



KASIKORNTHAI

Annual Report 2018

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 เซครเทเรียต
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



Bank of Sustainability

KBank conducts business with the foundation of Bank of Sustainability, with appropriate risk management and good corporate governance principles.

We strive to balance economic, social, and environmental dimensions to achieve goals and create sustainable long-term returns.

The philosophy of sustainable development is instilled in all our operations as part of our Green DNA, ensuring maximum benefit for all stakeholders and paving the way for sustainable growth.



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,	2018	2017	2016	2015	2014
COMMON SHARE INFORMATION					
Per share (Baht)					
• basic earnings	16.07	14.35	16.79	16.49	19.28
• book value	157.23	145.67	134.44	119.42	107.41
• dividends	4.00	4.00	4.00	4.00	4.00
Share price (Baht) ⁽¹⁾					
• high	242.00	235.00	201.00	235.00	252.00
• low	182.50	182.00	144.00	147.00	145.50
• closing	185.00	232.00	177.50	150.50	229.00
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)	442,753	555,236	424,804	360,186	548,057
VALUE MEASURES					
Price to earnings ratio (PER)	11.51	16.17	10.57	9.13	11.88
Price to book value ratio (PBV)	1.18	1.59	1.32	1.26	2.13
Dividend yield (based on closing share price)	2.16%	1.72%	2.25%	2.66%	1.75%
Dividend payout ratio ⁽²⁾	29.40%	32.80%	26.96%	27.83%	22.51%
Number of employees ⁽²⁾	20,681	20,839	21,029	21,484	21,614
Number of domestic branches ⁽²⁾	958	1,026	1,107	1,120	1,124
OPERATING RESULTS (Million Baht)					
Interest income - net	98,538	94,161	89,678	85,012	83,132
Non-interest income	56,945	62,695	63,725	62,503	55,524
Fees and service income - net	38,117	41,306	38,943	37,526	33,944
Net premiums earned - net	3,537	5,935	10,264	12,341	11,769
Other income	15,291	15,454	14,518	12,636	9,811
Total operating income - net	155,483	156,856	153,403	147,515	138,656
Total other operating expenses	68,348	66,372	63,854	66,656	61,419
Operating profit before provision expense ⁽³⁾ and income tax expense	87,135	90,484	89,549	80,859	77,237
Impairment loss on loans and debt securities	32,532	41,810	33,753	26,377	14,243
Net profit ⁽⁴⁾	38,459	34,338	40,174	39,474	46,153
FINANCIAL POSITION STATEMENT INFORMATION (Million Baht)					
Loans ⁽⁵⁾	1,914,072	1,802,783	1,697,581	1,609,887	1,527,080
Allowance for doubtful accounts and revaluation allowance for debt restructuring	119,485	103,435	85,212	64,317	50,992
Non-performing loans, net (NPL net) ⁽⁶⁾	41,431	38,570	33,553	24,586	15,494
Non-performing loans, gross (NPL gross)	74,400	69,674	65,087	49,490	36,067
Total assets	3,155,091	2,900,841	2,843,278	2,555,305	2,389,137
Deposits	1,995,001	1,878,672	1,794,835	1,705,379	1,629,831
Total liabilities	2,737,269	2,513,019	2,489,367	2,243,092	2,108,451
Total equity ⁽⁴⁾	376,298	348,625	321,746	285,800	257,059
Risk weighted assets - KASIKORNBANK FINANCIAL CONGLOMERATE	2,081,755	1,949,783	1,824,372	1,732,067	1,621,691

Note:

- Financial statements as at December 31, 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 December 4, 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.

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

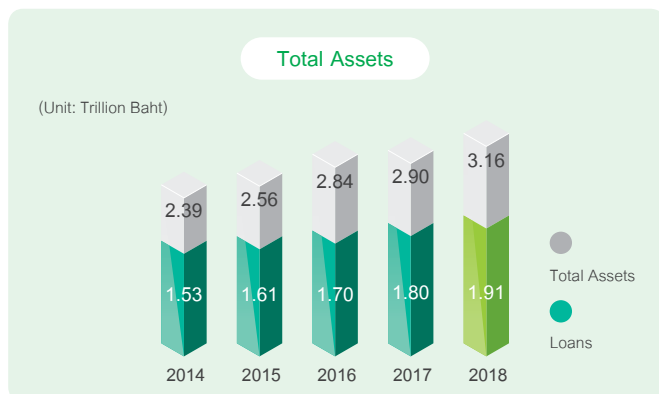
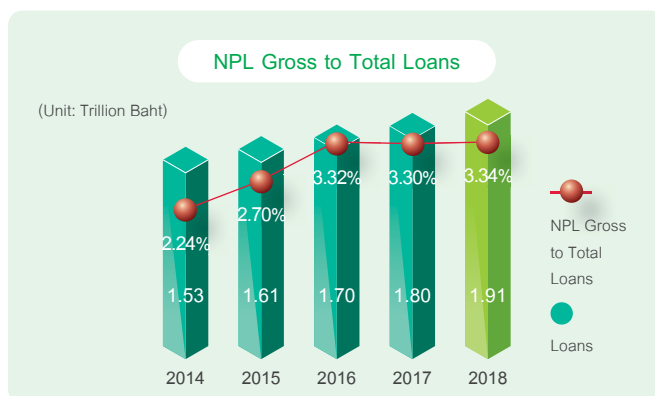
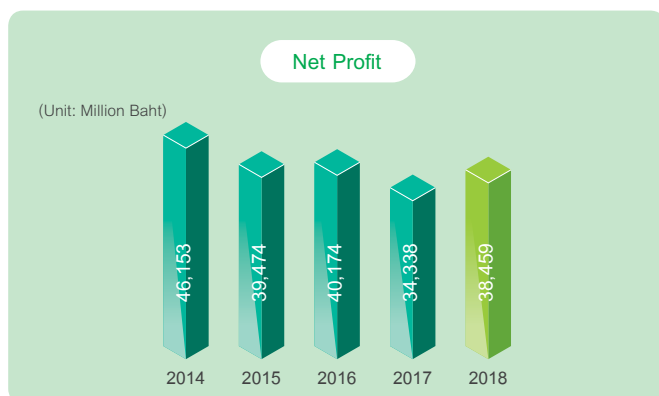
⁽²⁾ Bank only

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

⁽⁴⁾ Excluding non-controlling interests

⁽⁵⁾ Loans = Loans to customers less deferred revenue

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



As of or for the years ended December 31,	2018	2017	2016	2015	2014
PERFORMANCE INDICATORS					
Return on average assets (ROA)	1.27%	1.20%	1.49%	1.60%	1.97%
Return on average equity (ROE)	10.61%	10.24%	13.23%	14.54%	19.38%
Net interest margin (NIM)	3.39%	3.44%	3.52%	3.67%	3.80%
Non-interest income to average assets	1.88%	2.18%	2.36%	2.53%	2.37%
Non-interest income ratio	36.62%	39.97%	41.54%	42.37%	40.04%
Cost to income ratio	43.96%	42.31%	41.63%	45.19%	44.30%
ASSET QUALITY RATIOS / FINANCIAL POLICY RATIOS					
Loans to deposits ratio	95.94%	95.96%	94.58%	94.40%	93.70%
Loans to deposits and B/E ratio	95.94%	95.96%	94.57%	94.15%	93.15%
NPL net to total loans ⁽⁷⁾	1.89%	1.85%	1.74%	1.36%	0.98%
NPL gross to total loans ⁽⁸⁾	3.34%	3.30%	3.32%	2.70%	2.24%
Total allowance to loans ⁽⁹⁾	6.24%	5.74%	5.02%	4.00%	3.34%
Total allowance to NPL gross (Coverage ratio) ⁽⁹⁾	160.60%	148.45%	130.92%	129.96%	141.38%
Provision expense to average loans (Credit cost) ⁽¹⁰⁾	1.75%	2.39%	2.04%	1.68%	0.96%
Capital adequacy ratio - KASIKORNBANK FINANCIAL CONGLOMERATE	18.32%	17.96%	18.84%	18.00%	17.31%
Tier 1 capital ratio - KASIKORNBANK FINANCIAL CONGLOMERATE	15.90%	15.66%	15.16%	14.53%	13.49%

Note:

- Financial statements as at December 31, 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 December 4, 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.

⁽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 Bank of Sustainability

We are Thailand's leading financial conglomerate.

We embrace sustainable development in the economy, society, and environment.

Sustainable development is the foundation of all we do,
because sustainable development ensures the maximum benefit for all stakeholders,
and paves the way for the sustainable growth of Thailand.



Dow Jones Sustainability Indices (DJSI)
The first and only bank in Thailand and ASEAN selected as a member of the DJSI for three consecutive years (2016 - present)



FTSE4Good Emerging Index
Selected as a constituent of the FTSE4Good Emerging Index for three consecutive years (2016 - present)



Thailand Sustainability Investment (THSI)
Included in the Thailand Sustainability Investment (THSI) for three years (2015, 2017 - present)



The ESG 100 Certificate
Granted the ESG 100 Certificate as one of 100 listed companies that have outstanding Environmental, Social and Governance (ESG) performance for three consecutive years (2016 - present)



Bloomberg Gender-Equality Index (GEI)
The first and only company in Thailand selected as a member of the Bloomberg Gender-Equality Index 2019



Carbon Neutral Certification
The first and only commercial bank in Thailand granted this certification (2018)



The first Thai and ASEAN bank to launch sustainability bond



Thailand's Top Corporate Brand Value
Awarded Thailand's Top Corporate Brand Value for two consecutive years (2017 - present)

Contents

008	Statement of the Board of Directors
010	Management Report
011	Management Discussion and Analysis
012	Overview of Operating Environment
017	Risk Management and Risk Factors
026	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 Oversight Committee
206	Corporate Governance
242	Dividend Policy
243	Factors Affecting Investment Decisions
244	Sustainability Development
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 2018
282	Other Information
283	Awards and Commendations
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

Statement of the Board of Directors



Amid a global economic recovery, the Thai economy prospered in the first half of 2018, especially exports and tourism, whilst the second half of the year saw a more subdued performance due to growing uncertainties in the world economy and limited support from private consumption and investment. Business undertakings by commercial banks face a number of challenges, including technological advancements, the competitive environment, cancellation of fees for financial transactions via digital channels, regulatory requirements, and global climate conditions, all of which may present both opportunities and threats to business operations.

KASIKORNBANK (KBank) is a mechanism to drive the national economy. We conduct business with the foundation of Bank of Sustainability and strive to balance the three dimensions, namely the economy, society, and environment, with good corporate governance principles and appropriate risk and cost management. We uphold our “Customer Centricity” strategy and aspire to become our “Customers’ Life Platform of Choice”. Cooperation has been forged between KBank, K Companies, and our business partners. We endeavor to be a “Data-Driven Bank”, focusing on data management and data analytics for decision-making towards enhancing our competitiveness and business efficiency for sustainable growth under our resolution to offer excellence in service.

In 2018, KBank and its subsidiaries reported Baht 38,459 million in net profit, rising Baht 4,121 million or 12.00 percent over the previous year, mostly from lower impairment loss on loans and debt securities in line with KBank’s asset quality. Net interest income rose Baht 4,377 million or 4.65 percent over-year, resulting in Net Interest Margin at 3.39 percent. Non-interest income dropped Baht 5,750 million or 9.17 percent over-year, mainly due to the cancellation of fees for financial transactions via digital channels and a decrease in net premiums earned - net. In this regard, KBank’s capital remained higher than the criteria set by the Bank of Thailand, reflecting the continued strength of our capital position. The Capital Adequacy Ratio (CAR) of KASIKORNBANK FINANCIAL CONGLOMERATE, according to the Basel III Accord, stood at 18.32 percent, with a Tier 1 capital ratio of 15.90 percent.

KBank is emphasizing risk management and cyber security along with maintaining growth and our position as a leader in digital banking services in Thailand. KBank and KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG) are innovative in our development of new products and services. In 2018, KBank launched a new version of K PLUS application with the concept “With change, we understand you better” to perfectly match the lifestyle of each individual user and connect them with platforms of various business partners. Currently, there are 10 million K PLUS users, with transactions of 5,188 million items per year or 70-percent growth compared to 2017. Development has been finalized for a payment platform that links large companies with retail customers and financial innovations for SME customers. Other notable innovations include the Pay with K PLUS service on the Facebook Messenger platform, cooperation with Grab to create a digital lifestyle ecosystem, and establishment of KASIKORN LINE COMPANY LIMITED to offer a novel financial service experience for LINE users with new service offerings in 2019. In addition, a wide variety of service channels are offered to cater to all customer segments across Thailand.

Regarding global business undertakings, KBank is determined to become an “AEC+3 Bank” via a strategy of regional expansion with respect to general banking and digital banking sectors. KBank has 75 bank partners in 13 countries and 17 overseas service networks in 9 countries. In 2018, a real-time service was launched for transfer of funds from Singapore, while payment via e-Wallet was introduced in Lao People’s Democratic Republic. In addition, KASIKORN VISION COMPANY LIMITED was formed to function in joint investments, searching for pioneering digital technologies worldwide. The aim is to become the “Regional Life Platform of Choice”, furthering business expansion in the AEC+3 market to accommodate new customers in the future. Our representative offices in the Socialist Republic of Vietnam and the Republic of the Union of Myanmar are aimed to be upgraded to acquire branch status in the future.

In the social dimension, KBank aims to be a good corporate citizen and create sustainable results for society and the country, focusing on cooperation with communities, public and private agencies, and all networks. Notable examples include the “100,000 Chuamong Chuan Kan Tham Di Tham Dai (100,000 Volunteer Hours)” project, providing supplemental education to young people via the AFTERKLASS website, the Cultivation of Wisdom project to develop the thinking processes of teachers and students, and a project designed to add value to organic waste in Nan province and provide donations, emergency assistance, and other staff activities based on KBank’s “Green

DNA” resolution. Amid the demographic change towards an aging society that has led to a relative decrease in Thailand’s working-aged population, KBank has employed a data-driven format for HR analytics in all processes of HR management, from recruitment to staff potential enhancement and engagement creation. We understand the need to develop successors who can grow alongside the organization in the future. KBank emphasizes an open-mindedness and respect for staff diversity inclusive of gender, age, education, race, religion, and physical condition. Equal access to jobs is integral to the culture of KBank and K Companies, with fair and competitive welfare and returns, alleviation of risk of human rights violations, and supervision of occupational hygiene and safety, to ensure a happy workplace for all employees. Our strong and consistent support of our employees has earned us the acceptance and recognition of both Thai and international organizations. The Bank ranked 8th in the Global 2000: World’s Best Employers 2018 by Forbes magazine and is the first and only company in Thailand to be included in the 2019 Bloomberg Gender-Equality Index (GEI).

In terms of the environment, the 196 countries including Thailand that are members of the United Nations Framework Convention on Climate Change (UNFCCC) are committed to keeping the global temperature rise this century below 2 degrees Celsius. KBank’s Board of Directors has assigned Chief Executive Officer the role of Chief Environmental Officer, to lead KBank’s environmental operations. In 2018, KBank became the first and only commercial bank in Thailand to achieve “Carbon Neutral” status and the first Thai and ASEAN bank to launch sustainability bonds to finance projects that will provide environmental and social benefits. KBank also considers Environmental, Social, and Governance (ESG) factors in our credit underwriting processes. In the long term, KBank aims to help create a zero-carbon society based on three dimensions. Firstly, our business is geared towards financial product and service innovations that promote environmental conservation, including the extension of credits for energy and environmental conservation. Secondly, our environmental management is focused on achieving zero carbon emissions. In 2018, greenhouse gas emissions from KBank’s operations decreased by 13.77 percent (with 2012 as the base year), comparing with the long-term target of reducing greenhouse gas emissions from our operations by 20 percent within 2020. Thirdly, KBank is working with communities by providing support to the “Rak Pa Nan (Care for Nan Forest)” project, as part of a strategy to preserve and rehabilitate Nan’s forest resources, promote alternative careers for the sustainable cohabitation of humans and forests, and enhance the sense of responsibility and consciousness of children and youth related to natural resource conservation via cooperation between Nan communities and the public and private sectors. As a major financial institution of the country, KBank has participated in a move propelling the Nan Sandbox project (NSP) in order to revolutionize and seek new alleviation methods for the problems of depleted natural resources in a sustainable manner, based on Pracharat (Civil Society) scheme. This will promote cooperation among local communities, government agencies and related networks. NSP will serve as a platform to experiment the new management concept and problem-solving methods, which will be replicated in other provinces across the nation.

Our business operations in all above dimensions have earned recognition among leading Thai and international organizations. KBank is the first Thai and ASEAN bank to be selected as a component of the Dow Jones Sustainability Indices (DJSI) 2018, including the DJSI World Index and the DJSI Emerging Markets Index, for three consecutive years. It has also been included as a constituent of the FTSE4Good Emerging Index for three consecutive years. We have also been included in Thailand Sustainability Investment List 2018 of the Stock Exchange of Thailand for three years. Apart from this, our efforts were affirmed by many other accolades over the past year.

On behalf of KASIKORNBANK’s Board of Directors, executives, and employees, I would 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

01

Management Report

011	Management Discussion and Analysis
012	Overview of Operating Environment
017	Risk Management and Risk Factors
026	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 Ending December 31, 2018

In 2018, the overall Thai economy maintained its growth due largely to healthier growth of exports and tourism, especially in the first half of the year. Meanwhile, the government continued to implement measures to promote and strengthen the domestic economy through support of investment and private spending as well as bolstering opportunities for other economic sectors. Nonetheless, protectionism triggered by the US-China trade dispute dealt a blow to global economic activity, thus dampening Thai economic growth during the second half of the year. Other challenges included volatile foreign exchange movement and international capital flows as well as the rapid evolution of digital technology, which has shaped a new trend of consumption amid intensified borderless business competition via digital channel.

To brace for these numerous challenges, KBank prioritizes the leveraging of our strength as Thailand's number-one digital banking provider, with the aim of becoming the Customers' Life Platform of Choice under our core strategy of Customer Centricity for our business operation in 2018 and over the next five years in order to deliver an excellent customer experience. Meanwhile, we have upgraded our technological capability in order to act as a digital platform provider for both financial and non-financial services, as we continue to gear up for being "The Bank of AEC+3" along with being a Regional Digital Bank. We have established our business direction primarily by considering the balance of three dimensions – economy, society and environment – under good corporate governance, appropriate risk management and effective cost management. Along with this, we have prioritized the enhancement of our business capabilities to achieve sustainable growth and maintain our market leadership over the long term through collaboration and synergy with other companies within KASIKORNBANK FINANCIAL CONGLOMERATE, Muang Thai Life Assurance Public Company Limited and our strategic partners.

Being aligned with our business strategies for 2018, KBank and subsidiaries thus reported Baht 38,459 million in net profit, increasing Baht 4,121 million or 12.00 percent compared to the year before. The increase was mainly due to a decrease of Baht 9,278 million or 22.19 percent in allowance for impairment loss on loans, in line with our improved asset quality. Moreover, net interest income rose Baht 4,377 million or 4.65 percent, which was derived mainly from interest income from both loans and investments. Non-interest income decreased Baht 5,750 million or 9.17 percent, due largely to cancellation of fees for funds transfer via digital channels, and decrease in net premiums earned - net, while revenue from money market product increased from foreign exchange transaction. Moreover, other operating expenses increased Baht 1,976 million or 2.98 percent over-year, due mainly to marketing expenses.

Meanwhile, KBank's net interest margin (NIM) was at 3.39 percent, which was within the set target, and cost-to-income ratio was also close to the target, at 43.96 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 18.32 percent, with a Tier 1 capital ratio of 15.90 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 has developed investment technologies plus varied functions in alignment with investor behavior in the digital era. 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. Meanwhile, KASIKORN FACTORY & EQUIPMENT CO., LTD. enjoyed continually high loan growth. In addition, Muang Thai Life Assurance PCL retained its leadership in the bancassurance business, holding the second largest market share in total premiums.

To secure our status as a leading financial institution which can efficiently cope with potential economic uncertainties, KBank emphasizes predictive integrated risk management (IRM) through the establishment of comprehensive risk management principles and policies, a risk-aware culture Bank-wide, as well as good corporate governance. 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 2018.

Overview of Operating Environment



1. Global and Thai Economy in 2018 and Outlook for 2019

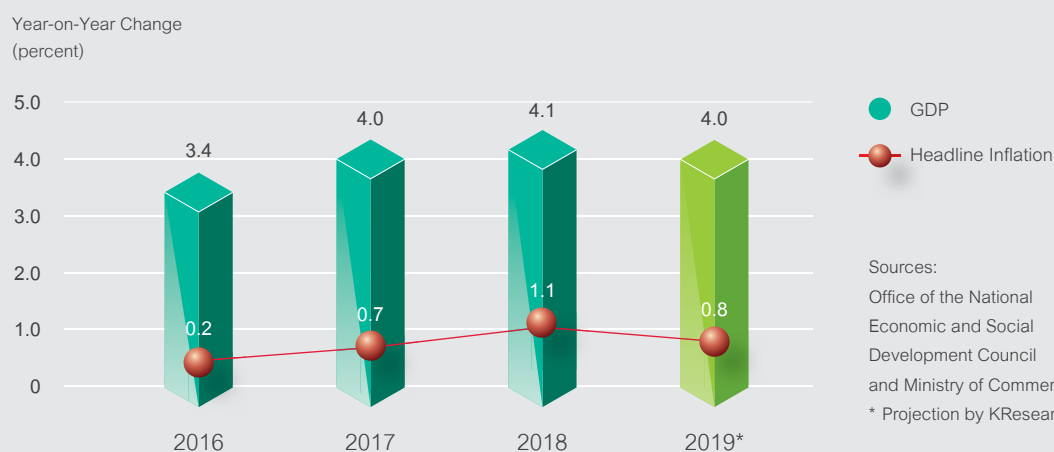
The global economy, especially China, several other Asian countries and those of the European Union, showed signs of a slowdown during the second half of 2018 primarily due to concerns about the US-China trade dispute. Despite of this, the World Economic Outlook of the International Monetary Fund maintained its global economic growth projection for 2018 at 3.7 percent, down only slightly from 3.8 percent in 2017. However, its growth projection for 2019 was revised downward to 3.5 percent, in line with slowing global trade volume and the risk of the UK leaving the EU without formal agreements. Meanwhile, developed and emerging market economies were projected to grow at 2.0 and 4.5 percent in 2019, respectively, down from 2018 projections of 2.3 and 4.6 percent.

Looking into 2019, a global economic slowdown may affect the monetary policy of central banks worldwide. The Federal Reserve has occasionally signaled that it may become less vigorous in its pursuit of monetary policy tightening. The US central bank is thus expected to deliver fewer rate hikes than last year,

even though the policy rate will continue to rise incrementally in 2019. At the same time, the European Central Bank and the Bank of Japan may keep their accommodative stance relatively intact in light of easing inflationary pressures amid weakening oil prices in the global market.

In Thailand, economic growth for 2019 is expected to decelerate to a range of 3.5 - 4.2 percent. Exports may record a slower growth rate in line with an economic slowdown among Thailand's trade partners and a high 2018 base. However, the Thai economy is expected to receive a boost from brighter outlooks in both public and private investment compared to 2018. Still, close attention should be paid to the government's budget disbursements, as well as global financial markets, which may experience occasional periods of volatility. Regarding inflation and the policy rate in 2019, headline inflation is expected to average 0.8 percent, lower than the 1.1 percent of 2018, as a result of easing energy prices at home in line with the global oil market. For Thai monetary policy, the Bank of Thailand's policy rate is expected to stay low, at 1.75 percent throughout the first half of 2019.

Thailand Economic Growth



2. Banking Industry, Competition and Emerging Risks

Banking Industry and Competition

Commercial banks' overall performance in 2018 recorded an increase in net profit compared to 2017 due to a decrease in allowance for impairment loss on loans at several commercial banks. Moreover, they recorded net profit from investment and an increase in net interest income in line with loan growth, especially high-yielding loans. Meanwhile, net interest margin (NIM) in 2018 remained close to the level of 2017. Nonetheless, net fees and service income declined as a result of cancellation of fees for funds transfer via digital channels and a decrease in income from insurance business. Our coverage ratio rose over-year, while gross NPL ratio decreased slightly from the end

of 2017, despite the deteriorating quality of loans granted to certain groups of customers, which still merits close watch.

As of the end of 2018, net loans at 14 domestically-registered commercial banks totaled Baht 11.633 trillion, rising 5.17 percent over-year, accelerating from the growth of 4.33 percent at the end of 2017. Meanwhile, deposits equaled Baht 12.578 trillion at the end of 2018, an increase of 3.96 percent, compared to the growth of 6.51 percent at the end of 2017. Even though deposits recorded slower growth than loans, overall liquidity in the banking system remained plentiful. KBank ranked fourth in assets, deposits and net loans in the commercial banking system, with market shares of 13.94 percent, 14.78 percent, and 13.97 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 table below:

(Unit: Million Baht)

Bank	Assets	Market Share (%)	Deposits	Market Share (%)	Net Loans	Market Share (%)
Bangkok Bank	3,008,242	15.87	2,262,490	16.79	1,875,908	14.95
Siam Commercial Bank	2,860,127	15.09	2,156,936	16.01	2,022,277	16.12
Krung Thai Bank	2,656,181	14.02	2,042,948	15.16	1,823,362	14.53
KASIKORNBANK	2,641,150	13.94	1,991,423	14.78	1,752,325	13.97
Bank of Ayudhya	2,049,902	10.82	1,420,893	10.55	1,502,571	11.98
Thanachart Bank	984,124	5.19	753,945	5.60	679,939	5.42
TMB Bank	888,151	4.69	649,575	4.82	652,714	5.20
United Overseas Bank	525,142	2.77	405,299	3.01	372,178	2.97
CIMB Thai	350,377	1.85	185,215	1.37	209,094	1.67
Kiatnakin Bank	295,137	1.56	182,206	1.35	220,160	1.75
TISCO Bank	290,700	1.53	195,216	1.45	225,559	1.80
Land and Houses Bank	238,658	1.26	168,171	1.25	158,118	1.26
ICBC (Thai)	199,700	1.05	102,142	0.76	106,306	0.85
Standard Chartered Bank (Thai)	151,860	0.80	61,351	0.46	32,449	0.26
Sumitomo Mitsui Trust Bank (Thai)	76,731	0.40	20,337	0.15	50,776	0.40
Bank of China (Thai)	50,266	0.27	29,417	0.22	34,740	0.28
Thai Credit Retail Bank	50,130	0.26	42,133	0.31	42,391	0.34
ANZ Bank (Thai)	33,056	0.17	10,259	0.08	18,256	0.15
Mega International	22,318	0.12	12,137	0.09	17,721	0.14
Domestically-registered commercial banks	17,371,951	91.67	12,692,093	94.21	11,796,843	94.02
Foreign bank branches	1,578,656	8.33	779,747	5.79	750,188	5.98
All commercial banks	18,950,607	100.00	13,471,840	100.00	12,547,030	100.00

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

For the outlook of commercial banks in 2019, loans – a core business – are likely to maintain growth. However, overall loan growth and loan quality may hinge mainly on recovery in economic activity. Amid the ongoing transition to the digital age in 2019, commercial banks may have to brace for intensified competition, especially in expanding their customer base and income from financial transactions and services via digital platforms to offset lost income from reduced digital transaction fees. Moreover, commercial banks have to make preparations for regulatory changes, especially new mortgage measures which will come into force in April 2019, implementation of the Basel III capital requirements, and preparations for International Financial Reporting Standards (IFRS9) in 2020.

Emerging Risks

Over the next five years, the Thai banking system will face numerous challenges. Aside from impacts on economic and business trends, they may affect the commercial banking business, directly and indirectly. In detail:

1. Cyber Security Risk: Amid rapid technological change, Thai consumers have readily embraced the new tech trends. Obviously, economic activity, businesses and payment have shifted into the digital realm. Meanwhile, cyber threats have become more sophisticated, as seen from their application of state-of-the-art technologies. Against this backdrop, commercial banks have become more prone to cyber security risk. According to Symantec, among the top cyber security threats of 2019 will be, for instance, the use of artificial intelligence (AI) to find vulnerable points in networks or systems, and to build very realistic duplicates of human voices for use in fraudulent activities. Meanwhile, the proliferation of 5G smart devices in the form of the Internet of Things (IoT) will make security systems more vulnerable to cyberattacks. Looking forward, cyber security risk will remain critical in line with an increasing volume and value of economic and financial activity in the digital realm.

In response to these challenges, each commercial bank prioritizes the continual development of cyber security policy, processes and systems in line with internationally recognized standards. In collaboration with its 23 member banks, the Thai Bankers' Association has established Thailand Banking Sector Computer Emergency Response Team (TB-CERT) with the support of the Bank of Thailand and the Electronic Transactions Development Agency (Public Organization), to unite in making preparations to combat cyber threats, ensuring customers of efficient IT cyber security when using financial services through electronic channels.

2. Technological Failure Risk has become critical amid global economic growth and the increased linkage of economic and financial activities in the digital world. This trend will likely be evident in a foreseeable future. To cope with this challenge, the business sector, including Thai commercial banks, has become more vigilant in updating its technological systems to ensure that it can cope with possibility of a significant surge in transaction volume. Nonetheless, commercial banks are likely to be exposed to technological failure risk in the future given the different levels of technological readiness among peers, and between banks and other businesses, as well as sudden shifts in circumstance such as a change in transaction volume caused by unique factors, cyber threats, or any defects from technological connectivity and upgrades. Thai commercial banks have thus prioritized technological failure risk management at both the bank level and system-wide to ensure that customers and stakeholders are efficiently protected from this risk.

3. Non-Conventional Competitor Risk: Given the proliferation of technologies that has shaped new trends of consumer behavior, the line of business operations between commercial banks and other businesses has become less distinct. Of late, players in e-commerce, retail, telecommunications, logistics and transport as well as fintech business, both domestic and international, have joined the fray to provide financial services to local customers. Given this development, non-conventional competition has emerged as a new risk wherein players compete to launch new products and services, and pricing competition has become more prevalent. To cope with these challenges, Thai commercial banks must be well-prepared, and ready to fine-tune business strategies in a timely manner to remain competitive.

4. Regulatory Risk: Given that commercial banks are deposit-taking institutions which play a vital role for the nation, they are required to comply with relevant domestic and international rules and regulations at present and in the future. The latest trend focuses on consumer rights protection to ensure their highest benefit, support of financial service competition, transparent data disclosure and maintenance of financial stability, among others. Meanwhile, commercial banks' customers, especially small and medium-sized enterprises (SMEs), are having to brace for regulatory changes as well. These include the single-account scheme, taxation of funds transfer for online purchase, and a land and building tax – all of which will come into force during 2019 - 2020, as well as other regulatory changes both at home and abroad in the future. Commercial banks must therefore adjust their business undertakings in compliance with the changing regulations in order to mitigate their impacts upon them directly or indirectly via customers, and maintain profitability.

5. Climate Change Risk: 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 businesses dependent mainly on domestic consumption. Harsh weather also deals a serious blow to households' properties and quality of life. These extreme events – exacerbated by man-made pollution – have lately triggered the PM 2.5 fine dust particle problem which is harmful to human health. All of these events, which are spreading across the globe, have an adverse impact on individuals and the economy as a whole, in the short and long term, and will inevitably hurt commercial banks' opportunities and business operations.

3. Significant Regulations and Rules related to Business Operations*

Significant regulations and rules that may have affected KBank's and K Companies' business operations included:

Rules for Home Loan and Top-up Loan

The Bank of Thailand has issued Notification No. SorNorSor. 24/2561 (2018) Re: Rules for Home Loan and Top-up Loan, effective April 1, 2019. KBank has in place relevant procedures to accommodate the new regulation, which is summarized below:

1. Minimum down payment or the loan-to-value ratio (LTV) has been established to better reflect overall risk. New criteria for two or more mortgage loans applied for concurrently are as follows:

- Minimum down payment of 10 percent is required for collateral valued at less than Baht 10 million under the first mortgage loan contract where repayment has been made for not less than three years.
- Minimum down payment of 20 percent is required for collateral valued at less than Baht 10 million under the first mortgage loan contract where repayment has been made for less than three years. In cases where collateral value is Baht 10 million or more, repayment period under the first mortgage loan contract shall not be taken into account.
- Minimum down payment of 30 percent is required under the third (onward) mortgage loan contract, regardless of home price.

2. All types of top-up loans which are based on the same collateral as that of the requested loan shall be included in the loan amount, except for: (1) Mortgage Reducing Term Assurance (MRTA) and loan for collateral protection insurance as a risk prevention for borrowers and a bank; and (2) SME loan to help SME entrepreneurs gain better access to funding sources.

Rules regarding Auditor Rotation in Capital Market

The Office of the Securities and Exchange Commission (SEC) issued Notification Ref. No. ThorJor 75/2561 (2018) Re: Criteria, Conditions and Method for Reporting of Data Disclosure related to Financial Standing and Operating Performance of Companies which Issue Securities; and Guidance No. NorPor. 5/2561 (2018)

* Details related to other Significant Regulations and Rules related to Business Operations during 2018 can be found in the Management Discussion and Analysis (MD&A) reports for the quarters ending March 31, 2018, June 30, 2018, and September 30, 2018.

Re: Guidelines for Auditor Rotation and Relaxation of Auditor Rotation in the Capital Market, dated November 20, 2018, both coming into effect January 1, 2019. The new regulations stipulate that listed firms shall rotate auditors who have performed their duties for seven accounting years, whether those years are consecutive or not, and those auditors are then required to take a break from auditing tasks for that firm, for five consecutive accounting years. To comply with the rules, KBank has put in place measures related to this mandatory audit rotation.

Ministerial Regulation Concerning Use of Additional Types of Assets as Business Collateral B.E. 2561 (2018)

The Ministry of Commerce issued Ministerial Regulation Concerning Use of Additional Types of Assets as Business Collateral B.E. 2561 (2018), in accordance with the Business Security Act B.E. 2558 (2015), which allows “perennial trees” to be registered as business collateral. Its objective is to encourage people to grow high-value trees in order to create economic value and to maximize the use of their lands, while also allowing the general public to gain more access to loans. This new regulation came into effect on November 5, 2018.

However, enforcement of this regulation requires an amendment to the Forest Act B.E. 2484 (1941), in order to repeal the prohibition of cutting of all tree types, including restricted trees, on land under private ownership. This process is now under the government’s deliberation.

KBank is now studying criteria and guidelines for collateral appraisal, setting up of credit limit, collateral maintenance and care, and collateral enforcement, while also adjusting internal processes and developing employees’ skills to accommodate the task of underwriting loans with trees pledged as collateral. This may take some time in order to ensure that the value of collateral is sufficient to compensate for losses that may be incurred from a borrower’s debt default.

Financial Institution Business Act (No. 3) B.E. 2561 (2018)

Financial Institution Business Act (No. 3) B.E. 2561 (2018) contains a salient point on amendment to the Bank of Thailand’s limited authority under Financial Institution Business Act

B.E. 2551 (2008) to ensure enhanced efficiency in supervising specialized financial institutions. According to the new law, the Bank of Thailand (upon approval of the Minister of Finance) shall be authorized to determine additional criteria that specialized financial institutions must comply with, regarding the following issues:

1. Qualifications and prohibited characteristics of directors, authority and seeking of approval
2. Capital and asset maintenance
3. Investment of specialized financial institutions
4. Risk supervision and consumer protection
5. Lending prohibitions
6. Asset classification and provisioning
7. Asset management and maintenance of reserve requirement
8. Accounting and reporting

In addition, if specialized financial institutions’ financial standing or operations may adversely affect the government’s benefits, the Bank of Thailand (upon approval of the Minister of Finance) shall propose that competent authorities governing financial institutions consider taking necessary actions. This new law was published in the Government Gazette on November 21, 2018, and is to take effect on February 20, 2019.

Even though this law has neither direct involvement with nor direct impact upon KBank’s business operations, it may be of benefit to the nation’s financial and banking sector. The statute will lead to enhanced efficiency in the supervision of, and raise the standards of operation and risk management for, specialized financial institutions to be on par with those of commercial banks, and should thus be beneficial to the country’s overall economic and financial systems.

International Financial Reporting Standards (IFRS)

KBank continued to implement the IFRS Conversion Project in preparation for compliance with IFRS 9, and progress was steady. In 2018, the project worked with public agencies via the IFRS Club and the Thai Bankers’ Association, and reached a conclusion on operational guidelines and effective date appropriate for Thailand. For our internal management, we are developing and testing the work system along with conducting a parallel run, as well as adjusting relevant work processes.

Risk Management and Risk Factors*



1. Overall Risk Management

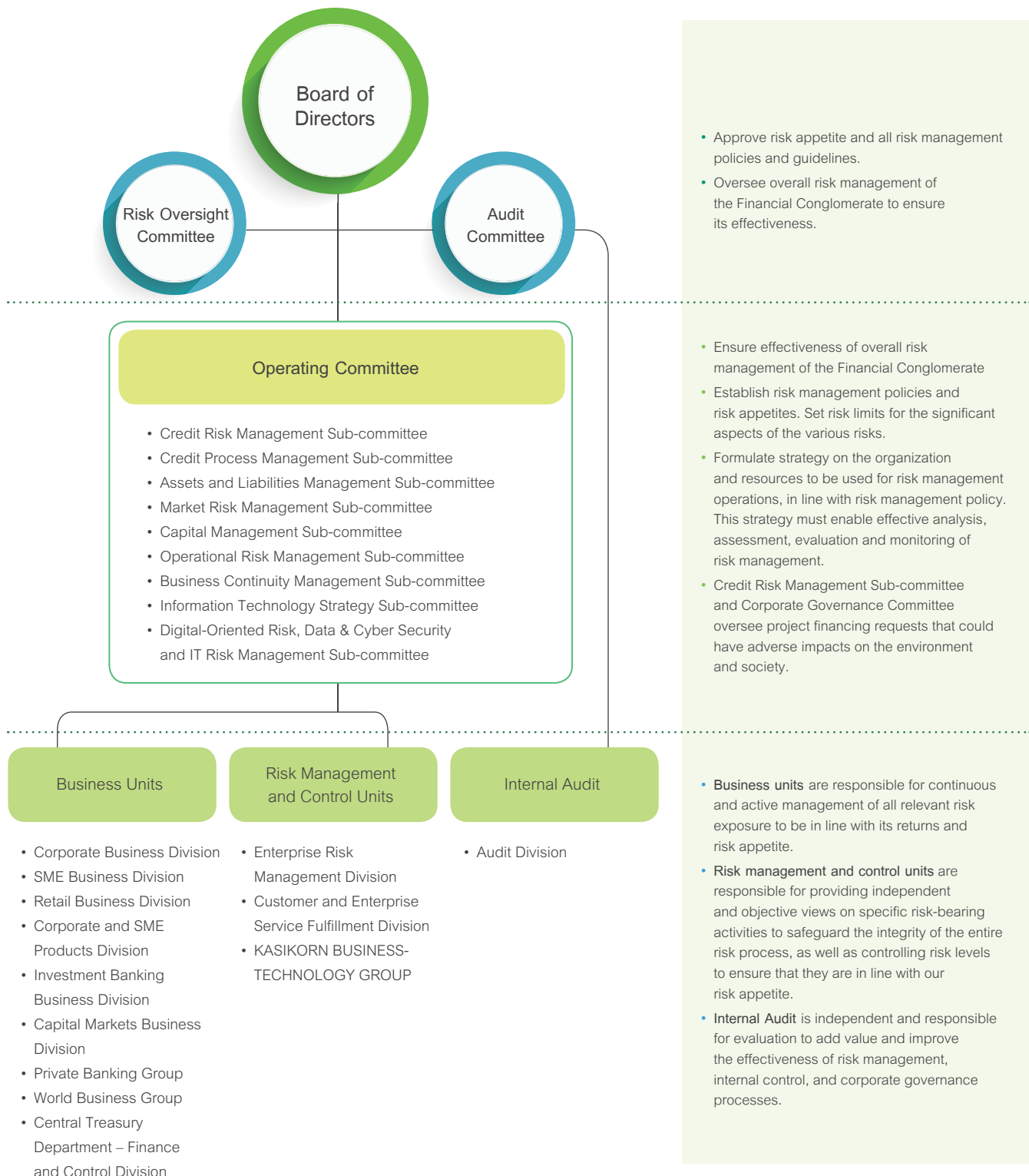
Risk Management is an integral part of our organizational culture. We have established risk management policy and risk appetite, and risk management has taken into account when formulating our strategies and business undertakings to support business growth. This is to ensure sustainable profitability and maximize stakeholders' returns. 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 risks, e.g., credit, market, liquidity, operational, digital and strategic risks. KBank's risk management structure clearly determines duties and

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

KBank's risk, capital and liquidity management is under the supervision of the Board of Directors, which is responsible for ensuring the appropriate level of capital and liquidity to accommodate our present and future business operation. Meanwhile, KBank ensures that policies, processes and systems for controlling, monitoring and reporting risks, capital and liquidity 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, capital and liquidity management to the public.

* 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.

Risk Management Structure*



* Data as of December 31, 2018

Key Developments to Strengthen Risk Management

KBank places the great emphasis on effective and proactive risk management. Risk management policies, tools and processes have been developed and are reviewed regularly to guard against rising risk trends in line with market volatility, changes in regulatory requirements, including domestic and global economic policies. Relevant actions taken are as follows:

- **Establishment of the Risk Oversight Committee** to increase level of independence of risk governance structure and enhance risk management effectiveness.
- **Expansion of scope of operations for IT Security Management Systems ISO 27001:2013:** KBank's information security management system has been awarded ISO 27001:2013 certification for the fifth consecutive year. This year, our scope of operation has been extended to include Imaged Cheque Clearing and Archive System (ICAS), Bank of Thailand Automated High-value Transfer Network – BAHTNET, technology infrastructure and data center.
- **Installation of a global-standard data leak prevention system for broader coverage:** Significant efforts range from the classification and assessment of risks arising from data usage to employees' use of mobile devices, to ensure that all data transmissions on KBank's system network by each unit can be detected, leading to efficient data leak prevention.
- **Implementation of measures for controlling advanced digital risk** including advanced threat prevention, proactive threat detection, and timely and effective threat response, for enhanced capability in tackling digital risk and cyber security challenges while staying ahead of fast-changing cyber threats that are always becoming more diverse and more complicated.
- **Reinforcing a cyber risk-aware culture** that involves the Board of Directors and high-level management, employees, customers and suppliers of KBank, through dissemination of knowledge in various media such as e-Learning, Security Newsletter, Cyber News Alert, online games and infographics. Moreover, a phishing drill exercise is conducted to raise employees' awareness of the phishing threat.
- **Preparation for Basel regulatory reform:** KBank continuously monitors Basel regulatory changes and the Bank of Thailand's policy guidelines for financial institution supervision to assess and forecast potential impacts on our capital and liquidity. Management guidelines have been established to ensure work system readiness and preparation of data required for the new criteria to ensure that our capital adequacy and liquidity position are appropriate for our operations per the business plan.
- **Continual monitoring of processes and econometric models for stress testing** to ensure that KBank's business growth is within the approved risk limit while improving efficiency in our risk and loan loss reserve management as well as capital adequacy and liquidity position assessment for improving of our forward-looking and preventive portfolio management to comply with the Bank of Thailand's regulations and directions.
- **Value-Based Management (VBM):** KBank has continued to apply VBM concept to risk management at both Bank-wide and segment/product level while setting the direction of credit portfolio and business targets at customer and product levels on a continual basis. In addition, VBM has been applied to capital management to strive for the highest capital efficiency while ensuring capital adequacy under normal and stress scenarios, to create confidence among shareholders over the long term. All these endeavors have been undertaken with consideration of a new regulatory landscape, changing economic circumstances and risk trends to ensure that KBank's business can maintain healthy growth within appropriate risk limits under normal and stress scenarios.

- **Development of risk management system and framework for capital market and treasury business:** Focus has been on holistic risk management to support needs for product variety amid fast-changing market conditions, with the proliferation of business innovations in order to integrate our services in alignment with customer needs while also maximizing efficiency for KBank under an appropriate risk appetite.
- **Monitoring of initiative implementation to comply with market conduct policy** to ensure that KBank has effectively and practically implemented market conduct management which is in alignment with customers' needs and purchasing power, through in-depth understanding of them. These efforts ensure that customers receive fair treatment through the offering of complete and accurate information about products and services.
- **Reinforcing of a market conduct culture** via the "Honest KBank People" campaign: To this end, KBank has arranged for internal communications under the "Responsibility, Transparency and Fairness" principles to promote a market conduct culture via various communication channels as part of our K-Culture program.
- **Development of Fraud Management and Intelligent System** to ensure enhanced security for customers' transactions and increased efficiency in fraud detection via transaction fraud module for a broader coverage of transactions via various channels.
- **Improvement of operational risk management across all channels:** Controlling measures have been reviewed, assessed and developed in every service channel including physical branches, electronic branches, banking services outside branches, digital channels, K-Contact Center and KBank Service for appropriate operational risk management.

2. Risk Management

KBank has placed an emphasis on comprehensive risk management such as credit risk, market risk, liquidity risk, operational risk, digital risk and strategic risk, all of which are 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. KBank thus places significance on credit risk management compatible with international standards and regulatory requirements to ensure sustainable growth and reasonable returns to stakeholders.

In 2018, KBank focused on customer service and credit risk management for every customer segment. Customers' businesses were challenged by international protectionism, limited purchasing power at home, and a changing business landscape due to digital disruption. KBank thus put in place more stringent customer screening criteria, particularly for small and micro businesses as well as retail customers, while the Bank also sought to acquire customers with stronger financial status and sound debt servicing ability. KBank has also emphasized customers' early warning sign detection and behavior monitoring to ensure efficient monitoring, 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 involved, as well as promote business capability.

Portfolio Management

KBank emphasized active portfolio management corresponding to prevailing circumstances, particularly economic factors that could affect our customers and our portfolio quality. Via Active Credit Portfolio Management (ACPM) and stress testing, KBank ensured timely portfolio management towards any deviation against our planned targets. Meanwhile, KBank has also 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 customer segments, product domains and industry outlooks, to maximize returns from each customer segment portfolio under defined risk appetite.

We have adopted credit risk management mechanisms as follows:

- **Set up Credit Risk Management Sub-committee and Credit Process Management Sub-committee.** The committees manage a balance between credit risks and process efficiency to ensure effective risk management and consistency of relevant credit processes, thus allowing KBank to deliver a good customer experience.
- **Revise customer screening criteria 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.
- **Establish risk management mechanism 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.
- **Monitor customers' credit line utilization and customer status via early warning signs.** Guidance has been provided for Relationship Managers (RMs) to contact customers at an early stage when early warning signs are detected.
- **Manage credit concentration risk** in terms of borrower group concentration, sectoral concentration and country concentration. Credit exposures are maintained within predetermined limits, per the Bank of Thailand's Single Lending Limit (SLL) framework and guidelines for country risk management, as well as the Basel guidelines on credit concentration risk management. As of December 31, 2018 borrower concentration was within the established limit.

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. Guidelines for preferable and discouraged practices are also defined to ensure quality of credit extension.

KBank's credit risk management is based on current, transparent and qualified data. The credit approval processes and systems are designed 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 profiles. Relationship Managers (RMs) are responsible for analyzing and proposing suitable credit products and services to match customer needs, presenting credit proposal to credit underwriters according to the defined approval authorities, and continual monitoring customer status.

For retail 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. KBank has also focused efforts on credit approval process improvement, while ensuring risk levels under a defined risk appetite.

Aside from the above practices, KBank realizes 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, including project monitoring throughout the credit term.

Post-Credit Approval Operations

To achieve standardized and efficient credit operations, KBank has centralized credit operations covering legal and contract-related matters, preparation of collateral agreements, credit limit setup, credit disbursement, credit-related document storage and credit data support. KBank also set up processes to monitor customer credit-utilization behavior, 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.

Regarding debt collection from large business customers, KBank assesses debt quality closely, using established indicators to ensure timely management prior to delinquency. KBank has also set up guidelines, such as those for credit review and limit suspensions, specific to each customer segment, according to segment risk characteristics.

Regarding small and micro business as well as retail customers, all likely to be affected by the slowing economy and mounting household debts, we have enhanced our recovery and collection strategies to better respond to the varied 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 ensure 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, the value of financial

assets and liabilities as well as off-Statement of Financial Position transactions. KBank engages in a consolidated risk management framework through development of essential infrastructures and processes for timely and appropriate management of the 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 2018, global financial markets were quite volatile due mainly to the unresolved US-China trade war. Emerging countries, including Thailand, felt the impact of the situation given their heavy reliance upon exports to both the US and China. As a result, the Baht weakened occasionally. Regarding interest rates over the past year, the Federal Reserve raised its policy rate by a total of 1 percent across four occasions in 2018, prompting US Treasury yields to be on the rise. Given this, Thai bond yields saw an increase in tandem. The Monetary Policy Committee (MPC) hiked the policy rate by 25 basis points in December, the first increase in seven years. Looking ahead to 2019, the US-China trade war will remain a major drag on investor confidence, which may result in ongoing financial market volatility, perhaps leading to capital outflows. Still, Thailand's healthy fundamentals, as evidenced by low foreign debts, high current account surplus and sufficient foreign reserves, will help contain any capital outflows.

Market Risk in Trading Book Activities

KBank's trading activities are exposed to risks of interest rate, foreign exchange, equity 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 Division.

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 rate fluctuations. These may, therefore, have an adverse impact on net interest income and economic value of KBank.

KBank manages its 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 that the impact of interest rate changes on net interest income or underlying economic value of KBank is under control.

KBank continually monitors interest rate risk in banking book activities by assessing interest rate risk gap and 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, 2018
	+100 bps
THB	(264)
Foreign Currencies	0
Total Effect of Interest Rate Change	(264)

- **Equity Risk in Banking Book Activities**

KBank has no policy to increase investments on equity that are not related to our financial business operations. Data analyses and close assessments of relevant events have been employed in order to managing equity investment 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. KBank has a monitoring process and control measures in place to ensure that risk is within an acceptable level. Foreign exchange risk management is under supervision of the Assets and Liabilities Management Sub-committee, with the goal of obtaining the highest returns under the risk limits approved by the Risk Oversight Committee and the Board of Directors.

Liquidity Risk Management

Liquidity risk is defined as the risk caused by a failure to obtain sufficient funds at appropriate costs to meet obligations when they come due, and/or an inability to convert assets into cash.

Liquidity in the banking system during 2018 was ample due to continual growth of both loans and deposits. However, liquidity management at given periods may vary from bank to bank, depending on its liquidity position and management guidelines. KBank has been fully equipped with tools for appropriate liquidity management both in terms of foreign currencies and Thai Baht to protect ourselves against any potential liquidity shortage. Aside from efficient monitoring of liquidity risk, in light of situations that may incur risk indirectly, we have also adopted a Business Continuity Plan to guard against disruptions to essential operations and systems, allowing us to fulfill our obligations in the event of an emergency.

KBank has assessed and conducted liquidity risk through liquidity gap analyses covering both normal and crisis situations, by employing liquidity stress tests covering three scenarios, i.e., liquidity crises that are either bank-specific, market-wide, or a combination of both circumstances. In addition, KBank applies world-class standards for liquidity risk indicators, such as the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), in our liquidity risk control and management.

KBank has also developed tools to assess and analyze liquidity risk that meet international standards. 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 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.

Closely monitored factors that could affect our liquidity and interest rate risks include:

- Global and Thai economic outlook over the short and medium terms, including impacts from the US-China trade war
- Key policy rate trend of the Bank of Thailand and major central banks
- Direct and indirect foreign capital movements triggered by internal and external risks
- Intensified competition among financial institutions in savings and investment products that may affect overall liquidity in the banking system
- Increasing demand for loans which could generate pressure on liquidity in the system.

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 preventive measures.

In 2018, KBank focused on sound risk management of key business processes and in conformity with policies and operational regulations. These included a Market Conduct Policy, which was communicated to employees and promoted as part of our K-Culture program under the "Responsibility, Transparency and Fairness" principles.

Digital Risk Management

Digital risk refers to risk that may arise from financial 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, either directly or indirectly.

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

In 2018, KBank revised the digital risk control system development plan in conformity with the current cyber threat environment and past performance, to achieve the target of sound risk management. We prioritize risk control including prevention against, 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:** The Risk Oversight Committee is responsible for supervising risk management in alignment with risk management policy and strategy, and consistent with the established risk appetite.
- **Policies:** We have reviewed and revised relevant policies to be consistent with our organizational structure and KBank's Vision of maintaining our growth and leadership of Thailand's digital banking service market, as well as regulatory requirements, thus allowing KBank to efficiently cope with present and future threats.
- **Processes and technology:** Emphasis has been placed on extension of information security management standards to ensure broader coverage of financial transactions and services. Along with this, we have implemented data leakage preventive measures while also bolstering the capacity to protect ourselves from advanced threats.
- **People and culture:** KBank emphasizes the creation of a cyber risk-aware culture which involves four personnel groups, i.e., the Board of Directors and senior management, employees, customers and suppliers of KBank. Notable endeavors included a phishing drill, together with exercises and communications on phishing threats.

Strategic Risk Management

At KBank, strategic risk management has been highlighted and integrated into the organization's strategy formulation and implementation process. 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 solutions.

Strategic risk management refers to management of risks that arise from formulation and implementation of strategic and business plans that are unsuited to and inconsistent with internal factors and the external environment, which may affect earnings, capital fund or viability of the business. For 2018, material factors affecting strategic risk included local and global economic growth, technological advances which affected consumer behavior and demands, as well as government policies and new rules and regulations for financial institution supervision. Our strategic risk management can be divided into two parts, as follows:

- **Strategic risk management for strategic content** is conducted by monitoring changes in external and internal environments which affect business operation, including expectation of changes for better preparedness, by setting up Key Risk Indicators (KRIs) for strategic content to enable us to regularly monitor and review Bank-wide strategies as well as business units' strategic plans in a timely and manner.
- **Strategic risk management for strategy execution** is conducted by:
 - Preparing financial performance reports and Balanced Scorecard (BSC) reports regularly; we also arrange meetings regarding our strategies to address and manage specific issues, in order to achieve unified solutions.
 - Establishing KRIs for strategy execution which cover KBank infrastructure and resources.

Business Directions and Operations of Core Businesses



1. Sustainable Development and Corporate Governance

Sustainable Development in Action*

KBank has given particular attention to nine of the 17 United Nations Sustainable Development Goals (SDGs), while also granting support to the others, with the aim of generating sustainable value for all our stakeholders under our sustainable development operation in the economic, social and environment dimensions.

KBank Sustainability Framework, Goals and Policies

KBank Sustainability Framework



KBank has given particular attention to nine United Nations Sustainable Development Goals (SDGs) as being in perfect agreement with our Material Issues, while giving full support to other eight goals, as well as, to help us generate sustainable value to all stakeholders.

Goals

Sustainable Development Policy



Economic Aspect

- Business operations defined by good corporate governance principles
- 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

* More details on Sustainable Development and Materiality for both KBank and stakeholders can be found in Sustainability Report 2018.

Material Aspects and Boundaries

KBank has compiled and prioritized material aspects that affect our business – as well as those emphasized by our stakeholders – against global sustainability standards and important issues adopted by leading global banks. We have also considered all of our material issues of 2017, along with present and future risk factors, based on the opinions of all stakeholders, including shareholders, the Board of Directors, employees, customers, counterparties, competitors, creditors, and communities, environment and society via participation processes, such as surveys and in-depth interviews. These viewpoints were then analyzed and prioritized, and concluded into operational guidelines that respond to stakeholders' concerns.

Materiality Assessment Processes

1. Identification

- The material aspects of 2017 were reviewed.
- Studies were conducted on related aspects set out in other sustainability standards, for example, the Dow Jones Sustainability Indices (DJSI) and the sustainability aspects emphasized by banks worldwide per Sustainability Accounting Standard Board (SASB) guidelines.
- KBank then compiled and screened all material aspects that are significant to KBank and the stakeholders' decision making, and submitted the findings to the Board of Directors, Division Heads and outside stakeholders for review and assessment, as mentioned below:

- Internal Boundary

KBank compiled the opinions of the Board of Directors, Division Heads and employees of KBank, K Companies and P Companies via questionnaires; the information gained was compared with KBank's strategies and key risk factors over the short and long terms.

- External Boundary

KBank gathered the opinions of customers, investors, regulators, counterparties, competitors and communities via questionnaires and in-depth individual interviews in the forms of meetings and telephone conversations, in order to learn about stakeholders' significant issues and expectations.

2. Prioritization

- KBank analyzed and reviewed the information gained from internal and external stakeholders.
- Prioritization was made into 20 aspects of three magnitudes: 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 could acknowledge the stakeholders' opinions and use them to define operational guidelines that are tailored to the stakeholders' requirements.
- KBank reported the material aspects to the Corporate Governance Committee for endorsement, for further submission to KBank Board of Directors for acknowledgement and disclosure 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 future reports.

In the Sustainability Report 2018, there are 20 Material Issues per the GRI Standard: Core Option, compared to 13 Material Issues in the Sustainability Report 2017, with the following details:

Prioritization of Material Aspects



Changes in Material Issues

1. New Material Issues in this report include “Cyber Risk Management”, “Sustainable Supply Chain Management”, “Impact Measurement and Valuation”, “Financial Literacy” and “Addressing Climate Risks and Opportunity”.
2. The issue of human resource management in the Sustainability Report 2017 was divided into three issues: “Labor Practice, Diversity, Inclusion and Equality Opportunity”, “Human Capital Development” and “Employee Well-being” in the Sustainability Report 2018.

Corporate Governance

KBank strongly believes that good corporate governance is essential for sustainable business operations. Aside from creating confidence among all shareholders and stakeholders, it is instrumental in making KBank a Bank of Sustainability. In 2018, we conducted a review of the charters, principles and policies related to corporate governance and sustainable development to keep them up-to-date and appropriate for KBank business, in conformity with laws and best practices. Our corporate governance practices were also under review to ensure our compliance with the CG Code of 2017 and the ASEAN CG Scorecard.

In addition, a number of activities were undertaken continually to promote our good corporate governance practices, including orientation sessions held for new directors, training provided to executives and employees through various programs on the Code of Conduct and the Anti-Corruption Policy, and risk management of modern organizations through Corporate Governance, Risk Management and Compliance (GRC). Moreover, a meeting was arranged to equip representatives of K Companies and P Companies



KBank and Thailand Post Co., Ltd. promoted the cashless society via QR Code payment on K PLUS, being the most convenient and secure way to make instant bill payments without the need to use cash.



KBank joined hands with Grab to promote the “Digital Lifestyle Ecosystem” under the “Better Together” concept.

with relevant knowledge and thus ensure efficient and common practices in corporate governance, risk management and internal control. Highlighting our commitment to anti-corruption efforts of all forms, we took part in a show of support to celebrate National Anti-Corruption Day 2018, and unveiled our no-gift policy to promote good governance practices.

2. Business Directions of KASIKORNBANK and the Wholly-owned Subsidiaries of KASIKORNBANK in 2018 and Outlook for the Next Five Years

KASIKORNBANK operates business with the foundation of Bank of Sustainability in order to create the balance of three dimensions – economy, society and environment – under good corporate governance, appropriate risk management and effective cost management. Guided by our core strategy of Customer Centricity, we emphasize the development of digital solutions with the aim of becoming “Customers’ Life Platform of Choice”. In parallel, we have focused on greater efficiency in business and work processes through collaboration and synergy with other companies within KASIKORNBANK FINANCIAL CONGLOMERATE, Muang Thai Life Assurance Public Company Limited and our partners for service quality improvements, in order to deliver an excellent customer experience under the single brand of KASIKORNBANK.

In alignment with our strategy of becoming Customers’ Life Platform of Choice, we prioritize total solutions through the offering of products and services via service channels,

to be the most preferred platform that can fully meet the needs of all customer segments in every aspect of their lives anytime, anywhere. Our endeavors for each business are as follows:

- **Retail Business:** KBank has conducted Big Data processing based on customers’ behavioral needs as reflected in service use. The data has been analyzed in an effort to understand and anticipate each individual customer’s needs. Along with this, we have collaborated with our partners in various businesses to develop multiple products and services which are offered via physical branches and digital channels to ensure customer ecosystem that accommodates every aspect of their lives for the best customer experience, enhanced competitiveness and sustainable business operations over the long term.
- **SME Business:** KBank aspires to become a Total Solution Provider for our SME customers. Through solid teamwork among our Relationship Managers (RMs), who are well-versed in KBank products, and branch officers who have in-depth understanding of our customers’ businesses, we will also deploy innovative digital technologies along with knowledge-based assistance and business networking, with emphasis given to asset quality management, for the sustainable business growth of both our customers and KBank, alike.
- **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.



KBank and the Bank of East Asia (BEA), Hong Kong's leading bank, collaborated in trade and investment in order to strengthen the business sector.



KBank and Stanford University, USA, launched the "Stanford RISE Thailand Consortium", aimed at addressing important national problems through business experience and capacity of banks.



KBank signed a cooperation agreement with Vietnam's Agency for Enterprise Development (AED) and Ministry of Planning and Investment (MPI) in the development of SMEs and startups in Vietnam.

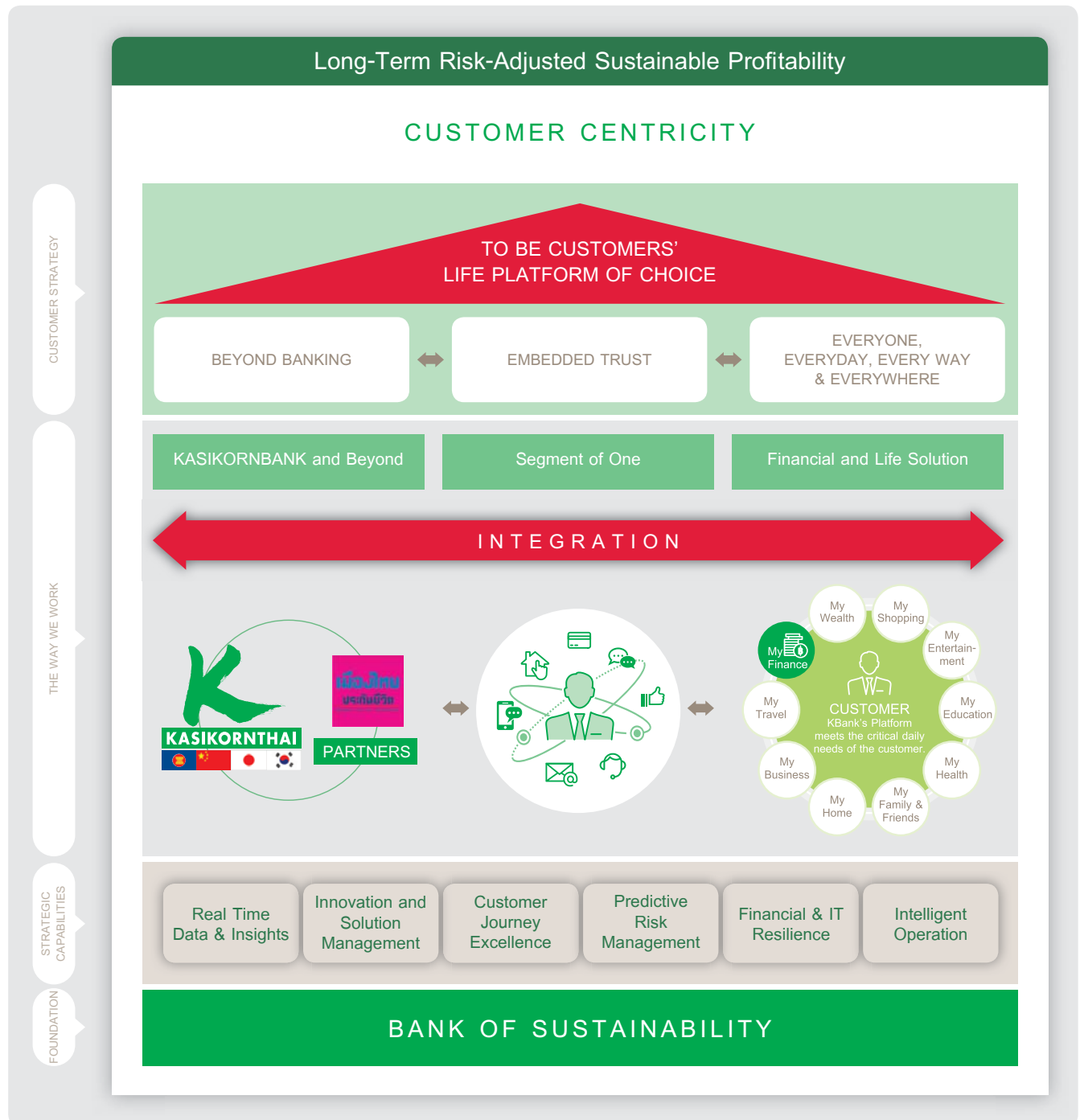
Along with this, we have given staunch support to their transactions via all formats of electronic channels, while focusing on the offering of products and services responsive to all parties, including customers, suppliers, business owners and employees throughout the ecosystem, for increased competitiveness and effective business management in a comprehensive manner. These efforts are aimed at maintaining our status as customers' Main Operating Bank (MOB).

Meanwhile, KBank continues to gear up for being "The Bank of AEC+3" along with being a Regional Digital Bank. We have upgraded our digital capability in providing customers financial services for the purpose of saving and investment, borrowing, transactions and risk prevention via electronic channels. This allows us to have better understanding of customer demands and improved access to a larger number of customers in each country. In addition, we act as a digital platform provider for both financial and non-financial services, reinforcing our potential in broadening our customer base in the digital age – as we aim to make KBank the Regional Life Platform of Choice.

Together with these strategies, KBank has prioritized the upgrading of our capability in data compilation and analytics. This will allow us to anticipate each individual customer's needs under the "Segment of One" while also creating innovative products and comprehensive services for excellent customer experience. In keeping with changing expectations, we tailor multiple service channels which provide customers greater convenience and speed in using services, with ever-greater consideration of consumer protection and customer privacy. What's more, we concentrate on maximized resource utilization, and efficient IT and information management through appropriate structures and tools, together with human resource management that focuses on employee development, leadership enhancement and organizational culture reinforcement as well as talent development and recruitment for future business operations. Along with this, our work format and organizational structure have been reconfigured to cope with the fast-changing business landscape.

To secure our status as a leading financial institution which can efficiently cope with potential economic uncertainties, KBank emphasizes predictive integrated risk management (IRM) through the establishment of comprehensive risk management principles and policies, a risk-aware culture Bank-wide, as well as good corporate governance, in strict compliance with relevant rules, regulations and laws, to ensure that we maintain the trustworthiness of our business operations, as recognized internationally.

The Extended K-Strategy



3. Customer Segments and Services

During 2018, KBank continued to adhere to our “Customer Centricity” strategy, being attentive to the impact of domestic and global economic circumstances, sustaining our customers’ business and financial standing, as well as supporting their growth and opportunities, led by the government’s economic stimulus measures and other factors. Along with that, we developed our business in various dimensions – customers, product domains and service channels – so that customers’ financial service needs are efficiently met by our solutions. These undertakings helped us to achieve our business goals, while also appropriately maintaining asset quality. During 2018, our key operations in eight customer segments are as follows.



KBank and PTT PCL signed a cooperation agreement to develop the PTT e-Wallet application to facilitate PTT's customers in making bill payments at PTT service stations and retail stores nationwide.



KBank, Muang Thai Life Assurance PCL, King Chulalongkorn Memorial Hospital, Thai Red Cross Society, and Chulalongkorn University's Faculty of Medicine launched the CHULA CARE project, aimed at promoting technological development towards advance medical service for people from all walks of life.

Multi-Corporate Business

KBank is determined to support our Multi-Corporate Business clients engaging in B2C business who sell goods directly to their customers. In response to their business needs, we have provided them e-payment channels to facilitate payment acceptance with their retail clients in line with consumers' digital-era lifestyles. This endeavor corresponds with the government's drive towards a cashless society, aimed at reducing cash management costs in the Thai economic system. We have built upon our technological expertise in the K PLUS application to innovate an e-Wallet for this customer segment. KBank also joined forces with our business partners at home and abroad for e-payment connectivity, including QR payment and provision of an international fee-accepting payment service. We have also expanded KBank Service points to accept deposits via our banking agents for greater customer convenience.



K-Cash Connect Plus website was redesigned to be more user-friendly, focusing on online financial transactions and financial data verification with greater convenience and speed. The website now supports all types of browsers, without the need to download an application.

Meanwhile, we granted loan support and designed multiple forms of fund raising together with risk management products appropriate for each customer's needs.

Large Corporate Business

2018 saw significant technological changes. KBank therefore focused on personnel development to enhance their knowledge and understanding of customers' business formats. We prioritized the offering of financial services and technological innovations that efficiently accommodate our customers' business expansion in the digital age, apart from conventional loans and financial products. Our initiatives of note in 2018 included: (1) K CONNECT-LG – a blockchain-based service that allows greater efficiency in data checking and reduced economic and environmental costs; and (2) QR code payment, which has been well-received among our B2C customers in restaurant and convenience store businesses through the launch of co-promotions to encourage consumers to spend via QR code in lieu of cash.

We also exploited our technological expertise to support development at leading universities and hospitals in many areas for enhanced management efficiency in sync with the digital era. Notable efforts were our collaboration with leading universities to develop and manage applications for upgrading course management, support for cashless transactions of stores located in those institutions and surrounding areas, and promotion of knowledge-sharing about how to launch startup businesses, with the goal of pooling ideas for future innovations. Moreover, applications were jointly launched and managed with leading hospitals to ensure greater patient convenience, especially through alerts for appointments with physicians, and payment.

Medium Business

In 2018, we prioritized our support to Medium Business through total solutions. To this end, emphasis was placed on personnel development to train our staffers to become customer advisors, serving their business and personal needs. In-depth data analysis was conducted to examine business demands at given times, allowing us to offer appropriate products to customers. Based on customer data, we have expanded the customer base within value chains, especially businesses with brighter growth prospects, namely construction materials, energy, automobiles and parts and consumer goods.

To comprehensively promote our customer competitiveness, KBank worked with both public and private sectors to organize various activities, namely FX Option Helps the Nation Phase 2 to equip our customers in export-import business with knowledge on forex risk management. Along with this, our relationship managers (RMs) and specialists provided our customers advisory service and in-depth knowledge on cash management and application of proper digital technologies to their business undertakings for sustainable growth.

Small and Micro Business

In response to the government's policy of promoting employment, KBank offered loan for working capital enhancement for businesses which have registered with the Social Security Office to allow them to provide appropriate welfare and benefits to workers as part of their employee retention plans. Another notable endeavor was the development of micro credit tailored to micro businesses and startup firms having no financial documents as they are required to place only real estate as collateral for loan request. This product is intended to improve their access to funding sources for business expansion and liquidity enhancement.

We maintained our policy of elevating our customers' competitiveness through total solutions. Focus was on business networking to help them expand product distribution channels. Moreover, we have developed websites offering data on software or applications for business management appropriate for different business operations, particularly programs for accounting, inventory and storefront management, for cost reduction and increased efficiency. In collaboration with our business partners and experts, KBank launched seminars and workshops to provide our customers knowledge and up-to-date management techniques, such as accounting management and taxation, online marketing, and apartment business management, to promote their sustainable growth.



KBank unveiled K PLUS Market, which enables small agricultural businesses, community enterprises and KBank's SME customers to sell their products and services online.



KBank and the State Railway of Thailand promoted Chatuchak Weekend Market via a campaign to attract Chinese tourists to Shop, Shoot and Share. The campaign featured world's renowned street art and special privileges when making bill payments via K PLUS SHOP.



KASIKORNBANK (CHINA) CO., LTD. joined with the Department of Commerce of Guangdong Province, the Royal Thai Consulate-General in Guangzhou and the Board of Investment of Thailand in organizing the “Belt and Road-Eastern Economic Corridor: The New Rise of Regional Prosperity” seminar.

For card accepting merchant business, KBank launched a PR campaign to broaden the K PLUS SHOP customer base via mobile phone for increased sales opportunities among operators. One notable endeavor was development of a social payment feature on the K PLUS SHOP application, which provides greater convenience for both buyers and sellers as well as functions for management such as voice-based notification of incoming funds, adding of users authorized to receive incoming funds notification, and creation of stamp collection cards as well as other promotional campaigns to spur greater use of services. In addition, campaigns were launched to promote spending via QR code under the Thai QR Payment standard, as well as for acceptance of payment via Alipay and WeChat Pay to accommodate Chinese tourists.

KBank has also developed an Electronic Data Capture (EDC) that accommodates QR code payment with VISA, MasterCard and UnionPay cards. Presently in the trial stage with certain merchants under the Bank of Thailand's regulatory sandbox,



KBank organized the "KBank Private Banking Academy: Next Generation 2018, Class 4" to provide investment and financial literacy to descendants of KBank's High Net Worth Individual customers via numerous activities.



KAsset launched K China Controlled Volatility Fund (K-CCTV) focusing on investment in a fund of funds which invest in China stocks with high growth.

the service is expected to be rolled out in the first quarter of 2019 after receiving approval from the Bank of Thailand. The target group is merchants located in Bangkok and major cities.

High Net Worth Individual

2018 was another challenging year for investors. Amid volatile capital movements and diverging monetary policies of each country, investors had to keep a close eye on the latest developments. Being determined to perform at the standard of an international comprehensive wealth management service through our KBank Private Banking, we have designed a wide variety of investment products to provide greater alternatives for our High Net Worth Individual clients, with the aim of saving their time in asset management. Notable initiatives throughout 2018 included:

1. Investment innovations based on asset allocation: To bolster our customers' investment potential, we launched a greater number of innovative products so that they would never miss a chance for investment. In collaboration with our business partners via KASIKORN ASSET MANAGEMENT CO., LTD. we launched multiple fund products focusing on investment in regions with potential. Offering of mutual funds included K China Controlled Volatility Fund (K-CCTV) and K European Small Cap Equity Fund (K-EUSMALL). We also worked with Muang Thai Life Assurance Public Company Limited to introduce The Ultimate Endowment 15/1, which invests in US stock and debt markets and guarantees the full amount of investment upon maturity plus tax-free benefit. In addition, we initiated the Property and Land Credit for Investment – a loan product designed specifically for our High Net Worth Individual clients, allowing them to earn benefits from their property or land pledged as collateral against their loan.

2. Delivery of comprehensive services covering all asset classes which can respond to the needs of customers across all segments and age ranges. Our notable endeavors included:

2.1 Development of two major advisory services, i.e., Family Wealth Planning Service and Non-capital Market Advisory, with the aim of providing our customers complete advice for all classes of assets via a team of specialists as well as through activities, seminars and various channels.

2.2 Development of Private Banking Service dedicated to Chinese clients and Chinese-speaking patrons through a work team who can communicate in Chinese and possess a genuine understanding of Chinese customers' demands.

2.3 Organization of KPB Academy: Next Generation 2018 for the fourth consecutive year as well as a seminar on studying abroad, aimed at grooming successors for leadership in their family business.



KBank organized the “EEC & The Future of Greater Mekong Sub-region (GMS): Investment Opportunities for Chinese in Thailand” seminar to offer views on the Thai economy to our High Net Worth Individual Chinese customers residing in Thailand.

Affluent

We continued to focus on becoming our Customers' Main Bank under the Customer Centricity strategy. We prioritized development of products and services including privileges and activities based on big data analysis and processing through collaboration of relevant divisions, branches and relationship managers (RMs) to better meet both the personal and business needs of our customers with enhanced efficiency.

In 2018, we introduced deposit and investment products along with advisory services with no “hard-sell” tactics. Products of note were special fixed-term deposits such as a 15-month fixed-term deposit program with monthly interest payment, a unit-linked life insurance and a health insurance rider – the Elite Health Plus. In addition, KASIKORN ASSET MANAGEMENT CO., LTD. was approved by the Office of Securities and Exchange Commission to be the designer of fund investment via K-My Funds application – the first service of its kind in Thailand – which reinforces our status as a leading digital wealth advisor. To comprehensively meet investors' demands, multiple mutual funds were launched with the use of asset allocation techniques to suit varied circumstances. They included K Guaranteed 5 Years A Fund (KGT5YA), which guarantees the full investment amount upon maturity of the fund project or within five years of investment, and K China Controlled Volatility Fund (K-CCTV), a fund of funds which invests in investment units of no fewer than two foreign funds registered or traded in Chinese stock exchanges.

Meanwhile, we elevated THE WISDOM brand to mark its 10th anniversary and maintain our leadership status with the delivery of an extraordinary experience through ongoing special activities



KBank organized “The Symbol of Your Visionary” seminar, where stock and fund experts were invited to share their views and offer an analysis on the global economy.

in alignment with customers' needs. Of note were “The Symbol of Your Journey: East Meets West” and “Exclusive Sneak Preview of Bangkok Art Biennale”. For exclusive experiences beyond financial transactions, we launched THE WISDOM Lounge @ ICONSIAM together with reserved parking service at ICONSIAM.

Middle Income

We continued to act on our aspiration to become “Customers' Life Platform of Choice” – the most-preferred platform that can meet the needs of all customer groups in every aspect of their lives, in order to promote greater use of KBank products while maintaining our status of “Customers' Main Bank”. In 2018, we still worked to establish “THE PREMIER” as the brand of millennial customers whose investments range from Baht 2 - 10 million, through the Premier Success Forum 2018, “Passion to Success”, in which passionate special guests from various professions were invited to share their experience with participants. Moreover, we provided knowledge on various financial matters to our KBank Payroll customers via K PLUS, on a monthly basis.

For savings products, we introduced Pro Saving 510 offering 10-percent cash benefit every year to customers, who are allowed to make interest-free installment payments for the tax-deductible premium via K-Credit Card, for 10 months.

Regarding loan products, KBank prioritizes customer screening per our prudent credit policy in order to maintain overall portfolio quality. We focused on promotional campaigns to achieve the loan target. They included:

1. K-Home Loan: Partnering with leading property developers, we conducted co-promotion activities in strategic provinces



KBank appointed Thailand Post Co., Ltd. that has a country-wide network as the first banking agent to provide KBank Service. The move is to bring our services closer to customers via Thailand Post.



OneSiam-KBank Credit Card was launched to offer the most exclusive privilege to make everyday extraordinary.

to provide home loans with special interest rates to customers seeking to purchase new or pre-owned homes and to refinance their mortgage, in addition to the offer of pre-and post-finance assistance to developers. We have also added channels for applying for K-Home Loan via K PLUS and LINE@ KBank Live. Another notable innovation was “CO Online”, which allows transfer of loan amount directly to the project owner instead of cashier cheque payment upon mortgage registration.

2. K-Credit Card: KBank focused on acquiring new high-income customers to meet the lifestyle needs of specific customer groups. This year, we debuted the OneSiam-KBank Credit Card while also offering promotions for all spending categories based on big data analyses to be more aligned with customers' lifestyles. Notable initiatives included the “K Day Hey Day” campaign which was held at various department stores to promote greater year-end spending, a promotion to spur spending in foreign currencies abroad, along with an added channel for KBank Reward Point redemption via K PLUS.

3. K-Personal Loan: We focused on a Machine Lending Program for KASIKORNBANK Personal Loans, allowing customers to apply for personal loan via K PLUS. Special offers were also designed for new K-Express Cash applicants who are KBank Payroll customers, and employees with regular income.

In alignment with our strategy of becoming the Customer's Life Platform of Choice, we introduced the Pay with K PLUS service which allows customers to buy goods or services via Facebook, whereas another ongoing campaign was used to promote QR code payment. In cooperation with Muang Thai Insurance Public Company Limited, we developed K-Motor, a tool for offering online motor insurance premium payments and notifications for enhanced efficiency, to accommodate expansion of motor insurance service provided by KBank.

Mass

We prioritized the strategy of attracting customers with the potential to become Middle Income clients to use KBank as their main bank. In 2018, we introduced marketing activities and PR campaigns to promote the KBank brand among university faculty and staff. We also worked with leading universities in the launch of pilot projects designed for educational development and promotion of technology-related skills. Of note were a cooperative effort with the National Innovation Agency (Public Organization) in a project promoting the creation of startups within institutions of higher education, the collaborative project of launching university applications, the “cashless society” program and co-working space within the campus.

Meanwhile, we debuted KBank Service as part of our effort to broaden our new customer base in provincial areas where digital banking penetration is still low, and there is no KBank branch service available. To this end, KBank Service agents have been appointed to serve as a bank branch for accepting cash deposit into KBank accounts. Now available at Thailand Post offices and Family Mart outlets, the service will be expanded further through collaboration with other potential partners in various businesses.

Moreover, KBank has continuously encouraged our customers to use electronic services and conduct transactions via electronic channels, especially the K PLUS application. Initiatives of note were the K-Mangmoom Debit Card that can be used for travel on the MRT Blue and Purple Lines, and the K-Provincial Debit Card. We also debuted the Basic Banking Account to accommodate individual customers at least 65 years old or those participating in the government's welfare scheme, to provide such persons improved access to financial services. Along with this, we continued to offer numerous benefits for loans, deposits, investments and other lifestyle privileges via the K-Payroll Benefits program.



KBank and the National Innovation Agency (Public Organization) supported students at tertiary education institutes to scale up their startup businesses in order to help add more value to the Thai economy.



KBank set up a booth at the 18th Money Expo under the “LIFE PLUS: More Use More Plus”, which showcased digital technologies that meet a cashless lifestyle and enable the customers to conduct financial transactions more conveniently, swiftly and securely.

4. Service Channels

In 2018, 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 2018 included:

- **Domestic branch network:** Our focus was on the development of new branch formats to accommodate service use of customers in relevant areas to ensure a novel brand perception. We also enhanced efficiency of existing service channels with the application of technology and big data for sales and service development, and through linkage of digital channels to physical and electronic branches as well as banking services outside of branches for sales and service enhancement. New branch formats included K PARK, which serves as a lifestyle community providing a variety of services, and K Lobby – a full-service electronic branch where customers can conduct basic banking transactions by themselves. For the enhanced convenience of foreign customers, we have Burmese-speaking officers stationed at the Big C Mahachai branch.

In response to changing consumer behavior, as evidenced by the increased use of mobile banking services rather than physical branches, we continued to consolidate branches with relatively low traffic and to expand service channels at viable locations to ensure that the number of branches is sufficient to meet the demands of customers in all areas.

Meanwhile, we took into account the appropriate management of foreign exchange booths, especially in viable areas. While we closed some booths at certain sites, more of them were opened in strategic areas, especially at major tourist attractions. To remain competitive, we revised foreign exchange buying and selling rates at highly competitive locations. In addition, marketing activities were organized at specific booths, including a campaign to promote the use of K-Credit Card for the purchase of foreign currencies, a four-month installment plan with no fee or interest charged, and redemption of credit card reward points for a discount of up to 10 percent on the purchase of foreign currencies.



KBank unveiled K Park, a brand new Community Branch on Hathairat 33 Road, to offer the most satisfying service experience for every lifestyle.

- International Branch Network:** In adherence to our strategy of becoming “The Bank of AEC+3”, KBank remained committed to expanding our business operations in the CLMVI bloc (comprising the Kingdom of Cambodia, Lao People’s Democratic Republic, Republic of the Union of Myanmar, Socialist Republic of Vietnam and Republic of Indonesia) through the Dual-Track Regional Digital Expansion operation. In detail:
 - Conventional Expansion:** KBank aims to upgrade our services in the CLMVI bloc in order to highlight our regional footprint in response to customers seeking to venture into other ASEAN countries. In 2018, we began providing business loans to local operators and Thai companies investing in Lao People’s Democratic Republic and the Kingdom of Cambodia. Meanwhile, we have expanded our branch network in the Socialist Republic of Vietnam and the Republic of the Union of Myanmar to accommodate the upgrade of the representative offices there to the status of a branch, by 2019 - 2020. As our foreign bank branch in the People’s Republic of China has been approved to be a locally incorporated institution (LII) under the name KASIKORNBANK (CHINA) COMPANY LIMITED, we now plan to expand the scope of business there to allow us to offer full-scale services to customers.
 - Digital Expansion:** Through development of digital and mobile solutions, we envisage our digital expansion to accommodate a large number of new customers in the future, in keeping with our strategy of becoming the Regional Life Platform of Choice in AEC+3. At the end of 2018, we introduced an e-wallet payment service in Lao People’s Democratic Republic, and established KASIKORN VISION COMPANY LIMITED (KVision) as an investment holding company to be responsible for scouting tech communities to find innovative firms and tech talents from all corners of the world to collaborate and develop new technological capabilities. The investment may be held directly under KVision or through Beacon Venture Capital Fund. KVision will initially focus on building a strong foundation in four target countries, including the People’s Republic of China, where there is a large pool of fintech companies; the Republic of Indonesia and the Socialist Republic of Vietnam, where tech startups have been among the fastest-growing sectors in ASEAN; and the State of Israel, an incubator of tech talents where new technologies originate.

Branches and Financial Service Offices/Centers

Domestic Service Network	Number of Locations		Overseas Service Network	Number of Locations		
	2018	2017		2018	2017	
Branch Network ⁽¹⁾	958	1,026	Branches and Overseas Service Network:	17	17	
Foreign Exchange Booth	137	142	Branches of Locally Incorporated Institution	6	6	
THE WISDOM	102	105	KASIKORNTHAI BANK LIMITED (Lao PDR)	2	2	
Corporate Business Center	-	8	KASIKORNBANK (CHINA) CO., LTD.	4	4	
SME Business Center ⁽²⁾	121	121	Branches	3	3	
International Trade Service Center	58	58	Representative Offices	8	8	
Cheque Direct Service	20	33	Electronic Banking Services	Number of Units		
				2018	2017	
				Self-Service Channel (K-ATM and K-CDM)	11,985	11,891
				K-ATM (Automated Teller Machines)	9,369	9,302
				K-CDM (Cash Deposit Machines)	2,616	2,589
				K-PUM (Passbook Update Machines)	1,075	1,109

Note:

⁽¹⁾ Excluding 9 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.



KBank introduced a new version of K PLUS under the “With change, we understand you better” concept, featuring novel logo and look, plus a new “Lifestyle” function, based on AI technology, to offer personalized services that meet the customers’ needs.



The third KBank Contact Center was opened in Phitsanulok to facilitate growing requests for information and banking services via mobile phone, social media and chat channels. The new KBank Contact Center has helped create new jobs for quality students from leading university in the northern region.

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. We have developed ATM and CDM machines to accommodate new services available via K PLUS, especially cardless withdrawal. Moreover, new PR campaigns of our business partners were conducted via ATM screens to offer the greatest benefit to our clients, whereas various languages are available at ATM machines for the greater convenience of our foreign clients. At the same time, we prioritized appropriate machine management for broader service coverage in viable areas.
- **Digital Banking Services:** Reinforcing our digital banking leadership, we have continually developed our digital service channels with the aim of becoming the most-preferred platform that can meet customers’ needs in every aspect of their lives. To this end, we introduced a new version of K PLUS based on the concept, “With change, we understand you better”, plus new lifestyle functions to match each user’s needs. Moreover, K PLUS capacity has been enhanced under the concept, “From Digital to Intelligence”, through the launch of KADE, or K PLUS AI-Driven Experience, a financial innovation driven by artificial intelligence (AI) technology to learn and better understand each customer’s behavior based on big data analytics, in order to personalize their experience. Major initiatives in 2018 included:
 - 1) **K PLUS:** We have developed new features for an improved customer experience through simplified banking transactions such as:
 - Cardless withdrawal function;
 - K+ Today featuring notifications of important and favorite transactions;
 - Personal loan service allowing K PLUS users to check loan details and request a loan via K PLUS;
 - Addition of membership cards of KBank partners to K PLUS, to facilitate shoppers in their point collection and point redemption for privileges;
 - K+ MARKET, a large online marketplace which directly links buyers and small retailers.
 - 2) **K-Cyber:** We focused on maintaining the integrity 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 have developed a new version of K-Payment Gateway through the use of Application Programming Interface (API) format for service linkage/connectivity. The service is now being tested in a regulatory sandbox to allow merchants to link their own programs to our system, which also accommodates QR code payment under the Thai QR Payment standard, in addition to payment made via debit and credit card.
- **K-Contact Center:** We aim to become the “Best Contact Center” through provision of service information, banking news and complaint handling available 24 hours a day in four channels of KBank Live social media including Facebook, Twitter, YouTube and LINE, as well as the Pantip website under the name K8888, and an email address, info@kasikornbank.com. Moreover, we have developed numerous comprehensive service channels for enhanced customer convenience in order to deliver an impressive service experience to our customers. Through continually listening to public opinion, we are more immediately aware of customers’ issues or demands, and use such information as input for upgrades to our services provided via both physical and online channels. Along with this, we regularly improve our processes to ensure the customers’ utmost benefit.

Operating Performance and Financial Position Analysis



1. Operating Performance

KBank's consolidated net profit for 2018 totaled Baht 38,459 million, increasing Baht 4,121 million or 12.00 percent. The increase was mainly due to a decrease of Baht 9,278 million or 22.19 percent in allowance for impairment loss on loans in line with our improved asset quality. Moreover, net interest income rose Baht 4,377 million or 4.65 percent, which was derived mainly from interest income from loan and interest income from investments. Non-interest income decreased Baht 5,750 million or 9.17 percent due largely to cancellation of fees for funds transfer via digital channels and decrease in net premiums earned - net whereas income from money market products rose as a result of foreign exchange transactions. Other operating expenses also increased Baht 1,976 million or 2.98 percent over-year, due mainly to marketing expenses.

Operating Performance for 2018

(Unit: Million Baht)

	2018	2017	Change	
			Million Baht	Percent
Net Interest Income	98,538	94,161	4,377	4.65
Non-Interest Income	56,945	62,695	(5,750)	(9.17)
Total Operating Income - net	155,483	156,856	(1,373)	(0.88)
Total Other Operating Expenses	68,348	66,372	1,976	2.98
Impairment Loss on Loans and Debt Securities	32,532	41,810	(9,278)	(22.19)
Net Profit (attributable to equity holders of KBank)	38,459	34,338	4,121	12.00
Basic Earnings per Share (Baht)	16.07	14.35	1.72	12.00

Major financial ratios that reflected operating performance of KBank and our subsidiaries in 2018 and 2017 are as follows:

(Unit: Percent)

Financial Ratio	2018	2017	Change
Return on Assets (ROA)	1.27	1.20	0.07
Return on Equity (ROE)	10.61	10.24	0.37
Net Interest Margin (NIM)	3.39	3.44	(0.05)
Non-Interest Income to Average Assets	1.88	2.18	(0.30)
Non-Interest Income Ratio	36.62	39.97	(3.35)
Cost to Income Ratio	43.96	42.31	1.65

(Unit: Percent)

Financial Ratio	2018	2017	Change
Net NPLs to Total Loans	1.89	1.85	0.04
Gross NPLs to Total Loans	3.34	3.30	0.04
Coverage Ratio	160.60	148.45	12.15
Loans ⁽¹⁾ to Deposits Ratio	95.94	95.96	(0.02)
Capital Adequacy Ratio ⁽²⁾	18.32	17.96	0.36
Tier 1 Capital Ratio ⁽²⁾	15.90	15.66	0.24

Note:

⁽¹⁾ Loans refer to loans to customers less deferred revenue.⁽²⁾ KASIKORNBANK FINANCIAL CONGLOMERATE's Capital Adequacy Ratio (CAR)

Net Interest Income

KBank's consolidated net interest income for 2018 was Baht 98,538 million, increasing Baht 4,377 million or 4.65 percent over-year, due mainly to rising interest income from loan in line with growth of average loan and interest income from investments. Meanwhile, interest expenses increased due largely to expenses from deposit interest in line with rising average deposits. Our NIM for 2018 equaled 3.39 percent, lower than the previous year, which was in line with the set target.

(Unit: Million Baht)

	2018	2017	Change	
			Million Baht	Percent
Interest Income				
Interbank and Money Market Items	7,197	7,011	186	2.66
Deposits	818	1,068	(250)	(23.44)
Loans without Repurchase Agreements	635	483	152	31.60
Repurchase Agreements	5,744	5,460	284	5.20
Investments	18,192	16,820	1,372	8.16
Trading Investments	244	262	(18)	(6.99)
Available-for-Sale Investments	2,822	2,719	103	3.78
Held-to-Maturity Investments	15,126	13,839	1,287	9.30
Loans	93,246	90,434	2,812	3.11
Hire Purchase and Finance leases	5,273	5,059	214	4.23
Others	14	13	1	3.39
Total Interest Income	123,922	119,337	4,585	3.84
Total Interest Expenses	25,384	25,176	208	0.83
Total Interest Income – net	98,538	94,161	4,377	4.65
Yield on Earning Assets (percent)	4.27	4.37		(0.10)
Cost of Fund (percent)	1.19	1.22		(0.03)
Net Interest Margin (NIM) (percent)	3.39	3.44		(0.05)

Non-Interest Income

For 2018, KBank's consolidated non-interest income totaled Baht 56,945 million, decreasing Baht 5,750 million, or 9.17 percent over-year, which was close to the set target. The decrease was due mainly to cancellation of fees for funds transfer via digital channels and decrease in net premiums earned - net. Meanwhile, income from money market products rose as a result of foreign exchange transactions. Non-interest income ratio of KBank and our subsidiaries stood at 36.62 percent due to decrease in non-interest income whereas net interest income rose.

(Unit: Million Baht)

	2018	2017	Change	
			Million Baht	Percent
Non-Interest Income				
Fees and Service Income	51,187	51,757	(570)	(1.10)
Fees and Service Expenses	13,070	10,451	2,619	25.05
Fees and Service Income – net	38,117	41,306	(3,189)	(7.72)
Gain on Trading and Foreign Exchange Transactions	9,003	8,411	592	7.05
Loss on Financial Liabilities Designated at Fair Value through Profit or Loss	-	(2)	2	100.00
Gain on Investments	2,652	3,491	(839)	(24.02)
Share of Profit from Investments using Equity Method	50	158	(108)	(68.56)
Dividend Income	2,118	1,991	127	6.37
Net Premiums Earned - net	91,434	99,786	(8,352)	(8.37)
Other Operating Income	1,468	1,405	63	4.46
Less Underwriting Expenses	87,897	93,851	(5,954)	(6.34)
Total Non-Interest Income	56,945	62,695	(5,750)	(9.17)
Non-Interest Income to Average Assets (percent)	1.88	2.18		(0.30)
Non-Interest Income Ratio (percent)	36.62	39.97		(3.35)
Net Fee Income to Net Total Operating Income Ratio (percent)	24.52	26.33		(1.81)

Other Operating Expenses

KBank's consolidated other operating expenses for 2018 was Baht 68,348 million, rising Baht 1,976 million, or 2.98 percent over-year. The increase was due mainly to increased marketing expenses. Our cost to income ratio of 2018 was thus equal to 43.96 percent, higher than 42.31 percent in the previous year, which was better than the set target.

(Unit: Million Baht)

	2018	2017	Change	
			Million Baht	Percent
Employee Expenses	31,369	31,008	361	1.17
Directors' Remuneration	143	140	3	2.44
Premises and Equipment Expenses	12,649	12,917	(268)	(2.08)
Taxes and Duties	4,868	4,525	343	7.57
Others	19,319	17,782	1,537	8.64
Total Other Operating Expenses	68,348	66,372	1,976	2.98
Cost to Income Ratio (percent)	43.96	42.31		1.65

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, 2018, 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	1,783,072	1	5,743
Special Mention	36,396	2	151
Sub-Standard	18,614	100	8,093
Doubtful	23,740	100	10,418
Doubtful of Loss	32,075	100	14,067
Loss	-		-
Total	1,893,897		38,472
Revaluation Allowance for Debt Restructuring			1,796
Total	1,893,897		40,268
Excess Allowance			78,952
Credit Balance Transaction	2,104		-
Loans from Life Insurance Business	21,458		265
Total	1,917,459		119,485

As of December 31, 2018, KBank's consolidated allowance for doubtful accounts, comprising allowance for doubtful accounts of customers and financial institutions of Baht 117,689 million and revaluation allowance for debt restructuring of Baht 1,796 million, totaled Baht 119,485 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 2018, KBank and our subsidiaries set aside impairment loss on loans and debt securities at Baht 32,532 million, a decrease of Baht 9,278 million or 22.19 percent over-year in line with our improved asset quality. Thus our credit cost for 2018 stood at 1.75 percent, lower than 2.39 percent in the previous year.

Impairment Loss on Loans and Debt Securities

(Unit: Million Baht)

	2018	2017	Change	
			Million Baht	Percent
Impairment Loss on Loans and Debt Securities	32,532	41,810	(9,278)	(22.19)
Credit Cost (percent)	1.75	2.39		(0.64)

Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring

As of December 31, 2018, KBank's consolidated allowance for doubtful accounts and revaluation allowance for debt restructuring totaled Baht 119,485 million. This amount was equivalent to 296.73 percent of the level required by the Bank of Thailand.

Non-Performing Loans and Debt Restructuring

Non-Performing Loans

As of December 31, 2018, KBank's consolidated NPLs stood at Baht 74,400 million, 3.34 percent of the total outstanding credit, including that of financial institutions. Bank-only NPLs totaled Baht 72,346 million, 3.31 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, 2018	Dec. 31, 2017
Consolidated NPLs	74,400	69,674
Percent of total outstanding credit, including that of financial institutions	3.34	3.30
Bank-only NPLs	72,346	67,624
Percent of total outstanding credit, including that of financial institutions	3.31	3.25

Net Non-Performing Loans

As of December 31, 2018, KBank's consolidated net NPLs stood at Baht 41,431 million – 1.89 percent of the total outstanding credit, including that of financial institutions. Bank-only net NPLs totaled Baht 40,769 million – 1.89 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, 2018	Dec. 31, 2017
Consolidated net NPLs	41,431	38,570
Percent of total outstanding credit, including that of financial institutions	1.89	1.85
Bank-only net NPLs	40,769	37,834
Percent of total outstanding credit, including that of financial institutions	1.89	1.84

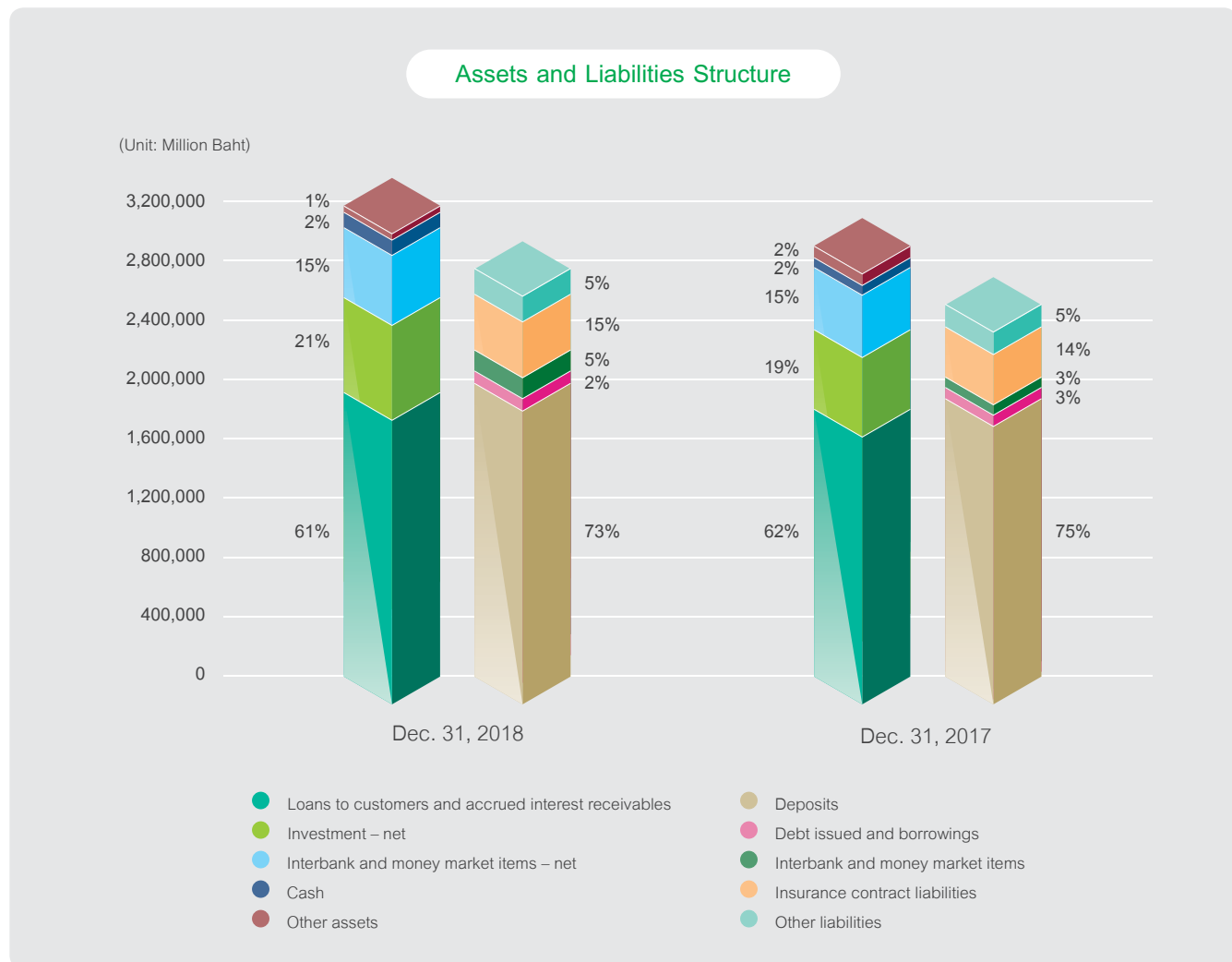
Debt Restructuring

As of December 31, 2018, KBank's consolidated restructured debts which incurred losses totaled Baht 69,605 million, increasing by Baht 7,365 million, or 11.83 percent when compared to 2017.

Foreclosed Properties

As of December 31, 2018, our consolidated foreclosed properties had a cost value of Baht 24,850 million, thus being 0.79 percent of total assets, and allowance for impairment on foreclosed properties stood at Baht 2,637 million, equivalent to 10.61 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



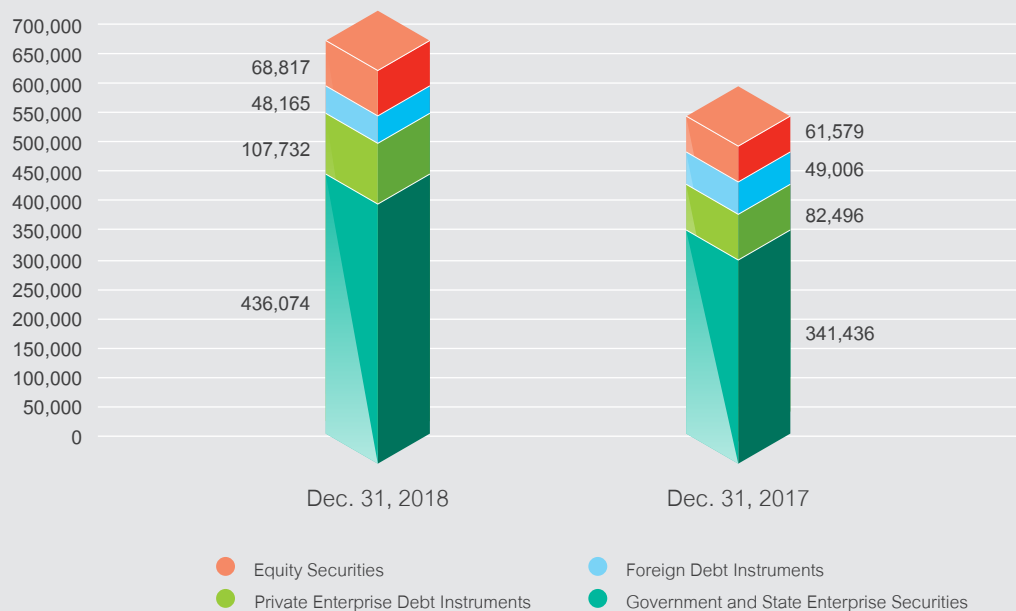
Assets

At the end of 2018, KBank's consolidated assets totaled Baht 3,155,091 million, increasing Baht 254,250 million or 8.76 percent from the end of 2017. The rise was due mainly to increased investments, loans to customers and net interbank and money market items (assets). Key details are as follows:

- Net investments totaled Baht 661,655 million at the end of 2018, increasing by Baht 126,095 million or 23.54 percent from the end of 2017 due mainly to rising investment in government bonds.
- Our consolidated loans (less deferred revenue) at the end of 2018 amounted to Baht 1,914,072 million, increasing by Baht 111,289 million or 6.17 percent from the end of 2017. Loan growth was in line with the set target. Most increases were seen in commercial loan and housing loan. Our consolidated loans were the fourth-largest among Thai commercial banks.
- Net interbank and money market items (assets) totaled Baht 461,987 million at the end of 2018, increasing by Baht 35,895 million or 8.42 percent from the end of 2017, due mainly to KBank's liquidity management.

Investments in Securities

(Unit: Million Baht)



Liabilities and Equity

Our consolidated liabilities, at the end of 2018 amounted to Baht 2,737,269 million, which rose Baht 224,250 million or 8.92 percent from the end of 2017. The increase was mainly attributable to increased deposits, interbank and money market items (liabilities) and insurance contract liabilities. Significant changes in our consolidated liabilities included:

- Deposits at the end of 2018 equaled Baht 1,995,001 million, increasing Baht 116,329 million or 6.19 percent from the end of 2017, mainly as a result of increase in savings and fixed-term deposits. KBank's deposits ranked the fourth-largest among Thai commercial banks.
- Insurance contract liabilities at the end of 2018 were Baht 410,748 million, an increase of Baht 47,233 million or 12.99 percent from the end of 2017, in line with the growth in life insurance business.
- Interbank and money market items (liabilities) at the end of 2018 equaled Baht 128,003 million, increasing Baht 58,714 million or 84.74 percent from the end of 2017, due largely to increase in private REPO transactions.

At the end of 2018, total equity attributable to equity holders of KBank amounted to Baht 376,298 million, rising by Baht 27,673 million or 7.94 percent from the end of 2017, largely driven by net operating profit for 2018 at Baht 38,459 million despite the interim dividend payment from net profit for the first half of 2018 that was made in September 2018, totaling Baht 1,197 million.

Relationship between Sources and Uses of Funds

As of December 31, 2018, the funding structure as shown in the consolidated financial statement comprised Baht 2,737,269 million in liabilities and Baht 417,822 million in total equity, resulting in a debt-to-equity ratio of 6.55. The main source of funds on the liabilities side was deposits, which equaled Baht 1,995,001 million, or 63.23 percent of the total source of funds, as of December 31, 2018. Other sources of funds included interbank and money market items as well as debt issued and borrowings, which accounted for 4.06 percent and 2.24 percent of the total, respectively.

KBank's and subsidiaries' major use of funds was loans less deferred revenue, which as of December 31, 2018, amounted to Baht 1,914,072 million, resulting in loan-to-deposit ratio and loan-to-deposit plus bills of exchange ratio of 95.94 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, 2018	Percent	Dec. 31, 2017	Percent	Dec. 31, 2018	Percent	Dec. 31, 2017	Percent
≤ 1 Year	1,972,597	98.88	1,858,490	98.93	842,675	44.03	786,318	43.62
> 1 - 5 Years	22,404	1.12	20,182	1.07	493,864	25.80	479,836	26.61
> 5 Years	-	-	-	-	577,533	30.17	536,629	29.77
Total	1,995,001	100.00	1,878,672	100.00	1,914,072	100.00	1,802,783	100.00

As of December 31, 2018, 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.

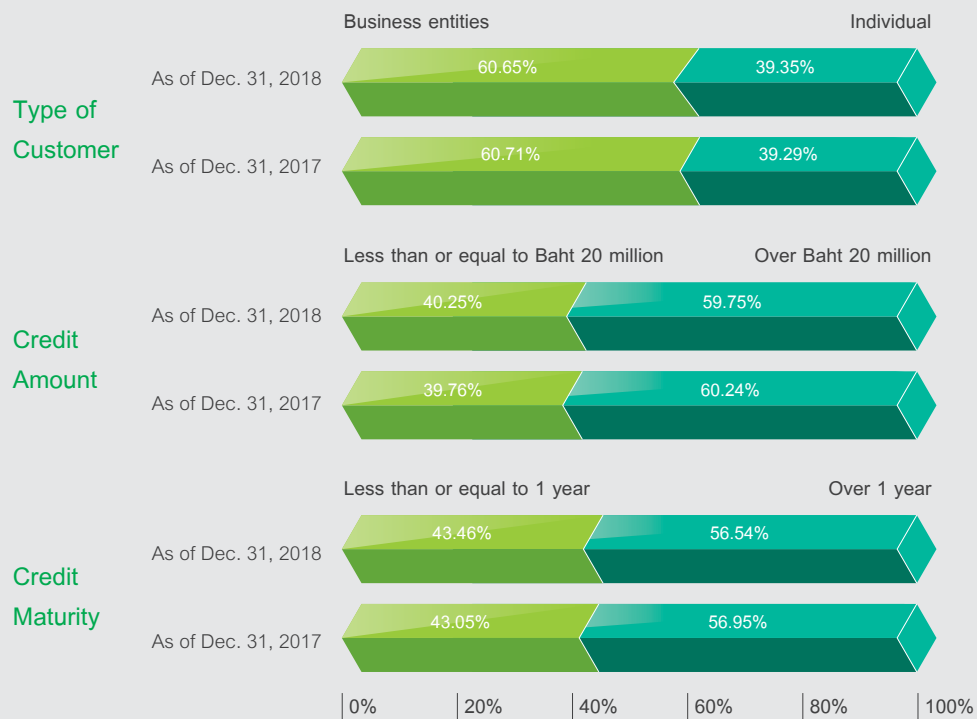
3. Loans and Deposits

Loans

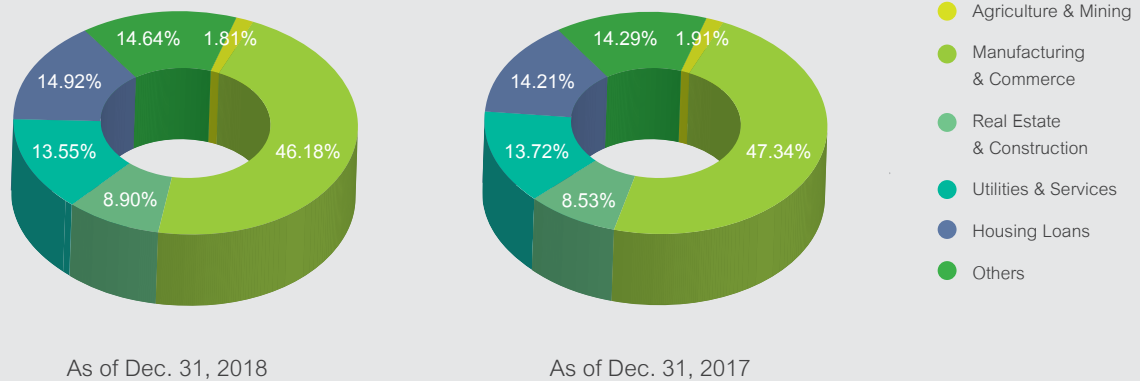
As of December 31, 2018, KBank's consolidated outstanding loans stood at Baht 1,914,072 million, increasing by Baht 111,289 million, or 6.17 percent, compared to Baht 1,802,783 million at the end of 2017.

As of December 31, 2018, 60.65 percent of KBank's outstanding loans were made to juristic persons or registered businesses. Loan account exceeding Baht 20 million totaled Baht 1,116,170 million, or 59.75 percent of the total; 40.25 percent were loans under Baht 20 million. As for maturities, credit with maturities of less than or equal to one year accounted for 43.46 percent of our total loans.

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

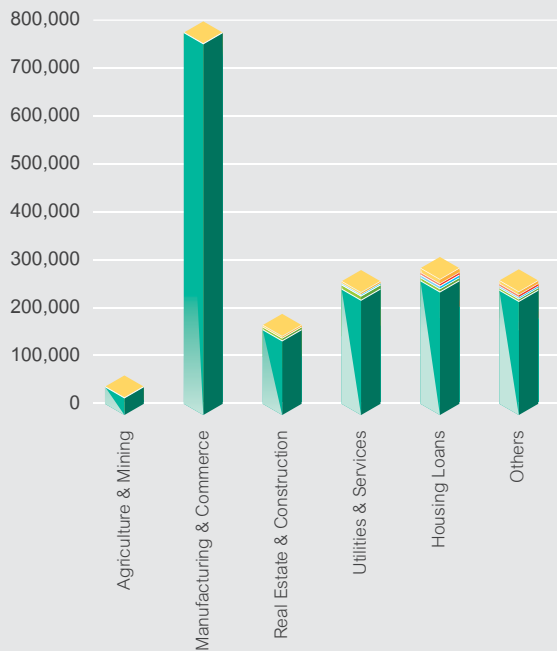


KBank's Consolidated Lending Portfolio



Consolidated Loans Classified by Type of Business and Loan Classification

(Unit: Million Baht)



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



As of Dec. 31, 2018

● Normal
 ● Special Mention
 ● Sub-standard
 ● Doubtful
 ● Doubtful of Loss

Within KBank's consolidated lending portfolio, 94.51 percent were classified as "Normal" loans. When sub-divided by type of business, Manufacturing & Commerce represented the highest share of total consolidated lending at 46.18 percent; of that 92.95 percent were classified as "Normal" loans.

Loans Classified by Business

(Unit: Million Baht)

	Dec. 31, 2018		Dec. 31, 2017	
	Corporate Business ⁽¹⁾	Retail Business ⁽²⁾	Corporate Business ⁽¹⁾	Retail Business ⁽²⁾
Loans	1,344,381	487,632	1,271,411	443,779

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.

As of the end of 2018, our corporate business loans (Corporate and SME customers) increased by Baht 72,970 million, or 5.74 percent, from the end of 2017. The increase was derived from real estate, construction and commerce, which was in line with Thai economic growth, as reflected by improvements in employment, non-farm income and consumer confidence.

Our retail loans grew Baht 43,853 million, or 9.88 percent, over-year. The growth was quite satisfactory. We continued with a cautious growth policy so as to maintain our loan quality as well as our market leadership in major loan products, especially home loans. KBank worked with our business partners to launch

special interest rate campaigns for all groups of customers seeking to refinance their mortgage, or purchase a new or pre-owned home, while also expanding our market in strategic provinces and offering loan services online. For K-Personal Loan, we still focused on expanding the service via the K PLUS application, with the use of a machine learning program for customer data analyses. At the same time, campaigns for K-Personal Loan and K-Express Cash were launched to attract potential customers. In addition, we introduced new credit cards along with ongoing campaigns to promote greater spending via the cards, catering to all aspects of their lives.

Deposits

Deposits Classified by Type of Deposit Account

(Unit: Million Baht)

	Percent of Total Deposits	Deposits		Change	
		Dec. 31, 2018	Dec. 31, 2017	Million Baht	Percent
Total Deposits	100.00	1,995,001	1,878,672	116,329	6.19
Current accounts	5.86	116,957	108,468	8,489	7.83
Savings accounts	72.01	1,436,615	1,372,947	63,668	4.64
Fixed-term deposit accounts	22.13	441,429	397,257	44,172	11.12

At the end of 2018, total deposits of both Corporate Business and Retail Business increased Baht 116,329 million, or 6.19 percent, compared to the end of 2017. This was line with our policy for management of deposits, which must be kept at levels appropriate for loan demand and competition. We could maintain savings accounts at a high level with the launch of K-eSavings Account via K PLUS in order to meet customers' needs for savings and convenience in account opening, as well as Basic Banking Account for small depositors in response to government policy. Meanwhile, we introduced special fixed-term deposit products in alignment with the needs of customers seeking such options for saving their money, resulting in an increase in fixed-term deposit accounts. In parallel, we offered other investment vehicles – especially a myriad of life insurance and mutual fund products – yielding attractive returns with an acceptable risk appetite to meet the needs of all customer groups.

4. Treasury Operations

Treasury Operations

For most of 2018, average overnight interbank lending rates stayed at 1.46 percent p.a. However, the MPC meeting resolved to hike the key policy rate by 0.25 percent to 1.75 percent p.a. on December 19, 2018, increasing overnight interbank lending rates to 1.71 percent p.a., on average.

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 2018, our liquidity position was appropriately managed, and we were able to maintain returns on investments by reducing our holding of short-term bonds, returns of which were lower than the policy rate. In addition, KBank invested in top-rated 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	2018	2017	Change	
				Million Baht	Percent
Interest income ⁽¹⁾					
Interbank and money market items ⁽²⁾	68.51	6,426	6,282	144	2.29
Investments	31.49	2,953	3,153	(200)	(6.34)
Total	100.00	9,379	9,435	(56)	(0.59)

Notes:

⁽¹⁾ Managerial figures⁽²⁾ Including loans

During 2018, total interest income stood at Baht 9,379 million, decreasing by Baht 56 million, being 0.59 percent lower than in 2017 due to lower 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, 2018, our deposits at the Bank of Thailand and cash at cash center averaged Baht 40,155 million, accounting for 1.05 percent of total deposit and certain types of borrowings.

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

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

(Unit: Million Baht)

	Performance Measurement	2018	2017
KASIKORN ASSET MANAGEMENT CO., LTD. (KAsset)	Assets under Management	1,379,736	1,302,686
	Market Share (Percent)	19.23	18.72
KASIKORN SECURITIES PCL (KSecurities)	Trading Volume	739,327	811,883
	Market Share (Percent)	2.98	3.71
KASIKORN LEASING CO., LTD. (KLeasing)	Loans	108,081	97,055
KASIKORN FACTORY AND EQUIPMENT CO., LTD. (KF&E)	Loans	20,377	17,633
Muang Thai Life Assurance PCL (MTL)	Net Premiums Earned	94,467	102,681
	Market Share (Percent)	15.06	17.06

Note:

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

During 2018, 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 20.48 percent. Total market share of assets under management (AUM) was 19.23 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 European Small Cap Equity Fund (K-EUSMALL) as an option for investors seeking to invest in small European stocks, and K Guaranteed 5 Years A Fund (KGT5YA), Thailand's first and only fund that guarantees the full investment amount. The company also continually developed K-My Funds – an electronic service channel via mobile application that provides customers greater convenience when doing transactions, while also allowing us to more effectively communicate with them, especially in giving advice on investment in funds designed to suit different risk appetites, plus a distinctive feature that clearly displays return on investment. Moreover, various investment tools were offered such as Fund Story – a newly-developed tool for searching fund data to help customers in their decision-making and keeping track of price movements and historical rates of return, with alert function, as well as My Message, which enables increased efficiency in investment with information updates suited to each investor, so that they never miss an investment opportunity. Moreover, K-My PVD – another electronic service channel via mobile application – has been further developed to provide greater convenience for provident fund members in setting up an effective investment and retirement plan.

Operating under business principles shared with KBank, KSecurities emphasizes development of excellent products and services, especially in research which have been made more timely, in-depth and precise, with broad coverage of all industries, securities trading services and investment banking, to be more responsive to investor needs and lifestyles. Along with this, investment technologies plus varied functions have been introduced in alignment with investor behavior in the digital era, including KS Super Stock Mobile Application, for which a new function was developed to allow customers to view performance of their investment in derivatives in addition to

securities products. At the end of 2018, the company developed an online securities account opening system to facilitate customers in their transactions with reduced documentation process. Through these endeavors, KSecurities held a market share of 2.98 percent.

KLeasing's outstanding loans posted over-year growth of 11.36 percent, in line with the country's domestic auto sales growth. KLeasing enjoyed solid new loan growth, which was derived mainly from K-Auto Finance (Dealer Floorplan). Asset quality remained healthy with an NPL ratio of 1.32 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 for enhanced service experience.

KF&E, which specializes in equipment leasing, reported over-year loan growth of 15.60 percent. Loans were extended to diverse industries nationwide. The company focused on forging alliances with customers who are machinery dealers and those in new industries, including robotics and digital technologies. 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-two market share in total premiums at 15.06 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 Oversight Committee supervises risk management of the Conglomerate for enhanced efficiency. 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. 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 6.0 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 2.5 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 Systematically 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 2018, KASIKORNBANK FINANCIAL CONGLOMERATE, under the Basel III capital requirements, had capital funds of Baht 381,339 million, consisting of Baht 330,923 million in Tier-1 capital and Baht 50,416 million in Tier-2 capital. The capital adequacy ratio of KBank was 18.32 percent, which is above the Bank of Thailand's minimum requirement and conservation buffer of 10.375 percent. Details are shown in the following table.

Capital Adequacy Ratio ⁽¹⁾

• KASIKORNBANK FINANCIAL CONGLOMERATE ⁽²⁾

(Unit: Percent)

Capital Adequacy Ratio	Basel III						
	The BOT's regulation minimum requirement & Conservation Buffer ⁽⁴⁾	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	The BOT's regulation minimum requirement & Conservation Buffer ⁽⁴⁾	Dec. 31, 2017
Tier-1 Capital Ratio ⁽³⁾	7.875	15.90	16.50	15.57	15.41	7.25	15.66
Common Equity Tier-1 Ratio	6.375	15.90	16.50	15.57	15.41	5.75	15.66
Tier-2 Capital Ratio	-	2.42	2.46	2.48	2.29	-	2.30
Capital adequacy ratio	10.375	18.32	18.96	18.05	17.70	9.75	17.96

- The Bank

(Unit: Percent)

Capital Adequacy Ratio	Basel III						
	The BOT's regulation minimum requirement & Conservation Buffer ⁽⁴⁾	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	The BOT's regulation minimum requirement & Conservation Buffer ⁽⁴⁾	Dec. 31, 2017
Tier-1 Capital Ratio ⁽³⁾	7.875	14.75	15.26	14.43	14.38	7.25	14.62
Common Equity Tier-1 Ratio	6.375	14.75	15.26	14.43	14.38	5.75	14.62
Tier-2 Capital Ratio	-	2.51	2.55	2.56	2.57	-	2.58
Capital adequacy ratio	10.375	17.26	17.81	16.99	16.95	9.75	17.20

Note:

⁽¹⁾ Excluding net profit of each period, which under the Bank of Thailand's regulations, net profit in the first period is to be counted as capital after approval by the Board of Directors as per the Bank'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⁾ Tier 1 Capital is required to include phase-in or phase-out items at 20 percent per annum 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 per annum 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 2018, we continued to implement Value-Based Management (VBM), which is a management practice comprising two main components, Corporate Value Creation and Corporate Governance. The VBM has been applied to business undertaking with the aim of achieving 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 value creation management.

7. Credit Ratings

At the end of 2018, the Bank's credit rating given by Moody's Investors Service, Standard & Poor's, and Fitch Ratings remained unchanged from the end of 2017. Meanwhile, Moody's Investors Service assigned Counterparty Risk Ratings to 11 banks in Thailand, including KBank.

Details are shown in the following table.

KASIKORNBANK's Credit Ratings

Credit Ratings Agency	Dec. 31, 2018
Moody's Investors Service*	
<u>Foreign Currency</u>	
Outlook	Stable
Long-term - Senior Unsecured Notes	Baa1
- Deposit	Baa1
- Counterparty Risk	Baa1
Short-term - Debt/Deposit	P-2
- Counterparty Risk	P-2
Baseline Credit Assessment	Baa2
<u>Domestic Currency</u>	
Outlook	Stable
Long-term - Deposit	Baa1
- Counterparty Risk	Baa1
Short-term - Debt/Deposit	P-2
- Counterparty Risk	P-2
Standard & Poor's*	
<u>Global Scale Ratings</u>	
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*	
<u>International Credit Ratings (Foreign Currency)</u>	
Outlook	Stable
Long-term Issuer Default Rating	BBB+
Short-term Issuer Default Rating	F2
Senior Unsecured Notes	BBB+
Viability	bbb+
Support	2
Support Rating Floor	BBB-
<u>National Credit Ratings</u>	
Outlook	Stable
Long-term	AA+(tha)
Short-term	F1+(tha)
Subordinated Debt (Basel III-compliant Tier 2 securities)	AA(th)

Note:

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

Operations of Support Groups



1. Human Resource Management

KBank is focused on achieving greater efficiency in our human resource management operations in six key areas, namely expanding business in AEC+3, creating a positive experience for career seekers interested in working with KBank and K Companies, creating a positive employee experience and engagement, leading KBank in becoming a data-driven organization, and making KBank a digital workplace, in addition to improvements in other facets of human resource management operations.

Expanding business in AEC+3

KBank emphasizes employee development in order to accommodate our business expansion in the AEC+3 region through implementing the following programs:

1. Regional Talent Program: To enhance high-potential employees assigned to be in charge of business in AEC+3, we organized learning-based activities both in Thailand and China, along with online training courses provided by the University of Illinois at Urbana-Champaign and University of Virginia covering topics such as the development of management, leadership and networking skills.

2. KBank & Maspion Capability Enhancement Program: A working group was established to study and provide advice on employee development for Bank Maspion Indonesia, an Indonesian bank in which KBank has invested a 9.99-percent stake, to elevate its operations and bolster capacity in providing both conventional and digital banking services to corporate and retail clients.

Creating a positive experience for career seekers interested in working with KBank and K Companies

1. K Capstone: KBank has opened a new dimension of professional internship particularly for students from universities both in Thailand and abroad. They are encouraged to broaden their horizons in start-up business, with a focus on learning new business formats in order to seize new opportunities that they had never before considered, or perhaps overlooked, so as to gain hands-on experience through the self-discovery process.

2. TechJam 2018: We organized TechJam 2018 under the theme “Tomorrow Squad” to seek top talents capable of creating innovative technologies and designs, presenting opportunities for them to unite in driving the country’s technological capacity.



KBank introduced the “K Capstone”, which is an internship program that guides young generation to think, try out and work on their initiatives to create the prototypes under the “Start from Scratch” concept that could become another wave of disruption to the traditional financial industry because “Everything is Possible”.



KBTG presented prizes to the winners of the TechJam 2018 contest. There were 1,476 teams applying for the competition. The winning team got a cash prize of Baht 100,000 and a trip to explore innovations in Silicon Valley, USA.

3. KBTG Internship Bootcamp 2018: This program aimed to promote and develop educational potential for university students and interested members of the general public, offering them a chance to gain hands-on experience from IT personnel with extensive experience in financial technology.

4. K-Talent: Engagement and Networking: Organized in Seattle, San Francisco and South Bay (Silicon Valley), USA, this program served as a forum for discussing the visions of KBank and KBTG with tech talents and Thai students presently based there.

Creating a positive employee experience and engagement

- New learning media via Ookbee application: KBank aims to be a learning organization by collaborating with Ookbee, an online reading (e-book) application. In addition to books, there are magazines, journals and newspapers available for employees to choose in line with their preferences and lifestyles.
- Free Wi-Fi in Possibility Project under theme Everything is Possible (#Possibility): Working with telecom network providers, KBank has added a Wi-Fi connection available to our employees and the general public using services at the Head Office.
- YES Talk: This program involves inspirational talks given by representative employees from various divisions who share their experiences and inspiring stories from different perspectives. This TED Talk-style forum aims to ignite ideas and foster a positive attitude at work.
- Retreat Program: The company retreat is aimed at promoting a team building spirit among staffers in middle management and the higher levels of KBank and K Companies under the “K-Unity” concept to promote a workplace culture of teamwork. More than 3,000 employees attended retreat programs in 2018.

- K-Spirit Day: Under the theme “The Planet of Possibilities”, this program – which blended sporting activities with technology – was organized to promote a team spirit and creativity among KBank, K Companies and P Companies. Notably, executives and other employees were encouraged to work out, and their calories burned were tracked by a mobile application. These fitness and health statistics will be combined with those collected from sporting activities held in January 2019.

Leading KBank in becoming a data-driven organization

KBank prioritizes employee development in the field of data analytics as we strive to make KBank a data-driven organization. Learning courses were organized to equip our employees with knowledge of applying the following three analytics programs:

1. Power BI, which was attended by a total of 707 employees in 2018.
2. Qlik Sense, which was attended by 255 employees in 2018.
3. Python, which was attended by 91 employees in 2018.

Making KBank a digital workplace

KBank has extended the scope of its digital platform to K Companies and P Companies for complete coverage to bolster capacities for work shared among them. Targeting enhanced efficiency in internal communications, we introduced a trial use of the Microsoft Office 365 program to encourage employees to gain real experience which could be applied to their work, thus ensuring the highest benefit for themselves and KBank. We also communicated to employees of KBank, K Companies and P Companies advanced techniques for using Microsoft Office 365.

Other human resource management operations

1. Employee recruitment: Notable activities included K Career, which was organized continually, and KBank Interview Day, wherein more activities were held to recruit capable personnel in other fields, especially IT risk management, data risk management and cyber risk management. For increased efficiency in the recruitment process to better meet KBank’s business needs in a timely manner, we focused on participating in programs held at universities.



KBank launched the “GREEN DNA Save the World” project to promote our employees to reduce the use of plastic.

2. Employee development: The K-Coaching Academy program was continually implemented to equip personnel from the level of team leaders to executives with global-standard coaching skills so that they can offer consultation to employees and maximize their potential, thus strengthening cordial relationships between managers and their teams. Another initiative of note was the “Seniors Want to Coach – Juniors Want to Talk – Season 2” program, wherein employees were coached by department heads and First Executive Vice Presidents. Furthermore, we launched campaigns via various activities and media to promote a good coaching environment within the organization.

3. High-potential employee development: We adopted psychometrics for leadership assessment and self-awareness to encourage high-caliber staffers to maximize their strengths at work, and for self-development.

4. Employee relations and benefits: The fourth Employees’ Committee meeting for 2018 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 towards employees performing in violation of regulatory requirements, to ensure strict compliance among our staff members. These efforts 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 labour laws of AEC countries and the People’s Republic of China so that our employees abroad can perform their work correctly, thus mitigating compliance risk in those countries.

5. Communication for economic, social and environmental sustainability under the “Green DNA” resolution: KBank implemented the “100,000 Chuamong Chuan Kan Tham Di Tham Dai (100,000 Volunteer Hours)” project as part of our effort to promote a culture of sustainability in three dimensions, namely economy, society and environment. As of the end of December 2018, our staff members had performed more than 161,664 hours of service, comprising 137,029 hours by KBank and K Companies employees, and 24,455 hours by members of general public invited to join the program by KBank. Moreover, we launched a Green DNA Save the World campaign to reduce the use of plastic.

2. IT Management

In 2018, KASIKORN BUSINESS-TECHNOLOGY GROUP 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:



KBank and the Department of Consular Affairs, the Ministry of Foreign Affairs, introduced the Thai e-Visa system to facilitate foreign nationals in submitting online visa applications, from completing the visa application to submitting the required documents.



KBank and Chulalongkorn University launched CU NEX, a mobile application that brings together all aspects of life on campus for students and professors, aimed at supporting the university's drive to become a leading digital university.



KBank launched the "Pay with K PLUS" service, the first of its kind in Thailand, which offers bill payment service for Facebook Messenger via K PLUS.

- Development of "KADE", or K PLUS AI-Driven Experience, a financial service that is driven by Artificial Intelligence (AI) technology. Based on the concept "From Digital to Intelligence", this financial innovation comes with an AI-based mechanism which is applied to K PLUS services for comprehensive linkage, allowing in-depth understanding of customers' real demands. The initiative aims to transform K PLUS into K PLUS Intelligence Platform, which integrates services of various forms in a single place for improved customer convenience. Notable functions that have been developed to facilitate our clients are as follows:

1. KBank's mobile banking application (K PLUS):
 - Request to Pay function has been added to K PLUS for payment request as part of the PromptPay program under the Bank of Thailand's policy.
 - Pay with K PLUS feature has been added to Facebook Messenger.
 - K PLUS has been linked to the CU NEX application, which enables the issuance of a Chulalongkorn University student ID/debit card without the need to go to a KBank branch.
 - A function for generating Loyalty Platform on K PLUS Lifestyle has been developed as a "member card" for customers. The function allows customers to add a member card and accumulate points via K PLUS. The new function has so far been linked to five types of member cards, i.e., PTT Blue Card, The 1 Card, Air Asia BIG Card, Boots Advantage Card, and AIS Serenade card.
 - K+ Market feature has been added to the K PLUS Platform to offer products and promotions. Customers are allowed to make payment for goods by cash or redemption of credit card points, and they may save delivery address and method.
 - Via Life PLUS menu option, we offer products matching special occasions and personal and SME loans with the use of AI technology for analysis of target customers.

2. KBank mobile banking application for merchants (K PLUS SHOP):
 - Functions have been added to K PLUS SHOP to serve merchants with a wide network of shops. For instance, both shopowners and their staff are notified of incoming funds, or they may save settlement records in the company's main account.
 - Various functions have been added to notify merchants of incoming funds via voice-based notification, to allow them to return money to buyers upon their order cancellation and to produce a sales report which can be sent via email.
 - A function has been added to allow for bill collection via social media with the help of Green Cat QR scanning, wherein customers are not required to enter an account number and amount. The new function can accept payment from Chinese tourists using Alipay and WeChat Pay.
- **K PLUS Beacon:** Thailand's first application that empowers the visually impaired to independently conduct online financial transactions via mobile phone. KBank and Beacon Interface Co., Ltd. worked together to develop the K PLUS Beacon application, which is now in the process of further development and being tested in its four major services including balance inquiry, funds transfer, top up, and bill payment, under a system matching the security standard of K PLUS. The application is expected to be available in 2019.
- **Study and develop an Application Programming Interface (API) Manager system:** Initially, the system structure has been developed to enable the use of Open API, for further connectivity with other organizations such as fintech firms. We are now in the process of compiling data and mapping out strategies in response to business needs, with prominence given to data suitability and security. K PLUS SHOP API has been linked to more trade partners to enable QR payment on their applications.
- **Development of technology to apply machine learning techniques to KBank businesses:** We have employed machine learning technology to analyze customer lifestyles based on their profiles and spending behaviors, in order to offer products matching each customer's specific needs via the Hot Promotions menu option on K PLUS. Notable initiatives were offering of products tailored to special occasions and seasons, as well as offers of personal and SME loans.
- **Development of functions of blockchain to better respond to business needs:** The Hyperledger blockchain platform was further developed for a letter of guarantee issuance service, which is being provided to more Multi-Corporate Business customers for enhanced service and cost efficiency.
- **Development of Electronic Know-Your-Customer (National Digital Identity):** KBank, the Electronic Transactions Development Agency (Public Organization) 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. The service, which is now operating on a trial basis, is expected to roll out in 2019.



KBank collaborated with other financial institutions and leading organizations to unveil the "Thailand Blockchain Community Initiative", with an aim to create the country's first project for blockchain-based letters of guarantee.

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 the 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.



KBank teamed up with LINE to set up "KASIKORN LINE CO., LTD." with an aim to take LINE users even closer to more user-friendly and accessible financial services.

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 2018, KBank expanded its investment in the following three companies:

1. Invested in Beacon Interface Co., Ltd. (shares of which are held by KASIKORN X COMPANY LIMITED) with the objective of operating a technical design business, focusing on research and development of User Experience (UX) and User Interface (UI) to be applied to KBank products and services.
2. Established KASIKORN VISION COMPANY LIMITED (KVision) as an investment holding company to invest in other corporate entities or fintech/startup firms for the purpose of scouting tech communities worldwide to find innovative firms and tech talents, in order to collaborate and develop new technological capabilities.
3. Invested in KASIKORN LINE COMPANY LIMITED (shares of which are held by KASIKORN VISION COMPANY LIMITED (KVision)) with the objective of operating a personal loan and nanofinance business, serving as a channel for provision of KBank financial services and loan products, and serving as an insurance broker and mutual fund provider under an Open Architecture platform.

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.

02



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 KASIKORNBANK PUBLIC COMPANY LIMITED places importance on fulfilling its duties and responsibilities in supervising the business undertakings of the Bank in compliance with the Statement of Corporate Governance Principles. The Board is held accountable for the consolidated and Bank-only financial statements, including the financial data disclosed in the Annual Report. The financial statements for the year ending December 31, 2018 and the notes to the financial statements have been prepared in accordance with Thai Financial Reporting Standards. Proper accounting policies have been employed and consistently adhered to in the preparation of these financial statements, including careful consideration together with prudent and reasonable estimations. These are transparent and reasonable presentations that reflect a true and fair financial position and performance that is useful to all shareholders and investors. Moreover, the financial statements have been audited by an independent certified public accountant whose unqualified opinions are stated therein.

The Board 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, 2018, as well as the financial performance for the year ending December 31, 2018, in accordance with Thai Financial Reporting Standards and relevant laws and regulations.

The Board of Directors 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 operational risk. The Board of Directors has appointed an Audit Committee entirely comprised of independent directors responsible for the quality of the Bank's financial reporting and internal control systems, as well as complete and appropriate disclosure of connected transactions and other processes. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this Annual Report.

(Mr. Banthoon Lamsam)

Chairman of the Board and Chief Executive Officer

(Mr. Patchara Samalapa)

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 2018, 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 and taxation risk management 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. In addition, the Audit Committee held regular meetings with the external auditors, 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 cyber threats and other risks that may affect security and stability of the Bank's information systems. The Audit Committee met with executives from IT Operations and Internal Audit Department to consider adequacy of IT risk management and monitor implementation of action plan for significant issues.
- 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 stays abreast of changes in business and services of KASIKORNBANK FINANCIAL CONGLOMERATE in response to digital banking era via meetings with executives to ensure that significant risks were appropriately managed.
- The Audit Committee considered the annual review of Internal Audit Charter, approved annual audit plan and adjustments to it during the year, as well as monitored the performance of Internal Audit Department versus the plan each quarter. The Audit Committee supports the development and improvement of internal audit activities vis-à-vis personnel, work efficiency and conformity with international standards to be in line with significant changes in digital age.

- The Audit Committee 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.
- The Audit Committee placed emphasis on transparent business operations of KASIKORNBANK FINANCIAL CONGLOMERATE. The Audit Committee acknowledged and reviewed complaints or whistle-blowing to ensure appropriate case management and fairness to all parties.
- The appointment of external auditors for the year 2019 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 Annual 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 2018 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, loan review, compliance with law and regulatory requirements, and Anti-Corruption Policy, and 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 position as at 31 December 2018, 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 2018 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 3.6, 10, 12 and 42.

The Key Audit Matter

As at 31 December 2018, loans to customers represented 56.99% and 66.45% of consolidated and the Bank-only total assets respectively, against which an allowance for doubtful accounts of Baht 117,689 million and Baht 113,849 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 3.31, 42 and 43.

The Key Audit Matter

As at 31 December 2018, financial instruments recorded at fair value in the consolidated financial statements amounted to Baht 310,344 million for assets and Baht 21,069 million for liabilities. In the Bank-only financial statements, these two accounts amounted to Baht 238,943 million and Baht 21,886 million respectively.

Of these amounts, as at 31 December 2018, financial assets and liabilities designated at level 2 fair value in the consolidated financial statements amounted to Baht 258,327 million and Baht 21,052 million respectively, and in the Bank-only financial statements, they amounted to Baht 232,805 million and Baht 21,886 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 3.18, 23 and 42.

The Key Audit Matter

As at 31 December 2018, insurance contract liabilities recorded in respect of a subsidiary in the consolidated financial statements amounted to Baht 410,748 million, mainly the long-term technical reserves (approximately 98.84% 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

28 February 2019

A handwritten signature in black ink, appearing to read 'C. Phosamritlert'.

(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 2018	31 December 2017	31 December 2018	31 December 2017
ASSETS					
Cash		66,739,598	67,824,628	66,702,497	67,787,380
Interbank and money market items - net	6	461,987,288	426,092,013	433,637,801	402,170,407
Derivative assets	7	26,195,493	27,244,293	25,253,216	26,968,912
Investments - net	8	661,655,219	535,560,461	224,815,062	146,556,016
Investments in subsidiaries, associates and joint ventures - net	9	916,679	845,625	30,575,493	28,626,861
Loans to customers and accrued interest receivables - net	10, 11				
Loans to customers		1,924,748,421	1,812,356,298	1,868,154,453	1,763,235,477
Accrued interest receivables		3,386,966	3,391,334	2,733,672	2,854,752
Total Loans to customers and accrued interest receivables		1,928,135,387	1,815,747,632	1,870,888,125	1,766,090,229
Less Deferred revenue		(10,675,722)	(9,573,329)	(190,963)	(269,948)
Less Allowance for doubtful accounts	12	(117,689,558)	(101,983,438)	(113,848,883)	(98,647,092)
Less Revaluation allowance for debt restructuring	13	(1,796,362)	(1,450,842)	(1,789,986)	(1,438,533)
Total Loans to customers and accrued interest receivables - net		1,797,973,745	1,702,740,023	1,755,058,293	1,665,734,656
Properties foreclosed - net	14	22,213,586	17,444,121	22,095,753	17,341,587
Premises and equipment - net	16	48,525,133	50,136,653	38,463,014	40,382,757
Goodwill and other intangible assets - net	17	24,089,024	24,588,621	18,208,983	19,040,818
Deferred tax assets	18	6,694,782	5,033,040	4,431,038	4,311,438
Other assets - net		38,100,262	43,331,296	21,908,381	25,903,231
Total Assets		3,155,090,809	2,900,840,774	2,641,149,531	2,444,824,063

Statements of Financial Position



KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

		Consolidated		The Bank	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Note					
LIABILITIES AND EQUITY					
Deposits	19	1,995,000,637	1,878,672,037	1,991,422,958	1,875,729,451
Interbank and money market items	20	128,003,006	69,288,567	136,452,344	82,253,026
Liabilities payable on demand	24	25,488,433	21,248,002	25,488,433	21,248,002
Derivative liabilities	7	21,739,574	25,401,388	22,010,827	25,396,449
Debts issued and borrowings	21	70,566,887	70,575,042	70,446,196	70,309,396
Provisions	22	24,489,636	25,399,890	22,834,534	23,946,396
Deferred tax liabilities	18	1,615,016	1,905,946	-	-
Insurance contract liabilities	23	410,747,873	363,514,612	-	-
Other liabilities		59,617,825	57,012,995	34,366,203	31,623,323
Total Liabilities		2,737,268,887	2,513,018,479	2,303,021,495	2,130,506,043
Equity					
Share capital					
Authorized share capital					
3,048,614,697 common shares, Baht 10 par value		30,486,147	30,486,147	30,486,147	30,486,147
Issued and paid-up share capital					
2,393,260,193 common shares, Baht 10 par value		23,932,602	23,932,602	23,932,602	23,932,602
Premium on common shares		18,103,110	18,103,110	18,103,110	18,103,110
Other reserves		19,121,516	22,272,886	16,645,491	17,701,831
Retained earnings					
Appropriated					
Legal reserve		25	3,050,000	3,050,000	3,050,000
Unappropriated			312,090,325	276,396,833	251,530,477
Total Equity attributable to equity holders of the Bank		376,297,553	348,625,127	338,128,036	314,318,020
Non-controlling interests		9	41,524,369	-	-
Total Equity		417,821,922	387,822,295	338,128,036	314,318,020
Total Liabilities and Equity		3,155,090,809	2,900,840,774	2,641,149,531	2,444,824,063

(Mr. Banthoon Lamsam)

Chairman of the Board and Chief Executive Officer

(Mr. Patchara Samalapa)

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	
		2018	2017	2018	2017
Interest income	33	123,921,919	119,337,280	103,099,060	101,477,204
Interest expenses	34	25,384,411	25,176,274	25,209,606	25,121,148
Interest income - net		98,537,508	94,161,006	77,889,454	76,356,056
Fees and service income		51,186,823	51,757,099	48,289,397	49,693,027
Fees and service expenses		13,069,478	10,451,160	12,751,251	9,997,537
Fees and service income - net	35	38,117,345	41,305,939	35,538,146	39,695,490
Gain on trading and foreign exchange transactions	36	9,003,084	8,410,508	8,845,731	8,403,927
Loss on financial liabilities designated at fair value through profit or loss	37	-	(1,543)	-	(1,543)
Gain on investments	38	2,652,340	3,490,719	1,228,899	2,325,606
Share of profit from investments using equity method		49,539	157,553	-	-
Dividend income		2,117,832	1,990,986	3,877,313	3,854,412
Net premiums earned		91,434,083	99,786,124	-	-
Other operating income		1,468,024	1,405,295	2,748,994	3,219,991
Total operating income		243,379,755	250,706,587	130,128,537	133,853,939
Underwriting expenses		87,897,063	93,850,368	-	-
Total operating income - net		155,482,692	156,856,219	130,128,537	133,853,939
Other operating expenses					
Employee expenses		31,369,411	31,007,961	22,645,594	23,020,704
Directors' remuneration		143,221	139,813	87,951	88,083
Premises and equipment expenses		12,648,522	12,917,437	12,537,303	12,762,507
Taxes and duties		4,867,417	4,524,725	4,270,705	3,995,905
Others		19,319,098	17,782,014	19,203,638	17,775,393
Total other operating expenses		68,347,669	66,371,950	58,745,191	57,642,592
Impairment loss on loans and debt securities	39	32,532,200	41,810,044	31,864,830	41,101,342
Operating profit before income tax expense		54,602,823	48,674,225	39,518,516	35,110,005
Income tax expense	40	10,394,614	9,027,754	6,955,977	5,923,348
Net profit		44,208,209	39,646,471	32,562,539	29,186,657

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

Statements of Profit or Loss and Other Comprehensive Income



KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

	Note	Consolidated		The Bank	
		For the year ended 31 December		For the year ended 31 December	
		2018	2017	2018	2017
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
(Loss) gain on remeasurement of available-for-sale investments		(6,417,275)	4,963,142	(1,133,364)	845,493
(Loss) gain arising from translating the financial statements					
of a foreign operation	41	(353,479)	349,245	(5,094)	203,653
Income taxes relating to components of other comprehensive income	18	1,264,117	(988,680)	226,778	(150,769)
Items that will not be reclassified subsequently to profit or loss					
Changes in revaluation surplus	16	-	1,245,067	-	-
Actuarial gain (loss) on defined benefit plans	22	2,290,800	(712,071)	2,167,191	(678,733)
Income taxes relating to components of other comprehensive income	18	(454,466)	(106,166)	(433,438)	135,747
Total other comprehensive income		(3,670,303)	4,750,537	822,073	355,391
Total comprehensive income		40,537,906	44,397,008	33,384,612	29,542,048
Net profit attributable to:					
Equity holders of the Bank		38,459,116	34,338,246	32,562,539	29,186,657
Non-controlling interests		5,749,093	5,308,225	-	-
Total comprehensive income attributable to:					
Equity holders of the Bank		37,250,512	36,429,885	33,384,612	29,542,048
Non-controlling interests		3,287,394	7,967,123	-	-
Earnings per share of equity holders of the Bank					
Basic earnings per share (Baht)		16.07	14.35	13.61	12.20
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. Patchara Samalapa)

President

Statements of Changes in Equity

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

	Note	Consolidated										
		Equity holders of the Bank										
		Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves			Retained Earnings		Total equity attributable to equity holders of the Bank	Non-controlling Interests	Total	
				Appraisal Surplus on Asset Revaluation	Revaluation Surplus on Available-for-sale Investments (Note 8.2)	Foreign Currency Translation (Note 41)	Total other reserves	Appropriated Legal Reserve				Unappropriated
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	26	-	-	-	-	-	-	-	(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	2,658,998	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
Year ended 31 December 2018												
Balance at 1 January 2018		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
Dividend paid	26	-	-	-	-	-	-	-	(9,573,041)	(9,573,041)	(944,710)	(10,517,751)
Net profit		-	-	-	-	-	-	-	38,459,116	38,459,116	5,749,093	44,208,209
Other comprehensive income		-	-	-	(2,639,482)	(353,333)	(2,992,815)	-	1,784,211	(1,208,604)	(2,461,699)	(3,670,303)
Total comprehensive income		-	-	-	(2,639,482)	(353,333)	(2,992,815)	-	40,243,327	37,250,512	3,287,394	40,537,906
Transferred to retained earnings		-	-	(158,555)	-	-	(158,555)	-	158,555	-	-	-
Others		-	-	-	-	-	-	-	(5,045)	(5,045)	(15,483)	(20,528)
Balance at 31 December 2018		23,932,602	18,103,110	13,302,481	6,013,108	(194,073)	19,121,516	3,050,000	312,090,325	376,297,553	41,524,369	417,821,922

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

Statements of Changes in Equity



KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

	Note	The Bank							
		Equity holders of the Bank							Total
		Issued and Paid-up Share Capital	Premium on Share Capital	Appraisal Surplus on Asset Revaluation	Revaluation Surplus on Available-for-sale Investments (Note 8.2)	Other reserves	Foreign Currency Translation (Note 41)	Total other reserves	
								Retained Earnings	
								Appropriated Legal Reserve	Unappropriated
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	232,310,885
Dividend paid	26	-	-	-	-	-	-	-	(9,573,041)
Net profit		-	-	-	-	-	-	-	29,186,657
Other comprehensive income		-	-	-	676,395	221,983		898,378	(542,987)
Total comprehensive income		-	-	-	676,395	221,983		898,378	28,643,670
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	251,530,477
Year ended 31 December 2018									
Balance at 1 January 2018		23,932,602	18,103,110	12,505,313	5,170,677	25,841		17,701,831	251,530,477
Dividend paid	26	-	-	-	-	-	-	-	(9,573,041)
Net profit		-	-	-	-	-	-	-	32,562,539
Other comprehensive income		-	-	-	(906,692)	(4,988)		(911,680)	1,733,753
Total comprehensive income		-	-	-	(906,692)	(4,988)		(911,680)	34,296,292
Transferred to retained earnings		-	-	(144,660)	-	-	-	(144,660)	144,660
Others		-	-	-	-	-	-	-	(1,555)
Balance at 31 December 2018		23,932,602	18,103,110	12,360,653	4,263,985	20,853		16,645,491	276,396,833
									338,128,036

(Mr. Banthoon Lamsam)

Chairman of the Board and Chief Executive Officer

(Mr. Patchara Samalapa)

President

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

Statements of Cash Flows



KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

Note	Consolidated		The Bank	
	For the year ended 31 December		For the year ended 31 December	
	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating profit before income tax expense	54,602,823	48,674,225	39,518,516	35,110,005
Adjustments for				
Depreciation and amortisation	7,393,400	7,333,203	6,568,869	6,501,442
Bad debt and doubtful accounts	31,408,842	40,022,144	30,610,080	39,192,832
Loss on debt restructuring	3,406,050	2,997,811	3,403,405	2,987,135
Interest income from amortisation of revaluation allowance for debt restructuring	(847,387)	(1,046,005)	(842,127)	(1,040,365)
Loss on foreign exchange translation of long-term borrowings	92,612	257,426	92,612	257,426
Loss (Gain) on revaluation of trading investments	359,736	(111,350)	(7,114)	(18,139)
Reversal of loss on impairment of investments	-	(53,858)	(110,000)	(143,858)
Gain on disposal of investments in securities	(2,651,692)	(3,435,057)	(1,118,899)	(2,265,289)
Loss on liquidation and redemption of subsidiary	-	-	-	83,457
Gain on disposal of investments in associated companies	(648)	(1,889)	-	-
Loss on impairment of properties foreclosed	738,831	677,208	710,562	710,825
Loss on impairment of premises and equipment	131,456	471,848	131,456	471,848
Provision for other assets	221,330	237,151	221,330	237,122
Loss (Gain) on disposal of premises and equipment	4,669	(59,373)	12,186	(59,236)
Loss on write off of premises and equipment	18,828	144,161	18,125	135,707
Loss on write off of other assets	223,038	117,227	225,031	117,811
Reversal of loss on revaluation of premises	-	(10,612)	-	-
Share of profit from investments using equity method	(49,539)	(157,553)	-	-
	95,052,349	96,056,707	79,434,032	82,278,723
Interest income - net	(98,537,508)	(94,161,006)	(77,889,454)	(76,356,056)
Dividend income	(2,117,832)	(1,990,986)	(3,877,313)	(3,854,412)
Proceeds from interest	125,704,797	116,526,593	106,920,226	99,175,975
Interest paid	(24,186,416)	(25,163,012)	(24,089,413)	(25,296,569)
Proceeds from dividends	2,250,526	2,035,520	3,876,802	3,852,737
Income tax paid	(11,261,226)	(11,638,743)	(6,984,098)	(7,870,949)
Operating profit before changes in operating assets and liabilities	86,904,690	81,665,073	77,390,782	71,929,449
(Increase) Decrease in operating assets				
Interbank and money market items (assets)	(38,112,115)	(83,229,124)	(32,607,843)	(70,369,787)
Investments held for trading	4,164,079	(10,232,741)	3,388,136	(7,576,735)
Loans to customers	(135,333,394)	(136,330,285)	(128,834,086)	(121,912,862)
Properties foreclosed	3,176,627	2,236,770	2,678,610	1,771,482
Other assets	4,728,562	4,171,372	4,121,060	6,042,229
Increase (Decrease) in operating liabilities				
Deposits	116,821,809	83,969,885	115,728,952	77,458,169
Interbank and money market items (liabilities)	58,548,958	(88,928,202)	53,816,196	(85,497,050)
Liabilities payable on demand	4,240,449	1,402,009	4,240,449	1,402,009
Short-term debts issued and borrowings	(144,955)	93,081	-	(4,896)
Other accrued expenses	(511,571)	290,807	(445,504)	152,138
Provisions	1,380,546	2,193,407	1,055,329	1,943,954
Other liabilities	45,534,518	54,162,513	(1,929,634)	(4,482,029)
Net cash provided by (used in) operating activities	151,398,203	(88,535,435)	98,602,447	(129,143,929)

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	
		2018	2017	2018	2017
Note					
CASH FLOWS FROM INVESTING ACTIVITIES					
		210,040,286	385,136,864	193,795,582	353,154,661
		55,298,456	53,387,775	45,567,835	47,231,800
		36,634	82,561	24,000	77,731
		-	-	110,000	240,000
		-	-	-	677,491
		893	8,119	-	-
		(313,382,932)	(209,451,433)	(285,813,904)	(176,184,451)
		(87,825,080)	(93,015,008)	(38,572,648)	(36,059,140)
		(2,219,724)	(729,867)	(382,173)	(688,687)
		-	-	(2,502,500)	(14,806,184)
		(136,415)	(8,533)	-	(8,533)
		26,158	130,863	11,348	128,494
		(2,200,323)	(4,106,739)	(1,277,349)	(3,593,770)
		(8,069)	(75,607)	(8,069)	(12,197)
		(2,533,873)	(3,498,982)	(2,006,088)	(2,597,901)
		(142,903,989)	127,860,013	(91,053,966)	167,559,314
CASH FLOWS FROM FINANCING ACTIVITIES					
	5, 21	17,232,803	470,360	17,232,803	470,360
	5, 21	(16,292,321)	(22,065,869)	(16,292,321)	(22,065,869)
		-	75,001	-	-
	26	(9,573,041)	(9,573,041)	(9,573,041)	(9,573,041)
		(944,710)	(988,985)	-	-
		(9,577,269)	(32,082,534)	(8,632,559)	(31,168,550)
Effect of exchange rate changes on balances held in foreign currencies					
	at the end of the year	(1,975)	(6,214)	(805)	(1,209)
Net (decrease) increase in cash		(1,085,030)	7,235,830	(1,084,883)	7,245,626
Cash at the beginning of the year	5	67,824,628	60,588,798	67,787,380	60,541,754
Cash at the end of the year	5	66,739,598	67,824,628	66,702,497	67,787,380

(Mr. Banthoon Lamsam)

Chairman of the Board and Chief Executive Officer

(Mr. Patchara Samalapa)

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	Significant accounting policies	083
4	Capital requirements	102
5	Supplementary information of cash flows	104
6	Interbank and money market items - net (assets)	105
7	Derivatives	107
8	Investments - net	108
9	Investments in subsidiaries, associates and joint ventures - net	112
10	Loans to customers and accrued interest receivables - net	120
11	Troubled debt restructuring	130
12	Allowance for doubtful accounts	133
13	Revaluation allowance for debt restructuring	134
14	Properties foreclosed - net	135
15	Classified assets	137
16	Premises and equipment - net	139
17	Goodwill and other intangible assets - net	143
18	Deferred tax assets and deferred tax liabilities	146
19	Deposits	150
20	Interbank and money market items (liabilities)	151
21	Debts issued and borrowings	153
22	Employee retirement benefits	155
23	Insurance contract liabilities	157
24	Advances received from electronic transactions	157
25	Legal reserve	158
26	Dividend payments	158
27	Assets pledged as collateral and under restriction	159
28	Contingent liabilities and commitments	160
29	Related party transactions and balances	161
30	Benefits of directors and executives	163
31	Long-term agreements	164
32	Segment information	165
33	Interest income	169
34	Interest expenses	169
35	Fees and service income - net	170
36	Gain on trading and foreign exchange transactions	170
37	Loss on financial liabilities designated at fair value through profit or loss	171
38	Gain on investments	171
39	Impairment loss on loans and debt securities	172
40	Income tax expense	172
41	(Loss) gain arising from translating the financial statements of a foreign operation	174
42	Financial risk management	175
43	Fair value of assets and liabilities	193
44	Thai Financial Reporting Standards (TFRS) not yet adopted	199
45	Events after the reporting period	201

Notes to the Financial Statements



KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

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 28 February 2019.

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, associated companies and joint venture as at 31 December 2018 and 2017 are given in note 9.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a) Statement of compliance

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

The FAP has revised TFRS that are effective for annual accounting periods beginning on or after 1 January 2018. The adoption of these revised TFRS did not have an impact on the accounting policies, methods of computation, financial position or performance of the Bank and its subsidiaries.

In addition to the above revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Bank and its subsidiaries has not early adopted these standards in preparing these financial statements, as disclosed in note 44.

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 3 "significant accounting policies" and in the following notes:

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiaries ("the Group") and the Group interests in associates and joint venture.

Business combinations

The Group apply the acquisition method for all business combinations when control is transferred to the Group, 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, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognizes assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the Bank at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognized as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

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 and joint venture

Associated companies are those entities in which the Bank and its subsidiaries have significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in associated companies and joint venture are accounted for in the consolidated financial statements using the equity method and are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of the Item, until the date that significant influence or joint control ceases. When the Bank and its subsidiaries' share of losses exceeds its interest in an associate and joint venture, 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 and joint venture.

Transactions eliminated on consolidation

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

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

3.2 Cash

Cash represents cash in hand and cash on collection.

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

3.3 Investments

Investments in debt and equity securities

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

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

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

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

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

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

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

Market Association as of the reporting date. If not available, the Government Bond Yield for the same period is used, adjusted by an appropriate risk premium.

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

Investments in receivables

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

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

Disposal of investments

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

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

3.4 Investments in subsidiaries, associates and joint venture

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

3.5 Loans

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

3.6 Allowance for doubtful accounts

The Bank and its subsidiaries which are credit institutions or asset management companies make allowances for doubtful accounts that are determined through methods based on the 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.

3.7 Troubled debt restructuring

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

revaluation allowance for debt restructuring. This revaluation allowance for debt restructuring is amortised to profit or loss according to the amounts received over the remaining period of the debt-restructuring contracts.

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

3.8 Properties foreclosed

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

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

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

3.9 Premises and equipment

Recognition and measurement

Owned assets

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

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

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

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

Revalued assets

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

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

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

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

Leased assets

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

Subsequent expenditure

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

Depreciation

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

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

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

Buildings	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.

3.10 Goodwill and intangible assets

Goodwill

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

Other intangible assets

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

Subsequent expenditure

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

Amortisation

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

Software licenses	5-15 years
Advisory fee licenses	10 years

Intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date.

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

3.11 Deferred tax assets and Deferred tax liabilities

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

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

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

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

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

3.12 Leasehold

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

3.13 Investment Property

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

3.14 Impairment

The Bank and its subsidiaries' assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill

and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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

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

Calculation of recoverable amount

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

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

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

Reversals of impairment

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

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

exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.15 Interest-bearing liabilities

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

3.16 Provisions

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

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

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

3.17 Employee benefits

Short-term employee benefits

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

Post-employment benefits : Defined contribution plans

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

Post-employment benefits : Defined benefit plans

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

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

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

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

3.18 Insurance contract liabilities

(a) *Classification of insurance and investment contracts*

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

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

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

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

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

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

Long-term technical reserves

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

Loss reserves and outstanding claims

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

Premium reserve

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

(c) *Liability adequacy test*

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

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

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

3.19 Accounting for customer loyalty programmes

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

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

3.20 Recognition of income

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

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

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

The asset management subsidiary recognises interest income on investments in receivables and loans on a cash basis.

Fee and service income for the performance of service are recognised as the related service is rendered.

Income from factoring business is recognised on an accrual basis.

The lease income of subsidiaries is recognised as follows:

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

3.21 Recognition of net premium earned

Short-term insurance contracts

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

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

Long-term insurance contracts

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

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

3.22 Recognition of interest expense

Interest expense is recognised on an accrual basis.

3.23 Underwriting expenses

Commissions and brokerage expenses

Commissions and brokerage expenses are recognised as expenses when incurred.

Benefit payments and insurance claims

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

3.24 Income tax 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.

3.25 Earnings per share

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

3.26 Derivatives

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

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

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

3.27 Hybrid Instruments for financial liabilities

Hybrid Instruments for financial liabilities: 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 Financial Reporting Standard No. 9 (IFRS 9). 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.

3.28 Assets and liabilities in foreign currencies

1. *Foreign currency transactions*

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

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

2. *Foreign operations*

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

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

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

3.29 Trade Date – Settlement Date policy

The Bank and its subsidiaries recognises and derecognises derivative transactions using Trade Date method. 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.

The Bank and its subsidiaries recognises and derecognises investment, loan, interest bearing liabilities and hybrid instruments for financial liabilities in these financial statements using the Settlement Date method. Settlement Date policy means that the Bank recognises or derecognises such items in financial statements on the date of asset delivery and recognises gain or loss from such agreement.

3.30 Segment information

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

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

3.31 Fair value of assets and liabilities

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

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

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

4 CAPITAL REQUIREMENTS

The ratios of capital to assets (Capital Adequacy Ratio) of KASIKORNBANK FINANCIAL CONGLOMERATE and the Bank as at 31 December 2018 and 2017 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 2018	31 December 2017
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	294,841	266,552
Other comprehensive income	18,940	21,998
<u>Less</u> Capital deduction items on CET1	<u>(27,944)</u>	<u>(28,276)</u>
Total Tier 1 Capital Base	<u>330,923</u>	<u>305,360</u>
Tier 2 Capital		
Tier 2 Capital instruments	28,000	28,000
General Provision	23,186	21,618
<u>Less</u> Capital deduction items on Tier 2	<u>(770)</u>	<u>(4,881)</u>
Total Tier 2 Capital Base	<u>50,416</u>	<u>44,737</u>
Total Capital Base	<u>381,339</u>	<u>350,097</u>
Total Risk-Weighted Assets	2,081,697	1,949,783

(Percentage)

KASIKORNBANK FINANCIAL CONGLOMERATE

	BOT regulatory minimum requirement and conservation buffer*	31 December 2018	BOT regulatory minimum requirement and conservation buffer*	31 December 2017
Capital Adequacy Ratio				
Tier 1 Capital ratio	7.875	15.90	7.25	15.66
Common Equity Tier 1 ratio	6.375	15.90	5.75	15.66
Tier 2 Capital ratio	-	2.42	-	2.30
Capital adequacy ratio	10.375	18.32	9.75	17.96

* 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 2018	31 December 2017
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	262,119	239,842
Other comprehensive income	16,535	17,557
<u>Less</u> Capital deduction items on CET1	<u>(26,464)</u>	<u>(23,836)</u>
Total Tier 1 Capital Base	<u>297,276</u>	<u>278,649</u>
Tier 2 Capital		
Tier 2 Capital instruments	28,000	28,000
General Provision	<u>22,486</u>	<u>21,224</u>
Total Tier 2 Capital Base	<u>50,486</u>	<u>49,224</u>
Total Capital Base	<u>347,762</u>	<u>327,873</u>
Total Risk-Weighted Assets	2,014,943	1,905,966

(Percentage)

The Bank				
	BOT regulatory minimum requirement and conservation buffer*	31 December 2018	BOT regulatory minimum requirement and conservation buffer*	31 December 2017
Capital Adequacy Ratio				
Tier 1 Capital ratio	7.875	14.75	7.25	14.62
Common Equity Tier 1 ratio	6.375	14.75	5.75	14.62
Tier 2 Capital ratio	-	2.51	-	2.58
Capital adequacy ratio	10.375	17.26	9.75	17.20

* 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 2018 and 2017, 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" and 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, were as follows:

Location of disclosure	Through the website under the investor relations section	Date of disclosure
	https://www.kasikornbank.com/EN/IR/FinanInfoReports/Pages/financial-reports.aspx	
Date of disclosure	Within 4 months after the period end date as indicated in the notification	
Information as of	31 December 2018	

5 SUPPLEMENTARY INFORMATION OF CASH FLOWS

Non-cash changes for long-term debts issued and borrowings included decrease in foreign exchange of Baht 817 million, the Bank and its subsidiaries manage its banking exposures through the use of derivatives and amortisation of Baht 14 million.

6 INTERBANK AND MONEY MARKET ITEMS - NET (ASSETS)

Interbank and money market items - net (assets) as of 31 December 2018 and 2017 consisted of:

(Million Baht)

	Consolidated					
	2018			2017		
	At call	Term	Total	At call	Term	Total
1. Domestic						
The BOT and FIDF	36,178	296,089	332,267	32,272	308,074	340,346
Commercial banks	1,208	30,306	31,514	787	11,756	12,543
Specialised financial institutions	101	2,828	2,929	19	3,839	3,858
Other financial institutions	<u>1,680</u>	<u>150</u>	<u>1,830</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total	39,167	329,373	368,540	34,578	323,669	358,247
<u>Add</u> Accrued interest receivable	-	127	127	3	96	99
<u>Less</u> Deferred revenue	-	-	-	-	-	-
Allowance for doubtful accounts	<u>(16)</u>	<u>(112)</u>	<u>(128)</u>	<u>(50)</u>	<u>(34)</u>	<u>(84)</u>
Total Domestic	<u>39,151</u>	<u>329,388</u>	<u>368,539</u>	<u>34,531</u>	<u>323,731</u>	<u>358,262</u>
2. Foreign						
US Dollars	24,931	50,577	75,508	4,433	44,807	49,240
Japanese Yen	168	-	168	295	-	295
Euro	617	-	617	253	3,356	3,609
Other currencies	<u>4,112</u>	<u>12,944</u>	<u>17,056</u>	<u>1,675</u>	<u>12,908</u>	<u>14,583</u>
Total	29,828	63,521	93,349	6,656	61,071	67,727
<u>Add</u> Accrued interest receivable	8	231	239	16	255	271
<u>Less</u> Deferred revenue	-	(2)	(2)	-	(2)	(2)
Allowance for doubtful accounts	<u>-</u>	<u>(138)</u>	<u>(138)</u>	<u>-</u>	<u>(166)</u>	<u>(166)</u>
Total Foreign	<u>29,836</u>	<u>63,612</u>	<u>93,448</u>	<u>6,672</u>	<u>61,158</u>	<u>67,830</u>
Total Domestic and Foreign	<u>68,987</u>	<u>393,000</u>	<u>461,987</u>	<u>41,203</u>	<u>384,889</u>	<u>426,092</u>

(Million Baht)

The Bank						
	2018			2017		
	At call	Term	Total	At call	Term	Total
1. Domestic						
The BOT and FIDF	36,178	296,089	332,267	32,272	308,074	340,346
Commercial banks	225	21,369	21,594	128	3,408	3,536
Specialised financial institutions	1	-	1	1	1,800	1,801
Other financial institutions	<u>1,580</u>	<u>150</u>	<u>1,730</u>	<u>1,840</u>	<u>-</u>	<u>1,840</u>
Total	37,984	317,608	355,592	34,241	313,282	347,523
Add Accrued interest receivable	-	111	111	-	81	81
Less Deferred revenue	-	-	-	-	-	-
Allowance for doubtful accounts	<u>(16)</u>	<u>(81)</u>	<u>(97)</u>	<u>(19)</u>	<u>(34)</u>	<u>(53)</u>
Total Domestic	<u>37,968</u>	<u>317,638</u>	<u>355,606</u>	<u>34,222</u>	<u>313,329</u>	<u>347,551</u>
2. Foreign						
US Dollars	23,763	50,170	73,933	3,120	44,208	47,328
Japanese Yen	168	-	168	295	-	295
Euro	617	-	617	253	3,356	3,609
Other currencies	<u>2,024</u>	<u>1,120</u>	<u>3,144</u>	<u>920</u>	<u>2,303</u>	<u>3,223</u>
Total	26,572	51,290	77,862	4,588	49,867	54,455
Add Accrued interest receivable	1	184	185	-	223	223
Less Deferred revenue	-	(2)	(2)	-	(2)	(2)
Allowance for doubtful accounts	<u>-</u>	<u>(13)</u>	<u>(13)</u>	<u>-</u>	<u>(57)</u>	<u>(57)</u>
Total Foreign	<u>26,573</u>	<u>51,459</u>	<u>78,032</u>	<u>4,588</u>	<u>50,031</u>	<u>54,619</u>
Total Domestic and Foreign	<u>64,541</u>	<u>369,097</u>	<u>433,638</u>	<u>38,810</u>	<u>363,360</u>	<u>402,170</u>

7 DERIVATIVES

Carrying amount and notional amount classified by type of risks as of 31 December 2018 and 2017 consisted of:

(Million Baht)

Consolidated										
Type of risk	Carrying amount				Notional amount classified by maturity					
	Assets		Liabilities		Up to 1 year		Over 1 year		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Exchange rate	19,835	20,180	16,940	19,804	1,544,062	1,292,992	404,889	329,338	1,948,951	1,622,330
Interest rate	6,475	7,339	4,222	4,788	121,899	142,978	767,819	555,065	889,718	698,043
Others										
- Commodities	152	178	148	175	4,436	4,512	41	-	4,477	4,512
- Equities	270	72	412	634	4,063	4,777	905	483	4,968	5,260
- Debts	-	-	18	-	300	-	-	2,365	300	2,365
- Others	(537)	(525)	-	-	-	-	-	-	-	-
Total	26,195	27,244	21,740	25,401	1,674,760	1,445,259	1,173,654	887,251	2,848,414	2,332,510

(Million Baht)

(million Baht)

The Bank										
	Carrying amount				Notional amount classified by maturity					
	Assets		Liabilities		Up to 1 year		Over 1 year		Total	
Type of risk	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Exchange rate	18,769	19,519	17,229	19,973	1,543,988	1,292,992	375,166	308,040	1,919,154	1,601,032
Interest rate	6,475	7,339	4,222	4,788	121,899	142,978	765,978	553,224	887,877	696,202
Others										
- Commodities	152	178	148	175	4,436	4,512	41	-	4,477	4,512
- Equities	394	460	394	460	827	-	-	965	827	965
- Debts	-	-	18	-	300	-	-	-	300	-
- Others	(537)	(527)	-	-	-	-	-	-	-	-
Total	25,253	26,969	22,011	25,396	1,671,450	1,440,482	1,141,185	862,229	2,812,635	2,302,711

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 3.26.

The proportion of the notional amount of derivative transactions classified by counterparties as of 31 December 2018 and 2017 consisted of:

(Percentage)

Consolidated					The Bank	
COUNTERPARTY	2018	2017	2018	2017		
Financial institutions	69	65	69	65		
Companies - other	<u>31</u>	<u>35</u>	<u>31</u>	<u>35</u>		
Total	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>		

8 INVESTMENTS - NET

8.1 Type of investments

Investments as of 31 December 2018 and 2017 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
1. <u>Trading investments</u> - Fair Value				
1.1 Government and state enterprise securities	14,757	16,710	14,757	16,710
1.2 Private enterprise debt instruments	830	2,203	830	2,203
1.3 Marketable equity securities - domestic	<u>3,689</u>	<u>4,832</u>	<u>23</u>	<u>22</u>
Total	<u>19,276</u>	<u>23,745</u>	<u>15,610</u>	<u>18,935</u>
2. <u>Available-for-sale investments</u> - Fair Value				
2.1 Government and state enterprise securities	183,150	87,241	181,290	85,495
2.2 Private enterprise debt instruments	8,195	2,956	6,100	938
2.3 Foreign debt instruments	14,881	26,868	5,224	16,862
2.4 Marketable equity securities - domestic	44,703	40,772	3,247	3,847
2.5 Marketable equity securities - overseas	<u>15,869</u>	<u>13,560</u>	<u>2,969</u>	<u>3,432</u>
Total	<u>266,798</u>	<u>171,397</u>	<u>198,830</u>	<u>110,574</u>
3. <u>Held-to-maturity debt instruments</u> - Cost Value / Amortised Cost Value				
3.1 Government and state enterprise securities	238,167	237,485	4,938	13,734
3.2 Private enterprise debt instruments	99,175	77,805	2,626	641
3.3 Foreign debt instruments	33,284	22,138	-	-
3.4 Investments in receivables	<u>872</u>	<u>1,048</u>	<u>867</u>	<u>1,043</u>
Total	371,498	338,476	8,431	15,418
<u>Less</u> Allowance for impairment	<u>(473)</u>	<u>(473)</u>	<u>(453)</u>	<u>(453)</u>
Total	<u>371,025</u>	<u>338,003</u>	<u>7,978</u>	<u>14,965</u>
4. <u>General investments</u> - Cost Value				
4.1 Non-marketable equity securities - domestic	1,623	1,316	1,367	1,043
4.2 Non-marketable equity securities - overseas	<u>3,224</u>	<u>1,347</u>	<u>1,193</u>	<u>1,159</u>
Total	4,847	2,663	2,560	2,202
<u>Less</u> Allowance for impairment	<u>(221)</u>	<u>(221)</u>	<u>(93)</u>	<u>(93)</u>
Fair value hedge adjustments	<u>(70)</u>	<u>(27)</u>	<u>(70)</u>	<u>(27)</u>
Total	<u>4,556</u>	<u>2,415</u>	<u>2,397</u>	<u>2,082</u>
Total Investments - net	<u>661,655</u>	<u>535,560</u>	<u>224,815</u>	<u>146,556</u>

8.2 Revaluation surplus on available-for-sale investments

As of 31 December 2018 and 2017, revaluation surplus on available-for-sale investments consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revaluation surplus on available-for-sale investments*				
Debt instruments	232	396	179	238
Equity securities	<u>5,781</u>	<u>8,256</u>	<u>4,085</u>	<u>4,932</u>
Total	<u>6,013</u>	<u>8,652</u>	<u>4,264</u>	<u>5,170</u>

* net of deferred tax

8.3 Investments in other companies having a going concern uncertainty

As of 31 December 2018 and 2017, 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)

Consolidated						
	2018			2017		
	Cost Value/ Book Value	Fair Value	Allowance for Impairment	Cost Value/ Book Value	Fair Value	Allowance for Impairment
1. Listed companies which meet SET's criteria for delisting, and are in default on debt instruments						
- Debt Instruments	46	-	(46)	46	-	(46)
2. Companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are the same as companies which meet SET's criteria for delisting						
- Equity Securities	34	-	(34)	34	-	(34)
- Debt Instruments	453	-	(453)	453	-	(453)
3. Investments in receivables with uncertainty in settlement or in default	5	-	(5)	5	-	(5)
Total	<u>538</u>	<u>-</u>	<u>(538)</u>	<u>538</u>	<u>-</u>	<u>(538)</u>

(Million Baht)

<u>The Bank</u>						
	<u>2018</u>			<u>2017</u>		
	<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	22	-	(22)	22	-	(22)
- Debt Instruments	453	-	(453)	453	-	(453)
Total	<u>521</u>	<u>-</u>	<u>(521)</u>	<u>521</u>	<u>-</u>	<u>(521)</u>

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

As of 31 December 2018 and 2017, 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)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Agriculture and mining	5	5	-	-
Property development and construction	2,202	2,145	473	505
Infrastructure and services	223	284	142	142
Others	1,828	2,137	110	76
Total	<u>4,258</u>	<u>4,571</u>	<u>725</u>	<u>723</u>

9 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES - NET

9.1 Type of investments in subsidiaries, associated companies and joint ventures

As of 31 December 2018 and 2017, investments in ordinary shares of subsidiaries, associated companies and joint ventures were as follows:

(Million Baht)

Consolidated								
			% Shareholding					
	Type of Business	Type of Share	Direct	Indirect	Cost method		Equity method	
			2018	2017	2018	2017	2018	2017
Associated companies								
Processing Center Co., Ltd.	Service	Ordinary	30.00%	30.00%	15	15	326	348
National ITMX Co., Ltd.	Service	Ordinary	22.76%	22.76%	60	60	363	332
Sovannaphum Life Assurance PLC ¹⁾	Life Insurance	Ordinary	18.74%	18.74%	215	168	139	117
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%	35.30%	4	4	-	4
Tee Entertainment Co., Ltd. ²⁾	Event organizer							
	Restaurant and Sale of consumer goods	Ordinary	27.61%	27.61%	45	45	-	45
Beacon Interface Co., Ltd. ²⁾	Service	Ordinary	-	50.00%	-	-	-	-
Joint ventures								
KASIKORN LINE CO., LTD.	Lending service	Ordinary	50.00%	-	89	-	89	-
Total Investments in Associated Companies and Joint Ventures					455	319	917	846
Less Allowance for impairment					(76)	(27)	-	-
Investments in Associated Companies and Joint Ventures - Net					379	292	917	846

(Million Baht)

The Bank								
	Type of Business	Type of Share	% Shareholding		Cost method		Dividend income	
			Direct and indirect		2018	2017	2018	2017
			2018	2017				
Direct subsidiaries								
KASIKORN ASSET MANAGEMENT CO., LTD.	Fund Management	Ordinary	100.00%	100.00%	2,003	2,003	2,627	2,594
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	-	-
KASIKORN X CO., LTD.	Service	Ordinary	100.00%	100.00%	5	5	-	-
Muang Thai Group Holding Co., Ltd. (“MTGH”) ³⁾	Investment in other Companies	Ordinary	51.00%	51.00%	7,575	7,575	491	468
KASIKORNTHAI BANK Limited	Commercial Banking	Ordinary	100.00%	100.00%	1,095	1,095	-	-
KASIKORNBANK (CHINA) COMPANY LIMITED	Commercial Banking	Ordinary	100.00%	100.00%	14,802	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	50	-	-
BEACON VENTURE CAPITAL COMPANY LIMITED	Venture Capital	Ordinary	100.00%	100.00%	2,150	250	-	-
KASIKORN VISION COMPANY LIMITED (“KVision”)	Investment in other Companies	Ordinary	100.00%	-	602	-	-	-
Phethai Asset Management Co., Ltd.	Asset Management	Ordinary	100.00%	100.00%	1,540	1,650	-	-
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	10	-
PROGRESS GUNPAI SECURITY GUARD CO., LTD.	Service	Ordinary	100.00%	100.00%	21	21	130	130
PROGRESS MANAGEMENT CO., LTD.	Service	Ordinary	100.00%	100.00%	6	6	5	4
PROGRESS FACILITIES MANAGEMENT CO., LTD.	Service	Ordinary	100.00%	100.00%	5	5	20	8

(Million Baht)

The Bank								
			% Shareholding		Cost method		Dividend income	
Type of Business	Type of Share		Direct and indirect		2018	2017	2018	2017
<u>Direct subsidiaries</u>								
PROGRESS SERVICE SECURITY GUARD CO., LTD.	Service	Ordinary	100.00%	100.00%	2	2	30	24
PROGRESS STORAGE CO., LTD.	Service	Ordinary	100.00%	100.00%	3	3	17	24
PROGRESS H R CO., LTD.	Service	Ordinary	100.00%	100.00%	1	1	10	-
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	-	-
<u>Indirect subsidiaries</u>								
Muang Thai Life Assurance PCL ("MTL") ³⁾	Life Insurance	Ordinary	38.25%	38.25%	-	-	-	-
Muang Thai Broker Co., Ltd. ³⁾	Insurance Broker	Ordinary	50.98%	50.98%	-	-	-	-
MT Insure Broker Co., Ltd. ³⁾	Insurance Broker	Ordinary	38.25%	38.25%	-	-	-	-
FUCHSIA VENTURE CAPITAL COMPANY LIMITED ³⁾	Venture Capital	Ordinary	38.25%	38.25%	-	-	-	-
BEACON INTERFACE COMPANY LIMITED	Service	Ordinary	100.00%	-	-	-	-	-
PROGRESS MULTI INSURANCE BROKER CO., LTD.	Insurance Broker	Ordinary	100.00%	100.00%	-	-	-	-
<u>Associated companies</u>								
Processing Center Co., Ltd.	Service	Ordinary	30.00%	30.00%	15	15	109	76
National ITMX Co., Ltd.	Service	Ordinary	22.76%	22.76%	60	60	6	7
Total					32,650	30,258	3,578	3,458
<u>Less</u> Allowance for impairment					(1,540)	(1,650)	-	-
Fair value hedge adjustments					(535)	19	-	-
Investments in Subsidiaries and Associated Companies - Net					<u>30,575</u>	<u>28,627</u>	<u>3,578</u>	<u>3,458</u>

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.

³⁾ The Bank holds 51% of total issued shares of MTGH and MTGH holds 99.97% of total shares issued by Muang Thai Broker Co., Ltd and holds 75% of total shares issued by MTL and FUCHSIA VENTURE CAPITAL COMPANY LIMITED. Moreover, MT Insure Broker Co., Ltd. was held 100% of total shares issued by MTL.

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

Subsidiaries, associated companies and joint venture were incorporated in Thailand except for KASIKORNTHAI BANK Limited, KASIKORNBANK (CHINA) COMPANY LIMITED, and Sovannaphum Life Assurance PLC incorporated in Lao PDR, People's Republic of China and Kingdom of Cambodia, respectively.

On 23 February 2018, the Bank changed KASIKORNBANK FINANCIAL CONGLOMERATE structure, following the 100% shareholding in BEACON INTERFACE COMPANY LIMITED by KASIKORN X COMPANY LIMITED.

On 9 March 2018, Phethai Asset Management Co., Ltd., a subsidiary of the Bank reduced its authorised, issued and paid-up share capital by Baht 110 million.

Starbright Financial Co., Ltd completed its dissolution with the State Administration for Industry & Commerce in People's Republic of China and the company closed completely on 30 March 2018.

On 17 August 2018, the Bank established a new subsidiary company under the name KASIKORN VISION COMPANY LIMITED ("KVision"), with Baht 5 million of authorized share capital, which is fully paid-up. In October 2018, KVision increased is authorized and paid-up share capital by Baht 1,195 million and Baht 597 million, respectively. 100% of shares are held by the Bank.

On 20 September 2018, BEACON VENTURE CAPITAL COMPANY LIMITED, a subsidiary of the Bank, increased its authorized and paid up share capital by: (1) additional partial paid up capital of Baht 250 million to Baht 500 million of the Baht 1,000 million authorized share capital and (2) increasing its authorized and paid up share capital by Baht 1,650 million.

On 11 December 2018, KASIKORN VISION COMPANY LIMITED, a subsidiary of the Bank, established a new company under the name KASIKORN LINE COMPANY LIMITED with Line Financial Asia Corporation Limited in Digital Platform project, in which KVision holds 50% of shares. As at 31 December 2018, the authorized, issued and paid-up share capital of KASIKORN LINE COMPANY LIMITED is Baht 179 million, held by KVision Baht 89 million.

9.2 Non-controlling interests in subsidiaries

As of 31 December 2018, 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>2018</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%
FUCHSIA VENTURE CAPITAL COMPANY LIMITED	61.75%

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

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

(Million Baht)

	Statements of Financial Position					
	31 December 2018			31 December 2017		
	(Unaudited)					
	Total	Total	Total	Total	Total	Total
	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>
Companies in MTGH Group*	492,623	422,972	69,651	439,548	374,125	65,423

* 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					
	2018			2017		
	(Unaudited)					
	Operating			Operating		
	<u>Income - net</u>	<u>Expenses*</u>	<u>Net Profit</u>	<u>Income - net</u>	<u>Expenses*</u>	<u>Net Profit</u>
Companies in MTGH Group***	18,546**	7,698	10,848	17,704**	7,376	10,328

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

** Including dividend income among the group for 2018 and 2017 amounting to Baht 1,418 million and Baht 1,619 million, respectively.

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

(Million Baht)

Statements of Cash Flows

For the Year Ended 31 December 2018

(Unaudited)

Companies in MTGH Group*

Net Cash by <u>Operating Activities</u>	Net Cash by <u>Investing Activities</u>	Net Cash by <u>Financing Activities</u>
4,118	(1,264)	(2,854)

(Million Baht)

Statements of Cash Flows

For the Year Ended 31 December 2017

(Unaudited)

Companies in MTGH Group*

Net Cash by <u>Operating Activities</u>	Net Cash by <u>Investing Activities</u>	Net Cash by <u>Financing Activities</u>
3,897	(702)	(3,195)

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

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

(Million Baht)

Statements of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December

	2018		2017
	(Unaudited)		
	<u>Net Profit</u>	<u>Total Comprehensive Income</u>	<u>Net Profit</u>
Associated Companies	446	445	551
			<u>Total Comprehensive Income</u>
			525

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

Phethai Asset Management Company Limited

Statements of Cash Flows

For the Years Ended 31 December 2018 and 2017

	Million Baht	
	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax expense	26	28
Adjustments for		
Interest income - net	(15)	(15)
Proceeds from interest	15	15
Income tax received (paid)	<u>2</u>	<u>(1)</u>
Profit from operating before changes in operating assets and liabilities	28	27
Increase in operating assets		
Loans	1	10
Properties foreclosed	38	27
Other assets	16	23
Increase (decrease) in operating liabilities		
Accrued expenses	-	(1)
Other liabilities	<u>(5)</u>	<u>2</u>
Net cash provided by operating activities	<u>78</u>	<u>88</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid for share capital decrease	<u>(110)</u>	<u>(90)</u>
Net cash used in financing activities	<u>(110)</u>	<u>(90)</u>
Net decrease in cash	(32)	(2)
Cash at the beginning of the year	<u>97</u>	<u>99</u>
Cash at the end of the year	<u>65</u>	<u>97</u>

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

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

The provision of funds is in the form of loans which are disbursed under normal business terms. These loans are managed in the same way as all other loans and receivables. The outstanding loans to these structured entities as of 31 December 2018 and 2017 amounted to Baht 7,268 million and Baht 8,347 million, respectively.

10 LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES - NET

As of 31 December 2018 and 2017, loans to customers and accrued interest receivables - net consisted of:

10.1 Classified by Type of Loans

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Overdrafts	297,691	302,449	297,660	302,346
Loans	957,249	884,981	1,038,751	961,132
Bills	431,799	402,346	437,425	407,062
Hire purchase receivables	104,416	94,500	-	-
Finance lease receivables	21,480	20,531	-	-
Others	112,113	107,549	94,318	92,695
<u>Less</u> Deferred revenue	<u>(10,676)</u>	<u>(9,573)</u>	<u>(191)</u>	<u>(270)</u>
Total loans to customers net of deferred revenue	1,914,072	1,802,783	1,867,963	1,762,965
<u>Add</u> Accrued interest receivables	<u>3,387</u>	<u>3,392</u>	<u>2,734</u>	<u>2,855</u>
Total loans to customers net of deferred revenue plus accrued interest receivables	1,917,459	1,806,175	1,870,697	1,765,820
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BOT's Regulations	(38,472)	(36,455)	(38,037)	(36,021)
2. Excess allowance	(78,952)	(65,214)	(75,812)	(62,626)
3. Credit balance transaction	-	(46)	-	-
4. Loan from life insurance business	(265)	(269)	-	-
<u>Less</u> Revaluation allowance for debt restructuring	<u>(1,796)</u>	<u>(1,451)</u>	<u>(1,790)</u>	<u>(1,438)</u>
Total Loans to customers and accrued interest receivables - net	<u>1,797,974</u>	<u>1,702,740</u>	<u>1,755,058</u>	<u>1,665,735</u>

10.2 Classified by Currencies and Residency of Borrowers

(Million Baht)

<u>Consolidated</u>						
	<u>2018</u>			<u>2017</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	1,794,114	18,095	1,812,209	1,689,870	15,164	1,705,034
US Dollars	64,683	13,424	78,107	69,958	15,142	85,100
Other currencies	<u>14,606</u>	<u>9,150</u>	<u>23,756</u>	<u>4,653</u>	<u>7,996</u>	<u>12,649</u>
Total	<u>1,873,403</u>	<u>40,669</u>	<u>1,914,072</u>	<u>1,764,481</u>	<u>38,302</u>	<u>1,802,783</u>

(Million Baht)

<u>The Bank</u>						
	<u>2018</u>			<u>2017</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	1,759,918	17,880	1,777,798	1,660,261	15,075	1,675,336
US Dollars	64,683	10,259	74,942	69,958	12,381	82,339
Other currencies	<u>14,606</u>	<u>617</u>	<u>15,223</u>	<u>4,653</u>	<u>637</u>	<u>5,290</u>
Total	<u>1,839,207</u>	<u>28,756</u>	<u>1,867,963</u>	<u>1,734,872</u>	<u>28,093</u>	<u>1,762,965</u>

10.3 Classified by Type of Business and Account Status

(Million Baht)

Consolidated						
2018						
	Pass	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	32,855	495	276	276	762	34,664
Manufacturing and commerce	821,524	18,525	10,060	14,074	19,685	883,868
Property development and construction	163,422	2,580	1,009	1,205	2,082	170,298
Infrastructure and services	249,041	4,135	1,759	1,645	2,772	259,352
Housing loans	268,882	5,293	2,975	3,730	4,616	285,496
Others	<u>244,663</u>	<u>5,273</u>	<u>2,509</u>	<u>2,810</u>	<u>2,155</u>	<u>257,410</u>
Total	<u>1,780,387</u>	<u>36,301</u>	<u>18,588</u>	<u>23,740</u>	<u>32,072</u>	1,891,088
Credit balance transaction						2,104
Loans in life insurance business						<u>20,880</u>
Total						<u>1,914,072</u>

(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)

The Bank						
2018						
	Pass	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	31,260	494	274	274	733	33,035
Manufacturing and commerce	787,415	18,092	9,977	13,883	19,298	848,665
Property development and construction	155,500	2,426	977	1,168	2,016	162,087
Infrastructure and services	216,941	3,534	1,735	1,543	2,606	226,359
Housing loans	268,882	5,292	2,976	3,730	4,571	285,451
Others	<u>302,252</u>	<u>3,529</u>	<u>2,282</u>	<u>2,689</u>	<u>1,614</u>	<u>312,366</u>
Total	<u>1,762,250</u>	<u>33,367</u>	<u>18,221</u>	<u>23,287</u>	<u>30,838</u>	<u>1,867,963</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>

10.4 Classified by Account Status

(Million Baht)

<u>Consolidated</u>				
	<u>2018</u>			
	Loans and Accrued Interest <u>Receivables</u>	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	1,783,072	574,273	1	5,743
Special Mention	36,396	7,556	2	151
Sub-Standard	18,614	8,093	100	8,093
Doubtful	23,740	10,418	100	10,418
Doubtful of Loss	<u>32,075</u>	<u>14,067</u>	100	<u>14,067</u>
Total	1,893,897	<u>614,407</u>		38,472
2. Excess allowance				78,952
3. Credit balance transaction	2,104			-
4. Loans in life insurance business	<u>21,458</u>			<u>265</u>
Total	<u>1,917,459</u>			<u>117,689</u>

(Million Baht)

Consolidated2017

	Loans and Accrued Interest <u>Receivables</u>	Net amount used for setting the Allowance <u>for Doubtful Accounts</u>	% Used for setting the Allowance for <u>Doubtful Accounts</u>	Allowance for <u>Doubtful Accounts</u>
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)

The Bank				
2018				
	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	1,764,863	670,199	1	6,702
Special Mention	33,462	7,442	2	149
Sub-Standard	18,247	7,979	100	7,979
Doubtful	23,287	10,240	100	10,240
Doubtful of Loss	<u>30,838</u>	<u>12,967</u>	100	<u>12,967</u>
Total	<u>1,870,697</u>	<u>708,827</u>		38,037
2. Excess allowance				<u>75,812</u>
Total				<u>113,849</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>

10.5 Non-performing loans (NPL)

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, regarding the "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.

As of 31 December 2018 and 2017, the Bank and its subsidiaries showed non-performing loans (including financial institutions) to comply with BOT's regulations, summarised as follows:

(Million Baht)

	<u>2018</u>			
	<u>KASIKORNBANK</u>	<u>Phethai Asset Management</u>	<u>Others</u>	<u>Consolidated</u>
<u>Non-performing loans, gross</u>				
Non-performing loans ⁽¹⁾	72,346	100	1,954	74,400
Total loans used for NPL gross ratio calculation ⁽¹⁾	2,188,430	100	153,145	2,224,329 ⁽²⁾
Ratio of total loans (%)	3.31	99.59	1.28	3.34
<u>Non-performing loans, net</u>				
Non-performing loans ⁽¹⁾	40,769	77	585	41,431
Total loans used for NPL net ratio calculation ⁽¹⁾	2,156,853	77	151,776	2,191,360 ⁽²⁾
Ratio of total loans (%)	1.89	99.47	0.39	1.89

(Million Baht)

	<u>2017</u>			
	<u>KASIKORNBANK</u>	<u>Phethai Asset Management</u>	<u>Others</u>	<u>Consolidated</u>
<u>Non-performing loans, gross</u>				
Non-performing loans ⁽¹⁾	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 ⁽¹⁾	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

⁽¹⁾ Excluding loans from KSecurities and MTL.

⁽²⁾ Excluding loans to and from subsidiaries.

10.6 Non-accrual loans based on the accrual basis

As of 31 December 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Non-accrual loans ⁽¹⁾	176,293	162,575	174,133	160,379
Total loans used for ratio calculation ⁽¹⁾	2,224,329 ⁽²⁾	2,113,942 ⁽²⁾	2,188,430	2,083,748
Percentage of total loans (%)	7.93	7.69	7.96	7.70

⁽¹⁾ Excluding loans from KSecurities and MTL.

⁽²⁾ Excluding loans to and from subsidiaries.

10.7 Listed companies that meet SET's criteria for delisting

As of 31 December 2018 and 2017, loans to listed companies that meet SET's criteria for delisting were as follows:

(Million Baht)

	<u>Consolidated and The Bank</u>					
	<u>2018</u>			<u>2017</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	566	478	1	648	555	1

10.8 Hire Purchase and Finance Lease Receivables

(Million Baht)

<u>Consolidated</u>				
<u>2018</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	43,006	80,056	2,834	125,896
<u>Less</u> Unearned interest income				<u>(10,485)</u>
Present value of minimum lease payments				115,411
Allowance for doubtful accounts				<u>(2,988)</u>
Total Finance Lease Receivables - net				<u>112,423</u>

(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>

11 TROUBLED DEBT RESTRUCTURING

The Bank and its subsidiaries engaged in debt restructuring contracts that incurred losses during the years ended 31 December 2018 and 2017 as follows:

(Million Baht)

Consolidated											
Types of Restructuring	Cases		Outstanding Debt		Transferred Assets		Losses on				
			Before	After	Types	Fair Value	Debt				
	2018	2017	Restructuring	Restructuring		2018	2017	Restructuring			
Transfers of assets	16,642	18,416	3,361	3,555	-	-	Cash, land, and premises	2,166	2,126	1,195	1,429
Changes of repayment conditions	7,327	6,959	61,273	55,245	61,117	55,157	-	-	-	2,113	1,510
Debt restructuring in various forms	28	18	579	521	264	256	Cash, land, and premises	234	244	98	59
Total	<u>23,997</u>	<u>25,393</u>	<u>65,213</u>	<u>59,321</u>	<u>61,381</u>	<u>55,413</u>		<u>2,400</u>	<u>2,370</u>	<u>3,406</u>	<u>2,998</u>

(Million Baht)

The Bank											
Types of Restructuring	Cases		Outstanding Debt		Transferred Assets		Losses on				
			Before	After	Types	Fair Value	Debt				
	2018	2017	Restructuring	Restructuring		2018	2017	Restructuring			
Transfers of assets	16,642	18,416	3,361	3,555	-	-	Cash, land, and premises	2,166	2,126	1,195	1,429
Changes of repayment conditions	7,219	6,806	60,924	54,837	60,768	54,748	-	-	-	2,110	1,499
Debt restructuring in various forms	28	18	579	521	264	256	Cash, land, and premises	234	244	98	59
Total	<u>23,889</u>	<u>25,240</u>	<u>64,864</u>	<u>58,913</u>	<u>61,032</u>	<u>55,004</u>		<u>2,400</u>	<u>2,370</u>	<u>3,403</u>	<u>2,987</u>

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 2018 and 2017 are as follows:

(Million Baht)

Consolidated								
Outstanding Debt								
Terms of debt restructuring	Cases		Before Restructuring		After Restructuring		End of Period	
agreements	2018	2017	2018	2017	2018	2017	2018	2017
Less than 5 years	1,630	2,052	9,242	13,742	8,825	13,456	6,942	11,957
5 to 10 years	2,576	2,569	25,076	24,423	25,067	24,372	22,686	22,297
Over 10 years	3,149	2,356	27,534	17,601	27,489	17,585	26,302	16,926
Total	7,355	6,977	61,852	55,766	61,381	55,413	55,930	51,180

(Million Baht)

The Bank								
Outstanding Debt								
Terms of debt restructuring	Cases		Before Restructuring		After Restructuring		End of Period	
agreements	2018	2017	2018	2017	2018	2017	2018	2017
Less than 5 years	1,524	1,901	8,898	13,340	8,481	13,054	6,608	11,568
5 to 10 years	2,574	2,567	25,071	24,417	25,062	24,365	22,681	22,290
Over 10 years	3,149	2,356	27,534	17,601	27,489	17,585	26,302	16,926
Total	7,247	6,824	61,503	55,358	61,032	55,004	55,591	50,784

The Bank and its subsidiaries recognised interest income from debt restructuring for the years ended 31 December 2018 and 2017 as follows:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Debt restructuring contracts that incurred losses	2,775	2,846	2,770	2,841

As of 31 December 2018 and 2017, the Bank had commitments to extend additional loans to these borrowers as follows:

(Million Baht)

	<u>Consolidated and The Bank</u>	
	<u>2018</u>	<u>2017</u>
Debt restructuring contracts that incurred losses	772	339

The Bank and its subsidiaries had outstanding balances on restructured loans that incurred losses during 2018 and 2017 as follows:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Debt restructuring contracts which were not classified as NPL	52,668	47,333	52,366	46,970
Debt restructuring contracts which were classified as NPL	<u>3,262</u>	<u>3,847</u>	<u>3,225</u>	<u>3,814</u>
Total	<u>55,930</u>	<u>51,180</u>	<u>55,591</u>	<u>50,784</u>

As of 31 December 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Debt restructuring contracts which were not classified as NPL	66,585	57,894	66,190	57,426
Debt restructuring contracts which were classified as NPL	<u>3,020</u>	<u>4,346</u>	<u>2,866</u>	<u>4,296</u>
Total	<u>69,605</u>	<u>62,240</u>	<u>69,056</u>	<u>61,722</u>

12 ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

(Million Baht)

<u>Consolidated</u>									
<u>2018</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	5,481	250	10,779	8,385	11,560	65,214	46	269	101,984
Doubtful accounts	283	(99)	(2,686)	2,033	18,174	13,738	(46)	(4)	31,393
Bad debt written off	-	-	-	-	(9,306)	-	-	-	(9,306)
Others	(21)	-	-	-	(6,361)	-	-	-	(6,382)
Balance at the end									
of the year	<u>5,743</u>	<u>151</u>	<u>8,093</u>	<u>10,418</u>	<u>14,067</u>	<u>78,952</u>	<u>-</u>	<u>265</u>	<u>117,689</u>

(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	16	-	-	-	(2,834)	-	-	1	(2,817)
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)

The Bank							
2018							
	Pass	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Excess Allowance	Total
Balance at the beginning of the year	6,364	248	10,687	8,284	10,438	62,626	98,647
Doubtful accounts	338	(99)	(2,708)	1,956	17,937	13,186	30,610
Bad debt written off	-	-	-	-	(9,045)	-	(9,045)
Others	-	-	-	-	(6,363)	-	(6,363)
Balance at the end of the year	<u>6,702</u>	<u>149</u>	<u>7,979</u>	<u>10,240</u>	<u>12,967</u>	<u>75,812</u>	<u>113,849</u>

(Million Baht)

The Bank							
2017							
	Pass	Special Mention	Sub- Standard	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>

13 REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING

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

(Million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Balance at the beginning of the year	1,451	2,794	1,438	2,794
Increase	1,974	1,460	1,971	1,448
Bad debt written off	(1,395)	(2,229)	(1,395)	(2,229)
Amortisation to interest income	(847)	(1,046)	(842)	(1,040)
Others	<u>613</u>	<u>472</u>	<u>618</u>	<u>465</u>
Balance at the end of the year	<u>1,796</u>	<u>1,451</u>	<u>1,790</u>	<u>1,438</u>

14 PROPERTIES FORECLOSED – NET

Properties foreclosed as of 31 December 2018 and 2017 consisted of:

(Million Baht)

<u>Consolidated</u>				
<u>2018</u>				
<u>Types of Properties Foreclosed</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Disposal</u>	<u>Ending Balance</u>
1. Assets acquired from debt repayment				
1.1 Immovable assets	19,528	8,390	(3,329)	24,589*
1.2 Movable assets	<u>49</u>	<u>524</u>	<u>(444)</u>	<u>129</u>
Total	19,577	8,914	(3,773)	24,718
2. Others	<u>53</u>	<u>120</u>	<u>(41)</u>	<u>132</u>
Total properties foreclosed	19,630	9,034	(3,814)	24,850
<u>Less</u> allowances for impairment	<u>(2,186)</u>	<u>(758)</u>	<u>307</u>	<u>(2,637)</u>
Total properties foreclosed - net	<u>17,444</u>	<u>8,276</u>	<u>(3,507)</u>	<u>22,213</u>

* As of 31 December 2018, the value of immovable assets acquired from debt repayment was appraised by external appraisers and internal appraisers in the amount of Baht 7,965 million and Baht 16,624 million, respectively.

(Million Baht)

<u>Consolidated</u>				
<u>2017</u>				
<u>Types of Properties Foreclosed</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Disposal</u>	<u>Ending Balance</u>
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)

<u>The Bank</u>				
<u>2018</u>				
<u>Types of Properties Foreclosed</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Disposal</u>	<u>Ending Balance</u>
1. Assets acquired from debt repayment				
1.1 Immovable assets	19,397	8,372	(3,264)	24,505*
1.2 Movable assets	<u>24</u>	<u>-</u>	<u>-</u>	<u>24</u>
Total	19,421	8,372	(3,264)	24,529
2. Others	<u>53</u>	<u>120</u>	<u>(41)</u>	<u>132</u>
Total properties foreclosed	19,474	8,492	(3,305)	24,661
<u>Less</u> allowances for impairment	<u>(2,133)</u>	<u>(709)</u>	<u>276</u>	<u>(2,566)</u>
Total properties foreclosed - net	<u>17,341</u>	<u>7,783</u>	<u>(3,029)</u>	<u>22,095</u>

* As of 31 December 2018, the value of immovable assets acquired from debt repayment was appraised by external appraisers and internal appraisers in the amount of Baht 7,881 million and Baht 16,624 million, respectively.

(Million Baht)

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

15 CLASSIFIED ASSETS

As of 31 December 2018 and 2017, 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)

<u>Consolidated</u>					
<u>2018</u>					
	<u>Investments</u>	<u>Loans and Accrued Interest Receivables</u>	<u>Properties Foreclosed</u>	<u>Other Assets</u>	<u>Total</u>
Pass	-	2,113,628	-	-	2,113,628
Special Mention	-	36,301	-	-	36,301
Sub-Standard	-	18,614	-	-	18,614
Doubtful	-	23,740	-	-	23,740
Doubtful of Loss	<u>708</u>	<u>32,075</u>	<u>1,530</u>	<u>4,471</u>	<u>38,784</u>
Total	<u>708</u>	<u>2,224,358</u>	<u>1,530</u>	<u>4,471</u>	<u>2,231,067</u>

(Million Baht)

<u>Consolidated</u>					
<u>2017</u>					
	<u>Investments</u>	<u>Loans and Accrued Interest Receivables</u>	<u>Properties Foreclosed</u>	<u>Other Assets</u>	<u>Total</u>
Pass	-	1,997,775	-	-	1,997,775
Special Mention	-	46,493	-	-	46,493
Sub-Standard	-	23,000	-	-	23,000
Doubtful	-	17,651	-	-	17,651
Doubtful of Loss	<u>646</u>	<u>29,148</u>	<u>1,259</u>	<u>4,289</u>	<u>35,342</u>
Total	<u>646</u>	<u>2,114,067</u>	<u>1,259</u>	<u>4,289</u>	<u>2,120,261</u>

(Million Baht)

The Bank					
	<u>2018</u>				
	<u>Investments</u>	<u>Loans and Accrued Interest Receivables</u>	<u>Properties Foreclosed</u>	<u>Other Assets</u>	<u>Total</u>
Pass	-	2,082,717	-	-	2,082,717
Special Mention	-	33,367	-	-	33,367
Sub-Standard	-	18,247	-	-	18,247
Doubtful	-	23,287	-	-	23,287
Doubtful of Loss	<u>2,229</u>	<u>30,838</u>	<u>1,460</u>	<u>4,471</u>	<u>38,998</u>
Total	<u>2,229</u>	<u>2,188,456</u>	<u>1,460</u>	<u>4,471</u>	<u>2,196,616</u>

(Million Baht)

The Bank					
	<u>2017</u>				
	<u>Investments</u>	<u>Loans and Accrued Interest Receivables</u>	<u>Properties Foreclosed</u>	<u>Other Assets</u>	<u>Total</u>
Pass	-	1,972,174	-	-	1,972,174
Special Mention	-	43,950	-	-	43,950
Sub-Standard	-	22,566	-	-	22,566
Doubtful	-	17,339	-	-	17,339
Doubtful of Loss	<u>2,250</u>	<u>27,841</u>	<u>1,206</u>	<u>4,289</u>	<u>35,586</u>
Total	<u>2,250</u>	<u>2,083,870</u>	<u>1,206</u>	<u>4,289</u>	<u>2,091,615</u>

16 PREMISES AND EQUIPMENT - NET

Changes in premises and equipment for the years ended 31 December 2018 and 2017 are summarised as follows:

Consolidated													(Million Baht)
	Change of Cost				Change of Accumulated Depreciation				Impairment Allowance		Book Value		
	Beginning Balance	Additions/ Transfer in	Disposal/ Transfer out	Others	Ending Balance	Beginning Balance	Depreciation	Disposal/ Transfer out	Others	Ending Balance	Beginning Balance	Ending Balance	
Land													
Cost	4,043	-	(67)	-	3,976	-	-	-	-	-	4,043	3,976	
Appraisal increase	15,127	-	(16)	-	15,111	-	-	-	-	-	15,127	15,111	
Appraisal decrease	(180)	-	11	-	(169)	-	-	-	-	-	(180)	(169)	
Building													
Cost	19,749	366	(133)	-	19,982	8,094	411	(50)	-	8,455	11,655	11,518	
Appraisal increase	11,979	-	(18)	-	11,961	5,673	245	(9)	-	5,909	6,306	6,052	
Appraisal decrease	(240)	-	1	-	(239)	(113)	(6)	1	-	(118)	(127)	(121)	
Equipment	39,673	2,148	(3,827)	(8)	37,986	25,930	3,270	(3,582)	(3)	25,615	13,242	11,914	
Others	71	201	(16)	(12)	244	-	-	-	-	-	71	244	
Total	90,222	2,715	(4,065)	(20)	88,852	39,584	3,920	(3,640)	(3)	39,861	50,137	48,525	

The fair values of premises as of 31 December 2018 and 2017 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

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	Ending Balance	Beginning Balance
Land												
Cost	4,013	30	-	4,043	-	-	-	-	-	-	-	4,013
Appraisal increase*	14,407	720	-	15,127	-	-	-	-	-	-	-	14,407
Appraisal decrease*	(193)	13	-	(180)	-	-	-	-	-	-	-	(193)
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)	39,673	24,254	3,384	(1,702)	25,930	338	163	501	13,897
Others	149	64	(140)	71	-	-	-	-	-	-	-	149
Total	87,381	5,395	(2,549)	90,222	37,315	4,006	(1,731)	39,584	338	163	501	49,728
												50,137

* Appraisal in year 2017 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 2018 and 2017 amounted to Baht 3,920 million and Baht 4,006 million, respectively. As of 31 December 2018 and 2017, premises and equipment with original costs of Baht 15,124 million and Baht 14,979 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									
		2018									
		Change of Cost		Change of Accumulated Depreciation			Impairment Allowance		Book Value		
		Beginning Balance	Additions/Transfer in	Disposal/Transfer out	Ending Balance	Beginning Balance	Disposal/Transfer out	Ending Balance	Beginning Balance	Ending Balance	
Land											
Cost		3,381	-	(67)	3,314	-	-	-	3,381	3,314	
Appraisal increase		11,320	-	(16)	11,304	-	-	-	11,320	11,304	
Appraisal decrease		(150)	-	11	(139)	-	-	-	(150)	(139)	
Building											
Cost		16,875	144	(129)	16,890	6,773	367	(49)	7,091	9,790	
Appraisal increase		9,281	-	(17)	9,264	4,969	181	(9)	5,141	4,123	
Appraisal decrease		(124)	-	-	(124)	(108)	(6)	1	(113)	(11)	
Equipment		34,451	1,405	(3,515)	32,341	22,539	2,748	(3,287)	22,000	9,884	
Others		23	188	(13)	198	-	-	-	-	198	
Total		75,057	1,737	(3,746)	73,048	34,173	3,290	(3,344)	34,119	38,463	

The fair values of premises as of 31 December 2018 and 2017 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
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	Ending Balance
Land												
Cost	3,381	-	-	-	3,381	-	-	-	-	-	3,381	3,381
Appraisal increase	11,320	-	-	-	11,320	-	-	-	-	-	11,320	11,320
Appraisal decrease	(150)	-	-	-	(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)	(7)	34,451	21,387	2,824	(1,669)	(3)	22,539	338	11,911
Others	75	52	(102)	(2)	23	-	-	-	-	-	-	75
Total	<u>73,917</u>	<u>3,525</u>	<u>(2,376)</u>	<u>(9)</u>	<u>75,057</u>	<u>32,527</u>	<u>3,337</u>	<u>(1,688)</u>	<u>(3)</u>	<u>34,173</u>	<u>338</u>	<u>41,052</u>
												<u>40,383</u>

Depreciation presented in premises and equipment expenses in profit or loss of the Bank for years ended 31 December 2018 and 2017 amounted to Baht 3,290 million and Baht 3,337 million, respectively. As of 31 December 2018 and 2017, premises and equipment with original costs of Baht 12,584 million and Baht 12,717 million, respectively, were fully depreciated but still in use.

17 GOODWILL AND OTHER INTANGIBLE ASSETS - NET

Changes in goodwill and other intangible assets for the years ended 31 December 2018 and 2017 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	Ending Balance	Beginning Balance	Ending Balance
Application software*	36,318	3,610	(1,632)	(14)	38,282	15,690	2,864	(431)	(8)	18,115	73	37	110	20,555	20,057
Business purchased	270	-	-	-	270	270	-	-	-	270	-	-	-	-	-
Goodwill	3,824	-	-	-	3,824	-	-	-	-	-	-	-	-	3,824	3,824
Others	214	-	-	-	214	4	2	-	-	6	-	-	-	210	208
Total	40,626	3,610	(1,632)	(14)	42,590	15,964	2,866	(431)	(8)	18,391	73	37	110	24,589	24,089

(Million Baht)

The Bank											
2018											
	Change of Cost			Change of Accumulated Amortisation			Impairment Allowance			Book Value	
	Beginning Balance	Additions/Transfer in	Disposal/Transfer out	Ending Balance	Beginning Balance	Disposal/Transfer out	Ending Balance	Beginning Balance	Increase	Ending Balance	Beginning Balance
Application software*	33,545	3,048	(1,598)	34,995	14,615	2,680	(435)	16,860	73	37	18,857
Others	184	-	-	184	-	-	-	-	-	-	184
Total	33,729	3,048	(1,598)	35,179	14,615	2,680	(435)	16,860	73	37	19,041
											18,209

(Million Baht)

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

*As of 31 December 2018 and 2017, the amount under development is Baht 1,458 million and Baht 996 million, respectively.

Amortisation presented in others - other operating expenses in profit or loss of the Bank for the years ended 31 December 2018 and 2017 amounted to Baht 2,680 million and Baht 2,598 million, respectively. As of 31 December 2018 and 2017, intangible assets with original costs of Baht 4,638 million and Baht 4,628 million, respectively, were fully amortised but still in use.

18 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities as of 31 December 2018 and 2017 are as follows:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets	6,695	5,033	4,431	4,311
Deferred tax liabilities	<u>(1,615)</u>	<u>(1,906)</u>	<u>-</u>	<u>-</u>
Net	<u>5,080</u>	<u>3,127</u>	<u>4,431</u>	<u>4,311</u>

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

(Million Baht)

	<u>Consolidated</u>				
	<u>Charged / credited to:</u>				
	<u>As of</u>		<u>Other</u>		<u>As of</u>
	<u>1 January</u>	<u>Profit or loss</u>	<u>comprehensive income</u>		<u>31 December</u>
	<u>2018</u>	<u>(Note 40)</u>	<u>(Note 40)</u>	<u>Others</u>	<u>2018</u>
Deferred tax assets					
Investments	140	-	-	-	140
Investments in subsidiaries and associates	346	(39)	-	-	307
Loans and accrued interest receivables	1,312	101	-	-	1,413
Properties foreclosed	461	95	(5)	-	551
Premises and equipment	39	2	-	-	41
Provisions	6,178	328	(454)	(1)	6,051
Life policy reserve	2,138	422	-	-	2,560
Others	<u>1,821</u>	<u>70</u>	<u>-</u>	<u>(4)</u>	<u>1,887</u>
Total	<u>12,435</u>	<u>979</u>	<u>(459)</u>	<u>(5)</u>	<u>12,950</u>
Deferred tax liabilities					
Investments	3,664	(29)	(1,264)	-	2,371
Premises and equipment	4,139	(58)	(5)	-	4,076
Others	<u>1,505</u>	<u>(59)</u>	<u>-</u>	<u>(23)</u>	<u>1,423</u>
Total	<u>9,308</u>	<u>(146)</u>	<u>(1,269)</u>	<u>(23)</u>	<u>7,870</u>
Net	<u>3,127</u>	<u>1,125</u>	<u>810</u>	<u>18</u>	<u>5,080</u>

(Million Baht)

Consolidated					
	Charged / credited to:				
	As of		Other		As of
	1 January	Profit or loss	comprehensive income		31 December
	2017	(Note 40)	(Note 40)	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)

The Bank				
	Charged / credited to:			
	As of		Other	As of
	1 January	Profit or loss	comprehensive	31 December
	2018	(Note 40)	income	2018
			(Note 40)	
Deferred tax assets				
Investments	114	-	-	114
Investments in subsidiaries and associated companies	344	(39)	-	305
Loans and accrued interest receivables	592	(5)	-	587
Properties foreclosed	427	86	(5)	508
Provisions	5,956	251	(433)	5,774
Others	1,091	-	-	1,091
Total	<u>8,524</u>	<u>293</u>	<u>(438)</u>	<u>8,379</u>
Deferred tax liabilities				
Investments	1,235	14	(226)	1,023
Premises and equipment	2,978	(48)	(5)	2,925
Total	<u>4,213</u>	<u>(34)</u>	<u>(231)</u>	<u>3,948</u>
Net	<u>4,311</u>	<u>327</u>	<u>(207)</u>	<u>4,431</u>

(Million Baht)

The Bank				
	Charged / credited to:			
	As of		Other	As of
	1 January	Profit or loss	comprehensive	31 December
	2017	(Note 40)	income	2017
			(Note 40)	
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>

19 DEPOSITS

Deposits were classified as of 31 December 2018 and 2017 as follows:

19.1 Classified by Type of Deposits

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current	116,957	108,468	117,056	108,064
Savings	1,436,615	1,372,947	1,440,155	1,376,207
Term				
- Less than 6 months	124,546	148,726	124,537	148,726
- 6 months and less than 1 year	112,373	78,440	112,329	78,403
- 1 year and over 1 year	<u>204,510</u>	<u>170,091</u>	<u>197,346</u>	<u>164,329</u>
Total	<u>1,995,001</u>	<u>1,878,672</u>	<u>1,991,423</u>	<u>1,875,729</u>

19.2 Classified by Currencies and Residency of Depositors

(Million Baht)

	<u>Consolidated</u>					
	<u>2018</u>			<u>2017</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	1,828,796	88,809	1,917,605	1,721,994	85,034	1,807,028
US Dollars	60,580	3,712	64,292	55,480	4,297	59,777
Other currencies	<u>9,632</u>	<u>3,472</u>	<u>13,104</u>	<u>5,299</u>	<u>6,568</u>	<u>11,867</u>
Total	<u>1,899,008</u>	<u>95,993</u>	<u>1,995,001</u>	<u>1,782,773</u>	<u>95,899</u>	<u>1,878,672</u>

(Million Baht)

	<u>The Bank</u>					
	<u>2018</u>			<u>2017</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	1,835,050	88,424	1,923,474	1,726,739	84,712	1,811,451
US Dollars	60,580	1,644	62,224	55,480	2,524	58,004
Other currencies	<u>4,602</u>	<u>1,123</u>	<u>5,725</u>	<u>5,299</u>	<u>975</u>	<u>6,274</u>
Total	<u>1,900,232</u>	<u>91,191</u>	<u>1,991,423</u>	<u>1,787,518</u>	<u>88,211</u>	<u>1,875,729</u>

20 INTERBANK AND MONEY MARKET ITEMS (LIABILITIES)

Interbank and money market items (liabilities) as of 31 December 2018 and 2017 consisted of:

(Million Baht)

Consolidated						
	2018			2017		
	At call	Term	Total	At call	Term	Total
1. Domestic						
The BOT and FIDF	-	-	-	-	192	192
Commercial banks	2,880	77,725	80,605	2,528	50,024	52,552
Specialised financial institutions	556	20,900	21,456	353	972	1,325
Other financial institutions	<u>7,563</u>	<u>643</u>	<u>8,206</u>	<u>5,813</u>	<u>646</u>	<u>6,459</u>
Total Domestic	<u>10,999</u>	<u>99,268</u>	<u>110,267</u>	<u>8,694</u>	<u>51,834</u>	<u>60,528</u>
2. Foreign						
US Dollars	1,445	3,575	5,020	1,460	3,271	4,731
Japanese Yen	2	1,610	1,612	146	2,166	2,312
Euro	121	323	444	204	117	321
Other currencies	<u>1,565</u>	<u>9,095</u>	<u>10,660</u>	<u>1,304</u>	<u>93</u>	<u>1,397</u>
Total Foreign	<u>3,133</u>	<u>14,603</u>	<u>17,736</u>	<u>3,114</u>	<u>5,647</u>	<u>8,761</u>
Total Domestic and Foreign	<u>14,132</u>	<u>113,871</u>	<u>128,003</u>	<u>11,808</u>	<u>57,481</u>	<u>69,289</u>

(Million Baht)

The Bank						
	2018			2017		
	At call	Term	Total	At call	Term	Total
1. Domestic						
The BOT and FIDF	-	-	-	-	192	192
Commercial banks	2,880	77,725	80,605	2,528	50,024	52,552
Specialised financial institutions	556	20,900	21,456	353	972	1,325
Other financial institutions	<u>13,035</u>	<u>7,386</u>	<u>20,421</u>	<u>9,230</u>	<u>9,286</u>	<u>18,516</u>
Total Domestic	<u>16,471</u>	<u>106,011</u>	<u>122,482</u>	<u>12,111</u>	<u>60,474</u>	<u>72,585</u>
2. Foreign						
US Dollars	1,653	3,899	5,552	1,465	4,212	5,677
Japanese Yen	2	1,610	1,612	146	2,166	2,312
Euro	121	323	444	204	117	321
Other currencies	<u>1,620</u>	<u>4,742</u>	<u>6,362</u>	<u>1,358</u>	-	<u>1,358</u>
Total Foreign	<u>3,396</u>	<u>10,574</u>	<u>13,970</u>	<u>3,173</u>	<u>6,495</u>	<u>9,668</u>
Total Domestic and Foreign	<u>19,867</u>	<u>116,585</u>	<u>136,452</u>	<u>15,284</u>	<u>66,969</u>	<u>82,253</u>

21 DEBTS ISSUED AND BORROWINGS

Debts issued and borrowings as of 31 December 2018 and 2017 consisted of:

Consolidated											(Million Baht)
	2018						2017				
	Currency	Maturity Date	Interest Rate	Domestic	Foreign	Total	Maturity Date	Interest Rate	Domestic	Foreign	Total
Unsubordinated and unsecured debentures	US Dollar	2019-2023	2.375%-3.50%	Float*	-	41,351	2018-2022	2.375%-3.50%	Float*	-	41,665
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	2019	1.33%-1.35%	121	-	121	2018	1.32%-1.37%	266	-	266
Others	Baht	2019-2023	0.00%-0.50%	1,095	-	1,095	2018-2022	0.00%-0.50%	644	-	644
Total				29,216	41,351	70,567			28,910	41,665	70,575

(Million Baht)

	The Bank					
	2018			2017		
	Currency	Maturity Date	Interest Rate	Domestic	Foreign	Total
Unsubordinated and unsecured debentures	US Dollar	2019-2023	2.375%-3.50%	-	41,351	41,351
	Baht	2025	5.00%	14,000	-	14,000
	Baht	2026	3.95%	6,500	-	6,500
	Baht	2027	3.50%	7,500	-	7,500
	Baht	2019-2023	0.00%-0.50%	1,095	-	1,095
Subordinated Instruments - KASIKORNBANK PCL	No.1/2014**					
	No.1/2015**					
	No.1/2016**					
Others						
Total						

* 3-Month London Interbank Offered Rate (LIBOR) plus 95-100 bps.

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

22 EMPLOYEE RETIREMENT BENEFITS

Employee retirement benefits as of 31 December 2018 and 2017 are as follows:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Balance at the beginning of the year	22,410	20,354	21,053	19,348
Current service cost	1,443	1,534	1,105	1,381
Interest cost	689	647	644	612
Actuarial (gain) loss from updated assumptions				
- Financial assumptions	(1,748)	770	(1,630)	764
- Demographic assumptions	(543)	(58)	(537)	(85)
Benefits paid	(912)	(1,007)	(881)	(967)
Other	-	170	-	-
Balance at the end of the year	<u>21,339</u>	<u>22,410</u>	<u>19,754</u>	<u>21,053</u>

Actuarial gain (loss) from updated assumptions recognised in other comprehensive income for the years ended 31 December 2018 and 2017 consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Included in retained earnings:				
At 1 January	(6,395)	(5,683)	(6,130)	(5,451)
Recognised during the year	<u>2,291</u>	<u>(712)</u>	<u>2,167</u>	<u>(679)</u>
At 31 December	<u>(4,104)</u>	<u>(6,395)</u>	<u>(3,963)</u>	<u>(6,130)</u>

Principle actuarial assumptions as of 31 December 2018 and 2017 consisted of:

	<u>Consolidated and The Bank</u>	
	<u>2018</u>	<u>2017</u>
Discount rate	1.73% – 4.35%	1.47% – 3.92%
Average salary increase	2% – 12%	4% – 13%
Average turnover	0% – 34%	0% – 25%
Normal retirement age	50 – 60 years	55 – 60 years

A sensitivity analysis for each significant actuarial assumption as of 31 December 2018 and 2017 consisted of:

(Million Baht)

Consolidated		
	<u>2018</u>	<u>2017</u>
<u>Effect on defined benefit obligations</u>		
+1% on discount rate	(1,880)	(2,138)
-1% on discount rate	2,214	2,537
+1% on salary increase	2,064	2,355
-1% on salary increase	(1,797)	(2,039)

(Million Baht)

The Bank		
	<u>2018</u>	<u>2017</u>
<u>Effect on defined benefit obligations</u>		
+1% on discount rate	(1,708)	(1,987)
-1% on discount rate	2,011	2,356
+1% on salary increase	1,876	2,180
-1% on salary increase	(1,635)	(1,888)

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

(Million Baht)

Consolidated					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Present value of long-term employee benefit obligations	21,339	22,410	20,354	19,900	18,229

(Million Baht)

The Bank					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Present value of long-term employee benefit obligations	19,754	21,053	19,348	19,087	17,642

23 INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities as of 31 December 2018 and 2017 consisted of:

(Million Baht)

	<u>Consolidated</u>	
	<u>2018</u>	<u>2017</u>
Long-term technical reserves	405,978	359,349
Others	<u>4,770</u>	<u>4,166</u>
Total	<u>410,748</u>	<u>363,515</u>

Long-term technical reserves

(Million Baht)

	<u>Consolidated</u>	
	<u>2018</u>	<u>2017</u>
Balance at the beginning of the year	359,349	302,004
Reserve increase from new and inforce policies in the year	80,165	86,673
Reserve released for benefits payment, lapse and cancellation in the year	<u>(33,536)</u>	<u>(29,328)</u>
Balance at the end of the year	<u>405,978</u>	<u>359,349</u>

24 ADVANCES RECEIVED FROM ELECTRONIC TRANSACTIONS

The BOT Notification No. SOR NOR CHOR 7/2561, dated 16 April 2018, regarding the “Regulations on Service Business Relating to Electronic Money (e-Money) Services” requires the Bank to disclose advances received from e-Money Services. As of 31 December 2018, the Bank had advances received from e-Money Services, presented as other liabilities, amounting to Baht 537 million.

The BOT Notification No. SOR NOR CHOR 8/2561, dated 16 April 2018, regarding the “Regulations on Service Business Relating to Electronic Fund Transfer” requires the Bank to disclose advances received from electronic fund transfer transactions, which the Bank could not satisfy within the next day of transaction date (T+1). As of 31 December 2018, the Bank had those advances received from electronic fund transfer transactions, presented as liabilities payable on demand and other liabilities, amounting to Baht 4,584 million and Baht 667 million, respectively.

25 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.

26 DIVIDEND PAYMENTS

On 30 August 2018, the Board of Directors Meeting of the Bank approved to pay an interim dividend from the first six-month operating results of 2018 at the rate of Baht 0.50 per share, totaling Baht 1,197 million, which was paid on 27 September 2018.

On 4 April 2018, the Annual General Meeting of Shareholders of the Bank approved to pay a dividend from the operating results of 2017 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 28 September 2017 and the remaining dividend was paid at the rate of Baht 3.50 per share, totaling Baht 8,376 million, on 30 April 2018.

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.

27 ASSETS PLEDGED AS COLLATERAL AND UNDER RESTRICTION

Assets pledged as collateral and under restriction as of 31 December 2018 and 2017 consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deposits	4,663	5,066	3,553	3,308
Government bonds	<u>166,444</u>	<u>121,146</u>	<u>70,846</u>	<u>25,481</u>
Total	<u>171,107</u>	<u>126,212</u>	<u>74,399</u>	<u>28,789</u>

The Bank and its subsidiaries has pledged these assets as collateral for derivatives, for electricity consumption, for court collateral, for repurchase agreements, reserve in accordance with foreign government agencies and pledged with the registrar as life assurance policy reserve in accordance with Section 24 of the Life Assurance Act B.E. 2535 and amendment Act (No. 2) B.E. 2551

28 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities and commitments as of 31 December 2018 and 2017 consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Avals to bills	6,130	12,807	6,130	12,807
Guarantees of loans	8,157	5,916	8,157	5,916
Liability under unmatured import bills	33,729	29,786	33,729	29,786
Letters of credit	38,945	32,617	39,403	30,742
Other contingencies				
- Obligation under firmed commitment underwritten	-	1,100	-	1,100
- Unused credit line of overdraft	231,874	241,790	232,182	242,098
- Other guarantees	362,340	337,196	359,902	336,414
- Others*	<u>36,471</u>	<u>52,054</u>	<u>39,012</u>	<u>48,764</u>
Total	<u>717,646</u>	<u>713,266</u>	<u>718,515</u>	<u>707,627</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 1,267 million and Baht 1,628 million as of 31 December 2018 and 2017, 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.

29 RELATED PARTY TRANSACTIONS AND BALANCES

Relationships between the Bank and related persons or entities consisted of subsidiaries, associated companies, joint venture, 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:

29.1 Assets, liabilities and contingencies between the Bank and related persons or entities as of 31 December 2018 and 2017 as follows:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Interbank and Money Market Items (Assets)</u>				
Subsidiaries	-	-	3,916	2,939
<u>Loans (Including financial institutions)</u>				
Subsidiaries				
- KASIKORN LEASING CO., LTD.	-	-	99,459	90,147
- Others	-	-	17,893	16,838
Other Related Entities	2,844	2,311	2,844	2,311
Other Related Persons	162	187	160	184
<u>Other Assets</u>				
Subsidiaries	-	-	1,804	1,398
Associated Companies	44	39	44	39
<u>Deposits (Including financial institutions)</u>				
Subsidiaries	-	-	21,794	19,656
Associated companies and joint venture	427	94	427	94
Other Related Entities	14,797	25,106	14,797	25,106
Other Related Persons	18,097	15,100	17,975	14,980
<u>Borrowings</u>				
Subsidiaries	-	-	-	948
<u>Other Liabilities</u>				
Subsidiaries	-	-	490	431
Associated Companies	22	33	22	33

⁽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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Contingencies</u>				
Subsidiaries	-	-	3,578	1,195
Other Related Entities	2,376	25,386	2,376	25,386
Other Related Persons	1	1	1	1
<u>Derivatives (notional amount)</u>				
Subsidiaries	-	-	8,254	7,513
Other Related Entities	8,676	16,418	8,676	16,418

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 2018 and 2017, the Bank and its related parties have rental agreements with remaining tenures amounting to Baht 53 million and Baht 61 million, respectively.

The Bank has entered into a 1 year Information Technology service agreement with Kasikorn Business-Technology Group. As of 31 December 2018, the Bank has commitment to pay total service fees amounting to Baht 1,445 million.

29.2 Revenue and expenses between the Bank and related persons or entities is summarised as follows:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Interest income</u>				
Subsidiaries	-	-	2,707	2,693
<u>Other income</u>				
Subsidiaries	-	-	13,900	15,066
Associated Companies	129	108	129	108
<u>Interest expenses</u>				
Subsidiaries	-	-	145	164
<u>Other expenses</u>				
Subsidiaries	-	-	6,483	6,857
Associated Companies	247	319	247	319

29.3 Key management personnel⁽¹⁾ compensation

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	1,817	1,770	1,002	996
Post-employment benefits	91	106	63	62
Total	<u>1,908</u>	<u>1,876</u>	<u>1,065</u>	<u>1,058</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.

30 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).

31 LONG-TERM AGREEMENTS

31.1 Operating Lease

The Bank and its subsidiaries have entered into land, building lease agreements for offices and branches which the remaining period are 1 January 2019 to 31 December 2042 and vehicle lease agreements which the remaining period are 1 January 2019 to 29 November 2023. The Bank and its subsidiaries were committed to pay future rentals as of 31 December 2018 and 2017, which are summarised as follows:

(Million Baht)

Period	Consolidated		The Bank	
	2018	2017	2018	2017
Within 1 year	2	6	-	-
Later than 1 year but not later than 5 years	1,116	1,163	901	951
Later than 5 years	2,666	2,768	2,376	2,405
Total	3,784	3,937	3,277	3,356

31.2 Service Agreement

The Bank and its subsidiaries entered into an Information Technology Service, under which the service agreement will be provided until 24 March 2022, The Bank and its subsidiaries were committed to pay total service fees, which are summarised as follows:

(Million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Contracted but not provided for	1,313	1,839	2,705	2,256

32 SEGMENT INFORMATION

32.1 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 2018							
	Treasury and Capital			Muang Thai Group			
	Corporate Business	Retail Business	Markets Business	Holding Business	Others	Elimination	Total
Interest income - net	44,684	28,154	9,489	16,577	(89)	(277)	98,538
Non-interest income	22,730	28,560	2,859	1,966 ⁽¹⁾	12,119	(11,289)	56,945
Total operating income - net	67,414	56,714	12,348	18,543	12,030	(11,566)	155,483
Total other operating expenses	24,567	32,493	2,478	5,467	9,559	(6,216)	68,348
Operating profit before impairment loss on loans and debt securities and income tax expense	42,847	24,221	9,870	13,076	2,471	(5,350)	87,135
Impairment loss on loans and debt securities							32,532
Operating profit before income tax expense							54,603

(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)

<u>Consolidated</u>							
<u>31 December 2018</u>							
	Corporate	Retail	Treasury and Capital Markets	Muang Thai Group Holding	Others	Elimination	Total
	<u>Business</u>	<u>Business</u>	<u>Business</u>	<u>Business</u>	<u>Business</u>	<u>Business</u>	<u>Business</u>
Reportable segment - Loans ⁽²⁾	1,344,381	487,632	14,647	20,880	163,878	(117,346)	1,914,072
Unallocated assets							<u>1,241,019</u>
Total assets							<u>3,155,091</u>
Deposits and bills of exchange ⁽³⁾	638,744	1,352,016	10,493	-	2	(6,254)	1,995,001

(Million Baht)

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

⁽¹⁾ Net of underwriting expenses⁽²⁾ Loans = Loans to customers less deferred revenue⁽³⁾ Excluding bills of exchange with embedded derivative

32.2 Information about geographical areas

(Million Baht)

<u>Consolidated</u>				
<u>For the Year Ended 31 December 2018</u>				
	<u>Domestic</u>	<u>Overseas</u>	<u>Elimination</u>	<u>Total</u>
Total operating income - net	154,120 ⁽¹⁾	1,384	(21)	155,483
Total other operating expenses	67,435	934	(21)	68,348
Operating profit (loss) before income tax expense	54,266	337	-	54,603
Income tax expense	10,328	67	-	10,395

(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>31 December 2018</u>				
	<u>Domestic</u>	<u>Overseas</u>	<u>Elimination</u>	<u>Total</u>
Non - current assets ⁽²⁾	98,821	647	-	99,468

(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

⁽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.

33 INTEREST INCOME

Interest income for the years ended 31 December 2018 and 2017 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Interbank and money market items	7,197	7,011	6,359	6,641
Investments and trading transactions	244	262	227	262
Investments in debt securities	17,948	16,558	3,105	3,275
Loans to customers	93,246	90,434	93,408	91,300
Hire purchase and financial lease	5,273	5,059	-	-
Others	14	13	-	-
Total	<u>123,922</u>	<u>119,337</u>	<u>103,099</u>	<u>101,478</u>

34 INTEREST EXPENSES

Interest expenses for the years ended 31 December 2018 and 2017 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Deposits	12,454	11,891	12,328	11,876
Interbank and money market items	1,497	2,291	1,580	2,391
Contributions to Financial Institutions Development				
Fund and Deposit Protection Agency	8,832	8,323	8,830	8,323
Debts issued				
- Subordinated debentures	1,220	1,341	1,220	1,341
- Others	1,256	1,195	1,252	1,191
Others	125	135	-	-
Total	<u>25,384</u>	<u>25,176</u>	<u>25,210</u>	<u>25,122</u>

35 FEES AND SERVICE INCOME - NET

Fees and service income - net for the years ended 31 December 2018 and 2017 consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Fees and service income				
Acceptances, aval and guarantees	3,509	3,618	3,515	3,617
Others	<u>47,678</u>	<u>48,139</u>	<u>44,774</u>	<u>46,076</u>
Total Fees and service income	51,187	51,757	48,289	49,693
Fees and service expenses	<u>13,070</u>	<u>10,451</u>	<u>12,751</u>	<u>9,998</u>
Fees and service income - net	<u>38,117</u>	<u>41,306</u>	<u>35,538</u>	<u>39,695</u>

36 GAIN ON TRADING AND FOREIGN EXCHANGE TRANSACTIONS

Gain on trading and foreign exchange transactions for the years ended 31 December 2018 and 2017 consisted of:

(Million Baht)

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Gain (loss) on trading and foreign exchange transactions				
- Foreign currencies and foreign currency related derivatives	8,424	7,545	7,912	6,696
- Interest rate related derivatives	890	1,421	890	1,421
- Debt securities	(290)	(824)	33	184
- Equity securities	(241)	289	15	49
- Others	<u>220</u>	<u>(20)</u>	<u>(4)</u>	<u>54</u>
Total	<u>9,003</u>	<u>8,411</u>	<u>8,846</u>	<u>8,404</u>

37 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 2018 and 2017 consisted of:

(Million Baht)

Consolidated and The Bank		
	2018	2017
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	-	(2)
Total	-	(2)

38 GAIN ON INVESTMENTS

Gain on investments presented in the statements of profit or loss and other comprehensive income for the years ended 31 December 2018 and 2017 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Gain (loss) on disposal				
Available-for-sale investments	2,241	3,412	1,119	2,242
Held-to-maturity debt instruments	409	-	-	-
General investments	1	23	-	23
Investments in subsidiaries and associates	1	2	-	(83)
Total	2,652	3,437	1,119	2,182
Reversal on impairment investment				
General investments	-	54	-	54
Investments in subsidiaries and associates	-	-	110	90
Total	-	54	110	144
Total gain on investments	2,652	3,491	1,229	2,326

39 IMPAIRMENT LOSS ON LOANS AND DEBT SECURITIES

Impairment loss on loans and debt securities for the years ended 31 December 2018 and 2017 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Loans to customers*	29,126	38,812	28,461	38,114
Loss on debt restructuring	<u>3,406</u>	<u>2,998</u>	<u>3,403</u>	<u>2,987</u>
Total	<u>32,532</u>	<u>41,810</u>	<u>31,864</u>	<u>41,101</u>

* Including reversal of doubtful accounts to loss on debt restructuring

40 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.

40.1 Income tax recognised in profit or loss for the years ended 31 December 2018 and 2017 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Current tax expense				
Current year	11,520	10,415	7,283	6,414
Deferred tax expense				
Movements in temporary differences	<u>(1,125)</u>	<u>(1,387)</u>	<u>(327)</u>	<u>(491)</u>
Total income tax expense	<u>10,395</u>	<u>9,028</u>	<u>6,956</u>	<u>5,923</u>

40.2 Income tax recognised in other comprehensive income for the years ended 31 December 2018 and 2017 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Income taxes relating to components of other comprehensive income				
Movements in temporary differences	810	(1,095)	(207)	(15)

40.3 Reconciliation of effective tax rates consisted of:

(Million Baht)

Consolidated				
	2018		2017	
	Rate (%)	Amount	Rate (%)	Amount
Operating profit before income tax expense		<u>54,603</u>		<u>48,674</u>
Income tax using the expected average tax rate*	20.02%	10,931	20.00%	9,735
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		<u>(536)</u>		<u>(707)</u>
Total	19.04%	<u>10,395</u>	18.55%	<u>9,028</u>

(Million Baht)

The Bank				
	2018		2017	
	Rate (%)	Amount	Rate (%)	Amount
Operating profit before income tax expense		<u>39,519</u>		<u>35,110</u>
Income tax using the expected tax rate	20.00%	7,904	20.00%	7,022
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		<u>(948)</u>		<u>(1,099)</u>
Total	17.60%	<u>6,956</u>	16.87%	<u>5,923</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.

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

(Loss) gain arising from translating the financial statements of a foreign operation for the years ended 31 December 2018 and 2017 consisted of:

	<u>Consolidated</u>		<u>The Bank</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Loss arising from translating the financial statements of a foreign operation	(942)	(823)	(40)	(945)
Gain from hedging instrument	<u>589</u>	<u>1,173</u>	<u>35</u>	<u>1,149</u>
Total	<u>(353)</u>	<u>350</u>	<u>(5)</u>	<u>204</u>

42 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 decisions. 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 based on updated qualitative and quantitative factors. Capital allocation strategy has been implemented at segment and sub-segment levels. Regarding management of the retail portfolio, behavior scoring has been adopted to assess 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 trade wars and global economic slowdown resulting in deteriorated export in order to fine-tune 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 making credit decisions, 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 underwriting and approval functions are separated from the business units responsible for maintaining customer relationship. The Bank has also setup the process for regularly customer credit reviewing and monitoring. 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 2018 and 2017 is as follows:

(Million Baht)

	Consolidated		The Bank	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Fixed interest rates	863,786	920,462	826,595	878,682
Floating interest rates	<u>1,383,527</u>	<u>1,214,237</u>	<u>1,361,835</u>	<u>1,205,066</u>
Total Loans (including financial institutions)	<u>2,247,313</u>	<u>2,134,699</u>	<u>2,188,430</u>	<u>2,083,748</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 2018 and 2017 are as follows:

(Million Baht)

Consolidated						
	2018			2017		
	Average	Interest	Average	Average	Interest	Average
	Balance	Income/ Expense	Rate (%)	Balance	Income/ Expense	Rate (%)
Interest-bearing Financial Assets						
Interbank and money market items	462,957	7,197	1.55	437,304	7,011	1.60
Investments	530,382	18,192	3.43	531,838	16,820	3.16
Loans to customers	<u>1,739,608</u>	<u>98,533</u>	5.66	<u>1,646,683</u>	<u>95,506</u>	5.80
Total	<u>2,732,947</u>	<u>123,922</u>	4.53	<u>2,615,825</u>	<u>119,337</u>	4.56
Interest-bearing Financial Liabilities						
Deposits	1,932,031	12,454	0.64	1,831,803	11,891	0.65
Interbank and money market items	109,573	1,497	1.37	147,318	2,291	1.56
Debts issued and borrowings	<u>70,411</u>	<u>2,476</u>	3.52	<u>75,383</u>	<u>2,536</u>	3.36
Total	<u>2,112,015</u>	<u>16,427</u>	0.78	<u>2,054,504</u>	<u>16,718</u>	0.81

(Million Baht)

The Bank						
	2018			2017		
	Average	Interest	Average	Average	Interest	Average
	Balance	Income/ Expense	Rate (%)	Balance	Income/ Expense	Rate (%)
Interest-bearing Financial Assets						
Interbank and money market items	438,539	6,359	1.45	424,646	6,641	1.56
Investments	171,528	3,332	1.94	217,094	3,537	1.63
Loans to customers	<u>1,701,035</u>	<u>93,408</u>	5.49	<u>1,619,874</u>	<u>91,299</u>	5.64
Total	<u>2,311,102</u>	<u>103,099</u>	4.46	<u>2,261,614</u>	<u>101,477</u>	4.49
Interest-bearing Financial Liabilities						
Deposits	1,929,138	12,328	0.64	1,834,298	11,876	0.65
Interbank and money market items	119,595	1,580	1.32	158,442	2,391	1.51
Debts issued and borrowings	<u>70,148</u>	<u>2,472</u>	3.52	<u>75,104</u>	<u>2,532</u>	3.37
Total	<u>2,118,881</u>	<u>16,380</u>	0.77	<u>2,067,844</u>	<u>16,799</u>	0.81

Financial assets and liabilities, classified by maturity of interest repricing, as of 31 December 2018 and 2017 are shown below:

(Million Baht)

Consolidated								
	2018							
	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	-	-	-	-	-	66,740	-	66,740
Interbank and money market items	29,156	382,271	10,814	1	-	40,011	-	462,253
Investments	-	117,787	17,657	113,484	343,370	59,620	5	651,923
Loans to customers	1,237,279	178,762	41,324	128,937	116,583	34,561	176,626	1,914,072
Accrued interest receivables	-	-	-	-	-	3,387	-	3,387
Total Financial Assets	1,266,435	678,820	69,795	242,422	459,953	204,319	176,631	3,098,375
Financial Liabilities								
Deposits	1,437,878	305,671	113,354	22,404	-	115,694	-	1,995,001
Interbank and money market items	9,657	96,313	372	14,788	2,398	4,475	-	128,003
Liabilities payable on demand	-	-	-	-	-	25,488	-	25,488
Debts issued and borrowings	-	4,180	11,350	25,945	28,000	1,092	-	70,567
Total Financial Liabilities	1,447,535	406,164	125,076	63,137	30,398	146,749	-	2,219,059
Items recognised on the statements of financial position	(181,100)	272,656	(55,281)	179,285	429,255	(57,570)	176,631	(879,316)

(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	<u>1,086,862</u>	<u>640,342</u>	<u>92,956</u>	<u>186,207</u>	<u>407,130</u>	<u>243,145</u>	<u>162,959</u>	<u>2,819,601</u>
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	<u>1,381,649</u>	<u>336,523</u>	<u>92,626</u>	<u>58,250</u>	<u>37,279</u>	<u>133,457</u>	<u>-</u>	<u>2,039,784</u>
Items recognised on the statements of financial position	<u>(294,787)</u>	<u>303,819</u>	<u>330</u>	<u>127,957</u>	<u>369,851</u>	<u>109,688</u>	<u>162,959</u>	<u>779,817</u>

(Million Baht)

The Bank								
	2018							
	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	-	-	-	-	-	66,702	-	66,702
Interbank and money market items	25,670	367,464	1,627	-	-	38,987	-	433,748
Investments	-	112,133	12,892	71,783	19,131	4,995	-	220,934
Loans to customers	1,226,836	158,697	10,546	131,007	132,183	34,561	174,133	1,867,963
Accrued interest receivables	-	-	-	-	-	2,734	-	2,734
Total Financial Assets	<u>1,252,506</u>	<u>638,294</u>	<u>25,065</u>	<u>202,790</u>	<u>151,314</u>	<u>147,979</u>	<u>174,133</u>	<u>2,592,081</u>
Financial Liabilities								
Deposits	1,440,160	301,629	110,457	22,126	-	117,051	-	1,991,423
Interbank and money market items	14,517	99,068	380	14,739	2,398	5,350	-	136,452
Liabilities payable on demand	-	-	-	-	-	25,488	-	25,488
Debts issued and borrowings	-	4,059	11,350	25,945	28,000	1,092	-	70,446
Total Financial Liabilities	<u>1,454,677</u>	<u>404,756</u>	<u>122,187</u>	<u>62,810</u>	<u>30,398</u>	<u>148,981</u>	<u>-</u>	<u>2,223,809</u>
Items recognised on the statements of financial position	<u>(202,171)</u>	<u>233,538</u>	<u>(97,122)</u>	<u>139,980</u>	<u>120,916</u>	<u>(1,002)</u>	<u>174,133</u>	<u>368,272</u>

(Million Baht)

The Bank								
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	-	-	-	-	-	67,787	-	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	1,077,718	606,747	59,320	148,557	124,608	200,313	160,379	2,377,642
Financial Liabilities								
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	1,386,896	342,611	90,292	57,919	37,279	134,542	-	2,049,539
Items recognised on the statements of financial position	(309,178)	264,136	(30,972)	90,638	87,329	65,771	160,379	328,103

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 2018 and 2017 were as follows:

(Million Baht)

	Consolidated					
	2018					
	Currency					
	<u>US Dollar</u>	<u>Yen</u>	<u>Pound</u>	<u>Euro</u>	<u>Others</u>	<u>Total</u>
<u>Assets</u>						
Cash	1,083	305	79	433	488	2,388
Interbank and money market items - net	75,680	168	190	617	16,806	93,461
Investments - net	52,256	5,622	819	12,077	1,407	72,181
Loans to customer and accrued interest receivables - net	78,102	1,159	166	12,478	9,621	101,526
Other assets	<u>2,974</u>	<u>15</u>	<u>95</u>	<u>226</u>	<u>777</u>	<u>4,087</u>
Total	<u>210,095</u>	<u>7,269</u>	<u>1,349</u>	<u>25,831</u>	<u>29,099</u>	<u>273,643</u>
<u>Liabilities</u>						
Deposits	64,292	904	481	3,518	8,201	77,396
Interbank and money market items	5,020	1,612	-	444	9,097	16,173
Liabilities payable on demand	11,437	318	124	690	1,552	14,121
Debts issued and borrowings	41,351	-	-	-	-	41,351
Other liabilities	<u>3,672</u>	<u>10</u>	<u>101</u>	<u>584</u>	<u>374</u>	<u>4,741</u>
Total	<u>125,772</u>	<u>2,844</u>	<u>706</u>	<u>5,236</u>	<u>19,224</u>	<u>153,782</u>
Foreign currency position of items recognised on the statements of financial position - net	<u>84,323</u>	<u>4,425</u>	<u>643</u>	<u>20,595</u>	<u>9,875</u>	<u>119,861</u>
items not recognised on the statements of financial position - net	<u>(70,698)</u>	<u>(3,730)</u>	<u>244</u>	<u>(18,184)</u>	<u>(5,410)</u>	<u>(97,778)</u>
(Forward exchange contracts, cross currency swaps and FX options)						

(Million Baht)

The Bank						
	2018					
	Currency					
	US Dollar	Yen	Pound	Euro	Others	Total
Assets						
Cash	1,067	305	79	433	480	2,364
Interbank and money market items - net	74,115	168	190	617	3,079	78,169
Investments - net	5,607	3,116	-	872	658	10,253
Investments in subsidiaries and associates - net	3,261	-	-	-	12,635	15,896
Loans to customer and accrued interest receivables - net	74,975	1,159	166	12,478	1,424	90,202
Other assets	<u>1,928</u>	<u>4</u>	<u>1</u>	<u>12</u>	<u>42</u>	<u>1,987</u>
Total	<u>160,953</u>	<u>4,752</u>	<u>436</u>	<u>14,412</u>	<u>18,318</u>	<u>198,871</u>
Liabilities						
Deposits	62,224	904	481	3,518	822	67,949
Interbank and money market items	5,552	1,612	-	444	4,741	12,349
Liabilities payable on demand	11,437	318	124	690	1,552	14,121
Debts issued and borrowings	41,351	-	-	-	-	41,351
Other liabilities	<u>3,118</u>	<u>7</u>	<u>5</u>	<u>583</u>	<u>61</u>	<u>3,774</u>
Total	<u>123,682</u>	<u>2,841</u>	<u>610</u>	<u>5,235</u>	<u>7,176</u>	<u>139,544</u>
Foreign currency position of items recognised on the statements of financial position - net	<u>37,271</u>	<u>1,911</u>	<u>(174)</u>	<u>9,177</u>	<u>11,142</u>	<u>59,327</u>
items not recognised on the statements of financial position - net	<u>(36,309)</u>	<u>(1,831)</u>	<u>244</u>	<u>(9,050)</u>	<u>(5,410)</u>	<u>(52,356)</u>
(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.

In accordance with the BOT's directive number SOR NOR SOR 2/2561, dated 25 January 2018, titled "The Disclosure of Liquidity coverage ratio disclosure standards", requires KASIKORNBANK FINANCIAL CONGLOMERATE to disclose the liquidity requirements, were as follows:

Location of disclosure	Through the website under the investor relations section	Date of disclosure
	https://www.kasikornbank.com/EN/IR/FinanInfoReports/Pages/financial-reports.aspx	
Date of disclosure	Within 4 months after the period end date as indicated in the notification	
Information as of	31 December 2018	

Financial assets and liabilities, classified by remaining contractual maturity analysis, as of 31 December 2018 and 2017 were as follows:

(Million Baht)

Consolidated							
	2018						Total
		Within	Over 6 Months	Over 1 Year	Over	No	
	At call	6 Months	to 1 Year	to 5 Years	5 Years	Maturity	
Financial Assets							
Cash	-	-	-	-	-	66,740	66,740
Interbank and money market items	69,003	378,900	14,349	1	-	-	462,253
Investments*	504	97,964	12,991	83,172	24,931	8,925	228,487
Loans to customers	297,792	383,185	161,698	493,864	577,533	-	1,914,072
Accrued interest receivables	124	2,659	584	12	8	-	3,387
Total Financial Assets	367,423	862,708	189,622	577,049	602,472	75,665	2,674,939
Financial Liabilities							
Deposits	1,553,572	305,671	113,354	22,404	-	-	1,995,001
Interbank and money market items	14,132	88,355	3,317	19,701	2,498	-	128,003
Liabilities payable on demand	25,488	-	-	-	-	-	25,488
Debts issued and borrowings	-	268	11,504	30,795	28,000	-	70,567
Total Financial Liabilities	1,593,192	394,294	128,175	72,900	30,498	-	2,219,059
Liquidity - net	(1,225,769)	468,414	61,447	504,149	571,974	75,665	455,880
Liquidity - cumulative net	(1,225,769)	(757,355)	(695,908)	(191,759)	380,215	455,880	455,880

*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							
2017							
	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	-	-	-	-	-	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)

The Bank							
	2018						Total
	At call	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	No Maturity	
<u>Financial Assets</u>							
Cash	-	-	-	-	-	66,702	66,702
Interbank and money market items	64,557	365,215	2,613	1,119	244	-	433,748
Investments	499	96,717	12,958	81,333	24,931	4,496	220,934
Loans to customers	283,768	388,953	139,125	481,234	574,883	-	1,867,963
Accrued interest receivables	<u>121</u>	<u>2,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,734</u>
Total Financial Assets	<u>348,945</u>	<u>853,498</u>	<u>154,696</u>	<u>563,686</u>	<u>600,058</u>	<u>71,198</u>	<u>2,592,081</u>
<u>Financial Liabilities</u>							
Deposits	1,557,211	301,629	110,457	22,126	-	-	1,991,423
Interbank and money market items	19,867	91,110	3,325	19,652	2,498	-	136,452
Liabilities payable on demand	25,488	-	-	-	-	-	25,488
Debts issued and borrowings	<u>-</u>	<u>147</u>	<u>11,504</u>	<u>30,795</u>	<u>28,000</u>	<u>-</u>	<u>70,446</u>
Total Financial Liabilities	<u>1,602,566</u>	<u>392,886</u>	<u>125,286</u>	<u>72,573</u>	<u>30,498</u>	<u>-</u>	<u>2,223,809</u>
Liquidity - net	<u>(1,253,621)</u>	<u>460,612</u>	<u>29,410</u>	<u>491,113</u>	<u>569,560</u>	<u>71,198</u>	<u>368,272</u>
Liquidity - cumulative net	(1,253,621)	(793,009)	(763,599)	(272,486)	297,074	368,272	368,272

(Million Baht)

The Bank							
2017							
	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	-	-	-	-	-	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

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 deviates 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 of 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 31 December 2018, 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.

43 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.

43.1 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 2018 and 2017 are as follows:

(Million Baht)

Consolidated						
	2018			2017		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets						
- Exchange rate	-	17,957	17,957	-	18,395	18,395
- Interest rate	-	5,938	5,938	-	6,814	6,814
- Others	7	368	375	7	243	250
Trading investments	3,423	15,853	19,276	4,773	18,972	23,745
Available-for-sale investments	<u>48,587</u>	<u>218,211</u>	<u>266,798</u>	<u>45,052</u>	<u>126,345</u>	<u>171,397</u>
Total Financial Assets	<u>52,017</u>	<u>258,327</u>	<u>310,344</u>	<u>49,832</u>	<u>170,769</u>	<u>220,601</u>
Financial Liabilities						
Derivative liabilities						
- Exchange rate	-	16,269	16,269	-	18,789	18,789
- Interest rate	-	4,222	4,222	-	4,788	4,788
- Others	<u>17</u>	<u>561</u>	<u>578</u>	<u>131</u>	<u>678</u>	<u>809</u>
Total Financial Liabilities	<u>17</u>	<u>21,052</u>	<u>21,069</u>	<u>131</u>	<u>24,255</u>	<u>24,386</u>

(Million Baht)

The Bank						
	2018			2017		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets						
- Exchange rate	-	18,019	18,019	-	18,456	18,456
- Interest rate	-	5,938	5,938	-	6,814	6,814
- Others	-	546	546	-	638	638
Trading investments	-	15,610	15,610	-	18,935	18,935
Available-for-sale investments	6,138	192,692	198,830	7,178	103,396	110,574
Total Financial Assets	6,138	232,805	238,943	7,178	148,239	155,417
Financial Liabilities						
Derivative liabilities						
- Exchange rate	-	17,104	17,104	-	19,497	19,497
- Interest rate	-	4,222	4,222	-	4,788	4,788
- Others	-	560	560	-	635	635
Total Financial Liabilities	-	21,886	21,886	-	24,920	24,920

During the year ended 31 December 2018, 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 368 million and from level 2 to level 1 amounting to Baht 206 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.

43.2 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 2018 and 2017 are as follows:

(Million Baht)

Consolidated				
	2018		2017	
	<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>
Financial Assets				
Derivative assets (Banking book)				
- Exchange rate	1,878	3,816	1,785	3,154
- Interest rate	-	398	-	521
- Others	47	46	-	68
Held-to-maturity investments	<u>371,025</u>	<u>392,999</u>	<u>338,003</u>	<u>374,559</u>
Total Financial Assets	<u>372,950</u>	<u>397,259</u>	<u>339,788</u>	<u>378,302</u>
Financial Liabilities				
Derivative liabilities (Banking book)				
- Exchange rate	671	665	1,015	991
- Interest rate	-	668	-	351
- Others	-	5	-	21
Debts issued and borrowings	<u>70,567</u>	<u>70,380</u>	<u>70,575</u>	<u>71,799</u>
Total Financial Liabilities	<u>71,238</u>	<u>71,718</u>	<u>71,590</u>	<u>73,162</u>

(Million Baht)

The Bank				
	2018		2017	
	<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>
Financial Assets				
Derivative assets (Banking book)				
- Exchange rate	750	648	1,061	1,211
- Interest rate	-	391	-	507
Held-to-maturity investments	<u>7,978</u>	<u>8,137</u>	<u>14,965</u>	<u>15,048</u>
Total Financial Assets	<u>8,728</u>	<u>9,176</u>	<u>16,026</u>	<u>16,766</u>
Financial Liabilities				
Derivative liabilities (Banking book)				
- Exchange rate	125	538	476	856
- Interest rate	-	667	-	351
Debts issued and borrowings	<u>70,446</u>	<u>70,259</u>	<u>70,309</u>	<u>71,534</u>
Total Financial Liabilities	<u>70,571</u>	<u>71,464</u>	<u>70,785</u>	<u>72,741</u>

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.

44 THAI FINANCIAL REPORTING STANDARDS (TFRS) NOT YET ADOPTED

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

TFRS	Topic	Year Effective
TAS 1 (Revised 2018)	Presentation of Financial Statements	2019
TAS 7 (Revised 2018)	Statement of Cash Flows	2019
TAS 8 (Revised 2018)	Accounting Policies, Changes in Accounting Estimates and Errors	2019
TAS 10 (Revised 2018)	Events after the Reporting Period	2019
TAS 12 (Revised 2018)	Income Taxes	2019
TAS 16 (Revised 2018)	Property, Plant and Equipment	2019
TAS 17 (Revised 2018)	Leases	2019
TAS 19 (Revised 2018)	Employee Benefits	2019
TAS 20 (Revised 2018)	Accounting for Government Grants and Disclosure of Government Assistance	2019
TAS 21 (Revised 2018)	The Effects of Changes in Foreign Exchange Rates	2019
TAS 24 (Revised 2018)	Related Party Disclosures	2019
TAS 26 (Revised 2018)	Accounting and Reporting by Retirement Benefit Plans	2019
TAS 27 (Revised 2018)	Separate Financial Statements	2019
TAS 28 (Revised 2018)	Investments in Associates and Joint Ventures	2019
TAS 32 *	Financial Instruments ; Presentation	2020
TAS 33 (Revised 2018)	Earnings per Share	2019

TFRS	Topic	Year Effective
TAS 34 (Revised 2018)	Interim Financial Reporting	2019
TAS 36 (Revised 2018)	Impairment of Assets	2019
TAS 37 (Revised 2018)	Provisions, Contingent Liabilities and Contingent Assets	2019
TAS 38 (Revised 2018)	Intangible Assets	2019
TAS 40 (Revised 2018)	Investment Property	2019
TFRS 3 (Revised 2018)	Business Combinations	2019
TFRS 4 (Revised 2018)	Insurance Contracts	2019
TFRS 5 (Revised 2018)	Non-current Assets Held for Sale and Discontinued Operations	2019
TFRS 7 *	Financial Instruments ; Disclosures	2020
TFRS 8 (Revised 2018)	Operating Segments	2019
TFRS 9 *	Financial Instruments	2020
TFRS 10 (Revised 2018)	Consolidated Financial Statements	2019
TFRS 11 (Revised 2018)	Joint Arrangements	2019
TFRS 12 (Revised 2018)	Disclosure of Interests in Other Entities	2019
TFRS 13 (Revised 2018)	Fair Value Measurement	2019
TFRS 15	Revenue from Contracts with Customers	2019
TSIC 27 (Revised 2018)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2019
TSIC 32 (Revised 2018)	Intangible Assets-Web Site Costs	2019
TFRIC 1 (Revised 2018)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2019
TFRIC 4 (Revised 2018)	Determining whether an Arrangement contains a Lease	2019
TFRIC 10 (Revised 2018)	Interim Financial Reporting and Impairment	2019
TFRIC 16 *	Hedges of a Net investment in a Foreign Operation	2020
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	2020
TFRIC 22	Foreign Currency Transactions and Advance Consideration	2019

* TFRS - Financial instruments standards

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 adoption of the new and revised TFRS effective in 2019 will have be no material impact in the first adoption period of initial application.

The TFRS – Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. Management is presently considering the potential impact of adopting and initially applying TFRS – Financial instruments standards on the consolidated and the Bank's financial statements.

45 EVENTS AFTER THE REPORTING PERIOD

On 2 January 2019, the Bank established a new subsidiary company under the name KASIKORN GLOBAL PAYMENT COMPANY LIMITED, which 100% of shares are held by the Bank. The Company has Baht 200 million of authorized share capital which is fully paid-up.

At the Board of Directors' Meeting held on 28 February 2019 passed a concur to propose for the shareholders' approval of the dividend payment from 2018 operating results, at the rate of Baht 4.00 per share, of which the Bank paid interim dividend at the rate of Baht 0.50 per share on September 27, 2018 and will pay the remaining dividend at the rate of Baht 3.50 per share. This resolution will be approved by the Annual General Meeting of the Shareholders of the Bank on 4 April 2019.

Corporate Governance

03

203	Report of the Corporate Governance Committee
204	Report of the Human Resources and Remuneration Committee
205	Report of the Risk Oversight 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 four directors: Sqn.Ldr. Nalinee Paiboon, M.D. as Chairperson, Mr. Wiboon Khusakul, Mr. Chanin Donovanik and Mr. Sara Lamsam as members.

In 2018, 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:

- Endorsing the Bank's Corporate Sustainability Target, Corporate Citizenship Strategy and Environmental Management Strategy for 2019 - 2023.
- 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 the projects on a regular basis.
- Approving action plans for sustainable development and corporate social responsibility activities; and providing recommendations and monitoring the implementation and dissemination of sustainable development and environmental campaigns.
- Reviewing the Bank's actions and information disclosure to enhance their effectiveness in accordance with the Corporate Governance Code established by the Office of the Securities and Exchange Commission.
- Reviewing charters, principles and policies as concern 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 their performance assessment.
- 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 as organizational culture and promoting actions of directors, executives and employees in accordance with the good corporate governance principles, Code of Conduct and Anti-Corruption Policy, which has been communicated to companies within KASIKORNBANK FINANCIAL CONGLOMERATE.
- Providing recommendations on guidelines to promote actions of employees in accordance with the Code of Conduct.
- Approving guidelines of the Corporate Governance Report in the Annual Report and the Sustainability Report.

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 all 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) 2018 for the third consecutive year, becoming a part of both the DJSI World and DJSI Emerging Markets Indices. In addition, the Bank has received the outstanding sustainability award for listed companies and has been selected to be on the Thailand Sustainability Investment (THSI) list by the Stock Exchange of Thailand. The Bank also achieved the excellent assessment result under the Corporate Governance Report of Thai Listed Companies 2018 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: Ms. Kobkarn Wattanavrangkul as Chairperson, Dr. Abhijai Chandrasen and Mr. Kalin Sarasin as members.

In 2018, the Human Resources and Remuneration Committee held 8 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:

- Concurring with the establishment of the Risk Oversight Committee, by abolishing the Risk Management Committee in accordance with the Bank of Thailand's Notification regarding Corporate Governance of Financial Institutions.
- Nominating qualified candidates as Board Committees' members and reviewing their suitability.
- Selecting and nominating qualified candidates to fill up the positions of directors retiring by rotation and for replacement of vacant positions 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.
- 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.
- Considering performance assessment of the Chief Executive Officer and Presidents compared to given targets and plans, and considering remuneration of the Chief Executive Officer and Presidents, which will be further proposed to the Board of Directors.
- 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.
- Concurring with adjustment of criteria for annual salary review.
- 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.

(Ms. Kobkarn Wattanavrangkul)

Chairperson, Human Resources and Remuneration Committee

Report of the Risk Oversight Committee



The Risk Oversight Committee of KASIKORNBANK PUBLIC COMPANY LIMITED comprises seven directors of KBank and one executive as members, of which Ms. Kobkarn Wattanavrangkul as Chairperson.

In 2018, the Bank has established the Risk Oversight Committee to replace the Risk Management Committee, which held 9 meetings during January to September, while the Risk Oversight Committee held 2 meetings during October to December in accordance with the duties and responsibilities mandated by the Risk Oversight Committee Charter. The Charter stipulates that Committee hold at least one meeting a quarter. 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 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 changes 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 consistent 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 Oversight 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 Oversight Committee Charter, the Risk Oversight Committee has acted with care and prudence, aiming primarily for maximum benefit to KASIKORNBANK FINANCIAL CONGLOMERATE.

(Ms. Kobkarn Wattanavrangkul)
Chairperson, Risk Oversight 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 2018, 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 other various 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 2018 General Meeting of Shareholders, held on April 4, 2018, 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



General Meeting of Shareholder Meeting No. 106
at KBank's head office

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 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 number and proportion of shareholders participating in the meeting in person and through proxies, 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 16 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 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., attendance of directors and executives, proportion of directors attending the meeting, 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, 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, 2017. 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 2018 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.

- 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 2018, there were no changes in vested transactions of directors and executives. Directors and executives appointed in 2018 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. The Bank also ensures that compensation and performance evaluation criteria are appropriate with the current economic conditions and competition, and these are communicated to employees. 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. 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. The Bank continuously organizes training to our suppliers, including monitoring, examining and assessing them.

Competitors:

The Bank observes fairness in competition and does not practice any mala fide methods that are deleterious to competitors.



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

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.

Responsibility towards the Community, Environment and Society:

With adherence to the Corporate Citizenship Strategy, the Bank bears in mind the duties as a good citizen of the society and nation to promote and create benefits for the community, society and the environment. As part of our endeavor to create sustainability in community development, the Bank focuses on projects that help address problems and meet the needs of communities so as to create real changes in the society. The Bank supports projects that create benefits to the society and communities through our expertise in order to create positive impacts and changes in the society. These include budgetary support, donations, emergency assistance, employee volunteer activities, internal charitable activities, knowledge transfer via various activities with our business partners, networks, customers and the Kasikornthai Foundation. Those projects are monitored and evaluated to ensure that our social operations help tackle



KBank welcomed senior high school students and officials under the “Military Takes Kids to Government House” Program Class 5/2018 upon their study visit to KBank.



The “CSF CSR The Series: Kind-Hearted Elephants” project was introduced as part of the “100,000 Chuamong Chuan Kan Tham Di Tham Dai (100,000 Volunteer Hours)” project to make elephant-shaped hand exercising tools for patients with muscle weakness at Siriraj Hospital.

problems and create positive changes in the society, which promote growth of the whole nation. Notable projects include the “100,000 Chuamong Chuan Kan Tham Di Tham Dai (100,000 Volunteer Hours)” project, aimed at promoting our employees to invite outsiders, their family members, stakeholders to participate in volunteer activities in order to create benefits to the society in a sustainable manner. Our employees can take a one-day leave and select to participate in any volunteer activities of their choice. This project also encourages them to provide financial literacy to targeted groups in order to promote financial discipline. The “Cultivation of Wisdom” Project is intended to enhance the capacities of teachers and students by improving their mind and spiritual wellness to cope with changes in teaching and learning, as well as bolstering their advanced thinking skills, in order to create concrete results to the society and improve the Thai education system. “AFTERKLASS” Project is aimed at offering financial literacy to children and youths, including savings, finances, investment and how to start the business via www.AFTERKLASS.com, and AFTERKLASS CITY game, which simulates the real-life business world. Under the AFTERKLASS project, various activities are organized to enhance business skills to youths and experts are invited to share their experiences in various fields. The “Rak Pa Nan (Care for Nan Forest)” Project is aimed at conserving and protecting forests in Nan Province. As a major financial institution of the country, KBank has assisted in the implementation of the Nan Sandbox project aimed at revolutionizing the alleviation of headwater forest problems based on Phacharat (Civil Society) scheme, promoting community cooperation with the local communities, government agencies and related networks. The Nan Sandbox serves as

a platform to experiment with new concepts and problem-solving methods, which will be replicated in other provinces across the country. Our project to add value to organic waste via biosynthesis process can be developed to sustainably deal with organic waste in the future. The Bank also implemented various projects in support of efficient resource utilization, for example electricity and lighting system improvements, wastewater recycling, carbon neutral program, and staff training sessions on environmental issues under the Bank’s sustainability development courses. Officers were sent to attend training or seminars, including the Voluntary Reduction of Greenhouse Gas Emission Program, organized by Kasetsart University under the support of Thailand Greenhouse Gas Management Organization (Public Organization), for the fifth consecutive year. The Bank has also joined the Thailand Voluntary Emission Reduction Program (T-VER) and received Carbon Neutral Certification from Thailand Greenhouse Gas Management Organization (Public Organization). Details of implementations in economic, social and environmental dimensions in accordance with the Global Reporting Initiative Standards (GRI Standards) are included in **Sustainability Report 2018**.

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 is committed to operating businesses in compliance with the laws and major international standards, such as principles of humanity and rights in accordance with International Labor Organization (ILO) and Principles of the United Nations Global Compact (UNGC). 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. The policy is reviewed annually and in 2018, the policy was reviewed and there were no complaints 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 it 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 No Gift Policy and the Anti-Corruption Policy, which includes the issues of bribes and inducements, gifts and benefits, charitable contributions and financial sponsorships, as well as political contribution and activities. The policy is reviewed annually and in 2018, 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 2018, 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 2018, there were no complaints regarding corrupt actions. With our strong commitment towards anti-corruption of all forms, as well as ensuring transparency in our business operations and good governance practices, KBank and companies within KASIKORNBANK FINANCIAL CONGLOMERATE have adopted a No Gift Policy.

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 Oversight 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 reviewed the Anti-Corruption Policy in consistence with the best practices and international standards, organized training and provided knowledge for directors, executives and employees. It also communicated regularly via the annual corporate governance activities, including mapping out concrete guidelines for monitoring and evaluation.

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.
- Communication with customers and suppliers on No Gift Policy for any festivals and special occasions.

Receiving Information, Complaints or Whistle-blowing

The Bank provides various communication channels for stakeholders, namely K-Contact Center, K-BIZ Contact Center, and branches, etc. A hotline is available as a center to receive and manage complaints. In addition, the Bank has established a written policy, Whistle-blowing Policy, which provides a channel for our stakeholders and companies within KASIKORNBANK FINANCIAL CONGLOMERATE to whistle-blow inappropriate or improper conduct, including non-compliance with laws, regulations, Code of Conduct, the Bank's policies and procedures or internal control weaknesses that may result in losses. Whistle-blowers can directly notify the Board of Directors of any improper conduct in alignment with the specified criteria shown under the "Investors" tab on the Bank's website or the Internal Audit Department as an independent unit in written documents or electronic mails. The Bank has a procedure and measure 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 has authorized 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 2018, 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. 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. Over the 5 year-period (2014 - 2018), the Office of Securities and Exchange Commission (SEC) fined the Bank twice in 2015 and 2016 due to the violation of section 113 of SEC Act.

The fine amount was not significant and the Bank has already improved its operations.

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 Sam 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 outsiders via all channels, such as one-on-one meetings, conference calls, group analyst meetings and replies to questions related to the Bank's operating results.

Investor Relations

In 1998, the Bank established the Investor Relations Unit under the Office of Corporate Secretary, as part of the Corporate Secretariat Division, to be 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. These included acknowledgment of opinion, recommendations and anticipations of shareholders, investors and securities analysts, in order to submit them to executives and the Board of Directors of the Bank (Two-way Communications), which will lead to the creation of consistent long-term targets. The Unit is also responsible for managing and supervising shareholders rights and benefits, in accordance with all applicable laws, as well as creating, maintaining and promoting cordial relationships with the Bank's shareholders. This will in turn enhance the Bank's image and credibility, thus creating higher value to shareholders in a sustainable manner over time. The Bank also conducts investor relations satisfaction

survey on an annual basis. The survey results are analyzed to optimize the efficiency and effectiveness of the investor relations policies, functions and activities in accordance with international standards. In this regard, shareholders can contact ordinary shares registrar at the Thailand Securities Depository Company Limited (TSD). 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 2018, 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	119	173	266
Conference Calls	52	199	240
Group Analyst and Investor Meetings	5	259	332
Investor Conferences	12	200	253
Non-deal Roadshows	8	187	319
Site Visits	7	37	54
Total	203	1,055	1,464

There were 12 events, out of the above, wherein a total of 308 persons from 196 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 create and support business with the foundation of Bank of Sustainability, the Investor Relations Unit has improved its operations towards a digital format by reducing the use of paper and delivering 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

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



Chairman of the Board and Chief Executive Officer met with analysts and fund managers at KBank's head office.

Compliance with other Good Corporate Governance Principles

The Board of Directors considered applying the principles guidelines outlined in Corporate Governance Code for Listed Companies 2017 developed by the Office of the Securities and Exchange Commission into business operations. As the governing body of the company, all directors considered the Code thoroughly and understood the benefits and importance of adopting the CG Code for the company's sustainable value creation. The performance results in accordance with each practice guideline in the CG Code were assessed to ensure conformance with the guidelines that are suitable to business operations. For particular principles that are not used in the Bank's operations, the Board of Directors has considered and recorded as a board resolution.

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 2018, 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 shall be independent and 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 17 directors and the Board of Directors has appointed the Independent Directors Committee to maintain a check-and-balance between the Board and the management, and to protect the interests of all stakeholders.

2. The Board of Directors should comprise at least 5 but no more than 12 directors, appropriate for size, nature and complexity of business.

As of December 31, 2018, the Bank's Board of Directors was composed of 17 members - a number suitable for the Bank's business nature and consistent with the Bank's strategies and Articles of Association.

5. Responsibilities of the Board of Directors

5.1 Structure of the Board of Directors

Composition of the Board of Directors

The Bank's Board of Directors comprises qualified persons who possess knowledge, ability, and experience beneficial to the Bank. As of December 31, 2018, the Bank's Board of Directors included:

- 5 Executive Directors
- 3 Non-Executive Directors
- 9 Independent Directors (accounting for 53 percent of the total number of Board members)

The directors consist of 6 women and 11 men. Binding agreements of the Bank must be signed by two authorized directors and affixed with the Company's seal. The primary authorized directors with signatory authority on behalf of the Bank are Mr. Banthoon Lamsam, or Mr. Sara Lamsam, or Mr. Abhijai Chandrasen. Any of these persons must co-sign with Mr. Predee Daochai, or Ms. Kattiya Indaravijaya, or Mr. Pipit Aneaknithi, or Mr. Patchara Samalapa.

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. The Corporate Secretary shall have basic knowledge in business, accounting, laws and regulations governing commercial banking business, or attended training courses concerning corporate secretarial practices; have knowledge and understanding about corporate governance principles and best practices; Be independent and straightforward in the discharge of duties and provision of both recommendations and comments; and have experience in the secretarial function to the Board of Directors or other qualifications that contribute to effectiveness in the discharge of corporate secretarial functions. 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".

In 2018, the Corporate Secretary attended Bangkok Sustainable Banking Forum 2018, organized by the Bank of Thailand, the “Cyber Risk Knowledge Sharing” training, organized by Oliver Wyman, “Thailand Focus 2018: The Future is Now” seminar, organized by the Stock Exchange of Thailand and “Thailand SDGs Forum 2018#1: Localizing the SDGs (Thailand’s Sustainable Business Guide)”, organized by ThaiPublica, an online news agency, and Thailand Sustainable Development Foundation.

Qualifications of Independent Directors

The Board of Directors has revised the definition of “Independent Director” in conformity with the requirements of the Bank of Thailand and Notification of the Capital Market Supervisory Board and Corporate Governance Principles, 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 and in accordance with the Bank of Thailand’s criteria. 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 a non-independent director, an executive director, a manager, an employee, a staff member, an adviser who receives a regular salary, or a controlling person of the Bank, company in KASIKORNBANK FINANCIAL CONGLOMERATE, 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 2018, 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 hold their positions for no more than 9 consecutive years.

The term of office of directors of the Board Committees, i.e., Audit Committee, Corporate Governance Committee, Human Resources and Remuneration Committee, and Risk Oversight 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. The reporting system for holding the position of director in other companies has been setup, whereby KBank's directors are required to confirm information of being a director in other companies with the Office of Corporate Secretary at the end of every month for record. For high-ranking executives, they are required to directly report such information via the system at the end of every month. 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 – Ms. Kobkarn Wattanavrakul 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.

Roles and Responsibilities of the Chief Executive Officer and the President

The Chief Executive Officer and the President shall have the responsibility of managing and conducting the Bank's business as designated by the Board of Directors, manage the Bank's business according to set policies and plans, and under the authorization delegated by the Board of Directors as well as the Bank's delegated operating authority.

5.2 Board of Directors

Mr. Banyong Lamsam is Honorary Chairman of the Bank.

As of December 31, 2018, the Bank's Board of Directors had 17 members, as follows:

Name	Position	Director Type
1. Mr. Banthoon Lamsam	Chairman of the Board and Chief Executive Officer	Executive Director
2. Ms. Kobkarn Wattanavrangkul	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. Mr. Patchara Samalapa	President	Executive Director
8. Dr. Abhijai Chandrasen	Director and Legal Adviser	Non-Executive Director
9. Sqn.Ldr. Naline Paiboon, M.D.	Director	Independent Director
10. Mr. Saravoot Yoovidhya	Director	Independent Director
11. Dr. Piyasvasti Amranand	Director	Independent Director
12. Mr. Kalin Sarasin	Director	Independent Director
13. Ms. Puntip Surathin	Director	Independent Director
14. Mr. Wiboon Khusakul	Director	Independent Director
15. Ms. Suphajee Suthumpun	Director	Independent Director
16. Mr. Sara Lamsam	Director	Non-Executive Director
17. Mr. Chanin Donovanik	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. Formulating or approving sound risk governance framework and overseeing the instillation of risk-based organizational culture.

12. Ensuring capital adequacy, including an appropriate capital assessment process, for present and future business.

13. 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, race, nationality, 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 Human Resources and Remuneration Committee shall consider performances of the directors who are due to retire by rotation, to be nominated for re-election as a director for another term.

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 2018, 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. Ms. Kobkarn Wattanavrangkul and Mr. Patchara Samalapa were deemed as having excellent knowledge and experience in business management, and the General Meeting of Shareholders resolved to appoint Ms. Kobkarn Wattanavrangkul and Mr. Patchara Samalapa as directors.

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, or no less than 75 percent of the Board of Directors meetings held each year, 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. As for directors unable to attend the meeting in person, the Bank has provided a telecommunication system, according to the criteria and methods as specified by the laws, and improved presentation system via WebEx application. 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 2018, 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 2018.**

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, 2018, including:

1. Mr. Sukri Kaocharern
2. Mr. Somchai Bulsook
3. Ms. Elizabeth Sam
4. Mr. Hiroshi Ota
5. Professor Dr. Yongyuth Yuthavong
6. Professor Dr. Pairash Thajchayapong
7. Professor Khunying Suchada Kiranandana

Roles and Mission 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, 2018, the Committee had 9 independent directors, as follows:

1. Ms. Kobkarn Wattanavrangkul
Lead Independent Director
2. Sqn.Ldr. Nalinee 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. Suphajee Suthumpun
Member
9. Mr. Chanin Donavanik
Member

The Independent Directors Committee holds meetings at least once a quarter. In 2018, 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 Oversight 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, 2018, 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 2018, 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. 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.

6. 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, dismissal as well as evaluating performance of the Internal Audit Head.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. Reviewing the effectiveness of the internal control system and reviewing the validity of self-assessment results in compliance with the anti-corruption policy.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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, 2018, the Committee had 4 members, comprising 3 independent directors and 1 non-executive director, as follows:

1. Sqn.Ldr. Nalinee Paiboon, M.D.
Chairperson
2. Mr. Wiboon Khusakul
Member
3. Mr. Sara Lamsam
Member
4. Mr. Chanin Donavanik
Member

The Corporate Governance Committee holds at least 4 meetings each year. In 2018, 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, 2018, the Committee had 3 members, comprising 2 independent directors and 1 non-executive director, as follows:

1. Ms. Kobkarn Wattanavrangkul
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 2018, the Committee held 8 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 formulation of policy, criteria and procedure for the nomination and payment of remunerations and benefits to directors and senior management of companies within financial business group.

7. Discussing with the Risk Oversight Committee about a remuneration policy that reflects major risks of financial institutions.

Nomination of Management

The Human Resources and Remuneration Committee is responsible for nominating, selecting and reviewing qualified candidates, in consultation with the Chief Executive Officer or the Presidents, considered the criteria 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 Oversight Committee

The Board of Directors approved the establishment of the Risk Oversight Committee to replace the Risk Management Committee on September 27, 2018. Each member who is a Bank director has a term of office in accordance with directorship term at the Bank. For member who is an executive, his/her term of office is subject to the Board of Directors' resolution. The Committee must comprise at least 3 members. As of December 31, 2018, the Committee had 8 members, comprising 4 independent directors, 1 non-executive director, 2 executive directors and 1 executive, namely:

1. Ms. Kobkarn Wattanavrangkul
Chairperson
2. Ms. Sujitpan Lamsam
Member
3. Dr. Piyasvasti Amranand
Member
4. Ms. Puntip Surathin
Member
5. Ms. Suphajee Suthumpun
Member
6. Mr. Pipit Aneaknithi
Member
7. Mr. Somkid Jiranuntarat*
Member
8. Mr. Patchara Samalapa
Member

* Mr. Somkid Jiranuntarat resigned from Chairman of KASIKORN BUSINESS-TECHNOLOGY GROUP, effective on January 1, 2019, and Mr. Ruangroj Poonpol, Chairman of KASIKORN BUSINESS-TECHNOLOGY GROUP, was appointed as a member of the Risk Oversight Committee, effective from January 18, 2019.

The Risk Oversight Committee meets at least once each quarter. In 2018, the Committee held 2 meetings and reported all meeting minutes to the Board of Directors. Before the Risk Oversight Committee establishment, the Risk Management Committee held 9 meetings in 2018.

Authorities, Duties and Responsibilities of the Risk Oversight Committee

The Risk Oversight Committee has duties and responsibilities as mandated in the Risk Oversight Committee Charter and approved by the Board of Directors, as follows:

1. Providing advice for the Bank's Board of Directors related to the risk governance framework of the Financial Conglomerate.
2. Ensuring that the high-ranking executives and head of risk management function adhere to the risk management policies and strategies, as well as risk appetites.
3. Ensuring that the strategies for capital and liquidity management are consistent with the approved risk appetites.

4. Reviewing and examining the adequacy and effectiveness of the overall risk management policies and strategies, including the risk appetites as well as compliance with laws and regulations at least once a year or upon significant changes. Conducting consultation and exchange of opinions with the Audit Committee to assess whether the overall risk management policies and strategies cover all risk types and emerging risks, and to ensure that the overall policies and strategies of risk management and compliance with laws and regulations have been implemented efficiently and effectively.

5. Reporting to the Bank's Board of Directors on risk positions, risk management efficiency, risk culture assessments and significant matters, as well as corrective actions to address any risk policies or risk strategies compliance issues.

6. Participating in the evaluation of the head of risk management and compliance function performance.

7. Performing other duties as determined by the authorities or the Bank's Board of Directors.

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, 2018, the Committee comprised 6 members, namely:

1. Mr. Banthoon Lamsam
Chairman
2. Mr. Predee Daochai
Member
3. Ms. Kattiya Indaravijaya
Member
4. Mr. Pipit Aneaknithi
Member

5. Mr. Somkid Jiranuntarat*
Member

6. Mr. Patchara Samalapa
Member

* Mr. Somkid Jiranuntarat resigned from Chairman of KASIKORN BUSINESS-TECHNOLOGY GROUP, effective on January 1, 2019, and Mr. Ruangroj Poonpol, Chairman of KASIKORN BUSINESS-TECHNOLOGY GROUP, was appointed as a member of the Management Committee, effective from January 18, 2019.

The Management Committee shall hold at least one meeting a month, except when there is compelling reason or when there is no required meeting agenda or other justifiable reason. In 2018, the Management Committee held 25 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 conducting the Bank's business as designated by the Board of Directors, or under specific assignment by the Board of Directors.

2. Managing the Bank's business according to set policies and plans, and under the authorization delegated by the Board of Directors as well as the Bank's delegated operating authority, to ensure that the Bank's business management can achieve the set target.

3. Considering and approving the roles and duties of the Operating Committee and change in constituents of the Operating Committee.

4. The Management Committee Chairman or persons, assigned by the Chairman, shall report business activities undertaken by the Management Committee to the Board of Directors for acknowledgment. However, policy-related issues of the Bank, or issues likely to cause significant changes in the Bank's business, or certain issues requiring action by the Board of Directors of the Bank in compliance with laws, or the Bank's rules and regulations, or issues the Management Committee considers 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 activities require prior approval of the Board of Directors.

Meeting Attendance of the Board, Independent Directors Committee and Board Committees in 2018

(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 8 meetings)	Risk Management Committee (Total 9 meetings)	Risk Oversight Committee (Total 2 meetings)
Mr. Banthoon Lamsam	12/12							
Professor Khunying Suchada Kiranandana ⁽¹⁾	3/3		3/3			3/3		
Ms. Kobkarn Wattanavrangkul ⁽²⁾	9/9	1/1	9/9			5/5		2/2
Ms. Sujitpan Lamsam	12/12	1/1					9/9	2/2
Mr. Predee Daochai	12/12						9/9	
Ms. Kattiya Indaravijaya	11/12						5/9	
Mr. Pipit Aneaknithi	11/12						9/9	2/2
Mr. Patchara Samalapa ⁽³⁾	8/9						5/6	1/2
Dr. Abhijai Chandrasen	12/12	1/1				8/8		
Sqn.Ldr. Naline Paiboon, M.D.	12/12	1/1	12/12		4/4			
Mr. Saravoot Yoovidhya	11/12	1/1	10/12	10/12				
Dr. Piyasvasti Amranand	11/12	1/1	11/12	12/12				2/2
Mr. Kalin Sarasin	10/12	1/1	11/12			7/8		
Ms. Puntip Surathin	11/12	1/1	11/12	9/12				2/2
Mr. Wiboon Khusakul	12/12	1/1	11/12		4/4			
Ms. Suphaje Suthumpun	11/12	1/1	11/12	12/12				2/2
Mr. Sara Lamsam ⁽⁴⁾	12/12	1/1			1/1		8/9	
Mr. Chanin Donovanik	11/12	1/1	11/12		4/4			

Remarks:

⁽¹⁾ Professor Khunying Suchada Kiranandana expressed her intent not to be nominated for re-election in compliance with the Board of Directors Charter, effective on April 4, 2018.

⁽²⁾ Ms. Kobkarn Wattanavrangkul was appointed a director, Vice Chairperson, Lead Independent Director and Chairperson of the Human Resources and Remuneration Committee on April 4, 2018.

⁽³⁾ Mr. Patchara Samalapa was appointed a director and President, and a member of the Risk Management Committee on April 4, 2018.

⁽⁴⁾ Mr. Sara Lamsam was appointed a member of the Corporate Governance Committee on September 1, 2018.

• Number of members on the Board, Independent Directors Committee and Board Committees (As of December 31, 2018):

The Board of Directors	17 members
Independent Directors Committee	9 members
Audit Committee	4 members
Corporate Governance Committee	4 members
Human Resources and Remuneration Committee	3 members
Risk Oversight Committee	8 members
(7 Board members inclusive)	

• Details of meeting attendance through teleconferencing to the Board, Independent Directors Committee and Board Committees:

The Board of Directors	Ms. Sujitpan Lamsam	6 meetings
	Mr. Wiboon Khusakul	2 meetings
	Mr. Chanin Donovanik	1 meeting
Non-Executive Directors	Mr. Chanin Donovanik	1 meeting
Independent Directors Committee	Mr. Kalin Sarasin	2 meetings
	Mr. Wiboon Khusakul	1 meeting
	Mr. Chanin Donovanik	1 meeting
Corporate Governance Committee	Mr. Chanin Donovanik	1 meeting
Human Resources and Remuneration Committee	Mr. Kalin Sarasin	5 meetings
Risk Management Committee	Ms. Sujitpan Lamsam	4 meetings
	Mr. Predee Daochai	7 meetings
	Mr. Patchara Samalapa	1 meeting
	Mr. Sara Lamsam	8 meetings
Risk Oversight Committee	Ms. Sujitpan Lamsam	1 meeting
	Mr. Pipit Aneaknithi	1 meeting
	Mr. Patchara Samalapa	1 meeting

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 2018 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 2018, 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 2018, 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.
- 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 were disseminated to directors and employees.
- A no gift policy has been communicated at KBank and companies within KASIKORNBANK FINANCIAL CONGLOMERATE.
- Meetings were held to enhance correct understanding concerning risk management and fraud prevention, internal control, practices in compliance with corporate governance principles, anti-corruption policy and regulatory requirements to K Companies and P Companies.
- 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, Corporate 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.
- Operational guidelines based on "Responsibility, Transparency and Fairness" were communicated by executives for employees' adherence in their performance under the principle of providing fair sales and services in order to instill a risk-based culture in the organization. To perform their tasks with responsibility employees are required to understand sales regulations, provide recommendations that meet the customers' needs and financial ability. To undertake their tasks with transparency, employees are required to provide complete and accurate information, as well as basic rights and alternatives to the customers. To carry out their tasks with fairness, employees must not force the customers to buy or set up sales conditions.
- The CG Visit Project was implemented for secretaries to the Audit Committee, Human Resources and Remuneration Committee and Risk Oversight 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) 2018.

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.

The Corporate Governance Unit, Office of the Corporate Secretary, has reviewed the Code of Conduct in consistence with the best practices, and launched 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.

In addition, the Bank has assigned the Compliance Department to supervise staff compliance with the Code of Conduct to assess effectiveness of operation.

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. The Bank's sales and services are based on Market Conduct. In 2018, Market Conduct Procedure was implemented to ensure that all staff understand related roles and responsibilities and comply with the Bank's policy as well as ensuring that the bank has an appropriate end-to-end process that meets the regulatory requirements and customers' needs. In addition, the Bank continues to place importance on Customer Data Privacy to protect customers' information.

The Bank shall ensure the adequacy of staff. Also, training and orientation programs are provided for skill enhancement, accurate practices, and efficient and effective performance are established in a consistence with the business structure and competition in current environment. 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 appropriately respond to

emerging risks, such as cyber risk. The Internal Audit Department has steadily applied the principles of Continuous Audit, Integrated Audit and Data Analytics in its operations. Internal auditors have been encouraged to acquire new knowledge and skills in areas of technology and financial innovation to brace for the digital banking age. 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 addition, there is an external assessment by independent auditors every 5 years.

The Internal Audit Department, which is an independent unit, has also been assigned as another whistle-blowing reporting channel. 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 is tasked with supervising compliance with the 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 Bank has enhanced its overall risk management framework by establishing the Risk Oversight Committee to oversee the overall risk management of the KASIKORNBANK FINANCIAL CONGLOMERATE, review the adequacy and effectiveness of policies, strategies and risk appetites. 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. 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 2018, 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 15,894,500 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 1,500,000 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 6,090,700 over the past accounting year, together with future payment of Baht 8,743,100, 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 evaluating their own performance and other directors' performance (cross assessment) consist of 2 topics: (1) Board meetings; and (2) Responsibilities of the Board. The Board of Directors have set the criteria on performance assessment of the Board. The Corporate Governance Committee reviews the performance 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 obstacles over the past year in order to enhance their efficiency, and to consider the appropriate composition of the Board. In 2018, the Corporate Governance Committee improved the self-assessment form of directors on an individual basis and introduced the performance assessment of other directors (cross assessment) in compliance with best practices of the Stock Exchange of Thailand and Good Corporate Governance Principles of the Office of Securities and Exchange Commission, 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, including the report on the cross-performance assessment results and recommendations, submitted to individual directors. In addition, the Internal Audit Department arranged for the review of guidelines and issues concerning the performance assessment of the Board of Directors to improve efficiency of the assessment.

The self-assessment process was also applied to the Independent Directors Committee and all Board Committees, namely Audit, Corporate Governance, Human Resources and Remuneration, and Risk Oversight. 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. The Board of Directors designated the Corporate

Governance Committee to review the performance assessment form every year. In 2018, 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 performance assessments of the Board of Directors, Independent Directors Committee and all Board Committees are based on the rating scales of one point (substantial improvement needed) to five points (excellent) and their average performance assessment results for 2018 ranged from "good" to "excellent"; in other words the performance results of the Board of Directors, Independent Directors Committee and all Board Committees were in line or above the set targets.

The Chief Executive Officer and the Presidents also undergo an annual assessment in order to compare their actual performances with the Bank's targets and the annual business plan. The Board of Directors, excluding Executive Directors, approved the performance assessment criteria, which is in alignment with the Bank's long-term business operations and strategies and communicated it to the Chief Executive Officer and the Presidents in advance. 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 informs the Board's assessment results, together with their opinion, to the Chief Executive Officer and the Presidents for acknowledgment prior to approving the annual remuneration.

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, long-term strategies and targets to ensure that the Bank's remuneration is comparable to that of other commercial banks.

The General Meeting of Shareholders No. 106, on April 4, 2018, 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, which reflects our status as being a sustainable bank, 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, plus indicators for being a sustainable banks on the economy, society and the environment, under transparent regulations and scopes of responsibility that reflect related risks, 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 2018, 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 87,951,203. Remuneration for members of the Risk Management Committee is paid from January to September 2018 only because the Board of Directors Meeting on September 27, 2018 approved the establishment of the Risk Oversight Committee and terminated the Risk Management Committee.
- 2) Remuneration for executives: In 2018, executives in the position of First Senior Vice President or equivalent and higher, totaling 75 persons, received remuneration including salaries, living expenses, special contributions, and bonuses from the Bank, totaling Baht 839,552,776, while executives in the position of Senior Executive Vice President or equivalent and higher, totaling 10 persons, received remuneration including salaries, living expenses, special contributions, and bonuses from the Bank, totaling Baht 253,929,915.

Remuneration for Directors in 2018

Mr. Banthoon Lamsam	Received remuneration as Chairman of the Board, totaling Baht 1,848,000, and a bonus of Baht 5,201,136.
Professor Khunying Suchada Kiranandana ⁽¹⁾	Received remuneration as Vice Chairperson, totaling Baht 346,500; as Lead Independent Director, totaling Baht 300,000; and as Chairperson of the Human Resources and Remuneration Committee, amounting to Baht 150,000, and a bonus of Baht 3,664,682.
Ms. Kobkarn Wattanavrangkul ⁽²⁾	Received remuneration as Vice Chairperson, totaling Baht 1,039,500; as Lead Independent Director, totaling Baht 900,000; and as Chairperson of the Human Resources and Remuneration Committee, amounting to Baht 450,000, and a bonus of Baht 236,175.
Ms. Sujitpan Lamsam	Received remuneration as Vice Chairperson, totaling Baht 1,386,000; and as Chairperson of the Risk Management Committee, amounting to Baht 450,000, and a bonus of Baht 3,900,857.
Mr. Predee Daochai	Received remuneration as a director, totaling Baht 1,200,000, and a bonus of Baht 2,600,572.
Mr. Teeranun Srihong ⁽³⁾	Received a bonus of Baht 448,735.
Ms. Kattiya Indaravijaya	Received remuneration as a director, totaling Baht 1,200,000, and a bonus of Baht 2,600,572.
Mr. Pipit Aneaknithi	Received remuneration as a director, totaling Baht 1,200,000, and a bonus of Baht 2,600,572.
Mr. Patchara Samalapa ⁽⁴⁾	Received remuneration as a director, totaling Baht 900,000, and a bonus of Baht 157,450.
Professor Dr. Yongyuth Yuthavong ⁽⁵⁾	Received a bonus of Baht 448,735.
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 2,600,572.
Professor Dr. Pairash Thajchayapong ⁽⁶⁾	Received a bonus of Baht 448,735.
Sqn.Ldr. Naline Paiboon, M.D.	Received remuneration as a director, totaling Baht 1,200,000; as Independent Director, totaling Baht 840,000; and as Chairperson of the Corporate Governance Committee, amounting to Baht 600,000, and a bonus of Baht 2,600,572.

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 2,600,572.
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 2,600,572.
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 2,600,572.
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 2,600,572.
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 2,600,572.
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 2,600,572.
Mr. Sara Lamsam ⁽⁷⁾	Received remuneration as a director, totaling Baht 1,200,000; as a member of the Corporate Governance Committee, amounting to Baht 144,000; and as a member of the Risk Management Committee, amounting to Baht 324,000, and a bonus of Baht 2,600,572.
Mr. Chanin Donavanik	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 2,151,834.

Remarks:

⁽¹⁾ Professor Khunying Suchada Kiranandana expressed her intent not to be nominated for re-election in compliance with the Board of Directors Charter, effective on April 4, 2018.

⁽²⁾ Ms. Kobkarn Wattanavrangkul was appointed a director, Vice Chairperson, Lead Independent Director and Chairperson of the Human Resources and Remuneration Committee on April 4, 2018.

⁽³⁾ Mr. Teeranun Srihong received a bonus from dividend payment for the 2H17 operating results, prorated by his term of office.

⁽⁴⁾ Mr. Patchara Samalapa was appointed a director and President, and a member of the Risk Management Committee on April 4, 2018.

⁽⁵⁾ Professor Dr. Yongyuth Yuthavong received a bonus from dividend payment for the 2H17 operating results, prorated by his term of office.

⁽⁶⁾ Professor Dr. Pairash Thajchayapong received a bonus from dividend payment for the 2H17 operating results, prorated by his term of office.

⁽⁷⁾ Mr. Sara Lamsam was appointed a member of the Corporate Governance Committee on September 1, 2018.

2. Other Remuneration

- 1) Remuneration for directors: none
- 2) Remuneration for executives: In 2018, executives in the position of First Senior Vice President or equivalent and higher, totaling 75 persons, received the Bank's contributions to their provident funds, totaling Baht 24,620,898, while executives in the position of Senior Executive Vice President or equivalent and higher, totaling 10 persons, received the Bank's contributions to their provident funds, totaling Baht 6,237,600. In addition, the Bank's executives received benefits and other welfares under the Bank's regulations, similar to other employees, such as healthcare and medical checkup expenses, and loan benefits.

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 2018, namely Ms. Kobkarn Wattanavrangkul and Mr. Patchara Samalapa.

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, accounting and financial, investor relations 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 2018, 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:

Board Members	Seminars/Training Programs
1. Mr. Banthoon Lamsam	<ul style="list-style-type: none"> Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman Seminar on “Bangkok Sustainable Banking Forum 2018”, Bank of Thailand Seminar on “Chairman Dinner 2018”, Thai Institute of Directors Association Seminar on “THAILAND Focus 2018: The Future is Now”, the Stock Exchange of Thailand
2. Ms. Kobkarn Wattanavrangkul	<ul style="list-style-type: none"> Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman “Board Nomination & Compensation Program (BNCP)”, Class 4/2018, Thai Institute of Directors Association
3. Ms. Sujitpan Lamsam	<ul style="list-style-type: none"> Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman Seminar on “The Blockchain Technology Conference 2018”
4. Mr. Predee Daochai	<ul style="list-style-type: none"> Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco Seminar on “Bangkok Sustainable Banking Forum 2018”, Bank of Thailand Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman Seminar on “BOT Symposium”, Bank of Thailand
5. Ms. Kattiya Indaravijaya	<ul style="list-style-type: none"> Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman Seminar on “Roles of e-Payment and Fintech in Future Thai Financial Sector”, Faculty of Commerce and Accountancy, Chulalongkorn University, and Faculty of Commerce and Accountancy Chulalongkorn University Alumni Association The National Defence Course Class 60, National Defence Collage
6. Mr. Pipit Aneaknithi	<ul style="list-style-type: none"> Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman Seminar on “IBM Think 2018”, USA “Executive Program”, Singularity University, USA
7. Mr. Patchara Samalapa	<ul style="list-style-type: none"> Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman Seminar on “Visa Pacific Senior Client Council”, Visa Worldwide Pte. Limited Director Certification Program Class 253/2018, Thai Institute of Directors Association
8. Dr. Abhijai Chandrasen	<ul style="list-style-type: none"> Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman Audit Committee Forum on “Cyber Security - Advances to the More Complex Level”, KPMG Phoomchai Audit Ltd. “Board Nomination & Compensation Program (BNCP)”, Class 3/2018, Thai Institute of Directors Association

Board Members	Seminars/Training Programs
9. Sqn.Ldr. Nalinee Paiboon, M.D.	<ul style="list-style-type: none"> Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman Seminar on “Can Businesses Adhering to Ethical Principles Survive?”, Office of the National Anti-Corruption Commission Top Executive Program in Commerce and Trade (TEPCoT), Commerce Academy, University of the Thai Chamber of Commerce
10. Mr. Saravoot Yoovidhya	<ul style="list-style-type: none"> Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman
11. Dr. Piyasvasti Amranand	<ul style="list-style-type: none"> Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman
12. Mr. Kalin Sarasin	<ul style="list-style-type: none"> Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman Seminar on “ASEAN Business and Investment Summit”, Singapore Business Federation Seminar on “CLMVT Forum 2018”, Ministry of Commerce
13. Ms. Puntip Surathin	<ul style="list-style-type: none"> Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman
14. Mr. Wiboon Khusakul	<ul style="list-style-type: none"> Seminar on “Cybersecurity Management for Financial Institutions and Roles of the Board of Directors”, Cisco Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman Seminar on “Bangkok Fin Tech Fair 2018, Bank of Thailand Seminar on “Bangkok Sustainable Banking Forum 2018”, Bank of Thailand
15. Ms. Suphajee Suthumpun	<ul style="list-style-type: none"> Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman Seminar on “Learning from the Past to Brace for Opportunities in Thailand 4.0”, Thailand-China Business Council Seminar on “Thailand 2019 - Tourism and Hotel Business”, Prachachat Turakij Newspaper
16. Mr. Sara Lamsam	<ul style="list-style-type: none"> Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman Seminar on “Board Forum 2018” Office of Insurance Commission Business Revolution and Innovation Network Program (BRAIN) Class 2, Federation of Thai Industries Advanced Master of Management Program (AMM) Class 2, National Institute of Development Administration
17. Mr. Chanin Donavanik	<ul style="list-style-type: none"> Seminar on “Cyber Risk Knowledge Sharing”, Oliver Wyman

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, such as performance results under Balanced Scorecard, strategic planning, risk management and control, and leadership. 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 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 204 pending cases in the ordinary course of the Bank's business, with the total litigation sum of approximately Baht 1,267 million. In those cases, there are 37 cases for which the Court of First Instance has awarded judgment in favor of the Bank but are still pending in higher courts, having an aggregate litigation sum of approximately Baht 88 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.



Sustainability Development

- 245 KBank Sustainability Framework, Goals and Policies
- 246 Material Aspects and Boundaries
- 247 Sustainable Development in Actions

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

SAM
Sustainability Award
Bronze Class 2019


FTSE4Good

THSI
THAILAND
SUSTAINABILITY
INVESTMENT 2018



Sustainability Development



KBank operates business with the foundation of Bank of Sustainability and strive to balance the three dimensions, namely the economy, society, and environment, with good corporate governance principles and appropriate risk and cost management. We accentuate enhancement of our business capacities to achieve sustainable returns while maintaining our long-term market leadership. The philosophy of sustainable development is instilled in all our operations as part of our Green DNA to ensure the maximum benefits for all primarily taking into consideration both internal and external stakeholders, guided by our "Customer Centricity" strategy and aspire to become our "Customers' Life Platform of Choice".

KBank has given particular attention to nine United Nations Sustainable Development Goals (SDGs) as being in perfect agreement with our Material Issues, while giving full support to other eight goals, as well as, to help us generate sustainable value to all stakeholders.

KBank Sustainability Framework, Goals and Policies

KBank Sustainability Framework



KBank has given particular attention to nine United Nations Sustainable Development Goals (SDGs) as being in perfect agreement with our Material Issues, while giving full support to other eight goals, as well as, to help us generate sustainable value to all stakeholders.

Goals

Sustainable Development Policy



Economic Aspect

- Business operations defined by good corporate governance principles
- 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

Material Aspects and Boundaries

KBank has compiled and prioritized material aspects that affect our business – as well as those emphasized by our stakeholders – against global sustainability standards and important issues adopted by leading global banks. We have also considered all of our material issues of 2017, along with present and future risk factors based on the opinions of all stakeholders, including shareholders, Board of Directors, employees, customers, counterparties, competitors, creditors, and communities, environment and society via participation processes, such as surveys and in-depth interviews. These viewpoints were then analyzed and prioritized, and concluded into operational guidelines that respond to stakeholders' concerns.

In the Sustainability Report 2018, there are 20 Material Issues per the GRI Standard: Core Option, compared to 13 Material Issues in the Sustainability Report 2017, with the following details:

Prioritization of Material Aspects



Changes in Material Issues

- New material issues in this report** include “Cyber Risk Management”, “Sustainable Supply Chain Management”, “Impact Measurement and Valuation”, “Financial Literacy”, and “Addressing Climate Risks and Opportunity”.
- The issue of human resource management** in the Sustainability Report 2017 was divided into three issues in Sustainability Report 2018: “Labor Practice, Diversity, Inclusion and Equality Opportunity”, “Human Capital Development” and “Employee Wellbeing” in the Sustainability Report 2018.

Sustainable Development in Actions

Economic Dimension

KBank is emphasizing risk management and cyber security along with maintaining growth and our position as a leader in digital banking services in Thailand. KBank and KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG) are innovative in development of new products and services. In 2018, KBank launched a new version of K PLUS application with the concept “With change, we understand you better” to perfectly match the lifestyle of each individual user and connect them with platforms of various business partners. The development has also been finalized for a payment platform that links large companies with retail customers and financial innovations for SME customers. Besides, we develop Pay with K PLUS service on the Facebook Messenger platform, cooperate with Grab to create a digital lifestyle ecosystem, and establish KASIKORN LINE COMPANY LIMITED to offer a novel financial service experience for LINE users with new service offerings in 2019. KBank is also determined to become an “AEC+3 Bank” via a strategy of regional expansion with respect to general banking and digital banking sectors, with the aim to become the “Regional Life Platform of Choice”, furthering business expansion in the AEC+3 market to accommodate new customers in the future.

Social Dimension

Our notable examples include the “100,000 Chuamong Chuan Kan Tham Di Tham Dai (100,000 Volunteer Hours)” project, the AFTERCLASS website to supplement education to young people, the Cultivation of Wisdom project to develop the thinking processes of teachers and students, and a project designed to add value to organic waste in Nan province and provide donations, emergency assistance, and other staff activities based on KBank’s “Green DNA” resolution. The Bank attaches importance to building a solid financial base for our customers and the underprivileged. We have new channel for our customers to gain greater access to our financial services, as well as improving financial skill and discipline for customers to choose the most suitable financial products and services for them. For human resource, KBank has employed a data-driven format for HR analytics in all processes of HR management, and emphasized an open-mindedness and respect for staff diversity inclusive of gender, age, education, race, religion, and physical condition and aspect of human rights, to ensure a happy workplace for all employees.

Environmental Dimension

KBank’s Board of Directors has assigned Chief Executive Officer the role of Chief Environmental Officer, to lead KBank’s environmental operations. In 2018, KBank became the first and only commercial bank in Thailand to achieve “Carbon Neutral” status and the first Thai and ASEAN bank to launch sustainability bonds to finance projects that will provide environmental and social benefits. KBank considers Environmental, Social, and Governance (ESG) factors in credit underwriting processes, and our business is geared towards financial product and service innovations that promote environmental conservation, including the extension of credits for energy and environmental conservation. Our environmental management is focused on achieving zero carbon emissions, and KBank is working with communities by providing support to the “Rak Pa Nan (Care for Nan Forest)” project, as part of a strategy to preserve and rehabilitate Nan’s forest resources, promote alternative careers for the sustainable cohabitation of humans and forests, and enhance the sense of responsibility and consciousness of children and youth related to natural resource conservation via cooperation between Nan communities and the public and private sectors. Also, KBank has participated in a move propelling the Nan Sandbox project (NSP) in order to revolutionize and seek new alleviation methods for the problems of depleted natural resources in a sustainable manner, based on Pracharat (Civil Society) scheme.

More details on Sustainable Development and Materiality for both KBank and stakeholders can be found in **Sustainability Report 2018**.*



KBank issues USD 100 million worth of sustainability bonds by using the proceeds to finance projects that bring about environmental and social benefits. KBank is the first bank in Thailand and ASEAN issue sustainability bonds.

* Sustainability Report 2018 can be found on KBank’s website.

05

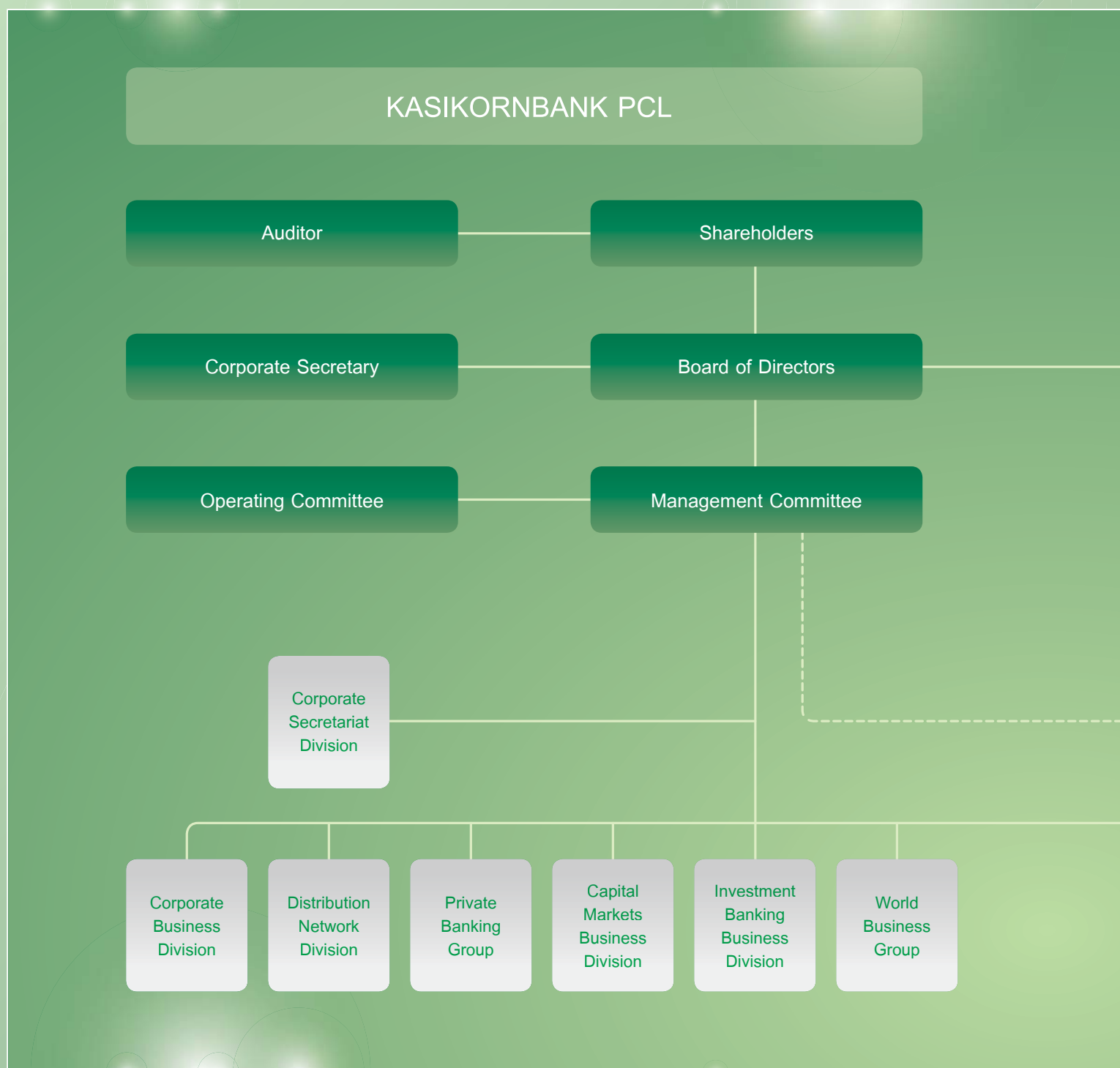


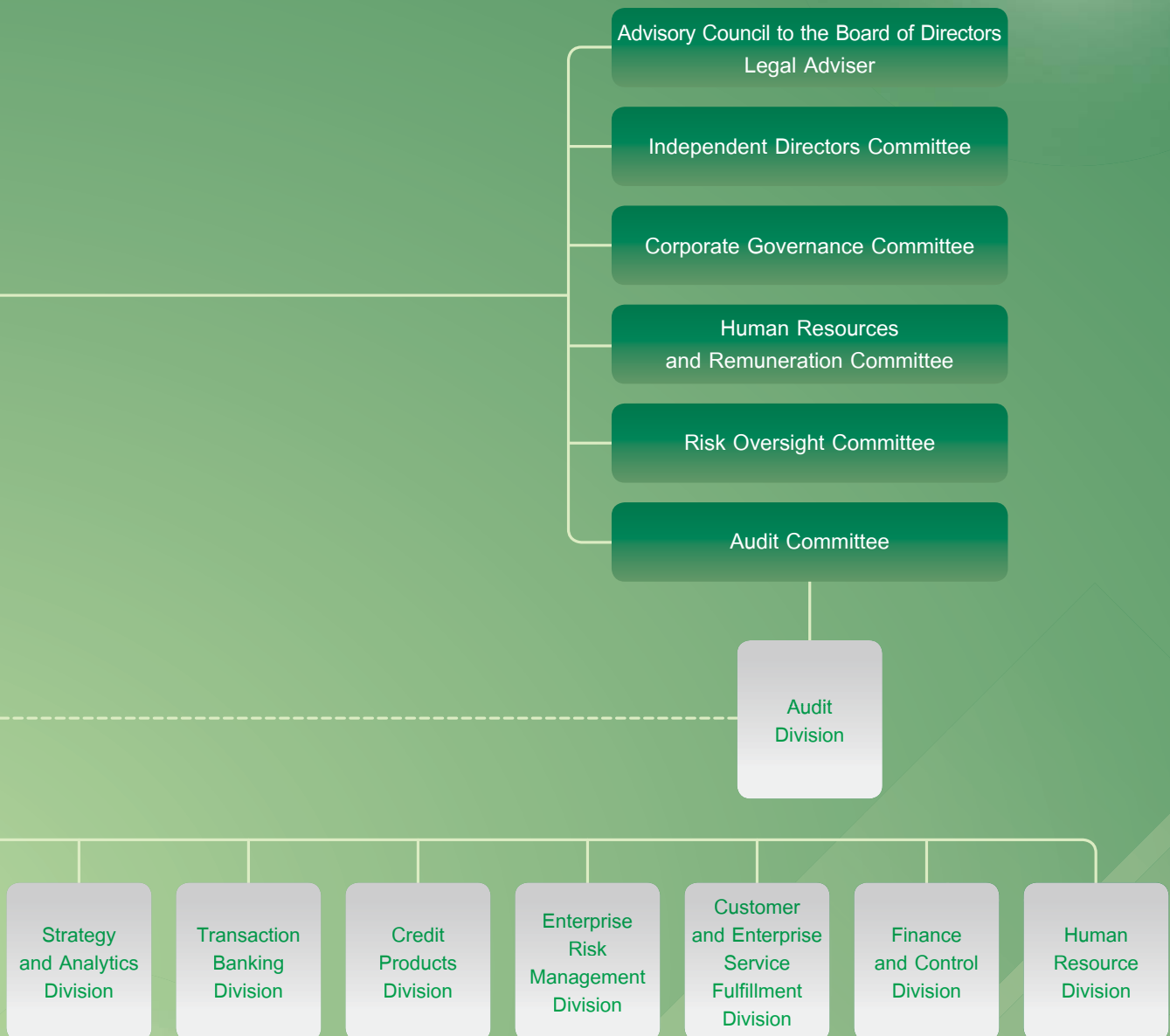


Structure

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 2018

Organization Chart





Honorary Chairman Mr. Banyong Lamsam



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

“KBank conducts business with the foundation of
Bank of Sustainability in all of our operations”



Board of Directors



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



2. Ms. Kobkarn Wattanavrangkul
Vice Chairperson



3. Ms. Sujitpan Lamsam
Vice Chairperson



7. Mr. Patchara Samalapa
President



8. Dr. Abhijai Chandrasen
Director and Legal Adviser



9. Sqn.Ldr. Nalinee Paiboon, M.D.
Independent Director



13. Ms. Puntip Surathin
Independent Director



14. Mr. Wiboon Khusakul
Independent Director



15. Ms. Suphajee Suthumpun
Independent Director



4. Mr. Predee Daochai
President



5. Ms. Kattiya Indaravijaya
President



6. Mr. Pipit Aneaknithi
President



10. Mr. Saravoot Yoovidhya
Independent Director



11. Dr. Piyasvasti Amranand
Independent Director



12. Mr. Kalin Sarasin
Independent Director



16. Mr. Sara Lamsam
Director



17. Mr. Chanin Donavanik
Independent Director

Corporate Secretary
Secretary to the Board of Directors and
Secretary to the Independent Directors Committee
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, 2018

1. Mr. Banthoon Lamsam

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

Age 66

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 Philosophy (Financial Management), Mahasarakham University
- Honorary Doctorate Degree in Arts (Community Development), Chiang Mai Rajabhat 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
2016 - Nov. 2018	Member of the University Council, Chulalongkorn University
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, ALLPUKHA 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, SANTI KASET 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 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. Ms. Kobkarn Wattanavrangkul

Vice Chairperson

Lead Independent Director

Chairperson of the Human Resources and Remuneration Committee

Chairperson of the Risk Oversight Committee

Age 58

Date of Appointment

April 4, 2018

Education

- Bachelor's Degree (Architecture),
Rhode Island School of Design, USA
- Honorary Doctorate Degree in Arts (Management),
Sripatum University
- Honorary Doctorate Degree in Philosophy
(Human Resource Development), Ramkhamhaeng University

Training Program

- Board Nomination and Compensation Program (BNCP)
Class 4/2018, Thai Institute of Directors Association
- Role of the Chairman Program (RCP) Class 11/2005,
Thai Institute of Directors Association
- Director Certification Program (DCP) Class 1/2000,
Thai Institute of Directors Association
- The Joint State - Private Sector Course Class 19,
National Defence College
- Capital Market Academy Leader Program Class 5,
Capital Market Academy
- The Executive Creative Economy Training Program (EXCET 1),
Office of Knowledge Management and Development
(Public Organization)
- Top Executive Program in Commerce and Trade (TEPCoT 4),
Commerce Academy
- The Executive Program of Energy Literacy for a Sustainable Future
Class 2, Thailand Energy Academy
- Executive Development Program Class 2,
Office of the Royal Development Projects Board

- Top Executive Program in Industrial Development and Investment
Class 1, Institute of Business and Industrial Development

Experience over Past 5 Years

Oct. 2018 - Present	Chairperson of the Risk Oversight Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
Apr. 2018 - Present	Vice Chairperson, KASIKORNBANK PUBLIC COMPANY LIMITED
Apr. 2018 - Present	Lead Independent Director, KASIKORNBANK PUBLIC COMPANY LIMITED
Apr. 2018 - Present	Chairperson of the Human Resources and Remuneration Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
Jan. - Apr. 2018	Director and Member of the Audit Committee, Minor International Public Company Limited
2014 - 2017	Minister of Tourism and Sports
2014	Member of the National Legislative Assembly
2011 - 2014	Director and Member of the Human Resources and Remuneration Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2014	Director, Control Component Company Limited
2010 - 2014	Director, Vichaiyut Company Limited
2008 - 2014	Director, B.Grimm BIP Power Limited
2004 - 2014	Chairperson, Toshiba Thailand Company Limited
2004 - 2014	Chairperson, Thai Toshiba Electric Industries Company Limited
2004 - 2014	Chairperson, Thai Toshiba Lighting Company Limited
2004 - 2014	Chairperson, Thai Toshiba Fluorescent Lamp Company Limited
2004 - 2014	Chairperson, Bangkadi Industrial Park Company Limited
2004 - 2014	Director, Mitkorn Development Company Limited
2001 - 2014	Director, Toshiba Lighting Components (Thailand) Company Limited
2001 - 2014	Director, Superlite N.K.S. Holding Company Limited
1999 - 2014	Director, Thai Electric Industries Company Limited
1991 - 2014	Director, Nikornkij and Sons Company Limited
1990 - 2014	Director, B.I.P.-1990 Company Limited
1989 - 2014	Director, T.T.H. Company Limited
1968 - 2014	Managing Partner, Superlite Trading Limited Partnership

Positions in Other Listed Companies None**Positions in Non-listed Companies**

Nov. 2018 - Present Director, Superlite Real Estate Company Limited

Mar. 2018 - Present Director and Advisor,
Toshiba Thailand Company LimitedFeb. 2018 - Present Director,
Thai Toshiba Lighting Company LimitedJan. 2018 - Present Director,
Thai Toshiba Electric Industries Company LimitedJan. 2018 - Present Advisor,
Bangkadi Industrial Park Company Limited**Other Affiliations**

- Chairman of the Board,
Pinkanakorn Development Agency (Public Organization)
- President, Dr. Korn-Thanpuying Niramol Suriyasat Foundation
- Honorary President, Thai-Japanese Association
- Member of the Board of Trustees,
Sirindhorn International Institute of Technology
- Member of the Committee,
Foundation for a Clean and Transparent Thailand
- Member of Special Advisory Committee for the Prime Minister
- Advisor, The Thai Chamber of Commerce
- Advisor to President, The Federation of Business
and Professional Woman's Associations of Thailand

Family Relationship None**3. Ms. Sujitpan Lamsam**

Vice Chairperson

Member of the Risk Oversight Committee

Age 60

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 YearsOct. 2018 - Present Member of the Risk Oversight Committee,
KASIKORNBANK PUBLIC COMPANY LIMITED2016 - Present Vice Chairperson,
KASIKORNBANK PUBLIC COMPANY LIMITED2016 - Sep. 2018 Chairperson of the Risk Management Committee,
KASIKORNBANK PUBLIC COMPANY LIMITED2004 - 2016 Member of the Risk Management Committee,
KASIKORNBANK PUBLIC COMPANY LIMITED1998 - 2016 Director,
KASIKORNBANK PUBLIC COMPANY LIMITED**Positions in Other Listed Companies**2013 - Present Member of the Risk Management Committee,
Muang Thai Insurance Public Company Limited2008 - 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 Limited2005 - Present Member of the Risk Management Committee,
Muang Thai Life Assurance
Public Company Limited1999 - 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

(Authorized Signature)

Age 60

Date of Appointment

March 1, 2013

Education

- Master's Degree (MCL),
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
2016 - 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
2003 - Sep. 2018	Member of the Risk Management Committee, KASIKORNBANK 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 National Strategy Committee
- Member of the Eastern Economic Corridor Policy Committee
- Member of the Payment Systems Committee
- Member of the Board of Investment
- Director, ASEAN Bankers Association
- Member of the Bangkok Patana School Foundation Board

Family Relationship None**5. Ms. Kattiya Indaravijaya****Director****President****(Authorized Signature)****Age 53****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
- The National Defence Course Class 60, National Defence College

- 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
2014 - 2015	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - Sep. 2018	Member of the Risk Management Committee, 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 Oversight Committee
(Authorized Signature)

Age 51

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
- Executive Program, Singularity University, USA

Experience over Past 5 Years

Oct. 2018 - Present	Member of the Risk Oversight Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2017 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2017 - Present	President, KASIKORNBANK PUBLIC COMPANY LIMITED
2017 - Sep. 2018	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

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

Family Relationship None

7. Mr. Patchara Samalapa

Director

President

Member of the Risk Oversight Committee
(Authorized Signature)

Age 48

Date of Appointment

April 4, 2018

Education

- Master's Degree (Business Administration), Massachusetts Institute of Technology, USA
- Bachelor's Degree (Industrial Management), Carnegie Mellon University, USA

Training Program

- Director Certification Program (DCP) Class 253/2018, Thai Institute of Directors Association
- Capital Market Academy Leader Program Class 13, Capital Market Academy

Experience over Past 5 Years

Oct. 2018 - Present	Member of the Risk Oversight Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
Apr. 2018 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
Apr. 2018 - Present	President, KASIKORNBANK PUBLIC COMPANY LIMITED
Apr. - Sep. 2018	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2017 - Apr. 2018	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - 2018	Director, KASIKORN SECURITIES PUBLIC COMPANY LIMITED
2015 - 2018	Director, K-SME Venture Capital Company Limited
2012 - 2016	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2013	Director, KASIKORN ASSET MANAGEMENT COMPANY LIMITED

Positions in Other Listed Companies None

Positions in Non-listed Companies

Dec. 2018 - Present	Chairman, KASIKORN LINE COMPANY LIMITED
2013 - Present	Director, Muang Thai Life Assurance Public Company Limited
2013 - Present	Director, Thai Eastern Property Company Limited

Family Relationship None

8. Dr. Abhijai Chandrasen

Director and Legal Adviser

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

Age 70

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

- Board Nomination and Compensation Program (BNCP) Class 3/2018, Thai Institute of Directors Association
- 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

9. Sqn.Ldr. Nalinee Paiboon, M.D.

Independent Director

Chairperson of the Corporate Governance Committee

Age 60

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 Philosophy (Technology Management), Phranakorn Rajabhat University
- Honorary Doctorate Degree in Philosophy (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
- Top Executive Program in Commerce and Trade (TEPCoT 11), Commerce Academy

Experience over Past 5 Years

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

Other Affiliations

- Member of the Cosmetic Committee, Ministry of Public Health

Family Relationship None

10. Mr. Saravoot Yoovidhya

Independent Director

Member of the Audit Committee

Age 48

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 - 2017	Director, Phutthathum Insurance Public Company Limited
2011 - 2017	Chairman, DURBELL Company Limited
2010 - 2016	Director, Super Lookthung Beverage Company Limited
1996 - 2017	Managing Director, T.G. Vending and Showcase Industries 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**

2018 - Present	Director, StormBreaker Venture Company Limited
2017 - Present	Director, Pitak Land Company Limited
2017 - Present	Director, Kanabana Company Limited
2017 - Present	Chief Executive Officer, T.G. Vending and Showcase Industries Company Limited
2017 - Present	Chief Executive Officer, DURBELL 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	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, 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, Nhongplathapien 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

11. Dr. Piyasvasti Amranand

Independent Director

Chairman of the Audit Committee

Member of the Risk Oversight Committee

Age 65

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

Oct. 2018 - Present	Member of the Risk Oversight Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Present	Chairman of the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2014 - Jul. 2018	Chairman, PTT Public Company Limited
2014 - Feb. 2018	Director and Chairman of the Audit Committee, Pruksa Real Estate Public Company Limited
2013 - 2015	Member of the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED

Positions in Other Listed Companies

May 2018 - Present	Chairman, PTT Global Chemical Public Company Limited
Apr. 2018 - Present	Director, PTT Global Chemical Public Company Limited
2016 - Present	Director and Chairman of the Audit Committee, Pruksa Holding Public Company Limited

Positions in Non-listed Companies

Mar. 2018 - Present	Director, Kiroro Resort Holdings 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

12. Mr. Kalin Sarasin

Independent Director

Member of the Human Resources and Remuneration Committee

Age 57

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 - 2017	Vice Chairman, The Thai Chamber of Commerce and Board of Trade of Thailand
2014 - 2018	Chairman, Tourism Authority of Thailand
2014 - 2017	Member of the National Innovation Board, National Innovation Agency
2014 - 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
1995 - 2018	Director, Pan Rayong Glass Packaging 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

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

Other Affiliations

- 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 Nomination Committee,
Trade Competition Commission

- Specialist Member of the National Geo-Informatics Board
- Specialist on Business Administration of
the National Digital Economy and Society Committee
- Member of the State Enterprise Director Nomination Sub-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

13. Ms. Puntip Surathin

Independent Director

Member of the Audit Committee

Member of the Risk Oversight Committee

Age 70

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

Oct. 2018 - Present	Member of the Risk Oversight Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2014 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2014 - Present	Member of the Audit Committee, KASIKORNBANK PUBLIC 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	Director and 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

2013 - 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

14. Mr. Wiboon Khusakul

Independent Director

Member of the Corporate Governance Committee

Age 64

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

Positions in Other Listed Companies

2015 - Present	Director, City Sports and Recreation Public Company Limited
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Positions in Non-listed Companies

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

15. Ms. Suphajee Suthumpun

Independent Director

Member of the Audit Committee

Member of the Risk Oversight Committee

Age 54

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

Oct. 2018 - Present	Member of the Risk Oversight Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Present	Member of the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2017 - May 2018	Member of the Corporate Governance Committee, Nok Airlines Public Company Limited
2016 - May 2018	Director and Member of the Audit Committee, Nok Airlines Public Company Limited
2016 - Jan. 2018	Member of the Investment Committee, Dusit Thani Freehold and Leasehold Property Fund
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

2016 - Present	Group Chief Executive Officer, Dusit Thani Public Company Limited
2015 - Present	Director, Dusit Thani Public Company Limited

Positions in Non-listed Companies

Sep. 2018 - Present	Director, LVM Holdings Pte. Ltd.
Jun. 2018 - Present	Director, Dusit Gourmet Company Limited
Mar. 2018 - Present	Director, Dusit Foods Company Limited
Mar. 2018 - Present	Director, NR Instant Produce Company Limited
2017 - Present	Director, Asai Holdings Company Limited

2017 - Present	Director, Dusit Colours Company Limited
2016 - Present	Director, Phraram 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, Dusit Hospitality Education Philippines, Inc.
2016 - Present	Director, Dusit Thani Philippines, 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 International Advisory Board,
Ecole Hoteliere de Lausanne
- Member of the National Enterprise Corporation Establishment
Preparation Sub-committee
- Councilor, Thailand Management Association

Family Relationship None**16. Mr. Sara Lamsam****Director****Member of the Corporate Governance Committee**
(Authorized Signature)**Age** 49**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
- Business Revolution and Innovation Network (BRAIN 2), The Federation of Thai Industries
- Advanced Master of Management Program (AMM 2), National Institute of Development Administration

Experience over Past 5 Years

Sep. 2018 - Present	Member of the Corporate Governance Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - Sep. 2018	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
2015 - 2016	Director, The Financial Planners Association
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
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
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 the 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

17. Mr. Chanin Donavanik

Independent Director

Member of the Corporate Governance Committee

Age 61

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

2017 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
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
2011 - 2018	Director, Dusit Bird Hotels Private 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

Mar. 2018 - Present	Director, Dusit Foods Company Limited
2017 - Present	Chairman, Dusit Thani Properties REIT Company Limited
2017 - Present	Director, Dusit Colours Company Limited
2016 - Present	Director, Vimarn Suriya Company Limited
2015 - Present	Chairman, Dusit Hospitality Education Philippines, Inc.
2015 - Present	Director, Piyasiri Company Limited
2014 - 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, 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, Dusit Thani Philippines, 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

18. Dr. Adit Laixuthai

Corporate Secretary

Senior Executive Vice President

Corporate Secretariat Division Head

Age 54

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

Apr. 2018 - Present	Secretary to the Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
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 - 2018	Member of the University Council, Nation University
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 Council,
Vidyasirimedhi Institute of Science and Technology (VISTEC)

Family Relationship None

19. Mr. Wirawat Panthawangkun*

Senior Executive Vice President

Retail Business Division Head

Age 46

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 - Apr. 2018	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

Directorship in Other Companies

- Director, KASIKORN LINE COMPANY LIMITED
- Supervisor, KASIKORNBANK (CHINA) COMPANY LIMITED

Family Relationship None

* He was assigned to hold the position of Strategy and Analytics Division Head, effective on February 1, 2019.

20. Mr. Krit Jitjang

Senior Executive Vice President

Enterprise Risk Management Division Head

Age 47

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

Oct. 2018 - Present	Secretary to the Risk Oversight Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Present	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
Apr. - Sep. 2018	Member and Secretary to the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED

2015 - Jul. 2018	Director, KASIKORN TECHNOLOGY GROUP SECRETARIAT COMPANY LIMITED
2015 - Jul. 2018	Director, KASIKORN LABS COMPANY LIMITED
2015 - Jul. 2018	Director, KASIKORN SOFT COMPANY LIMITED
2015 - Jul. 2018	Director, KASIKORN PRO COMPANY LIMITED
2015 - Jul. 2018	Director, KASIKORN SERVE COMPANY LIMITED
2014 - Apr. 2018	Secretary to the Human Resources and Remuneration Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - Apr. 2018	Chairman, PROGRESS SERVICE SECURITY GUARD COMPANY LIMITED
2013 - Apr. 2018	Chairman, PROGRESS PLUS COMPANY LIMITED
2013 - Apr. 2018	Chairman, PROGRESS APPRAISAL COMPANY LIMITED
2013 - Apr. 2018	Chairman, PROGRESS FACILITIES MANAGEMENT COMPANY LIMITED
2013 - Apr. 2018	Chairman, PROGRESS STORAGE COMPANY LIMITED
2013 - Apr. 2018	Chairman, PROGRESS H R COMPANY LIMITED
2013 - Apr. 2018	Chairman, PROGRESS SERVICE SUPPORT COMPANY LIMITED
2013 - Apr. 2018	Chairman, PROGRESS TRAINING 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 MANAGEMENT COMPANY LIMITED
- Chairman, PROGRESS COLLECTION COMPANY LIMITED
- Director, KASIKORN SECURITIES PUBLIC COMPANY LIMITED
- Director, KASIKORN X COMPANY LIMITED

Family Relationship None

21. Mr. Thiti Tantikulan

Capital Markets Business Division Head*

Age 49

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 - Sep. 2018	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.

22. Dr. Pipatpong Poshyanonda

Senior Executive Vice President

Customer and Enterprise Service Fulfillment Division Head

Age 50

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

2017 - Present	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - Apr. 2018	Director, PROGRESS PLUS COMPANY LIMITED
2013 - Apr. 2018	Director, PROGRESS APPRAISAL COMPANY LIMITED
2013 - Apr. 2018	Director, PROGRESS STORAGE COMPANY LIMITED
2013 - Apr. 2018	Director, PROGRESS SERVICE SUPPORT COMPANY LIMITED
2011 - 2013	Director, Thai Digital ID Company Limited
2010 - 2017	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies

- Chairman, PROGRESS PLUS COMPANY LIMITED
- Chairman, PROGRESS APPRAISAL COMPANY LIMITED
- Chairman,
PROGRESS FACILITIES MANAGEMENT COMPANY LIMITED
- Chairman,
PROGRESS SERVICE SECURITY GUARD COMPANY LIMITED
- Chairman, PROGRESS STORAGE COMPANY LIMITED
- Chairman, PROGRESS SERVICE SUPPORT COMPANY LIMITED

Family Relationship None

23. Mr. Jirawat Supornpaibul

Private Banking Group Head*

Age 50

Education

- Master's Degree (Business Administration),
Sasin Graduate Institute of Business Administration

Experience over Past 5 Years

Feb. 2018 - Present	Private Banking Group Head, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Jan. 2018	Private Banking Business Division Head, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - 2015	Private Banking Business Head, KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies

- Director, Crystal Football Club Company Limited

Family Relationship None

* This position is equivalent to Senior Executive Vice President.

24. Mr. Surasak Dudsdeemaytha

Executive Vice President

Audit Division Head

Internal Audit Head

Age 53

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
- Advanced Management Strategies for Drug Prevention
and Suppression Class 1/2018,
Office of the Narcotics Control Board
- 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,
The 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

Directorship in Other Companies None

Family Relationship None

25. Mr. Chongrak Rattanapian*

Executive Vice President

Finance and Control Division Head and Chief Financial Officer

Age 50

Education

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

Training Program

- Board Nomination and Compensation Program (BNCP) Class 3/2018, Thai Institute of Directors Association
- 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

2012 - Present	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - Sep. 2018	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2015	Director, KASIKORN SECURITIES PUBLIC COMPANY LIMITED
2013 - 2014	Executive Chairman, KASIKORN ASSET MANAGEMENT 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
- Director, Muang Thai Group Holding Company Limited

Family Relationship None

* He was appointed as Senior Executive Vice President, effective on January 1, 2019.

26. Dr. Karin Boonlertvanich

First Senior Vice President

Age 38

Education

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

Experience over Past 5 Years

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

Directorship in Other Companies

- Director, KASIKORNTHAI BANK LIMITED
- Director, KASIKORN VISION COMPANY LIMITED
- Director, S.B.I. Engineering Company Limited

Family Relationship None

27. Ms. Wasana Surakit

First Senior Vice President

Age 51

Education

- Master's Degree (Accounting), Thammasat University

Experience over Past 5 Years

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

28. Ms. Natcha Argasreog*

Senior Vice President

Financial Planning Department Head

Age 43

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

Directorship in Other Companies None

Family Relationship None

* She was appointed as First Senior Vice President,
effective on January 1, 2019.

29. Ms. Manasikan Pakdeesrisantikul

First Vice President

Financial Accounting Management Department Head

Age 44

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

30. Mr. Phaisarn Vorasetsiri*

Senior Vice President

Compliance Department Head

Compliance Head

Age 45

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
- Specialist in Financial Technology: The Best Practice,
The Thai Institute of Banking and Finance 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

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

Directorship in Other Companies None

Family Relationship None

* He was appointed as First Senior Vice President,
effective on January 1, 2019.

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



As of December 31, 2018

[illegible]

[illegible]

Changes in KASIKORNBANK Shares Held by Directors and Executives in 2018



As of December 31, 2018

No.	Name	Position	KBank Shares Held as of December 31, 2017	KBank Shares Held as of December 31, 2018	Increase/ (Decrease) in KBank Shares Held in 2018	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	Ms. Kobkarn Wattanavrangkul	Vice Chairperson	N/A	1,200	N/A	0.000
	Spouse and minor children		N/A	-	N/A	-
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	Mr. Patchara Samalapa	President	-	-	-	-
	Spouse and minor children		-	-	-	-
8	Dr. Abhijai Chandrasen	Director and Legal Adviser	10,000	10,000	0	0.000
	Spouse and minor children		-	-	-	-
9	Sqn.Ldr. Naline Paiboon, M.D.	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
10	Mr. Saravoot Yoovidhya	Independent Director	975,800	975,800	0	0.041
	Spouse and minor children		-	-	-	-
11	Dr. Piyasvasti Amranand	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
12	Mr. Kalin Sarasin	Independent Director	1,200	1,200	0	0.000
	Spouse and minor children		260	260	0	0.000
13	Ms. Puntip Surathin	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
14	Mr. Wiboon Khusakul	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
15	Ms. Suphatee Suthumpun	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-

No.	Name	Position	KBank Shares Held as of December 31, 2017	KBank Shares Held as of December 31, 2018	Increase/ (Decrease) in KBank Shares Held in 2018	Percentage of Shares Held (%)
16	Mr. Sara Lamsam	Director	721,240	721,240	0	0.030
	Spouse and minor children		-	-	-	-
17	Mr. Chanin Donavanik	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
18	Dr. Adit Laixuthai	Senior Executive Vice President	284	284	0	0.000
	Spouse and minor children		-	-	-	-
19	Mr. Wirawat Panthawangkun	Senior Executive Vice President	10,380	10,380	0	0.000
	Spouse and minor children		-	-	-	-
20	Mr. Krit Jitjang	Senior Executive Vice President	920	920	0	0.000
	Spouse and minor children		-	-	-	-
21	Mr. Thiti Tantikulanan	Capital Markets Business Division Head	-	-	-	-
	Spouse and minor children		-	-	-	-
22	Dr. Pipatpong Poshyanonda	Senior Executive Vice President	35	35	0	0.000
	Spouse and minor children		-	-	-	-
23	Mr. Jirawat Supornpaibul	Private Banking Group Head	N/A	-	N/A	-
	Spouse and minor children		N/A	-	N/A	-
24	Mr. Chongrak Rattanapian	Executive Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-
25	Dr. Karin Boonlertvanich	First Senior Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-
26	Ms. Wasana Surakit	First Senior Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-
27	Ms. Natcha Argasreog	Financial Planning Department Head	220	220	0	0.000
	Spouse and minor children		-	-	-	-
28	Ms. Manasikan Pakdeesrisantikul	Financial Accounting Management Department Head	480	480	0	0.000
	Spouse and minor children		-	-	-	-

Remarks: N/A

- Ms. Kobkarn Wattanavrangkul was appointed as Director on April 4, 2018. Hence, number of shares held as of December 31, 2017 are not applicable for comparison.

- Mr. Jirawat Supornpaibul was appointed to a position equivalent to Senior Executive Vice President on February 1, 2018. Hence, number of shares held as of December 31, 2017 are not applicable for comparison.

06

Other Information

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

Awards and Commendations



KBank received the SET Sustainability Awards - Outstanding and was selected to be on the Thailand Sustainability Investment (THSI) list.



KBank was presented with "The Most Popular Stock" award in the financial service sector by the Stock Exchange of Thailand and University of the Thai Chamber of Commerce.

KASIKORNBANK PUBLIC COMPANY LIMITED

In Recognition of Management

S&P Dow Jones Indices and RobecoSAM

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

Robeco SAM

- The Bronze class of the banking industry, for the second consecutive year

FTSE and Russell

- Selected as a member of the FTSE4Good Emerging Index, based on operational assessment on Environment, Social and Governance (ESG) factors, for the third consecutive year

Forbes magazine

- Ranked the 8th in the Global 2000: World's Best Employers

Brandon Hall Group (3 awards)

- Best Employee Value Proposition - Silver
- Best Advance in Creating a Talent Strategy - Bronze
- Best Advance in Employee Recognition - Bronze

Bloomberg

- Selected as a member of 2019 Bloomberg Gender-Equality Index (GEI)

Corporate Governance Asia magazine (4 awards)

- Asia's Best CEO (Investor Relations)
- Best Investor Relations Company (Thailand)
- Best Environmental Responsibility (Thailand)
- Best Investor Relations Professional (Thailand)

Asiamoney magazine

- Best Domestic Bank in Thailand

ASEAN Capital Markets Forum (ACMF)

- ASEAN CG Scorecard - Top 50 ASEAN Publicly Listed Companies

The Stock Exchange of Thailand (2 awards)

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

The Stock Exchange of Thailand and Money & Banking magazine

- SET Awards - Outstanding Investor Relations

Thaipat Institute

- ESG 100 Certificate, as one of 100 listed companies that has outstanding Environment, Social and Governance (ESG) performance, for the third consecutive year

The Stock Exchange of Thailand and University of the Thai Chamber of Commerce

- "The Most Popular Stock" award in the financial business sector

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



KBank received The APAC Innovation of the Year Gold Award in the Asia-Pacific financial service category from Efma and Accenture.



KBank was presented with the Best Bank for Succession Planning Advice and Trusts Award, Thailand by Euromoney magazine.

Thai Investors Association, the Office of the Securities and Exchange Commission and Thai Listed Companies Association

- “Excellence”, based on the AGM Assessment Program

Thailand Greenhouse Gas Management Organization (Public Organization)

- Carbon Neutral Certification

Carbon Disclosure Project (CDP)

- “Level B (Management)”, based on the Climate Change Program for the second consecutive year

The Cannes Lions International Festival of Creativity K PLUS “Friendshi(t)p” advertising (3 awards)

- Gold Lion, Entertainment category
- Gold Lion, Film category
- Silver Lion, Film Craft category

D&AD Awards K PLUS “Friendshi(t)p” advertising (2 awards)

- Graphite Pencil, Direction for Film Advertising category
- Wood Pencil, Fiction Film 5 - 30 mins category

Faculty of Commerce and Accounting, Chulalongkorn University (2 awards)

- The Most Powerful Brands of Thailand
- Thailand’s Top Corporate Brand Values for the second consecutive year

Thailand Management Association and Sasin Graduate Institute of Business Administration of Chulalongkorn University

- Thailand Corporate Excellence Awards - Distinguished

Ministry of Labour

- Excellent Labour Relations and Welfare Award for the 13th consecutive year

Ministry of Energy

- Excellent ESCO Financial Supporting

In Recognition of Service

Efma and Accenture

- The APAC Innovation of the Year Gold Award, Asia-Pacific financial service category

Cisco

- “Outstanding” in technological application

Euromoney magazine (2 awards)

- Best Bank for Research and Asset Allocation Advice, Thailand
- Best Bank for Succession Planning Advice and Trusts, Thailand

Global Finance magazine

- Best Trade Finance Provider in Thailand

Retail Banker International magazine (3 awards)

- Winner: Dynamic Third Party Collaboration
- Highly Commended: Excellence in Service Innovation
- Highly Commended: Best Social Media Marketing

The Banker magazine

- Best Private Bank in Thailand

The Asian Banker journal (5 awards)

- Best Credit Evaluation Initiative
- Best Frictionless Mobile Initiative
- Best Cash Management in Thailand
- Best Retail Bank in Thailand for the ninth consecutive year
- The Best Private Bank in Thailand



KBank received Best Service Provider Cash Management, Thailand, Best Service Provider: E-Solutions Partner, Thailand, and Best in Treasury and Working Capital-LLCs awards from The Asset magazine.



KBank received the No. 1 Brand Thailand 2017 - 2018 awards for being the most popular brand in mobile banking, internet banking, credit card, debit card, deposit and SME banking from Video Research International (Thailand) Co., Ltd. and Marketeer.

IFR Asia magazine (2 awards)

- Thailand Bond House of the Year
- Thailand Capital Market Deal

The Asset magazine (9 awards)

- Best Service Provider Cash Management, Thailand, for the second consecutive year
- Best Service Provider: E-Solutions Partner, Thailand
- Best in Treasury and Working Capital-LLCs
- Best Corporate Bond
- Top Sellside Firms in Research - THB (first place)
- Top Arrangers - Investors' Choice for Primary Issues - Corporate Bonds - THB (first place)
- Top Arrangers - Investors' Choice for Primary Issues - Government Bonds - THB (second place)
- Top Sellside Firms in the Secondary Market - Government Bonds - THB (second place)
- Top Sellside Firms in the Secondary Market - Corporate Bonds - THB (third place)

Alpha Southeast Asia magazine (5 awards)

- Best Local Currency Bond Deal in Southeast Asia
- Best Cash Management Bank in Thailand
- Best FX Bank for Corporates & FIs in Thailand
- Best Retail Bank in Thailand
- Marquee Award - Most Improved Bond House

FinanceAsia magazine

- Best DCM House in Thailand for the second consecutive year

The Asian Private Banker

- Best Private Bank in Thailand

Asian Banking & Finance magazine (4 awards)

- Domestic Cash Management Bank of the Year, Thailand for the second consecutive year
- Domestic Retail Bank of the Year, Thailand for the fifth consecutive year
- Credit Card Initiative of the Year, Thailand for the second consecutive year from THE PASSION campaign
- Financial Inclusion Initiative of the Year, Thailand from K PLUS Beacon application

BrandAge magazine

- Thailand's Most Admired Brand from "K-Credit Card"

Thai Bond Market Association (2 awards)

- Best Bond House
- Best Bond Dealer

Video Research International (Thailand) Co., Ltd. and Marketeer magazine (6 awards)

- No. 1 Brand Thailand 2017 - 2018 for being the most popular brand in mobile banking
- No. 1 Brand Thailand 2017 - 2018 for being the most popular brand in internet banking
- No. 1 Brand Thailand 2017 - 2018 for being the most popular brand in credit card for the fifth consecutive year
- No. 1 Brand Thailand 2017 - 2018 for being the most popular brand in debit card for the fourth consecutive year
- No. 1 Brand Thailand 2017 - 2018 for being the most popular brand in deposit for the fourth consecutive year
- No. 1 Brand Thailand 2017 - 2018 for being the most popular brand in SME banking for the third consecutive year



KSecurities received the SET Awards - The Best Deal of the Year Award, Best Derivatives House Award and Outstanding Securities Company Award - Retail Investors from the Stock Exchange of Thailand and Money & Banking magazine.



KAsset was presented with the SET Awards - Best Asset Management Company Award by the Stock Exchange of Thailand and Money & Banking magazine.

Office of the Consumer Protection Board

- Outstanding Call Center award, in financial and insurance business category

Thai Contact Center Trade Association (7 awards)

- The Best Corporate Social Responsibility Contact Center (Over 100 Seats)
- The Best Effective Software Contact Center (Over 100 Seats)
- The Best Work Flow Contact Center (Over 100 Seats)
- The Best Contact Center Manager of the Year
- The Best Contact Center HR Support Professional
- The Best Contact Center Supervisor - Outstanding Award
- The Best Contact Center Agent - Honorable Mention

KASIKORN ASSET MANAGEMENT COMPANY LIMITED

The Asset magazine (6 awards)

- Editors' Triple Star for K-My Funds application
- Top Investment House Asian Currency Bonds, Thailand, for the fifth consecutive year
- Most Astute Investors in Thailand (second place)
- Most Astute Investors in Thailand (sixth place)
- Most Astute Investors in Thailand (seventh place)
- Most Astute Investors in Thailand (ninth place)

Asia Asset Management magazine (3 awards)

- Best Fund House (Thailand)
- Most Innovative Product (Thailand)
- Best Pension Fund Manager (Thailand) for the third consecutive year

Money & Banking magazine

- Best Mutual Fund of the Year 2018 in equity general category, i.e., K-Mid Small Cap Equity Fund

The Stock Exchange of Thailand and Money & Banking magazine

- SET Awards - Best Asset Management Company Award

Thai Bond Market Association

- Most Prominent Fund House in Corporate Bond Market

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

- No. 1 Brand Thailand 2017 - 2018 for being the most popular brand in mutual fund for the fifth consecutive year

KASIKORN SECURITIES PUBLIC COMPANY LIMITED

The Asset magazine

- Best IPO (Gulf Energy Development Public Company Limited)

International Finance magazine

- Best Research House - Thailand

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

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

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

Telephone : +662-2220000

Fax : +662-4701144 to 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, 19th Floor,
1 Soi Rat Burana 27/1, Rat Burana Road,
Rat Burana Sub-District, Rat Burana District, Bangkok 10140, Thailand
Tel.: +662-4701987, +662-4701994 Fax: +662-2732279
- Subordinated Instrument intended to qualify as Tier 2 Capital of KASIKORNBANK PCL No. 1/2558 due B.E. 2569
- Subordinated Instrument intended to qualify as Tier 2 Capital of KASIKORNBANK PCL No. 1/2559 due B.E. 2570

- Senior Unsecured Debentures due 2019 : The Bank of New York Mellon SA/NV, Luxembourg Branch
- Senior Unsecured Debentures due 2021 : Vertigo Building- Polaris 2-4 rue Eugène Ruppert,
- Senior Unsecured Debentures due 2022 : L-2453, Luxembourg
- Senior Unsecured Debentures due July 2023
- Senior Unsecured Debentures (Sustainability Bond) due October 2023
- Senior Unsecured Debentures due December 2023

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 to 76 Fax: +662-7306967 to 8

Shareholder Structure



List of the First 10 Major KASIKORNBANK Shareholders*

The Bank has set the record date on September 13, 2018 to determine the shareholders who have the right to entitled receive interim dividend payment on September 27, 2018

Rank	Name	Number of Common Shares	Percentage of Common Shares
1	THAI NVDR CO., LTD.	635,995,833	26.574
2	STATE STREET EUROPE LIMITED	296,626,555	12.394
3	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	125,868,493	5.259
4	STATE STREET BANK AND TRUST COMPANY	90,217,596	3.770
5	SOCIAL SECURITY OFFICE	54,608,300	2.282
6	BNY MELLON NOMINEES LIMITED	48,687,644	2.034
7	THE BANK OF NEW YORK MELLON	43,261,928	1.808
8	GIC PRIVATE LIMITED	39,465,000	1.649
9	SOUTH EAST ASIA UK (TYPE A) NOMINEES LIMITED	33,830,021	1.414
10	HSBC BANK PLC-PRUDENTIAL ASSURANCE COMPANY OBA ESI	20,392,400	0.852
	OTHERS	1,004,306,423	41.964
	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 13, 2018

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, 2018

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 1298 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	2,650.00	2,150.00	265,000,000	265,000,000	100.00	Common Share
17	KASIKORN VISION CO., LTD. Tel. +662-5628918	Bangkok	Investment in other Companies	1,200.00	602.50	120,000,000	120,000,000	100.00	Common Share
18	Phethai Asset Management Co., Ltd. Tel. +662-5626401-25 Fax +662-2733171	Bangkok	Asset Management	1,540.00	1,540.00	154,000,000	154,000,000	100.00	Common Share
19	PROGRESS PLUS CO., LTD. Tel. +662-2252020 Fax +662-2252021	Bangkok	Service	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
20	PROGRESS APPRAISAL CO., LTD. Tel. +662-2706900 Fax +662-2785035	Bangkok	Service	5.00	5.00	5,000	5,000	100.00	Common Share
21	PROGRESS GUNPAI SECURITY GUARD CO., LTD. Tel. +662-2733900 Fax +662-9806265	Bangkok	Service	20.00	20.00	200,000	200,000	100.00	Common Share
22	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
23	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
24	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
25	PROGRESS STORAGE CO., LTD. Tel. +662-2733833 Fax +662-2714784	Bangkok	Service	3.00	3.00	30,000	30,000	100.00	Common Share
26	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
27	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
28	PROGRESS COLLECTION CO., LTD. Tel. +662-4705284 Fax +662-4705288	Bangkok	Service	5.00	5.00	50,000	50,000	100.00	Common Share
29	PROGRESS TRAINING CO., LTD. Tel. +662-4706273 Fax +662-4703198	Bangkok	Service	1.70	1.70	17,000	17,000	100.00	Common Share
30	Processing Center Co., Ltd. Tel. +662-0290290 Fax +662-0290292	Bangkok	Service	50.00	50.00	500,000	150,000	30.00	Common Share
31	National ITMX Co., Ltd. Tel. +662-5587555	Nonthaburi	Service	50.00	50.00	500,000	113,798	22.76	Common Share
32	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
33	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
34	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
35	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
36	Unitas Co., Ltd. Tel. +662-2626000 Fax +662-2626354	Bangkok	Land Rental	11.05	5.53	110,532	11,053	10.00	Common Share
37	Zin Suapah Co., Ltd. Tel. +662-2212841 Fax +662-2215895	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 does not specify the amount of shares.

Service Network



Domestic Service Network

Branch Network	958 Branches
(Excluding 9 branches, classified as other branch platforms per the Bank of Thailand's conditions)	
• Bangkok Branch	265 Branches
• Upcountry Branch	693 Branches
Foreign Exchange Booth	137 Branches
THE WISDOM Center	102 Branches
SME Business Center	120 Centers
(Excluding International Trade Service Centers. More than one SME Business Center may be located in a single branch)	
International Trade Service Centers	58 Centers

Overseas Service Network

Locally Incorporated Institution	
• KASIKORNTHAI BANK LIMITED (Lao PDR)	2 Branches
• KASIKORNBANK (CHINA) COMPANY LIMITED	4 Branches
Overseas Branch and Sub-Branch	3 Branches
Representative Offices	8 Offices

K Companies

11 Companies

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

Service Channels in Overseas

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, 18th 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 200120, 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

No. 45, Preah Sihanouk Boulevard, Corner of Street 59, 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, The Socialist Republic of Vietnam

Republic of Indonesia

Jakarta Representative Office

Office No. 126, Level 23 Revenue Tower, 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 Service Channels in Overseas



Name and Location of Service Network can be found at:

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

K Companies*



KASIKORN ASSET MANAGEMENT COMPANY LIMITED

Head Office

Company Address : 400/22 KASIKORNBANK Building, 6th and 12th Floor, Phahon Yothin Road,
Samsen Nai Sub-District, 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 : +662-2902900

* K Companies mean the wholly-owned subsidiaries of KBank.

KASIKORN TECHNOLOGY GROUP SECRETARIAT COMPANY LIMITED

Head Office

Company Address : 46/6 Popular Road, Ban Mai Sub-District, Pak Kret District, Nonthaburi 11120, Thailand
Tel. : +662-0081000

KASIKORN LABS COMPANY LIMITED

Head Office

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

KASIKORN SOFT COMPANY LIMITED

Head Office

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

KASIKORN PRO COMPANY LIMITED

Head Office

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

KASIKORN SERVE COMPANY LIMITED

Head Office

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

KASIKORN X COMPANY LIMITED

Head Office

Company Address : 46/6 Popular 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 / 26 - 31
2. Nature of business	31 - 62
3. Risk factors	17 - 25 / 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 - 25 / 232 - 234
11. Related party transactions	161 - 163 / 209 - 213
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

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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

