



KASIKORNTHAI

Annual Report 2017



Bank of Sustainability

ธนาคารกสิกรไทย
开泰银行 KASIKORNBANK



บริการทุกระดับประทับใจ



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



กสิกร เอกซ์
开泰爱科思有限公司 KASIKORN X



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.

CUSTOMER CENTRICITY



● VISION

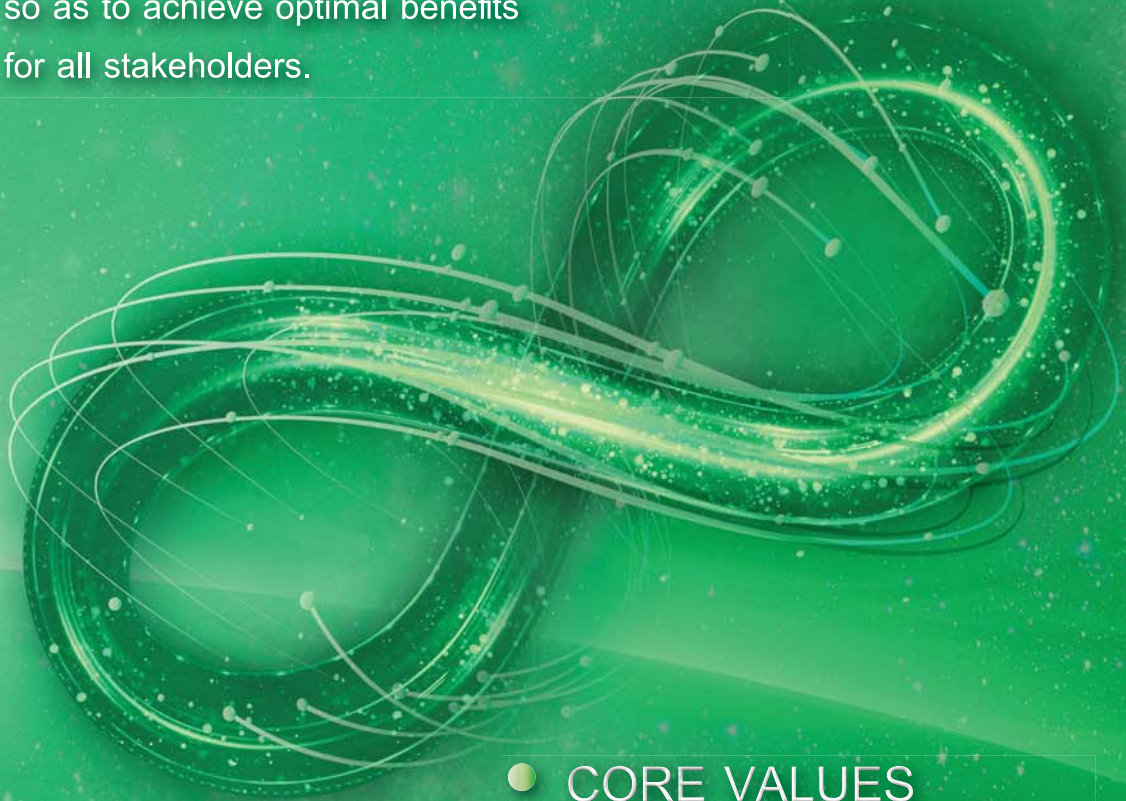
KASIKORNBANK aims to be a most innovative, dynamic, and proactive customer-centric financial institution that creates sustainability for all stakeholders.

● MISSION

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.

● CORE VALUES

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





Financial Highlights (Consolidated Financial Statements)

As of or for the years ended December 31,	2017	2016	2015	2014	2013
COMMON SHARE INFORMATION					
Per share (Baht)					
• basic earnings	14.35	16.79	16.49	19.28	17.27
• book value	145.67	134.44	119.42	107.41	91.60
• dividends	4.00	4.00	4.00	4.00	3.50
Share price (Baht) ⁽¹⁾					
• high	235.00	201.00	235.00	252.00	225.00
• low	182.00	144.00	147.00	145.50	156.00
• closing	232.00	177.50	150.50	229.00	156.00
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)	555,236	424,804	360,186	548,057	373,349
VALUE MEASURES					
Price to earnings ratio (PER)	16.17	10.57	9.13	11.88	9.03
Price to book value ratio (PBV)	1.59	1.32	1.26	2.13	1.70
Dividend yield (based on closing share price)	1.72%	2.25%	2.66%	1.75%	2.24%
Dividend payout ratio	32.80%	26.96%	27.83%	22.51%	22.32%
Number of employees ⁽²⁾	20,839	21,029	21,484	21,614	19,303
Number of domestic branches ⁽²⁾	1,026	1,107	1,120	1,124	965
OPERATING RESULTS (Million Baht)					
Interest income - net	94,161	89,678	85,012	83,132	72,797
Non-interest income	62,695	63,725	62,503	55,524	47,520
Fees and service income - net	41,306	38,943	37,526	33,944	28,810
Net premiums earned - net	5,935	10,264	12,341	11,769	9,729
Other income	15,454	14,518	12,636	9,811	8,981
Total operating income - net	156,856	153,403	147,515	138,656	120,317
Total other operating expenses	66,372	63,854	66,656	61,419	52,270
Operating profit before provision expense ⁽³⁾ and income tax expense	90,484	89,549	80,859	77,237	68,047
Impairment loss on loans and debt securities	41,810	33,753	26,377	14,243	11,744
Net profit ⁽⁴⁾	34,338	40,174	39,474	46,153	41,325
FINANCIAL POSITION STATEMENT INFORMATION (Million Baht)					
Loans ⁽⁵⁾	1,802,783	1,697,581	1,609,887	1,527,080	1,438,978
Allowance for doubtful accounts and revaluation allowance for debt restructuring	103,435	85,212	64,317	50,992	45,099
Non-performing loans, net (NPL net) ⁽⁶⁾	38,570	33,553	24,586	15,494	14,664
Non-performing loans, gross (NPL gross)	69,674	65,087	49,490	36,067	33,525
Total assets	2,900,841	2,843,278	2,555,305	2,389,137	2,290,045
Deposits	1,878,672	1,794,835	1,705,379	1,629,831	1,529,835
Total liabilities	2,513,019	2,489,367	2,243,092	2,108,451	2,053,038
Total equity ⁽⁴⁾	348,625	321,746	285,800	257,059	219,232
Risk weighted assets - KASIKORNBANK FINANCIAL CONGLOMERATE	1,949,783	1,824,372	1,732,067	1,621,691	1,523,889

Note:

- Financial statements as at 31 December 2016 has been changed the presentation in the statement of financial position to comply 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 parent company of group of companies offering financial services". However, this change has not materially effect on total assets, total liabilities and total equity of the Bank and its subsidiaries.
- 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

⁽⁴⁾ Excluding non-controlling interests

⁽²⁾ Bank only

⁽⁵⁾ Loans = Loans to customers less deferred revenue

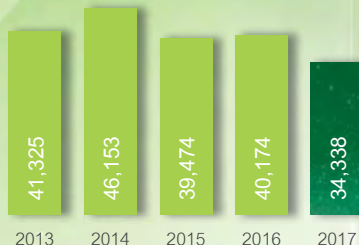
⁽³⁾ Provision expense = Impairment loss on loans and debt securities

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



Net Profit

(Unit: Million Baht)



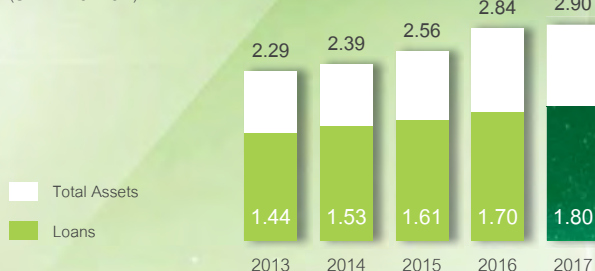
NPL Gross to Total Loans

(Unit: Trillion Baht)



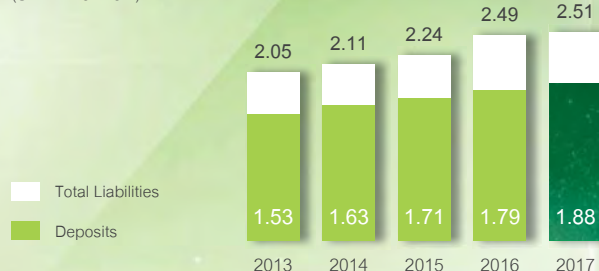
Total Assets

(Unit: Trillion Baht)



Total Liabilities

(Unit: Trillion Baht)



As of or for the years ended December 31,	2017	2016	2015	2014	2013
PERFORMANCE INDICATORS					
Return on average assets (ROAA)	1.20%	1.49%	1.60%	1.97%	1.89%
Return on average equity (ROAE)	10.24%	13.23%	14.54%	19.38%	20.45%
Net interest margin (NIM)	3.44%	3.52%	3.67%	3.80%	3.55%
Non-interest income to average assets	2.18%	2.36%	2.53%	2.37%	2.18%
Non-interest income ratio	39.97%	41.54%	42.37%	40.04%	39.50%
Cost to income ratio	42.31%	41.63%	45.19%	44.30%	43.44%
ASSET QUALITY RATIOS / FINANCIAL POLICY RATIOS					
Loans to deposits ratio	95.96%	94.58%	94.40%	93.70%	94.06%
Loans to deposits and B/E ratio	95.96%	94.57%	94.15%	93.15%	92.92%
NPL net to total loans ⁽⁷⁾	1.85%	1.74%	1.36%	0.98%	0.93%
NPL gross to total loans ⁽⁸⁾	3.30%	3.32%	2.70%	2.24%	2.11%
Total allowance to loans ⁽⁹⁾	5.74%	5.02%	4.00%	3.34%	3.13%
Total allowance to NPL gross (Coverage ratio) ⁽⁹⁾	148.45%	130.92%	129.96%	141.38%	134.52%
Provision expense to average loans (Credit cost) ⁽¹⁰⁾	2.39%	2.04%	1.68%	0.96%	0.85%
Capital adequacy ratio - KASIKORNBANK FINANCIAL CONGLOMERATE	17.96%	18.84%	18.00%	17.31%	15.78%
Tier 1 capital ratio - KASIKORNBANK FINANCIAL CONGLOMERATE	15.66%	15.16%	14.53%	13.49%	12.57%

Note:

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- 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 customers and loans to financial institutions less allowance for doubtful account of non-performing loan.

⁽⁸⁾ Loans used in calculation are loans to 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

KASIKORNBANK

A pride of Thai businesses

The first and only bank in Thailand, and ASEAN, to be selected for the

DOW JONES SUSTAINABILITY INDICES (DJSI) 2017

The world's premier benchmark of sustainable business practices

Included in DJSI World and DJSI Emerging Markets
the second year running



MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM



ROBECOSAM
Sustainability Award
Bronze Class 2018



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Contents

008 Board of Directors' Report

010 Management Report

- 011 Management Discussion and Analysis
- 012 Overview of Operating Environment
- 017 Risk Management and Risk Factors
- 025 Business Directions and Operations of Core Businesses
- 040 Operating Performance and Financial Position Analysis
- 057 Operations of Support Groups
- 062 KASIKORNBANK's Investments in Subsidiaries and Associated Companies
- 063 Shareholder Risk Management

064 Financial Reports

- 065 Report of the Board of Directors' Responsibilities for Financial Reports
- 066 Report of the Audit Committee
- 068 Independent Auditor's Report
- 072 Financial Statements and Notes to the Financial Statements

202 Corporate Governance

- 203 Report of the Corporate Governance Committee
- 204 Report of the Human Resources and Remuneration Committee
- 205 Report of the Risk Management Committee
- 206 Corporate Governance
- 242 Dividend Policy
- 243 Factors Affecting Investment Decisions

244 Sustainable Development in Action

248 Structure

- 250 Organization Chart
- 256 Board of Directors
- 258 Board of Directors and Executives
- 277 Directorship of Directors and Executives in Subsidiaries, Associated and Related Companies
- 280 Changes in KASIKORNBANK Shares Held by Directors and Executives in 2017

282 Other Information

- 283 Awards and Commendations Granted to KASIKORNBANK and K Companies in 2017
- 287 Reference Information
- 289 Shareholder Structure
- 290 Investments of KASIKORNBANK in Other Companies
- 292 Service Network
- 296 K Companies

298 Summary of Specified Items per Form 56-2

Board of Directors' Report

Over the past year, Thailand experienced great loss and profound sorrow with the passing of His Majesty King Bhumibol Adulyadej. His Majesty's virtues and graceful compassion were deeply revered by all Thais. In remembrance of His Majesty's righteous reign, all of us at KASIKORNBANK (KBank) will hold His Majesty's eloquence and wisdom as a guiding light in our undertakings towards stable and sustainable advancement.

Last year, financial and banking businesses were confronted with many challenges, including rapidly evolving technologies playing ever greater roles in business operations, new government policies and regulations, as well as changing customer behaviors and expectations. The Thai economy in 2017 was buoyed by exports and tourism, while consumer purchasing power remained under pressure from high household debt and slowing farm income. Competition, new business opportunities under technology-led businesses, and changing consumer behavior towards online financial transactions are consistent with the National e-Payment Master Plan aimed at promoting a cashless society and reducing cash management costs in our national financial system. As a result, novel services are being offered to the general public and businesses alike.

KBank's business operations are guided by our intent to become a "Bank of Sustainability", balancing economic, social, and environmental dimensions. We adhere to Good Corporate Governance principles and appropriate risk and cost management based on a "Customer Centricity" concept and our resolution to offer excellence in service. Amid the highly competitive environment of this digital era as well as various other challenges, the Bank aspires to be "Customers' Life Platform of Choice", founded on our strong digital banking leadership. The three-pronged approach to fulfilling this goal involves Beyond Banking, Embedded Trust, and Everyone, Every Day, Every Way and Everywhere. To create a data-driven bank culture, we promote appropriate use of data to drive our organization strategically wherein systematic data management and data analytics enhance our decision-making capability, competitiveness, and efficiency to achieve sustainable long-term growth. The Bank also cooperates with KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG) in researching and developing new technologies by which we can innovate financial products and services to satisfy our customers' needs. Mobile transactions, ensured with high standards of performance and security, have increased our customers' convenience. During the past year, our K PLUS mobile application was further upgraded to become a K PLUS Lifestyle Platform banking service with broader coverage, allowing us to retain our digital banking leadership. In 2017, KBank reached 3,742 million transactions and 7.3 million K PLUS subscribers. We also developed new features including K PLUS SHOP for merchants along with K PLUS SME for SME business operators. K PLUS Beacon by Beacon Interface Co., Ltd. – a fintech startup supported by KBank – is developing Thailand's first application for the visually-impaired, allow these customers to conduct online transactions with confidence, along with the same security and performance features available with K PLUS. We went on to introduce the world's first electronic letter of guarantee using blockchain technology, creating new standards in LG issuance using swifter processes at lower cost that are also less time-consuming to use and have higher security. We also launched Beacon Venture Capital Co., Ltd., directly investing in domestic and foreign startups as well as joint venture funds. In addition, we maintained our leadership position in the corporate segment and hold the largest market share in the SME business segment.

Because a rising number of consumers are turning to online channels, KBank is committed to developing a variety of service channels to meet our customers' needs. Some physical branches were merged to attain higher efficiency in branch management. Our service coverage remains available in all locales and is adequate to meet our customers' requirements. Currently, KBank has 1,026 branches and 11,891 self-service channels to help customers conduct transactions on their own. Relative to our aim of becoming "The Bank of AEC+3", specializing in regional settlements and investment, we are the first Thai commercial bank to launch a money transfer service available in all AEC+3 currencies. We have also forged business alliances with more than 75 partners in 13 countries within the AEC+3 regions and beyond. Among those alliances, KBank is now a strategic partner of Bank Maspion, Republic of Indonesia. Our international network continues to expand. Apart from a new branch opening in Phnom Penh, Kingdom of Cambodia, we are now the only AEC bank granted a locally incorporated institution (LII) license in Guangdong Province of People's Republic of China as a corporation entitled "Kai Tai Yin Hang (Zhongguo)", or "KASIKORNBANK (CHINA) COMPANY LIMITED", with headquarters in Shenzhen, Guangdong Province, and a branch in Shanghai. This new upgrade to our status in China will accommodate growing trade and investment between China and Thailand. Our international network now includes 17 establishments in nine countries.



With regard to the social dimension, KBank places great importance on all dimensions of human resource development. Our aim is to raise the digital potential of our employees as well as the organization, along with IT infrastructure improvements via the Digital Workplace project towards efficient bank-wide collaboration. With adherence to sound labor management principles, including respect for diversity based on equality in human rights and proper occupational health and safety standards based on fair and competitive remuneration and welfare benefits, we aim to create a happy and healthy workplace. As a result, our engagement score exceeds our target and is also higher than the average score of financial conglomerates in Thailand and the Asia Pacific region. In addition, we incorporated a “Green DNA” resolution into our organizational culture, implementing many projects and activities for the public good. One notable example is our “50,000 Chuamong Tham Di Tham Dai (50,000 Volunteer Hours)” project wherein our employees have contributed over 60,000 hours of work to provide financial literacy to communities. Our “AFTERKLASS” website is another example, with the development of an online community intent on increasing public knowledge of financial matters. In addition, our “Cultivation of Wisdom” project has been ongoing for several years in cooperation with the Thailand Research Fund (TRF).

With our focus on environmental issues, KBank has set a target of reducing greenhouse gas emissions from our operations by 20 percent within 2020 (with 2012 as the base year). We also provide financial support to promote renewable energy and environmentally-friendly projects using Environmental, Social, and Governance (ESG) assessments to ensure thorough consideration of any impact on the environment and surrounding communities. We assist in reforestation and help find solutions to forest encroachment, exacerbated by monocropping farming, in Nan province at the headwaters of the Chao Phraya River. This is undertaken with the full cooperation of local communities, authorities, and various community networks in the province. These efforts are also in alignment with Thailand's resolution to become a low-carbon society that is resilient to climate change.

The success of KBank's business undertakings, led by our aspiration to become a “Bank of Sustainability”, is reflected in our performance outcomes. For 2017, KBank and its subsidiaries reported Baht 90,484 million in operating profit before provisioning expenses and income tax, rising Baht 935 million or 1.05 percent over the previous year. That increase in profit was mostly derived from net interest income that rose Baht 4,483 million, or 5.00 percent over-year, and a net interest margin (NIM) standing at 3.44 percent. Non-interest income decreased Baht 1,030 million, 1.62 percent lower over-year, due mainly to a decline in net insurance premiums. At the same time, net fee and service income increased Baht 2,363 million or 6.07 percent and operating expenses rose Baht 2,518 million, increasing 3.94 percent over-year, resulting in a cost to income ratio of 42.31 percent. KBank had higher impairment loss on loans and debt securities, as needed to maintain our financial position stability, resulting in our coverage ratio improving to 148.45 percent. Therefore, our net profit for 2017 totaled Baht 34,338 million, a decrease of Baht 5,836 million, subsiding over-year by 14.53 percent. In evidence of this, the capital adequacy ratio (CAR) for KASIKORNBANK FINANCIAL CONGLOMERATE, based on Basel III standards, was 17.96 percent, with a Tier 1 capital ratio of 15.66 percent. Our robust capital position was sufficient to cushion against risks and greater than the Bank of Thailand's requirements.

Our adherence to sustainable development concepts has earned us wide recognition by domestic and international organizations. KBank is the first and only bank in Thailand and ASEAN to have been granted membership in the Dow Jones Sustainability Indices (DJSI) 2017, being placed in both their DJSI World Index and DJSI Emerging Markets Index for the second consecutive year. Apart from this, our efforts were affirmed by many other accolades over 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 in our business.

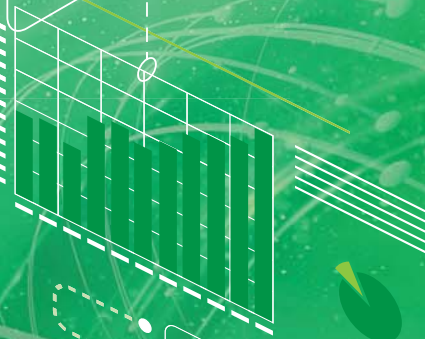
(Mr. Banthoon Lamsam)

Chairman of the Board and Chief Executive Officer



Management Report

011	Management Discussion and Analysis
012	Overview of Operating Environment
017	Risk Management and Risk Factors
025	Business Directions and Operations of Core Businesses
040	Operating Performance and Financial Position Analysis
057	Operations of Support Groups
062	KASIKORNBANK's Investments in Subsidiaries and Associated Companies
063	Shareholder Risk Management





Management Discussion and Analysis

Executive Summary of Management Discussion and Analysis

For the Year Ended December 31, 2017

In 2017, Thai economic growth gained traction, buoyed by strong recoveries in tourism and exports. This growth momentum is expected to carry on into 2018, especially amid a brighter outlook in public and private investment. Nonetheless, the business sector remained challenged by new modes of competition in a broader marketplace amid the advancing digital age and its rapid pace of technological advancement. Businesses have also had to cope with Thai Baht volatility and international capital movements. Within this context, KBank has accentuated enhancement of our business capabilities to achieve sustainable growth and maintain our market leadership over the long term. Guided by our core strategies of “Customer Centricity”, KBank has decided to redefine our aspiration to become “Customers’ Life Platform of Choice”, meaning the most-preferred platform that can meet customers’ needs in every aspect of their lives by leveraging our strengths as Thailand’s number-one digital banking provider and enhancing our services under three-pronged approach: Beyond Banking; Embedded Trust; and, Everyone, Every day, Every way and Everywhere. To this end, we have set our sights on providing all customers with services beyond their expectations to become their trust agent and stay relevant to their daily lives, fulfilling their everyday needs, anywhere, anytime, with an unsurpassed service experience.

Being aligned with our business strategies for 2017, KBank and subsidiaries thus reported Baht 90,484 million in operating profit before provision expense and income tax expense, rising Baht 935 million, or 1.05 percent, over-year. The increase was derived from net interest income that rose Baht 4,483 million, or 5.00 percent, which came mainly from rising interest income from investments and interest income from interbank and money market items, as well as falling interest expenses. Meanwhile, non-interest income decreased Baht 1,030 million or 1.62 percent, due mainly to a decline in net insurance premiums. At the same time, operating expenses rose Baht 2,518 million, or 3.94 percent, over-year. Moreover, KBank has set aside higher allowance for impairment loss on loans to maintain our financial position stability. Therefore, our net profit for 2017 totaled Baht 34,338 million, a decrease of Baht 5,836 million, or 14.53 percent.

Meanwhile, KBank maintained net interest margin (NIM) at 3.44 percent, which was within the set target, and cost-to-income ratio was also close to the target of 42.31 percent. At the same time, our robust capital position was sufficient to cushion against risk,

and greater than the Bank of Thailand’s requirement. As evidenced, capital adequacy ratio (CAR) of KASIKORNBANK FINANCIAL CONGLOMERATE (the Conglomerate) according to the Basel III Accord was 17.96 percent, with a Tier 1 capital ratio of 15.66 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 mutual fund business. KASIKORN LEASING CO., LTD. saw satisfactory lending business volume in line with the overall domestic automotive industry while also maintaining healthy asset quality. KASIKORN FACTORY & EQUIPMENT CO., LTD. reported higher loan growth than the company’s target. In addition, Muang Thai Life Assurance PCL retained its leadership in the bancassurance business, holding the largest market share in new business premiums.

All of the above endeavors and satisfactory operating performance, together with sound corporate governance, allowed KBank and K Companies to meet business targets as we gained wide acceptance and recognition at home and abroad, as reflected in the numerous awards we received in 2017.

Under our redefined strategies for the next three years, KBank aspires to become “Customers’ Life Platform of Choice”. We will thus work with our partners, both domestic and international, to create ecosystem partnership collaboration under the “KASIKORNBANK and Beyond” concept. Moreover, under the “Segment of One” concept, we focus on strengthening our capabilities by using data and advanced technology to understand and anticipate each individual customer’s need and provide smart personalized “Financial and Life Solutions” to the right customer at the right time. We continue our endeavor to deliver an excellent customer experience with ever-greater consideration of consumer protection and customer privacy, taking into account the changing customer expectations for greater convenience and speediness over omni-channel.

Beyond the above strategies, we focus on proactive integrated risk management (IRM), effective capital management and creation of a culture of risk awareness organization-wide. All these efforts are aimed at maintaining KBank’s stability as a leading financial institution, enabling us to cope with possible economic fluctuations in a timely manner.



Overview of Operating Environment

1. Global and Thai Economy in 2017 and Outlook for 2018

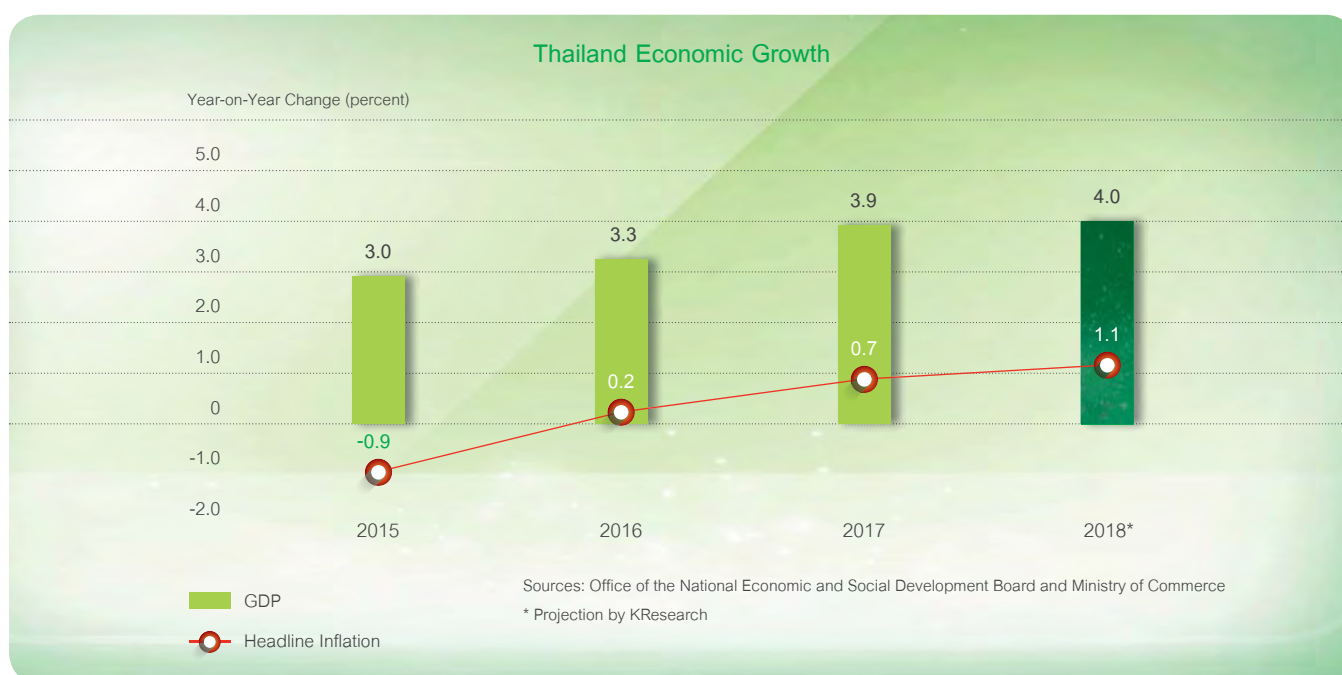
The global economy maintained its growth momentum throughout 2017. Positive signs were evident in core economies, namely the US, the Eurozone and China, as well as in emerging economies including here in Thailand. These improvements were reflected in the World Economic Outlook of the International Monetary Fund, which revised upward the 2017 global economic projection to 3.7 percent, and projected that the world economy may see even brighter growth of 3.9 percent in 2018.

Looking forward into 2018, economic activity worldwide is expected to show improvement, which is likely to coincide with gradually rising inflationary pressure. Inflation is set to edge up amid soaring oil prices in the global market where this year's average fuel prices are likely to be higher than the level seen in the previous year. This trend may affect monetary policy maneuvering of central banks around the globe. The Federal Reserve is expected to maintain its tightening monetary stance through hikes in its policy rate, along with cutbacks in its balance sheet. Meanwhile, the European Central Bank and the Bank of Japan may be considering the right timing for tapering – or ending – of their accommodative monetary policy frameworks. Certain central

Asian banks were seen raising their policy rates at the end of 2017 to ease inflationary pressure.

In Thailand, the economic growth in 2018 is projected to keep its growth momentum at 4.0 percent, driven mainly by brighter outlooks in both public and private investment. The government's budget disbursements, especially for public investment in the 2018 operating plan, are expected to be injected into the economic system in the second quarter of 2018. At the same time, private investment may gradually pick up in keeping with the overall economic activity improvement. Furthermore, exports and tourism will continue to play pivotal roles in the economy even though their growth may subside over-year due to a high 2017 base.

However, close attention should be paid to the government's budget disbursements and global financial markets which may, from time to time, become somewhat volatile. On the inflation front, headline inflation for 2018 is expected to average 1.1 percent, slightly higher than the 0.7 percent in 2017, as a result of soaring energy prices at home in line with higher oil prices in the global market. For the Thai monetary policy, the Bank of Thailand's policy rate is expected to stay low at 1.50 percent for almost throughout 2018 to accommodate domestic economic activity, which is continuing along a stable recovery path.





2. Banking Industry, Competition and Emerging Risks

Banking Industry and Competition

Commercial banks' overall performance in 2017 recorded a decline in net profit compared to 2016. Several commercial banks set aside higher allowance for impairment loss on loans and invested for technological development to embrace the advancing digital age. For operating income in 2017, most commercial banks could maintain net interest margin (NIM) due to overall effective cost management despite the deteriorating quality of loans granted to certain groups of customers and limited growth in some types of loans amid an uneven economic recovery.

In addition, net fees and service income of the banking system continued to enjoy steady growth.

As of the end of 2017, net loans at 14 domestically-registered commercial banks grew 4.33 percent over-year, accelerating from the growth of 1.26 percent at the end of 2016. Meanwhile, deposits grew at a higher rate of 6.51 percent, compared to 1.46 percent at the end of 2016. KBank ranked fourth in assets, deposits and net loans in the commercial banking system, with the market shares of 13.30 percent, 14.47 percent, and 14.01 percent, respectively. Within the entire commercial banking system, 19 domestically-registered commercial banks and 11 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	2,970,037	16.15	2,252,421	17.37	1,817,136	15.31
Krung Thai Bank	2,781,740	15.13	2,073,594	15.99	1,748,653	14.74
Siam Commercial Bank	2,725,632	14.82	2,087,890	16.10	1,931,839	16.28
KASIKORNBANK	2,444,824	13.30	1,875,729	14.47	1,662,880	14.01
Bank of Ayudhya	1,999,809	10.88	1,316,705	10.15	1,384,880	11.67
Thanachart Bank	954,460	5.19	717,807	5.54	645,628	5.44
TMB Bank	842,976	4.58	611,509	4.72	618,386	5.21
United Overseas Bank	516,964	2.81	370,279	2.86	340,023	2.87
CIMB Thai	296,307	1.61	177,703	1.37	195,872	1.65
TISCO Bank	288,315	1.57	181,499	1.40	234,201	1.97
Kiatnakin Bank	245,088	1.33	133,278	1.03	184,342	1.55
Land and Houses Bank	230,396	1.25	143,742	1.11	150,618	1.27
ICBC (Thai)	179,892	0.98	100,350	0.77	101,088	0.85
Standard Chartered Bank (Thai)	155,373	0.85	56,259	0.43	45,504	0.38
Sumitomo Mitsui Trust Bank (Thai)	48,455	0.26	16,862	0.13	36,180	0.30
Bank of China (Thai)	45,933	0.25	21,204	0.16	30,455	0.26
Thai Credit Retail Bank	45,230	0.25	37,877	0.29	37,515	0.32
ANZ Bank (Thai)	33,037	0.18	2,414	0.02	8,185	0.07
Mega International	20,271	0.11	11,569	0.09	15,576	0.13
Domestically-registered commercial banks	16,824,739	91.50	12,188,691	94.00	11,188,961	94.30
Foreign bank branches	1,562,055	8.50	778,199	6.00	676,251	5.70
All commercial banks	18,386,794	100.00	12,966,890	100.00	11,865,212	100.00

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



For the outlook of commercial banks in 2018, loans – a core business – are likely to see higher growth than in 2017, bolstered by an expected broad-based economic rebound, which will be seen in both public and private investment. Nonetheless, commercial banks may still adopt a cautious stance in their business operations amid the lingering debt quality problem, which still needs some time to be overcome. Moreover, several other challenges still lie ahead. These include intensified competition between banks and non-bank players amid the fast-changing technology, the National e-Payment Master Plan, which may affect fee income of commercial banks, and preparation for the International Financial Reporting Standards (IFRS9) coming into effect January 1, 2019, and the Basel III capital requirements to be fully enforced in 2019, as well. These new standards may eventually affect provisioning expenses, risk calculation and capital maintenance of commercial banks. All of these factors may change the landscape of commercial banks' business operations, going forward.

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. Cyberattacks: As technological advancements are taking place, financial institutions have adopted digital banking platforms to support business operations in a bid to facilitate financial and payment transactions for customers, allowing them to gain better access to banking services anytime, anywhere, with any device. Meanwhile, data used by consumers which has been detected and compiled in the digital format is regarded as a business asset which can be further processed and analyzed to shed light on their real needs. Every coin has two sides, however. Technological advances have come with increasing cyber threats. The World Economic Forum ranked cyberattacks as among the world's top 10 risks from 2014 to 2018.

For Thailand, data fraud and theft was placed among the top five categories of cyber threats in 2017, according to the Thailand Computer Emergency Response Team (ThaiCERT). Given the more sophisticated cyber risks, financial institutions as service providers, and customers as users, are increasingly vulnerable to losses. In terms of cyber security readiness, however, financial institutions are ranked first in this category as they have invested in both relevant knowhow and personnel. Cyber risk management processes of financial institutions are, moreover, consistent with international standards, policies and best cyber security practices under the supervision of the Bank of Thailand. Along with this, service users have been continually equipped with beneficial knowledge via various channels, thus ensuring that electronic financial services provided by financial institutions, including commercial banks, are effectively resilient to cyberattacks.

2. Unemployment and Underemployment: Overall, Thailand's unemployment rate rose to 1.0 percent of the 37.7 million total workforce in 2017, from 0.8 percent in 2016, according to the National Statistical Office. Compared to other ASEAN countries, the figure is insignificant. However, one-third of the unemployed persons were university graduates, and this share is on the rise. The situation reflects two major problems. First, the restructuring of Thailand's manufacturing sector remains underway, thus hindering employment of well-educated workers. Second, the Thai educational system cannot accommodate demand in the labor market, as unemployed persons from academic fields are more than double those who completed their study at vocational schools. This represents an opportunity loss to the economy. In addition, underemployment accounts for 0.5 percent of the total Thai workforce. This group of workers falls short of their work potential, having more time and seek to work full-time job. It is a real challenge for Thailand to enhance the potential of the country's human capital. This is particularly true amid demographic change, by which Thailand will become an aged society by 2021 with its low birth rate. Moreover, technology plays an increasingly pivotal role in the labor market, and is replacing human labor at certain levels. Under this context, demand for financial services and business operations of commercial banks will inevitably turn a new face, going forward.



3. Climate change: This is regarded as a long-term risk to economic and social stability, both domestically and internationally. For Thailand, extreme weather events affect agricultural production and farm prices – the main source of income for the majority of Thai people – and thus have repercussions for SME operators dependent mainly on domestic consumption. Harsh weather like severe flooding or heavy monsoon rains also deals a serious blow to households' properties and quality of life. These extreme events would inevitably hurt demand for financial services as well as borrowers' debt servicing ability.

3. Regulatory Changes⁽¹⁾

Significant regulatory changes in 2017 that may have affected KBank's and K Companies' business operations included:

Relaxation of Foreign Exchange Regulation

The Bank of Thailand undertook relaxations under Foreign Exchange Regulation Reform to enhance ease of doing business by issuing Circular No. ForKorNgor. (21) Wor.45/2560 Re: Notice of the Competent Officer on Rules and Practices regarding Currency Exchange (No. 26), and ForKorNgor. (21) Wor.47/2560 Re: Issue of Notification on Foreign Exchange Payment Transactions with Designated Person, in accordance with the Notification of the Ministry of Finance Re: Ministerial Order given to Authorized Juristic Person No. 11, with salient points as follows:

1. Eliminate Foreign Exchange Transaction Form: Foreign exchange transactions valued at USD 50,000 or higher must be reported, and transaction evidence with complete information, as determined by the Bank of Thailand, must be issued and delivered to customers.
2. Eliminate stamp requirement on underlying documents submitted by customers when conducting foreign exchange transactions.

3. Allow a qualified company or a group of qualified companies to submit a request for foreign exchange transactions without presenting supporting documents to banks, in accordance with specified objectives such as for payment of goods and services, for investment abroad, etc.

4. An entity wishing to be a qualified company must seek approval from the Bank of Thailand via a bank from November 15, 2017, to May 13, 2018. Approval may be later granted, as appropriate.

These relaxations will streamline processes and reduce costs of the bank related to documentation or approval and enhance business efficiency.

Relaxation of Rules and Practices for Measures to Prevent Thai Baht Speculation

The Bank of Thailand issued Circular No. ForKorNgor. (21) Wor.1759/2560 Re: Relaxation of Rules and Practices for Measures to Prevent Thai Baht Speculation for the Case of Failure to Deliver Securities via Pending Settlement, to be consistent with the Stock Exchange of Thailand's operational guidelines, and international standards. Salient points include:

1. Non-resident (NR) who receives Thai Baht related to pending settlement transactions such as penalty fee in lieu of securities delivery or penalty fee for failure to obtain benefits is allowed to maintain balance in a Non-resident Baht Account for Securities (NRBS) not exceeding Baht 300 million at the end of day, for one business day, which must not be higher than the amount obtained in Baht. The bank is required to request supporting documents and report to The Bank of Thailand per established conditions.

2. NR is allowed to use Thai Baht obtained from the transactions per item 1 as underlying funds for purchasing of foreign currencies against Thai Baht value tomorrow or value same day on the following business day.

These relaxations will facilitate management of outstanding balance in Non-resident Baht Account and streamline KBank operating processes. We have put in place the operational procedures necessary to accommodate the new criteria.

⁽¹⁾ Details related to other regulatory changes on KBank business operations during 2017 can be found in the Management Discussion and Analysis (MD&A) reports for the quarters ending March 31, 2017, June 30, 2017 and September 30, 2017.



Payment Systems Act, B.E. 2560 (2017)

The Payment Systems Act (PSA), B.E. 2560 (2017), published in the Government Gazette on October 18, 2017, and effective April 19, 2018, consolidates provisions of laws concerning the three existing payment systems of Thailand under the supervision of the Bank of Thailand for greater efficiency in synchronization with international standards while keeping abreast of the fast-changing technology. The Act should be conducive to national economic stability. The PSA regulates the following payment systems and services.

1. Systemically Important Payment Systems, including Bank of Thailand Automated High-value Transfer Network (BAHTNET) and Imaged Cheque Clearing and Archive System (ICAS).

2. Regulated Payment Systems, including interbank cheque clearing and interbank funds transfer. National ITMX Co., Ltd. and Processing Center Co., Ltd. are among the organizations under this category.

3. Regulated Payment Services such as debit cards, credit cards, ATM cards, electronic funds transfers currently used by commercial banks and non-bank operators.

As a payment service provider under this Act, KBank must comply with its provisions. We are fully prepared to submit applications for licensing and registration with the Bank of Thailand and to issue operational guidelines for compliance with other requirements stipulated by the PSA and any that may be stipulated in the future. We have conducted studies and informed relevant staff to ensure that operations comply with other requirements of the Act and any that may be established in the future such that KBank conducts business in compliance with the law.

International Financial Reporting Standards (IFRS)

In 2017, KBank continued to implement the IFRS Conversion Project in preparation for compliance with IFRS 9, and progress was steady. We monitored and pushed for operational guidelines appropriate for Thailand via IFRS Club and the Thai Bankers' Association. For our internal management, we have expedited development and improvement of database and the design of work system and IT structure in order to accommodate these standards with the highest efficiency, taking into account connectivity with other systems and consistency of business process.



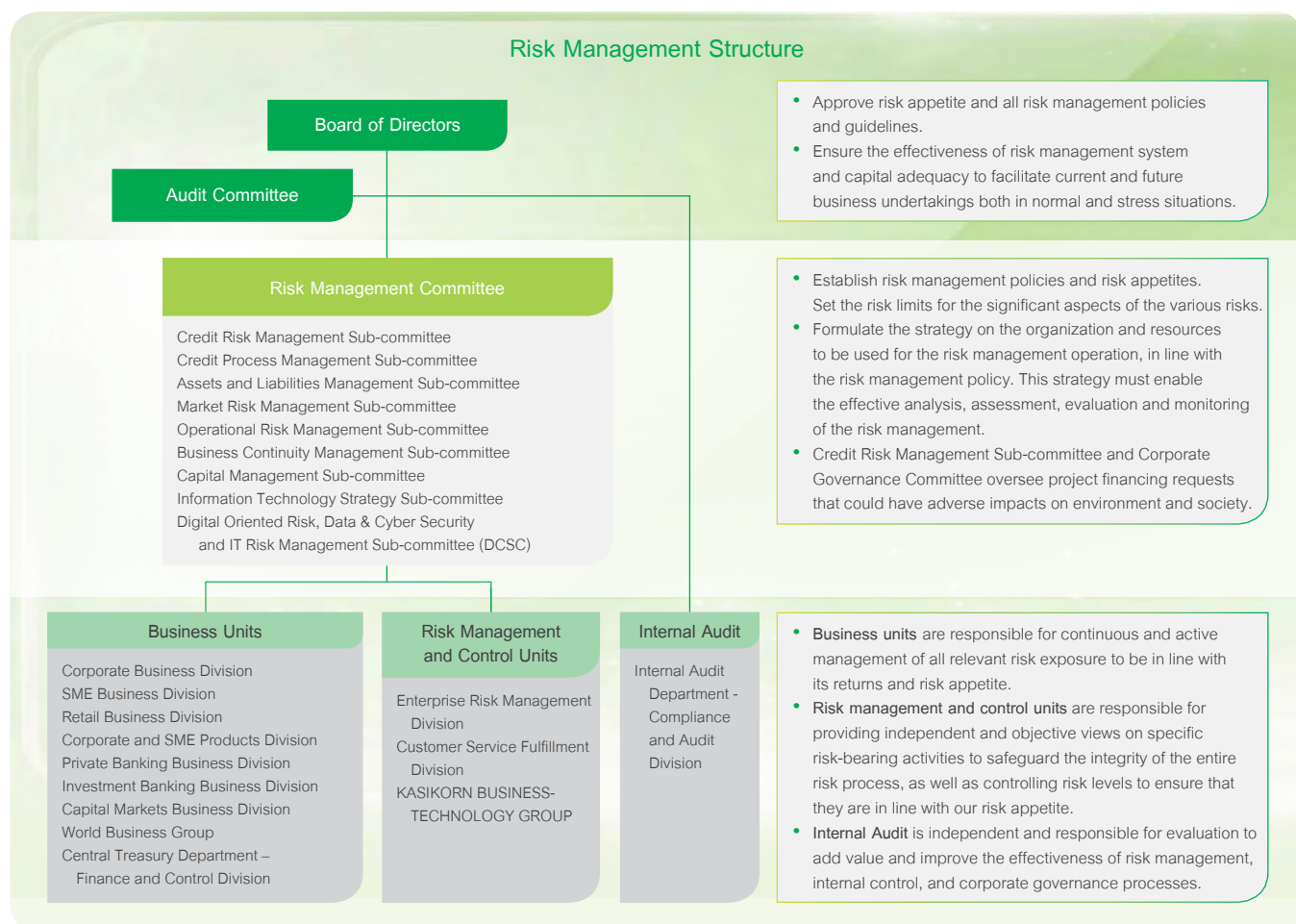
Risk Management and Risk Factors⁽²⁾

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 stakeholders. 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, cyber

and strategic 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 the appropriate level of 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.



⁽²⁾ Details of various risk management and other related information, in accordance with the Bank of Thailand Pillar 3 requirement 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:

- **Preparation for Basel regulatory reform.** KBank, together with the Bank of Thailand, continuously monitors Basel regulatory changes, as well as quantifies the impact and prepares data for implementing new criteria, to ensure that our capital adequacy and liquidity position are appropriate for our operations per the business plan.
- **Value-Based Management (VBM)** was applied to credit risk management when setting the direction of credit portfolio and business targets at customer and product levels. In addition, VBM was applied to capital management to strive for the highest capital efficiency while ensuring capital adequacy under normal and stress scenarios.

Moreover, 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, 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.
- **Early warning signs** were developed with the use of transactional data and customer behavioral data for enhanced efficiency in customer risk monitoring as well as recovery and collection processes.

- **Development of risk management system and framework for capital market and treasury business** focusing on overall risk management to cope with sophisticated products amid fast-changing market conditions with the proliferation of business innovations in order to integrate our services in alignment with customer needs, along with maximizing efficiency to KBank under appropriate risk appetite.
- **Development of liquidity risk measurement system per Basel III requirements.** In 2017, development of a system for measuring Net Stable Funding Ratio (NSFR), which is used for structural liquidity risk assessment, was completed. We now have in place a system for measurement of liquidity risk in accordance with Basel III requirements.

2. Risk Management

KBank has placed an emphasis on comprehensive risk management such as credit risk, market risk, liquidity risk, operational risk, cyber risk and strategic risk which 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 stakeholders.

In 2017, KBank concentrated on balancing between services and credit risk management within each customer segment. As the Thai economic recovery was not yet broad-based, we put in place more stringent customer screening criteria. In particular, more rigorous requirements have been set for small and micro businesses as well as retail customers, while we have acquired customers with stronger financial status and sound debt servicing ability. We have also developed customer early warning signs and behavior monitoring to ensure efficient customer monitoring and recovery and collection processes.



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 prevailing circumstances, particularly economic factors that could affect our customers and our portfolio quality. Via Active Credit Portfolio Management (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:

- **Credit 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 credit risk management and process efficiency.
- **Customer screening criteria have been revised on a regular basis to reflect customer 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 sector risk levels.

- **A risk management mechanism has been established in response to risk events which may affect our customers.** Early warning sign monitoring will trigger actions of responsible departments to assess impacts on affected customers and KBank by conducting in-depth analysis and stress testing. Thus, KBank shall be able to 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 and customer status has 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 risk management**, in terms of both borrower group concentration and sectoral concentration, has been effectively managed so that exposures are maintained within limits, per the Bank of Thailand's Single Lending Limit (SLL) framework and Basel Pillar 2 credit concentration guideline. As of December 31, 2017, large borrower concentration was within the established limit. Industry concentration has been monitored and controlled to prevent over-exposures in particular sectors, 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 processes and systems 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 approval authorities, and monitoring of customer status continually.



For our consumer loan customers whose main products comprise home loans, credit cards and other types of financing, including loans for small and micro businesses, KBank deploys 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 practices, we realize the importance of Corporate Social Responsibility practices in our credit underwriting. Guidelines and policies for environmental and social impacts have been established for project finance requests at home and abroad. KBank will consider both environmental & social impacts and project sponsor's action plan in handling such impacts, which requires project 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 limit setup, credit disbursement, 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, KBank 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 strategies 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 information from the review to support our management towards better credit management 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 KBank's and K Companies' 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 2017, global financial markets were volatile amid a number of key events. These included US fiscal policy and uncertain timing of the Federal Reserve's policy rate hikes, as well as geopolitical rifts on the Korean peninsula and ongoing Middle East tension. These factors caused the Baht's value and Thai interest rates to be on a volatile course. The Thai Baht steadily strengthened in line with other regional currencies while interest rates were declining, which could be attributed mainly to capital influx into Thailand. These uncertainties and the maneuverings of the Federal Reserve and the European Central Bank (ECB)'s monetary policy are expected to cause fluctuations in the global economy and financial markets, including Thailand, going forward.

Market Risk in Trading Book Activities

KBank's trading activities are exposed to interest rate, foreign exchange, equity risks and credit spreads. 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.

Market Risk in Banking Book Activities

KBank is exposed to interest rate, equity price and foreign exchange 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 and economic value of KBank.

KBank manages financial position to increase net interest income and underlying economic value, based on adequacy of 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 preparing interest rate risk gap report for monitoring interest rate risk and 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, 2017
	+100 bps
THB	177
Foreign Currencies	(35)
Total Effect of Interest Rate Change	142



- **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.

- **Foreign Exchange Risk in Banking Book Activities**

KBank is exposed to foreign exchange risk of foreign currency position incurred from our overseas operations. KBank has chosen not to retain foreign currency position stemming from such activities, except where there is market limitation of risk hedging, or for the purpose of appropriate cost management in risk hedging during certain periods, with monitoring process and control measures in place to ensure that risk is within an acceptable level.

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, while continually assessing and analyzing liquidity risk to ensure 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 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 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.

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 2017. This is to ensure confidence towards our operational risk management efficiency. Key developments included:

- **Implement Market Conduct Policy and monitor compliance** to ensure that KBank's sales and service management is fair to all customers, with consideration of customer needs and ability.
- **Continually develop the Fraud Management and Intelligent System** to enhance our potential in investigating potential transaction fraud related to Bank customers, via transaction fraud module and internal fraud module, for increased fraud detection capacity.
- **Improve key operational systems to ensure stringent internal controls at branches.** Policies and standards for the development of new authentication technologies were introduced to prevent risk stemming from fraud and errors.
- **Conduct internal communications to continuously promote a good Market Conduct Culture** via various media under the "Honest KBank People" campaign, as part of our K-Culture program.

Cyber Risk Management

Cyber risk refers to risk that may arise from financial transaction service provision via digital channels, data management, cyber threats and the use of IT to support business operations. It may come from internal or external factors, possibly having adverse impacts on, or causing monetary or non-monetary losses to, KBank and our customers, directly or indirectly.

KBank aims to maintain our growth and our leadership of digital banking services in the market. To achieve this challenging goal, customer trust holds the key; customers must feel confident and secure when using our services. Recognizing the importance of cyber risk management, we have put in place measures for managing relevant risks under operational risk management framework and established additional IT risk management policies and framework for enhanced efficiency in work processes, control and systematic risk management in synchronization with related international standards such as ISO 27001 and ISO 31000, in accordance with the Bank of Thailand's policies and best practices.

In 2017, KBank formulated a cyber risk control system development plan that will lead us to achieve the target of sound risk management. We prioritize risk control including protection and detection of, and response to, potential risks across our four key areas of business processes and work systems, i.e., supervision, policies, IT processes and systems, and personnel. Key developments included:

- **Governance**
 - **Establishment of the Digital Oriented Risk, Data and Cyber Security and IT Risk Management Sub-committee (DCSC)** to act as a cornerstone in a drive towards, and to give support to, services via digital channels so as to meet customer needs and enhance our competitiveness in the banking business, with the aim of maintaining our leadership in digital banking services under effective DCSC risk management, and control within the established risk limit.
- **Policies**
 - **Improvement of IT Risk Management Policy** to ensure efficiency in our application, data and IT infrastructure, in keeping with KBank's vision of maintaining our growth and our leading position in the Thai digital banking service market.



- Improvement of policies to better respond to cyber risk management through establishment of management framework, scope, roles and responsibilities and clearer details for risk management concerning digital business, data security and cyber threats.
- **Processes and Technology**
 - Ongoing IT operational risk management by closely monitoring preparation of control measures to maintain continuity of system services, mitigate IT risk and prevent the causes of system malfunction, to efficiently and effectively support KBank operations.
 - Preparation of data protection measures, currently in the process of implementing Data Protection program as a security measure and for the prevention of risks related to customers' and KBank's important data, primarily taking into account proper data storage and use. To this end, we prioritize data classification, assessment of risk from data use, and installation of a system for detecting potential data risk, which can thus be managed more efficiently in a timely fashion.
 - Preparation, improvement and enhancement of advanced threat prevention to ensure that digital and cyber risks can be proactively managed, focusing on concrete results and effective control in order to stay ahead of cyber threats that have seen rapid change, becoming both more varied and more sophisticated.
- **People and Culture**
 - Creating Cyber Risk Awareness by providing knowledge and understanding of potential cyber risks to our customers, employees and executives, as well as preventative guidelines or solutions to cyber threats that may occur from digital transactions.

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 for and inconsistent with internal factors and external environment, which may affect earnings, capital fund or viability of the business. For 2017, material factors affecting strategic risk included economic growth – both local and global, volume of international trade and investment, consumer behavior in response to various forms of digital technologies, expansion of electronic trade, volume of payment via electronic channels, adjustment to the advancing digital age and in-depth understanding of customer behavior for strengthened relationships with KBank. Our 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.
- Establishing KRIs for strategy execution so as to identify problems/obstacles which may arise during the execution of strategies.

Business Directions and Operations of Core Businesses

1. Sustainable Development and Corporate Governance

Sustainable Development in Action⁽³⁾



KBank has given particular attention to nine of the 17 United Nations Sustainable Development Goals (SDGs), as being in harmony with our sustainable business operations in accordance with our Material Issues with the aim of generating sustainable value to all our stakeholders.

In 2017, the Corporate Governance Committee proposed to KBank's Board of Directors revisions to the 15 items of the Sustainable Development Policy, streamlining them into 12 items to be in alignment with our business undertakings amid the changing environment and technology-driven competition. The issue of "Customer Data Security and Privacy" has been added to our Sustainable Development Policy to better conform to our new strategic goals and Material Issues. The elements of "Professionalism", "Participation in the Development of Sustainable Economy", and "Building on Awareness and Organizational Culture in Environmental Protection" have been removed as they are incorporated into the prevailing KBank functions and Core Values. Matters regarding "Youth and Educational Personnel Development", and "Community and Social Development" have been merged into "Youth Education Development and Community and Social Development". KBank's sustainable development structure cascades development targets down to the implementation level in all divisions, and integrates action plans within the organization to harmoniously generate maximum benefits for all stakeholders.

Sustainable Development Policy

Economic Aspect

- Business operations defined by good corporate governance practices
- Adherence to the "Customer Centricity" philosophy and effective customer responsiveness
- Product and service enhancements via value-added innovations
- Sharing of financial knowledge with the general public
- Efficient risk management
- Customer data security and privacy



Social Aspect

- Fairness of labor relations management and employee caring
- Employee development
- Promotion of occupational health and safety for employees
- Youth education development and community and social development

Environmental Aspect

- Environmentally-friendly business operations
- Conservation and reduction of use of natural resources and waste reduction

⁽³⁾ More details on Materiality for both KBank and stakeholders can be found in Sustainability Report 2017.



Our Sustainable Development Policy, comprising 12 items, are categorized into three main aspects, i.e., economic, social and environmental aspects.

1. Economic Aspect

- Business operations defined by good corporate governance practices
- Adherence to the “Customer Centricity” philosophy and effective customer responsiveness
- Product and service enhancements via value-added innovations
- Sharing of financial knowledge with the general public
- Efficient risk management
- Customer data security and privacy

2. Social Aspect

- Fairness of labor relations management and employee caring
- Employee development
- Promotion of occupational health and safety for employees
- Youth education development and community and social development

3. Environmental Aspect

- Environmentally-friendly business operations
- Conservation and reduction of use of natural resources; and waste reduction

- KBank then compiled and screened all material aspects that are significant to KBank and the external stakeholders’ decision making, and submitted the findings to all KBank divisions and stakeholders for review and assessment, as mentioned below:

- Internal Divisions of KBank

KBank used brainstorming sessions with all divisions, in the forms of meetings, conferences and questionnaires; the information gained was compared with KBank’s strategies and key risk factors over the short and long terms. External stakeholders were identified to jointly determine the sustainable material aspects and information disclosure boundaries of KBank.

- External Stakeholders

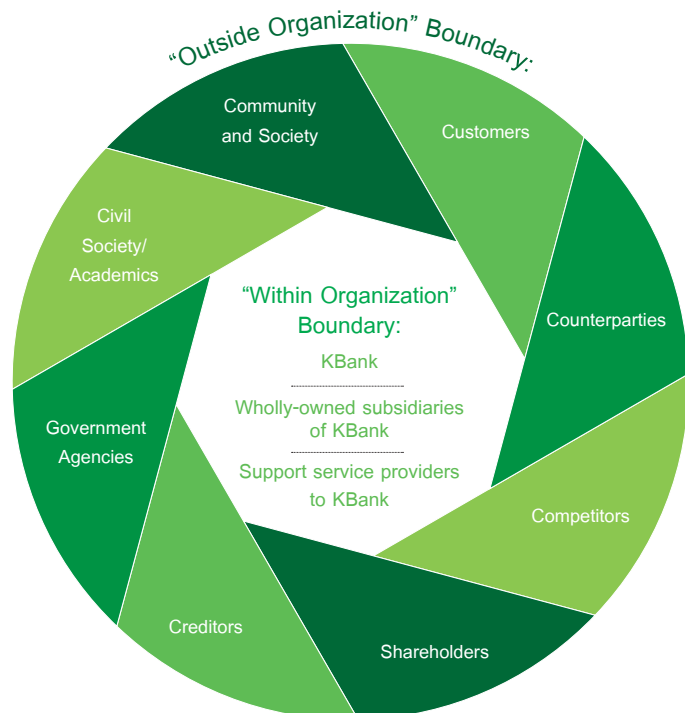
Officially and unofficially, KBank gathered the opinions and expectations of external stakeholders, including customers, investors, supervisory agencies and officers in sustainable units of various institutions, using meetings, questionnaires and in-depth interviews with individuals. With that information, KBank learned about factors towards decision making and sustainability issues that our stakeholders deem important.

Materiality Assessment

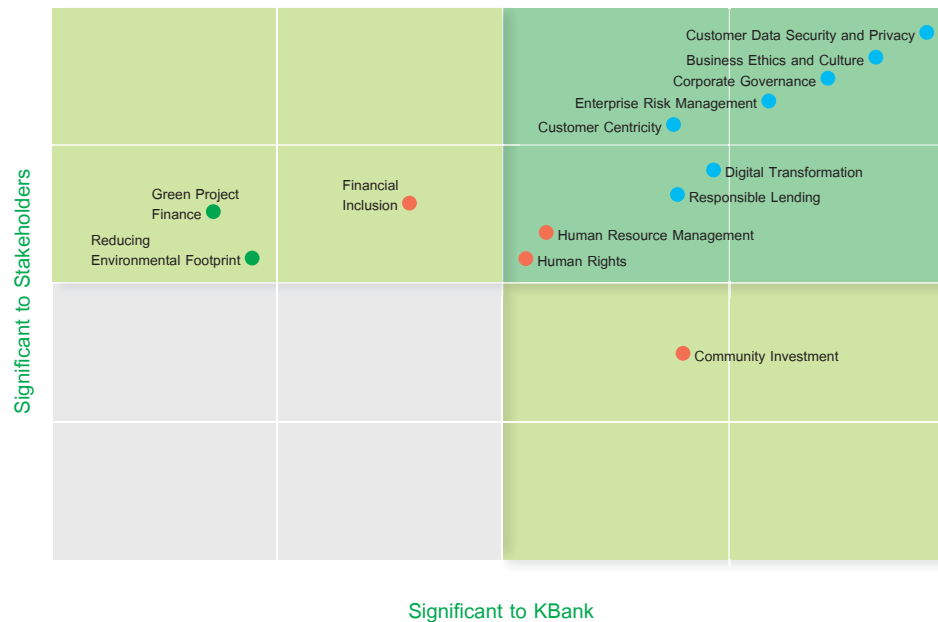
KBank has managed our material aspects through establishment of four assessment steps to be used as operational guidelines which enable us to effectively respond to our stakeholders’ requirements.

1. Identification of material aspects is based on two sources, i.e.,

- Review of 2016 material aspects
- Studies of related aspects set out in other sustainability standards, for example, Dow Jones Sustainability Indices (DJSI) and the sustainability aspects emphasized by banks worldwide per Sustainability Accounting Standard Board (SASB) guidelines



2. Prioritization of Material Aspects



- KBank analyzed and reviewed the information gained from internal and external stakeholders.
- Prioritization was made into 13 aspects of three magnitudes of impact significance: large, moderate and small. Those issues have been prioritized on the Materiality Matrix, as follows:
 - Horizontal axis: Issues that are significant to KBank
 - Vertical axis: Issues that are significant to stakeholders

3. Validation

- KBank explained the derived prioritization to all divisions, so that they acknowledge the stakeholders' opinions and use them to define operational guidelines that cater to the stakeholders' requirements.
- KBank reported to the Corporate Governance Committee and KBank Board of Directors on the material aspects for validation and approval, and also incorporated them 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 further reports.

KBank firmly believes that making sustainable development a core principle of business operations will not only mitigate risks that may affect our business undertakings in the future, but also create opportunity for KBank and all stakeholders. Throughout 2017, KBank maintained its commitment to management of numerous challenges, especially business model transformation, technological advancement and changing customer behavior with the aim of delivering excellent products and services surpassing basic needs and expectations, while also creating value addition for positive social and environmental change in a sustainable manner.

Corporate Governance

Good corporate governance is essential for sustainable business operation. Aside from creating confidence among all shareholders and stakeholders, it is instrumental in making KBank a Bank of Sustainability. In 2017, KBank reviewed the Code of Conduct to be consistent with KBank's Statement of Business Conduct. Our Articles of Association, Statement of Corporate Governance Principles as well as Corporate Governance and Sustainable Development Policies were updated to suit well to our business in alignment with laws and good corporate governance practices. KBank also reviewed our CG performance based on the criteria of the Corporate Governance Report of Thai

Listed Companies and ASEAN CG Scorecard. Moreover, we placed great importance on our operations in conformity with the Statement of Corporate Governance Principles. To this end, KBank continually undertook various activities to promote good corporate governance practices, organized training courses for our executives and employees, and held meetings to equip K Companies and P Companies representatives with relevant knowledge to ensure effective CG operations and common practices.

2. Business Directions of KASIKORNBANK and the Wholly-owned Subsidiaries of KASIKORNBANK in 2017 and Outlook for the Next Three Years

In 2017, Thai economic growth gained traction, buoyed by strong recoveries in tourism and exports. This growth momentum is expected to carry on into 2018, especially amid a brighter outlook in public and private investment. Nonetheless, the business sector remained challenged by new modes of competition, a broader marketplace within the ASEAN Economic Community (AEC), and the advancing digital age amid the rapid pace of technological advancement, economic uncertainties, Thai Baht volatility and interest rate trends. Businesses have also had to contend with rapid changes in both rules and regulations, and consumer behaviors.

Within this context, KBank and K Companies will, for the next three years, accentuate enhancement of our business capabilities to achieve sustainable growth and returns while maintaining our market leadership over the long-term. Guided by our core strategies of “Customer Centricity”, KBank has decided to

redefine our aspiration to become “Customers’ Life Platform of Choice”, meaning the most-preferred platform that can meet customer’s needs in every aspect of their lives by leveraging our strengths as Thailand’s number-one digital banking provider and enhancing our services under three-pronged approach: Beyond Banking; Embedded Trust; and, Everyone, Every day, Every way and Everywhere. To this end, we have set our sights on providing all customers with services beyond their expectations to become their trust agent and stay relevant to their daily life to fulfill their everyday needs, anywhere, anytime with an unsurpassed service experience.

To achieve this redefined aspiration, KBank has thus worked with our partners, both domestic and international, to create ecosystem partnership collaboration under the “KASIKORNBANK and Beyond” concept. Moreover, under the “Segment of one” concept, we focus on strengthening our capabilities by using data and advanced technology to understand and anticipate each individual customer’s need and provide smart personalized “Financial and Life Solutions” to the right customer at the right time. We continue our endeavor to deliver an excellent customer experience with ever-greater consideration of consumer protection and customer privacy, taking into account the changing customer expectations for greater convenience and speediness over omni-channel.

Regarding our business operations, we prioritize comprehensive customer service and care across all segments to effectively accommodate their demands. Our endeavors for each business will be as follows:

- **Retail Business:** We aim to remain at the top as Customers’ Main Bank for all segments while also maintaining our market leadership, guided by our core strategy of Customer Centricity. In parallel, we will make the most out of diverse customer data through analysis to gain better understanding of our customers’ needs and thus achieve the best responsiveness in terms of products and services available via all KBank channels. Under the redefined aspiration of becoming “Customers’ Life Platform of Choice” – the most-preferred platform that can meet customers’ needs in every aspect of their lives through the combination of our branch and digital channels – KBank focuses on collaborating with our partners in various businesses to create ecosystem partnerships, which will not only respond to customers’ demands but also expand our horizons to new businesses for enhanced competitiveness and sustainable business operations over the long term. Meanwhile, we highlight the upgrade of our KBank Private Banking in conformity to international standards



through comprehensive advisory services, the offering of products and services for asset management across all dimensions – ranging from family business planning to investment in Thailand and abroad in alignment with the needs of our High Net Worth Individual clients.

- **SME Business:** Being the “Bank for SME Customers”, we also aim to become their Total Solution Provider. Through our Relationship Managers (RMs), who are well-versed in KBank products and have in-depth understanding of our customers’ businesses and needs, we will also deploy innovative digital technologies along with offering knowledge-based assistance and business networking for their sustainable business growth.
- **Corporate Business:** KBank is determined to meet all of our corporate customers’ business needs, especially through funding support, advisory services and multiple formats of fund mobilization to ensure their cost effectiveness under appropriate risk management. Along with this, we have given staunch support to their transactions via all electronic channels for increased competitiveness and effective business management in a comprehensive manner.
- **International Business:** KBank continues to gear up for being an “The Bank of AEC+3” via “Dual Track Regional Digital Expansion” to build up our long-term competitiveness. Through our international banking network under the policy of partner bank connectivity, we work diligently to develop digital channels in order to support our SME clients seeking to expand their trade and investment, Thai and local corporate clients as well as retail customers within the AEC+3 region. Moreover, KBank aims to upgrade our three representative offices, i.e., the Yangon Representative Office in the Republic of the Union of Myanmar, and the Hanoi Representative Office and Ho Chi Minh Representative Office in the Socialist Republic of Vietnam, to the status of foreign branches. The move is aimed at expanding our service scope and becoming our Customers’ Main Bank for cross-border transactions and settlements in AEC+3 countries, especially through the Exotic Currency Settlement Initiative. Another major effort will involve development of Issuing and Acquiring Business with electronic devices in parallel with strengthened collaboration with fintech companies and other businesses within the global network for full coverage of cross-border settlement services.



KBank and Lombard Odier organized the “RETHINKING EXTREMES: 221 Years of Wealth Management and Moving Forward” seminar, featuring international asset management for High Net Worth Individual customers and technologies that will play an important role in wealth management in the digital era.

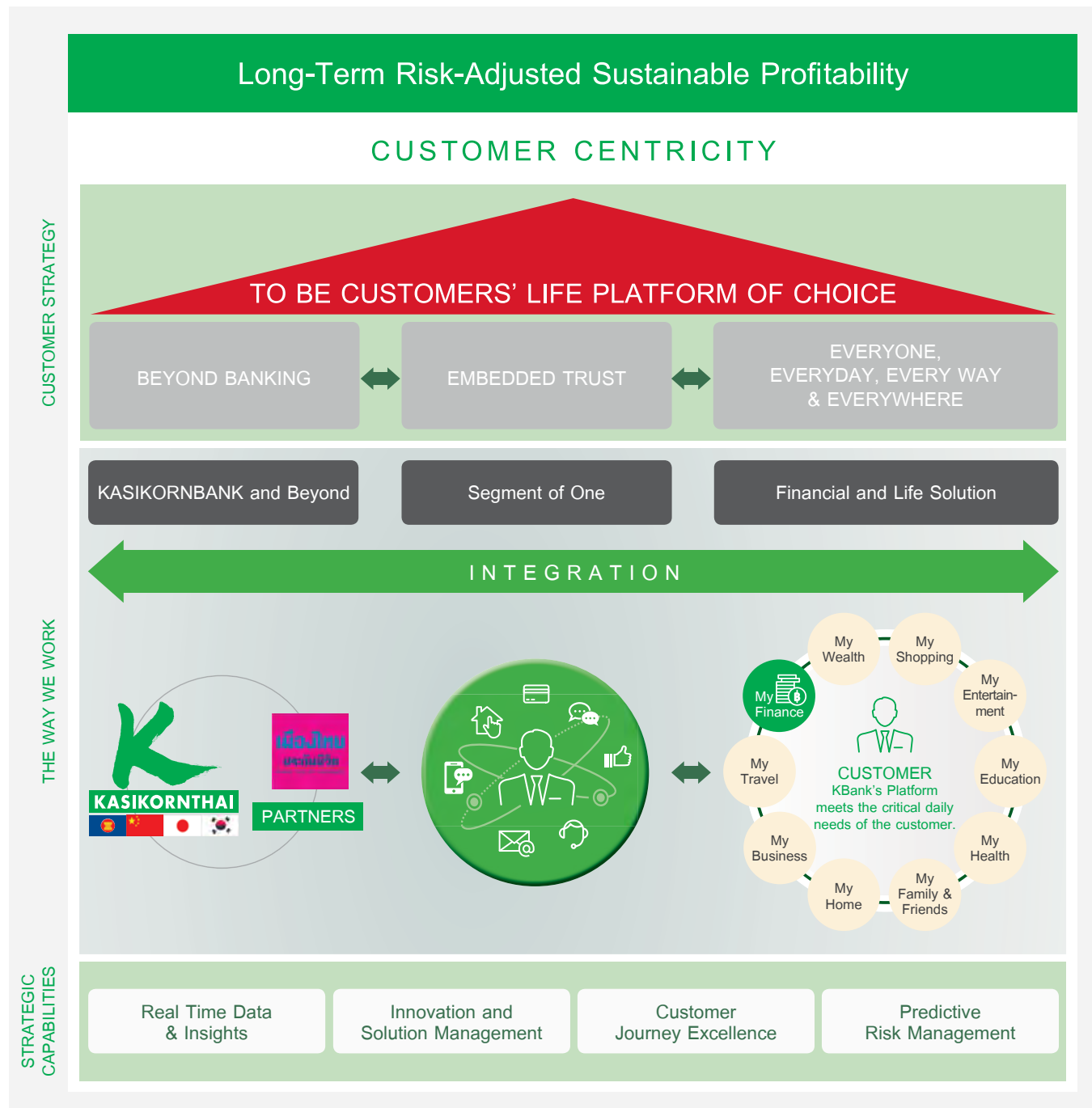


KBank and the Ministry of Commerce jointly organized the “Transition towards SME 4.0” seminar to provide knowledge to SMEs to help them transition towards SME 4.0 and enter the digital era in line with the Thailand 4.0 initiative.



KBank is the first Thai commercial bank to launch a money transfer service available in all AEC+3 currencies.

Beyond the above strategies, we focus on proactive integrated risk management (IRM) through the establishment of principles and policies for management of all risks, effective capital management and creation of a culture of risk awareness organization-wide. All these efforts are aimed at maintaining KBank's stability as a leading financial institution, enabling us to cope with possible economic fluctuations in a timely manner, while also adhering to good corporate governance practices and strictly complying with regulations and relevant laws.



3. Customer Segments and Services

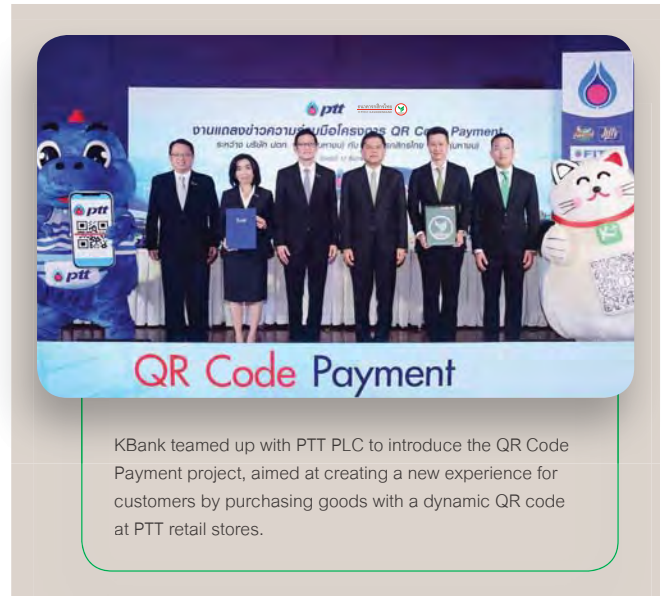
During 2017, our key operations in eight customer segments are as follows:

Multi-Corporate Business

Throughout 2017, KBank prioritized development of products and services in response to the government's drive towards a cashless society under the National e-Payment Master Plan, which initiated PromptPay for corporate customers, expansion of card use via electronic data capture (EDC), and QR code payment schemes. We worked with our Multi-Corporate Business customers to introduce lifestyle payment solutions such as Cross-Border Payment Solution for Tourists via Alipay and WeChat applications to facilitate Chinese travelers visiting Thailand, and the Dynamic QR Code payment system under collaboration with PTT PLC.

The Thai and global economy enjoyed ongoing growth last year. Our Multi-Corporate Business customers were thus in need of funding for their business operations at home and expansion abroad. KBank acted as a financial advisor to this group of clients, and offered financing and fund-raising support in various forms, including via debt and capital markets, to our customers in numerous industries such as energy and consumer goods. We also recommended them to appropriately use risk management products to hedge against Baht volatility.

KBank also focused on strengthening business networks of our customers and their trade partners through value chain connectivity for value addition from upstream to downstream. To this end, loan products and cash management solutions were offered, and response was satisfactory. Moreover, knowledge enhancement activities were organized throughout the year to equip our clients with expertise beneficial to their business operations amid rapid technological change and ever-changing consumer behavior. Notable efforts included a KBank Exclusive Seminar: Capitalizing on Cambodia, a seminar entitled, "Winning in the Disruptive Game", and an international trade seminar on "Staying Ahead of Fraud".



Large Corporate Business

To optimize the customer experience, KBank places importance on truly knowing and understanding our clients so as to offer financial products and services satisfying their demands. Focus is on customer relationship management (CRM) efforts and better customer care, wherein their feedback contributes to the continual development and improvement of our work processes.

In 2017, the Thai economy posted healthy growth, driven mainly by exports and tourism. Nonetheless, our Large Corporate Business customers were exposed to Baht volatility, as their income and expenses are in foreign currencies. KBank thus strived to fulfill their needs through financial advisory services together with the offering of financial products and services as tools for effective risk management.

In response to ever-changing consumer needs and the government's National e-Payment Master Plan, we launched e-Wallet and QR Code payment while also encouraging our customers and their trade partners to make electronic payment for enhanced efficiency in cash management. In collaboration with our customers who directly sell goods and products to their clients (B2C) such as restaurants and convenience stores, we have encouraged the public to switch to QR code payment in lieu of cash.



KBank, government agencies, and Thai Bankers' Association together held a "FX Risk Management of SMEs" seminar to provide knowledge and raise awareness on foreign exchange risk management.



KBank organized a seminar on the topic "Winning in the Disruptive Game" for KBank customers.



K CONNECT-LG is an online, 24-hour letter of guarantee service with an internationally recognized security system.

Meanwhile, KBank initiated full-service K CONNECT-LG for enhanced efficiency in LG management. The service enables customers to issue or renew a letter of guarantee and check their credit exposure online anytime.

Throughout 2017, we continued to hold activities to promote family business management, especially for effective business succession to the next generation, which is instrumental in sustainable business growth. In keeping with the fast-changing world, KBank provides knowledge-based support to our clients. Notable efforts included Family Business Disputes and Transfer Solutions, Professional Family Business Management and a seminar entitled, "Winning in the Disruptive Game".

Medium Business

KBank prioritizes development of products and services along with the offering of digital banking innovations as total solutions to support our customers' business operations. We have also continued to enhance the knowledge of our SME customers to strengthen their business undertakings, especially through business networking and partnership. In 2017, our customers within value chains recorded growth over the past year. Notably, KBank continually gave support to business operators across various value chains. Of note were value chain solutions catered for service stations – ranging from the construction and remodeling of service stations, to fuel purchase, and broadening of their business opportunities to non-oil businesses. In the latest development, we extended our financial support to restaurant franchisees, especially those seeking to open a franchised restaurant within petrol station compounds or stand-alone establishment.

For digital banking innovations, we developed and launched K-CONNECT-LG to facilitate customers in conducting letter of guarantee (LG) transactions at reduced operating cost. The service allows our clients to view their LG exposure, issue an LG report and request an issue or renewal of LG anywhere, anytime 24 hours.

Moreover, KBank held a seminar entitled, "FX Risk Management Project for SMEs", for importers and exporters with income not exceeding Baht 400 million, to equip them with knowledge of FX risk management and hedging while also building awareness of risk prevention for their business operation. In cooperation with various government agencies, namely The Bank of Thailand, the Ministry of Industry, the Office of Small and Medium Enterprises Promotion (OSMEP) and the Thai Bankers' Association, this event was held in many provinces across the country.

Small and Micro Business

KBank focuses on providing funding support along with enhancing competitiveness and business opportunities for our Small and Micro Business clients, especially those in promising franchise businesses. To this end, we have expanded our assistance to various franchise businesses, notably pharmacies and restaurants, by giving them K-SME Franchise Credit. In addition to our services provided to customers throughout their value chain, we aim to facilitate their business operations. To this end, KBank offered QR code payment service via K PLUS SHOP application and installation of electronic data capture (EDC) machines to enhance payment convenience for both merchants and customers. Along with this, we staged the “Pip Jang on Tour” PR campaign in big provinces to promote QR code payment. We also partnered with Sun 108 and Alipay to pioneer QR code payment via vending machines, with the aim of providing greater convenience for Chinese tourists. Moreover, KBank worked with Bangkok Bank PCL to install EDC for merchants under the e-Payment Joint Venture as part of the local card scheme to install EDC for merchants. We also offered special privileges under the K-Merchant service for retailers installing EDC machines during the year as part of our push for a cashless society, in keeping with the National e-Payment Master Plan.

High Net Worth Individual

In 2017, KBank Private Banking service experienced remarkable growth across all products and services in conformity to international standards. To extend happiness to our High Net Worth Individual clients, we engaged in numerous endeavors. Notable developments in 2017 included:

1. Investment innovation: We employed international investment innovation to develop mutual funds specifically for our High Net Worth Individual customers. Of note was the K Equity Absolute Return Fund (K-ART), which uses “Big Data” and machine learning for analyzing and selecting securities to generate positive returns regardless of market conditions. Teaming up with Lombard Odier and KASIKORN ASSET MANAGEMENT CO., LTD., we introduced the K Global Risk-Enhanced Asset Allocation Fund (K-GREAT) – a risk-based asset allocation fund, which is a new form of mutual fund that uses leveraged derivatives to enhance returns and optimize risk management mechanisms.



KBank organized “KBank Private Banking Next Generation 2017 Class 3” for High Net Worth Individual successors by providing academic knowledge related to investment and a variety of activities.



KBank held a press conference on “SME Matching Day 2017” offering a venue for SMEs to meet Thailand’s leading retail and wholesale trading companies as well as provide advisory services aimed at enhancing their operating efficiency.



KBank launched a promotional campaign, “Special privileges from K-Merchant” for convenient sales and payments for merchants and their customers.

2. Provision of world-class services: With the aim of providing services attaining international standards, we have clearly segregated duties of Quality Assurance and Settlement teams. While Quality Assurance team is responsible for checking and confirming transactions, and Settlement team conducts transactions which have been verified for customers. KBank also worked with Lombard Odier to organize training courses, designed specifically for private bankers and support teams for the delivery of world-class services to our customers.

3. Access to data: To expand opportunities for our High Net Worth Individual customers to gain better access to data, we introduced the LINE@, providing channel for quick investment and financial information update, to support private bankers. In 2017, we also organized activities and seminars related to investment techniques appropriate for market conditions, moderated by

qualified experts. Outstanding events included “Innovative Core Investment Strategy”, wherein representatives of securities company and asset management company, namely BlackRock, J.P. Morgan and Lombard Odier, were invited to share their expertise.

Affluent

We always adhere to our core strategies of making KBank the Customers' Main Bank along with maintaining our customer base. With “Big Data” processing and analyzing to provide insights on customer behavior, we are able to develop products and services that better meet each customer's specific needs. Making the most of our strong overseas network, we aim to serve foreign customers, especially those doing business with KBank in AEC+3 countries, as part of our efforts to expand THE WISDOM customer base. Advisory service has been enhanced to respond to their personal and business needs through multiple channels, namely teams of professional RMs who are well-versed in all fields of investment, THE WISDOM ONWARD e-Newsletter – an online monthly newsletter, and quarterly seminars.

Meanwhile, KBank teamed up with KASIKORN ASSET MANAGEMENT CO., LTD. to launch more than 110 mutual funds with varied investment policies. Of note were K Selective Emerging Markets Equity Fund (K-SEMQ), K Asia Pacific Bond Fund (K-APB) and K FIT Allocation Fund (K-FIT). To provide greater convenience to our customers, we added to the K PLUS – a mobile banking application functions for immediate opening of mutual fund accounts and purchase of LTF and RMF. The K-My Funds application was also introduced to serve as a personal advisor on mutual fund investment. Meanwhile, life insurance products were offered as savings alternatives for our clients. These included Whole Life 99/1 (with maturity benefit) targeting customers seeking to transfer assets to their heirs with no inheritance tax, and Life Insurance: Endowment 510 Guarantee for short-term investors seeking high returns.

We underline the significance of upgrading our THE WISDOM brand and remaining the top-of-mind brand among our Affluent customers. KBank thus offers exclusive experiences to directly respond to their financial and lifestyle needs. To this end, THE WISDOM Lane was added to certain branches to provide greater convenience for our THE WISDOM customers when conducting financial transactions at branches with relatively heavy traffic. One lifestyle activity of note was “THE WISDOM Exclusive Experience: Appreciating Thai-Chinese Art Heritage at Lhong 1919”, arranged for this customer group.



KBank organized the “THE WISDOM Wealth Avenue” seminar, providing insight into Thailand's future and investment opportunities, with trade and investment guidelines looking towards Thailand 4.0.



KBank introduced Taweesup Extra savings account plus life insurance with tax benefits.

Middle Income

Guided by our core strategy of “Customer Centricity”, we aim to completely accommodate the demands of each customer group, along with strengthening THE PREMIER as an exclusive brand for new-generation customers whose investments range between Baht 2 - 10 million. To increase customers’ product holdings and maintain our “Main Bank” status, KBank emphasizes the offering of personal financial advice and planning services.

In 2017, we developed innovative financial products in alignment with customer lifestyles in the digital age. A notable initiative was K-eSavings Account offered via K PLUS – a mobile banking application, which allows customers to conduct financial transactions on their own – from opening and use, to closing of accounts. Having continually encouraged customers to save, plan for retirement and take out life insurance with tax benefits, we launched Taweesup Extra plus Pro Saving 615 Guarantee or Retirement 60/5 and Whole Life 99/5.

Regarding loan products, KBank prioritizes customer screening per our prudent credit policy in order to maintain overall portfolio quality. We focused on new products and promotional campaigns to achieve the loan target. For K-Home Loan, KBank launched home loans with special interest rates and a low installment payment plan to ease burdens of our customers seeking to purchase new homes, including custom-built residential units, or to refinance their mortgage. We also partnered with property developers which received pre-finance assistance from KBank in conducting co-promotion activities to expand our home loan customer base in viable areas. In response to the government’s measures, we debuted a home loan campaign catering

Many privileges were offered for LTF/RMF investments with KASIKORN ASSET MANAGEMENT via K PLUS, K-My Funds, and K-Cyber Invest applications.

for senior citizens. Moreover, comprehensive home-related data is available via the K Home Smiles Club website and via mobile phone.

For new credit cards, KBank focused on acquiring new high-income customers through the launch of credit card products to meet the lifestyle needs of each customer group. Notable products were

K-eSavings Account can be easily opened via the K PLUS application.

THE PASSION Credit Card, PTT Blue Credit Card, and KBank JCB Credit Card. Throughout the year, more than 590 campaigns were staged to spur all spending categories, i.e., dining, traveling and shopping across all areas throughout Thailand, including spending in foreign currencies, online shopping, as well as spending in line with the government campaign “Shopping for the Nation” or year-end tax break for shoppers which aimed to promote shopping activity to stimulate the economy. For personal loan, we focused on helping our customers harness financial self-discipline through the offering of a zero-percent special interest rate or a 50-percent discount on interest rate per established conditions for K-Express Cash Card payment, along with K-Personal Loan with preferential interest rates at Baht 2.34 per Baht 10,000 daily or 16 percent, p.a., granted to KBank

Payroll customers. Furthermore, we initiated the Machine Lending Program for KASIKORNBANK Personal Loans – a loan program offered via K PLUS – a mobile banking application to customers who will receive loan within one minute after they tap to agree to the established conditions. KBank has also revised our operational procedures for credit card and personal loan extension in alignment with the Bank of Thailand’s new regulations for credit card and personal loan supervision which took effect during the second half of 2017.

To support the government’s National e-Payment Master Plan, KBank introduced the PromptPay funds transfer service for individual customers via various channels and conducted PR campaigns to promote PromptPay funds transfer and registration, including a no-fee promotion offered to individuals making funds transfer via KBank PromptPay to any bank.

Mass

Guided by a strategy to be the preferred bank of our customers, especially those with the potential to become Middle Income clients, KBank remains committed to acquiring new customers and seeking opportunities to do business with our partners, especially leading companies and universities, in order to attract their personnel to use KBank as their main bank. In addition to this, we are diligent in developing new user-friendly products and services in response to the financial and lifestyle needs of customers. In 2017, we focused on encouraging our customers to use services and conduct financial transactions via electronic channels, especially via mobile phone. To this end, we provided an added channel to sign up for K-Debit Card via the K PLUS – a mobile banking application. Among notable initiatives was the introduction of three new designs of K-Debit Card for specific groups of customers who are cartoon fans, namely the K-ONE PIECE Debit Card, the K-Shinchan Debit Card, and the K-Pokémon Debit Card, as well as the specially designed Chang Suek KASIKORNTHAI Debit Card. Moreover, we organized



KBank kicked off the K-Shinchan Debit Card promotion offering special privileges to customers applying via K PLUS or at any KBank branch nationwide.



KBank launched THE PASSION Credit Card which offers plenty of privileges.

a promotional program to spur spending with K-Debit Card in addition to the government-initiated campaign under the National e-Payment Master Plan.

We also improved the offering of non-life insurance products via electronic channels to make them more user-friendly, affordable and convenient to buy. Notable products were Travel Protection via K PLUS – a mobile banking application, and KBank website, and PA365 via K-ATM.

4. Service Channels

In 2017, 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 in 2017 included:

- **Domestic branch network:** Our focus was on enhancement of service efficiency and maximization of our sales and service quality in alignment with changing consumer behavior, as evidenced by the increased use of more convenient service channels, especially our mobile banking application. We also continued to consolidate branches with relatively low traffic and to expand service channels at viable locations. The number of branches now available is therefore sufficient to meet demands of customers covering all areas. Meanwhile, we took into account the appropriate consolidation of foreign exchange booths in certain areas such as airports, new department stores and major tourist attractions, while also adjusting business hours in each location, to be in accordance with the number of travelers and high season, especially at popular tourist spots where FX Mobile Vans were also added.
- **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 so as to respond to customers seeking to venture into other Asian countries, in alignment with the national agenda to embrace the AEC. In 2017, KBank upgraded our representative branch in the People's Republic of China to a locally incorporated institution (LII), under the name of “Kai Tai Yin Hang (Zhong Guo)”, or KASIKORNBANK (CHINA) COMPANY LIMITED, with its headquarters in Shenzhen, Guangdong Province, allowing KBank to accommodate burgeoning trade and investment between China and Thailand. Another noted endeavor was KBank’s strategic partnership with Bank Maspion of Indonesia.



KBank was granted an LII license by China's authorities. With headquarters in Shenzhen, Guangdong Province, KBank's services will be enhanced to support flourishing trade and investment in China, which is expected to become an even greater economic power over the next decade.



KASIKORNTHAI BANK LIMITED, an LII in Lao PDR, opened a new head office on Lane Xang Avenue to accommodate economic growth, improve its reach to business and individual customers in Lao PDR, as well as connecting ASEAN companies with Lao PDR.



K-MOBILE BANKING PLUS has been renamed “K PLUS” with a new, easily recognizable, icon.

Branches and Financial Service Offices/Centers

Domestic Service Network	Number of Locations		Overseas Service Network	Number of Locations		
	2017	2016		2017	2016	
Branch Network ⁽¹⁾	1,026	1,107	Branches and Overseas Service Network:	17	16	
Foreign Exchange Booth	142	146	Branches of Locally Incorporated Institution			
THE WISDOM	105	105	KASIKORNTHAI BANK LIMITED (Lao PDR)	2	1	
Corporate Business Center	8	8	KASIKORNBANK (CHINA) CO., LTD.	4	0	
SME Business Center ⁽²⁾	121	121	Branches	3	6	
International Trade Service Center	58	58	Representative Offices	8	9	
Cheque Direct Service	33	31	Electronic Banking Services	Number of Units		
				2017	2016	
				Self-Service Channel (K-ATM and K-CDM)	11,891	11,683
				K-ATM (Automated Teller Machines)	9,302	8,973
				K-CDM (Cash Deposit Machines)	2,589	2,710
				K-PUM (Passbook Update Machines)	1,109	1,249

Note:

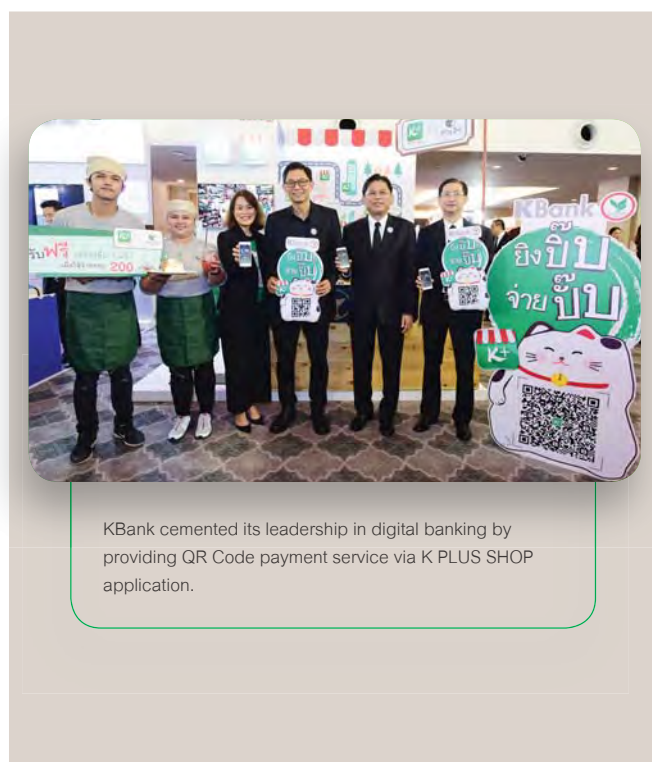
⁽¹⁾ Excluding 10 branches, classified as other branch platforms per the Bank of Thailand's conditions

⁽²⁾ 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 a major focus to accommodate round-the-clock financial transactions with security, along with installation of self-service machines with various languages available for greater convenience of our foreign clients. At the same time, we prioritized machine management for broader service coverage to effectively meet the needs of customers, who were also encouraged to conduct financial transactions at self-service machines.
- **Digital Banking Services:** To highlight our digital banking leadership, K-MOBILE BANKING PLUS was renamed K PLUS, and its logo was also changed for easier recognition. We are diligent in developing full-service digital innovations to facilitate transactions anywhere, anytime, in line with changing consumer lifestyles. Major initiatives of our digital banking in 2017 included:

- 1) **K PLUS:** Self-service functions have been developed to allow customers to conduct transactions other than the basic banking transactions now available (funds transfer, top-up and bill payment), without going to a bank branch. They include opening of a mutual fund account for the first purchase of LTF and RMF, and



opening of K-eSavings Account to simplify financial management.

A new QR code reading function was developed in keeping with the government's National e-Payment Master Plan. The service, which is initially available only at Siam Square, Chatuchak Weekend Market and Platinum Fashion Mall, Pratunam, will be further expanded for nationwide coverage. To promote greater use of QR code payment, promotional campaigns were staged including the "Peep-tival Program – Donate Baht 8 to Siriraj Hospital" and the "Get Baht 50 Cash Back when Making QR Code Payment of Baht 300 per transaction". We also added a Quick Pay function to K PLUS as a menu shortcut option for QR code payment. Another new function of note is My QR, which enables customers to accept payment by scanning QR code without the need for an account number or PromptPay data.

Furthermore, we launched K PLUS SME – a KBank mobile banking application specifically designed for our SME clients to conduct transactions online, with features that allow them to access data and manage their finance and business on their own.

- 2) **K-Cyber:** We focused on maintaining the stability of the K-Cyber system. Data security is ensured through implementation of ISO 27001:2013, the highest global standard, giving our customers more confidence when conducting financial transactions via all digital banking channels.
- 3) **K-Payment Gateway:** We enhanced service efficiency for bill payment with credit and debit cards online, and provided a security system to assure merchants of easy, convenient and complete processes to accommodate customer business operations.
- **K-Contact Center:** We have developed numerous comprehensive service channels for enhanced customer convenience. The "Customer Feedback Management" program was continued to gauge customer satisfaction and obtain their recommendations for use of KBank services, which will be used as input for development and upgrades to our service quality. Meanwhile, we have developed K-Contact service procedures for enhanced customer security through improvement of identity authentication processes, while also setting up a Customer Solution Hub to better respond to diverse customer needs which are sometimes different from KBank's standard offerings.



KBank held the "Peep-tival: Sharing Happiness and Smiles" activity inviting customers to make donations to purchase medical supplies for Navamindrapobitr 84th Anniversary Building, Siriraj Hospital, by using K PLUS to scan the QR code.



"Pay Instantly via Scanning", K PLUS SHOP is Thailand's first application to receive electronic payment via QR code scan and accept payments via QR code from every commercial bank in Thailand.



Operating Performance and Financial Position Analysis

1. Operating Performance

KBank's consolidated operating profit before provision expense and income tax expense for 2017 increased Baht 935 million, or 1.05 percent over-year. The increase was derived from net interest income that rose Baht 4,483 million, or 5.00 percent, which mainly resulted from rising interest income from investments and interest income from interbank and money market items, as

well as falling interest expenses. Meanwhile, non-interest income decreased Baht 1,030 million or 1.62 percent, due mainly to a decline in net insurance premiums. At the same time, operating expenses rose Baht 2,518 million, or 3.94 percent, over-year. In 2017, KBank has set aside higher allowance for impairment loss on loans to maintain our financial stability. Therefore, our net profit for 2017 totaled Baht 34,338 million, a decrease of Baht 5,836 million, or 14.53 percent over-year.

Operating Performance for 2017

(Unit: Million Baht)

	2017	2016	Change	
			Million Baht	Percent
Net Interest Income	94,161	89,678	4,483	5.00
Non-Interest Income	62,695	63,725	(1,030)	(1.62)
Total Operating Income – net	156,856	153,403	3,453	2.25
Total Other Operating Expenses	66,372	63,854	2,518	3.94
Impairment Loss on Loans and Debt Securities	41,810	33,753	8,057	23.87
Net Profit (attributable to equity holders of KBank)	34,338	40,174	(5,836)	(14.53)
Basic Earnings per Share (Baht)	14.35	16.79	(2.44)	(14.53)

Major financial ratios that reflected operating performance of KBank and our subsidiaries in 2017 and 2016 are as follows:

(Unit: Percent)

Financial Ratio	2017	2016	Change
Return on Assets (ROAA)	1.20	1.49	(0.29)
Return on Equity (ROAE)	10.24	13.23	(2.99)
Net Interest Margin (NIM)	3.44	3.52	(0.08)
Non-Interest Income to Average Assets	2.18	2.36	(0.18)
Non-Interest Income Ratio	39.97	41.54	(1.57)
Cost to Income Ratio	42.31	41.63	0.68



(Unit: Percent)

Financial Ratio	2017	2016	Change
Net NPLs to Total Loans	1.85	1.74	0.11
Gross NPLs to Total Loans	3.30	3.32	(0.02)
Coverage Ratio	148.45	130.92	17.53
Loans ⁽¹⁾ to Deposits Ratio	95.96	94.58	1.38
Loans ⁽¹⁾ to to Deposits and B/E Ratio	95.96	94.57	1.39
Capital Adequacy Ratio ⁽²⁾	17.96	18.84	(0.88)
Tier 1 Capital Ratio ⁽²⁾	15.66	15.16	0.50

Notes:

⁽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 2017 was Baht 94,161 million, increasing Baht 4,483 million or 5.00 percent over-year, due mainly to rising interest income from investments and interest income from interbank and money market items. Meanwhile, interest expenses decreased due to early redemption of subordinated debentures of KASIKORNBANK PCL No. 1/2012 in the first quarter of 2017 and a decline in average deposit rates. Our NIM for 2017 equaled 3.44 percent, lower than the previous year, which was in line with the declining interest rate trend, and the set target owing to cost of fund management that was better than the target.

(Unit: Million Baht)

	2017	2016	Change	
			Million Baht	Percent
Interest Income				
Interbank and Money Market Items	7,011	5,892	1,119	18.99
Deposits	1,068	364	704	192.92
Loans without Repurchase Agreements	483	439	44	9.96
Repurchase Agreements	5,460	5,089	371	7.31
Investments	16,820	15,032	1,788	11.90
Trading Investments	262	258	4	1.65
Available-for-Sale Investments	2,719	2,846	(127)	(4.44)
Held-to-Maturity Investments	13,839	11,928	1,911	16.02
Loans	90,434	89,923	511	0.57
Finance leases	5,059	5,014	45	0.90
Others	13	12	1	7.89
Total Interest Income	119,337	115,873	3,464	2.99
Total Interest Expenses	25,176	26,195	(1,019)	(3.89)
Total Interest Income – net	94,161	89,678	4,483	5.00
Yield on Earning Assets (percent)	4.37	4.55		(0.18)
Cost of Fund (percent))	1.22	1.32		(0.10)
Net Interest Margin (NIM) (percent)	3.44	3.52		(0.08)



Non-Interest Income

For 2017, KBank's consolidated non-interest income totaled Baht 62,695 million, decreasing Baht 1,030 million, or 1.62 percent over-year. The decrease was due mainly to lower net insurance premiums. Meanwhile, net fees and service income rose in line with continual expansion of the new customer base and revenue from capital market products. In 2017 and 2016, non-interest income of KBank and our subsidiaries accounted for 39.97 percent and 41.54 percent of total income, respectively. This was in alignment with KBank's set target, wherein non-interest income would be around 40 percent of total income.

(Unit: Million Baht)

	2017	2016	Change	
			Million Baht	Percent
Non-Interest Income				
Fees and Service Income	51,757	48,631	3,126	6.43
Fees and Service Expenses	10,451	9,688	763	7.88
Fees and Service Income – net	41,306	38,943	2,363	6.07
Gain on Trading and Foreign Exchange Transactions	8,411	8,746	(335)	(3.84)
Loss on Financial Liabilities Designated at Fair Value through Profit or Loss	(2)	(4)	2	63.04
Gain on Investments	3,491	1,588	1,903	119.87
Share of Profit from Investments using Equity Method	158	117	41	35.01
Dividend Income	1,991	1,609	382	23.72
Net Premiums Earned	99,786	94,445	5,341	5.65
Other Operating Income	1,405	2,462	(1,057)	(42.93)
Less Underwriting Expenses	93,851	84,181	9,670	11.49
Total Non-Interest Income	62,695	63,725	(1,030)	(1.62)
Non-Interest Income to Average Assets (percent)	2.18	2.36		(0.18)
Non-Interest Income Ratio (percent)	39.97	41.54		(1.57)
Net Fee Income to Net Total Operating Income Ratio (percent)	26.33	25.39		0.94

Other Operating Expenses

KBank's consolidated other operating expenses for 2017 was Baht 66,372 million, rising Baht 2,518 million, or 3.94 percent over-year. Our cost to income ratio of 2017 was at 42.31 percent, higher than 41.63 percent in the previous year, and close to the set target.



(Unit: Million Baht)

	2017	2016	Change	
			Million Baht	Percent
Employee Expenses	31,008	30,202	806	2.67
Directors' Remuneration	140	138	2	1.01
Premises and Equipment Expenses	12,917	12,434	483	3.89
Taxes and Duties	4,525	4,476	49	1.08
Others	17,782	16,604	1,178	7.09
Total Other Operating Expenses	66,372	63,854	2,518	3.94
Cost to Income Ratio (percent)	42.31	41.63		0.68

Impairment Loss on Loans and Debt Securities

Classified loans, Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring

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, 2017, are shown in the table below:

Classified Loans, Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring

(Unit: Million Baht)

	Loans and Accrued Interest Receivables	Allowance for Doubtful Accounts	
		Percent per BOT's Regulations	Total Provision
Normal	1,668,501	1	5,481
Special Mention	46,633	2	250
Sub-Standard	23,000	100	10,779
Doubtful	17,651	100	8,385
Doubtful of Loss	29,148	100	11,560
Loss	-		-
Total	1,784,933		36,455
Revaluation Allowance for Debt Restructuring			1,451
Total	1,784,933		37,906
Excess Allowance			65,214
Credit Balance Transaction	2,708		46
Loans from Life Insurance Business	18,534		269
Total	1,806,175		103,435



As of December 31, 2017, KBank's consolidated allowance for doubtful accounts, comprising allowance for doubtful accounts of customers and financial institutions of Baht 101,984 million and revaluation allowance for debt restructuring of Baht 1,451 million, totaled Baht 103,435 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.

Impairment Loss on Loans and Debt Securities

During 2017, KBank and our subsidiaries set aside impairment loss on loans and debt securities at Baht 41,810 million, an increase of Baht 8,057 million or 23.87 percent over-year to maintain our financial stability. Thus our credit cost for 2017 stood at 2.39 percent, higher than 2.04 percent in the previous year.

Impairment Loss on Loans and Debt Securities

(Unit: Million Baht)

	2017	2016	Change	
			Million Baht	Percent
Impairment Loss on Loans and Debt Securities	41,810	33,753	8,057	23.87
Credit Cost (percent)	2.39	2.04		0.35

Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring

As of December 31, 2017, KBank's consolidated allowance for doubtful accounts and revaluation allowance for debt restructuring totaled Baht 103,435 million. This amount was equivalent to 272.87 percent of the level required by the Bank of Thailand.

Non-Performing Loans and Debt Restructuring

Non-Performing Loans

As of December 31, 2017, KBank's consolidated NPLs stood at Baht 69,674 million, 3.30 percent of the total outstanding credit, including that of financial institutions. Bank-only NPLs totaled Baht 67,624 million, 3.25 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, 2017	Dec. 31, 2016
Consolidated NPLs	69,674	65,087
Percent of total outstanding credit, including that of financial institutions	3.30	3.32
Bank-only NPLs	67,624	63,018
Percent of total outstanding credit, including that of financial institutions	3.25	3.23

Net Non-Performing Loans

As of December 31, 2017, KBank's consolidated net NPLs stood at Baht 38,570 million – 1.85 percent of the total outstanding credit, including that of financial institutions. Bank-only net NPLs totaled Baht 37,834 million – 1.84 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, 2017	Dec. 31, 2016
Consolidated net NPLs	38,570	33,553
Percent of total outstanding credit, including that of financial institutions	1.85	1.74
Bank-only net NPLs	37,834	32,727
Percent of total outstanding credit, including that of financial institutions	1.84	1.70

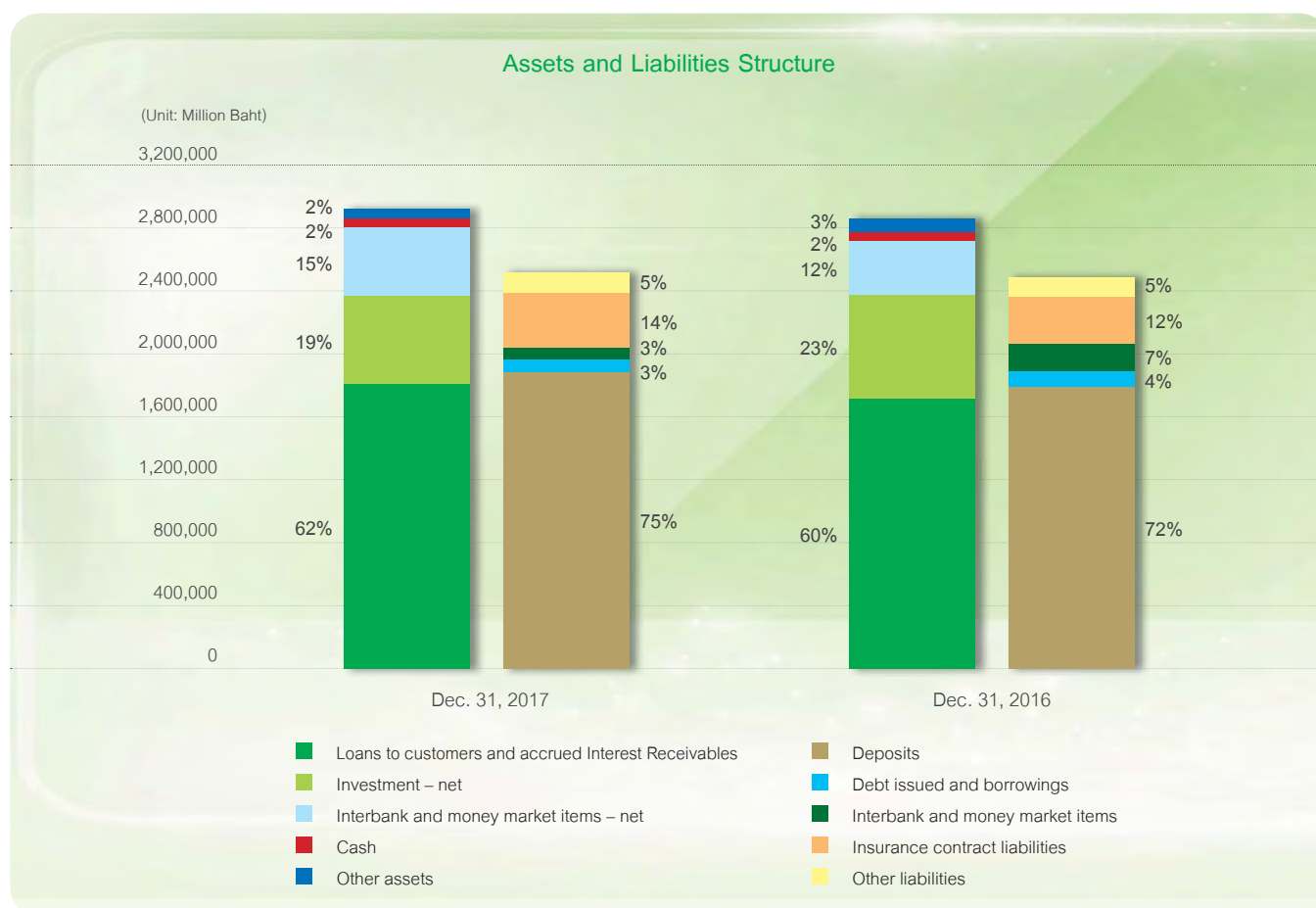
Debt Restructuring

As of December 31, 2017, KBank's consolidated restructured debts which incurred losses totaled Baht 62,240 million, increasing by Baht 3,940 million, or 6.76 percent when compared to 2016.

Foreclosed Properties

As of December 31, 2017, our consolidated foreclosed properties had a cost value of Baht 19,630 million, thus being 0.68 percent of total assets, and allowance for impairment on foreclosed properties stood at Baht 2,186 million, equivalent to 11.14 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

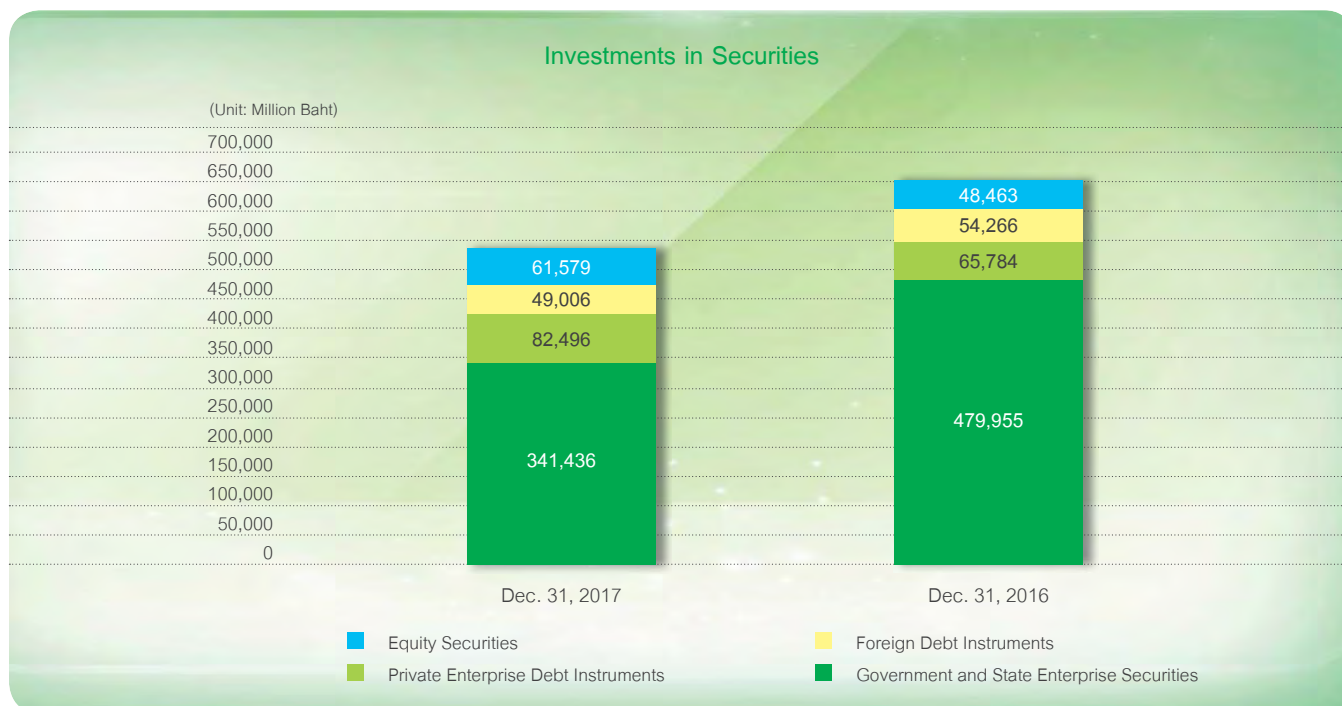




Assets

At the end of 2017, KBank's consolidated assets totaled Baht 2,900,841 million, increasing Baht 57,563 million or 2.02 percent from the end of 2016. The rise was due mainly to increase in loans and net interbank and money market items (assets) whereas net investment decreased. Key details are as follows:

- Our consolidated loans (less deferred revenue) at the end of 2017 amounted to Baht 1,802,783 million, increasing by Baht 105,202 million or 6.20 percent from the end of 2016. Loan growth was higher than the set target. Most increases were seen in commercial loan, working capital, and housing loan. Our consolidated loans were the fourth-largest among Thai commercial banks.
- Net interbank and money market items (assets) totaled Baht 426,092 million at the end of 2017, increasing by Baht 76,886 million or 22.02 percent from the end of 2016, due mainly to KBank's liquidity management.
- Net investment totaled Baht 535,560 million at the end of 2017, decreasing by Baht 114,038 million or 17.56 percent from the end of 2016 due mainly to sales of government bonds.



Liabilities and Equity

Our consolidated liabilities, at the end of 2017 amounted to Baht 2,513,019 million, which rose Baht 23,652 million or 0.95 percent from the end of 2016. The increase was mainly attributable to increased deposits and insurance contract liabilities whereas interbank and money market items (liabilities) and debt issued and borrowings declined. Significant changes in our consolidated liabilities included:

- Deposits at the end of 2017 equaled Baht 1,878,672 million, increasing Baht 83,837 million or 4.67 percent from the end of 2016, mainly as a result of increased in savings deposit. KBank's deposits ranked the fourth-largest among Thai commercial banks.
- Insurance contract liabilities at the end of 2017 registered Baht 363,515 million, an increase of Baht 57,691 million or 18.86 percent from the end of 2016, in line with the growth in life insurance business.
- Interbank and money market items (liabilities) at the end of 2017 equaled Baht 69,289 million, decreasing Baht 90,763 million or 56.71 percent from the end of 2016, due largely to decrease in private REPO transactions.
- Debt issued and borrowings at the end of 2017 equaled Baht 70,575 million, decreasing Baht 25,801 million or 26.77 percent from the end of 2016, due largely to early redemption of subordinated debentures of KASIKORNBANK PCL No. 1/2012, amounting to Baht 22,000 million, in the first quarter of 2017.



At the end of 2017, total equity attributable to equity holders of KBank amounted to Baht 348,625 million, rising by Baht 26,879 million or 8.35 percent from the end of 2016, largely driven by net operating profit for 2017 at Baht 34,338 million despite the interim dividend payment from net profit for the first half of 2017 that was made in September 2017, totaling Baht 1,197 million.

Relationship between Sources and Uses of Funds

As of December 31, 2017, the funding structure as shown in the consolidated financial statement comprised Baht 2,513,019 million in liabilities and Baht 387,822 million in total equity, resulting in a debt-to-equity ratio of 6.48. The main source of funds on the liabilities side was deposits, which equaled Baht 1,878,672 million, or 64.76 percent of the total source of funds, as of December 31, 2017. Other sources of funds included interbank and money market items as well as debt issued and borrowings, which accounted for 2.39 percent and 2.43 percent of the total, respectively.

KBank's and subsidiaries' major use of funds was loans less deferred revenue, which as of December 31, 2017, amounted to Baht 1,802,783 million, resulting in loan-to-deposit ratio and loan-to-deposit plus bills of exchange ratio of 95.96 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, 2017	Percent	Dec. 31, 2016	Percent	Dec. 31, 2017	Percent	Dec. 31, 2016	Percent
≤ 1 Year	1,858,490	98.93	1,783,984	99.40	786,318	43.61	772,897	45.53
> 1 - 5 Years	20,182	1.07	10,851	0.60	479,836	26.62	415,263	24.46
> 5 Years	-	-	-	-	536,629	29.77	509,421	30.01
Total	1,878,672	100.00	1,794,835	100.00	1,802,783	100.00	1,697,581	100.00

As of December 31, 2017, 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, 2017, KBank's consolidated outstanding loans stood at Baht 1,802,783 million, increasing by Baht 105,202 million, or 6.20 percent, compared to Baht 1,697,581 million at the end of 2016.

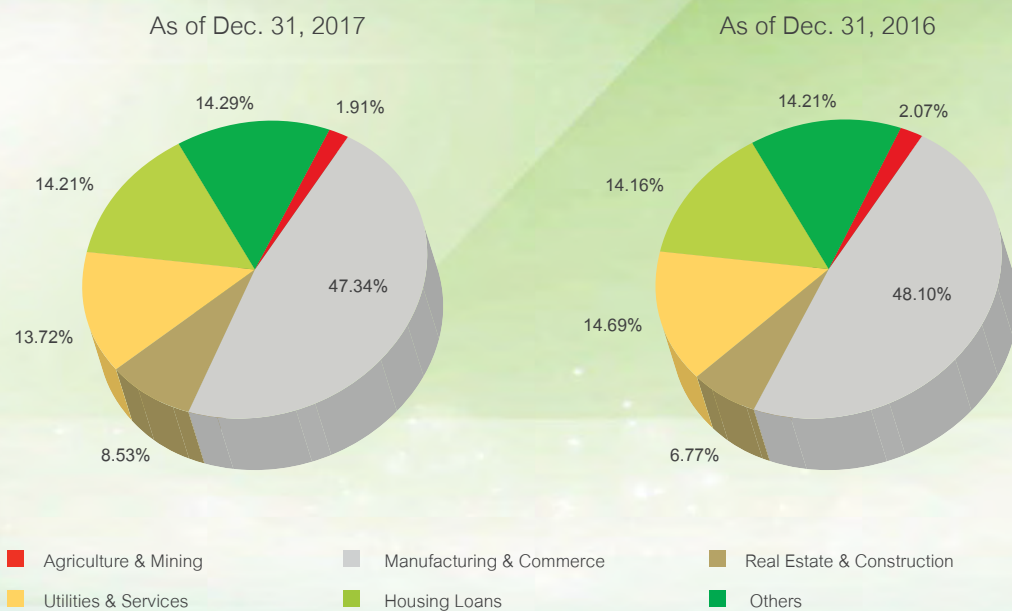
As of December 31, 2017, 60.71 percent of KBank's outstanding loans were made to juristic persons or registered businesses. Loan account exceeding Baht 20 million totaled Baht 1,038,167 million, or 60.24 percent of the total; 39.76 percent were loans under Baht 20 million. As for maturities, credit with maturities of less than or equal to one year accounted for 43.05 percent of our total loans.



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



KBank's Consolidated Lending Portfolio





Within KBank's consolidated lending portfolio, 93.48 percent were classified as "Normal" loans. When sub-divided by type of business, Manufacturing & Commerce represented the highest share of total consolidated lending at 47.34 percent; of that 92.43 percent were classified as "Normal" loans.

Loans Classified by Business

(Unit: Million Baht)

	Dec. 31, 2017		Dec. 31, 2016	
	Corporate Business ⁽¹⁾	Retail Business ⁽²⁾	Corporate Business ⁽¹⁾	Retail Business ⁽²⁾
Loans	1,271,411	443,779	1,169,583	428,680

Notes:

⁽¹⁾ "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.

⁽²⁾ "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, our corporate business loans enjoyed growth in 2017 thanks to consistent demand amid brighter economic growth both at home and abroad compared to the previous year. As of the end of 2017, our corporate business loans (Corporate and SME customers) increased by Baht 101,828 million, or 8.71 percent, from the end of 2016. The increase was derived from real estate and related industries, especially construction, as well as food and beverages, where loan demand rose with thriving exports.

Our retail business loans increased by only Baht 15,099 million, or 3.52 percent, over the end of 2016 due to KBank's cautious credit policy amid hefty household debt to GDP and the fragile

economic recovery. We were determined to manage loan growth in alignment with market conditions, with a continued focus on loan quality to maintain our market leadership in major loan products. In 2017, home loans remained our core product with the highest growth in our portfolio, thanks to our strengthened alliances with business partners in staging marketing campaigns to meet the needs and ease burdens of our customers residing in Bangkok and other strategic provinces, as well as those using our services via digital channels. Meanwhile, our consumer loans enjoyed higher growth, especially other types of personal loans, owing to KBank's focus on customer screening.

Deposits

Deposits Classified by Type of Deposit Account

(Unit: Million Baht)

	Percent of Total Deposits	Deposits		Change	
		Dec. 31, 2017	Dec. 31, 2016	Million Baht	Percent
Total Deposits	100.00	1,878,672	1,794,835	83,837	4.67
Current accounts	5.77	108,468	100,977	7,491	7.42
Savings accounts	73.08	1,372,947	1,285,001	87,946	6.84
Fixed-term deposit accounts	21.15	397,257	408,857	(11,600)	(2.84)

At the end of 2017, total deposits – comprising those of Corporate Business and Retail Business – increased by Baht 83,837 million, or 4.67 percent, over the end of 2016. The increase was in line with loan growth. This was due mainly to increased savings accounts of both Corporate Business and Retail Business customers in line with our management of deposits, which were maintained at appropriate levels for our business operation in order to remain competitive. We continued to launch deposit products, through various types of special fixed deposit programs along with products aimed at savers seeking life insurance. We also focused on the launch of other investment alternatives with higher returns and risks acceptable to customers, to replace certain fixed deposits that gradually reached maturity.



4. Treasury Operations

Treasury Operations

From the beginning to the end of 2017, overnight interbank lending rates mostly stayed at 1.40 percent p.a. Those steady rates were influenced by the MPC meeting resolutions, wherein the key policy rate was kept 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. In 2017, our liquidity position was appropriately managed, and we were able to enhance returns on investments by using excess liquidity to invest in short-term Thai government bonds in order 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 top-rated 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	2017	2016	Change	
				Million Baht	Percent
Interest income⁽¹⁾					
Interbank and money market items ⁽²⁾	66.58	6,282	5,557	725	13.05
Investments	33.42	3,153	3,375	(222)	(6.58)
Total	100.00	9,435	8,932	503	5.63

Notes:

⁽¹⁾ Managerial figures

⁽²⁾ Including loans

During 2017, total interest income stood at Baht 9,435 million, rising by Baht 503 million, being 5.63 percent higher than in 2016 due to higher liquidity.

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, 2017, our deposits at The Bank of Thailand and cash at cash center averaged Baht 27,188 million.



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

Operating Performance of K Companies⁽¹⁾ and Muang Thai Life Assurance PCL

(Unit: Million Baht)

	Performance Measurement	2017	2016
KASIKORN ASSET MANAGEMENT CO., LTD. (KAsset)	Assets under Management	1,302,686	1,240,206
	Market Share (Percent)	18.72	19.47
KASIKORN SECURITIES PCL (KSecurities)	Trading Volume	811,883	868,068
	Market Share (Percent)	3.71	3.78
KASIKORN LEASING CO., LTD. (KLeasing)	Loans	97,055	90,696
KASIKORN FACTORY AND EQUIPMENT CO., LTD. (KF&E)	Loans	17,633	14,798
Muang Thai Life Assurance PCL (MTL)	Net Premiums Earned	102,681	97,013
	Market Share (Percent)	17.06	17.07

Note:

⁽¹⁾ KResearch is not included, since this company does not engage in financial business.

During 2017, 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 20.11 percent. Total market share of assets under management (AUM) was 18.72 percent. The excellent performance benefited from its synergy with KBank for product development to match consumers' needs. Notable efforts were the launch of new funds including K FIT Allocation Fund (K-FIT) that allocates investment in various assets to meet customer needs, and K Global Risk-Enhanced Allocation Fund (K-GREAT) which manages investment in line with customer risk appetite. Along with this, K-My Funds – a new electronic service channel via mobile application – was introduced to provide customers greater convenience when doing transactions, and to more effectively communicate with them. Its distinctive feature is to clearly display return on investment. To assist our existing and new clients in their investment, the company offered various investment tools such as My Port Simulator – a tool for portfolio analysis and management based on customer risk appetite, and Fund Navigator – a tool for funds selection in accordance with investment target. Moreover, K-My PVD was offered, designed specifically for provident fund members to monitor return on investment, allowing them to set an effective investment and retirement plan.

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 include: 1) KS Super Stock Mobile Application, for which a new function was developed to allow stock selection based on global investing gurus' viewpoints, plus enhanced functions for three-year historical individual stock performance monitoring and analysis; and 2) KS Super Portfolio – a complete tool for portfolio analysis and monitoring with portfolio adjustment advisory service. Through these endeavors, KSecurities maintained its market leadership in 2017, with a market share of 3.71 percent.

KLeasing's outstanding loans posted over-year growth of 7.01 percent, in line with the country's domestic auto sales growth. KLeasing enjoyed solid new loan growth, which was derived mainly from hire purchase. Asset quality remained healthy with an NPL ratio of 1.52 percent, lower than the banking industry average. Moreover, KLeasing has continued to improve service quality and introduce new product campaigns to meet customers' needs while providing an excellent service experience to both retail and corporate customers.



KF&E reported over-year loan growth of 19.16 percent, which was higher than the company's 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 18.51 percent, and the number-two market share in total premiums at 17.06 percent. The company remained at the forefront in bancassurance, thanks to close cooperation with KBank in developing insurance plans that are in line with KBank customers' demands.

6. Capital Requirements

Placing great emphasis on 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, while the Risk Management Committee 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.

Overview of Minimum Capital Requirements

After the global financial crisis, the Basel Committee on Banking Supervision (BCBS) undertook a great effort to review capital supervision framework (Basel III) to reinforce the stability of the global banking system. The framework is intended to increase financial institutions' ability to absorb losses that may be incurred in both normal and stressed situations. Basel III places focus on higher minimum capital requirement. The Bank of Thailand has adopted the reforms in Thailand as follows:

Minimum Capital Requirements comprise two parts, i.e.

1. Minimum Capital Requirement – Total capital ratio must be maintained at not less than 8.5 percent, comprising Common Equity Tier-1 ratio (CET1 ratio) and Tier-1 ratio at not less than 4.5 percent and 6 percent, respectively.
2. Capital Buffer – Beyond the minimum capital requirement, the Bank of Thailand requires that a conservation buffer be maintained as an additional requirement. The conservation buffer began at 0.625 percent CET1 ratio on January 1, 2016 and increases each subsequent year by an additional 0.625 percent, to reach its final level of 2.50 percent CET1 ratio in 2019.

Additional Minimum Capital Requirements

In addition to the capital ratio requirements as above, the Bank of Thailand announced higher loss absorbency for Domestic Systemically Important Banks (D-SIBs Buffer) in order to align banking supervision with Basel standard and strengthen stability of the financial system. D-SIBs are required to maintain the additional CET1 of 1 percent of risk weighted assets and the ratio will be gradually phased-in 0.5 percent by January 1, 2019 and 1 percent by January 1, 2020. KBank is one of the D-SIBs, which are identified by the large size, high connection with other financial institutions and the financial system, complex financial products offering and a role as major provider of financial products and financial infrastructure. KBank's and the Conglomerate's capital ratio level are above regulatory requirements currently adopted, and to be adopted in the future.



As of the end of 2017, KASIKORNBANK FINANCIAL CONGLOMERATE under the Basel III capital requirements, had capital funds of Baht 350,097 million, consisting of Baht 305,360 million in Tier-1 capital and Baht 44,737 million in Tier-2 capital. The capital adequacy ratio was 17.96 percent, which is above the Bank of Thailand's minimum requirement and conservation buffer of 9.75 percent. Details are shown in the following table.

Capital Adequacy Ratio⁽¹⁾

• KASIKORNBANK FINANCIAL CONGLOMERATE⁽²⁾

(Unit: Percent)

Capital Adequacy Ratio	Basel III						
	Minimum Requirement & Conservation Buffer ⁽⁴⁾	Dec. 31 2017	Sep. 30 2017	Jun. 30 2017	Mar. 31 2017	Minimum Requirement & Conservation Buffer ⁽⁴⁾	Dec. 31 2016
Tier-1 Capital Ratio ⁽³⁾	7.25	15.66	15.91	15.25	15.03	6.625	15.16
Common Equity Tier-1 Ratio	5.75	15.66	15.91	15.25	15.03	5.125	15.16
Tier-2 Capital Ratio	-	2.30	2.32	2.38	2.48	-	3.68
Capital Adequacy Ratio	9.75	17.96	18.23	17.63	17.51	9.125	18.84

• The Bank

(Unit: Percent)

Capital Adequacy Ratio	Basel III						
	Minimum Requirement & Conservation Buffer ⁽⁴⁾	Dec. 31 2017	Sep. 30 2017	Jun. 30 2017	Mar. 31 2017	Minimum Requirement & Conservation Buffer ⁽⁴⁾	Dec. 31 2016
Tier-1 Capital Ratio ⁽³⁾	7.25	14.62	14.81	14.25	14.17	6.625	14.27
Common Equity Tier-1 Ratio	5.75	14.62	14.81	14.25	14.17	5.125	14.27
Tier-2 Capital Ratio	-	2.58	2.59	2.62	2.68	-	3.90
Capital Adequacy Ratio	9.75	17.20	17.40	16.87	16.85	9.125	18.17

Notes:

⁽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 2017, we continued to implement Value-Based Management (VBM), which is a management practice that aims to achieve the highest value creation 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.

Moreover, we have developed guidelines for performance measurements consistent with various management aspects, including business direction, 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 competitive advantage in the dimension of customer segments and product

domains, paying attention to the linkages between them while also monitoring risk via Active Credit Portfolio Management (ACPM) Dashboard and Stress Test Dashboard which are used by business units for decision making on analysis and management of at both bank-wide and each customer level. 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.

7. Credit Ratings

At the end of December 2017, KBank’s credit rating given by Moody’s Investors Service, Standard & Poor’s, and Fitch Ratings remained unchanged from the end of December 2016.

Details are shown in the following table

KASIKORNBANK’s Credit Ratings

Credit Ratings Agency	Dec. 31, 2017
Moody’s Investors Service⁽¹⁾	
<u>Foreign Currency</u>	
Outlook	Stable
Long-term - Senior Unsecured Notes	Baa1
- Deposit	Baa1
- Counterparty Risk Assessment	Baa1(cr)
Short-term - Debt/Deposit	P-2
- Counterparty Risk Assessment	P-2(cr)
Baseline Credit Assessment	Baa2
<u>Domestic Currency</u>	
Outlook	Stable
Long-term - Deposit	Baa1
Short-term - Debt/Deposit	P-2



Credit Ratings Agency	Dec. 31, 2017
Standard & Poor's^{(1) (2)}	
Global Scale Ratings	
Outlook	Stable
Long-term Counterparty Credit Rating	BBB+
Long-term Certificate of Deposit	BBB+
Short-term Counterparty Credit Rating	A-2
Short-term Certificate of Deposit	A-2
Senior Unsecured Notes (Foreign Currency)	BBB+
Fitch Ratings⁽¹⁾	
International Credit Ratings (Foreign Currency)	
Outlook	Stable
Long-term Issuer Default Rating	BBB+
Short-term Counterparty Credit Rating	F2
Senior Unsecured Notes	BBB+
Viability	bbb+
Support	2
Support Rating Floor	BBB-
National Credit Ratings	
Outlook	Stable
Long-term	AA+(tha)
Short-term	F1+(tha)
Subordinated Debt (Basel III-compliant Tier 2 securities)	AA(thai)

Notes:

⁽¹⁾ 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.

⁽²⁾ Standard & Poor's removed ASEAN Regional Scale Ratings of Thai banks, including KBank, in September 2017.

Operations of Support Groups

1. Human Resource Management

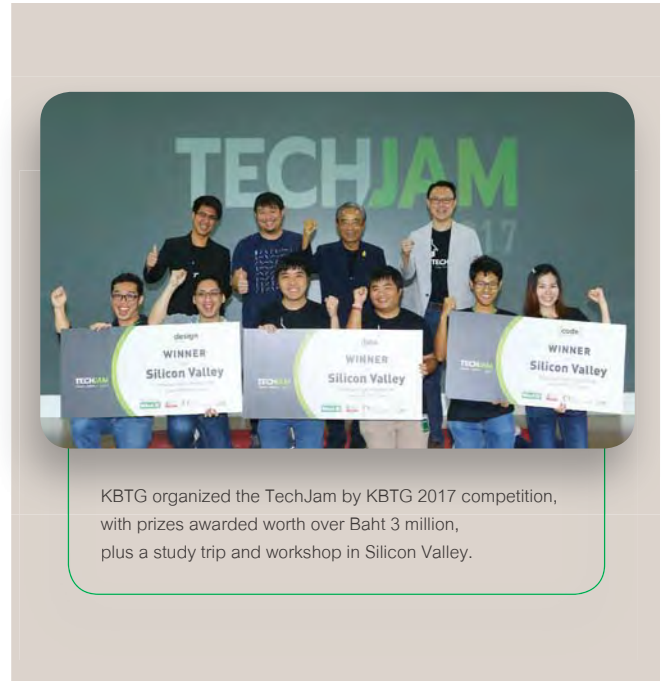
KBank has placed emphasis on human resource management to support our operations in four key areas, namely KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG), business expansion within the AEC+3, support of KBank operations in the digital age and other related operations, to ensure greater efficiency in our human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

KBTG Human Resource Management

We prioritize recruitment and selection of students and experienced personnel with IT skills to be part of KBTG's workforce through activities held with leading universities in Thailand. As an added personnel recruitment channel, a trainee program was also held for university students, providing them opportunities to work with KBTG for self-development through hands-on experience, especially regarding our workplace culture. Concentrating on personnel development and retention, we designed an IT program focusing on enhancement of IT skills and abilities, along with soft skills, especially interpersonal and communication skills, which are key attributes for performance improvement of KBTG employees.

Human Resource Management for Business Expansion within AEC+3

As support for our business operations as a locally incorporated institution (LII) in the People's Republic of China, KBank designed a manpower structure and allocation appropriate for the business model and size under the set strategic plan, in accordance with local regulations and laws. We also plan to link the results from the "Competency to Career" program, using a competency model, to efficiency enhancement in personnel recruitment, performance assessment and employee development.



In order to support KBank business expansion abroad, we continued to work towards the development of employees at all levels. We set sights on enhancing knowledge among our executives to accommodate our presence in Indonesia, where KBank is a strategic partner of Bank Maspion. Moreover, an Intensive Development Program was organized for expatriate employees who were assigned to stations at our representative offices in the Socialist Republic of Vietnam and the Republic of the Union of Myanmar. The program, featuring a training course and a test on credit knowledge, professional presentation skills, dialect classes and on-the-job training, was designed to equip the target staff members with cultural and economic background of their host countries as well as knowledge about customer segments and industries, as they must serve as coordinators with business partners and local government agencies.

To promote KBank branding and our local staff members' well-being, we provided our staff members working in overseas offices with uniforms similar to those worn at the head office.



Human Resource Management in Support of KBank Operations in the Digital Age

KBank has built up our IT infrastructure to enable staff of KBank and K Companies to access data and work anywhere, anytime via the Digital Workplace Project. Tools have been enhanced for more effective and efficient teamwork, and databases have been upgraded and redesigned for easier search and access. The change in basic work system applies to both KBank and K Companies, while the database for internal communications and work has been upgraded accordingly for broader coverage of all units within KBank.

To become a world-class financial institution and maintain KBank's status as the number-one digital banking provider, we have dedicated ourselves to our own digital transformation via human capital development with the launch of the KBank Digital Academy program, co-designing several educational programs with expert partners to deliver modern content that helps to leverage digital skills across our organization. As part of the official launch event, ten of Thailand's "digital influencers" were invited to demonstrate their vision, sparking employee creativity so that they can reach new goals in digital banking skills.

Other Human Resource Management Operations

- **Employee recruitment:** Emphasis is placed on selection and recruitment of high-potential personnel to meet business needs, along with the implementation of KBank branding programs. Notable activities included the KBank Campus Roadshow and Career Day under the theme "K Career Connect: Strive for the Best", and a referral program under the theme, "Digital DNA". These activities drew many participants. Moreover, we continued to cultivate relationships with tech talent abroad through KASIKORNTHAI x TALENT ENGAGEMENT activities.
- **Employee and leadership development:** To maximize our employees' potential and leadership abilities, we organized the K-Coaching Academy, an ongoing program with curricula based on international standards which provides our executives – from team leaders to high-level management – with professional coaching skills. To promote a good coaching environment within the organization, we launched campaigns via various activities and media, including the "Coach Me Please!" KASIKORNTV program. Furthermore, high-ranking executives from leading organizations were invited to share their perspectives on management in the seminar entitled, "Leader on Stage: Critical Turning Point". Meanwhile, learning activities on leadership development were arranged for employees through movies that helped broaden their horizons and develop analytical thinking which can be applied to their work.



KBank staged the K-Spirit Sport Night under the "New Possibilities Begin with Doing Differently" concept, encouraging creative ideas and cooperation within the organization.

- **Promotion and maintenance of employee engagement:** KBank carried out the Employee Engagement Survey 2017 with 100-percent participation of KBank and K Companies staff. Overall, our employee engagement increased from the previous survey. The findings were in accordance with KBank expectations, being better than the employee survey results of peers in Thailand and the Asia-Pacific region (APAC). The survey results will feed into guidelines for developing a plan to enhance employee engagement in a sustainable manner.
- **Organizational culture creation:** Focusing on teamwork, KBank organized activities to promote cooperation and creativity at the management level via the “Executive Retreat” activity during the annual Executive Seminar 2017, and at the corporate-wide level via “K-Spirit Sport Night” under the theme, “New Possibilities Start from Doing Differently”. These activities were designed to encourage KBank executives and employees to show their readiness for the massive transformation of the digital age, to cater to customer needs by offering fresh and valuable experiences.
- **Employee relations and benefits:** The fourth Employees’ Committee meeting for 2017 was held to allow for consultations and problem-solving discussions between KBank and the Employees’ Committee, deepening our bond with the workforce. In collaboration with the KASIKORNBANK Labour Union and KASIKORNBANK Officer Labour Union,

KBank took remedial actions for employees performing in violation of regulatory requirements, to ensure strict compliance among our staff members. These factors were instrumental in maintaining the high level of service our employees give to our customers, and in minimizing operational risks. We also established practical guidelines on various key issues in compliance with labor laws of AEC countries and the People’s Republic of China so that our employees can perform their work correctly, thus mitigating compliance risk in those countries.

- **Communication management for economic, social and environmental sustainability under the “Green DNA” resolution:** KBank organized the “50,000 Chuamong Tham Di Tham Dai (50,000 Volunteer Hours)” project to encourage our employees to accumulate hours of good deeds, with a collective goal of 50,000 hours, per our “Green DNA resolution” KBank supported the effort financially and timewise in the form of one workday per person, per year. Thanks to continuous efforts to encourage our staff to participate in this activity, the staff served more than 66,182 hours during 2017. In addition, KBank continued the “KBank People Care for Bangkok’s Green Lung” project by hosting an open house activity to welcome students from schools in the Bang Krachao Sub-district and adjacent areas, who came to learn about KBank’s operations and gain practical knowledge about financial literacy that they could apply in real life.



KBank unveiled the “50,000 Chuamong Tham Di Tham Dai (50,000 Volunteer Hours)” project to encourage employees to participate in their choice of volunteer activity for one paid working day per year. Options include offering financial literacy to youth and the general public in an effort to create financial sustainability in all segments of society.

2. IT Management

In 2017, KBTG conducted studies in technological development, in alignment with our strategy of maintaining KBank's competitiveness together with our position as the number-one digital banking provider, to cope with fast-changing consumer behaviors in this highly competitive, technology-driven marketplace. Our key initiatives can be summarized as follows:

- **K PLUS Platform:** KBank mobile banking platform comprises the following three services:

1. K PLUS: KBank mobile banking application: Key initiatives are i.e.,
 - 1.1 Added functions for full use via WiFi
 - 1.2 Fingerprint scan via both iOS and Android systems in lieu of PIN for identity authentication when using the application
 - 1.3 Opening of a mutual fund account with no need to go to a bank branch
 - 1.4 Registration for K PLUS SHOP allowing immediate use
 - 1.5 Personal loan offering via K PLUS where customers will receive loan within one minute of accepting loan conditions
 - 1.6 Opening of K-eSavings account in addition to simplify financial management

1.7 Marketing campaigns were also conducted via K PLUS such as a Baht 8 donation via QR code for the account "For Patients, Navamintrabophit 84 Years Building, Siriraj Hospital". Other initiatives included redesign of K PLUS Lifestyle 4.0 allowing easier search for Reward PLUS shops, and the addition of My QR function to Quick Pay allowing customers to either make or accept payment via scanning.

1.8 Goods were offered via Life PLUS on a trial basis within KBank, allowing employees to place orders with a delivery service.

2. K PLUS SME: KBank mobile banking application for SMEs: We elevated K PLUS SME capability with added functions to enable full use via WiFi, including fingerprint scan in lieu of PIN for identity authentication when using the application, request for 30-day history data on cheques, including cheque payment and deposit, as well as stopping of cheques and viewing of cheque images.
3. K PLUS SHOP: KBank mobile banking application for merchants that accommodates payment with QR code via any mobile banking application, and serves as an e-wallet. Cashless payment function was developed to better meet the needs of both shops and customers, who can use the service on a single application by scanning the QR code of a K PLUS Merchant when



KBank organized "Don't let anyone say we don't have K PLUS" event to encourage KBank staff nationwide to tell their acquaintances with KBank accounts to download the K PLUS application.

making bill payments. Moreover, we added a function that allows customers to place an order and sends bills to them with payment reconciliation if payment is made via K PLUS – a mobile banking application. Merchants may choose a billing function by entering the amount for customers to pay by scanning a QR code, and they are alerted as soon as customers make payment.

- **K PLUS Beacon:** Thailand's first application that empowers the visually impaired. KBank and Beacon Interface Co., Ltd. – a fintech startup which is a joint venture set up by KBank – worked together to develop the K PLUS Beacon application, which is designed specifically for the blind, people with low vision, the elderly or any other users to perform financial transactions on their mobile phones with confidence, without viewing the screen. The application – which provides users privacy, convenience, swiftness and security – offers services for balance inquiry, funds transfer, top up and bill payment under a system matching the security standard of K PLUS – a mobile banking application. At the initial stage, K PLUS Beacon is being tested with four groups of 300 volunteers, i.e., those with total vision loss, those with low visual acuity, senior citizens, and others in the general populace, from December 5, 2017, to the end of the second quarter of 2018. Their input will be valuable to KBank in further development of the application.

- **Study and develop an Application Programming Interface (API) Manager system:** We are in the process of compiling data and mapping out strategies in response to the FinTech requirements. Initially, the system structure has been developed for further connectivity, with prominence given to data suitability and security.
- **Develop technology to apply machine learning techniques to KBank businesses:** We employed machine learning techniques to analyze demand of customers who have fixed monthly income based on database of K PLUS – a mobile banking application, before conducting customer screening under the conditions determined by KBank. Then, we set the target group for the offering of machine lending via our K PLUS application.
- **Develop functions of blockchain to better respond to business needs:** The Hyperledger blockchain platform was further developed for letter of guarantee issuance service, which is provided to our Multi-Corporate Business customers. We are now in talks with other commercial banks to design a common standard for document confirmation via blockchain.
- **Study and develop Electronic Know Your Customer (National Digital Identity):** KBank, the Electronic Transactions Development Agency and other banks have established a working group to design formats for sharing data among banks via a Digital Identity Platform as a common standard for electronic transactions, for all banks. Rollout of the initiative is expected in the second quarter of 2018.



KBank introduced the world's first blockchain-based Letter of Guarantee featuring time- and cost- cutting features as well as ultimate security.



KBTG organized "KID Talks: The Future Bank Unveiled" seminar for KBTG Staff share idea under VIA (Value Creation, Innovation and Agility) working concept.



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 Standards, 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 2017, KBank was granted approval by the China Banking Regulatory Commission (CBRC) to operate a locally incorporated institution (LII) under the name of "Kai Tai Yin Hang (Zhong Guo)", or KASIKORNBANK (CHINA) COMPANY LIMITED, with its headquarters in Shenzhen, Guangdong Province, and a service network comprising the Shenzhen Branch (and Longgang Sub-Branch), Chengdu Branch, Shanghai Branch, Hong Kong Branch, Beijing Representative Office and Kunming Representative Office.

KBank also established KASIKORN X Co., Ltd., with registered capital of Baht 5 million, to conduct technology research and innovation labs in search of new business models that are beneficial to the digital banking system in the digital economy; the prototype systems created by the company will be further applied to KBank products. Moreover, Fuchsia Venture Capital Co., Ltd. was incorporated, with 75 percent of shares held by Muang Thai Group Holding Co., Ltd., and registered capital of Baht 300 million. The objective of this venture capital company is to cultivate business collaboration with insurtech/healthtech startups through financial support, so as to acquire strategic capabilities that enable us to be at the forefront in accessing and developing innovations for the launch of our products and services in the market.



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.



Financial Reports

065	Report of the Board of Directors' Responsibilities for Financial Reports
066	Report of the Audit Committee
068	Independent Auditor's Report
072	Financial Statements and Notes to the Financial Statements





Report of the Board of Directors' Responsibilities for Financial Reports

The Board of Directors of KASIKORNBANK PUBLIC COMPANY LIMITED has reviewed the appropriateness and effectiveness of governance, 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 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, 2017, as well as the financial performance for the year ending December 31, 2017, in accordance with Thai Financial Reporting Standards and relevant laws and regulations.

The Board 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, 2017 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.



(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 PUBLIC COMPANY LIMITED comprises four independent directors in which Dr. Piyasvasti Amranand serves as Chairman and Ms. Puntip Surathin, Mr. Saravoot Yoovidhya and Ms. Suphajee Suthumpun serve as members.

In 2017, 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. The Audit Committee monitored changes that may have impact on financial statements e.g. the adoption of TFRS 9 for financial instruments was reviewed. 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.
- To ensure appropriate risk management, 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. In addition, the Audit Committee has monitored risk events affecting customers' businesses, hence decreasing their abilities to repay debts and requested executives to report on effectiveness of Asset Quality management and adequacy of Loan provision.
- The Audit Committee reviewed IT risk management, as well as actively monitored risk events that may affect system stability and information security of the Bank. The Audit Committee regularly met with executives from Internal Audit Department and IT Operations for acknowledgement of such events and management response, if any.
- The effectiveness of internal control was assessed and reported via significant audit results by internal auditors, the internal control assessment by management and relevant departments, 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 significant 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. In 2017, the Audit Committee acknowledged the results of quality assurance review of internal audit function by both internal annual assessment and external assessment every five years by a highly recognized consultant. The Audit Committee support the development and improvement of internal audit activities vis-à-vis personnel, work efficiency and conformity with international standards.
- 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 appointment of external auditors for the year 2018 was considered. The Audit Committee thereafter proposed reappointment of KPMG Phoomchai Audit Ltd. as the Bank's external auditor, based on its qualification and independence in accordance with the requirements of Bank of Thailand, Securities and Exchange Commission and international practices, as well as its audit quality in the past year. The Audit Committee also considered the proposed audit fees prior to recommending the external auditor appointment and reasonable audit fees 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 2017 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, provided comments and recommendations on risk management and internal control 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 of the Audit Committee



Independent Auditor's Report

To the Shareholders of KASIKORNBANK PUBLIC COMPANY LIMITED

Audit Report

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 2017, 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 2017 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 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 to consolidated and the Bank-only financial statements 4.6, 11, 13, and 43

The Key Audit Matter

As at 31 December 2017, loans to customers represented 58.70% and 68.13% of consolidated and the Bank-only total assets respectively, against which an allowance for doubtful accounts of Baht 101,983 million and Baht 98,647 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 collateral. 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 the 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 to consolidated and the Bank-only financial statements 4.31, 43 and 44

The Key Audit Matter

As at 31 December 2017, financial instruments recorded at fair value in the consolidated financial statements amounted to Baht 220,601 million for assets and Baht 24,386 million for liabilities. In the Bank-only financial statements, these two accounts amounted to Baht 155,417 million and Baht 24,920 million respectively.

Of these amounts, as at 31 December 2017, financial assets and liabilities designated at level 2 fair value in the consolidated financial statements amounted to Baht 170,769 million and Baht 24,255 million respectively, and in the Bank-only financial statements, they amounted to Baht 148,239 million and Baht 24,920 million respectively, 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. 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 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 to consolidated financial statements 4.18, 24 and 43

The Key Audit Matter

As at 31 December 2017, insurance contract liabilities recorded in respect of a subsidiary in the consolidated financial statements amounted to Baht 363,515 million, mainly the long-term technical reserves (approximately 98.85% 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 of the assumptions adopted in the context of the subsidiary's 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.

My opinion on the consolidated and the Bank-only financial statements does not cover the other information and I do 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 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. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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
22 February 2018

(Charoen Phosamritlert)
Certified Public Accountant
Registration No. 4068



Statements of Financial Position

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

	Note	Consolidated		The Bank	
		31 December 2017	31 December 2016 (Restated)	31 December 2017	31 December 2016 (Restated)
ASSETS					
Cash		67,824,628	60,588,798	67,787,380	60,541,754
Interbank and money market items - net	7	426,092,013	349,206,519	402,170,407	338,192,122
Derivative assets	8	27,244,293	31,765,140	26,968,912	32,026,598
Investments - net	9	535,560,461	649,597,727	146,556,016	320,870,527
Investments in subsidiaries and associates - net	10	845,625	781,163	28,626,861	15,438,978
Loans to customers and accrued interest receivables - net	11, 12				
Loans to customers		1,812,356,298	1,707,234,699	1,763,235,477	1,672,246,136
Accrued interest receivables		3,391,334	3,491,802	2,854,752	3,052,902
Total Loans to customers and accrued interest receivables		1,815,747,632	1,710,726,501	1,766,090,229	1,675,299,038
Less Deferred revenue		(9,573,329)	(9,653,955)	(269,948)	(339,057)
Less Allowance for doubtful accounts	13	(101,983,438)	(82,418,056)	(98,647,092)	(79,920,653)
Less Revaluation allowance for debt restructuring	14	(1,450,842)	(2,793,966)	(1,438,533)	(2,793,966)
Total Loans to customers and accrued interest receivables - net		1,702,740,023	1,615,860,524	1,665,734,656	1,592,245,362
Properties foreclosed - net	15	17,444,121	15,443,877	17,341,587	15,283,129
Premises and equipment - net	17	50,136,653	49,727,867	40,382,757	41,052,028
Goodwill and other intangible assets - net	18	24,588,621	23,969,609	19,040,818	19,016,854
Deferred tax assets	19	5,033,040	4,572,254	4,311,438	3,835,422
Collateral per credit support annex		3,128,023	9,793,335	3,128,023	9,793,335
Other assets - net		40,203,273	31,971,665	22,775,208	16,373,658
Total Assets		2,900,840,774	2,843,278,478	2,444,824,063	2,464,669,767

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

Statements of Financial Position

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

	Note	Consolidated		The Bank	
		31 December 2017	31 December 2016 (Restated)	31 December 2017	31 December 2016 (Restated)
LIABILITIES AND EQUITY					
Deposits	20	1,878,672,037	1,794,835,096	1,875,729,451	1,798,440,168
Interbank and money market items	21	69,288,567	160,052,342	82,253,026	169,508,323
Liabilities payable on demand		21,248,002	19,845,973	21,248,002	19,845,973
Derivative liabilities	8	25,401,388	31,629,510	25,396,449	30,015,390
Debts issued and borrowings	22	70,575,042	96,375,833	70,309,396	96,208,164
Provisions	23	25,399,890	22,494,499	23,946,396	21,323,796
Deferred tax liabilities	19	1,905,946	1,806,825	-	-
Insurance contract liabilities	24	363,514,612	305,823,756	-	-
Other liabilities		57,012,995	56,503,051	31,623,323	34,978,940
Total Liabilities		2,513,018,479	2,489,366,885	2,130,506,043	2,170,320,754
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		22,272,886	19,786,356	17,701,831	16,952,416
Retained earnings					
Appropriated					
Legal reserve	26	3,050,000	3,050,000	3,050,000	3,050,000
Unappropriated		281,266,529	256,874,044	251,530,477	232,310,885
Total Equity attributable to equity holders of the Bank		348,625,127	321,746,112	314,318,020	294,349,013
Non-controlling interests	10	39,197,168	32,165,481	-	-
Total Equity		387,822,295	353,911,593	314,318,020	294,349,013
Total Liabilities and Equity		2,900,840,774	2,843,278,478	2,444,824,063	2,464,669,767

(Mr. Banthoon Lamsam)

Chairman of the Board and Chief Executive Officer

(Mr. Predee Daochai)

President



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	
		2017	2016	2017	2016
Interest income	34	119,337,280	115,872,881	101,477,204	100,509,100
Interest expenses	35	25,176,274	26,195,093	25,121,148	26,137,839
Interest income - net		94,161,006	89,677,788	76,356,056	74,371,261
Fees and service income		51,757,099	48,631,263	49,693,027	48,092,898
Fees and service expenses		10,451,160	9,687,936	9,997,537	9,480,157
Fees and service income - net	36	41,305,939	38,943,327	39,695,490	38,612,741
Gain on trading and foreign exchange transactions	37	8,410,508	8,746,212	8,403,927	8,574,495
Loss on financial liabilities designated at fair value through profit or loss	38	(1,543)	(4,175)	(1,543)	(4,175)
Gain on investments	39	3,490,719	1,587,638	2,325,606	1,020,290
Share of profit from investments using equity method		157,553	116,696	-	-
Dividend income		1,990,986	1,609,208	3,854,412	3,671,519
Net premiums earned		99,786,124	94,445,248	-	-
Other operating income		1,405,295	2,462,467	3,219,991	5,560,373
Total operating income		250,706,587	237,584,409	133,853,939	131,806,504
Underwriting expenses		93,850,368	84,181,733	-	-
Total operating income - net		156,856,219	153,402,676	133,853,939	131,806,504
Other operating expenses					
Employee expenses		31,007,961	30,201,493	23,020,704	22,357,662
Directors' remuneration		139,813	138,415	88,083	89,637
Premises and equipment expenses		12,917,437	12,433,822	12,762,507	12,468,570
Taxes and duties		4,524,725	4,476,461	3,995,905	4,018,372
Others		17,782,014	16,604,189	17,775,393	16,968,457
Total other operating expenses		66,371,950	63,854,380	57,642,592	55,902,698
Impairment loss on loans and debt securities	40	41,810,044	33,752,607	41,101,342	32,931,330
Operating profit before income tax expense		48,674,225	55,795,689	35,110,005	42,972,476
Income tax expense	41	9,027,754	10,455,952	5,923,348	7,458,130
Net profit		39,646,471	45,339,737	29,186,657	35,514,346

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	
		2017	2016	2017	2016
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Gain on remeasurement of available-for-sale investments		4,963,142	3,549,524	845,493	775,014
Gain (loss) arising from translating the financial statements of a foreign operation	42	349,245	(110,666)	203,653	(118,895)
Income taxes relating to components of other comprehensive income	19	(988,680)	(734,209)	(150,769)	(201,686)
Items that will not be reclassified subsequently to profit or loss					
Changes in revaluation surplus	17	1,245,067	4,660,080	-	4,660,080
Actuarial (loss) gain on defined benefit plans	23	(712,071)	329,389	(678,733)	331,826
Income taxes relating to components of other comprehensive income	19	(106,166)	(997,894)	135,747	(998,381)
Total other comprehensive income		4,750,537	6,696,224	355,391	4,447,958
Total comprehensive income		44,397,008	52,035,961	29,542,048	39,962,304
Net profit attributable to:					
Equity holders of the Bank		34,338,246	40,174,100	29,186,657	35,514,346
Non-controlling interests		5,308,225	5,165,637	-	-
Total comprehensive income attributable to:					
Equity holders of the Bank		36,429,885	45,537,588	29,542,048	39,962,304
Non-controlling interests		7,967,123	6,498,373	-	-
Earnings per share of equity holders of the Bank					
Basic earnings per share (Baht)	25	14.35	16.79	12.20	14.84
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



Statements of Changes in Equity

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES



Thousand Baht

	Note	Consolidated											Total
		Equity holders of the Bank										Non-controlling Interests	
		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	Revaluation Surplus on Available-for-sale Investments	Foreign Currency Translation (Note 42)	Total other reserves	Appropriated Legal Reserve		Unappropriated			
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	225,870,851	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	
Year ended 31 December 2017													
Balance at 1 January 2017		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	
Dividend paid	27	-	-	-	-	-	-	-	(9,573,041)	(9,573,041)	(988,985)	(10,562,026)	
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	-	75,001	75,001	
Net profit		-	-	-	-	-	-	-	34,338,246	34,338,246	5,308,225	39,646,471	
Other comprehensive income		-	-	380,991	1,886,491	375,485	2,642,967	-	(551,328)	2,091,639	2,658,898	4,750,537	
Total comprehensive income		-	-	380,991	1,886,491	375,485	2,642,967	-	33,786,918	36,429,885	7,967,123	44,397,008	
Transferred to retained earnings		-	-	(156,437)	-	-	(156,437)	-	156,437	-	-	-	
Others		-	-	-	-	-	-	-	22,171	22,171	(21,452)	719	
Balance at 31 December 2017		23,932,602	18,103,110	13,461,036	8,652,590	159,260	22,272,886	3,050,000	281,266,529	348,625,127	39,197,168	387,822,295	

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



Statements of Changes in Equity

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES



		The Bank										Thousand Baht
		Equity holders of the Bank										
		Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves				Retained Earnings			Total	
				Appraisal Surplus on Asset Revaluation	Revaluation Surplus on Available-for-sale Investments	Foreign Currency Translation (Note 42)	Total other reserves	Appropriated Legal Reserve	Unappropriated			
Note												
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		
Year ended 31 December 2017												
	Balance at 1 January 2017	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		
	Dividend paid	27	-	-	-	-	-	-	(9,573,041)	(9,573,041)		
	Net profit		-	-	-	-	-	-	29,186,657	29,186,657		
	Other comprehensive income		-	-	676,395	221,983	898,378	-	(542,987)	355,391		
	Total comprehensive income		-	-	676,395	221,983	898,378	-	28,643,670	29,542,048		
	Transferred to retained earnings		-	(148,963)	-	-	(148,963)	-	148,963	-		
	Balance at 31 December 2017	23,932,602	18,103,110	12,505,313	5,170,677	25,841	17,701,831	3,050,000	251,530,477	314,318,020		

Banthoon Lamsam

(Mr. Banthoon Lamsam)

Chairman of the Board and Chief Executive Officer

Predee Daochai

(Mr. Predee Daochai)

President



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	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating profit before income tax expense	48,674,225	55,795,689	35,110,005	42,972,476
Adjustments for				
Depreciation and amortisation	7,333,203	7,263,908	6,501,442	6,549,209
Bad debt and doubtful accounts	40,022,144	32,323,027	39,192,832	31,339,347
Loss on debt restructuring	2,997,811	2,276,963	2,987,135	2,276,963
Interest income from amortisation of revaluation allowance for debt restructuring	(1,046,005)	(1,225,469)	(1,040,365)	(1,225,456)
Loss on foreign exchange translation of long-term borrowings	257,426	5,220	257,426	5,220
(Gain) Loss on revaluation of trading investments	(111,350)	(32,497)	(18,139)	18,609
Reversal of loss on impairment of investments	(53,858)	(59,483)	(143,858)	(171,719)
Gain on disposal of investments securities	(3,435,057)	(1,587,273)	(2,265,289)	(819,868)
Loss (Gain) on liquidation and redemption of subsidiaries	-	-	83,457	(28,703)
Gain on disposal of investments in associated companies	(1,889)	(366)	-	-
Loss on impairment of properties foreclosed	677,208	292,080	710,825	362,905
Loss on impairment of premises and equipment	471,848	332,496	471,848	332,496
Provision for other assets	237,151	356,007	237,122	356,007
Gain on disposal of premises and equipment	(59,373)	(1,700)	(59,236)	(1,805)
Loss on write off of premises and equipment	144,161	104,834	135,707	96,332
Loss on write off of other assets	117,227	300,135	117,811	300,135
Reversal of loss on revaluation of premises	(10,612)	(109,729)	-	(109,729)
Share of profit from investments using equity method	(157,553)	(116,696)	-	-
Interest income - net	96,056,707	95,917,146	82,278,723	82,252,419
Dividend income	(94,161,006)	(89,677,788)	(76,356,056)	(74,371,261)
Proceeds from interest	(1,990,986)	(1,609,208)	(3,854,412)	(3,671,519)
Interest paid	116,526,593	113,155,441	99,175,975	98,175,858
Proceeds from dividends	(25,163,012)	(26,580,779)	(25,296,569)	(26,525,561)
Income tax paid	2,035,520	1,644,458	3,852,737	3,691,713
	(11,638,743)	(10,512,977)	(7,870,949)	(7,368,507)
Operating profit before changes in operating assets and liabilities	81,665,073	82,336,293	71,929,449	72,183,142
(Increase) Decrease in operating assets				
Interbank and money market items (assets)	(83,229,124)	(42,644,690)	(70,369,787)	(41,806,638)
Investments held for trading	(10,232,741)	(1,715,841)	(7,576,735)	(195,182)
Loans to customers	(136,330,285)	(103,963,050)	(121,912,862)	(99,949,606)
Properties foreclosed	2,236,770	2,906,064	1,771,482	2,489,455
Other assets	4,171,372	1,586,384	6,042,229	5,020,768
Increase (Decrease) in operating liabilities				
Deposits	83,969,885	89,853,228	77,458,169	90,241,165
Interbank and money market items (liabilities)	(88,928,202)	89,574,361	(85,497,050)	88,671,162
Liabilities payable on demand	1,402,009	(3,699,193)	1,402,009	(3,698,492)
Financial liabilities designated at fair value through profit or loss	-	(38,890)	-	(38,890)
Short-term debts issued and borrowings	93,081	(4,350,493)	(4,896)	(4,322,516)
Other accrued expenses	290,807	483,038	152,138	81,554
Provisions	2,193,407	1,236,984	1,943,954	888,003
Other liabilities	54,162,513	59,855,723	(4,482,029)	941,328
Net cash (used in) provided by operating activities	(88,535,435)	171,419,918	(129,143,929)	110,505,253

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	
		2017	2016	2017	2016
Note					
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of available-for-sale investments		385,136,864	303,021,210	353,154,661	283,704,296
Proceeds from redemption of held-to-maturity debt instruments		53,387,775	40,545,072	47,231,800	36,218,606
Proceeds from disposal of general investments		82,561	987,815	77,731	984,267
Proceeds from capital decrease in subsidiaries		-	-	240,000	190,000
Proceeds from liquidation and redemption of subsidiaries		-	-	677,491	4,530,660
Proceeds from disposal of investments in associated companies		8,119	1,320	-	-
Purchase of available-for-sale investments		(209,451,433)	(418,835,661)	(176,184,451)	(396,240,462)
Purchase of held-to-maturity debt instruments		(93,015,008)	(90,385,599)	(36,059,140)	(29,869,676)
Purchase of general investments		(729,867)	(188,816)	(688,687)	(1,000)
Purchase of investments in subsidiaries		-	-	(14,806,184)	(5,498,272)
Purchase of investments in associated companies		(8,533)	(51,575)	(8,533)	-
Proceeds from disposal of premises and equipment		130,863	11,547	128,494	6,041
Purchase of premises and equipment		(4,106,739)	(4,010,169)	(3,593,770)	(3,197,809)
Purchase of leasehold		(75,607)	(132,501)	(12,197)	(109,543)
Purchase of intangible assets		(3,498,982)	(2,935,290)	(2,597,901)	(2,537,257)
Net cash provided by (used in) investing activities		127,860,013	(171,972,647)	167,559,314	(111,820,149)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from long-term debts issued and borrowings		470,360	21,578,690	470,360	21,578,690
Repayment of long-term debts issued and borrowings		(22,065,869)	(6,353,019)	(22,065,869)	(6,353,019)
Proceeds from acquisition of non-controlling interests		75,001	-	-	-
Dividend paid to shareholders	27	(9,573,041)	(9,573,040)	(9,573,041)	(9,573,040)
Dividend paid to non-controlling interests		(988,985)	(739,753)	-	-
Net cash (used in) provided by financing activities		(32,082,534)	4,912,878	(31,168,550)	5,652,631
Effect of exchange rate changes on balances held in foreign currencies at the end of the year		(6,214)	2,419	(1,209)	492
Net increase in cash		7,235,830	4,362,568	7,245,626	4,338,227
Cash at the beginning of the year	6	60,588,798	56,226,230	60,541,754	56,203,527
Cash at the end of the year	6	67,824,628	60,588,798	67,787,380	60,541,754

(Mr. Banthoon Lamsam)

Chairman of the Board and Chief Executive Officer

(Mr. Predee Daochai)

President



Notes to the Financial Statements

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Note	Contents	Page
1	General information	081
2	Basis of preparation of the financial statements	081
3	Change in accounting policies	083
4	Significant accounting policies	084
5	Capital requirements	103
6	Supplementary information of cash flows	105
7	Interbank and money market items - net (assets)	106
8	Derivatives	108
9	Investments - net	109
10	Investments in subsidiaries and associates - net	115
11	Loans to customers and accrued interest receivables - net	123
12	Troubled debt restructuring	134
13	Allowance for doubtful accounts	137
14	Revaluation allowance for debt restructuring	138
15	Properties foreclosed - net	139
16	Classified assets	141
17	Premises and equipment - net	142
18	Goodwill and other intangible assets - net	146
19	Deferred tax assets and deferred tax liabilities	149
20	Deposits	153
21	Interbank and money market items (liabilities)	154
22	Debts issued and borrowings	156
23	Employee retirement benefits	158
24	Insurance contract liabilities	160
25	Share capital and earnings per share	160
26	Legal reserve	160
27	Dividend payments	161
28	Assets pledged as collateral	161
29	Contingent liabilities and commitments	162
30	Related party transactions and balances	163
31	Benefits of directors and executives	165
32	Long-term agreements	166
33	Segment information	167
34	Interest income	171
35	Interest expenses	171
36	Fees and service income - net	172
37	Gain on trading and foreign exchange transactions	172
38	Loss on financial liabilities designated at fair value through profit or loss	173
39	Gain on investments	173
40	Impairment loss on loans and debt securities	174
41	Income tax expense	174
42	Gain (loss) arising from translating the financial statements of a foreign operation	176
43	Financial risk management	177
44	Fair value of assets and liabilities	194
45	Thai Financial Reporting Standards (TFRS) not yet adopted	200
46	Events after the reporting period	201



Notes to the Financial Statements

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

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 22 February 2018.

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 2017 and 2016 are given in note 10.

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 and revised TFRS that are effective for annual accounting periods beginning on or after 1 January 2017. The adoption of these new and revised TFRS did not have an impact on the accounting policies, methods of computation, financial position or performance of the Bank and its subsidiaries except as disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued a new FAP announcement which is effective beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements. This new FAP announcement that is relevant to the Bank and its subsidiaries' operations is disclosed in note 45.



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.
- employee retirement benefit have been measured at their present value

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 uncertainty 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 4 "significant accounting policies" and in the following notes:

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



3 CHANGE IN ACCOUNTING POLICIES

Claims on security, customers' liability under acceptances, liabilities to deliver security and Bank's liability under acceptances

The financial statements are prepared in accordance 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". As of 31 December 2017, the Bank and its subsidiaries changed the presentation in the statement of financial position to comply with the updated BOT Guideline to change the presentation of customers' liability under acceptances and Bank's liability under acceptances to present as a part of Note 29 Contingent liabilities and commitments. For the claims on security and liabilities to deliver security, the Bank and its subsidiaries recognise as a part of other liabilities, only if the Bank and its subsidiaries sell the collateral asset from Repurchase Agreement or Securities Borrowing and Lending. The Bank and its subsidiaries have restated the statement of financial position.

The change in accounting policy impacted on the financial statements as follows:

(Million Baht)

	Consolidated			The Bank		
Statements of financial position	31 December	31 December	1 January	31 December	31 December	1 January
	2017	2016	2016	2017	2016	2016
Asset						
Claims on security decreased	(469)	(7)	(1)	-	-	-
Customers' liability under						
acceptances decreased	(2,007)	(2,583)	(131)	(2,007)	(2,583)	(131)
Total asset	(2,476)	(2,590)	(132)	(2,007)	(2,583)	(131)
Liabilities and Equity						
Liabilities to deliver security decreased	(513)	(650)	(121)	-	-	-
Bank's liability under acceptances						
decreased	(2,007)	(2,583)	(131)	(2,007)	(2,583)	(131)
Other liabilities increased*	44	643	120	-	-	-
Total liabilities	(2,476)	(2,590)	(132)	(2,007)	(2,583)	(131)

* Only if the Bank and its subsidiaries sell the collateral asset from Repurchase Agreement or Securities Borrowing and Lending.

The Bank and its subsidiaries did not present the restated statement of financial position as at 1 January 2016, as the impact of the change in accounting policy does not materially affect total assets, total liabilities and total equity of the Bank and its subsidiaries as previously reported.



4 SIGNIFICANT ACCOUNTING POLICIES

4.1 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 take 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.

4.2 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.



4.3 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.

4.4 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.

4.5 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.



4.6 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 BOT'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 companies 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.



4.7 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.

4.8 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.

4.9 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	10-50 years
Buildings on rented land	over rental contract
Equipment, furniture, fixtures, office equipment and vehicle	3-20 years

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

4.10 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 4.1. Subsequent to initial recognition, goodwill is measured at cost less impairment losses. Impairment assessment of goodwill is described in note 4.14.

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.

4.11 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.

4.12 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.

4.13 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.



4.14 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.

4.15 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.

4.16 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.

4.17 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.

4.18 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.



4.19 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.

4.20 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.

4.21 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.

4.22 Recognition of interest expense

Interest expense is recognised on an accrual basis.

4.23 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.

4.24 Income tax expense

Income tax expense 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 periods.

4.25 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.



4.26 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.

4.27 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.



4.28 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.



4.29 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.

4.30 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.

4.31 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.



5 CAPITAL REQUIREMENTS

The ratios of capital to assets (Capital Adequacy Ratio) of KASIKORNBANK FINANCIAL CONGLOMERATE and the Bank as at 31 December 2017 and 2016 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 2017	31 December 2016
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	266,552	234,071
Other comprehensive income	21,998	19,684
<u>Less</u> Capital deduction items on CET1	<u>(28,276)</u>	<u>(22,301)</u>
Total Tier 1 Capital Base	<u>305,360</u>	<u>276,540</u>
Tier 2 Capital		
Tier 2 Capital instruments	28,000	50,000
General Provision	21,618	20,128
<u>Less</u> Capital deduction items on Tier 2	<u>(4,881)</u>	<u>(2,981)</u>
Total Tier 2 Capital Base	<u>44,737</u>	<u>67,147</u>
Total Capital Base	<u>350,097</u>	<u>343,687</u>
Total Risk-Weighted Assets	1,949,783	1,824,372

(Percentage)

KASIKORNBANK FINANCIAL CONGLOMERATE				
	BOT regulatory minimum requirement and conservation buffer*	31 December 2017	BOT regulatory minimum requirement and conservation buffer*	31 December 2016
Capital Adequacy Ratio				
Tier 1 Capital ratio	7.25	15.66	6.625	15.16
Common Equity Tier 1 ratio	5.75	15.66	5.125	15.16
Tier 2 Capital ratio	-	2.30	-	3.68
Capital adequacy ratio	9.75	17.96	9.125	18.84

* 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 2017	31 December 2016
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	239,842	212,568
Other comprehensive income	17,557	16,998
<u>Less</u> Capital deduction items on CET1	<u>(23,836)</u>	<u>(19,070)</u>
Total Tier 1 Capital Base	<u>278,649</u>	<u>255,582</u>
Tier 2 Capital		
Tier 2 Capital instruments	28,000	50,000
General Provision	<u>21,224</u>	<u>19,849</u>
Total Tier 2 Capital Base	<u>49,224</u>	<u>69,849</u>
Total Capital Base	<u>327,873</u>	<u>325,431</u>
Total Risk-Weighted Assets	1,905,966	1,790,761

(Percentage)

The Bank				
	BOT regulatory minimum requirement and conservation buffer*	31 December 2017	BOT regulatory minimum requirement and conservation buffer*	31 December 2016
Capital Adequacy Ratio				
Tier 1 Capital ratio	7.25	14.62	6.625	14.27
Common Equity Tier 1 ratio	5.75	14.62	5.125	14.27
Tier 2 Capital ratio	-	2.58	-	3.90
Capital adequacy ratio	9.75	17.20	9.125	18.17

* 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 2017 and 2016, 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 2017 through the website "<http://www.kasikornbank.com/EN/Investors/FinanInfoReports/Pages/FinancialReports.aspx>" under the investor relations section within 4 months after 31 December 2017.

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 2017 through the website "<http://www.kasikornbank.com/EN/Investors/FinanInfoReports/Pages/FinancialReports.aspx>" under the investor relations section within 4 months after 31 December 2017.

6 SUPPLEMENTARY INFORMATION OF CASH FLOWS

Significant non-cash items for the years ended 31 December 2017 and 2016 are as follows:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revaluation surplus on available-for-sale investments*	1,886	1,532	676	620
Appraised surplus on asset revaluation*	381	3,728	-	3,728
The realised portion of the appraised surplus on asset revaluation*	(156)	(156)	(149)	(155)
Foreign currency translation*	375	(162)	222	(166)
Actuarial (loss) gain on defined benefit plans*	(569)	264	(543)	265
Foreclosed properties arising from auction and debt settlement	4,914	4,461	4,541	4,233

* net of deferred tax



7 INTERBANK AND MONEY MARKET ITEMS - NET (ASSETS)

Interbank and money market items - net (assets) as of 31 December 2017 and 2016 consisted of:

(Million Baht)

	Consolidated					
	2017			2016		
	At call	Term	Total	At call	Term	Total
1. <u>Domestic</u>						
The BOT and FIDF	32,272	308,074	340,346	16,718	238,694	255,412
Commercial banks	787	11,756	12,543	717	20,712	21,429
Specialised financial institutions	19	3,839	3,858	106	10,848	10,954
Other financial institutions	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>1,583</u>	<u>11,300</u>	<u>12,883</u>
Total	34,578	323,669	358,247	19,124	281,554	300,678
<u>Add</u> Accrued interest receivable	3	96	99	-	76	76
<u>Less</u> Deferred revenue	-	-	-	-	-	-
Allowance for doubtful accounts	<u>(50)</u>	<u>(34)</u>	<u>(84)</u>	<u>(31)</u>	<u>(32)</u>	<u>(63)</u>
Total Domestic	<u>34,531</u>	<u>323,731</u>	<u>358,262</u>	<u>19,093</u>	<u>281,598</u>	<u>300,691</u>
2. <u>Foreign</u>						
US Dollars	4,433	44,807	49,240	2,332	31,671	34,003
Japanese Yen	295	-	295	161	-	161
Euro	253	3,356	3,609	90	-	90
Other currencies	<u>1,675</u>	<u>12,908</u>	<u>14,583</u>	<u>2,544</u>	<u>11,648</u>	<u>14,192</u>
Total	6,656	61,071	67,727	5,127	43,319	48,446
<u>Add</u> Accrued interest receivable	16	255	271	1	148	149
<u>Less</u> Deferred revenue	-	(2)	(2)	-	(2)	(2)
Allowance for doubtful accounts	<u>-</u>	<u>(166)</u>	<u>(166)</u>	<u>-</u>	<u>(78)</u>	<u>(78)</u>
Total Foreign	<u>6,672</u>	<u>61,158</u>	<u>67,830</u>	<u>5,128</u>	<u>43,387</u>	<u>48,515</u>
Total Domestic and Foreign	<u>41,203</u>	<u>384,889</u>	<u>426,092</u>	<u>24,221</u>	<u>324,985</u>	<u>349,206</u>



(Million Baht)

The Bank						
	2017			2016		
	At call	Term	Total	At call	Term	Total
1. Domestic						
The BOT and FIDF	32,272	308,074	340,346	16,718	238,694	255,412
Commercial banks	128	3,408	3,536	90	11,815	11,905
Specialised financial institutions	1	1,800	1,801	1	10,800	10,801
Other financial institutions	<u>1,840</u>	<u>-</u>	<u>1,840</u>	<u>1,552</u>	<u>11,300</u>	<u>12,852</u>
Total	34,241	313,282	347,523	18,361	272,609	290,970
Add Accrued interest receivable	-	81	81	-	56	56
Less Deferred revenue	-	-	-	-	-	-
Allowance for doubtful accounts	<u>(19)</u>	<u>(34)</u>	<u>(53)</u>	<u>-</u>	<u>(31)</u>	<u>(31)</u>
Total Domestic	<u>34,222</u>	<u>313,329</u>	<u>347,551</u>	<u>18,361</u>	<u>272,634</u>	<u>290,995</u>
2. Foreign						
US Dollars	3,120	44,208	47,328	1,776	31,711	33,487
Japanese Yen	295	-	295	161	-	161
Euro	253	3,356	3,609	90	-	90
Other currencies	<u>920</u>	<u>2,303</u>	<u>3,223</u>	<u>2,167</u>	<u>11,231</u>	<u>13,398</u>
Total	4,588	49,867	54,455	4,194	42,942	47,136
Add Accrued interest receivable	-	223	223	1	140	141
Less Deferred revenue	-	(2)	(2)	-	(2)	(2)
Allowance for doubtful accounts	<u>-</u>	<u>(57)</u>	<u>(57)</u>	<u>-</u>	<u>(78)</u>	<u>(78)</u>
Total Foreign	<u>4,588</u>	<u>50,031</u>	<u>54,619</u>	<u>4,195</u>	<u>43,002</u>	<u>47,197</u>
Total Domestic and Foreign	<u>38,810</u>	<u>363,360</u>	<u>402,170</u>	<u>22,556</u>	<u>315,636</u>	<u>338,192</u>



8 DERIVATIVES

Carrying amount and notional amount classified by type of risks as of 31 December 2017 and 2016 consisted of:

(Million Baht)

<u>Consolidated</u>										
Type of risk	<u>Carrying amount</u>				<u>Notional amount classified by maturity</u>					
	<u>Assets</u>		<u>Liabilities</u>		<u>Up to 1 year</u>		<u>Over 1 year</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Exchange rate	20,180	23,962	19,804	24,769	1,292,992	1,231,453	329,338	265,307	1,622,330	1,496,760
Interest rate	7,339	7,802	4,788	6,286	142,978	193,726	555,065	571,280	698,043	765,006
Others										
- Commodities	178	470	175	462	4,512	11,970	-	-	4,512	11,970
- Equities	72	92	634	113	4,777	2,927	483	42	5,260	2,969
- Debts	-	-	-	-	-	-	2,365	-	2,365	-
- Others	(525)	(561)	-	-	-	-	-	-	-	-
Total	<u>27,244</u>	<u>31,765</u>	<u>25,401</u>	<u>31,630</u>	<u>1,445,259</u>	<u>1,440,076</u>	<u>887,251</u>	<u>836,629</u>	<u>2,332,510</u>	<u>2,276,705</u>

(Million Baht)

<u>The Bank</u>										
Type of risk	<u>Carrying amount</u>				<u>Notional amount classified by maturity</u>					
	<u>Assets</u>		<u>Liabilities</u>		<u>Up to 1 year</u>		<u>Over 1 year</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Exchange rate	19,519	24,300	19,973	23,246	1,292,992	1,230,718	308,040	248,357	1,601,032	1,479,075
Interest rate	7,339	7,802	4,788	6,286	142,978	193,726	553,224	569,436	696,202	763,162
Others										
- Commodities	178	470	175	462	4,512	11,970	-	-	4,512	11,970
- Equities	460	24	460	21	-	681	965	-	965	681
- Others	(527)	(569)	-	-	-	-	-	-	-	-
Total	<u>26,969</u>	<u>32,027</u>	<u>25,396</u>	<u>30,015</u>	<u>1,440,482</u>	<u>1,437,095</u>	<u>862,229</u>	<u>817,793</u>	<u>2,302,711</u>	<u>2,254,888</u>

The carrying amount of derivative assets and liabilities comprises of trading book derivatives measured at fair value and banking book derivatives are measured on an accrual basis in accordance with the accounting policy disclosed in note 4.26.



The proportion of the notional amount of derivative transactions classified by counterparties as of 31 December 2017 and 2016 consisted of:

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>COUNTERPARTY</u>	<u>Proportion (%)</u>		<u>Proportion (%)</u>	
Financial institutions	65	69	65	69
Companies - other	35	31	35	31
Total	100	100	100	100

9 INVESTMENTS - NET

9.1 Type of investments

Investments as of 31 December 2017 and 2016 consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>Fair Value</u>	<u>Fair Value</u>	<u>Fair Value</u>	<u>Fair Value</u>
<u>1. Trading investments</u>				
1.1 Government and state enterprise securities	16,710	10,645	16,710	10,645
1.2 Private enterprise debt instruments	2,203	724	2,203	724
1.3 Marketable equity securities - domestic	4,832	2,142	22	82
Total	23,745	13,511	18,935	11,451
<u>2. Available-for-sale investments</u>				
2.1 Government and state enterprise securities	87,241	255,312	85,495	253,561
2.2 Private enterprise debt instruments	2,956	2,456	938	425
2.3 Foreign debt instruments	26,868	33,933	16,862	21,140
2.4 Marketable equity securities - domestic	40,772	33,697	3,847	3,211
2.5 Marketable equity securities - overseas	13,560	10,836	3,432	3,643
Total	171,397	336,234	110,574	281,980



(Million Baht)

	Consolidated		The Bank	
	2017	2016	2017	2016
	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	237,485	213,998	13,734	24,819
3.2 Private enterprise debt instruments	77,805	63,072	641	453
3.3 Foreign debt instruments	22,138	20,333	-	-
3.4 Investments in receivables	<u>1,048</u>	<u>1,135</u>	<u>1,043</u>	<u>1,130</u>
Total	338,476	298,538	15,418	26,402
Less Allowance for impairment	<u>(473)</u>	<u>(473)</u>	<u>(453)</u>	<u>(453)</u>
Total	<u>338,003</u>	<u>298,065</u>	<u>14,965</u>	<u>25,949</u>
4. General investments				
4.1 Non-marketable equity securities - domestic	1,316	1,312	1,043	1,074
4.2 Non-marketable equity securities - overseas	<u>1,347</u>	<u>698</u>	<u>1,159</u>	<u>510</u>
Total	2,663	2,010	2,202	1,584
Less Allowance for impairment	<u>(221)</u>	<u>(222)</u>	<u>(93)</u>	<u>(93)</u>
Fair value hedge adjustments	<u>(27)</u>	<u>-</u>	<u>(27)</u>	<u>-</u>
Total	<u>2,415</u>	<u>1,788</u>	<u>2,082</u>	<u>1,491</u>
Total Investments - net	<u>535,560</u>	<u>649,598</u>	<u>146,556</u>	<u>320,871</u>

9.2 Revaluation surplus on available-for-sale investments

As of 31 December 2017 and 2016, revaluation surplus on available-for-sale investments consisted of:

(Million Baht)

	Consolidated		The Bank	
	2017	2016	2017	2016
Revaluation surplus on available-for-sale investments*				
Debt instruments	396	(14)	238	(149)
Equity securities	<u>8,256</u>	<u>6,780</u>	<u>4,932</u>	<u>4,643</u>
Total	<u>8,652</u>	<u>6,766</u>	<u>5,170</u>	<u>4,494</u>

* net of deferred tax



9.3 Maturity for debt instruments

As of 31 December 2017 and 2016, the contractual maturity for debt instruments not held for trading is as follows:

(Million Baht)

Consolidated								
	2017				2016			
	Maturity				Maturity			
	Over				Over			
	Within 1 year	1 year to 5 years	Over 5 years	Total	Within 1 year	1 year to 5 years	Over 5 years	Total
1. Available-for-sale investments								
1.1 Government and state								
enterprise securities	62,454	15,390	8,886	86,730	132,932	117,851	4,525	255,308
1.2 Private enterprise debt								
instruments	387	579	1,986	2,952	241	237	2,031	2,509
1.3 Foreign debt instruments	15,990	8,483	1,998	26,471	21,771	2,811	8,951	33,533
Total	78,831	24,452	12,870	116,153	154,944	120,899	15,507	291,350
Add (Less) Allowance for								
revaluation	51	321	586	958	(15)	4	408	397
Less Allowance for impairment	-	-	(46)	(46)	-	-	(46)	(46)
Total	78,882	24,773	13,410	117,065	154,929	120,903	15,869	291,701
2. Held-to-maturity debt								
instruments								
2.1 Government and state								
enterprise securities	10,364	17,552	209,569	237,485	2,259	33,741	177,998	213,998
2.2 Private enterprise debt								
instruments	3,242	13,726	60,837	77,805	1,416	12,010	49,646	63,072
2.3 Foreign debt instruments	-	453	21,685	22,138	363	326	19,644	20,333
2.4 Investments in receivables	136	592	320	1,048	126	546	463	1,135
Total	13,742	32,323	292,411	338,476	4,164	46,623	247,751	298,538
Less Allowance for impairment	(5)	-	(468)	(473)	(5)	-	(468)	(473)
Total	13,737	32,323	291,943	338,003	4,159	46,623	247,283	298,065
Total Debt Instruments	92,619	57,096	305,353	455,068	159,088	167,526	263,152	589,766



(Million Baht)

The Bank

	2017				2016			
	Maturity				Maturity			
	Over				Over			
	Within 1 year	1 year to 5 years	Over 5 years	Total	Within 1 year	1 year to 5 years	Over 5 years	Total
1. Available-for-sale investments								
1.1 Government and state								
enterprise securities	62,401	15,115	7,682	85,198	132,871	117,540	3,319	253,730
1.2 Private enterprise debt								
instruments	385	550	46	981	190	230	46	466
1.3 Foreign debt instruments	15,990	874	-	16,864	21,162	-	-	21,162
Total	78,776	16,539	7,728	103,043	154,223	117,770	3,365	275,358
<u>Add (Less) Allowance for</u>								
revaluation	51	8	239	298	(21)	(149)	(16)	(186)
<u>Less Allowance for impairment</u>	-	-	(46)	(46)	-	-	(46)	(46)
Total	78,827	16,547	7,921	103,295	154,202	117,621	3,303	275,126
2. Held-to-maturity debt								
instruments								
2.1 Government and state								
enterprise securities	9,059	3,061	1,614	13,734	201	23,006	1,612	24,819
2.2 Private enterprise debt								
instruments	-	188	453	641	-	-	453	453
2.3 Investments in receivables	131	592	320	1,043	121	546	463	1,130
Total	9,190	3,841	2,387	15,418	322	23,552	2,528	26,402
<u>Less Allowance for impairment</u>	-	-	(453)	(453)	-	-	(453)	(453)
Total	9,190	3,841	1,934	14,965	322	23,552	2,075	25,949
Total Debt Instruments	88,017	20,388	9,855	118,260	154,524	141,173	5,378	301,075



9.4 Investments in other companies having a going concern uncertainty

As of 31 December 2017 and 2016, 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)

	2017					
	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	<u>5</u>	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>538</u>	<u>-</u>	<u>(538)</u>	<u>521</u>	<u>-</u>	<u>(521)</u>



(Million Baht)

2016

	Consolidated			The Bank		
	Cost Value/		Allowance for	Cost Value/		Allowance for
	Book Value	Fair Value	Impairment	Book Value	Fair Value	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	34	-	(34)	22	-	(22)
- Debt Instruments	453	-	(453)	453	-	(453)
3. Investments in receivables with uncertainty in settlement or in default	<u>5</u>	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>538</u>	<u>-</u>	<u>(538)</u>	<u>521</u>	<u>-</u>	<u>(521)</u>

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

As of 31 December 2017 and 2016, 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	
	2017	2016	2017	2016
Agriculture and mining	5	5	-	-
Property development and construction	2,145	2,083	505	537
Infrastructure and services	284	260	142	142
Others	<u>2,137</u>	<u>2,087</u>	<u>76</u>	<u>46</u>
Total	<u>4,571</u>	<u>4,435</u>	<u>723</u>	<u>725</u>



10 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES - NET

10.1 Type of investments in subsidiaries and associated companies

As of 31 December 2017 and 2016, 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	2017	2016	2017	2016	2017	2016
Associated companies								
Processing Center Co., Ltd.	Service	Ordinary	30.00%	30.00%	15	15	348	265
National ITMX Co., Ltd.	Service	Ordinary	22.76%	22.15%	60	52	332	310
Sovannaphum Life Assurance PLC ¹⁾	Life Insurance	Ordinary	18.74%	18.74%	168	168	117	151
Goco Co., Ltd. ²⁾	Information and communication system development	Ordinary	22.65%	22.65%	4	4	-	-
Lawson-Marsh Events Co., Ltd. ²⁾	Professional conference organizer	Ordinary	35.71%	35.71%	5	5	-	-
O&H Honeycomb Paper Co., Ltd. ²⁾	Manufacture and sale of honeycomb paper	Ordinary	40.99%	40.99%	18	18	-	-
LD Restaurant Co., Ltd. ²⁾	Restaurant	Ordinary	35.30%	37.22%	4	4	4	4
Pet Club Co., Ltd. ²⁾	Pet shops and services	Ordinary	-	38.46%	-	6	-	6
Tee Entertainment Co., Ltd. ²⁾	Event organizer Restaurant and Sale of consumer goods	Ordinary	27.61%	27.61%	45	45	45	45
Beacon Interface Co., Ltd. ²⁾	Mobile Application	Ordinary	50.00%	50.00%	-	-	-	-
Total Investments in Associated Companies					319	317	846	781
Less Allowance for impairment					(27)	(27)	-	-
Investments in Associated Companies - Net					292	290	846	781

¹⁾ The Bank holds shares indirectly through Muang Thai Life Assurance PCL

²⁾ The Bank holds shares indirectly through K-SME Venture Capital Co., Ltd.



(Million Baht)

The Bank

% Shareholding

Direct and indirect

Cost method

Dividend income

Type of

Type of

Business

Share

2017

2016

2017

2016

2017

2016

Subsidiaries

KASIKORN ASSET MANAGEMENT CO., LTD.

Fund

Management

Ordinary

100.00%

100.00%

2,003

2,003

2,594

2,467

KASIKORN RESEARCH CENTER CO., LTD.

Service

Ordinary

100.00%

100.00%

10

10

-

-

KASIKORN SECURITIES PCL ("KSecurities")

Securities

Business

Ordinary

99.99%

99.99%

1,512

1,512

-

-

KASIKORN LEASING CO., LTD.

Auto Leasing

Ordinary

100.00%

100.00%

900

900

120

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.

Service

Ordinary

100.00%

100.00%

19

19

-

200

KASIKORN X CO., LTD.

Service

Ordinary

100.00%

-

5

-

-

-

Muang Thai Group Holding Co., Ltd. ("MTGH")

Investment in

other

Companies

Ordinary

51.00%

51.00%

7,575

7,575

468

357

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

-

-

KASIKORNBANK (CHINA) COMPANY LIMITED

Commercial

Banking

Ordinary

100.00%

-

14,802

-

-

-

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%

50

200

-

-

BEACON VENTURE CAPITAL COMPANY LIMITED

Venture Capital

Ordinary

100.00%

100.00%

250

1,000

-

-

Phethai Asset Management Co., Ltd.

Asset

Management

Ordinary

100.00%

100.00%

1,650

1,740

-

-

Starbright Finance Co., Ltd.

Finance

Ordinary

-

100.00%

-

761

-

-



(Million Baht)

The Bank								
			% Shareholding		Cost method		Dividend income	
			Direct and indirect					
	Type of Business	Type of Share	2017	2016	2017	2016	2017	2016
<u>Subsidiaries</u>								
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
PROGRESS GUNPAI SECURITY GUARD CO., LTD.	Service	Ordinary	100.00%	100.00%	21	21	130	100
PROGRESS MANAGEMENT CO., LTD.	Service	Ordinary	100.00%	100.00%	6	6	4	6
PROGRESS FACILITIES MANAGEMENT CO., LTD.	Service	Ordinary	100.00%	100.00%	5	5	8	6
PROGRESS SERVICE SECURITY GUARD CO., LTD.	Service	Ordinary	100.00%	100.00%	2	2	24	22
PROGRESS STORAGE CO., LTD.	Service	Ordinary	100.00%	100.00%	3	3	24	12
PROGRESS H R CO., LTD.	Service	Ordinary	100.00%	100.00%	1	1	-	-
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	3
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%	-	-	-	-
Muang Thai Broker Co., Ltd.	Insurance Broker	Ordinary	50.98%	50.49%	-	-	-	-
MT Insure Broker Co., Ltd.	Insurance Broker	Ordinary	38.25%	38.25%	-	-	-	-
FUCHSIA VENTURE CAPITAL COMPANY LIMITED	Venture Capital	Ordinary	38.25%	-	-	-	-	-
<u>Associated companies</u>								
Processing Center Co., Ltd.	Service	Ordinary	30.00%	30.00%	15	15	76	47
National ITMX Co., Ltd.	Service	Ordinary	22.76%	22.15%	60	52	7	-
Total					30,258	17,194	3,458	3,346
Less Allowance for impairment					(1,650)	(1,740)	-	-
Fair value hedge adjustments					19	(15)	-	-
Investments in Subsidiaries and Associated Companies - Net					28,627	15,439	3,458	3,346



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, and KASIKORNBANK (CHINA) COMPANY LIMITED incorporated in Lao PDR and People's Republic of China, respectively.

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 authorised share capital of which Baht 250 million is paid-up.

On 9 March 2017, Phethai Asset Management Co., Ltd., a subsidiary of the Bank reduce Baht 90 million of authorised, issued and paid-up share capital.

On 30 June 2017, the Bank established KASIKORN X CO., LTD. with Baht 1 million of registered capital which is fully paid up, as wholly-owned subsidiaries of the Bank. Subsequently, on 27 December 2017, KASIKORN X CO., LTD. increased Baht 4 million of share capital which is fully paid-up.

On 9 August 2017, the Bank established a new subsidiary company under the name FUCHSIA VENTURE CAPITAL COMPANY LIMITED, which 75% of shares are held by Muang Thai Group Holding Company Limited. The Company has Baht 300 million of authorised share capital which is fully paid-up.

On 6 November 2017, KASIKORNBANK (CHINA) COMPANY LIMITED ("KBank China"), has commenced with equivalent to RMB 3,000 million of authorised share capital, as wholly-owned subsidiaries of the Bank. KBank China was transformed from Starbright Financial Co., Ltd. and the Bank's foreign branches in People's Republic of China, for business activities. Starbright Financial Co., Ltd. is currently during the liquidation.

On 8 December 2017, K-SME Venture Capital Co., Ltd., a subsidiary of the Bank reduce Baht 150 million of authorised, issued and paid-up share capital.

10.2 Non-controlling interests in subsidiaries

As of 31 December 2017, the proportion of shareholding of non-controlling interests in subsidiaries that are material to the Bank is summarised as follows:

<u>Companies in MTGH Group</u>	<u>2017</u>
Muang Thai Group Holding Co., Ltd.	49.00%
Muang Thai Life Assurance PCL	61.75%
Muang Thai Broker Co., Ltd.	49.02%
MT Insure Broker Co., Ltd.	61.75%



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

10.3.1 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 2017			31 December 2016		
	(Unaudited)			(Audited)		
	Total <u>Assets</u>	Total <u>Liabilities</u>	Total <u>Equity</u>	Total <u>Assets</u>	Total <u>Liabilities</u>	Total <u>Equity</u>
Companies in MTGH Group*	439,548	374,125	65,423	372,826	319,079	53,747

* 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					
	2017			2016		
	(Unaudited)					
	Operating			Operating		
	Income - net	Expenses*	Net Profit	Income - net	Expenses*	Net Profit
Companies in MTGH Group***	17,704**	7,376	10,328	16,654**	6,966	9,688

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

** Including dividend income among the group for 2017 and 2016 amounting to Baht 1,739 million and Baht 1,313 million, respectively.

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

(Million Baht)

	Statements of Cash Flows		
	For the Year Ended 31 December 2017		
	(Unaudited)		
	Net Cash by <u>Operating Activities</u>	Net Cash by <u>Investing Activities</u>	Net Cash by <u>Financing Activities</u>
Companies in MTGH Group*	3,897	(702)	(3,195)



(Million Baht)

Statements of Cash Flows

For the Year Ended 31 December 2016

(Unaudited)

	Net Cash by <u>Operating Activities</u>	Net Cash by <u>Investing Activities</u>	Net Cash by <u>Financing Activities</u>
Companies in MTGH Group*	3,206	(916)	(2,290)

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

10.3.2 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

	2017		2016
		(Unaudited)	
	<u>Net Profit</u>	Total Comprehensive <u>Income</u>	<u>Net Profit</u> Total Comprehensive <u>Income</u>
Associated Companies	551	525	419 432



10.3.3 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 2017 and 2016

	Million Baht	
	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax expense	28	18
Adjustments for		
Interest income - net	(15)	(15)
Proceeds from interest	15	15
Income tax paid	<u>(1)</u>	<u>(6)</u>
Profit from operating before changes in operating assets and liabilities	27	12
Decrease in operating assets		
Investments in receivables	-	1
Loans	10	11
Properties foreclosed	27	8
Other assets	23	56
Increase (decrease) in operating liabilities		
Accrued expenses	(1)	-
Other liabilities	<u>2</u>	<u>2</u>
Net cash provided by operating activities	<u>88</u>	<u>90</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid for share capital decrease	<u>(90)</u>	<u>(190)</u>
Net cash used in financing activities	<u>(90)</u>	<u>(190)</u>
Net decrease in cash	(2)	(100)
Cash at the beginning of the year	<u>99</u>	<u>199</u>
Cash at the end of the year	<u>97</u>	<u>99</u>



10.4 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 2017 and 2016 amounted to Baht 8,347 million and Baht 3,394 million, respectively.



11 LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES - NET

As of 31 December 2017 and 2016, loans to customers and accrued interest receivables - net consisted of:

11.1 Classified by Type of Loans

(Million Baht)

	Consolidated		The Bank	
	2017	2016	2017	2016
Overdrafts	302,449	301,547	302,346	301,410
Loans	884,981	819,684	961,132	900,672
Bills	402,346	369,175	407,062	374,077
Hire purchase receivables	94,500	88,980	-	-
Finance lease receivables	20,531	19,339	-	-
Others	107,549	108,510	92,695	96,087
<u>Less</u> Deferred revenue	<u>(9,573)</u>	<u>(9,654)</u>	<u>(270)</u>	<u>(339)</u>
Total loans to customers net of deferred revenue	1,802,783	1,697,581	1,762,965	1,671,907
<u>Add</u> Accrued interest receivables	<u>3,392</u>	<u>3,492</u>	<u>2,855</u>	<u>3,053</u>
Total loans to customers net of deferred revenue plus accrued interest receivables	1,806,175	1,701,073	1,765,820	1,674,960
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BOT's Regulations	(36,455)	(37,133)	(36,021)	(36,812)
2. Excess allowance	(65,214)	(44,963)	(62,626)	(43,109)
3. Credit balance transaction	(46)	(46)	-	-
4. Loan from life insurance business	(269)	(276)	-	-
<u>Less</u> Revaluation allowance for debt restructuring	<u>(1,451)</u>	<u>(2,794)</u>	<u>(1,438)</u>	<u>(2,794)</u>
Total Loans to customers and accrued interest receivables - net	<u>1,702,740</u>	<u>1,615,861</u>	<u>1,665,735</u>	<u>1,592,245</u>



11.2 Classified by Currencies and Residency of Borrowers

(Million Baht)

Consolidated						
	2017			2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,689,870	15,164	1,705,034	1,567,998	14,660	1,582,658
US Dollars	69,958	15,142	85,100	91,635	11,620	103,255
Other currencies	<u>4,653</u>	<u>7,996</u>	<u>12,649</u>	<u>4,623</u>	<u>7,045</u>	<u>11,668</u>
Total	<u>1,764,481</u>	<u>38,302</u>	<u>1,802,783</u>	<u>1,664,256</u>	<u>33,325</u>	<u>1,697,581</u>

(Million Baht)

The Bank						
	2017			2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,660,261	15,075	1,675,336	1,543,381	14,521	1,557,902
US Dollars	69,958	12,381	82,339	91,634	10,847	102,481
Other currencies	<u>4,653</u>	<u>637</u>	<u>5,290</u>	<u>4,623</u>	<u>6,901</u>	<u>11,524</u>
Total	<u>1,734,872</u>	<u>28,093</u>	<u>1,762,965</u>	<u>1,639,638</u>	<u>32,269</u>	<u>1,671,907</u>



11.3 Classified by Type of Business and Account Status

(Million Baht)

Consolidated						
2017						
	Pass	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	31,394	1,558	471	268	722	34,413
Manufacturing and commerce	788,784	24,667	12,629	9,358	17,989	853,427
Property development and construction	146,704	3,046	1,369	684	1,941	153,744
Infrastructure and services	237,385	4,537	1,989	1,293	2,137	247,341
Housing loans	238,979	6,392	3,496	2,922	4,469	256,258
Others	<u>222,614</u>	<u>6,293</u>	<u>3,018</u>	<u>3,126</u>	<u>1,793</u>	<u>236,844</u>
Total	<u>1,665,860</u>	<u>46,493</u>	<u>22,972</u>	<u>17,651</u>	<u>29,051</u>	1,782,027
Credit balance transaction						2,708
Loans in life insurance business						<u>18,048</u>
Total						<u>1,802,783</u>

(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)

The Bank						
2017						
	Pass	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	29,985	1,556	471	263	682	32,957
Manufacturing and commerce	760,070	24,402	12,561	9,265	17,605	823,903
Property development and construction	139,881	2,891	1,365	671	1,841	146,649
Infrastructure and services	207,596	4,120	1,924	1,244	2,012	216,896
Housing loans	238,967	6,392	3,496	2,922	4,417	256,194
Others	<u>274,892</u>	<u>4,589</u>	<u>2,721</u>	<u>2,974</u>	<u>1,190</u>	<u>286,366</u>
Total	<u>1,651,391</u>	<u>43,950</u>	<u>22,538</u>	<u>17,339</u>	<u>27,747</u>	<u>1,762,965</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	<u>254,193</u>	<u>4,346</u>	<u>3,532</u>	<u>3,735</u>	<u>2,388</u>	<u>268,194</u>
Total	<u>1,568,303</u>	<u>40,586</u>	<u>18,615</u>	<u>16,562</u>	<u>27,841</u>	<u>1,671,907</u>



11.4 Classified by Account Status

(Million Baht)

Consolidated				
2017				
	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	1,668,501	548,134	1	5,481
Special Mention	46,633	12,523	2	250
Sub-Standard	23,000	10,779	100	10,779
Doubtful	17,651	8,385	100	8,385
Doubtful of Loss	<u>29,148</u>	<u>11,560</u>	100	<u>11,560</u>
Total	1,784,933	<u>591,381</u>		36,455
2. Excess allowance				65,214
3. Credit balance transaction	2,708			46
4. Loans in life insurance business	<u>18,534</u>			<u>269</u>
Total	<u>1,806,175</u>			<u>101,984</u>



(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)

The Bank				
2017				
	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	1,653,985	636,339	1	6,364
Special Mention	44,089	12,404	2	248
Sub-Standard	22,566	10,687	100	10,687
Doubtful	17,339	8,284	100	8,284
Doubtful of Loss	<u>27,841</u>	<u>10,438</u>	100	<u>10,438</u>
Total	<u>1,765,820</u>	<u>678,152</u>		36,021
2. Excess allowance				<u>62,626</u>
Total				<u>98,647</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>



11.5 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 2017 and 2016, The Bank and its subsidiaries showed non-performing loans (including financial institutions) to comply with BOT's regulations, summarised as follows:

(Million Baht)

	<u>2017</u>			
		Phethai Asset		
	<u>KASIKORNBANK</u>	<u>Management</u>	<u>Others</u>	<u>Consolidated</u>
<u>Non-performing loans, gross</u>				
Non-performing loans	67,624	147	1,903	69,674
Total loans used for NPL gross ratio calculation ⁽¹⁾	2,083,748	147	136,029	2,113,942 ⁽²⁾
Ratio of total loans	3.25	99.61	1.40	3.30
<u>Non-performing loans, net</u>				
Non-performing loans	37,834	102	634	38,570
Total loans used for NPL net ratio calculation ⁽¹⁾	2,053,958	102	134,760	2,082,838 ⁽²⁾
Ratio of total loans	1.84	99.44	0.47	1.85

(Million Baht)

	<u>2016</u>			
		Phethai Asset		
	<u>KASIKORNBANK</u>	<u>Management</u>	<u>Others</u>	<u>Consolidated</u>
<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

⁽¹⁾ Excluding loans from KSecurities and MTL.

⁽²⁾ Excluding loans to and from subsidiaries.



11.6 Non-accrual loans based on the accrual basis

As of 31 December 2017 and 2016, 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)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Non-accrual loans	162,575	144,806	160,379	142,593
Total loans used for ratio calculation ⁽¹⁾	2,113,942 ⁽²⁾	1,958,424 ⁽²⁾	2,083,748	1,950,055
Percentage of total loans	7.69	7.39	7.70	7.31

⁽¹⁾ Excluding loans from KSecurities and MTL.

⁽²⁾ Excluding loans to and from subsidiaries.

11.7 Listed companies that meet SET's criteria for delisting

As of 31 December 2017 and 2016, loans to listed companies that meet SET's criteria for delisting were as follows:

(Million Baht)

	<u>Consolidated and The Bank</u>					
	<u>2017</u>			<u>2016</u>		
	Loans and			Loans and		
	Accrued	Allowance for		Accrued	Allowance for	
	Interest	Collateral	Doubtful	Interest	Collateral	Doubtful
	<u>Receivables</u>	<u>Value</u>	<u>Accounts</u>	<u>Receivables</u>	<u>Value</u>	<u>Accounts</u>
Listed companies which meet SET's criteria for delisting	648	555	1	859	116	10



11.8 Hire Purchase and Finance Lease Receivables

(Million Baht)

<u>Consolidated</u>				
<u>2017</u>				
<u>Portion due</u>				
<u>Over 1 Year</u>				
	<u>Up to 1 year</u>	<u>to 5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
Gross receivables from finance leases	40,238	72,855	1,938	115,031
<u>Less</u> Unearned interest income				<u>(9,280)</u>
Present value of minimum lease payments				105,751
Allowance for doubtful accounts				<u>(2,504)</u>
Total Finance Lease Receivables - net				<u>103,247</u>

(Million Baht)

<u>Consolidated</u>				
<u>2016</u>				
<u>Portion due</u>				
<u>Over 1 Year</u>				
	<u>Up to 1 year</u>	<u>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				<u>(9,306)</u>
Present value of minimum lease payments				99,013
Allowance for doubtful accounts				<u>(1,919)</u>
Total Finance Lease Receivables - net				<u>97,094</u>



12 TROUBLED DEBT RESTRUCTURING

The Bank and its subsidiaries engaged in debt restructuring contracts that incurred losses during the years ended 31 December 2017 and 2016 as follows:

(Million Baht)

Consolidated												
Types of Restructuring		Cases		Outstanding Debt				Transferred Assets		Losses on		
				Before		After		Types	Fair Value		Debt	
				Restructuring	Restructuring	Restructuring	Restructuring					
	2017	2016	2017	2016	2017	2016		2017	2016	2017	2016	
Transfers of assets	18,416	8,017	3,555	1,085	-	-	Cash, land, and premises	2,126	595	1,429	490	
Changes of repayment conditions	6,959	10,260	55,245	53,908	55,157	53,778	-	-	-	1,510	1,816	
Debt restructuring in various forms	18	14	521	912	256	460	Cash, land, and premises	244	429	59	146	
Total	25,393	18,291	59,321	55,905	55,413	54,238		2,370	1,024	2,998	2,452	

(Million Baht)

The Bank											
Types of Restructuring	Cases		Outstanding Debt				Transferred Assets		Losses on		
			Before		After		Types	Fair Value		Debt	
			Restructuring	Restructuring	Restructuring	Restructuring		Restructuring	Restructuring		
	2017	2016	2017	2016	2017	2016		2017	2016	2017	2016
Transfers of assets	18,416	8,017	3,555	1,085	-	-	Cash, land, and premises	2,126	595	1,429	490
Changes of repayment conditions	6,806	10,260	54,837	53,908	54,748	53,778	-	-	-	1,499	1,816
Debt restructuring in various forms	18	14	521	912	256	460	Cash, land, and premises	244	429	59	146
Total	25,240	18,291	58,913	55,905	55,004	54,238		2,370	1,024	2,987	2,452

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 2017 and 2016 are as follows:

(Million Baht)

Consolidated								
Terms of debt restructuring agreements	2017				2016			
	Outstanding Debt				Outstanding Debt			
	Before		After	End of	Before		After	End of
	Cases	Restructuring	Restructuring	Year	Cases	Restructuring	Restructuring	Year
Less than 5 years	2,052	13,742	13,456	11,957	4,441	11,039	10,597	9,361
5 to 10 years	2,569	24,423	24,372	22,297	3,209	27,315	27,175	24,717
Over 10 years	2,356	17,601	17,585	16,926	2,624	16,466	16,466	15,644
Total	6,977	55,766	55,413	51,180	10,274	54,820	54,238	49,722

(Million Baht)

The Bank								
Terms of debt restructuring agreements	2017				2016			
	Outstanding Debt				Outstanding Debt			
	Before		After	End of	Before		After	End of
	Cases	Restructuring	Restructuring	Year	Cases	Restructuring	Restructuring	Year
Less than 5 years	1,901	13,340	13,054	11,568	4,441	11,039	10,597	9,361
5 to 10 years	2,567	24,417	24,365	22,290	3,209	27,315	27,175	24,717
Over 10 years	2,356	17,601	17,585	16,926	2,624	16,466	16,466	15,644
Total	6,824	55,358	55,004	50,784	10,274	54,820	54,238	49,722



The Bank and its subsidiaries recognised interest income from debt restructuring for the years ended 31 December 2017 and 2016 as follows:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Debt restructuring contracts that incurred losses	2,846	2,800	2,841	2,793

As of 31 December 2017 and 2016, the Bank had commitments to extend additional loans to these borrowers as follows:

(Million Baht)

	<u>Consolidated and The Bank</u>	
	<u>2017</u>	<u>2016</u>
Debt restructuring contracts that incurred losses	339	633

The Bank and its subsidiaries had outstanding balances on restructured loans that incurred losses during 2017 and 2016 as follows:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Debt restructuring contracts which were not classified as NPL	47,333	48,064	46,970	48,064
Debt restructuring contracts which were classified as NPL	<u>3,847</u>	<u>1,658</u>	<u>3,814</u>	<u>1,658</u>
Total	<u>51,180</u>	<u>49,722</u>	<u>50,784</u>	<u>49,722</u>

As of 31 December 2017 and 2016, the Bank and its subsidiaries had outstanding balances on restructured loans that incurred losses as follows:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Debt restructuring contracts which were not classified as NPL	57,894	55,679	57,426	55,679
Debt restructuring contracts which were classified as NPL	<u>4,346</u>	<u>2,621</u>	<u>4,296</u>	<u>2,601</u>
Total	<u>62,240</u>	<u>58,300</u>	<u>61,722</u>	<u>58,280</u>



13 ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

(Million Baht)

<u>Consolidated</u>									
<u>2017</u>									
	<u>Pass</u>	<u>Special</u> <u>Mention</u>	<u>Sub-</u> <u>Standard</u>	<u>Doubtful</u>	<u>Doubtful</u> <u>of Loss</u>	<u>Excess</u> <u>Allowance</u>	<u>Allowance</u> <u>from</u> <u>Securities</u> <u>Business</u>	<u>Allowance</u> <u>from</u> <u>Insurance</u> <u>Business</u>	<u>Total</u>
Balance at the beginning									
of the year	6,036	220	10,259	7,913	12,705	44,963	46	276	82,418
Doubtful accounts	(571)	30	520	472	19,328	20,251	-	(8)	40,022
Bad debt written off	-	-	-	-	(17,639)	-	-	-	(17,639)
Others	<u>16</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,834)</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>(2,817)</u>
Balance at the end									
of the year	<u>5,481</u>	<u>250</u>	<u>10,779</u>	<u>8,385</u>	<u>11,560</u>	<u>65,214</u>	<u>46</u>	<u>269</u>	<u>101,984</u>

(Million Baht)

<u>Consolidated</u>									
<u>2016</u>									
	<u>Pass</u>	<u>Special</u> <u>Mention</u>	<u>Sub-</u> <u>Standard</u>	<u>Doubtful</u>	<u>Doubtful</u> <u>of Loss</u>	<u>Excess</u> <u>Allowance</u>	<u>Allowance</u> <u>from</u> <u>Securities</u> <u>Business</u>	<u>Allowance</u> <u>from</u> <u>Insurance</u> <u>Business</u>	<u>Total</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,562)</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>(1,556)</u>
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)

The Bank

2017

	Special Pass	Special Mention	Sub- Standard	Doubtful Doubtful	Doubtful of Loss	Excess Allowance	Total
Balance at the beginning of the year	6,960	219	10,199	7,865	11,569	43,109	79,921
Doubtful accounts	(596)	29	488	419	19,336	19,517	39,193
Bad debt written off	-	-	-	-	(17,318)	-	(17,318)
Others	-	-	-	-	(3,149)	-	(3,149)
Balance at the end of the year	<u>6,364</u>	<u>248</u>	<u>10,687</u>	<u>8,284</u>	<u>10,438</u>	<u>62,626</u>	<u>98,647</u>

(Million Baht)

The Bank

2016

	Special Pass	Special Mention	Sub- Standard	Doubtful 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>

14 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

	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Balance at the beginning of the year	2,794	3,416	2,794	3,416
Increase	1,460	1,787	1,448	1,787
Bad debt written off	(2,229)	(263)	(2,229)	(263)
Amortisation to interest income	(1,046)	(1,226)	(1,040)	(1,226)
Others	<u>472</u>	<u>(920)</u>	<u>465</u>	<u>(920)</u>
Balance at the end of the year	<u>1,451</u>	<u>2,794</u>	<u>1,438</u>	<u>2,794</u>



15 PROPERTIES FORECLOSED – NET

Properties foreclosed as of 31 December 2017 and 2016 consisted of:

(Million Baht)

Consolidated				
Types of Properties Foreclosed	2017			Ending Balance
	Beginning Balance	Addition	Disposal	
1. Assets acquired from debt repayment				
1.1 Immovable assets	17,261	4,758	(2,491)	19,528*
1.2 Movable assets	<u>47</u>	<u>362</u>	<u>(360)</u>	<u>49</u>
Total	17,308	5,120	(2,851)	19,577
2. Others	<u>53</u>	<u>-</u>	<u>-</u>	<u>53</u>
Total properties foreclosed	17,361	5,120	(2,851)	19,630
<u>Less</u> allowances for impairment	<u>(1,917)</u>	<u>(546)</u>	<u>277</u>	<u>(2,186)</u>
Total properties foreclosed - net	<u>15,444</u>	<u>4,574</u>	<u>(2,574)</u>	<u>17,444</u>

* As of 31 December 2017, the value of immovable assets acquired from debt repayment was appraised by external appraisers and internal appraisers in the amount of Baht 8,327 million and Baht 11,201 million, respectively.

(Million Baht)

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

** 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)

The Bank				
2017				
	Beginning			Ending
<u>Types of Properties Foreclosed</u>	<u>Balance</u>	<u>Addition</u>	<u>Disposal</u>	<u>Balance</u>
1. Assets acquired from debt repayment				
1.1 Immovable assets	17,024	4,746	(2,373)	19,397*
1.2 Movable assets	25	-	(1)	24
Total	17,049	4,746	(2,374)	19,421
2. Others	53	-	-	53
Total properties foreclosed	17,102	4,746	(2,374)	19,474
<u>Less allowances for impairment</u>	<u>(1,819)</u>	<u>(529)</u>	<u>215</u>	<u>(2,133)</u>
Total properties foreclosed - net	<u>15,283</u>	<u>4,217</u>	<u>(2,159)</u>	<u>17,341</u>

* As of 31 December 2017, the value of immovable assets acquired from debt repayment was appraised by external appraisers and internal appraisers in the amount of Baht 8,196 million and Baht 11,201 million, respectively.

(Million Baht)

The Bank				
2016				
	Beginning			Ending
<u>Types of Properties Foreclosed</u>	<u>Balance</u>	<u>Addition</u>	<u>Disposal</u>	<u>Balance</u>
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
<u>Less allowances for impairment</u>	<u>(1,720)</u>	<u>(358)</u>	<u>259</u>	<u>(1,819)</u>
Total properties foreclosed - net	<u>13,865</u>	<u>4,099</u>	<u>(2,681)</u>	<u>15,283</u>

** 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.



16 CLASSIFIED ASSETS

As of 31 December 2017 and 2016, 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										
Loans and Accrued										
	Investments		Interest Receivables		Properties Foreclosed		Other Assets		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Pass	-	-	1,997,775	1,850,282	-	-	-	-	1,997,775	1,850,282
Special Mention	-	-	46,493	43,055	-	-	-	-	46,493	43,055
Sub-Standard	-	-	23,000	19,110	-	-	-	-	23,000	19,110
Doubtful	-	-	17,651	16,888	-	-	-	-	17,651	16,888
Doubtful of Loss	646	917	29,148	29,267	1,259	579	4,289	3,707	35,342	34,470
Total	646	917	2,114,067	1,958,602	1,259	579	4,289	3,707	2,120,261	1,963,805

(Million Baht)

The Bank										
Loans and Accrued										
	Investments		Interest Receivables		Properties Foreclosed		Other Assets		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Pass	-	-	1,972,174	1,846,451	-	-	-	-	1,972,174	1,846,451
Special Mention	-	-	43,950	40,586	-	-	-	-	43,950	40,586
Sub-Standard	-	-	22,566	18,694	-	-	-	-	22,566	18,694
Doubtful	-	-	17,339	16,562	-	-	-	-	17,339	16,562
Doubtful of Loss	2,250	2,611	27,841	27,935	1,206	518	4,289	3,707	35,586	34,771
Total	2,250	2,611	2,083,870	1,950,228	1,206	518	4,289	3,707	2,091,615	1,957,064



17 PREMISES AND EQUIPMENT - NET

Changes in premises and equipment for the years ended 31 December 2017 and 2016 are summarised as follows:

Consolidated													
2017													
	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	Increase/ (Decrease)	Ending Balance
Land													
Cost	4,013	30	-	-	4,043	-	-	-	-	-	-	-	4,043
Appraisal increase*	14,407	720	-	-	15,127	-	-	-	-	-	-	-	15,127
Appraisal decrease*	(193)	13	-	-	(180)	-	-	-	-	-	-	-	(180)
Building													
Cost	19,300	539	(90)	-	19,749	7,726	397	(29)	-	8,094	-	-	11,574
Appraisal increase*	11,454	525	-	-	11,979	5,441	232	-	-	5,673	-	-	6,013
Appraisal decrease*	(238)	(2)	-	-	(240)	(106)	(7)	-	-	(113)	-	-	(132)
Equipment	38,489	3,506	(2,319)	(3)	39,673	24,254	3,384	(1,702)	(6)	25,930	338	163	13,897
Others	149	64	(140)	(2)	71	-	-	-	-	-	-	-	149
Total	87,381	5,395	(2,549)	(5)	90,222	37,315	4,006	(1,731)	(6)	39,584	338	163	49,728
													50,137

* Appraisal in year 2016 for the Bank and year 2017 for its subsidiary.

The fair values of premises as of 31 December 2017 and 2016 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

2016

	Change of Cost				Change of Accumulated Depreciation				Impairment Allowance		Book Value	
	Beginning Balance	Additions/Transfer in	Disposal/Transfer out	Ending Balance	Beginning Balance	Depreciation	Disposal/Transfer out	Ending Balance	Beginning Balance	Increase/(Decrease)	Ending 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)	38,489	23,257	3,254	(2,253)	24,254	6	332	13,909	13,897
Others	1,951	403	(2,205)	-	-	-	-	-	-	-	1,951	149
Total	80,102	12,110	(4,823)	87,381	34,812	4,808	(2,301)	37,315	6	332	45,284	49,728

* Appraisal in year 2016 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 2017 and 2016 amounted to Baht 4,006 million and Baht 4,808 million, respectively. As of 31 December 2017 and 2016, premises and equipment with original costs of Baht 14,979 million and Baht 13,414 million, respectively, were fully depreciated but still in use.

During the year of 2017, the subsidiary completed the revaluation of its premises. The appraisal surplus on asset revaluation increased by Baht 1,245 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 11 million. Such reversal was presented in premises and equipment expenses in profit or loss.



(Million Baht)

The Bank												
2017												
	Change of Cost				Change of Accumulated Depreciation				Impairment Allowance		Book Value	
	Beginning Balance	Additions/Transfer in	Disposal/Transfer out	Ending Balance	Beginning Balance	Depreciation	Disposal/Transfer out	Ending Balance	Beginning Balance	Increase/(Decrease)	Ending Balance	Beginning Balance
Land												
Cost	3,381	-	-	3,381	-	-	-	-	-	-	-	3,381
Appraisal increase*	11,320	-	-	11,320	-	-	-	-	-	-	-	11,320
Appraisal decrease*	(150)	-	-	(150)	-	-	-	-	-	-	-	(150)
Building												
Cost	16,498	444	(67)	16,875	6,460	332	(19)	6,773	-	-	-	10,038
Appraisal increase*	9,281	-	-	9,281	4,783	186	-	4,969	-	-	-	4,498
Appraisal decrease*	(124)	-	-	(124)	(103)	(5)	-	(108)	-	-	-	(21)
Equipment	33,636	3,029	(2,207)	34,451	21,387	2,824	(1,669)	22,539	338	163	501	11,911
Others	75	52	(102)	23	-	-	-	-	-	-	-	75
Total	73,917	3,525	(2,376)	75,057	32,527	3,337	(1,688)	34,173	338	163	501	41,052
												40,383

* Appraisal in year 2016 for the Bank.

The fair values of premises as of 31 December 2017 and 2016 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

2016

	Change of Cost				Change of Accumulated Depreciation				Impairment Allowance		Book Value	
	Beginning Balance	Additions/Transfer in	Disposal/Transfer out	Ending Balance	Beginning Balance	Depreciation	Disposal/Transfer out	Ending Balance	Beginning Balance	Increase/(Decrease)	Ending Balance	Beginning 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)	33,636	20,802	2,746	(2,157)	21,387	6	332	12,214	11,911
Others	1,767	218	(1,910)	75	-	-	-	-	-	-	1,767	75
Total	67,349	10,995	(4,419)	73,917	30,492	4,238	(2,199)	32,527	6	332	36,851	41,052

* Appraisal in year 2016 for the Bank.

Depreciation presented in premises and equipment expenses in profit or loss of the Bank for years ended 31 December 2017 and 2016 amounted to Baht 3,337 million and Baht 4,238 million, respectively. As of 31 December 2017 and 2016, premises and equipment with original costs of Baht 12,717 million and Baht 11,289 million, respectively, were fully depreciated but still in use.



18 GOODWILL AND OTHER INTANGIBLE ASSETS - NET

Changes in goodwill and other intangible assets for the years ended 31 December 2017 and 2016 are summarised as follows:

Consolidated													(Million Baht)		
	Change of Cost				Change of Accumulated Amortisation					Impairment Allowance		Book Value			
	Beginning Balance	Additions/Transfer in	Disposal/Transfer out	Others	Ending Balance	Beginning Balance	Amortisation	Disposal/Transfer out	Others	Ending Balance	Beginning Balance	Increase/(Decrease)	Ending Balance		
Application software*	35,460	6,921	(6,045)	(18)	36,318	13,307	2,755	(368)	(4)	15,690	2,033	(1,960)	73	20,120	20,555
Business purchased	270	-	-	-	270	270	-	-	-	270	-	-	-	-	-
Goodwill	3,824	-	-	-	3,824	-	-	-	-	-	-	-	-	3,824	3,824
Others	29	190	(5)	-	214	3	1	-	-	4	-	-	-	26	210
Total	39,583	7,111	(6,050)	(18)	40,626	13,580	2,756	(368)	(4)	15,964	2,033	(1,960)	73	23,970	24,589



(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	Disposal/Transfer out	Ending Balance	Beginning Balance	Increase/(Decrease)	Ending Balance	Beginning Balance
Application software*	34,280	4,846	(3,634)	35,460	11,579	2,857	(1,122)	(7)	13,307	2,314	(281)	20,387
Business purchased	270	-	-	270	270	-	-	-	270	-	-	-
Goodwill	3,824	-	-	3,824	-	-	-	-	-	-	-	3,824
Others	26	3	-	29	3	-	-	-	3	-	-	23
Total	38,400	4,849	(3,634)	39,583	11,852	2,857	(1,122)	(7)	13,580	2,314	(281)	24,234
												23,970

*As of 31 December 2017 and 2016, the amount under development is Baht 1,600 million and Baht 2,266 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 2017 and 2016 amounted to Baht 2,756 million and Baht 2,857 million, respectively. As of 31 December 2017 and 2016, intangible assets with original costs of Baht 5,175 million and Baht 3,801 million, respectively, were fully amortised but still in use.



The Bank												(Million Baht)			
2017															
	Change of Cost			Change of Accumulated Amortisation				Impairment Allowance			Book Value				
	Beginning Balance	Additions/Transfer in	Disposal/Transfer out	Others	Ending Balance	Beginning Balance	Amortisation	Disposal/Transfer out	Others	Ending Balance	Beginning Balance	Ending Balance			
Application software*	33,588	6,000	(6,027)	(16)	33,545	12,541	2,597	(519)	(4)	14,615	2,033	(1,960)	73	19,014	18,857
Others	5	184	(5)	-	184	2	1	(3)	-	-	-	-	-	3	184
Total	33,593	6,184	(6,032)	(16)	33,729	12,543	2,598	(522)	(4)	14,615	2,033	(1,960)	73	19,017	19,041

(Million Baht)												
The Bank												
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	Disposal/Transfer out	Ending Balance	Beginning Balance	Ending Balance	Ending Balance	
Application software*	32,803	4,396	(3,579)	(32)	33,588	10,954	2,716	(1,122)	(7)	12,541	(281)	19,014
Others	5	-	-	-	5	2	-	-	-	2	-	3
Total	32,808	4,396	(3,579)	(32)	33,593	10,956	2,716	(1,122)	(7)	12,543	(281)	19,017

*As of 31 December 2017 and 2016, the amount under development is Baht 996 million and Baht 1,842 million, respectively.

Amortisation presented in others - other operating expenses in profit or loss of the Bank for the years ended 31 December 2017 and 2016 amounted to Baht 2,598 million and Baht 2,716 million, respectively. As of 31 December 2017 and 2016, intangible assets with original costs of Baht 4,628 million and Baht 3,390 million, respectively, were fully amortised but still in use.



19 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities as of 31 December 2017 and 2016 are as follows:

(Million Baht)

	Consolidated		The Bank	
	2017	2016	2017	2016
Deferred tax assets	5,033	4,572	4,311	3,835
Deferred tax liabilities	(1,906)	(1,807)	-	-
Net	<u>3,127</u>	<u>2,765</u>	<u>4,311</u>	<u>3,835</u>

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

(Million Baht)

	Consolidated				
	As of	Charged / credited to:			As of
	1 January	Profit or loss	Other		31 December
	2017	(Note 41)	comprehensive income	Others	2017
Deferred tax assets					
Investments	140	-	-	-	140
Investments in subsidiaries and associates	347	(1)	-	-	346
Loans and accrued interest receivables	1,099	116	-	97	1,312
Properties foreclosed	397	64	-	-	461
Premises and equipment	39	-	-	-	39
Provisions	5,576	456	143	3	6,178
Life policy reserve	1,468	669	-	1	2,138
Others	<u>1,391</u>	<u>423</u>	<u>18</u>	<u>(11)</u>	<u>1,821</u>
Total	<u>10,457</u>	<u>1,727</u>	<u>161</u>	<u>90</u>	<u>12,435</u>
Deferred tax liabilities					
Investments	2,615	42	1,007	-	3,664
Premises and equipment	3,572	318	249	-	4,139
Others	<u>1,505</u>	<u>(20)</u>	<u>-</u>	<u>20</u>	<u>1,505</u>
Total	<u>7,692</u>	<u>340</u>	<u>1,256</u>	<u>20</u>	<u>9,308</u>
Net	<u>2,765</u>	<u>1,387</u>	<u>(1,095)</u>	<u>70</u>	<u>3,127</u>



(Million Baht)

Consolidated

	Charged / credited to:				As of 31 December 2016
	As of 1 January 2016	Profit or loss (Note 41)	Other comprehensive income (Note 41)	Others	
Deferred tax assets					
Investments	155	(15)	-	-	140
Investments in subsidiaries and associates	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)

The Bank				
	Charged / credited to:			
	As of		Other	As of
	1 January	Profit or loss	comprehensive	31 December
	2017	(Note 41)	income	2017
			(Note 41)	
Deferred tax assets				
Investments	114	-	-	114
Investments in subsidiaries and associated companies	345	(1)	-	344
Loans and accrued interest receivables	586	6	-	592
Properties foreclosed	364	63	-	427
Provisions	5,416	404	136	5,956
Others	<u>676</u>	<u>397</u>	<u>18</u>	<u>1,091</u>
Total	<u>7,501</u>	<u>869</u>	<u>154</u>	<u>8,524</u>
Deferred tax liabilities				
Investments	1,011	55	169	1,235
Premises and equipment	<u>2,655</u>	<u>323</u>	<u>-</u>	<u>2,978</u>
Total	<u>3,666</u>	<u>378</u>	<u>169</u>	<u>4,213</u>
Net	<u>3,835</u>	<u>491</u>	<u>(15)</u>	<u>4,311</u>



(Million Baht)

The Bank

Charged / credited to:

	As of		Other	As of
	1 January	Profit or loss	comprehensive	31 December
	2016	(Note 41)	income	2016
			(Note 41)	
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	<u>580</u>	<u>143</u>	<u>(47)</u>	<u>676</u>
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	<u>1,748</u>	<u>(25)</u>	<u>932</u>	<u>2,655</u>
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>



20 DEPOSITS

Deposits were classified as of 31 December 2017 and 2016 as follows:

20.1 Classified by Type of Deposits

(Million Baht)

	Consolidated		The Bank	
	2017	2016	2017	2016
Current	108,468	100,977	108,064	101,241
Savings	1,372,947	1,285,001	1,376,207	1,288,317
Term				
- Less than 6 months	148,726	183,556	148,726	183,561
- 6 months and less than 1 year	78,440	88,594	78,403	88,576
- 1 year and over 1 year	<u>170,091</u>	<u>136,707</u>	<u>164,329</u>	<u>136,745</u>
Total	<u>1,878,672</u>	<u>1,794,835</u>	<u>1,875,729</u>	<u>1,798,440</u>

20.2 Classified by Currencies and Residency of Depositors

(Million Baht)

	Consolidated					
	2017			2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,721,994	85,034	1,807,028	1,636,097	79,592	1,715,689
US Dollars	55,480	4,297	59,777	63,515	4,937	68,452
Other currencies	<u>5,299</u>	<u>6,568</u>	<u>11,867</u>	<u>7,494</u>	<u>3,200</u>	<u>10,694</u>
Total	<u>1,782,773</u>	<u>95,899</u>	<u>1,878,672</u>	<u>1,707,106</u>	<u>87,729</u>	<u>1,794,835</u>

(Million Baht)

	The Bank					
	2017			2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,726,739	84,712	1,811,451	1,640,420	79,321	1,719,741
US Dollars	55,480	2,524	58,004	63,515	4,607	68,122
Other currencies	<u>5,299</u>	<u>975</u>	<u>6,274</u>	<u>7,494</u>	<u>3,083</u>	<u>10,577</u>
Total	<u>1,787,518</u>	<u>88,211</u>	<u>1,875,729</u>	<u>1,711,429</u>	<u>87,011</u>	<u>1,798,440</u>



21 INTERBANK AND MONEY MARKET ITEMS (LIABILITIES)

Interbank and money market items (liabilities) as of 31 December 2017 and 2016 consisted of:

(Million Baht)

Consolidated						
	2017			2016		
	At call	Term	Total	At call	Term	Total
1. Domestic						
The BOT and FIDF	-	192	192	-	6,820	6,820
Commercial banks	2,528	50,024	52,552	2,665	121,951	124,616
Specialised financial institutions	353	972	1,325	339	10,000	10,339
Other financial institutions	<u>5,813</u>	<u>646</u>	<u>6,459</u>	<u>4,517</u>	<u>350</u>	<u>4,867</u>
Total Domestic	<u>8,694</u>	<u>51,834</u>	<u>60,528</u>	<u>7,521</u>	<u>139,121</u>	<u>146,642</u>
2. Foreign						
US Dollars	1,460	3,271	4,731	2,328	6,453	8,781
Japanese Yen	146	2,166	2,312	154	3,020	3,174
Euro	204	117	321	295	-	295
Other currencies	<u>1,304</u>	<u>93</u>	<u>1,397</u>	<u>1,160</u>	<u>-</u>	<u>1,160</u>
Total Foreign	<u>3,114</u>	<u>5,647</u>	<u>8,761</u>	<u>3,937</u>	<u>9,473</u>	<u>13,410</u>
Total Domestic and Foreign	<u>11,808</u>	<u>57,481</u>	<u>69,289</u>	<u>11,458</u>	<u>148,594</u>	<u>160,052</u>



(Million Baht)

The Bank						
	2017			2016		
	At call	Term	Total	At call	Term	Total
1. Domestic						
The BOT and FIDF	-	192	192	-	6,820	6,820
Commercial banks	2,528	50,024	52,552	2,665	118,549	121,214
Specialised financial institutions	353	972	1,325	339	10,000	10,339
Other financial institutions	9,230	9,286	18,516	8,687	8,776	17,463
Total Domestic	12,111	60,474	72,585	11,691	144,145	155,836
2. Foreign						
US Dollars	1,465	4,212	5,677	2,328	6,453	8,781
Japanese Yen	146	2,166	2,312	155	3,020	3,175
Euro	204	117	321	295	-	295
Other currencies	1,358	-	1,358	1,421	-	1,421
Total Foreign	3,173	6,495	9,668	4,199	9,473	13,672
Total Domestic and Foreign	15,284	66,969	82,253	15,890	153,618	169,508



22 DEBTS ISSUED AND BORROWINGS

Debts issued and borrowings as of 31 December 2017 and 2016 consisted of:

		Consolidated							(Million Baht)			
		2017				2016						
	Currency	Maturity Date	Interest Rate	Domestic	Foreign	Total	Maturity Date	Interest Rate	Domestic	Foreign	Total	
Subordinated Debentures - KASIKORNBANK PCL												
No.1/2012	Baht	-	-	-	-	-	2022	4.50%	22,000	-	22,000	
Unsubordinated and unsecured debentures												
			2.375%-3.50%					2.375%-3.50%				
	US Dollar	2018-2022	Float*	-	41,665	41,665	2018-2022	Float*	-	45,663	45,663	
Subordinated Instruments - KASIKORNBANK PCL												
No.1/2014**	Baht	2025	5.00%	14,000	-	14,000	2025	5.00%	14,000	-	14,000	
No.1/2015**	Baht	2026	3.95%	6,500	-	6,500	2026	3.95%	6,500	-	6,500	
No.1/2016**	Baht	2027	3.50%	7,500	-	7,500	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	2018	1.32%-1.37%	266	-	266	2017-2024	Variable***	468	-	468	
Others	Baht	2018-2022	0.00%-0.50%	644	-	644	2017-2021	0.00%-0.50%	245	-	245	
Total				28,910	41,665	70,575			50,713	45,663	96,376	



(Million Baht)													
		The Bank						2016					
	Currency	Maturity Date	Interest Rate	Domestic	Foreign	Total	Maturity Date	Interest Rate	Domestic	Foreign	Total		
Subordinated Debentures - KASIKORNBANK PCL	Baht	-	-	-	-	-	2022	4.50%	22,000	-	22,000		
Unsubordinated and unsecured debentures			2.375%-3.50%					2.375%-3.50%					
Subordinated Instruments - KASIKORNBANK PCL	US Dollar	2018-2022	Float*	-	41,665	41,665	2018-2022	Float*	-	45,663	45,663		
No. 1/2014**	Baht	2025	5.00%	14,000	-	14,000	2025	5.00%	14,000	-	14,000		
No. 1/2015**	Baht	2026	3.95%	6,500	-	6,500	2026	3.95%	6,500	-	6,500		
No. 1/2016**	Baht	2027	3.50%	7,500	-	7,500	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	-	-	-	-	-	2020-2024	Variable***	300	-	300		
Others	Baht	2018-2022	0.00%-0.50%	644	-	644	2017-2021	0.00%-0.50%	245	-	245		
Total				28,644	41,665	70,309			50,545	45,663	96,208		

* 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 2017 and 2016 are as follows:

(Million Baht)

	Consolidated		The Bank	
	2017	2016	2017	2016
Balance at the beginning of the year	20,354	19,900	19,348	19,087
Current service cost	1,534	1,614	1,381	1,438
Interest cost	647	648	612	617
Actuarial (gain) loss from updated assumptions				
- Financial assumptions	770	(250)	764	(257)
- Demographic assumptions	(58)	(79)	(85)	(75)
Benefits paid	(1,007)	(1,421)	(967)	(1,406)
Other	170	(58)	-	(56)
Balance at the end of the year	<u>22,410</u>	<u>20,354</u>	<u>21,053</u>	<u>19,348</u>

Actuarial gain (loss) from updated assumptions recognised in other comprehensive income for the years ended 31 December 2017 and 2016 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2017	2016	2017	2016
Included in retained earnings:				
At 1 January	(5,683)	(6,012)	(5,451)	(5,783)
Recognised during the year	<u>(712)</u>	<u>329</u>	<u>(679)</u>	<u>332</u>
At 31 December	<u>(6,395)</u>	<u>(5,683)</u>	<u>(6,130)</u>	<u>(5,451)</u>

Principle actuarial assumptions as of 31 December 2017 and 2016 consisted of:

	Consolidated and The Bank	
	2017	2016
Discount rate	1.47% – 3.92%	3.10% – 3.50%
Average salary increase	4% – 13%	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 2017 and 2016 consisted of:

(Million Baht)

<u>Consolidated</u>		
	<u>2017</u>	<u>2016</u>
<u>Effect on defined benefit obligations</u>		
+1% on discount rate	(2,138)	(1,960)
-1% on discount rate	2,537	2,327
+1% on salary increase	2,355	2,164
-1% on salary increase	(2,039)	(1,871)

(Million Baht)

<u>The Bank</u>		
	<u>2017</u>	<u>2016</u>
<u>Effect on defined benefit obligations</u>		
+1% on discount rate	(1,987)	(1,848)
-1% on discount rate	2,356	2,195
+1% on salary increase	2,180	2,037
-1% on salary increase	(1,888)	(1,762)

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

(Million Baht)

<u>Consolidated</u>					
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Present value of long-term employee benefit obligations	22,410	20,354	19,900	18,229	14,516

(Million Baht)

<u>The Bank</u>					
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Present value of long-term employee benefit obligations	21,053	19,348	19,087	17,642	13,991



24 INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities as of 31 December 2017 and 2016 consisted of:

(Million Baht)

	<u>Consolidated</u>	
	<u>2017</u>	<u>2016</u>
Long-term technical reserves	359,349	302,004
Others	<u>4,166</u>	<u>3,820</u>
Total	<u>363,515</u>	<u>305,824</u>

Long-term technical reserves

(Million Baht)

	<u>Consolidated</u>	
	<u>2017</u>	<u>2016</u>
Balance at the beginning of the year	302,004	247,900
Reserve increase from new and inforce policies in the year	86,673	76,594
Reserve released for benefits payment, lapse and cancellation in the year	<u>(29,328)</u>	<u>(22,490)</u>
Balance at the end of the year	<u>359,349</u>	<u>302,004</u>

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 2017 was based on profit attributable to ordinary shareholders of Baht 34,338 million and Baht 29,187 million, respectively (Year 2016: Baht 40,174 million and Baht 35,514 million, respectively) and the weighted average number of ordinary and paid-up shares outstanding during the year period ended 31 December 2017 of 2,393,260,193 shares (Year 2016: 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 31 August 2017, the Board of Directors Meeting of the Bank approved to pay an interim dividend from the first six-month operating results of 2017 at the rate of Baht 0.50 per share, totaling Baht 1,197 million, which was paid on 28 September 2017.

On 3 April 2017, the Annual General Meeting of Shareholders of the Bank approved to pay a dividend from the operating results of 2016 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 23 September 2016 and the remaining dividend was paid at the rate of Baht 3.50 per share, totaling Baht 8,376 million, on 28 April 2017.

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.

28 ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral as of 31 December 2017 and 2016 consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deposits	3,772	10,579	3,128	9,793
Government bonds	121,146	173,665	25,481	98,655
State enterprise bonds	-	48	-	48
Total	<u>124,918</u>	<u>184,292</u>	<u>28,609</u>	<u>108,496</u>

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 2017 and 2016 consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Avals to bills	12,807	13,460	12,807	13,460
Guarantees of loans	5,916	10,946	5,916	10,946
Liability under unmatured import bills	29,786	26,173	29,786	26,173
Letters of credit	32,617	28,112	30,742	28,441
Other contingencies				
- Obligation under firmed commitment underwritten	1,100	-	1,100	-
- Unused credit line of overdraft	241,790	239,651	242,098	239,960
- Other guarantees	337,196	305,150	336,414	305,154
- Others*	<u>52,054</u>	<u>48,002</u>	<u>48,764</u>	<u>48,016</u>
Total	<u>713,266</u>	<u>671,494</u>	<u>707,627</u>	<u>672,150</u>

*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 1,628 million and Baht 2,062 million as of 31 December 2017 and 2016, respectively. The Management believes that any liability resulting from these litigations will not be material to the Bank's financial position or the results of its operations.



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 2017 and 2016 as follows:

	(Million Baht)	
	Consolidated	The Bank
	2017	2016
<u>Interbank and Money Market Items (Assets)</u>		
Subsidiaries	-	2,939
<u>Loans (Including financial institutions)</u>		
Subsidiaries		
- KASIKORN LEASING CO., LTD.	-	90,147
- Others	-	16,838
Other Related Entities	2,311	2,311
Other Related Persons	187	172
<u>Other Assets</u>		
Subsidiaries	-	1,398
Associated Company	39	37
<u>Deposits (Including financial institutions)</u>		
Subsidiaries	-	19,656
Associated Company	94	94
Other Related Entities	25,106	25,106
Other Related Persons	15,100	14,533
<u>Borrowings</u>		
Subsidiaries	-	948
<u>Other Liabilities</u>		
Subsidiaries	-	431
Associated Company	33	17

⁽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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Contingencies</u>				
Subsidiaries	-	-	1,195	1,530
Other Related Entities	25,386	17,758	25,386	17,758
Other Related Persons	1	2	1	2
<u>Derivatives (notional amount)</u>				
Subsidiaries	-	-	7,513	7,752
Other Related Entities	16,418	22,326	16,418	22,326

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 2017 and 2016, the Bank and its related parties have rental agreements with remaining tenures amounting to Baht 61 million and Baht 59 million, respectively.

The Bank have entered into an Information Technology service agreement with Kasikorn Business-Technology Group. As of 31 December 2017 and 2016, the Bank has commitment to pay total service fees amounting to Baht 545 million and Baht 1,364 million, respectively.

30.2 Revenue and expenses between the Bank and related persons or entities for the years ended 31 December 2017 and 2016 is summarised as follows:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Interest income</u>				
Subsidiaries	-	-	2,693	2,807
<u>Other income</u>				
Subsidiaries	-	-	15,066	17,166
Associated Company	108	74	108	74
<u>Interest expenses</u>				
Subsidiaries	-	-	164	146
<u>Other expenses</u>				
Subsidiaries	-	-	6,857	5,668
Associated Company	319	255	319	255



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 2017 and 2016, the Bank incurred expenses amounting to Baht 767 million and Baht 664 million, respectively, presented as personnel expenses in profit or loss.

30.3 Key management personnel⁽¹⁾ compensation

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	1,770	1,452	996	798
Post-employment benefits	<u>106</u>	<u>80</u>	<u>62</u>	<u>58</u>
Total	<u>1,876</u>	<u>1,532</u>	<u>1,058</u>	<u>856</u>

⁽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)

		<u>Consolidated</u>	<u>The Bank</u>
<u>Types of Lease Agreement</u>	<u>Remaining Period</u>	<u>2017</u>	<u>2017</u>
Land/building lease agreements	1 January 2018 – 31 December 2042	2,807	2,405
Vehicle lease agreements	1 January 2018 – 5 December 2022	1,091	951
Others	1 January 2018 – 1 October 2021	<u>39</u>	<u>-</u>
Total		<u>3,937</u>	<u>3,356</u>

(Million Baht)

		<u>Consolidated</u>	<u>The Bank</u>
<u>Types of Lease Agreement</u>	<u>Remaining Period</u>	<u>2016</u>	<u>2016</u>
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	<u>50</u>	<u>-</u>
Total		<u>3,301</u>	<u>3,023</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 October 2021, The Bank and its subsidiaries were committed to pay total service fees, which are summarised as follows:

(Million Baht)

		<u>Consolidated</u>		<u>The Bank</u>	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Contracted but not provided for		1,839	1,554	2,256	2,887



33 SEGMENT INFORMATION

33.1 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 2017

	Treasury and Capital		Muang Thai Group				
	Corporate Business	Retail Business	Markets Business	Holding Business	Others	Elimination	Total
Interest income - net	42,966	29,544	6,801	14,803	315	(268)	94,161
Non-interest income	23,373	32,145	3,814	2,901 ⁽¹⁾	11,448	(10,986)	62,695
Total operating income - net	66,339	61,689	10,615	17,704	11,763	(11,254)	156,856
Total other operating expenses	22,728	32,240	2,219	5,323	9,725	(5,863)	66,372
Operating profit before impairment loss on loans and debt securities and income tax expense	43,611	29,449	8,396	12,381	2,038	(5,391)	90,484
Impairment loss on loans and debt securities							41,810
Operating profit before income tax expense							48,674

(Million Baht)

Consolidated

For the Year Ended 31 December 2016

	Treasury and Capital		Muang Thai Group				
	Corporate Business	Retail Business	Markets Business	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							
31 December 2017							
	Corporate	Retail	Treasury and Capital Markets	Muang Thai Group Holding	Others	Elimination	Total
	Business	Business	Business	Business			
Reportable segment - Loans ⁽²⁾	1,271,411	443,779	10,519	18,048	165,008	(105,982)	1,802,783
Unallocated assets							1,098,058
Total assets							2,900,841
Deposits and bills of exchange ⁽³⁾	603,376	1,270,603	8,931	-	507	(4,745)	1,878,672

(Million Baht)

Consolidated							
31 December 2016							
	Corporate	Retail	Treasury and Capital Markets	Muang Thai Group Holding	Others	Elimination	Total
	Business	Business	Business	Business			
Reportable segment - Loans ⁽²⁾	1,169,584	428,680	8,447	15,357	173,885	(98,372)	1,697,581
Unallocated assets							1,145,697
Total assets							2,843,278
Deposits and bills of exchange ⁽³⁾	561,417	1,226,933	10,484	-	325	(4,324)	1,794,835

⁽¹⁾ Net of underwriting expenses

⁽²⁾ Loans = Loans to customers less deferred revenue

⁽³⁾ Excluding bills of exchange with embedded derivative



33.2 Information about geographical areas

(Million Baht)

<u>Consolidated</u>				
<u>For the Year Ended 31 December 2017</u>				
	<u>Domestic</u>	<u>Overseas</u>	<u>Elimination</u>	<u>Total</u>
Total operating income - net	156,275 ⁽¹⁾	583	(2)	156,856
Total other operating expenses	65,768	606	(2)	66,372
Operating profit (loss) before income tax expense	48,792	(118)	-	48,674
Income tax expense	9,026	2	-	9,028

(Million Baht)

<u>Consolidated</u>				
<u>For the Year Ended 31 December 2016</u>				
	<u>Domestic</u>	<u>Overseas</u>	<u>Elimination</u>	<u>Total</u>
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)

<u>Consolidated</u>				
<u>31 December 2017</u>				
	<u>Domestic</u>	<u>Overseas</u>	<u>Elimination</u>	<u>Total</u>
Non - current assets ⁽²⁾	96,242	659	-	96,901

(Million Baht)

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

⁽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.



34 INTEREST INCOME

Interest income for the years ended 31 December 2017 and 2016 consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Interbank and money market items	7,011	5,892	6,641	5,587
Investments and trading transactions	262	258	262	258
Investments in debt securities	16,558	14,774	3,275	3,461
Loans to customers	90,434	89,923	91,300	91,203
Hire purchase and financial lease	5,059	5,014	-	-
Others	<u>13</u>	<u>12</u>	<u>-</u>	<u>-</u>
Total	<u>119,337</u>	<u>115,873</u>	<u>101,478</u>	<u>100,509</u>

35 INTEREST EXPENSES

Interest expenses for the years ended 31 December 2017 and 2016 consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deposits	11,891	12,682	11,876	12,676
Interbank and money market items	2,291	1,979	2,391	2,048
Contributions to Financial Institutions Development				
Fund and Deposit Protection Agency	8,323	7,894	8,323	7,894
Debts issued				
- Subordinated debentures	1,341	2,412	1,341	2,412
- Others	1,195	1,111	1,191	1,108
Others	<u>135</u>	<u>117</u>	<u>-</u>	<u>-</u>
Total	<u>25,176</u>	<u>26,195</u>	<u>25,122</u>	<u>26,138</u>



36 FEES AND SERVICE INCOME - NET

Fees and service income - net for the years ended 31 December 2017 and 2016 consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Fees and service income				
Acceptances, aval and guarantees	3,618	3,450	3,617	3,450
Others	<u>48,139</u>	<u>45,181</u>	<u>46,076</u>	<u>44,643</u>
Total Fees and service income	51,757	48,631	49,693	48,093
Fees and service expenses	<u>10,451</u>	<u>9,688</u>	<u>9,998</u>	<u>9,480</u>
Fees and service income - net	<u>41,306</u>	<u>38,943</u>	<u>39,695</u>	<u>38,613</u>

37 GAIN ON TRADING AND FOREIGN EXCHANGE TRANSACTIONS

Gain on trading and foreign exchange transactions for the years ended 31 December 2017 and 2016 consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Gain (loss) on trading and foreign exchange transactions				
- Foreign currencies and foreign currency related derivatives	7,545	7,903	6,696	7,762
- Interest rate related derivatives	1,421	695	1,421	695
- Debt securities	(824)	(28)	184	93
- Equity securities	289	135	49	-
- Others	<u>(20)</u>	<u>41</u>	<u>54</u>	<u>24</u>
Total	<u>8,411</u>	<u>8,746</u>	<u>8,404</u>	<u>8,574</u>



38 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 2017 and 2016 consisted of:

(Million Baht)

Consolidated and The Bank		
	<u>2017</u>	<u>2016</u>
1. Changes in the fair value - net		
- Debt issued and borrowings with embedded derivative	-	-
2. Loss on redemption or transferable and interest expense		
which is not included NO. 1	<u>(2)</u>	<u>(4)</u>
Total	<u>(2)</u>	<u>(4)</u>

39 GAIN ON INVESTMENTS

Gain on investments presented in the statements of profit or loss and other comprehensive income for the years ended 31 December 2017 and 2016 consisted of:

(Million Baht)

	Consolidated		The Bank	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Gain (loss) on disposal				
Available-for-sale investments	3,412	906	2,242	78
Held-to-maturity debt instruments	-	(62)	-	-
General investments	23	744	23	741
Investments in subsidiaries and associates	<u>2</u>	<u>-</u>	<u>(83)</u>	<u>29</u>
Total	<u>3,437</u>	<u>1,588</u>	<u>2,182</u>	<u>848</u>
Reversal on impairment investment				
General investments	54	-	54	-
Investments in subsidiaries and associates	<u>-</u>	<u>-</u>	<u>90</u>	<u>172</u>
Total	<u>54</u>	<u>-</u>	<u>144</u>	<u>172</u>
Total gain on investments	<u>3,491</u>	<u>1,588</u>	<u>2,326</u>	<u>1,020</u>



40 IMPAIRMENT LOSS ON LOANS AND DEBT SECURITIES

Impairment loss on loans and debt securities for the years ended 31 December 2017 and 2016 consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Interbank and money market items	-	(385)	-	(385)
Held-to-maturity debt instruments	-	(59)	-	-
Loans to customers*	38,812	31,920	38,114	31,039
Loss on debt restructuring	<u>2,998</u>	<u>2,277</u>	<u>2,987</u>	<u>2,277</u>
Total	<u>41,810</u>	<u>33,753</u>	<u>41,101</u>	<u>32,931</u>

* Including reversal of doubtful accounts to loss on debt restructuring

41 INCOME TAX EXPENSE

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

41.1 Income tax recognised in profit or loss for the years ended 31 December 2017 and 2016 consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current tax expense				
Current year	10,415	11,254	6,414	7,878
Deferred tax expense				
Movements in temporary differences	<u>(1,387)</u>	<u>(798)</u>	<u>(491)</u>	<u>(420)</u>
Total income tax expense	<u>9,028</u>	<u>10,456</u>	<u>5,923</u>	<u>7,458</u>



41.2 Income tax recognised in other comprehensive income for the years ended 31 December 2017 and 2016 consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Income taxes relating to components of other comprehensive income				
Movements in temporary differences	(1,095)	(1,732)	(15)	(1,200)

41.3 Reconciliation of effective tax rates consisted of:

(Million Baht)

	<u>Consolidated</u>			
	<u>2017</u>		<u>2016</u>	
	<u>Rate (%)</u>	<u>Amount</u>	<u>Rate (%)</u>	<u>Amount</u>
Operating profit before income tax expense		<u>48,674</u>		<u>55,796</u>
Income tax using the expected average tax rate*	20.00%	9,735	20.00%	11,159
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		<u>(707)</u>		<u>(703)</u>
Total	18.55%	<u>9,028</u>	18.74%	<u>10,456</u>

(Million Baht)

	<u>The Bank</u>			
	<u>2017</u>		<u>2016</u>	
	<u>Rate (%)</u>	<u>Amount</u>	<u>Rate (%)</u>	<u>Amount</u>
Operating profit before income tax expense		<u>35,110</u>		<u>42,972</u>
Income tax using the expected tax rate	20.00%	7,022	20.00%	8,594
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		<u>(1,099)</u>		<u>(1,136)</u>
Total	16.87%	<u>5,923</u>	17.36%	<u>7,458</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.



42 GAIN (LOSS) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF A FOREIGN OPERATION

Gain (loss) arising from translating the financial statements of a foreign operation for the years ended 31 December 2017 and 2016 consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Loss arising from translating the financial statements of a foreign operation	(823)	(856)	(945)	(845)
Gain from hedging instrument	<u>1,173</u>	<u>745</u>	<u>1,149</u>	<u>726</u>
Total	<u>350</u>	<u>(111)</u>	<u>204</u>	<u>(119)</u>



43 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 global 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, assessing net interest income sensitivity over the next 12 months 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 2017 and 2016 is as follows:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Fixed interest rates	920,462	835,666	878,682	814,146
Floating interest rates	<u>1,214,237</u>	<u>1,140,063</u>	<u>1,205,066</u>	<u>1,135,909</u>
Total Loans (including financial institutions)	<u>2,134,699</u>	<u>1,975,729</u>	<u>2,083,748</u>	<u>1,950,055</u>



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 2017 and 2016 are as follows:

(Million Baht)

Consolidated						
	2017			2016		
	Average	Interest	Average	Average	Interest	Average
	Balance	Income/ Expense	Rate (%)	Balance	Expense	Rate (%)
Interest-bearing Financial Assets						
Interbank and money market items	437,304	7,011	1.60	396,803	5,892	1.48
Investments	585,971	16,820	2.87	525,182	15,032	2.86
Loans to customers	<u>1,646,683</u>	<u>95,506</u>	5.80	<u>1,572,211</u>	<u>94,937</u>	6.04
Total	<u>2,669,958</u>	<u>119,337</u>	4.47	<u>2,494,196</u>	<u>115,861</u>	4.65
Interest-bearing Financial Liabilities						
Deposits	1,831,803	11,891	0.65	1,747,688	12,682	0.73
Interbank and money market items	147,318	2,291	1.56	132,298	1,979	1.50
Debts issued and borrowings	<u>75,383</u>	<u>2,536</u>	3.36	<u>88,359</u>	<u>3,523</u>	3.99
Total	<u>2,054,504</u>	<u>16,718</u>	0.81	<u>1,968,345</u>	<u>18,184</u>	0.92

(Million Baht)

The Bank						
	2017			2016		
	Average	Interest	Average	Average	Interest	Average
	Balance	Income/ Expense	Rate (%)	Balance	Expense	Rate (%)
Interest-bearing Financial Assets						
Interbank and money market items	424,646	6,641	1.56	386,819	5,587	1.44
Investments	226,018	3,537	1.56	226,825	3,719	1.64
Loans to customers	<u>1,619,874</u>	<u>91,299</u>	5.64	<u>1,550,198</u>	<u>91,203</u>	5.88
Total	<u>2,270,538</u>	<u>101,477</u>	4.47	<u>2,163,842</u>	<u>100,509</u>	4.64
Interest-bearing Financial Liabilities						
Deposits	1,834,298	11,876	0.65	1,750,856	12,676	0.72
Interbank and money market items	158,442	2,391	1.51	141,659	2,048	1.45
Debts issued and borrowings	<u>75,104</u>	<u>2,532</u>	3.37	<u>88,160</u>	<u>3,520</u>	3.99
Total	<u>2,067,844</u>	<u>16,799</u>	0.81	<u>1,980,675</u>	<u>18,244</u>	0.92



Financial assets and liabilities, classified by maturity of interest repricing, as of 31 December 2017 and 2016 are shown below:

(Million Baht)

Consolidated								
	2017							
	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	-	-	-	-	-	67,825	-	67,825
Interbank and money market items	6,599	375,347	3,057	6,499	-	34,840	-	426,342
Investments	-	70,406	51,901	51,421	299,302	46,224	5	519,259
Loans to customers	1,080,263	194,589	37,998	128,287	107,828	90,864	162,954	1,802,783
Accrued interest receivables	-	-	-	-	-	3,392	-	3,392
Total Financial Assets	1,086,862	640,342	92,956	186,207	407,130	243,145	162,959	2,819,601
Financial Liabilities								
Deposits	1,373,716	284,874	92,201	20,182	-	107,699	-	1,878,672
Interbank and money market items	7,933	34,189	423	13,590	9,279	3,875	-	69,289
Liabilities payable on demand	-	-	-	-	-	21,248	-	21,248
Debts issued and borrowings	-	17,460	2	24,478	28,000	635	-	70,575
Total Financial Liabilities	1,381,649	336,523	92,626	58,250	37,279	133,457	-	2,039,784
Items recognised on the statements of financial position	(294,787)	303,819	330	127,957	369,851	109,688	162,959	779,817



(Million Baht)

<u>Consolidated</u>								
2016								
	Immediate <u>Repricing</u>	Within <u>6 Months</u>	Over 6 Months <u>to 1 Year</u>	Over 1 Year <u>to 5 Years</u>	Over <u>5 Years</u>	Non-interest <u>Bearing</u>	Stop <u>Accrued</u>	<u>Total</u>
<u>Financial Assets</u>								
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	37,537	5	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
Total Financial Assets	<u>1,028,359</u>	<u>638,763</u>	<u>102,730</u>	<u>245,449</u>	<u>365,803</u>	<u>223,357</u>	<u>144,856</u>	<u>2,749,317</u>
<u>Financial Liabilities</u>								
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
Total Financial Liabilities	<u>1,291,835</u>	<u>426,885</u>	<u>94,110</u>	<u>60,485</u>	<u>72,124</u>	<u>125,670</u>	<u>-</u>	<u>2,071,109</u>
Items recognised on the statements of financial position	<u>(263,476)</u>	<u>211,878</u>	<u>8,620</u>	<u>184,964</u>	<u>293,679</u>	<u>97,687</u>	<u>144,856</u>	<u>678,208</u>



(Million Baht)

The Bank

2017

	Immediate <u>Repricing</u>	Within <u>6 Months</u>	Over 6 Months <u>to 1 Year</u>	Over 1 Year <u>to 5 Years</u>	Over <u>5 Years</u>	Non-interest <u>Bearing</u>	Stop <u>Accrued</u>	<u>Total</u>
<u>Financial Assets</u>								
Cash	-	-	-	-	-	67,787	-	67,787
Interbank and money market items	5,049	362,823	490	-	-	33,918	-	402,280
Investments	-	66,398	49,356	14,127	6,985	4,889	-	141,755
Loans to customers	1,072,669	177,526	9,474	134,430	117,623	90,864	160,379	1,762,965
Accrued interest receivables	-	-	-	-	-	2,855	-	2,855
Total Financial Assets	<u>1,077,718</u>	<u>606,747</u>	<u>59,320</u>	<u>148,557</u>	<u>124,608</u>	<u>200,313</u>	<u>160,379</u>	<u>2,377,642</u>
<u>Financial Liabilities</u>								
Deposits	1,376,213	281,653	89,910	19,895	-	108,058	-	1,875,729
Interbank and money market items	10,683	43,764	380	13,546	9,279	4,601	-	82,253
Liabilities payable on demand	-	-	-	-	-	21,248	-	21,248
Debts issued and borrowings	-	17,194	2	24,478	28,000	635	-	70,309
Total Financial Liabilities	<u>1,386,896</u>	<u>342,611</u>	<u>90,292</u>	<u>57,919</u>	<u>37,279</u>	<u>134,542</u>	<u>-</u>	<u>2,049,539</u>
Items recognised on the statements of financial position	<u>(309,178)</u>	<u>264,136</u>	<u>(30,972)</u>	<u>90,638</u>	<u>87,329</u>	<u>65,771</u>	<u>160,379</u>	<u>328,103</u>



(Million Baht)

The Bank								
2016								
	Immediate <u>Repricing</u>	Within <u>6 Months</u>	Over 6 Months <u>to 1 Year</u>	Over 1 Year <u>to 5 Years</u>	Over <u>5 Years</u>	Non-interest <u>Bearing</u>	Stop <u>Accrued</u>	<u>Total</u>
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	4,224	-	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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,053</u>	<u>-</u>	<u>3,053</u>
Total Financial Assets	<u>1,023,160</u>	<u>618,740</u>	<u>69,700</u>	<u>225,365</u>	<u>122,969</u>	<u>188,144</u>	<u>142,593</u>	<u>2,390,671</u>
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	<u>-</u>	<u>102</u>	<u>-</u>	<u>45,883</u>	<u>50,000</u>	<u>223</u>	<u>-</u>	<u>96,208</u>
Total Financial Liabilities	<u>1,298,792</u>	<u>431,728</u>	<u>94,282</u>	<u>60,351</u>	<u>72,124</u>	<u>126,725</u>	<u>-</u>	<u>2,084,002</u>
Items recognised on the								
statements of financial								
position	<u>(275,632)</u>	<u>187,012</u>	<u>(24,582)</u>	<u>165,014</u>	<u>50,845</u>	<u>61,419</u>	<u>142,593</u>	<u>306,669</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 2017 and 2016 were as follows:

(Million Baht)

Consolidated						
	2017					
	Currency					
	US Dollar	Yen	Pound	Euro	Others	Total
Assets						
Cash	496	64	54	242	392	1,248
Interbank and money market items - net	49,432	295	117	3,609	14,293	67,746
Investments - net	41,006	17,409	730	9,559	1,006	69,710
Loans to customer and accrued interest receivables - net	85,162	1,379	225	2,499	8,281	97,546
Other assets	3,469	9	1	298	403	4,180
Total	179,565	19,156	1,127	16,207	24,375	240,430
Liabilities						
Deposits	59,777	913	439	2,538	7,977	71,644
Interbank and money market items	7,738	2,312	-	321	104	10,475
Liabilities payable on demand	10,611	337	46	494	548	12,036
Debts issued and borrowings	41,665	-	-	-	-	41,665
Other liabilities	3,940	165	2	209	521	4,837
Total	123,731	3,727	487	3,562	9,150	140,657
Foreign currency position of items recognised on the statements of financial position - net	55,834	15,429	640	12,645	15,225	99,773
items not recognised on the statements of financial position - net	(32,425)	(15,004)	84	(11,027)	(13,596)	(71,968)
(Forward exchange contracts, cross currency swaps and FX options)						

(Million Baht)

Consolidated						
	2016					
	Currency					
	US Dollar	Yen	Pound	Euro	Others	Total
Assets						
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	<u>7,730</u>	<u>8</u>	<u>1</u>	<u>221</u>	<u>141</u>	<u>8,101</u>
Total	<u>190,917</u>	<u>17,155</u>	<u>757</u>	<u>13,723</u>	<u>22,294</u>	<u>244,846</u>
Liabilities						
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	<u>5,572</u>	<u>171</u>	<u>8</u>	<u>855</u>	<u>220</u>	<u>6,826</u>
Total	<u>144,331</u>	<u>4,344</u>	<u>667</u>	<u>3,618</u>	<u>8,106</u>	<u>161,066</u>
Foreign currency position of						
items recognised on the statements of						
financial position - net	<u>46,586</u>	<u>12,811</u>	<u>90</u>	<u>10,105</u>	<u>14,188</u>	<u>83,780</u>
items not recognised on the statements of						
financial position - net	<u>(54,839)</u>	<u>(12,358)</u>	<u>379</u>	<u>(9,738)</u>	<u>(9,276)</u>	<u>(85,832)</u>
(Forward exchange contracts,						
cross currency swaps and FX options)						



(Million Baht)

The Bank						
	2017					
	Currency					
	US Dollar	Yen	Pound	Euro	Others	Total
Assets						
Cash	480	64	54	242	388	1,228
Interbank and money market items - net	47,534	295	117	3,609	3,134	54,689
Investments - net	3,928	16,862	-	1,047	659	22,496
Investments in subsidiaries and associates - net	3,962	-	-	-	11,933	15,895
Loans to customer and accrued interest receivables - net	82,425	1,379	225	2,499	1,188	87,716
Other assets	<u>3,077</u>	<u>9</u>	<u>1</u>	<u>130</u>	<u>385</u>	<u>3,602</u>
Total	<u>141,406</u>	<u>18,609</u>	<u>397</u>	<u>7,527</u>	<u>17,687</u>	<u>185,626</u>
Liabilities						
Deposits	58,004	913	439	2,538	2,384	64,278
Interbank and money market items	8,683	2,312	-	321	-	11,316
Liabilities payable on demand	10,611	337	46	494	548	12,036
Debts issued and borrowings	41,665	-	-	-	-	41,665
Other liabilities	<u>3,923</u>	<u>165</u>	<u>2</u>	<u>209</u>	<u>36</u>	<u>4,335</u>
Total	<u>122,886</u>	<u>3,727</u>	<u>487</u>	<u>3,562</u>	<u>2,968</u>	<u>133,630</u>
Foreign currency position of items recognised on the statements of financial position - net	<u>18,520</u>	<u>14,882</u>	<u>(90)</u>	<u>3,965</u>	<u>14,719</u>	<u>51,996</u>
items not recognised on the statements of financial position - net	<u>(3,441)</u>	<u>(15,004)</u>	<u>84</u>	<u>(4,165)</u>	<u>(13,596)</u>	<u>(36,122)</u>
(Forward exchange contracts, cross currency swaps and FX options)						

(Million Baht)

The Bank						
	2016					
	Currency					
	US Dollar	Yen	Pound	Euro	Others	Total
Assets						
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	7,338	8	1	77	74	7,498
Total	153,836	16,504	270	7,653	21,038	199,301
Liabilities						
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	5,562	171	8	855	207	6,803
Total	143,991	4,344	667	3,618	7,976	160,596
Foreign currency position of items recognised on the statements of financial position - net	9,845	12,160	(397)	4,035	13,062	38,705
items not recognised on the statements of financial position - net	(19,530)	(12,215)	379	(4,279)	(9,276)	(44,921)
(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 securities 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 2017 and 2016 were as follows:

(Million Baht)

Consolidated							
	2017						Total
	At call	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	No Maturity	
Financial Assets							
Cash	-	-	-	-	-	67,825	67,825
Interbank and money market items	41,253	374,114	3,952	7,023	-	-	426,342
Investments*	504	49,378	49,422	27,431	10,635	8,547	145,917
Loans to customers	299,049	334,116	153,153	479,836	536,629	-	1,802,783
Accrued interest receivables	<u>38</u>	<u>2,837</u>	<u>494</u>	<u>16</u>	<u>7</u>	<u>-</u>	<u>3,392</u>
Total Financial Assets	<u>340,844</u>	<u>760,445</u>	<u>207,021</u>	<u>514,306</u>	<u>547,271</u>	<u>76,372</u>	<u>2,446,259</u>
Financial Liabilities							
Deposits	1,481,415	284,874	92,201	20,182	-	-	1,878,672
Interbank and money market items	11,808	29,287	423	18,492	9,279	-	69,289
Liabilities payable on demand	21,248	-	-	-	-	-	21,248
Debts issued and borrowings	<u>-</u>	<u>16,678</u>	<u>87</u>	<u>25,810</u>	<u>28,000</u>	<u>-</u>	<u>70,575</u>
Total Financial Liabilities	<u>1,514,471</u>	<u>330,839</u>	<u>92,711</u>	<u>64,484</u>	<u>37,279</u>	<u>-</u>	<u>2,039,784</u>
Liquidity - net	<u>(1,173,627)</u>	<u>429,606</u>	<u>114,310</u>	<u>449,822</u>	<u>509,992</u>	<u>76,372</u>	<u>406,475</u>
Liquidity - cumulative net	(1,173,627)	(744,021)	(629,711)	(179,889)	330,103	406,475	406,475

*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							
2016							
	At call	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	No Maturity	Total
Financial Assets							
Cash	-	-	-	-	-	60,589	60,589
Interbank and money market items	24,252	309,925	12,459	2,442	269	-	349,347
Investments*	504	97,056	58,514	147,179	10,071	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
Total Financial Assets	319,500	844,892	114,698	564,890	519,764	66,358	2,430,102
Financial Liabilities							
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
Total Financial Liabilities	1,417,282	417,842	94,143	69,618	72,224	-	2,071,109
Liquidity - net	(1,097,782)	427,050	20,555	495,272	447,540	66,358	358,993
Liquidity - cumulative net	(1,097,782)	(670,732)	(650,177)	(154,905)	292,635	358,993	358,993

*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							
	2017						Total
	At call	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	No Maturity	
Financial Assets							
Cash	-	-	-	-	-	67,787	67,787
Interbank and money market items	38,829	361,762	1,151	293	245	-	402,280
Investments	499	49,378	49,422	27,431	10,635	4,390	141,755
Loans to customers	288,216	337,485	133,189	472,238	531,837	-	1,762,965
Accrued interest receivables	-	2,855	-	-	-	-	2,855
Total Financial Assets	327,544	751,480	183,762	499,962	542,717	72,177	2,377,642
Financial Liabilities							
Deposits	1,484,271	281,653	89,910	19,895	-	-	1,875,729
Interbank and money market items	15,284	38,861	380	18,449	9,279	-	82,253
Liabilities payable on demand	21,248	-	-	-	-	-	21,248
Debts issued and borrowings	-	16,412	87	25,810	28,000	-	70,309
Total Financial Liabilities	1,520,803	336,926	90,377	64,154	37,279	-	2,049,539
Liquidity - net	(1,193,259)	414,554	93,385	435,808	505,438	72,177	328,103
Liquidity - cumulative net	(1,193,259)	(778,705)	(685,320)	(249,512)	255,926	328,103	328,103



(Million Baht)

The Bank

2016

	<u>At call</u>	<u>Within 6 Months</u>	<u>Over 6 Months to 1 Year</u>	<u>Over 1 Year to 5 Years</u>	<u>Over 5 Years</u>	<u>No Maturity</u>	<u>Total</u>
Financial Assets							
Cash	-	-	-	-	-	60,542	60,542
Interbank and money market items	22,556	308,032	5,023	2,421	269	-	338,301
Investments	499	97,056	58,338	147,179	10,070	3,726	316,868
Loans to customers	285,598	439,956	30,040	408,266	508,047	-	1,671,907
Accrued interest receivables	<u>-</u>	<u>3,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,053</u>
Total Financial Assets	<u>308,653</u>	<u>848,097</u>	<u>93,401</u>	<u>557,866</u>	<u>518,386</u>	<u>64,268</u>	<u>2,390,671</u>
Financial Liabilities							
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	<u>-</u>	<u>17</u>	<u>33</u>	<u>46,058</u>	<u>50,100</u>	<u>-</u>	<u>96,208</u>
Total Financial Liabilities	<u>1,425,294</u>	<u>422,686</u>	<u>94,315</u>	<u>69,483</u>	<u>72,224</u>	<u>-</u>	<u>2,084,002</u>
Liquidity - net	<u>(1,116,641)</u>	<u>425,411</u>	<u>(914)</u>	<u>488,383</u>	<u>446,162</u>	<u>64,268</u>	<u>306,669</u>
Liquidity - cumulative net	(1,116,641)	(691,230)	(692,144)	(203,761)	242,401	306,669	306,669



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

Concentration 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 30 June 2017, 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 trigger a liability adequacy test adjustment.

44 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.



44.1 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 2017 and 2016 are as follows:

(Million Baht)

	Consolidated					
	2017			2016		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets						
- Exchange rate	-	18,395	18,395	-	21,375	21,375
- Interest rate	-	6,814	6,814	-	7,241	7,241
- Others	7	243	250	12	550	562
Trading investments	4,773	18,972	23,745	2,061	11,450	13,511
Available-for-sale investments	45,052	126,345	171,397	37,587	298,647	336,234
Total Financial Assets	49,832	170,769	220,601	39,660	339,263	378,923
Financial Liabilities						
Derivative liabilities						
- Exchange rate	-	18,789	18,789	-	21,879	21,879
- Interest rate	-	4,788	4,788	-	6,286	6,286
- Others	131	678	809	87	488	575
Total Financial Liabilities	131	24,255	24,386	87	28,653	28,740



(Million Baht)

The Bank

	2017			2016		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets						
- Exchange rate	-	18,456	18,456	-	21,938	21,938
- Interest rate	-	6,814	6,814	-	7,241	7,241
- Others	-	638	638	-	494	494
Trading investments	-	18,935	18,935	-	11,451	11,451
Available-for-sale investments	7,178	103,396	110,574	6,771	275,209	281,980
Total Financial Assets	7,178	148,239	155,417	6,771	316,333	323,104
Financial Liabilities						
Derivative liabilities						
- Exchange rate	-	19,497	19,497	-	22,155	22,155
- Interest rate	-	4,788	4,788	-	6,286	6,286
- Others	-	635	635	-	483	483
Total Financial Liabilities	-	24,920	24,920	-	28,924	28,924

During the year ended 31 December 2017, due to changes in market conditions, there were transfers of financial assets measured at fair value of the Bank's subsidiary from level 1 to level 2 amounting to Baht 2,134 million and from level 2 to level 1 amounting to Baht 468 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.



44.2 Financial assets, financial liabilities and derivatives 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 2017 and 2016 are as follows:

(Million Baht)

	<u>Consolidated</u>			
	<u>2017</u>		<u>2016</u>	
	<u>Carrying</u>	<u>Fair Value</u>	<u>Carrying</u>	<u>Fair Value</u>
	<u>Amount</u>	<u>Level 2</u>	<u>Amount</u>	<u>Level 2</u>
<u>Financial Assets</u>				
Derivative assets (Banking book)				
- Exchange rate	1,785	3,154	2,587	2,903
- Interest rate	-	521	-	430
- Others	-	68	-	-
Held-to-maturity investments	<u>338,003</u>	<u>374,559</u>	<u>298,065</u>	<u>320,185</u>
Total Financial Assets	<u>339,788</u>	<u>378,302</u>	<u>300,652</u>	<u>323,518</u>
<u>Financial Liabilities</u>				
Derivative liabilities (Banking book)				
- Exchange rate	1,015	991	2,890	2,774
- Interest rate	-	351	-	146
- Others	-	21	-	-
Debts issued and borrowings	<u>70,575</u>	<u>71,799</u>	<u>96,376</u>	<u>96,700</u>
Total Financial Liabilities	<u>71,590</u>	<u>73,162</u>	<u>99,266</u>	<u>99,620</u>



(Million Baht)

The Bank				
	2017		2016	
	Carrying	Fair Value	Carrying	Fair Value
	Amount	Level 2	Amount	Level 2
Financial Assets				
Derivative assets (Banking book)				
- Exchange rate	1,061	1,211	2,354	2,574
- Interest rate	-	507	-	428
Held-to-maturity investments	14,965	15,048	25,949	25,972
Total Financial Assets	16,026	16,766	28,303	28,974
Financial Liabilities				
Derivative liabilities (Banking book)				
- Exchange rate	476	856	1,091	1,395
- Interest rate	-	351	-	140
Debts issued and borrowings	70,309	71,534	96,208	96,532
Total Financial Liabilities	70,785	72,741	97,299	98,067

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.

45 THAI FINANCIAL REPORTING STANDARDS (TFRS) NOT YET ADOPTED

The Bank and its subsidiaries have not adopted the following revised TFRS that has 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 2018 are as follows.

TFRS	Topic	Year Effective
TAS 1 (revised 2017)	Presentation of Financial Statements	2018
TAS 7 (revised 2017)	Statement of Cash Flows	2018
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors	2018
TAS 10 (revised 2017)	Events after the Reporting Period	2018
TAS 12 (revised 2017)	Income Taxes	2018
TAS 16 (revised 2017)	Property, Plant and Equipment	2018
TAS 17 (revised 2017)	Leases	2018
TAS 18 (revised 2017)	Revenue	2018
TAS 19 (revised 2017)	Employee Benefits	2018
TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance	2018
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates	2018
TAS 24 (revised 2017)	Related Party Disclosures	2018
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans	2018
TAS 27 (revised 2017)	Separate Financial Statements	2018
TAS 28 (revised 2017)	Investment in Associates and Joint Ventures	2018
TAS 33 (revised 2017)	Earnings per Share	2018



TFRS	Topic	Year Effective
TAS 34 (revised 2017)	Interim Financial Reporting	2018
TAS 36 (revised 2017)	Impairment of Assets	2018
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets	2018
TAS 38 (revised 2017)	Intangible Assets	2018
TAS 40 (revised 2017)	Investment Property	2018
TFRS 3 (revised 2017)	Business Combinations	2018
TFRS 4 (revised 2017)	Insurance Contracts	2018
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations	2018
TFRS 8 (revised 2017)	Operating Segments	2018
TFRS 10 (revised 2017)	Consolidated Financial Statements	2018
TFRS 11 (revised 2017)	Joint Arrangements	2018
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities	2018
TFRS 13 (revised 2017)	Fair Value Measurement	2018
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2018
TSIC 32 (revised 2017)	Intangible Assets-Web Site Costs	2018
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2018
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease	2018
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment	2018
TFRIC 13 (revised 2017)	Customer Loyalty Programmes	2018
TFRIC 18 (revised 2017)	Transfers of Assets from Customers	2018

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.

46 EVENTS AFTER THE REPORTING PERIOD

On 12 January 2018, the Bank issued unsubordinated and unsecured debentures, with a 5.5 year maturity due in 2023, in the amount of USD 400 million. Interest is payable semi-annually at a fixed interest rate of 3.256% per annum.



Corporate Governance

203	Report of the Corporate Governance Committee
204	Report of the Human Resources and Remuneration Committee
205	Report of the Risk Management Committee
206	Corporate Governance
242	Dividend Policy
243	Factors Affecting Investment Decisions





Report of the Corporate Governance Committee

The Corporate Governance Committee of KASIKORNBANK PUBLIC COMPANY LIMITED comprises three directors: Sqn.Ldr. Nalinee Paiboon, M.D. as Chairperson, Mr. Wiboon Khusakul and Mr. Chanin Donovanik as members.

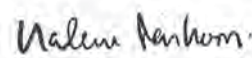
In 2017, the Corporate Governance Committee held 4 meetings in order to discharge the duties and responsibilities mandated by the Corporate Governance Committee Charter. All meeting results were reported to the Board of Directors for acknowledgment, which in summary include:

- Reviewing Corporate Sustainability Target in accordance with the Bank's operational guidelines and approving action plans for sustainable development and corporate social responsibility activities.
- Endorsing the revision of the Environmental and Energy Conservation Policy in alignment with international standards, reaffirming the Bank's intention to reduce greenhouse gas emissions from our operations.
- Providing recommendations on consideration of projects related to 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 the Bank's actions in accordance with the criteria for Corporate Governance Report of Thai Listed Companies Project and ASEAN Corporate Governance Scorecard.
- Reviewing the Code of Conduct in accordance with the Banking Industry Code of Conduct.
- Reviewing charters, principles and policies on corporate governance and sustainable development to make them up-to-date and appropriate for the Bank's business and in compliance with relevant 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 of each board committee.
- 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 promote actions of directors, executives and employees in accordance 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 according to Global Reporting Initiative (GRI) standards.

The Corporate Governance Committee has prudently and carefully discharged their duties and responsibilities as specified in the Corporate Governance Committee Charter, aiming primarily for maximum benefit to the Bank, 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) 2017 for the second consecutive year. We are the first commercial bank in Thailand and ASEAN to achieve this recognition, becoming a part of both the DJSI World and Emerging Markets Indices. In addition, the Bank has received the outstanding sustainability award for listed companies from The Stock Exchange of Thailand and achieved the excellent assessment result under the Corporate Governance Report of Thai Listed Companies 2017 Project, organized by the Thai Institute of Directors Association.

The Corporate Governance Committee is strongly confident that our operations in accordance with corporate governance principles and sustainable development, as well as collaboration at all levels within the organization, will create sustainable value to all stakeholders and our business operation.



(Sqn.Ldr. Nalinee Paiboon, M.D.)

Chairperson, Corporate Governance Committee



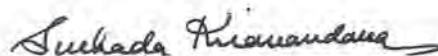
Report of the Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee of KASIKORNBANK PUBLIC COMPANY LIMITED comprises three directors: Professor Khunying Suchada Kiranandana as Chairperson, and Dr. Abhijai Chandrasen and Mr. Kalin Sarasin as members.

In 2017, the Human Resources and Remuneration Committee held 10 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 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 and submission to General Meeting of Shareholders for election.
- 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.
- Revising the Human Resources and Remuneration Committee Charter and Performance Assessment Form so that they are up-to-date, consistent with Bank's business operations, and in compliance with regulatory requirements and best practices.
- 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 PUBLIC COMPANY LIMITED comprises five directors of KBank and four executives as members, and Ms. Sujitpan Lamsam, a non-executive director, as Chairperson.

In 2017, 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 change in technology and cybersecurity 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 and cybersecurity 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 creating sustainable value to the business and enhancing the Bank's role as a "Bank of Sustainability", as well as fortifying confidence of shareholders and all stakeholders. In 2017, 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 2017 General Meeting of Shareholders, held on April 3, 2017, 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.

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 General Meeting of Shareholders No. 105 at KBank Head Office



- 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 18 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 room 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 approve, disapprove, abstain, no vote, voided ballot, or not entitled to vote), 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" to provide information and news on website, such as 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 September 1 - November 30, 2016. 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 2017 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 and the risk management 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 there should be review to ensure compliance with the laws, regulatory requirements and Consolidated Supervision Criteria of the Bank of Thailand for financial business groups.
- 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 SME Product and Business Process Management Department and the Credit Policy and Risk Management 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 2017, 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 2017, there were no changes in vested transactions of directors and executives. Directors and executives appointed in 2017 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 has acknowledged and fully complied with 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. In 2017, the Board approved a Market Conduct Policy to ensure fair and transparent treatments to customers. The Board also approved a Customer Data Privacy Policy that 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. In compliance with related laws, accurate and appropriate explanations have been given to creditors 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.



KBank held an activity to promote financial literacy skills of young members of AFTERKLASS online community at K-Expert Center, Chamchuri Square Building.



Responsibility towards the Community, Environment and Society:

With adherence to the Corporate Citizenship Strategy, the Bank bears in mind its duties as a good citizen of the society and nation to enhance better living conditions for the community, society and environment via a number of projects. Notable projects include the "Rak Pa Nan (Care for Nan Forest)" Project aimed at building cooperative networks among Nan communities and related parties, raising awareness of forest deterioration, protection of headwaters areas, creating careers and instilling environmental awareness among the youths; the "Cultivation of Wisdom" Project to reform students' thinking process via research-based analysis to enhance students' rational understanding of problems, and to expand the project implementation through prototype schools; the "Baccalaureate Scholarships" Program for students in Nan Province to study at Nation University for underprivileged youths in remote areas readying them for the development of their communities in the future; the "KBank Officers Caring for Bangkok's Green Lung" Project that has been implemented for the eighth consecutive year under a concept of "Knowledge Promotion, Care for Community and Development of Human Resource" to introduce KBank to the students in nearby communities through joint activities of KBank officers and students; the "AFTERKLASS" Project to disseminate financial knowledge,



KBank's "50,000 Chuamong Tham Di Tham Dai (50,000 Volunteer Hours)" volunteer project offered employees of KBank and K Companies to participate in various volunteer activities for public benefit.



The "KBank People Care for Bangkok's Green Lung Year 8" project, based on a "Knowledge Enhancement, Community Care and Sustainable Human Development" concept, offered financial literacy to youths from Bang Kachao and nearby communities through various activities at KBank Head Office.

related to savings, financial planning, investments and new business startups, for children and youths in online communities on www.AFTERKLASS.com, in line with their lifestyles; the "50,000 Chuamong Tham Di Tham Dai (50,000 Volunteer Hours)" Project to encourage volunteer activities of officers in accordance with the "Green DNA" resolution – this year's activities include sharing financial knowledge with students and residents of various areas, creating joint learning and growth in a sustainable manner; and the "KBank Fights against Cold Weather" Project joining force with local students in KBank's scholarship program to donate blankets to people in the North. KBank also implemented various projects in support of efficient resource utilization, for example modifying air conditioning systems at three main buildings, improving electricity and lighting systems illuminating the KBank logo, implementing waste sorting project, managing rainwater and wastewater for re-use and organizing staff training sessions on environmental issues under the Bank's sustainability development courses. Officers were sent

to attend the course of "Voluntary Reduction of Greenhouse Gas Emission per the Greenhouse Gas Management Institute's standards" held by The Stock Exchange of Thailand. Details of implementations in economic, social and environmental dimensions in accordance with the Global Reporting Initiative Standards (GRI Standards) are included in **Sustainability Report 2017**.

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 established the Human Rights Policy related to employees, customers and suppliers, and incorporated respect of human rights in the Code of Conduct, with regard to support and respect of human rights by refraining from human rights violations. The Bank also provides related knowledge for employees for use in their operations, while arranging channels to receive information and complaints on human rights violations. In 2017, the Board of Directors revised the Human Rights Policy to cover compliance with laws and important international standards, for example the United Nations Guiding Principles on Business and Human Rights, the Humanitarian and Human Rights Principles of the International Labor Organization, and the UN Global Compact. This year, there was no complaint on human rights violations.

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 2017, 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 2017, 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 2017, 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.

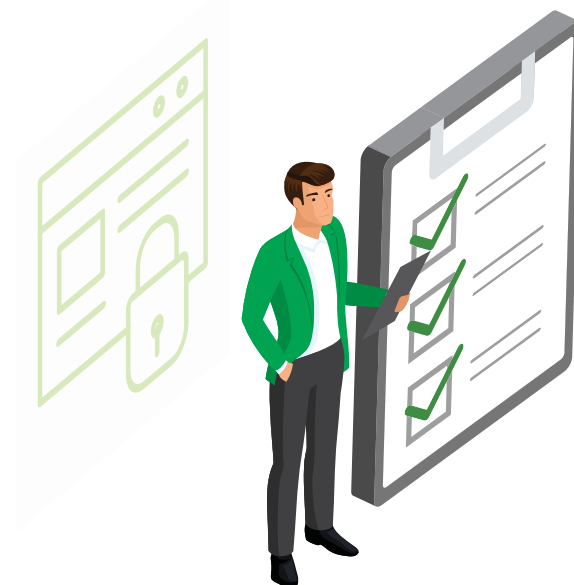
- The Internal Audit Department performing its functions with independence, relies upon risk-based auditing approach. Fraud and unethical conduct are among the concerned risks assessed and audited by the Internal Audit Department. In addition, recommendations on relevant internal control are proposed.
- 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.

Receiving Information or Complaints

The Bank provides various communication channels for stakeholders via the K-Contact Center, K-BIZ Contact Center, and 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, 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 Corporate Secretary who is responsible for Chief Investor Relations Officer function 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. Corporate Secretary who is responsible for Chief Investor Relations Officer function 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 2017, the Bank adequately disclosed important financial information in its financial statements. The disclosures were in line with regulations of the Bank of Thailand, the Stock Exchange of Thailand, the 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 independent 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 quarterly 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, KBank website (www.kasikornbank.com), 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

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.



The Bank business operations place emphasis on actions in accordance with the Good Corporate Governance Principles and the Bank has devised an Investor Relations Code of Conduct to ensure that our investor relations function is accurate, complete, and transparent in compliance with the laws, regulatory requirements, and the Bank's regulations. In 2017, 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	120	210	293
Conference Calls	58	151	179
Group Analyst and Investor Meetings	5	253	316
Investor Conferences	8	137	191
Non-deal Roadshows	6	145	238
Site Visits	6	37	49
Total	203	933	1,266

There were 16 events, out of the above, wherein a total of 222 persons from 152 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.

To support our aim of being a Bank of Sustainability in every dimension, the Investor Relations Unit has worked towards digital era and continually reduced 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, environmental-friendly paper, printing ink and printing processes are chosen as to reduce greenhouse gas emissions.

Investors and shareholders may contact the Bank at: Corporate Secretary who is responsible for Chief Investor Relations Officer function:

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



KBank Chairman of the Board and the Chief Executive Officer met analysts and fund managers at "KBank Annual Analyst and Thai Fund Manager Meeting" at KBank Head Office.

Address:

KASIKORNBANK PUBLIC COMPANY LIMITED
Head Office, 33rd Floor,
Investor Relations Unit,
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 2017, in comparison with the Corporate Governance Code of Office of the Securities and Exchange Commission 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., 9 independent directors out of the total of 16 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, 2017, the Bank's Board of Directors was composed of 16 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, 2017, the Bank's Board of Directors included:

- 4 Executive Directors
- 3 Non-Executive Directors
- 9 Independent Directors (accounting for 56 percent of the total number of Board members)

The directors consist of 6 women and 10 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 Ms. Kattiya Indaravijaya, or Mr. Pipit Aneaknithi.

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 2017, 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, 2017, the Bank's Board of Directors had 16 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. Ms. Kattiya Indaravijaya	President	Executive Director
6. Mr. Pipit Aneaknithi	President	Executive Director
7. Dr. Abhijai Chandrasen	Director and Legal Adviser	Non-Executive Director
8. Sqn.Ldr. Naline Paiboon, M.D.	Director	Independent Director
9. Mr. Saravoot Yoovidhya	Director	Independent Director
10. Dr. Piyasvasti Amranand	Director	Independent Director
11. Mr. Kalin Sarasin	Director	Independent Director
12. Ms. Puntip Surathin	Director	Independent Director
13. Mr. Wiboon Khusakul	Director	Independent Director
14. Ms. Suphajee Suthumpun	Director	Independent Director
15. Mr. Sara Lamsam	Director	Non-Executive Director
16. Mr. Chanin Donavanik	Director	Independent 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 revised the criteria and methods of director nomination



on an annual basis, and took into consideration to seek directors in alignment with the Bank's strategies of business operations and sustainable development, 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 2017, the Human Resources and Remuneration Committee conducted director nomination, received the list of nominated persons and used the Director Pool as part of their consideration. Nomination was in line with the Bank's Customer Centricity strategy and in support of new business opportunities. Directors must possess experiences that are beneficial for the Bank's business undertaking and comply with the policy to promote diversity in the Board of Directors. Mr. Pipit Aneaknithi and Mr. Chanin Donavanik were deemed as having excellent knowledge and experience in business management, and the Board of Directors resolved to appoint Mr. Pipit Aneaknithi as Director and President, to replace the vacant position, and the General Meeting of Shareholders resolved to appoint Mr. Chanin Donavanik as Director.

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. The Board assigns the management to report the Bank's business operations to the Board of Directors for acknowledgment every month.

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 2017, 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 2017**.

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, 2017, including:

1. Mr. Pairote Lamsam
2. Mr. Sukri Kaochareon
3. Mr. Somchai Bulsook
4. Ms. Elizabeth Sam
5. Mr. Hiroshi Ota
6. Professor Dr. Yongyuth Yuthavong
7. Professor Dr. Pairash Thajchayapong

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, 2017, the Committee had 9 independent directors, as follows:

1. Professor Khunying Suchada Kiranandana
Lead Independent Director
2. Sqn.Ldr. Naline Paiboon, M.D.
Member
3. Mr. Saravoot Yoovidhya
Member
4. Dr. Piyasvasti Amranand
Member
5. Mr. Kalin Sarasin
Member
6. Ms. Puntip Surathin
Member
7. Mr. Wiboon Khusakul
Member
8. Ms. Suphatee Suthumpun
Member
9. Mr. Chanin Donovanik
Member

The Independent Directors Committee holds meetings at least once a quarter. In 2017, the Committee held a total of 12 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, 2017, 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 2017, 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 reports on a quarterly, semi-annual, and annual basis, including taxation risk management with management and the external auditor of the Bank in order to ensure that the financial reports 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 and the whistle-blowing through Internal Audit channel.

14. Reviewing the validity of self-assessment results in compliance with the anti-corruption policy.

15. Reporting to the Board of Directors when there is information about the material weaknesses of internal control and overseeing immediate remediation of internal control weaknesses.

16. 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.

17. 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.

18. 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.

19. 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, 2017, the Committee had 3 independent directors, as follows:

1. Sqn.Ldr. Nalinee Paiboon, M.D.
Chairperson
2. Mr. Wiboon Khusakul
Member
3. Mr. Chanin Donovanik
Member

The Corporate Governance Committee holds at least 4 meetings each year. In 2017, the Committee held 4 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.
13. Overseeing the good corporate governance of KASIKORNBANK FINANCIAL CONGLOMERATE.



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, 2017, the Committee had 3 members, comprising 1 non-executive director and 2 independent directors, as follows:

1. Professor Khunying Suchada Kiranandana
Chairperson
2. Dr. Abhijai Chandrasen
Member
3. Mr. Kalin Sarasin
Member

The Human Resources and Remuneration Committee holds at least 3 meetings each year. In 2017, the Committee held 10 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 follows:

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.

6. Overseeing the nomination and payment of remunerations and benefits to directors and senior management of companies within financial business group.

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, 2017, 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. Ms. Kattiya Indaravijaya
Member
4. Mr. Pipit Aneaknithi
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 2017, 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, 2017, the Committee comprised 20 members, namely:

1. Mr. Banthoon Lamsam
Chairman
2. Mr. Predee Daochai
Member
3. Ms. Kattiya Indaravijaya
Member
4. Mr. Pipit Aneaknithi
Member
5. Dr. Adit Laixuthai
Member
6. Mr. Wirawat Panthawangkun
Member
7. Mr. Krit Jitjang
Member
8. Mr. Somkid Jiranuntarat
Member
9. Mr. Thiti Tantikulanan
Member
10. Mr. Patchara Samalapa
Member
11. Dr. Pipatpong Poshyanonda
Member
12. Mr. Ampol Polohakul
Member



13. Mr. Panop Ansusinha
Member
14. Mr. Chongrak Rattanapian
Member
15. Mr. Jirawat Supornpaibul
Member
16. Mr. Silawat Santivisat
Member
17. Mr. Suwat Techawatanawana
Member
18. Mr. Pattarapong Kanhasuwan
Member
19. Mr. Anan Lapsuksatit
Member
20. Mr. Surat Leelatawiwat
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 2017, the Management Committee held 48 meetings and reported all meeting minutes to the Board of Directors every month.

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 initiatives are in line with 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 2017

(Number of Meetings)

Board Members	Board of Directors (Total 12 meetings)	Non-Executive Directors (Total 1 meeting)	Independent Directors Committee (Total 12 meetings)	Audit Committee (Total 12 meetings)	Corporate Governance Committee (Total 4 meetings)	Human Resources and Remuneration Committee (Total 10 meetings)	Risk Management Committee (Total 12 meetings)
Mr. Banthoon Lamsam	12/12						
Professor Khunyung Suchada Kiranandana	11/12	1/1	12/12			10/10	
Ms. Sujitpan Lamsam	12/12	1/1					12/12
Mr. Predee Daochai	12/12						12/12
Mr. Teeranun Srihong ⁽¹⁾	2/3						1/3
Ms. Kattiya Indaravijaya	12/12						7/12
Mr. Pipit Aneaknithi ⁽²⁾	12/12						9/12
Professor Dr. Yongyuth Yuthavong ⁽³⁾	3/3		2/3		1/1		
Dr. Abhijai Chandrasen	12/12	1/1				10/10	
Professor Dr. Pairash Thajchayapong ⁽⁴⁾	3/3		2/3			3/3	
Sqn.Ldr. Nalineee Paiboon, M.D. ⁽⁵⁾	12/12	1/1	11/12		4/4		
Mr. Saravoot Yoovidhya	11/12	1/1	11/12	11/12			
Dr. Piyasvasti Amranand	11/12	1/1	11/12	11/12			
Mr. Kalin Sarasin	11/12	1/1	10/12			8/10	
Ms. Puntip Surathin	11/12	1/1	12/12	12/12			
Mr. Wiboon Khusakul	12/12	1/1	11/12		4/4		
Ms. Suphaje Suthumpun	11/12	1/1	12/12	12/12			
Mr. Sara Lamsam	10/12	1/1					12/12
Mr. Chanin Donavanik ⁽⁶⁾	8/9	1/1	6/9		2/3		

Remarks:

- ⁽¹⁾ Mr. Teeranun Srihong had reached a mutual agreement with the Bank to end his employment contract before due term, effective on April 3, 2017.
- ⁽²⁾ Mr. Pipit Aneaknithi was appointed a director and President on January 1, 2017 and a member of the Risk Management Committee on January 26, 2017.
- ⁽³⁾ Professor Dr. Yongyuth Yuthavong expressed his intent not to be nominated for re-election in compliance with the Board of Directors Charter, effective on April 3, 2017.
- ⁽⁴⁾ Professor Dr. Pairash Thajchayapong expressed his intent not to be nominated for re-election in compliance with the Board of Directors Charter, effective on April 3, 2017.
- ⁽⁵⁾ Sqn.Ldr. Nalineee Paiboon, M.D. was appointed chairperson of the Corporate Governance Committee on April 3, 2017.
- ⁽⁶⁾ Mr. Chanin Donavanik was appointed a director and a member of the Corporate Governance Committee on April 3, 2017.

Number of members on the Board, Independent Directors Committee and Board Committees

(As of December 31, 2017):

The Board of Directors	16 members
Independent Directors Committee	9 members
Audit Committee	4 members
Corporate Governance Committee	3 members
Human Resources and Remuneration Committee	3 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	5 meetings
	Ms. Kattiya Indaravijaya	2 meetings
	Mr. Wiboon Khusakul	2 meetings
Independent Directors Committee	Mr. Kalin Sarasin	2 meetings
	Ms. Puntip Surathin	1 meeting
	Mr. Wiboon Khusakul	2 meetings
Audit Committee	Ms. Puntip Surathin	2 meetings
Human Resources and Remuneration Committee	Mr. Kalin Sarasin	3 meetings
Risk Management Committee	Ms. Sujitpan Lamsam	6 meetings
	Mr. Predee Daochai	8 meetings
	Mr. Sara Lamsam	7 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 2017 review was completed to ensure that all matters are up-to-date and comply with the Bank's long-term business directions. 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 2017, 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 2017, 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.
- The Banking Industry Code of Conduct and the Principle of Good Corporate Governance for Listed Companies were communicated with directors and executives.
- Criteria for supervising the use of inside information related to securities and stock futures trading, the KASIKORNBANK Disclosure Policy concerning the prohibition of operating result disclosure, and gift acceptance guidelines were disseminated to directors and employees.
- Meetings were held to enhance correct understanding of K Companies and P Companies on compliance with the good corporate governance principles.
- Training course on Corporate Governance, Risk Management and Compliance (GRC) was organized for executives.
- 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, Good Governance Journal and the Bank's closed circuit TV network.
- Communications were conducted on compliance with the Bank's regulations and requirements, and channels to submit information about complaints, via the Bank's closed circuit TV network, electronic network and KASIKORNBANK newsletter.

- A "Responsibility, Transparency and Fairness" practice was communicated by executives for employees' adherence in their performance. The practice consists of (1) Responsibility: work with knowledge, full effort and professionalism, without negligence of duty; (2) Transparency: work with accuracy, inspectability and disclosure of complete and correct information; and (3) Fairness: equitable treatment of all stakeholders and refraining from taking advantage of one's authority or duty.
- 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.
- The Bank participated in the Anti-Corruption Day (Thailand) 2017.

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. In 2017, the Bank announced Market Conduct Policy to ensure that the Bank has provided financial products and services to customers with fairness. The Bank also announced Customer Data Privacy Policy to protect customers' information.



The Bank shall ensure 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 risks, such as cyber 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.

In conformance with the International Standards for the Professional Practice of Internal Auditing, the Internal Audit Department arranged for an external assessment in 2017. The assessment was conducted by an independent reviewer team from PricewaterhouseCoopers ABAS Ltd. and the result indicated that the internal audit activity of the Department conformed to the International Standards for the Professional Practice of Internal Auditing.

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 auditors to be proposed as the Bank's auditors must also be endorsed by the Bank of Thailand.

In 2017, 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 15,253,300 in the past accounting year.

2. Non-Audit Fees:

The Bank has established criteria and approval process for engaging external auditors in non-audit services to ensure that the services do not impair its independence under the Audit Committee's oversight.



The Bank and subsidiary companies have paid non-regular audit fees, i.e., special purpose audit, legal and tax service, and engagements to perform agreed-upon procedures to:

- Auditors of the Bank totaling Baht 1,212,000 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 9,710,800 over the past accounting year, together with future payment of Baht 6,383,300, due on incomplete work in the past accounting year.

5.6 Self-Assessment by the Board of Directors

The Bank has established an annual self-assessment plan for the Bank's Board of Directors, which is conducted in 2 ways: the overall performance assessment of the Board consisting of 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; and (6) Self-development of directors and executive development, and the performance assessment of an individual director consisting of 4 topics: (1) Board meetings; (2) Discharge of duties of the director; (3) Relationship with the Bank's management; and (4) Self-development of director. The Corporate Governance Committee reviews the self-assessment form of the Board of Directors on an annual basis, in compliance with good corporate governance practices, so that the Board of Directors may take a review of their performances and problematic issues over the past year in order to enhance their efficiency. In 2017, the Corporate Governance Committee completed the review of self-assessment form, which was later on forwarded to every Board member by the Corporate Secretary. The summarized assessment results and recommendations were submitted to the Board of Directors for acknowledgment.

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, based on the assessment criteria with respect to the efficiency of Independent Directors Committee and Board Committees. In 2017, the Corporate Governance Committee reviewed the self-assessment form and the Secretaries to the Independent Directors Committee and Board Committees forwarded the self-assessment form to every Committee member. The summarized assessment results and recommendations were already 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. 105, on April 3, 2017, 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
 - Chairperson 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 four key performance indicators as specified in the Balance Scorecard, regarding finance, customers, development of operational process and 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 2017, 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 88,083,203.
- 2) Remuneration for executives: In 2017, executives in the position of First Senior Vice President or equivalent and higher, totaling 77 persons, received remuneration including salaries, living expenses, special contributions, and bonuses from the Bank, totaling Baht 835,977,074, while executives in the position of Senior Executive Vice President or equivalent and higher, totaling 11 persons, received remuneration including salaries, living expenses, special contributions, and bonuses from the Bank, totaling Baht 218,930,960.



Remuneration for Directors in 2017

Mr. Banthoon Lamsam	Received remuneration as Chairman of the Board, totaling Baht 1,848,000, and a bonus of Baht 5,040,198.
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 3,780,145.
Ms. Sujitpan Lamsam	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 3,780,145.
Mr. Predee Daochai	Received remuneration as a director, totaling Baht 1,200,000, and a bonus of Baht 2,520,095.
Mr. Teeranun Srihong ⁽¹⁾	Received remuneration as a director, totaling Baht 300,000, and a bonus of Baht 2,353,898.
Ms. Kattiya Indaravijaya	Received remuneration as a director, totaling Baht 1,200,000, and a bonus of Baht 2,520,095.
Mr. Pipit Aneaknithi ⁽²⁾	Received remuneration as a director, totaling Baht 1,200,000, and a bonus of Baht 315,777.
Professor Dr. Yongyuth Yuthavong ⁽³⁾	Received remuneration as a director, totaling Baht 300,000; as Independent Director, totaling Baht 210,000; and as Chairman of the Corporate Governance Committee, amounting to Baht 150,000, and a bonus of Baht 2,353,898.
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 2,520,095.
Professor Dr. Pairash Thajchayapong ⁽⁴⁾	Received remuneration as a director, totaling Baht 300,000; as Independent Director, totaling Baht 210,000; and as a member of the Human Resources and Remuneration Committee, amounting to Baht 108,000, and a bonus of Baht 2,353,898.
Sqn.Ldr. Naline Paiboon, M.D. ⁽⁵⁾	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; as Chairperson of the Corporate Governance Committee, amounting to Baht 450,000; and as a member of the Corporate Governance Committee, amounting to Baht 108,000, and a bonus of Baht 2,520,095.



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 2,520,095.
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 2,520,095.
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 2,520,095.
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 2,520,095.
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 2,520,095.
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 2,520,095.
Mr. Sara Lamsam	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 2,520,095.
Mr. Chanin Donavanik ⁽⁶⁾	Received remuneration as a director, totaling Baht 900,000; as Independent Director, totaling Baht 630,000; and as a member of the Corporate Governance Committee, amounting to Baht 324,000, and a bonus of Baht 166,199.

Remarks:

⁽¹⁾ Mr. Teeranun Srihong had reached a mutual agreement with the Bank to end his employment contract before due term, effective on April 3, 2017.

⁽²⁾ Mr. Pipit Aneakniithi was appointed a director and President on January 1, 2017 and a member of the Risk Management Committee on January 26, 2017.

⁽³⁾ Professor Dr. Yongyuth Yuthavong expressed his intent not to be nominated for re-election in compliance with the Board of Directors Charter, effective on April 3, 2017.

⁽⁴⁾ Professor Dr. Pairash Thajchayapong expressed his intent not to be nominated for re-election in compliance with the Board of Directors Charter, effective on April 3, 2017.

⁽⁵⁾ Sqn.Ldr. Nalinee Paiboon, M.D. was appointed chairperson of the Corporate Governance Committee on April 3, 2017.

⁽⁶⁾ Mr. Chanin Donavanik was appointed a director and a member of the Corporate Governance Committee on April 3, 2017.



2. Other Remuneration

- 1) Remuneration for directors: none
- 2) Remuneration for executives: In 2017, executives in the position of First Senior Vice President or equivalent and higher, totaling 77 persons, received the Bank's contributions to their provident funds, totaling Baht 23,703,432, while executives in the position of Senior Executive Vice President or equivalent and higher, totaling 11 persons, received the Bank's contributions to their provident funds, totaling Baht 6,036,810. In addition, the Bank's executives received benefits and other welfares under the Bank's regulations, similar to other employees, such as medical healthcare and checkup expenses, as well as various types of loan.

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 2017, received continued education programs on corporate governance and regulatory requirements concerning directorship via electronic network. All directors expanded their knowledge horizons by attending seminars or training programs, as follows:

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 2017, namely Mr. Pipit Aneaknithi and Mr. Chanin Donavanik.



Board Members	Seminars/Training Programs
1. Mr. Banthoon Lamsam	- Seminar on “Cyber Resilience Leadership”, Bank of Thailand - Seminar on “New Opportunities for Thailand, New Opportunities in Investment”, Money Channel
2. Professor Khunying Suchada Kiranandana	Seminar on “Cyber Resilience Leadership”, Bank of Thailand
3. Ms. Sujitpan Lamsam	Seminar on “Cyber Resilience Leadership”, Bank of Thailand
4. Mr. Predee Daochai	- Seminar on “Cyber Resilience Leadership”, Bank of Thailand - Seminar on “Self-adjustment of Thai Financial Institution in the Digital Economy Era”, Thailand Insurance Leadership Program, Class 7, Office of Insurance Commission - Seminar on “Fitch Thailand 2017 Annual Conference: Global Risks & Thailand's Economic Outlook”, Fitch Ratings (Thailand)
5. Ms. Kattiya Indaravijaya	- Seminar on “Cyber Resilience Leadership”, Bank of Thailand - Stanford Executive Program, Stanford Graduate School of Business, Stanford University, USA - Seminar on “Storytelling for Leaders”, Slingshot Group - World Economic Forum Annual Meeting 2017, World Economic Forum
6. Mr. Pipit Aneaknithi	- Seminar on “Cyber Resilience Leadership”, Bank of Thailand - Seminar on “Role of the Chairman Program (RCP) Class 41/2017”, Thai Institute of Directors Association
7. Dr. Abhijai Chandrasen	- Seminar on “Cyber Resilience Leadership”, Bank of Thailand - Seminar on “TFRS 9 Financial Instruments: Overview and key challenges”, KPMG Phoomchai Audit Ltd. - Seminar on “Enhancing Audit Committee Excellences through Internal Audit”, KPMG Phoomchai Audit Ltd.
8. Sqn.Ldr. Nalineee Paiboon, M.D.	- Seminar on “Cyber Resilience Leadership”, Bank of Thailand - Seminar on “New Director Conference 2017: Steering Governance in a Changing World”, Thai Institute of Directors Association - Executive Program for Business and Industrial Development, Class 4, Institute of Business and Industrial Development
9. Mr. Saravoot Yoovidhya	Seminar on “Cyber Resilience Leadership”, Bank of Thailand



Board Members	Seminars/Training Programs
10. Dr. Piyasvasti Amranand	Seminar on “Cyber Resilience Leadership”, Bank of Thailand
11. Mr. Kalin Sarasin	- Seminar on “Cyber Resilience Leadership”, Bank of Thailand - Seminar on “Empowering New Generation of Entrepreneurs, 1st Project”, Thai Chamber of Commerce - Seminar on “Insights into Land and Building Tax”, Thai Chamber of Commerce
12. Ms. Puntip Surathin	Seminar on “Cyber Resilience Leadership”, Bank of Thailand
13. Mr. Wiboon Khusakul	- Seminar on “Cyber Resilience Leadership”, Bank of Thailand - Seminar on “National Director Conference 2017: Steering Governance in a Changing World”, Thai Institute of Directors
14. Ms. Suphajea Suthumpun	- Seminar on “Cyber Resilience Leadership”, Bank of Thailand - Seminar on “Thailand Coaching Summit No. 1: Driving Organizational Strategy through Leadership Coaching”, Bangkok Post - The Leadership Energy Summit Asia 2017 - Thailand: Corporate Culture and Business Competition, BEC World
15. Mr. Sara Lamsam	- Seminar on “Cyber Resilience Leadership”, Bank of Thailand - Seminar on “THAILAND 2018 - A turning point and challenges”, Prachachat
16. Mr. Chanin Donavanik	Seminar on “Cyber Resilience Leadership”, Bank of Thailand

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, in compliance with the Bank’s business strategies, 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 put in place short- and long-term development plans for individual employees, and 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 and regulatory 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 and regulatory 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 213 pending cases in the ordinary course of the Bank's business, with the total litigation sum of approximately Baht 1,628 million. In those cases, there are 52 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 143 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

245	Economic Dimension
246	Social Dimension
247	Environmental Dimension

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM



ROBECOSAM
Sustainability Award
Bronze Class 2018



FTSE4Good





Sustainable Development in Action

Rapid changes globally have brought about many challenges, including technological advancements that have redefined business operations, as well as supervisory policies and regulations for financial institutions, along with changing customer behaviors and their expectations. It is the firm belief of KASIKORNBANK (KBank) that our performance, guided by “Sustainable Development” concepts, will lead to a balanced, flexible self-adjustment that immunizes us against hardships, which in turn will generate stable and sustainable growth, thus achieving UN Sustainable Development Goals (SDGs). Our adherence to Sustainable Development Concepts has earned us membership in the Dow Jones Sustainability Indices (DJSI) 2017. The indices that measure the sustainability of businesses are recognized by leading companies worldwide. We are proud to be the first and only bank in Thailand, and ASEAN, to have been selected as a member of the DJSI, being placed in both their DJSI World Index and DJSI Emerging Markets Index, for the second consecutive year, based on the following operations:

Economic Dimension

We aspire to be a technology-driven business. We have unrelentingly developed products and services that add convenience to our customers' lives, allowing them to conduct transactions anywhere, anytime, on their mobile devices. We have affirmed standards and security measures that have garnered customers' trust and widespread use of our K PLUS application. As a result, K PLUS now enjoys leadership in digital banking services in Thailand, as evidenced by Nielsen's survey of top brands, and the highest download volume as well. Other applications have been also introduced, such as our K PLUS SHOP with a QR Code payment function and e-Wallet features to facilitate merchants and customers alike. We also have our K PLUS SME application for such businesses to gain access to useful information that can help them manage their enterprises better, with greater convenience and speed. We now accept QR Codes and Barcodes as new payment channels, plus acceptance of PromptPay transactions, and we have increased the number of

merchants accepting payments via our electronic data capture (EDC) devices. New technologies are being employed, including blockchain, electronic Know Your Customer (e-KYC) systems using biometric identification, and machine learning to analyze customer behaviors for use in developing products and services that are more responsive to them.

The above implementations are founded on our “Customer Centricity” strategy and our aspiration to become our “Customers' Life Platform of Choice”, wherein we deploy leading-edge technologies to enhance our service quality in everyday life for our customers; these changes are extensive, swifter in operation and more secure. In parallel with these endeavors, we have increased our capacity to better conform to our business directions that prevent cyber risks and ensure our customers that more attention is being paid to their security concerns, even as more advanced technologies are put into use. It is our aim to deliver an excellent customer experience and satisfaction, based on good corporate governance principles and appropriate risk management.

In relation to our aim of becoming “The Bank of AEC+3”, specializing in regional settlements and investment, we have introduced an “Exotic Currency Settlement Initiative” to support money transfers within the AEC+3, and in all regional currencies – making us the first Thai bank to accept transactions in all AEC+3 currencies. Other KBank achievements include the opening of a second branch of locally incorporated institution (LII) in the Lao People's Democratic Republic, an increase in the business scope of the Phnom Penh Branch, Cambodia and a strategic partner of Bank Maspion, Indonesia. More recently, KBank is the only AEC bank granted a China, license in Guangdong Province, China, with headquarter in Shenzhen. Furthermore, we opened the Shanghai Branch to upgrade our service network in China amid flourishing trade and investment there as China proceeds towards becoming an economic superpower in the next decade. Our emphasis has been placed on business conglomerates engaging in Sino-Thai trade and investment, as well as those advancing into ASEAN markets, wherein we enhance their regional economic connectivity as a digital bank of the AEC+3.

Social Dimension

KBank has always placed great importance on human resource development. This year was marked with transformation towards HR Digitization using data analyses in all processes of human resource management to enhance career advancement of our employees. We provide fair and competitive compensation and benefits, while promoting respect of diversity and equality based on human rights principles. We undertake proper occupational health and safety standards, and place equal importance on skills development to empower employees in tune with new business requirements. Given these actions, our employee engagement score has risen to 68 percent, beating the 66 percent threshold set up as our target, and also surpassing the average score of financial conglomerates in Thailand and the Asia Pacific region. Our turnover rate has dropped to 9.95 percent – the lowest in five years – confirming that we are in the right path in human resource management to create a happy workplace, which serves as a source of good products and services for our customers.



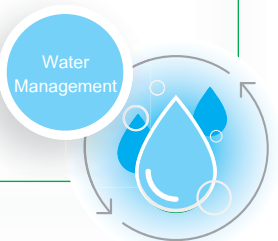
Concerning local communities and our society in general, KBank has focused on the participation of all stakeholders to learn more about communities' problems and needs. Information gained has been used in project designs that provide the right solutions for the society. We use our financial know-how and skills to benefit local communities and our society overall. Notable examples of this include our "50,000 Chuamong Tham Di Tham Dai (50,000 Volunteer Hours)" Project wherein our employees, nationwide, have contributed over 60,000 hours in volunteer activities in 2017. We also undertake financial literacy lessons on our AFTERKLASS website – an online community to develop financial knowledge and learning skills for young people, thus helping pave the way for greater success in their future lives and careers. Additionally, KBank has joined forces with many other parties to combine our strengths into beneficial acts for the society. A sample of such productive cooperation is our Cultivation of Wisdom Project with the collaboration of the Thailand Research Fund (TRF), aimed at reforming the thinking processes of Thai youths via research-based learning (RBL). Other social support programs have taken the form of budgetary assistance, human resources, financial donations, emergency assistance and internal staff activities donating money and other items to social welfare organizations. These acts reflect the "Green DNA" in all KBank employees who are determined to take part in positive changes for our entire society, in a sustainable manner.



KBank signed a cooperation agreement with the Office of the Thailand Research Fund to implement the second phase of the Cultivation of Wisdom project.



H.R.H. Princess Maha Chakri Sirindhorn presided over the opening of the 3rd “Rak Pa Nan (Care for Nan Forest)” seminar. In attendance at the session included KBank Chairman of the Board and Chief Executive Officer, executives of public and private agencies and community leaders.



Environmental Dimension

Every member of global community is responsible for environmental issues. Although we are only a small member of the global community, we are aware of our responsibility. The Chief Executive Officer has been assigned by the Board of Directors to act as our Chief Environmental Officer to drive forward KBank’s environmental missions. A target has been set to reduce greenhouse gas emissions from our operations by 20 percent within 2020 (versus 2012 as the base year). So far, a 8-percent reduction (versus 2012 as the base year) has been realized; we continue our efforts in terms of management procedures, technical practices and staff cooperation to achieve that target. In addition, KBank provides financial support to renewable energy projects and environmentally-friendly businesses. We also take into consideration Environmental, Social and Governance (ESG) criteria prior to approvals for project financing to ensure thorough assessments are undertaken regarding any adverse effect on the environment and local communities.

In relation to the environment within communities, KBank has integrated scientific, economic and social concepts to seek guidelines of reforestation and solutions to forest encroachment – exacerbated by single-crop harvests – in Nan Province, where the headwaters of the Chao Phraya river begin. We have worked with communities, the authorities and social networks there to search for new methods to halt deforestation and revive the abundance of nature, hoping that this area will someday offer a prosperous future to the children of Nan, with financial healthiness and sustainability of the nature. This model, if it is successful, will be expanded upon to other provinces in support of Thailand’s resolution to become a low-carbon society that is resilient to climate change.

All the above elements are key to our Sustainable Development operations. To perform our duties, we strive to be a strategic, data-driven organization wherein all units are able to maximize the benefits of properly used data to enhance our competitiveness, income generation and operational efficiency, which will ultimately profit KBank and all our stakeholders, while also building their highest satisfaction towards our service excellence.

For more information about Sustainable Development in Action of KASIKORNBANK, read our Sustainability Report 2017.





Structure

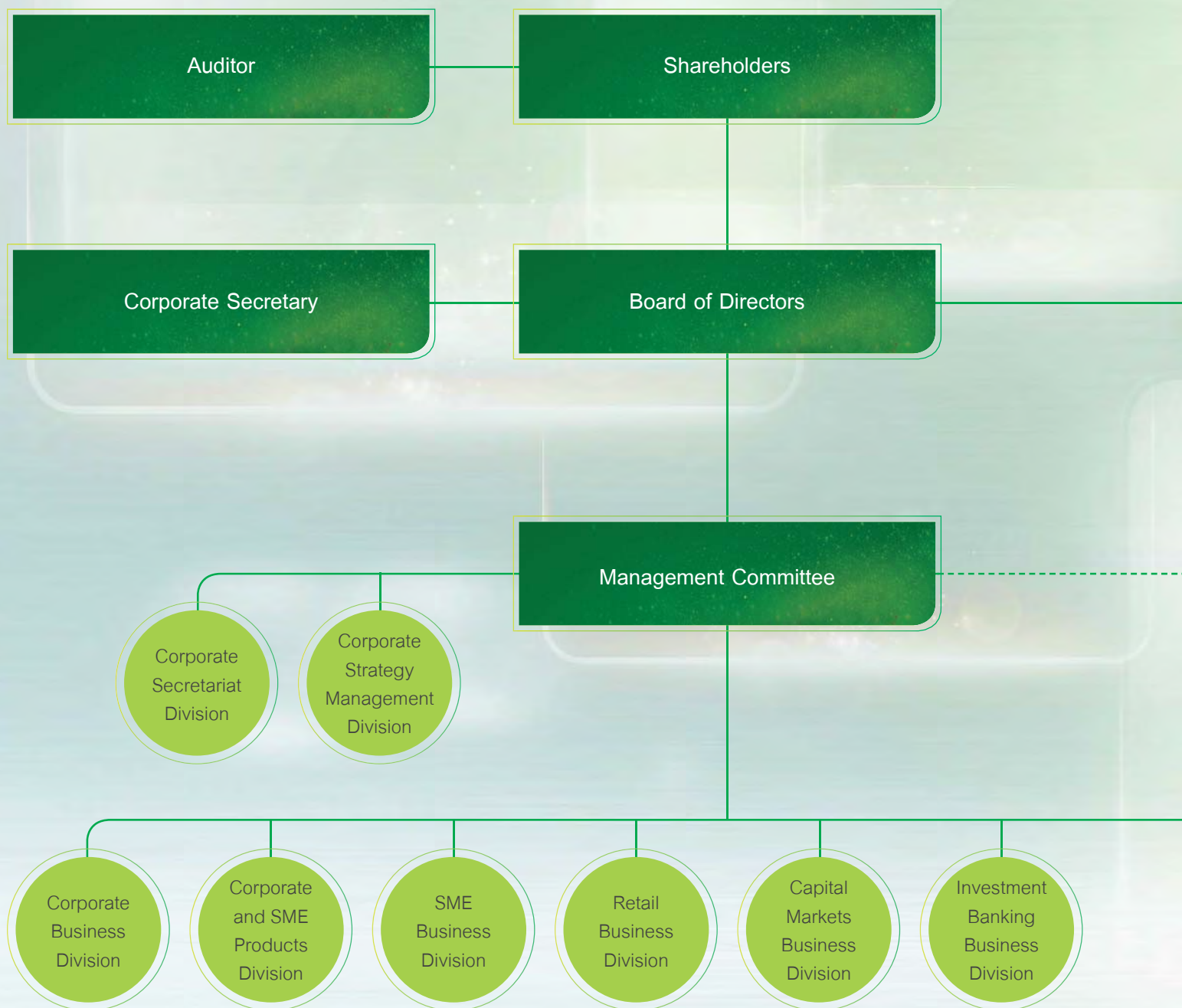
250	Organization Chart
256	Board of Directors
258	Board of Directors and Executives
277	Directorship of Directors and Executives in Subsidiaries, Associated and Related Companies
280	Changes in KASIKORNBANK Shares Held by Directors and Executives in 2017

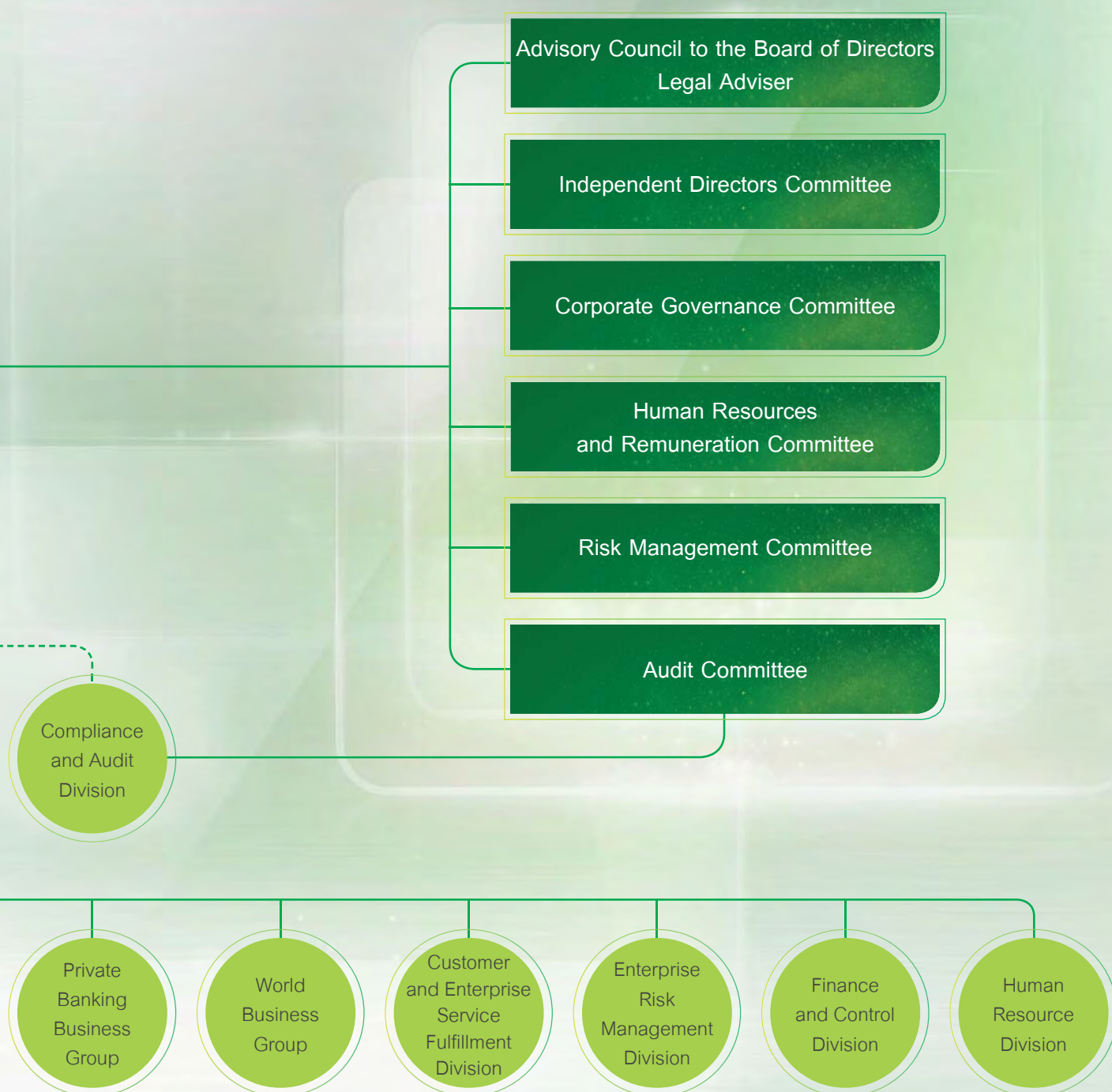




Organization Chart

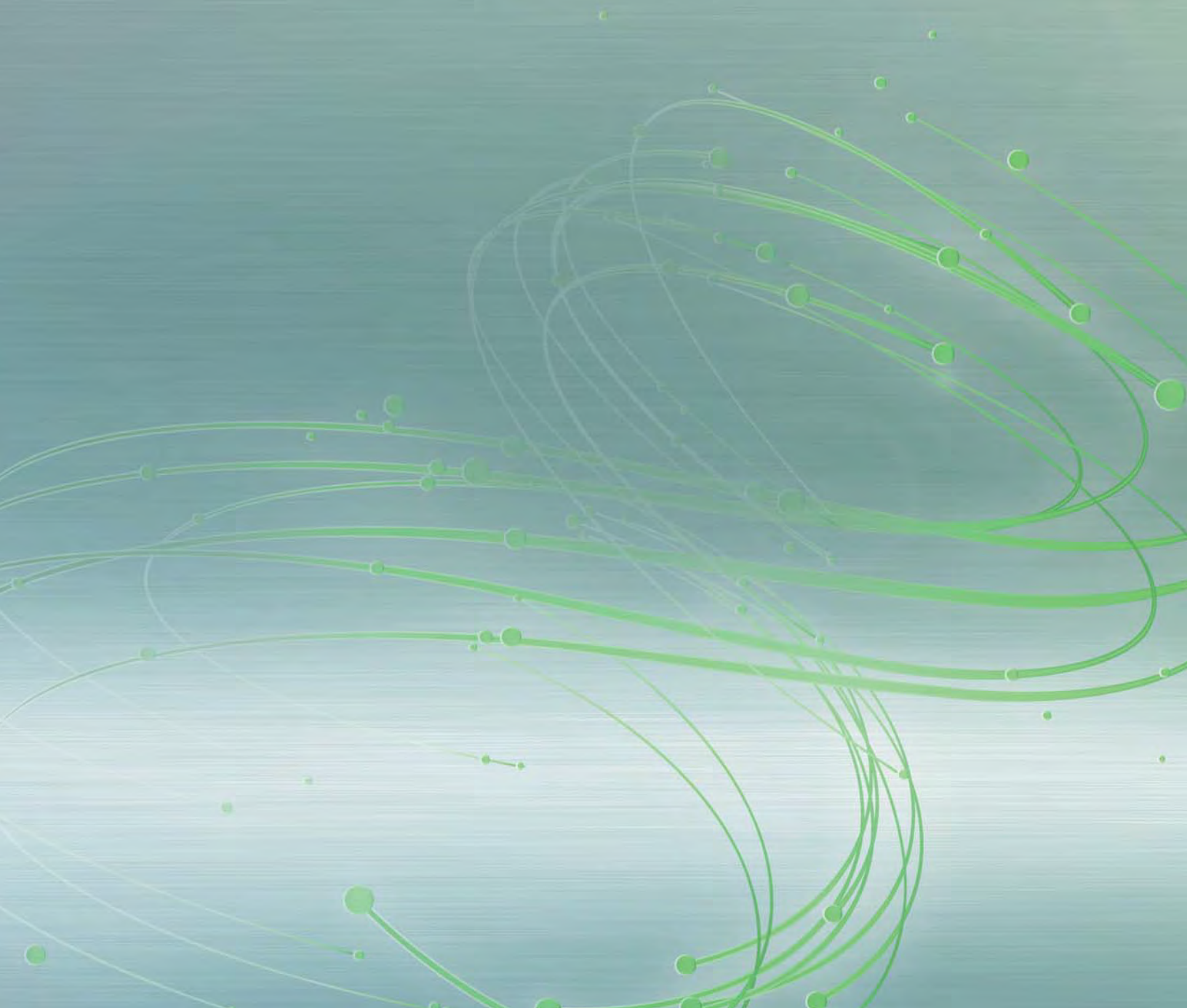
KASIKORNBANK PCL







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



15

4

10

16

14

5

3

1

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

2. Professor Khunying
Suchada Kiranandana
Vice Chairperson

3. Ms. Sujitpan Lamsam
Vice Chairperson

7. Dr. Abhijai Chandrasen
Director and Legal Adviser

8. Sqn.Ldr. Naline Paiboon, M.D.
Independent Director

9. Mr. Saravoot Yoovidhya
Independent Director

13. Mr. Wiboon Khusakul
Independent Director

14. Ms. Suphaje Suthumpun
Independent Director

15. Mr. Sara Lamsam
Director



4. Mr. Predee Daochai
President

5. Ms. Kattiya Indaravijaya
President

6. Mr. Pipit Aneaknithi
President

10. Dr. Piyasvasti Amranand
Independent Director

11. Mr. Kalin Sarasin
Independent Director

12. Ms. Puntip Surathin
Independent Director

16. Mr. Chanin Donavanik
Independent Director

Corporate Secretary
and Secretary to
the Board of Directors
Dr. Adit Laixuthai

Assistant Secretaries to
the Board of Directors
Ms. Prayoonsri Katanyutanon
Ms. Nuchsrn Polwit
Mr. Pornpipat Klinpongsiri



Board of Directors and Executives

As of December 31, 2017

1 Mr. Banthoon Lamsam

Chairman of the Board and Chief Executive Officer
(Authorized Signature)

Age 65

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
- Private Executive Education Class, National University of Singapore Business School

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

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
- Chairman of the Property Asset Management Committee, Property Asset Management Office, The Thai Red Cross Society
- Member of the National Tourism Policy Committee
- Member of the National Strategy Committee
- Member of the State Enterprise Policy Commission
- Member of the National Reform Sub-committee on State Administration
- Member of the Reform Steering Committee on the Thailand 4.0 Policy
- 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
- Member of the University Council, Chulalongkorn University
- Member of the Advisory Board, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Advisor to the National Reform Preparation Committee
- 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 72

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
2000 - 2015	Director, KASIKORNBANK PUBLIC COMPANY LIMITED

Positions in Other Listed Companies

Mar. 2017 - Present	Director, Dusit Thani Public Company Limited
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 None

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 59

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

2016 - Present	Vice Chairperson, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - Present	Chairperson of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2004 - 2016	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
1998 - 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

2017 - Present	Director, Fuchsia Venture Capital Company Limited
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 59

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
2016 - Feb. 2017	Chairman, KASIKORN LEASING COMPANY LIMITED
2014 - 2016	Chairman, KASIKORN ASSET MANAGEMENT COMPANY LIMITED
2013 - 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

2017 - Present	Chairman, National ITMX Company Limited
2016 - Present	Chairman, KASIKORN SECURITIES PUBLIC 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
- Vice Chairman, Thai Institute of Directors Association
- Member of the National Legislative Assembly
- Member of the Payment Systems Committee
- Member of the Board of Investment
- Director, ASEAN Bankers Association
- Member of the Board, Bangkok Patana School Foundation

Family Relationship None

5 Ms. Kattiya Indaravijaya

Director

President

Member of the Risk Management Committee
(Authorized Signature)

Age 52

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
- Stanford Executive Program,
Stanford Graduate School of Business, Stanford University

Experience over Past 5 Years

2016 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
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

2017 - Present	Director, BEACON VENTURE CAPITAL COMPANY LIMITED
2016 - Present	Chairperson, KASIKORN ASSET MANAGEMENT COMPANY LIMITED
2016 - Present	Chairperson, KASIKORN RESEARCH CENTER COMPANY LIMITED
2013 - Present	Director, Muang Thai Group Holding Company Limited

Family Relationship None

6 Mr. Pipit Aneaknithi

Director

President

Member of the Risk Management Committee
(Authorized Signature)

Age 50

Date of Appointment

January 1, 2017

Education

- Master's Degree (Business Administration), University of Brighton, UK
- Master's Degree (Business Administration),
Fachhochschule Pforzheim, Germany
- Bachelor's Degree (Pharmacy) Chiang Mai University

Training Program

- Role of the Chairman Program (RCP) Class 41/2017,
Thai Institute of Directors Association
- 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

Jan. 2017 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
Jan. 2017 - Present	President, KASIKORNBANK PUBLIC COMPANY LIMITED
Jan. 2017 - Present	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - 2016	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2015	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED

Positions in Other Listed Companies None

Positions in Non-listed Companies

Sep. 2017 - Present	Director, Muang Thai Group Holding Company Limited
Aug. 2017 - Present	Chairman, KASIKORNBANK (CHINA) COMPANY LIMITED
Feb. 2017 - Present	Chairman, KASIKORN LEASING COMPANY LIMITED

Family Relationship None

7 Dr. Abhijai Chandrasen

Director and Legal Adviser
Member of the Human Resources
and Remuneration Committee
(Authorized Signature)

Age 69

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

2016 - Present	Director and Member of the Audit Committee, TPI Polene Power Public Company Limited
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Positions in Non-listed Companies

2005 - Present	Director, Siam Motors Company Limited
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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



8 Sqn.Ldr. Nalinee Paiboon, M.D.
Independent Director
Chairperson of the Corporate Governance Committee

Age 59

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
- 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
- Top Executive in Industrial Development and Investment Class 4, Institute of Business and Industrial Development

Experience over Past 5 Years

Apr. 2017 - Present	Chairperson of the Corporate Governance Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2012 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - Apr. 2017	Member of the Corporate Governance Committee, 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

9 Mr. Saravoot Yoovidhya
Independent Director
Member of the Audit Committee

Age 47

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
2012 - Dec. 2017	Director, Phutthathum Insurance Public Company Limited
2010 - 2016	Director, Super Lookthung Beverage 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

Jul. 2017 - Present	Director, Kanabana Company Limited
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
2011 - Present	Chairman, DURBELL Company Limited
2011 - Present	Director, KTD Property Development 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
1996 - Present	Director, Wonderland Adventure Park Company Limited
1995 - Present	Director, Ban 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, Taladnoi 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



Other Affiliations

- Director, The Thai Chamber of Commerce
- Advisor to the University Council,
University of the Thai Chamber of Commerce

Family Relationship None

10 Dr. Piyasvasti Amranand

Independent Director

Chairman of the Audit Committee

Age 64

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 - 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

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

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
- Member of the National Reform Sub-committee on Energy

Family Relationship None

11 Mr. Kalin Sarasin

Independent Director

Member of the Human Resources
and Remuneration Committee

Age 56

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 - 2017	Member of the National Reform Steering Assembly



2015 - Mar. 2017	Vice Chairman, The Thai Chamber of Commerce and Board of Trade of Thailand
2014 - Oct. 2017	Director, O Nature Group Company Limited
2014 - 2017	Member of the University Council, University of the Thai Chamber of Commerce
2013 - 2015	Member of the Examination and Evaluation Committee, Ministry of Finance
2013 - 2015	Secretary General, The Thai Chamber of Commerce and Board of Trade of Thailand
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

Apr. 2017 - Present	Director, Toyota Motor Thailand 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, The Thai Chamber of Commerce
and Board of Trade of Thailand
- Chairman, Pol. Gen. Pow Sarasin Foundation

- Chairman of the Organ Donation Promoting Committee,
The Thai Red Cross Organ Donation Center
- Chairman of the University Council,
University of the Thai Chamber of Commerce
- President, Thai-Japanese Association
- Member of the Council and Chairman of the Audit Committee,
The Thai Red Cross Society
- Executive Director of the Plasma Fractionation Center,
National Blood Center, The Thai Red Cross Society
- Director, Police General Hospital Foundation
under the Royal Patronage of Her Majesty the Queen
- Member of the National Innovation Board,
National Innovation Agency
- Specialist Member of the National Geo-Informatics Board
- Specialist on Business Administration of
the National Digital Economy and Society Committee
- Specialist, Industrial Sector,
National Research Council of Thailand
- Member of the Tourism & MICE Promotion Working Group (D3)
and Head of Private Sector Team of
the SMEs & Productivity Promotion Working Group (D2)
under the Public-Private Collaborative Committee

Family Relationship None

12 Ms. Puntip Surathin

Independent Director

Member of the Audit Committee

Age 69

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 (AACP) Class 23/2016,
Thai Institute of Directors Association
- Audit Committee Program (ACP) Class 27/2009,
Thai Institute of Directors Association



- Director Certification Program (DCP) Class 5/2001, 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
2011 - 2017	Member of the Board and Chairperson of the Audit and Evaluation Sub-committee, Defence Technology Institute (Public Organization), Ministry of Defence
2009 - 2014	Member of the Audit Committee, Nomination Committee, and Remuneration Committee, Thanachart Capital 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 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 of Trustees, Fiscal Policy Research Institute Foundation

Family Relationship None

13 Mr. Wiboon Khusakul

Independent Director

Member of the Corporate Governance Committee

Age 63

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
- Civil Service Executive Program, Office of the Civil Service Commission

Experience over Past 5 Years

2015 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Present	Member of the Corporate Governance Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2012 - 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

Jun. 2017 - Present	Director and Member of the Audit Committee, Thai Smile Airways Company Limited
2015 - Present	Advisor, Charoen Pokphand Group Company Limited



Other Affiliations

- Member of the Committee for Preparation of National Strategies on Building Competitiveness

Family Relationship None

14 Ms. Suphajee Suthumpun

Independent Director

Member of the Audit Committee

Age 53

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
2016 - 2017	Director, Saladang Property Management 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

Positions in Other Listed Companies

Sep. 2017 - Present	Member of the Corporate Governance Committee, Nok Airlines Public Company Limited
2016 - Present	Director and Member of the Audit Committee, Nok Airlines Public Company Limited
2016 - Present	Group Chief Executive Officer, Dusit Thani Public Company Limited
2015 - Present	Director, Dusit Thani Public Company Limited

Positions in Non-listed Companies

Nov. 2017 - Present	Director, Asai Holdings Company Limited
Apr. 2017 - Present	Director, Dusit Colours Company Limited
2016 - Present	Director, Pharam 4 Development Company Limited
2016 - Present	Director, Vimarn Suriya Company Limited
2016 - Present	Director, Suanlum Property Company Limited
2016 - Present	Director, Dusit Thani Properties Company Limited
2016 - Present	Director, Le Cordon Bleu Dusit Company Limited
2016 - Present	Director, Dusit Management Company Limited
2016 - Present	Director, Dusit Worldwide Company Limited
2016 - Present	Director, Dusit China Capital Company Limited
2016 - Present	Director, Dusit Overseas Company Limited



2016 - Present	Director, Philippine Hoteliers International Center for Hospitality Education, Inc.
2016 - Present	Director, Philippine Hoteliers, Inc.
2015 - Present	Director, Dusit Thai Properties Public Company Limited
2015 - Present	Director, Dusit Excellence Company Limited
2015 - Present	Director, DMS Property Investment Private Limited

Other Affiliations

- Honorary Member of the University Council, Thammasat University
- Honorary Member of the University Council,
Navamindradhiraj University
- Director, Dusit Thani College
- Director, College of Management, Mahidol University
- Member of the Investment Committee,
Dusit Thani Freehold and Leasehold Property Fund
- Member of the International Advisory Board,
Ecole Hoteliere de Lausanne
- Member of the National Enterprise Corporation Establishment
Preparation Sub-committee
- Councilor, Thailand Management Association

Family Relationship None

15

Mr. Sara Lamsam

Director

Member of the Risk Management Committee
(Authorized Signature)

Age 48

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),
Commerce Academy
- Global Business Leaders Program (GBL 1),
LEAD Business Institute, a Partner of Cornell University

Experience over Past 5 Years

2016 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - Present	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - 2017	Chairman, The Federation of Thai Insurance Organizations
2015 - 2016	Advisor, Board of Trade of Thailand
2012 - 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 - 2016	Director, Thai Reinsurance Public Company Limited
2009 - 2015	Director, Board of Trade of Thailand
2009 - 2013	Chairman, The Federation of Thai Insurance Organizations
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	
2016 - Present	Independent Director, Thai Reinsurance Public Company Limited



2009 - Present	Advisor to the President, Muang Thai Insurance Public Company Limited
2009 - Present	Member of the Risk Management Committee, Phatra Leasing 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

2017 - Present	Director, Fuchsia Venture Capital Company Limited
2015 - Present	Vice Chairman, 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 Group Service Company Limited
2007 - Present	Director, Muang Thai Real Estate Public Company Limited
2007 - Present	Director, T.I.I. Company Limited
1998 - Present	Director, Yupayong Company Limited

Other Affiliations

- Chairman, The Financial Planners Association
- Vice President (Marketing), The Thai Life Assurance Association
- Director, The Federation of Thai Insurance Organizations
- Advisor, The Thai Chamber of Commerce
- Advisor, The Society of Actuaries of Thailand

Family Relationship

- Nephew of Ms. Sujitpan Lamsam
- Cousin of Mr. Banthoon Lamsam

16 Mr. Chanin Donovanik

Independent Director

Member of the Corporate Governance Committee

Age 60

Date of Appointment

April 3, 2017

Education

- Master's Degree (Business Administration),
Boston University, USA

Training Program

- Director Certification Program (DCP) Class 72/2006,
Thai Institute of Directors Association
- Director Accreditation Program (DAP) Class 10/2004,
Thai Institute of Directors Association

Experience over Past 5 Years

Apr. 2017 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
Apr. 2017 - Present	Member of the Corporate Governance Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - 2017	Director, Saladang Property Management Company Limited
2016 - 2017	Director, Phraram 4 Development Company Limited
2016 - 2017	Director, Suanlum Property Company Limited
2010 - 2016	Member of Investment Committee, Dusit Thani Freehold and Leasehold Property Fund
2006 - 2015	Managing Director and Chief Executive Officer, Dusit Thani Public Company Limited

Positions in Other Listed Companies

2016 - Present	Vice Chairman and Chairman of the Executive Committee, Dusit Thani Public Company Limited
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Positions in Non-listed Companies

Aug. 2017 - Present	Chairman, Dusit Thani Properties REIT Company Limited
Apr. 2017 - Present	Director, Dusit Colours Company Limited



2016 - Present	Director, Vimarn Suriya Company Limited
2015 - Present	Chairman, Philippine Hoteliers International Center for Hospitality Education, Inc.
2015 - Present	Director, Piyasiri Company Limited
2015 - Present	Director, Dusit Excellence Company Limited
2014 - Present	Director, Dusit Fudu Hotel Management (Shanghai) Company Limited
2013 - Present	Director, JTB (Thailand) Company Limited
2013 - Present	Director, Dusit China Capital Company Limited
2012 - Present	Director, Dusit USA Management Inc.
2011 - Present	Director, Dusit Bird Hotels Private Limited
2011 - Present	Director, DMS Property Investment Private Limited
2010 - Present	Director, Dusit Management Company Limited
2010 - Present	Director, Chanut and Children Company Limited
2009 - Present	Director, Dusit Thai Properties Public Company Limited
2008 - Present	Director, Dusit Worldwide Company Limited
2008 - Present	Director, Dusit Overseas Company Limited
2006 - Present	Director, Le Cordon Bleu Dusit Company Limited
2000 - Present	Director, Devarana Spa Company Limited
1995 - Present	Chairman, Philippine Hoteliers, Inc.
1990 - Present	Director, Dusit Thani Properties Company Limited
1989 - Present	Director, Thai-Japan Gas Company Limited
1988 - Present	Director, Thana Jirang Company Limited

Other Affiliations

- Director and Chairman of Tourism and Service Business Committee, The Thai Chamber of Commerce
- Vice Chairman, Dusit Thani College
- Head of Private Sector Team of the Tourism & MICE Promotion Working Group (D3) under the Public-Private Collaborative Committee

Family Relationship None

17

Dr. Adit Laixuthai

Corporate Secretary

Senior Executive Vice President

Corporate Secretariat Division Head

Age 53

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
2015 - 2017	Director, Muang Thai Group Holding 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, KASIKORNTHAI FOUNDATION
- Member of the University Council, Nation University
- Member of the Council,
Vidyasirimedhi Institute of Science and Technology (VISTEC)

Family Relationship None

18 Mr. Wirawat Panthawangkun

Senior Executive Vice President
Enterprise Risk Management Division Head
Member and Secretary to the Risk Management Committee

Age 45

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 - 2016	Director, KASIKORN LEASING COMPANY LIMITED
2011 - 2016	Director, Thanyathanathavee Company Limited
2011 - 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

- Supervisor, KASIKORNBANK (CHINA) COMPANY LIMITED

Family Relationship None

19 Mr. Krit Jitjang

Senior Executive Vice President
Human Resource Division Head

Age 46

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
- Leading in a Disruptive World,
SEAC at Stanford Center for Professional Development
- Executive Coaching Certification Program 2016,
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
- Director, KASIKORN X COMPANY LIMITED

Family Relationship None

20 Mr. Thiti Tantikulanan

Capital Markets Business Division Head*
Member of the Risk Management Committee

Age 48

Education

- Bachelor's Degree (Business Administration),
University of Washington, USA

Training Program

- Corporate Governance for Capital Market Intermediaries (CGI)
Class 15/2016, Thai Institute of Directors Association
- Capital Market Academy Leader Program Class 19/2014,
Capital Market Academy
- Thailand Insurance Leadership Program Class 2/2012,
OIC Advanced Insurance Institute

Experience over Past 5 Years

- | | |
|----------------|---|
| 2008 - Present | Capital Markets Business Division Head,
KASIKORNBANK PUBLIC COMPANY LIMITED |
| 2008 - Present | Member of the Risk Management Committee,
KASIKORNBANK PUBLIC COMPANY LIMITED |

Directorship in Other Companies

- Executive Chairman,
KASIKORN SECURITIES PUBLIC COMPANY LIMITED
- Director and Member of the Audit Committee,
The Thai Bond Market Association

Family Relationship None

* This position is equivalent to Senior Executive Vice President.

21 Mr. Patchara Samalapa

Senior Executive Vice President
Acting Retail Business Division Head

Age 47

Education

- Master's Degree (Business Administration),
Massachusetts Institute of Technology, USA

Experience over Past 5 Years

- | | |
|---------------------|---|
| Jan. 2017 - Present | Senior Executive Vice President,
KASIKORNBANK PUBLIC COMPANY LIMITED |
| 2012 - 2016 | Executive Vice President,
KASIKORNBANK PUBLIC COMPANY LIMITED |
| 2010 - 2013 | Director,
KASIKORN ASSET MANAGEMENT
COMPANY LIMITED |

Directorship in Other Companies

- Director, Muang Thai Life Assurance Public Company Limited
- Director, K-SME Venture Capital Company Limited
- Director, KASIKORN SECURITIES PUBLIC COMPANY LIMITED
- Director, Thai Eastern Property Company Limited

Family Relationship None

22 Dr. Pipatpong Poshyanonda

Senior Executive Vice President
Customer and Enterprise Service Fulfillment Division Head

Age 49

Education

- Ph.D. (Engineering Management),
University of Missouri-Rolla, USA

Training Program

- Director Certification Program (DCP) Class 231/2016,
Thai Institute of Directors Association

Experience over Past 5 Years

- | | |
|---------------------|---|
| Oct. 2017 - Present | Senior Executive Vice President,
KASIKORNBANK PUBLIC COMPANY LIMITED |
| 2010 - Sep. 2017 | Executive Vice President,
KASIKORNBANK PUBLIC COMPANY LIMITED |



2011 - 2013 Director, Thai Digital ID Company Limited
2010 - 2012 Director,
PROGRESS SOFTWARE COMPANY LIMITED

Directorship in Other Companies

- Director, PROGRESS SERVICE SUPPORT COMPANY LIMITED
- Director, PROGRESS APPRAISAL COMPANY LIMITED
- Director, PROGRESS STORAGE COMPANY LIMITED
- Director, PROGRESS PLUS COMPANY LIMITED

Family Relationship None

23 Mr. Surasak Dudsdeemaytha

Executive Vice President

Compliance and Audit Division Head

Internal Audit Head

Age 52

Education

- Master's Degree (Business Administration),
Sasin Graduate Institute of Business Administration
- Bachelor's Degree (Economics), Kasetsart University

Training Program

- Advanced Audit Committee Program (AACP) Class 24/2016,
Thai Institute of Directors Association
- 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
- Securities Business Regarding Compliance Function for
Head of Compliance 2017, The Thai Bankers' Association
- Standards on Anti-Money Laundering
and Combating the Financing of Terrorism for
Reporting Entities under Section 13 and Section 16 Class 1/2017,
Anti Money Laundering Office
- 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 49

Education

- Master's Degree (Business Administration - Finance), William Paterson University of New Jersey, USA
- Bachelor's Degree (Economics), Thammasat University

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

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

Directorship in Other Companies

- Director, KASIKORN LEASING 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
- Director, KASIKORN X COMPANY LIMITED
- Director, BEACON VENTURE CAPITAL COMPANY LIMITED

Family Relationship None

25 Ms. Wasana Surakit

First Senior Vice President

Age 50

Education

- Master's Degree (Accounting), Thammasat University

Experience over Past 5 Years

Jan. 2017 - Present	First Senior Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2008 - 2016	Senior Vice President, Financial Accounting Management Department, KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies None

Family Relationship None

26 Dr. Karin Boonlertvanich

First Senior Vice President

Age 36

Education

- Ph.D. (Industrial Engineering), Georgia Institute of Technology, USA

Experience over Past 5 Years

Jan. 2017 - Present	First Senior Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2012 - 2016	Senior Vice President, Central Treasury Department, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2012	First Vice President, Central Treasury Department, KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies

- Director, S.B.I. Engineering Company Limited

Family Relationship None

27 Ms. Natcha Argasreog

Senior Vice President

Financial Planning Department Head

Age 42

Education

- Master's Degree (Business Administration), Chulalongkorn University



Experience over Past 5 Years

2016 - Present	Senior Vice President, Financial Planning Department, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - 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 Ms. Manasikan Pakdeesrisantikul

First Vice President

Financial Accounting Management Department Head

Age 43

Education

- Master's Degree (Accounting), Chulalongkorn University

Experience over Past 5 Years

2013 - Present	First Vice President, Financial Accounting Management Department, KASIKORNBANK PUBLIC COMPANY LIMITED
2007 - 2013	Vice President, Financial Accounting Management Department, KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies None

Family Relationship None

29 Mr. Phaisarn Vorasetsiri

Senior Vice President

Compliance Department Head

Compliance Head

Age 44

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 Certification Program (DCP) Class 215/2016,
Thai Institute of Directors Association
- Securities Business Regarding Compliance Function for
Head of Compliance 2017, The Thai Bankers' Association
- Standards on Anti-Money Laundering
and Combating the Financing of Terrorism for
Reporting Entities under Section 13 and Section 16 Class 1/2017,
Anti Money Laundering Office
- 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

Directorship in Other Companies None

Family Relationship None

 Directorship of Directors and Executives in Subsidiaries, Associated and Related Companies

As of December 31, 2017

[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.	12 Muang Thai Group Holding Co., Ltd.	23 PROGRESS MANAGEMENT CO., LTD.
2 KASIKORN RESEARCH CENTER CO., LTD.	13 Muang Thai Life Assurance PCL	24 PROGRESS FACILITIES MANAGEMENT CO., LTD.
3 KASIKORN SECURITIES PCL	14 KASIKORNTHAI BANK LIMITED	25 PROGRESS SERVICE SECURITY GUARD CO., LTD.
4 KASIKORN LEASING CO., LTD.	15 KASIKORNBANK (CHINA) COMPANY LIMITED	26 PROGRESS STORAGE CO., LTD.
5 KASIKORN FACTORY AND EQUIPMENT CO., LTD.	16 K-SME Venture Capital Co., Ltd.	27 PROGRESS H R CO., LTD.
6 KASIKORN TECHNOLOGY GROUP SECRETARIAT CO., LTD.	17 BEACON VENTURE CAPITAL CO., LTD.	28 PROGRESS SERVICE SUPPORT CO., LTD.
7 KASIKORN LABS CO., LTD.	18 Phethai Asset Management Co., Ltd.	29 PROGRESS COLLECTION CO., LTD.
8 KASIKORN SOFT CO., LTD.	19 Starbright Finance Co., Ltd.	30 PROGRESS TRAINING CO., LTD.
9 KASIKORN PRO CO., LTD.	20 PROGRESS PLUS CO., LTD.	31 PROGRESS MULTI INSURANCE BROKER CO., LTD.
10 KASIKORN SERVE CO., LTD.	21 PROGRESS APPRAISAL CO., LTD.	32 Sovannaphum Life Assurance PLC*
11 KASIKORN X CO., LTD.	22 PROGRESS GUNPAI SECURITY GUARD CO., LTD.	33 Fuchsia Venture Capital Co., Ltd.*

4) **List of Associated Companies**

1 Processing Center Co., Ltd.	2 National ITMX Co., Ltd.
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5) **List of Related Companies**

1 PUKHA HOLDINGS CO., LTD.	9-48 For details, please refer to Mr. Saravoot Yoovidhya's positions in non-listed companies on page 260 except for The Red Bull Excellence Center Co., Ltd.,	52 Yupayong Co., Ltd.
2 Muang Thai Insurance PCL	STR Property Development Co., Ltd.,	53 Chanut and Children Co., Ltd.
3 Giffarine Beauty and Health Medical Clinic Co., Ltd.	Prachinburi Glass Industry Co., Ltd.,	54 Thai Eastern Property Co., Ltd.
4 Giffarine Skyline Unity Co., Ltd.	Wonderland Adventure Park Co., Ltd.	55 Crystal Football Club Co., Ltd.
5 Skyline Laboratory Co., Ltd.	and Red Bull Vitamin Drink (Thailand) Co., Ltd.	56 Thai Digital ID Co., Ltd.
6 T.C. Pharmaceutical Industries Co., Ltd.		57 Tri Danai Co., Ltd.
7 The Red Bull Beverage Co., Ltd.	49 Dusit Thani PCL	58 Pruethada Co., Ltd.
8 DURBELL Co., Ltd.	50 Phatra Leasing PCL	59 S.B.I. Engineering Co., Ltd.
	51 Yupong Co., Ltd.	60 Aha (Thailand) Co., Ltd.

6) Independent directors do not hold any directorship in Subsidiaries and Associated Companies.



Changes in KASIKORNBANK Shares Held by Directors and Executives in 2017

As of December 31, 2017

No.	Name	Position	KBank shares held as of December 31, 2016	KBank shares held as of December 31, 2017	Increase/ (Decrease) in KBank shares held in 2017	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		20,000	20,000	0	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	Ms. Kattiya Indaravijaya	President	-	-	-	-
	Spouse and minor children		-	-	-	-
6	Mr. Pipit Aneaknithi	President	-	-	-	-
	Spouse and minor children		-	-	-	-
7	Dr. Abhijai Chandrasen	Director and Legal Adviser	10,000	10,000	0	0.000
	Spouse and minor children		-	-	-	-
8	Sqn.Ldr. Naline Paiboon, M.D.	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
9	Mr. Saravoot Yoovidhya	Independent Director	975,800	975,800	0	0.041
	Spouse and minor children		-	-	-	-
10	Dr. Piyasvasti Amranand	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
11	Mr. Kalin Sarasin	Independent Director	1,200	1,200	0	0.000
	Spouse and minor children		260	260	0	0.000
12	Ms. Puntip Surathin	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
13	Mr. Wiboon Khusakul	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
14	Ms. Suphatee Suthumpun	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
15	Mr. Sara Lamsam	Director	721,240	721,240	0	0.030
	Spouse and minor children		-	-	-	-



No.	Name	Position	KBank shares held as of December 31, 2016	KBank shares held as of December 31, 2017	Increase/ (Decrease) in KBank shares held in 2017	Percentage of shares held (%)
16	Mr. Chanin Donavanik	Independent Director	N/A	-	N/A	-
	Spouse and minor children		N/A	-	N/A	-
17	Dr. Adit Laixuthai	Senior Executive Vice President	284	284	0	0.000
	Spouse and minor children		-	-	-	-
18	Mr. Wirawat Panthawangkun	Senior Executive Vice President	10,380	10,380	0	0.000
	Spouse and minor children		-	-	-	-
19	Mr. Krit Jitjang	Senior Executive Vice President	920	920	0	0.000
	Spouse and minor children		-	-	-	-
20	Mr. Thiti Tantikulanan	Capital Markets Business Division Head	N/A	-	N/A	-
	Spouse and minor children		N/A	-	N/A	-
21	Mr. Patchara Samalapa	Senior Executive Vice President	N/A	-	N/A	-
	Spouse and minor children		N/A	-	N/A	-
22	Dr. Pipatpong Poshyanonda	Senior Executive Vice President	N/A	35	N/A	0.000
	Spouse and minor children		N/A	-	N/A	-
23	Mr. Chongrak Rattapanian	Executive Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-
24	Ms. Wasana Surakit	First Senior Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-
25	Dr. Karin Boonlertvanich	First Senior Vice President	N/A	-	N/A	-
	Spouse and minor children		N/A	-	N/A	-
26	Ms. Natcha Argasreog	Financial Planning Department Head	220	220	0	0.000
	Spouse and minor children		-	-	-	-
27	Ms. Manasikan Pakdeesrisantikul	Financial Accounting Management Department Head	N/A	480	N/A	0.000
	Spouse and minor children		N/A	-	N/A	-

Note:

- Mr. Chanin Donavanik was appointed as Director on April 3, 2017. Hence, number of shares held as of December 31, 2016 are not applicable for comparison.
- Mr. Thiti Tantikulanan was appointed to a position equivalent to Senior Executive Vice President on January 1, 2017. Hence, number of shares held as of December 31, 2016 are not applicable for comparison.
- Mr. Patchara Samalapa was appointed as Senior Executive Vice President on January 1, 2017. Hence, number of shares held as of December 31, 2016 are not applicable for comparison.
- Dr. Pipatpong Poshyanonda was appointed as Senior Executive Vice President on October 1, 2017. Hence, number of shares held as of December 31, 2016 are not applicable for comparison.
- Dr. Karin Boonlertvanich was assigned to supervise the Financial Planning Department on January 1, 2017. Hence, number of shares held as of December 31, 2016 are not applicable for comparison.
- Ms. Manasikan Pakdeesrisantikul was appointed as Financial Accounting Management Department Head on October 1, 2017. Hence, number of shares held as of December 31, 2016 are not applicable for comparison.



Other Information

283	Awards and Commendations Granted to KASIKORNBANK and K Companies in 2017
287	Reference Information
289	Shareholder Structure
290	Investments of KASIKORNBANK in Other Companies
292	Service Network
296	K Companies

Awards and Commendations Granted to KASIKORNBANK and K Companies in 2017

KASIKORNBANK PUBLIC COMPANY LIMITED

In Recognition of Management

Dow Jones Sustainability Indices (DJSI)

- Selected as a member of the Dow Jones Sustainability Indices (DJSI), including the DJSI World and DJSI Emerging Markets, for the second consecutive year

RobecoSAM

- The Bronze class of the banking industry

FTSE4Good

- Selected as a member of the FTSE4Good Emerging Index based on operational assessment on environment, social and governance (ESG) factors, for the second consecutive year

Asiamoney magazine

- Best Bank Award

The Stock Exchange of Thailand (2 awards)

- SET Sustainability Awards - Outstanding
- Selected to be on the Thailand Sustainability Investment (THSI) list

Thaipat Institute

- ESG 100 Certificate, as one of 100 listed companies that have outstanding environment, social and governance (ESG) performance

The Stock Exchange of Thailand, the 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, the Office of the Securities and Exchange Commission and Thai Listed Companies Association

- "Excellence", based on the AGM Quality Assessment Program

IR magazine

- IR Global Top 50

U.S. Green Building Council (USGBC)

- Platinum award in the category of New Construction or Major Renovation for KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG) Building – the highest standard of Leadership in Energy and Environment Design (LEED) standard in the category of New Construction or Major Renovation

Ministry of Labour

- Excellent Labour Relations and Welfare Award for the 12th consecutive year



KBank received the SET Sustainability Awards - Outstanding given by the Stock Exchange of Thailand.



In Recognition of Service

Euromoney magazine

- Best Private Bank for Ultra High Net Worth Clients in Thailand for the second consecutive year

Retail Banker International magazine (2 awards)

- Excellence in Mass Affluent Banking
- Best Social Media Marketing Campaign



KBank received Top Bank Arrangers Investors' Choices for Corporate Primary Issues, Thailand, Top Bank in the Secondary Market Government Bonds, Thailand Best Individual Research Thailand and Top Bank in the Secondary Market Corporate Bonds, Thailand by The Asset magazine.



KBank received SME Bank of the Year, Mobile Payment Product of the Year, Best Private Wealth Bank in Thailand and Best Data & Analytics Project from The Asian Banker journal.

Professional Wealth Management Awards (PWM) and The Banker magazine

- Best Private Banker for Customer Service in Asia

The Asian Banker journal (5 awards)

- Best Retail Bank in Thailand for the eighth consecutive year
- SME Bank of the Year
- Mobile Payment Product of the Year
- Best Private Wealth Bank in Thailand
- Best Data & Analytics Project

WeChat, People's Republic of China

- WeChat Smart Life Best Case

IFR Asia magazine (2 awards)

- IFR Asia Frontier Market Issue Award for the Lao PDR's Baht 11 Billion Transaction
- Thailand Capital Markets Deal of the Year for Banpu Power

The Asset magazine (14 awards)

- Best Deal of Southeast Asia for BCPG IPO Deal
- Best Service Provider-Cash Management Thailand
- Best Cash Management Solution, Thailand for Thai Union
- Project Finance House of the Year, Thailand
- Project Finance House of the Year, Lao PDR
- Power Deal of the Year, Thailand
- Renewable Energy Deal of the Year, Thailand
- Power Deal of the Year, Lao PDR
- Top Bank Arrangers Investors' Choices for Corporate Primary Issues, Thailand
- Top Bank in the Secondary Market Government Bonds, Thailand
- Best Individual Research, Thailand
- Top Bank in the Secondary Market Corporate Bonds, Thailand
- Best IPO, Thailand
- Best Mid-Cap Equity

Global Capital Asiamoney magazine

- Best Country Deal (Thailand) for Banpu Power

Alpha Southeast Asia magazine (3 awards)

- Best IPO Deal of the Year in Southeast Asia for Banpu Power
- Best IPO Deal for Retail Investors in Southeast Asia
- Best FX Bank for Corporates & FIs in Thailand

FinanceAsia magazine

- Best DCM House in Thailand

Private Banker International and Retail Banker International

- Highly Commended: Best Customer Experience - Wealth Management

Asian Banking & Finance magazine (4 awards)

- Domestic Retail Bank of the Year in Thailand for the fourth consecutive year
- Mobile Banking Initiative of the Year in Thailand
- Credit Card Initiative of the Year in Thailand
- Thailand Domestic Cash Management Bank of the Year

Cards International & Electronic Payments International journal (4 awards)

- Best Merchant Product Offering
- Best Merchant Acquiring Technology Solution
- Highly Commended: Best Debit Card Product for Asia - Pacific
- Highly Commended: Best Marketing Campaign - Overall

Thai Bond Market Association

- Best Bond Award - Deal of the Year

Video Research International (Thailand) Ltd. and Marketeer magazine (3 awards)

- No. 1 Brand Thailand Award 2016 - 2017 for being the most popular brand in Bank for SME category
- No. 1 Brand Thailand Award 2016 - 2017 for being the most popular brand in Credit Card category
- No. 1 Brand Thailand Award 2016 - 2017 for being the most popular bank in Debit Card and Saving Account category

Thai Contact Center Trade Association (TCCTA) (8 awards)

- The Best Contact Center of the Year (Over 100 seats)
- The Best Effective Technology Contact Center (Over 100 seats)
- The Best Effective Software Contact Center (Over 100 seats)
- The Best Corporate Social Responsibility Contact Center (Over 100 seats)
- The Best Contact Center Manager of the Year
- The Best Contact Center Supervisor of the Year
- The Best Contact Center Agent of the Year
- The Best Contact Center HR Support Professional of the Year



KBank received Best Retail Bank in Thailand by The Asian Banker journal, along with Excellence in Mass Affluent Banking and Best Social Media Marketing Campaign by Retail Banker International magazine.



KBank received Domestic Cash Management Bank of the Year in Thailand, Domestic Retail Bank of the Year in Thailand, Mobile Banking Initiative of the Year in Thailand and Credit Card Initiative of the Year in Thailand by Asian Banking & Finance magazine.



KASIKORN ASSET MANAGEMENT CO., LTD.
received Best Fund House Award in Domestic Fixed Income
category and Best Thailand Mid/Long-Term Bond Fund for K Fixed
Income Fund given by Morningstar Research (Thailand) Co., Ltd.



KASIKORN BUSINESS-TECHNOLOGY GROUP
received Best Innovation Centre by Financial Institution
in Thailand given by The Asian Banker journal.

KASIKORN ASSET MANAGEMENT COMPANY LIMITED

Morningstar Research (Thailand) Co., Ltd. (2 awards)

- Best Fund House Award in Domestic Fixed Income category
- Best Thailand Mid/Long Term Bond Fund for K Fixed Income Fund

Asia Asset Management Hong Kong magazine (2 awards)

- Best Pension Fund Manager (Thailand)
- Most Innovative Product (Thailand)

AsianInvestor magazine

- Fund House of the Year (Thailand)

The Asset magazine

- Fund House of the Year (Thailand)

The Stock Exchange of Thailand and Money & Banking magazine

- SET Awards - Best Asset Management Company Award

Video Research International (Thailand) Co., Ltd. and Marketeer magazine

- No. 1 Brand Thailand Award 2016 - 2017 for being the most popular brand in Mutual Fund category

KASIKORN SECURITIES PUBLIC COMPANY LIMITED

IFR Asia magazine

- Thailand Capital Market Deal of the Year - Banpu Power's IPO - BPP

The Stock Exchange of Thailand and Money & Banking magazine (3 awards)

- SET Awards - Outstanding Deal of the Year Award for being a financial advisor for Initial Public Offering (IPO) of BCPG PCL
- SET Awards - Outstanding Securities Company Award - Retail Investors
- SET Awards - Outstanding Derivatives House Award

KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG)

The Asian Banker journal

- Best Innovation Centre by Financial Institution in Thailand award



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)

Telephone : +662-2220000

Fax : +662-4701144-5

K-Contact Center : +662-8888888 Press 1 Thai
(Personal) Press 2 English
Press 877 Japanese
Press 878 Mandarin
Press 879 Burmese

K-BIZ Contact Center : +662-8888822 Press 1 Thai
(Business) Press 2 English
Press 3 Mandarin
Press 4 Japanese

SWIFT : KASITHBK

e-mail : info@kasikornbank.com

Website : www.kasikornbank.com



KBank Live



KBank_Live



KBank Live



KBank Live



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 : +662-0099991
SET Contact Center : +662-0099999
E-mail : SETContactCenter@set.or.th
Website : www.set.or.th/tsd

- Subordinated Instrument intended to qualify as Tier 2 Capital of KASIKORNBANK PCL No. 1/2557 due B.E. 2568 : Registrar and Account Administration Unit
Securities Services Department
KASIKORNBANK PCL Head Office Floor 19th,
1 Soi Rat Burana 27/1, Rat Burana Road,
Rat Burana Sub-District, Rat Burana District, Bangkok 10140, Thailand
Tel. : +662-4701987, +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, 2-4 rue Eugène Ruppert,
- Senior Unsecured Debentures due 2021 : L-2453, Luxembourg
- Senior Unsecured Debentures due 2022

Auditors

- : Mr. Charoen Phosamritlert, CPA No. 4068
Ms. Wilai Buranakittisophon, CPA No. 3920
Mr. Chanchai Sakulkoedsin, CPA No. 6827
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 14, 2017 to determine the list of shareholders entitled to receive dividend and the shareholders register book closing date on September 15, 2017 to compile the list of shareholders.

Rank	Name	Number of common shares	Percentage of common shares
1	THAI NVDR CO., LTD.	657,201,365	27.461
2	STATE STREET BANK EUROPE LIMITED	268,777,949	11.231
3	CHASE NOMINEES LIMITED	168,560,108	7.043
4	STATE STREET BANK AND TRUST COMPANY	118,470,716	4.950
5	SOCIAL SECURITY OFFICE	47,916,500	2.002
6	NORTRUST NOMINEES LIMITED-NT0 SEC LENDING THAILAND CL AC	39,397,889	1.646
7	LITTLEDOWN NOMINEES LIMITED	37,755,500	1.578
8	GIC PRIVATE LIMITED	37,377,481	1.562
9	HSBC BANK PLC-PRUDENTIAL ASSURANCE COMPANY OBA ESI	24,359,400	1.018
10	HSBC (SINGAPORE) NOMINEES PTE LTD	22,935,787	0.958
	OTHERS	970,507,498	40.552
	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 shareholder are ranked by Thailand Securities Depository Co., Ltd.

KASIKORNBANK's common shares at September 15, 2017

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, 2017

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	Nonthaburi	Service	5.00	5.00	50,000	50,000	100.00	Common Share
7	KASIKORN LABS CO., LTD. Tel. +662-0081100	Nonthaburi	Service	5.00	5.00	50,000	50,000	100.00	Common Share
8	KASIKORN SOFT CO., LTD. Tel. +662-0082000	Nonthaburi	Service	5.00	5.00	50,000	50,000	100.00	Common Share
9	KASIKORN PRO CO., LTD. Tel. +662-0081500	Nonthaburi	Service	5.00	5.00	50,000	50,000	100.00	Common Share
10	KASIKORN SERVE CO., LTD. Tel. +662-0083700	Nonthaburi	Service	10.00	10.00	100,000	100,000	100.00	Common Share
11	KASIKORN X CO., LTD. Tel. +662-2220000	Nonthaburi	Service	5.00	5.00	50,000	50,000	100.00	Common Share
12	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
13	KASIKORNTHAI BANK Limited Tel. (856) (21) 410 888 Fax (856) (21) 410 889	Lao PDR	Banking	1,216.49	1,216.49	30,000,000	27,000,000	90.00	Common Share
14	KASIKORNBANK (CHINA) CO., Ltd. ⁽²⁾ Tel. (86) (755) 8229 1928 Fax (86) (755) 8828 6897	China	Banking	14,765.73	14,765.73	-	-	100.00	Common Share
15	K-SME Venture Capital Co., Ltd. Tel. +662-4701162 Fax +662-5626465	Bangkok	Venture Capital	50.00	50.00	5,000,000	5,000,000	100.00	Common Share
16	BEACON VENTURE CAPITAL COMPANY LIMITED Tel. +662-2220000	Nonthaburi	Venture Capital	1,000.00	250.00	100,000,000	100,000,000	100.00	Common Share
17	Phethai Asset Management Co., Ltd. Tel. +662-5626401-25 Fax +662-2733171	Bangkok	Asset Management	1,650.00	1,650.00	165,000,000	165,000,000	100.00	Common Share
18	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



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
19	PROGRESS APPRAISAL CO., LTD. Tel. +662-2706900 Fax +662-2785035	Bangkok	Service	5.00	5.00	5,000	5,000	100.00	Common Share
20	PROGRESS GUNPAI SECURITY GUARD CO., LTD. Tel. +662-27332900 Fax +662-9806265	Bangkok	Service	20.00	20.00	200,000	200,000	100.00	Common Share
21	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
22	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
23	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
24	PROGRESS STORAGE CO., LTD. Tel. +662-2733833 Fax +662-2714784	Bangkok	Service	3.00	3.00	30,000	30,000	100.00	Common Share
25	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
26	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
27	PROGRESS COLLECTION CO., LTD. Tel. +662-4705284 Fax +662-4705288	Bangkok	Service	5.00	5.00	50,000	50,000	100.00	Common Share
28	PROGRESS TRAINING CO., LTD. Tel. +662-4706273 Fax +662-4703198	Bangkok	Service	1.70	1.70	17,000	17,000	100.00	Common Share
29	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
30	National ITMX Co., Ltd. Tel. +662-5587555	Nonthaburi	Service	50.00	50.00	500,000	113,798	22.76	Common Share
31	Muangthai Holding Co., Ltd. Tel. +662-6932729	Bangkok	Investment in other Companies	456.00	456.00	45,600,000	4,560,000	10.00	Common Share
32	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
33	T S C Innovation Co., Ltd. Tel. +662-6829700 Fax +662-6829709	Bangkok	Tele-communications	300.00	170.99	30,000,000	3,000,000	10.00	Common Share
34	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
35	Unitas Co., Ltd. Tel. +662-2626000 Fax +662-2626354	Bangkok	Land Rental	11.05	5.53	110,532	11,053	10.00	Common Share
36	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⁾ KASIKORNBANK (CHINA) COMPANY LIMITED ("KBank China") does not specify the amount of shares. KBank China was established on November 6, 2017. KBank China was transformed Starbright Finance Co., Ltd., and Bank's foreign branches in People's Republic of China, for business activities. Starbright Finance Co., Ltd., is currently the liquidation.



Service Network

Domestic Service Network

Branch Network	1,026	Branches
(Excluding 10 branches, classified as other branch platform per the Bank of Thailand's conditions)		
• Bangkok Branch	298	Branches
• Upcountry Branch	728	Branches
Foreign Exchange Booth	142	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 Center	58	Centers

Overseas Service Network

Branches of locally Incorporated Institution		
KASIKORNTHAI BANK LIMITED (Lao PDR)	2	Branches
KASIKORNBANK (CHINA) COMPANY LIMITED	4	Branches
Branch	3	Branches
Representative Office	8	Offices

K Companies	11	Companies
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Name and Location of Domestic Service Network

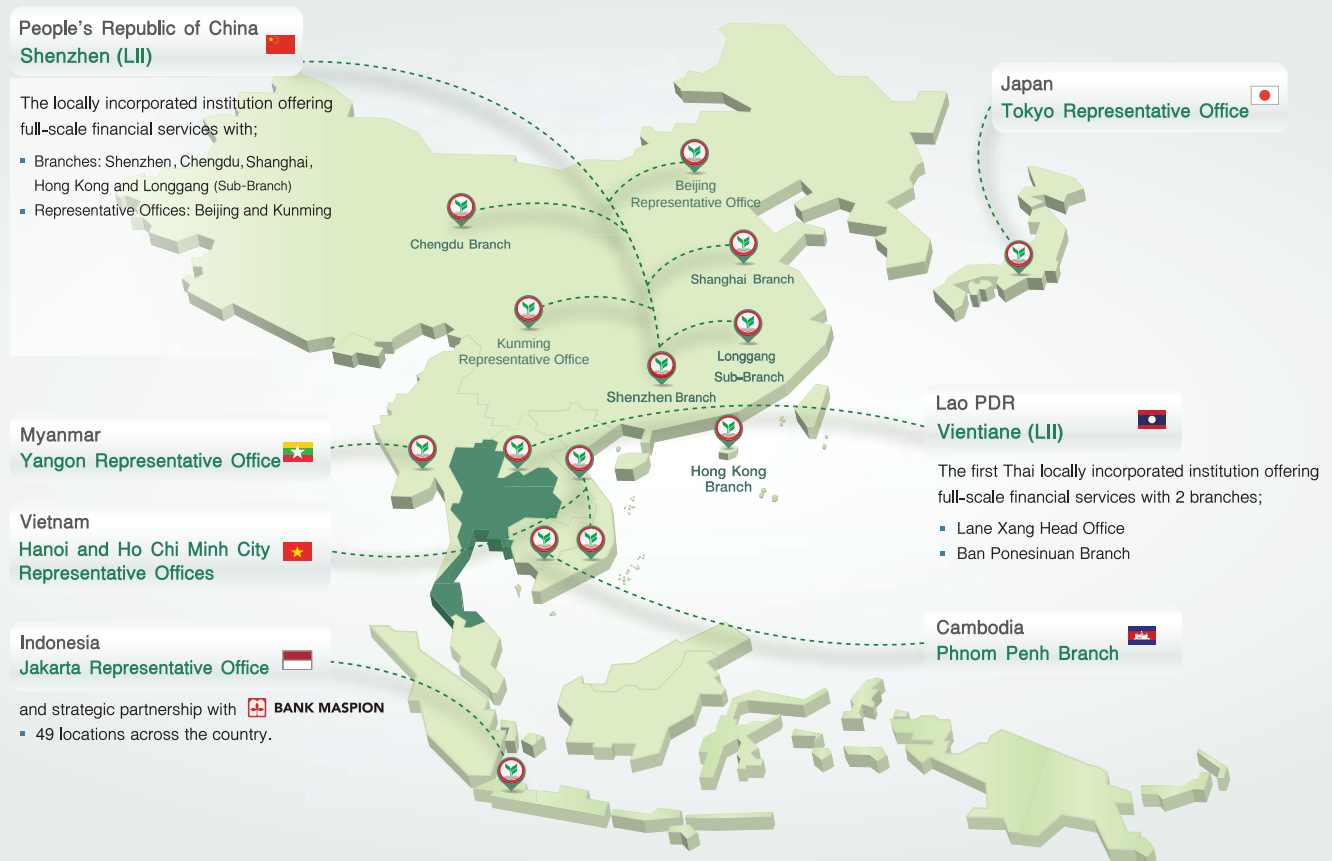


Name and Location of Service Network can be found at:

- KASIKORNBANK website, "Contact Us", and click on the "Branches and Service Channels" or
- QR Code scanning

Overseas Service Network

Locally Incorporated Institution, Branch, Sub-Branch and Representative Office



Lao People's Democratic Republic KASIKORNTHAI BANK LIMITED

Locally Incorporated Institution in Lao PDR

Head Office

Unit 12, Lane Xang Avenue, Xiangngeun Village, Chanthaboury District, Vientiane Capital, Lao People's Democratic Republic

Ponesinuan Branch

Ban Ponesinuan, Unit 14, Sysattanak, Vientiane Capital, Lao People's Democratic Republic



People's Republic of China

KASIKORNBANK PUBLIC COMPANY LIMITED

Branch and Representative Office

Hong Kong Branch

Suite 3316, 33/F, China Merchants Tower, Shun Tak Centre No. 168-200, Connaught Road Central, Hong Kong

Beijing Representative Office

Suite 22-C, CITIC Building, 19 Jianguomenwai Dajie, Beijing 100004, People's Republic of China

Kunming Representative Office

Suite 2708, Expo Building, 45 Tuodong Road, Kunming, Yunnan 650011, People's Republic of China

KASIKORNBANK (CHINA) COMPANY LIMITED

Locally Incorporated Institution in People's Republic of China

Head Office

Unit 1, 59/F, Tower A, Kingkey 100 Building, 5016, Shennan East Road, Guiyuan Sub-District, Luohu District, Shenzhen 518001, People's Republic of China

Branch and Sub-Branch

Shenzhen Branch

Unit 2, 59/F, Tower A, Kingkey 100 Building, 5016, Shennan East Road, Guiyuan Sub-District, Luohu District, Shenzhen 518001, People's Republic of China

Chengdu Branch

Unit 1801-1803, 18 Floor, Baiyang Building, No. 18 Dongyu Street, Chengdu 610016, People's Republic of China

Shanghai Branch

Unit 1402, 14th Floor, Jin Mao Tower, No. 88, Century Avenue, Pudong New Area, Shanghai 200121, People's Republic of China

Shenzhen, Longgang Sub-Branch

Unit 03, 05, and 06, Mezzanine, Genzon Times Squares, Longcheng Road No. 99, Longgang CBD Area, Longgang District, Shenzhen 518172, People's Republic of China

Kingdom of Cambodia

Phnom Penh Branch

45, Sihanouk Boulevard, Chaktomuk Sub-District, Daun Penh District, Phnom Penh, Kingdom of Cambodia

Japan

Tokyo Representative Office

Room 1807, 18th Floor, Toranomon Hills Mori Tower, 1-23-1 Toranomon, Minato-Ku, Tokyo, Japan



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

The Socialist Republic of Vietnam

Hanoi Representative Office

Unit V807, 8th Floor, Pacific Place Building, 83B, Ly Thuong Kiet Street, Hoan Kiem District, Hanoi, The Socialist Republic of Vietnam

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

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

United States of America

Los Angeles Representative Office

601 South Figueroa Street, Suite 3575, Los Angeles, CA. 90017, USA

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

● Name and Location of Overseas Service Network



Name and Location of Overseas Service Network can be found at:

- KASIKORNBANK website, "Contact Us", and click on the "Channels in Overseas" or
- QR Code scanning



KASIKORN ASSET MANAGEMENT COMPANY LIMITED

Head Office

Company Address : 400/22 KASIKORNBANK Building, 6th and 12th Floor, Phahon Yothin Road,
Samsen Nai Sub-District, Phaya Thai District, Bangkok 10400, Thailand

KAsset Contact Center : +662-6733888

KASIKORN RESEARCH CENTER COMPANY LIMITED

Head Office

Company Address : 400/22 KASIKORNBANK Building, 3rd Floor, Phahon Yothin Road,
Samsen Nai Sub-District, Phaya Thai District, Bangkok 10400, Thailand

KResearch Contact Center : +662-2731144

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, Phaya Thai District, Bangkok 10400, Thailand

KSecurities Contact Center : +662-6960011

KASIKORN LEASING COMPANY LIMITED

Head Office

Company Address : 400/22 KASIKORNBANK Building, 17th Floor, Phahon Yothin Road,
Samsen Nai Sub-District, Phaya Thai District, Bangkok 10400, Thailand

KLeasing Contact Center : +662-6969999

KASIKORN FACTORY & EQUIPMENT COMPANY LIMITED

Head Office

Company Address : 400/22 KASIKORNBANK Building, 7th Floor, Phahon Yothin Road,
Samsen Nai Sub-District, Phaya Thai District, Bangkok 10400, Thailand

KF&E Contact Center : +662-8888822 ext. 144

KASIKORN TECHNOLOGY GROUP SECRETARIAT COMPANY LIMITED

Head Office

Company Address : 46/6 Pop Pu La Road, Ban Mai Sub-District, Pak Kret District, Nonthaburi 11120, Thailand

Tel. : +662-0081000



KASIKORN LABS COMPANY LIMITED

Head Office

Company Address : 46/6 Pop Pu La Road, Ban Mai Sub-District, Pak Kret District, Nonthaburi 11120, Thailand
Tel. : +662-0081100

KASIKORN SOFT COMPANY LIMITED

Head Office

Company Address : 46/6 Pop Pu La Road, Ban Mai Sub-District, Pak Kret District, Nonthaburi 11120, Thailand
Tel. : +662-0082000

KASIKORN PRO COMPANY LIMITED

Head Office

Company Address : 46/6 Pop Pu La Road, Ban Mai Sub-District, Pak Kret District, Nonthaburi 11120, Thailand
Tel. : +662-0081500

KASIKORN SERVE COMPANY LIMITED

Head Office

Company Address : 46/6 Pop Pu La Road, Ban Mai Sub-District, Pak Kret District, Nonthaburi 11120, Thailand
Tel. : +662-0083700

KASIKORN X COMPANY LIMITED

Head Office

Company Address : 46/6 Pop Pu La Road, Ban Mai Sub-District, Pak Kret District, Nonthaburi 11120, Thailand
Tel. : +662-2220000



Summary of Specified Items per Form 56-2

Items	Page
1. Policy and business overview	11 - 16 / 25 - 30
2. Nature of business	31 - 62
3. Risk factors	17 - 24 / 63
4. Company information and other important information	287 - 288
5. Shareholders	289
6. Dividend policy	242
7. Management structure	219 - 239
8. Corporate governance	206 - 243
9. Corporate social responsibilities	245 - 247
10. Internal control and risk management	17 - 24 / 232 - 235
11. Related party transactions	163 - 165 / 208 - 212
12. Financial information	4 - 5
13. Management discussion and analysis	11 - 63

Note: Investors can study further information from the Bank's 56-1 Form which appear on www.sec.or.th or the Bank's website (www.kasikornbank.com).





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.

KASIKORNBANK PUBLIC COMPANY LIMITED

1 Soi Rat Burana 27/1, Rat Burana Road,
Rat Burana Sub-District, Rat Burana District,
Bangkok 10140, Thailand
Tel.: +662-2220000
Fax: +662-4701144-5
K-Contact Center: +662-8888888
SWIFT: KASITHBK
E-mail: info@kasikornbank.com
Website: www.kasikornbank.com

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.



ธนาคารกสิกรไทย
开泰银行 KASIKORNBANK

