 to 70 percent: Indonesia (57.3 percent), Republic of Korea (71.4 percent), Malaysia (54.8 percent) and Thailand (71.4 percent); providing an impression that the Korean and Thai banking industries are more monopolistic than those in Indonesia and Malaysia. This picture changes when the analysis of the data focuses on the market shares of government-controlled banks and foreign-controlled banks in these four countries.

Specifically in Indonesia, government-controlled banks have the highest market shares (41.5 percent) and foreign-controlled banks have the lowest market shares (10.6 percent). In contrast, Thailand has the highest market shares for foreign-controlled banks (40.1 percent) and the Republic of Korea (18.2 percent) has the lowest market shares for government-controlled banks. In Malaysia, the government-controlled banks (37.0 percent) and the foreign-controlled banks (31.4 percent) each constitutes about one-third of the market shares in the banking industry. Similarly, in the Republic of Korea, the market shares of government controlled banks (18.2 percent) and foreign-controlled banks (19.3 percent) are lower than those in the other three countries.

2.2.2 Business Segments and Restrictions

Compared to Indonesia and the Republic of Korea, Malaysia and Thailand have no restrictions on the banking institutions in terms of offering various fee income businesses such as credit cards, insurance, underwriting corporate equities and fixed income securities, fund management and investment advice, securities brokerage and real estate businesses.

The Indonesian banking system appears to have the most restrictions on its banking institutions in offering such non-bank businesses. Indonesian banks are not allowed to deal with real estate businesses and they are only permitted to engage indirectly through capital participation in other businesses that own fund management and insurance businesses or deal in underwriting and securities brokerage businesses.

Similarly, banking institutions in the Republic of Korea are subject to some restrictions in the operation of non-bank businesses. Korean banks are allowed to operate fund management and credit card businesses only with the approval of the Financial Supervisory Services agency, but they are not permitted to provide securities brokerage services to their clients. There are also entry barriers for Korean banks in the insurance and real estate businesses. Korean banks are allowed only to deal with commission sales in the insurance business segments and lease business in the real estate business segment of their banks.

2.2.3 Specific Regulations on Banking Operations

Depending upon the policy intent, specific banking regulations can make a difference between how banking operations are conducted and directed in the four countries. Such regulations may include the requirements to hold government securities and restrictions on ownership of non-financial firms to complying with government-directed credit guidelines and liquidity requirements. The implementation of these regulations by each of the Central Banks and the way in which the banking institutions comply with them can vary considerably in the four countries. Some of these regulations may appear repressive to the banking institutions while others appear to be masqueraded forms of entry barriers to the banking industries.

In all four countries, the banking institutions have to follow government-directed credit guidelines in their loan portfolios and they are required to maintain a minimum capital adequacy ratio of 8 percent. But there is no limit on fees for bank services in the banks in all four countries. In contrast to Malaysia, banks are not subject to any requirement for minimum investment in government securities in the other three countries. Except for Malaysia, banks in the other three countries are subject to restrictions on taking equity investment or ownership in non-financial firms.

Banking institutions in all four countries have to maintain minimum liquidity requirements, but the specific requirements can vary in each of the countries. Indonesian banks have to maintain a minimum obligatory demand deposit or reserve requirement at the Bank Indonesia: 5 percent for third party funds in rupiah and 3 percent for third party funds in foreign currencies. Korean banks are required to keep the won liquidity ratio: the ratio of assets to liabilities, both with maturity of less than 3 months. Since 1999, Malaysian banks must comply with Bank Negara Malaysia's liquidity framework: banks must hold liquid assets to ensure that they can accommodate the withdrawal of up to 5 percent of their deposit base over a one-week period or 7 percent of their deposit base over a one-month period. Similarly,

banks in Thailand must maintain a minimum balance of 5 percent of demand liabilities and 2 percent of time liabilities.

There is no limit on interest rates in the Republic of Korea and Malaysia. In Thailand, the interest rate ceiling on deposits was removed in February 2004 but the interest rates on loans are to be within a limit set by the individual banks: the minimum retail rate plus the maximum interest margin. In Indonesia, under the blanket guarantee scheme, guarantees are given only to deposits accepted at interest rates not exceeding the stipulated ceilings: the weighted average of the Bank Indonesia's discount rate and the USD time deposit rate at the JIBOR, both plus/minus a specified margin.

There are considerable variations in the requirements and restrictions for opening up branches by the banking institutions in the four countries. Compared to banks in Thailand, Indonesian banks do not face any restriction in setting up branch offices. In the case of the Republic of Korea and Malaysia, there are still entry barriers for foreign banks as the banking regulations in both these countries have branching restrictions imposed on foreign banks only.

2.2.4 Ownership of Banks

To prevent concentration of power, there are restrictions on the maximum allowable ownership of a bank by an individual or corporation in the four countries. But these restrictions vary considerably among the four countries. In Thailand, the restriction is the most simple: the maximum allowable ownership of a bank by a domestic legal entity is 5 percent but 100 percent for a foreign entity for a period of ten years. In Indonesia, such ownership cannot exceed the net worth of the domestic legal entity concerned, but ownership by foreign legal entities are allowed up to 99 percent of the bank's paid-up capital.

In Malaysia, the maximum allowable ownership of a bank is restricted to 10 percent for an individual and 20 percent for others unless the Ministry of Finance approves a higher share. While there is no maximum allowable ownership of a bank for existing approved foreign entities, there is a limit of 10 to 15 percent for new entrants but this limit can be extended to 30 percent by the Central Bank in certain cases.

In the Republic of Korea, the maximum allowable ownership of a bank by a family or business group or a foreign entity is restricted to 10 percent for a nationwide bank and 15 percent for a regional bank. Under special circumstances, with the approval of the Financial Supervisory Services agency, both domestic and foreign investors may exceed these limits in the ownership structure of the banks.

Except in the case of the Republic of Korea, non-financial firms or groups can be a controlling owner of a bank in Indonesia, Malaysia and Thailand. A non-financial business entity may acquire up to 10 percent of the total shares of a Korean bank for investment purposes, but it may not exercise voting rights exceeding 4 percent in the banks. Financial holding companies owning Korean banks are required to abide by a separate set of financial rules, but there is no difference in the ownership restrictions. In contrast, there are no separate ownership rules for banks owned by financial holding companies and financial groups in Indonesia, Malaysia and Thailand.

In general, large shareholders of banks are not required to seek approval before having beyond certain levels of ownership within the allowed limits in all four countries. But in

Indonesia, these large shareholders are required to report any changes in their ownership in the banks to Bank Indonesia. In Malaysia, an acquisition or disposal of 5 percent or more of the bank shares requires the consent of Bank Negara Malaysia. This rule is usually waived in the case of fund managers who purchase listed bank shares beyond the 5 percent threshold if there is no intention to gain control of the banks.

2.3 Board of Directors

The organizational structure and characteristics of the internal corporate governance mechanism of a bank has significant bearing on the role and effectiveness of the Board of Directors. The results of the factual information surveys about the Board of Directors, especially the opinion survey of Board members, have provided insights into what the latter consider as desired features and prerequisites of an effective Board. The salient Board characteristics include Board accountability, its overall responsibilities, its composition and meetings, the roles of CEO and independent directors, Board committees and related-party transactions.

2.3.1 Board Accountability

Respondents in all four countries indicated that the Board was accountable to the shareholders, depositors and creditors. Except in Indonesian banks where respondents believed that the Board was mainly accountable to the depositors, Board members in the other three countries felt that they were mainly accountable to the shareholders first and then the depositors and creditors in terms of their importance.

It appears, however, that when making corporate decisions the Board was highly concerned about the controlling shareholder. The perception of the respondents of the opinion survey appears to indicate that the controlling shareholder is not necessarily placed at the same level as other stakeholders. More precisely, in three of the countries, the Board members ranked the controlling shareholder as the first most important person and the minority shareholders and depositors as the second most important persons they are responsible to. Interestingly, the opinion survey also indicated that the financial supervisory agency was at the lowest rank of the pecking order in terms of importance to which the Board is accountable to. This was true in all four countries.

2.3.2 Responsibilities of the Board

The banking laws and regulations of all four countries defined the role and responsibilities of the Board of Directors quite clearly. As specified by the banking laws and regulations, the Board was involved in all major tasks in the banks, namely:

- nominating, replacing, and monitoring the CEO and key executives
- formulating, reviewing and guiding corporate strategies
- approving and reviewing risk management and the internal control system
- setting performance objectives and monitoring business operations
- monitoring disclosures, related party transactions and self-dealings
- monitoring the financial reporting system
- and reviewing executive and non executive compensation.

The degree of Board involvement in overseeing and implementing major corporate policies may vary across countries. For example, the Boards in Thailand are not specified by law to set performance objectives, review and approve annual budgets or setting key executive compensation and the Board remuneration. The important role of the Board in monitoring disclosures, related party transactions and self-dealings is specified by the banking laws and regulations in Indonesia, Malaysia and Thailand. But the Boards in Korean banks are not obliged by law to oversee the process of disclosure or monitor and manage potential conflict of interests of the controlling shareholders and the stakeholders.

2.3.3 Board Composition

Except for politicians, both government officials and foreigners can be appointed as Board members in all four countries. There is no restriction on the number of foreigners who can serve on the Board. But there are restrictions on the minimum size of a Board and they vary among the four countries: Indonesian banks (2), Korean banks (3), Malaysian banks (5) and Thai banks (9). In all four countries, there is usually a fit and proper test for the appointment of Board members. The test excludes those who are bankrupt and have been punished for proven dishonest offence under the Banking Act to be an officer of a bank.

There is a minimum requirement for the number of independent directors serving on the Board in the four countries. In Indonesia, independent commissioners should make up at least 30 percent of the total number of Board members. In the Korean banks, at least 50 percent or at least 3 of the Board members must be independent directors. The requirement in Malaysia is that at least one-third or at least 2 members of the Board must be independent directors. In Thailand, the composition of the Board should have at least 3 independent directors or at least one-fourth of the Board should be independent directors.

There are restrictions on the maximum number of Boards on which a bank director can serve; and these restrictions vary considerably among the countries. These restrictions are intended to minimize the problems of connected lending engendered by inter-locking directorships in multiple organizations. In Indonesia, members of the Board of Commissioners may only hold concurrent positions as member of commissioners of one bank and as director or executive officer at not more than two non-bank firms. An outside director in a Korean bank is not allowed to serve on more than two Boards of listed companies. In Malaysia, an executive director cannot serve in another listed company and a non-executive director cannot serve at more than 25 firms (10 listed and 15 unlisted firms). In Thailand, a bank director is not permitted to serve in more than 3 business groups.

2.3.4 Independent Directors

A significant regulatory reform introduced by the Central Banks in all four countries is the appointment and definition of the role of the independent directors in the Board. In all four countries, the appointments of independent directors are subject to quite similar requirements. In most cases, transparent written rules for the selection of independent directors are specified by regulatory guidelines. Although there is no minimum qualification requirement for independent directors to serve on the Board, they are expected to be qualified and have a clear understanding of their roles on the Board.

In contrast to their family members, large shareholders of the bank can be appointed as independent directors in all four countries. But there are restrictions on the number of shares that they can hold in Indonesia, Malaysia and Thailand. Independent commissioners in

Indonesian banks are not permitted to hold controlling shares (i.e. 20 percent). Independent directors in Malaysian banks may hold up to 5 percent of the listed bank shares while in Thailand, they can hold at most 0.5 percent of the bank's shares. Except in the case of Indonesia, no bank employee or the major borrowers of the bank can be appointment as independent directors of the Board. In three of the countries, there is no restriction on their maximum term. It is only in the Korean banks that independent directors are restricted to serve for a maximum of 3 years on the Board.

In general, most respondents (at least 70 percent) in the opinion survey believed that independent directors are truly independent from the CEO or the controlling shareholders; but there are also compelling reasons for some respondents to believe otherwise. Since the controlling shareholder or the CEO has the power to select or terminate the service of the independent directors, this fact is persuasive enough for more than 50% of the respondents in all countries to actually indicate that this is one of the reasons why they don't believe that independent directors are truly independent in performing their role in the Board. In addition, Board members were also concerned about personal relationships with other directors and top management.

2.3.5 Bank's CEO (President)

Like the other Board members, the appointment of the CEO is also subject to a fit and proper test in all four countries. In contrast to Malaysia and Thailand, there are separate regulations on the qualifications for the appointment of a bank CEO in Indonesia and the Republic of Korea. In Indonesia, the President Director of a bank should be independent from the controlling shareholder. In the case of Korean banks, persons who are disqualified to become CEO of a bank include those who had been subject to disciplinary actions involving large bad loans or perceived as standing for the interest of specific loan clients due to his special relationship with the borrowers. Except in the case of Thailand, CEOs in the other three countries are required to certify the bank's financial statements.

In the Republic of Korea, Malaysia and Thailand, the Chairman of the Board and the CEO can be the same person. In Indonesia where banks have a dual Board system, these two roles are in fact separated. In the opinion survey, respondents from all four countries perceived this issue quite differently. At least 50 percent of the respondents in the Indonesian banks and Thai banks agree or strongly agree that the roles should be separated. All respondents in the Malaysian banks believed that this role should be separated. But only 20 percent of the respondents from the Korean banks agree or strongly agree with this issue.

In all the four countries, at least 50 percent of the respondents consider that there should be an annual evaluation of the performance of the CEO through some formal mechanism, though no such mechanism exists in Korean banks and Malaysian banks during the period of the survey. At least 60 percent of the respondents also agree that there should be a regular review of the CEO's compensation package. In all four countries, CEO compensations are not substantially linked to stock options and only part of their compensation is being based on performance.

2.3.6 Enhancing the Effectiveness of the Board

One of the significant positive results about the opinion survey is the fact that almost all Board members believed that they played an important role in enhancing the effectiveness of

the Board. They also believed that the following key ingredients were important to produce an effective Board:

- selecting better qualified and truly independent directors
- separating the CEO from the Board chair position
- promoting Boardroom culture that encourages constructive criticisms and alternative views
- adequate and timely provision of information to the directors
- providing education programs for directors
- formal annual CEO evaluation by the Board
- making director compensation more linked to bank performance
- better public disclosure of Board activity

To improve the Board effectiveness, all respondents in the opinion survey overwhelmingly indicated that it was important to select well-qualified board members and promote boardroom culture that encouraged discussions and exchange alternative views. The survey also shows that the Board performance should be reviewed annually. Except in Korean banks, more than two-thirds of the respondents from Indonesia, Malaysia and Thailand believed that separating the CEO from the Board chair position would enhance the effectiveness of the Board. Most of the respondents in Indonesia, the Republic of Korea, and Thailand suggested that for the Board to be effective, it should have fewer or no board members from the controlling shareholder's family.

The survey results also indicated that there were problems that may cause Board ineffectiveness. First, the flow of corporate information to Board members from the management staff appeared to be still inadequate. As revealed by the opinion survey, independent directors were not always provided with timely information and were not always adequately briefed about the agenda before Board meetings. Second, some directors are seriously concerned about the possibility of civil or criminal charges brought against them. This possibility sometimes may have discouraged qualified people from assuming such positions or may affect the way directors carry out their fiduciary and legislative duties. Interestingly, the survey results show that Korean directors were least concerned about this issue while directors in Indonesia, Malaysia, and Thailand considered the possibility of being sued as a very serious issue of concern.

Somewhat unexpected, the survey results revealed that regular Board meetings and the disclosure of the attendance of directors at Board meetings are not mandatory in Indonesian banks and Korean banks. But in Malaysia and Thailand, attendance by directors at Board meetings must be disclosed and Board meetings must be conducted at least six times and at least four times a year, respectively.

2.3.7 Related-Party Transactions

The crux of the governance issue in banks is about conflict of interest. The rules governing the conduct of "interested" directors are similar in all four countries. Board members are prohibited from participating or voting in any decision making that involves conflicts of interest that affect the bank adversely; and there is an obligation for the bank to disclose such conflicts of interest. In all four countries, the disclosure requirements for related-party transactions also apply to the senior management and the directors, including their close family members. This disclosure rule also applies to individuals who are major shareholders

and their family members in the Korean banks, Malaysian banks and banks in Thailand. In the case of Indonesian banks, this rule applies only to the major shareholders but not to their close family members.

One of the glaring concerns about conflict of interests in banks is related to whether senior management staff and Board members are privileged recipients of favorable bank loans. This is obviously a contentious issue and has been viewed differently by the bankers in the four countries. With some restrictions, Indonesian, Korean and Thai banks are permitted to provide loans to Board members and the top officers of the bank. In Indonesia, each bank follows its own internal regulations that govern the provision of loans to the bank directors or its senior management. Korean banks have the discretion to give petty loans to the bank CEO, directors and employees. But if the loan is from 20 to 60 million won, it must be approved by the Financial Services Commission. Similarly, in Thailand, the commercial banks can lend to their directors and senior management, provided that the loans do not exceed: 5 percent of the bank's tier one capital, 50 percent of the equity capital of the debtor's related company, or 25 percent of the debtor's total liabilities. In contrast, Malaysian banks are prohibited from lending to their Board members, the bank officers and employees.

2.3.8 Board Committees

In all four countries, the establishment of an audit committee is mandatory but the rules governing the composition of the members of the audit committee may vary among the countries. In Indonesian banks, the audit committee should consist of at least one independent commissioner and a minimum of two outsiders. In the Korean banks, at least two thirds of the total committee members must be outside directors. Malaysian banks are required to have a majority of independent directors and at least three non-executive directors in their audit committees. Similar rules apply in the case of Thailand where the banks are required to have a minimum of 3 members and at least 2 independent directors in their audit committees.

Although not mandatory and not expected, members of the audit committee in some banks are qualified in the accounting discipline or have finance expertise. Audit committees in some banks have two or more members with accounting and finance expertise; and the survey results show that this is more prevalent in the Indonesian banks and the banks in Thailand. The audit committee has the responsibility to oversee the appointment of external auditors for the bank. In all four countries, at least 60 percent of the banks used the services of one of the big four audit firms as its external auditor.

Unlike audit committees, the establishment of nomination committees, remuneration committees and risk management committees are not mandatory in the banks in all the four countries. Nomination committees are not mandatory in Indonesia and Thailand. Where it is mandatory in Korean banks and Malaysian banks, there are also rules governing the composition of the members of this committee. A nomination committee in a Korean bank should have 2 or more directors, half of which must be outside directors. In the Malaysian case, the nomination committee should be made up of 5 members, of which 4 must be non-executive directors and the Chair of the committee must be an independent director.

Except in Malaysia, the establishment of remuneration committees is not mandatory in the other three countries. Remuneration committees in Malaysian banks are required to be composed of only non-executive directors and the majority of the members must be

independent directors. In addition, the Chair of the committee must also be an independent director.

The establishment of risk management committees is not mandatory in Korean banks. Where it is mandatory in the other three countries, the rules for the composition of the members in the committee vary among the countries. Bank Indonesia regulations stipulate that the risk management committee should consist of majority of directors and related executive officers. In addition, the national and banking sector corporate governance code requires that Indonesian banks should have at least one independent director in their risk management committees. In the case of Malaysia, this committee should be composed of a minimum of 3 non-executive members and chaired by an independent director. The composition rules are simpler in the case of Thailand where the risk management committee is required to have at least 5 members from the bank's directors or executives.

2.4 Disclosures Rules and Other Regulations

During the post crisis period, the Central Banks in the four countries have given high priority to regulatory changes that encourage disclosures of relevant information in the banking industry. Moving towards full disclosure and transparency by banks and their Boards are pivotal to the development of effective market discipline in the banking system in these countries. Banks in all four countries are now required to comply with disclosure rules governing the disclosure of specific information contents in their annual reports.

In all four countries, the following information is required to be disclosed in the annual reports of the banks:

- consolidated accounts covering all bank and non-bank subsidiaries
- major off-balance sheet items
- identity of major shareholders
- relationship between major shareholders
- relationship between Board members
- and professional background of all Board members.

Except for Indonesia, all three countries require banks to disclose policies on risk management and risk factors in their annual reports. Banks in all four countries do not disclose information about the compensations of individual senior management and non-executive independent directors in their annual reports.

In all four countries, there are strict regulatory requirements that bank's audit standards should materially conform to the International Standards on Auditing (ISA). All banks are obliged to compulsory external audit of their financial statements and accounts; and any specific requirements for the extent or nature of the audit must be spelled out and disclosed to the public.

A final milestone in the post crisis reforms is the introduction of a corporate governance code for banks and financial institutions in all four countries. In Indonesia, this code is issued by the National Committee on Corporate Governance. In the Republic of Korea, the Ministry of Finance and the Financial Supervisory Commission are responsible to ensure that the code is followed as well as practiced in good faith. In Malaysia and Thailand, the gatekeepers of this code are their respective Central Banks.

Table 1: Legal and Regulatory Environment

I. Supervision and Financial Safety Nets

1. Bank supervisory agency

| | Indonesia | The Republic of Korea | Malaysia | Thailand |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| 1. What agency/organization supervises banks? | Bank Indonesia (the central bank) | Financial Supervisory Commission (FSC) Financial Supervisory Service (FSS); an executive body of the FSC | Bank Negara Malaysia (the central bank) | Ministry of Finance and the Bank of Thailand (the central bank) |
| 2. How is the head of the supervisory agency appointed? | By President prior to parliament's approval (the same for Senior Deputy Governor and Deputy Governor) | The Chairman of the FSC is appointed by the President upon the recommendation of the Cabinet Council, and concurrently holds the position of Governor of the FSS. | By the Minister of Finance | By the Crown upon the recommendation of the Cabinet |
| 3. Can it force a bank to change its internal organizational structure? | Yes. If a bank faces a difficulty endangering the continuity of its business, Bank Indonesia can let the shareholders replace the board of commissioners and/or board of directors of the bank. | Yes. It may order business closure, consolidation of branches, a freeze on new investment, replacement of members of board, officers, and external auditors, and suspension of certain | Yes by way of imposing conditions on the license, threat of revocation or prosecution, and approval of appointment or threat of removal of directors. | No |

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| | the bank. | business. | | |
| 4. Can it take legal action against external auditors for their negligence? | It can advise Ministry of Finance and the Association of Public Accountant to revoke their business license. | Yes, the FSS can impose restrictions on their auditing business. | BNM can blacklist auditors for auditing banks. BNM may institute negligence suit against bank auditors, but this has not been done. | No |
| 5. Can it legally declare insolvency of a bank and supersedes the rights of bank shareholders? | Yes | Yes | Yes | Yes |
| 6. How many professional bank supervisors? | About 100 persons: members of Directorate of Bank Supervision | 5 FSC staffs in the banking supervisory policy division (out of 89); and 41 in the bank supervision department and 137 in the bank examination department of FSS (out of 1,592) | 345 persons in charge on on-site inspection, bank regulation and IT audit | 50 as of August 2004 |

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| 7. How frequent are onsite inspections conducted per bank on average? | Once a year (by regulation), but more than once if needed | Regular inspections are conducted once every six months to two years. Partial inspections are also frequently conducted. In 2003, 19 banks (including 4 special banks) were subject to 13 regular on-site inspections and 116 partial on-site inspections | Average 4 times: total of 93 on-site inspections covering 23 banks in 2003 | Usually once a year. Once every two years for high-rated banks; and twice a year for banks with a low rating. |
| 8. Roughly what % of bank supervisors get employed by a bank after quitting their job? | Most of them work for BI until they retire. | About 50% (42 persons out of 89 who left the FSS between 2002 and September 2004 being employed as officers of financial institutions) | Approximately 50%. But no evidence of their interfering in the supervisory process. | Some bank supervisors at high level get employed after they retire from the BOT. But, the turnover rate for bank supervisors is very low at around 2%. |
| 9. How are bank supervisors' salary level compared with that of bankers (with similar qualifications)? | The salary and other income of Governor are to be maximum twice those of the highest-ranked employee in BI. Salary of working-level supervisors is competitive with that of private bank, though their fringe benefit is slightly better. | Competitive or slightly higher than the banking industry | Competitive with the banking sector | Approximately 60-70% of salary level of bankers. However, fringe benefits are better than those of bankers to make working at the BOT prestigious in the Thai society. |
| 10. Are bank supervisors legally liable for their actions? May they be sued for their act conducted in good faith? | No, they are not as long as the decisions and policies are taken in accordance with the task and authority as | No | No, there is statutory immunity for actions provided that such actions or omissions are done in good faith. | No, provided that such actions or omissions are conducted in good faith. |

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| | stated in the Act and conducted in good faith. | | | |
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2. Depositor Protection

| | Indonesia | The Republic of Korea | Malaysia | Thailand |
|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------|
| 1. What was the depositor protection system before the Asian crisis in 1997? | Implicit guarantee: liquidity support to problem banks on a ad-hoc basis in non-transparent manner | Explicit partial deposit insurance | Implicit guarantee | Implicit insurance: no pre-announced terms and conditions |
| 2. What was the nature and experience of the blanket deposit guarantee system introduced right after the crisis | | | | |
| 2.1 Coverage: both deposits and other liabilities fully covered? Was the coverage reduced later? | Yes, both deposits and other liabilities on or off the balance sheets. | Yes, both deposits and other liabilities were fully covered right after crisis. From July 1998, deposits exceeding 20 million won were guaranteed only for the principal. From January 2001, a partial deposit insurance system was introduced (to cover up to 50 million won). | Yes, fully covered until now. | Yes, both depositors and creditors were fully covered; but since October 2003, creditors are no longer covered. |

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| 2.2 On average, how long did it take for depositors at closed banks to be fully paid? When did it happen? | Within one month In April 2004, the operating licenses of Bank Dagang Bali & Bank Asiatic were revoked. | No relevant case. Some banks were absorbed by sound banks that took over all the deposit liabilities of the absorbed banks. | No bank failure | Within 30 days from the date of application for repayments or from the maturity date of deposits. Bangkok Bank of Commerce was closed in 1998. |
| 3. Is there a system of explicit deposit insurance system now? If not, is there any plan (from when)? | No. But, the Banking Law 1998 amendment mandates a partial deposit insurance system. | Yes. Reintroduced in 2001 (originally in 1996). | Not yet. But, the government is considering introducing it issuing a consultation document. | No. But, there is a plan to establish a system of deposit insurance in the future. |
| 4. If there is an explicit insurance system now, | | | | |
| 4.1 How is it funded: government, banks, or both? | | Both government and banks | Central bank is considering both. | |
| 4.2 What is the limit (per person or account) in absolute amount and % of per capita GDP? | | 50 million won (332% of per capita GDP) per account | Central bank is still working on the details. | |
| 4.3 Any uncovered categories of deposits (such as inter-bank or foreign currency deposits)? | | Performance-based Trusts and RPs are excluded. Inter-bank and foreign currency deposits are also excluded. | (No) | |
| 4.4 Is there variable insurance premium or differential capital requirement for high-risk banks? | | No | (Yes) | |
| 4.5 Have there been cases of bank failure under this | | No | | |

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| system? | | | | |
| 5. Can the deposit insurance (or bank supervisory) agency take a legal action against bank directors or other officers? Have there been such cases? | Yes, they can take legal actions, and there have been some cases (involving Bank Bali, Bank BNI, Bank Dagang Bali and Bank Asiatic). Administrative sanctions can be taken against banks or their business licenses may be evoked. | Yes. By the end of 2003, the KDIC had conducted investigations of 15 insolvent banks into which public funds were injected. These led to damage-claim proceedings against 186 bank officers and other employees for compensation worth 85 billion won. | Legally, yes. There have been a few isolated cases of prosecution for contravention of the Banking Act. | Yes, the BOT can take a legal action against bank directors in cases where the condition/operation of the bank may cause damage to the public interest, or when the directors fail to comply with a BOT order for rectifying such conditions. There were cases involving Bangkok Bank of Commerce (BBC). |

II. Regulations on Banking Activities, Operation, and Ownership

1. Competitive environment

| | Indonesia | The Republic of Korea | Malaysia | Thailand |
|---------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------|
| 1. How many commercial banks are there in the country? | 135 banks (as of May 2004): 5 state banks, 26 regional government banks, 74 private national banks, and 30 foreign or joint venture banks | 14 banks; 8 nationwide commercial banks and 6 regional banks (as of October 2004) | 23 banks including foreign banks (as of October 2004) | 12 banks (October 2004) |
| 2. What is the market share for the five largest commercial banks in terms of deposits? (%) | 57.3% (March 2004) | 71.4% (June 2004) | 54.8% (end of 2003) | 71.4% (end of 2003) |

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| 3. What is the market share for all the government-controlled commercial banks in terms of deposits? (%) | 41.5% (March 2004) | 18.2% (June 2004) | 37.0% (end of 2003) | 35.8% (end of 2003) |
| 4. What is the market share for all foreign-controlled commercial banks in terms of deposits? (%) | 10.6% (foreign banks and joint venture banks; March 2004) | 19.3% (June 2004) | 31.4% (end of 2003) | 40.1% (end of 2003) |

2. Can banks provide the following businesses either directly or by their subsidiaries? Are there any restrictions?

| | Indonesia | The Republic of Korea | Malaysia | Thailand |
|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------|-----------------|
| 1. Credit cards | Yes | Yes (subject to authorization by the FSS) | Yes | Yes |
| 2. Insurance | Not directly (though they may have capital participation in other banks or companies that engaged in insurance business) | Yes (only for the commission sale of insurance) | Yes | Yes |
| 3. Underwriting corporate equities/bonds, public debentures, etc. | Not directly | Yes | Yes | Yes |
| 4. Securities brokerage | Not directly. | No | Yes | Yes |
| 5. Fund management | Not directly | Yes (subject to authorization by the FSS) | Yes | Yes |
| 6. Investment advice | Yes | Yes | Yes | Yes |
| 7. Real estate | No | Yes (lease business) | Yes | Yes |

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3. Are there regulations on the following banking operation?

| | Indonesia | The Republic of Korea | Malaysia | Thailand |
|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Any requirement for minimum investment in government securities? | No | No | Yes | No |
| 2. Any government-directed credit guideline? | Yes | Yes | Yes | Yes |
| 3. Any restrictions on taking ownership (equity investment) in (non-financial) firms? | Yes. Not allowed except for the businesses stipulated in the Banking Act (leasing, venture capital, securities business, insurance, deposit and settlement clearing) | Yes. If a bank intends to own the stocks of a non-financial firm exceeding 15%, it has to get an approval from the FSC. | No | Yes. A bank is not allowed to hold shares of any limited company more than 10% of the outstanding shares. |
| 4. Any requirement for minimum capital-asset ratio? | Yes, the minimum requirement for CAR is 8%. | Yes, all banks are required to maintain a minimum CAR of 8%. | Yes, there is a requirement to maintain a minimum CAR of 8%. | Yes, all banks are required to maintain a minimum CAR of 8.5%. |
| 5. Any liquidity requirement? | Yes, the Minimum Obligatory Demand Deposit at Bank Indonesia (reserve requirement): 5% for third party funds in Rupiah and 3% for third party funds in foreign currencies | Yes. Banks are barred from investing more than 60% of their capital (Tier 1 and 2) in stocks and securities with maturity of longer than three years. Banks are also required to keep the won liquidity ratio (the ratio of assets with | Yes. Since 1999, there is a compliance requirement. For example, banks must be able to withstand, by holding liquid assets, the withdrawal of up to 5% of their deposit base over a one-week period or 7% of their deposit base over a one-month period. | Yes. A bank must maintain a minimum balance of 5% of demand liabilities and 2% of time liabilities. In special cases, a bank must maintain at least 3% and 2% of demand and time liabilities, respectively. |

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| | | maturity of less than 3 months to liabilities with maturity of less than 3 months) above 100%. | | |
| 6. Any limits on interest rates? | Under the blanket guarantee scheme, guarantees are given only to deposits accepted at interest rates not exceeding the stipulated ceilings: weighted average SBI discount rate (3 month maturity) in the latest auction plus/minus a specified margin for Rupiah deposits; and average US\$ time deposits rate at JIBOR member banks (by maturity) plus/minus a specified margin. | No | No | The interest rate ceiling on deposits was removed in February 2004. As for loans, the interest rates are to be within a limit set by individual banks: the minimum retail rate plus the maximum interest margin. |
| 7. Any limits on fees for bank services? | No | No | No | No |
| 8. Any branching restriction/requirement? | No restriction | Only for foreign banks | Only for foreign banks | Yes |

4. Ownership of banks

| | Indonesia | The Republic of Korea | Malaysia | Thailand |
|---------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| 1. What is the maximum allowable ownership of a bank by an individual or corporation/institution? | The ownership of a commercial bank by an Indonesian legal entity shall not exceed the net worth of the legal entity concerned. | 10% for a nationwide commercial bank (15% for a regional bank) applied to the <i>same person</i> (a family or business group). However, under special circumstances, investors can acquire exceeding this limit (up to 100%) with a FSC approval. | 10% for individuals and 20% for others unless MOF approves | 5% |
| 2. May non-financial firms (or groups) be a controlling owner of a bank? | Yes | No. A non-financial business entity may acquire up to 10% of the total bank shares for investment purposes, but may not exercise voting rights exceeding 4%. | Yes | Yes |
| 3. What is the maximum allowable ownership of a bank by a foreigner (foreign firm/institution)? | 99% of the bank's paid-up capital | 10% for a nationwide commercial bank (15% for a regional bank). However, they may acquire up to 100% with a FSC approval. | None for existing approved foreign entities. 10-15 % for new entrants (though the Central Bank is willing to consider up to 30 % in certain cases). | 100% for a period of 10 years |
| 4. Do large shareholders need the approval of the banking supervisory agency before | No, they don't need the approval from Bank Indonesia. But any | No | Acquisition or disposal of shares of 5% or more also requires a BNM | No |

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| having beyond certain levels of ownership within the allowed limit? | change in the ownership of banks should be reported to Bank Indonesia. | | consent. However, fund managers unwittingly buying shares of a listed bank beyond the 5% threshold would not be penalized if there is no intention to gain control over the bank. | |
| 5. Are there separate ownership rules for banks owned by financial holding companies, financial groups, or non-bank financial firms? What are they? | No | Separate rules for financial holding companies, but no difference in ownership restrictions. | No | No |

III. Boards of Directors

1. Board accountability

| | | Indonesia | The Republic of Korea | Malaysia | Thailand |
|---------------------------------------------|-------------------------------------------------------------------------------------------|------------------|------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-----------------|
| 1. To whom is the board mainly accountable? | - <i>bank</i> - <i>shareholders</i> - <i>depositors</i> - <i>other creditors</i> | Depositors | Shareholders | Shareholders. The BNM also exercises a strong supervisor presence directly impacting governance process exercised by the BOD. | Shareholders |
| 2. To whom is the board also accountable? | - <i>government</i> | Shareholders | Depositors and creditors | Depositors and creditors | Bank |

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| 3. Are directors liable for false or misleading information disclosed? | Yes (as stated in the Law on Capital Market) | Yes | Yes | Yes, unless it can be proven that they had no part in such wrongdoing under the Public Limited Companies Act. |
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2. Are the followings specified by law as the responsibilities of the board?

| | Indonesia | The Republic of Korea | Malaysia | Thailand |
|-------------------------------------------------------------------------|------------------|------------------------------|----------------------------------------------------------------------------------------------------------------|-----------------|
| 1. Reviewing and guiding corporate strategy and major plans of actions | Yes | Yes | Yes (not by law but recommended as Best Practices under the Corporate Governance Code – same for items below). | Yes |
| 2. Reviewing and approving risk policy | Yes | Yes | Yes | Yes |
| 3. Reviewing and approving annual budget | Yes | Yes | Yes | No |
| 4. Setting performance objectives | Yes | Yes | Yes | No |
| 5. Overseeing major capital expenditures, acquisitions and divestitures | Yes | Yes | Yes | Yes |
| 6. Selecting executives, monitoring and replacing key executives | Yes | Yes | Yes (in consideration of recommendations by Nomination Committee) | Yes |

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| 7. Setting key executive compensation and board remuneration | Yes | Yes | Yes (in consideration of recommendations by Remuneration Committee) | No |
| 8. Oversee the process of disclosure | Yes | No | Yes (aided by company secretary and legal manager) | Yes |
| 9. Monitor and manage potential conflicts of interests of the controlling shareholders and other stakeholders | Yes | No | Yes | Yes |
| 10. Are there other responsibilities laid out in the law? Please specify. | Overseeing the board of directors' implementing corporate policies and giving advice to the board of directors | Matters on major changes in organization such as dissolution, business transfer, merger, etc. | Duties of care and skill and prohibiting insider trading | No |

3. Board composition

| | Indonesia | The Republic of Korea | Malaysia | Thailand |
|-------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------|------------------------------------------------------------------------------------|----------|
| 1. Can the following persons be appointed as board members? | | | | |
| 1.1 Current government officials | Yes | No | Yes (but rare now) | Yes |
| 1.2 Ex government officials | Yes | Yes | Yes (common) | Yes |
| 1.3 Politicians (including cabinet members) | No (restriction particularly applied to members of the house of representatives) | No | No (members of Parliament, State Assembly or Supreme Council of political parties) | No |
| 1.4 Foreigners | Yes | Yes | Yes | Yes |

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| (or non-residents) | | | | |
| <p>1.5 Are there any other restrictions? Please specify.</p> | <p>Members of the board should be those deemed by Bank Indonesia to possess competence and high integrity:</p> <ol style="list-style-type: none"> 1. those possessing good character and strong moral values 2. those complying with the prevailing regulation 3. those strongly committed to the development of sound bank operations 4. those having the capacities to execute their duties. | <p>The following person shall not be an officer of any financial institution:</p> <ol style="list-style-type: none"> 1. A minor or a person who is incompetent or quasi-incompetent 2. A bankrupt who has not been reinstated 3. A person who has been sentenced to imprisonment 4. A person who has been sentenced to a fine or more severe punishment under the Banking Act 5. A person who has been dismissed or removed from office by disciplinary punishment under various finance-related Acts 6. A person who is/was an officer or employee of: a financial institution which was subject to timely corrective measures by the FSC or a company whose permission for business has been cancelled by the finance-related Acts. | <p>There is a fit and proper test for the appointment of directors. The test excludes:</p> <ol style="list-style-type: none"> 1. those bankrupt 2. those charged for offence relating to dishonesty 3. those charged and proven offence under the Banking Act 4. those subject to order of detention, supervision, etc. 5. director of a company that has been wound up within or without Malaysia. | <p>The following person shall not be a bank officer:</p> <ol style="list-style-type: none"> 1. those being bankrupt 2. those having been imprisoned by a final court judgment for an offence related to property committed with dishonest intent 3. those having been dismissed or discharged from the government service on a charge of dishonest act in office 4. those having been a director or manager of a commercial bank with its license withdrawn (unless an exception has been granted by the BOT) 5. those being removed from a position in a commercial bank on recommendation of the Minister of Finance. |

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| 2. How many foreigners are allowed to serve on the board? | No restriction | No restriction | No restriction | No restriction |
| 3. What is the minimum required number of independent directors? | Independent commissioners should be at least 30% of the total. | Outside directors should be at least 50% of the total and at least 3 in number. | For listed banks, at least two directors or 1/3 of the total (whichever higher). | Independent directors of at least 3 or one-fourth of the total (whichever is higher). |
| 4. Are there any other restrictions on board size or composition? Please specify. | The minimum size of the board of commissioners is 2 persons. | Minimum 3 directors for firms whose total capital is 500 million won or over. | Minimum 5 directors (average board size is about 9). | No less than 9 members. Executive directors cannot account for more than one-third of the board. |
| 5. What is the maximum number of boards (banks or other corporations), on which a bank director can serve? | Member of the board of commissioners may only hold concurrent positions as follow: 1. as member of commissioners of one bank 2. as commissioner, director, or executive officer at not more than two non-bank firms or institutions. | An outside director is not allowed to serve on more than two boards of the listed companies. | An executive director (ED) cannot serve as ED of another company. For listed banks, a non-executive director cannot hold directorship at more than 25 firms (10 listed companies and 15 unlisted firms). | A bank director is allowed to assume the position of chairperson, executive director, or director with signatory authority in no more than three business groups. This rule is based on the view that business is managed/controlled as a group not as an individual company. |

4. Independent directors

| | Indonesia | The Republic of Korea | Malaysia | Thailand |
|---------------------------------------------------------------------|-----------|-----------------------|----------|----------|
| 1. Can the following persons be appointed as independent directors? | | | | |
| 1.1 Family members of the major shareholders | No | No | No | No |

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| 1.2 Bank's employees | Yes, as long as he/she has no affiliation with the controlling shareholder, directors, or other commissioner. | No | No | No |
| 1.3 Bank's major borrowers | Yes | No | No | No |
| 1.4 Bank's (large) shareholders | Yes, but independent commissioners are not allowed to hold controlling shares, i.e., 20%. | Yes: no restriction on independent directors' holding the bank's shares | Yes, but independent directors may hold the listed bank's shares only up to 5%. | Yes, but independent directors may hold at most 0.5% of the bank's shares. |
| 1.5 Foreigners (or non-residents) | Yes | Yes | Yes | Yes |
| 2. Are there any restrictions that disqualify some categories of persons from serving as independent directors? Please specify. | Yes, disqualified for: 1. those with affiliated relationship with the controlling shareholder, directors or other commissioners of the bank 2. those with a position as director in other companies affiliated to the bank. | Yes, the following persons are disqualified: 1. an officer of an enterprise belonging to a large business group 2. an owner of affiliated enterprises 3. a person who has a special relationship with the owner of affiliated enterprises. | Yes, those with family relationships or otherwise closely associated with, or <i>de facto</i> controlled by, major shareholders. | Yes, disqualified if: 1. a person has a familial relationship with top executives or major shareholders of the bank 2. a person has direct or indirect interests in related entities or major shareholders of the bank. |
| 3. Are there any minimum qualification requirements for independent directors? Please specify. | No | No | No | No |
| 4. What is the maximum term permitted for independent directors (number of years)? | No restriction | 3 years | No restriction | No restriction |

5. Bank's CEO (President)

| | Indonesia | The Republic of Korea | Malaysia | Thailand |
|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|----------|
| 1. Can the Chairperson and CEO be the same person? | No, since Indonesian firms have a dual board system. | Yes | Yes (but most Malaysian banks have them separately). | Yes |
| 2. Are there any separate regulations on the qualifications of bank CEOs? | Yes, President Director of a Bank should be independent from the controlling shareholder. | Yes, in addition to the qualifications (stated above) for officers of financial institutions, a bank CEO should not: <ul style="list-style-type: none"> - be regarded as a person standing for the interest of specific loan clients due to his special relationship with the borrowers, and - have participated or been involved in large bad loans or financial accidents (being subject to a disciplinary action) that led to a notable disturbance in credit order. | No (other than the BNM approval on the basis of a fit and proper test) | No |
| 3. Are bank CEOs subject to a Fit and Proper Test of the bank supervisory agency? | Yes | Yes | Yes | Yes |
| 4. Are CEOs required to certify the bank's financial statement? | Yes | Yes | Yes | No |

6. Board meeting

| | Indonesia | The Republic of Korea | Malaysia | Thailand |
|--------------------------------------------------------------------------------------------------------------------|-----------|-----------------------|----------------------------------|------------------------------------------------------------------------|
| 1. Is there requirement for the board to meet regularly, or the minimum number of meetings a year? Please specify. | No | No | Yes, minimum of 6 board meetings | Yes, at least 4 times a year (under the Public Limited Companies Act). |
| 2. Are banks required to disclose the directors' attendance at board meetings? Please specify. | No | No | Yes | Yes |

7. Related-party transactions

| | Indonesia | The Republic of Korea | Malaysia | Thailand |
|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Are banks permitted to make loans to the board members or top management? If yes, what are relevant rules? | Yes, according to the internal regulation of each bank. | Yes, petty loans (determined by the FSC: less than 20-60 million won depending on the types of loans) are permitted to bank CEO/directors and employees. | No, prohibited unless exempted. They include loans to its officers and employees <ul style="list-style-type: none"> - personally - any firm they serve (or have interest in serving) as partner, director, manager, agent or guarantor - any firm in which they have a material interest - any individuals for whom they stand as guarantor. | Yes, commercial banks can lend to their directors and senior management (assistant managing director and above) if the loans does not exceed: <ol style="list-style-type: none"> 1. 5% of the bank's tier one capital, 2. 50% of equity capital of the debtor's related company, or 3. 25% of the debtor's total liabilities (including those of the debtor's related companies). |

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| 2. Are there any rules governing the conduct of “interested” directors (who are connected to controlling/major shareholders or others with vested interests in the outcome of board decisions)? If yes, please specify. | Yes. Members of BoD or BoC are prohibited from joining any decision-making involving conflicts of interest that may incur losses to the bank; and such conflicts of interest should be disclosed. | Yes, any director with special interests in an agenda of the board under consideration shall not cast his/her vote. | No related-party transactions allowed that may involve connected persons. | Yes, lending or investment must conform to normal business practices (without special favor). There is no stipulation about “interested” directors’ joining decision-making procedures. |
| 3. Are the following entities included in the disclosure requirement for related party transactions? | | | | |
| 3.1 Top management, other directors, and their close family members | Yes | Yes | Yes (not permitted unless exempted) | Yes |
| 3.2 Individuals who are major shareholders and their close family members | Yes for major shareholders, but not for their close family members. | Yes | Yes (not permitted unless exempted) | Yes |

8. Board committees

| | Indonesia | The Republic of Korea | Malaysia | Thailand |
|---------------------------------|----------------------------------------------------------|-----------------------|----------------|----------------|
| 1. Audit committee | | | | |
| 1.1 Is the committee mandatory? | Yes, mandatory (all listed companies by the end of 2004) | Yes, mandatory | Yes, mandatory | Yes, mandatory |

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| 1.2 If mandatory, are there rules concerning the composition of the committee (minimum number of independent directors, etc.)? | Yes, the committee should consist of at least one independent commissioner and minimum two outsiders. | Yes, at least two thirds of the total committee members must be outside directors. | Yes, independent directors required to constitute a majority for all banks. At least three non-executive members required | Yes, the committee is required to have minimum 3 members with at least 2 independent directors. |
| 2. <i>Nomination committee</i> | | | | |
| 2.1 Is the committee mandatory? | Not mandatory | Yes, mandatory (the recommendation committee for outside directors) | Yes, mandatory | Not mandatory |
| 2.2 If mandatory, are there rules concerning the composition of the committee (minimum number of independent directors, etc.)? | | The committee should have 2 or more directors, 1/2 of which must be outside directors. | Yes, the committee should be composed of 5 members of which 4 are non-executive members, and chaired by an independent director. | |
| 3. <i>Remuneration/compensation committee</i> | | | | |
| 3.1 Is the committee mandatory? | Not mandatory | Not mandatory | Yes, mandatory | Not mandatory |
| 3.2 If mandatory, are there rules concerning the composition of the committee (minimum number of independent directors, etc.) | | | Yes, the committee should be composed of only non-executive members (and majority independent directors) and chaired by an independent director. | |

| 4. Risk management committee | | | | |
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| 4.1 Is the committee mandatory? | Yes, mandatory | Not mandatory | Yes, mandatory | Yes, mandatory |
| 4.2 If mandatory, are there rules concerning the composition of the committee (minimum number of independent directors, etc.)? | Yes, the committee should consist of majority of directors and related executive officers (BI regulation). According to the national and banking sector corporate governance codes, however, the committee should have at least one independent director. | | Yes, the committee should be composed of a minimum 3 non-executive members and chaired by an independent director. | Yes, the committee is required to have at least 5 members from the bank's directors or executives. |

IV. Disclosure and Others

1. Disclosure rules: Is the following information required to be disclosed in the annual report?

| | Indonesia | The Republic of Korea | Malaysia | Thailand |
|----------------------------------------------------------------------|-------------------|------------------------------|-----------------|-----------------|
| 1. Policies on risk management | No, not mandatory | Yes | Yes | Yes |
| 2. Policies on risk factors | No, not mandatory | Yes | Yes | Yes |
| 3. Consolidated accounts covering all bank and non-bank subsidiaries | Yes | Yes | Yes | Yes |
| 4. Major off-balance sheet items | Yes | Yes | Yes | Yes |
| 5. Identity of major shareholders | Yes | Yes | Yes | Yes |
| 6. Relationship between major shareholders | Yes | Yes | Yes | Yes |
| 7. Relationship between board members | Yes | Yes | Yes | Yes |

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| 8. Professional background of board members | Yes | Yes | Yes | Yes |
| 9. Top executive compensation individually | No | No | Yes for CEO, but only aggregate total for other executive directors. | No |
| 10. Non-executive/independent directors compensation individually | No, only aggregate total | No | No, only aggregate total | No |

2. Others

| | Indonesia | The Republic of Korea | Malaysia | Thailand |
|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|------------------------------------------------------|------------------|------------------|
| 1. Is there a regulatory requirement that banks' audit standards should materially conform to the International Standards on Auditing (ISA)? | Yes | Yes | Yes | Yes |
| 2. Is external audit a compulsory obligation for banks? | Yes | Yes | Yes | Yes |
| 3. Are specific requirements for the extent or nature of the audit spelled out? | Yes | Yes | Yes | Yes |
| 4.1 Is there a corporate governance code targeted for banks/financial institutions? | Yes | Yes | Yes | Yes |
| 4.2 If yes, who issued the code? | National Committee on Corporate Governance (NCCG) | The Ministry of Finance and Economy, and the FSC/FSS | The Central Bank | Bank of Thailand |

Table 2: Basic Information on Surveyed Banks

| Questions | Responses | Indonesia | The Republic of Korea | Malaysia | Thailand |
|-------------------------------------------------------------------------|--------------------------|-----------|-----------------------|-----------|-----------|
| Number of surveyed banks | | 26 | 14 | 10 | 13 |
| 1. Extent of restructuring after the Asian crisis | | | | | |
| 1.1 Did the former controlling owner(s) lose control? | Yes | 15 | 12 | 0 | 7 |
| | No | 11 | 2 | 10 | 5 |
| 1.2 Was there recapitalization by the government (agencies)? | Yes | 12 | 6 | 9 | 7 |
| | No | 14 | 8 | 1 | 5 |
| 1.3 Was there new equity participation by foreign (strategic) partners? | Yes | 12 | 6 | 0 | 7 |
| | No | 14 | 8 | 10 | 5 |
| 1.4 Was the bank involved in mergers and acquisition? | Yes | 4 | 5 | 10 | 3 |
| | No | 22 | 9 | 0 | 9 |
| 1.5 Have there been major reductions in bank employees? | Yes, over 30% | 2 | 9 | 0 | 2 |
| | Yes, below 30% | 5 | 2 | 0 | 6 |
| | No net reduction | 19 | 3 | 10 | 2 |
| 2. Basic information about the bank (2003) | | | | | |
| 2.1 Total assets | US\$ 30 billion or above | 0 | 8 | 1 | 1 |
| | US\$ 10–30 billion | 4 | 2 | 3 | 5 |
| | US\$ 1-10 billion | 9 | 4 | 6 | 7 |
| | Below 1 billion | 13 | 0 | 0 | 0 |
| 2.2 Total deposits received | US\$ 30 billion or above | 0 | 6 | 0 | 0 |
| | US\$ 10-30 billion | 3 | 4 | 4 | 6 |
| | US\$ 1-10 billion | 10 | 4 | 6 | 7 |
| | Below 1 billion | 12 | 0 | 0 | 0 |
| 2.3 Equity capital as % of total assets | 10% or above | 9 | 0 | 3 | 2 |
| | 5-10% | 17 | 4 | 6 | 9 |
| | Below 5% | 0 | 10 | 1 | 2 |
| 2.4 Total capital (Tier 1 + 2) as % of total assets | 13% or above | 5 | 0 | 2 | 1 |
| | 10-13% | 8 | 0 | 5 | 2 |
| | 7-10% | 7 | 6 | 3 | 6 |
| | Below 7% | 6 | 8 | 0 | 4 |
| 2.5 Share of Tier 1 capital as % of total capital | 90% or above | 7 | 0 | 3 | 3 |
| | 75-90% | 9 | 2 | 1 | 4 |
| | 60-75% | 4 | 6 | 4 | 4 |
| | Below 60% | 6 | 6 | 2 | 2 |
| 2.6 Staff costs as % of total assets | 1.2% or above | 14 | 0 | 0 | 1 |
| | 0.8-1.2% | 3 | 0 | 3 | 3 |

| | | | | | |
|-----------------------------------------------------------------------------|-----------------------------------------------------------------------|-------|----|-------|----|
| | 0.6-0.8% | 5 | 7 | 6 | 5 |
| | Below 0.6% | 2 | 7 | 1 | 4 |
| 2.7 Total loans and deposits per bank employee | US\$ 10 million or above | 0 | 7 | 0 | 0 |
| | US\$ 3-10 million | 0 | 7 | 2 | 2 |
| | US\$ 1-3 million | 5 | 0 | 5 | 11 |
| | Below US\$ 1 million | 21 | 0 | 0 | 0 |
| 2.8 Return on assets | 2% or above | 9 | 0 | 1 | 0 |
| | 1-2% | 7 | 2 | 3 | 4 |
| | 0-1% | 8 | 8 | 5 | 6 |
| | Below 0% | 2 | 4 | 1 | 3 |
| 2.9 Return on equity | 10% or above | 16 | 8 | 6 | 8 |
| | 0-10% | 8 | 2 | 3 | 2 |
| | Below 0% | 2 | 4 | 1 | 3 |
| 2.10 BIS capital adequacy ratio | 20% or above | 12 | 0 | 0 | 1 |
| | 12-20% | 8 | 1 | 4 | 7 |
| | 8-12% | 6 | 13 | 4 | 5 |
| | Below 8% | 0 | 0 | 2 | 0 |
| 2.11 Non-performing loans as % of total loans | 10% or above | 1 | 0 | 2 | 6 |
| | 5-10% | 5 | 1 | 5 | 4 |
| | 2-5% | 14 | 5 | 2 | 3 |
| | Below 2% | 6 | 8 | 1 | 0 |
| 2.12 Credit rating (In the parentheses are ratings by domestic agencies) | High to highest grade | (1) 0 | 0 | (2) 0 | 0 |
| | Upper-medium grade | 0 | 0 | (2) 0 | 0 |
| | Medium grade | (1) 2 | 10 | (1) 3 | 6 |
| | Lower-medium to speculative grade | 0 | 1 | 1 | 1 |
| 2.13 Total number of employees | 10,000 or more | 5 | 2 | 1 | 3 |
| | 5,000-10,000 | 4 | 3 | 2 | 4 |
| | 1,000-5,000 | 4 | 7 | 4 | 5 |
| | Below 1,000 | 13 | 2 | 0 | 1 |
| 2.14 Number of domestic branches | 500 or more | 3 | 4 | 0 | 3 |
| | 200-500 | 5 | 4 | 3 | 4 |
| | 50-200 | 4 | 5 | 5 | 3 |
| | Below 50 | 14 | 1 | 1 | 3 |
| 3. Geographical scope of the major banking operation | | | | | |
| | - Nationwide with international business below 30% | 21 | 8 | 10 | 12 |
| | - Regional with substantial (over 30%) business outside of the region | 4 | 0 | 0 | 1 |
| | - Regional with out-of-the-region business below 30% | 1 | 6 | 0 | 0 |
| 4. Scope of services provided | | | | | |
| 4.1 Credit card | Provided by the bank | 13 | 10 | 10 | 9 |
| | Provided by an affiliate firm | 0 | 4 | 0 | 2 |
| | Not provided | 13 | 0 | 0 | 2 |
| 4.2 Insurance | Provided by the bank | 0 | 14 | 2 | 2 |

| | | | | | |
|-------------------------------------------------------------------|-----------------------------------|----|----|---|----|
| | Provided by an affiliate firm | 12 | 0 | 4 | 7 |
| | Not provided | 14 | 0 | 4 | 4 |
| 4.3 Securities underwriting | Provided by the bank | 0 | 0 | 0 | 7 |
| | Provided by an affiliate firm | 12 | 6 | 9 | 3 |
| | Not provided | 14 | 8 | 0 | 3 |
| 4.4 Securities brokerage | Provided by the bank | 1 | 0 | 1 | 1 |
| | Provided by an affiliate firm | 12 | 2 | 6 | 3 |
| | Not provided | 13 | 12 | 2 | 9 |
| 4.5 Fund management | Provided by the bank | 1 | 13 | 0 | 2 |
| | Provided by an affiliate firm | 11 | 1 | 9 | 7 |
| | Not provided | 14 | 0 | 1 | 4 |
| 4.6 Investment advice | Provided by the bank | 1 | 14 | 6 | 10 |
| | Provided by an affiliate firm | 5 | 0 | 3 | 2 |
| | Not provided | 20 | 0 | 1 | 1 |
| 4.7 Real estate investment, development and management | Provided by the bank | 1 | 0 | 8 | 0 |
| | Provided by an affiliate firm | 0 | 1 | 2 | 1 |
| | Not provided | 25 | 13 | 0 | 12 |
| 5. Identity and ownership share of the largest shareholder | | | | | |
| 5.1 Identity | Family | 2 | 0 | 3 | 2 |
| | State | 5 | 0 | 0 | 4 |
| | Public agency | 1 | 4 | 4 | 0 |
| | Widely-held financial institution | 0 | 4 | 1 | 0 |
| | Widely-held non-financial firm | 1 | 1 | 2 | 0 |
| | Foreign investor | 9 | 5 | 0 | 5 |
| | Other | 8 | 0 | 0 | 2 |
| 5.2 Ownership share (%) | 75% or more | 4 | 5 | 0 | 4 |
| | 50 – 75% | 13 | 2 | 2 | 3 |
| | 25 – 50% | 5 | 1 | 5 | 1 |
| | 10 – 25% | 4 | 4 | 3 | 3 |
| | Below 10% | 0 | 2 | 0 | 2 |

Note: The numbers of respondents often do not add up to the total due to missing responses.

Board of Directors/Commissioners

Factual Information

| Questions | Responses | Indonesia | The Republic of Korea | Malaysia | Thailand | |
|------------------------------------------------------------------------------------------|-------------|---------------|-----------------------|-----------|----------------|----|
| Number of surveyed banks | | 23-26 | 14 | 10 | 10 - 13 | |
| 1. Board size and composition | | | | | | |
| 1.1 Total number of directors or commissioners | 15 or more | 0 | 3 | 0 | 3 | |
| | 10 to 14 | 2 | 2 | 3 | 8 | |
| | 5-9 | 14 | 9 | 7 | 2 | |
| | 4 or less | 10 | 0 | 0 | 0 | |
| 1.2 Number of executive directors | 4 or more | - | 3 | 1 | 9 | |
| | 2-3 | - | 10 | 4 | 4 | |
| | 0-1 | - | 1 | 5 | 0 | |
| 1.3 Number of independent directors or commissioners | 6 or more | 0 | 8 | 2 | 1 | |
| | 3-5 | 9 | 6 | 8 | 12 | |
| | 0-2 | 17 | 0 | 0 | 0 | |
| 1.4 Share of independent directors | 75% or more | 1 | 5 | 0 | 0 | |
| | 50-75% | 5 | 9 | 6 | 1 | |
| | 25-50% | 15 | 0 | 4 | 12 | |
| | Below 25% | 5 | 0 | 0 | 0 | |
| 1.5 Number of other (non-independent) directors or commissioners | 6 or more | 3 | 0 | 1 | 2 | |
| | 3-5 | 15 | 0 | 4 | 8 | |
| | 0-2 | 8 | 0 | 5 | 3 | |
| 2. Board characteristics – Chairperson and CEO | | | | | | |
| 2.1 Are Chairperson and CEO the same person? | Yes | 0 | 11 | 3 | 1 | |
| | No | 26 | 3 | 7 | 12 | |
| 2.2 Are they the controlling shareholder or his/her family members? | Chairperson | Yes | 1 | 0 | 3 | 1 |
| | | No | 25 | 14 | 7 | 12 |
| | CEO | Yes | 0 | 0 | 4 | 1 |
| | | No | 26 | 14 | 6 | 12 |
| 2.3 Are they ex officers of the central bank, MOF or other financial supervisory agency? | Chairperson | Yes | 5 | 5 | 5 | 1 |
| | | No | 21 | 9 | 5 | 12 |
| | CEO | Yes | 5 | 3 | 1 | 1 |
| | | No | 21 | 11 | 9 | 12 |
| 2.4 Are they ex elected or non-elected politicians? | Chairperson | Yes | 0 | 0 | 0 | 2 |
| | | No | 26 | 14 | 10 | 11 |
| | CEO | Yes | 0 | 0 | 0 | 0 |
| | | No | 26 | 14 | 10 | 13 |
| 2.5 Their academic degrees | Chairperson | Lower than BA | 0 | 0 | 1 | 7 |
| | | BA | 13 | 5 | 6 | 5 |
| | | MA | 6 | 5 | 2 | 1 |
| | | Ph.D. | 6 | 4 | 1 | 0 |

| | | | | | | |
|-----------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|---------|---------|-------|---------|
| | CEO | Lower than BA | 1 | 0 | 2 | 3 |
| | | BA | 16 | 6 | 6 | 9 |
| | | MA | 8 | 5 | 0 | 1 |
| | | Ph.D. | 1 | 3 | 1 | 0 |
| 2.6 Their career background | Chairperson | Finance or economics | 19 | 12 | 5 | 10 |
| | | Law | 1 | 1 | 2 | 0 |
| | | Accounting | 0 | 0 | 1 | 0 |
| | | Others | 6 | 1 | 2 | 3 |
| | CEO | Finance or economics | 19 | 12 | 3 | 12 |
| | | Law | 2 | 1 | 1 | 1 |
| | | Accounting | 0 | 0 | 3 | 0 |
| | | Others | 5 | 1 | 3 | 0 |
| 2.7 Are they male or female? | Chairperson | Male | 25 | 14 | 9 | 13 |
| | | Female | 1 | 0 | 1 | 0 |
| | CEO | Male | 25 | 14 | 10 | 9 |
| | | Female | 1 | 0 | 0 | 4 |
| 3. Board characteristics – composition of the board (figures in the parentheses are total number of directors) | | | | | | |
| 3.1 Family members of the controlling shareholder | Independent directors | | - | - | - | - |
| | Other directors | | 1 | 0 | (6) 2 | (9) 3 |
| 3.2 From the central bank | Independent directors | | 0 | 0 | 1 | 0 |
| | Other directors | | 0 | 2 | 0 | (8) 6 |
| 3.3 Former officers of the central bank | Independent directors | | 5 | (7) 6 | 1 | 3 |
| | Other directors | | 3 | 3 | (4) 3 | 2 |
| 3.4 From the MOF | Independent directors | | 1 | 0 | 1 | 0 |
| | Other directors | | (4) 3 | 0 | 0 | (7) 4 |
| 3.5 Former officers of the MOF | Independent directors | | 0 | 2 | 3 | 1 |
| | Other directors | | 1 | 0 | 0 | (4) 3 |
| 3.6 From other financial supervisory agency | Independent directors | | 0 | 0 | 0 | 0 |
| | Other directors | | 0 | 4 | 0 | 0 |
| 3.7 Former officers of other financial supervisory agency | Independent directors | | 0 | 2 | 1 | 0 |
| | Other directors | | 1 | 4 | 0 | 0 |
| 3.8 From other government agency | Independent directors | | (5) 4 | 4 | (2) 1 | (7) 4 |
| | Other directors | | (11) 7 | 2 | 2 | (11) 4 |
| 3.9 Former officers of other government agency | Independent directors | | 1 | 3 | (7) 4 | 5 |
| | Other directors | | 0 | 1 | 4 | (7) 6 |
| 3.10 Former elected or non-elected politicians | Independent directors | | 2 | 1 | 1 | 2 |
| | Other directors | | 0 | 0 | 0 | (5) 3 |
| 3.11 Bank employees | Independent directors | | - | - | - | - |
| | Other directors | | (6) 4 | (9) 5 | (7) 4 | (27) 12 |
| 3.12 From the bank's affiliated companies | Independent directors | | (6) 3 | (19) 10 | 2 | 1 |
| | Other directors | | (15) 6 | 1 | (6) 3 | (10) 7 |
| 3.13 From other financial institutions | Independent directors | | (28) 14 | (24) 10 | 0 | 3 |
| | Other directors | | (17) 9 | (13) 10 | (5) 4 | (25) 6 |
| 3.14 University professors or researchers | Independent directors | | 3 | (21) 10 | (4) 3 | (4) 3 |
| | Other directors | | 1 | 0 | 0 | 2 |

| | | | | | |
|--------------------------------------------------------------|-----------------------|---------|---------|--------|---------|
| 3.15 From law firms | Independent directors | 1 | 5 | 0 | 2 |
| | Other directors | 0 | 0 | (2) 1 | 1 |
| Do the firms currently provide legal services to the bank? | Yes | 0 | 0 | 0 | 0 |
| | No | 1 | 5 | 1 | 3 |
| 3.16 From accounting/audit firms | Independent directors | 0 | 0 | 3 | 1 |
| | Other directors | 2 | 0 | (4) 2 | 0 |
| Do the firms now provide relevant services to the bank? | Yes | 0 | 0 | 0 | 0 |
| | No | 2 | 0 | 5 | 1 |
| 3.17 Members with a final BA degree | Independent directors | (37) 18 | (19) 8 | (6) 5 | (18) 11 |
| | Other directors | (55) 19 | (9) 6 | (25) 9 | (41) 13 |
| 3.18 Members with a final MA degree | Independent directors | (18) 13 | (16) 5 | (5) 4 | (19) 10 |
| | Other directors | (28) 16 | (6) 4 | (10) 8 | (53) 12 |
| 3.19 Members with a Ph.D. degree | Independent directors | (11) 6 | (24) 9 | (5) 4 | (13) 9 |
| | Other directors | (10) 6 | 2 | 1 | (9) 7 |
| 3.20 Members with background in finance or economics | Independent directors | (42) 21 | (61) 14 | (5) 2 | (20) 12 |
| | Other directors | (66) 22 | (33) 13 | (11) 7 | (33) 13 |
| 3.21 Members with background in accounting | Independent directors | 4 | 4 | (6) 5 | (7) 5 |
| | Other directors | (9) 6 | 0 | (16) 6 | (14) 8 |
| 3.22 Members with background in law | Independent directors | (6) 5 | (12) 9 | 1 | 6 |
| | Other directors | (11) 8 | 0 | (9) 4 | (11) 8 |
| 3.23 Female members | Independent directors | 4 | 0 | (3) 2 | (7) 4 |
| | Other directors | (7) 6 | 0 | 4 | (15) 7 |
| 3.24 Foreigners | Independent directors | (4) 3 | (25) 5 | (3) 2 | (5) 4 |
| | Other directors | (12) 6 | (4) 3 | (5) 4 | (21) 6 |
| 4. Board committees – their existence and composition | | | | | |
| 4.1 Audit committee | | | | | |
| (1) Is it in place? | Yes | 26 | 14 | 10 | 13 |
| | No | 0 | 0 | 0 | 0 |
| (2) (If yes) number of directors | 5 or more | 0 | 2 | 1 | 0 |
| | 3-4 | 8 | 11 | 9 | 13 |
| | 1-2 | 15 | 0 | 0 | 0 |
| (3) (If yes) number of independent directors | 5 or more | 0 | 2 | 1 | 0 |
| | 3-4 | 2 | 4 | 5 | 12 |
| | 1-2 | 21 | 7 | 4 | 1 |
| (4) (If yes) Is the chair independent director? | Yes | 22 | 13 | 10 | 13 |
| | No | 1 | 0 | 0 | 0 |
| 4.2 Nomination committee | | | | | |
| (1) Is it in place? | Yes | 9 | 14 | 10 | 11 |
| | No | 15 | 0 | 0 | 2 |
| (2) (If yes) number of directors | 5 or more | 1 | 4 | 7 | 0 |
| | 3-4 | 3 | 7 | 2 | 10 |
| | 1-2 | 2 | 0 | 0 | 0 |
| (3) (If yes) number of independent directors | 5 or more | 0 | 3 | 0 | 0 |
| | 3-4 | 1 | 5 | 4 | 2 |
| | 0-2 | 3 | 3 | 5 | 8 |
| (4) (If yes) Is the chair independent director? | Yes | 1 | 3 | 8 | 7 |
| | No | 5 | 8 | 2 | 3 |

| 4.3 Compensation committee | | | | | |
|----------------------------------------------------------------------------------------------------------------|-----------------------------|----|----|----|----|
| (1) Is it in place? | Yes | 10 | 10 | 10 | 11 |
| | No | 14 | 4 | 0 | 2 |
| (2) (If yes) number of directors | 5 or more | 1 | 5 | 2 | 1 |
| | 3-4 | 2 | 2 | 8 | 10 |
| | 1-2 | 2 | 0 | 0 | 0 |
| (3) (If yes) number of independent directors | 5 or more | 0 | 4 | 0 | 0 |
| | 3-4 | 1 | 3 | 2 | 3 |
| | 0-2 | 2 | 0 | 8 | 8 |
| (4) (If yes) Is the chair independent director? | Yes | 0 | 6 | 7 | 8 |
| | No | 5 | 1 | 3 | 5 |
| 4.4 Risk management committee | | | | | |
| (1) Is it in place? | Yes | 23 | 14 | 10 | 13 |
| | No | 1 | 0 | 0 | 0 |
| (2) (If yes) number of directors | 5 or more | 0 | 6 | 2 | 8 |
| | 3-4 | 0 | 6 | 5 | 1 |
| | 1-2 | 1 | 0 | 0 | 0 |
| (3) (If yes) number of independent directors | 5 or more | 0 | 2 | 1 | 0 |
| | 3-4 | 0 | 8 | 3 | 0 |
| | 0-2 | 1 | 2 | 3 | 9 |
| (4) (If yes) Is the chair independent director? | Yes | 1 | 7 | 9 | 0 |
| | No | 1 | 5 | 0 | 9 |
| 5. Audit committee and external auditor | | | | | |
| 5.1 How many of the audit committee members have accounting or finance expertise? | 3 or more | 18 | 3 | 1 | 5 |
| | 2 | 3 | 2 | 3 | 7 |
| | 0-1 | 0 | 9 | 5 | 1 |
| 5.2 Does the bank use any of the Big Four audit firms as its external auditor? | Yes | 18 | 9 | 10 | 11 |
| | No | 6 | 5 | 0 | 2 |
| 6. Board independence: How prevalent are the following practices? | | | | | |
| 6.1 Are independent directors meeting formally or informally without management to discuss corporate matters? | Several times a year | 22 | 7 | 0 | 10 |
| | 1-2 times a year | 1 | 2 | 1 | 1 |
| | Rarely | 0 | 5 | 9 | 0 |
| | Never | 1 | 0 | 0 | 0 |
| 6.2 [In case the CEO is board chairperson] Is there a lead independent director (for chairing meetings, etc.)? | CEO is not the board chair. | - | 2 | 8 | 10 |
| | Yes | - | 3 | 0 | 0 |
| | No | - | 9 | 1 | 1 |
| 6.3 Are independent directors altering or adding the board meeting agenda set by the CEO? | Often | 4 | 0 | 0 | 0 |
| | Sometimes | 15 | 4 | 1 | 5 |
| | Rarely | 2 | 9 | 9 | 1 |
| | Never | 3 | 1 | 0 | 5 |
| 6.4 Are agenda items disapproved at the board meetings by independent directors? | Often | 0 | 1 | 0 | 0 |
| | Sometimes | 6 | 5 | 1 | 2 |
| | Rarely | 8 | 7 | 9 | 2 |
| | Never | 9 | 1 | 0 | 7 |
| 6.5 Has the board ever removed key executives in the past 5 years? | Yes | 7 | 3 | 1 | 1 |
| | No | 17 | 11 | 9 | 10 |

| | | | | | |
|-------------------------------------------------------------------------------------------------|-----------------------------------|----|----|----|----|
| 6.6 How detailed are board meeting minutes? | Very detailed | 14 | 12 | 10 | 11 |
| | Not detailed | 10 | 2 | 0 | 0 |
| | No board meeting minutes | 0 | 0 | 0 | 0 |
| 6.7 Are individual directors' positions on board meeting agenda recorded in minutes? | Always | 18 | 13 | 1 | 9 |
| | Sometimes | 4 | 0 | 9 | 0 |
| | Never | 2 | 1 | 0 | 2 |
| 7. Term of directors | | | | | |
| 7.1 Typical term for independent directors | 1 year | 3 | 12 | 0 | 1 |
| | 2-3 years | 14 | 2 | 9 | 10 |
| | 4 years or more | 6 | 0 | 0 | 0 |
| 7.2 Can independent directors be reappointed after their term is over? | Yes | 24 | 14 | 9 | 11 |
| | No | 0 | 0 | 0 | 0 |
| 7.3 (If yes) Is the decision based on a formal performance review by the nomination committee? | Yes, subject to a serious review | 7 | 7 | 0 | 1 |
| | Yes, through a perfunctory review | 10 | 5 | 9 | 3 |
| | No formal review | 7 | 2 | 0 | 4 |
| 7.4 (If yes) Is there a ceiling for the length of their service? | Ceiling for consecutive service | 8 | 1 | 0 | 0 |
| | Ceiling for total service | 2 | 0 | 0 | 0 |
| | No ceiling | 13 | 13 | 9 | 11 |
| 8. Selection of outside/independent directors | | | | | |
| 8.1 Are there transparent written rules for the selection of outside directors? | Yes, and well observed | 16 | 14 | 9 | 6 |
| | Yes, but not well observed | 1 | 0 | 1 | 1 |
| | No such rules | 7 | 0 | 0 | 3 |
| 8.2 Can minority shareholders nominate candidates at (or prior to) the shareholders meeting? | Yes, and they sometimes do | 4 | 0 | 5 | 0 |
| | Yes, but rarely done | 15 | 7 | 5 | 5 |
| | No | 5 | 4 | 0 | 6 |
| 8.3 Is cumulative voting practiced? | Yes, and sometimes practiced | 14 | 5 | 1 | 1 |
| | Recognized, but not practiced | 8 | 7 | 9 | 1 |
| | Not recognized | 2 | 0 | 0 | 9 |
| 9. CEO evaluation and compensation | | | | | |
| 9.1 Is there a formal mechanism (procedure and criteria) for evaluating the performance of CEO? | Yes, regularly evaluated | 14 | 13 | 8 | 7 |
| | Yes, but irregularly evaluated | 5 | 1 | 2 | 0 |
| | No formal mechanism | 5 | 0 | 0 | 4 |
| 9.2 Does the board (committee) formally review CEO compensation? | Regularly | 16 | 11 | 8 | 7 |
| | Sometimes (irregularly) | 3 | 3 | 0 | 0 |
| | No formal review | 5 | 0 | 2 | 4 |
| 9.3 Is CEO offered stock-based compensation like stock options? | Yes, substantially | 4 | 8 | 2 | 0 |
| | Yes, but nominally | 3 | 2 | 8 | 0 |
| | No stock-based compensation | 16 | 4 | 0 | 11 |
| 9.4 Is part of CEO compensation based on bank performance (other than stock price)? | Substantially | 14 | 13 | 4 | 5 |
| | Nominally | 3 | 1 | 6 | 1 |
| | No | 7 | 0 | 0 | 3 |

| 10. Director compensation and evaluation | | | | | |
|------------------------------------------------------------------------------------------------------------|------------------------|----|----|----|----|
| 10.1 Are outside directors offered stock-based compensation like stock options? | Yes | 3 | 6 | 2 | 0 |
| | No | 21 | 8 | 8 | 11 |
| 10.2 Is director compensation variable on individual efforts? | Yes | 8 | 2 | 9 | 4 |
| | No | 15 | 12 | 1 | 7 |
| 10.3 Is there a formal mechanism for evaluating the performance of individual outside directors? | Yes | 10 | 5 | 9 | 4 |
| | No | 14 | 9 | 1 | 7 |
| 11. Board meeting frequency, attendance, etc. (last 12 months) | | | | | |
| 11.1 How many board meetings were held? | 21 times or more | 11 | 2 | 0 | 0 |
| | 16-20 times | 2 | 2 | 3 | 1 |
| | 11-15 times | 6 | 5 | 5 | 7 |
| | 10 times or less | 3 | 5 | 2 | 3 |
| 11.2 On average, how many hours did a board meeting last? | Less than 1 hour | 0 | 1 | 0 | 1 |
| | 1-2 hours | 10 | 8 | 9 | 1 |
| | 2-3 hours | 5 | 4 | 0 | 5 |
| | More than 3 hours | 8 | 0 | 1 | 4 |
| 11.3 What was the average attendance rate for board meetings | 90-100% | 18 | 8 | 10 | 8 |
| | 80-90% | 3 | 4 | 0 | 2 |
| | 70-80% | 2 | 2 | 0 | 0 |
| 12. General support for directors and director liability | | | | | |
| 12.1 Are there any mandatory education/training programs for bank directors? | Yes, quite substantial | 9 | 2 | 2 | 2 |
| | Yes, minimal | 11 | 6 | 8 | 2 |
| | None | 3 | 6 | 0 | 7 |
| 12.2 Does the bank provide any education or training opportunities for directors beyond what is mandatory? | Actively | 4 | 1 | 2 | 2 |
| | Occasionally | 17 | 10 | 8 | 8 |
| | Never | 2 | 3 | 0 | 1 |
| 12.3 Is a contact person (like corporate secretary) designated for the support of outside directors? | Yes | 17 | 9 | 10 | 11 |
| | No | 6 | 4 | 0 | 0 |
| 12.4 Are directors covered by directors insurance for any personal liability? | Yes, fully | 5 | 8 | 1 | 8 |
| | Yes, partially | 6 | 6 | 0 | 2 |
| | Not covered | 12 | 0 | 9 | 0 |
| 13. Board committees: How many meetings did they have (last 12 months)? | | | | | |
| 13.1 Audit committee | 13 times or more | 5 | 1 | 4 | 1 |
| | 9-12 times | 6 | 5 | 4 | 3 |
| | 5-8 times | 1 | 6 | 1 | 5 |
| | 4 times or less | 7 | 2 | 1 | 2 |
| 13.2 Nomination committee | 7 times or more | 2 | 0 | 2 | 3 |
| | 3-6 times | 1 | 6 | 2 | 1 |
| | Twice or less | 4 | 8 | 3 | 5 |
| 13.3 Compensation committee | 7 times or more | 2 | 1 | 2 | 2 |
| | 3-6 times | 1 | 7 | 2 | 2 |
| | Twice or less | 5 | 2 | 3 | 5 |
| 13.4 Risk management committee | 9 times or more | 6 | 4 | 5 | 3 |
| | 5-8 times | 1 | 5 | 0 | 2 |

| | | | | | |
|------------------------------------------------------------------------------------------------------|-------------------------------|----|----|----|----|
| | 4 times or less | 9 | 5 | 1 | 4 |
| 14. Audit committee (answer only if the bank has an audit committee) | | | | | |
| 14.1 Are minutes written for each audit committee meeting? | Yes | 19 | 14 | 10 | 10 |
| | No | 3 | 0 | 0 | 1 |
| 14.2 Is each committee member's remuneration approved separately at the shareholders meeting? | Yes | 11 | 2 | 9 | 7 |
| | No | 12 | 12 | 1 | 4 |
| 14.3 Is there written rules governing overall audit function? | Yes | 22 | 14 | 10 | 10 |
| | No | 0 | 0 | 0 | 1 |
| 14.4 Does it autonomously select/recommend external auditor and conduct a proper review of his work? | Very much so | 10 | 10 | 1 | 6 |
| | To some extent | 8 | 4 | 9 | 4 |
| | Hardly | 5 | 0 | 0 | 1 |
| 14.5 Does it approve the appointment of internal auditor and closely supervise his work? | Very much so | 8 | 12 | 10 | 7 |
| | To some extent | 10 | 2 | 0 | 3 |
| | Hardly | 5 | 0 | 0 | 1 |
| 15. Does your bank disclose the following information? If yes, by what means? | | | | | |
| 15.1 Self-dealing or related-party transactions | Website | 4 | 9 | 7 | 3 |
| | Annual report | 11 | 12 | 10 | 10 |
| | Report to regulatory agencies | 11 | 11 | 10 | 10 |
| | No disclosure | 3 | 0 | 0 | 0 |
| 15.2 Directors selling or buying shares in their bank | Website | 1 | 6 | 7 | 2 |
| | Annual report | 5 | 8 | 10 | 7 |
| | Report to regulatory agencies | 14 | 9 | 10 | 11 |
| | No disclosure | 4 | 1 | 0 | 0 |
| 15.3 Resume or background of directors | Website | 13 | 12 | 7 | 4 |
| | Annual report | 20 | 12 | 10 | 10 |
| | Report to regulatory agencies | 9 | 10 | 1 | 9 |
| | No disclosure | 0 | 0 | 0 | 0 |
| 15.4 Remuneration of directors | Website | 5 | 5 | 7 | 3 |
| | Annual report | 15 | 9 | 10 | 11 |
| | Report to regulatory agencies | 9 | 9 | 10 | 5 |
| | No disclosure | 5 | 1 | 0 | 0 |
| 15.5 Fees paid to external auditors, advisors, and other related parties | Website | 1 | 4 | 7 | 2 |
| | Annual report | 11 | 8 | 10 | 3 |
| | Report to regulatory agencies | 6 | 6 | 10 | 6 |
| | No disclosure | 10 | 4 | 0 | 5 |
| 15.6 Major contingent liabilities such as debt repayment guarantees | Website | 3 | 9 | 7 | 3 |
| | Annual report | 13 | 13 | 10 | 10 |
| | Report to regulatory agencies | 12 | 10 | 9 | 8 |
| | No disclosure | 1 | 0 | 0 | 1 |
| 15.7 Policies on risk management | Website | 2 | 10 | 7 | 4 |
| | Annual report | 18 | 12 | 10 | 9 |

| | | | | | |
|----------------------------------------------------------------------------------------------------------|-------------------------------|----|----|----|----|
| management | Report to regulatory agencies | 8 | 9 | 10 | 7 |
| | No disclosure | 2 | 0 | 0 | 0 |
| 15.8 Significant changes in ownership | Website | 8 | 11 | 7 | 4 |
| | Annual report | 17 | 14 | 10 | 10 |
| | Report to regulatory agencies | 14 | 11 | 10 | 9 |
| | No disclosure | 0 | 0 | 0 | 0 |
| 15.9 Governance structures and policies (explicit corporate governance rules and vision) | Website | 3 | 10 | 7 | 5 |
| | Annual report | 17 | 11 | 10 | 11 |
| | Report to regulatory agencies | 8 | 10 | 10 | 5 |
| | No disclosure | 1 | 1 | 0 | 0 |
| 15.10 The extent to which the bank's corporate governance practices conform to the established standards | Website | 4 | 7 | 7 | 1 |
| | Annual report | 19 | 9 | 10 | 5 |
| | Report to regulatory agencies | 5 | 9 | 10 | 1 |
| | No disclosure | 1 | 3 | 0 | 6 |
| 16. How timely and informative are the disclosures? | | | | | |
| 16.1 Does your bank disclose semi-annual reports? | Yes | 14 | 14 | 10 | 4 |
| | No | 9 | 0 | 0 | 7 |
| 16.2 Does your bank disclose quarterly financial statements? | Yes | 23 | 14 | 7 | 11 |
| | No | 0 | 0 | 3 | 0 |
| 16.3 Does your bank disclose consolidated financial statements? | Yes | 21 | 8 | 10 | 10 |
| | No | 2 | 5 | 0 | 1 |
| 16.4 How informative is your bank's website in local language or English? | | | | | |
| - Very informative in both local language and English | | 9 | 9 | 8 | 11 |
| - Informative in local language, but limited information in English | | 6 | 4 | 2 | 0 |
| - Informative in local language, but no English website | | 3 | 1 | 0 | 0 |
| - Website available only in local language and not very informative | | 1 | 0 | 0 | 0 |
| - No website | | 3 | 0 | 0 | 0 |

Note: The numbers of respondents often do not add up to the total due to missing responses.

I. Board of Directors/Commissioners

Opinion Survey

| Questions | Responses | Indonesia | | The Republic of Korea | Malaysia | Thailand | |
|-------------------------------------------------------------------------------------------------------|-------------------------|------------|------------|-----------------------|---------------|------------|------------|
| | | IC | ED | ID/ED | ID/ED | ID | ED |
| Number of surveyed banks (Number of respondents) | | 22 (22) | 18 (18) | 14/6 (41/12) | 3/7 (4/10) | 11 (11) | 10 (10) |
| 1. Information on respondent | | | | | | | |
| 1.1 For how long have you been serving as a board member of this bank? | Less than 2 years | 5 | 3 | 10 | 1 | 2 | 3 |
| | 2-4 years | 12 | 5 | 7 | 2 | 3 | 5 |
| | 4 years or more | 5 | 7 | 3 | 6 | 6 | 2 |
| 1.2 How many corporate boards of directors do you serve now (including this bank)? | Just one board | 10 | 15 | 13 | 0 | 1 | 1 |
| | 2-3 boards | 8 | 1 | 7 | 4 | 8 | 7 |
| | 4 or more boards | 2 | 1 | 0 | 5 | 1 | 1 |
| 1.3 What is your professional background (chosen up to two)? [counting of individual respondents] | Business executive | 0 | 0 | 10 | 1 | 2 | 1 |
| | Banker or financier | 15 | 17 | 17 | 7 | 2 | 7 |
| | Professor or researcher | 2 | 0 | 20 | 0 | 3 | 0 |
| | Former bureaucrat | 3 | 0 | 5 | 1 | 3 | 1 |
| | Attorney | 2 | 0 | 1 | 2 | 0 | 1 |
| Accountant | 5 | 2 | 0 | 2 | 1 | 0 | |
| 2. Responsibilities of the board: | | | | | | | |
| To whom should the board be most accountable when making corporate decisions (ranking by importance)? | | | | | | | |
| - Controlling shareholders | 1 | 10 | 6 | 12 | 6 | 3 | 3 |
| | 2 | 5 | 2 | 5 | 1 | 3 | 3 |
| | 3 | 1 | 3 | 3 | 1 | 1 | 1 |
| | 4 | 2 | 3 | 0 | 0 | 0 | 1 |
| | 5 | 2 | 3 | 0 | 1 | 2 | 0 |
| | 6 | 2 | 1 | 0 | 1 | 1 | 1 |
| - Minority shareholders | 1 | 4 | 0 | 6 | 3 | 5 | 2 |
| | 2 | 8 | 7 | 10 | 2 | 4 | 2 |
| | 3 | 3 | 0 | 2 | 1 | 0 | 3 |
| | 4 | 4 | 5 | 2 | 2 | 0 | 0 |
| | 5 | 2 | 1 | 0 | 0 | 0 | 2 |
| | 6 | 1 | 5 | 0 | 2 | 1 | 0 |
| - Management | 1 | 0 | 3 | 1 | 0 | 0 | 1 |
| | 2 | 2 | 3 | 1 | 2 | 0 | 0 |
| | 3 | 4 | 2 | 0 | 2 | 0 | 0 |
| | 4 | 6 | 2 | 1 | 2 | 1 | 1 |
| | 5 | 2 | 2 | 6 | 1 | 5 | 4 |
| | 6 | 8 | 6 | 11 | 3 | 4 | 3 |

| | | | | | | | |
|-----------------------------------------------------------------|---|---|---|----|---|---|---|
| - Employees | 1 | 1 | 1 | 1 | 0 | 0 | 0 |
| | 2 | 1 | 1 | 1 | 1 | 0 | 1 |
| | 3 | 5 | 6 | 1 | 3 | 3 | 2 |
| | 4 | 4 | 4 | 7 | 4 | 5 | 3 |
| | 5 | 8 | 5 | 9 | 0 | 2 | 3 |
| | 6 | 3 | 1 | 1 | 2 | 0 | 0 |
| - Financial supervisory agencies or tax payers (general public) | 1 | 4 | 4 | 1 | 3 | 0 | 0 |
| | 2 | 2 | 3 | 0 | 2 | 2 | 3 |
| | 3 | 4 | 0 | 1 | 1 | 4 | 0 |
| | 4 | 3 | 2 | 7 | 0 | 0 | 3 |
| | 5 | 3 | 5 | 3 | 4 | 1 | 0 |
| | 6 | 6 | 4 | 8 | 0 | 3 | 3 |
| - Depositors | 1 | 3 | 4 | 3 | 2 | 3 | 5 |
| | 2 | 4 | 2 | 3 | 3 | 1 | 0 |
| | 3 | 5 | 7 | 12 | 2 | 3 | 4 |
| | 4 | 3 | 2 | 2 | 1 | 3 | 0 |
| | 5 | 5 | 2 | 0 | 1 | 0 | 0 |
| | 6 | 2 | 1 | 0 | 1 | 0 | 1 |

3. Would you agree on the following statements about the roles of bank directors?

| | | | | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------|----|----|----|----|---|---|---|
| 3.1 Bank directors basically represent all shareholders, and their primary role is to maximize the benefits of all shareholders. | Y+ | 14 | 9 | 11 | 8 | 6 | 9 |
| | Y | 7 | 4 | 8 | 1 | 3 | 1 |
| | O | 1 | 1 | 1 | 0 | 0 | 0 |
| | N | 0 | 3 | 0 | 0 | 1 | 0 |
| | N+ | 0 | 1 | 0 | 1 | 1 | 0 |
| 3.2 Bank directors basically represent controlling shareholders, and their primary role is to maximize the benefits of the controlling shareholders. | Y+ | 2 | 1 | 0 | 0 | 0 | 1 |
| | Y | 7 | 7 | 9 | 2 | 1 | 2 |
| | O | 2 | 1 | 7 | 2 | 2 | 0 |
| | N | 4 | 5 | 3 | 3 | 6 | 2 |
| | N+ | 7 | 4 | 1 | 3 | 2 | 5 |
| 3.3 Bank directors should take into account the interests of all stakeholders including employees and debt holders like depositors. | Y+ | 15 | 12 | 6 | 4 | 7 | 9 |
| | Y | 6 | 6 | 10 | 6 | 4 | 1 |
| | O | 0 | 0 | 4 | 0 | 0 | 0 |
| | N | 1 | 0 | 0 | 0 | 0 | 0 |
| | N+ | 0 | 0 | 0 | 0 | 0 | 0 |
| 3.4 Employees' job security is more important than paying dividends to shareholders. | Y+ | 5 | 4 | 0 | 0 | 1 | 0 |
| | Y | 5 | 7 | 3 | 1 | 2 | 3 |
| | O | 6 | 3 | 4 | 3 | 4 | 3 |
| | N | 6 | 3 | 11 | 6 | 3 | 3 |
| | N+ | 0 | 1 | 2 | 0 | 1 | 1 |
| 3.5 Bank directors should ensure bank's safety and soundness even at the sacrifice of the shareholders' interests. | Y+ | 11 | 9 | 10 | 4 | 7 | 7 |
| | Y | 9 | 7 | 9 | 4 | 4 | 2 |
| | O | 2 | 1 | 0 | 2 | 0 | 1 |
| | N | 0 | 0 | 1 | 0 | 0 | 0 |
| | N+ | 0 | 1 | 0 | 0 | 0 | 0 |

4. What do you think about the role of your board of directors?

| | | | | | | | |
|--------------------------------------------------------------------------------|----|----|----|----|---|---|---|
| 4.1 It is a forum of serious discussion for all the significant matters of the | Y+ | 15 | 15 | 11 | 6 | 7 | 5 |
| | Y | 7 | 3 | 9 | 3 | 4 | 4 |
| | O | 0 | 0 | 0 | 0 | 0 | 1 |

| | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------|----|----|----|----|---|---|---|
| bank. | N | 0 | 0 | 0 | 1 | 0 | 0 |
| | N+ | 0 | 0 | 0 | 0 | 0 | 0 |
| 4.2 It is rather perfunctory: CEO dominates the board meeting, and different views of directors are not welcome. | Y+ | 1 | 1 | 0 | 0 | 0 | 0 |
| | Y | 1 | 0 | 0 | 1 | 0 | 0 |
| | O | 0 | 2 | 0 | 0 | 0 | 0 |
| | N | 7 | 2 | 13 | 2 | 4 | 5 |
| | N+ | 13 | 13 | 7 | 7 | 7 | 5 |
| 4.3 Often the board functions like a “rubber-stamp.” | Y+ | 0 | 0 | 0 | 0 | 0 | 0 |
| | Y | 0 | 0 | 0 | 1 | 1 | 0 |
| | O | 0 | 1 | 0 | 0 | 0 | 1 |
| | N | 3 | 1 | 3 | 3 | 5 | 2 |
| | N+ | 19 | 6 | 17 | 6 | 5 | 7 |
| 5. Do you agree that your board is effective in the following roles and tasks? | | | | | | | |
| 5.1 Play an important role in selecting, monitoring and replacing CEO | Y+ | 4 | 3 | 3 | 5 | 3 | 1 |
| | Y | 11 | 3 | 8 | 4 | 3 | 7 |
| | O | 2 | 3 | 3 | 0 | 4 | 1 |
| | N | 3 | 5 | 4 | 1 | 1 | 0 |
| | N+ | 1 | 3 | 2 | 0 | 0 | 1 |
| 5.2 Be actively involved in formulating long-term strategies | Y+ | 10 | 11 | 2 | 3 | 6 | 6 |
| | Y | 12 | 7 | 12 | 5 | 4 | 3 |
| | O | 0 | 0 | 4 | 1 | 1 | 1 |
| | N | 0 | 0 | 2 | 1 | 0 | 0 |
| | N+ | 0 | 0 | 0 | 0 | 0 | 0 |
| 5.3 Establish and monitor risk management and internal control systems | Y+ | 9 | 11 | 1 | 5 | 6 | 6 |
| | Y | 13 | 7 | 15 | 5 | 5 | 4 |
| | O | 0 | 0 | 4 | 0 | 0 | 0 |
| | N | 0 | 0 | 0 | 0 | 0 | 0 |
| | N+ | 0 | 0 | 0 | 0 | 0 | 0 |
| 5.4 Monitor and assess the process of business operations discerning poor operating performance | Y+ | 8 | 10 | 0 | 4 | 4 | 7 |
| | Y | 12 | 8 | 3 | 4 | 5 | 3 |
| | O | 1 | 0 | 13 | 1 | 1 | 0 |
| | N | 1 | 0 | 3 | 1 | 0 | 0 |
| | N+ | 0 | 0 | 1 | 0 | 0 | 0 |
| 5.5 Effectively oversee potential conflicts of interest including related-party transactions and self-dealings | Y+ | 10 | 12 | 2 | 6 | 5 | 5 |
| | Y | 10 | 6 | 11 | 2 | 6 | 5 |
| | O | 2 | 0 | 5 | 1 | 0 | 0 |
| | N | 0 | 0 | 2 | 1 | 0 | 0 |
| | N+ | 0 | 0 | 0 | 0 | 0 | 0 |
| 5.6 Ensure the integrity of the bank’s financial reporting by effectively utilizing the work of internal and external auditors | Y+ | 14 | 11 | 1 | 6 | 8 | 7 |
| | Y | 8 | 7 | 12 | 4 | 3 | 3 |
| | O | 0 | 0 | 6 | 0 | 0 | 0 |
| | N | 0 | 0 | 1 | 0 | 0 | 0 |
| | N+ | 0 | 0 | 0 | 0 | 0 | 0 |
| 5.7 Ensure board members are qualified and independent, and have a clear understanding of their roles | Y+ | 15 | 9 | 4 | 5 | 5 | 6 |
| | Y | 5 | 8 | 12 | 3 | 4 | 3 |
| | O | 0 | 1 | 2 | 1 | 1 | 1 |
| | N | 1 | 0 | 2 | 1 | 0 | 0 |
| | N+ | 1 | 0 | 0 | 0 | 0 | 0 |
| | Y+ | 8 | 5 | 3 | 4 | 3 | 4 |

| | | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----|----|----|----|---|---|---|
| 5.8 Seriously review executive compensation | Y+ | 8 | 5 | 3 | 4 | 3 | 4 |
| | Ø | 8 | 10 | 14 | 6 | 4 | 2 |
| | N | 1 | 1 | 2 | 1 | 2 | 1 |
| | N+ | 1 | 1 | 0 | 0 | 0 | 0 |
| 5.9 Seriously review non-executive director compensation | Y+ | 8 | 4 | 1 | 3 | 3 | 2 |
| | Y | 10 | 6 | 6 | 4 | 4 | 4 |
| | O | 3 | 3 | 8 | 2 | 1 | 3 |
| | N | 0 | 3 | 5 | 1 | 2 | 1 |
| | N+ | 1 | 2 | 0 | 0 | 0 | 0 |
| 5.10 Conduct corporate governance in a transparent manner with adequate public disclosure of relevant information | Y+ | 12 | 10 | 2 | 6 | 6 | 7 |
| | Y | 10 | 8 | 15 | 4 | 4 | 3 |
| | O | 0 | 0 | 2 | 0 | 1 | 0 |
| | N | 0 | 0 | 1 | 0 | 0 | 0 |
| | N+ | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. Board independence | | | | | | | |
| 6.1 Do you think “independent directors” of your bank are truly independent from the CEO or controlling shareholders? | Y+ | 13 | 6 | 3 | 3 | 7 | 5 |
| | Y | 9 | 10 | 11 | 5 | 4 | 4 |
| | O | 0 | 0 | 4 | 1 | 0 | 1 |
| | N | 0 | 2 | 2 | 1 | 0 | 0 |
| | N+ | 0 | 0 | 0 | 0 | 0 | 0 |
| 6.2 What do you think about the following reasons for “independent directors” not being fully independent from CEO or the controlling owner? | | | | | | | |
| (1) Because CEO or controlling owner has effectively selected the board members | Y+ | 5 | 2 | 1 | 0 | 0 | 1 |
| | Y | 6 | 9 | 7 | 2 | 4 | 4 |
| | O | 3 | 1 | 4 | 2 | 3 | 0 |
| | N | 5 | 2 | 2 | 4 | 1 | 3 |
| | N+ | 2 | 3 | 0 | 1 | 1 | 1 |
| (2) Because of concern over personal relationship with other directors (or top management) or other behavioral norms | Y+ | 1 | 1 | 0 | 0 | 0 | 1 |
| | Y | 7 | 3 | 5 | 2 | 3 | 2 |
| | O | 1 | 3 | 3 | 2 | 2 | 1 |
| | N | 6 | 7 | 5 | 3 | 2 | 4 |
| | N+ | 7 | 3 | 1 | 1 | 1 | 1 |
| (3) Because CEO or controlling owner will decide the extension or termination of the directorship | Y+ | 5 | 1 | 0 | 0 | 0 | 2 |
| | Y | 7 | 6 | 8 | 1 | 2 | 1 |
| | O | 0 | 2 | 4 | 2 | 3 | 1 |
| | N | 3 | 2 | 2 | 4 | 2 | 3 |
| | N+ | 7 | 6 | 0 | 2 | 1 | 2 |
| (4) Because of the concern of possible responsibility or blame when their views turn out to be wrong in the future | Y+ | 1 | 0 | 0 | 0 | 1 | 1 |
| | Y | 4 | 7 | 1 | 1 | 1 | 0 |
| | O | 3 | 1 | 5 | 1 | 2 | 2 |
| | N | 7 | 3 | 7 | 5 | 4 | 2 |
| | N+ | 7 | 6 | 1 | 2 | 0 | 4 |
| (5) Because of CEO and management team are supposed to be better informed on most issues and have better judgment | Y+ | 1 | 0 | 1 | 0 | 1 | 1 |
| | Y | 7 | 10 | 6 | 1 | 2 | 3 |
| | O | 1 | 1 | 3 | 5 | 2 | 0 |
| | N | 9 | 3 | 4 | 2 | 2 | 1 |
| | N+ | 4 | 3 | 0 | 1 | 1 | 4 |
| | Yes | 0 | 3 | 1 | 0 | 1 | 0 |

| | | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----|----|----|----|---|---|
| directors (controlling shareholder de factor serving as a director without being on the board)? | No | 22 | 14 | 19 | 10 | 9 | 9 |
| 7. Who has the strongest voice in the selection or dismissal of CEO and independent/outside directors (more than one choice allowed)? | | | | | | | |
| 7.1 For CEO | Board (nomination committee) | 6 | 5 | 7 | 7 | 5 | 4 |
| | Controlling owner (non-CEO) | 13 | 12 | 5 | 1 | 1 | 3 |
| | Government (financial supervisory agency) | 6 | 5 | 6 | 3 | 2 | 2 |
| | Other | 3 | 4 | 1 | 0 | 0 | 0 |
| 7.2 For independent /outside directors | Board (nomination committee) | 7 | 5 | 5 | 5 | 5 | 7 |
| | CEO | 3 | 3 | 9 | 0 | 0 | 0 |
| | Controlling owner (non-CEO) | 9 | 11 | 3 | 2 | 2 | 1 |
| | Government (financial supervisory agency) | 5 | 4 | 2 | 4 | 2 | 1 |
| Other | 3 | 4 | 0 | 0 | 0 | 0 | |
| 8. How good do you think is access to information for independent/outside directors? | | | | | | | |
| 8.1 Meeting/discussing with managers (who are not board members) and workers of the bank | Often | 11 | 14 | 2 | 6 | 3 | 5 |
| | Sometimes | 11 | 4 | 14 | 4 | 7 | 4 |
| | Rarely | 0 | 0 | 4 | 0 | 0 | 1 |
| | Never | 0 | 0 | 0 | 0 | 1 | 0 |
| 8.2 Adequate information provided in time to be digested before every board meeting | Very much so | 17 | 12 | 15 | 6 | 8 | 9 |
| | Not always | 5 | 6 | 5 | 4 | 3 | 1 |
| | Rarely | 0 | 0 | 0 | 0 | 0 | 0 |
| 8.3 Being briefed of the agendas before a board meeting | Often | 13 | 12 | 8 | 1 | 5 | 2 |
| | Sometimes | 9 | 6 | 11 | 8 | 4 | 6 |
| | Rarely | 0 | 0 | 1 | 1 | 1 | 1 |
| | Never | 0 | 0 | 0 | 0 | 1 | 1 |
| 8.4 Being permitted to obtain the services of outside legal, financial and other professional advisors at the bank's expense | Yes, they are | 11 | 12 | 11 | 6 | 3 | 4 |
| | Only exceptionally | 9 | 5 | 8 | 4 | 6 | 3 |
| | Never | 2 | 1 | 0 | 0 | 2 | 3 |
| 9. Would you agree on the following statements on director compensation? | | | | | | | |
| 9.1 I am satisfied with my current financial compensation. | Y+ | 7 | 4 | 3 | 1 | 3 | 3 |
| | Y | 8 | 9 | 5 | 3 | 7 | 4 |
| | O | 4 | 3 | 9 | 5 | 1 | 2 |
| | N | 3 | 2 | 3 | 1 | 0 | 1 |
| | N+ | 0 | 0 | 0 | 0 | 0 | 0 |
| 9.2 There is an adequate link between my compensation and bank performance. | Y+ | 7 | 5 | 0 | 1 | 1 | 4 |
| | Y | 13 | 11 | 4 | 2 | 5 | 3 |
| | O | 2 | 0 | 7 | 4 | 2 | 1 |
| | N | 0 | 2 | 7 | 2 | 3 | 1 |
| | N+ | 0 | 0 | 2 | 1 | 0 | 1 |
| 9.3 It is important to link compensation and bank performance. | Y+ | 12 | 9 | 9 | 3 | 2 | 4 |
| | Y | 9 | 9 | 9 | 5 | 5 | 5 |
| | O | 0 | 0 | 1 | 1 | 1 | 1 |
| | N | 1 | 0 | 1 | 1 | 3 | 0 |
| | N+ | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|----|----|----|---|---|---|
| 9.4 My compensation gives me adequate financial incentive to maximize shareholders' interests. | Y+ | 10 | 8 | 2 | 3 | 3 | 4 |
| | Y | 7 | 8 | 4 | 4 | 5 | 6 |
| | O | 2 | 1 | 7 | 2 | 2 | 0 |
| | N | 3 | 0 | 5 | 1 | 1 | 0 |
| | N+ | 0 | 1 | 2 | 0 | 0 | 0 |
| 9.5 The financial incentive of my compensation leads me to maximize the interests of stakeholders as a whole. | Y+ | 10 | 7 | 1 | 1 | 2 | 2 |
| | Y | 11 | 10 | 8 | 4 | 2 | 6 |
| | O | 0 | 0 | 7 | 3 | 4 | 0 |
| | N | 1 | 1 | 3 | 2 | 1 | 1 |
| | N+ | 0 | 0 | 1 | 0 | 2 | 1 |
| 9.6 I am willing to serve as director/executive even if my compensation is not as much as I can get from other opportunities. | Y+ | 8 | 3 | 0 | 5 | 2 | 2 |
| | Y | 10 | 7 | 8 | 4 | 8 | 6 |
| | O | 1 | 3 | 7 | 1 | 0 | 1 |
| | N | 2 | 5 | 5 | 0 | 0 | 0 |
| | N+ | 1 | 0 | 0 | 0 | 1 | 1 |
| 9.7 Financial incentive is not as important as the social status as a banker. | Y+ | 4 | 1 | 0 | 1 | 1 | 4 |
| | Y | 4 | 2 | 5 | 3 | 6 | 2 |
| | O | 6 | 4 | 11 | 3 | 3 | 2 |
| | N | 7 | 9 | 3 | 2 | 1 | 1 |
| | N+ | 1 | 2 | 1 | 1 | 0 | 1 |
| 10. Director liability | | | | | | | |
| 10.1 How serious is your concern about potential director liability (being sued)? | Very serious | 18 | 11 | 1 | 4 | 4 | 4 |
| | Serious | 2 | 3 | 7 | 5 | 4 | 3 |
| | Slightly concerned | 2 | 4 | 12 | 1 | 2 | 2 |
| | Not concerned | 0 | 0 | 0 | 0 | 1 | 1 |
| 10.2 Do you believe that the fear of personal liability (being sued) discourages qualified persons from serving as bank directors? | Very often | 2 | 2 | 1 | 4 | 4 | 4 |
| | Sometimes | 11 | 9 | 6 | 3 | 5 | 5 |
| | Rarely | 7 | 7 | 10 | 3 | 2 | 1 |
| | Never | 2 | 0 | 3 | 0 | 0 | 0 |
| 10.3 Do you believe that some directors act out of fear of personal liability, rather than in the best interest of the bank? | Very often | 1 | 2 | 0 | 0 | 1 | 3 |
| | Sometimes | 7 | 8 | 6 | 6 | 5 | 5 |
| | Rarely | 7 | 8 | 13 | 2 | 2 | 2 |
| | Never | 5 | 0 | 1 | 2 | 3 | 0 |
| 11. Priorities for a more effective board: What do think about the following tasks for the purpose of enhancing the effectiveness of the board? | | | | | | | |
| 11.1 Selecting better qualified, truly independent directors | Y+ | 13 | 9 | 13 | 5 | 6 | 5 |
| | Y | 8 | 7 | 7 | 4 | 5 | 5 |
| | O | 0 | 1 | 0 | 0 | 0 | 0 |
| | N | 0 | 0 | 0 | 0 | 0 | 0 |
| | N+ | 0 | 1 | 0 | 0 | 0 | 0 |
| 11.2 Separating CEO from the board chair position | Y+ | 9 | 1 | 2 | 7 | 7 | 3 |
| | Y | 3 | 3 | 2 | 2 | 1 | 4 |
| | O | 5 | 0 | 9 | 0 | 3 | 2 |
| | N | 4 | 1 | 7 | 0 | 0 | 1 |
| | N+ | 0 | 1 | 0 | 0 | 0 | 0 |
| 11.3 Promoting boardroom culture that encourages | Y+ | 11 | 9 | 10 | 7 | 7 | 6 |
| | Y | 10 | 9 | 10 | 2 | 3 | 4 |

| | | | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----|----|----|---|---|---|
| culture that encourages constructive criticism and alternative views | O | 0 | 0 | 0 | 0 | 1 | 0 |
| | N | 0 | 0 | 0 | 0 | 0 | 0 |
| | N+ | 0 | 0 | 0 | 0 | 0 | 0 |
| 11.4 Adequate and timely provision of information to the directors | Y+ | 10 | 11 | 12 | 7 | 6 | 7 |
| | Y | 11 | 7 | 8 | 3 | 5 | 3 |
| | O | 0 | 0 | 0 | 0 | 0 | 0 |
| | N | 0 | 0 | 0 | 0 | 0 | 0 |
| | N+ | 0 | 0 | 0 | 0 | 0 | 0 |
| 11.5 Providing education programs for directors | Y+ | 11 | 10 | 6 | 4 | 2 | 4 |
| | Y | 8 | 7 | 12 | 5 | 6 | 4 |
| | O | 1 | 1 | 2 | 1 | 2 | 2 |
| | N | 1 | 0 | 0 | 0 | 1 | 0 |
| | N+ | 0 | 0 | 0 | 0 | 0 | 0 |
| 11.6 Formal annual evaluation of directors | Y+ | 8 | 9 | 5 | 0 | 3 | 3 |
| | Y | 11 | 8 | 11 | 8 | 7 | 5 |
| | O | 0 | 1 | 3 | 2 | 1 | 2 |
| | N | 2 | 0 | 1 | 0 | 0 | 0 |
| | N+ | 0 | 0 | 0 | 0 | 0 | 0 |
| 11.7 Formal annual CEO evaluation by the board | Y+ | 8 | 9 | 8 | 3 | 4 | 5 |
| | Y | 10 | 6 | 11 | 6 | 6 | 4 |
| | O | 1 | 3 | 1 | 1 | 1 | 1 |
| | N | 2 | 0 | 0 | 0 | 0 | 0 |
| | N+ | 0 | 0 | 0 | 0 | 0 | 0 |
| 11.8 Making director compensation more linked to firm performance | Y+ | 11 | 9 | 8 | 2 | 3 | 3 |
| | Y | 7 | 9 | 11 | 5 | 4 | 4 |
| | O | 0 | 0 | 0 | 3 | 2 | 2 |
| | N | 3 | 0 | 1 | 0 | 2 | 1 |
| | N+ | 0 | 0 | 0 | 0 | 0 | 0 |
| 11.9 Better public disclosure of board activity | Y+ | 11 | 7 | 5 | 3 | 4 | 3 |
| | Y | 7 | 9 | 14 | 5 | 6 | 3 |
| | O | 1 | 2 | 1 | 1 | 1 | 3 |
| | N | 2 | 0 | 0 | 1 | 0 | 1 |
| | N+ | 0 | 0 | 0 | 0 | 0 | 0 |
| 11.10 Having fewer or no board members from the controlling shareholder's family | Y+ | 10 | 6 | 7 | 1 | 3 | 2 |
| | Y | 9 | 8 | 11 | 0 | 6 | 0 |
| | O | 2 | 2 | 2 | 5 | 1 | 3 |
| | N | 0 | 2 | 0 | 3 | 1 | 1 |
| | N+ | 0 | 0 | 0 | 1 | 0 | 4 |
| 12. Whose role do you think is most important among the following entities in improving corporate governance of banks in your country? (ranking by importance: some respondents giving a same ranking to multiple parties) | | | | | | | |
| - Large shareholders | 1 | 8 | 3 | 10 | 6 | 0 | 5 |
| | 2 | 3 | 4 | 4 | 1 | 2 | 1 |
| | 3 | 1 | 1 | 6 | 0 | 1 | 2 |
| | 4 | 1 | 3 | 0 | 2 | 5 | 0 |
| | 5 | 4 | 1 | 0 | 0 | 0 | 2 |
| | 6 | 4 | 2 | 0 | 1 | 1 | 0 |
| | 7 | 1 | 3 | 0 | 0 | 1 | 0 |
| | 1 | 4 | 3 | 6 | 4 | 5 | 1 |

| | | | | | | | |
|--------------------------------------------------------------|-----------------|---|---|----|---|---|---|
| - Outside/independent directors | 1 | 4 | 3 | 6 | 4 | 5 | 1 |
| | 2 | 6 | 5 | 8 | 2 | 2 | 3 |
| | 4 | 4 | 2 | 1 | 0 | 0 | 3 |
| | 5 | 3 | 3 | 1 | 0 | 2 | 0 |
| | 6 | 1 | 0 | 0 | 0 | 0 | 0 |
| | 7 | 1 | 0 | 0 | 0 | 0 | 0 |
| - Professional societies such as accounting and audit | 1 | 3 | 4 | 0 | 0 | 0 | 0 |
| | 2 | 5 | 3 | 0 | 2 | 0 | 0 |
| | 3 | 5 | 5 | 2 | 5 | 4 | 3 |
| | 4 | 6 | 4 | 11 | 1 | 3 | 3 |
| | 5 | 2 | 1 | 7 | 2 | 4 | 3 |
| | 6 | 1 | 0 | 0 | 0 | 0 | 0 |
| | 7 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Civil (minority shareholder) activists | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2 | 2 | 1 | 0 | 2 | 1 | 0 |
| | 3 | 3 | 1 | 3 | 0 | 0 | 0 |
| | 4 | 2 | 2 | 4 | 1 | 1 | 0 |
| | 5 | 4 | 1 | 9 | 3 | 0 | 2 |
| | 6 | 5 | 3 | 3 | 4 | 7 | 6 |
| | 7 | 6 | 9 | 1 | 0 | 1 | 1 |
| - (Financial) press - journalists | 1 | 2 | 1 | 0 | 0 | 0 | 0 |
| | 2 | 1 | 2 | 0 | 1 | 0 | 1 |
| | 3 | 1 | 0 | 0 | 1 | 1 | 0 |
| | 4 | 2 | 1 | 1 | 0 | 2 | 0 |
| | 5 | 7 | 6 | 1 | 1 | 3 | 1 |
| | 6 | 4 | 7 | 12 | 4 | 1 | 2 |
| | 7 | 5 | 0 | 6 | 3 | 4 | 5 |
| - Financial supervisory agency | 1 | 5 | 7 | 5 | 2 | 6 | 4 |
| | 2 | 7 | 6 | 7 | 2 | 4 | 4 |
| | 3 | 3 | 1 | 5 | 0 | 1 | 1 |
| | 4 | 2 | 1 | 3 | 5 | 0 | 0 |
| | 5 | 2 | 0 | 0 | 1 | 0 | 0 |
| | 6 | 1 | 2 | 0 | 0 | 0 | 0 |
| | 7 | 2 | 0 | 0 | 0 | 0 | 0 |
| - The judiciary | 1 | 3 | 2 | 0 | 1 | 0 | 1 |
| | 2 | 3 | 0 | 0 | 0 | 2 | 0 |
| | 3 | 2 | 4 | 0 | 1 | 2 | 0 |
| | 4 | 3 | 3 | 0 | 0 | 0 | 3 |
| | 5 | 2 | 3 | 1 | 2 | 1 | 1 |
| | 6 | 4 | 2 | 4 | 0 | 1 | 1 |
| | 7 | 5 | 3 | 15 | 6 | 4 | 3 |
| 13. Relative corporate governance quality of the bank | | | | | | | |
| | Much better | 9 | 5 | 9 | 5 | 4 | 4 |
| | Slightly better | 5 | 8 | 7 | 4 | 5 | 2 |
| | About the same | 7 | 5 | 2 | 1 | 2 | 3 |
| | Slightly worse | 0 | 0 | 2 | 0 | 0 | 0 |
| | Much worse | 1 | 0 | 0 | 0 | 0 | 0 |

Notes: The numbers of respondents often do not add up to the total due to missing responses or more than one response choice.

For those Korean and Malaysian banks, which have more than one respondent independent or executive director, their responses were “averaged” - mean, median or most frequent responses depending on the type of questions. When average response could not be determined (due to equal number of different choices, for example), the response given by the director who served the longest on the board was given a higher weight.