



KASIKORNTHAI

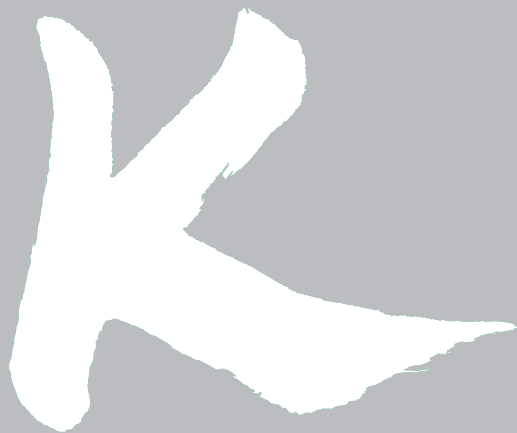
Annual Report 2016

Bank of Sustainability

ธนาคารกสิกรไทย
开泰银行 KASIKORNBANK



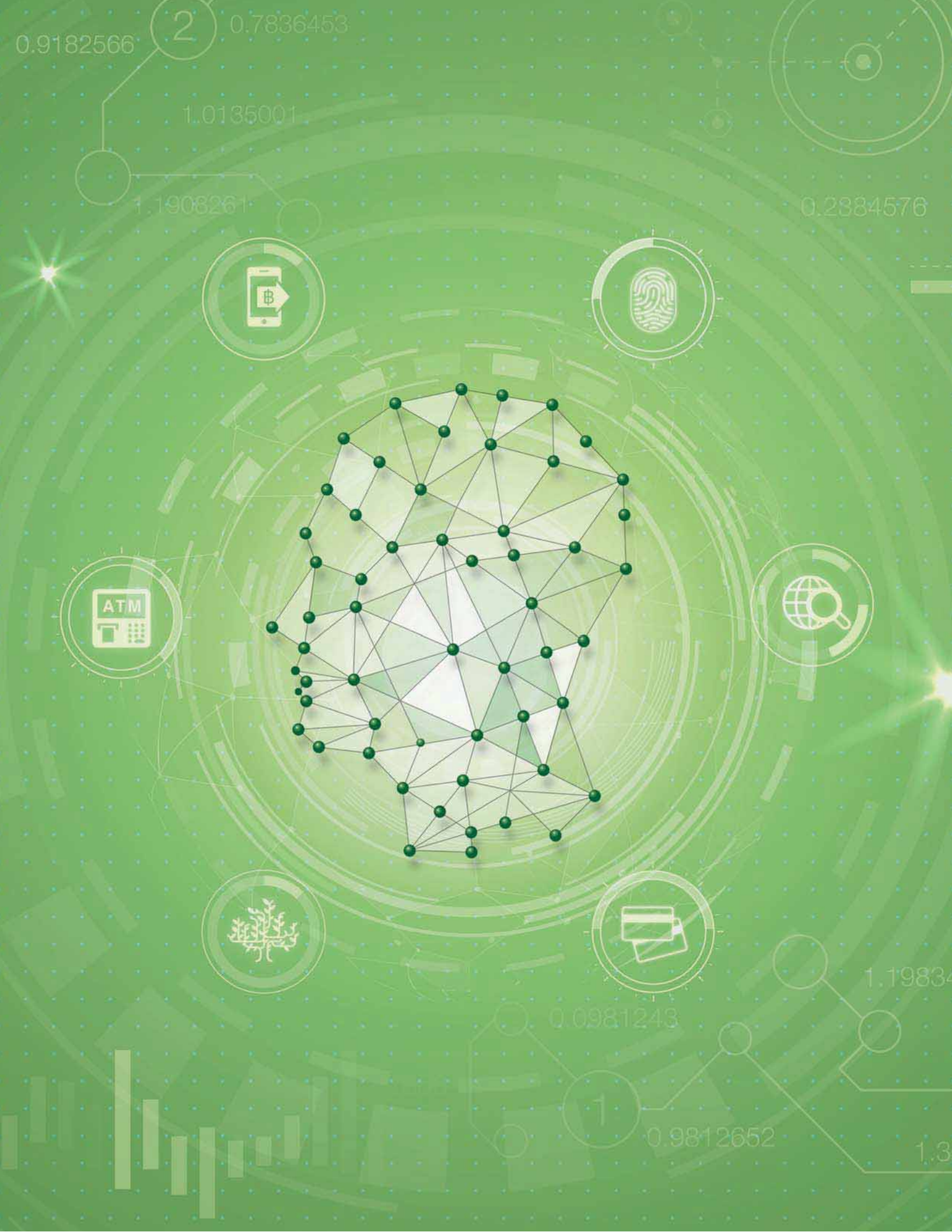
บริการทุกระดับประทับใจ



KASIKORNTHAI



In grateful remembrance of the compassionate reign of His Majesty King Bhumibol Adulyadej
KASIKORNBANK PCL



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Green DNA is our resolution to pursue sustainable development in the economy, society, and environment as a central building block of our organizational culture. This resolution guides us in all our operations and serves to create our identity as “Bank of Sustainability”



Bank of Sustainability

KBank embraces sustainable development in the economy, society, and environment as the foundation of our operations. This guiding concept enhances our business innovation and ensures maximum benefit to all stakeholders, thus paving the way towards being a “Bank of Sustainability” for our society and nation.

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM





KASIKORNBANK aims to be a most innovative, dynamic, and proactive customer-centric financial institution that creates sustainability for all stakeholders.



KASIKORNBANK aims to harmoniously combine technology and human resources to sustainably create world-class-quality financial services, so as to achieve optimal benefits for all stakeholders.



- Customer Centricity
- Organization-Wide Teamwork
- Professionalism
- Innovation

Financial Highlights (Consolidated Financial Statements)

As of or for the years ended December 31,	2016	2015	2014	2013	2012
COMMON SHARE INFORMATION					
Per share (Baht)					
• basic earnings	16.79	16.49	19.28	17.27	14.73
• book value	134.44	119.42	107.41	91.60	77.28
• dividends	4.00	4.00	4.00	3.50	3.00
Share price (Baht) ⁽¹⁾					
• high	201.00	235.00	252.00	225.00	203.00
• low	144.00	147.00	145.50	156.00	113.50
• closing	177.50	150.50	229.00	156.00	193.50
Common shares outstanding					
• average basic (million shares)	2,393.26	2,393.26	2,393.26	2,393.26	2,393.26
• end of year (million shares)	2,393.26	2,393.26	2,393.26	2,393.26	2,393.26
Market capitalization (Million Baht)	424,804	360,186	548,057	373,349	463,096
VALUE MEASURES					
Price to earnings ratio (PER)	10.57	9.13	11.88	9.03	13.14
Price to book value ratio (PBV)	1.32	1.26	2.13	1.70	2.50
Dividend yield (based on closing share price)	2.25%	2.66%	1.75%	2.24%	1.55%
Dividend payout ratio	26.96%	27.83%	22.51%	22.32%	22.12%
Number of employees ⁽²⁾	21,029	21,484	21,614	19,303	17,389
Number of domestic branches ⁽²⁾	1,107	1,120	1,124	965	865
OPERATING RESULTS (Million Baht)					
Interest income - net	89,678	85,012	83,132	72,797	63,581
Non-interest income	63,725	62,503	55,524	47,520	40,724
Fees and service income - net	38,943	37,526	33,944	28,810	24,467
Net insurance premiums	10,264	12,341	11,769	9,729	7,327
Other income	14,518	12,636	9,811	8,981	8,930
Total operating income - net	153,403	147,515	138,656	120,317	104,305
Total other operating expenses	63,854	66,656	61,419	52,270	46,934
Operating profit before provision expense ⁽³⁾ and income tax expense	89,549	80,859	77,237	68,047	57,371
Impairment loss on loans and debt securities	33,753	26,377	14,243	11,744	8,390
Net profit ⁽⁴⁾	40,174	39,474	46,153	41,325	35,260
FINANCIAL POSITION STATEMENT INFORMATION (Million Baht)					
Loans ⁽⁵⁾	1,697,581	1,609,887	1,527,080	1,438,978	1,326,732
Allowance for doubtful accounts and revaluation allowance for debt restructuring	85,212	64,317	50,992	45,099	43,723
Non-performing loans net (NPL net) ⁽⁶⁾	33,553	24,586	15,494	14,664	13,607
Non-performing loans gross (NPL gross)	65,087	49,490	36,067	33,525	33,166
Total assets	2,845,868	2,555,305	2,389,137	2,290,045	2,077,442
Deposits	1,794,835	1,705,379	1,629,831	1,529,835	1,391,380
Total liabilities	2,491,956	2,243,092	2,108,451	2,053,038	1,876,621
Total equity ⁽⁴⁾	321,746	285,800	257,059	219,232	184,946
Risk weighted assets - KASIKORNBANK FINANCIAL CONGLOMERATE	1,824,372	1,732,067	1,621,691	1,523,889	1,350,991

Note: The Bank and its subsidiaries have adopted TFRIC 13: Customer Loyalty Programmes since January 1, 2014 onwards and restated the financial statements and financial ratios as at December 31, 2013. However, this change has no effect on total assets, total liabilities and total equity or net profit of the Bank and its subsidiaries.

⁽¹⁾ Local board / High - low share prices during the year

⁽²⁾ Bank only

⁽³⁾ Provision expense = Impairment loss on loans and debt securities

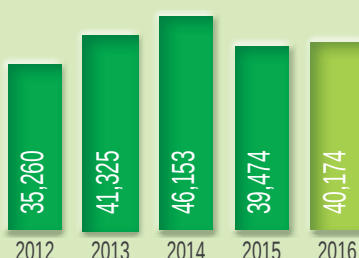
⁽⁴⁾ Excluding non-controlling interests

⁽⁵⁾ Loans = Loans to customers less deferred revenue

⁽⁶⁾ Non-performing loans net = Non-performing loan less allowances for doubtful account

Net Profit

(Unit: Million Baht)



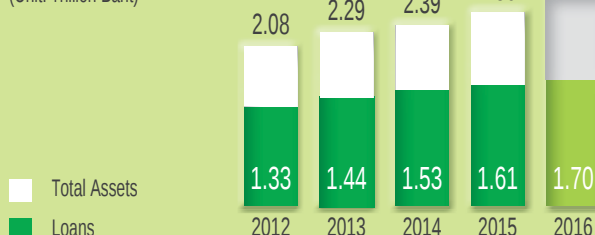
NPL Gross to Total Loans

(Unit: Trillion Baht)



Total Assets

(Unit: Trillion Baht)



Total Liabilities

(Unit: Trillion Baht)



As of or for the years ended December 31,	2016	2015	2014	2013	2012
PERFORMANCE INDICATORS					
Return on average assets (ROAA)	1.49%	1.60%	1.97%	1.89%	1.86%
Return on average equity (ROAE)	13.23%	14.54%	19.38%	20.45%	20.76%
Net interest margin (NIM)	3.52%	3.67%	3.80%	3.55%	3.58%
Non-interest income to average assets	2.36%	2.53%	2.37%	2.18%	2.14%
Non-interest income ratio	41.54%	42.37%	40.04%	39.50%	39.04%
Cost to income ratio	41.63%	45.19%	44.30%	43.44%	45.00%
ASSET QUALITY RATIOS / FINANCIAL POLICY RATIOS					
Loans to deposits ratio	94.58%	94.40%	93.70%	94.06%	95.35%
Loans to deposits and B/E ratio	94.57%	94.15%	93.15%	92.92%	94.06%
NPL net to total loans ⁽⁷⁾	1.74%	1.36%	0.98%	0.93%	0.90%
NPL gross to total loans ⁽⁸⁾	3.32%	2.70%	2.24%	2.11%	2.16%
Total allowance to loans ⁽⁹⁾	5.02%	4.00%	3.34%	3.13%	3.30%
Total allowance to NPL gross (Coverage ratio) ⁽⁹⁾	130.92%	129.96%	141.38%	134.52%	131.83%
Provision expense to average loans (Credit cost) ⁽¹⁰⁾	2.04%	1.68%	0.96%	0.85%	0.66%
Capital adequacy ratio - KASIKORNBANK FINANCIAL CONGLOMERATE ⁽¹¹⁾	18.84%	18.00%	17.31%	15.78%	15.64%
Tier 1 capital ratio - KASIKORNBANK FINANCIAL CONGLOMERATE ⁽¹¹⁾	15.16%	14.53%	13.49%	12.57%	10.44%

Note: The Bank and its subsidiaries have adopted TFRIC 13: Customer Loyalty Programmes since January 1, 2014 onwards and restated the financial statements and financial ratios as at December 31, 2013. However, this change has no effect on total assets, total liabilities and total equity or net profit of the Bank and its subsidiaries.

⁽⁷⁾ Loans used in calculation are loans to general customers and loans to financial institutions less allowance for doubtful account of non-performing loan.

⁽⁸⁾ Loans used in calculation are loans to general customers and loans to financial institutions.

⁽⁹⁾ Allowance = Allowance for doubtful accounts and revaluation allowance for debt restructuring.

⁽¹⁰⁾ Provision expense = Impairment loss on loans and debt securities

⁽¹¹⁾ 2013 - 2016 has been reported in accordance with Basel III Capital Requirement from January 1, 2013 onwards. 2012 has been reported in accordance with Basel II.

CUSTOMER CENTRICITY





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Board of Directors' Report

The year 2016 was marked by the passing of Thailand's revered Monarch, His Majesty King Bhumibol Adulyadej. Throughout his 70 years on the throne, His Majesty worked untiringly for peace and prosperity for the Thai people, as evidenced by over 4,000 royal-initiated projects across the country. His great virtues will be forever remembered by all Thais and all of us at KASIKORNBANK (KBank). As a member of Thailand's financial and banking sector, KBank attained continued achievements under His Majesty's patronage. His Majesty's persuasive eloquence over the years has been a guiding light in conducting our personal lives and our efforts towards advancement and stability. KBank continues to adhere to His Majesty's guidance in all our business operations.

Over the past year, the Thai economy grew within a limited range, with the support of government spending and tourism, while private investment and consumption recovered at a slow pace. KBank maintained our aim of being a "Bank of Sustainability" in all our operations, based on the Good Corporate Governance principles as well as appropriate risk and cost management. We also adhered to our established "Customer Centricity" strategy and the aspiration of being our "Customers' Main Bank", as well as brand empowerment via the delivery of an impressive experience to all customer segments and the creation of sustainability for all stakeholders. In 2016, KBank realized a net profit of Baht 40,174 million, a 1.77 percent increase over the previous year, primarily due to a Baht 4,666 million, or 5.49 percent increase in net interest income. Net interest margin stood at 3.52 percent. Non-interest income increased by Baht 1,222 million, or 1.96 percent, mainly due to an increase in net fees and service income and revenue from capital market products, while net insurance premiums decreased. Moreover, other operating expenses decreased by Baht 2,802 million, or 4.20 percent, resulting in the cost to income ratio standing at 41.63 percent. However, KBank has set aside a higher allowance for impairment loss on loans of Baht 7,376 million, in reserve against uncertainty from economic slowdown. Our Capital Adequacy Ratio (CAR) per Basel III capital requirements stood at 18.84 percent, with a Tier-1 capital ratio of 15.16 percent, indicating continuing strength in our capital base.

To be well prepared for future technological developments in the financial market and changing consumer behaviors in the digital era, KBank is dedicated to upholding our competitiveness and advancing our presence in new markets. To this end, KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG) was set up at the end of 2015. This group's objectives are to sharpen our competitive advantage and forge partnerships to jointly innovate new financial products and services. Throughout 2016, KBTG unceasingly studied, explored, and developed the use of novel technologies. A notable example of their work was Beacon Interface Co., Ltd., a startup supported by KBank, which became the sole entrant from Thailand in the Global FinTech Hackcelerator competition at the Singapore FinTech Festival 2016, organized by the Monetary Authority of Singapore (MAS). Beacon Interface won two awards, namely the Global FinTech Hackcelerator award from MAS and the Developer Hub award from Citigroup - a major sponsor of the event - for the introduction of an application that enables visually impaired users to safely conduct financial transactions via smartphones using a Non-Location Based Interface. This highly creative application - expected to launch in 2017 - is perfectly aligned with KBank's policy to promote improved access to financial services for all people and confirms our commitment to continually introduce new financial innovations. We hope to advance our position in the financial world of the future, blending our competency in technology with capable human resources to devise quality financial services at world-class standards. Our ultimate aim is to attain enhanced competitiveness and sustainable business advancement.

In sustaining our leadership in the digital banking field, we attained 2,234 million transactions via all channels in 2016, including our nationwide service network comprising 1,107 branches and 11,683 automated machines by which customers can conduct transactions on their own. On the regional front, KBank is gearing towards becoming an “AEC+3 Bank” to serve, support, and facilitate clients and their partners in international trade, investment, and settlements. Those seeking to expand their trade and investment bases in the AEC, as well as in People's Republic of China, Japan, and the Republic of Korea, will benefit from our business partnerships with 75 financial institutions in 13 countries, within and outside of the AEC+3. In 2016, our representative office in Phnom Penh, Kingdom of Cambodia, was upgraded to a full branch with comprehensive services. Presently, our overseas service network includes 16 establishments in nine countries plus digital service channels, all contributing to our solid foundation as a financial conglomerate.

Beyond our goal to promote stable and sustainable growth in our business, KBank places equal importance on Good Corporate Governance, sustainable development, and especially our adherence to “Green DNA”. This pledge has been ingrained into our workforce consciousness and embedded into our corporate culture by formal resolution, to be passed from one generation to the next. Our strong determination to serve as a “Bank of Sustainability” for society and the nation has earned us the acceptance and trust of all stakeholders, including many Thai and international organizations, as evidenced by the many awards granted to us in the past year.

On behalf of KASIKORNBANK Board of Directors and employees, I take this opportunity to express our sincere appreciation for your continued trust on our business.



(Mr. Banthoon Lamsam)
Chairman of the Board and Chief Executive Officer



Management Report

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Management Discussion and Analysis

Executive Summary of Management Discussion and Analysis

For the Year Ended December 31, 2016

In 2016, Thai economic growth remained fragile, but was bolstered by government spending and stimulus efforts, as well as by thriving tourism. Investment and private spending saw decelerating rebounds. Amid an imbalanced economy that had yet to see a full recovery across all sectors, KASIKORNBANK (KBank) focused efforts on operating costs and integrated risk management using a proactive approach in parallel with assistance to our customers to sustain their businesses and financial status. This of course was in alignment with our “Customer Centricity” strategy and our endeavors towards becoming the “Customers’ Main Bank”. We are determined to accommodate the varied needs of our customers across all segments to support sustainable long-term growth, in line with our organization-wide commitment to strengthening awareness towards becoming a “Bank of Sustainability” across all dimensions.

Guided by these business strategies for 2016, KBank and subsidiaries reported a net profit of Baht 40,174 million, an increase of Baht 700 million, or 1.77 percent over-year. Meanwhile, our impairment loss on loans and debt securities increased Baht 7,376 million - 27.96 percent higher - to cope with the slowing economic recovery, which was reflected in our proactive asset quality management. The rise in net profit was attributed to an increase of Baht 8,690 million in operating profit before provision expense and income tax expense, 10.75 percent higher over-year, which was derived from net interest income that rose Baht 4,666 million - 5.49 percent higher over-year - due to rising interest income from interbank and money market items, as well as falling interest expenses. At the same time, non-interest income increased Baht 1,222 million - 1.96 percent higher over-year - while operating expenses declined Baht 2,802 million, a 4.20 percent drop over-year.

As such, KBank was able to maintain key financial ratios at levels consistent with our overall economic performance. Our net interest margin (NIM) equaled 3.52 percent, lower than the previous year but higher than our target. Our cost to income ratio was favorable at 41.63 percent - more effective than the preceding year. Meanwhile, our robust capital position was sufficient to cushion against risks, and greater than the Bank of

Thailand's requirement. In evidence of this, KASIKORNBANK FINANCIAL CONGLOMERATE's capital adequacy ratio (CAR) according to the Basel III accord was 18.84 percent, with a Tier-1 capital ratio of 15.16 percent.

The operating performance of the wholly-owned subsidiaries of KBank was also satisfactory in terms of quantity and quality due to the concerted efforts of all units involved. KASIKORN SECURITIES PCL continued to report favorable operating performance and was able to retain its market leadership. KASIKORN ASSET MANAGEMENT CO., LTD. remained at the top of the asset management business. KASIKORN LEASING CO., LTD. sustained satisfactory lending business volume and asset quality. Net lending by KASIKORN FACTORY & EQUIPMENT CO., LTD. continued to grow in accordance with our target. In addition, Muang Thai Life Assurance PCL retained its leadership in the bancassurance business, with total premium market share of 28.10 percent in 2016.

All of the above endeavors and satisfactory operating performance, together with sound corporate governance, allowed KBank and K Companies to meet business targets to gain wide acceptance and recognition at home and abroad, as reflected in the numerous awards we received in 2016.

Looking ahead into 2017, we continue to face a new competitive era vis-à-vis the economy, regulatory requirements, technologies and fast-changing consumer behavior because of a broader marketplace within the ASEAN Economic Community (AEC) in the advancing digital age. To achieve long-term sustainable growth and returns while maintaining our leadership in the market, the Conglomerate's strategies thus emphasize enhancement of our business capabilities. Blending technology with business partner collaborations - including startup firms - we intend to create even more financial product and service innovations to uplift our sales and enhance our service quality excellence. We remain committed to efficient operating cost and asset quality management, as well as maximization of our resource utilization in both IT and human resource management, primarily taking into consideration customer benefits together with the protection of their rights.

Overview of Operating Environment

1. Global and Thai Economy in 2016 and Outlook for 2017

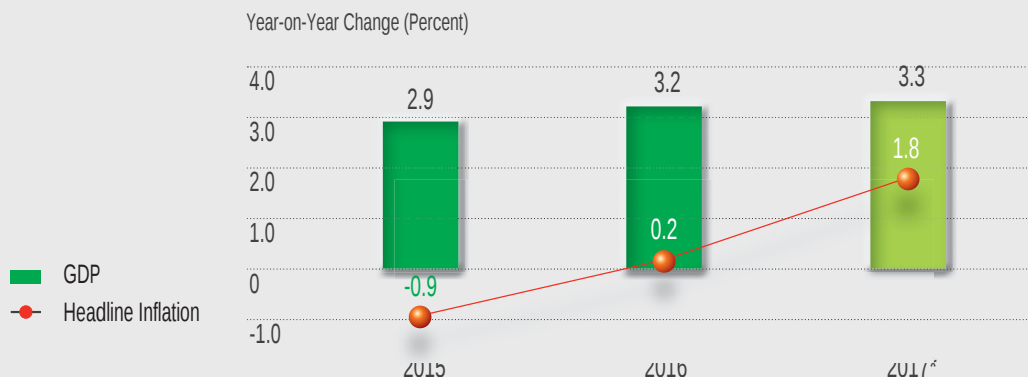
The global economy faced headwinds throughout 2016. Nonetheless, core economies still grew, led by the healthy US economy, especially its brighter labor market. Economic slowdown was seen elsewhere, as projected, particularly in China, the European Union and Japan. Surging oil and commodity prices helped shore up oil-exporting and emerging economies. The situation was reflected in the World Economic Outlook of the International Monetary Fund, which projected that the global economy may grow 3.1 percent in 2016, slightly lower than the 3.2-percent growth in 2015.

Looking forward into 2017, the world economy is expected to see fragile recovery amid numerous challenges. Of particular note will be US's "America First" policy, which may pose a new threat to the global trade. Other issues which warrant close monitoring are Chinese economic sluggishness,

and uncertainty in the EU, particularly during the process of the UK leaving the EU (Brexit), and general elections which will be held in several Eurozone countries. Against this backdrop, many central banks worldwide may maintain the status quo in their monetary policies for 2017. The Federal Reserve may continue to hike its policy rate while other central banks may keep their accommodative stance intact through the entire year, even though inflation in certain countries has edged up in line with hikes in global oil prices.

In Thailand, economic indicators for the fourth quarter of 2016 showed that despite lethargic tourism and private investment, better-than-expected exports, acceleration in the government's budget disbursements and stimulus measures to boost year-end spending may somewhat offset the downsides, thus supporting the Thai economy to grow at 3.0 percent over-year. Overall, the Thai economy in 2016 saw growth of 3.2 percent, supported by government spending and stimulus efforts as well as thriving tourism during the first three quarters of 2016. For the 2017 outlook,

Thailand Economic Growth



Sources: Office of the National Economic and Social Development Board and Ministry of Commerce

* Forecast by KASIKORN RESEARCH CENTER CO., LTD.

Thailand may enjoy more balanced economic growth. Despite decelerating growth of tourism, public investment and private consumption, exports are set to be bolstered by rebounding oil and commodity prices in the global market. Meanwhile, private investment may receive a boost from projects related to the government's infrastructure investment. For the Thai monetary policy, the Bank of Thailand's policy rate is expected to stay low at 1.50 percent for the whole year to accommodate domestic economic activity, which is on a recovery path. Nonetheless, Thai government bond yields may edge up in line with those of US Treasury bonds, in expectation of US rate hikes throughout the year.

2. Banking Industry, Competition and Emerging Risks

Banking Industry and Competition

Commercial banks' overall performance in 2016 was challenged by surging costs and expenses. While asset quality management was their priority, most banks also provided assistance to customers amid the feeble economic recovery. With slower loan disbursements in line with lackluster private investment, loans for 2016 showed limited growth, thus putting pressure on interest and fee income - the core revenue of the banking system. To cushion against possible future risks, meanwhile, most banks had to set aside higher allowance for impairment loss on loans, which prompted an increase in coverage ratio compared to the previous year.

With regard to commercial banks' ability to generate income, net interest income of the Thai banking system increased over-year. The rise could be attributed to their effective cost

management despite falling interest income. Likewise, net interest margin (NIM) was higher, especially that of small-sized commercial banks which benefited from revival in auto financing. At the same time, net non-interest income grew at a decelerating rate from the year before, as a result of a high base effect, soaring fees and service expenses, as well as declines in gains on trading and foreign exchange transactions and gains on investments in line with volatile financial markets. Given commercial banks' effective cost management, cost to income ratio was almost unchanged from the year before.

For the outlook of commercial banks in 2017, loans are likely to see higher growth than in 2016. Interest income is set to increase over-year with support of brighter prospects of public and private investment, and a certain number of debtors being released from debt burdens after the end of the first-car buyer scheme. Moreover, the debt quality problem will likely ease in light of further signs of Thai economic recovery. Amid the global interest rate uptrend and the rising ratio of loan to deposit plus bills of exchange (B/E), however, funding cost management will remain a challenge for commercial banks. Therefore, NIM may remain almost on a par with the year before. On the fee income front, challenges still exist. These included the National e-Payment Master Plan, with the launch of the PromptPay service slated for January 2017, and heightened rivalry with new players joining the fray, especially in the payment business. However, most banks have focused more on innovation, shifting to develop their financial products and services via digital channels as a means to create new fee income while also sustaining the overall fee income. Given commercial banks' ability to generate income as earlier mentioned, along with effective cost management, their profitability may remain steady in 2017.

As of December 31, 2016, KBank ranked fourth in assets, deposits and net loans in the commercial banking system, with the market shares of 13.92 percent, 14.61 percent, and 13.99 percent, respectively.

Within the entire commercial banking system, 19 domestically-registered commercial banks and 12 foreign bank branches hold market shares in assets, deposits, and net loans, as shown in the below table.

(Unit: Million Baht)

Bank	Assets	Market Share (%)	Deposits	Market Share (%)	Net Loans	Market Share (%)
Bangkok Bank	2,838,799	16.02	2,116,659	17.19	1,777,103	15.64
Siam Commercial Bank	2,661,442	15.02	2,021,454	16.42	1,850,637	16.29
Krung Thai Bank	2,614,798	14.75	1,975,158	16.04	1,734,199	15.26
KASIKORNBANK	2,467,252	13.92	1,798,440	14.61	1,589,192	13.99
Bank of Ayudhya	1,805,967	10.19	1,102,914	8.96	1,302,638	11.46
Thanachart Bank	906,868	5.12	677,807	5.50	632,310	5.56
TMB Bank	820,172	4.63	599,021	4.87	568,335	5.00
United Overseas Bank	451,743	2.55	324,081	2.63	308,971	2.72
CIMB Thai	295,623	1.67	183,877	1.49	193,189	1.70
TISCO Bank	260,751	1.47	155,951	1.27	213,994	1.88
Kiatnakin Bank	220,312	1.24	110,209	0.89	167,442	1.47
Land and Houses Bank	209,695	1.18	149,639	1.22	138,051	1.22
Standard Chartered Bank (Thai)	190,701	1.08	52,180	0.42	32,284	0.28
ICBC (Thai)	158,151	0.89	92,024	0.75	93,797	0.83
Bank of China (Thai)	43,946	0.25	21,996	0.18	21,164	0.19
Thai Credit Retail Bank	39,334	0.22	32,905	0.27	32,887	0.29
Sumitomo Mitsui Trust Bank (Thai)	29,260	0.17	8,607	0.07	19,903	0.18
ANZ Bank (Thai)	28,242	0.16	996	0.01	9,077	0.08
Mega International	20,212	0.11	11,675	0.09	15,287	0.13
Domestically-registered commercial banks	16,063,268	90.64	11,435,593	92.88	10,700,460	94.17
Foreign bank branches	1,658,108	9.36	877,085	7.12	662,789	5.83
All commercial banks	17,721,376	100.00	12,312,678	100.00	11,363,249	100.00

Source: C.B. 1.1 and C.B. 1.2 (Bank-only Financial Statements)

Emerging Risks

Over the next three to five years, the Thai banking system will face numerous challenges. Aside from impacts on economic and business trends, they may have direct and indirect effects on the commercial banking business. In detail:

1. International trade policy change: Regional trade blocs and protectionism may become more prevalent. The US will move forward with changes in its international trade policy, leading to heightened protectionism towards non-US allied countries, through either tariff or non-tariff measures. As a signatory to various FTA agreements such as the ASEAN Economic Community (AEC) and ongoing negotiations on other FTA pacts, Thailand should retain access to free trade areas and the world's major markets. However, it is imperative to keep a close watch on US trade policy, which will have implications for various countries, especially China - Thailand's major trade partner. This issue may affect Thai exports over the medium to long term, as well as business competitiveness. On another front, Thai businesses, especially SMEs dependent on the domestic market, will need to adapt as free trade policies attract new competitors to the market. These challenges could potentially impact trends and growth prospects for the banking industry.

2. Demographic change and consumer behavior amid fast-changing technology: Thailand will become an aged society within the next 10 years. The millennial generation more and more drives the global and domestic economies. As millennial lifestyles are sharply different from those of previous generations, particularly in the familiarity with and fast adoption of new technology. They will certainly influence a change in products

and services including service channels. The competitive landscape among service providers is changing significantly, with a rising number of new players from different businesses. Competition in the payment business is perhaps the clearest example. As consumers choose to make payments electronically rather than at physical pay points such as branches and ATMs, multiple providers are rushing to take advantage of this trend, with banks, non-bank entities such as FinTech companies and e-Commerce providers, and retailers jumping onto this bandwagon. As the rivalry intensifies, it's consumers that stand to benefit the most.

3. Industry transformation/transformation of business models: While the rapid introduction of new technology offers opportunities for businesses able to embrace change to maintain competitive edge and profit growth, this may pose real threats to those who are slow to adapt, putting their competitiveness in jeopardy over the medium to long term.

4. Climate change: Regarded as a long-term risk to global and Thai economic stability, climate change will directly impact food security and the quality of life, inevitably affecting businesses and commercial banks, alike.

5. Regulatory change: This involves changes to accounting and international capital standards, regulatory requirements of the Thai financial market, consumer protection and privacy policy laws, as well as electronic security standards. It is imperative for commercial banks to fine-tune their business undertakings in compliance with changing regulations. Doing so will not only bolster confidence among stakeholders but also be conducive to the public good and economic stability over the long term.

3. Regulatory Changes⁽¹⁾

Significant regulatory changes that may have affected KBank's and K Companies' business operations included:

Securities and Exchange Act (No. 5) B.E. 2559 (2016)

The Securities and Exchange Act (No. 5) B.E. 2559 (2016) which came into effect on December 12, 2016 contains salient points as follows:

1. Amendments were made to the provision concerning market misconduct for greater clarity and new types of offences were added for broader coverage. Examples of the new offences include disseminating analyses or forecasts based on false data to the public; front running, that is, using knowledge of an impending trade to benefit by trading in advance; and using nominee's trading account or allowing another person to use one's securities trading account in such a way as to conceal one's identity.

2. Civil penalties are added which may be used, in certain circumstances, as an option apart from criminal penalties, to improve the effectiveness of law enforcement and for greater investor protection. The new civil penalties may be applied where offences with high impact on the trustworthiness and transparency of the capital market are committed. Such offences include market misconduct (e.g. insider trading); breaching the law on information disclosure to the detriment of investors and the capital market; directors or executives of listed companies fail to perform their fiduciary duties (responsibility, prudence and integrity); and using nominee's account or allowing another person to use one's securities trading account in such a way as to conceal one's identity. In cases where the offender admits to the civil penalties and makes full payment, the case - both the civil and criminal - shall be terminated.

3. The scope of securities holding reports of directors, managers and executives is expanded to include unmarried partners, and any juristic person in which more than 30 percent of shares with voting rights are collectively held by the said persons.

This amendment revises the element of offences and enhances law enforcement for greater efficiency, bringing the law up-to-date and in line with international standards, helping to accommodate capital market connectivity and the launch of new financial products. KBank has already put in place necessary procedures for compliance.

Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Act B.E. 2559 (2016)

Effective December 31, 2016, Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Act B.E. 2559 (2016) includes measures intended to prevent financing that supports the proliferation of weapons of mass destruction (WMD):

1. Expand the definition of designated persons to include those whose actions are involved with proliferation of WMD such as nuclear, biological, chemical or other weapons which cause serious harm to lives of human, animal, plant or environment similar to such weapons, including means of delivery, component or equipment of such weapons.

2. Upon identifying any designated person, KBank shall freeze the assets of designated persons or a person acting on behalf of, or at the direction of, or an undertaking owned or controlled by such persons, directly or indirectly; and inform the Anti-Money Laundering Office.

3. KBank is responsible for setting out a risk assessment policy or any guidance for the prevention of being used as a channel for financing proliferation of WMD.

The Act has caused KBank to adopt stringent procedure and practices to uplift its Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) operations to comply with international standards as recommended by Financial Action Task Force (FATF) on money laundering which KBank has already made preparation in this respect.

⁽¹⁾ Details related to other regulatory changes on KBank business operations during 2016 can be found in the Management Discussion and Analysis (MD&A) reports for the quarters ending March 31, 2016, June 30, 2016 and September 30, 2016.

National e-Payment Master Plan

Recognizing the importance and benefits of the National e-Payment Master Plan for the general public, the government and Thailand as a whole, KBank, in collaboration with other banks, via the Thai Bankers' Association, has established a procedure to develop common payment systems to be consistent with the Plan. We have also devised operational guidelines and upgraded our IT system to accommodate the changes. In detail:

- **PromptPay:** The program involves a funds transfer service which requires the recipient's national ID or mobile phone number as a reference. Together with the Thai Bankers' Association, KBank has established relevant processes and conditions for registration with the highest system security to accommodate person-to-person payment (P2P) as well as funds transfer from businesses or the government to the public. Registration for PromptPay is open at KBank, with the P2P program launched in January 2017.
- **Card Expansion:** To promote e-Payment via debit cards and/or mobile phones, KBank has expanded our debit cardholder base with the issuance of debit cards under the Local Card Scheme. An expansion of EDC service is also in the pipeline.
- **e-Tax:** Guidelines have been established for the development of comprehensive payment systems, e.g., e-Tax Invoicing, e-Receipts and e-Withholding Tax, to assist our customers in business management.
- **Market Education and Activation Program:** To remain at the forefront as a digital banking provider and to encourage our customers to migrate to e-Payment use, we will be enhancing our capacities in digital banking channels to meet their diverse needs. In parallel, knowledge about e-transaction security will be disseminated to the public.

Guidelines for Technology-led Business Undertakings and Competition with Non-Bank Entities

KBank is fully aware of the coming digital economy. Digital technologies are now playing a pivotal role in driving innovation and organization transformation for enhanced competitive capabilities and excellent customer experiences. Technologies are opening up new horizons to financial services. To brace for this new phenomenon, KBank has embraced an integrated strategy of managing the existing core businesses for prolonging existing revenue in parallel with creating new business models by building the new sustainable capabilities and strengths. The two business models are being developed so as to balance and complement each other.

From KBank's perspective, not only do consumers stand to benefit from the entry of non-bank competitors, but KBank also gains opportunities for partnering with the new players. We envision working with them in developing financial service innovations along with strengthening our competitiveness with even greater service excellence and in delivering exceptional experiences to every customer segment.

International Financial Reporting Standards (IFRS)

In 2016, the IFRS Conversion Project was still focused on management in preparation for compliance with IFRS 9 Financial Instruments. Collaboration has been sought with government agencies as well as other Thai and foreign commercial banks for the establishment of operational guidelines which are aligned with Thailand's long-term economic development strategies and financial reporting standards. In addition, we have improved work process and database served as a foundation for work system development to accommodate the Project, which will come into effect on January 1, 2019.

Risk Management and Risk Factors⁽²⁾

1. Overall Risk Management

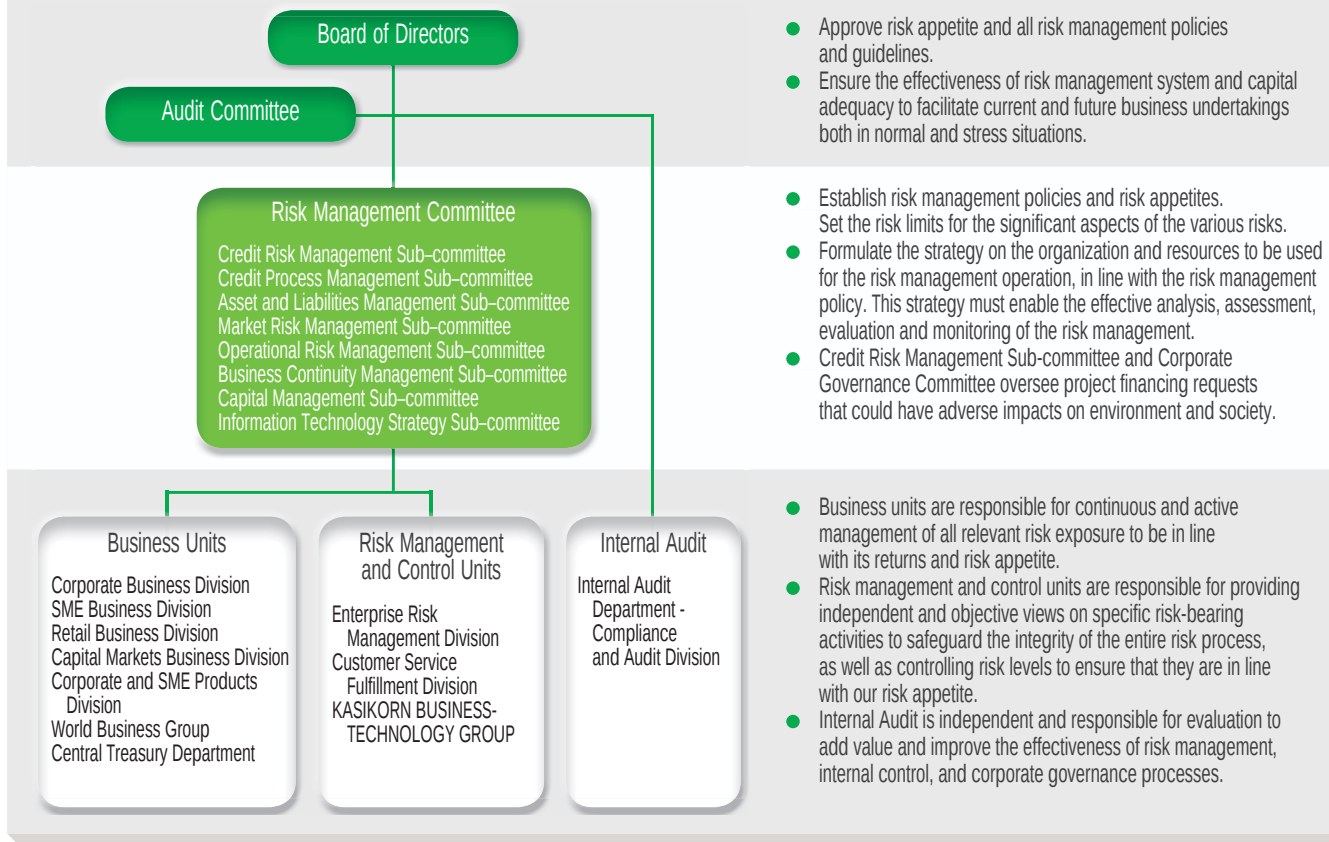
Regarded as an integral part of our organizational culture, KBank has established risk management policy, together with risk appetite and risk management guidelines at the Board and Senior Management levels. Potential risks are taken into account when formulating our strategies and business undertakings to support business growth, thus ensuring sustainable profitability and maximization of returns to shareholders and investors.

KBank's risk management strategy has been established in line with international guidelines and principles, and applied throughout the Conglomerate. We engage in a consolidated risk management framework that emphasizes management of major risks, e.g., credit, market, liquidity, operational, strategic and other risks. KBank's risk management structure clearly

determines duties and responsibilities of relevant units, including an independent risk management unit. Risk-adjusted performance measurement has been applied with each business unit.

KBank's risk management and capital management is under the supervision of the Board of Directors, which is responsible for ensuring adequate capital and managing capital adequacy assessment process to accommodate our present and future business operation. Meanwhile, Senior Management ensures that policies, processes and systems for controlling, monitoring and reporting risks and capital are in place whereas segregation of duties and reporting lines are clearly defined in conformity with the good internal control principle. We also emphasize thorough, accurate and regular disclosures on risk management and capital to the public.

Risk Management Structure



⁽²⁾ Details of various risk management and other related information, in accordance with the Bank of Thailand's Pillar 3 requirements and disclosure principles, are shown in the Basel III Pillar 3 Disclosure section on KBank's website.

Key Developments to Strengthen Risk Management

KBank places a great emphasis on effective and timely risk management. Risk management policies, tools and processes have been developed and reviewed regularly to guard against rising risk trends in line with market volatility, as well as appropriate for changes in regulatory requirements, business undertakings including domestic and global economic policies. Relevant actions taken were as follows:

- Value-Based Management (VBM) and capital allocation was applied to credit risk management by setting the direction of loan growth and business targets for customers and products. A capital management plan has been devised to ensure adequate capital in all situations. A mechanism has been set up to monitor the use of KBank's capital for the highest efficiency, especially via the Active Credit Portfolio Management (ACPM) program.

In addition, development of short-term and long-term capital allocation strategy and integrated risk appetite was undertaken, considering new regulation landscape as one of strategic alternatives, to ensure appropriate risk-taking level vis-à-vis economic situations, risk trends, regulatory focus, and capital and liquidity adequacy under normal and stress scenarios.

- Enhancement of processes and econometric models for stress testing to improve efficiency in our risk and reserve management as well as to comply with the Bank of Thailand's regulations and directions.
- Preparedness for regulatory changes as per Basel standards was undertaken. Close monitoring of subsequent impacts was conducted by KBank and the Bank of Thailand.
- Early warning signs were developed with the use of transactional data for enhanced efficiency in risk monitoring and portfolio management.

- Business Continuity Planning (BCP) was conducted to cope with various specific crisis situations. In 2016, KBank formulated foreign currency liquidity BCP in case of emergencies arising from foreign currency liquidity shortage.
- Risk indicators and other tools were developed to analyze and control operational risk, including trading room fraud to ensure greater effectiveness, and alignment with international practices. In 2016, KBank reviewed and improved processes for prevention of insider trading and rate manipulation for trader's own benefits. Multiple Trade Surveillance Tools were used to ensure prudent risk monitoring and control for the highest efficiency in preventing risks and limiting potential losses.

2. Risk Management

KBank has placed an emphasis on comprehensive risk management whereby credit risk is the major risk type. Other risk types such as market risk, credit concentration risk, liquidity risk, operational risk, strategic risk and other risks are also covered and properly managed.

Credit Risk Management

Credit risk refers to risk whereby a counterparty or borrower may default on contractual obligations or agreements, or have an intention not to abide by an agreement, resulting in losses to KBank. We thus place significance on credit risk management compatible with international standards and regulatory requirements to ensure sustainable growth and reasonable returns to shareholders and investors.

In 2016, KBank placed an emphasis on creating a balance between our services and credit risk management within each customer segment. Amid the fragile economic recovery and uncertainties at home and abroad, we put in place more stringent customer screening criteria. In particular, stricter requirements have been set for small and micro businesses as well as retail customers that have exhibited a rising risk trend, while we have sought customers with stronger financial status and sound debt servicing capabilities. We have also developed customer early warning signs and behavior monitoring to ensure efficient customer monitoring and recovery and collection process.

Credit Risk Management Process

A credit risk management process, from portfolio management to recovery and collection, has been established and continuously enhanced to appropriately reflect risk factors, as well as promote capability for business.

Portfolio Management

KBank emphasized active portfolio management based on risk factors and risk events, particularly economic factors that could affect our customers and our portfolio quality. Via ACPM and stress testing, we ensured timely portfolio management towards any deviation against our planned targets. Meanwhile, KBank has focused on portfolio management so as to control credit concentration within the established limits. Close monitoring of customer risk profile across industries has been undertaken through the establishment of loan growth target in alignment with prevailing economic conditions, taking into account our customer segments, product domains and industries, to maximize returns from each customer segment portfolio under defined risk appetite. Over the past year, we maintained loan concentration within an acceptable level.

We have adopted credit risk management mechanisms as follows:

- Risk management has been overseen by Credit Risk Management Sub-committee and Credit Process Management Sub-committee to ensure efficiency and effectiveness in all relevant processes, thus allowing KBank to deliver a good customer experience and appropriately creating balance between risk management and credit process efficiency.
- Customer screening criteria have been revised on a regular basis to reflect their risk profile. Credit policy has been tailored for each customer segment. Industry pre-screening criteria, which can be used as a guideline for customer selection, have been established to classify customers based on their risk level.
- A risk management mechanism has been established in response to risk events which may affect our customers. Potentially affected customers shall be identified and in-depth analysis and stress testing shall be conducted to assess the impact. KBank shall proactively prevent and solve any problems which may arise in a timely manner prior to deterioration of customers' debt servicing capability and overall credit quality of KBank.
- Customers' credit line utilization has been reviewed while customers' risk profile and behavioural scores have been monitored via early warning signs. Guidance has been provided for Relationship Managers (RMs) to contact customers at the early stage when unfavourable signs are detected.
- Credit concentration, both borrower concentration and sectoral concentration, have been effectively managed so that exposures are within limits. KBank adheres to Bank of Thailand's Single Lending Limit (SLL) framework and Basel Pillar 2 credit concentration guideline. As of December 31, 2016, large borrower concentration was within the established limit. Industry concentration has been closely monitored taking into account trend of industry growth and capital impact.

Credit Underwriting and Approval

KBank has formulated lending policy to ensure uniformity of good credit underwriting practices and comply with the Bank of Thailand's consolidated supervision guidelines. Apart from credit underwriting principles, guidelines for preferable and discouraged practices are defined to ensure quality of credit extension.

Our credit risk management is based mainly on current, transparent and qualified data. The credit approval process and system are tailored to align with customers' characteristics. Medium and Large Business customers with sophisticated financial needs are served by RMs with thorough understanding of customers' business and financial profile. RMs are responsible for analyzing and proposing suitable credit products and services to match customer needs, presenting credit write-ups to credit underwriters according to the defined authorities for approval and monitoring of customer status continually.

For our retail customers whose main products comprising home loans, credit cards and other types of financing, including loans for small and micro businesses, KBank employs credit scoring as a credit approval tool, focusing on verification of income and liability information of each customer. We have also focused our efforts on credit approval process improvement to manage risk level under defined risk appetite.

Aside from the above guidelines, we realize the importance of Corporate Social Responsibility practices in our credit underwriting. Guidelines for environmental and social impacts have been established for project finance at home and abroad receiving KBank financial support, while action plans are devised to ensure effective monitoring throughout the credit term.

Post-Credit Approval Operations

To achieve standardized and efficient credit operations, KBank has centralized all necessary functions after customers credits have been approved, including legal and contract-related matters, preparation of collateral agreements, credit-line setup, credit withdrawals, credit-related document storage and credit data support. We monitor customer credit-utilization behavior, their business performance, compliance with contractual conditions as well as their debt servicing ability.

Allowance for Impairment Losses

KBank has set aside allowance for impairment losses based on the Thai Financial Reporting Standards criteria, taking into account indications of impairment and expected recovery value.

Debt Quality Monitoring

KBank has developed risk indicators to monitor and control asset quality, as well as credit-utilization behavior as early warning signals to prevent deterioration in credit quality. Credit bureau data is used to support credit limit renewals and credit quality management, thus achieving greater efficiency.

In the matter of debt collection from large business customers, our Corporate Portfolio Monitoring Unit (CPMU) assesses debt quality closely, using established indicators to ensure timely management prior to delinquency. KBank also set up guidelines, such as on credit review, limit suspensions, specific to each customer segment, according to segment risk characteristics.

Regarding small and micro business as well as retail customers, likely to be affected by the slowing economy and mounting household debts, we have enhanced our recovery and collection strategy to better respond to varying risk levels of different customer groups. Customers are managed in such a way as to prevent them from becoming NPLs, with a focus on swift and efficient management of recovery and collection.

Asset Quality Review

KBank has conducted a review of credit policy and process including credit proposal presentation, credit underwriting, contract preparation and credit quality monitoring to assure credit policy and procedure consistency and efficiency. We also utilize credit information to support our management towards better credit management and standards.

Market Risk Management

Market risk may arise from changes in interest rate, foreign exchange, equity and commodity prices, as well as credit spreads. These changes affect our present and future income, capital, as well as the value of financial assets and liabilities. KBank engages in a consolidated risk management framework through development of essential infrastructures and processes to appropriately and timely manage market risk of financial products. In addition, we have established market risk management processes for new financial products, and improved related processes for existing products.

In 2016, global financial markets were volatile amid a number of key events. These included the UK's referendum for leaving the European Union, terrorist attacks in many countries and the US presidential election result. While US policy rate was on the rise, many central banks in Asia and the European Central Bank (ECB) still pursued monetary easing to reinvigorate their economies, exemplifying the monetary policy divergence among leading central banks. Consequently, these factors caused the Baht's value and Thai interest rates to be on a volatile course throughout the year. Meanwhile, factors that will drive the global economy and financial markets going forward include general elections to be held in major European countries, as risk may stem from the growing popularity of the EU-skeptics, plus the uncertainty from new US President's economic and foreign policies.

Market Risk in Trading Book Activities

KBank's trading activities are exposed to three types of risk, i.e., interest rate, foreign exchange and equity risks. Moreover, KBank has chosen not to retain any position when dealing with commodity prices by managing market risk through a back-to-back policy. Our equity risk stems from equity underwriting and non-directional trading business, which we undertake only for serving customer needs. KBank has processes in place to measure and control risks within the established limits, under the supervision and control of the Enterprise Risk Management Division.

Market Risk in Banking Book Activities

KBank is exposed to interest rate and equity price risks in banking book transactions, i.e.:

- Interest Rate Risk in Banking Book Activities

Interest rate risk refers to risk incurred from changes in interest rates of assets and liabilities, as well as off-Statement of Financial Position transactions that are susceptible to interest rates. These may, therefore, have an adverse impact on net interest income or capital and economic value of KBank.

KBank manages our financial position to increase net interest income and underlying economic value, based on our liquidity position. Therefore, KBank has established an interest rate risk management framework to ensure that our financial position is within the pre-specified risk appetite and the impact of interest rate changes on net interest income or underlying economic value of KBank is under control.

KBank continually monitors interest rate risk in banking book activities by assessing net interest income sensitivity over the next 12 months, based on an assumption of a 1.00-percent change in interest rates on all types of assets and liabilities at their re-pricing periods. The results of that risk assessment are shown below:

Net Interest Income Sensitivity to Interest Rate Change

(Unit: Million Baht)

For the Year Ending	Dec. 31, 2016
	+100 bps
THB	(535)
Foreign Currencies	454
Total Effect of Interest Rate Change	(81)

- Equity Risk in Banking Book Activities

KBank has no policy to increase equity investments that are not directly related to our core financial business operations. Data analyses and close assessments of relevant events have been employed in managing existing equity to ensure maximum benefit of KBank.

Liquidity Risk Management

Liquidity risk is defined as the risk caused by an inability to meet obligations when they come due because of a failure to obtain sufficient funds to meet funding needs at appropriate costs within a pre-specified time period, and/or to convert assets into cash.

KBank closely monitors liquidity risk status and situations that could have an impact on our liquidity status. We have also adopted a Business Continuity Plan (BCP) to guard against disruptions to important operations and systems, allowing us to fulfill our obligations in emergencies and ensuring that there is sufficient liquidity for business operations.

KBank conducts liquidity gap analyses covering both normal and crisis situations, as well as events that may significantly affect our liquidity, by employing liquidity stress tests covering three scenarios, i.e., a bank-specific liquidity crisis, a market-wide liquidity crisis, and a combination liquidity crisis. In addition, KBank applies world-class standards for liquidity risk indicators, such as the Liquidity Coverage Ratio (LCR), in our liquidity risk control and management.

KBank has also developed tools to assess and analyze liquidity risk that meet international standards, as well as assisting in the achievement of our business growth. This allows us to devise an effective plan for overall liquidity management, including foreign currencies. Liquidity risk management processes have also been reviewed and enhanced together with our funding structure in response to changing market conditions and liquidity in the banking system, so that we are able to cope with the ever-changing global economy and/or volatility in financial markets.

We also monitor, analyze and manage foreign-currency liquidity risk, while seeking short- and medium-term liquidity to support present and future demand. We determine appropriate strategies to maintain a suitable level of foreign currency liquid assets, consistent with growth in foreign-currency deposits, and to guard against any heightened liquidity risk stemming from volatility in the global economy.

Factors that potentially affect our liquidity and interest rate risks, which are closely monitored include:

- Global and Thai economic outlook over the short and medium terms.
- The Bank of Thailand's and major central banks' timeframe for their key policy rate decision.
- Direct and indirect foreign capital movements triggered by business confidence towards consumption and investment.
- Intensified competition among financial institutions in savings and investment products that may affect overall liquidity in the banking system.
- Increasing demand for loans due to Thai economic recovery, which could generate pressure to liquidity in the system.
- Consequences of the Basel III Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) reserve requirements on liquidity status.

Operational Risk Management

Operational risk refers to the risk of direct or indirect losses to a bank's revenue or capital resulting from incorrect or inadequate processes, personnel, operating and/or IT systems or external events. KBank has thus placed importance on operational risk management through the development of policies and operational risk frameworks to enhance our operational risk management as a unified standard, prompting enhancements that allow us to assess risk and proactively seek preventative measures. Operational risk management is under the supervision of the Operational Risk and Fraud Management Department.

In 2016, KBank focused on operations to create results per the target of sound risk management of key business processes and in conformity with policies and operational regulations implemented in 2015. This is to ensure confidence towards our operational risk management efficiency. Key developments included:

- Undertook operations in alignment with the Conduct Risk Management Policy to ensure our risk management covered all processes, from beginning to end. This action was part of our endeavor to create risk culture.
- Expanded operational scope of the customer compensation working group to standardize criteria and operating authority of all divisions in compensating customers in a timely manner, taking into account fair treatment of our customers, which will help maintain our reputation.
- Developed the Fraud Management & Intelligent System to enhance our potential in probing transaction fraud committed by our customers. This was done by developing additional systems in the transaction fraud module and enhancing our fraud inspection capacity via the internal fraud module introduced in 2015.
- Improved key operational systems to ensure stringent internal controls at branches. Policies and standards for the development of new authentication technologies were introduced to prevent risks stemming from fraud and errors.
- Conducted internal communications to promote a risk culture continuously via various media under the "Honest KBank People" campaign in order to build a culture of integrity, as part of our K-Culture program.

Amid a rapidly evolving business environment and technological changes, KBank emphasizes IT risk management through the implementation of data, IT system and cyber security measures in order to maintain confidentiality, accuracy and availability of our information systems. Preventative measures have also been put in place to cope with malicious attacks targeting IT systems and/or information infrastructure via the Internet, together with prevention of computer virus spread, control of physical access, and actions against password fraud and sharing. So doing supports our proactive digital banking strategies with timely response to the fast-changing technology and environment.

Strategic Risk Management

Strategic risk management has been highlighted and integrated into organization strategy formulation and implementation process by KBank. The process begins with systematic data collection and analysis for use in review and determination of appropriate bank-wide strategies, which are then translated into those for business and support units, and key performance measurement. It also involves efficient resource allocation, organization-wide communication of strategic plans, establishment of clear operational plans and monitoring processes, as well as identification of problems and resolutions.

Strategic risk management refers to management of risks that arise from formulation and implementation of strategic and business plans that are inappropriate and inconsistent with internal factors and external environment, which may affect earnings, capital fund or viability of the business. For 2016, material factors affecting strategic risk include economic growth, both local and global, levels of public and private loans, drought, policies of the government and regulators, especially National e-Payment Master Plan and changes in standards of performance, e.g., accounting standards and regulatory capital requirements, new technologies and changing consumer behavior, together with demographic shift towards an aging society. KBank's strategic risk management can be divided into two parts, as follows:

Part 1 - Strategic risk management for strategic content is conducted by monitoring changes in key assumptions used for strategy formulation. By setting up Key Risk Indicators (KRIs) for Strategic Content, KBank is able to regularly monitor and review bank-wide strategies as well as business units' strategic plans in a timely and orderly manner.

Part 2 - Strategic risk management for strategy execution is conducted by:

- Preparing monthly financial performance reports and biannual Balanced Scorecard (BSC) reports; we also arrange meetings in line with our strategies to address and manage specific issues, in order to achieve unified solutions.
- Regular monitoring of risks and obstacles that could prevent KBank from achieving strategic targets, using established KRIs for strategy execution. So doing helps indicate action plans needed for prevention, correction or mitigation of such potential risks.

Business Directions and Operations of Core Businesses

1. Sustainable Development and Corporate Governance

Sustainable Development in Action⁽³⁾

KBank's Sustainable Development Policy has been established as guidelines for the operating processes of all KBank units, which cascades the targets to the implementation level. Action plan integration has created effectiveness of the concept, which in turn generates the maximum benefits to all stakeholders, both internal and external. KBank uses the Global Reporting Initiative (GRI) version G4 (Core) as the framework of our Sustainability Report. For this year, we have undertaken in-depth analyses of our operations and linked them with the United Nations Sustainable Development Goals (SDGs), in order to map out our development directions in accordance with international guidelines.

Processes to define the materiality per the GRI G4 guidelines include:

1. Identification

KBank reviewed the material aspects of 2015 and studied the aspects set out in various sustainability standards, e.g., Dow Jones Sustainability Indices (DJSI). We conducted brainstorming sessions and used questionnaires to gather opinions as well as expectations of those at all divisions and external stakeholders. The information gained was compared with KBank's strategies and key risk factors in both the short and long term, thus allowing us to learn about factors influencing decision-making and materiality that our stakeholders deem important.

2. Prioritization

KBank analyzed and reviewed the information gained from internal and external stakeholders, and prioritized the sustainable development issues into 12 aspects of three magnitudes of impact significance: small, moderate and large. Those issues have been prioritized in the Materiality Matrix, with the vertical axis for issues that are significant to stakeholders and the horizontal axis for issues that are significant to KBank.

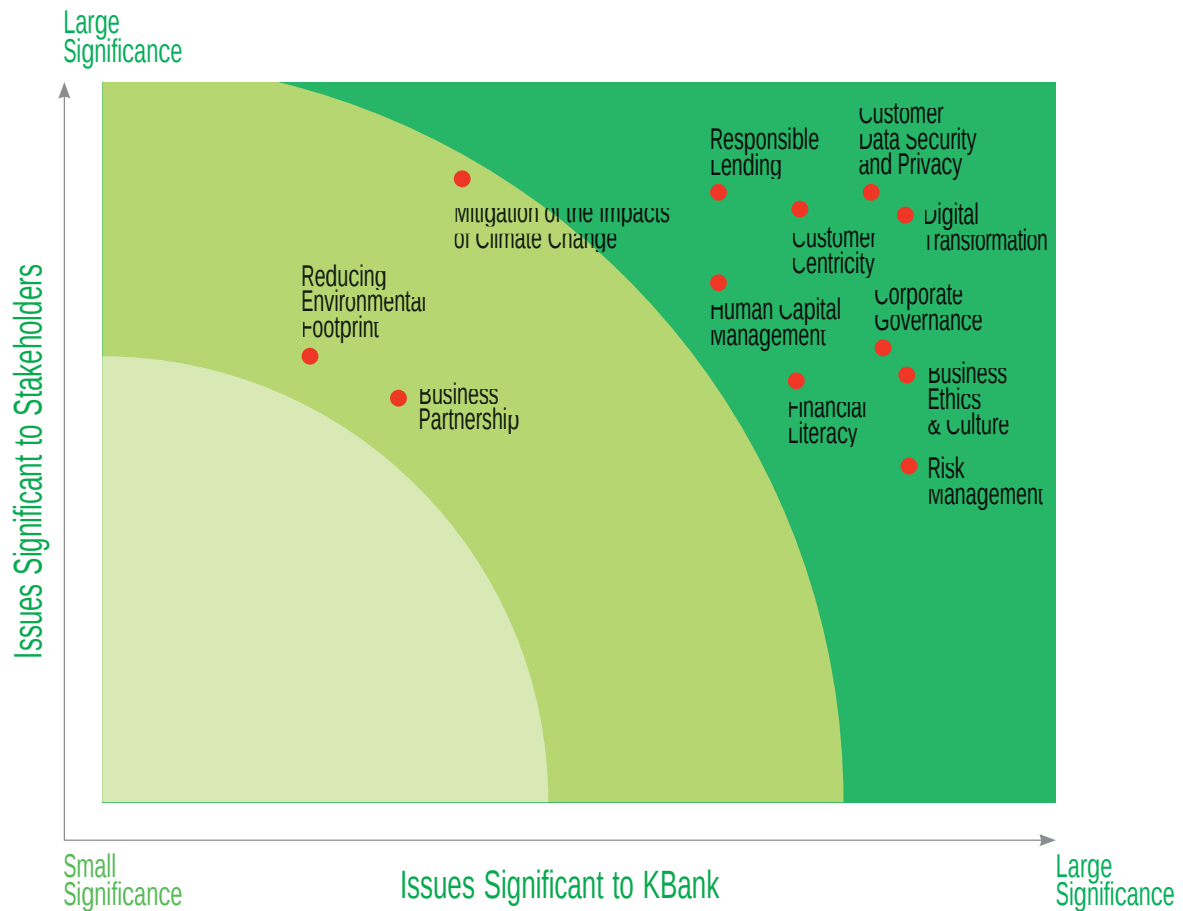
3. Validation

KBank organized meetings with all KBank units to communicate the above-stated prioritization, operational guidelines and information submission, then submitted the material aspects to the Management and Corporate Governance Committee for consideration and validation, as well as for approval of operational guidelines and identification of material aspects in KBank's Sustainability Report and website.

4. Review

KBank has in place an information review process after the Sustainability Report has been disseminated to the stakeholders. Their views and recommendations will be used to modify the contents of the subsequent report.

⁽³⁾ More details on Materiality for both KBank and stakeholders can be found in Sustainability Report 2016.



Given our belief that stakeholder engagement is the key to KBank's ability to respond to stakeholders' requirements and expectations, we place importance on equal rights of all stakeholders, and our operational guidelines for stakeholders are stipulated in our Statement of Business Conduct, Code of Conduct and Annual Report. The AA 1000 Stakeholders Engagement Standard (AA 1000SES) has been adopted, while stakeholder engagement has been induced via related units. We have designed processes and procedures to identify their needs and concerns through various activities, e.g., meetings, customer and employee surveys, and in-depth interviews; results have been used to determine harmonized guidelines to alleviate any negative impact and create added value. With all of these endeavors, KBank strongly believes that we will always deliver excellent financial products and an unsurpassed service experience to all our stakeholders.

Corporate Governance

Good corporate governance is essential in strengthening our sustainable performance, thereby allowing us to achieve our goals and enhancing our competitiveness. Meanwhile, our transparent and fair business operations, as well as collaboration at all levels within the organization, will enhance the confidence of our shareholders, investors at home and abroad, as well as other stakeholders.

KBank thus places great emphasis on the maintenance of corporate governance standards and development on a continuous basis. In 2016, the Corporate Governance Committee endorsed KASIKORNBANK Safety, Occupational Health and Working Environment Policy, including the Investor Relations Code of Conduct. The Committee also provided comments on the revision of Vision, Mission and Core Values, the Statement of Corporate Governance Principles, Charters of the Board of Directors, Independent Directors Committee, Board Committee and

Management Committee, as well as KASIKORNBANK Disclosure Policy and Human Rights Policy to ensure that they are up-to-date in accordance with ongoing business operations of KBank, and in compliance with the laws and best practices.

Meanwhile, the Committee also provided recommendations on information management and control to enhance greater efficiency together with the consideration of projects related to the environment and society, to reaffirm KBank's good corporate practices and proper risk management by monitoring the implementation progress of environmental and social projects on a regular basis. The Committee has approved a strategic plan for good corporate governance activities and sustainable development action plan, while also providing recommendations on KBank's sustainable development operations in compliance with the Sustainable Development Goals of the United Nations, Dow Jones Sustainability Indices (DJSI), the FTSE4 Good Index and Carbon Disclosure Program.

2. Business Directions of KASIKORNBANK and the Wholly-owned Subsidiaries of KASIKORNBANK in 2016, and Outlook for 2017

In 2016, the global and Thai economies saw limited growth. Thus, KBank focused our efforts on operating cost and asset quality management while also initiating assistance measures for our customers to sustain their businesses and financial status and to achieve long-term sustainable growth. With our "Customer Centricity" strategy, we strive for business development across all eight customer segments, product domains and service channels. To completely accommodate the varied needs of our customers, we adopted innovative financial technologies and synergy among companies within the Conglomerate and strategic partners. Guided by our business strategies, KBank has undertaken various efforts to embrace new business opportunities. In detail:

- Launching new K-MOBILE BANKING PLUS functions to provide greater convenience and speed for our customers in conducting financial transactions and services. The endeavor aims to maintain our digital banking leadership, thus enhancing customer satisfaction and fee income, which also comes from transaction banking - our main source of revenue.
- Establishing Beacon Venture Capital Company Limited to engage in venture capital business. The company focuses on investment in FinTech firms with the potential to boost financial product and service innovation and



KBank press conference was held to publicize a key strategy to exploit digital technology to support KBank businesses and to forge cooperation with partners to upgrade long-term competitiveness towards sustainable progress.

technological development at the faster speed. At the same time, KBank supports FinTech businesses in various ways to facilitate their expansion and future growth.

- Upgrading a representative office in Kingdom of Cambodia to be a full-service branch to provide financial services to our customers doing local business.
- Expanding the life insurance business of Muang Thai Life Assurance PCL into the Kingdom of Cambodia, Lao People's Democratic Republic (Lao PDR) and the Socialist Republic of Vietnam. Through joint ventures with our local partners, we set up three new life insurance firms, namely Sovannaphum Life Assurance Public Company Limited in the Kingdom of Cambodia, ST-Muang Thai Insurance Company Limited in Lao PDR, and MB Ageas Life Insurance Company Limited in the Socialist Republic of Vietnam.

Beyond our business strategies, KBank places equal importance on proactive integrated risk management. To this end, principles and policies for management of all risks have been established for efficient capital management, while a culture of risk awareness has been instilled organization-wide to maintain the financial stability of KBank, as a leading financial institution, to cope with economic volatility in a timely manner. We always adhere to good corporate governance practices, and perform in strict compliance with relevant laws and regulations.

Looking ahead into the next three years, we continue to face fragile Thai economic growth in 2016, a new competitive arena with a broader marketplace within the ASEAN Economic Community (AEC) and the advancing digital era amid external changes in terms of economy, regulatory requirements, new technologies and fast-changing consumer behavior. The Conglomerate's core strategies emphasize the expansion of



KBank signed Thailand's first multilateral cooperation agreement with chambers of commerce and trade associations from 10 countries to promote cross-border business in AEC+3.



KBank participated in a signing ceremony to designate commercial banks as clearing agents for Baht-Ringgit settlements for international trade and investment. This agreement helps lessen foreign exchange volatility and cuts transaction costs to business operators.

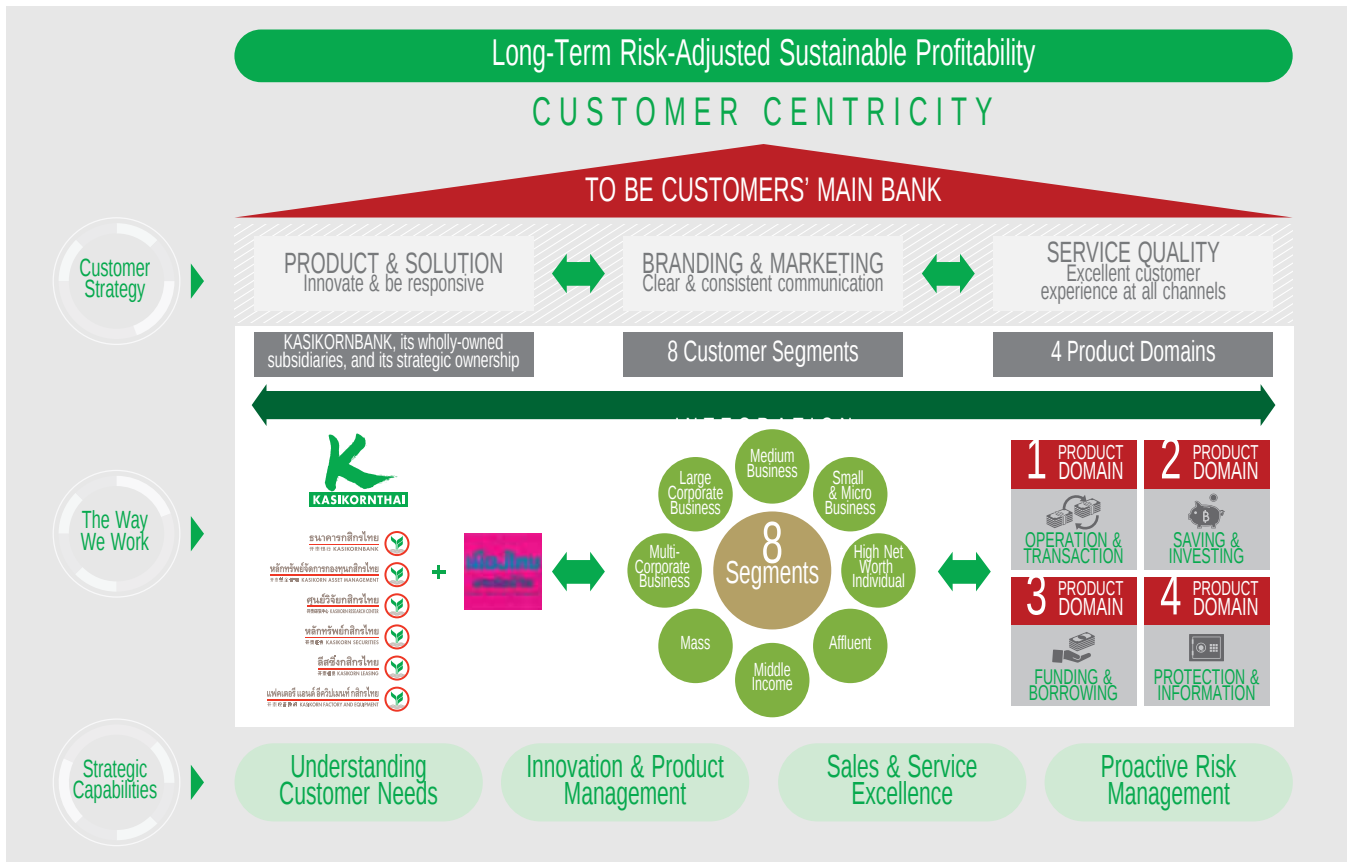
our business capabilities to achieve long-term sustainable growth and returns while maintaining our leadership in the market. Blending technology and collaboration with our business partners and startup firms, we aim to create financial product and service innovations, and to uplift our sales and service quality excellence with more consideration on customer rights protection. Along with this, we are always committed to efficient operating cost management and asset quality management with the adoption of proactive, effectively and timely executed integrated risk approach. To maximize our resource utilization, IT and information management has been made a focus through the setting up of infrastructure and adoption of appropriate tools and human resource management has been concentrated on employee potential enhancement, leadership development, organizational culture reinforcement and staff productivity increase.

KBank's business strategies aim to provide a complete suite of services to our customers, in alignment with the specific needs of each segment.



KBank organized a seminar entitled "Digital Revolution: A New Era of Banking," to exchange knowledge on digital payment systems with the Myanmar public sector and financial institutions.

- Corporate customers: We are determined to meet all the needs of our corporate customers by providing total solution including strategic advice to support their business growth and sustainable competitiveness, best funding solutions from our large investor networks, and best financial services to help our clients efficiently manage financial transactions. We have adopted latest technologies and innovations to accommodate a large number of domestic and cross-border transactions in multi-currencies (AEC+3 and other major world currencies).
- SME customers: Striving to maintain our market-leading position, KBank has retained our existing customers and acquired new potential ones throughout value chains via our Total Product Solutions. We are committed to becoming a main bank for all customers by providing them with both funding and financial services through K-Value Chain Solutions, in addition to a digital technology platform that better fulfills the needs of our SME patrons.
- Retail customers: KBank aims to remain at the forefront in accommodating customers' financial transactions. Digital platforms have been adopted to create a new customer experience consistent with their lifestyle. We have undertaken initiatives to upgrade service quality and financial advice, enhance our private banking service in terms of advice, products and services to better match the desires of our High Net Worth Individual customers, and increase financial convenience for our foreign and cross-border clients, which are likely to be on the rise.



Regarding our global business, KBank has emphasized service expansion to support our customers' trade and investment via our overseas branches or representative offices and our regional partner banks. We aim to become the main bank for those seeking to conduct international trade transactions and cross-border settlements with AEC+3 countries. Notable efforts include creation of products and services for customers branching out into neighboring countries, development of international funds transfer systems to accommodate international settlements in ASEAN currencies, as well as upgrades of Chinese KBank branches to locally incorporated institutions.

3. Customer Segments and Services

Multi-Corporate Business

In 2016, the Thai economy maintained its recovery momentum seen from the previous year. Despite external risks, especially from fragility of core economies, continual government spending through infrastructure investment projects was the main driver. This was a boon to our customers, particularly those in construction

and building materials. Rising prices of certain agricultural products including sugar, rubber and chicken meat were another plus. Overall, KBank could attain our business growth targets. Our customers remained financially strong, with sound debt servicing capabilities, while also expanding their businesses at home and abroad. Focus was thus on providing them with financial advisory service via our specialists, as well as multiple financial products for their fund mobilization via capital markets.



"K-Corporate Mobile Banking" service was launched to facilitate KBank business customers' transactions.

In addition, we placed emphasis on transactional business via our digital solutions and development of platforms for cash and liquidity management, which also helps enhance working capital management efficiency for our customers at reduced costs. Meanwhile, we were able to maintain fee income per the set target.

KBank maintained solid growth in foreign transactions despite forex fluctuations, given that we highlighted the offering of flexible risk management products appropriate for market conditions, along with our value-added services, upstream to downstream, in order to support value chain solutions for our customers and their trade partners in the consumption, agro-processing, building materials and construction clusters.

Large Corporate Business

KBank has prioritized customer service and accessibility. Focus has thus been on development of personnel, work process and monitoring tools for enhanced employee efficiency. All our staff members have been equipped with knowledge and understanding to fully respond to customer needs, both corporate and personal, appropriate for economic circumstances. To this end, our industry experts are always on hand to offer comprehensive assistance as well as products that are well-suited to market conditions. Furthermore, we provide value chain management solutions wherein our customers and their business partners gain enhanced connectivity, leading to more expansive business networks and efficiency. In 2016, we offered customized programs to our customers in the agro-processing, commerce, and packaging industries. To this end, we equip them with working capital, financial transaction products and digital solutions to facilitate payment between our customers and their trade partners.

Another notable initiative included our activities held to strengthen business networking for our customers, including regular seminars, namely “2020 Vision: The Future of Entrepreneurial Leader”, organized for new-generation executives to endow them with insights beneficial to their businesses.

Medium Business

KBank implemented a policy to provide our customers with financial assistance to bolster their competitiveness and business opportunity. Notably, “Loan Exceeding Collateral Value for Start-up & Innovation” with the limit of Baht 30 billion, initiated by the Thai Credit Guarantee Corporation, was offered to start-up companies for their new investment, business improvement and expansion or as working capital. Moreover, KBank and Thailand's leading telecom companies joined hands to launch “Loan Program for Telecom Dealers” to support relevant SME customers, with a total of Baht 500 million in working capital.

Additionally, we continued to improve customer competitiveness through business networking and the use of digital technologies to facilitate their businesses and reduce operating costs, along with upgrades in credit underwriting and service delivery for enhanced efficiency in customer responsiveness.

Small and Micro Business

With a focus on the “Customer Centricity” strategy, “K SME Full Support for SME” has been implemented to serve existing customers and reduce their financial constraints while also broadening the new customer base. In this quarter, our loan programs were continued, such as financing for dealers,



KBank and business partners held the “SME Business Matching Day: National Business Matching Expo for SMEs,” aimed at boosting sales and exploring new markets for SMEs.



KBank and Builk.com Co., Ltd., Asia's first construction software provider, initiated a campaign for “K-SME Construction Credit” to grant financial support to SME construction contractors.

low-interest working capital offered to sub-dealers of large operators in various industries, and K-SME Business Collateral Credit, which allows borrowers to request additional loan amount, both long-term and working capital, designed for our clients, in response to the Business Security Act, B.E. 2558 (2015). Another notable loan program was loans for customers offering Electronic Data Capture (EDC) machines and mobile point-of-sale (mPOS) services, aimed at bolstering their business opportunities through easier access to funding sources.

To expand the customer base and promote greater use of Jew Jaew Micro Loan, KBank launched a marketing campaign called the “Small Business Booster Package” to comprehensively boost liquidity for our Micro Business customers. We also organized a seminar entitled “Make Micro Business Flourish” in Bangkok and the northern region, where participants gained knowledge beneficial to loan application and marketing, from successful businesspersons who had been invited to impart their valuable experience to participants.

Meanwhile, our merchant service has been developed continuously. In collaboration with world-class application providers, i.e. Alipay and WeChat, KBank launched a POS e-Wallet which can be connected either directly with participating merchants’ POS systems or via KBank’s EDC terminals. This service specially caters for Chinese tourists. Our EDC service has been developed to accommodate a contactless payment transaction of up to Baht 1,500 using a JCB Card, called J-Speedy, which employs a new high-security payment system. The service is similar to Visa PayWave and MasterCard PayPass, which allows customers to simply tap to pay. We are also preparing for new electronic payment systems to be rolled out in the future, especially K-PowerP@y (mPOS) with Single Sign-on (SSO) function, to enable merchants with their own application to accept payment with greater convenience and speed.



KBank and Lombard Odier held the “Global Economic Outlook and Investment Recommendation 2016” seminar for private banking customers.



With the participation of a world-class, professional team from Lombard Odier, KBank embarked on the “Family Wealth Planning Service” to enhance stable and sustainable succession of family businesses and assets.

High Net Worth Individual

Throughout 2016, KBank focused our efforts on our International Comprehensive Wealth Management Service, with the aim of enhancing our KBank Private Banking products and services. To this end, we offered advisory services for investment in and outside capital markets, together with a raft of privileges and assistance for our customers and their family members. Meanwhile, our collaboration with Lombard Odier- KBank’s business partner in Switzerland since 2014 - continued for the highest benefit of our clients. Notable initiatives in 2016 included:



KBank opened “KBank Private Banking Next Generation 2016 Class 2” for high net worth individual successors to prepare them for business succession and management of their family assets.

1. Building upon the achievement of K Strategic Global Multi-Asset Fund (K-SGM): The first risk-based asset allocation fund in Thailand with systemic management in accordance with the global portfolio guidelines of Lombard Odier, K-SGM has been well-embraced by our clients. It is a highly-recommended fund, as it can be used as an efficient risk prevention tool for investors.

2. Laying the groundwork for new product and service development: Applying the knowledge of Lombard Odier, we introduced KBank Private Banking Family Wealth Planning Service for our customers. Meanwhile, training courses and seminars were organized for our KBank Private Banking officers in order to elevate our customer services to world-class standards.

3. Organizing activities to enhance opportunities for our customers to access knowledge on investment both in and outside capital markets: Prioritizing our International Comprehensive Wealth Management Service covering all classes of assets, we introduced various knowledge-based events, namely seminars on real estate management in relation to the new land and building tax law, UK Studies, and UK Property Investment forums wherein investors were provided with recommendations on real estate investment in the UK. To accentuate KBank's leadership in comprehensive world-class private banking services, we organized financial seminars across Bangkok and provincial locales throughout the year to provide our customers with knowledge on domestic and international investment while also ensuring that they can manage their portfolios in line with the prevailing market conditions.

Affluent

KBank continued to pursue our strategies of retaining and upgrading our existing customers along with expanding the new customer base, especially expatriates and professionals. Highlighting our THE WISDOM brand as a brand of exclusive and distinguished services, we aim to remain at the forefront of the market. Through customer behavior analyses, we offer products and services that are aligned with their needs, while our RM teams are always on hand to provide advice on sophisticated investment products that yield greater returns. Our customers are also equipped with investment tools for effective wealth management. To this end, we have launched more than 100 mutual funds with multiple policies and different risk levels, including the K ASEAN Economic Community Equity Fund (K-AEC), K SET50 LTF (KS50LTF), and K Foreign Securities Plus 1 Year A Fund, along with different marketing promotional programs specifically designed for our retail customers in each quarter to match the prevailing circumstances. Customers were also provided with greater convenience in their mutual fund purchase and sale via K-MOBILE BANKING PLUS.

KBank prioritizes the launch of products offering attractive returns and matching our customers' risk profiles. Of note was the introduction of special fixed deposit products on a regular basis, while "Pro Saving 410 Extra" was also introduced as an alternative savings vehicle. Moreover, we organized a PR campaign on the reduction of deposit coverage limit which came into effect in August 2016. To differentiate ourselves from peers, KBank has initiated financial services to accommodate customer lifestyles and continually organized exclusive activities with the aim of promoting THE WISDOM brand and attracting customers to use KBank as their main bank.



LTF/RMF from KAsset



KBank and King Power Group introduced King Power-KBank Credit Card that integrates privileges granted by King Power and K-Credit Cards.



KBank launched a Valentine's Day "Pay-As-You-Like Home Loans" campaign in response to state policy, with installments of Baht 1,000 per Baht 1 million and a minimum interest rate of 0.50 percent.

Middle Income

Using strategies to create top-of-mind awareness, KBank is working to become the long-term bank of choice. We aim to strengthen our THE PREMIER as an exclusive brand for new-generation customers whose investments range between Baht 2 - 10 million. We have regularly conducted customer behavior analyses so as to develop products and services to meet their needs. In 2016, we designed products for health-conscious savers in need of tax benefits, namely "Taweessup Extra: Earn High Interest Rate of 3.3 Percent p.a. with Purchase of Life Insurance: Pro Saving 615 Guarantee and Pro Life 90/5", and Easy Life & Health Insurance "Bao Jai Chabub Diew Yoo." To reach out to those without large savings seeking to apply for life insurance products amid the economic slowdown, a marketing campaign was launched to allow them to make monthly premium payments by debiting a deposit account or K-Credit Card account. For greater convenience to our customers, international travel insurance can be purchased via K-MOBILE BANKING PLUS

and KBank's website. Furthermore, KBank organized the "K-Expert...You Can Build Baht 10 Million" activity to enhance our THE PREMIER customers' financial and investment planning and management skills.

In response to the National e-Payment Master Plan, our work system was developed to accommodate the PromptPay service. Pre-registration for the service was launched July 1, 2016. We also joined hands with our business partners to enable mobile payment with K-Credit Card via Samsung Pay platform; a campaign to promote the service trial was launched at the end of the year.

For loan products, KBank has adopted a prudent credit policy. We prioritize customer screening and always advise customers to apply financial self-discipline in order to maintain overall portfolio quality and in alignment with the government measures. Given the slower growth of loans in line with economic sluggishness, we focused our efforts on co-promotions held with our real estate business partners and year-round marketing activities via digital channels to promote K-Home Loan and lessen customers'



KBank introduced "Taweessup Extra", a tax-free savings deposit product.



Travel insurance product was issued which is easily bought on K-MOBILE BANKING PLUS, from Baht 455.



KBank, together with the Football Association of Thailand under Patronage of His Majesty the King, and Plan B Media PCL, launched the "Chang Suek KASIKORNTHAI Debit Card" for Thai football fans, with a variety of privileges.



KBank kicked off a life insurance promotion, "KBank Pro Life 90/5," under which premiums start at Baht 1,200 per month with coverage until age 90.

burdens, especially at the end of the final quarter. Of note were K-Home Loan offering low interest rates during the first three years of loan term, K-Home Equity with a special MRR rate for the first year and numerous promotional campaigns for K-Home Loan Online.

Moreover, we introduced the King Power-KBank Credit Card and redesigned the BDMS-KBank Credit Card. Along with this, a myriad of promotional campaigns were conducted year-round to promote daily spending via credit card, both in Thai Baht and in foreign currencies, among our customers of every lifestyle. Our marketing efforts were in line with the government's policies to promote tourism and spending, especially through the year-end tax incentives. To help our customers harness financial self-discipline, meanwhile, we offered a zero-percent special interest rate for K-Express Cash Card payment at the established limit, along with K-Personal Loan with low interest rates for a five-year installment period, to KBank Payroll customers and employees of regular customers.

Mass

Guided by a strategy to be the preferred bank of our customers, especially those with potential to become Middle Income clients, we remain committed to expanding the new customer base. To achieve this, KBank prioritized the launch of debit cards that meet lifestyle needs with enhanced security. Our notable endeavors included the introduction of 'Chang Suek' KASIKORNTHAI Debit Card, which is a K-Football Thai Debit Card, and three models of chip-embedded debit cards. Numerous marketing activities highlighting KBank's image were staged at Thailand's leading companies and universities as part of our CRM efforts to promote brand awareness and attract their personnel to use KBank as their main bank.

Moreover, KBank developed electronic service channels to accommodate new lifestyles, also with enhanced security, as evidenced by the introduction of new K-MOBILE BANKING PLUS functions throughout the year. Joining hands with Muang Thai Insurance PCL, KBank added a channel for offering Accident Protect Plus via our website. In collaboration with LINE Thailand, KBank introduced LINE Pay, featuring electronic payment using a linked savings account. In addition, we launched new LINE stickers under the "KBank is All Around" theme, while also holding numerous activities via the KBank Live LINE Official Account. Moreover, our customers were equipped with knowledge on financial service security.

4. Service Channels

In 2016, KBank maintained our commitment to developing efficiency in all our core service channels, in order to raise our capacity to reach our customers and deliver them excellent service.

(1) Branch Network: Key initiatives for branch network management included:

- Domestic branch network: Upgrading the potential of digital platforms and enhancing quality in our sales and service at branches was a major focus. To this end, we prioritized service channel expansion along with merger of branches at viable locations so as to better meet customer needs in alignment with their changing lifestyles. So doing will help KBank attain its goal of being customers' main bank and maintain our competitiveness as well as the highest customer satisfaction on a par with international standards.



Inauguration of the new look of KBank Tokyo Representative Office, which is now well prepared for advisory service provision to Japanese investors with respect to trade and investment and attracting potential partners into ASEAN.



KBANK opened 8 foreign exchange booths at the Phuket International Airport; services cover 27 currencies, 24/7.

Meanwhile, we considered the appropriate consolidation of forex booths. New forex booths were opened at Phuket International Airport, Chiang Mai International Airport and Don Mueang International Airport, while some locations were closed as part of the consolidation efforts.

- International branch network: We remain committed to a policy of network connectivity for our AEC+3 customers per our current business direction, focusing on growth in the Asian region. KBank has expanded branches and representative offices within AEC so as to respond to

customers seeking to venture into other Asian countries, in alignment with the national agenda to embrace the AEC. In November 2016, KBank upgraded a representative office in Phnom Penh, the Kingdom of Cambodia to be a full-service branch to provide financial services to Thai corporate customers operating businesses in the Kingdom of Cambodia. Meanwhile, we have continually conducted business restructuring in the People's Republic of China, and expect to receive a license to operate a locally incorporated institution there in 2017.

Branches and Financial Service Offices/Centers

Domestic Service Network	Number of Locations		Overseas Service Network	Number of Locations	
	2016	2015		2016	2015
Branch Network	1,107	1,120	Branches and Overseas Service Network	16	16
Foreign Exchange Booth	146	159	Locally Incorporated Institution	1	1
THE WISDOM *	105	105	Branch and Sub-Branch	6	6
Corporate Business Center	8	8	Representative Office	9	9
SME Business Center **	121	121	Electronic Banking Services	Number of Units	
International Trade Service Center	58	58		2016	2015
Cheque Direct Service	31	32			
			Self-Service Channel (K-ATM and K-CDM)	11,683	12,055
			K-ATM (Automated Teller Machine)	8,973	9,349
			K-CDM (Cash Deposit Machine)	2,710	2,706
			K-PUM (Passbook Update Machine)	1,249	1,273

Note: * Excluding 10 branches, classified as other branch platforms per the Bank of Thailand's conditions
 ** Excluding International Trade Service Centers. More than one SME Business Center may be located in a single branch.

(2) Electronic Network comprises:

- K-ATMs and K-CDMs: Service efficiency enhancement has been prioritized to accommodate the use of chip-embedded cards at every bank per Bank of Thailand policy, as well as round-the-clock financial transactions. Notable efforts included machine relocation to more suitable and accessible sites, and removal of obsolete machines. In addition, we launched co-promotions with our business partners to offer products and services together with privileges via PR media on machines' screens. Customers are also encouraged to conduct financial transactions via self-service machines. Meanwhile, foreign customers now have more convenience in using our K-ATM which can presently support various languages.
- Digital Banking Services: To accommodate the rising volume of financial transactions via electronic channels, KBank, at the forefront in the digital banking service, remained committed to service efficiency enhancement. Along with this, we conducted PR campaigns to persuade customers to register for the PromptPay service, especially via K-MOBILE BANKING PLUS, with detailed registration methods available. Major initiatives of our digital banking included:

1) K-CYBER: The "REWARD PLUS" program was continually implemented for those applying for and conducting transactions via K-CYBER and K-MOBILE BANKING PLUS. We also launched promotional campaigns to highlight our digital banking leadership, as gauged by the most funds transfer transactions, guaranteed by the highest security with ISO 27001:2013 certification

2) K-MOBILE BANKING PLUS: New K-MOBILE BANKING PLUS functions for debit, credit and cash cards were made available to allow customers to conduct financial transactions on their own, such as changes in funds transfer/withdrawal limit, debit card suspension, card activation, inquiry of credit and cash card spending amount/accumulated points, request for temporary credit line increase on credit card, and purchase of international travel insurance. A newly-launched online "chat" service is available 24 hours a day for customer inquiries, while our promotions and financial tips can be viewed via KBank Live: LINE Official Account.

3) K-Payment Gateway: Focusing on increased service efficiency, the "session timeout" feature was developed for online stores selling event and airline tickets to ensure timeliness in ticket sales, thus preventing payment after booking has been cancelled. Pay Plus, a new payment channel, was also added, which allows customers to make payment by account debit via K-MOBILE BANKING PLUS, in addition to K-Credit Card and K-Debit Card.

- K-Contact Center: Service development was targeted for enhanced customer convenience. We also seek to offer various tools that will accommodate customers' digital lifestyles in the future. These include numerous service channels and a 24-hour social media complaint management program to allow for timely resolution of any issue. Moreover, KBank implemented the "Customer Feedback Management" program to obtain customer satisfaction scores and comments via free SMS, which will be used as input for development and upgrades to our service quality. We also set up a K-Contact Center in Khon Kaen for service continuity in case of crisis situations.



| K-MOBILE BANKING PLUS – high security with Triple Lock system.

Operating Performance and Financial Position Analysis

1. Operating Performance

KBank's consolidated net profit for 2016 totaled Baht 40,174 million, increasing Baht 700 million - 1.77 percent higher over-year - despite an increase of Baht 7,376 million in impairment loss on loans and debt securities - 27.96 percent higher - to cope with the slow economic recovery. Operating profit before provision expense and income tax expense rose Baht 8,690 million, or 10.75 percent higher over-year, which were derived from net interest income increased Baht

4,666 million - 5.49 percent higher over-year - due to rising interest income from interbank and money market items and falling interest expenses. Meanwhile, non-interest income rose Baht 1,222 million, or 1.96 percent, as a result of an increase in net fees and service income as well as revenue from capital market products. Other operating expenses decreased Baht 2,802 million, or 4.20 percent over-year. The decline could be attributed mainly to extraordinary expenses for setting the allowance for impairment on application software and related expenses, amounting to Baht 2,314 million, in previous year.

Operating Performance for 2016

(Unit: Million Baht)

	2016	2015	Change	
			Million Baht	Percent
Net Interest Income	89,678	85,012	4,666	5.49
Non-Interest Income	63,725	62,503	1,222	1.96
Total Operating Income - net	153,403	147,515	5,888	3.99
Total Other Operating Expenses	63,854	66,656	(2,802)	(4.20)
Impairment Loss on Loans and Debt Securities	33,753	26,377	7,376	27.96
Net Profit (attributable to equity holders of KBank)	40,174	39,474	700	1.77
Basic Earnings per Share (Baht)	16.79	16.49	0.30	1.77

Major financial ratios that reflected operating performance of KBank and our subsidiaries in 2016 and 2015 included:

(Unit: Percent)

Financial Ratio	2016	2015	Change
Return on Assets (ROA)	1.49	1.60	(0.11)
Return on Equity (ROE)	13.23	14.54	(1.31)
Net Interest Margin (NIM)	3.52	3.67	(0.15)
Non-Interest Income to Average Assets	2.36	2.53	(0.17)
Non-Interest Income Ratio	41.54	42.37	(0.83)
Cost to Income Ratio	41.63	45.19	(3.56)

(Unit: Percent)

Financial Ratio	2016	2015	Change
Net NPLs to Total Loans	1.74	1.36	0.38
Gross NPLs to Total Loans	3.32	2.70	0.62
Coverage Ratio	130.92	129.96	0.96
Loans ⁽¹⁾ to Deposits Ratio	94.58	94.40	0.18
Loans ⁽¹⁾ to Deposits and B/E Ratio	94.57	94.15	0.42
Capital Adequacy Ratio ⁽²⁾	18.84	18.00	0.84
Tier 1 Capital Ratio ⁽²⁾	15.16	14.53	0.63

Note:

⁽¹⁾ Loans refer to loans to customers less deferred revenue.

⁽²⁾ KASIKORNBANK FINANCIAL CONGLOMERATE's Capital Adequacy Ratio (CAR)

Net Interest Income

KBank's consolidated net interest income for 2016 was Baht 89,678 million, increasing Baht 4,666 million or 5.49 percent over-year, due to rising interest income from interbank and money market items and falling interest expenses. Our NIM for 2016, therefore, equaled 3.52 percent, lower than the previous year, which was consistent with the declining interest rate trend, but higher than the set target range owing to effective cost of fund management.

(Unit: Million Baht)

	2016	2015	Change	
			Million Baht	Percent
Interest Income				
Interbank and Money Market Items	5,892	3,897	1,995	51.17
Deposits	364	712	(348)	(48.80)
Loans without Repurchase Agreements	439	643	(204)	(31.75)
Repurchase Agreements	5,089	2,542	2,547	100.13
Investments	15,032	15,173	(141)	(0.93)
Trading Investments	258	319	(61)	(19.16)
Available-for-Sale Investments	2,846	4,724	(1,878)	(39.76)
Held-to-Maturity Investments	11,928	10,130	1,798	17.75
Loans	89,923	90,160	(237)	(0.26)
Finance Leases	5,014	5,118	(104)	(2.03)
Others	12	5	7	151.46
Total Interest Income	115,873	114,353	1,520	1.33
Total Interest Expenses	26,195	29,341	(3,146)	(10.72)
Total Interest Income - net	89,678	85,012	4,666	5.49
Yield on Earning Assets (percent)	4.55	4.94		(0.39)
Cost of Fund (percent)	1.32	1.59		(0.27)
Net Interest Margin (NIM) (percent)	3.52	3.67		(0.15)

Non-Interest Income

For 2016, KBank's consolidated non-interest income totaled Baht 63,725 million, increasing Baht 1,222 million, or 1.96 percent over-year. The increase was due mainly to higher net fees and service income in line with continual expansion of the new customer base and revenue from capital market products. In 2016 and 2015, non-interest income of KBank and our subsidiaries accounted for 41.54 percent and 42.37 percent of total income, respectively. This was in alignment with KBank's goal, wherein non-interest income would be around 40 percent of total income.

(Unit: Million Baht)

	2016	2015	Change	
			Million Baht	Percent
Non-Interest Income				
Fees and Service Income	48,631	46,413	2,218	4.78
Fees and Service Expenses	9,688	8,887	801	9.01
Fees and Service Income - net	38,943	37,526	1,417	3.78
Gain on Trading and Foreign Exchange Transactions	8,746	8,887	(141)	(1.59)
Loss on Financial Liabilities Designated at Fair Value through Profit or Loss	(4)	(6)	2	34.44
Gain on Investments	1,588	785	803	102.17
Share of Profit from Investments using Equity Method	117	96	21	21.76
Dividend Income	1,609	1,346	263	19.60
Net Premiums Earned	94,445	85,380	9,065	10.62
Other Operating Income	2,462	1,528	934	61.13
Less Underwriting Expenses	84,181	73,039	11,142	15.26
Total Non-Interest Income	63,725	62,503	1,222	1.96
Non-Interest Income to Average Assets (percent)	2.36	2.53		(0.17)
Non-Interest Income Ratio (percent)	41.54	42.37		(0.83)
Net Fee Income to Net Total Operating Income Ratio (percent)	25.39	25.44		(0.05)

Other Operating Expenses

KBank's consolidated other operating expenses for 2016 was Baht 63,854 million, falling Baht 2,802 million, or 4.20 percent over-year. The decrease could be attributed mainly to extraordinary expenses for setting the allowance for impairment on application software, amounting to Baht 2,314 million in previous year.

Our cost to income ratio of 2016, was at 41.63 percent, lower than the 45.19 percent in the previous year, due to the fact that net income increased while expenses reduced. Nonetheless, the cost to income ratio was lower than the set target due to effective cost management and increased operational efficiency.

(Unit: Million Baht)

	2016	2015	Change	
			Million Baht	Percent
Employee Expenses	30,202	28,929	1,273	4.40
Directors' Remuneration	138	134	4	2.97
Premises and Equipment Expenses	12,434	13,235	(801)	(6.05)
Taxes and Duties	4,476	4,223	253	6.00
Impairment on Application Software	-	2,314	(2,314)	(100.00)
Others	16,604	17,821	(1,217)	(6.83)
Total Other Operating Expenses	63,854	66,656	(2,802)	(4.20)
Cost to Income Ratio (percent)	41.63	45.19		(3.56)

Impairment Loss on Loans and Debt Securities

Classified Loans, Allowance for Doubtful Accounts and Allowance for Impairment of Assets

KBank classifies consolidated loans into six categories, in accordance with the Bank of Thailand's regulations. Minimum allowance for doubtful accounts is set according to the loan classification criteria, with period overdue being the key classification criterion. Maximum collateral value, used for calculation of allowance for doubtful accounts, depends on the type of collateral.

KBank's consolidated classified loans and allowance for doubtful accounts, as of December 31, 2016, are shown in the table below:

Classified Loans, Allowance for Doubtful Accounts and Allowance for Impairment of Assets

(Unit: Million Baht)

	Loans and Accrued Interest Receivables	Allowance for Doubtful Accounts	
		Percent per BOT's Regulations	Total Provision
Normal	1,574,805	1	6,036
Special Mention	43,280	2	220
Sub-Standard	19,110	100	10,259
Doubtful	16,888	100	7,913
Doubtful of Loss	29,267	100	12,705
Loss	-		-
Total	1,683,350		37,133
Revaluation Allowance for Debt Restructuring			2,794
Total	1,683,350		39,927
Excess Allowance			44,963
Credit Balance Transaction	1,949		46
Loans from Life Insurance Business	15,774		276
Total	1,701,073		85,212

As of December 31, 2016, KBank's consolidated allowance for doubtful accounts, comprising allowance for doubtful accounts of customers and financial institutions of Baht 82,418 million and revaluation allowance for debt restructuring of Baht 2,794 million, totaled Baht 85,212 million. This amount was greater than the level required by the Bank of Thailand.

The setting of allowance for doubtful accounts is in accordance with the Bank of Thailand's criteria and requirements as well as our loan analysis and evaluation of each individual debtor's financial status, based on KBank's experience in risk and collateral value assessment.

During 2016, KBank and our subsidiaries set aside impairment loss on loans and debt securities at Baht 33,753 million, an increase of Baht 7,376 million or 27.96 percent over-year to cushion against the slower economic recovery. Thus our credit cost stood at 2.04 percent, higher than 1.68 percent in the previous year.

Impairment Loss on Loans and Debt Securities

(Unit: Million Baht)

	2016	2015	Change	
			Million Baht	Percent
Impairment Loss on Loans and Debt Securities	33,753	26,377	7,376	27.96
Credit Cost (percent)	2.04	1.68		0.36

Allowance for Doubtful Accounts and Allowance for Impairment of Assets

As of December 31, 2016, KBank's consolidated allowance for doubtful accounts and revaluation allowance for debt restructuring totaled Baht 85,212 million. This amount was equivalent to 213.42 percent of the level required by the Bank of Thailand.

Non-Performing Loans and Debt Restructuring

Non-Performing Loans

As of December 31, 2016, KBank's consolidated NPLs stood at Baht 65,087 million, 3.32 percent of the total outstanding credit, including that of financial institutions. Bank-only NPLs totaled Baht 63,018 million, 3.23 percent of the total outstanding credit, including that of financial institutions. The NPL data is shown in the table below:

Non-Performing Loans

(Unit: Million Baht)

For the Year Ending	Dec. 31, 2016	Dec. 31, 2015
Consolidated NPLs	65,087	49,490
Percent of total outstanding credit, including that of financial institutions	3.32	2.70
Bank-only NPLs	63,018	47,645
Percent of total outstanding credit, including that of financial institutions	3.23	2.61

Net Non-Performing Loans

As of December 31, 2016, KBank's consolidated net NPLs stood at Baht 33,553 million - 1.74 percent of the total outstanding credit, including that of financial institutions. Bank-only net NPLs totaled Baht 32,727 million - 1.70 percent of the total outstanding credit, including that of financial institutions. The NPL data is shown in the table below:

Net Non-Performing Loans

(Unit: Million Baht)

For the Year Ending	Dec. 31, 2016	Dec. 31, 2015
Consolidated net NPLs	33,553	24,586
Percent of total outstanding credit, including that of financial institutions	1.74	1.36
Bank-only net NPLs	32,727	23,679
Percent of total outstanding credit, including that of financial institutions	1.70	1.31

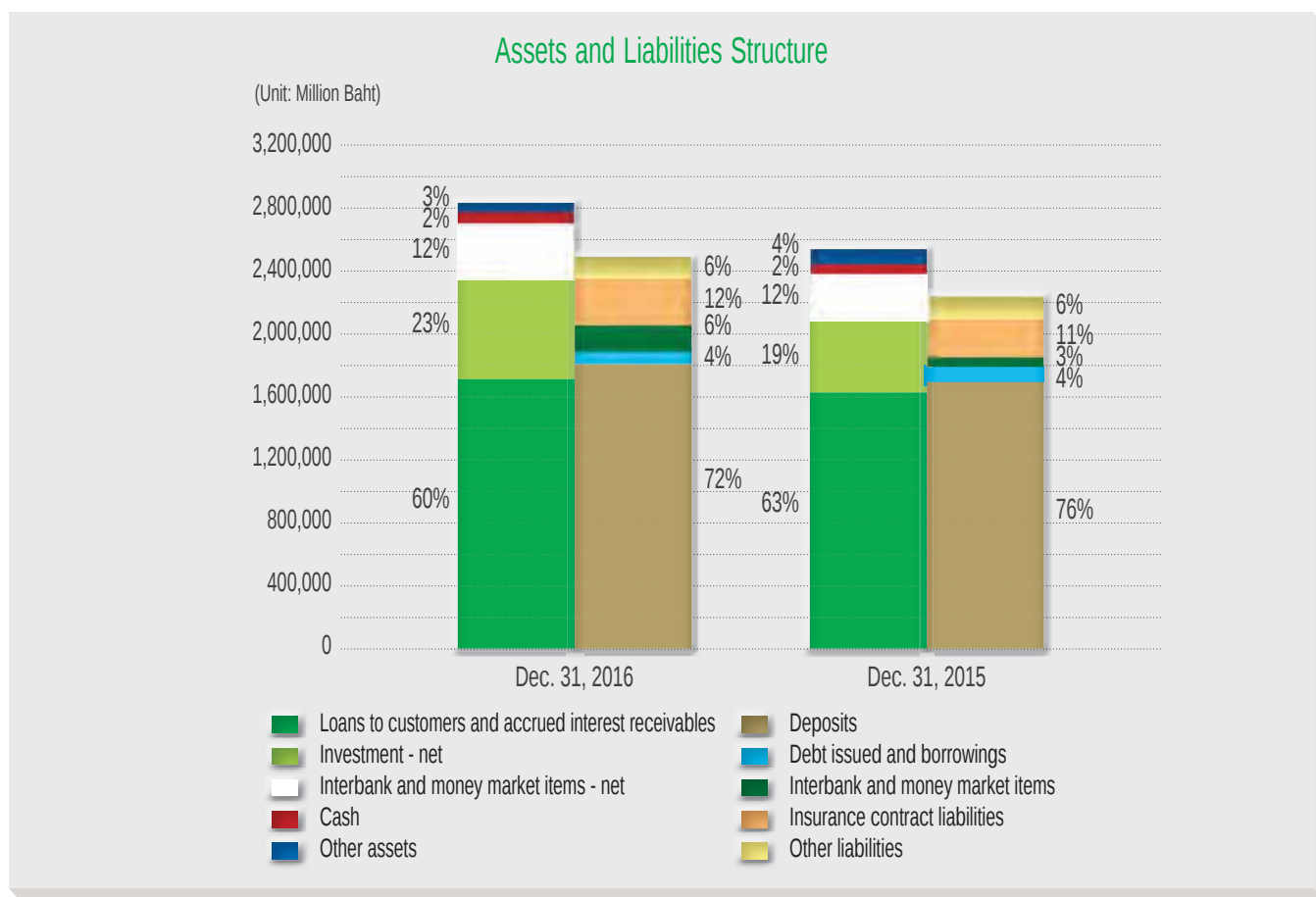
Debt Restructuring

As of December 31, 2016, KBank's consolidated pre-written off, restructured debts totaled Baht 115,055 million, increasing by Baht 46,207 million when compared to 2015. Losses from debt restructuring stood at Baht 2,452 million, representing 2.13 percent of total restructured debts, which was equivalent to an increase of Baht 424 million, compared to Baht 2,028 million in 2015.

Foreclosed Properties

As of December 31, 2016, our consolidated foreclosed properties had a cost value of Baht 17,361 million, thus being 0.61 percent of total assets, and allowance for impairment on foreclosed properties stood at Baht 1,917 million, equivalent to 11.04 percent of the cost value of those foreclosed properties, which is believed to be sufficient to cover holding, maintenance and disposal expenses, as well as losses on liquidations.

2. Financial Position Analysis



Assets

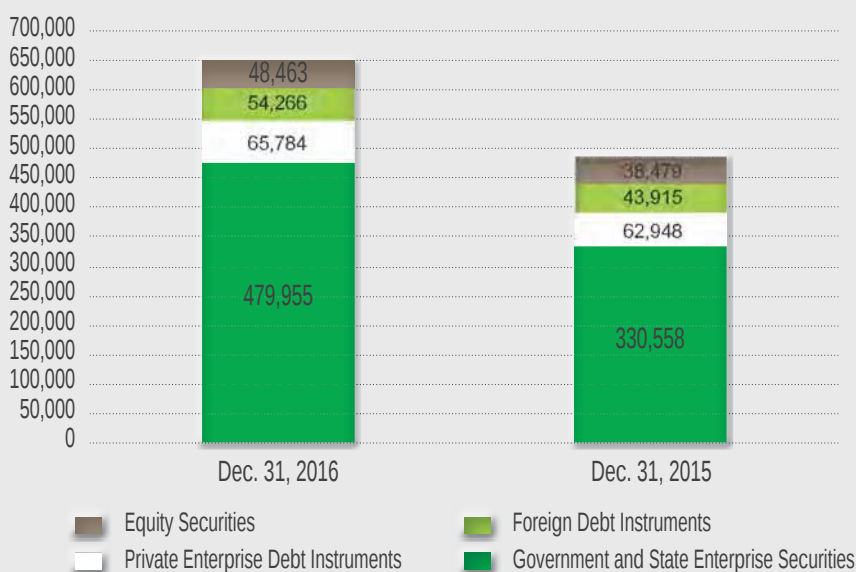
At the end of 2016, KBank's consolidated assets totaled Baht 2,845,868 million, increasing Baht 290,563 million or 11.37 percent from the end of 2015. The rise was due mainly to increases in net investments, loans to customers and interbank and money market items (assets). In detail:

- Net investments at the end of 2016 totaled Baht 649,598 million, increasing Baht 172,398 million or 36.13 percent from the end of 2015, due mainly to higher investment in government bonds.

- Our consolidated loans (less deferred revenue) at the end of 2016 amounted to Baht 1,697,581 million, increasing by Baht 87,694 million or 5.45 percent from the end of 2015. Loan growth was lower than the set target. Most increases were seen in commercial loan, credit cards, trade finance, as well as housing loan. Our consolidated loans were the fourth-largest among Thai commercial banks.
- Net interbank and money market items (assets) as of the end of 2016 totaled Baht 349,206 million, increased Baht 40,462 million or 13.11 percent from the end of 2015, due mainly to KBank's liquidity management.

Investments in Securities

(Unit: Million Baht)



Liabilities and Equity

Our consolidated liabilities, at the end of 2016, amounted to Baht 2,491,956 million, rising Baht 248,864 million or 11.09 percent from the end of 2015. The increase was mainly attributable to increased deposits, interbank and money market items (liabilities), insurance contract liabilities and debts issued and borrowings. Significant changes in our consolidated liabilities included:

- Deposits at the end of 2016 equaled Baht 1,794,835 million, increasing Baht 89,456 million or 5.25 percent from the end of 2015, mainly as a result of increase in saving deposit. KBank's deposits ranked the fourth-largest among Thai commercial banks.
- Interbank and money market items (liabilities) at the end of 2016 equaled Baht 160,052 million, rising Baht 88,586 million or 123.96 percent from the end of 2015, due largely to increase in private REPO transactions.

- Insurance contract liabilities at the end of 2016 registered Baht 305,824 million, an increase of Baht 54,377 million or 21.63 percent from the end of 2015, in line with the growth in life insurance business.
- Debt issued and borrowings at the end of 2016 equaled Baht 96,376 million, increasing Baht 10,798 million or 12.62 percent from the end of 2015, which were mainly derived from an issuance of unsubordinated and unsecured debentures.

At the end of 2016, total equity attributable to equity holders of KBank amounted to Baht 321,746 million, rising by Baht 35,946 million or 12.58 percent from the end of 2015, driven largely by net operating profit for 2016 at Baht 40,174 million despite the interim dividend payment from net profit for the first half of 2016 that was made in September 2016, totaling Baht 1,197 million.

Relationship between Sources and Uses of Funds

As of December 31, 2016, the funding structure as shown in the consolidated financial statement comprised Baht 2,491,956 million in liabilities and Baht 353,912 million in total equity, resulting in a debt-to-equity ratio of 7.04. The main source of funds on the liabilities side was deposits, which equaled Baht 1,794,835 million, or 63.07 percent of the total, as of December 31, 2016. Other sources of funds included interbank and money market items as well as debts issued and borrowings, which accounted for 5.62 percent and 3.39 percent of the total, respectively.

KBank's and subsidiaries' major use of funds was loans less deferred revenue, which as of December 31, 2016, amounted to Baht 1,697,581 million, resulting in loans to deposits ratio of 94.58 percent. Meanwhile, loans to deposits and B/E ratio was 94.57 percent. As for the remaining liquidity, KBank invested in various selections of liquid assets, such as interbank and money market items, and investments in securities.

KBank and Subsidiaries' Major Sources and Uses of Funds

(Unit: Million Baht)

Period	Deposits				Loans			
	Dec. 31, 2016	Percent	Dec. 31, 2015	Percent	Dec. 31, 2016	Percent	Dec. 31, 2015	Percent
≤ 1 Year	1,783,984	99.40	1,677,664	98.37	772,897	45.53	747,275	46.42
> 1 - 5 Years	10,851	0.60	27,715	1.63	415,263	24.46	389,124	24.17
> 5 Years	-	-	-	-	509,421	30.01	473,488	29.41
Total	1,794,835	100.00	1,705,379	100.00	1,697,581	100.00	1,609,887	100.00

As of December 31, 2016, deposits with maturities within 1 year were larger than loans with remaining maturities within 1 year. This is considered normal for commercial banks in Thailand, as they normally fund their lending or investments in long-term assets from short-term liabilities. However, since most deposits are renewed upon maturity, it is considered likely that they will remain with KBank longer than their stated contractual term, thereby helping to support funding for KBank's lending.

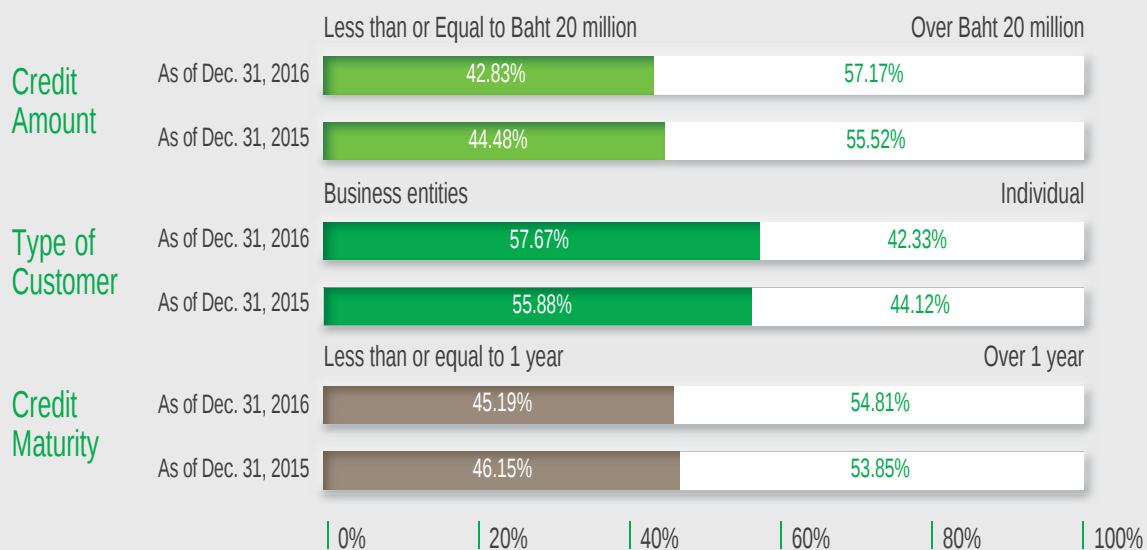
3. Loans and Deposits

Loans

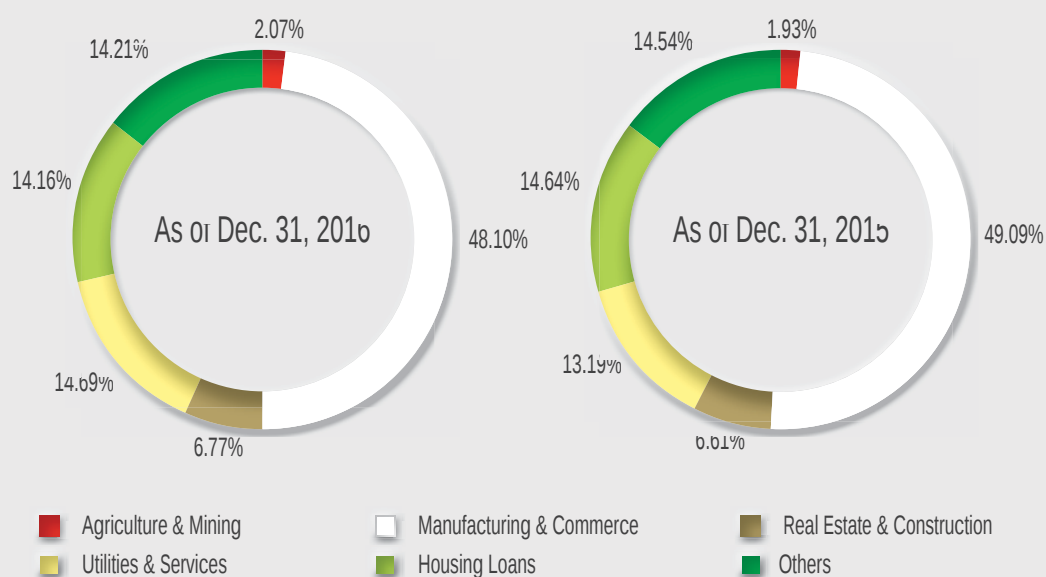
As of December 31, 2016, KBank's consolidated outstanding loans stood at Baht 1,697,581 million, increasing by Baht 87,694 million, or 5.45 percent, compared to Baht 1,609,887 million at the end of 2015.

As of December 31, 2016, 57.67 percent of KBank's outstanding loans were made to juristic persons or registered businesses. Loan account exceeding Baht 20 million totaled Baht 955,754 million, or 57.17 percent of the total; 42.83 percent were loans under Baht 20 million. As for maturities, credit with maturities of less than or equal to one year accounted for 45.19 percent of our total loans.

Loan Portfolio by Credit Amount, Type of Customer and Credit Maturity



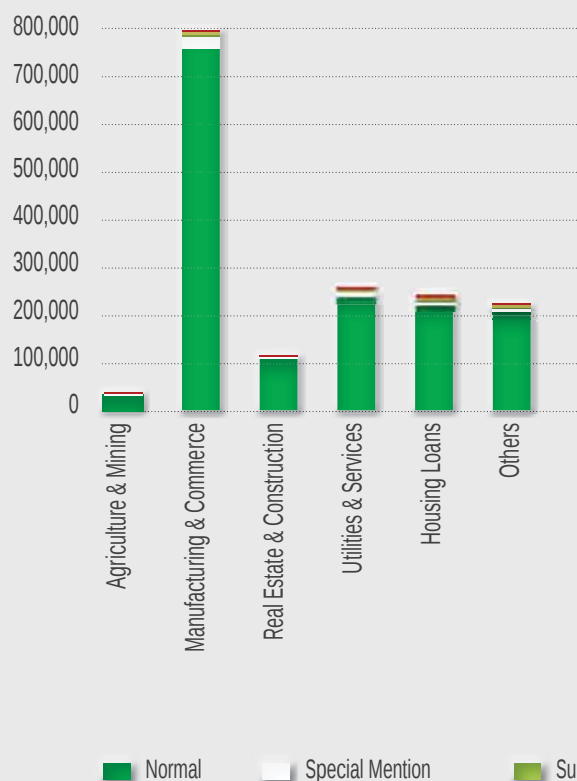
KBank's Consolidated Lending Portfolio



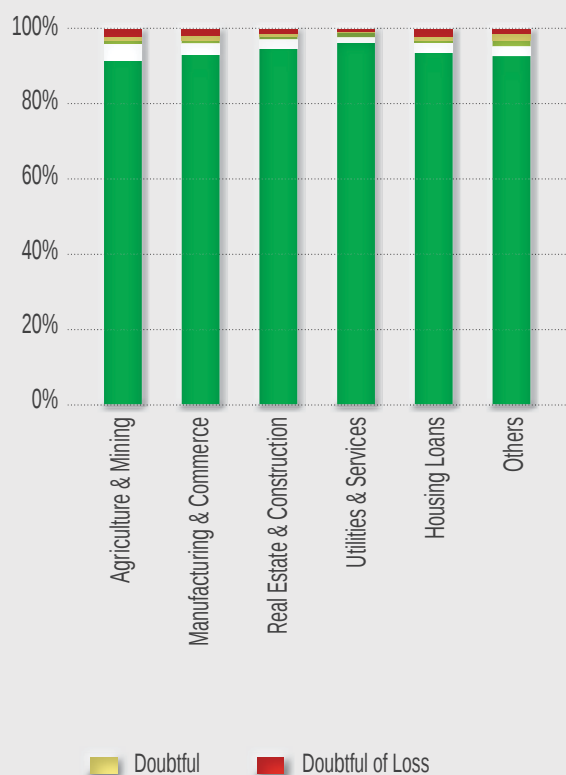
As of Dec. 31, 2016

Consolidated Loans Classified by Type of Business and Loan Classification

(Unit: Million Baht)



Percent of Consolidated Loans Classified by Type of Business and Loan Classification



Within KBank's consolidated lending portfolio, 93.56 percent were classified as "Normal" loans. When sub-divided by type of business, Manufacturing & Commerce represented the highest share of total consolidated lending at 48.09 percent; of that 93.05 percent were classified as "Normal" loans.

Loans Classified by Business

(Unit: Million Baht)

	Dec. 31, 2016		Dec. 31, 2015	
	Corporate Business*	Retail Business**	Corporate Business*	Retail Business**
Loans	1,169,584	428,680	1,085,646	422,400

Note: * "Corporate Business" refers to registered companies, certain private individual business customers, government agencies, state enterprises, as well as financial institutions, etc. KBank provides a variety of financial products and services to them, e.g., long-term and working capital loans, letter of guarantee, trade finance solutions, syndicated loans, cash management solutions and value chain solutions.

** "Retail Business" refers to private individual customers using KBank products and services, e.g., deposit accounts, debit cards, credit cards, personal loans, housing loans, financial advisory services, investment products and other transactional services.

Overall, we still maintained our business growth and appropriately met customer needs amid the economic recovery, albeit in certain sectors, in line with our policy to promote our customer competitiveness through building up a business network. As of the end of 2016, our Corporate Business loans (Corporate and SME customers) thus increased by Baht 83,938 million, or 7.73 percent over-year. The increase came from both long and short-term loans granted to our customers, especially commerce, financial institutions and utilities owing to the opening of bid for the government's infrastructure projects and brightening exports as well as thriving tourism.

Our retail loans increased by only Baht 6,280 million, or 1.49 percent, over the end of 2015, due to KBank's cautious credit growth policy, and in alignment with market environment

amid current economic slowdown and high household debt. Therefore, we managed to maintain our market leadership in major loan products, with a continued focus on loan quality. Meanwhile, home loans remained our core product. In 2016, marketing events, including online activities, were jointly organized with leading property developer allies both in Bangkok and other provinces, as well as online promotions to expand our customer base, especially potential clients. For credit card loans, diverse co-branded credit cards were offered along with distinguished marketing campaigns in response to the government's measures and customer needs. At the same time, our personal loans dropped slightly due to lower K-Express Cash though other types of personal loans recorded cautious growth owing to KBank's focus on customer screening policy.

Deposits

Deposits Classified by Type of Deposit Account

(Unit: Million Baht)

	Percent of Total Deposits	Deposits		Change	
		Dec. 31, 2016	Dec. 31, 2015	Million Baht	Percent
Total Deposits	100.00	1,794,835	1,705,379	89,456	5.25
Current accounts	5.63	100,977	94,038	6,939	7.38
Savings accounts	71.59	1,285,001	1,142,204	142,797	12.50
Fixed-term deposit accounts	22.78	408,857	469,137	(60,280)	(12.85)

At the end of 2016, total deposits - comprising those of Corporate Business and Retail Business - increased by Baht 89,456 million, or 5.25 percent, over the end of 2015. This was due mainly to increased savings accounts per customers' cash management needs. We continued to maintain savings accounts at the highest proportion of total deposits, or 71.59 percent, while fixed-term accounts declined over-year. This was in line with our management of deposits, which were maintained at appropriate levels, taking into account deposit volume and funding cost, in tandem with falling interest rates and demand for loan. We also focused on launch of other investment alternatives with higher returns and risks acceptable by customers.

4. Treasury Operations

Treasury Operations

During 2016, overnight interbank lending rates were stable at 1.45 percent, p.a., on average. Those steady rates were in line with the key policy rate, which was also steady at 1.50 percent, p.a. throughout the year.

KBank's liquidity position and investment portfolios were managed primarily to cope with future changes in business conditions and in line with the domestic economy as well as money and capital markets both at home and abroad. During 2016, our liquidity position was appropriately managed to efficiently accommodate changes in business conditions and help enhance returns on investments. We made investments from excess liquidity in short-term Thai government bonds to cushion against volatility from the domestic interest rate trend, which was affected by changes in internal and external returns. When market returns were favorable, we shifted to invest in long-term government bonds. In addition, KBank invested in short-term foreign bonds when their returns were more attractive than those of their Thai counterparts, to generate returns within an appropriate risk appetite.

Treasury Operations Income

(Unit: Million Baht)

Income Structure of Treasury Operations (Banking Book)	Percent of Total Income	2016	2015	Change	
				Million Baht	Percent
Interest income					
Interbank and money market items*	62.21	5,557	3,211	2,346	73.06
Investments	37.79	3,375	5,044	(1,669)	(33.09)
Total	100.00	8,932	8,255	677	8.20

Note: * Including loans

During 2016, total interest income stood at Baht 8,932 million, rising by Baht 677 million, being 8.20 percent higher than in 2015 due to higher liquidity and portfolio adjustment despite lower returns in the market.

Liquid Asset Ratio

KBank maintains average fortnightly current deposits at not lower than 1.00 percent of total deposits and certain types of borrowings in accordance with the Bank of Thailand's regulations. For the fortnight of December 31, 2016, our deposits at the Bank of Thailand and cash at cash center averaged Baht 24,960 million.

5. Operating Performance of K Companies and Muang Thai Life Assurance PCL

Operating Performance of K Companies* and Muang Thai Life Assurance PCL

(Unit: Million Baht)

	Performance Measurement	2016	2015
KASIKORN ASSET MANAGEMENT CO., LTD. (KAsset)	Assets under Management	1,240,206	1,131,737
	Market Share (Percent)	19.47	20.45
KASIKORN SECURITIES PCL (KSecurities)	Trading Volume	868,068	859,937
	Market Share (Percent)	3.78	4.40
KASIKORN LEASING CO., LTD. (KLeasing)	Loans	90,696	88,671
KASIKORN FACTORY AND EQUIPMENT CO., LTD. (KF&E)	Loans	14,798	13,397
Muang Thai Life Assurance PCL (MTL)	Net Premiums Earned	97,013	87,880
	Market Share (Percent)	17.07	16.35

Note: * KResearch is not included, since this company does not engage in financial business.

During 2016, K Companies and Muang Thai Life Assurance PCL (MTL) attained satisfactory qualitative and quantitative operating performance, attributable to the close cooperation between KBank and K Companies, as well as MTL.

KAsset has maintained the number-one position in mutual funds, with a market share of 21.21 percent. Total market share of assets under management (AUM) was 19.47 percent. The excellent performance benefited from its synergy with KBank, as well as product development to match consumers' needs. Notable efforts were: 1) the launch of K Minimum Volatility Quantitative Equity Fund (K-MVEQ), a mutual fund that applies minimum volatility strategy for managing the portfolio; 2) My Port Simulator - a tool for portfolio analysis and management based on customer risk appetite; and 3) Fund Navigator - a tool for funds selection in accordance with investment target. In parallel, we also emphasized expansion of electronic channels and improvement of service quality.

As for KSecurities, emphasis has been placed on development of products and services, especially on research, securities trading services and investment banking, to be more responsive to investor needs and lifestyles. Research papers have been made more timely, in-depth and precise. Along with this, investment technologies that are aligned with investor behavior in the digital era have been introduced. They were 1) KS Super Stock Mobile Application, which was upgraded with an alert function on prices which have been earlier set to enable immediate trading, plus added functions for three-year historical portfolio performance monitoring and analysis, and 2) KS Super Portfolio - a complete function for portfolio analysis and monitoring with portfolio adjustment advisory. Through these endeavors, KSecurities has maintained its market leadership in 2016, with a market share of 3.78 percent.

KLeasing was able to maintain its outstanding loans close to those of 2015, with growth of 2.28 percent, amid the country's domestic auto sales contraction. KLeasing enjoyed solid new loan growth, which was derived mainly from Hire Purchase and Leasing. Asset quality remained healthy with an NPL ratio of 1.65 percent, lower than the banking industry average. Moreover, KLeasing has continued to improve service quality and introduced new product campaigns to meet customers' needs and offer an excellent service experience to both retail and corporate customers.

KF&E reported over-year loan growth of 10.46 percent, in alignment with the company's 2016 target. Loans were extended to diverse industries nationwide. The company, which specializes in equipment leasing, focused on forging alliances with customers who are machinery dealers. It has also been working with KBank RMs to achieve service excellence with a higher customer satisfaction level.

MTL upheld its leading position in the life insurance business, with the number-one market share in new business premiums at 20.93 percent, and the number-two market share in total premiums at 17.07 percent. The company remained at the forefront in bancassurance, thanks to close cooperation with KBank in developing insurance plans that are suited to KBank customers' needs.

6. Capital Requirements⁽¹⁾

Placing great emphasis on equity capital as a significant funding source for business operations that also reflects the financial strength and credibility of a financial institution, KBank's and the Conglomerate's capital management frameworks are consistent with Basel III requirements. KBank's Capital Management Sub-committee is responsible for planning and overseeing capital adequacy, under the supervision of the Risk Management Committee, which supervises overall risk management. KBank has assessed our capital adequacy based on economic outlook, our business plans and regulatory changes while also regularly undertaking stress tests to ensure that we have adequate capital for operations under normal and crisis situations.

As of the end of 2016, KBank, under the Basel III capital requirements, had capital funds of Baht 325,431 million, consisting of Baht 255,582 million in Tier-1 capital and Baht 69,849 million in Tier-2 capital. The capital adequacy ratio of KBank was 18.17 percent, significantly above the Bank of Thailand's minimum requirement and conservation buffer of 9.125 percent. Details of the capital adequacy ratio of KBank are shown in the following table.

Capital Adequacy Ratio

- The Bank

(Unit: Percent)

Capital Adequacy Ratio	Basel III						
	Minimum Requirement & Conservation Buffer ⁽⁴⁾	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Minimum Requirement	Dec. 31, 2015
Tier-1 Capital Ratio ⁽³⁾	6.625	14.27	14.78	13.84	14.00	6.00	13.79
Common Equity Tier-1 Ratio	5.125	14.27	14.78	13.84	14.00	4.50	13.79
Tier-2 Capital Ratio	-	3.90	4.00	3.56	3.62	-	3.60
Capital Adequacy Ratio	9.125	18.17	18.78	17.40	17.62	8.50	17.39

KASIKORNBANK FINANCIAL CONGLOMERATE ⁽²⁾

(Unit: Percent)

Capital Adequacy Ratio	Basel III						
	Minimum Requirement & Conservation Buffer ⁽⁴⁾	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Minimum Requirement	Dec. 31, 2015
Tier-1 Capital Ratio ⁽³⁾	6.625	15.16	15.69	14.69	14.88	6.00	14.53
Common Equity Tier-1 Ratio	5.125	15.16	15.69	14.69	14.88	4.50	14.53
Tier-2 Capital Ratio	-	3.68	3.77	3.43	3.48	-	3.47
Capital Adequacy Ratio	9.125	18.84	19.46	18.12	18.36	8.50	18.00

Note: ⁽¹⁾ Excluding net profit of each period, which under the Bank of Thailand's regulations, net profit in the first period is to be counted as capital after approval by the Board of Directors per KBank's regulations. Net profit in the second period is also counted as capital after approval of the General Meeting of Shareholders. However, whenever a net loss occurs, the capital must be immediately reduced at the end of period.

⁽²⁾ KASIKORNBANK FINANCIAL CONGLOMERATE means the company under the Notification of the Bank of Thailand Re: Consolidated Supervision, consisting of KASIKORNBANK, K Companies and subsidiaries operating in support of KBank, Phethai Asset Management Co., Ltd. and other subsidiaries within the permitted scope from the Bank of Thailand's to be a financial conglomerate.

⁽³⁾ According to Basel III Capital Requirements, Tier-1 Capital is required to include phase-in or phase-out items at 20 percent p.a. from January 1, 2014, onwards, until reaching 100 percent in 2018.

⁽⁴⁾ Conservation buffer requires an additional Common Equity Tier 1 at 0.625 percent p.a. from January 1, 2016 onwards until reaching 2.50 percent in 2019.

Performance Measurements using Risk-Adjusted Return on Capital (RAROC) and Economic Profit (EP)

During 2016, we continued to implement Value-Based Management (VBM), which is a management practice that aims to achieve the highest value creation for our shareholders in accordance with our business strategies and goals. In achieving this objective, the Risk-Adjusted Return on Capital (RAROC) and Economic Profit (EP) - showing net profit after adjusting for both the risk charge and cost of capital - have been adopted as key measurements.

We have developed guidelines for performance measurements consistent with various management aspects, including business targeting, strategic and business planning that takes into consideration risk-adjusted returns, risk-based pricing and

efficient resource management. In addition, we measure our business performance and analyze value-based profit, along with our "Customer Centricity" strategy to strengthen our competitiveness across the board in customer segments and product domains, paying attention to the linkages between them. Meanwhile, related business units have adopted value-based analyses for their viability assessments on investment projects, allowing them to effectively adjust their business strategies in alignment with fast-changing market conditions and attain the highest efficiency in the use of capital.

Moreover, we have successfully established ACPM and stress test dashboard to help support related departments to drill down key issues, trend, and key value drivers from bank-wide to customer level.

7. Credit Ratings

At the end of December 2016, KBank's credit rating given by Moody's Investors Service, and Standard & Poor's remained unchanged from the end of December 2015. However, Fitch Ratings upgraded the National Long-Term Ratings of KBank and eight financial institutions in Thailand. This reflected KBank's standalone credit strengths that have remained unchanged, although Fitch Ratings downgraded Thailand's Long-Term Local Currency, which has led to a narrowing of the gap relative to the sovereign on the national scale rating.

Details are shown in the following table.

KASIKORNBANK's Credit Ratings

Credit Ratings Agency	Dec. 31, 2016	Dec. 31, 2015
Moody's Investors Service*		
<u>Foreign Currency</u>		
Outlook	Stable	Stable
Long-term - Senior Unsecured Notes	Baa1	Baa1
- Deposit	Baa1	Baa1
- Counterparty Risk Assessments	Baa1(cr)	Baa1(cr)
Short-term - Debt/Deposit	P-2	P-2
- Counterparty Risk Assessments	P-2(cr)	P-2(cr)
Subordinated Debt	Baa3	Baa3
Bank Financial Strength Rating (BFSR)	C-	C-
Outlook for BFSR	Stable	Stable
Baseline Credit Assessment	Baa2	Baa2
<u>Domestic Currency</u>		
Outlook	Stable	Stable
Long-term - Deposit	Baa1	Baa1
Short-term - Debt/Deposit	P-2	P-2
Standard & Poor's*		
<u>Global Scale Ratings</u>		
Outlook	Stable	Stable
Long-term Counterparty Credit Rating	BBB+	BBB+
Long-term Certificate of Deposit	BBB+	BBB+
Short-term Counterparty Credit Rating	A-2	A-2
Short-term Certificate of Deposit	A-2	A-2
Senior Unsecured Notes (Foreign Currency)	BBB+	BBB+
Subordinated Debt (Foreign Currency)	BBB	BBB
<u>ASEAN Regional Scale Ratings</u>		
Long-term	axA+	axA+
Short-term	axA-1	axA-1
Subordinated Debt	axA	axA

Credit Ratings Agency	Dec. 31, 2016	Dec. 31, 2015
Fitch Ratings*		
<u>International Credit Ratings (Foreign Currency)</u>		
Outlook	Stable	Stable
Long-term Issuer Default Rating	BBB+	BBB+
Short-term Issuer Default Rating	F2	F2
Senior Unsecured Notes	BBB+	BBB+
Viability	bbb+	bbb+
Support	2	2
Support Rating Floor	BBB-	BBB-
<u>National Credit Ratings</u>		
Outlook	Stable	Stable
Long-term	AA+(tha)**	AA(tha)
Short-term	F1+(tha)	F1+(tha)
Subordinated Debt (Legacy Basel II Tier 2 securities)	AA(tha)**	AA-(tha)
Subordinated Debt (Basel III-compliant Tier 2 securities)	AA(tha)**	AA-(tha)

Note: * The base levels for investment grade on long-term credit ratings for Moody's Investors Service, Standard & Poor's, and Fitch Ratings are Baa3, BBB- and BBB-, respectively. For short-term credit ratings, the base levels for investment grade as viewed by these three agencies are P-3, A-3, and F3, respectively.

** Fitch Ratings upgraded the National Long-Term Ratings of KBank and eight financial institutions in Thailand. This reflected KBank's standalone credit strengths that have remained unchanged, although Fitch Ratings downgraded Thailand's Long-Term Local Currency, which has led to a narrowing of the gap relative to the sovereign on the national scale rating.

Operations of Support Groups

1. Human Resource Management

KBank has placed emphasis on human resource management to support our operations in three key areas, namely KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG), business expansion within the AEC+3, and other related operations to ensure greater efficiency in our human resource management operations.

KBTG Human Resource Management

Recognizing the importance of human capability, KBTG has conducted employee recruitment at various educational institutions, focusing on those with computer engineering or computer science programs. Through academic collaboration with the Department of Computer Engineering, Kasetsart University, the Company invited the university's lecturers and students to visit the KBank Data Center to gain knowledge and hands-on management experience.

KBTG is determined to create a learning society with a community of practice (CoP). To this end, we arranged Commovation activities, "Nong E-Si Let's Talk Journal" and sharing sessions in which employees learn from the successes and failures of others. Emphasis has been placed on human capability development to keep abreast with fast changing IT trends where anytime, anywhere and any device collaboration is the main theme of work and life today. KBTG has established IT infrastructure that is aligned with the way we work in the digital world, with the introduction of Digital Workplace program to encourage employee work balance.

Human Resource Management for Business Expansion within AEC+3

KBank conducted studies in order to design a manpower structure that matches our service model. A plan for personnel recruitment, job rotation, employee development, and systematic career path planning and development was devised. We also formulated guidelines for expatriates, detailing approaches for the development of employees who relocate to be stationed in

other countries, in terms of quantity and quality. To this end, staff orientation programs have been organized so that they can quickly respond to business needs and remain competitive in the local labor market.

As support for business operations in China, KBank has made preparations for the establishment of a locally incorporated institution (LII) and the opening of a Shanghai branch. To that end, we recruited new employees for various positions, while also acquainting local staff members with the KBank organizational culture in a bid to promote a cooperative working environment. In addition, a recognition program was organized to encourage and reward employees with outstanding performance.

Our initiatives also included expansion of the Board of Directors Development Program, which is a learning course that provides an overview of board members' roles and responsibilities. The Program was designed for executives in preparation for their roles as board members of LIIs to be opened in AEC+3 countries.

Other Human Resource Management Operations

- Employee recruitment: K SME Career Day activities were held four times to select new-generation careerists who are interested in professions related to credit and SME business analysis. In the fourth quarter of 2016, we staged the "KBank Elite Talent: Private Banking & Investment Banking" program featuring a financial quiz competition wherein winners were awarded cash prizes and a certificate, plus the opportunity to work with KBank. In collaboration with the British Council, KBank joined the UK Alumni Job Fair 2016, a forum for UK alumni to get together and apply for a job with Thailand's leading companies.
- Employee development: KBank has always prioritized the development of employee competency and potential. Other than the core Management Development Program (MDP), employees were encouraged to attend courses organized by other institutions. We organized seminars for high-potential executives and employees wherein

experts from leading international institutions were invited to share their knowledge on the trends of consumers in a new era. As part of learning activities for enhancing our employees' understanding of leadership roles and environmental factors for successful organizations, KBank staff members watched a movie and exchanged their perspectives, ideas and what they learned from the film. Another notable initiative was an executive retreat, catering for KBank and K Companies executives to promote Innovation and Collaboration - among KBank's Core Values. For our knowledge management at the employee level, staff representatives joined a company visit to broaden their horizons on knowledge management which could be applied to their work, while employees with several years of service and expertise were encouraged to pass their knowledge and skills on to their colleagues.

- Employee relations and benefits: The fourth Employees' Committee meeting was held to allow for consultations and problem-solving discussions between KBank and the Employees' Committee, deepening our bond with the workforce. In keeping with the principles of good labor relations, KBank also held negotiations on labor union demands in order to improve employee welfare benefits in alignment with the current conditions. Moreover, guidelines for preemptive actions to mitigate non-compliance with regulatory requirements were sought. Meetings were held to review internal regulations, announcements, and directives and to communicate

these to the relevant parties. Work processes were revised for greater consistency with the current business environment. These efforts were instrumental in maintaining the high level of service our employees give to our customers and in minimizing operational risks.

- Labor management for economic, social and environmental sustainability under the "Green DNA" resolution: KBank's Green DNA Program for 2016 was held to encourage employees to volunteer for community service. The goal of 20,000 hours of service was far exceeded at 42,000 hours voluntary activity contributing to society. Other notable initiatives included "KBank Caring for Bangkok's Green Lung Year 7" project at Bang Kachao, Samut Prakan, and activities held by executives of KBank and K Companies at the Yuwaphat Foundation to provide greater educational opportunity to underprivileged children nationwide.
- Promotion of communication for business: Employees were informed of KBank's new PromptPay Service via various internal channels. Activities of the Innovation Challenge by KBankathon Project included brainstorming sessions for KBank employees to foster new and creative ideas in response to challenges in the digital world.
- Communications and activities strengthening bonds: Activities were held for employees to commemorate our late king, His Majesty King Rama IX, including an exhibition, Nine Teachings of His Majesty King Bhumibol Adulyadej, at Phot Duang Plaza, Phahon Yothin Building.



KBank introduced the "20,000 Chuamong Tham Di Tham Dai (20,000 Volunteer Hours)" project to encourage employees to take one-day leave each year to participate in volunteer activities.



To follow in His Majesty King Bhumibol Adulyadej's footsteps, KBank implemented the "KBank Officers Caring for Bangkok's Green Lung Year 7" project under the "Green DNA" resolution, at Sri Nakhon Khuean Khan Park and Botanical Garden, Phra Pradaeng District, Samut Prakan.

2. IT Management

KBank established KBTG with the aim of enhancing our IT management efficiency in alignment with our strategy of maintaining KBank's competitiveness and holding on to our position as the number-one digital banking provider, to cope with fast-changing consumer behaviors in this highly competitive, technology-driven marketplace. This year, KBank continued to conduct studies in technological development while also pursuing our initiatives, which can be summarized as follows.

- Create and conduct a test run for the KBank Cashless Payment System via K+ Platform in a bid to provide our customers a faster and more convenient payment channel while also reducing their reliance on cash. The first test run was conducted at a restaurant and internal fairs held within KBank. Now that the Bank of Thailand has given approval for the general use of the K+ Platform, KBTG plans to introduce the service to shops in the neighborhood of Muang Thong Thani. Together with Carabao Group PCL, KBTG has developed a credit innovation for retail shops buying merchandise from the group, which would be obliged to act, via a mobile application, as a guarantor of these shops. Moreover, KBank is preparing to provide the K+ Platform service at a concert scheduled for early 2017.

- Study and develop Application Programming Interface (API) Manager system, for which a "sandbox" is being developed to allow startup firms to link to our system on a trial basis. KPlus SME is now being fitted with an authentication feature, which verifies the user's identity, as a required step to receive data from the Flow Account.
- Study use case and machine learning techniques to be applied to KBank businesses. We have conducted studies of customer behavior to reveal useful information, which will be further analyzed with the aim of providing products and services that better match customer needs, in the right place at the right time. We have started to offer our products via SMS, e-mail, and Mobile Life Plus to target groups on a trial basis.
- Study and develop "blockchain", which will be further applied to our financial business. In the initial stage, the technology has been applied to the prototype of letters of guarantee issuance of PTT Polymer Marketing Company Limited (PTTPM) for enhanced work efficiency, streamlined process, time saving and reduced paper consumption. KBank has also joined forces with IBM Bluemix Garage to develop a system called OriginCert using the Hyperledger blockchain platform to certify genuineness of original documents. This new blockchain technology was showcased at the Singapore FinTech Festival 2016, partly to attract more OriginCert users.
- Study and develop Electronic Know Your Customer (e-KYC): We have employed biometrics, which is biotechnology used in healthcare service and computer science, for customer identification through fingerprint authentication and national ID card verification based on the database of the Department of Provincial Administration (DOPA), to ensure the cards' validity and verify the identity of the information owner. We additionally collaborated with Samsung (Thailand) Co., Ltd. to create a prototype for an authentication feature which will allow financial transactions based on face and fingerprint recognition.



PTT Polymer Marketing Co., Ltd. (PTTPM) entrusted KBank with issuance of an e-Letter of Guarantee (LG) for their trade partners. This service allowed easier and faster issuance of LG, slashing paperwork and relevant costs for the PTTPM supply chain.



KBank announced the introduction of an innovation that enables visually impaired persons to conduct financial transactions via smartphones with convenience and safety. This application will be ready for use in the first quarter of 2017.



KBank and IBM developed blockchain technology to be used in certifying original documents for greater credibility, with focus on accuracy under a common standard, risk mitigation, swift verification, and security enhancement.

- Enhance capability of K-MOBILE BANKING PLUS: The new function will allow customers to open an e-Saving account without visiting KBank branches - now on a trial period within KBank. Development is also underway to add to the system the ability to approve a temporary credit line via an Android-based smartphone. The same feature will be developed for the iOS operating system later this year.
- Develop a financial mobile application designed for visually impaired persons: Beacon Interface Co., Ltd., a FinTech startup which is a joint venture set up by KBank, has created a new mobile experience for visually-impaired persons. With this new mobile app equipped with the Non-Location Based Interface innovation, these people will have more confidence in performing financial transactions on their smartphones.

KASIKORNBANK's Investments in Subsidiaries and Associated Companies

Subsidiaries and Associated Companies

The definitions of subsidiaries and associated companies are in alignment with those specified in Thai Financial Reporting Standard, which KBank discloses in the Notes to the Financial Statements.

Investment Policy

Our investment policy can be summarized as:

Strategic Investments

KBank invests in companies for strategic benefits. KBank and such companies collaborate in the review of business strategies and synergies through the sharing of various resources, equipment, tools and channels to efficiently meet the needs of customers with minimal operational redundancies.

Outsourcing Investments

KBank invests in companies that support our operations. These are companies providing services that are not the core business of KBank, and thus would be relatively inflexible if they were to remain a part of KBank. Our executives are appointed as directors of these companies to oversee their management and operating policies, with one director having control over each such firm's operations. This helps ensure standardized service quality, and maximized efficiency and benefit to KBank.

In 2016, KBank set up Beacon Venture Capital Co., Ltd. with paid-up registered capital of Baht 250 million to engage in venture capital business. The company focuses on investment in FinTech firms with potential of boosting our efforts in the areas of financial innovation and rapid technological development. At the same time, KBank supports FinTech business in various ways to facilitate their expansion and future growth.

Shareholder Risk Management

Investments in KBank shares may incur shareholder risk, as the returns on investment, which vary with KBank share prices, share liquidity and investment overall, may not meet shareholders' expectation. KBank dividend payments are also dependent upon KBank operating results. Therefore, shareholders may have returns that are higher or lower than their expectations.

Key risks and risk management practices employed by KBank are identified in this Management Discussion and Analysis. However, KBank may incur risks other than those specified therein; shareholders are urged to study all risk factors and cautiously deliberate upon any investment before making

a decision. Shareholders must accept that KBank may not be able to prevent all risks that could arise, and that there are numerous factors that have the potential to affect KBank performance and dividend payments, e.g., domestic and international economic conditions, political situations, capital movements, changes in government policies, and other unpredictable incidents. Furthermore, the diversity among KBank shareholders, with its high incidence of foreign shareholding, could induce fluctuations in KBank share prices, particularly when there is incidental market concern towards the economic and political environment that could result in capital outflows.

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Report of the Board of Directors' Responsibilities for Financial Reports

The Board of Directors of KASIKORNBANK PUBLIC COMPANY LIMITED places importance on fulfilling its duties and responsibilities in supervising the business undertakings of the Bank in compliance with the Statement of Corporate Governance Principles. The Board is held accountable for the consolidated and Bank-only financial statements, including the financial data disclosed in the Annual Report. The financial statements for the year ending December 31, 2016 and the notes to the financial statements have been prepared in accordance with Thai Financial Reporting Standards. Proper accounting policies have been employed and consistently adhered to in the preparation of these financial statements, including careful consideration together with prudent and reasonable estimations. These are transparent and reasonable presentations that reflect a true and fair financial position and performance that is useful to all shareholders and investors. Moreover, the financial statements have been audited by an independent certified public accountant whose unqualified opinions are stated therein.

The Board has reviewed the appropriateness and effectiveness of risk management, internal control, internal audit, and supervision, to be reasonably assured that the financial records are accurate, complete, and adequate to protect the Bank's assets and to prevent any significant operational risk. The Board of Directors has appointed an Audit Committee entirely comprised of independent directors responsible for the quality of the Bank's financial reporting and internal control systems, as well as complete and appropriate disclosure of connected transactions and other processes. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this Annual Report.

The Board is of the view that the Bank has maintained an effective internal control system at an adequate and appropriate level of protection to assure the credibility of the consolidated and Bank-only financial statements presenting the financial positions as of December 31, 2016, as well as the financial performance for the year ending December 31, 2016, in accordance with Thai Financial Reporting Standards and relevant laws and regulations.



(Mr. Banthoon Lamsam)
Chairman of the Board and Chief Executive Officer



(Mr. Predee Daochai)
President

Report of the Audit Committee

The Audit Committee of KASIKORNBANK comprises four independent directors in which Dr. Piyasvasti Amranand serves as Chairman and Ms. Puntip Surathin, Mr. Saravoot Yoovidhya and Ms. Suphatee Suthumpun serve as members.

In 2016, the Audit Committee held 12 meetings to fulfill its roles and responsibilities as stipulated in the Audit Committee Charter. The proceedings from each meeting were reported to the Board of Directors. Significant matters are summarized as follows:

- The reviews of quarterly, semi-annual and annual financial statements were performed by considering financial reports, significant accounting policies and accounting estimates as well as disclosure of information in notes to financial statements. In addition, the Audit Committee held regular meetings with the external auditors from KPMG Phoomchai Audit Ltd., without the participation of the Bank's management, to acknowledge and discuss points of concern arising from their reviews and audits including changes in International Financial Reporting Standards and International Auditing and Assurance Standards.
- Risk management reviews were conducted via quarterly meetings with Enterprise Risk Management Division executives to acknowledge risk reports and measures to handle potential risks, new threats or loss events arising from domestic and global environment that might have significant impacts on KASIKORNBANK FINANCIAL CONGLOMERATE. This is to ensure appropriate risk management.
- The effectiveness of internal control was assessed and reported via significant audit results of internal auditors, the internal control assessment by management and Internal Audit Department, as well as the results of the Bank of Thailand examinations and those of other regulators governing KASIKORNBANK FINANCIAL CONGLOMERATE. The Audit Committee also followed up on corrective actions towards critical issues and acknowledged reports on material operational loss events to consider the causes of such events and the appropriateness of measures to prevent future recurrences. The Audit Committee gave their comments and suggestions on various issues to the management to improve internal control system.
- The Audit Committee considered the annual review of Internal Audit Charter, approved annual audit plan and adjustments to it during the year, as well as monitored the performance of Internal Audit Department versus the plan each quarter. The internal assessment of internal audit work and the development of internal audit activities vis-à-vis personnel, work efficiency and conformity with international standards were also reviewed.
- The Audit Committee approved the review of Compliance Department Charter and considered the results of compliance supervision and reviews, undertaken by the Compliance Department as per the annual compliance program approved by the Audit Committee, to assure that the operations of KASIKORNBANK FINANCIAL CONGLOMERATE were performed in compliance with relevant laws and regulatory requirements. The Audit Committee also acknowledged reports on regulatory changes or observations/notice from regulators that the Audit Committee emphasized for appropriate and timely action must be taken, where required.

- The Audit Committee considered the annual loan review plan prior to submission to the Board of Directors for approval and had regular meetings with the executives of Risk Asset Review Department to discuss the review results and corrective actions including monitoring of credit quality for industry affected by economic condition to ensure the prudent credit process.
- Complaints towards staff members and operating procedures and/or practices that maybe inappropriate or unfair were acknowledged and complaint management was reviewed to ensure appropriateness, fairness and transparency.
- The Audit Committee requested audit firms to submit Auditor's proposal for KBank external auditors for 2017. After consideration of the proposals in terms of their qualification, knowledge, competency, experiences and independence in accordance with the requirements of Securities and Exchange Commission and international practices including the reasonableness of audit fee, the Audit Committee proposed the appointment of KPMG Phoomchai Audit Ltd. as the Bank's external auditor to the Board of Directors for submission to the General Meeting of Shareholders for approval. In addition, the Audit Committee prudently considered the independence of external auditor in providing non-audit services.
- As for potential conflict of interest transactions, the Audit Committee placed importance on pursuance of the Bank's approval procedures that are in compliance with regulatory requirements and good corporate governance principles. There was no such transaction in 2016 that was subject to the Audit Committee consideration.
- The Audit Committee performed the annual review of Audit Committee Charter and self-assessment of its performance and reported the results to the Board of Directors.
- The Audit Committee oversees the independence of Internal Audit function, efficiency and effectiveness of internal audit, compliance with law and regulatory requirements and loan review, appropriateness of line of command and resource adequacy to fulfill these activities.

According to duties and responsibilities specified in the Audit Committee Charter, the Audit Committee has performed them with due care, independence and transparency for the benefit of KASIKORNBANK FINANCIAL CONGLOMERATE.

The Audit Committee is confident that the consolidated and the bank-only financial statements are fairly presented in all material aspects, prepared in accordance with financial reporting standards and regulatory requirements and appropriately disclosed and that KASIKORNBANK FINANCIAL CONGLOMERATE has operated under appropriate risk management, internal controls and governance and in compliance with relevant laws and regulatory requirements.



(Dr. Piyasvasti Amranand)
Chairman, the Audit Committee

Independent Auditor's Report

To the Shareholders of KASIKORNBANK PUBLIC COMPANY LIMITED

Opinion

I have audited the consolidated and the Bank-only financial statements of KASIKORNBANK PUBLIC COMPANY LIMITED and its subsidiaries ("the Bank and its subsidiaries"), and of KASIKORNBANK PUBLIC COMPANY LIMITED ("the Bank"), respectively, which comprise the consolidated and the Bank-only statements of financial positions as at 31 December 2016, the consolidated and the Bank-only statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and the Bank-only financial statements present fairly, in all material respects, the financial position of the Bank and its subsidiaries and of the Bank, respectively, as at 31 December 2016 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and the Bank-only Financial Statements* section of my report. I am independent of the Bank and its subsidiaries and of the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that are relevant to my audit of the consolidated and the Bank-only financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and the Bank-only financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and the Bank-only financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Allowance for doubtful accounts on loans to customers

For disclosures related to credit risk, loans to customers and allowance, refer to notes 3.6, 10, 12, and 45

The Key Audit Matter

As at 31 December 2016, loans to customers representing 59.99% and 67.78% of consolidated and the Bank-only total assets, respectively against which an allowance for doubtful accounts of Baht 82,418 million and Baht 79,921 million respectively was provided.

The estimation of the allowance involves applying statistical methods and judgments. The allowance is determined based on the key factors such as historical loss, estimated loss, credit risk, collateral, economic conditions and management experience. Accordingly it is considered a Key Audit Matter.

There are two bases in estimating the allowance; individual basis and portfolio basis. The former involves a number of factors in determining the amount of allowance; for example, credit ratings, loan classifications, as well as types and values of collaterals. On the other hand, the portfolio basis is applied to certain groups of customers with shared risk characteristics, e.g. customer behavior and loan classifications, and it involves factors like historical loss for specified groups of customers for estimation.

Management has established a control framework over the estimation process of the allowance for doubtful accounts which includes governance procedures, management review and approval, and controls to ensure the integrity of data used in the process and compliance with relevant bank's policies and regulations.

How the matter was addressed in my audit

In planning my audit procedures I performed a risk assessment by considering internal and external factors which could affect the performance of individual customers, industry sectors or customer segments, or which could influence the judgments and estimates.

My audit procedures included testing the design and operating effectiveness of selected controls surrounding the credit and impairment process.

I performed credit review procedures for a sample of loans, including a detailed review of the individual credit profile and other relevant information, from which I formed my own independent assessment. My sample included individually large exposures, loans subject to restructuring and reschedule as well as a selection of loans identified in my risk assessment.

I tested model assumptions & methodologies, where appropriate, including involvement of my own credit risk specialists, reconciliation of data to underlying systems and back-testing results.

Valuation of financial instruments in the statements of financial position

For disclosures related to financial instruments and fair values, refer to notes 3.31, 45, and 46

The Key Audit Matter

As at 31 December 2016, financial instruments recorded at fair value in the consolidated financial statements amounted to Baht 378,923 million for assets and Baht 28,740 million for liabilities. In the Bank-only financial statements, these two accounts amounted to Baht 323,104 million and Baht 28,924 million respectively.

Of these amounts, there are certain portions that are classified as “Level 2” in the fair value hierarchy, for which the fair value is based upon inputs other than quoted prices in active markets or valuation techniques incorporating those inputs. Therefore, judgment is applied in the estimation of fair values. This can lead to a higher risk that the amounts of financial instruments shown in the statement of financial position may be mispriced.

As at 31 December 2016, financial assets and liabilities designated at level 2 fair value in the consolidated financial statements amounted to Baht 339,263 million and Baht 28,653 million respectively. As for the Bank-only financial statements, they are priced at Baht 316,333 million for assets and Baht 28,924 million for liabilities.

How the matter was addressed in my audit

In planning my audit procedures I performed a risk assessment by considering the factors which could affect the fair value of financial instruments, both in terms of the inputs used for valuation and the appropriateness of valuation techniques applied.

For financial instruments I checked for a selection that pricing inputs, for example interest rate, foreign exchange rate, and equity price, used were externally sourced and were correctly input into pricing models. I used my own valuation specialists to assess that the models were appropriate and they valued a selection of the Bank and its subsidiaries' equity securities, debt securities, and derivative positions independently and compared their valuation to the Bank and its subsidiaries' valuation.

Valuation of life insurance policy reserves

For disclosures related to life insurance policy reserves, refer to notes 3.18, 24, and 45

The Key Audit Matter

As at 31 December 2016, insurance contract liabilities recorded in respect of a subsidiary in the consolidated financial statements amounted to Baht 305,824 million, mainly the long-term technical reserves (approximately 98.75% of insurance contract liabilities). The valuation of these reserves is based on actuarial methodologies and assumptions that involve significant complex judgments about future events which could materially affect the amount of the recorded liability and expense. Accordingly it is considered a Key Audit Matter.

How the matter was addressed in my audit

In planning my audit procedures I performed a risk assessment by considering factors which could affect the major valuation assumptions and controls framework. These major assumptions include economic assumptions such as investment returns and discount rates and non-economic assumptions such as mortality and persistency.

My audit procedures, with the assistance of my actuarial specialists, include assessments of the methodology and assumptions used in calculating the reserves and testing the significant inputs included evaluating the design, implementation and operating effectiveness of selected controls over the actuarial assumptions, data and the valuation process.

I considered, in particular, the validity of management's liability adequacy testing, including assessing the reasonableness of the discount rate adopted and projected cash flows, and challenging the assumptions adopted in the context of company experience, specific product features and industry practice. The discount rates adopted by management are consistent with market practice.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and the Bank-only financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and the Bank-only financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and the Bank-only financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and the Bank-only financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated and the Bank-only Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and the Bank-only financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and the Bank-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and the Bank-only financial statements, management is responsible for assessing the Bank and its subsidiaries' and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and its subsidiaries and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank and its subsidiaries' and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and the Bank-only Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and the Bank-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and the Bank-only financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and the Bank-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and its subsidiaries' and of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and its subsidiaries' and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and the Bank-only financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bank and its subsidiaries and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank-only financial statements, including the disclosures, and whether the consolidated and the Bank-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank and its subsidiaries to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and the Bank-only financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2017



(Charoen Phosamritlert)
Certified Public Accountant
Registration No. 4068

Statements of Financial Position

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

		Consolidated		The Bank	
	Note	31 December 2016	31 December 2015	31 December 2016	31 December 2015
ASSETS					
Cash		60,588,798	56,226,230	60,541,754	56,203,527
Interbank and money market items - net	6	349,206,519	308,744,496	338,192,122	298,523,171
Claims on security		6,530	1,288	-	-
Derivative assets	7	31,765,140	31,830,604	32,026,598	32,513,462
Investments - net	8	649,597,727	477,200,035	320,870,527	213,198,650
Investments in subsidiaries and associates - net	9	781,163	662,368	15,438,978	14,475,750
Loans to customers and accrued interest receivables - net	10 , 11				
Loans to customers		1,707,234,699	1,619,526,585	1,672,246,136	1,588,064,981
Accrued interest receivables		3,491,802	3,088,273	3,052,902	2,706,922
Total Loans to customers and accrued interest receivables		1,710,726,501	1,622,614,858	1,675,299,038	1,590,771,903
Less Deferred revenue		(9,653,955)	(9,639,590)	(339,057)	(293,927)
Less Allowance for doubtful accounts	12	(82,418,056)	(60,901,538)	(79,920,653)	(59,135,674)
Less Revaluation allowance for debt restructuring	13	(2,793,966)	(3,415,769)	(2,793,966)	(3,415,756)
Total Loans to customers and accrued interest receivables - net		1,615,860,524	1,548,657,961	1,592,245,362	1,527,926,546
Customers' liability under acceptances		2,582,569	130,862	2,582,569	130,862
Properties foreclosed - net	14	15,443,877	14,196,584	15,283,129	13,865,038
Premises and equipment - net	16	49,727,867	45,284,434	41,052,028	36,850,925
Goodwill and other intangible assets - net	17	23,969,609	24,234,227	19,016,854	19,538,162
Deferred tax assets	18	4,572,254	5,584,612	3,835,422	4,614,921
Collateral per credit support annex		9,793,335	13,861,552	9,793,335	13,861,552
Other assets - net		31,971,665	28,690,119	16,373,658	16,564,302
Total Assets		2,845,867,577	2,555,305,372	2,467,252,336	2,248,266,868

The accompanying notes are an integral part of these financial statements.



Statements of Financial Position

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

		Consolidated		The Bank	
	Note	31 December 2016	31 December 2015	31 December 2016	31 December 2015
LIABILITIES AND EQUITY					
Deposits	19	1,794,835,096	1,705,379,017	1,798,440,168	1,708,593,777
Interbank and money market items	20	160,052,342	71,465,737	169,508,323	81,844,870
Liabilities payable on demand		19,845,973	23,545,166	19,845,973	23,544,465
Liabilities to deliver security		649,817	121,282	-	-
Financial liabilities designated at fair value through profit or loss	21	-	38,890	-	38,890
Derivative liabilities	7	31,629,510	33,570,889	30,015,390	31,703,137
Debts issued and borrowings	22	96,375,833	85,577,772	96,208,164	85,382,126
Bank's liability under acceptances		2,582,569	130,862	2,582,569	130,862
Provisions	23	22,494,499	21,586,936	21,323,796	20,767,651
Deferred tax liabilities	18	1,806,825	1,907,000	-	-
Insurance contract liabilities	24	305,823,756	251,447,597	-	-
Other liabilities		55,859,764	48,321,275	34,978,940	32,307,029
Total Liabilities		2,491,955,984	2,243,092,423	2,172,903,323	1,984,312,807
Equity					
Share capital	25				
Authorized share capital					
3,048,614,697 common shares, Baht 10 par value		30,486,147	30,486,147	30,486,147	30,486,147
Issued and paid-up share capital					
2,393,260,193 common shares, Baht 10 par value		23,932,602	23,932,602	23,932,602	23,932,602
Premium on common shares		18,103,110	18,103,110	18,103,110	18,103,110
Other reserves		19,786,356	14,843,155	16,952,416	12,924,550
Retained earnings					
Appropriated					
Legal reserve	26	3,050,000	3,050,000	3,050,000	3,050,000
Unappropriated		256,874,044	225,870,851	232,310,885	205,943,799
Total Equity attributable to equity holders of the Bank		321,746,112	285,799,718	294,349,013	263,954,061
Non-controlling interests	9	32,165,481	26,413,231	-	-
Total Equity		353,911,593	312,212,949	294,349,013	263,954,061
Total Liabilities and Equity		2,845,867,577	2,555,305,372	2,467,252,336	2,248,266,868

(Mr. Banthoon Lamsam)
Chairman of the Board and Chief Executive Officer(Mr. Predee Daochai)
President

The accompanying notes are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

	Note	Consolidated		The Bank	
		For the year ended 31 December		For the year ended 31 December	
		2016	2015	2016	2015
Interest income	36	115,872,881	114,353,841	100,509,100	101,107,572
Interest expenses	37	26,195,093	29,341,410	26,137,839	29,227,968
Interest income - net		89,677,788	85,012,431	74,371,261	71,879,604
Fees and service income		48,631,263	46,412,952	48,092,898	47,061,082
Fees and service expenses		9,687,936	8,886,896	9,480,157	8,844,143
Fees and service income - net	38	38,943,327	37,526,056	38,612,741	38,216,939
Gain on trading and foreign exchange transactions	39	8,746,212	8,887,147	8,574,495	8,592,024
Loss on financial liabilities designated at fair value through profit or loss	40	(4,175)	(6,368)	(4,175)	(6,368)
Gain on investments	41	1,587,638	785,314	1,020,290	358,114
Share of profit from investments using equity method		116,696	95,841	-	-
Dividend income		1,609,208	1,345,526	3,671,519	2,543,939
Net premiums earned		94,445,248	85,380,326	-	-
Other operating income		2,462,467	1,528,274	5,560,373	5,115,474
Total operating income		237,584,409	220,554,547	131,806,504	126,699,726
Underwriting expenses		84,181,733	73,039,421	-	-
Total operating income - net		153,402,676	147,515,126	131,806,504	126,699,726
Other operating expenses					
Employee expenses		30,201,493	28,928,689	22,357,662	22,281,198
Directors' remuneration		138,415	134,424	89,637	85,759
Premises and equipment expenses		12,433,822	13,234,826	12,468,570	13,023,333
Taxes and duties		4,476,461	4,222,929	4,018,372	3,832,944
Impairment on application software		-	2,314,508	-	2,314,508
Others		16,604,189	17,820,771	16,968,457	17,255,578
Total other operating expenses		63,854,380	66,656,147	55,902,698	58,793,320
Impairment loss on loans and debt securities	42	33,752,607	26,377,292	32,931,330	25,767,764
Operating profit before income tax expense		55,795,689	54,481,687	42,972,476	42,138,642
Income tax expense	43	10,455,952	10,527,123	7,458,130	7,737,985
Net profit		45,339,737	43,954,564	35,514,346	34,400,657

The accompanying notes are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

	Note	Consolidated		The Bank	
		For the year ended 31 December		For the year ended 31 December	
		2016	2015	2016	2015
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Gain (loss) on remeasurement of available-for-sale investments		3,549,524	(1,896,026)	775,014	202,179
Loss arising from translating the financial statements of a foreign operation	44	(110,666)	(285,465)	(118,895)	(258,858)
Income taxes relating to components of other comprehensive income	18	(734,209)	348,510	(201,686)	(41,050)
Items that will not be reclassified subsequently to profit or loss					
Changes in revaluation surplus	16	4,660,080	-	4,660,080	-
Actuarial gain (loss) on defined benefit plans	23	329,389	(420,259)	331,826	(272,976)
Income taxes relating to components of other comprehensive income	18	(997,894)	75,032	(998,381)	54,596
Total other comprehensive income		6,696,224	(2,178,208)	4,447,958	(316,109)
Total comprehensive income		52,035,961	41,776,356	39,962,304	34,084,548
Net profit attributable to :					
Equity holders of the Bank		40,174,100	39,473,635	35,514,346	34,400,657
Non-controlling interests		5,165,637	4,480,929	-	-
Total comprehensive income attributable to :					
Equity holders of the Bank		45,537,588	38,311,307	39,962,304	34,084,548
Non-controlling interests		6,498,373	3,465,049	-	-
Earnings per share of equity holders of the Bank					
Basic earnings per share (Baht)	25	16.79	16.49	14.84	14.37
Weighted average number of common shares (Thousand shares)		2,393,260	2,393,260	2,393,260	2,393,260



(Mr. Banthoon Lamsam)
Chairman of the Board and Chief Executive Officer



(Mr. Predee Daochai)
President

The accompanying notes are an integral part of these financial statements.



Statements of Changes in Equity

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES



Thousand Baht

	Note	Consolidated											
		Equity holders of the Bank										Non-controlling Interests	Total
		Other reserves						Retained Earnings		Total equity attributable to equity holders of the Bank			
		Issued and Paid-up Share Capital	Premium on Share Capital	Appraisal Surplus on Asset Revaluation (Note 16)	Revaluation Surplus on Available-for-sale Investments (Note 8.2)	Foreign Currency Translation (Note 44)	Total other reserves	Appropriated Legal Reserve	Unappropriated				
Year ended 31 December 2015		23,932,602	18,103,110	9,777,987	5,813,751	231,367	15,823,105	3,050,000	196,150,422	257,059,239	23,626,615	280,685,854	
Balance at 1 January 2015		-	-	-	-	-	-	-	(9,573,041)	(9,573,041)	(678,433)	(10,251,474)	
Dividend paid	27	-	-	-	-	-	-	-	-	-	-	-	
Net profit		-	-	-	-	-	-	-	39,473,635	39,473,635	4,480,929	43,954,564	
Other comprehensive income		-	-	-	(579,874)	(286,079)	(865,953)	-	(296,375)	(1,162,328)	(1,015,880)	(2,178,208)	
Total comprehensive income		-	-	-	(579,874)	(286,079)	(865,953)	-	39,177,260	38,311,307	3,465,049	41,776,356	
Transferred to retained earnings		-	-	(113,997)	-	-	(113,997)	-	113,997	-	-	-	
Others		-	-	-	-	-	-	-	2,213	2,213	-	2,213	
Balance at 31 December 2015		23,932,602	18,103,110	9,663,990	5,233,877	(54,712)	14,843,155	3,050,000	225,870,951	285,799,718	26,413,231	312,212,949	
Year ended 31 December 2016													
Balance at 1 January 2016		23,932,602	18,103,110	9,663,990	5,233,877	(54,712)	14,843,155	3,050,000	225,870,951	285,799,718	26,413,231	312,212,949	
Dividend paid	27	-	-	-	-	-	-	-	(9,573,040)	(9,573,040)	(739,753)	(10,312,793)	
Net profit		-	-	-	-	-	-	-	40,174,100	40,174,100	5,165,637	45,339,737	
Other comprehensive income		-	-	3,728,064	1,532,222	(161,513)	5,098,773	-	264,715	5,363,488	1,332,736	6,696,224	
Total comprehensive income		-	-	3,728,064	1,532,222	(161,513)	5,098,773	-	40,438,815	45,537,588	6,498,373	52,035,961	
Transferred to retained earnings		-	-	(155,572)	-	-	(155,572)	-	155,572	-	-	-	
Others		-	-	-	-	-	-	-	(18,154)	(18,154)	(6,370)	(24,524)	
Balance at 31 December 2016		23,932,602	18,103,110	13,236,482	6,766,099	(216,225)	19,786,356	3,050,000	256,874,044	321,746,112	32,165,481	353,911,593	

The accompanying notes are an integral part of these financial statements.



Statements of Changes in Equity

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES



Thousand Baht

	The Bank									
	Equity holders of the Bank									
	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves				Retained Earnings			
			Appraisal Surplus on Asset Revaluation (Note 16)	Revaluation Surplus on Available-for-sale Investments (Note 8.2)	Foreign Currency Translation (Note 44)	Total other reserves	Appropriated Legal Reserve	Unappropriated		
Note									Total	
Year ended 31 December 2015										
Balance at 1 January 2015		23,932,602	18,103,110	9,193,899	3,712,528	228,908	13,135,335	3,050,000	181,221,507	239,442,554
Dividend paid	27	-	-	-	-	-	-	-	(9,573,041)	(9,573,041)
Net profit		-	-	-	-	-	-	-	34,400,657	34,400,657
Other comprehensive income		-	-	-	161,743	(259,472)	(97,729)	-	(218,380)	(316,109)
Total comprehensive income		-	-	-	161,743	(259,472)	(97,729)	-	34,182,277	34,084,548
Transferred to retained earnings		-	-	(113,056)	-	-	(113,056)	-	113,056	-
Balance at 31 December 2015		23,932,602	18,103,110	9,080,843	3,874,271	(30,564)	12,924,550	3,050,000	205,943,799	263,954,061
Year ended 31 December 2016										
Balance at 1 January 2016		23,932,602	18,103,110	9,080,843	3,874,271	(30,564)	12,924,550	3,050,000	205,943,799	263,954,061
Dividend paid	27	-	-	-	-	-	-	-	(9,573,040)	(9,573,040)
Net profit		-	-	-	-	-	-	-	35,514,346	35,514,346
Other comprehensive income		-	-	3,728,064	620,011	(165,578)	4,182,497	-	265,461	4,447,958
Total comprehensive income		-	-	3,728,064	620,011	(165,578)	4,182,497	-	35,779,807	39,962,304
Transferred to retained earnings		-	-	(154,631)	-	-	(154,631)	-	154,631	-
Others		-	-	-	-	-	-	-	5,688	5,688
Balance at 31 December 2016		23,932,602	18,103,110	12,654,276	4,494,282	(196,142)	16,952,416	3,050,000	232,310,885	294,349,013

Banthoon Lamsam

(Mr. Banthoon Lamsam)
Chairman of the Board and Chief Executive Officer

Predee Daochai

(Mr. Predee Daochai)
President

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

Note	Consolidated		The Bank	
	For the year ended 31 December		For the year ended 31 December	
	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating profit before income tax expense	55,795,689	54,481,687	42,972,476	42,138,642
Add (Less) Adjustments to reconcile operating profit before income tax expense to net cash from operating activities				
Depreciation and amortisation	7,263,908	6,732,328	6,549,209	6,092,677
Bad debt and doubtful accounts	32,323,027	24,827,714	31,339,347	24,158,650
Loss on debt restructuring	2,276,963	2,005,975	2,276,963	2,005,975
Interest income from amortisation of revaluation allowance for debt restructuring	(1,225,469)	(599,353)	(1,225,456)	(599,348)
Loss (Gain) on foreign exchange translation of long-term borrowings	5,220	(11,793)	5,220	(11,793)
(Gain) Loss on revaluation of trading investments	(32,497)	19,535	18,609	(4,729)
(Reversal) Loss on impairment of investments	(59,483)	86,189	(171,719)	(561)
Gain on disposal of investments securities	(1,587,273)	(815,304)	(819,868)	(358,114)
Gain on liquidation of subsidiaries	-	-	(28,703)	-
Gain on disposal of investments in associated companies	(366)	(277)	-	-
Loss on impairment of properties foreclosed	292,080	626,279	362,905	629,812
Loss on impairment of premises and equipment	332,496	-	332,496	-
Loss on impairment on application software	-	2,314,508	-	2,314,508
Provision for other assets	356,007	1,275,512	356,007	1,275,512
Gain on disposal of premises and equipment	(1,700)	(13,347)	(1,805)	(5,608)
Loss on write off of premises and equipment	104,834	69,659	96,332	62,807
Loss on write off of other assets	300,135	82,418	300,135	82,418
Reversal of loss on revaluation of premises	(109,729)	-	(109,729)	-
Share of profit from investments using equity method	(116,696)	(95,841)	-	-
	95,917,146	90,985,889	82,252,419	77,780,848
Interest income - net	(89,677,788)	(85,012,431)	(74,371,261)	(71,879,604)
Dividend income	(1,609,208)	(1,345,526)	(3,671,519)	(2,543,939)
Proceeds from interest	113,155,441	114,059,219	98,175,858	100,517,639
Interest paid	(26,580,779)	(29,448,808)	(26,525,561)	(29,353,757)
Proceeds from dividends	1,644,458	1,370,546	3,691,713	2,524,258
Income tax paid	(10,512,977)	(13,172,444)	(7,368,507)	(10,154,635)
Profit from operating before changes in operating assets and liabilities	82,336,293	77,436,445	72,183,142	66,890,810
(Increase) Decrease in operating assets				
Interbank and money market items (assets)	(42,644,690)	(166,887,483)	(41,806,638)	(166,970,168)
Investments held for trading	(1,715,841)	10,234,910	(195,182)	9,988,900
Loans to customers	(103,963,050)	(101,387,845)	(99,949,606)	(95,317,906)
Properties foreclosed	2,906,064	2,868,779	2,489,455	2,408,299
Other assets	1,581,142	(16,593,387)	5,020,768	(16,172,922)
Increase (Decrease) in operating liabilities				
Deposits	89,853,228	75,056,203	90,241,165	75,933,652
Interbank and money market items (liabilities)	89,574,361	(6,672,877)	88,671,162	(5,324,672)
Liabilities payable on demand	(3,699,193)	6,201,882	(3,698,492)	6,201,181
Financial liabilities designated at fair value through profit or loss	(38,890)	38,890	(38,890)	38,890
Short-term debts issued and borrowings	(4,350,493)	(4,770,506)	(4,322,516)	(4,823,334)
Other accrued expenses	483,038	(278,542)	81,554	(660,761)
Provisions	1,236,984	1,415,376	888,003	1,332,224
Other liabilities	59,860,965	60,253,754	941,328	11,316,144
Net cash provided by (used in) operating activities	171,419,918	(63,084,401)	110,505,253	(115,159,663)

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

		Consolidated		The Bank	
		For the year ended 31 December		For the year ended 31 December	
		2016	2015	2016	2015
	Note				
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of available-for-sale investments		303,021,210	361,462,052	283,704,296	353,515,282
Proceeds from redemption of held-to-maturity debt instruments		40,545,072	59,758,824	36,218,606	57,267,062
Proceeds from disposal of general investments		987,815	1,150,716	984,267	1,139,850
Proceeds from capital decrease in subsidiary		-	-	190,000	200,000
Proceeds from liquidation of subsidiaries		-	-	4,530,660	-
Proceeds from disposal of investments in associated companies		1,320	1,457	-	-
Purchase of available-for-sale investments		(418,835,661)	(233,752,869)	(396,240,462)	(216,566,723)
Purchase of held-to-maturity debt instruments		(90,385,599)	(107,841,311)	(29,869,676)	(64,108,150)
Purchase of general investments		(188,816)	(1,077,351)	(1,000)	(1,077,351)
Purchase of investments in subsidiaries		-	-	(5,498,272)	(780,948)
Purchase of investments in associated companies		(51,575)	(139,478)	-	(23,132)
Proceeds from disposal of premises and equipment		11,547	18,755	6,041	8,266
Purchase of premises and equipment		(4,010,169)	(4,407,975)	(3,197,809)	(3,495,834)
Purchase of leasehold		(132,501)	(316,882)	(109,543)	(271,725)
Purchase of intangible assets		(2,935,290)	(3,083,424)	(2,537,257)	(2,649,984)
Net cash (used in) provided by investing activities		(171,972,647)	71,772,514	(111,820,149)	123,156,613
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from long-term debts issued and borrowings	22	21,578,690	7,282,361	21,578,690	7,282,360
Repayment of long-term debts issued and borrowings		(6,353,019)	(7,500,000)	(6,353,019)	(7,500,000)
Dividend paid to shareholders	27	(9,573,040)	(9,573,041)	(9,573,040)	(9,573,041)
Dividend paid to non-controlling interests		(739,753)	(678,433)	-	-
Net cash provided by (used in) financing activities		4,912,878	(10,469,113)	5,652,631	(9,790,681)
Effect of exchange rate changes on balances held in foreign currencies		2,419	1,580	492	5
Net increase (decrease) in cash		4,362,568	(1,779,420)	4,338,227	(1,793,726)
Cash at the beginning of the year	5	56,226,230	58,005,650	56,203,527	57,997,253
Cash at the end of the year	5	60,588,798	56,226,230	60,541,754	56,203,527



(Mr. Banthoon Lamsam)
Chairman of the Board and Chief Executive Officer



(Mr. Predee Daochai)
President

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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Notes to the Financial Statements

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 23 February 2017.

1 GENERAL INFORMATION

KASIKORNBANK PUBLIC COMPANY LIMITED, (“the Bank”), is a registered public company located in the Kingdom of Thailand and listed on the Stock Exchange of Thailand on 9 February 1976. The registered office of the Bank is at 1 Soi Rat Burana 27/1, Rat Burana Road, Rat Burana Sub-District, Rat Burana District, Bangkok.

The principal activity of the Bank is commercial banking and the Bank conducts its businesses through a network of branches covering all parts of Thailand and certain major cities overseas.

Details of the Company's subsidiaries and associated companies as at 31 December 2016 and 2015 are given in note 9.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions (FAP), applicable rules and regulations of the Thai Securities and Exchange Commission (“SEC”) and Stock Exchange of Thailand (“SET”) and with the Bank of Thailand (“BoT”) notification number SOR NOR SOR 21/2558, directive dated 4 December 2015, regarding the “Preparation and announcement of the financial statements of commercial banks and holding companies which are a parent company of a group of companies offering financial services”, any other supplementary BoT notifications.

The FAP has issued new and revised TFRS that are effective for annual accounting periods beginning on or after 1 January 2016. The adoption of these new and revised TFRS did not have a material impact on the accounting policies, methods of computation, financial position or performance of the Bank and its subsidiaries.

In addition to the above new and revised TFRS, the FAP has issued a number of other revised TFRS, interpretation and a new FAP announcement which is effective beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. These revised TFRS and new FAP announcement that are relevant to the Bank and its subsidiaries' operations are disclosed in note 34.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except the following material items in the statements of financial position:

- derivatives held for trading are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- premises are measured at revalued amounts.

c) Functional and presentation currencies

The financial statements are prepared and presented in Thai Baht, which is the Bank's functional currency. All financial information is presented in Thai Baht and has been rounded in the financial statements to the nearest thousand and in the notes to the financial statements to the nearest million unless otherwise stated.

d) Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future period affected.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3 "significant accounting policies" and in the following notes:

Note	7	Derivatives
	8	Investments - net
	12	Allowance for doubtful accounts
	13	Revaluation allowance for debt restructuring
	24	Insurance contract liabilities
	46	Fair value of assets and liabilities

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiaries and the Bank's interests in associates.

Business combinations

The Bank and its subsidiaries apply the acquisition method for all business combinations other than those with entities under common control.

Business combinations are accounted for under the acquisition method. The cost of an acquisition is measured at the fair value of the assets transferred, equity securities issued and identifiable liabilities assumed at the date of exchange.

Control is the power to govern the financial and operating policies of an entity that expose it to variable returns. In assessing control, the Bank and its subsidiaries takes into consideration potential voting rights that currently are exercisable.

Goodwill in a business combination

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Bank's share of the identifiable net assets acquired. Negative goodwill in a business combination represents the excess of the fair value of the Bank's share of the identifiable net assets acquired over the cost of acquisition.

- Goodwill and negative goodwill, carried in the financial statements that arose from a business combination for which the agreement date was before 1 January 2008, is stated at cost less accumulated amortisation as of 31 December 2007 and accumulated allowance for impairment.
- Goodwill arising from a business combination for which the agreement date begins on or after 1 January 2008 to 31 December 2009, are stated at cost less accumulated allowance for impairment. Negative goodwill is recognised as income in profit or loss in the year of the business combination.

Subsidiaries

Subsidiaries are entities controlled by the Bank and its subsidiaries. Control exists when the Bank and its subsidiaries is exposed to, or has rights to, variable returns from their involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Bank.

Non-controlling interest (NCI)

At the acquisition date, the Bank and its subsidiaries measures any non-controlling interest at its proportionate interest in the identifiable net asset of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The Bank holds less than half of the voting rights in Muang Thai Life Assurance PCL, a consolidated subsidiary. The company is consolidated on the basis of formal agreements in place which provide the Bank with the power to govern the financial and operating policies of the company that expose it to variable returns.

Associated companies

Associated companies are those entities over which the Bank and its subsidiaries have significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Bank and its subsidiaries hold between 20% and 50% of the voting power of another entity.

Interest in associated companies are accounted for in the consolidated financial statements using the equity method and are recognised initially at cost. The cost of the investment includes directly attributable transaction costs.

The consolidated financial statements include the Bank and its subsidiaries' share of profit or loss and other comprehensive income from the date that significant influence commences until the date that significant influence ceases. When the Bank and its subsidiaries' share of losses exceeds its interest in an associate, the Bank and its subsidiaries' carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Bank and its subsidiaries has incurred legal or constructive obligations or made payments on behalf of the associated company.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Bank and its subsidiaries' interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The consolidated and the Bank only financial statements include the accounts of all branches; domestic and foreign. Interbranch transactions have been eliminated.

3.2 Cash

Cash represents cash in hand and cash on collection.

The Bank recognises and derecognises such items in these financial statements on the Settlement Date.

3.3 Investments

Investments in debt and equity securities

Debt securities and marketable equity securities held for trading are classified as trading investments and are stated at fair value, with any resultant gain or loss being recognised in profit or loss.

Debt securities for which the Bank and its subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less allowance for impairment. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are stated at fair value, and changes in fair value, are recognised directly in equity and other comprehensive income. If these investments are interest-bearing, their interests are calculated using the effective interest rate method and recognised in profit or loss.

Equity securities which are not marketable and classified as general investments are stated at cost less allowance for impairment.

Investments in marketable equity securities and listed unit trusts classified as trading investments and available-for-sale investments are stated at fair value based on the last bid prices of the Stock Exchange of Thailand (SET) or the closing price of the Stock Exchange they are listed as of the reporting date.

Investments in unit trusts considered to be inactive are stated at fair value based on the net asset value as of the reporting date.

Investments in government and state enterprises debt securities guaranteed by the government, classified as trading investments and available-for-sale investments, are stated at fair value based on the Thai Bond Market Association Government Bond Yield Curve as of the reporting date. State enterprises debt securities not guaranteed by the government and private debt instruments are stated at fair value based on bid prices from the Thai Bond Market Association as of the reporting date. If not available, the Government Bond Yield for the same period is used, adjusted by an appropriate risk premium.

Investments in foreign bonds classified as available-for-sale investments are stated at fair value based on bid prices from Bloomberg. If not available, indicative prices from custodians are used.

Investments in receivables

Investments in receivables are initially recognised at fair value of the consideration transferred in exchange. Subsequent to initial recognition, investments in receivables are stated at amortised cost after deducting the allowance for impairment.

- Purchases or transfers of loans before 1 January 2013, were recognised as investments in receivables. When debt restructuring was required, the balance is recorded as a loan at fair value, The difference between book value and fair value was recognised as gain or loss on transfer of financial assets in profit or loss.
- Purchases or transfers of loans since 1 January 2013, are recognised as investments in receivables for items that are intended to be sold in the future or are not intended to be held to collect the contractual cash flows, in which case the items are recognised as loans.

Investments recognition

The Bank recognises and derecognises such items in these financial statements using the Settlement Date method.

Disposal of investments

Upon disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated gain or loss on revaluation that was reported in equity is recognised in profit or loss.

Upon disposal of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

3.4 Investments in subsidiaries and associates

Investments in subsidiaries and associates in the separate financial statements of the Bank are accounted for using cost method less allowance for impairment. Investments in associates in the consolidated financial statements are accounted for using equity method, net of allowance for impairment.

3.5 Loans

Except in the case of loans effected through overdraft agreements, loans are represented at their principal amounts. Unearned discounts received in advance are presented as a reduction in loans.

The Bank recognises and derecognises such items in these financial statements using the Settlement Date method.

3.6 Allowance for doubtful accounts

The Bank and its subsidiaries which are credit institutions or asset management companies make allowances for doubtful accounts that are determined through methods based on the Bank of Thailand's regulations and the Bank's estimated loan loss. The allowance for non-performing loans has been specifically determined by the nature of loans and the relevant factors such as payment ability, collateral, historical loss and estimated loss, etc. The allowance for performing loans has been assessed based upon relevant factors such as historical loss, credit risk, economic conditions and management experience, etc. For corporate loans, the allowance is determined on a case by case basis while the allowance for retail loans is determined on a portfolio basis for portfolios with similar risk characteristics.

Based on BoT's regulations, the Bank and its subsidiaries which are credit institutions or an asset management company have classified their loan portfolios into six categories, primarily based on aging. For loans classified as pass and special-mention, the calculation of allowances for doubtful accounts is based on the regulatory minimum percentage requirement, taking into consideration the collateral value, where the collateral type and date of the latest appraisal are qualifying factors. For loans classified as sub-standard, doubtful and doubtful of loss, the allowances on these accounts will be set at 100 percent for the difference between the outstanding book value of the debt and the present value of future cash flows expected to be received or the expected proceeds from the disposal of collateral in accordance with the BoT's regulations.

Allowance for doubtful accounts established during the period and write-offs are recognised as expense in profit or loss. Bad debt recovery is recognised as income and is presented net of bad debt and doubtful accounts expense in profit or loss.

The life insurance subsidiary has allowance for doubtful accounts based on the estimated loss that may be incurred in collection of the premium due, determined by collection experience, review of premium due aging and value of collateral held against each receivable.

3.7 Troubled debt restructuring

The Bank and the asset management subsidiary record foreclosed assets acquired from troubled debt restructuring at fair value net of expected selling expense but limited to the loan amount up to the legal claim for the debt including interest receivable. Where troubled debt restructuring involves change of repayment conditions, the present value of the expected future cash collections is calculated by using discount rates equivalent to the market rates of interest at the time of restructuring. The difference between the present value of the future cash flows expected to be received that is less than the outstanding balances of investment in loans is recorded in the revaluation allowance for debt restructuring. This revaluation allowance for debt restructuring is amortised to profit or loss according to the amounts received over the remaining period of the debt-restructuring contracts.

Losses on debt restructuring from various forms i.e. reduction of principal and interest, transfer of assets, conversion of debt to equity and change of repayment condition is recognised as expense in profit or loss.

3.8 Properties foreclosed

Properties foreclosed are presented at the lower of cost or market value. The market value is estimated by using the latest appraisal value after deduction of estimated disposal expenses and holding cost.

The Bank and its subsidiaries regularly assess impairment of assets on a yearly basis.

Losses on impairment are charged to profit or loss. Gains or losses on disposal of properties foreclosed are recorded as other operating income or other expenses upon disposal.

3.9 Premises and equipment

Recognition and measurement

Owned assets

Land and buildings are stated at their revalued amounts. Revalued amount is fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Equipment is stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items of premises and equipment.

Gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised net in other income or other expense in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings and are not taken into account in calculating the gain or loss on disposal.

Revalued assets

Revaluation of land and buildings is performed by independent professional valuers according to the Bank of Thailand's criteria with sufficient regularity to ensure that the carrying amount of these assets do not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income as "appraisal surplus on asset revaluation" unless it offsets a previous decrease in value recognised loss in profit or loss in respect of the same asset.

A decrease in value is recognised in profit or loss to the extent that it exceeds an increase previously recognised in other comprehensive income in respect of the same asset.

The appraisal surplus cost on asset revaluation is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and transferred directly to retained earnings.

Leased assets

Leases in terms of which the Bank and its subsidiaries substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between interest expenses and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Interest expenses are charged directly to profit or loss.

Subsequent expenditure

Subsequent expenditure relating to an item of premises and equipment is added to the carrying amount of the asset when it is probable that the Bank and its subsidiaries will receive future economic benefits embodied within the asset and the cost of the item can be measured reliably. Other subsequent expenditures are recognised in expenses as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each item of premises and equipment.

Depreciation on buildings acquired before July 1996 is computed using the declining balance method. Depreciation on buildings acquired after July 1996 and on equipment is computed using the straight-line method. The estimated useful lives are as follows:

Buildings	15-50 years
Buildings on rented land	over rental contract
Equipment, furniture, fixtures, office equipment and vehicle	4-20 years

Depreciation methods, useful lives and residual values are reviewed each year and adjusted if appropriate.

3.10 Goodwill and intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in goodwill and intangible assets. The measurement of goodwill at initial recognition is described in note 3.1. Subsequent to initial recognition, goodwill is measured at cost less impairment losses. Impairment assessment of goodwill is described in note 3.14.

Other intangible assets

Other intangible assets that have finite useful lives are presented at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised as intangible assets only when it is highly probable that the Bank and its subsidiaries will receive future economic benefits related to the item and cost of the item can be measured reliably. Otherwise, it will be recognised as expense when incurred.

Amortisation

Amortisation is charged to profit or loss on a straight-line basis which closely reflects the pattern and period of time of future economic benefits expected to flow to the bank, excluding goodwill. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software licenses	5-15 years
Advisory fee licenses	10 years

Intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Amortisation methods, useful lives and residual values are reviewed each year and adjusted if appropriate.

3.11 Deferred tax assets and Deferred tax liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Bank and its subsidiaries take into account the impact of uncertain tax positions in determining the amount of income tax. The Bank and its subsidiaries believe that its accruals for tax liabilities are adequate for all tax to be paid in the future based on its assessment of many factors, including interpretations of tax law, prior experiences and series of judgements about future events; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that they are no longer probable that the related tax benefit will be realised.

3.12 Leasehold

Leasehold is presented at cost net accumulated amortisation. The amortisation is calculated using the straight-line method over the lease periods and is recognised as expense in profit or loss.

3.13 Investment Property

Investment property which consists of buildings and areas for rent of the Bank and its subsidiaries is measured at cost on initial recognition and subsequently at fair value and is presented as part of other assets. Changes in fair value are recognised in profit or loss.

3.14 Impairment

The Bank and its subsidiaries' assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the carrying amount and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, calculated by the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost, the reversal is recognised in profit or loss. For available-for-sale financial assets, the reversal is recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.15 Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

The Bank recognised and eliminated such items on this financial statements by Settlement Date method.

3.16 Provisions

Provision is recognised when the Bank and its subsidiaries have a present legal or a constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. When the time value of money has significant impact to provisions, they are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions for commitments not recognised in the statements of financial position relate to credit risk transactions ie., Avals on bills, Acceptances, Letters of Indemnity - Borrowing, Other Guarantees and Letters of Credit, etc. Provision is recognised when the transactions related to loans that are classified as sub-standard, and below.

The Bank and its subsidiaries review provisions on a regular basis, and recognise changes in the provisions as increase or decrease in other operating expenses.

3.17 Employee benefits

Short-term employee benefits

Recognised amount expected to be paid as expense in profit or loss as the related service is provided.

Post-employment benefits : Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Bank and its subsidiaries pay fixed contributions into the provident fund, a separate entity, and will have no legal or constructive obligation to pay further amounts. Contributions paid by the Bank and its subsidiaries are recognised as expense in profit or loss in the periods during which services are rendered by employees.

Post-employment benefits : Defined benefit plans

Under the labor laws and the Bank and its subsidiaries' employment policy, all employees are entitled to severance pay upon retirement.

The Bank and its subsidiaries determine the net obligation in respect of defined retirement by using historical data in estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods discounting to present value by using market yield of government bonds with a maturity consistent with the estimated term of the post-employment benefit obligations. The retirement benefit is calculated by actuary using Projected Unit Credit Method and presented as part of provision, and the Bank and its subsidiaries recognised all current service cost and interest cost related to provision for retirement benefits as personnel expenses in profit or loss.

All actuarial gains and losses are based on updated assumptions in other comprehensive income in the period in which they arise.

When the benefits of plan are changed or when a plan is curtailed, the resulting change in benefit that related to the past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Bank and its subsidiaries recognise gain and loss on the settlement of a defined benefit plan when the settlement occurs.

3.18 Insurance contract liabilities

(a) Classification of insurance and investment contracts

The subsidiary issues contracts that transfer insurance risk or both insurance risk and financial risk.

Insurance contracts are those contracts under which the subsidiary accepts significant insurance risk from the insured by agreeing to compensate the insured or other beneficiary if a specified uncertain future event adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

The subsidiary defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least significant level more than the benefits payable if the insured event did not occur.

Investment contracts are contracts that transfer financial risk with no significant insurance risk. The subsidiary issues only insurance contracts.

The subsidiary does not unbundle any insurance contracts as its accounting policy recognises all premium and underwriting expenses through the profit or loss.

(b) *Recognition and measurement of insurance contract liabilities*

Long-term technical reserves

Long-term technical reserves are liabilities for contractual benefits and claims that are expected to be incurred in the future. They are recorded when the premiums are recognised and are released when benefit and claims are incurred. Such reserves are measured using assumptions considered to be appropriate for the policies in force and calculated by internal actuary of the subsidiary using an actuarial method of “Net Level Premium Valuation” based on assumptions for mortality, morbidity and discounted interest rate. The change in long-term technical reserves is recognised under underwriting expenses.

Loss reserves and outstanding claims

Provision for loss reserves and outstanding claims is made for the estimated cost of all claims notified but not settled at the reporting date. Provision is also made for the cost of claims incurred, but not reported, based on the subsidiary's experience and historical data. Differences between the provision for outstanding claims and subsequent revisions and settlements are included in profit or loss in later years.

Premium reserve

Premium reserve is unearned premium reserve calculated based on a pro-rata basis of written premiums for short-term insurance contracts over the remaining period of coverage.

(c) *Liability adequacy test*

The liability of the subsidiary is tested for adequacy by comparing the aggregated best current estimate of future contractual cash flows using current assumptions with the aggregated carrying amount of gross insurance contract provisions.

An additional provision for liability inadequacy is made where the reserves calculated by other actuarial method of “Gross Premium Valuation” exceeds the liabilities calculated by Net Level Premium Valuation method. However, the liability adequacy test is performed based on aggregation of total insurance contract liabilities including loss reserves and outstanding claims and premium reserve for policies in force at the reporting date.

The assumptions used in the Gross Premium Valuation are in accordance with the Notification of the Office of Insurance Commission regarding Assessment of Assets and Liabilities of Life Insurance B.E. 2554 except for discounted interest rate which the subsidiary uses the adjusted current risk-free interest rate for purpose of liability adequacy test in accordance with industry practice.



3.19 Accounting for customer loyalty programmes

The Bank and its subsidiaries have customer loyalty programmes whereby customers are awarded credits (Points) entitling customers to the rights to purchase products from the Bank and its subsidiaries at a discount or to get free gifts in the future. The fair value of consideration received or receivable in respect of the initial service is allocated between points and other components of service. Amount allocated to points is estimated by referring to fair value of the rights to purchase products at a discount or of the free gifts and is recorded as deferred revenue.

Revenue is recognised under fee and service income when points are redeemed.

3.20 Recognition of income

Interest and discount income on loans are recognised on an accrual basis, except when interest payments are in arrears for more than three months when, regardless of collateral, the cash basis is adopted.

In compliance with the BoT's regulation, the Bank reverses accrued interest receivables on loans for which repayments are more than three months in arrears.

Interest income from investments is recognised on an accrual basis by using the effective interest rate method. Dividend income from investment is recognised on an accrual basis at the date which the Bank earns the rights to receive the dividend.

The asset management subsidiary recognises interest income on investments in receivables and loans on a cash basis. Fee and service income for the performance of service are recognised as the related service is rendered.

Income from factoring business is recognised on an accrual basis.

The lease income of subsidiaries is recognised as follows:

- Income under finance lease agreements is recognised on the basis of installment payments due by using effective interest rate method, calculated from the balance of net investment in each installment. When installment payments are in arrears for more than three months, the cash basis is adopted.
- Income under operating lease agreements is recognised on the basis of installment payments due. When installment payments are in arrears for more than three months, the cash basis is adopted.

3.21 Recognition of net premium earned

Short-term insurance contracts

Premium written is recognised on the inception date and presented gross of commissions and brokerage expenses.

Premium earned comprises of premium written and change in unearned premium reserves and is recognised as revenue proportionally over the period of coverage.

Long-term insurance contracts

First year premium written is recognised as revenue when premium is received and insurance policy is approved. Renewal premium income is recognised as revenue when premium is due and is estimated taking into account the historical lapse experience of the subsidiary. First year premium written and renewal premium income are presented gross of commissions and brokerage expenses.

Premium received in advance is not recognised as revenue until the due date.

3.22 Recognition of interest expense

Interest expense is recognised on an accrual basis.

3.23 Underwriting expenses

Commissions and brokerage expenses

Commissions and brokerage expenses are recognised as expenses when incurred.

Benefit payments and insurance claims

Benefit payments and insurance claims consist of benefits, claims and loss adjustment expenses during the years and changes in provision for short-term insurance claims. They are recognised as expenses when incurred or approved.

3.24 Income tax

Income tax expenses for the period comprise of current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

3.25 Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Bank on ordinary shareholders of the Bank by the weighted average number of ordinary shares in issued during the period.

3.26 Derivatives

Trading Derivatives: Trading derivatives are carried at fair value which is determined based upon liquid (observable) market prices, reference to exchange traded prices, broker/dealer quotations, prices of other similar transactions or prices derived by using a valuation technique incorporating observable market data which is adjusted with counterparty credit risk and other risks. Realised and unrealised gains or losses are recognised in profit or loss as part of gain on trading and foreign exchange transactions against assets or liabilities in the statements of financial position so that the derivative assets/liabilities represent their fair value at the reporting date.

Hedging Derivatives: The Bank and its subsidiaries manage its banking exposures to market rate movements through the use of derivatives such as interest rate swaps, interest rate futures and forward exchange contracts. Gains or losses resulting from the changes in fair values of contracts are recognised in accordance with the standard accounting treatment for income or expenses on hedged items as follows:

1. Where hedged items are measured at fair value, hedging instruments are measured at fair value consistently.
2. Where hedged items are measured on an accrual basis, hedging instruments are measured on an accrual basis consistently.

The Bank and its subsidiaries account for derivative transactions using Trade Date method.

3.27 Hybrid Instruments

Hybrid Instruments: include a non-derivative host contract and an embedded derivative. The host contract shall be accounted for under the classification of the host contract. The embedded derivative shall be separated from the host contract and accounted for as a derivative which is carried at fair value, if and only if:

1. The economic characteristics and risks of the host contract and the embedded derivative are not closely related;
2. A separate instruments with the same terms as the embedded derivative would meet the definition of a stand-alone derivative; and
3. The hybrid instrument is not recognised at fair value through profit or loss.

If an embedded derivative is not separated, the hybrid instrument shall be accounted for under the classification of the host contract.

Changes in the fair value of separated embedded derivative are recognised in profit or loss.

Structured Notes: are hybrid instruments, which consist of borrowing (Host Contract) transaction and an embedded derivative. The Bank's management approach with regards to the accounting and assessment of fair value of borrowing transactions with embedded derivative (Structured Note) is consistent with those of International Accounting Standard No. 39 (IAS 39). The Bank has an option to classify the structured note as financial liabilities designated at fair value through profit or loss when

1. It eliminates or significantly reduces an inconsistency of measurement or recognition that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on a different basis; or
2. It is a management tool for risk management and investment, in accordance with
 - Documented risk management or investment strategy; and
 - Group of financial assets or financial liabilities managed and their performance evaluated on a fair value basis.
3. It relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments and meets the above criteria for separation of the embedded derivative from the host contract.

Changes in the fair value of financial liabilities designated at fair value through profit or loss are recognised in profit or loss as gain or loss on financial liabilities designated at fair value through profit or loss with the corresponding entry to liabilities in the statements of financial position. The fair value designation, once made, is irrevocable.

The Bank will comply with the requirements of hybrid instrument if the Bank does not choose the option of fair value through profit or loss or the criteria for fair value through profit or loss upon designation are not met.

Day One Profit or Loss: Gains or losses from trading derivatives are recognised at inception in profit or loss when the fair value of those derivatives are determined based upon observable market data or supported by comparison to other observable market transactions, or based upon a valuation technique incorporating observable market data. The Bank amortises initial gains or losses on trading transactions on a straight-line basis or on an effective interest rate basis over the life of the contract when the fair value of those trading derivatives are based upon unobservable market data or when they gains or losses on hybrid instruments. The unamortised gains or losses are recognised in profit or loss when the market data becomes observable.

The Bank recognises and eliminates such items in these financial statements using the Settlement Date method.

3.28 Assets and liabilities in foreign currencies

1. *Foreign currency transactions*

Assets and liabilities denominated in foreign currencies are translated into the currency of the primary economic environment in which the Bank, its foreign branches and its subsidiaries operate (the functional currency) at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the reference rates announced by the BoT on that date. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated into the functional currency using the exchange rate at the date of the initial transaction except for the non-monetary assets and liabilities designated as hedged item of fair value hedge in foreign exchange risk that are translated into the functional currency using the reference rate announced by the BoT.

Exchange gains or losses on translation are recognised in profit or loss or in the case of changes in fair value of available-for-sale investments denominated in a foreign currency, exchange gains or losses on transaction are directly recognised in equity and other comprehensive income.

2. *Foreign operations*

The statements of financial position of the Bank's foreign branches whose functional currency is not Thai Baht are translated into Thai Baht at the reference rates announced by the BoT on the reporting date. The statements of comprehensive income of the Bank's foreign branches are translated into Thai Baht at the reference rates announced by the BoT at the transaction date.

Exchange gains or losses on retranslation of financial statements of the Bank's foreign branches are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When a derivative or monetary item (non-derivative) is designated as a hedging instrument of a net investment in a foreign operation, the effective portion of the gain or loss derived from spot revaluation is recognised directly in equity and netted with the retranslation of financial statements of the Bank's foreign branches and subsidiaries in the foreign currency translation reserve in other comprehensive income. When the investment is disposed the relevant amount in the foreign currency translation reserve is transferred to profit or loss. Previously, all such transactions were recognised in profit or loss. Income or expense relating to forward point of a hedging instrument is recognised on an accrual basis in profit or loss.

3.29 Trade Date – Settlement Date policy

Trade Date policy means the Bank recognises and presents such items on financial statements on the date both counterparties decide to mutually commit on sale agreement, eliminates those items on financial statements when the sale agreement is matured or cancelled as well as recognises gain or loss from such agreement.

Settlement Date policy means that the Bank recognises or derecognises such items in financial statements on the date of asset delivery and recognises gain or loss from such agreement.

3.30 Segment information

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated transactions are not included in reporting segment operating results but shown in total.

Information about geographical areas is presented according to the domestic and overseas of the Bank and its subsidiaries transaction.

3.31 Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market at the measurement date. In the absence of a principal market, the most advantageous market would be considered if the Bank and its subsidiaries are able to access that market at the measurement date.

The Bank and its subsidiaries measure fair value of non-financial assets based on highest and best use assumption.

A transfer between the hierarchy occurs when the source or level of observability of input data in fair value measurement has changed.

4. CAPITAL REQUIREMENTS

The ratios of capital to assets (Capital Adequacy Ratio) of KASIKORNBANK FINANCIAL CONGLOMERATE and the Bank as at 31 December 2016 and 2015 are set out below. The Bank has chosen to adopt the Standardised Approach in accordance with BoT requirements, which is in line with the requirements of Basel III.

(Million Baht)

KASIKORNBANK FINANCIAL CONGLOMERATE		
	31 December 2016	31 December 2015
Tier 1 Capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital, premium on common shares	42,036	42,036
Legal reserve	3,050	3,050
Net profit after appropriation	234,071	210,493
Other comprehensive income	19,684	14,642
Less Capital deduction items on CET1	(22,301)	(18,555)
Total Tier 1 Capital Base	276,540	251,666
Tier 2 Capital		
Subordinated debentures	50,000	42,500
General Provision	20,128	19,166
Less Capital deduction items on Tier 2	(2,981)	(1,480)
Total Tier 2 Capital Base	67,147	60,186
Total Capital Base	343,687	311,852
Total Risk-Weighted Assets	1,824,372	1,732,067

(Percentage)

KASIKORNBANK FINANCIAL CONGLOMERATE				
	BoT regulatory minimum requirement and conservation buffer*	31 December 2016	BoT regulatory minimum requirement	31 December 2015
Capital Adequacy Ratio				
Tier 1 Capital ratio	6.625	15.16	6.00	14.53
Common Equity Tier 1 ratio	5.125	15.16	4.50	14.53
Tier 2 Capital ratio	-	3.68	-	3.47
Capital adequacy ratio	9.125	18.84	8.50	18.00

* Conservation buffer requires additional Common Equity Tier 1 of 0.625% per annum from 1 January 2016 onwards until reaching 2.50% in 2019.

(Million Baht)

The Bank		
	31 December 2016	31 December 2015
Tier 1 Capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital, premium on common shares	42,036	42,036
Legal reserves	3,050	3,050
Net profit after appropriation	212,568	193,145
Other comprehensive income	16,998	12,892
Less Capital deduction items on CET1	(19,070)	(16,416)
Total Tier 1 Capital Base	255,582	234,707
Tier 2 Capital		
Subordinated debentures	50,000	42,500
General Provision	19,849	18,919
Total Tier 2 Capital Base	69,849	61,419
Total Capital Base	325,431	296,126
Total Risk-Weighted Assets	1,790,761	1,702,380

(Percentage)

The Bank				
	BoT regulatory minimum requirement and conservation buffer*	31 December 2016	BoT regulatory minimum requirement	31 December 2015
Capital Adequacy Ratio				
Tier 1 Capital ratio	6.625	14.27	6.00	13.79
Common Equity Tier 1 ratio	5.125	14.27	4.50	13.79
Tier 2 Capital ratio	-	3.90	-	3.60
Capital adequacy ratio	9.125	18.17	8.50	17.39

* Conservation buffer requires additional Common Equity Tier 1 of 0.625% per annum from 1 January 2016 onwards until reaching 2.50% in 2019.

As at 31 December 2016 and 2015, the Bank and KASIKORNBANK FINANCIAL CONGLOMERATE have no add-on arising from Single Lending Limit.

In accordance with the BoT's directive number SOR NOR SOR 4/2556, dated 2 May 2013, titled "The Disclosure of Capital Requirements of Commercial Banks" requires the Bank to disclose the capital requirements as of 31 December 2016 through the website "<http://www.kasikornbank.com/EN/Investors/FinanInfoReports/Pages/FinancialReports.aspx>" under the investor relations section within 4 months after 31 December 2016.

In accordance with the BoT's directive number SOR NOR SOR 5/2556, dated 2 May 2013, titled "The Disclosure of Capital Requirements of Commercial Banks on Consolidated Basis", requires KASIKORNBANK FINANCIAL CONGLOMERATE to disclose the capital requirements as of 31 December 2016 through the website "<http://www.kasikornbank.com/EN/Investors/FinanInfoReports/Pages/FinancialReports.aspx>" under the investor relations section within 4 months after 31 December 2016.

5. SUPPLEMENTARY INFORMATION OF CASH FLOWS

Significant non-cash items for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated		The Bank	
	2016	2015	2016	2015
Revaluation surplus on available-for-sale investments*	1,532	(580)	620	162
Appraised surplus on asset revaluation*	3,728	-	3,728	-
The realised portion of the appraised surplus on asset revaluation*	(156)	(114)	(155)	(113)
Foreign currency translation*	(162)	(286)	(166)	(259)
Actuarial loss on defined benefit plans*	(264)	(345)	(265)	(218)
Foreclosed properties arising from auction and debt settlement	4,461	5,931	4,233	5,546

* net of deferred tax

6. INTERBANK AND MONEY MARKET ITEMS - NET (ASSETS)

Interbank and money market items - net (assets) as of 31 December 2016 and 2015 consisted of:

(Million Baht)

Consolidated						
	2016			2015		
	At call	Term	Total	At call	Term	Total
1. Domestic						
The BoT and FIDF	16,718	238,694	255,412	23,096	186,000	209,096
Commercial banks	717	20,712	21,429	715	7,994	8,709
Specialised financial institutions	106	10,848	10,954	25	38	63
Other financial institutions	<u>1,583</u>	<u>11,300</u>	<u>12,883</u>	<u>33</u>	<u>2,000</u>	<u>2,033</u>
Total	19,124	281,554	300,678	23,869	196,032	219,901
Add Accrued interest receivable	-	76	76	-	60	60
Less Deferred revenue	-	-	-	-	(3)	(3)
Allowance for doubtful accounts	<u>(31)</u>	<u>(32)</u>	<u>(63)</u>	<u>(31)</u>	<u>(3)</u>	<u>(34)</u>
Total Domestic	<u>19,093</u>	<u>281,598</u>	<u>300,691</u>	<u>23,838</u>	<u>196,086</u>	<u>219,924</u>
2. Foreign						
US Dollars	2,332	31,671	34,003	21,301	40,426	61,727
Japanese Yen	161	-	161	117	-	117
Euro	90	-	90	413	2,169	2,582
Other currencies	<u>2,544</u>	<u>11,648</u>	<u>14,192</u>	<u>4,174</u>	<u>20,333</u>	<u>24,507</u>
Total	5,127	43,319	48,446	26,005	62,928	88,933
Add Accrued interest receivable	1	148	149	1	429	430
Less Deferred revenue	-	(2)	(2)	-	(52)	(52)
Allowance for doubtful accounts	<u>-</u>	<u>(78)</u>	<u>(78)</u>	<u>-</u>	<u>(491)</u>	<u>(491)</u>
Total Foreign	<u>5,128</u>	<u>43,387</u>	<u>48,515</u>	<u>26,006</u>	<u>62,814</u>	<u>88,820</u>
Total Domestic and Foreign	<u>24,221</u>	<u>324,985</u>	<u>349,206</u>	<u>49,844</u>	<u>258,900</u>	<u>308,744</u>

(Million Baht)

The Bank

	2016			2015		
	At call	Term	Total	At call	Term	Total
1. Domestic						
The BoT and FIDF	16,718	238,694	255,412	23,096	186,000	209,096
Commercial banks	90	11,815	11,905	19	274	293
Specialised financial institutions	1	10,800	10,801	1	-	1
Other financial institutions	1,552	11,300	12,852	2	2,000	2,002
Total	18,361	272,609	290,970	23,118	188,274	211,392
Add Accrued interest receivable	-	56	56	-	38	38
Less Deferred revenue	-	-	-	-	(3)	(3)
Allowance for doubtful accounts	-	(31)	(31)	-	(3)	(3)
Total Domestic	18,361	272,634	290,995	23,118	188,306	211,424
2. Foreign						
US Dollars	1,776	31,711	33,487	20,879	40,343	61,222
Japanese Yen	161	-	161	117	-	117
Euro	90	-	90	413	2,169	2,582
Other currencies	2,167	11,231	13,398	3,342	19,948	23,290
Total	4,194	42,942	47,136	24,751	62,460	87,211
Add Accrued interest receivable	1	140	141	1	430	431
Less Deferred revenue	-	(2)	(2)	-	(52)	(52)
Allowance for doubtful accounts	-	(78)	(78)	-	(491)	(491)
Total Foreign	4,195	43,002	47,197	24,752	62,347	87,099
Total Domestic and Foreign	22,556	315,636	338,192	47,870	250,653	298,523

7. DERIVATIVES

Carrying amount and notional amount classified by type of risks as of 31 December 2016 and 2015 consisted of:

(Million Baht)

Consolidated										
Type of risk	Carrying amount				Notional amount classified by maturity					
	Assets		Liabilities		Up to 1 year		Over 1 year		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Exchange rate	23,962	22,337	24,769	24,428	1,231,453	1,046,714	265,307	242,880	1,496,760	1,289,594
Interest rate	7,802	9,686	6,286	8,792	193,726	258,207	571,280	601,911	765,006	860,118
Others										
- Commodities	470	342	462	335	11,970	8,848	-	-	11,970	8,848
- Equities	92	20	113	16	2,927	725	42	84	2,969	809
- Others	(561)	(554)	-	-	-	-	-	-	-	-
Total	<u>31,765</u>	<u>31,831</u>	<u>31,630</u>	<u>33,571</u>	<u>1,440,076</u>	<u>1,314,494</u>	<u>836,629</u>	<u>844,875</u>	<u>2,276,705</u>	<u>2,159,369</u>

(Million Baht)

The Bank										
Type of risk	Carrying amount				Notional amount classified by maturity					
	Assets		Liabilities		Up to 1 year		Over 1 year		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Exchange rate	24,300	23,043	23,246	22,576	1,230,718	1,045,150	248,357	234,233	1,479,075	1,279,383
Interest rate	7,802	9,686	6,286	8,792	193,726	258,207	569,436	601,417	763,162	859,624
Others										
- Commodities	470	342	462	335	11,970	8,848	-	-	11,970	8,848
- Equities	24	5	21	-	681	-	-	84	681	84
- Others	(569)	(563)	-	-	-	-	-	-	-	-
Total	<u>32,027</u>	<u>32,513</u>	<u>30,015</u>	<u>31,703</u>	<u>1,437,095</u>	<u>1,312,205</u>	<u>817,793</u>	<u>835,734</u>	<u>2,254,888</u>	<u>2,147,939</u>

The carrying amount of derivative assets and liabilities comprises of trading book derivatives measured at fair value and banking book derivatives measured on an accrual basis in accordance with the accounting policy disclosed in note 3.26.

The proportion of the notional amount of derivative transactions classified by counterparties as of 31 December 2016 and 2015 consisted of:

COUNTERPARTY	Consolidated		The Bank	
	2016	2015	2016	2015
	Proportion (%)		Proportion (%)	
Financial institutions	69	74	69	74
Companies - other	31	26	31	26
Total	100	100	100	100

8. INVESTMENTS - NET

8.1 Type of investments

Investments as of 31 December 2016 and 2015 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
	Fair Value	Fair Value	Fair Value	Fair Value
1. Trading investments				
1.1 Government and state enterprise securities	10,645	8,607	10,645	8,607
1.2 Private enterprise debt instruments	724	2,544	724	2,544
1.3 Marketable equity securities - domestic	2,142	572	82	83
Total	13,511	11,723	11,451	11,234
2. Available-for-sale investments				
2.1 Government and state enterprise securities	255,312	147,581	253,561	145,675
2.2 Private enterprise debt instruments	2,456	2,742	425	1,986
2.3 Foreign debt instruments	33,933	28,975	21,140	14,497
2.4 Marketable equity securities - domestic	33,697	25,096	3,211	2,136
2.5 Marketable equity securities - overseas	10,836	10,971	3,643	3,684
Total	336,234	215,365	281,980	167,978

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
	Cost Value/ Amortised Cost Value	Cost Value/ Amortised Cost Value	Cost Value/ Amortised Cost Value	Cost Value/ Amortised Cost Value
3. Held-to-maturity debt instruments				
3.1 Government and state enterprise securities	213,998	174,370	24,819	30,954
3.2 Private enterprise debt instruments	63,072	58,130	453	453
3.3 Foreign debt instruments	20,333	15,000	-	-
3.4 Investments in receivables	1,135	1,304	1,130	1,300
Total	298,538	248,804	26,402	32,707
Less Allowance for impairment	(473)	(532)	(453)	(453)
Total	298,065	248,272	25,949	32,254
4. General investments				
4.1 Non-marketable equity securities - domestic	1,312	1,552	1,074	1,316
4.2 Non-marketable equity securities - overseas	698	510	510	510
Total	2,010	2,062	1,584	1,826
Less Allowance for impairment	(222)	(222)	(93)	(93)
Total	1,788	1,840	1,491	1,733
Total Investments - net	649,598	477,200	320,871	213,199

8.2 Revaluation surplus on available-for-sale investments

As of 31 December 2016 and 2015, revaluation surplus on available-for-sale investments consisted of:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Revaluation surplus on available-for-sale investments*				
Debt instruments	(14)	195	(149)	60
Equity securities	6,780	5,039	4,643	3,814
Total	6,766	5,234	4,494	3,874

* net of deferred tax

8.3 Maturity for debt instruments

As of 31 December 2016 and 2015, the contractual maturity for debt instruments not held for trading is as follows:

(Million Baht)

Consolidated

	2016				2015			
	Maturity				Maturity			
	Within 1 year	Over 1 year to 5 years	Over 5 years	Total	Within 1 year	Over 1 year to 5 years	Over 5 years	Total
1. Available-for-sale investments								
1.1 Government and state enterprise securities	132,932	117,851	4,525	255,308	121,534	20,782	4,991	147,307
1.2 Private enterprise debt instruments	241	237	2,031	2,509	1,047	973	784	2,804
1.3 Foreign debt instruments	21,771	2,811	8,951	33,533	16,111	1,858	10,610	28,579
Total	154,944	120,899	15,507	291,350	138,692	23,613	16,385	178,690
Add Allowance for revaluation	(15)	4	408	397	165	159	330	654
Less Allowance for impairment	-	-	(46)	(46)	-	-	(46)	(46)
Total	154,929	120,903	15,869	291,701	138,857	23,772	16,669	179,298
2. Held-to-maturity debt instruments								
2.1 Government and state enterprise securities	2,259	33,741	177,998	213,998	9,329	28,773	136,268	174,370
2.2 Private enterprise debt instruments	1,416	12,010	49,646	63,072	2,311	7,747	48,072	58,130
2.3 Foreign debt instruments	363	326	19,644	20,333	110	526	14,364	15,000
2.4 Investments in receivables	126	546	463	1,135	124	543	637	1,304
Total	4,164	46,623	247,751	298,538	11,874	37,589	199,341	248,804
Less Allowance for impairment	(5)	-	(468)	(473)	(5)	-	(527)	(532)
Total	4,159	46,623	247,283	298,065	11,869	37,589	198,814	248,272
Total Debt Instruments	159,088	167,526	263,152	589,766	150,726	61,361	215,483	427,570

(Million Baht)

The Bank								
	2016				2015			
	Maturity				Maturity			
	Within 1 year	Over 1 year to 5 years	Over 5 years	Total	Within 1 year	Over 1 year to 5 years	Over 5 years	Total
1. Available-for-sale investments								
1.1 Government and state enterprise securities	132,871	117,540	3,319	253,730	121,403	20,629	3,593	145,625
1.2 Private enterprise debt instruments	190	230	46	466	1,046	920	46	2,012
1.3 Foreign debt instruments	21,162	-	-	21,162	14,495	-	-	14,495
Total	154,223	117,770	3,365	275,358	136,944	21,549	3,639	162,132
Add (Less) Allowance for revaluation	(21)	(149)	(16)	(186)	134	60	(122)	72
Less Allowance for impairment	-	-	(46)	(46)	-	-	(46)	(46)
Total	154,202	117,621	3,303	275,126	137,078	21,609	3,471	162,158
2. Held-to-maturity debt instruments								
2.1 Government and state enterprise securities	201	23,006	1,612	24,819	9,140	20,210	1,604	30,954
2.2 Private enterprise debt instruments	-	-	453	453	-	-	453	453
2.3 Investments in receivables	121	546	463	1,130	120	543	637	1,300
Total	322	23,552	2,528	26,402	9,260	20,753	2,694	32,707
Less Allowance for impairment	-	-	(453)	(453)	-	-	(453)	(453)
Total	322	23,552	2,075	25,949	9,260	20,753	2,241	32,254
Total Debt Instruments	154,524	141,173	5,378	301,075	146,338	42,362	5,712	194,412

8.4 Investments in other companies having a going concern

As of 31 December 2016 and 2015, investments held by the Bank and its subsidiaries in listed companies which meet SET's criteria for delisting, and are in default on debt instruments, or companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are the same as companies which meet SET's criteria for delisting or investments in receivables with uncertainty in settlement or in default, were as follows:

(Million Baht)

	2016					
	Consolidated			The Bank		
	<u>Cost Value/ Book Value</u>	<u>Fair Value</u>	<u>Allowance for Impairment</u>	<u>Cost Value/ Book Value</u>	<u>Fair Value</u>	<u>Allowance for Impairment</u>
1. Listed companies which meet SET's criteria for delisting, and are in default on debt instruments						
- Debt Instruments	46	-	(46)	46	-	(46)
2. Companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are the same as companies which meet SET's criteria for delisting						
- Equity Securities	34	-	(34)	22	-	(22)
- Debt Instruments	453	-	(453)	453	-	(453)
3. Investments in receivables with uncertainty in settlement or in default	5	-	(5)	-	-	-
Total	<u>538</u>	<u>-</u>	<u>(538)</u>	<u>521</u>	<u>-</u>	<u>(521)</u>

(Million Baht)

2015

	Consolidated			The Bank		
	Cost Value/ Book Value	Fair Value	Allowance for Impairment	Cost Value/ Book Value	Fair Value	Allowance for Impairment
1. Listed companies which meet SET's criteria for delisting, and are in default on debt instruments						
- Debt Instruments	46	-	(46)	46	-	(46)
2. Companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are the same as companies which meet SET's criteria for delisting						
- Equity Securities	22	-	(22)	22	-	(22)
- Debt Instruments	453	-	(453)	453	-	(453)
3. Investments in receivables with uncertainty in settlement or in default	5	-	(5)	-	-	-
Total	<u>526</u>	<u>-</u>	<u>(526)</u>	<u>521</u>	<u>-</u>	<u>(521)</u>

8.5 Investments over 10% held by the Bank and its subsidiaries

As of 31 December 2016 and 2015, investments held by the Bank and its subsidiaries, that were more than 10% of those companies' shares and were not investments in subsidiaries and associated companies, classified by industry were as follows:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Agriculture and mining	5	-	-	-
Property development and construction	2,083	780	537	780
Infrastructure and services	260	268	142	142
Others	2,087	1,809	46	46
Total	<u>4,435</u>	<u>2,857</u>	<u>725</u>	<u>968</u>

9 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES - NET

9.1 Type of investments in subsidiaries and associated companies

As of 31 December 2016 and 2015, investments in ordinary shares of subsidiaries and associated companies were as follows:

(Million Baht)

Consolidated								
			% Shareholding					
			Direct and indirect		Cost method		Equity method	
	Type of Business	Type of Share	2016	2015	2016	2015	2016	2015
Associated companies								
Processing Center Co., Ltd.	Service	Ordinary	30.00%	30.00%	15	15	265	204
National ITMX Co., Ltd.	Service	Ordinary	22.15%	22.15%	52	52	310	287
Sovannaphum Life Assurance PLC ⁽²⁾	Life Insurance	Ordinary	18.74%	18.74%	168	116	151	112
Goco Co., Ltd. ⁽¹⁾	Information and communication system development	Ordinary	22.65%	22.65%	4	4	-	-
Lawson-Marsh Events Co., Ltd. ⁽¹⁾	Professional conference organizer	Ordinary	35.71%	35.71%	5	5	-	-
O&H Honeycomb Paper Co., Ltd. ⁽¹⁾	Manufacture and sale of honeycomb paper	Ordinary	40.99%	40.99%	18	18	-	-
Zinco Living Co., Ltd. ⁽¹⁾	Design and sale of garden tools and import of running shoes	Ordinary	-	24.81%	-	3	-	3
LD Restaurant Co., Ltd. ⁽¹⁾	Restaurant	Ordinary	37.22%	38.50%	4	5	4	5
Pet Club Co., Ltd. ⁽¹⁾	Pet shops and services	Ordinary	38.46%	38.46%	6	6	6	6
Tee Entertainment Co., Ltd. ⁽¹⁾	Event organizer							
	Restaurant and Sale of consumer goods	Ordinary	27.61%	27.61%	45	45	45	45
Beacon Interface Co., Ltd. ⁽¹⁾	Mobile Application	Ordinary	50.00%	-	-	-	-	-
Total Investments in Associated Companies					317	269	781	662
Less: Allowance for impairment					(27)	(27)	-	-
Investments in Associated Companies - Net					290	242	781	662

⁽¹⁾ The Bank holds shares indirectly through K-SME Venture Capital Co., Ltd.

⁽²⁾ The Bank holds shares indirectly through Muang Thai Life Assurance PCL

(Million Baht)

The Bank								
			% Shareholding					
			Direct and indirect		Cost method		Dividend income	
			2016	2015	2016	2015	2016	2015
<u>Subsidiaries</u>								
KASIKORN ASSET MANAGEMENT CO., LTD.	Fund Management	Ordinary	100.00%	100.00%	2,003	2,003	2,467	1,788
KASIKORN RESEARCH CENTER CO., LTD.	Service Securities	Ordinary	100.00%	100.00%	10	10	-	-
KASIKORN SECURITIES PCL (“KSecurities”)	Business	Ordinary	99.99%	99.99%	1,512	1,512	-	-
KASIKORN LEASING CO., LTD.	Auto Leasing	Ordinary	100.00%	100.00%	900	900	120	-
KASIKORN FACTORY & EQUIPMENT CO., LTD.	Equipment Leasing	Ordinary	100.00%	100.00%	237	237	-	-
KASIKORN TECHNOLOGY GROUP SECRETARIAT CO., LTD.	Service	Ordinary	100.00%	100.00%	5	5	-	-
KASIKORN LABS CO., LTD.	Service	Ordinary	100.00%	100.00%	5	5	-	-
KASIKORN SOFT CO., LTD.	Service	Ordinary	100.00%	100.00%	5	5	-	-
KASIKORN PRO CO., LTD.	Service	Ordinary	100.00%	100.00%	5	5	-	-
KASIKORN SERVE CO., LTD. (Formerly name PROGRESS SOFTWARE CO., LTD.)	Service	Ordinary	100.00%	100.00%	19	19	200	-
Muang Thai Group Holding Co., Ltd. (“MTGH”)	Investment in other Companies	Ordinary	51.00%	51.00%	7,575	3,077	357	161
Muang Thai Life Assurance PCL (“MTL”)	Life Insurance	Ordinary	38.25%	38.25%	-	-	-	-
KASIKORNTHAI BANK Limited	Commercial Banking	Ordinary	100.00%	100.00%	1,095	1,095	-	-
KHAO KLA Venture Capital Management Co., Ltd.	Venture Capital Management	Ordinary	100.00%	100.00%	-	-	-	-
K-SME Venture Capital Co., Ltd.	Venture Capital	Ordinary	100.00%	100.00%	200	200	-	-



(Million Baht)

The Bank								
	Type of Business	Type of Share	% Shareholding		Cost method		Dividend income	
			Direct and indirect					
			2016	2015	2016	2015	2016	2015
<u>Subsidiaries</u>								
BEACON VENTURE CAPITAL COMPANY LIMITED	Venture Capital	Ordinary	100.00%	-	1,000	-	-	-
Phethai Asset Management Co., Ltd.	Asset Management	Ordinary	100.00%	100.00%	1,740	1,930	-	-
Starbright Finance Co., Ltd.	Finance	Ordinary	100.00%	100.00%	761	761	-	-
PROGRESS PLUS CO., LTD.	Sales of inventories and service	Ordinary	100.00%	100.00%	1	1	-	-
PROGRESS APPRAISAL CO., LTD.	Service	Ordinary	100.00%	100.00%	5	5	6	12
PROGRESS GUNPAI SECURITY GUARD CO., LTD. (Formerly name PROGRESS GUNPAI CO., LTD.)	Service	Ordinary	100.00%	100.00%	21	21	100	20
PROGRESS MANAGEMENT CO., LTD.	Service	Ordinary	100.00%	100.00%	6	6	6	2
PROGRESS FACILITIES MANAGEMENT CO., LTD.	Service	Ordinary	100.00%	100.00%	5	5	6	6
PROGRESS SERVICE SECURITY GUARD CO., LTD. (Formerly name PROGRESS SERVICE CO., LTD.)	Service	Ordinary	100.00%	100.00%	2	2	22	20
PROGRESS STORAGE CO., LTD.	Service	Ordinary	100.00%	100.00%	3	3	12	9
PROGRESS H R CO., LTD.	Service	Ordinary	100.00%	100.00%	1	1	-	20
PROGRESS SERVICE SUPPORT CO., LTD.	Service	Ordinary	100.00%	100.00%	4	4	-	-
PROGRESS COLLECTION CO., LTD.	Service	Ordinary	100.00%	100.00%	5	5	3	5
PROGRESS TRAINING CO., LTD.	Service	Ordinary	100.00%	100.00%	2	2	-	-
PROGRESS MULTI INSURANCE BROKER CO., LTD.	Insurance Broker	Ordinary	100.00%	100.00%	-	-	-	-



(Million Baht)

The Bank								
			% Shareholding		Cost method		Dividend income	
			Direct and indirect					
	Type of Business	Type of Share	2016	2015	2016	2015	2016	2015
<u>Subsidiaries</u>								
Thanyathanathavee Co., Ltd.	Investment in other Companies	Ordinary	-	100.00%	-	1,149	-	-
Thanyathamrongkij Co., Ltd.	Investment in other Companies	Ordinary	-	100.00%	-	1,149	-	-
Thanyanithiwattana Co., Ltd.	Investment in other Companies	Ordinary	-	100.00%	-	2,204	-	147
Ruang Khao Phuean Thai Joint Investment Agreement	Investment in other Companies	Ordinary	-	100.00%	-	-	-	-
Muang Thai Broker Co., Ltd.	Insurance Broker	Ordinary	50.49%	50.49%	-	-	-	-
MT Insure Broker Co., Ltd.	Insurance Broker	Ordinary	38.25%	38.25%	-	-	-	-
<u>Associated companies</u>								
Processing Center Co., Ltd.	Service	Ordinary	30.00%	30.00%	15	15	47	33
National ITMX Co., Ltd.	Service	Ordinary	22.15%	22.15%	52	52	-	-
Sovannaphum Life Assurance PLC	Life Insurance	Ordinary	18.74%	18.74%	-	-	-	-
Total					17,194	16,388	3,346	2,223
Less Allowance for impairment					(1,740)	(1,912)	-	-
Fair value hedge adjustments					(15)	-	-	-
Investments in Subsidiaries and Associated Companies - Net					15,439	14,476	3,346	2,223



The accounting for investments in associated companies using the equity method in the consolidated financial statements is based on financial information obtained from unaudited or unreviewed financial statements.

Subsidiaries and associated companies were incorporated in Thailand except for KASIKORNTHAI BANK Limited, Starbright Finance Co., Ltd. and Sovannaphum Life Assurance PLC incorporated in Lao PDR, People's Republic of China and Kingdom of Cambodia, respectively.

Thanyathanathavee Co., Ltd., and Thanyathamrongkij Co., Ltd. terminated Ruang Khao Phuean Thai Joint Investment Agreement effective from 19 January 2016, and Thanyathanathavee Co., Ltd., Thanyathamrongkij Co., Ltd. and Thanyanithiwattana Co., Ltd. have registered for dissolution and were completely liquidated on 28 March 2016.

On 25 January 2016, the Extraordinary General Meeting of the Shareholder of Phethai Asset Management Co., Ltd., a subsidiary of the Bank, passed a unanimous resolution to reduce Baht 190 million of authorised, issued and paid-up share capital.

On 15 December 2016, the Bank established a new subsidiary company under the name BEACON VENTURE CAPITAL COMPANY LIMITED. The Company has Baht 1,000 million of authorized share capital which is Baht 250 million of initial paid-up capital.

9.2 Non-controlling interests in subsidiaries

As of 31 December 2016, the proportion of shareholding of non-controlling interests in subsidiaries that are material to the Bank is summarised as follows:

	2016
<u>Companies in MTGH Group</u>	
Muang Thai Group Holding Co., Ltd.	49.00%
Muang Thai Life Assurance PCL	61.75%
Muang Thai Broker Co., Ltd.	49.51%
MT Insure Broker Co., Ltd.	61.75%

9.3 Financial positions, results of operations and cash flows of the Bank's subsidiaries and associated companies

9.3.1 The summarised financial information of the subsidiaries that have non-controlling interest that are material to the Bank is set out below:

(Million Baht)

	Statements of Financial Position					
	31 December 2016			31 December 2015		
	(Unaudited)			(Audited)		
	Total Assets	Total Liabilities	Total Equity	Total Assets	Total Liabilities	Total Equity
Companies in MTGH Group*	372,826	319,079	53,747	305,938	261,725	44,213

* The majority is contributed by Muang Thai Life Assurance PCL.

(Million Baht)

	Statements of Profit or Loss and Other Comprehensive Income					
	For the Year Ended 31 December					
	2016			2015		
	(Unaudited)			(Unaudited)		
	Operating Income - net	Expenses*	Net Profit	Operating Income - net	Expenses*	Net Profit
Companies in MTGH Group***	16,654**	6,966	9,688	15,259**	6,746	8,513

* Expenses comprise total other operating expenses, impairment loss on loans and debt securities and income tax expense.

** Including dividend income among the group for 2016 and 2015 amounting to Baht 1,193 million and Baht 1,128 million, respectively.

*** The majority is contributed by Muang Thai Life Assurance PCL.



(Million Baht)

Statements of Cash Flows

For the Year Ended 31 December 2016

(Unaudited)

Companies in MTGH Group*

Net Cash by Operating Activities	Net Cash by Investing Activities	Net Cash by Financing Activities
3,206	(916)	(2,290)

(Million Baht)

Statements of Cash Flows

For the Year Ended 31 December 2015

(Unaudited)

Companies in MTGH Group*

Net Cash by Operating Activities	Net Cash by Investing Activities	Net Cash by Financing Activities
3,058	(941)	(2,117)

* The majority is contributed by Muang Thai Life Assurance PCL.

9.3.2 The summarised financial information of the immaterial associated companies is set out below:

(Million Baht)

Statements of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December

	For the Year Ended 31 December			
	2016		2015	
	(Unaudited)			
	<u>Net Profit</u>	<u>Total Comprehensive Income</u>	<u>Net Profit</u>	<u>Total Comprehensive Income</u>
Associated Companies	419	432	358	358

9.3.3 Disclosure of Statements of Cash Flows of Asset Management Company ("AMC")

Phethai Asset Management Company Limited

Statements of Cash Flows

For the Years Ended 31 December 2016 and 2015

	Million Baht	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax expense	18	59
(Less) Add Adjustments to reconcile profit before income tax expense to net cash from operating activities		
Reversal of doubtful accounts	-	(8)
Gain on transfer of changing account	-	(1)
	18	50
Interest income - net	(15)	(36)
Proceeds from interest	15	36
Income tax paid	(6)	1
Profit from operating before changes in operating assets and liabilities	12	51
Decrease in operating assets		
Investments in receivables	1	-
Loans	11	22
Properties foreclosed	8	44
Other assets	56	106
Increase in operating liabilities		
Other liabilities	2	-
Net cash provided by operating activities	90	223
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid for share capital decrease	(190)	(200)
Net cash used in financing activities	(190)	(200)
Net (decrease) increase in cash	(100)	23
Cash at the beginning of the year	199	176
Cash at the end of the year	99	199



9.4 Interest in unconsolidated structured entities arising in the normal course of business

The Bank and its subsidiaries transact with unconsolidated structured entities, through involvement in establishment process, acting as the trustee, as well as providing source of funds. These entities may take the form of funds, trusts and REITs.

The provision of funds is in the form of loans which are disbursed under normal business terms. These loans are managed in the same way as all other loans and receivables. The outstanding loans to these structured entities as of 31 December 2016 and 2015 amounted to Baht 3,394 million and Baht 2,910 million, respectively.

10 LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES - NET

As of 31 December 2016 and 2015, loans to customers and accrued interest receivables - net consisted of:

10.1 Classified by Type of Loans

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Overdrafts	301,547	289,859	301,410	289,680
Loans	819,684	758,596	900,672	836,534
Bills	369,175	362,281	374,077	368,224
Hire purchase receivables	88,980	85,951	-	-
Finance lease receivables	19,339	18,614	-	-
Others	108,510	104,226	96,087	93,627
<u>Less</u> Deferred revenue	<u>(9,654)</u>	<u>(9,640)</u>	<u>(339)</u>	<u>(294)</u>
Total loans to customers net of deferred revenue	1,697,581	1,609,887	1,671,907	1,587,771
<u>Add</u> Accrued interest receivables	<u>3,492</u>	<u>3,088</u>	<u>3,053</u>	<u>2,707</u>
Total loans to customers net of deferred revenue plus accrued interest receivables	1,701,073	1,612,975	1,674,960	1,590,478
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BoT's Regulations	(37,133)	(30,004)	(36,812)	(29,989)
2. Excess allowance	(44,963)	(30,687)	(43,109)	(29,146)
3. Credit balance transaction	(46)	(46)	-	-
4. Loan from life insurance business	(276)	(164)	-	-
<u>Less</u> Revaluation allowance for debt restructuring	<u>(2,794)</u>	<u>(3,416)</u>	<u>(2,794)</u>	<u>(3,416)</u>
Total Loans to customers and accrued interest receivables - net	<u>1,615,861</u>	<u>1,548,658</u>	<u>1,592,245</u>	<u>1,527,927</u>

10.2 Classified by Currencies and Residency of Borrowers

(Million Baht)

Consolidated						
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,567,998	14,660	1,582,658	1,482,568	13,620	1,496,188
US Dollars	91,635	11,620	103,255	96,019	7,710	103,729
Other currencies	4,623	7,045	11,668	5,628	4,342	9,970
Total	<u>1,664,256</u>	<u>33,325</u>	<u>1,697,581</u>	<u>1,584,215</u>	<u>25,672</u>	<u>1,609,887</u>

(Million Baht)

The Bank						
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,543,381	14,521	1,557,902	1,460,916	13,609	1,474,525
US Dollars	91,634	10,847	102,481	96,019	7,342	103,361
Other currencies	4,623	6,901	11,524	5,628	4,257	9,885
Total	<u>1,639,638</u>	<u>32,269</u>	<u>1,671,907</u>	<u>1,562,563</u>	<u>25,208</u>	<u>1,587,771</u>

10.3 Classified by Type of Business and Account Status

(Million Baht)

Consolidated						
2016						
	Pass	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	31,972	1,872	296	279	803	35,222
Manufacturing and commerce	759,644	22,371	10,105	7,920	16,385	816,425
Property development and construction	108,820	2,891	600	682	1,922	114,915
Infrastructure and services	240,092	4,128	1,898	1,195	2,115	249,428
Housing loans	224,593	5,696	2,334	2,894	4,919	240,436
Others	<u>207,012</u>	<u>6,097</u>	<u>3,797</u>	<u>3,918</u>	<u>3,025</u>	<u>223,849</u>
Total	<u>1,572,133</u>	<u>43,055</u>	<u>19,030</u>	<u>16,888</u>	<u>29,169</u>	1,680,275
Credit balance transaction						1,949
Loans in life insurance business						<u>15,357</u>
Total						<u>1,697,581</u>

(Million Baht)

Consolidated						
2015						
	Pass	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	29,109	980	127	273	566	31,055
Manufacturing and commerce	749,119	17,908	6,532	7,497	9,204	790,260
Property development and construction	101,764	2,166	294	705	1,533	106,462
Infrastructure and services	205,406	3,102	839	1,044	1,919	212,310
Housing loans	222,389	5,546	2,189	2,906	2,635	235,665
Others	<u>200,835</u>	<u>6,088</u>	<u>2,877</u>	<u>4,064</u>	<u>4,286</u>	<u>218,150</u>
Total	<u>1,508,622</u>	<u>35,790</u>	<u>12,858</u>	<u>16,489</u>	<u>20,143</u>	1,593,902
Credit balance transaction						2,280
Loans in life insurance business						<u>13,705</u>
Total						<u>1,609,887</u>



(Million Baht)

The Bank						
2016						
	Pass	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	31,240	1,863	294	241	786	34,424
Manufacturing and commerce	740,319	22,150	10,019	7,862	15,992	796,342
Property development and construction	103,512	2,812	571	664	1,845	109,404
Infrastructure and services	214,447	3,719	1,865	1,165	1,996	223,192
Housing loans	224,592	5,696	2,334	2,895	4,834	240,351
Others	254,193	4,346	3,532	3,735	2,388	268,194
Total	1,568,303	40,586	18,615	16,562	27,841	1,671,907

(Million Baht)

The Bank						
2015						
	Pass	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	28,408	930	124	272	548	30,282
Manufacturing and commerce	730,856	17,677	6,497	7,465	8,841	771,336
Property development and construction	97,810	2,096	280	686	1,460	102,332
Infrastructure and services	182,171	2,874	824	1,008	1,772	188,649
Housing loans	222,388	5,546	2,189	2,907	2,623	235,653
Others	245,332	4,038	2,538	3,845	3,766	259,519
Total	1,506,965	33,161	12,452	16,183	19,010	1,587,771



10.4 Classified by Account Status

(Million Baht)

Consolidated				
2016				
	Loans and Accrued Interest Receivables	Net amount used for setting the Allowance for Doubtful Accounts	% Used for setting the Allowance for Doubtful Accounts	Allowance for Doubtful Accounts
1. Minimum reserve under BoT's Regulations				
Pass	1,574,805	603,571	1	6,036
Special Mention	43,280	11,013	2	220
Sub-Standard	19,110	10,259	100	10,259
Doubtful	16,888	7,913	100	7,913
Doubtful of Loss	<u>29,267</u>	<u>12,705</u>	100	<u>12,705</u>
Total	1,683,350	<u>645,461</u>		37,133
2. Excess allowance				44,963
3. Credit balance transaction	1,949			46
4. Loans in life insurance business	<u>15,774</u>			<u>276</u>
Total	<u>1,701,073</u>			<u>82,418</u>



(Million Baht)

Consolidated**2015**

	Loans and Accrued Interest Receivables	Net amount used for setting the Allowance for Doubtful Accounts	% Used for setting the Allowance for Doubtful Accounts	Allowance for Doubtful Accounts
1. Minimum reserve under BoT's Regulations				
Pass	1,511,028	527,099	1	5,271
Special Mention	35,969	9,723	2	194
Sub-Standard	12,906	5,841	100	5,841
Doubtful	16,490	8,211	100	8,211
Doubtful of Loss	<u>20,241</u>	<u>10,487</u>	100	<u>10,487</u>
Total	1,596,634	<u>561,361</u>		30,004
2. Excess allowance				30,687
3. Credit balance transaction	2,280			46
4. Loans in life insurance business	<u>14,061</u>			<u>164</u>
Total	<u>1,612,975</u>			<u>60,901</u>



(Million Baht)

The Bank				
2016				
	Loans and Accrued Interest Receivables	Net amount used for setting the Allowance for Doubtful Accounts	% Used for setting the Allowance for Doubtful Accounts	Allowance for Doubtful Accounts
1. Minimum reserve under BoT's Regulations				
Pass	1,570,957	695,986	1	6,960
Special Mention	40,812	10,969	2	219
Sub-Standard	18,694	10,199	100	10,199
Doubtful	16,562	7,865	100	7,865
Doubtful of Loss	<u>27,935</u>	<u>11,569</u>	100	<u>11,569</u>
Total	<u>1,674,960</u>	<u>736,588</u>		36,812
2. Excess allowance				<u>43,109</u>
Total				<u>79,921</u>

(Million Baht)

The Bank				
2015				
	Loans and Accrued Interest Receivables	Net amount used for setting the Allowance for Doubtful Accounts	% Used for setting the Allowance for Doubtful Accounts	Allowance for Doubtful Accounts
1. Minimum reserve under BoT's Regulations				
Pass	1,509,352	619,409	1	6,194
Special Mention	33,339	9,697	2	194
Sub-Standard	12,500	5,821	100	5,821
Doubtful	16,183	8,184	100	8,184
Doubtful of Loss	<u>19,104</u>	<u>9,596</u>	100	<u>9,596</u>
Total	<u>1,590,478</u>	<u>652,707</u>		29,989
2. Excess allowance				<u>29,146</u>
Total				<u>59,135</u>

10.5 Non-performing loans (NPL)

According to the BoT's directive number SOR NOR SOR 23/2558, dated 4 December 2015, titled "Preparation and announcement of condensed report of assets and liabilities of commercial banks" defines the following:

Non-performing loans (NPL gross) are defined as sub-standard quality loans, being outstanding loans of sub-standard, doubtful, doubtful of loss and loss loan accounts in accordance with the BoT's directive number SOR NOR SOR 5/2559, dated 10 June 2016, titled "Classification and provision criteria of financial institution".

Non-performing loans, net (NPL net) refers to the non-performing loan value, net of total allowances for doubtful accounts.

In accordance with the BoT's regulations, commercial banks are required to report the following information:

- Non-performing loans (NPL gross).
- The ratio of NPL to total loans.
- Non-performing loans, net (NPL net).
- The ratio of NPL net to total loans after deduction of allowances for doubtful accounts.

As of 31 December 2016 and 2015, The Bank and its subsidiaries showed non-performing loans (including financial institutions) to comply with BoT's regulations, summarised as follows:

	(Million Baht)			
	2016			
	KASIKORNBANK	Phethai Asset Management	Others	Consolidated
<u>Non-performing loans, gross</u>				
Non-performing loans	63,018	188	1,881	65,087
Total loans used for NPL gross ratio calculation ⁽¹⁾	1,950,055	189	106,550	1,958,424 ⁽²⁾
Ratio of total loans	3.23	99.33	1.77	3.32
<u>Non-performing loans, net</u>				
Non-performing loans	32,727	132	694	33,553
Total loans used for NPL net ratio calculation ⁽¹⁾	1,919,765	133	105,362	1,926,890 ⁽²⁾
Ratio of total loans	1.70	99.05	0.66	1.74

	(Million Baht)			
	2015			
	KASIKORNBANK	Phethai Asset Management	Others	Consolidated
<u>Non-performing loans, gross</u>				
Non-performing loans	47,645	239	1,606	49,490
Total loans used for NPL gross ratio calculation ⁽¹⁾	1,824,802	241	102,532	1,830,933 ⁽²⁾
Ratio of total loans	2.61	99.08	1.57	2.70
<u>Non-performing loans, net</u>				
Non-performing loans	23,679	162	745	24,586
Total loans used for NPL net ratio calculation ⁽¹⁾	1,800,836	164	101,671	1,806,029 ⁽²⁾
Ratio of total loans	1.31	98.64	0.73	1.36

⁽¹⁾ Excluding loans from KSecurities and MTL.

⁽²⁾ Excluding loans to and from subsidiaries.

10.6 Non-accrual loans based on the accrual basis

As of 31 December 2016 and 2015, the Bank and its subsidiaries showed non-accrual loans, gross, (including financial institutions) based on the accrual basis to comply with BoT's regulations, summarised as follows:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Non-accrual loans	144,806	127,705	142,593	125,725
Total loans used for ratio calculation ⁽¹⁾	1,958,424 ⁽²⁾	1,830,933 ⁽²⁾	1,950,055	1,824,802
Percentage of total loans	7.39	6.97	7.31	6.89

⁽¹⁾ Excluding loans from KSecurities and MTL.

⁽²⁾ Excluding loans to and from subsidiaries.

10.7 Listed companies that meet SET's criteria for delisting

As of 31 December 2016 and 2015, loans to listed companies that meet SET's criteria for delisting were as follows:

(Million Baht)

	Consolidated and The Bank					
	2016			2015		
	Loans and Accrued Interest Receivables	Collateral Value	Allowance for Doubtful Accounts	Loans and Accrued Interest Receivables	Collateral Value	Allowance for Doubtful Accounts
Listed companies which meet SET's criteria for delisting	859	116	10	227	122	4



10.8 Hire Purchase and Finance Lease Receivables

(Million Baht)

<u>Consolidated</u>				
<u>2016</u>				
<u>Portion due</u>				
	<u>Up to 1 year</u>	<u>Over 1 Year to 5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
Gross receivables from finance leases	38,606	68,025	1,688	108,319
<u>Less</u> Unearned interest income				(9,306)
Present value of minimum lease payments				99,013
Allowance for doubtful accounts				(1,919)
Total Finance Lease Receivables - net				<u>97,094</u>

(Million Baht)

<u>Consolidated</u>				
<u>2015</u>				
<u>Portion due</u>				
	<u>Up to 1 year</u>	<u>Over 1 Year to 5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
Gross receivables from finance leases	37,041	65,583	1,941	104,565
<u>Less</u> Unearned interest income				(9,336)
Present value of minimum lease payments				95,229
Allowance for doubtful accounts				(1,346)
Total Finance Lease Receivables - net				<u>93,883</u>

11 TROUBLED DEBT RESTRUCTURING

During the years ended 31 December 2016 and 2015, the Bank and its subsidiaries engaged in debt restructuring contracts as follows:

(Million Baht)

	Consolidated				The Bank			
	2016		2015		2016		2015	
	Total		Total		Total		Total	
	Outstanding		Outstanding		Outstanding		Outstanding	
	Debt Before		Debt Before		Debt Before		Debt Before	
	Cases	Restructuring	Cases	Restructuring	Cases	Restructuring	Cases	Restructuring
Debt restructuring contracts that incurred losses	18,291	55,904	22,178	27,878	18,291	55,904	22,178	27,878
Debt restructuring contracts that incurred no losses	62,888	59,151	48,082	40,970	62,887	59,142	48,082	40,970
Total	81,179	115,055	70,260	68,848	81,178	115,046	70,260	68,848

Losses on debt restructuring contracts for the years ended 31 December 2016 and 2015 were as follows:

(Million Baht)

Consolidated											
Types of Restructuring	Cases		Outstanding Debt				Transferred Assets			Losses on Debt	
			Before		After		Types	Fair Value		Restructuring	
	2016	2015	2016	2015	2016	2015		2016	2015	2016	2015
Transfers of assets	8,017	16	1,085	27	-	-	Cash, land, and premises	595	16	490	11
Changes of repayment conditions	10,260	22,129	53,908	24,947	53,778	24,947	-	-	-	1,816	1,479
Debt restructuring in various forms	14	33	912	2,904	460	1,300	Cash, land, and premises	429	1,603	146	538
Total	18,291	22,178	55,905	27,878	54,238	26,247		1,024	1,619	2,452	2,028

(Million Baht)

The Bank											
		Outstanding Debt					Transferred Assets			Losses on Debt	
Types of Restructuring	Cases		Before Restructuring		After Restructuring		Types	Fair Value		Restructuring	
	2016	2015	2016	2015	2016	2015		2016	2015	2016	2015
Transfers of assets	8,017	16	1,085	27	-	-	Cash, land, and premises	595	16	490	11
Changes of repayment conditions	10,260	22,129	53,908	24,947	53,778	24,947	-	-	-	1,816	1,479
Debt restructuring in various forms	14	33	912	2,904	460	1,300	Cash, land, and premises	429	1,603	146	538
Total	18,291	22,178	55,905	27,878	54,238	26,247		1,024	1,619	2,452	2,028

The Bank and its subsidiaries measure the expected recoverable amounts of loans restructured by changing repayment conditions by using the present value of future cash flows discounted by the market rate.

The terms of debt restructuring agreements which were restructured by changing the repayment conditions and restructuring in various other forms and which resulted in losses on debt restructuring during the years ended 31 December 2016 and 2015 are as follows:

(Million Baht)

Consolidated and The Bank								
Terms of debt restructuring agreements	2016				2015			
	Outstanding Debt				Outstanding Debt			
	Cases	Before	After	End of	Cases	Before	After	End of
Less than 5 years	4,441	11,039	10,597	9,361	19,926	8,666	7,314	7,186
5 to 10 years	3,209	27,315	27,175	24,717	1,338	11,922	11,743	11,488
Over 10 years	2,624	16,466	16,466	15,644	898	7,263	7,190	7,057
Total	10,274	54,820	54,238	49,722	22,162	27,851	26,247	25,731

The Bank and its subsidiaries recognised interest income from debt restructuring for the years ended 31 December 2016 and 2015 as follows:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Debt restructuring contracts that incurred losses	2,800	1,410	2,793	1,397

As of 31 December 2016 and 2015, the Bank had commitments to extend additional loans to these borrowers as follows:

(Million Baht)

	Consolidated and The Bank	
	2016	2015
Debt restructuring contracts that incurred losses	633	484

The Bank and its subsidiaries had outstanding balances on restructured loans that incurred losses during 2016 and 2015 as follows:

(Million Baht)

	Consolidated and The Bank	
	2016	2015
Debt restructuring contracts which were not classified as NPL	48,064	25,050
Debt restructuring contracts which were classified as NPL	1,658	681
Total	49,722	25,731

As of 31 December 2016 and 2015, the Bank and its subsidiaries had outstanding balances on restructured loans that incurred losses as follows:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Debt restructuring contracts which were not classified as NPL	55,679	33,564	55,679	33,563
Debt restructuring contracts which were classified as NPL	2,621	1,513	2,601	1,491
Total	58,300	35,077	58,280	35,054

12 ALLOWANCE FOR DOUBTFUL ACCOUNTS

The movements in the allowance for doubtful accounts during the year were as follows:

(Million Baht)

Consolidated									
2016									
	Pass	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Excess Allowance	Allowance from Securities Business	Allowance from Insurance Business	Total
Balance at the beginning of the year	5,271	194	5,841	8,211	10,487	30,687	46	164	60,901
Doubtful accounts	765	26	4,418	(298)	13,416	14,276	-	106	32,709
Bad debt written off	-	-	-	-	(9,636)	-	-	-	(9,636)
Others	-	-	-	-	(1,562)	-	-	6	(1,556)
Balance at the end of the year	<u>6,036</u>	<u>220</u>	<u>10,259</u>	<u>7,913</u>	<u>12,705</u>	<u>44,963</u>	<u>46</u>	<u>276</u>	<u>82,418</u>

(Million Baht)

Consolidated									
2015									
	Pass	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Excess Allowance	Allowance from Securities Business	Allowance from Insurance Business	Total
Balance at the beginning of the year	5,360	154	3,359	4,883	11,766	21,751	45	116	47,434
Doubtful accounts	(89)	40	2,482	3,328	9,761	8,936	1	58	24,517
Bad debt written off	-	-	-	-	(10,160)	-	-	-	(10,160)
Others	-	-	-	-	(880)	-	-	(10)	(890)
Balance at the end of the year	<u>5,271</u>	<u>194</u>	<u>5,841</u>	<u>8,211</u>	<u>10,487</u>	<u>30,687</u>	<u>46</u>	<u>164</u>	<u>60,901</u>

(Million Baht)

The Bank							
2016							
	Pass	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Excess Allowance	Total
Balance at the beginning of the year	6,194	194	5,821	8,184	9,596	29,146	59,135
Doubtful accounts	766	25	4,378	(319)	12,912	13,963	31,725
Bad debt written off	-	-	-	-	(9,377)	-	(9,377)
Others	-	-	-	-	(1,562)	-	(1,562)
Balance at the end of the year	<u>6,960</u>	<u>219</u>	<u>10,199</u>	<u>7,865</u>	<u>11,569</u>	<u>43,109</u>	<u>79,921</u>

(Million Baht)

The Bank							
2015							
	Pass	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Excess Allowance	Total
Balance at the beginning of the year	6,310	153	3,345	4,868	10,971	20,475	46,122
Doubtful accounts	(116)	41	2,476	3,316	9,460	8,671	23,848
Bad debt written off	-	-	-	-	(9,957)	-	(9,957)
Others	-	-	-	-	(878)	-	(878)
Balance at the end of the year	<u>6,194</u>	<u>194</u>	<u>5,821</u>	<u>8,184</u>	<u>9,596</u>	<u>29,146</u>	<u>59,135</u>

13 REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING

The movements in the revaluation allowance for debt restructuring during the year were as follows:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Balance at the beginning of the year	3,416	3,558	3,416	3,558
Increase	1,787	1,994	1,787	1,994
Amortisation to interest income	(1,226)	(599)	(1,226)	(599)
Others	(1,183)	(1,537)	(1,183)	(1,537)
Balance at the end of the year	<u>2,794</u>	<u>3,416</u>	<u>2,794</u>	<u>3,416</u>

14 PROPERTIES FORECLOSED – NET

Properties foreclosed as of 31 December 2016 and 2015 consisted of:

(Million Baht)

Consolidated				
2016				
Types of Properties Foreclosed	Beginning Balance	Addition	Disposal	Ending Balance
1. Assets acquired from debt repayment				
1.1 Immovable assets	16,028	4,430	(3,197)	17,261*
1.2 Movable assets	59	213	(225)	47
Total	16,087	4,643	(3,422)	17,308
2. Others	12	41	-	53
Total properties foreclosed	16,099	4,684	(3,422)	17,361
Less allowances for impairment	(1,902)	(368)	353	(1,917)
Total properties foreclosed - net	14,197	4,316	(3,069)	15,444

* As of 31 December 2016, the value of immovable assets acquired from debt repayment was appraised by external appraisers and internal appraisers in the amount of Baht 9,213 million and Baht 8,048 million, respectively.

(Million Baht)

Consolidated				
2015				
Types of Properties Foreclosed	Beginning Balance	Addition	Disposal	Ending Balance
1. Assets acquired from debt repayment				
1.1 Immovable assets	13,269	5,796	(3,037)	16,028**
1.2 Movable assets	55	364	(360)	59
Total	13,324	6,160	(3,397)	16,087
2. Others	26	-	(14)	12
Total properties foreclosed	13,350	6,160	(3,411)	16,099
Less allowances for impairment	(1,562)	(623)	283	(1,902)
Total properties foreclosed - net	11,788	5,537	(3,128)	14,197

** As of 31 December 2015, the value of immovable assets acquired from debt repayment was appraised by external appraisers and internal appraisers in the amount of Baht 9,518 million and Baht 6,510 million, respectively.

(Million Baht)

The Bank				
2016				
Types of Properties Foreclosed	Beginning Balance	Addition	Disposal	Ending Balance
1. Assets acquired from debt repayment				
1.1 Immovable assets	15,548	4,416	(2,940)	17,024*
1.2 Movable assets	25	-	-	25
Total	15,573	4,416	(2,940)	17,049
2. Others	12	41	-	53
Total properties foreclosed	15,585	4,457	(2,940)	17,102
Less allowances for impairment	(1,720)	(358)	259	(1,819)
Total properties foreclosed - net	13,865	4,099	(2,681)	15,283

* As of 31 December 2016, the value of immovable assets acquired from debt repayment was appraised by external appraisers and internal appraisers in the amount of Baht 8,975 million and Baht 8,049 million, respectively.

(Million Baht)

The Bank				
2015				
Types of Properties Foreclosed	Beginning Balance	Addition	Disposal	Ending Balance
1. Assets acquired from debt repayment				
1.1 Immovable assets	12,660	5,774	(2,886)	15,548**
1.2 Movable assets	25	-	-	25
Total	12,685	5,774	(2,886)	15,573
2. Others	27	-	(15)	12
Total properties foreclosed	12,712	5,774	(2,901)	15,585
Less allowances for impairment	(1,355)	(604)	239	(1,720)
Total properties foreclosed - net	11,357	5,170	(2,662)	13,865

** As of 31 December 2015, the value of immovable assets acquired from debt repayment was appraised by external appraisers and internal appraisers in the amount of Baht 9,038 million and Baht 6,510 million, respectively.

15 CLASSIFIED ASSETS

As of 31 December 2016 and 2015, classified assets of the Bank and its subsidiaries, consisted of investments, loans and accrued interest receivables (including financial institutions), properties foreclosed and other assets, were categorised by quality in compliance with the BoT's regulations, taking into account analyses of each loan and appraisal of the financial standing of each borrower, as follows:

(Million Baht)

Consolidated									
	Investments		Loans and Accrued Interest Receivables		Properties Foreclosed		Other Assets		Total
	2016	2015	2016	2015	2016	2015	2016	2015	2016 2015
Pass	-	-	1,850,282	1,745,653	-	-	-	-	1,850,282 1,745,653
Special Mention	-	-	43,055	35,790	-	-	-	-	43,055 35,790
Sub-Standard	-	-	19,110	12,906	-	-	-	-	19,110 12,906
Doubtful	-	-	16,888	16,490	-	-	-	-	16,888 16,490
Doubtful of Loss	917	822	29,267	20,241	579	572	3,707	3,123	34,470 24,758
Total	917	822	1,958,602	1,831,080	579	572	3,707	3,123	1,963,805 1,835,597

(Million Baht)

The Bank									
	Investments		Loans and Accrued Interest Receivables		Properties Foreclosed		Other Assets		Total
	2016	2015	2016	2015	2016	2015	2016	2015	2016 2015
Pass	-	-	1,846,451	1,743,995	-	-	-	-	1,846,451 1,743,995
Special Mention	-	-	40,586	33,162	-	-	-	-	40,586 33,162
Sub-Standard	-	-	18,694	12,500	-	-	-	-	18,694 12,500
Doubtful	-	-	16,562	16,183	-	-	-	-	16,562 16,183
Doubtful of Loss	2,611	2,688	27,935	19,104	518	498	3,707	3,123	34,771 25,413
Total	2,611	2,688	1,950,228	1,824,944	518	498	3,707	3,123	1,957,064 1,831,253



16 PREMISES AND EQUIPMENT - NET

Changes in premises and equipment for the years ended 31 December 2016 and 2015 are summarised as follows:

Consolidated 2016													(Million Baht)
	Change of Cost			Change of Accumulated Depreciation				Impairment Allowance		Book Value			
	Beginning Balance	Additions/ Transfer in	Disposal/ Transfer out	Others	Beginning Balance	Depreciation	Disposal/ Transfer out	Others	Beginning Balance	Increase/ (Decrease)	Ending Balance	Beginning Balance	Ending Balance
Land													
Cost	4,052	57	(96)	-	4,013	-	-	-	-	-	-	4,052	4,013
Appraisal increase*	11,006	3,402	(1)	-	14,407	-	-	-	-	-	-	11,006	14,407
Appraisal decrease*	(296)	99	4	-	(193)	-	-	-	-	-	-	(296)	(193)
Building													
Cost	17,236	2,196	(132)	-	19,300	7,382	392	(48)	-	7,726	-	9,854	11,574
Appraisal increase*	9,230	2,224	-	-	11,454	4,273	1,168	-	-	5,441	-	4,957	6,013
Appraisal decrease*	(249)	11	-	-	(238)	(100)	(6)	-	-	(106)	-	(149)	(132)
Equipment	37,172	3,718	(2,393)	(8)	38,489	23,257	3,254	(2,253)	(4)	24,254	6	13,909	13,897
Others	1,951	403	(2,205)	-	149	-	-	-	-	-	-	1,951	149
Total	80,102	12,110	(4,823)	(8)	87,381	34,912	4,808	(2,301)	(4)	37,315	6	45,284	49,728

* Appraisal in year 2016 for the Bank and year 2014 for its subsidiary.

The fair values of premises as of 31 December 2016 and 2015 are categorised as Level 3 in the fair value hierarchy.

The fair values of premises are determined by using market comparison approach and replacement cost approach based on highest and best use assumption. The fair values are appraised by independent appraisers who are qualified as professionals and have appropriate experience.



(Million Baht)

Consolidated 2015

	Change of Cost				Change of Accumulated Depreciation				Impairment Allowance		Book Value	
	Beginning Balance	Additions/Transfer in	Disposal/Transfer out	Others	Ending Balance	Beginning Balance	Depreciation	Disposal/Transfer out	Others	Ending Balance	Beginning Balance	Ending Balance
Land												
Cost	3,924	128	-	-	4,052	-	-	-	-	-	3,924	4,052
Appraisal increase*	11,006	-	-	-	11,006	-	-	-	-	-	11,006	11,006
Appraisal decrease*	(296)	-	-	-	(296)	-	-	-	-	-	(296)	(296)
Building												
Cost	16,734	514	(12)	-	17,236	7,029	359	(6)	-	7,382	9,705	9,854
Appraisal increase*	9,230	-	-	-	9,230	4,121	152	-	-	4,273	5,109	4,957
Appraisal decrease*	(249)	-	-	-	(249)	(93)	(7)	-	-	(100)	(156)	(149)
Equipment	35,218	2,947	(1,000)	7	37,172	20,942	3,281	(969)	3	23,257	14,270	13,909
Others	1,047	1,456	(552)	-	1,951	-	-	-	-	-	1,047	1,951
Total	76,614	5,045	(1,564)	7	80,102	31,999	3,785	(975)	3	34,812	44,609	45,284

* Appraisal in year 2012 for the Bank and year 2014 for its subsidiary.

Depreciation presented in premises and equipment expenses in profit or loss of the Bank and its subsidiaries for the years ended 31 December 2016 and 2015 amounted to Baht 4,808 million and Baht 3,785 million, respectively. As of 31 December 2016 and 2015, premises and equipment with original costs of Baht 13,414 million and Baht 13,543 million, respectively, were fully depreciated but still in use.



(Million Baht)

The Bank 2016												
	Change of Cost			Change of Accumulated Depreciation				Impairment Allowance		Book Value		
	Beginning Balance	Additions/Transfer in	Disposal/Transfer out	Others	Ending Balance	Beginning Balance	Depreciation	Disposal/Transfer out	Others	Ending Balance	Beginning Balance	Ending Balance
Land												
Cost	3,475	2	(96)	-	3,381	-	-	-	-	-	3,475	3,381
Appraisal increase*	7,919	3,402	(1)	-	11,320	-	-	-	-	-	7,919	11,320
Appraisal decrease*	(253)	99	4	-	(150)	-	-	-	-	-	(253)	(150)
Building												
Cost	14,497	2,125	(124)	-	16,498	6,163	339	(42)	-	6,460	8,334	10,038
Appraisal increase*	7,057	2,224	-	-	9,281	3,625	1,158	-	-	4,783	3,432	4,498
Appraisal decrease*	(135)	11	-	-	(124)	(98)	(5)	-	-	(103)	(37)	(21)
Equipment	33,022	2,914	(2,292)	(8)	33,636	20,802	2,746	(2,157)	(4)	21,387	12,214	11,911
Others	1,767	218	(1,910)	-	75	-	-	-	-	-	1,767	75
Total	67,349	10,995	(4,419)	(8)	73,917	30,492	4,238	(2,199)	(4)	32,527	36,851	41,052

* Appraisal in year 2016 for the Bank.

The fair values of premises as of 31 December 2016 and 2015 are categorised as Level 3 in the fair value hierarchy.

The fair values of premises are determined by using market comparison approach and replacement cost approach based on highest and best use assumption. The fair values are appraised by independent appraisers who are qualified as professionals and have appropriate experience.



(Million Baht)

The Bank 2015

	Change of Cost			Change of Accumulated Depreciation			Impairment Allowance		Book Value	
	Beginning Balance	Additions/Transfer in	Disposal/Transfer out	Others	Ending Balance	Beginning Balance	Disposal/Transfer out	Others	Ending Balance	Beginning Balance
Land										
Cost	3,374	101	-	-	3,475	-	-	-	-	3,374
Appraisal increase*	7,919	-	-	-	7,919	-	-	-	-	7,919
Appraisal decrease*	(253)	-	-	-	(253)	-	-	-	-	(253)
Building										
Cost	14,242	259	(4)	-	14,497	5,864	302	-	6,163	8,334
Appraisal increase*	7,057	-	-	-	7,057	3,484	141	-	3,625	3,432
Appraisal decrease*	(135)	-	-	-	(135)	(93)	(5)	-	(98)	(37)
Equipment	31,552	2,269	(805)	6	33,022	18,752	2,821	(773)	20,802	12,214
Others	795	1,064	(92)	-	1,767	-	-	-	-	795
Total	64,551	3,693	(901)	6	67,349	28,007	3,259	2	30,492	36,851

* Appraisal in year 2012 for the Bank.

Depreciation presented in premises and equipment expenses in profit or loss of the Bank for the years ended 31 December 2016 and 2015 amounted to Baht 4,238 million and Baht 3,259 million, respectively. As of 31 December 2016 and 2015, premises and equipment with original costs of Baht 11,289 million and Baht 11,697 million, respectively, were fully depreciated but still in use.

During the year, the Bank completed the revaluation of its premises. The appraisal surplus on asset revaluation increased by Baht 4,660 million and the amount was presented in changes in revaluation surplus in other comprehensive income. There was also a reversal of loss on revaluation of premises of Baht 110 million. Such reversal was presented in premises and equipment expenses in profit or loss.



17 GOODWILL AND OTHER INTANGIBLE ASSETS - NET

Changes in goodwill and other intangible assets for the years ended 31 December 2016 and 2015 are summarised as follows:

(Million Baht)

Consolidated														
2016														
	Change of Cost			Change of Accumulated Amortisation				Impairment Allowance		Book Value				
	Beginning Balance	Additions/Transfer in	Disposal/Transfer out	Ending Balance	Beginning Balance	Amortisation/Transfer out	Disposal/Transfer out	Ending Balance	Beginning Balance	Increase/(Decrease)	Ending Balance	Beginning Balance	Ending Balance	
Application software*	34,280	4,846	(3,634)	35,460	11,579	2,857	(1,122)	(7)	13,307	2,314	(281)	2,033	20,387	20,120
Business purchased	270	-	-	270	270	-	-	-	270	-	-	-	-	-
Goodwill	3,824	-	-	3,824	-	-	-	-	-	-	-	-	3,824	3,824
Others	26	3	-	29	3	-	-	-	3	-	-	-	23	26
Total	38,400	4,849	(3,634)	39,583	11,852	2,857	(1,122)	(7)	13,580	2,314	(281)	2,033	24,234	23,970



(Million Baht)

Consolidated														
2015														
	Change of Cost			Change of Accumulated Amortisation				Impairment Allowance		Book Value				
	Beginning Balance	Additions/ Transfer in	Disposal/ Transfer out	Ending Balance	Beginning Balance	Amortisation	Disposal/ Transfer out	Ending Balance	Beginning Balance	Ending Balance	Beginning Balance	Ending Balance		
Application software*	31,433	9,752	(6,926)	21	34,280	9,365	2,361	(151)	4	11,579	-	2,314	22,068	20,387
Business purchased	270	-	-	-	270	270	-	-	-	270	-	-	-	-
Goodwill	3,789	35	-	-	3,824	-	-	-	-	-	-	-	3,789	3,824
Others	27	-	(1)	-	26	2	1	-	-	3	-	-	25	23
Total	35,519	9,787	(6,927)	21	38,400	9,637	2,362	(151)	4	11,852	-	2,314	25,882	24,234

*As of 31 December 2016 and 2015, the amount under development is Baht 2,266 million and Baht 1,932 million, respectively.

Amortisation presented in others - other operating expenses in profit or loss of the Bank and its subsidiaries for the years ended 31 December 2016 and 2015 amounted to Baht 2,857 million and Baht 2,362 million, respectively. As of 31 December 2016 and 2015, intangible assets with original costs of Baht 3,801 million and Baht 3,174 million, respectively, were fully amortised but still in use.

(Million Baht)

The Bank 2016										
	Change of Cost			Change of Accumulated Amortisation			Impairment Allowance		Book Value	
	Beginning Balance	Additions/Transfer in	Disposal/Transfer out	Beginning Balance	Amortisation	Disposal/Transfer out	Beginning Balance	Ending Balance (Decrease)	Beginning Balance	Ending Balance
Application software*	32,803	4,396	(3,579)	33,588	10,954	2,716	12,541	(281)	19,535	19,014
Others	5	-	-	5	2	-	2	-	3	3
Total	32,808	4,396	(3,579)	33,593	10,956	2,716	12,543	(281)	19,538	19,017

(Million Baht)

The Bank 2015										
	Change of Cost			Change of Accumulated Amortisation			Impairment Allowance		Book Value	
	Beginning Balance	Additions/Transfer in	Disposal/Transfer out	Beginning Balance	Amortisation	Disposal/Transfer out	Beginning Balance	Increase	Beginning Balance	Ending Balance
Application software*	30,356	9,309	(6,880)	32,803	8,855	2,247	10,954	2,314	21,501	19,535
Others	5	-	-	5	1	-	2	-	4	3
Total	30,361	9,309	(6,880)	32,808	8,856	2,248	10,956	2,314	21,505	19,538

*As of 31 December 2016 and 2015, the amount under development is Baht 1,842 million and Baht 1,656 million, respectively.

Amortisation presented in others - other operating expenses in profit or loss of the Bank for the years ended 31 December 2016 and 2015 amounted to Baht 2,716 million and Baht 2,248 million, respectively. As of 31 December 2016 and 2015, intangible assets with original costs of Baht 3,390 million and Baht 2,832 million, respectively, were fully amortised but still in use.

18 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities as of 31 December 2016 and 2015 are as follows:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Deferred tax assets	4,572	5,585	3,835	4,615
Deferred tax liabilities	(1,807)	(1,907)	-	-
Net	<u>2,765</u>	<u>3,678</u>	<u>3,835</u>	<u>4,615</u>

Movements in total deferred tax assets and liabilities during the year were as follows:

(Million Baht)

	Consolidated				
	Charged / credited to:				
	As of 1 January 2016	Profit or loss (Note 43)	Other comprehensive income (Note 43)	Others	As of 31 December 2016
Deferred tax assets					
Investments	155	(15)	-	-	140
Investments in subsidiaries and associated companies	381	(34)	-	-	347
Loans and accrued interest receivables	943	156	-	-	1,099
Properties foreclosed	390	7	-	-	397
Premises and equipment	38	1	-	-	39
Provisions	5,365	253	(66)	24	5,576
Life policy reserve	1,192	276	-	-	1,468
Others	<u>1,321</u>	<u>123</u>	<u>(46)</u>	<u>(7)</u>	<u>1,391</u>
Total	<u>9,785</u>	<u>767</u>	<u>(112)</u>	<u>17</u>	<u>10,457</u>
Deferred tax liabilities					
Investments	1,954	(27)	688	-	2,615
Premises and equipment	2,667	(27)	932	-	3,572
Others	<u>1,486</u>	<u>23</u>	<u>-</u>	<u>(4)</u>	<u>1,505</u>
Total	<u>6,107</u>	<u>(31)</u>	<u>1,620</u>	<u>(4)</u>	<u>7,692</u>
Net	<u>3,678</u>	<u>798</u>	<u>(1,732)</u>	<u>21</u>	<u>2,765</u>

(Million Baht)

Consolidated					
Charged / credited to:					
	As of 1 January 2015	Profit or loss (Note 43)	Other comprehensive income (Note 43)	Others	As of 31 December 2015
Deferred tax assets					
Investments	154	1	-	-	155
Investments in subsidiaries and associated companies	381	-	-	-	381
Loans and accrued interest receivables	770	173	-	-	943
Properties foreclosed	314	76	-	-	390
Premises and equipment	37	1	-	-	38
Provisions	5,117	168	77	3	5,365
Life policy reserve	975	217	-	-	1,192
Others	<u>1,121</u>	<u>202</u>	<u>(1)</u>	<u>(1)</u>	<u>1,321</u>
Total	<u>8,869</u>	<u>838</u>	<u>76</u>	<u>2</u>	<u>9,785</u>
Deferred tax liabilities					
Investments	2,332	(29)	(349)	-	1,954
Premises and equipment	3,160	(493)	2	(2)	2,667
Others	<u>1,302</u>	<u>188</u>	<u>-</u>	<u>(4)</u>	<u>1,486</u>
Total	<u>6,794</u>	<u>(334)</u>	<u>(347)</u>	<u>(6)</u>	<u>6,107</u>
Net	<u>2,075</u>	<u>1,172</u>	<u>423</u>	<u>8</u>	<u>3,678</u>

(Million Baht)

The Bank				
	Charged / credited to:			As of 31 December 2016
	As of 1 January 2016	Profit or loss (Note 43)	Other comprehensive income (Note 43)	
Deferred tax assets				
Investments	117	(3)	-	114
Investments in subsidiaries and associated companies	379	(34)	-	345
Loans and accrued interest receivables	579	7	-	586
Properties foreclosed	344	20	-	364
Provisions	5,224	258	(66)	5,416
Others	580	143	(47)	676
Total	<u>7,223</u>	<u>391</u>	<u>(113)</u>	<u>7,501</u>
Deferred tax liabilities				
Investments	860	(4)	155	1,011
Premises and equipment	1,748	(25)	932	2,655
Total	<u>2,608</u>	<u>(29)</u>	<u>1,087</u>	<u>3,666</u>
Net	<u>4,615</u>	<u>420</u>	<u>(1,200)</u>	<u>3,835</u>

(Million Baht)

The Bank

Charged / credited to:

	As of 1 January 2015	Profit or loss (Note 43)	Other comprehensive income (Note 43)	As of 31 December 2015
Deferred tax assets				
Investments	129	(12)	-	117
Investments in subsidiaries and associated companies	379	-	-	379
Loans and accrued interest receivables	509	70	-	579
Properties foreclosed	271	73	-	344
Provisions	5,018	151	55	5,224
Others	423	158	(1)	580
Total	<u>6,729</u>	<u>440</u>	<u>54</u>	<u>7,223</u>
Deferred tax liabilities				
Investments	819	1	40	860
Premises and equipment	2,238	(490)	-	1,748
Total	<u>3,057</u>	<u>(489)</u>	<u>40</u>	<u>2,608</u>
Net	<u>3,672</u>	<u>929</u>	<u>14</u>	<u>4,615</u>

19 DEPOSITS

Deposits were classified as of 31 December 2016 and 2015 as follows:

19.1 Classified by Type of Deposits

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Current	100,977	94,038	101,241	94,076
Savings	1,285,001	1,142,204	1,288,317	1,145,421
Term				
- Less than 6 months	183,556	204,979	183,561	204,983
- 6 months and less than 1 year	88,594	90,385	88,576	90,385
- 1 year and over 1 year	<u>136,707</u>	<u>173,773</u>	<u>136,745</u>	<u>173,729</u>
Total	<u>1,794,835</u>	<u>1,705,379</u>	<u>1,798,440</u>	<u>1,708,594</u>

19.2 Classified by Currencies and Residency of Depositors

(Million Baht)

	Consolidated					
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,636,097	79,592	1,715,689	1,561,397	76,959	1,638,356
US Dollars	63,515	4,937	68,452	53,278	2,694	55,972
Other currencies	<u>7,494</u>	<u>3,200</u>	<u>10,694</u>	<u>5,775</u>	<u>5,276</u>	<u>11,051</u>
Total	<u>1,707,106</u>	<u>87,729</u>	<u>1,794,835</u>	<u>1,620,450</u>	<u>84,929</u>	<u>1,705,379</u>

(Million Baht)

	The Bank					
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,640,420	79,321	1,719,741	1,565,361	76,446	1,641,807
US Dollars	63,515	4,607	68,122	53,278	2,539	55,817
Other currencies	<u>7,494</u>	<u>3,083</u>	<u>10,577</u>	<u>5,775</u>	<u>5,195</u>	<u>10,970</u>
Total	<u>1,711,429</u>	<u>87,011</u>	<u>1,798,440</u>	<u>1,624,414</u>	<u>84,180</u>	<u>1,708,594</u>

20 INTERBANK AND MONEY MARKET ITEMS (LIABILITIES)

Interbank and money market items (liabilities) as of 31 December 2016 and 2015 consisted of:

(Million Baht)

Consolidated

	<u>2016</u>			<u>2015</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>	<u>At call</u>	<u>Term</u>	<u>Total</u>
1. <u>Domestic</u>						
The BoT and FIDF	-	6,820	6,820	-	8,891	8,891
Commercial banks	2,665	121,951	124,616	2,928	42,559	45,487
Specialised financial institutions	339	10,000	10,339	397	-	397
Other financial institutions	<u>4,517</u>	<u>350</u>	<u>4,867</u>	<u>5,012</u>	<u>199</u>	<u>5,211</u>
Total Domestic	<u>7,521</u>	<u>139,121</u>	<u>146,642</u>	<u>8,337</u>	<u>51,649</u>	<u>59,986</u>
2. <u>Foreign</u>						
US Dollars	2,328	6,453	8,781	1,920	1,819	3,739
Japanese Yen	154	3,020	3,174	150	3,635	3,785
Euro	295	-	295	262	-	262
Other currencies	<u>1,160</u>	<u>-</u>	<u>1,160</u>	<u>1,086</u>	<u>2,608</u>	<u>3,694</u>
Total Foreign	<u>3,937</u>	<u>9,473</u>	<u>13,410</u>	<u>3,418</u>	<u>8,062</u>	<u>11,480</u>
Total Domestic and Foreign	<u>11,458</u>	<u>148,594</u>	<u>160,052</u>	<u>11,755</u>	<u>59,711</u>	<u>71,466</u>

(Million Baht)

The Bank						
	2016			2015		
	At call	Term	Total	At call	Term	Total
1. Domestic						
The BoT and FIDF	-	6,820	6,820	-	8,891	8,891
Commercial banks	2,665	118,549	121,214	2,928	42,212	45,140
Specialised financial institutions	339	10,000	10,339	397	-	397
Other financial institutions	8,687	8,776	17,463	15,140	209	15,349
Total Domestic	11,691	144,145	155,836	18,465	51,312	69,777
2. Foreign						
US Dollars	2,328	6,453	8,781	2,396	1,819	4,215
Japanese Yen	155	3,020	3,175	150	3,635	3,785
Euro	295	-	295	262	-	262
Other currencies	1,421	-	1,421	1,198	2,608	3,806
Total Foreign	4,199	9,473	13,672	4,006	8,062	12,068
Total Domestic and Foreign	15,890	153,618	169,508	22,471	59,374	81,845

21 FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities designated at fair value through profit or loss as of 31 December 2016 and 2015 consisted of:

(Million Baht)

Consolidated and The Bank		
	2016	2015
Borrowing	-	39

Proportion of transactions classified by the contract parties based on the amount of the contract as of 31 December 2016 and 2015 consisted of:

Consolidated and The Bank		
	2016	2015
Contract parties	Proportion (%)	
Outsiders	-	100



22 DEBTS ISSUED AND BORROWINGS

Debts issued and borrowings as of 31 December 2016 and 2015 consisted of:

Consolidated												(Million Baht)
		2016					2015					
	Currency	Maturity Date	Interest Rate	Domestic	Foreign	Total	Maturity Date	Interest Rate	Domestic	Foreign	Total	
Subordinated Debentures	US Dollar	-	-	-	-	-	2016	8.25%	-	6,613	6,613	
	Baht	2022	4.50%	22,000	-	22,000	2022	4.50%	22,000	-	22,000	
Unsubordinated and unsecured debentures	US Dollar	2018-2022	2.375%-3.50%	-	45,663	45,663	2018-2021	3.00%-3.50%	-	31,572	31,572	
Subordinated Instruments - KASIKORNBANK PCL	Baht	2025	5.00%	14,000	-	14,000	2025	5.00%	14,000	-	14,000	
	Baht	2026	3.95%	6,500	-	6,500	2026	3.95%	6,500	-	6,500	
	Baht	2027	3.50%	7,500	-	7,500	-	-	-	-	-	
	Debt issued and borrowings with embedded derivative that are not designated at fair value through profit or loss	Baht	2017-2024	Variable***	468	-	468	2016-2024	Variable***	496	-	496
Bills of Exchange	Baht	-	-	-	-	-	2016	0.70%-1.52%	4,309	-	4,309	
Others	Baht	2017-2021	0.00%-0.50%	245	-	245	2016-2020	0.00%-0.50%	88	-	88	
Total				50,713	45,663	96,376			47,393	38,185	85,578	



(Million Baht)

The Bank										
2016						2015				
Currency	Maturity Date	Interest Rate	Domestic	Foreign	Total	Maturity Date	Interest Rate	Domestic	Foreign	Total
US Dollar	-	-	-	-	-	2016	8.25%	-	6,613	6,613
Subordinated Debentures - KASIKORNBANK PCL No.1/2012	2022	4.50%	22,000	-	22,000	2022	4.50%	22,000	-	22,000
Unsubordinated and unsecured debentures	2018-2022	2.375%-3.50%	-	-	-	2018-2021	3.00%-3.50%	-	-	-
Subordinated Instruments - KASIKORNBANK PCL No.1/2014**	2025	5.00%	14,000	-	14,000	2025	5.00%	14,000	-	14,000
No.1/2015**	2026	3.95%	6,500	-	6,500	2026	3.95%	6,500	-	6,500
No.1/2016**	2027	3.50%	7,500	-	7,500	-	-	-	-	-
Debt issued and borrowings with embedded derivative that are not designated at fair value	2020-2024	Variable***	300	-	300	2020-2024	Variable***	300	-	300
through profit or loss	-	-	-	-	-	2016	0.70%-1.52%	4,309	-	4,309
Bills of Exchange	2017-2021	0.00%-0.50%	245	-	245	2016-2020	0.00%-0.50%	88	-	88
Others			50,545	45,663	96,208			47,197	38,185	85,382
Total										

* 3-Month London Interbank Offered Rate (LIBOR) plus 100 bps.

** Qualified as Tier 2 Capital in accordance with Basel III.

*** Variable rates linked to reference interest rates and average price of marketable equity securities.

23 EMPLOYEE RETIREMENT BENEFITS

Employee retirement benefits as of 31 December 2016 and 2015 are as follows:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Balance at the beginning of the year	19,900	18,229	19,087	17,642
Current service cost	1,614	1,607	1,438	1,532
Interest cost	648	767	617	740
Actuarial (gain) loss from updated assumptions				
- Financial assumptions	(250)	391	(257)	245
- Demographic assumptions	(79)	29	(75)	28
Benefits paid	(1,421)	(1,123)	(1,406)	(1,100)
Other	(58)	-	(56)	-
Balance at the end of the year	<u>20,354</u>	<u>19,900</u>	<u>19,348</u>	<u>19,087</u>

Actuarial gain (loss) from updated assumptions recognised in other comprehensive income for the years ended 31 December 2016 and 2015 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Included in retained earnings:				
At 1 January	(6,012)	(5,592)	(5,783)	(5,510)
Recognised during the year	<u>329</u>	<u>(420)</u>	<u>332</u>	<u>(273)</u>
At 31 December	<u>(5,683)</u>	<u>(6,012)</u>	<u>(5,451)</u>	<u>(5,783)</u>

Principle actuarial assumptions as of 31 December 2016 and 2015 consisted of:

	Consolidated and The Bank	
	2016	2015
Discount rate	3.1% – 3.5%	3.1% – 3.5%
Average salary increase	4% – 15%	4% – 15%
Average turnover	0% – 25%	0% – 25%
Normal retirement age	55 – 60 years	55 – 60 years

A sensitivity analysis for each significant actuarial assumption as of 31 December 2016 and 2015 consisted of:
(Million Baht)

Consolidated		
	2016	2015
Effect on defined benefit obligations		
+1% on discount rate	(1,960)	(2,295)
-1% on discount rate	2,327	2,756
+1% on salary increase	2,164	2,588
-1% on salary increase	(1,871)	(2,212)

The Bank		
	2016	2015
Effect on defined benefit obligations		
+1% on discount rate	(1,848)	(1,846)
-1% on discount rate	2,195	2,190
+1% on salary increase	2,037	2,033
-1% on salary increase	(1,762)	(1,759)

The historical information of long-term employee benefits is as follows:

Consolidated					
	2016	2015	2014	2013	2012
Present value of long-term employee benefit obligations	20,354	19,900	18,229	14,516	13,831

The Bank					
	2016	2015	2014	2013	2012
Present value of long-term employee benefit obligations	19,348	19,087	17,642	13,991	13,353

24 INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities as of 31 December 2016 and 2015 consisted of:

(Million Baht)

	Consolidated	
	2016	2015
Long-term technical reserves	302,004	247,900
Others	3,820	3,547
Total	305,824	251,447

Long-term technical reserves

(Million Baht)

	Consolidated
	31 December 2016
Balance at the beginning of the year	247,900
Reserve increase from new and inforce policies in the year	76,594
Reserve released for benefits payment, lapse and cancellation in the year	(22,490)
Balance at the end of the year	302,004

25 SHARE CAPITAL AND EARNINGS PER SHARE

The calculation of the consolidated and the Bank basic earnings per share for the year ended 31 December 2016 was based on profit attributable to ordinary shareholders of Baht 40,174 million and Baht 35,514 million, respectively (Year 2015: Baht 39,474 million and Baht 34,401 million, respectively) and the weighted average number of ordinary and paid-up shares outstanding during the year ended 31 December 2016 of 2,393,260,193 shares (Year 2015: 2,393,260,193 shares).

26 LEGAL RESERVE

Section 116 of the Public Companies Act B.E. 2535 requires that the Bank shall allocate not less than 5 percent of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10 percent of the registered authorised capital. In addition, the provisions of the Civil and Commercial Code of Thailand require that subsidiaries shall allocate not less than 5 percent of their annual net profit each time a dividend is declared, to a reserve account ("legal reserve") until the reserve reaches 10 percent of authorised share capital. The legal reserve is not available for dividend distribution.

27 DIVIDEND PAYMENTS

On 25 August 2016, the Board of Directors Meeting of the Bank approved to pay an interim dividend from the first six-month operating results of 2016 at the rate of Baht 0.50 per share, totaling Baht 1,197 million, which was paid on 23 September 2016.

On 30 March 2016, the Annual General Meeting of Shareholders of the Bank approved to pay a dividend from the operating results of 2015 at the rate of Baht 4.00 per share, totaling Baht 9,573 million. The interim dividend was paid at the rate of Baht 0.50 per share, totaling Baht 1,197 million, on 25 September 2015 and the remaining dividend was paid at the rate of Baht 3.50 per share, totaling Baht 8,376 million, on 27 April 2016.

On 27 August 2015, the Board of Directors Meeting of the Bank approved to pay an interim dividend from the first six-month operating results of 2015 at the rate of Baht 0.50 per share, totaling Baht 1,197 million, which was paid on 25 September 2015.

On 2 April 2015, the Annual General Meeting of Shareholders of the Bank approved to pay a dividend from the operating results of 2014 at the rate of Baht 4.00 per share, totaling Baht 9,573 million. The interim dividend was paid at the rate of Baht 0.50 per share, totaling Baht 1,197 million, on 26 September 2014 and the remaining dividend was paid at the rate of Baht 3.50 per share, totaling Baht 8,376 million, on 30 April 2015.

28 ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral as of 31 December 2016 and 2015 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Deposits	10,579	14,231	9,793	13,861
Government bonds	173,665	71,630	98,655	17,897
State enterprise bonds	48	48	48	48
Total	184,292	85,909	108,496	31,806

The Bank has pledged these assets as collateral for derivatives, for electricity consumption, for court collateral and for repurchase agreements.

29 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities and commitments as of 31 December 2016 and 2015 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Avals to bills	13,460	9,210	13,460	9,210
Guarantees of loans	10,946	11,246	10,946	11,246
Liability under unmatured import bills	26,173	15,721	26,173	15,721
Letters of credit	28,112	26,604	28,441	26,604
Other contingencies				
- Guarantees of selling instruments or securities	-	500	-	500
- Unused credit line of overdraft	239,651	236,400	239,960	236,708
- Other guarantees	305,150	236,767	305,154	236,767
- Others*	45,419	52,117	45,433	50,302
Total	668,911	588,565	669,567	587,058

*Including items contracted but not provided.

Under normal business operations, the Bank is a defendant in various litigations. These include cases of wrongful acts brought against the Bank, with total claims amounting to Baht 2,062 million and Baht 7,488 million as of 31 December 2016 and 2015, respectively. The Management believes that any liability resulting from these litigations will not be material to the Bank's financial position or on the results of its operations.

As of 31 December 2016 and 2015, Muang Thai Life Assurance Public Company Limited has been sued by insurer, with claims amounting to approximately Baht 53 million and Baht 174 million, respectively. The Management believes that any liability resulting from this litigation will not be material to the consolidated financial statements.

30 RELATED PARTY TRANSACTIONS AND BALANCES

Relationships between the Bank and related persons or entities consisted of subsidiaries, associated companies, key management personnel⁽¹⁾, any parties related to key management personnel and the entities of which key management personnel and any parties related have control and significant influence.

Arm's length transactions occurring between the Bank and related persons or entities are fairly charged at market price as normal business or the price as stipulated in the agreement.

Related party transactions and balances are as follows:

30.1 Assets, liabilities and contingencies between the Bank and related persons or entities as of 31 December 2016 and 2015 summarised as follows:

	Consolidated		The Bank	
	2016	2015	2016	2015
<u>Interbank and Money Market Items (Assets)</u>				
Subsidiaries	-	-	1,165	911
<u>Loans (Including financial institutions)</u>				
Subsidiaries				
- KASIKORN LEASING CO., LTD.	-	-	85,357	84,756
- Others	-	-	13,019	11,947
Other Related Entities	6,773	13,978	6,773	13,978
Other Related Persons	175	107	172	104
<u>Other Assets</u>				
Subsidiaries	-	-	1,079	1,111
Associated Company	37	40	37	40
<u>Deposits (Including financial institutions)</u>				
Subsidiaries	-	-	19,716	18,113
Associated Company	69	35	69	35
Other Related Entities	53,159	48,094	53,159	48,094
Other Related Persons	14,548	4,792	14,533	4,778
<u>Other Liabilities</u>				
Subsidiaries	-	-	1,256	412
Associated Company	17	11	17	11
Other Related Entities	-	89	-	89

⁽¹⁾ Key management means director, management who holds the title of at least First Senior Vice President including Department Head-Financial Accounting Management Department and Department Head-Financial Planning Department.

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Contingencies</u>				
Subsidiaries	-	-	1,530	1,355
Other Related Entities	17,758	14,045	17,758	14,045
Other Related Persons	2	2	2	2
<u>Derivatives (notional amount)</u>				
Subsidiaries	7,752	-	7,752	7,752
Other Related Entities	22,326	10,528	22,326	10,528

Certain subsidiaries and associated companies have entered into 1-2 year building lease and service agreements with the Bank. Rentals are charged at cost plus an increment for additional administration and maintenance expenditures incurred. As of 31 December 2016 and 2015, the Bank and its related parties have rental agreements with remaining tenures amounting to Baht 59 million and Baht 40 million, respectively.

The Bank have entered into an Information Technology service agreement with Kasikorn Business-Technology Group. As of 31 December 2016 and 2015, the Bank has commitment to pay total service fees amounting to Baht 1,364 million and Baht 1,146 million, respectively.

30.2 Revenue and expenses between the Bank and related persons or entities for the years ended 31 December 2016 and 2015 is summarised as follows:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Interest income</u>				
Subsidiaries	-	-	2,807	3,230
<u>Other income</u>				
Subsidiaries	-	-	17,166	17,717
Associated Company	74	59	74	59
<u>Interest expenses</u>				
Subsidiaries	-	-	146	132
<u>Other expenses</u>				
Subsidiaries	-	-	5,668	4,172
Associated Company	255	201	255	201

The Bank has entered into a staff secondment agreement with KASIKORN SECURITIES PCL, commencing from January 2006. The agreement shall be terminated at any time by the Bank giving notice 60 days prior to the termination date. The Bank is responsible for salaries, welfare and other benefits and any liabilities that arise or may arise from the actions of the employees.

For the years ended 31 December 2016 and 2015, the Bank incurred expenses amounting to Baht 664 million and Baht 520 million, respectively, presented as personnel expenses in profit or loss.

30.3 Key management personnel⁽¹⁾ compensation

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Short-term employee benefits	1,452	1,394	798	850
Post-employment benefits	80	74	58	58
Total	1,532	1,468	856	908

⁽¹⁾ Key management means director, management who holds the title of at least First Senior Vice President including Department Head-Financial Accounting Management Department and Department Head-Financial Planning Department.

31 BENEFITS OF DIRECTORS AND EXECUTIVES

The Bank and its subsidiaries have not paid other benefits to directors and executives except for the benefits that are normally paid such as directors' fee, directors' bonus (if any), executives' salary and bonus (if any).

32 LONG-TERM AGREEMENTS

32.1 Operating Lease

The Bank and its subsidiaries have entered into land/building lease agreements for offices and branches and vehicle lease agreements. The Bank and its subsidiaries were committed to pay future rentals, which are summarised as follows:

(Million Baht)

		Consolidated	The Bank
Types of Lease Agreement	Remaining Period	2016	2016
Land/building lease agreements	1 January 2017 – 31 December 2042	2,112	2,019
Vehicle lease agreements	1 January 2017 – 15 December 2021	1,139	1,004
Others	1 January 2017 – 24 October 2020	50	-
Total		<u>3,301</u>	<u>3,023</u>

(Million Baht)

		Consolidated	The Bank
Types of Lease Agreement	Remaining Period	2015	2015
Land/building lease agreements	1 January 2016 – 31 December 2042	2,427	2,374
Vehicle lease agreements	1 January 2016 – 31 December 2020	1,250	1,128
Others	1 January 2016 – 18 November 2019	47	-
Total		<u>3,724</u>	<u>3,502</u>

32.2 Service Agreement

The Bank and its subsidiaries entered into an Information Technology Service, under which the service agreement will be provided until 31 August 2019, The Bank and its subsidiaries were committed to pay total service fees, which are summarised as follows:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Contracted but not provided for	1,554	1,437	2,887	1,434

33 EVENTS AFTER THE REPORTING PERIOD

On 19 December 2016, the Bank of Thailand has granted an approval for the Bank to redeem the whole amount of the Subordinated Debentures of KASIKORNBANK Public Company Limited No.1/2012 due 2022 with aggregate principal amount of Baht 22,000 million prior to the maturity date. Therefore, the Bank would like to exercise the right to redeem the debenture on 15 February 2017.

34 THAI FINANCIAL REPORTING STANDARDS (TFRS) NOT YET ADOPTED

The Bank and its subsidiaries have not adopted the following revised TFRS that have been issued as of the reporting date but is not yet effective. The revised TFRS that are applicable to the Bank and its subsidiaries, which becomes effective for the financial periods beginning on or after 1 January 2017 are as follows :

TFRS	Topic	Year Effective
FAP announcement no. 5/2559	Accounting Guidance for derecognition of financial assets and financial liabilities	2017
TAS 1 (revised 2016)	Presentation of Financial Statements	2017
TAS 7 (revised 2016)	Statement of Cash Flows	2017
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors	2017
TAS 10 (revised 2016)	Events after the Reporting Period	2017
TAS 12 (revised 2016)	Income Taxes	2017
TAS 16 (revised 2016)	Property, Plant and Equipment	2017
TAS 17 (revised 2016)	Leases	2017
TAS 18 (revised 2016)	Revenue	2017
TAS 19 (revised 2016)	Employee Benefits	2017
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance	2017
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates	2017
TAS 24 (revised 2016)	Related Party Disclosures	2017
TAS 27 (revised 2016)	Separate Financial Statements	2017
TAS 28 (revised 2016)	Investment in Associates and Joint Ventures	2017
TAS 33 (revised 2016)	Earnings per Share	2017
TAS 34 (revised 2016)	Interim Financial Reporting	2017
TAS 36 (revised 2016)	Impairment of Assets	2017
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets	2017
TAS 38 (revised 2016)	Intangible Assets	2017

TFRS	Topic	Year Effective
TAS 40 (revised 2016)	Investment Property	2017
TFRS 3 (revised 2016)	Business Combinations	2017
TFRS 4 (revised 2016)	Insurance Contracts	2017
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations	2017
TFRS 8 (revised 2016)	Operating Segment	2017
TFRS 10 (revised 2016)	Consolidated Financial Statements	2017
TFRS 11 (revised 2016)	Joint Arrangement	2017
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities	2017
TFRS 13 (revised 2016)	Fair Value Measurement	2017
TSIC 15 (revised 2016)	Operating Leases – Incentives	2017
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2017
TSIC 32 (revised 2016)	Intangible Assets-Web Site Costs	2017
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2017
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease	2017
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment	2017
TFRIC 13 (revised 2016)	Customer Loyalty Programmes	2017
TFRIC 18 (revised 2016)	Transfers of Assets from Customer	2017
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructuring	2017
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities	2017
TAS 107 (revised 2016)	Financial Instruments Disclosure and Presentation	2017

The Bank and its subsidiaries expect to adopt these revised TFRS in accordance with the FAP's announcement. The Bank and its subsidiaries have made a preliminary assessment of the impact on the consolidated and the Bank's financial statements and expect that there will be no material impact in the first adoption period of initial application.

35 SEGMENT INFORMATION

35.1 Information about reportable segments

The Bank and its subsidiaries (“the Group”) has identified 4 main business groups for management reporting purposes. The business groups offer different customers different products and services, and the groups’ performance is measured based on segment operating profit before impairment loss on loans and debt securities and income tax expense.

Corporate Business

The Group’s Corporate Business Customers include registered companies and certain private individual business customers, government agencies, state enterprises, and financial institutions etc. The Group provides a variety of financial products and services to these customers such as Long Term Loans, Working Capital, Letter of Indemnity, Trade Finance Solutions, Syndicated Loans, Cash Management Solutions, and Value Chain Solutions.

Retail Business

The Group’s Retail Business comprises individual customers who use the Group’s products and services such as Deposit Account, Debit Card, Credit Card, Personal Loan, Housing Loan, Investment Product and Financial Advisory Services, and Transactional Banking Services.

Treasury and Capital Markets Business

The Treasury and Capital Markets Business comprises the Group’s treasury and capital markets business with activities mainly including funding, centralised risk management, investing in liquid assets, and foreign currency exchange services. It also supervises the Group’s business in overseas countries.

Muang Thai Group Holding Business

Muang Thai Group Holding Business includes a group of companies that operates insurance and brokerage businesses.

Others represent other items which are not directly attributable to the main business groups.

(Million Baht)

Consolidated

For the Year Ended 31 December 2016

	Corporate Business	Retail Business	Treasury and Capital Markets Business	Muang Thai Group Holding Business	Others	Elimination	Total
Interest income - net	43,706	28,801	6,024	12,667	(1,238)	(282)	89,678
Non-interest income	22,529	32,952	2,774	3,987 ⁽¹⁾	11,666	(10,183)	63,725
Total operating income - net	66,235	61,753	8,798	16,654	10,428	(10,465)	153,403
Total other operating expenses	22,499	30,990	2,084	4,885	8,852	(5,456)	63,854
Operating profit before impairment loss on loans and debt securities and income tax expense	43,736	30,763	6,714	11,769	1,576	(5,009)	89,549
Impairment loss on loans and debt securities							33,753
Operating profit before income tax expense							55,796

(Million Baht)

Consolidated

For the Year Ended 31 December 2015

	Corporate Business	Retail Business	Treasury and Capital Markets Business	Muang Thai Group Holding Business	Others	Elimination	Total
Interest income - net	41,807	25,483	6,535	10,775	697	(285)	85,012
Non-interest income	21,774	32,404	1,488	4,484 ⁽¹⁾	10,331	(7,978)	62,503
Total operating income - net	63,581	57,887	8,023	15,259	11,028	(8,263)	147,515
Total other operating expenses	22,531	31,719	2,028	4,868	10,112*	(4,602)	66,656
Operating profit before impairment loss on loans and debt securities and income tax expense	41,050	26,168	5,995	10,391	916	(3,661)	80,859
Impairment loss on loans and debt securities							26,377
Operating profit before income tax expense							54,482

* Including impairment on application software amounting to Baht 2,314 million.

(Million Baht)

Consolidated							
31 December 2016							
	Corporate	Retail	Treasury and	Muang Thai			
	Business	Business	Capital Markets	Group Holding	Others	Elimination	Total
Reportable segment - Loans ⁽²⁾	1,169,584	428,680	8,447	15,357	173,885	(98,372)	1,697,581
Unallocated assets							1,148,287
Total assets							2,845,868
Deposits and bills of exchange ⁽³⁾	561,417	1,226,933	10,484	-	325	(4,324)	1,794,835

(Million Baht)

Consolidated							
31 December 2015							
	Corporate	Retail	Treasury and	Muang Thai			
	Business	Business	Capital Markets	Group Holding	Others	Elimination	Total
Reportable segment - Loans ⁽²⁾	1,085,646	422,400	4,825	13,705	179,953	(96,642)	1,609,887
Unallocated assets							945,418
Total assets							2,555,305
Deposits and bills of exchange ⁽³⁾	524,957	1,178,967	9,622	-	106	(3,964)	1,709,688

⁽¹⁾ Net of underwriting expenses

⁽²⁾ Loans = Loans to customers less deferred revenue

⁽³⁾ Excluding bills of exchange with embedded derivative

35.2 Information about geographical areas

(Million Baht)

Consolidated				
For the Year Ended 31 December 2016				
	Domestic	Overseas	Elimination	Total
Total operating income - net	152,535 ⁽¹⁾	870	(2)	153,403
Total other operating expenses	63,090	766	(2)	63,854
Operating profit (loss) before income tax expense	55,550	246	-	55,796
Income tax expense	10,497	(41)	-	10,456

(Million Baht)

Consolidated				
For the Year Ended 31 December 2015				
	Domestic	Overseas	Elimination	Total
Total operating income - net	146,764 ⁽¹⁾	750	1	147,515
Total other operating expenses	65,780	875	1	66,656
Operating profit (loss) before income tax expense	55,049	(567)	-	54,482
Income tax expense	10,471	56	-	10,527

(Million Baht)

Consolidated				
31 December 2016				
	Domestic	Overseas	Elimination	Total
Non - current assets ⁽²⁾	91,345	1,193	-	92,538

(Million Baht)

Consolidated				
31 December 2015				
	Domestic	Overseas	Elimination	Total
Non - current assets ⁽²⁾	86,233	722	-	86,955

⁽¹⁾ Net of underwriting expenses

⁽²⁾ Non - current assets include investments in associates, properties foreclosed – net, premises and equipment – net, goodwill and other intangible assets – net, leasehold – net and investment property.

36 INTEREST INCOME

Interest income for the years ended 31 December 2016 and 2015 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Interbank and money market items	5,892	3,897	5,587	3,455
Investments and trading transactions	258	319	258	319
Investments in debt securities	14,774	14,854	3,461	5,344
Loans	89,923	90,160	91,203	91,990
Hire purchase and financial lease	5,014	5,118	-	-
Others	12	5	-	-
Total	<u>115,873</u>	<u>114,353</u>	<u>100,509</u>	<u>101,108</u>

37 INTEREST EXPENSES

Interest expenses for the years ended 31 December 2016 and 2015 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Deposits	12,682	16,880	12,676	16,874
Interbank and money market items	1,979	1,517	2,048	1,514
Contributions to Financial Institutions Development Fund and Deposit Protection Agency	7,894	7,529	7,894	7,529
Debts issued				
- Subordinated debentures	2,412	2,252	2,412	2,252
- Others	1,111	1,061	1,108	1,059
Others	117	102	-	-
Total	<u>26,195</u>	<u>29,341</u>	<u>26,138</u>	<u>29,228</u>

38 FEES AND SERVICE INCOME - NET

Fees and service income - net for the years ended 31 December 2016 and 2015 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Fees and service income				
Acceptances, aval and guarantees	3,450	3,107	3,450	3,107
Others	45,181	43,306	44,643	43,954
Total Fees and service income	48,631	46,413	48,093	47,061
Fees and service expenses	9,688	8,887	9,480	8,844
Fees and service income - net	38,943	37,526	38,613	38,217

39 GAIN ON TRADING AND FOREIGN EXCHANGE TRANSACTIONS

Gain on trading and foreign exchange transactions for the years ended 31 December 2016 and 2015 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Gain (loss) on trading and foreign exchange transactions				
- Foreign currencies and foreign currency related derivatives	7,903	7,374	7,762	7,791
- Interest rate related derivatives	695	621	695	621
- Debt securities	(28)	1,003	93	293
- Equity securities	135	7	-	2
- Others	41	(118)	24	(114)
Total	8,746	8,887	8,574	8,593



40 LOSS ON FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Loss on financial liabilities designated at fair value through profit or loss for the years ended 31 December 2016 and 2015 consisted of:

	(Million Baht)	
	Consolidated and The Bank	
	2016	2015
1. Changes in the fair value - net		
- Borrowing	-	-
2. Loss on redemption or transferable and interest expense which is not included NO. 1	(4)	(6)
Total	(4)	(6)

41 GAIN ON INVESTMENTS

Gain on investments presented in the statements of profit or loss and other comprehensive income for the years ended 31 December 2016 and 2015 consisted of:

	(Million Baht)			
	Consolidated		The Bank	
	2016	2015	2016	2015
Gain (loss) on disposal				
Available-for-sale investments	906	800	78	348
Held-to-maturity debt instruments	(62)	-	-	-
General investments	744	15	741	11
Investments in subsidiaries and associates	-	-	29	-
Total	1,588	815	848	359
Reversal on impairment investment				
General investments	-	(12)	-	-
Investments in subsidiaries and associates	-	(18)	172	-
Total	-	(30)	172	-
Total gain on investments	1,588	785	1,020	359

42 IMPAIRMENT LOSS ON LOANS AND DEBT SECURITIES

Impairment loss on loans and debt securities for the years ended 31 December 2016 and 2015 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Interbank and money market items	(385)	310	(385)	310
Held-to-maturity debt instruments	(59)	56	-	(1)
Loans to customers*	31,920	24,005	31,039	23,453
Loss on debt restructuring	2,277	2,006	2,277	2,006
Total	33,753	26,377	32,931	25,768

* Including reversal of doubtful accounts to loss on debt restructuring

43 INCOME TAX EXPENSE

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 under the Revenue Code regarding the Reduction and Exemption in Income Taxes grants the reduction to 20% of net taxable profit for the accounting period of 2015 which begins on or after 1 January 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period which begins on or after 1 January 2016.

The Bank and its subsidiaries have applied the tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2016 and 2015 in accordance with the clarification issued by the Federation of Accounting Professions in 2012.

43.1 Income tax recognised in profit or loss for the years ended 31 December 2016 and 2015 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Current tax expense				
Current year	11,254	11,699	7,878	8,667
Deferred tax expense				
Movements in temporary differences	(798)	(1,172)	(420)	(929)
Total income tax expense	10,456	10,527	7,458	7,738

43.2 Income tax recognised in other comprehensive income for the years ended 31 December 2016 and 2015 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2016	2015	2016	2015
Income taxes relating to components of other comprehensive income				
Movements in temporary differences	(1,732)	423	(1,200)	14

43.3 Reconciliation of effective tax rates consisted of:

(Million Baht)

	Consolidated			
	2016		2015	
	Rate (%)	Amount	Rate (%)	Amount
Operating profit before income tax expense		<u>55,796</u>		<u>54,482</u>
Income tax using the expected average tax rate*	20.00%	11,159	20.00%	10,896
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		<u>(703)</u>		<u>(369)</u>
Total	18.74%	<u>10,456</u>	19.32%	<u>10,527</u>

(Million Baht)

	The Bank			
	2016		2015	
	Rate (%)	Amount	Rate (%)	Amount
Operating profit before income tax expense		<u>42,972</u>		<u>42,139</u>
Income tax using the expected tax rate	20.00%	8,594	20.00%	8,428
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		<u>(1,136)</u>		<u>(690)</u>
Total	17.36%	<u>7,458</u>	18.36%	<u>7,738</u>

* Expected average tax rate corresponds to the weighted average tax rates by operating profit before income tax expense in those countries where the Bank operates.

44 GAIN (LOSS) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF A FOREIGN OPERATION

Gain (loss) arising from translating the financial statements of a foreign operation consisted of:

(Million Baht)

Consolidated		
For Year Ended 31 December		
	2016	2015
(Loss) gain arising from translating the financial statements of a foreign operation	(856)	894
Gain (loss) from hedging instrument	745	(1,179)
Total	(111)	(285)

(Million Baht)

The Bank		
For Year Ended 31 December		
	2016	2015
(Loss) gain arising from translating the financial statements of a foreign operation	(845)	800
Gain (loss) from hedging instrument	726	(1,059)
Total	(119)	(259)

45 FINANCIAL RISK MANAGEMENT

Credit risk

Credit risk refers to the risk that a counterparty or a borrower may default on its contractual obligations and agreements. Such default may be caused by the counterparty's inability to pay due to financial encumbrances or their intention not to abide by the contractual agreements, resulting in a loss to the Bank.

The Bank determines the target of loan growth and its desirable credit portfolio composition that strives for the highest possible risk-adjusted return within acceptable risk levels under stress conditions, by taking into account economic outlook, potential market opportunities, and the Bank's strategic direction. In assessing medium and large corporate customers' credit risk level, the Bank utilizes credit risk rating tools to enhance the quality of loans granted. Furthermore, the credit scoring has been employed to determine the credit risk level of retail customers to ensure uniformity of assessment results. To manage medium business and large corporate business portfolios following the approval process, the Bank annually reviews customers' credits rating on qualitative and quantitative basis. Capital allocation strategy has been implemented at segment and sub-segment level. Regarding management of the retail portfolio, behavior scoring has been adopted for assessing customers' risk level resulting in the Bank's capability in determining risk-adjusted returns or interest rates. Moreover, the Bank has employed collection scoring to define risk-based collection strategies and optimize collection efficiency. In addition, the Bank has conducted the stress tests to assess potential impacts from export slowdown, ineffective economic stimulus, and slowdown of foreign economy in order to determine the implication to credit policy and credit risk management.

In the credit approval process, the Bank considers the customer's ability to repay and the loan objectives as key factors in the approval of credit and may obtain sufficient collateral or other securities, where appropriate, as a means of mitigating the risk of financial losses from default. To maximize the effectiveness of the credit approval process, credit analysis and approval functions are separated from the units responsible for maintaining customer relationship. The Bank also has process for regularly reviewing customers' credit rating and performance on all approved transactions. For non-performing loans (NPL), the Bank has closely and continuously monitored, resolved and/or restructured them to retain maximum benefits for the Bank.

Market risk

Market risk is the risk due to changes in interest rates, foreign exchange rates, equity prices, commodity prices, and credit spreads which affects the Bank's operation and financial performance.

1. Interest rate risk

Interest rate risk is the risk arising from changes in interest rates which may affect the value of the Bank's financial instruments, or may cause volatility in the Bank's earnings, capital, financial assets and liabilities, both in the current reporting period and in the future. The Bank has employed various tools to manage interest rate risk, such as interest rate gap and Value-at-Risk (VaR).

An analysis of loans (including financial institutions) at fixed and floating interest rates (MLR, MOR and MRR) as of 31 December 2016 and 2015 is as follows:

	Consolidated		The Bank	
	2016	2015	2016	2015
Fixed interest rates	814,146	713,406	835,666	696,292
Floating interest rates	<u>1,135,909</u>	<u>1,133,512</u>	<u>1,140,063</u>	<u>1,128,510</u>
Total Loans (including financial institutions)	<u>1,950,055</u>	<u>1,846,918</u>	<u>1,975,729</u>	<u>1,824,802</u>

(Million Baht)

The average balances of the interest-bearing financial assets and liabilities of the Bank and its subsidiaries, calculated by using monthly average, and the average interest rates for the years ended 31 December 2016 and 2015 are as follows:

(Million Baht)

Consolidated						
	2016			2015		
	Average Balance	Interest Income/Expense	Average Rate (%)	Average Balance	Interest Income/Expense	Average Rate (%)
Interest-bearing Financial Assets						
Interbank and money market items	396,803	5,892	1.48	267,050	3,897	1.46
Investments	525,182	15,032	2.86	518,015	15,173	2.93
Loans to customers	<u>1,572,211</u>	<u>94,937</u>	6.04	<u>1,514,770</u>	<u>95,278</u>	6.29
Total	<u>2,494,196</u>	<u>115,861</u>	4.65	<u>2,299,835</u>	<u>114,348</u>	4.97
Interest-bearing Financial Liabilities						
Deposits	1,747,688	12,682	0.73	1,663,138	16,880	1.01
Interbank and money market items	132,298	1,979	1.50	110,497	1,517	1.37
Debts issued and borrowings	<u>88,359</u>	<u>3,523</u>	3.99	<u>85,391</u>	<u>3,313</u>	3.88
Total	<u>1,968,345</u>	<u>18,184</u>	0.92	<u>1,859,026</u>	<u>21,710</u>	1.17

(Million Baht)

The Bank						
	2016			2015		
	Average Balance	Interest Income/Expense	Average Rate (%)	Average Balance	Interest Income/Expense	Average Rate (%)
Interest-bearing Financial Assets						
Interbank and money market items	386,819	5,587	1.44	251,507	3,455	1.37
Investments	226,825	3,719	1.64	276,326	5,663	2.05
Loans to customers	<u>1,550,198</u>	<u>91,203</u>	5.88	<u>1,496,808</u>	<u>91,990</u>	6.15
Total	<u>2,163,842</u>	<u>100,509</u>	4.64	<u>2,024,641</u>	<u>101,108</u>	4.99
Interest-bearing Financial Liabilities						
Deposits	1,750,856	12,676	0.72	1,665,733	16,874	1.01
Interbank and money market items	141,659	2,048	1.45	114,449	1,514	1.32
Debts issued and borrowings	<u>88,160</u>	<u>3,520</u>	3.99	<u>85,243</u>	<u>3,311</u>	3.89
Total	<u>1,980,675</u>	<u>18,244</u>	0.92	<u>1,865,425</u>	<u>21,699</u>	1.16

Financial assets and liabilities, classified by maturity of interest repricing, as of 31 December 2016 and 2015 shown below:
(Million Baht)

Consolidated								
2016								
	Immediate Repricing	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	Non-interest Bearing	Stop Accrued	Total
Financial Assets								
Cash	-	-	-	-	-	60,589	-	60,589
Interbank and money market items	5,073	310,268	12,447	2,156	-	19,403	-	349,347
Investments	-	135,468	59,992	145,298	260,008	37,037	505	638,308
Loans to customers	1,023,286	193,027	30,291	97,995	105,795	102,336	144,851	1,697,581
Accrued interest receivables	-	-	-	-	-	3,492	-	3,492
Other assets	11,525	-	-	-	-	13,233	-	24,758
Total Financial Assets	1,039,884	638,763	102,730	245,449	365,803	236,090	145,356	2,774,075
Financial Liabilities								
Deposits	1,287,345	309,321	88,685	10,851	-	98,633	-	1,794,835
Interbank and money market items	4,490	117,294	5,425	3,751	22,124	6,968	-	160,052
Liabilities payable on demand	-	-	-	-	-	19,846	-	19,846
Debts issued and borrowings	-	270	-	45,883	50,000	223	-	96,376
Other liabilities	15,096	-	-	-	-	3,259	-	18,355
Total Financial Liabilities	1,306,931	426,885	94,110	60,485	72,124	128,929	-	2,089,464
Items recognised on the statements of financial position	(267,047)	211,878	8,620	184,964	293,679	107,161	145,356	684,611



(Million Baht)

Consolidated								
	2015							
	Immediate Repricing	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	Non-interest Bearing	Stop Accrued	Total
<u>Financial Assets</u>								
Cash	-	-	-	-	-	56,226	-	56,226
Interbank and money market items	23,649	247,373	6,808	4,724	-	26,715	-	309,269
Investments	-	185,483	19,293	26,767	206,594	30,937	505	469,579
Loans to customers	990,695	168,530	28,995	90,551	110,094	93,272	127,750	1,609,887
Accrued interest receivables	-	-	-	-	-	3,088	-	3,088
Other assets	<u>15,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,121</u>	<u>-</u>	<u>27,441</u>
Total Financial Assets	<u>1,029,664</u>	<u>601,386</u>	<u>55,096</u>	<u>122,042</u>	<u>316,688</u>	<u>222,359</u>	<u>128,255</u>	<u>2,475,490</u>
<u>Financial Liabilities</u>								
Deposits	1,144,108	339,133	102,289	27,715	-	92,134	-	1,705,379
Interbank and money market items	4,104	39,945	13	7,891	11,862	7,651	-	71,466
Liabilities payable on demand	-	-	-	-	-	23,545	-	23,545
Financial liabilities designated at fair value through profit or loss	-	39	-	-	-	-	-	39
Debts issued and borrowings	-	4,605	6,620	31,810	42,500	43	-	85,578
Other liabilities	<u>8,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,051</u>	<u>-</u>	<u>12,375</u>
Total Financial Liabilities	<u>1,156,536</u>	<u>383,722</u>	<u>108,922</u>	<u>67,416</u>	<u>54,362</u>	<u>127,424</u>	<u>-</u>	<u>1,898,382</u>
Items recognised on the statements of financial position	<u>(126,872)</u>	<u>217,664</u>	<u>(53,826)</u>	<u>54,626</u>	<u>262,326</u>	<u>94,935</u>	<u>128,255</u>	<u>577,108</u>



(Million Baht)

The Bank								
	2016							
	Immediate Repricing	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	Non-interest Bearing	Stop Accrued	Total
Financial Assets								
Cash	-	-	-	-	-	60,542	-	60,542
Interbank and money market items	4,764	308,400	5,014	2,134	-	17,989	-	338,301
Investments	-	130,305	58,277	118,419	5,643	3,726	498	316,868
Loans to customers	1,018,396	180,035	6,409	104,812	117,326	102,336	142,593	1,671,907
Accrued interest receivables	-	-	-	-	-	3,053	-	3,053
Other assets	9,933	-	-	-	-	7,053	-	16,986
Total Financial Assets	1,033,093	618,740	69,700	225,365	122,969	194,699	143,091	2,407,657
Financial Liabilities								
Deposits	1,290,661	309,308	88,857	10,717	-	98,897	-	1,798,440
Interbank and money market items	8,131	122,318	5,425	3,751	22,124	7,759	-	169,508
Liabilities payable on demand	-	-	-	-	-	19,846	-	19,846
Debts issued and borrowings	-	102	-	45,883	50,000	223	-	96,208
Other liabilities	3,806	-	-	-	-	3,283	-	7,089
Total Financial Liabilities	1,302,598	431,728	94,282	60,351	72,124	130,008	-	2,091,091
Items recognised on the statements of financial position	(269,505)	187,012	(24,582)	165,014	50,845	64,691	143,091	316,566

(Million Baht)

The Bank								
	2015							
	Immediate Repricing	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	Non-interest Bearing	Stop Accrued	Total
<u>Financial Assets</u>								
Cash	-	-	-	-	-	56,204	-	56,204
Interbank and money market items	23,411	242,600	6,367	1,712	-	24,927	-	299,017
Investments	-	181,837	16,168	7,088	393	3,978	498	209,962
Loans to customers	986,168	155,341	6,953	101,915	118,397	93,272	125,725	1,587,771
Accrued interest receivables	-	-	-	-	-	2,707	-	2,707
Other assets	<u>13,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,727</u>	<u>-</u>	<u>20,589</u>
Total Financial Assets	<u>1,023,441</u>	<u>579,778</u>	<u>29,488</u>	<u>110,715</u>	<u>118,790</u>	<u>187,815</u>	<u>126,223</u>	<u>2,176,250</u>
<u>Financial Liabilities</u>								
Deposits	1,147,326	339,117	102,389	27,591	-	92,171	-	1,708,594
Interbank and money market items	13,319	39,608	13	7,891	11,862	9,152	-	81,845
Liabilities payable on demand	-	-	-	-	-	23,544	-	23,544
Financial liabilities designated at fair value through profit or loss	-	39	-	-	-	-	-	39
Debts issued and borrowings	-	4,409	6,620	31,810	42,500	43	-	85,382
Other liabilities	<u>1,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,039</u>	<u>-</u>	<u>5,238</u>
Total Financial Liabilities	<u>1,161,844</u>	<u>383,173</u>	<u>109,022</u>	<u>67,292</u>	<u>54,362</u>	<u>128,949</u>	<u>-</u>	<u>1,904,642</u>
Items recognised on the statements of financial position	<u>(138,403)</u>	<u>196,605</u>	<u>(79,534)</u>	<u>43,423</u>	<u>64,428</u>	<u>58,866</u>	<u>126,223</u>	<u>271,608</u>

2. Foreign exchange rate risk

Foreign exchange rate risk is the risk that occurs from changes in exchange rates which may affect the value of the Bank's financial instruments or may cause volatility in the Bank's earnings, capital, financial assets and liabilities, both in the current reporting period and in the future. Example of the tools adopted for managing foreign exchange rate risk are, for instance, open position and VaR.

Foreign currency positions in Baht equivalent, as of 31 December 2016 and 2015 were as follows:

(Million Baht)

	Consolidated					
	2016					
	Currency					
	US Dollar	Yen	Pound	Euro	Others	Total
<u>Assets</u>						
Cash	516	58	65	270	384	1,293
Interbank and money market items - net	35,468	161	65	90	13,830	49,614
Investments - net	43,863	15,715	487	10,630	516	71,211
Loans to customer and accrued interest receivables - net	103,340	1,213	139	2,512	7,423	114,627
Other assets	7,730	8	1	221	141	8,101
Total	190,917	17,155	757	13,723	22,294	244,846
<u>Liabilities</u>						
Deposits	68,452	752	586	1,985	7,371	79,146
Interbank and money market items	14,873	3,174	-	295	40	18,382
Liabilities payable on demand	9,771	247	73	483	475	11,049
Debts issued and borrowings	45,663	-	-	-	-	45,663
Other liabilities	5,572	171	8	855	220	6,826
Total	144,331	4,344	667	3,618	8,106	161,066
Foreign currency position of items recognised on the statements of financial position - net	46,586	12,811	90	10,105	14,188	83,780
items not recognised on the statements of financial position - net	(54,839)	(12,358)	379	(9,738)	(9,276)	(85,832)
(Forward exchange contracts, cross currency swaps and FX options)						

(Million Baht)

Consolidated						
2015						
Currency						
	US Dollar	Yen	Pound	Euro	Others	Total
<u>Assets</u>						
Cash	537	112	124	388	547	1,708
Interbank and money market items - net	61,900	117	159	2,582	23,887	88,645
Investments - net	49,529	4,080	510	3,365	384	57,868
Loans to customer and accrued interest receivables - net	103,837	1,366	171	3,327	4,726	113,427
Other assets	10,824	1	1	196	180	11,202
Total	226,627	5,676	965	9,858	29,724	272,850
<u>Liabilities</u>						
Deposits	55,972	576	340	1,955	8,180	67,023
Interbank and money market items	9,152	3,785	-	262	2,608	15,807
Liabilities payable on demand	12,196	167	69	698	579	13,709
Debts issued and borrowings	38,185	-	-	-	-	38,185
Other liabilities	1,816	9	2	14	321	2,162
Total	117,321	4,537	411	2,929	11,688	136,886
Foreign currency position of items recognised on the statements of financial position - net	109,306	1,139	554	6,929	18,036	135,964
items not recognised on the statements of financial position - net	(103,901)	(789)	(48)	(6,291)	(17,161)	(128,190)
(Forward exchange contracts, cross currency swaps and FX options)						



(Million Baht)

The Bank						
	2016					
	Currency					
	US Dollar	Yen	Pound	Euro	Others	Total
<u>Assets</u>						
Cash	493	58	65	270	381	1,267
Interbank and money market items - net	34,949	161	65	90	13,275	48,540
Investments - net	6,631	15,064	-	4,704	23	26,422
Investments in subsidiaries and associates - net	1,856	-	-	-	-	1,856
Loans to customer and accrued interest receivables - net	102,569	1,213	139	2,512	7,285	113,718
Other assets	<u>7,338</u>	<u>8</u>	<u>1</u>	<u>77</u>	<u>74</u>	<u>7,498</u>
Total	<u>153,836</u>	<u>16,504</u>	<u>270</u>	<u>7,653</u>	<u>21,038</u>	<u>199,301</u>
<u>Liabilities</u>						
Deposits	68,122	752	586	1,985	7,254	78,699
Interbank and money market items	14,873	3,174	-	295	40	18,382
Liabilities payable on demand	9,771	247	73	483	475	11,049
Debts issued and borrowings	45,663	-	-	-	-	45,663
Other liabilities	<u>5,562</u>	<u>171</u>	<u>8</u>	<u>855</u>	<u>207</u>	<u>6,803</u>
Total	<u>143,991</u>	<u>4,344</u>	<u>667</u>	<u>3,618</u>	<u>7,976</u>	<u>160,596</u>
Foreign currency position of items recognised on the statements of financial position - net	<u>9,845</u>	<u>12,160</u>	<u>(397)</u>	<u>4,035</u>	<u>13,062</u>	<u>38,705</u>
items not recognised on the statements of financial position - net	<u>(19,530)</u>	<u>(12,215)</u>	<u>379</u>	<u>(4,279)</u>	<u>(9,276)</u>	<u>(44,921)</u>
(Forward exchange contracts, cross currency swaps and FX options)						

(Million Baht)

The Bank						
2015						
Currency						
	US Dollar	Yen	Pound	Euro	Others	Total
<u>Assets</u>						
Cash	533	112	124	388	546	1,703
Interbank and money market items - net	61,399	117	159	2,582	23,142	87,399
Investments - net	14,343	3,727	-	1,897	23	19,990
Investments in subsidiaries and associates - net	1,856	-	-	-	-	1,856
Loans to customer and accrued interest receivables - net	103,468	1,366	171	3,327	4,641	112,973
Other assets	10,484	1	1	174	110	10,770
Total	192,083	5,323	455	8,368	28,462	234,691
<u>Liabilities</u>						
Deposits	55,817	576	340	1,955	8,098	66,786
Interbank and money market items	9,628	3,785	-	262	2,683	16,358
Liabilities payable on demand	12,196	167	69	698	579	13,709
Debts issued and borrowings	38,185	-	-	-	-	38,185
Other liabilities	1,804	9	2	14	318	2,147
Total	117,630	4,537	411	2,929	11,678	137,185
Foreign currency position of items recognised on the statements of financial position - net	74,453	786	44	5,439	16,784	97,506
items not recognised on the statements of financial position - net	(78,277)	(685)	(48)	(5,472)	(17,161)	(101,643)
(Forward exchange contracts, cross currency swaps and FX options)						

3. Equity price risk

Equity price risk is the risk arising from changes in the price of equities or common stocks that may affect the value of the Bank's financial instruments or may cause volatility in the Bank's earnings, capital, financial assets and liabilities, both in the current reporting period and in the future.

The Bank manages equity position mainly for supporting equity underwriting business and non-directional equity trading business to serve customers' demand, as well as investing in equity security under relevant applicable regulations. However, the Bank has no policy to increase the size of equity investment, but manages to reduce investment holding in equities unrelated to the Bank's core business.

4. Commodity price risk

Commodity price risk is the risk arising from changes in the price of commodities that may affect the value of the Bank's financial instruments, or may cause volatility in the Bank's earnings, capital, financial assets and liabilities, both in the current reporting period and in the future.

The Bank has no policy to hold commodity position, but manages risk arising from commodity trading business mainly to serve customers' demand under relevant applicable regulations. Regarding to non-directional gold trading business, the Bank manages risk without intention to hold gold position, while back-to-back risk management is employed for other types of commodity risk.

5. Credit spread risk

Credit spread risk is the risk arising from changes in credit spreads which may affect the value of the Bank's financial instruments or may cause volatility in the Bank's earnings, capital, financial assets and liabilities, both in the current reporting period and in the future.

The Bank manages credit spread risk arising from bond underwriting and bond trading business mainly to serve customers' demand, as well as investing in bond under relevant applicable regulations.

In addition, the Bank has closely monitored risk status and market situations in order to pursue prudent management and control risk under the limits.

Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its obligations as they fall due because of an inability to liquidate assets or obtain sufficient funding in a timely manner at an appropriate cost which could result in losses.

The Bank manages its liquidity risk under the Bank of Thailand's liquidity reserve regulations and other applicable regulations by sourcing for short-term and long-term funding, investing in highly liquid assets in both domestic and foreign currencies, maintaining Liquidity Coverage Ratio (LCR) in order to ensure that the Bank has sufficient liquidity to support net cash outflows under liquidity stress scenario, and setting up various tools and limits for risk measurement, monitoring and control, and reporting. The Bank also ensures that its liquidity position is suitable and sufficient for operations under both normal and critical situations.

Financial assets and liabilities, classified by remaining contractual maturity analysis, as of 31 December 2016 and 2015 were as follows:

(Million Baht)

Consolidated							
	2016						
	At call	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	No Maturity	Total
<u>Financial Assets</u>							
Cash	-	-	-	-	-	60,589	60,589
Interbank and money market items	24,252	309,925	12,459	2,442	269	-	349,347
Investments*	6	97,056	58,514	147,179	10,569	5,769	319,093
Loans to customers	294,714	434,872	43,311	415,263	509,421	-	1,697,581
Accrued interest receivables	30	3,039	414	6	3	-	3,492
Other assets	<u>11,525</u>	<u>7,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,515</u>	<u>24,758</u>
Total Financial Assets	<u>330,527</u>	<u>852,610</u>	<u>114,698</u>	<u>564,890</u>	<u>520,262</u>	<u>71,873</u>	<u>2,454,860</u>
<u>Financial Liabilities</u>							
Deposits	1,385,978	309,321	88,685	10,851	-	-	1,794,835
Interbank and money market items	11,458	108,337	5,425	12,708	22,124	-	160,052
Liabilities payable on demand	19,846	-	-	-	-	-	19,846
Debts issued and borrowings	-	184	33	46,059	50,100	-	96,376
Other liabilities	<u>15,349</u>	<u>2,016</u>	<u>334</u>	<u>61</u>	<u>-</u>	<u>595</u>	<u>18,355</u>
Total Financial Liabilities	<u>1,432,631</u>	<u>419,858</u>	<u>94,477</u>	<u>69,679</u>	<u>72,224</u>	<u>595</u>	<u>2,089,464</u>
Liquidity - net	<u>(1,102,104)</u>	<u>432,752</u>	<u>20,221</u>	<u>495,211</u>	<u>448,038</u>	<u>71,278</u>	<u>365,396</u>
Liquidity - cumulative net	(1,102,104)	(669,352)	(649,131)	(153,920)	294,118	365,396	365,396

*Investments of the life insurance subsidiary which are held primarily in relation to the insurance contract liabilities, are not presented in the table.

(Million Baht)

Consolidated							
2015							
	At call	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	No Maturity	Total
<u>Financial Assets</u>							
Cash	-	-	-	-	-	56,226	56,226
Interbank and money market items	49,875	245,643	9,028	4,723	-	-	309,269
Investments*	6	111,013	38,966	49,391	6,724	4,722	210,822
Loans to customers	282,699	426,334	38,242	389,124	473,488	-	1,609,887
Accrued interest receivables	37	2,692	352	5	2	-	3,088
Other assets	15,320	6,563	-	-	-	5,558	27,441
Total Financial Assets	347,937	792,245	86,588	443,243	480,214	66,506	2,216,733
<u>Financial Liabilities</u>							
Deposits	1,236,242	339,133	102,289	27,715	-	-	1,705,379
Interbank and money market items	11,755	32,727	13	15,109	11,862	-	71,466
Liabilities payable on demand	23,545	-	-	-	-	-	23,545
Financial liabilities designated at fair value through profit or loss	-	39	-	-	-	-	39
Debts issued and borrowings	-	4,525	6,630	31,823	42,600	-	85,578
Other liabilities	8,545	2,613	375	120	-	722	12,375
Total Financial Liabilities	1,280,087	379,037	109,307	74,767	54,462	722	1,898,382
Liquidity - net	(932,150)	413,208	(22,719)	368,476	425,752	65,784	318,351
Liquidity – cumulative net	(932,150)	(518,942)	(541,661)	(173,185)	252,567	318,351	318,351

*Investments of the life insurance subsidiary which are held primarily in relation to the insurance contract liabilities, are not presented in the table.

(Million Baht)

The Bank							
	2016						
	At call	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	No Maturity	Total
<u>Financial Assets</u>							
Cash	-	-	-	-	-	60,542	60,542
Interbank and money market items	22,556	308,032	5,023	2,421	269	-	338,301
Investments	-	97,056	58,338	147,179	10,569	3,726	316,868
Loans to customers	285,598	439,956	30,040	408,266	508,047	-	1,671,907
Accrued interest receivables	-	3,053	-	-	-	-	3,053
Other assets	9,933	2,426	-	-	-	4,627	16,986
Total Financial Assets	318,087	850,523	93,401	557,866	518,885	68,895	2,407,657
<u>Financial Liabilities</u>							
Deposits	1,389,558	309,308	88,857	10,717	-	-	1,798,440
Interbank and money market items	15,890	113,361	5,425	12,708	22,124	-	169,508
Liabilities payable on demand	19,846	-	-	-	-	-	19,846
Debts issued and borrowings	-	17	33	46,058	50,100	-	96,208
Other liabilities	4,083	2,016	334	61	-	595	7,089
Total Financial Liabilities	1,429,377	424,702	94,649	69,544	72,224	595	2,091,091
Liquidity - net	(1,111,290)	425,821	(1,248)	488,322	446,661	68,300	316,566
Liquidity – cumulative net	(1,111,290)	(685,469)	(686,717)	(198,395)	248,266	316,566	316,566

(Million Baht)

The Bank							
2015							
	At call	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	No Maturity	Total
<u>Financial Assets</u>							
Cash	-	-	-	-	-	56,204	56,204
Interbank and money market items	47,870	240,849	8,587	1,711	-	-	299,017
Investments	-	111,013	38,856	49,391	6,724	3,978	209,962
Loans to customers	272,250	433,225	27,263	384,324	470,709	-	1,587,771
Accrued interest receivables	-	2,707	-	-	-	-	2,707
Other assets	13,862	2,130	-	-	-	4,597	20,589
Total Financial Assets	333,982	789,924	74,706	435,426	477,433	64,779	2,176,250
<u>Financial Liabilities</u>							
Deposits	1,239,497	339,117	102,389	27,591	-	-	1,708,594
Interbank and money market items	22,471	32,390	13	15,109	11,862	-	81,845
Liabilities payable on demand	23,544	-	-	-	-	-	23,544
Financial liabilities designated at fair value through profit or loss	-	39	-	-	-	-	39
Debts issued and borrowings	-	4,329	6,630	31,823	42,600	-	85,382
Other liabilities	1,408	2,613	375	120	-	722	5,238
Total Financial Liabilities	1,286,920	378,488	109,407	74,643	54,462	722	1,904,642
Liquidity - net	(952,938)	411,436	(34,701)	360,783	422,971	64,057	271,608
Liquidity - cumulative net	(952,938)	(541,502)	(576,203)	(215,420)	207,551	271,608	271,608

Operational Risk Management

“Operational risk” refers to the risk of direct or indirect losses in the Bank earnings and capital funds, resulting from failure or inadequate processes, personnel, operating and IT systems, or external events/factors.

The Bank’s operational risk management has been implemented, through systematic and effective risk identification, assessment, management, and reporting the operational risk level of products and processes continuously. All units of the Bank are required to report their operational risk exposures, designed controls, and risk prevention initiatives. Meanwhile, many modern risk management tools – such as Key Risk Indicators (KRI), Risk Event Database (RED) and other IT systems – have been employed, in order to enhance the effectiveness for risk monitoring and prevention, and manage risks in a timely manner before damage occurs to the Bank and customers. Moreover, the Bank continues managing risk from fraud for the purpose of attaining customer satisfaction towards the Bank’s products and services and also business continuity management (BCM).

Insurance Risk Management

Insurance risk is the risk arising from fluctuation of claim frequency, claim severity or time of claim occurrence that deviate from the pricing and reserving assumptions.

Pricing risk refers to the risk that the prices charged by the subsidiary for insurance contracts will ultimately be inadequate to support the future obligations arising from those contracts. The subsidiary manages the risk through the product approval process where products are regularly reviewed against pricing, design and profitability tests agreed by the product development sub-committee.

Reserving risk refers to risks that the provisions held in the subsidiary’s financial statements for its policyholder obligations will be inadequate. The adequacy of the reserves is considered by the Board of Directors of the subsidiary at each reporting date based on advice from the subsidiary’s actuaries and analysis of the sensitivity to key assumptions, in particular interest rate.

Additionally, to ensure that the subsidiary holds adequate reserves for future obligations, the control process on the quality of the in force policy data and the actuarial models are taken into consideration. The subsidiary’s internal audit department verifies the correctness and completeness of the in force policy data at least twice a year.

Many the subsidiary’s contracts are life insurance non-par contracts with guaranteed benefits. The amount of risk to which the subsidiary is exposed depends on the level of guarantee inherent in the contracts and the current interest rate. The changes in interest rate will not cause a change to the amount of the liability, unless the change is material enough to trigger a liability adequacy test adjustment.

Concentration of insurance risk

Concentrations of risk may arise where a particular event or a series of events could impact heavily upon the Company's insurance contract liabilities.

Most of the Company's contracts are life insurance non-par contracts with guaranteed benefits. The amount of risk to which the Company is exposed depends on the level of guarantees inherent in the contracts and the current interest rate. The changes in interest rate will not cause a change to the amount of the liability, unless the change is material enough to trigger a liability adequacy test adjustment.

As at 31 December 2016, the discount interest rates for the purpose of the liability adequacy test, in accordance with industry practice, are depending on the yield curve corresponding to the estimated timing of the net expected cash flows from insurance contracts. Management monitors the sensitivity to changes in rates on an ongoing basis. A decrease of 100 basis points from current market interest rates would not be trigger a liability adequacy test adjustment.

46 FAIR VALUE OF ASSETS AND LIABILITIES

The Bank and its subsidiaries measure fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within level 1 that are observable, either directly or indirectly. This category includes instruments valued using quoted prices in active markets for similar instruments, quoted prices for similar assets or liabilities in markets that are less than active, or other valuation techniques which are directly or indirectly observable from market data.
- Level 3 Inputs that are unobservable. This category includes assets or liabilities for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant impact on the valuation.

46.1 Financial assets, financial liabilities, and derivatives measured at fair value

The fair value hierarchy of financial instruments measured at fair value on a recurring basis as of 31 December 2016 and 2015 are as follows:

(Million Baht)

	Consolidated					
	2016			2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<u>Financial Assets</u>						
Derivative assets						
- Exchange rate	-	21,375	21,375	-	21,892	21,892
- Interest rate	-	7,241	7,241	-	9,132	9,132
- Others	12	550	562	3	359	362
Trading investments	2,061	11,450	13,511	489	11,234	11,723
Available-for-sale investments	37,587	298,647	336,234	26,809	188,556	215,365
Total Financial Assets	39,660	339,263	378,923	27,301	231,173	258,474
<u>Financial Liabilities</u>						
Financial liabilities designated at fair value through profit or loss	-	-	-	-	39	39
Derivative liabilities						
- Exchange rate	-	21,879	21,879	-	20,939	20,939
- Interest rate	-	6,286	6,286	-	8,789	8,789
- Others	87	488	575	15	336	351
Total Financial Liabilities	87	28,653	28,740	15	30,103	30,118

(Million Baht)

The Bank						
	2016			2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets						
- Exchange rate	-	21,938	21,938	-	22,590	22,590
- Interest rate	-	7,241	7,241	-	9,132	9,132
- Others	-	494	494	-	347	347
Trading investments	-	11,451	11,451	-	11,234	11,234
Available-for-sale investments	6,771	275,209	281,980	5,739	162,239	167,978
Total Financial Assets	6,771	316,333	323,104	5,739	205,542	211,281
Financial Liabilities						
Financial liabilities designated at fair value through profit or loss	-	-	-	-	39	39
Derivative liabilities						
- Exchange rate	-	22,155	22,155	-	21,113	21,113
- Interest rate	-	6,286	6,286	-	8,789	8,789
- Others	-	483	483	-	335	335
Total Financial Liabilities	-	28,924	28,924	-	30,276	30,276

During the year ended 31 December 2016, due to changes in market conditions, there were transferred of financial assets measured at fair value of the bank's subsidiaries from level 2 to level 1 amounting to Baht 1,200 million.

The valuation techniques for level 2 of recurring fair value measurements are as follows:

The fair values of derivatives and structure notes are determined based upon liquid (observable) market prices, reference to exchange traded prices, broker or dealer quotations, prices of other similar transactions or prices derived by using a valuation technique incorporating observable market data which is adjusted with counterparty credit risk (excluding own credit risk) and other risks to reflect true economic value.

Investments in marketable equity securities and listed unit trusts classified as trading investments and available-for-sale investments are stated at fair value based on the last bid prices of the Stock Exchange of Thailand (SET) or the closing price of the Stock Exchange they are listed as of the reporting date.

Investments in unit trusts considered to be inactive are stated at fair value based on the net asset value as of the reporting date.

Investments in government debt securities and state enterprises debt securities guaranteed by the government, classified as trading investments and available-for-sale investments, are stated at fair value based on the Thai Bond Market Association Government Bond Yield Curve as of the reporting date. State enterprises debt securities not guaranteed by the government and private debt instruments are stated at fair value based on bid prices from the Thai Bond Market Association as of the reporting date. If not available, the Government Bond Yield Curve for the same period is used, adjusted by an appropriate risk premium.

Investments in marketable foreign bonds classified as available-for-sale investments are stated at fair value based on bid prices from Bloomberg. If not available, indicative price from custodian is used.

The Bank and its subsidiaries measure the fair value of financial assets separately from financial liabilities. However, in cases where the Bank and its subsidiaries manage either market risk or credit risk on a portfolio basis, the Bank and its subsidiaries measure the fair value of those groups of financial instruments on a net basis.

46.2 Financial assets, financial liabilities and derivative are not measured at fair value

Fair value hierarchy of financial instruments which are not measured at fair value and for which there is a significant difference with carrying value as of 31 December 2016 and 2015 are as follows:

(Million Baht)

Consolidated				
	2016		2015	
	Carrying Amount	Fair Value Level 2	Carrying Amount	Fair Value Level 2
Financial Assets				
Derivative assets (Banking book)				
- Exchange rate	2,587	2,903	445	328
- Interest rate	-	430	-	271
Held-to-maturity investments	298,065	320,185	248,272	269,093
Total Financial Assets	300,652	323,518	248,717	269,692
Financial Liabilities				
Derivative liabilities (Banking book)				
- Exchange rate	2,890	2,774	3,489	3,171
- Interest rate	-	146	-	196
Debts issued and borrowings	96,376	96,700	85,578	88,122
Total Financial Liabilities	99,266	99,620	89,067	91,489

(Million Baht)

The Bank				
	2016		2015	
	Carrying Amount	Fair Value Level 2	Carrying Amount	Fair Value Level 2
Financial Assets				
Derivative assets (Banking book)				
- Exchange rate	2,354	2,574	445	328
- Interest rate	-	428	-	271
Held-to-maturity investments	25,949	25,972	32,254	32,265
Total Financial Assets	28,303	28,974	32,699	32,864
Financial Liabilities				
Derivative liabilities (Banking book)				
- Exchange rate	1,091	1,395	1,463	1,667
- Interest rate	-	140	-	193
Debts issued and borrowings	96,208	96,532	85,382	87,927
Total Financial Liabilities	97,299	98,067	86,845	89,787

The following methods and assumptions are used by the Bank in estimating fair values of above financial assets and liabilities as disclosed herein:

Investments in government debt securities and state enterprises debt securities guaranteed by the government, classified as held-to-maturity investments, are stated at fair value based on the Thai Bond Market Association Government Bond Yield Curve as of the reporting date. State enterprises debt securities not guaranteed by the government and private debt instruments are stated at fair value based on bid prices from the Thai Bond Market Association as of the reporting date. If not available, the Government Bond Yield Curve for the same period is used, adjusted by an appropriate risk premium.

The fair values of debts issued and borrowings are the market value or the present value of cash flows with discounting rates that reflect current interest rate risk and the Bank's credit risk.

The fair values of loans to customers approximates carrying value including accrued interest receivables and net of deferred revenue, allowance for doubtful accounts and revaluation allowance for debt restructuring, as loans are at market rates of interest and the majority of fixed rate loans are short term. Furthermore, the allowance for doubtful accounts is predominately determined on an expected loss basis.

The carrying amount of the following financial assets: cash, interbank and money market items – net, general investments and investments in receivables, and other assets which core item is accrued interest receivables and that of the following financial liabilities: deposits, interbank and money market items, liabilities on demand, and other liabilities which core item is accrued interest payables are a reasonable approximation of fair value because they are mostly short term in nature, referent to floating interest rates index.



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Report of the Corporate Governance Committee

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

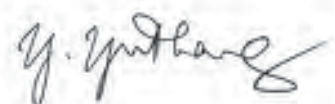
In 2016, the Corporate Governance Committee held 6 meetings on various matters in accordance with the duties and responsibilities mandated by the Corporate Governance Committee Charter. All meeting results were reported to the Board of Directors for acknowledgment, which in summary include:

- Approving sustainable development action plans and providing recommendations on the Bank's sustainable development operations in compliance with the Sustainable Development Goals of the United Nations and Dow Jones Sustainability Indices (DJSI), Carbon Disclosure Program and Sustainability Awards of the Stock Exchange of Thailand.
- Endorsing KASIKORNBANK Safety, Occupational Health and Working Environment Policy and Investor Relations Code of Conduct as operational guidelines.
- Providing recommendations on the Bank's information management and control to enhance greater efficiency.
- Providing recommendations on consideration of projects related to the environment and society to reaffirm the Bank's good corporate governance practices and proper risk management; and monitoring the implementation progress of environmental and social projects on a regular basis.
- Reviewing Vision, Mission and Core Values, the Sustainable Development Policy, the Statement of Corporate Governance Principles, Charters of the Board of Directors, Independent Directors Committee, Board Committees and Management Committee, as well as the Statement of Business Conduct and Code of Conduct, KASIKORNBANK Disclosure Policy, Anti-Corruption Policy and Human Rights Policy to ensure that they are up-to-date in accordance with ongoing business operations of the Bank and in compliance with the laws and best practices.
- Reviewing the Performance Assessment Form of the Board of Directors, Independent Directors Committee and Board Committees to be used as a tool for reviewing performance in 2016.
- Reviewing the Bank's preparations for General Meeting of Shareholders, in compliance with the laws, regulatory requirements, and best practices, including the granting of rights to shareholders to propose an issue for inclusion in the AGM agenda and a candidate for election to directorship, as well as the right to submit questions before the AGM.
- Approving a strategic plan for good corporate governance activities to enhance compliance of directors, executives and staff with the good corporate governance principles, Code of Conduct and Anti-Corruption Policy.
- Approving guidelines of the Corporate Governance Report in the Annual Report and the Sustainability Report per the G4 Guideline under the Global Reporting Initiative.

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

With the determination towards continuous improvements in corporate governance and sustainable development operations, the Bank has been selected as a component of the Dow Jones Sustainability Indices (DJSI) 2016, in the categories of DJSI World and DJSI Emerging Markets. This makes us the first bank in Thailand and ASEAN selected for the globally renowned DJSI. In addition, the Bank has achieved the excellent assessment result under the Corporate Governance Report of Thai Listed Companies 2016 Project, organized by the Thai Institute of Directors Association.

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



(Professor Dr. Yongyuth Yuthavong)
Chairman, Corporate Governance Committee

Report of the Human Resources and Remuneration Committee

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

In 2016, the Human Resources and Remuneration Committee held 9 meetings on various matters in accordance with the duties and responsibilities mandated by the Human Resources and Remuneration Committee Charter. All meeting results were reported to the Board of Directors for acknowledgment, which in summary include:

- Selecting and nominating qualified candidates to fill up vacant director positions or the positions of directors retiring by rotation under nomination process, with focus on the appropriate composition, size, and diversity of the Board, as well as compliance with the Bank's business strategic directions for submission to the Board of Directors for consideration or submission to General Meeting of Shareholders for election accordingly.
- Nominating qualified candidates as Board Committees' members and reviewing their suitability.
- Reviewing the criteria of granting the rights to shareholders to nominate candidates for election as directors and the questionnaire on qualifications of the nominated persons.
- Reviewing the remuneration rate for directors to ensure that it is commensurate with the scope of their duties and responsibilities, as well as industry-wide comparison, taking into consideration such factors as the Bank's operating results, performance, and overall business, and the current economic environment.
- Providing advice on the Bank's human capital strategy and direction.
- Assessing performance of the Chief Executive Officer and Presidents compared to given targets and plans, and considering remuneration of the Chief Executive Officer and Presidents.
- Considering senior executive appointment proposals, plus changes in their duties and responsibilities, in tandem with the Bank's business direction, and reviewing succession plans for senior executives.
- Providing concurrence with executive and staff remuneration and benefits, in connection with the Bank's operating results and individual performance, as against peers, current inflation and trends.

The Human Resources and Remuneration Committee has prudently and carefully performed their duties and responsibilities, with transparency, as specified in the Human Resources and Remuneration Committee Charter, aiming primarily for the maximum benefit to the Bank and its shareholders.



(Professor Khunying Suchada Kiranandana)
Chairperson, Human Resources and Remuneration Committee

Report of the Risk Management Committee

The Risk Management Committee of KASIKORNBANK PCL comprises five directors of KBank and four executives as members, and Ms. Sujitpan Lamsam, a non-executive director, as Chairperson.

In 2016, the Risk Management Committee held 12 meetings in accordance with the duties and responsibilities mandated by the Risk Management Committee Charter. All meeting results were reported to the Board of Directors for acknowledgment. Main duties and responsibilities include the following:

- Conducting an annual review of KASIKORNBANK FINANCIAL CONGLOMERATE risk management policies and risk appetite to align with KBank's strategic and business plans for enhancing business capability through value-added risk efficiency and risk stability activities.
- Endorsing and approving the annual review of key risk limits, e.g., industry concentration limit, country limit, large group and large exposure limit and trading risk framework.
- Monitoring risk profile on various dimensions and ensuring impact analysis of changes in economic, social, political and regulatory factors on KASIKORNBANK FINANCIAL CONGLOMERATE, and providing guidance regarding approaches and implementation of stress testing program as well as formulating risk management strategy in anticipation of changing environment.
- Providing recommendation on formulation of IT risk strategy to ensure alignment with business direction of digital financial services, with a focus on customer information security, stability of KBank system and changing behaviors of customers.
- Ensuring efficient risk management of KASIKORNBANK FINANCIAL CONGLOMERATE with concrete risk management assessment for K Companies to help prioritize key gaps and formulate risk strategies. Emphasis has been placed on collaboration between KBank and K Companies in establishing risk management framework to be consistent with KBank standards. The Risk Management Committee has also emphasized the transparency of transactions within KASIKORNBANK FINANCIAL CONGLOMERATE to avoid conflicts of interest, and regularly given guidance on K Companies' risk management.

In the discharge of duties and responsibilities specified in the Risk Management Committee Charter, the Risk Management Committee has acted with care and prudence, aiming primarily for maximum benefit to KASIKORNBANK FINANCIAL CONGLOMERATE.



(Ms. Sujitpan Lamsam)
Chairperson, Risk Management Committee

Corporate Governance

The Board of Directors firmly believes that good corporate governance is instrumental to enhancing the Bank's role as a "Bank of Sustainability" and fortifying confidence of shareholders and all stakeholders. In 2016, the Bank complied with the good corporate governance principles, as follows:

1. Rights of Shareholders

In recognizing the importance and rights of all shareholders, and having specified relations with shareholders in the Statement of Corporate Governance Principles, the Bank makes every effort to ensure the basic equal legitimate rights of shareholders, including the right to participate in shareholders meeting, the right to appoint a proxy to participate in and vote at shareholders meeting, the right to vote for the appointment or removal of individual directors, the right to vote on the annual appointment of independent auditor and the fixing of annual audit fees, and the right to vote on various other businesses of the Bank. Shareholders rights also include eligibility to receive dividend payments, the right to give opinions and enquire into business matters of the Bank during shareholders meeting, and the right to receive sufficient information in a timely manner. Moreover, the Bank emphasizes the disclosure of accurate, complete, timely and transparent information to shareholders. The following measures were undertaken to promote the rights of shareholders:

1. All shareholders including institutional shareholders were encouraged to attend the 2016 General Meeting of Shareholders, held on March 30, 2016, by the following actions:

1.1 Procedures prior to the meeting date:

- The meeting notice and related documents, both Thai and English, were disseminated on website more than 30 days prior to the meeting date, with clear, complete and adequate information on the date, time, and venue of the meeting, a map of the meeting site, and the meeting agenda. In addition, proxy forms and a complete set of supporting documents for the meeting agenda, together with the Bank's Articles of Association related to the meeting, were sent to shareholders for their consideration more than 14 days prior to the meeting date. Along with the meeting notice, shareholders were sent sufficient information to allow them to vote on every agenda item, each of which was identified clearly as items for acknowledgment, for approval, or for consideration, together with sufficient and clear comments by the Board of Directors to help shareholders in their voting decisions. The meeting notice was published in a daily newspaper for 3 consecutive days, at least 3 days before the meeting date.
- Shareholders were given the opportunity to submit questions concerning meeting agenda items in advance before the shareholders meeting date. These criteria were disclosed on the Bank's website and via the information dissemination system of the Stock Exchange of Thailand at the same time as in the meeting notice.
- The Bank gave detailed information as to which documents were necessary for shareholders or proxies to present on the meeting date in order to confirm the right to attend the meeting, including a proxy form per the Ministry of Commerce designation. Also included was a list of independent directors, the Chairman of the Board and Chief Executive Officer, or any other persons whom the shareholders might wish to appoint as proxy, and to determine the voting directions.



| The General Meeting of Shareholders No. 104 at KBank Head Office

1.2 Procedures on the meeting date:

- The meeting was held at KBank Head Office for convenient access of shareholders. Shuttle vans were available between Rat Burana Head Office and Phahon Yothin Building.
- The Bank arranged for shareholder registration to begin more than 2 hours prior to the meeting schedule. Preparation of the venue and an appropriate number of greeters were also arranged to assist shareholders.
- The voting and vote counting methods were clearly explained. Both voting and vote counting were carried out in a transparent manner. The Bank used a barcode system for shareholder registration, vote counting and presentation of voting results, allowing for a rapid and efficient meeting process.
- The Bank arranged for an independent legal advisory firm to supervise meeting transparency, in compliance with related laws and the Bank's Articles of Association, and examination of the accuracy of vote counts. Shareholder representatives were selected to witness the vote counting.
- The meeting proceeded according to the announced agenda; no additional agenda item was included without prior notice to the shareholders.
- All shareholders were offered an equal opportunity to give suggestions and ask questions within an appropriate timeframe, and directors in charge of topics clarified and provided complete information to shareholders. All 17 directors were in attendance, as well as senior executives and auditors.
- Ballots were used to vote on every agenda item. For each agenda item, the Bank collected only the ballots of shareholders opposing or abstaining. To comply with the best practices for shareholders meetings, the Bank requested all shareholders and proxies present at the meeting to return the ballots after the meeting was adjourned, and kept them as evidence and for future reference.
- The Bank provided English simultaneous interpretation for foreign shareholders and recorded the meeting on video for further reference.

- Shareholders who entered the meeting after it had commenced were allowed to vote for agenda items that were still under consideration, pending for voting.

1.3 Procedures after the meeting date:

- For shareholders' timely acknowledgment and examination of voting results, the Bank disclosed the resolution of each agenda item on our website on the shareholders meeting date.
- Comprehensive meeting minutes were recorded. They included significant details for each agenda item, e.g., meeting resolutions, voting results (divided into approval, opposition, abstention or invalid ballots), questions, explanations and opinions expressed at the meeting. The minutes of the shareholders meeting were sent to regulatory agencies within 14 days from the meeting date, and to shareholders for their acknowledgment, as well as being made available on the Bank's website.

2. The Bank discloses important information for shareholders on our website and via the information dissemination system of the Stock Exchange of Thailand, and has published the quarterly newsletter "Sarn Samphan" since 2009 to provide information and news on the overall economy, investment in money and capital markets, and other information that may be beneficial to shareholders.

2. Equitable Treatment of Shareholders

Recognizing the importance of equitable treatment of shareholders, the Board of Directors has established a Corporate Governance Policy based on shareholders rights and the equal and fair treatment of all shareholders, and undertook the following tasks:

1. Provision of information prior to the General Meeting of Shareholders

- Shareholders were informed that 1 share equaled 1 vote; approval of a resolution was based on the majority of votes, except for certain resolutions which required the approval of no less than two-thirds of all votes of those attending the meeting, or three-fourths of all votes of those attending the meeting and having the right to vote. This practice is in line with the Bank's Articles of Association and related laws.

2. Protection of shareholders rights

- Under the specified criteria of the Board and relevant regulatory agencies, the Bank provided shareholders with the opportunity to propose matters for inclusion as agenda items, as well as the opportunity to propose qualified candidates having no prohibited characteristics for election as directors at the General Meeting of Shareholders, during October 1 - December 31, 2015. Guidelines on the proposing procedure and shareholders rights were provided to shareholders through the information dissemination system of the Stock Exchange of Thailand and disclosed on the Bank's website. Shareholders proposed no items to be included in the agenda, nor did they propose any candidates for election as directors.
- The Bank arranged for the shareholders meeting to be conducted in a transparent and efficient manner, in line with the Bank's Articles of Association and related laws. The consideration of items and voting was conducted in accordance with the announced agenda. This included consideration of the election of directors individually and director remuneration, together with consideration of the annual appointment of independent auditor, fixing of the audit fees, and other agenda items as specified in the meeting notice.

3. The Bank has established internal regulations to supervise the use of inside information and securities and stock futures trading by directors and employees. In essence:

- All operational units must set up a system, manage their workplace, and maintain inside information to prevent disclosure to others. Inside information can be used and sent only by persons who need to know or use that information for their operations.
- Directors and employees are prohibited from buying, selling, transferring or obtaining the transfer of securities and stock futures that may take advantage of outsiders by using inside information that may have a significant impact on the price of securities and has not been disclosed to the public or the Stock Exchange of Thailand. Though they may have become aware of such information in their capacity, either as directors or employees of the Bank, such actions are prohibited, whether to favor themselves or others, or to reveal such information to others to act upon it or receive benefit thereof.

- The Bank has regulated that directors, officers in the position of Senior Executive Vice President or equivalent and higher, and staff in the position of Department Head or equivalent and higher in the Financial Accounting Management Department or Financial Planning Department under the Financial and Control Division, must report their ownership of securities issued by the Bank and stock futures with underlying KBank stock, including those under ownership of their spouses and minor children. Moreover, they must report every change in their holding of those securities, i.e. by any purchase, sale, transfer, or obtaining the transfer of securities and stock futures, as regulated by the Office of the Securities and Exchange Commission, and must have a copy of their ownership report of securities submitted to the Corporate Secretary, and such reports in 2016 were submitted to the Board of Directors Meeting. Furthermore, the Bank requires that all personnel who have access to significant inside information, under the above criteria, report their ownership of those securities, including those under the possession of their spouses and minor children, to the Bank's Compliance Department.
- Concerning the supervision of securities and stock futures trading and prevention of the use of inside information, the Bank has stipulated a silent period for securities and stock futures trading by directors and related staff, including their spouses and minor children, prohibiting trading of those securities starting one month prior to the Bank's disclosure of financial statements or quarterly performance, and lasting until the second day after the information has been disclosed. Internal regulations on the prevention of the use of inside information are disseminated at the beginning of each year and quarterly to directors and related staff through various operating channels of the Bank, including regular monitoring of actions.

4. Concerning intra-group transactions among KASIKORNBANK FINANCIAL CONGLOMERATE and conflicts of interest prevention, KASIKORNBANK operates as a financial conglomerate under the Financial Institution Business Act as approved by the Bank of Thailand. To encourage actions in compliance with standards of good governance and to meet targets related to its implementation, the Bank has initiated

guidelines to control and supervise intra-group transactions, as well as preventing transactions that may involve conflicts of interest or connected or related transactions. This is one of the key components of Corporate Governance Policy that the Board of Directors and the Bank's employees must strictly comply with to earn the trust of all stakeholders. Key criteria include:

- The Board of Directors has resolved to approve the Policy of Intra-Group Transactions among KASIKORNBANK FINANCIAL CONGLOMERATE as operational guideline for the Bank and its subsidiaries in order to formulate systematic and precise intra-business transaction framework, under appropriate risk management and in compliance with the laws, regulatory requirements and Consolidated Supervision Criteria of the Bank of Thailand.
- All types of business transactions within the financial conglomerate are based upon the Statement of Corporate Governance Principles. Attention is duly paid to the transaction conditions, all risks involved, internal control, reporting procedure and information disclosure, according to the Bank of Thailand's relevant policies.
- The Board of Directors has resolved to approve the Conflicts of Interest Prevention Policy, as well as guidelines to consider appropriateness in the conduct of transactions that shall be under scrutiny of the Audit Committee and ensure compliance with the criteria of the Office of the Securities and Exchange Commission, the Capital Market Supervisory Board, the Stock Exchange of Thailand, and the Bank of Thailand.
- All intra-business transactions comply with the procedures and are under the terms and conditions applied to the normal course of business. The quantitative amount of intra-business transactions, both individually and cumulatively, comply with the Conflicts of Interest Prevention Policy.
- Directors, executives, or employees with related interest in a transaction with the Bank or its subsidiaries must not participate in consideration or approval of such a transaction. The price of the transaction must be set appropriately, fairly, on an arm's length basis and in accordance with general commercial terms as applied to general customers.
- Connected transactions must be submitted to the Audit Committee for consideration, in case of such connected transactions being within the scope of consideration according to the Statement of Corporate Governance Principles and the criteria stipulated by the Office of the Securities and Exchange Commission.
- The Board of Directors has established a principle for conducting connected transactions between the Bank's directors, executives, or related persons of the Bank or its subsidiaries. Such a transaction can be conducted if the transaction is under terms and conditions similar to those applied to general customers in the normal course of business of the Bank and its subsidiaries.
- In conducting transactions between the Bank and its subsidiaries or transactions between the Bank's subsidiaries, the Bank requires that all transactions be under terms and conditions similar to those applied to other persons in the normal course of business at a similar level of risk. Those transactions must be approved by the Bank's and its subsidiaries' Board of Directors, and comply with policies and regulations enforced by the Bank and any competent agencies, as the case may be.
- Directors, officers in the position of First Senior Vice President and higher, (and those in the position of Department Head or equivalent in the Financial Accounting Management Department or Financial Planning Department under the Finance and Control Division) and their related persons are required to disclose their shareholding information in business, their directorship or their authority to manage or control majority votes in the shareholders meeting, including the right to control the election and removal of directors or the assignment of any other person to be the nominee of their shareholding or management, or the authority to control businesses. The disclosure must be made in the Bank's database, which is under the responsibility of the Information Management Department that has the responsibility to update the information regularly for use by the Integrated Risk Management and Analytics Department. The monitoring of credit extensions and investment must follow the rules of concerned regulatory agencies.

The Office of Corporate Secretary shall report information on the benefits of such persons to the Board of Directors when a transaction between the Bank and the person related to the Bank's directors and such persons is brought into consideration.

- The Bank has disclosed details of every related or connected transaction that may involve conflicts of interest according to the Office of the Securities and Exchange Commission and Capital Market Supervisory Board's criteria, in the Annual Reporting Form (56-1 Reporting Form), as well as in the Bank's Annual Report and other reports, as the case may be. This also includes disclosures of information on connected transactions to the Stock Exchange of Thailand according to the Stock Exchange of Thailand's regulations and to the Office of the Securities and Exchange Commission, as well as disclosure of related transactions of the Bank according to the recognized accounting standards and the rules of the Bank of Thailand. Disclosures of related transactions are shown in the Notes to the Financial Statements, under "Related Party Transactions". The Bank used general commercial conditions to consider connected transactions, in accordance with defined procedures necessary to support the Bank's business operations, and in a manner consistent with the Bank's strategies in the best interests of shareholders. In 2016, the Bank had no connected transactions subject to disclosure to the Stock Exchange of Thailand.
- Evaluation of knowledge and understanding of staff dealing with connected transactions was conducted as planned. In this regard, the Bank's directors and employees must follow the Conflicts of Interest Prevention Policy as mentioned above, in accordance with official regulations.

5. Directors and executives shall file the reports on their interests and related persons' interests to the Corporate Secretary for further submittal to the Chairman of the Board and Chairman of the Audit Committee. Such reports shall be submitted each time of the change, to comply with the Securities and Exchange Act. In 2016, there were no changes in vested transactions of directors and executives. Directors and executives appointed in 2016 have already submitted their reports to the Chairman of the Board and Chairman of the Audit Committee for acknowledgment.

3. Roles of Stakeholders

The Bank has placed emphasis on the rights of all stakeholders, and clearly defined the policies and operational guidelines towards different stakeholders in the Statement of Business Conduct and Code of Conduct for all employees, as well as the human rights and anti-corruption policies. Contact channels have been in place for all stakeholders.

Actions towards Stakeholders

Shareholders: The Bank is determined to achieve good operating performance, sustainable growth, and competitiveness, with due consideration given to both current and future risk factors, in order to maximize shareholders value over the long term. The Bank discloses all information in a fair and transparent manner, and makes every effort to protect the Bank's assets and uphold its reputation.

The Board of Directors: The Board of Directors is fully aware of the authority, duties and responsibilities of directors, as well as the rights of stakeholders, and undertakes measures to ensure that these legitimate rights are provided, and that all stakeholders are treated equally and fairly.

Employees: Employees are valuable assets of the Bank. The Bank continues to seek capable and experienced personnel in line with growth and demands of the organization. Compensation should be tied with short-and-long term performance, based on balanced scorecard, comparable to that of other leading companies, and necessary training programs are continuously provided to enhance employees' capabilities. Good business culture and favorable atmosphere are promoted in the workplace, together with fair and equal treatment, and respect for the honor, dignity, and individual rights of all employees. The Bank recognizes the need for safety, occupational health and proper welfare for employees, and provides benefits such as provident funds, scholarships for employees and their children, annual medical check-ups, as well as safety procedures such as fire drills and the installation of disaster prevention systems, etc.

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

Counterparties: The Bank respects compliance with contracted terms and conditions in trade, in fair and acceptable competition, and refrains from all mala fide practices. For supplier selection, the Bank shall not enter into business matching with unlawful businesses, and suppliers should have the Corporate Social Responsibility policy, avoid causing any environmental pollution and comply with the Bank's Supplier Code of Conduct. The Bank places emphasis on counterparties' transparent business operations, respect for human rights, fair treatment of labor and compliance with the standards related to safety, occupational health and environment.

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

Creditors: The Bank abides by lending terms and conditions, including guarantee stipulations, and all legitimate duties to creditors, debenture holders and depositors. The Bank has in place the capital management directions that comply with related laws, regulatory requirements, and international guidelines and practices. Clear explanations have been given to customers on all of the possible risks involved with non-deposit financial services. In case the Bank is unable to comply with any established conditions, advance notification will be made to related creditors in order to jointly resolve the problems.

Responsibility towards the Community, Environment and Society: Acting as a good citizen, the Bank bears in mind its responsibility to enhance better conditions for the community, society and environment, in alignment with the Corporate Citizenship strategy. Notable projects based on this commitment include the "Rak Pa Nan" (Care for Non Forest) Project that has been aimed at building cooperative networks among Nan communities and related parties, raising awareness of natural resources conservation and developing alternative careers for locals; the "Cultivation of Wisdom" Project to develop youths' knowledge and potential; the "Baccalaureate Scholarships" Program for students in Nan Province to study at Nation University; and the "KBank Officers Caring for Bangkok's Green Lung" Project that has been implemented for the seventh consecutive year under the "Green DNA" resolution and the "Follow in Father's Footsteps to Take Care of Bangkok's Lung" concept; and the "20,000 Chuamong Tham Di Tham Dai (20,000 volunteers hours)" Project to encourage employees' volunteer activities for the benefits of the general public, as well as sustainable learning and growth. The Bank also promotes efficient use of resources via many projects, such as usage of LED light bulbs, assistance for

drought victims, waste sorting, staff training on environmental issues via the Bank's sustainable development courses, reduction of greenhouse gas emissions and participation in the Carbon Footprint Reduction of the Thailand Greenhouse Gas Management Organization (Public Organization). Details of implementations in economic, social and environmental dimensions in accordance with the Global Reporting Initiative (GRI) are included in Sustainability Report 2016.

The Bank also specified other procedural guidelines, as follows:

Fairness: The Bank demonstrates fairness to all parties having business relationships with the Bank, and does its best to avoid any bias or events that would lead to conflicts of interest.

Ethics: The Bank adheres to its Statement of Business Conduct and pursues every business endeavor with integrity.

Professionalism: The Bank maintains professional standards, aiming high for superb quality integrated with modern and sophisticated technology.

Responsiveness: The Bank has the readiness to respond to the needs of its customers and society, as well as changes in the economy and technology, both at present and in the future.

Discipline and Compliance: The Bank is committed to discipline in the operation of its business and ensures that all business decisions and actions comply with all applicable laws and regulations and to observe the Bank's ethical standards and the Code of Conduct.

Protection of Intellectual Property Right and Copyright: The Bank complies with laws related to intellectual property and has a stance to not support any operation that may violate intellectual property right, via establishment of a policy to ensure IT stability and safety; only copyrighted software is used in the Bank's information systems. Employees are prohibited from installing unauthorized software copies on the Bank's computer systems, and their software use is examined.

Human Rights Protection: The Bank has incorporated human rights protection in the Code of Conduct for employees, with regard to support and respect of human rights by refraining from human rights violations. The Bank also provides related understanding for employees to ensure their correct actions, while arranging channels to receive information and complaints on human rights violations. In 2016, the Board of Directors approved Human Rights Policy related to employees, customers, suppliers and the communities, which covers compliance with laws and regulations related to protection of human rights at the national and international levels. There was no complaint on this matter.

Anti-Corruption

KASIKORNBANK is committed to conducting business with transparency, integrity and compliance with regulatory requirements as well as good corporate governance practices. The Bank acts against corruption in all its forms and undertook the following tasks:

1. The Bank, KASIKORN ASSET MANAGEMENT CO., LTD. (KAsset), and KASIKORN SECURITIES PCL (KSecurities) have co-signed a declaration of the “Private Sector Collective Action Coalition Against Corruption” project jointly initiated by the Thai Institute of Directors Association (IOD), the Thai Chamber of Commerce, the Joint Foreign Chambers of Commerce in Thailand, the Thai Listed Companies Association, the Thai Bankers’ Association, the Federation of Thai Capital Market Organizations and the Federation of Thai Industries. Since 2013, the Bank, KAsset and KSecurities have been recognized as certified companies of Thailand’s Private Sector Collective Action Coalition Against Corruption by the Private Sector Collective Action Coalition Against Corruption Council, or CAC and received approval from CAC for recertification in 2016.

2. The Bank has established anti-corruption regulations on all fronts, with abstention from bribery and inappropriate incentives, as directed in the Code of Conduct, which is strictly observed by directors and employees. In addition, the Board of Directors approved the Anti-Corruption Policy, which includes the issues of bribes and inducements, gifts and benefits, charitable contributions and sponsorships, and political participation. The policy is reviewed annually and in 2016, the annual review was already undertaken, and there was no donation for organization, unit, project or activity related to politics.

3. The Bank recognizes the importance of communications on the Anti-Corruption Policy for appropriate practices and actions within the organization. In 2016, training courses have been organized for executives and employees to equip them with knowledge on Anti-Corruption Policy. Moreover, communications on the Anti-Corruption Policy have been made with all directors, executives and employees via the Bank’s internal media including a Corporate Governance Journal, electronic network system and its website, and tests have been conducted to measure the related knowledge of relevant employees via electronic system. In 2016, there was no complaint regarding corrupt actions.

4. The Bank’s departments responsible for risk assessment, monitoring and evaluation of anti-corruption practices include the following:

- The Operational Risk and Fraud Management Department is responsible for defining operational risk strategies and policy, as well as operational risk assessment and control, to ensure efficient prevention and mitigation of operational risks and mishandlings that may affect the Bank’s financial position and reputation. The department is responsible for risk assessment, analysis, monitoring and control. It also compiles the overall risk position to remain within an appropriate risk appetite, as well as examining and gathering preliminary information or evidence of fraud in order to detect suspicious cases that may lead to fraud. The Bank is now equipped with analysis of fraud and operational risks in all departments, with annual assessment of high-risk departments. Reports of such analysis are submitted to the Operational Risk Management Sub-committee, Risk Management Committee and Board of Directors. Moreover, all responsible employees have been trained on fraud prevention, while responsible employees have been assigned to attend fraud prevention courses organized by government agencies and outside organizations on a regular basis.
- The Compliance Department acts as the center of compliance supervision, responsible for overseeing the Bank’s business operations to be in compliance with the Bank’s policies and regulations, as well as regulatory requirements. It is the Bank’s policy to ensure full regulatory compliance of the KASIKORNBANK FINANCIAL CONGLOMERATE. The Compliance Policy, approved by the Board of Directors, stipulates the duties and responsibilities related to compliance of the Board of Directors, the Audit Committee, executives, departments or units, and employees. Employee communications have been conducted to instill awareness of their duties and responsibilities in studying and understanding related laws and requirements, as well as Bank regulations, and in strict compliance with such regulations.

- The Internal Audit Department performing its functions with independence, relies upon risk-based auditing approach. Fraud and unethical conduct are among the concerned risks assessed and audited by the Internal Audit Department. In addition, recommendations on relevant internal control are proposed.
 - The Corporate Governance Unit, Office of Corporate Secretary, has organized training courses, provided knowledge for directors, executives and employees on the subject of compliance with the Code of Conduct, Anti-Corruption Policy and Statement of Corporate Governance Principles, and communicated regularly via the annual corporate governance activities. Moreover, guidelines for monitoring and concrete evaluation have been mapped out.
5. The Bank has extended its operational direction to suppliers, including
- Communication with suppliers on the Code of Conduct related business ethics, human rights and labor, safety and occupational health, and environment for their acknowledgment and compliance
 - Establishment of guideline to inform to suppliers about the Bank's Code of Conduct before participating in the bidding processes
 - Communication with suppliers on business operations with no involvement with corruption and encouragement of suppliers to comply with anti-corruption policy and practices
 - Arrangement of supplier meetings on the Bank's procurement procedures and encouragement of suppliers to comply with anti-corruption policy and practices, and preparation of a standard operational manual for suppliers
 - Communication with suppliers to refrain from offering gifts or other benefits to the Bank's employees of the Procurement Management Department, for any festive seasons or occasions, in order to enhance transparent business operations and fair treatment of all stakeholders

Receiving Information or Complaints

The Bank provides various communication channels for stakeholders via the K-Contact Center, K-BIZ Contact Center, KBank Live, branches, etc. A hotline is available as a center to receive and manage complaints. In addition, in order to promote operational transparency, direct communications with the Board of Directors in alignment with the specified criteria under the "Investors" tab on the Bank's website have been enhanced to receive useful information for business undertaking or complaints on improper actions. Also, written documents or electronic mails can be directly submitted to the Internal Audit Department to inform about fraudulent or improper actions of employees or inadequate internal control. To protect the rights of information providers, the Bank has established a written policy of information or complaint receiving (Whistle-blowing Policy), identifying the receiving channels, information or complaint management processes, measures to protect the rights of information providers, protection of confidential information - only authorized persons can have access to such information, and the Audit Committee is assigned to issue instructions and report to the Board of Directors on confidential information. Fair measures have been established for stakeholders to whom losses are incurred due to violation of their legal rights.

4. Disclosure and Transparency

Information Disclosure

The Bank has a well-defined KASIKORNBANK Disclosure Policy, approved by the Board of Directors, to ensure that disclosures of the Bank's financial and non-financial information to shareholders, investors, analysts, regulatory agencies, and the general public are accurate, complete, timely, equal, transparent, consistent, and in accordance with all applicable laws, regulatory requirements, and regulations.

The Bank imposed the Disclosure Policy for dissemination of significant information, authorizing the Chief Executive Officer, Presidents, Chief Financial Officer, or executive entrusted as Chief Investor Relations Officer to consider and make decisions on the contents of significant information for public disclosure. Any one of these persons may disclose information by him/herself, or assign relevant parties to handle this task. The executive entrusted as Chief Investor Relations Officer has the authority to hold press conferences or to disseminate significant information related to the Bank, and to answer questions raised by shareholders, investors, and securities analysts. The unit responsible for corporate communications activities should be assigned to coordinate with information owners in disseminating significant information related to the Bank.

In 2016, the Bank adequately disclosed important financial information in its financial statements. The disclosures were in line with regulations of the Bank of Thailand, Stock Exchange of Thailand, Office of the Securities and Exchange Commission, and Financial Reporting Standards. Such information was also disseminated via the SET Community Portal and the Bank's website. The financial statements were reviewed/audited by certified public accountants and were endorsed by the Audit Committee before disclosure to shareholders; the Board of Directors also disclosed its report of the responsibilities for financial reports in the annual report. Moreover, the Bank has published unreviewed/unaudited quarterly financial statements, reviewed/audited financial statements and Basel III Pillar 3 Disclosure, as well as other non-financial information such as the Management Discussion and Analysis (MD&A) and information on the Bank's corporate governance for the benefit of shareholders, investors and analysts. In addition, the Bank has periodically evaluated the effectiveness of its disclosure procedures.

The Bank has disseminated its information through various channels and mass media on a regular basis so that shareholders and stakeholders can receive information thoroughly. Information outlets include, for example, the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, the Ministry of Commerce, newspapers, magazines and journals, television, KBank IR/PR news, and KBank website (www.kasikornbank.com) providing information in four languages: Thai, English, Chinese and Japanese, company visits, press conferences, and notice and meeting documents sent by mail to shareholders. In addition, the Bank provided information to shareholders

and investors in various forms, e.g. Investor Presentation, Monthly Economic Information, K-IR Quarterly Review, quarterly newsletter "Sarn Samphan" and K-IR News which can be accessed via the Bank's website.

In compliance with the Statement of Corporate Governance Principles, the Bank enforces a 7-day silent period before the quarterly operating results are reported to the Stock Exchange of Thailand. During this period, no information related to the Bank's performance is revealed to external party. Company visits / participation in one-on-one meetings / conference calls / group analyst meetings / replies to questions related to the Bank's operating results do not occur during this period.

Investor Relations

The Bank business operations place emphasis on actions in accordance with the Good Corporate Governance principles. To ensure that our investor relations function is accurate, complete, and transparent in compliance with the laws, regulatory requirements, and the Bank's regulations, we have devised an Investor Relations Code of Conduct as strict operational guidelines for our executives and employees related to investor relations function.

In 1998, the Bank established the Investor Relations Unit under the Office of Corporate Secretary, as part of the Corporate Secretariat Division, responsible for investor relations management, preparation of annual investor relations plan and systemic disclosure of the Bank's information per regulatory requirements, for the benefits of shareholders, investors, analysts and credit rating agencies, both local and international. The Unit is also responsible for managing and supervising shareholders rights and benefits, in accordance with all applicable laws, as well as creating, maintaining and promoting cordial relationships with the Bank's shareholders. This will in turn enhance the Bank's image and credibility, thus creating higher value to shareholders in a sustainable manner over time. The Bank also conducts investor relations satisfaction survey on an annual basis. The survey results are analyzed to optimize the efficiency and effectiveness of the investor relations policies, functions and activities in accordance with international standards.

In 2016, the Bank implemented the Investor Relations activities, wherein the Bank's executives and the Investor Relations Unit met with various groups to provide information through the following venues:

Type of Meeting	No. of Events	No. of Companies	No. of Persons
One-on-One Meetings	138	287	390
Conference Calls	71	201	240
Group Analyst and Investor Meetings	5	282	359
Investor Conferences	7	106	147
Non-deal Roadshows	8	211	346
Total	229	1,087	1,482

There were 15 events, out of the above, which a total of 449 persons from 303 companies met with the Bank's Chief Executive Officer or Presidents. Some companies met with the Bank on more than one occasion in each type of meeting.

In line with the sustainable development guidelines, with respect to the economic, social and environmental dimensions, and changing consumer behaviors in the digital era, the Investor Relations Unit has continually reduced its paper utilization, i.e., decreasing the quantity of paper used in meeting and delivery of documents via digital channels. If printing of document or report is mandatory, environmentally-friendly paper and printing ink are chosen as to reduce greenhouse gas emissions.

Investors and shareholders may contact the Bank at:
Chief Investor Relations Officer:

Tel. : +662-4702673 to 4

Fax : +662-4702680

Investor Relations Unit, Office of Corporate Secretary:

- Individual Investors and Shareholders

E-mail : Shareholder_IR@kasikornbank.com

Tel. : +662-4706116

Fax : +662-4702690

- Institutional Investors and Shareholders

E-mail : IR@kasikornbank.com

Tel. : +662-4706900 to 1 and

+662-4702660 to 1

Fax : +662-4702690

Address:

KASIKORNBANK PUBLIC COMPANY LIMITED

Head Office, 33rd Floor, Office of Corporate Secretary,

Corporate Secretariat Division,

1 Soi Rat Burana 27/1, Rat Burana Road,

Rat Burana Sub-District, Rat Burana District,

Bangkok 10140, Thailand

Website: www.kasikornbank.com

Compliance with other Good Corporate Governance Principles

The Bank recognizes the importance of and adheres to the good corporate governance principles, in conformance with the international standards which have been applied to the Bank's business operations based on transparency and suitability. In 2016, in comparison with the Good Corporate Governance Principles of the Stock Exchange of Thailand and the Thai Institute of Directors Association, there remained some issues that the Bank has not yet complied with, including the following:

1. Chairman of the Board must not be the same person as Chief Executive Officer. If not, the number of independent directors should be more than half of Board members.

Currently, Mr. Banthoon Lamsam is Chairman of the Board and Chief Executive Officer, so as to fulfill ongoing missions and create new generation of qualified leaders who can drive the organization towards stability and sustainability. The number of independent directors is more than half of all directors, i.e., 10 independent directors out of the total of 17 directors and the Board of Directors has appointed the Independent Directors Committee to maintain a check-and-balance between the Board and the management, and to protect the interests of all stakeholders.

2. The Board of Directors should comprise at least 5 but no more than 12 directors, appropriate for size, nature and complexity of business.

As of December 31, 2016, the Bank's Board of Directors was composed of 17 members - a number suitable for the Bank's business nature and consistent with the Bank's strategies and Articles of Association.

5. Responsibilities of the Board of Directors

5.1 Structure of the Board of Directors

Composition of the Board of Directors

The Bank's Board of Directors comprises qualified persons who possess knowledge, ability, and experience beneficial to the Bank. As of December 31, 2016, the Bank's Board of Directors included:

- 4 Executive Directors
- 3 Non-Executive Directors
- 10 Independent Directors
(accounting for 59 percent of the total number of Board members)

The directors consist of 6 women and 11 men. Binding agreements of the Bank must be signed by two authorized directors and affixed with the Company's seal. The primary authorized directors with signatory authority on behalf of the Bank are Mr. Banthoon Lamsam, or Mr. Sara Lamsam, or Mr. Abhijai Chandrasen. Any of these persons must co-sign with Mr. Predee Daochai, or Mr. Teeranun Srihong, or Ms. Kattiya Indaravijaya.

Corporate Secretary

The Board of Directors resolved to appoint Dr. Adit Laixuthai, Senior Executive Vice President, as Corporate Secretary and Secretary to the Board of Directors. The Office of Corporate Secretary, Corporate Secretariat Division, is a unit supporting the secretarial function of the Bank. Details of qualifications and experience, and main duties and responsibilities of Corporate Secretary are disclosed on the Bank's website, under the tab "Investors", "Corporate Governance" and then "Roles and Responsibilities of the Board".

Qualifications of Independent Directors

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

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

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

3. Not being a person related by blood or registration under law, such as father, mother, spouse, sibling, and child, including the spouse of a child, of other director, any executive, major shareholder, controlling person or person to be nominated as a director, an executive or a controlling person of the Bank or subsidiary company;

4. Neither holding nor having held a business relationship with the Bank, subsidiary company, associated company, major shareholder or controlling person in a manner which may interfere with his/her independent judgment, and neither being nor having been a substantial shareholder or a controlling person of any person having a business relationship with the Bank, subsidiary company, associated company, major shareholder or controlling person unless the foregoing relationship has ended for more than 2 years.

The aforementioned "business relationship" includes any normal business transaction, rental or lease of immovable property, transaction related to assets or services, or grant or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, including any other similar actions, which result in the Bank or counterparty being liable to indebtedness payable to the other party in the amount of 3 percent or more of the net tangible assets of the Bank or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for the value of connected transactions under the Notification of the Capital Market Supervisory Board concerning regulations in respect of an entering into connected transaction mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of 1 year prior to the date on which such a business relationship with the person commences;

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

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

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

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

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

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

Since 2016, no independent director has had a business relationship with, or has acted as a professional adviser for the Bank, a subsidiary company, an associated company, a major shareholder, or a controlling person.

Term of Office

The term of office for directors has been established clearly in the Articles of Association, Board of Directors Charter and the Corporate Governance Policy of the Bank. At each General Meeting of Shareholders, one-third of the directors - or the number nearest to one-third if the number is not a multiple of three - must

retire from office. The directors who have been in office the longest retire first. If there is any disagreement as to who shall retire, it shall be decided by drawing lots. Retiring directors may be re-elected. The directors shall not exceed the age limit of 72 years old, and independent directors shall not hold more than three consecutive terms of directorship. It has been in effect after the General Meeting of Shareholders in 2013.

The term of office of directors of the Board Committees, i.e., Audit Committee, Corporate Governance Committee, Human Resources and Remuneration Committee, and Risk Management Committee shall be in accordance with directorship term at the Bank.

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

The Board of Directors established guidelines that the Bank's Directors, Chief Executive Officer, Presidents and executives may hold a directorship in no more than 5 listed companies. They shall not hold the position of chairman, executive director, or director with signatory authority in more than 3 other business groups, in conformity with the criteria of the Bank of Thailand and the Stock Exchange of Thailand. Details of directorships held by the Bank's directors, Chief Executive Officer, Presidents and executives in other companies are reported in the Annual Report under the heading: Board of Directors and Executives, as well as Directorship of Directors and Executives in Subsidiaries, Associated and Related Companies.

At present, no executive director holds a directorship in other listed companies. Neither director nor executive of the Bank holds a directorship in more than 3 listed companies. None is in the position of chairman, executive director or director with signatory authority in excess of 3 other business groups.

Holding of the Chairman of the Board and the Chief Executive Officer Positions

The Chairman of the Board can be either an executive or a non-executive director, and the Chairman of the Board and Chief Executive Officer can be one and the same person. The Chief Executive Officer and the President can also be one and the same person. The Board of Directors shall appoint the Independent Directors Committee, and an independent director as Lead Independent Director, under recommendation by independent directors, in order to maintain a check-and-balance between the Board and the management.

At present, Mr. Banthoon Lamsam is the Chairman of the Board and Chief Executive Officer. More than half of the members of Board of Directors are independent directors, and the Board of Directors has established the Independent Directors Committee, chaired by Lead Independent Director -

Professor Khunying Suchada Kiranandana and engaged in delivering recommendations and opinions on important issues in order to maintain a balance between the Board of Directors and the management, and to protect the interests of all stakeholders.

5.2 Board of Directors

Mr. Banyong Lamsam is Honorary Chairman of the Bank.

As of December 31, 2016, the Bank's Board of Directors had 17 members, as follows:

Name	Position	Director Type
1. Mr. Banthoon Lamsam	Chairman of the Board and Chief Executive Officer	Executive Director
2. Professor Khunying Suchada Kiranandana	Vice Chairperson and Lead Independent Director	Independent Director
3. Ms. Sujitpan Lamsam	Vice Chairperson	Non-Executive Director
4. Mr. Predee Daochai	President	Executive Director
5. Mr. Teeranun Srihong	President	Executive Director
6. Ms. Kattiya Indaravijaya	President	Executive Director
7. Professor Dr. Yongyuth Yuthavong	Director	Independent Director
8. Dr. Abhijai Chandrasen	Director and Legal Adviser	Non-Executive Director
9. Professor Dr. Pairash Thajchayapong	Director	Independent Director
10. Sqn.Ldr. Nalineee Paiboon, M.D.	Director	Independent Director
11. Mr. Saravoot Yoovidhya	Director	Independent Director
12. Dr. Piyasvasti Amranand	Director	Independent Director
13. Mr. Kalin Sarasin	Director	Independent Director
14. Ms. Puntip Surathin	Director	Independent Director
15. Mr. Wiboon Khusakul	Director	Independent Director
16. Ms. Suphajee Suthumpun	Director	Independent Director
17. Mr. Sara Lamsam	Director	Non-Executive Director

Authorities, Duties and Responsibilities of the Board of Directors

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

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

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

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

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

4. Monitoring the Bank's performance and progress towards achieving set objectives, as well as compliance with the laws, regulations and related policies.

5. Supervising and reviewing the balance between the Bank's short-term and long-term objectives.

6. Ensuring that the Bank shall vest authority in the Chief Executive Officer and the President to initiate, commit and approve payments for expenditures approved in the Capital Expenditure Budget and other budgets approved by the Board for the purpose of the special projects. The Board shall also review and approve any credit proposal beyond the established limits of the delegated lending authority.

7. Reviewing and approving human resources policies, management development plans, and remuneration policies. The Board shall seek and nominate successors to the Chief Executive Officer and the President, appraise their performance and ensure that effective performance assessments are undertaken for Bank executives.

8. Ensuring the existence of an effective internal control system and appropriate risk management framework.

9. Ensuring an effective audit system executed by both internal and external auditors.

10. Approving quarterly, semi-annual and annual financial reports; ensuring that reports are prepared under generally accepted accounting standards.

11. Ensuring capital adequacy, including an appropriate capital assessment process, for present and future business.

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

The following activities require approval of the Board of Directors:

1. Issues related to the Bank policies.
2. Issues likely to cause significant changes in the Bank's business.
3. Issues involving regulatory compliance of the Board of Directors.
4. Issues involving the Bank's established regulations.
5. Issues considered by the Management Committee as appropriate for approval by the Board of Directors on a case-by-case basis, or under the criteria designated by the Board of Directors, such as credit underwriting, etc.

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

1. Summoning the meetings of the Board of Directors and supervising the delivery of meeting notices and related documents so as to ensure that the Board of Directors acquire adequate and timely information;

2. Presiding over the Board of Directors meeting;

3. Promoting Corporate Governance standards of the Board of Directors;

4. Presiding over the Shareholders meeting and conducting the meeting in compliance with the Bank's Articles of Association and following the sequence of the agenda;

5. Supervising efficient communications between the directors and shareholders;

6. Performing the duty specified by law as the duty to be performed by the Chairman.

Nomination of Directors

The Bank established the Human Resources and Remuneration Committee to select and review candidates nominated to the position of director under director nomination policy, taking into consideration, appropriate composition and size, and diversity policy of the Board, i.e. gender, age, skills, knowledge, expertise, experience and independence (Board Skill Matrix), which must also conform to regulatory statutes, the Bank's Articles of Association, and the Statement of Corporate Governance Principles. Moreover, the Human Resources and Remuneration Committee takes into consideration to seek directors aligned with the Bank's strategic directions, using the information in the director pool database. Selection guidelines include:

1. Considering qualified persons, not having characteristics prohibiting them from holding a directorship in a financial institution, per the criteria of the Bank of Thailand, Office of the Securities and Exchange Commission, Capital Market Supervisory Board, and other related agencies.

2. Reviewing their qualifications based on the Qualifications of Financial Institution Directors questionnaire, and in accordance with related laws.

3. Ensuring that candidates have the qualifications, skills, knowledge, and experience defined by the Bank.

The Bank gives shareholders the opportunity to propose candidates for consideration and election to such positions in the General Meeting of Shareholders, according to specified criteria and procedures. The Human Resources and Remuneration Committee may propose to the Board of Directors to set up an ad hoc committee comprising the Bank's Directors or external personnel to handle the director nomination procedure. If there is no suitable candidate, the nomination procedure will be resumed to find new qualified candidates. For the nomination of independent directors, the Human Resources and Remuneration Committee will consider qualified candidates who do not have

characteristics prohibiting them from holding such positions as prescribed by the regulations of the Bank of Thailand and other regulatory agencies. Qualified candidates will be recommended to the Board of Directors for consideration and submitted for concurrence to the Bank of Thailand before being proposed to the General Meeting of Shareholders for individual election, in the case of election of director retiring by rotation and appointment of new director.

After the Board of Directors resolves to endorse the proposal, the Office of Corporate Secretary proceeds to ask for the Bank of Thailand's concurrence, in either electing a director retiring by rotation or a new director, or a director as replacement for a vacancy. If the Bank of Thailand does not concur with the proposal, the Human Resources and Remuneration Committee shall resume the nomination process.

After the shareholders meeting has passed a resolution to elect a director, in the case of appointment retiring by rotation or a new director or in the case of the Bank of Thailand concurring with a proposal to appoint a vacancy replacement before the end of a term, the Office of Corporate Secretary shall register the change of director and report to related official agencies within the defined period of time.

In 2016, the Human Resources and Remuneration Committee took into consideration to seek directors according to the director nomination process, as stated.

Appointment and Removal of Directors

1. The Bank's shareholders meeting shall appoint not less than 7 and not more than 18 directors; not fewer than half of all directors shall reside in the Kingdom of Thailand and not fewer than three-fourths of all directors shall be of Thai nationality. A director may or may not be a shareholder. Directors shall be elected by the meeting of shareholders in accordance with the following rules and procedures:

- 1) Directors shall be elected individually.
- 2) Each shareholder shall have one vote per share held.
- 3) Each shareholder shall use all of his/her votes in the election of directors.
- 4) Persons receiving the highest number of approving votes among all candidates are to be elected in respective order, not exceeding the number of positions to be filled at that meeting.
- 5) In the event of a tied vote on the last in the order of director positions to be filled, the Chairman of the meeting shall have the deciding vote.

2. At each General Meeting of Shareholders, one-third of the directors - or the number nearest to one-third if the number is not a multiple of three - must retire from office. The directors who have been in office the longest shall retire first. If there is disagreement as to who should retire, it shall be decided by drawing lots. Retiring directors may be re-elected.

3. Any director who passes away, or tenders his/her resignation prior to completion of his/her term, or is resolved to be removed by a meeting, or is ordered by the Court to resign, or whose qualifications fall short of the criteria and prerequisites specified, shall be removed from office.

4. If a vacancy in the Board of Directors occurs for reasons other than the expiration of the director's term of office, the remaining Board members shall elect a person with the proper qualifications, and no prohibited characteristics, as a replacement director at the next meeting of the Board of Directors, unless the remaining term of office of said director is less than 2 months. Such a resolution by the Board of Directors shall require not less than three-fourths of the remaining directors' votes for approval. The replacement director shall hold office only for the remaining term of the director whom he or she is replacing.

Empowerment by the Board of Directors

The directors may approve the empowerment of executive authority to the Bank's Chief Executive Officer or Presidents to act legally on behalf of the Bank in conducting transactions up to the specified limit. Such executives may delegate this authority to a Bank employee to act on behalf of the Bank within the limits of each employee's responsibility. For transactions over the specified limit, the Board shall review and approve the limit of such transactions on a case-by-case basis.

Board of Directors Meetings

The Board of Directors holds monthly meetings and schedules the meeting dates and agenda items in advance at the beginning of each year. The meetings are normally scheduled for the last Thursday of every month. Additional meetings may be held as deemed appropriate. The Corporate Secretary arranges for notices of board meetings, agenda, and related documents containing complete information to be delivered to each director at least 7 days in advance, except in urgent cases, to allow sufficient time for the directors to study the matters at hand. Each director may ask for additional information or access to necessary information from the Corporate Secretary and is free to propose agenda items. The agenda for board meetings shall

be categorized clearly and include agenda items designed to monitor the operating results of the Bank on a regular basis. The designation of the agenda must undergo the consideration of the Chairman of the Board and Chief Executive Officer and Presidents. All directors are expected to attend every meeting, except in extenuating circumstances; they should attend at least half of the board meetings held each year.

During the meeting, the Chairman will allocate sufficient time for discussion and allow directors to freely express their opinions, including corporate governance issues. Pertinent executives of the Bank shall be invited to attend the meeting to provide related information and to directly acknowledge related policies to ensure efficient implementation. The Bank provides a teleconference system and delivers presentations over WebEx to facilitate directors who cannot attend the meeting in person. Each agenda item and its resolution are recorded in writing, and the minutes of the meeting which have been affirmed by the Board together with related documents are systematically filed for examination and reference by the Board, or others concerned. Directors may request independent professional advice, as appropriate, at the Bank's expense.

Moreover, the Board has established that non-executive directors shall conduct at least one meeting annually without the participation of the management, to offer them the opportunity to discuss problems related to the business of the Bank or any other concerns, and evaluate the performance of the Chief Executive Officer and Presidents. The outcome of such meetings shall be reported to the Chief Executive Officer and Presidents.

In 2016, the Board held a total of 12 board meetings; in addition, 1 non-executive directors meeting was held in August. Details of each director's attendance appear under the heading Meeting Attendance of the Board, Independent Directors Committee and Board Committees in 2016.

Advisory Council to the Board of Directors

The Board of Directors appointed several qualified persons to act as Advisory Council to the Board of the Directors as of December 31, 2016, including:

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

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

Roles and responsibilities of the Advisory Council to the Board of Directors are to make recommendations to the Board of Directors in matters assigned by the Board of Directors.

5.3 Independent Directors Committee

The Board of Directors approved the appointment of the Independent Directors Committee on January 31, 2013. Its role is to oversee the Bank's overall interests, ensure fair benefits for each shareholder, maintain checks and balances between the Board of Directors and the management, and protect shareholders' rights by offering recommendations and views on significant matters beneficial to the Bank, investors and minor shareholders, with independence, transparency and freedom from involvement in any interest. This will assist the Board of Directors in performing with greater efficiency and effectiveness. Members shall have a term of office per their term as members of the Board of Directors. The Committee comprises all of the Bank's independent directors. As of December 31, 2016, the Committee had 10 independent directors, as follows:

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

The Independent Directors Committee holds meetings at least once a quarter. In 2016, the Committee held a total of 11 meetings and reported all meeting minutes to the Board of Directors.

Authorities, Duties and Responsibilities of the Independent Directors Committee

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

1. Expressing an opinion or providing notes or queries in the Board of Directors Meeting with independence and freedom from involvement in any interest, to ensure that any decision is for the Bank's benefit and does not affect the rights of shareholders, especially minor shareholders and other stakeholders.

In case independent directors have a different opinion or other notes, independent directors shall request that their views be recorded in the meeting minutes. In case the independent directors cannot attend the meeting and disagree with any agenda, a letter of notification shall be submitted to the Chairman of the Board within three days from the date of the meeting.

2. Providing advice or commenting on important matters under the Board of Directors' authority including major investment projects, credit policy, information technology, credit underwriting and approval, and lending transactions authorized by the Bank.

3. Recommending agenda items wherein matters are crucial and in need of the Board of Directors' consideration, which have not yet been added to the Board of Directors Meeting agenda.

4. Performing other duties assigned by the Board of Directors.

Authorities, Duties and Responsibilities of the Lead Independent Director

1. Acting as Chairman of the Independent Directors Committee Meeting.

2. Acting as Chairman of the Non-Executive Directors Meeting held once a year.

3. Acting as the leader who integrates diverse opinions and notes made by the Independent Directors Committee for submission to the Board of Directors.

4. Coordinating communications between shareholders and the Independent Directors Committee.

5. Being responsible for specific operations needing to be conducted by the independent directors.

5.4 Board Committees

The Board of Directors has appointed directors who have suitable knowledge and skills to act as members of Board Committees, with the specific duty to study and pre-screen matters that need prudent attention prior to submission to the Board of Directors. Board Committees include the Audit

Committee, Corporate Governance Committee, Human Resources and Remuneration Committee, and Risk Management Committee. The Board has also established a Management Committee to manage and operate the Bank's business as defined by the Board. In addition, directors may be appointed Advisory Directors to the Management Committee, with the duty to provide expert consultation as deemed appropriate by the Board.

1. Audit Committee

The Board of Directors approved the appointment of the Audit Committee in 1998, with the Committee having at least 3 independent members and each member having a term of office in accordance with directorship term at the Bank. Each member is fully qualified in accordance with the qualifications prescribed by the Securities and Exchange Commission, the Capital Market Supervisory Board, and the Bank of Thailand. As of December 31, 2016, the Committee had 4 independent directors as follows:

1. Dr. Piyasvasti Amranand
Chairman
2. Ms. Puntip Surathin
Member
3. Mr. Saravoot Yoovidhya
Member
4. Ms. Suphajee Suthumpun
Member

Ms. Puntip Surathin and Ms. Suphajee Suthumpun have adequate expertise and experience to audit the credibility of the financial statements.

The Audit Committee holds at least 6 meetings per year and reviews operations regularly per its charter. In 2016, the Committee held a total of 12 meetings and reported all meeting minutes to the Board of Directors.

Authorities of the Audit Committee

The Audit Committee shall have authority to obtain independent professional opinions or advices for the matters related to its duties and responsibilities, as necessary, at the Bank's expense.

The Audit Committee shall also have authority to access to any information it requires and to request a meeting with management, employees or external parties, as appropriate.

Duties and Responsibilities of the Audit Committee

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

1. Reviewing financial statements on a quarterly, semi-annual, and annual basis with management and the external auditor of the Bank in order to ensure that the financial statements are accurate, sufficient and reliable, and in compliance with financial reporting standards and regulatory requirements.

2. Reviewing the effectiveness and appropriateness of risk management processes with the Risk Management Unit, in consultation with internal and external auditors.

3. Overseeing the effectiveness and independence of risk asset review function.

4. Reviewing the Bank's operations to see that they are in compliance with Securities and Exchange Acts, SET regulations and standards or laws and regulations pertaining to commercial banking business.

5. Overseeing the compliance function and approving its charter and annual compliance plan.

6. Reviewing reports of the internal auditors on the effectiveness and efficiency of risk management, internal control system and governance; discussing with the internal auditors about audit findings; and reviewing the implementation per recommendations of the internal auditors, external auditor, and regulators.

7. Reviewing the effectiveness of the internal audit function by reviewing and approving Internal Audit Charter, annual audit plan and significant changes of the approved plan; considering its independence and sufficiency of necessary resources; and concurring in the appointment, transfer and dismissal of the Internal Audit Head.

8. Considering the qualifications, independence, performance and proposed audit fee of the external auditor and recommending the appointment and termination of the external auditor, including audit fee arrangement to the Board of Directors; and holding at least one meeting a year with the external auditor without the presence of management.

9. Considering the Bank's policy and procedures in relation to non-audit services provided by the audit firm of the external auditor and giving consent to the engagement of such service to ensure that it will not impair the independence of the external auditor.

10. Evaluating the connected transactions, or transactions with possible conflicts of interest in relation to compliance with the laws and regulatory requirements, in order to ensure transparency of those transactions.

11. Considering the disclosure of information on connected transactions, conflicts of interest or certain Bank operations that can produce significant effects to ensure transparency and appropriateness.

12. Ensuring that preliminary investigation is carried out after receiving the external auditor's report on suspicious of fraud or violation of laws by the Bank's board members and management. The Audit Committee shall report the results of such investigation to the Securities and Exchange Commission and the external auditor within 30 days from the date they are notified by the external auditor.

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

14. Submitting minutes of each Audit Committee Meeting to the Board of Directors, and preparing the annual Audit Committee Report, signed by the Audit Committee Chairman, summarizing the year's activities and giving information or data specified by the Stock Exchange of Thailand for disclosure in the annual report of the Bank.

15. Reviewing the Audit Committee Charter at least once a year to appropriately cover its duties and responsibilities and proposing any necessary amendments to the Board of Directors for consideration.

16. Annually conducting its performance assessment relatively to the Audit Committee's purpose, duties and responsibilities and reporting the performance assessment to the Board of Directors.

17. Performing other duties per regulatory requirements or assignment of the Board of Directors, as agreed by the Audit Committee.

2. Corporate Governance Committee

The Board of Directors approved the appointment of the Corporate Governance Committee in 2002, with the Committee having not less than 3 members and each member having a term of office in accordance with directorship term at the Bank. As of December 31, 2016, the Committee had 3 independent directors, as follows:

1. Professor Dr. Yongyuth Yuthavong
Chairman
2. Sqn.Ldr. Nalinee Paiboon, M.D.
Member
3. Mr. Wiboon Khusakul
Member

The Corporate Governance Committee holds at least 4 meetings each year. In 2016, the Committee held 6 meetings and reported all meeting minutes to the Board of Directors.

Authorities, Duties and Responsibilities of the Corporate Governance Committee

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

1. Establishing the principles and best practices for effective corporate governance appropriate to the Bank.
2. Developing and disseminating the principles and best practices of good corporate governance.
3. Formulating the Statement of Business Conduct and the Code of Conduct of the Bank's employees, and disseminating these codes as practical guidelines to all concerned.
4. Developing and formulating plans for review of corporate governance compliance.
5. Reviewing announcements concerning good corporate governance to summarize and present in the Bank's reports.
6. Recommending the Code of Best Practices for the Board of Directors or proposing guidelines for the Board of Directors Charter and all other Board Committee Charters.
7. Recommending the Statement of Business Conduct and the Code of Conduct of management and Bank personnel.
8. Reviewing corporate governance guidelines and corporate governance practice to ensure consistency and compatibility with the Bank's business.
9. Reviewing and proposing public announcements related to corporate governance issues.
10. Supervising the Bank's sustainable development undertakings.
11. Reviewing and reporting to the Board of Directors matters related to corporate governance and sustainable development of the Bank, giving opinions on practical guidelines and recommending amendments as deemed appropriate.
12. Ensuring effective practice of corporate governance principles and sustainable development in the Bank.

3. Human Resources and Remuneration Committee

The Board of Directors approved the appointment of the Human Resources and Remuneration Committee in 2002, with each member having a term of office in accordance with directorship term at the Bank. The Committee comprises at least 3 non-executive directors. As of December 31, 2016, the Committee had 4 members, comprising 1 non-executive director and 3 independent directors, as follows:

1. Professor Khunying Suchada Kiranandana
Chairperson
2. Dr. Abhijai Chandrasen
Member
3. Professor Dr. Pairash Thajchayapong
Member
4. Mr. Kalin Sarasin
Member

The Human Resources and Remuneration Committee holds at least 3 meetings each year. In 2016, the Committee held 9 meetings and reported all meeting minutes to the Board of Directors.

Authorities, Duties and Responsibilities of the Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee has duties and responsibilities mandated by the Human Resources and Remuneration Committee Charter and approved by the Board of Directors, as follow:

1. Reviewing and making recommendations on the proposals of the Chief Executive Officer and/or the President relating to human resources policies for the Board of Directors' approval, to ensure that proposals are aligned with the Bank's business strategies.
2. Ensuring a succession plan for senior management in important positions and occasionally reviewing a list of candidates entitled to consideration.
3. Reviewing the remuneration strategy and proposing improvements for the Board's endorsement, in order to retain highly qualified personnel, as well as reviewing the salaries and benefits to senior management.
4. Establishing terms and conditions of employment contracts of the Chief Executive Officer and the President, including their remuneration, as well as seeking and recommending qualified successors to the Board for the positions of Chief Executive Officer and President, when considered necessary.
5. Reviewing the composition, size, diversity, and remuneration of the Board of Directors on a regular basis, as well as making recommendations on the selection of candidates with proper qualifications for the position of director prior to submission to the General Meeting of Shareholders for approval.

Nomination of Management

The Human Resources and Remuneration Committee is responsible for nominating, selecting and reviewing qualified

candidates to be proposed to the Board of Directors for endorsement before submitting to the Bank of Thailand for concurrence for appointments to the Bank's management at the level of First Senior Vice President and above, or an equivalent position under a different name. For the appointment of executives ranked below First Senior Vice President, Division Heads and the Human Resource Management Department shall prepare a list of qualified candidates to be nominated before submission for further consideration and approval by the Chief Executive Officer or the Presidents.

4. Risk Management Committee

The Board of Directors approved a change in the status of the former Internal Risk Management Subcommittee to the Risk Management Committee on April 3, 2003. Each member who is a Bank director has a term of office in accordance with directorship term at the Bank. For members who are executives, their term of office is subject to the Board of Directors' resolution. The Committee must comprise at least 7 members. As of December 31, 2016, the Committee had 9 members comprising 3 executive directors, 2 non-executive directors, and 4 executives, namely:

1. Ms. Sujitpan Lamsam
Chairperson
2. Mr. Predee Daochai
Member
3. Mr. Teeranun Srihong
Member
4. Ms. Kattiya Indaravijaya
Member
5. Mr. Sara Lamsam
Member
6. Mr. Somkid Jiranuntarat
Member
7. Mr. Thiti Tantikulanan
Member
8. Mr. Chongrak Rattanapian
Member
9. Mr. Wirawat Panthawangkun
Member

The Risk Management Committee meets at least once each month. In 2016, the Committee held 12 meetings and reported all meeting minutes to the Board of Directors. The Committee ensures that there are effective risk management systems for early warning and measures to prevent and manage risks, including risks that affect operations. They also oversee compliance with risk management practices according to relevant policies, and prepare risk management reports.

Authorities, Duties and Responsibilities of the Risk Management Committee

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

1. Possessing the authority to make decisions on related undertakings within the scope of its responsibility, as stipulated in the Risk Management Committee Charter, with the authority to access all pertinent information.
2. Formulating the KASIKORNBANK FINANCIAL CONGLOMERATE risk management policy and risk appetite to present to the Board of Directors for consideration of overall risk management. The policy must cover the various risks associated with strategies, liquidity, credit, market, operational, or other significant types of risk to the financial conglomerate.
3. Formulating strategies for the organization and resources in risk management to conform to the risk management policy of the Financial Conglomerate. The strategies must enable the effective analysis, assessment, evaluation, and monitoring of risk management.
4. Defining maximum credit lines according to the Bank's defined risk limits and proposing such to the Board of Directors for consideration.
5. Overseeing, reviewing, and providing recommendations to the Board of Directors with regard to the risk management policy, standard practices, strategies, and overall risk measurement to ensure that the risk management strategy is properly implemented.

5. Advisory Directors to the Management Committee

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

6. Management Committee

The Board of Directors and the 88th General Meeting of Shareholders, on April 4, 2000, approved the appointment of the Management Committee. The Committee consists of the Chief Executive Officer, Presidents, officials and persons that the Board of Directors deems appropriate. As of December 31, 2016, the Committee comprised 19 members, namely:

1. Mr. Banthoon Lamsam
Chairman
2. Mr. Predee Daochai
Member

3. Mr. Teeranun Srihong
Member
4. Ms. Kattiya Indaravijaya
Member
5. Mr. Pakorn Partanapat
Member
6. Dr. Adit Laixuthai
Member
7. Mr. Wirawat Panthawangkun
Member
8. Mr. Krit Jitjang
Member
9. Mr. Somkid Jiranuntarat
Member
10. Mr. Pipit Aneaknithi
Member
11. Mr. Thiti Tantikulan
Member
12. Mr. Ampol Polohakul
Member
13. Mr. Patchara Samalapa
Member
14. Mr. Panop Ansusinha
Member
15. Dr. Pipatpong Poshyanonda
Member
16. Mr. Chongrak Rattanapian
Member
17. Ms. Noppawan Jermhansa
Member
18. Mr. Jirawat Supornpaibul
Member
19. Mr. Silawat Santivisat
Member

The Management Committee shall hold at least one meeting a week, except when there is compelling reason or when there is no required meeting agenda or other justifiable reason. In 2016, the Management Committee held 49 meetings and reported all meeting minutes to the Board of Directors.

Authorities, Duties and Responsibilities of the Management Committee

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

1. Managing and undertaking the Bank's business as assigned by the Board of Directors, or by specific resolutions of the Board of Directors.
2. Managing the Bank's business according to established policies and plans.
3. Taking action in accordance with the authority delegated by the Board of Directors, and per their mandated management jurisdiction over the Bank.
4. The Chairman of the Management Committee or persons, assigned by the Chairman shall submit the minutes of the Management Committee meetings to the Board of Directors for acknowledgment. However, policy-related issues, or issues likely to have significant impact on the Bank's business, or issues requiring action by the Board of Directors in compliance with laws, or the Bank's rules and regulations, must be approved by the Board of Directors. These also include issues for which the Management Committee considers it appropriate to seek the approval of the Board of Directors on a case-by-case basis, or per the criteria designated by the Board of Directors.
5. Undertaking activities as assigned in order to achieve the Bank's targets, including:
 - 1) Preparing and reviewing of strategic objectives, financial plans and key policies of the Bank, to be submitted to the Board of Directors for approval.
 - 2) Considering the annual business plans, capital expenditures, performance targets, and other initiatives to achieve the Bank's targets, including projects with capital expenditures in excess of budgets designated by the Board of Directors, to be submitted to the Board of Directors for approval.
 - 3) Considering and approving various issues under their legitimate authority, or as delegated by the Board of Directors.
 - 4) Reviewing management authority in various aspects stipulated in the approval authority hierarchy, to be submitted for approval to the Board of Directors.
 - 5) Managing and ensuring balance between short-term and long-term objectives.
 - 6) Developing and ensuring that the human resources roadmap and strategies approved by the Human Resources and Remuneration Committee.
 - 7) Monitoring and reporting on the Bank's operating results to the Board of Directors, as well as on other work in progress to achieve the Bank's objectives.

8) Monitoring the performance of employees at all levels with regard to risk management, per the Bank's guidelines, including the effectiveness of internal control systems, and operational compliance with laws, and regulations and related policies.

9) Reviewing new projects and products prior to submission to the Board of Directors for consideration and approval.

Meeting Attendance of the Board, Independent Directors Committee and Board Committees in 2016

(Number of Meetings)

Board Members	Board of Directors (Total 12 meetings)	Non-Executive Directors (Total 1 meeting)	Independent Directors Committee (Total 11 meetings)	Audit Committee (Total 12 meetings)	Corporate Governance Committee (Total 6 meetings)	Human Resources and Remuneration Committee (Total 9 meetings)	Risk Management Committee (Total 12 meetings)
Mr. Banthoon Lamsam	12/12						
Professor Khunying Suchada Kiranandana	12/12	1/1	11/11			9/9	
Ms. Sujitpan Lamsam ⁽¹⁾	12/12	1/1					12/12
Mr. Predee Daochai	12/12						12/12
Mr. Teeranun Srihong	12/12						10/12
Ms. Kattiya Indaravijaya ⁽²⁾	10/12						8/12
Professor Dr. Yongyuth Yuthavong ⁽³⁾	10/12	1/1	9/11		6/6		
Dr. Abhijai Chandrasen	12/12	1/1				9/9	
Professor Dr. Pairash Thajchayapong	10/12	1/1	11/11			7/9	
Sqn.Ldr. Naline Paiboon, M.D.	12/12	1/1	10/11		6/6		
Mr. Saravoot Yoovidhya	12/12	1/1	11/11	12/12			
Dr. Piyasvasti Amranand	12/12	1/1	11/11	12/12			
Mr. Kalin Sarasin	11/12	1/1	10/11			6/9	
Ms. Puntip Surathin	12/12	1/1	10/11	12/12			
Mr. Wiboon Khusakul	11/12	1/1	8/11		5/6		
Ms. Suphatee Suthumpun	10/12	1/1	10/11	12/12			
Mr. Sara Lamsam ⁽⁴⁾	11/12	1/1					11/11

Note:

- ⁽¹⁾ Ms. Sujitpan Lamsam was appointed Vice Chairperson and Chairperson of the Risk Management Committee on January 28, 2016.
- ⁽²⁾ Ms. Kattiya Indaravijaya was appointed a director and President on January 1, 2016.
- ⁽³⁾ Professor Dr. Yongyuth Yuthavong was appointed Chairman of the Corporate Governance Committee on January 28, 2016.
- ⁽⁴⁾ Mr. Sara Lamsam was appointed a director on January 1, 2016 and a member of the Risk Management Committee on January 28, 2016.

• Number of members on the Board, Independent Directors Committee and Board Committees (As of December 31, 2016):

The Board of Directors	17 members
Independent Directors Committee	10 members
Audit Committee	4 members
Corporate Governance Committee	3 members
Human Resources and Remuneration Committee	4 members
Risk Management Committee	9 members
(5 Board members inclusive)	

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

The Board of Directors	Ms. Sujitpan Lamsam	6 meetings
	Mr. Predee Daochai	1 meeting
	Prof. Dr. Yongyuth Yuthavong	1 meeting
Independent Directors Committee	Mr. Kalin Sarasin	3 meetings
Human Resources and Remuneration Committee	Mr. Kalin Sarasin	4 meetings
Risk Management Committee	Ms. Sujitpan Lamsam	7 meetings
	Mr. Predee Daochai	3 meetings
	Mr. Teeranun Srihong	1 meeting
	Mr. Sara Lamsam	2 meetings

5.5 Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors comprises persons who have knowledge, ability and working experience beneficial to the Bank, and are independent in their decision making. Every year the Board reviews and approves the Vision, Mission, Core Values and strategies. The Board of Directors Meeting on December 15, 2016 approved a revision of KBank Vision to embrace the dynamic capability to timely adapt to any changes. Mission and Core Values were also reviewed to include the sustainable development feature. Also on a yearly basis, the Board of Directors approves strategic directions and policies of KASIKORNBANK FINANCIAL CONGLOMERATE, reviews the annual business plan and budget, and monitors and oversees management in effectively carrying out actions that are in line with the designated policies, corporate strategy and business plans and are in accordance with the rules and regulatory requirements of related government agencies and the resolutions of shareholders meeting. The Board of Directors has assigned the management to report the Bank's operational results to its meetings on a quarterly basis.

Moreover, the Board of Directors ensures the existence of an effective internal control system and appropriate risk management framework, and cooperates with the Bank's management in business undertakings in order to attain the best results. Current and future risks are taken into consideration, in conformity with the Bank's Mission, Vision, Statement of Business Conduct, and Statement of Corporate Governance Principles.

Supervision of Subsidiary and Associated Companies

Nomination of directors or executives for K Companies is under the responsibility of Bank units that oversee respective K Companies. Such nomination of Bank executives of the First Senior Vice President level and higher must be approved by the Human Resources and Remuneration Committee and reported to the Board of Directors for acknowledgment. As for Bank executives of lower levels, their nomination must be submitted to the Bank Presidents and approved by the Bank Chief Executive Officer. After approval, the respective companies will be notified for other related proceedings, such as submittal to their board of directors for approval and filing for registration at the Ministry of Commerce. Companies' directors are assigned for drawing up business strategies and policies, supervising the management's operations to attain maximum benefits for the companies, and monitoring the companies' administration to ensure efficient

implementation of the companies' strategies and policies, in line with the established goals and plans. In addition, companies' directors must ensure compliance with corporate governance principles and regulations of the Bank, as well as regulatory requirements of the Bank of Thailand, the Securities and Exchange Commission and other related agencies. Before casting any votes on important issues, companies' directors must obtain approval from the companies' board of directors. Besides, the companies have been required by the Bank to set up the regulation in respect of connected transactions corresponding to the Bank, compile and record data of related transactions with the Bank to be incorporated in the financial statements on a timely basis.

Annual audit and review are conducted by the Bank to ensure regulatory compliance of K Companies.

Corporate Governance Policy

KASIKORNBANK places great importance on good corporate governance, believing it to be essential to sustain the Bank's business. The Statement of Corporate Governance Principles has been revised and approved by the Board of Directors. The same principles have been applied to K Companies, as well. The principles are aimed primarily at communicating to all employees, shareholders, and other stakeholders the ultimate goal of the Board of Directors, to act in accordance with the 7 major components of corporate governance:

- Integrity
- Transparency
- Independence
- Responsibility
- Accountability
- Fairness
- Social Responsibility

The content of the Bank's Statement of Corporate Governance Principles covers the structure, composition, roles, duties, and responsibilities of the Board of Directors, Independent Directors Committee and all Board Committees, as well as matters of risk management, internal control systems, supervision for the use of inside information policies, and issues that are likely to involve conflicts of interest and shareholder relationships. Details of the Statement of Corporate Governance Principles can be found under the "Investors" tab on the Bank's website.

The Corporate Governance Policy covers the Bank's Vision, Mission, Core Values, Statement of Business Conduct, and the Code of Conduct. This includes the protection of the legitimate rights of shareholders in all groups, who are encouraged to

exercise their rights, as reflected in operational guidelines and directions adopted internally that ensure that the Bank has adequately followed the best practices in corporate governance. In 2016, the Bank assessed operations results according to the Corporate Governance Policy and the review of such policy was proposed to the Board of Directors for consideration so as to ensure compliance with regulatory requirements and best practices.

The Bank encourages everyone in the organization to realize the importance of acting in compliance with the Statement of Corporate Governance Principles by organizing activities to promote continuing and sustainable corporate governance. Emphasis is placed on the maintenance and development of corporate governance, and the promotion of corporate governance as an organizational culture. In 2016, the Bank's activities to promote Corporate Governance were as follows:

- The Bank circulated the Code of Conduct to employees for their acknowledgment.
- The Statement of Corporate Governance Principles, Code of Conduct and Anti-Corruption Policy were three main issues in an orientation class for new directors and executives and through e-Learning activities for new employees.
- Actions in compliance with the Code of Conduct, Anti-Corruption Policy and the Statement of Corporate Governance Principles were disseminated to employees through a Corporate Governance database set in the electronic network, including bulletin, Corporate Governance Journal and the Bank's closed circuit TV network.
- Criteria for supervising the use of inside information related to securities and stock futures trading, and the KASIKORNBANK Disclosure Policy concerning the prohibition of operating result disclosure, were disseminated to directors and employees.
- Communications were conducted on compliance with the Bank's regulations and requirements, channels to submit information about complaints, and safekeeping of passwords to access the computer system via the Bank's closed circuit TV network, electronic network and KASIKORNBANK newsletter.
- A video presentation under the "Honest KBank People" project was prepared to reinforce a culture of integrity among employees. This project was communicated in three themes: (1) Dare to Withstand: work with integrity, transparency, compliance and inspectability; (2) Dare to Refuse: refuse any involvement in fraud; and (3) Dare

to Inform: report actions arousing suspicion of fraud. The campaign was also jointly organized with the Bank's K-Culture project.

- The CG Visit Project was implemented for secretaries to the Audit Committee, Human Resources and Remuneration Committee and Risk Management Committee to offer consultation, recommendations, and review of compliance with the Statement of Corporate Governance Principles.
- A training course related to the Code of Conduct and Anti-Corruption Policy was organized via KBank e-Learning system to enhance correct understanding and observance among executives and employees in the discharge of their duties. Employees were required to pass an evaluation of their knowledge and understanding after the training.
- Recommendations and knowledge were provided as concerns legal issues, regulations, requirements and operational procedures related to corporate governance for directors, executives, department staff and K Companies' employees, while responses were given to all their inquiries.
- Dispatching representatives to participate in the Anti-Corruption Day 2016 to reaffirm the anti-corruption commitment.

Statement of Business Conduct and Code of Conduct

The Board of Directors has promoted the establishment of a Statement of Business Conduct and a Code of Conduct for directors and employees. All directors, executives, and employees share common goals in carrying out their designated duties and responsibilities to the Bank and its stakeholders. They perform their duties with integrity, in compliance with the law and the Bank's rules and regulations, based on professional standards and a business approach that is transparent, honest, and fair, for the development of the organization towards attaining international standards. The Statement of Business Conduct and the Code of Conduct have been disseminated via the Bank's website and database.

The Bank adheres to the Statement of Business Conduct, as follows:

1. Aiming to satisfy customers by offering quality products and excellent services.
2. Continually striving for superior performance.
3. Attracting and recruiting people with skills and experience, continually developing human resources, and offering salaries and benefits comparable to other leading companies.

4. Performing as a good corporate citizen, conducting business with impartiality and contributing to social development and environmental preservation.
5. Ensuring fairness for all.
6. Believing in strong ethical standards and carrying out our business with integrity and honesty.
7. Protecting customer confidentiality using professional standards.
8. Being dedicated to carrying out responsibilities in a professional manner.
9. Being responsive to customers' needs.
10. Being committed to discipline in business execution, conforming to related laws and regulations.

Salient points of the Code of Conduct include: (1) principles and guidelines of KBank code of conduct; (2) observance of laws and Bank policies; (3) relations with customers; (4) relations with counterparties; (5) relations with creditors; (6) relations with competitors; (7) relations with communities; (8) relations with employees; (9) advertising and promotion policies; (10) confidentiality; (11) integrity and accuracy of Bank records; (12) avoidance of the use of inside information in securities trading; (13) prevention of conflicts of interest; (14) abstention from bribery and inappropriate incentives; (15) non-involvement in political activities; (16) avoidance of accepting or offering inappropriate gifts and/or benefits; and (17) reporting breaches.

In this Code of Conduct, the Bank has designated the basic principles concerning the execution of duties and compliance with professional standards by directors and employees. Details of the Code of Conduct can be viewed on the Bank's website.

The Bank has identified important rules and practical guidelines that are in accordance with the Code of Conduct, which are detailed and disseminated to employees, and supported the implementation of the Code of Conduct throughout K Companies and P Companies. Operational procedures have been prepared and reviewed in accordance with business and regulatory requirements.

In addition, the Bank has assigned the Compliance Department to supervise staff compliance with the Code of Conduct to assess effectiveness of operation and the Corporate Governance Unit of the Office of Corporate Secretary to launch activities to promote ethical behaviors within a culture of good corporate governance. Best practices and actions in line with the Code of Conduct are regularly and efficiently disseminated to all employees. These activities are also reported to the Corporate Governance Committee for acknowledgment.

Internal Control and Auditing Systems

The Board of Directors and the Bank's management have placed particular emphasis on an efficient internal control system and promotion of an appropriate business culture, recognizing the importance of risk management and the internal control system in every business undertaking of the Bank and Companies within KASIKORNBANK FINANCIAL CONGLOMERATE. Internal Control Policy, in compliance with Internal Control - Integrated Framework recently revised by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), was introduced requiring all units to comply with the policy for all business operations and employees' practices to ensure that the goals and objectives of the Bank and Companies within KASIKORNBANK FINANCIAL CONGLOMERATE will be met and the operations will be effective and efficient to achieve long-term profitability including maintaining reliable financial and managerial reporting. Such a system can also help to ensure compliance with laws and regulations as well as policies, plans, and internal rules and procedures, and prevent the risk of unexpected losses or damage to assets and reputation of the KASIKORNBANK FINANCIAL CONGLOMERATE.

The Bank demonstrates a commitment to integrity and ethical values to create awareness on the importance of risk management and internal control system. To create an appropriate control environment, executives and employees at all levels have the roles, duties and responsibilities for internal control. In order to achieve so, the Bank established written policies and operational procedures and also ensures the adequacy of staff. Training and orientation programs are provided for skill enhancement, accurate practices as well as efficient and effective performance are established. An operational manual with information on rules and regulations, a professional Code of Conduct, and penalties against disciplinary actions and gross offenses have also been provided to ensure common understanding as well as capabilities that will lead to efficient, transparent and fair operations for the benefit of customers, suppliers and other stakeholders. In addition, in order to strengthen the supervision aspect and to promote a control culture that is consistent at all levels of the organization, the Bank organized a course entitled "Governance, Risk Management and Compliance", which has been incorporated into the executive training course and e-Learning on "Internal Control" is developed for all staff.

The Bank identifies and analyzes risks to the achievement of its objectives across the Bank, Companies within KASIKORNBANK FINANCIAL CONGLOMERATE, departments and functions. Risk Management unit and a clear risk management policy are set up.

Control activities are an integral part of day-to-day operations. Appropriate segregation of duties is embedded to create a proper “check-and-balance” system for operating staff, supervisors, and performance assessment. Any possible conflict of interest is identified and subject to careful monitoring, in accordance with regulatory requirements and the Bank’s regulations.

Information systems have continuously been upgraded to provide accurate, up-to-date, and adequate information for timely decision-making by the management and the Board of Directors. Information systems include the financial data, as well as operational and compliance data, to monitor the effectiveness of the internal control system for prompt corrective action against significant deficiencies. The Bank also provides varied and effective communication channels to ensure that all executives and employees understand and adhere to the policies and procedures affecting their duties and responsibilities and to receive useful information for business undertaking or recommendations from external stakeholders such as customers, counterparties and regulators.

The Bank establishes monitoring activities, both ongoing monitoring and separate evaluations, to ascertain whether the internal control is present and functioning as designed that contributes to the mitigation of risks at different periods. The internal control deficiencies will be communicated to responsible persons and serious matters will be reported to the Board of Directors, Audit Committee and/or executives in a timely manner.

Recognizing the importance of its roles and responsibilities towards Corporate Governance, the Board oversees that the Bank is equipped with appropriate and effective systems of risk management, internal control, internal auditing and governance. The Audit Committee, comprising independent directors, has been assigned to review the effectiveness and appropriateness of such processes, and to consider important audit results of the Internal Audit Department, the Bank of Thailand and other regulatory agencies, as well as acknowledging risk reports including emerging risk and new threats in Thailand and other countries, and action against those risks. The Bank’s management is responsible for managing tasks and activities, and monitoring the operations of employees at all levels with regard to risk management, including the effectiveness of internal control system, and compliance with laws, regulations and related policies. The Board is of the view that the Bank has maintained an effective internal control system at an adequate and appropriate level of protection.

Internal auditing is conducted by Internal Audit Department which is independent in its tasks and reports directly to the Audit Committee. The audit is risk-based and aimed at assessing the adequacy and effectiveness of the risk management and internal control system, the efficiency of resource management, the accuracy and reliability of information, and compliance with regulatory requirements, the Bank’s operational procedures, and the Statement of Business Conduct. Audit plan is continuously reviewed and revised so as to respond to emerging risk appropriately. The Internal Audit Department also applies the concepts of Continuous and Integrated Audit and Data Analytics. Moreover, the Internal Audit Department provides consulting services to the audited units, in accordance with the nature and scope of task as agreed upon by both parties, with the objective of increasing the value and improving the operations of the KASIKORNBANK FINANCIAL CONGLOMERATE. The Internal Audit Department acts in conformance with the International Standards for the Professional Practice of Internal Auditing. The Department constantly evaluates and improves the quality of its work as measured against the generally accepted international auditing standards.

The Internal Audit Department, which is an independent unit, has been assigned as another channel for receiving complaints and suspicious conduct. This ensures that the Bank has a transparent and fair whistle-blowing process and complies with good corporate governance standards. The Audit Committee resolved to appoint Mr. Surasak Dudsdeemaytha as Internal Audit Head, in view of his suitable knowledge, qualifications and experience to perform this function.

The Compliance Department, under the Compliance and Audit Division, supervises the conduct of the Bank in order to comply with regulatory requirements and the Bank regulations, provides views on law and regulatory compliance, identifies and assesses related risks and reports to high-level executives, the Audit Committee or the Board of Directors. Other tasks include the review of the Bank operations and preparation of relevant policies, also acts as the center for contact with the regulatory agencies. Mr. Phaisarn Vorasetsiri is the Compliance Head.

Risk Management

The Risk Management Committee is responsible for designating organization-wide risk management policies and risk appetite under the guidelines established by the Board of Directors, to whom the results must be reported regularly. The Risk Management Committee also considers appropriate

risk strategy in order to achieve the Bank's objectives in both short and long terms. The Bank has outlined the risk management process, key steps of which include risk identification, assessment, monitoring and control, and reporting. Moreover, the Bank emphasizes early warning indicators, monitoring of key risk, exposures and concentration, as well as regular reviews of the sufficiency of the risk management system and its effectiveness. Details of risk management are disclosed in the section entitled Risk Management and Risk Factors.

Appointment of External Auditor and Consideration of Audit Fees

The Audit Committee considers the qualifications and performance of external auditors for recommendation to the Board of Directors for their annual appointment, and the proposed audit fees for further consideration and approval by the General Meeting of Shareholders. The list of external auditor to be proposed as the Bank's auditors must also be endorsed by the Bank of Thailand.

In 2016, the remuneration for external auditors included:

1. Audit Fees:

The Bank and subsidiary companies have paid audit fees to:

- Auditors of the Bank, totaling Baht 10,655,000 in the past accounting year.
- The respective audit company including individuals or business entities related to the auditors and the respective audit company, totaling Baht 15,047,400 in the past accounting year.

2. Non-Audit Fees:

The Bank and subsidiary companies have paid non-regular audit fees, i.e., special purpose audit, legal and tax service engagements to perform agreed-upon procedures and business consulting services in Thailand and other countries that are not related to auditing task.

- Auditors of the Bank totaling Baht -0- over the past accounting year, together with future payments of Baht -0-, due to incomplete work in the past accounting year.
- The respective audit companies or their independent contracted auditors, including individuals or business entities related to the auditors and their respective audit companies, totaling Baht 13,997,600 over the past accounting year, together with future payment of Baht 21,422,700, due on incomplete work in the past accounting year.

5.6 Self-Assessment by the Board of Directors

The Bank has established a self-assessment plan for the Bank's Board of Directors and review of the assessment form is conducted annually. It serves as a tool for the Board of Directors to review the performance, issues and obstacles facing each director over the past year. It also helps increase the operational effectiveness of the Board. Performance assessment of the Board of Directors is conducted in 2 ways: the overall performance assessment of the Board and the performance assessment of an individual director. The self-assessment form complies with the Stock Exchange of Thailand's practices and the duties and responsibilities of the Board stated in the Board of Directors Charter. The Board of Directors conducts self-assessments once a year. The Corporate Secretary submitted the 2016 performance assessments to directors, including 6 topics: (1) Structure and characteristics of the Board; (2) Roles and responsibilities of the Board; (3) Board meetings; (4) Discharge of duties of the Board; (5) Relationship with the Bank's management; (6) Self-development of directors and executive development. The summarized assessment results were submitted to the Board of Directors for consideration.

In 2016, the self-assessment process was also applied to the Independent Directors Committee and all Board Committees - Audit, Corporate Governance, Human Resources and Remuneration, and Risk Management. The Independent Directors Committee and all Board Committees conduct self-assessment every year, and the assessment results have been presented to the Board of Directors.

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

5.7 Remuneration to Directors and Executives

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

The General Meeting of Shareholders No. 104, on March 30, 2016, approved director remuneration and bonuses, which shall remain effective until a General Meeting of Shareholders determines otherwise. A director who is also a member of other Board Committees shall receive additional remuneration in accordance with the increased responsibilities, except that the executive directors receive no remuneration for their membership in a Board Committee as follows:

- (Baht)
1. Remuneration for directors for the Board of Directors Meeting
 - Chairman of the Board 154,000 per person/month
 - Vice Chairperson 115,500 per person/month
 - Director 100,000 per person/month
 2. Remuneration for Independent Directors
 - Lead Independent Director 100,000 per person/month
 - Member 70,000 per person/month
 3. Remuneration for Board Committees:
 - 3.1 The Audit Committee
 - Chairman 90,000 per person/month
 - Member 60,000 per person/month
 - 3.2 The Corporate Governance Committee
 - Chairman 50,000 per person/month
 - Member 36,000 per person/month
 - 3.3 The Human Resources and Remuneration Committee
 - Chairperson 50,000 per person/month
 - Member 36,000 per person/month
 - 3.4 The Risk Management Committee
 - Chairperson 50,000 per person/month
 - Member 36,000 per person/month
 4. Remuneration for the Legal Adviser 330,000 per person/month
 5. Bonus for directors at the rate of 0.5 percent of dividend payments.

The Human Resources and Remuneration Committee shall propose remuneration of executives to the Board of Directors for consideration and approval in accordance with the Bank policies. Remuneration for executives, including that for Chief Executive Officer and Presidents are tied directly to short-and-long term performance of the Bank and the performance of each individual executive relative to key performance indicators regarding finance, customer, operational process, risk management and human capital development to ensure sustainable success of the Bank under transparent regulations and scopes of responsibility, as well as the competitiveness of the Bank vis-à-vis other leading financial institutions in Thailand.

Details of remuneration to directors and executives are shown as follows:

1. Remuneration

- 1) Remuneration for directors: In 2016, directors received remuneration as directors, Independent Directors and members of the Audit Committee, Corporate Governance Committee, Human Resources and Remuneration Committee, Risk Management Committee, and as Legal Adviser, together with a bonus at the rate of 0.5 percent of the dividend payments, totaling Baht 89,637,203.
- 2) Remuneration for executives: In 2016, executives in the position of First Senior Vice President or equivalent and higher, totaling 65 persons, received remuneration including salaries, living expenses, special contributions, and bonuses from the Bank, totaling Baht 727,829,842, while executives in the position of Senior Executive Vice President or equivalent and higher, totaling 9 persons, received remuneration including salaries, living expenses, special contributions, and bonuses from the Bank, totaling Baht 191,445,069.

Remuneration for Directors in 2016

Mr. Banthoon Lamsam	Received remuneration as Chairman of the Board, totaling Baht 1,848,000, and a bonus of Baht 5,330,700.
Mr. Somchai Bulsook ⁽¹⁾	Received a bonus of Baht 747,893.
Professor Khunying Suchada Kiranandana	Received remuneration as Vice Chairperson, totaling Baht 1,386,000; as Lead Independent Director, totaling Baht 1,200,000; and as Chairperson of the Human Resources and Remuneration Committee, amounting to Baht 600,000, and a bonus of Baht 3,748,731.
Mr. Krisada Lamsam ⁽²⁾	Received a bonus of Baht 3,525,674.
Ms. Sujitpan Lamsam ⁽³⁾	Received remuneration as Vice Chairperson, totaling Baht 1,386,000; and as Chairperson of the Risk Management Committee, amounting to Baht 600,000, and a bonus of Baht 2,822,804.
Mr. Predee Daochai	Received remuneration as a director, totaling Baht 1,200,000, and a bonus of Baht 2,665,353.
Mr. Teeranun Srihong	Received remuneration as a director, totaling Baht 1,200,000, and a bonus of Baht 2,665,353.
Ms. Kattiya Indaravijaya ⁽⁴⁾	Received remuneration as a director, totaling Baht 1,200,000, and a bonus of Baht 314,903.
Professor Dr. Yongyuth Yuthavong ⁽⁵⁾	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as Chairman of the Corporate Governance Committee, amounting to Baht 600,000, and a bonus of Baht 944,708.
Dr. Abhijai Chandrasen	Received remuneration as a director and Legal Adviser, totaling Baht 5,160,000; and as a member of the Human Resources and Remuneration Committee, amounting to Baht 432,000, and a bonus of Baht 2,665,353.
Professor Dr. Pairash Thajchayapong	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as a member of the Human Resources and Remuneration Committee, amounting to Baht 432,000, and a bonus of Baht 2,665,353.
Sqn.Ldr. Naline Paiboon, M.D.	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as a member of the Corporate Governance Committee, amounting to Baht 432,000, and a bonus of Baht 2,665,353.

Mr. Saravoot Yoovidhya	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as a member of the Audit Committee, amounting to Baht 720,000, and a bonus of Baht 2,665,353.
Dr. Piyasvasti Amranand	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as Chairman of the Audit Committee, amounting to Baht 1,080,000, and a bonus of Baht 2,665,353.
Mr. Kalin Sarasin	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as a member of the Human Resources and Remuneration Committee, amounting to Baht 432,000, and a bonus of Baht 2,665,353.
Mr. Somkiat Sirichatchai ⁽⁶⁾	Received a bonus of Baht 2,350,450.
Mr. Rapee Sucharitakul ⁽⁷⁾	Received a bonus of Baht 664,795.
Ms. Puntip Surathin	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as a member of the Audit Committee, amounting to Baht 720,000, and a bonus of Baht 2,665,353.
Mr. Wiboon Khusakul	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as a member of the Corporate Governance Committee, amounting to Baht 432,000, and a bonus of Baht 2,166,757.
Ms. Suphajee Suthumpun	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as a member of the Audit Committee, amounting to Baht 720,000, and a bonus of Baht 944,708.
Mr. Sara Lamsam ⁽⁸⁾	Received remuneration as a director, totaling Baht 1,200,000; and as a member of the Risk Management Committee, amounting to Baht 432,000, and a bonus of Baht 314,903.

Note:

⁽¹⁾ Mr. Somchai Bulsook received a bonus from dividend payment for the 2H15 operating results, prorated by his term of office.

⁽²⁾ Mr. Krisada Lamsam resigned from his directorship on January 1, 2016 and received a bonus from dividend payment for the 2H15 operating results, prorated by his term of office.

⁽³⁾ Ms. Sujitpan Lamsam was appointed Vice Chairperson and Chairperson of the Risk Management Committee on January 28, 2016.

⁽⁴⁾ Ms. Kattiya Indaravijaya was appointed a director and President on January 1, 2016.

⁽⁵⁾ Professor Dr. Yongyuth Yuthavong was appointed Chairman of the Corporate Governance Committee on January 28, 2016.

⁽⁶⁾ Mr. Somkiat Sirichatchai resigned from his directorship on January 1, 2016 and received a bonus from dividend payment for the 2H15 operating results, prorated by his term of office.

⁽⁷⁾ Mr. Rapee Sucharitakul received a bonus from dividend payment for the 2H15 operating results, prorated by his term of office.

⁽⁸⁾ Mr. Sara Lamsam was appointed a director on January 1, 2016 and a member of the Risk Management Committee on January 28, 2016.

2. Other Remuneration

- 1) Remuneration for directors: none
- 2) Remuneration for executives: In 2016, the Bank's executives received benefits and other welfares similar to other staff members in conformity with the Bank's regulations, such as medical and health checkup expenses, as well as various types of loan, plus provident funds. The Bank contributed Baht 20,674,098 to the provident funds for the Bank's executives in the positions of First Senior Vice President or equivalent and higher, totaling 65 persons, and Baht 5,563,200 to the provident funds for the Bank's executives in the positions of Senior Executive Vice President or equivalent and higher, totaling 9 persons.

5.8 Professional Development for Directors and Executives

The Bank has organized orientations for new directors, to provide them with information on their roles and responsibilities, as well as information related to the Bank, for instance, good corporate governance practices, strategic direction for the Bank business, human resources, information technology, risk management of KASIKORNBANK FINANCIAL CONGLOMERATE,

plus clarifications on legal obligations, regulations related to the directorship of listed companies, regulations related to the Board and Board Committee's charters, the Bank's core policies, and the manual for directors of financial institutions and securities companies, as an overall process to promote understanding among directors about their roles and the Bank's business operations. Information on the business operations of the Bank has also been continuously provided in the forms of documents and presentations in meetings. An orientation session was arranged for 2 new directors in 2016, namely Ms. Kattiya Indaravijaya and Mr. Sara Lamsam.

In addition, to enhance the operational efficiency of the Board of Directors, the Bank continued to implement a policy of supporting directors, executives and staff performing duties related to corporate secretary, compliance, internal control, and corporate governance, in attending seminars and training courses at the Thai Institute of Directors Association (IOD), the Stock Exchange of Thailand, and other independent institutions, in accordance with the established plan and budget.

All board members attended training programs regarding the discharge of their duties, and, in 2016, received continued education programs on corporate governance via electronic network. They expanded their knowledge horizons by attending seminars or training programs, as follows:

Board Members	Seminars/Training Programs
1. Mr. Banthoon Lamsam	Private Executive Educations Class, National University of Singapore
2. Ms. Sujitpan Lamsam	Stanford Executive Program, Stanford Graduate School of Business, Stanford University, USA
3. Mr. Predee Daochai	- Corporate Governance for Capital Market Intermediaries (CGI) class 11/2016, Thai Institute of Directors Association - Thailand Energy Academy Leader Program, Class 8, Thailand Energy Academy - Seminar on World Economic Forum Annual Meeting 2016, World Economic Forum - Seminar on "Digital Policy for Economy and Society", Committee on Sciency, Technology, Information and Mass Media, National Legislative Assembly
4. Mr. Teeranun Srihong	- Seminar on "New Dimension of Economic Policy in the Era of Information", Bank of Thailand - Seminar on "The Leadership Energy Summit Asia 2016-Thailand", Thailand Management Association

Board Members	Seminars/Training Programs
5. Ms. Kattiya Indaravijaya	- Director Certification Program (DCP) Class 224/2016, Thai Institute of Directors Association - Capital Market Academy Leader Program Class 22, Capital Market Academy - Seminar on “FinTech - Technology to Change Thai Financial World”, Executive MBA Alumni, Thammasat Business School
6. Professor Dr. Yongyuth Yuthavong	Seminar on “Constructionism 2016”, Suksapat Foundation
7. Professor Dr. Pairash Thajchayapong	Seminar on “ICT Development of Digital Government in Thailand and Other Countries”, Ministry of Information and Communication Technology
8. Sqn.Ldr. Nalinee Paiboon, M.D.	Seminar on “Thai Direct Sales Tapping into AEC, No. 4”, Thansettakij newspaper
9. Dr. Piyasvasti Amranand	Seminar on “Unlock Thai Renewable Energy”, Energy for Environment Foundation
10. Mr. Kalin Sarasin	Seminar on “ASEAN and Business Opportunities for Thailand”, Trade Policy and Strategy Office, Ministry of Commerce and Thailand Development Research Institute
11. Ms. Puntip Surathin	Advanced Audit Committee Program (AACP) Class 23/2016, Thai Institute of Directors Association
12. Mr. Wiboon Khusakul	Seminar on “Thai-Chinese Strategy Research, No. 5”, National Research Council of Thailand and Partners in China, and Thai-Chinese Culture and Economy Association
13. Ms. Suphajea Suthumpun	Advanced Audit Committee Program (AACP) Class 23/2016, Thai Institute of Directors Association
14. Mr. Sara Lamsam	Global Business Leaders Program Class 1, LEAD Business Institute, a partner of Cornell University, USA

In addition, the Human Resources and Remuneration Committee has considered executive development and succession plans for the positions of Chief Executive Officer, Presidents, and other senior executives, taking into account different factors, e.g. the qualification, knowledge, competencies and experiences required for each position. The performance of potential executives is evaluated in order to formulate individual development plans; and rotation of responsibilities

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

Dividend Policy

The Bank's Dividend Policy

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

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

The Dividend Policies of Subsidiaries

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

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

Factors Affecting Investment Decisions

Legal Disputes

The Bank and its subsidiaries is not a litigant or a concerning party in the following particular cases;

1. Cases that may cause any negative impact to assets of the Bank and its subsidiaries (cases which have litigation sum greater than 5 percent of the Bank's or its subsidiaries' shareholder equity as the case may be as of the latest fiscal year-end);
2. Cases that may have a material adverse effect on business operation; but unable to estimate the exact amount;
3. Cases that are not caused by the ordinary course of business.

In part of the Bank, there are 202 pending cases in the ordinary course of the Bank's business, with the total litigation sum of approximately Baht 2,061 million. In those cases, there are 37 cases for which the Court of First Instance has awarded judgment in favor of the Bank but are still pending in higher courts, having an aggregate litigation sum of approximately Baht 841 million. The Bank views that, given the present status of the Bank, such total litigation sum of all the aforementioned lawsuits would have no material impact on the Bank's business operations.

Sustainable Development in Action

242 Economic Dimension

242 Social Dimension

243 Environmental Dimension



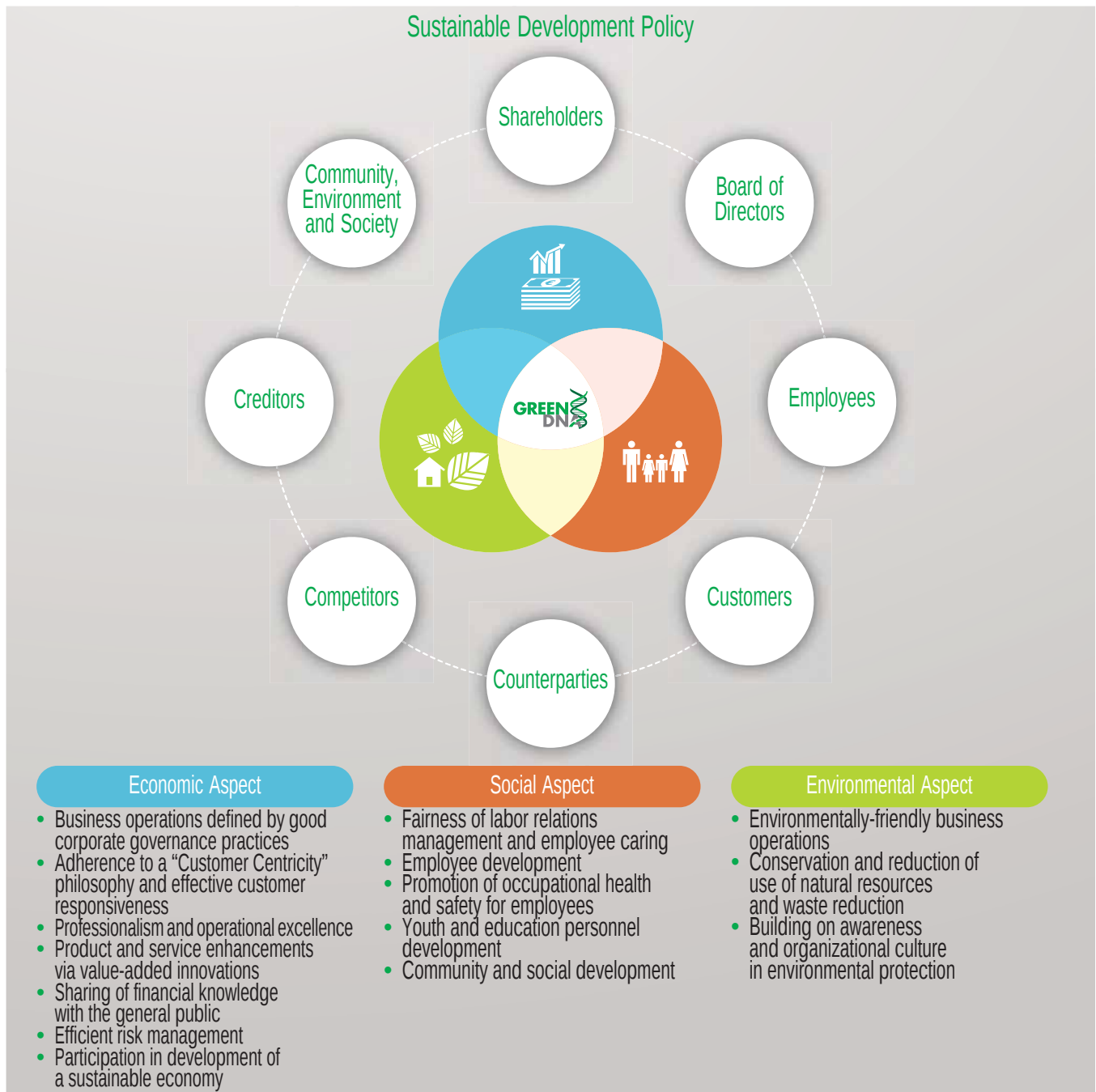
MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



FTSE4Good

Sustainable Development in Action

KASIKORNBANK (KBank) has established a “Sustainable Development Policy” to serve as a major guiding principle towards our advancement in economic, social and environmental dimensions. Instilled in the minds of our staff, this concept has been the basis of our “Green DNA” resolution that is embedded in all KBank units. Our sustainable development-based management structure is the key driver towards its implementation and harmonization throughout our business operations. The strength of our sustainable development commitment is paving the way for KBank to become a “Bank of Sustainability” for our society and the nation, ensuring maximum benefit to all stakeholders.



The Sustainable Development Goals (SDGs) announced by the United Nations in 2015 have been adopted by KBank as operating guidelines in economic, social and environmental aspects, with the aim of creating sustainable value for all stakeholders. As a result of our work, KBank has been selected as a component of the Dow Jones Sustainability Indices (DJSI) 2016, including the DJSI World Index and the DJSI Emerging Markets Index and selected as a constituent of the FTSE4good Emerging Index. Being the first bank in Thailand and ASEAN to achieve these high international standards is proof that we are on the right track towards sustainable development compliance. Some notable outcomes are mentioned below.

Economic Dimension

We accord considerable importance to higher efficiency in digital banking. Our aim is to deliver excellent financial products and an unsurpassed service experience to all customers. Outstanding examples of this include our registration for PromptPay service, the introduction of new products and services on our K-MOBILE BANKING PLUS platform, the use of blockchain technology to record financial transaction data and the development of e-money systems for payments of goods/services via our K+Wallet application. Also of note has been Beacon Interface Co., Ltd. - a startup firm supported by KBank - which won two awards in the Global FinTech Hackcelerator competition at the Singapore FinTech Festival 2016, i.e., the Global FinTech Hackcelerator Award of the Monetary Authority of Singapore (MAS), and the Developer Hub Award of Citigroup as a major sponsor of the event. Praise was given to the company's innovation that enables visually-impaired persons to conduct financial transactions via smartphones with convenience and security. This achievement confirms our intention to exploit modern technologies in the creation of financial innovations that benefit the society and strengthen the efficacy of our financial system, with data management and privacy policy that meet our Good Corporate Governance principles, as well as high standards of security against cyber threats.

Furthermore, we offer soft loans as working capital to SMEs in alignment with government policies promoting broader access to funding sources for business operators - as a key driving force for the Thai economy. We have also initiated new funding mobilization channels, e.g., crowdfunding and venture capital, as novel options for SMEs and startup firms. Many useful seminars are organized year-round to assist our corporate customers in boosting their efficiency and business potential.

Social Dimension

KBank places great importance on equitable treatment of our employees and respect for human rights. A new human rights policy was announced by us that incorporates all our business activities related to employees, customers, counterparties and communities. Among the more important guidelines are our support for career development vis-à-vis persons with disabilities, equality, respect for diversity, promotion of occupational health and safety, and staff career development programs to determine successful career paths so that they can deliver the best business value to all stakeholders, in line with our sustainable development strategies.

Relative to local communities and our society in general, KBank is proactive towards improving the financial literacy of all our customers, as well as youths and underprivileged members of the society. All are offered knowledge and advice on suitable subject matter applicable to their lives and long-term self-reliance. In another notable effort, each year, KBank allows a one-day leave for each employee wishing to do good deeds via our "20,000 Chuamong Tham Di Tham Dai (20,000 Volunteer Hours)" project, encouraging employees to participate in volunteer activities with various community networks of their choice. Via such cooperation, they share their valuable expertise - an act of empowering one another - towards a sustainably richer growth of the entire system.

Environmental Dimension

KBank has set targets for our operations towards the reduction of greenhouse gas emissions by 20-25 percent by 2020; our Board of Directors has also appointed a Chief Environmental Officer to lead our environmental operations towards attaining these goals. Also worth mentioning are the completion this year of the KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG) building designed using the Platinum level of the LEED-NC standard by the United States Green Building Council (USGBC), and the launch of other energy and environmental conservation projects that had staff cooperation. Further to our community activities, KBank has taken an active part in a long-term project for forest watershed management with community participation in Nan province, where the headwaters of the Chao Phraya river begin. This area is crucial to Thailand's ecosystem. Since 2013, KBank has been sponsoring collaboration with the “Rak Pa Nan (Care for Nan Forest)” project under the directorship of the Office of Her Royal Highness Princess Maha Chakri Sirindhorn's Projects. Also participating are the Royal Thai Army, Chulalongkorn University, Nan Province and

Mae Fah Luang University as operating agencies. The project is aimed at conserving forests there that are the source of the Nan River; the main goal is to halt the destruction of these forests, while promoting better livelihoods for the local populace, using the concept of “Create Forest, Create Jobs”. It is a comprehensive solution that integrates economic, political and legal factors to achieve agricultural diversity, as well as environmental awareness and a sense of ownership among Nan residents - including youths - to attain these goals in a sustainable manner.

With regard to our financial products, KBank offers renewable energy financing, mainly based on environmental and social criteria, to help ensure that KBank-supported projects will not cause any untoward environmental or social impact. With that, KBank has taken another step towards tackling the consequences of climate change and, ultimately, helping to solve environmental issues in a sustainable manner.

We strongly believe that our sustainable development efforts will build a stronger foundation for our role as a “Bank of Sustainability” for our society and the nation.

For more information about Sustainable Development of KASIKORNBANK, read our Sustainability Report 2016.



Structure

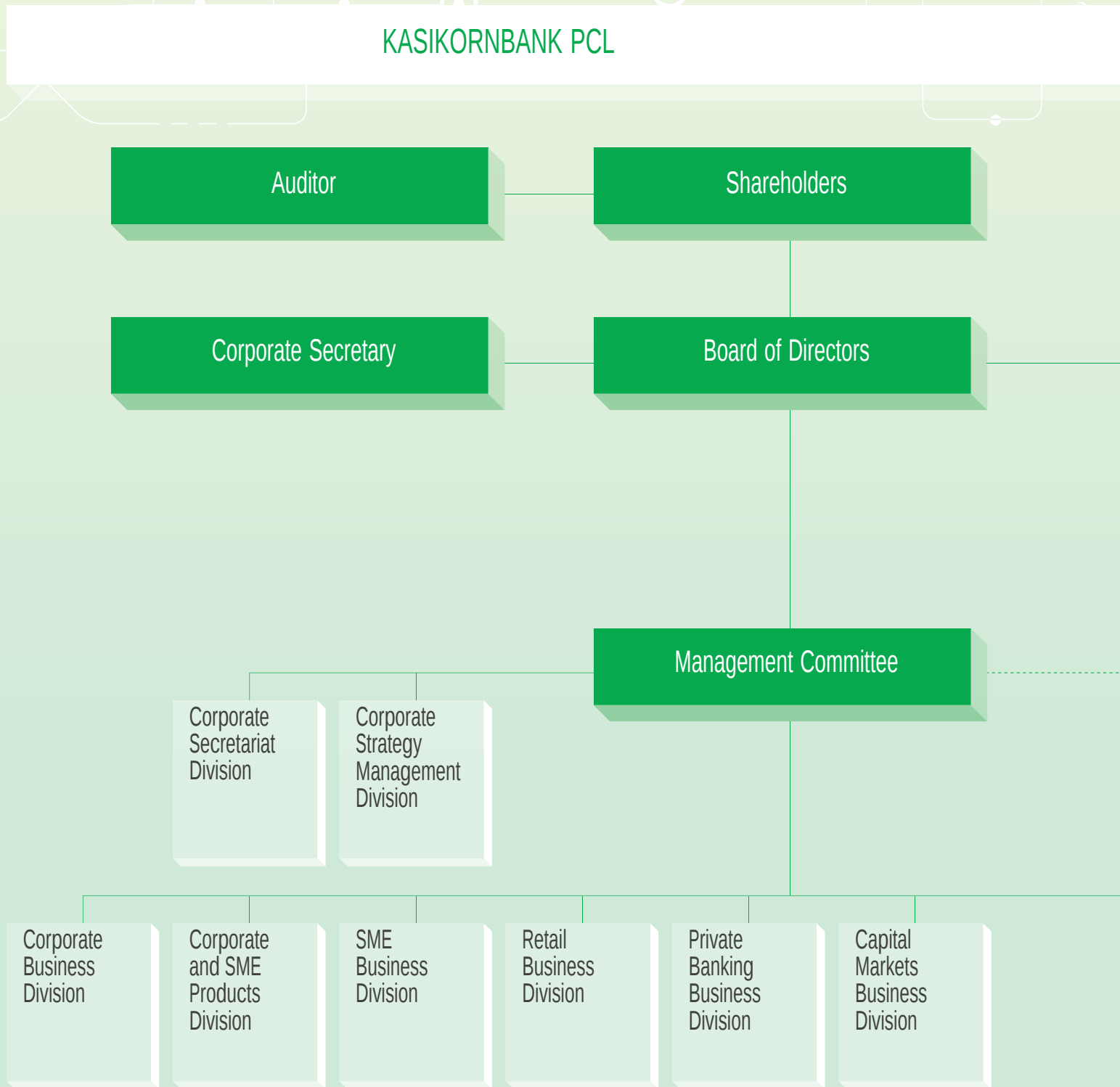
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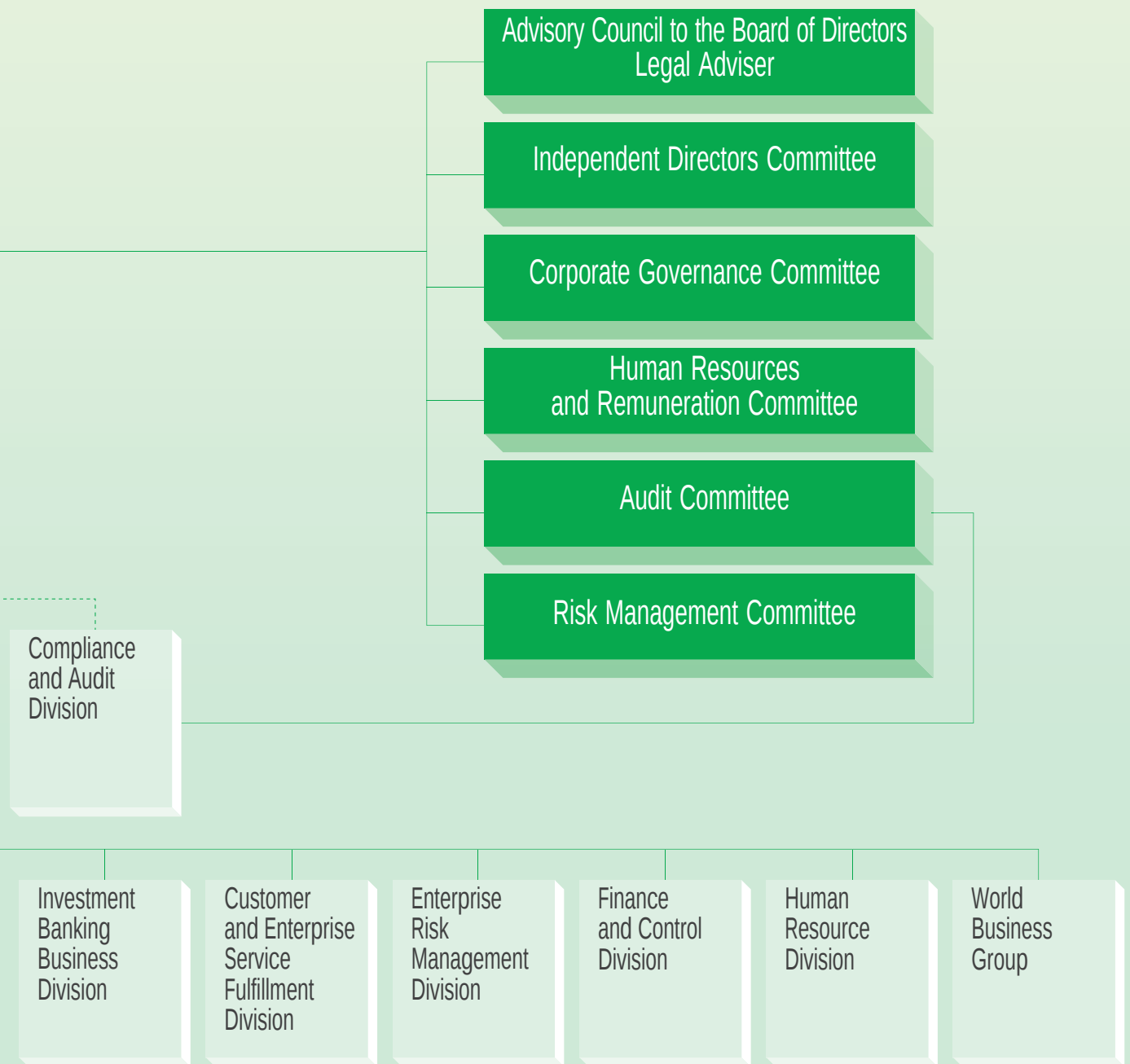






Organization Chart





Effective Date: January 1, 2017



Honorary Chairman: Mr. Banyong Lamsam



 Chairman of the Board and Chief Executive Officer: Mr. Banthoon Lamsam



“KBank maintains
our aim of being
a Bank of Sustainability
in all of our operations”



Board of Directors



- | | | |
|--|---|--|
| 3. Ms. Sujitpan Lamsam
Vice Chairperson | 4. Mr. Predee Daochai
President | 2. Professor Khunying
Suchada Kiranandana
Vice Chairperson
5. Mr. Teeranun Srihong
President |
| 6. Ms. Kattiya Indaravijaya
President | 7. Professor Dr. Yongyuth Yuthavong
Independent Director | 8. Dr. Abhijai Chandrasen
Director and Legal Adviser |



9. Professor
Dr. Pairash Thajchayapong
Independent Director

12. Dr. Piyasvasti Amranand
Independent Director

15. Mr. Wiboon Khusakul
Independent Director

Corporate Secretary
and Secretary to the Board of Directors
Dr. Adit Laixuthai

10. Sqn.Ldr. Naline Paiboon, M.D.
Independent Director

13. Mr. Kalin Sarasin
Independent Director

16. Ms. Suphaje Suthumpun
Independent Director

Assistant Secretaries to the Board of Directors
Ms. Prayoonsri Katanyutanon
Ms. Nuchsrn Polwit
Mr. Pornpipat Klinpongsiri

11. Mr. Saravoot Yoovidhya
Independent Director

14. Ms. Puntip Surathin
Independent Director

17. Mr. Sara Lamsam
Director

Board of Directors and Executives

As of December 31, 2016

1 Mr. Banthoon Lamsam

Chairman of the Board and Chief Executive Officer
(Authorized Signature)

Age 64

Date of Appointment

January 1, 1992

Education

- Master's Degree (Business Administration), Harvard University, USA
- Bachelor's Degree (Chemical Engineering), Princeton University, USA
- Honorary Doctorate Degree in Business Administration, Prince of Songkla University
- Honorary Doctorate Degree in Business Administration, Kasetsart University
- Honorary Doctorate Degree in Business Administration, University of the Thai Chamber of Commerce
- Honorary Doctorate Degree in Business Administration (Management), Sripatum University
- Honorary Doctorate Degree in Business Administration (Banking and Finance), Chulalongkorn University
- Honorary Doctorate Degree in Business Administration, Thammasat University
- Honorary Doctorate Degree in Business Administration (Financial Management), Mahasarakham University

Training Program

- Director Certification Program (DCP) Class 2/2000, Thai Institute of Directors Association
- The Joint State - Private Sector Course Class 5, National Defence College

Experience over Past 5 Years

2013 - Present	Chairman of the Board and Chief Executive Officer, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2013	Chief Executive Officer and President, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2013	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2013	Vice Chairman, Muang Thai Group Holding Company Limited

Positions in Other Listed Companies None

Positions in Non-listed Companies

Apr. 2016 - Present	Director, PUKHA TRADE COMPANY LIMITED
2014 - Present	Director, PUKHA FARM COMPANY LIMITED
2009 - Present	Director, PUKHA HOLDINGS COMPANY LIMITED
2009 - Present	Director, PUKHA REALTY COMPANY LIMITED
2009 - Present	Director, PUKHA GO COMPANY LIMITED
2009 - Present	Director, PUKHA NANFA HOTEL COMPANY LIMITED
1997 - Present	Director, Santikaset Company Limited

Other Affiliations

- Chairman and Manager, Mahamakuta Rajavidyalaya Foundation under Royal Patronage
- Member of the National Tourism Policy Committee
- Member of the State Enterprise Policy Commission
- Member of the Council, The Thai Red Cross Society
- Member of the Committee, Sai Jai Thai Foundation
- Member of the Board, The Queen Savang Vadhana Foundation
- Treasurer, Wat Bowonniwet Vihara and Wat Yanasangvararam

Family Relationship

- Nephew of Ms. Sujitpan Lamsam
- Cousin of Mr. Sara Lamsam

2 Professor Khunying Suchada Kiranandana

Vice Chairperson

Lead Independent Director

Chairperson of the Human Resources and Remuneration Committee

Age 71

Date of Appointment

April 4, 2000

Education

- Ph.D. (Statistics), Harvard University, USA
- Master's Degree (Statistics), Harvard University, USA
- Bachelor's Degree (First Class Honors) (Commerce), Chulalongkorn University
- Honorary Doctorate Degree in Business Administration, Chulalongkorn University

Training Program

- Director Certification Program (DCP) Class 0/2000, Thai Institute of Directors Association

Experience over Past 5 Years

2015 - Present	Vice Chairperson, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Present	Lead Independent Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Present	Chairperson of the Human Resources and Remuneration Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2011 - 2015	Chairperson of the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2008 - 2011	Member of the Audit Committee, Sermasuk Public Company Limited
2000 - 2015	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2000 - 2011	Member of the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
1997 - 2011	President, Thai Statistical Association

Positions in Other Listed Companies

2014 - Present	Chairperson of the Risk Management Committee, Sermasuk Public Company Limited
2011 - Present	Chairperson of the Audit Committee, Sermasuk Public Company Limited
2008 - Present	Director, Sermasuk Public Company Limited

Positions in Non-listed Companies

Other Affiliations

- Member of the Council and the Audit Committee, and Chairperson of the Human Resources Committee, The Thai Red Cross Society
- Chairperson of the University Council, Chulalongkorn University

Family Relationship

None

3 Ms. Sujitpan Lamsam

Vice Chairperson

Chairperson of the Risk Management Committee

Age 58

Date of Appointment

April 30, 1998

Education

- Master's Degree (Management), Massachusetts Institute of Technology, USA
- Master's Degree (Honors) (Economics), Cambridge University, UK
- Bachelor's Degree (Honors) (Economics), Cambridge University, UK

Training Program

- Director Accreditation Program (DAP) Class 21/2004, Thai Institute of Directors Association
- Stanford Executive Program, Stanford Graduate School of Business, Stanford University

Experience over Past 5 Years

Jan. 2016 - Present	Vice Chairperson, KASIKORNBANK PUBLIC COMPANY LIMITED
Jan. 2016 - Present	Chairperson of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2004 - Jan. 2016	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
1998 - Jan. 2016	Director, KASIKORNBANK PUBLIC COMPANY LIMITED

Positions in Other Listed Companies

2013 - Present	Member of the Risk Management Committee, Muang Thai Insurance Public Company Limited
2008 - Present	Director and Chairman of the Executive Committee, Muang Thai Insurance Public Company Limited

Positions in Non-listed Companies

2009 - Present	Chairman of the Executive Committee, Muang Thai Life Assurance Public Company Limited
2009 - Present	Director, Muang Thai Holding Company Limited
2009 - Present	Director, Muang Thai Asset Company Limited

2007 - Present	Director, Muang Thai Group Holding Company Limited
2005 - Present	Member of Risk Management Committee, Muang Thai Life Assurance Public Company Limited
1999 - Present	Director, Muang Thai Life Assurance Public Company Limited

Family Relationship

- Aunt of Mr. Banthoon Lamsam and Mr. Sara Lamsam

4 Mr. Predee Daochai

Director

President

Member of the Risk Management Committee
(Authorized Signature)

Age 58

Date of Appointment

March 1, 2013

Education

- Master's Degree (Comparative Law),
University of Illinois at Urbana - Champaign, USA
- Barrister-at-Law, Thailand
- Bachelor's Degree (Honors) (Law), Thammasat University

Training Program

- Corporate Governance for Capital Market Intermediaries (CGI)
Class 11/2016, Thai Institute of Directors Association
- Ethical Leadership Program (ELP) Class 1/2015,
Thai Institute of Directors Association
- Financial Institutions Governance Program (FGP) Class 1/2010,
Thai Institute of Directors Association
- Director Certification Program (DCP) Class 56/2005,
Thai Institute of Directors Association
- The Joint State - Private Sector Course Class 24,
National Defence College
- Capital Market Academy Leader Program Class 20/2015,
Capital Market Academy
- Advanced Management Program (AMP 187),
Harvard Business School
- The Executive Program of Energy Literacy for a Sustainable
Future Class 8/2016, Thailand Energy Academy

Experience over Past 5 Years

2013 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - Present	President, KASIKORNBANK PUBLIC COMPANY LIMITED
2003 - Present	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2014 - Feb. 2016	Chairman, KASIKORN ASSET MANAGEMENT COMPANY LIMITED
2013 - Jan. 2016	Chairman, KASIKORN RESEARCH CENTER COMPANY LIMITED
2012 - 2014	Chairman, KASIKORN LEASING COMPANY LIMITED
2010 - 2013	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2013	Director, Muang Thai Life Assurance Public Company Limited

Positions in Other Listed Companies None

Positions in Non-listed Companies

Apr. 2016 - Present	Chairman, KASIKORN SECURITIES PUBLIC COMPANY LIMITED
Jan. 2016 - Present	Chairman, KASIKORN LEASING COMPANY LIMITED
2015 - Present	Director, Dole Thailand Company Limited
2013 - Present	Chairman, KASIKORN FACTORY AND EQUIPMENT COMPANY LIMITED
2010 - Present	Director, Muang Thai Group Holding Company Limited

Other Affiliations

- Chairman, The Thai Bankers' Association
- Member of the National Legislative Assembly
- Member of the Payment Systems Committee
- Member of the Board of Investment
- Director, ASEAN Bankers Association
- Director, Thai Institute of Directors Association
- Member of the Board, Bangkok Patana School Foundation

Family Relationship None

5 Mr. Teeranun Srihong

Director

President

Member of the Risk Management Committee
(Authorized Signature)

Age 51

Date of Appointment

March 1, 2013

Education

- Master's Degree (Business Administration),
University of Michigan - Ann Arbor, USA
- Bachelor's Degree (Computer Engineering),
Chulalongkorn University

Training Program

- Director Certification Program (DCP) Class 179/2013,
Thai Institute of Directors Association
- Director Accreditation Program (DAP) Class 86/2010,
Thai Institute of Directors Association
- The Joint State - Private Sector Course Class 26,
National Defence College
- Capital Market Academy Leader Program Class 14/2012,
Capital Market Academy
- Advanced Management Program (AMP 189),
Harvard Business School
- The Executive Program of Energy Literacy for a Sustainable
Future Class 6/2015, Thailand Energy Academy

Experience over Past 5 Years

2013 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - Present	President, KASIKORNBANK PUBLIC COMPANY LIMITED
2003 - Present	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2014 - Jan. 2016	Chairman, KASIKORN LEASING COMPANY LIMITED
2013 - Apr. 2016	Chairman, KASIKORN SECURITIES PUBLIC COMPANY LIMITED
2013 - 2014	Chairman, KASIKORN ASSET MANAGEMENT COMPANY LIMITED

2012 - 2013	Chairman, KASIKORN FACTORY AND EQUIPMENT COMPANY LIMITED
2010 - 2013	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2009 - 2011	Director, Thai Digital ID Company Limited
2005 - 2011	Director, Processing Center Company Limited
Positions in Other Listed Companies	None
Positions in Non-listed Companies	
Dec. 2016 - Present	Director, BEACON VENTURE CAPITAL COMPANY LIMITED
Jan. 2016 - Present	Chairman, KASIKORN BUSINESS - TECHNOLOGY GROUP
2013 - Present	Director, Muang Thai Group Holding Company Limited
Other Affiliations	
	• Vice Chairman, Thailand Management Association
Family Relationship	None

6 Ms. Kattiya Indaravijaya

Director

President

Member of the Risk Management Committee
(Authorized Signature)

Age 51

Date of Appointment

January 1, 2016

Education

- Master's Degree
(Business Administration - Finance and Investment),
The University of Texas at Austin, USA
- Bachelor's Degree (Business Administration - Marketing),
Chulalongkorn University

Training Program

- Director Certification Program (DCP - Diploma)
Class 52/2016, Thai Institute of Directors Association
- Director Certification Program (DCP) Class 224/2016,
Thai Institute of Directors Association
- Capital Market Academy Leader Program Class 22/2016,
Capital Market Academy

Experience over Past 5 Years

Jan. 2016 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
Jan. 2016 - Present	President, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - Present	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2014 - 2015	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2014	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2009 - 2015	Director, KASIKORN LEASING COMPANY LIMITED

Positions in Other Listed Companies None

Positions in Non-listed Companies

Feb. 2016 - Present	Chairperson, KASIKORN ASSET MANAGEMENT COMPANY LIMITED
Jan. 2016 - Present	Chairperson, KASIKORN RESEARCH CENTER COMPANY LIMITED
2013 - Present	Director, Muang Thai Group Holding Company Limited

Family Relationship None

7 Professor Dr. Yongyuth Yuthavong

Independent Director

Chairman of the Corporate Governance Committee

Age 72

Date of Appointment

October 1, 2015

Education

- D.Phil. (Organic Chemistry), University of Oxford, UK
- Bachelor's Degree (First Class Honors) (Chemistry), University of London, UK
- Honorary Doctorate Degree in Science (Biochemistry), Prince of Songkla University
- Honorary Doctorate Degree in Science (Biochemistry), Mahidol University

- Honorary Doctorate Degree in Science (Chemistry), Suranaree University of Technology
- Honorary Doctorate Degree in Science (Biochemistry), Thammasat University

Training Program

- Financial Institutions Governance Program (FGP) Class 3/2011, Thai Institute of Directors Association
- Director Accreditation Program (DAP) Class 5/2003, Thai Institute of Directors Association

Experience over Past 5 Years

Jan. 2016 - Present	Chairman of the Corporate Governance Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Jan. 2016	Member of the Corporate Governance Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2014 - 2015	Deputy Prime Minister, Office of the Prime Minister
2011 - 2012	Member of the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2008 - 2014	Director and Member of the Corporate Governance Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2008 - 2014	Senior Researcher, National Science and Technology Development Agency
1984 - 2014	Member of the Council of Trustees and the Board of Directors, Thailand Development Research Institute

Positions in Other Listed Companies None

Positions in Non-listed Companies None

Other Affiliations

- Senior Specialist, National Center for Genetic Engineering and Biotechnology, National Science and Technology Development Agency
- Advisor, Crown Property Bureau
- Advisor, National Nanotechnology Center

Family Relationship None

8 Dr. Abhijai Chandrasen

Director and Legal Adviser

Member of the Human Resources and Remuneration Committee
(Authorized Signature)

Age 68

Date of Appointment

April 4, 2000

Education

- Docteur en Droit (Honors), Paris University (Sorbonne), France
- Barrister-at-Law, Thailand
- Bachelor's Degree (Honors) (Law), Chulalongkorn University

Training Program

- Audit Committee Program (ACP) Class 24/2008, Thai Institute of Directors Association
- Role of the Compensation Committee (RCC) Class 2/2007, Thai Institute of Directors Association
- Developing Corporate Governance Policy, 2006, Thai Institute of Directors Association
- Finance for Non-Finance Director Class 11/2004, Thai Institute of Directors Association
- Director Accreditation Program (DAP) Class 5/2003, Thai Institute of Directors Association

Experience over Past 5 Years

2011 - Present	Member of the Human Resources and Remuneration Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2000 - Present	Director and Legal Adviser, KASIKORNBANK PUBLIC COMPANY LIMITED
2008 - 2015	Eminent Director, The National Commission on the Elderly, Office of the Prime Minister
2003 - 2013	Chairman of the Nomination and Remuneration Committee and Member of the Audit Committee and the Risk Management Committee, Sammakorn Public Company Limited

2000 - 2013 Advisory Director to the Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED

1994 - 2013 Director, Sammakorn Public Company Limited

Positions in Other Listed Companies None

Positions in Non-listed Companies

Jan. 2016 - Present Director, TPI Polene Power Public Company Limited

2005 - Present Director, Siam Motors Company Limited

Other Affiliations

- Expert Committee, The Property Management Committee, Chulalongkorn University
- Member of the Council, The Thai Red Cross Society
- Legal Adviser, The Chaipattana Foundation

Family Relationship None

9 Professor Dr. Pairash Thajchayapong

Independent Director

Member of the Human Resources and Remuneration Committee

Age 72

Date of Appointment

June 28, 2007

Education

- Ph.D. (Electronics and Computer), Cambridge University, UK
- Bachelor's Degree (First Class Honors) (Electrical and Electronics Engineering), Imperial College of Science and Technology, University of London, UK
- Honorary Doctorate Degree in Engineering, Tokai University, Japan
- Honorary Doctorate Degree in Information Technology, King Mongkut's Institute of Technology Ladkrabang

Training Program

- Director Certification Program (DCP) Class 114/2009, Thai Institute of Directors Association
- Director Accreditation Program (DAP) Class 67/2007, Thai Institute of Directors Association

Experience over Past 5 Years

2008 - Present	Member of the Human Resources and Remuneration Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2007 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2000 - 2013	Chairman, National Electronics and Computer Technology Center

Positions in Other Listed Companies

2008 - Present	Chairman, Netbay Public Company Limited
2008 - Present	Chairman of the Executive Committee, Internet Thailand Public Company Limited
2001 - Present	Chairman of the Board, Internet Thailand Public Company Limited

Positions in Non-listed Companies

2006 - Present	Director, Klueen Panya Company Limited
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Other Affiliations

- Chairman, National Nanotechnology Center
- Vice Chairman, IT Project under the Initiative of H.R.H. Princess Maha Chakri Sirindhorn
- Associate Vice President for Information Technology, Chulabhorn Research Institute
- Member of the Council, The Thai Red Cross Society
- Specialist and Senior Advisor, National Science and Technology Development Agency
- Advisor, National Electronics and Computer Technology Center

Family Relationship None

- Honorary Doctorate Degree in Business Administration, Ramkhamhaeng University

Training Program

- Director Accreditation Program (DAP) Class 100/2013, Thai Institute of Directors Association
- TLCA Exclusive Development Program Class 14/2014, Capital Market Academy

Experience over Past 5 Years

2013 - Present	Member of the Corporate Governance Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2012 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED

Positions in Other Listed Companies None

Positions in Non-listed Companies

2013 - Present	Managing Director, Giffarine Beauty and Health Medical Clinic Company Limited
2012 - Present	Director, Happy Gift Company Limited
2001 - Present	President and Managing Director, Giffarine Skyline Unity Company Limited
2001 - Present	President, Giffarine Skyline Laboratory and Health Care Company Limited
1997 - Present	President, Skyline Health Care Company Limited
1995 - Present	President, Skyline Laboratory Company Limited

Family Relationship None

10 Sqn.Ldr. Nalinee Paiboon, M.D.

Independent Director

Member of the Corporate Governance Committee

Age 58

Date of Appointment

August 22, 2012

Education

- Bachelor's Degree (Doctor of Medicine), Chulalongkorn University
- Diplomate Thai Board of Obstetrics and Gynaecology, Bhumibol Adulyadej Hospital
- Honorary Doctorate Degree in Technology Management, Phranakorn Rajabhat University



Mr. Saravoot Yoovidhya

Independent Director

Member of the Audit Committee

Age 46

Date of Appointment

October 2, 2012

Education

- Master's Degree (Industrial Engineering), Oregon State University, USA
- Bachelor's Degree (Computer Engineering), King Mongkut's Institute of Technology Ladkrabang

Training Program

- Advanced Audit Committee Program (AACP) Class 20/2015, Thai Institute of Directors Association
- Director Accreditation Program (DAP) Class 100/2013, Thai Institute of Directors Association

Experience over Past 5 Years

2015 - Present	Member of the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2012 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - 2015	Member of the Corporate Governance Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
1996 - 2016	Director, Wonderland Adventure Park Company Limited
1994 - 2015	Managing Director, T.C. Pharmaceutical Industries Company Limited
1994 - 2015	Managing Director, The Red Bull Beverage Company Limited

Positions in Other Listed Companies None

Positions in Non-listed Companies

2015 - Present	Chief Executive Officer, T.C. Pharmaceutical Industries Company Limited
2015 - Present	Chief Executive Officer, The Red Bull Beverage Company Limited
2015 - Present	Director, The Red Bull Excellence Center Company Limited
2014 - Present	Director, STR Property Development Company Limited
2012 - Present	Director, Phutthathum Insurance Public Company Limited
2011 - Present	Chairman, DURBELL Company Limited
2011 - Present	Director, KTD Property Development Limited
2010 - Present	Director, Super Lookthung Beverage Company Limited
2007 - Present	Director, Prachinburi Glass Industry Company Limited

1999 - Present	Director, Burapha Golf Public Company Limited
1996 - Present	Director, The Red Bull Company Limited
1996 - Present	Director, T.G. Vending and Showcase Industries Company Limited
1995 - Present	Director, Bang Sang Opening Zoo Company Limited
1995 - Present	Director, T.C. Pinklao Properties Company Limited
1995 - Present	Director, Red Bull Vitamin Drink (Thailand) Company Limited
1994 - Present	Director, Samutsongkram Supermarket and Food Center Company Limited
1994 - Present	Director, Thai Krajeab Company Limited
1994 - Present	Director, Circure Herbal Med Company Limited
1994 - Present	Director, Tomato Juice Product (Thailand) Company Limited
1994 - Present	Director, Bangbon Fruit Company Limited
1994 - Present	Director, Bangbon Food Production Company Limited
1994 - Present	Director, Bangpakong Fruit Company Limited
1994 - Present	Director, Bangpakong Food Production Company Limited
1994 - Present	Director, Paed Riu Fruit Company Limited
1994 - Present	Director, Paed Riu Food Production Company Limited
1994 - Present	Director, Thai Fruit Product Company Limited
1994 - Present	Director, Mahachai Food Production Company Limited
1994 - Present	Director, Somthakhoy Company Limited
1994 - Present	Director, Samutsakorn Fruit Company Limited
1994 - Present	Director, Nongchok Food Production Company Limited
1994 - Present	Director, Inter Sauce Product Company Limited
1994 - Present	Director, Hi-Gear Entertainment Company Limited
1994 - Present	Director, Kaerai Golf Company Limited
1994 - Present	Director, Central Golf Company Limited

1994 - Present	Director, Thajeen Golf Company Limited
1994 - Present	Director, Nakhonchaisri Golf Company Limited
1994 - Present	Director, Salaya Golf Company Limited
1994 - Present	Director, Suwinthawong Golf Company Limited
1994 - Present	Director, Nhongplathaphien Golf Company Limited
1994 - Present	Director, Nongpho Golf Company Limited
1994 - Present	Director, Tadnoi Chaophraya View Properties Company Limited
1994 - Present	Director, T.C. Condo and Department Store Company Limited
1994 - Present	Director, T C - Bangkok Condo Company Limited
1994 - Present	Director, TC-Trading & Leasing Company Limited
1994 - Present	Director, T.C. Paknam Condo Company Limited
1994 - Present	Director, T.C. Romglao Condo Company Limited
1994 - Present	Director, T.C. Samutprakan Condo Company Limited
1994 - Present	Director, T C Sathon Condo Company Limited
Family Relationship	None

12 Dr. Piyasvasti Amranand

Independent Director

Chairman of the Audit Committee

Age 63

Date of Appointment

April 3, 2013

Education

- Ph.D. (Economics), London School of Economics and Political Science, University of London, UK
- Master's Degree (Economics), London School of Economics and Political Science, University of London, UK
- Bachelor's Degree (First Class Honors) (Mathematics), University of Oxford, UK

Training Program

- Director Accreditation Program (DAP) Class 35/2005, Thai Institute of Directors Association

Experience over Past 5 Years

2015 - Present	Chairman of the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - 2016	Member of the Council of Trustees, Thailand Development Research Institute
2014 - Nov. 2016	Director and Chairman of the Audit Committee, Pruksa Real Estate Public Company Limited
2013 - 2015	Member of the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2009 - 2012	President, Thai Airways International Public Company Limited

Positions in Other Listed Companies

Apr. 2016 - Present	Director and Chairman of the Audit Committee, Pruksa Holding Public Company Limited
2014 - Present	Chairman, PTT Public Company Limited

Positions in Non-listed Companies

Dec. 2016 - Present	Director and Chairman of the Audit Committee, Pruksa Real Estate Public Company Limited
2015 - Present	Director, Energy for Environment Development Company Limited

Other Affiliations

- Chairman, Energy for Environment Foundation

Family Relationship None

13 Mr. Kalin Sarasin

Independent Director

Member of the Human Resources and Remuneration Committee

Age 55

Date of Appointment

April 3, 2013

Education

- Master's Degree (Business Administration), University of Notre Dame, USA
- Bachelor's Degree (Industrial Engineering), Lehigh University, USA

Training Program

- Director Accreditation Program (DAP) Class 105/2013, Thai Institute of Directors Association
- The National Defence Course Class 57, National Defence College
- Capital Market Academy Leader Program Class 17/2013, Capital Market Academy
- Advanced Management Program (AMP 171), Harvard Business School

Experience over Past 5 Years

2013 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - Present	Member of the Human Resources and Remuneration Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - 2016	Advisor, Board of Trade of Thailand
2013 - 2015	Member of the Examination and Evaluation Committee, Ministry of Finance
2013 - 2015	Secretary General, The Thai Chamber of Commerce
2013 - 2014	Director, JTB (Thailand) Company Limited
2012 - 2013	Director, Jumbo Barge and Tugs Company Limited
2007 - 2013	Director, SCG Trading Services Company Limited
2007 - 2013	Director, SCG Experience Company Limited

2003 - 2013	Director, Provincial (Thailand) Company Limited
2002 - 2013	Director, SCG Logistics Management Company Limited
2001 - 2013	Managing Director, SCG Trading Company Limited
2001 - 2013	Director, SCG Network Management Company Limited
2001 - 2013	Director, Burapha Logistics Service Company Limited

Positions in Other Listed Companies

2013 - Present	Director-Government Liaison and Public Affairs, The Siam Cement Public Company Limited
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Positions in Non-listed Companies

2014 - Present	Director, O Nature Group Company Limited
2013 - Present	Director, SCG Trading Company Limited
2004 - Present	Director, Sarasin Company Limited
2004 - Present	Director, Seatran Port Company Limited
1995 - Present	Director, Pan Rayong Glass Packaging Company Limited

Other Affiliations

- Chairman, Tourism Authority of Thailand
- Chairman, Pol. Gen. Pow Sarasin Foundation
- Vice Chairman, The Thai Chamber of Commerce
- Vice Chairman, Board of Trade of Thailand
- Member of the National Innovation Board, National Innovation Agency
- Member of the Council, The Thai Red Cross Society
- Member of the Board of Trustees, University of the Thai Chamber of Commerce
- Director,
Police General Hospital Foundation under the Royal Patronage of Her Majesty the Queen
- President, Thai-Japanese Association
- Member of the National Reform Steering Assembly

Family Relationship None

14 Ms. Puntip Surathin

Independent Director

Member of the Audit Committee

Age 68

Date of Appointment

April 4, 2014

Education

- Master's Degree (Business Administration), Fort Hays Kansas State College, USA
- Bachelor's Degree (Honors) (Accounting), Chulalongkorn University

Training Program

- Advanced Audit Committee Program (AAP) Class 23/2016, Thai Institute of Directors Association
- Director Certification Program (DCP) Class 5/2011, Thai Institute of Directors Association
- Audit Committee Program (ACP) Class 27/2009, Thai Institute of Directors Association
- The National Defence Course Class 40, National Defence College
- Capital Market Academy Leader Program Class 3/2006, Capital Market Academy

Experience over Past 5 Years

2014 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2014 - Present	Member of the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - 2015	Director and Member of the Audit Committee, TRIS Rating Company Limited
2012 - 2016	Member of the Consideration of Rules Concerning Issuance and Offering of Equities and Management of Securities Issuing Companies Sub-committee, Office of the Securities and Exchange Commission
2009 - 2014	Member of the Audit Committee, Nomination Committee and Remuneration Committee, Thanachart Capital Public Company Limited
2008 - 2011	Director and Member of the Audit Committee, IRPC Public Company Limited

Positions in Other Listed Companies None

Positions in Non-listed Companies

2016 - Present	Director and Member of the Audit Committee, TRIS Rating Company Limited
2013 - Present	Director and Member of the Audit Committee, TRIS Corporation Limited
2009 - Present	Director and Chairperson of the Audit Committee, YLG Bullion & Futures Company Limited

Other Affiliations

- Chairperson of the Examination and Evaluation Committee, Ministry of Finance
- Member of the Board and Chairperson of the Audit and Evaluation Sub-committee, Defence Technology Institute (Public Organisation), Ministry of Defence
- Member of the Board, Student Loan Fund, Ministry of Finance
- Member of the Property Asset Management Committee and Chairperson of the Corporate Governance Sub-committee, Property Asset Management Office, The Thai Red Cross Society
- Member of the Board, Fiscal Policy Research Institute Foundation

Family Relationship None

15 Mr. Wiboon Khusakul

Independent Director

Member of the Corporate Governance Committee

Age 62

Date of Appointment

April 2, 2015

Education

- Master's Degree (International Public Policy), Johns Hopkins University, USA
- Master's Degree (Political Science - International Relations), Thammasat University
- Bachelor's Degree (Political Science - International Relations), Chulalongkorn University

Training Program

- Director Certification Program (DCP) Class 211/2015, Thai Institute of Directors Association

Experience over Past 5 Years

2015 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Present	Member of the Corporate Governance Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2011 - 2014	Ambassador to the People's Republic of China, Republic of Mongolia and Democratic People's Republic of Korea, Royal Thai Embassy, Beijing
2010 - 2012	Executive Director, Thailand Trade and Economic Office (Taipei)

Positions in Other Listed Companies

2015 - Present	Director, City Sports and Recreation Public Company Limited
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Positions in Non-listed Companies

2015 - Present	Advisor, Charoen Pokphand Group Company Limited
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Family Relationship None

16 Ms. Suphaje Suthumpun

Independent Director

Member of the Audit Committee

Age 52

Date of Appointment

October 6, 2015

Education

- Master's Degree (Business Administration - International Finance and International Accounting), Northrop University, USA
- Bachelor's Degree (Sociology and Anthropology), Thammasat University

Training Program

- Advanced Audit Committee Program (AACP) Class 23/2016, Thai Institute of Directors Association
- Director Certification Program (DCP) Class 89/2007, Thai Institute of Directors Association
- Capital Market Academy Leader Program Class 16/2013, Capital Market Academy
- The Programme for Senior Executives on Justice Administration Class 19, National Justice Academy
- Thammasat Leadership Program Class 1, Thammasat University

Experience over Past 5 Years

2015 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Present	Member of the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2015	Adviser to the Chief Executive Officer, Thaicom Public Company Limited
2012 - 2015	Director, TC Broadcasting Company Limited
2011 - 2015	Director, Chairman of the Executive Committee and Chief Executive Officer, Thaicom Public Company Limited
2011 - 2015	Member of the Executive Committee and Chairman of the Management Committee - Media & New Business, Intouch Holding Public Company Limited
2011 - 2015	Chairman of the Board and the Executive Committee, Shenington Investments Pte
2011 - 2015	Director and Chairman of the Executive Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee, CS LoxInfo Public Company Limited
2011 - 2015	Member of the Executive Committee, Advanced Info Service Public Company Limited
2010 - 2011	General Manager, Global Technology Services, IBM ASEAN

Positions in Other Listed Companies

Aug. 2016 - Present	Director and Member of the Audit Committee, Nok Airlines Public Company Limited
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Jan. 2016 - Present	Group Chief Executive Officer, Dusit Thani Public Company Limited
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2015 - Present	Director, Dusit Thani Public Company Limited
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Positions in Non-listed Companies

Dec. 2016 - Present	Director, Saladang Property Management Company Limited
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Oct. 2016 - Present	Director, Phra Ram 4 Development Company Limited
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Aug. 2016 - Present Director, Vimarn Suriya Company Limited
Aug. 2016 - Present Director, Suan Lum Property Company Limited
2016 - Present Director,
Dusit Thani Properties Company Limited
2016 - Present Director, Dusit Worldwide Company Limited
2016 - Present Director, Dusit Management Company Limited
2016 - Present Director, Dusit China Capital Company Limited
2016 - Present Director,
Le Cordon Bleu Dusit Company Limited
2015 - Present Director,
Dusit Thai Properties Public Company Limited
2015 - Present Director,
Dusit Thani Hotel Studies Company Limited
2015 - Present Director,
DMS Property Investment Private Limited

Other Affiliations

- Honorary Member of the University Council, Thammasat University
- Council Committee, Navamindradhiraj University
- Director, College of Management, Mahidol University
- Director, Dusit Thani College
- Advisory Director to Youth Prosperity Council Committee, Judicial Training Institute
- Member of the National Enterprise Corporation Establishment Preparation Sub-committee
- Councilor, Thailand Management Association

Family Relationship None

17 Mr. Sara Lamsam

Director

Member of the Risk Management Committee
(Authorized Signature)

Age 47

Date of Appointment

January 1, 2016

Education

- Master's Degree (Administration), Boston University, USA
- Bachelor's Degree (Business Administration), Northeastern University, USA

Training Program

- Director Certification Program (DCP) Class 4/2000, Thai Institute of Directors Association
- Capital Market Academy Leader Program Class 4/2007, Capital Market Academy
- Advanced Management Program (AMP 186), Harvard Business School
- Executive Courses in Applied Psychology Administration Class 97, Applied Psychology Institute
- Thailand Insurance Leadership Program Class 1, OIC Advanced Insurance Institute
- Metropolitan Development Training Course for the Top Executives (Mahanakorn) Class 1, Urban Green Development Institute Bangkok
- The Program of Senior Executive on Justice Administration Class 17, Judicial Training Institute
- Executive Management with Business Development Class 1, Institute of Business and Industrial Development
- Top Executive Program in Commerce and Trade (TEPCoT 8), University of Thai Chamber of Commerce
- Global Business Leaders Program (GBL 1), LEAD Business Institute, a partner of Cornell University

Experience over Past 5 Years

Jan. 2016 - Present Director,
KASIKORNBANK PUBLIC COMPANY LIMITED
Jan. 2016 - Present Member of the Risk Management Committee,
KASIKORNBANK PUBLIC COMPANY LIMITED
2012 - Jun. 2016 President, The Thai Life Assurance Association
2011 - 2013 Director, TRIS Corporation Limited
2011 - 2013 Director, TRIS Rating Company Limited
2010 - 2013 Director, The Thai Bond Market Association
2010 - 2012 Vice President (Administration),
The Thai Life Assurance Association
2009 - 2015 Director, Board of Trade of Thailand
2009 - 2013 Chairman, The Federation of Thai Insurance
Organizations Committee
2009 - 2013 Director, Thai Listed Companies Association
2007 - 2012 Director, Financial Planners Association
2005 - 2013 Advisor, Market for Alternative Investment

Positions in Other Listed Companies

2009 - Present	Director, Thai Reinsurance Public Company Limited
2009 - Present	Advisor to the President, Muang Thai Insurance Public Company Limited
2008 - Present	Director and Executive Director, Muang Thai Insurance Public Company Limited
2007 - Present	Chairman of Executive Committee and Member of the Remuneration and Selection Committee, Phatra Leasing Public Company Limited
2004 - Present	Director, Phatra Leasing Public Company Limited

Positions in Non-listed Companies

2015 - Present	Director, Sovannaphum Life Assurance PLC
2012 - Present	Director, Yupong Company Limited
2010 - Present	President and Chief Executive Officer, Muang Thai Life Assurance Public Company Limited
2009 - Present	Director, Muang Thai Asset Company Limited
2009 - Present	Chief Executive Officer and Director, Muang Thai Group Holding Company Limited
2009 - Present	Chief Executive Officer and Director, Muang Thai Holding Company Limited
2008 - Present	Director, Muang Thai Real Estate Public Company Limited
2008 - Present	Director, Muang Thai Group Service Company Limited
2007 - Present	Director, T.I.I. Company Limited
1998 - Present	Director, Yupayong Company Limited

Other Affiliations

- Chairman, The Federation of Thai Insurance Organizations
- Chairman, The Financial Planners Association
- Vice President (Marketing),
The Thai Life Assurance Association
- Member of the Board of Trustees, Bangkok University
- Director, Pol. Gen. Pow Sarasin Foundation
- Director, Police General Hospital Foundation
under the Royal Patronage of Her Majesty the Queen

- Director, Social Research Institute, Chiang Mai University
- Advisor, Board of Trade of Thailand
- Advisor, The Psychological Security Association of Thailand
- Advisor, The Society of Actuaries of Thailand

Family Relationship

- Nephew of Ms. Sujitpan Lamsam
- Cousin of Mr. Banthoon Lamsam

18 Mr. Pakorn Partanapat*

Senior Executive Vice President

Age 51

Education

- Master's Degree (Business Administration),
Columbia Business School, USA

Experience over Past 5 Years

2014 - Present	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2012 - 2014	Director, KASIKORN LEASING COMPANY LIMITED
2011 - Jan. 2016	Director, Thanyathanathavee Company Limited
2011 - Jan. 2016	Director, Thanyanithiwattana Company Limited
2009 - 2013	Director, Muang Thai Group Holding Company Limited
2008 - 2015	Director, Muang Thai Life Assurance Public Company Limited
2008 - 2014	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2008 - 2011	Director, Muang Thai Insurance Public Company Limited
2008 - 2011	Director, KHAO KLA Venture Capital Management Company Limited
2003 - 2011	Director, KASIKORN FACTORY AND EQUIPMENT COMPANY LIMITED

Directorship in Other Companies None

Family Relationship None

* His resignation took effect on January 1, 2017.

19 Dr. Adit Laixuthai

Corporate Secretary
Senior Executive Vice President
Corporate Secretariat Division Head
Chief Investor Relations Officer

Age 52

Education

- Ph.D. (Public Health Sciences - Health Economics), University of Illinois at Chicago, USA
- Master's Degree (Economics - Health Economics), University of Illinois at Chicago, USA
- Master's Degree (Policy Economics), University of Illinois at Urbana - Champaign, USA
- Bachelor's Degree (International Economics), Chulalongkorn University

Training Program

- Company Secretary Program (CSP) Class 53/2013, Thai Institute of Directors Association
- Director Certification Program (DCP - Diploma) Class 25/2009, Thai Institute of Directors Association
- Director Certification Program (DCP) Class 115/2009, Thai Institute of Directors Association

Experience over Past 5 Years

2015 - Present	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - Present	Corporate Secretary and Secretary to the Board of Directors, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - Present	Secretary to the Independent Directors Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2008 - Present	Secretary to the Corporate Governance Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
1999 - Present	Chief Investor Relations Officer, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2015	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2000 - 2013	Assistant Secretary to the Board of Directors, KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies

- Director, KASIKORN RESEARCH CENTER COMPANY LIMITED
- Director, Muang Thai Group Holding Company Limited
- Director, KASIKORNTHAI FOUNDATION
- Member of University Council, Nation University

Family Relationship None

20 Mr. Wirawat Panthawangkun

Senior Executive Vice President
Enterprise Risk Management Division Head
Member and Secretary to the Risk Management Committee

Age 44

Education

- Master's Degree (Business Administration - Financial Engineering), Sloan School of Management, Massachusetts Institute of Technology, USA

Training Program

- Director Certification Program (DCP) Class 143/2011, Thai Institute of Directors Association

Experience over Past 5 Years

2015 - Present	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - Present	Member and Secretary to the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2012 - Jan. 2016	Director, KASIKORN LEASING COMPANY LIMITED
2011 - Jan. 2016	Director, Thanyathanathavee Company Limited
2011 - Jan. 2016	Director, Thanyathamrongkij Company Limited
2010 - 2015	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2012	Director, KASIKORN SECURITIES PUBLIC COMPANY LIMITED

Directorship in Other Companies None

Family Relationship None

21 Mr. Krit Jitjang

Senior Executive Vice President
Human Resource Division Head

Age 45

Education

- Master's Degree (Business Administration), Sloan School of Management, Massachusetts Institute of Technology, USA

Training Program

- Director Certification Program (DCP) Class 140/2010, Thai Institute of Directors Association
- Executive Coaching Certification & Leadership Intensive, Berkeley Executive Coaching Institute
- Advanced Human Resource Executive Program, University of Michigan's Ross School of Business

Experience over Past 5 Years

2015 - Present	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2014 - Present	Secretary to the Human Resources and Remuneration Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2015	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2013	Secretary to the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies

- Chairman, PROGRESS SERVICE SECURITY GUARD COMPANY LIMITED
- Chairman, PROGRESS PLUS COMPANY LIMITED
- Chairman, PROGRESS FACILITIES MANAGEMENT COMPANY LIMITED
- Chairman, PROGRESS MANAGEMENT COMPANY LIMITED
- Chairman, PROGRESS STORAGE COMPANY LIMITED
- Chairman, PROGRESS H R COMPANY LIMITED
- Chairman, PROGRESS APPRAISAL COMPANY LIMITED
- Chairman, PROGRESS SERVICE SUPPORT COMPANY LIMITED

- Chairman, PROGRESS COLLECTION COMPANY LIMITED
 - Chairman, PROGRESS TRAINING COMPANY LIMITED
 - Director, KASIKORN TECHNOLOGY GROUP SECRETARIAT COMPANY LIMITED
 - Director, KASIKORN LABS COMPANY LIMITED
 - Director, KASIKORN SOFT COMPANY LIMITED
 - Director, KASIKORN PRO COMPANY LIMITED
 - Director, KASIKORN SERVE COMPANY LIMITED
- Family Relationship None

22 Mr. Pipit Aneaknithi*

Senior Executive Vice President
World Business Division Head

Age 49

Education

- Master's Degree (Business Administration), University of Brighton, UK
- Master's Degree (Business Administration), Fachhochschule Pforzheim, Germany

Training Program

- Director Certification Program (DCP) Class 231/2016, Thai Institute of Directors Association
- Director Accreditation Program (DAP) Class 120/2015, Thai Institute of Directors Association

Experience over Past 5 Years

2015 - Present	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2015	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies None

Family Relationship None

* He held the position until December 31, 2016, and was appointed as Director and President, effective on January 1, 2017.

23 Mr. Surasak Dudsdeemaytha

Executive Vice President
Compliance and Audit Division Head
Internal Audit Head

Age 51

Education

- Master's Degree (Business Administration),
Sasin Graduate Institute of Business Administration
- Bachelor's Degree (Economics), Kasetsart University

Training Program

- Role of the Compensation Committee (RCC) Class 16/2013,
Thai Institute of Directors Association
- Director Certification Program (DCP) Class 131/2010,
Thai Institute of Directors Association
- Audit Committee Seminar - Get Ready for the Year End 2015,
Federation of Accounting Professions,
Office of the Securities and Exchange Commission,
Stock Exchange of Thailand,
Thai Institute of Directors Association
and Thai Listed Companies Association

Experience over Past 5 Years

2014 - Present	Secretary to the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - Present	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2011 - 2013	Director, KASIKORN ASSET MANAGEMENT COMPANY LIMITED
2010 - 2013	Secretary to the Human Resources and Remuneration Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2013	Chairman, PROGRESS SOFTWARE COMPANY LIMITED
2010 - 2013	Chairman, PROGRESS SERVICE COMPANY LIMITED
2010 - 2013	Chairman, PROGRESS PLUS COMPANY LIMITED

2010 - 2013	Chairman, PROGRESS FACILITIES MANAGEMENT COMPANY LIMITED
2010 - 2013	Chairman, PROGRESS MANAGEMENT COMPANY LIMITED
2010 - 2013	Chairman, PROGRESS STORAGE COMPANY LIMITED
2010 - 2013	Chairman, PROGRESS H R COMPANY LIMITED
2010 - 2013	Chairman, PROGRESS APPRAISAL COMPANY LIMITED
2010 - 2013	Chairman, PROGRESS SERVICE SUPPORT COMPANY LIMITED
2010 - 2013	Chairman, PROGRESS COLLECTION COMPANY LIMITED
2010 - 2013	Chairman, PROGRESS TRAINING COMPANY LIMITED
2010 - 2013	Chairman, PROGRESS LAND AND BUILDINGS COMPANY LIMITED
2010 - 2012	Chairman, PROGRESS MULTI INSURANCE BROKER COMPANY LIMITED

Directorship in Other Companies None

Family Relationship None

24 Mr. Chongrak Rattanapian

Executive Vice President
Finance and Control Division Head and Chief Financial Officer
Member of the Risk Management Committee

Age 48

Education

- Master's Degree (Business Administration - Finance),
William Paterson University of New Jersey, USA

Training Program

- Director Certification Program (DCP) Class 190/2014,
Thai Institute of Directors Association
- Corporate Governance for Capital Market Intermediaries (CGI)
(Exclusive Class), Thai Institute of Directors Association
- Driving Company Success with IT Governance (ITG),
Thai Institute of Directors Association

Experience over Past 5 Years

Feb. 2016 - Present	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2012 - Present	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2015	Director, KASIKORN SECURITIES PUBLIC COMPANY LIMITED
2013 - 2014	Executive Chairman, KASIKORN ASSET MANAGEMENT COMPANY LIMITED
2008 - 2012	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2008 - 2011	First Senior Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies

- Director, BEACON VENTURE CAPITAL COMPANY LIMITED

Family Relationship None

25 Mr. Pongpichet Nananukool*

First Senior Vice President

Age 48

Education

- Master's Degree (Project Analysis and Evaluation),
National Institute of Development Administration

Training Program

- Corporate Governance for Capital Market Intermediaries (CGI)
Class 10/2015, Thai Institute of Directors Association
- Director Certification Program (DCP) Class 192/2014,
Thai Institute of Directors Association

Experience over Past 5 Years

2008 - Present	First Senior Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2014 - 2015	Managing Director, KASIKORN ASSET MANAGEMENT COMPANY LIMITED

Directorship in Other Companies

- Director, KASIKORN LEASING COMPANY LIMITED

Family Relationship None

* He held the position until December 31, 2016,
and was assigned to supervise the Customer Service
Support Department, effective on January 1, 2017.
The Bank assigned Dr. Karin Boonlertvanich to supervise
the Financial Planning Department, effective on January 1, 2017.

26 Ms. Wasana Surakit*

Senior Vice President

Financial Accounting Management Department Head

Age 49

Education

- Master's Degree (Accounting), Thammasat University

Experience over Past 5 Years

2008 - Present	Senior Vice President, Financial Accounting Management Department, KASIKORNBANK PUBLIC COMPANY LIMITED
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Directorship in Other Companies None

Family Relationship None

* She held the position until December 31, 2016,
and was appointed as First Senior Vice President
to supervise the Financial Accounting Management Department
and Procurement Management Department,
effective on January 1, 2017.

27 Ms. Natcha Argasreog

Senior Vice President

Financial Planning Department Head

Age 41

Education

- Master's Degree (Business Administration), Chulalongkorn University

Experience over Past 5 Years

Nov. 2016 - Present Senior Vice President, Financial Planning Department, KASIKORNBANK PUBLIC COMPANY LIMITED

2015 - Oct. 2016 First Vice President, Financial Planning Department, KASIKORNBANK PUBLIC COMPANY LIMITED

2014 - 2015 First Vice President, China Business Network, KASIKORNBANK PUBLIC COMPANY LIMITED

2014 First Vice President, World Business Strategy Management Department, KASIKORNBANK PUBLIC COMPANY LIMITED

2012 - 2013 First Vice President, China Business Strategy and Overseas Office Management Department, KASIKORNBANK PUBLIC COMPANY LIMITED

2012 Vice President, China Business Strategy and Overseas Office Management Department, KASIKORNBANK PUBLIC COMPANY LIMITED

2009 - 2012 Vice President, Database Marketing and Campaign Management Department, KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies None

Family Relationship None

28 Mr. Phaisarn Vorasetsiri

Senior Vice President

Compliance Department Head

Compliance Head

Age 43

Education

- Master's Degree (Business Administration - Accounting), University of Illinois at Urbana - Champaign, USA
- Graduate Diploma in Auditing, Thammasat University
- Bachelor's Degree (Honors) (Law), Thammasat University
- Bachelor's Degree (Accounting), Thammasat University

Training Program

- Director Accreditation Program (DAP) Class 215/2016, Thai Institute of Directors Association

- Specialist in Financial Technology: The Best Practice, The Thai Institute of Banking and Finance Association

Experience over Past 5 Years

2015 - Present Senior Vice President, Compliance Department, KASIKORNBANK PUBLIC COMPANY LIMITED

2012 - 2015 First Vice President, Compliance Department, KASIKORNBANK PUBLIC COMPANY LIMITED

2011 - 2012 First Vice President, Asset Quality Management Department, KASIKORNBANK PUBLIC COMPANY LIMITED

2009 - 2011 First Vice President, Retail and SME Business Collection and Recovery Department, KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies None

Family Relationship None

Directorship of Directors and Executives in Subsidiaries, Associated and Related Companies

As of December 31, 2016

[illegible]

[illegible]

[illegible]

Note:

- 1) Subsidiaries, Associated and Related Companies shall comply with the definitions of the Office of the Securities and Exchange Commission, which shall include directorship in other companies as specified by the Bank of Thailand.

- 2) X = Chairman : / = Director : // = Executive Director

- 3) List of Subsidiaries

- | | | |
|---|---|--|
| 1 KASIKORN ASSET MANAGEMENT CO., LTD. | 11 Muang Thai Group Holding Co., Ltd. | 21 PROGRESS MANAGEMENT CO., LTD. |
| 2 KASIKORN RESEARCH CENTER CO., LTD. | 12 Muang Thai Life Assurance PCL | 22 PROGRESS FACILITIES MANAGEMENT CO., LTD. |
| 3 KASIKORN SECURITIES PCL | 13 KASIKORNTHAI BANK Limited | 23 PROGRESS SERVICE SECURITY GUARD CO., LTD. |
| 4 KASIKORN LEASING CO., LTD. | 14 K-SME Venture Capital Co., Ltd. | 24 PROGRESS STORAGE CO., LTD. |
| 5 KASIKORN FACTORY AND EQUIPMENT CO., LTD. | 15 BEACON VENTURE CAPITAL CO., LTD. | 25 PROGRESS H R CO., LTD. |
| 6 KASIKORN TECHNOLOGY GROUP SECRETARIAT CO., LTD. | 16 Phethai Asset Management Co., Ltd. | 26 PROGRESS SERVICE SUPPORT CO., LTD. |
| 7 KASIKORN LABS CO., LTD. | 17 Starbright Finance Co., Ltd. | 27 PROGRESS COLLECTION CO., LTD. |
| 8 KASIKORN SOFT CO., LTD. | 18 PROGRESS PLUS CO., LTD. | 28 PROGRESS TRAINING CO., LTD. |
| 9 KASIKORN PRO CO., LTD. | 19 PROGRESS APPRAISAL CO., LTD. | 29 PROGRESS MULTI INSURANCE BROKER CO., LTD. |
| 10 KASIKORN SERVE CO., LTD. | 20 PROGRESS GUNPAI SECURITY GUARD CO., LTD. | 30 Sovannaphum Life Assurance PLC* |

- #### 4) List of Associated Companies

- 1 Processing Center Co., Ltd.

- ## 5) List of Related Companies

- | | | |
|--|---|------------------------------------|
| 1 Phukha Holdings Co., Ltd. | 10 The Red Bull Beverage Co., Ltd. | 56 Phatra Leasing PCL |
| 2 Muang Thai Insurance PCL | 11 DURBELL Co., Ltd. | 57 Yupong Co., Ltd. |
| 3 Internet Thailand PCL | 12-53 For details, please refer to Mr. Saravoot Yoovidhya's | 58 Yupayong Co., Ltd. |
| 4 Netbay PCL | positions in non-listed companies on page 260 | 59 Crystal Football Club Co., Ltd. |
| 5 Giffarine Beauty and Health Medical Clinic Co., Ltd. | except for The Red Bull Excellence Center Co., Ltd., | 60 Thai Digital ID Co., Ltd. |
| 6 Happy Gift Co., Ltd. | Phutthathum Insurance PCL | 61 Tri Danai Co., Ltd. |
| 7 Giffarine Skyline Unity Co., Ltd. | and Prachinburi Glass Industry Co., Ltd. | 62 Pruethhada Co., Ltd. |
| 8 Skyline Laboratory Co., Ltd. | 54 O Nature Group Co., Ltd. | |
| 9 T.C. Pharmaceutical Industries Co., Ltd. | 55 Dusit Thani PCL | |

- 6) Independent directors do not hold any directorship in Subsidiaries and Associated Companies

* The Bank of Thailand granted approval for the inclusion of the company as a subsidiary in the KASIKORNBANK FINANCIAL CONGLOMERATE.

Changes in KASIKORNBANK Shares Held by Directors and Executives in 2016

As of December 31, 2016

No.	Name	Position	KBank shares held as of December 31, 2015	KBank shares held as of December 31, 2016	Increase/ (Decrease) in KBank shares held in 2016	Percentage of shares held (%)
1	Mr. Banthoon Lamsam	Chairman of the Board and Chief Executive Officer	50,000	50,000	0	0.002
	Spouse and minor children		1,530,000	20,000	(1,510,000)	0.000
2	Professor Khunying Suchada Kiranandana	Vice Chairperson	1,000	1,000	0	0.000
	Spouse and minor children		-	-	-	-
3	Ms. Sujitpan Lamsam	Vice Chairperson	3,000,000	3,000,000	0	0.125
	Spouse and minor children		-	-	-	-
4	Mr. Predee Daochai	President	-	-	-	-
	Spouse and minor children		-	-	-	-
5	Mr. Teeranun Srihong	President	24,600	24,600	0	0.001
	Spouse and minor children		-	-	-	-
6	Ms. Kattiya Indaravijaya	President	-	-	-	-
	Spouse and minor children		-	-	-	-
7	Professor Dr. Yongyuth Yuthavong	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
8	Dr. Abhijai Chandrasen	Director and Legal Adviser	10,000	10,000	0	0.000
	Spouse and minor children		-	-	-	-
9	Professor Dr. Pairash Thajchayapong	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
10	Sqn.Ldr. Naline Pairoon, M.D.	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
11	Mr. Saravoot Yoovidhya	Independent Director	975,800	975,800	0	0.041
	Spouse and minor children		-	-	-	-
12	Dr. Piyasvasti Amranand	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
13	Mr. Kalin Sarasin	Independent Director	1,200	1,200	0	0.000
	Spouse and minor children		4,260	260	(4,000)	0.000
14	Ms. Puntip Surathin	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
15	Mr. Wiboon Khusakul	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-

No.	Name	Position	KBank shares held as of December 31, 2015	KBank shares held as of December 31, 2016	Increase/ (Decrease) in KBank shares held in 2016	Percentage of shares held (%)
16	Ms. Suphatee Suthumpun	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
17	Mr. Sara Lamsam	Director	N/A	721,240	N/A	0.030
	Spouse and minor children		N/A	-	N/A	-
18	Mr. Pakorn Partanapat	Senior Executive Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-
19	Dr. Adit Laixuthai	Senior Executive Vice President	284	284	0	0.000
	Spouse and minor children		-	-	-	-
20	Mr. Wirawat Panthawangkun	Senior Executive Vice President	10,380	10,380	0	0.000
	Spouse and minor children		-	-	-	-
21	Mr. Krit Jitjang	Senior Executive Vice President	920	920	0	0.000
	Spouse and minor children		-	-	-	-
22	Mr. Pipit Aneaknithi	Senior Executive Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-
23	Mr. Chongrak Rattanapian	Executive Vice President	N/A	-	N/A	-
	Spouse and minor children		N/A	-	N/A	-
24	Mr. Pongpichet Nananukool	First Senior Vice President	N/A	-	N/A	-
	Spouse and minor children		N/A	-	N/A	-
25	Ms. Wasana Surakit	Financial Accounting Management Department Head	-	-	-	-
	Spouse and minor children		-	-	-	-
26	Ms. Natcha Argasreog	Financial Planning Department Head	220	220	0	0.000
	Spouse and minor children		-	-	-	-

Note: N/A

- Mr. Sara Lamsam was appointed as Director on January 1, 2016. Hence, number of shares held as of December 31, 2015 are not applicable for comparison.
- Mr. Chongrak Rattanapian was appointed as Finance and Control Division Head and Chief Financial Officer on January 1, 2016. Hence, number of shares held as of December 31, 2015 are not applicable for comparison.
- Mr. Pongpichet Nananukool was assigned to supervise the Financial Planning Department on January 1, 2016. Hence, number of shares held as of December 31, 2015 are not applicable for comparison.

Other Information

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Awards and Commendations KASIKORNBANK and K Companies Received in 2016

KASIKORNBANK PUBLIC COMPANY LIMITED

In Recognition of Management

The Asian Banker journal (2 awards)

- The Asian Banker Leadership Achievement in Thailand Award given to Mr. Banthoon Lamsam, Chairman of the Board and Chief Executive Officer
- Best Managed Bank in Thailand Awards

FinanceAsia magazine

- Best Bank in Thailand

Corporate Treasurer magazine

- Best Bank in Thailand

Asiamoney magazine (4 awards)

- Best Domestic Bank in Thailand
- Best Overall for Corporate Governance in Thailand
- Best for Disclosure and Transparency in Thailand
- Best for Investor Relations in Thailand

China-ASEAN Business Council: CABC

- Successful ASEAN Enterprise Entering China

S&P Dow Jones Indices and RobecoSAM

- Selected as a component of the Dow Jones Sustainability Indices (DJSI), including the DJSI World Index and DJSI Emerging Markets Index

FTSE and Russell

- Selected as a constituent of the FTSE4Good Emerging Index based on operational assessment on environmental, social and governance (ESG) factors

The Asset magazine

- Platinum Awards - Financial Performance, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations for the fifth year

Thaipat Institute

- ESG 100 Certificate, as one of 100 listed companies that have outstanding environmental, social and governance (ESG) performance

Stock Exchange of Thailand, Office of the Securities and Exchange Commission, Thaipat Institute and Thai Listed Companies Association's CSR Club

- Outstanding Sustainability Report Award

Thai Institute of Directors Association

- "Excellence", based on the Corporate Governance Report of Thai Listed Companies

Thai Investors Association, Office of the Securities and Exchange Commission, and Thai Listed Companies Association

- "Excellence", based on the AGM Assessments Program



KBank Chairman of the Board and Chief Executive Officer received The Asian Banker Leadership Achievement in Thailand Award and represented the bank in receiving Best Managed Bank in Thailand Awards given by The Asian Banker Journal.



KBank President represented the bank in receiving Best Bank in Thailand given by FinanceAsia magazine.

Corporate Governance Asia magazine (3 awards)

- Asia's Best CEO (Investor Relations) given to Mr. Banthoon Lamsam, Chairman of the Board and Chief Executive Officer for the fifth year
- Best Investor Relations Company (Thailand) for the fifth year
- Best Investor Relations Professional (Thailand) for the third year

IR Magazine

- IR Magazine Global Top 50 Gold (Rank: 18)

IR Magazine and the Stock Exchange of Thailand (6 awards)

- Best Overall Investor Relations (Large Cap)
- Best Investor Relations in Thailand
- Best Investor Relations Officer
- Best Investor Relations in Financial Sector
- Best Use of Technology
- Best Sustainability Practice



KBank President represented the bank in receiving Best Private Banking Services Overall in Thailand given by Euromoney magazine.



KBank executives represented the bank in receiving Asia's Best CEO - Investor Relations, along with Best Investor Relations Company (Thailand) and Best Investor Relations Professional (Thailand), by Corporate Governance Asia magazine.

Stock Exchange of Thailand and Money & Banking magazine (2 awards)

- SET Awards - Best Investor Relations Award for the sixth year
- SET Awards - Outstanding Innovative Company Award

Department of Alternative Energy Development and Efficiency, Ministry of Energy, and Institute of Industrial Energy, Federation of Thai Industries

- Excellent ESCO Financial Supporting Awards for programs supporting energy efficiency businesses and market under ESCO mechanism for the second consecutive year

Ministry of Labour

- Excellent Labour Relations and Welfare Award for the 11th consecutive year

In Recognition of Service

IFR Asia magazine

- Thailand Bond House Award

Global Trade Review magazine

- GTR Asia Leaders in Trade

World Finance magazine

- Best Wealth Management Provider Award - Thailand for the second consecutive year

Euromoney magazine

- Best Private Banking Services Overall in Thailand

The Asset magazine (13 awards)

- Project Finance House of the Year in Thailand
- Best Power Deal in Thailand
- Best E-Bank in Thailand
- Triple A Best Cash Management Bank in Thailand
- Triple A Editors' Triple Star for PTT Fill and Go
- Triple A Best Cash Management Solution in Thailand for Thep Sombat
- Best Energy/Renewable Energy Deal - Industrial Waste in Thailand
- Best Energy/Renewable Energy Deal - Wind in Thailand
- Top Bank in The Secondary Market in Asian Currency Bonds - Government Bonds in Thailand

- Top Bank Arrangers - Investors' Choice for Primary Issues in Asian Currency Bonds - Government Bonds in Thailand
- Top Bank Arrangers - Investors' Choice for Primary Issues in Asian Currency Bonds - Corporate Bonds in Thailand
- The Region's Best Local Currency Bond Individuals for Research in Thailand
- The Region's Best Local Currency Bond Individuals for Sales in Thailand (First Runner-up Prize)

Asiamoney magazine (6 awards)

- Best Domestic Debt House in Thailand
- Best Domestic Provider of FX Services as voted by corporates
- Best for FX Products and Services as voted by corporates
- Best for FX Options as voted by corporates
- Best for Research & Market Coverage as voted by corporates
- Best Domestic Provider of FX Services as voted by Financial Institutions

The Asian Banker journal (5 awards)

- Best Retail Bank in Thailand for the seventh consecutive year
- Best Transaction Bank in Thailand for the fifth consecutive year
- Best Cash Management Bank in Thailand
- Best Mobile Banking Product in Thailand
- Best Credit Card Product in Thailand

Cards International & Electronic Payments International journal (3 awards)

- Best Loyalty Program
- Best Marketing Campaign - Overall
- Highly Commended: Best Card Offering - Southeast Asia for the second consecutive year

Asian Banking & Finance magazine (2 awards)

- Domestic Retail Bank of the Year in Thailand for the third consecutive year
- Digital Banking Initiative of the Year in Thailand

Alpha Southeast Asia magazine (2 awards)

- Best FX Bank for Corporates and FIs in Thailand
- Best Cash Management Bank in Thailand for the seventh year



KBank executive represented the bank in receiving Best Domestic Bank in Thailand and Best Domestic Debt House in Thailand given by Asiamoney magazine.



KBank executives represented the bank in receiving Best Retail Bank in Thailand given by The Asian Banker journal.



KBank received Triple A Best Cash Management Bank in Thailand, Triple A Editors' Triple Star for PTT Fill and Go, and Triple A Best Cash Management Solution in Thailand for Thep Sombat by The Asset magazine.

Thoth Zocial Co., Ltd. (2 awards)

- The Best Customer Service on Social Media
- The Best Online Crisis Management

Thai Bond Market Association (2 awards)

- Best Bond House for the ninth consecutive year
- Sales Staff of the Year

Thai Contact Center Trade Association (2 awards)

- The Best Service Strategy Contact Center
- The Best Effective Software Contact Center

Thailand's Marketeer magazine (2 awards)

- No.1 Brand Thailand for the Bank for SME category
- No.1 Brand Thailand for the Bank for Credit Cards (the third consecutive year), Debit Cards and Bank Deposit category

BrandAge magazine and five leading universities

- The Most Trusted Credit Card Brand based on a survey of the 16th Thailand's Most Admired Brand

Money & Banking magazine

- Outstanding Booth Award given at the 16th Money Expo 2016

The Singapore FinTech Festival 2016, organized by the Monetary Authority of Singapore (MAS), given to Beacon Interface Co., Ltd., a startup company sponsored by KBank (2 awards)

- Global FinTech Hackcelerator Award, from MAS
- Developer Hub Award, from Citigroup



KBank executive represented the bank in receiving The Best Service Strategy Contact Center and The Best Effective Software Contact Center given by the Thai Contact Center Trade Association.

KASIKORN ASSET MANAGEMENT COMPANY LIMITED

The Asset magazine (4 awards)

- Top Investment House in Asian Local Currency Bonds, Thailand for the third consecutive year
- Most Astute Investors in Thailand
- Most Astute Investors in Thailand (First Runner-up Prize)
- Most Astute Investors in Thailand (Tenth Runner-up Prize)

AsianInvestor magazine (Hong Kong)

- Fund House of the Year (Thailand)

Morningstar Research (Thailand) Co., Ltd.

- Thailand Mid/Long Term Bond Fund - K Fixed Income Fund for the second consecutive year

Stock Exchange of Thailand and Money & Banking magazine

- SET Awards - Best Asset Management Company Awards

Thailand's Marketeer magazine

- No.1 Brand Thailand for the mutual fund category, for the second consecutive year

KASIKORN SECURITIES PUBLIC COMPANY LIMITED

The Asset magazine

- Best IPO Deal of Thailand in recognizing BCPG's initial public offering

IFR Asia magazine

- Thailand Capital Markets Deal in recognizing Banpu Power's initial public offering

Alpha Southeast Asia Magazine

- Best IPO Deal of the Year in Southeast Asia in recognizing Banpu Power's initial public offering

Reference Information

KASIKORNBANK PUBLIC COMPANY LIMITED conducts commercial banking business, securities business, and other related business under the Financial Institution Business Act, Securities and Exchange Act and other related regulations.

Head Office : 1 Soi Rat Burana 27/1, Rat Burana Road, Rat Burana Sub-District,
Rat Burana District, Bangkok 10140, Thailand

Company Registration Number : 0107536000315 (formerly PLC 105)

Tel. : +662-2220000

Fax : +662-4701144-5

K-Contact Center (Personal) : +662-8888888 Press 1 Thai, Press 2 English, Press 877 Japanese,
Press 878 Mandarin, Press 879 Burmese

K-BIZ Contact Center (Business) : +662-8888822 Press 1 Thai, Press 2 English, Press 3 Mandarin, Press 4 Japanese

SWIFT : KASITHBK

E-mail : info@kasikornbank.com

Website : www.kasikornbank.com



Names, Offices, Telephone and Fax Numbers of Referenced Entities

Registrar

- Ordinary Shares : The Thailand Securities Depository Company Limited
93 Ratchadaphisek Road, Dindaeng Sub-District,
Dindaeng District, Bangkok 10400, Thailand
Tel. +662-0099000 Fax +662-0099476
SET Contact Center : +662-0099999
E-mail: SETContactCenter@set.or.th
Website: www.set.or.th/tsd
- Subordinated Debentures of KASIKORNBANK PCL No. 1/2555 due B.E. 2565 : Registrar and Account Administration Unit
Securities Services Department
KASIKORNBANK PCL
- Subordinated Instrument intended to qualify as Tier 2 Capital of KASIKORNBANK PCL No. 1/2557 due B.E. 2568 : 33/4, The Nine Tower Grand Rama Nine (Tower A) 18th Floor, Rama Nine Road,
Huai Khwang Sub-District, Huai Khwang District, Bangkok 10310, Thailand
Tel. +662-4701987 and +662-4701994
- Subordinated Instrument intended to qualify as Tier 2 Capital of KASIKORNBANK PCL No. 1/2558 due B.E. 2569 : Fax +662-2732279
- Subordinated Instrument intended to qualify as Tier 2 Capital of KASIKORNBANK PCL No. 1/2559 due B.E. 2570
- Senior Unsecured Debentures due 2018 : The Bank of New York Mellon (Luxembourg) S.A.
- Senior Unsecured Debentures due 2019 : Vertigo Building - Polaris, 2-42-4 rue Eugene Ruppert,
- Senior Unsecured Debentures due 2021 : L-2453, Luxembourg
- Senior Unsecured Debentures due 2022

Auditors

- : Ms. Somboon Supasiripinyo, CPA No. 3731
- Mr. Nirand Lilamethwat, CPA No. 2316
- Ms. Wilai Buranakittisophon, CPA No. 3920
- Mr. Charoen Phosamritlert, CPA No. 4068
- KPMG Phoomchai Audit Limited
- Empire Tower, 50th - 51st Floor, 1 South Sathorn Road,
- Yannawa Sub-District, Sathorn District, Bangkok 10120, Thailand
- Tel. +662-6772000
- Fax +662-6772222

Legal Adviser

- : Dr. Abhijai Chandrasen
- 22 Soi Soonthornsaratoon (On Nut 21/1), Sukhumvit 77,
- Suan Luang Sub-District, Suan Luang District, Bangkok 10250, Thailand
- Tel. +662-7306969-76
- Fax +662-7306967-8

Shareholder Structure

List of the first 10 major KASIKORNBANK shareholders*

The Bank has scheduled the record date on September 8, 2016 to determine the list of shareholders entitled to receive dividend and the shareholders register book closing date on September 9, 2016 to compile the list of shareholders.

Rank	Name	Number of common shares	Percentage of common shares
1	THAI NVDR CO., LTD.	604,325,986	25.251
2	STATE STREET BANK EUROPE LIMITED	255,679,031	10.683
3	CHASE NOMINEES LIMITED	178,438,873	7.456
4	STATE STREET BANK AND TRUST COMPANY	130,263,623	5.443
5	NORTRUST NOMINEES LIMITED-NT0 SEC LENDING THAILAND CL AC	61,602,463	2.574
6	THE BANK OF NEW YORK MELLON	53,085,822	2.218
7	GIC PRIVATE LIMITED	50,743,881	2.120
8	SOCIAL SECURITY OFFICE	40,163,900	1.678
9	NORBAX, INC.	23,103,418	0.965
10	HSBC BANK PLC-PRUDENTIAL ASSURANCE COMPANY LIMITED	19,384,100	0.810
	OTHERS	976,469,096	40.801
	Total paid-up capital	2,393,260,193	100.000
	THAI SHAREHOLDERS	1,221,041,351	51.020
	FOREIGN SHAREHOLDERS	1,172,218,842	48.980

Note: * The top 10 shareholders are ranked by Thailand Securities Depository Co., Ltd.

KASIKORNBANK's common shares at September 9, 2016

Registered capital : 3,048,614,697 shares, at Baht 10 per share, totaling Baht 30,486,146,970

Paid-up capital : 2,393,260,193 shares, at Baht 10 per share, totaling Baht 23,932,601,930

Investments of KASIKORNBANK in Other Companies

As of December 31, 2016

The following is a list of companies in which KASIKORNBANK made investments, in the form of shareholding of 10 percent or more of the total number.

No.	Name of Company	Location of Corporate Headquarters	Type of Business	Registered Capital (Million Baht)	Paid-up Capital (Million Baht)	Total Number of Paid-up Shares ⁽¹⁾	Total Number of Shares Held ⁽¹⁾	Proportion of Total Shares Held (%)	Type of Share
1	KASIKORN ASSET MANAGEMENT CO., LTD. Tel. +662-6733999 Fax +662-6733988	Bangkok	Fund Management	135.77	135.77	27,154,274	27,154,274	100.00	Common Share
2	KASIKORN RESEARCH CENTER CO., LTD. Tel. +662-2731144 Fax +662-2701235	Bangkok	Service	10.00	10.00	100,000	100,000	100.00	Common Share
3	KASIKORN SECURITIES PCL Tel. +662-6960000 Fax +662-6960099	Bangkok	Securities Business	501.00	500.01	100,001,877	99,996,096	99.99	Common Share
4	KASIKORN LEASING CO., LTD. Tel. +662-6969999 Fax +662-6969966	Bangkok	Auto Leasing	900.00	900.00	90,000,000	90,000,000	100.00	Common Share
5	KASIKORN FACTORY & EQUIPMENT CO., LTD. Tel. +662-2902900 Fax +662-2903000	Bangkok	Equipment Leasing	160.00	160.00	1,600,000	1,600,000	100.00	Common Share
6	KASIKORN TECHNOLOGY GROUP SECRETARIAT CO., LTD. Tel. +662-0081000 Fax -	Nonthaburi	Service	5.00	5.00	50,000	50,000	100.00	Common Share
7	KASIKORN LABS CO., LTD. Tel. +662-0081100 Fax -	Nonthaburi	Service	5.00	5.00	50,000	50,000	100.00	Common Share
8	KASIKORN SOFT CO., LTD. Tel. +662-0082000 Fax -	Nonthaburi	Service	5.00	5.00	50,000	50,000	100.00	Common Share
9	KASIKORN PRO CO., LTD. Tel. +662-0081500 Fax -	Nonthaburi	Service	5.00	5.00	50,000	50,000	100.00	Common Share
10	KASIKORN SERVE CO., LTD. Tel. +662-0083700 Fax -	Nonthaburi	Service	10.00	10.00	100,000	100,000	100.00	Common Share
11	Muangthai Group Holding Co., Ltd. Tel. +662-2764859 Fax +662-2764859	Bangkok	Investment in Other Companies	458.66	458.66	45,865,949	23,391,635	51.00	Common Share
12	KASIKORNTHAI BANK Limited Tel. (856) (21) 410 882 Fax (856) (21) 410 889	Lao PDR	Banking	1,309.59	1,309.59	30,000,000	27,000,000	90.00	Common Share
13	K-SME Venture Capital Co., Ltd. Tel. +662-4701162 Fax +662-5626465	Bangkok	Venture Capital	200.00	200.00	20,000,000	20,000,000	100.00	Common Share
14	BEACON VENTURE CAPITAL COMPANY LIMITED Tel. +662-2220000 Fax -	Nonthaburi	Venture Capital	1,000.00	250.00	100,000,000	99,999,997	100.00	Common Share
15	Phethai Asset Management Co., Ltd. Tel. +662-5626401-25 Fax +662-2733171	Bangkok	Asset Management	1,740.00	1,740.00	174,000,000	174,000,000	100.00	Common Share
16	Starbright Finance Co., Ltd. ⁽²⁾ Tel. (86) (21) 5098 8862 Fax (86) (21) 5098 8852	China	Financial Company	868.17	868.17	-	-	100.00	Common Share
17	PROGRESS PLUS CO., LTD. Tel. +662-2252020 Fax +662-2252021	Bangkok	Sales of inventories and/or service for the Bank and related parties	6.00	6.00	60,000	60,000	100.00	Common Share

Note: ⁽¹⁾ Total number of paid-up shares and total number of shares held include common shares and preferred shares.

⁽²⁾ Starbright Finance Co., Ltd. does not specify the amount of shares.

No.	Name of Company	Location of Corporate Headquarters	Type of Business	Registered Capital (Million Baht)	Paid-up Capital (Million Baht)	Total Number of Paid-up Shares ⁽¹⁾	Total Number of Shares Held ⁽¹⁾	Proportion of Total Shares Held (%)	Type of Share
18	PROGRESS APPRAISAL CO., LTD. Tel. +662-2706900 Fax +662-2785035	Bangkok	Service	5.00	5.00	5,000	5,000	100.00	Common Share
19	PROGRESS GUNPAI SECURITY GUARD CO., LTD. Tel. +662-2733900 Fax +662-9806265	Bangkok	Service	20.00	20.00	200,000	200,000	100.00	Common Share
20	PROGRESS MANAGEMENT CO., LTD. Tel. +662-2751880 Fax +662-2751889-91	Bangkok	Service	20.00	6.00	60,000	60,000	100.00	Common Share
21	PROGRESS FACILITIES MANAGEMENT CO., LTD. Tel. +662-2733288-91 Fax +662-2733292	Bangkok	Service	5.00	5.00	50,000	50,000	100.00	Common Share
22	PROGRESS SERVICE SECURITY GUARD CO., LTD. Tel. +662-2733293-4 Fax +662-2733292	Bangkok	Service	2.00	2.00	20,000	20,000	100.00	Common Share
23	PROGRESS STORAGE CO., LTD. Tel. +662-2733833 Fax +662-2714784	Bangkok	Service	3.00	3.00	30,000	30,000	100.00	Common Share
24	PROGRESS H R CO., LTD. Tel. +662-2701070-8 Fax +662-2701068-9	Bangkok	Service	1.00	1.00	10,000	10,000	100.00	Common Share
25	PROGRESS SERVICE SUPPORT CO., LTD. Tel. +662-4705420 Fax +662-8888882	Nonthaburi	Service	4.00	4.00	40,000	40,000	100.00	Common Share
26	PROGRESS COLLECTION CO., LTD. Tel. +662-4705284 Fax +662-4705288	Bangkok	Service	5.00	5.00	50,000	50,000	100.00	Common Share
27	PROGRESS TRAINING CO., LTD. Tel. +662-4706273 Fax +662-4703198	Bangkok	Service	1.70	1.70	17,000	17,000	100.00	Common Share
28	Processing Center Co., Ltd. Tel. +662-2376330-4 Fax +662-2376340	Bangkok	Service	50.00	50.00	500,000	150,000	30.00	Common Share
29	National ITMX Co., Ltd. Tel. +662-5587555 Fax -	Nonthaburi	Service	50.00	50.00	500,000	110,750	22.15	Common Share
30	Muangthai Holding Co., Ltd. Tel. +662-6932729 Fax -	Bangkok	Investment in Other Companies	456.00	456.00	45,600,000	4,560,000	10.00	Common Share
31	SUPERNAP (Thailand) Company Limited Tel. +662-2648000 Fax +662-6572222	Bangkok	Service	2,000.00	1,410.00	200,000,000	20,000,000	10.00	Common Share
32	T S C Innovation Co., Ltd. Tel. +662-6829700 Fax +662-6829709	Bangkok	Telecommunications	300.00	225.00	30,000,000	3,000,000	10.00	Common Share
33	Palit Palangnang Co., Ltd. Tel. +662-7161600 Fax +662-7161488	Bangkok	Energy & Utilities	1.00	1.00	10,000	1,000	10.00	Common Share
34	Unitas Co., Ltd. Tel. +662-2626000 Fax +662-2626354	Bangkok	Land Rental	11.05	5.53	110,532	11,053	10.00	Common Share
35	Zin Suapah Co., Ltd. Tel. +662-2212841 Fax +662-2212841	Bangkok	Service	6.00	3.00	6,000	600	10.00	Common Share

Note: ⁽¹⁾ Total number of paid-up shares and total number of shares held include common shares and preferred shares.

⁽²⁾ Starbright Finance Co., Ltd. does not specify the amount of shares.

Service Network

Domestic Service Network

Branch Network	1,107	Branches
• Bangkok Branch	308	Branches
• Upcountry Branch	799	Branches
Foreign Exchange Booth	146	Branches
THE WISDOM Center and Corner	105	Branches
Corporate Business Center	8	Centers
SME Business Center	121	Centers
(Excluding International Trade Service Centers. More than one SME Business Center may be located in a branch.)		
International Trade Service Centers	58	Centers

Overseas Service Network

Locally Incorporated Institution	1	Branch
Overseas Branch and Sub-Branch	6	Branches
Representative Offices	9	Offices

K Companies

10 Companies

Name and Location of Service Network



Name and Location of Service Network can be found at:

- KASIKORNBANK Website, "Contact Us", and click on the "Branches and Service Channels"
- QR Code Scanning

Service Channels in Overseas

Locally Incorporated Institution, Branch, Sub-Branch and Representative Office



Lao People's Democratic Republic

Locally Incorporated Institution in Lao PDR

KASIKORNTHAI BANK Limited

Ban Ponesinuan, Unit 14, Sysattanak, Vientiane Capital, Lao People's Democratic Republic

Tel. : (856) (21) 410 882

Moblie : (856) (20) 598 88905

Fax : (856) (21) 410 889

General Manager : Ms. Piyanoot Sangsana

E-mail : piyanoot.s@kasikornbank.com

People's Republic of China

Branch and Sub-Branch

Shenzhen Branch

Kingkey 100 Building, 59/F, Tower A, Kingkey 100, 5016,
Shennan East Road, Luohu District, Shenzhen, China

Tel. : (86) (755) 8229 1298
Fax : (86) (755) 8222 7150
SWIFT : KASICNBS
General Manager : Ms. Chen Jiao
E-mail : kbanksz@szonline.net

Hong Kong Branch

Suite 3316, 33/F, China Merchants Tower, Shun Tak Centre
No. 168-200, Connaught Road Central, Hong Kong

Tel. : (852) 2526 6811-5
Fax : (852) 2868 4342
SWIFT : KASIHKHH
General Manager : Mr. Niasinn Lamsam
E-mail : niasinn.l@kasikornbank.com

Chengdu Branch

Unit 1801-1803, 18 Fl., Baiyang Building, No. 18 Dongyu Street,
Chengdu 610016, China

Tel. : (86) (28) 6520 9698
Fax : (86) (28) 8592 2639
General Manager : Mr. Somboon Wanichavasin
E-mail : somboon.wa@kasikornbank.com

Shenzhen, Longgang Sub-Branch

Unit 03, 05, and 06, Mezzanine, Genzon Times Squares,
Longcheng Road No. 99, Longgang CBD Area,
Longgang District, Shenzhen 518172, China

Tel. : (86) (755) 3299 5088
General Manager : Mr. Verachote Mutanon
E-mail : verachote.m@kasikornbank.com

Representative Office

Shanghai Representative Office

Suite 2708, China Insurance Building, 166 Lujiazui Road (East),
Pudong, Shanghai 200120, China

Tel. : (86) (21) 6841 9528-9
Fax : (86) (21) 6841 9530
Chief Representative : Ms. Nanthakorn Chatchaiskul
E-mail : kbanksha@sina.com

Beijing Representative Office

Suite 22-C, CITIC Building, 19 Jianguomenwai Dajie,
Beijing 100004, China

Tel. : (86) (10) 6500 8333
Fax : (86) (10) 6500 7899
Chief Representative : Mr. Chavalit Nithagon
E-mail : kbankbj@china.com

Kunming Representative Office

Suite 2708, Expo Building, 45 Tuodong Road, Kunming,
Yunnan 650011, China

Tel. : (86) (871) 6310 1092
(86) (871) 6318 2727
Fax : (86) (871) 6310 5568
Chief Representative : Mr. Teerapong Hongboonyarak
E-mail : kbankkunming@sina.com

Kingdom of Cambodia

Phnom Penh Branch

45, Sihanouk Boulevard, Chaktomuk Sub-District, Daun Penh District, Phnom Penh, Kingdom of Cambodia

Tel. : (855) (23) 214 998

(855) (23) 214 999

Fax : (855) (23) 214 275

General Manager : Mr. Pakapong Poomarporn

E-mail : pakapong.p@kasikornbank.com

Japan

Tokyo Representative Office

Room 1807, 18th Floor, Toranomon Hills Mori Tower, 1-23-1 Toranomon, Minato-Ku, Tokyo, Japan

Tel. : (81) (3) 3595 1833

Chief Representative : Dr. Chakrit Suwannachote

E-mail : kbanktokyo@gmail.com,
chakrit.su@kasikornbank.com

The Republic of the Union of Myanmar

Yangon Representative Office

313/315, U Wisara Road, Sanchaung Township, Yangon, The Republic of the Union of Myanmar

Tel. : (95) (0) 1 524 285

(95) (0) 1 500 727

(95) (0) 1 514 868

Fax : (95) (0) 1 516 713

Chief Representative : Mr. Nuttaphong Visitkitchakarn

E-mail : kbankyangon@gmail.com,
nuttaphong.v@kasikornbank.com

The Socialist Republic of Vietnam

Hanoi Representative Office

Unit V807, 8th Floor, Pacific Place Building,
83B, Ly ThuongKiet Street, Hoan Kiem District, Hanoi,
The Socialist Republic of Vietnam

Tel. : (84) (4) 3946 0007

(84) (123) 204 4650

Chief Representative : Mr. Ritthiwut Watthanachai

E-mail : ritthiwut.w@kasikornbank.com

Ho Chi Minh City Representative Office

14th Floor, AB Tower, 76A, Le Lai Street, Ben Thanh Ward,
District 1, Ho Chi Minh City,
The Socialist Republic of Vietnam

Tel. : (84) (8) 3827 4147

(84) (122) 325 4911

Chief Representative : Mr. Loedchai Thongvigitmanee

E-mail : loedchai.t@kasikornbank.com



Republic of Indonesia

Jakarta Representative Office

Suit 2804, 28th Floor, Indonesia Stock Exchange Building, Tower I, Jalan Jend. Sudirman Kavling 52-53, Lot 2, Senayan District, Kebayoran Baru Sub-District, Jakarta 12190, Republic of Indonesia

Tel. : (62) 21 5140 1509

Chief Representative : Mr. Nara Chotiwanich

E-mail : nara.c@kasikornbank.com

United States of America

Los Angeles Representative Office

601 South Figueroa Street, Suite 3575, Los Angeles, CA. 90017, USA

Tel. : (1) (213) 680 9331

Fax : (1) (213) 620 9362

Chief Representative : Mr. Prasertchao Thuvanuti

E-mail : KASIKORNBANKLA@aol.com

Cayman Islands

Cayman Islands Branch

5th Floor, Harbour Place, 103 South Church Street, P.O. Box 1353, George Town, Grand Cayman KY1-1108, Cayman Islands

Tel. : (1) (345) 946 4733

Fax : (1) (345) 945 4757

Manager : Ms. Chananya Kongpreecha

E-mail : chananya.k@kasikornbank.com

K Companies*

KASIKORN ASSET MANAGEMENT COMPANY LIMITED

Head Office

Company Address : 400/22 KASIKORNBANK Building, 6th and 12th Floor, Phahon Yothin Road, Samsen Nai Sub-District, Phayathai District, Bangkok 10400, Thailand

Tel. : +662-6733888

Fax : +662-6733988

KAset Contact Center : +662-6733888

Website : www.kasikornbank.com

KASIKORN RESEARCH CENTER COMPANY LIMITED

Head Office

Company Address : 400/22 KASIKORNBANK Building, 3rd Floor, Phahon Yothin Road, Samsen Nai Sub-District, Phayathai District, Bangkok 10400, Thailand

Tel. : +662-2731144

Fax : +662-2701218

KResearch Contact Center : +662-2731144

Website : www.kasikornbank.com

KASIKORN SECURITIES PUBLIC COMPANY LIMITED

Head Office

Company Address : 400/22 KASIKORNBANK Building, 1st, 3rd, 11th and 19th Floor, Phahon Yothin Road, Samsen Nai Sub-District, Phayathai District, Bangkok 10400, Thailand

Tel. : +662-6960000

Fax : +662-6960099

KSecurities Contact Center : +662-6960011

Website : www.kasikornbank.com

KASIKORN LEASING COMPANY LIMITED

Head Office

Company Address : 400/22 KASIKORNBANK Building, 17th Floor, Phahon Yothin Road, Samsen Nai Sub-District, Phayathai District, Bangkok 10400, Thailand

Tel. : +662-6969900

Fax : +662-6969966

KLeasing Contact Center : +662-6969999

Website : www.kasikornbank.com

KASIKORN FACTORY & EQUIPMENT COMPANY LIMITED

Head Office

Company Address : 400/22 KASIKORNBANK Building, 7th Floor, Phahon Yothin Road, Samsen Nai Sub-District, Phayathai District, Bangkok 10400, Thailand

Tel. : +662-2902900

Fax : +662-2903001

+662-2903005

KF & E Contact Center : +662-8888822 ext. 144

Website : www.kasikornbank.com

* K Companies mean the wholly-owned subsidiaries of KBank.

KASIKORN TECHNOLOGY GROUP SECRETARIAT COMPANY LIMITED

Head Office

Company Address : 46/6 Pop Pu La Road, Tambon Ban Mai, Amphoe Pak Kret, Nonthaburi 11120, Thailand

Tel. : +662-0081000

Fax : -

Website : www.kasikornbank.com

KASIKORN LABS COMPANY LIMITED

Head Office

Company Address : 46/6 Pop Pu La Road, Tambon Ban Mai, Amphoe Pak Kret, Nonthaburi 11120, Thailand

Tel. : +662-0081100

Fax : -

Website : www.kasikornbank.com

KASIKORN SOFT COMPANY LIMITED

Head Office

Company Address : 46/6 Pop Pu La Road, Tambon Ban Mai, Amphoe Pak Kret, Nonthaburi 11120, Thailand

Tel. : +662-0082000

Fax : -

Website : www.kasikornbank.com

KASIKORN PRO COMPANY LIMITED

Head Office

Company Address : 46/6 Pop Pu La Road, Tambon Ban Mai, Amphoe Pak Kret, Nonthaburi 11120, Thailand

Tel. : +662-0081500

Fax : -

Website : www.kasikornbank.com

KASIKORN SERVE COMPANY LIMITED

Head Office

Company Address : 46/6 Pop Pu La Road, Tambon Ban Mai, Amphoe Pak Kret, Nonthaburi 11120, Thailand

Tel. : +662-0083700

Fax : -

Website : www.kasikornbank.com

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Note: Investors can study further information from the Bank's Annual Registration Statement (Form 56-1) which appear on www.sec.or.th or the Bank website (www.kasikornbank.com).



ธนาคารกสิกรไทย
开泰银行 KASIKORNBANK



หลักทรัพย์จัดการกองทุนกสิกรไทย
开泰基金管理 KASIKORN ASSET MANAGEMENT



ศูนย์วิจัยกสิกรไทย
开泰研究中心 KASIKORN RESEARCH CENTER



หลักทรัพย์กสิกรไทย
开泰证券 KASIKORN SECURITIES



ลีสซิ่งกสิกรไทย
开泰租赁 KASIKORN LEASING



แฟคเตอรี แอนด์ อีควิปเมนต์ กสิกรไทย
开泰设备融资 KASIKORN FACTORY AND EQUIPMENT



กสิกร เทคโนโลยี กรุ๊ป เซครเทรียต
开泰技术集团管理 KASIKORN TECHNOLOGY GROUP SECRETARIAT



กสิกร แล็บส์
开泰研发 KASIKORN LABS



กสิกร ซอฟต์
开泰软件 KASIKORN SOFT



กสิกร โปร
开泰信息基础设施 KASIKORN PRO



กสิกร เซิร์ฟ
开泰服务 KASIKORN SERVE



Certain statements shown in this report are forward-looking statements in respect of financial position or performance of KASIKORNBANK PUBLIC COMPANY LIMITED ("KBank"). KBank has prepared such statements based on several assumptions, and has relied on the financial and other information made available from public sources as of the date these statements were made. Statements with words such as "expect", "believe", "estimate", etc., are type of forward-looking statements involving uncertainties and subject to change at any time due to future events, including but not limited to, changes in global/ national economic, political and regulatory environment. KBank is under no obligation to update these forward-looking statements to correspond to the current situation. Thus, recipients shall carefully review these statements and make an independent decision prior to investing or entering into any transaction.

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In adherence to our “Green DNA” resolution, this report is printed on paper made from trees grown in sustainably managed forests and processed with concern for the environment. The use of soy-based ink reduces greenhouse gas emissions and is environmentally friendly.



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开泰银行 KASIKORNBANK

