



Refinement On the Move ▶

Annual Report 2013



▶ Krungthai Card Public Company Limited

Annual Report 2013 ■

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Message from Chairman ►



“We are proud to report that we did not only enjoy the growth in both credit card and personal loan business against the general economics headwind, but 2013 was our record profit year since incorporated. Our net profit stood at THB 1.283 billion. This was achieved ahead of target.”

Mrs.Kittiya Todhanakasem
Chairperson

Message from Chairman

Dear Shareholders,

The year 2013 was overwhelmed with global economic uncertainty along with domestic political situation in the last quarter negatively impacted the economics conditions of Thailand. The weakness in consumer and investors confidence alongside the slowdown in domestic demand shrunk 2013 GDP from 6.5% in 2012 to a mere 2.9%. This trend is expected to continue well into 2014.

Despite such challenging conditions, consumer finance sector continued to blossom in 2013 and indeed benefited KTC. We are proud to report that we did not only enjoy the growth in both credit card and personal loan business against the general economics headwind, but 2013 was our record profit year since incorporated. Our net profit stood at THB 1.283 billion, a tremendous 403% jump from 2012. This was achieved ahead of target and enabled us to pay out a dividend of 2 baht per share to our shareholders.

Such unprecedented performance was delivered through strong team spirit where every member of KTC staff acted with highest level of focus and commitment to deliver all stakeholders with the highest level of satisfaction. The focus was on 4 key areas i.e. effective risk management, upgrade of core IT system, operation process restructure to help with long-term cost cutting and innovative marketing program to better suit the changes in customers lifestyle.

With such achievement in context, management does not take lightly the challenges of 2014, when political and economic conditions continue to be fragile. KTC will be following the situation and evaluating the associated risks vigilantly. We have prepared a comprehensive execution plan based on the “Make It Better” framework to further deliver superior products

and services as well as enhance the fulfillment and benefits of all our stakeholders namely, customers, shareholders, staff, business partner and general public. This will go hand in hand with our long-term strategy to grow the business in a sustainable manner through strong relationship with our members and strategic partners within a strong good-governance culture. We target to be the leading player in the credit card business within the next 5 years.

On behalf of the Board of Directors, I would like to express my sincere gratitude to all the management and staff who has displayed strong determination and commitment to move KTC forward, through any obstacles and challenges that may appear. We thank all our shareholders for your strong support for the company and reiterate our ongoing commitment to upkeep our reputation and deliver sustainable growth.



Mrs. Kittiya Todhanakasem
Chairperson

Financial Highlight

Summary of Financial Ratio Year 2011 - 2013

	Units	2011	2012	2013
Profitability Ratio				
Gross Profit Margin	%	80.0%	80.1%	82.4% / 82.0% ^[3]
Net Profit Margin	%	(13.0%)	2.0%	9.2% / 7.6% ^[3]
ROE	%	(28.4%)	5.1%	22.7% / 18.3% ^[3]
Average Interest Received ^[1]	%	18.6%	18.2%	18.2%
Average Cost of Fund	%	4.9%	5.0%	4.8%
Net Interest Margin	%	13.6%	13.2%	13.4%
Efficiency Ratio				
Interest Revenue to Total Asset ^[2]	%	12.9%	12.5%	12.7%
ROA	%	(3.4%)	0.5%	2.5% / 2.1% ^[3]
Asset Turnover	time	0.26	0.26	0.27 / 0.27 ^[3]
Financial Ratio				
Debt to Equity	time	8.76	8.47	7.47
Loan to Borrowing	%	120.6%	124.1%	129.9%
Dividend Payout Ratio	%	-	40.4%	40.2%

Asset Quality Ratio

Allowance for Doubtful Account to Total Receivables

Bad Debt to Total Receivables

%NPL

%NPL Credit Card

%NPL Personal Loan

Units	2011	2012	2013
%	9.3%	7.3%	8.8%
%	9.5%	9.0%	8.0%
%	5.2%	3.8%	3.0%
%	3.9%	2.7%	2.2%
%	4.2%	2.5%	1.5%

(1) Credit usage fee is calculated

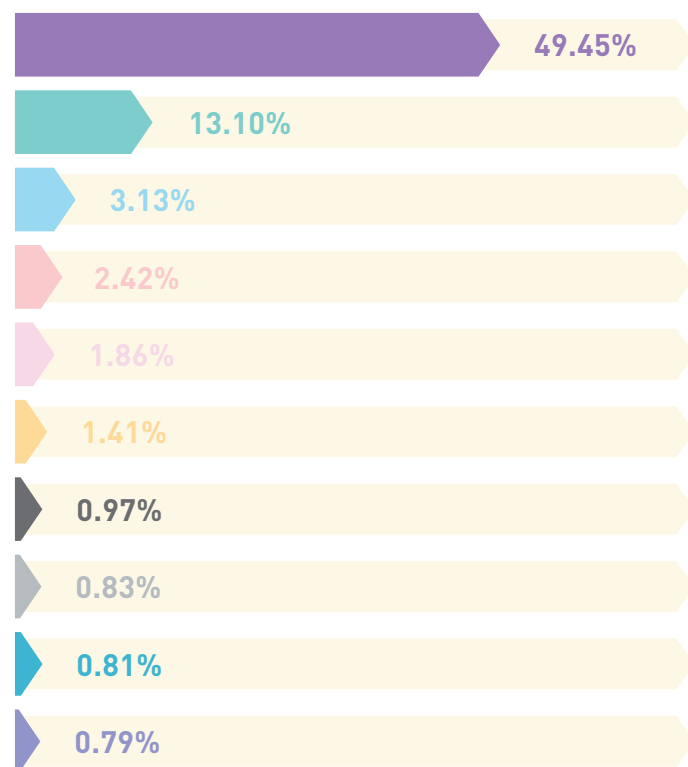
(2) Including credit usage fee

(3) Excluding extra ordinary items from sale of the investment

Shareholder Structure ►



74.75%

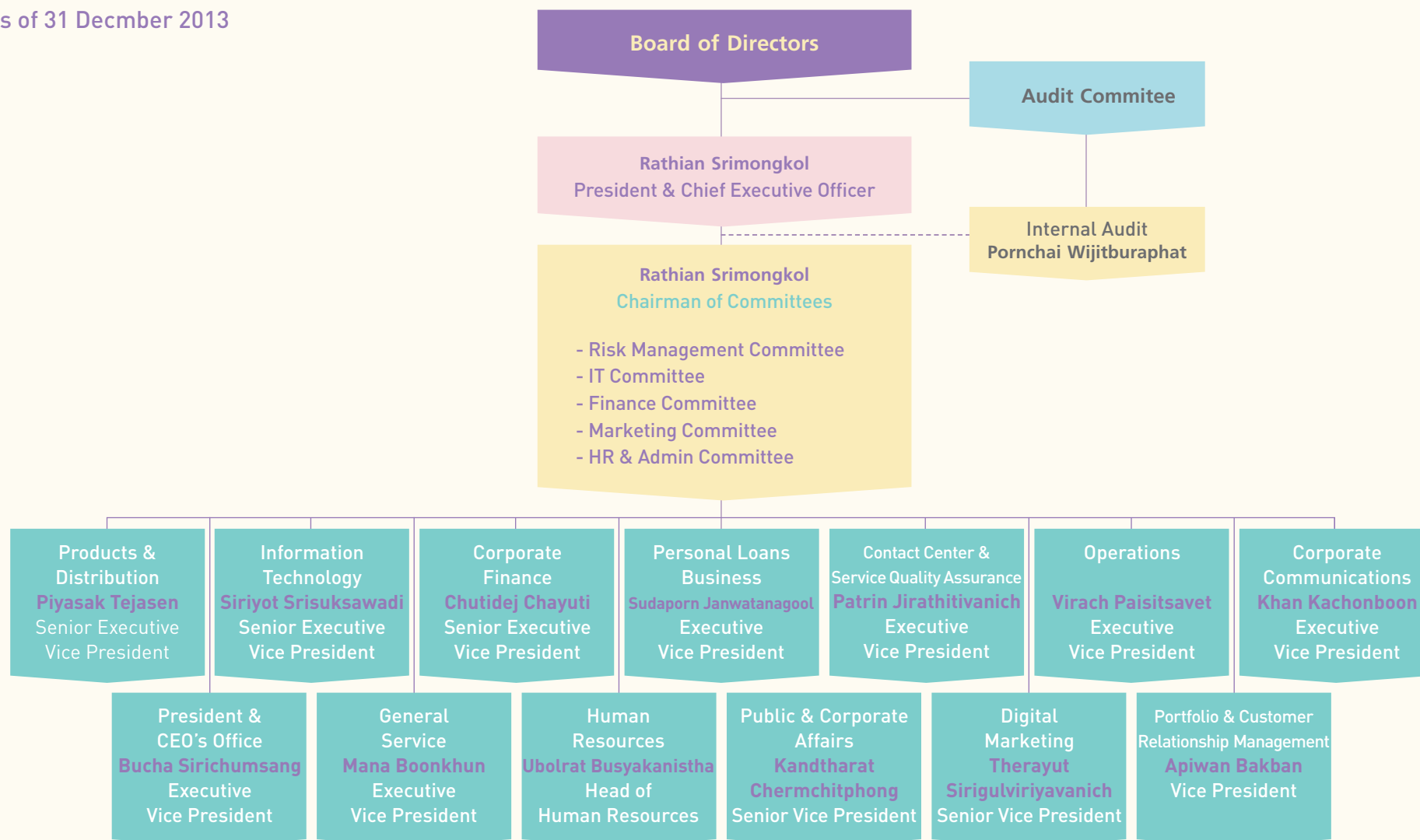


As of December 31, 2013, Total Number of Authorized Capital and Paid-Up Capital are 257,833,407 shares, top ten shareholders consist of

Name	No. fo Shares
1. Krung Thai Bank Public Co.,Ltd	127,500,000
2. Mr. Mongkol Prakitchaiwattana	33,768,800
3. Thai NVDR	8,066,150
4. Ms. Chantana Jirattitepat	6,233,600
5. Mr. Santi Singhawangcha	4,784,600
6. Mr. Yue Kwok-Leung	3,638,800
7. Mr. Saravut Anakatham	2,500,100
8. Mr. Santi Kovitchindachai	2,136,000
9. Mr. Jaresak Songwutwichai	2,086,100
10. Mr. Somkiet Uapongkittikul	2,029,100
Total	192,743,250

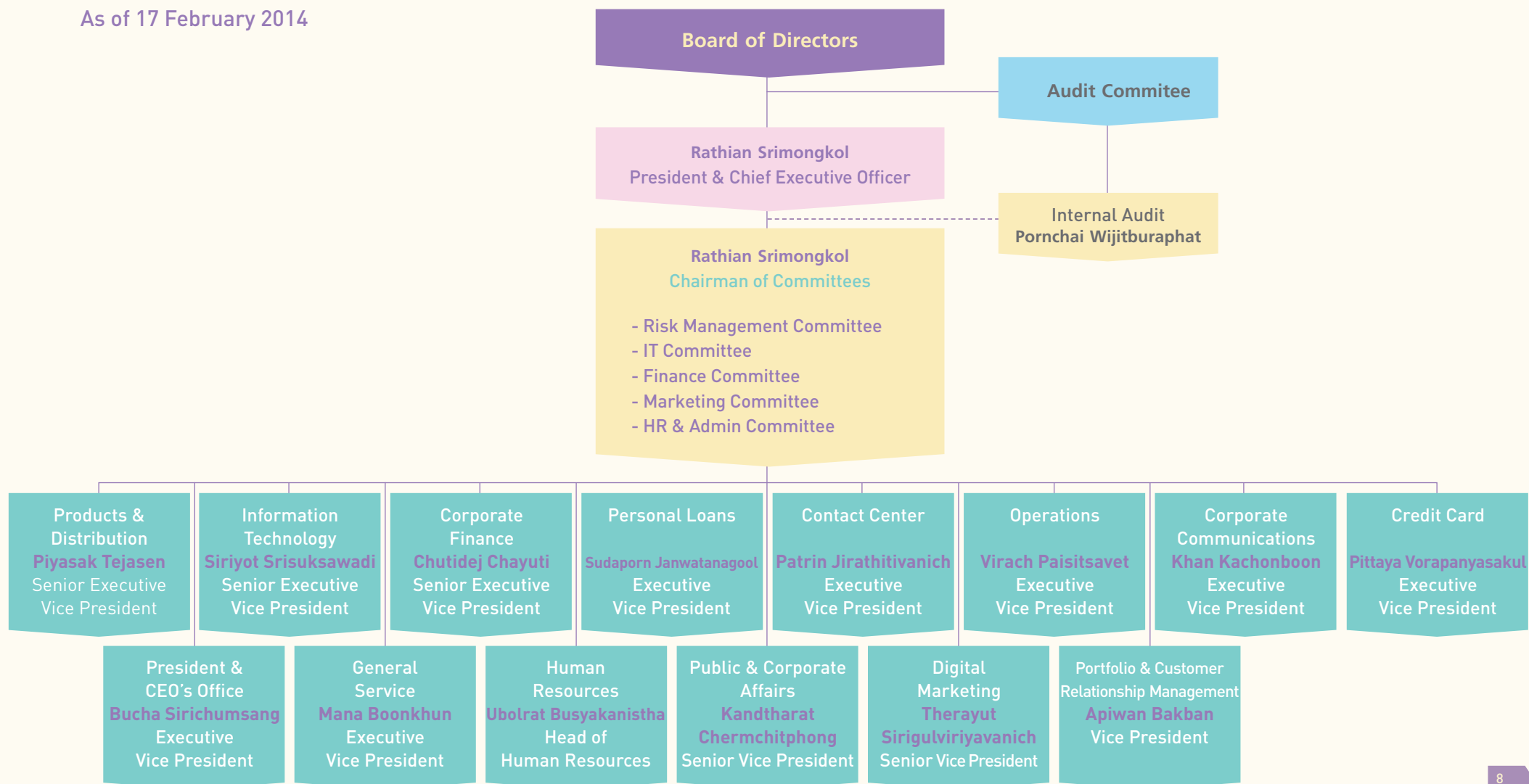
Organization Structure ►

As of 31 Decmber 2013



Organization Structure ➡

As of 17 February 2014



Board of Directors ►



Mrs. Kittiya Todhanakasem

Chairman /
Chairman of Nomination
and Remuneration Committee

Date of appointment: 26 April 2005

Age: 55

Education

- **Master's Degree, MBA,**
University of Illinois, Champaign - Urbana, U.S.A.
- **Bachelor's Degree, Accounting (Honor),**
Thammasat University
- **Certificate, Director Accreditation Program (DAP),**
Thai Institute of Directors Association (IOD)
- **Certificate, Director Certification Program (DCP),**
Thai Institute of Directors Association (IOD)
- **Certificate, Role of the Nomination and Governance Committee (RNG),**
Thai Institute of Directors Association (IOD)
- **Diploma, National Defence College, The Joint State-Private Sector Course Class 51/21,**
Thailand National Defence College
- **Certificate, Leader Program,**
Capital Market Academy (Class 13)
- **Top Executive Program in Commerce and Trade (TEPCoT), Class 6**
- **ASEAN Executive Management Programme, Class 2**

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2011 - Present	First Senior Executive Vice President – Managing Director Financial Management Group / Krungthai Bank Public Company Limited / Banking
2005 - 2010	Senior Executive Vice President - Managing Director Financial Management Group / Krungthai Bank Public Company Limited / Banking
2012 - Present	Chairman and Chairman of Nomination and Remuneration Committee Krungthai Card Public Company Limited / Consumer Finance
2005 - 2012	Director Krungthai Card Public Company Limited / Consumer Finance
2012 - Present	Chairman Krungthai Panich Insurance Public Company Limited / Insurance
2011 - 2012	Chairman Krungthai Panich Insurance Company Limited / Insurance

2001 - 2011	Director Krungthai Panich Insurance Company Limited / Insurance
2009 - Present	Chairman KTB Advisory Company Limited / Financial Advisory

Board of Directors ►



Mr. Akarat Na Ranong

Independent Director /
Chairman of Audit Committee /
Nominating and Remuneration Committee

Date of appointment: 2 July 2002
Age: 60

Education

- Master's Degree, Business Administration (Management),
Marshall University, U.S.A.
- Bachelor's Degree, Economics,
Chulalongkorn University
- Certificate, Audit Committee Program (ACP),
Thai Institute of Directors Association (IOD)
- Certificate, Director Accreditation Program (DAP),
Thai Institute of Directors Association (IOD)
- Certificate, Role of the Compensation Committee (RCC),
Thai Institute of Directors Association (IOD)
- Certificate, Role of the Director Certification Program (DCP),
Thai Institute of Directors Association (IOD)
- Certificate, Leader Program,
Capital Market Academy (Class 6)

% of KTC Shares Held

0.0004%

Family Relationship

None

Work Experience

2001 - Present	Independent Director, Chairman of Audit Committee, and Nominating and Remuneration Committee Krungthai Card Public Company Limited / Consumer Finance
2013 - Present	Independent Director Evolution Capital Public Company Limited / Hospitality
2011 - Present	Independent Director and Audit Committee FINANSA Public Company Limited / Financial Advisory and Management
2011 - Present	Independent Director and Audit Committee FINANSA Securities Company Limited / Investment Banking
2011 - Present	Independent Director and Audit Committee FINANSA Asset Management Company Limited / Fund Management
2010 - Present	Independent Director and Chairman of Audit Committee Matching Maximize Solution Public Company Limited / Media & Publishing

2011 - 2013	Lecturer College of Music / Mahidol University / University
2010 - 2011	Associate Dean for Resources Development College of Music / Mahidol University / University
1996 - 2009	President TSFC Securities Limited / Securities
1995 - 1996	President Thai Finance and Securities Public Company Limited / Securities
1990 - 1995	Vice President Country Treasurer / Citibank N.A. / Banking

Board of Directors ►



Mr. Suvit Maesincee

Independent Director /
Audit Committee /
Nominating and Remuneration Committee

Date of appointment: 8 April 2011
Age: 52

Education

- Ph.D. in Marketing, Kellogg Graduate School of Management, Northwestern University, U.S.A.
- MBA in Marketing, School of Business Administration, National Institute of Development Administration
- BSc. in Pharmacy, Faculty of Pharmacy, Mahidol University
- Certificate, Director Certification Program (DCP), Thai Institute of Directors Association (IOD)
- Certificate, Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)
- Certificate, Audit Committee Program (ACP), Thai Institute of Directors Association (IOD)

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2008 - Present	Director Sasin Institute for Global Affairs / Sasin Graduate Institute of Business Administration / Chulalongkorn University / University
2011 - Present	Independent Director, Audit Committee, and Nominating and Remuneration Committee Krungthai Card Public Company Limited / Consumer Finance
2011 - Present	Director G Capital Public Company Limited / Finance
2011 - Present	Director Siam Food Public Company Limited / Food and Beverage
2008 - Present	Director Berli Jucker Public Company Limited / Commerce
2000 - Present	Director Thai Vegetable Oil Public Company Limited / Food and Beverage

2007 - 2012	Consultant Market Alternative Investment / The Stock Exchange of Thailand
2002 - 2010	Director Siam City Bank Public Company Limited / Banking
2005 - 2006	Assistant Minister of Commerce Ministry of Commerce / Government
2004 - 2005	Assistant Minister Prime Minister's Office / Government
2004	Consult to the Deputy Prime Minister Prime Minister's Office / Government
2000 - 2001	Senior Consultant L.E.K. Consulting Company Limited / Consulting

Board of Directors ►



Mrs. Pantip Sripimol

Independent Director /
Audit Committee

Date of appointment: 20 April 2012
Age: 51

Education

- **Master of Public Administration,**
Chulalongkorn University
- **Bachelor of Laws,**
Ramkhamhaeng University
- **Bachelor of Business Administration,**
Ramkhamhaeng University
- **Certificate, Director Certification Program (DCP),**
Thai Institute of Directors Association (IOD)
- **Certificate, Audit Committee Program (ACP),**
Thai Institute of Directors Association (IOD)
- **Certificate, Role of the Nomination and Governance Committee (RNG),**
Thai Institute of Directors Association (IOD)

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2011 - Present	Deputy Director - General State Enterprise Policy Office / Ministry of Finance / Government
2012 - Present	Independent Director and Audit Committee Krungthai Card Public Company Limited / Consumer Finance
2010 - 2011	Director of Monitoring and Performance Assessment State Enterprise Policy Office / Ministry of Finance / Government
2007 - 2010	Director of Bureau of State Enterprise Development 2 State Enterprise Analyst Expert Level In State State Enterprise Policy Office / Ministry of Finance / Government
2006 - 2007	Enterprise Monitoring and Performance Assessment State Enterprise Policy Office / Ministry of Finance / Government
2002 - 2006	Secretary of the State Enterprise Policy Office State Enterprise Policy Office / Ministry of Finance / Government
1985 - 2002	Fiscal Analyst The Comptroller General Department / Ministry of Finance / Government

Board of Directors ►



Mr. Paroche Hutachareon*

Independent Director

Date of appointment: 16 January 2013

Age: 31

Education

- **Master of Commerce (Specialisation in Economics),**
University of Melbourne
- **Bachelor of Science (B,Sc), Economics,**
University College London
- **Victorian Certificate of Education (VCE),**
Geelong Grammar School

% of KTC Shares Held

0%

Family Relationship

None

* The Board of Directors' Meeting of Krungthai Card Public Company Limited No. 1/2013 held on January 16, 2013, has resolved to appoint Mr.Paroche Hutachareon as member of the Board of Directors and Independent Director in place of Mr. Pongsathorn Siriyodhin who resigned.

Work Experience

2013 - Present	Independent Director Krungthai Card Public Company Limited / Consumer Finance
2013 - Present	Independent Director Nok Airlines Public Company Limited / Commercial Airlines
2009 - Present	Senior Economist Public Debt Management Office / Ministry of Finance / Government
2007 - 2009	Economist Public Debt Management Office / Ministry of Finance / Government
2005 - 2007	Economist Public Debt Management Office / Ministry of Finance / Government

Board of Directors ►



Mrs. Arunporn Limskul

Director

Date of appointment: 20 April 2012

Age: 46

Education

- Master of Business Administration, Asian Institute of Technology
- Bachelor of Science (Materials Science), Chulalongkorn University
- Strategic Customer Management, Hong Kong
- Customer Experience Management, London
- Customer Relationship Management in Mobile Industry, London
- Customer Relation in Mobile Industry, Spain
- Certificate, Director Certification Program (DCP), Thai Institute of Directors Association (IOD)

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2012 - Present	Director Krungthai Card Public Company Limited / Consumer Finance
2013 - Present	Independent Director and Audit Committee Bangchak Petroleum Public Company Limited / Oil Company
2012 - Present	Director Executive Committee “New SME Fund” / Government
2011 - Present	Director, Chairman of the Corporate Governance and Social Responsibility Committee, and Executive Director Krungthai Bank Public Company Limited / Banking
2011 - Present	Director Commission on Policy Management “One Tablet PC per Child” / Government
2011 - Present	Executive Board Member Office of Small and Medium Enterprises Promotion / Government
2009 - Present	Director School of Management / Asian Institute of Technology / University

2012 - Feb. 2013	Director Thailand Privilege Card Company Limited / State-Owned Enterprise
2010 - 2011	Executive Vice President CRM & Electronic Channels Division / Siam Commercial Bank Public Company Limited / Banking
2005 - 2010	Assistant Vice President Customer Relationship Management Division / Advanced Info Service Public Company Limited / Information and Communication Technology

Board of Directors ►



Mrs. Sriprabha Pringpong

Director

Date of appointment: 8 April 2011

Age: 61

Education

- **MBA,**
The University of Toledo, Ohio, U.S.A.
- **BS in Commerce and Accountancy,**
Chulalongkorn University
- **Certificate, Advance Management for Oversea Bankers,**
The Wharton School of the University of Pennsylvania
- **Certificate, Advanced Certificate Course in Public Administration and Law for Executives,**
King Prajadhipok's Institute
- **Certificate, Certified Internal Auditor, Faculty of Commerce and Accounting,**
Chulalongkorn University
- **Certificate, Executive Development Program, Institute of Research and Development for Public Enterprises,**
Ministry of Finance
- **Certificate, Intermediate Certificate Course in Good Governance for Middle level Executives,**
King Prajadhipok's Institute
- **Certificate, Role of the Director Certification Program (DCP),**
Thai Institute of Directors Association (IOD)

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2011 - Present	Director Krungthai Card Public Company Limited / Consumer Finance
2013 - Present	Director and Chairman of Audit Committee Public Pawnshop Office / Ministry of Social Development and Human Security / State-Owned Enterprise
2013 - Present	Director Board of University Operation Promotion / King Mongkut's Institute of Technology Ladkrabang / University
2011 - 2012	Senior Executive Vice President-Managing Director Government & State Enterprise Relations Group / Krungthai Bank Public Company Limited / Banking
2009 - 2010	Executive Vice President-Managing Director Government & State Enterprise Relations Group / Krungthai Bank Public Company Limited / Banking
2007 - 2009	Senior Vice President Government Relations Group / Krungthai Bank Public Company Limited / Banking

2005 - 2007	Senior Director Government Relations Group / Krungthai Bank Public Company Limited / Banking
2001 - 2005	Senior Director Public Relations Department / Krungthai Bank Public Company Limited / Banking
2001 - 2002	Director Krungthai Asset Management Public Company Limited / Fund Management
1999 - 2002	Director and Audit Committee Thai Credit Guarantee Corporation / State-Owned Enterprise
1986 - 2001	First Vice President Business Relations Department / Krungthai Bank Public Company Limited / Banking
1988 - 1989	Director International Housing Finance Corporation Limited / Finance and Securities

Board of Directors ►



Mr. Rathian Srimongkol

**President & Chief Executive Officer /
Director**

Date of appointment: 1 January 2012
Age: 54

Education

- Master's Degree, MBA,
Thammasat University
- Master's Degree, M.P.A in General Administration,
Suan Sunandha Rajabhat University
- Doctor of Medicine, Faculty of Medicine Siriraj Hospital,
Mahidol University
- Bachelor's Degree, Medical Science,
Mahidol University
- Certificate in Politics and Governance in Democratic Systems for Executives Course (Class 9),
King Prajadhipok's Institute
- Diploma, National Defence College, The Joint State-Private Sector Course Class 51/21,
Thailand National Defence College
- Certificate, Leader Program,
Capital Market Academy (Class 11)
- Certificate, Financial Statements Demystified for Director (FDD),
Thai Institute of Directors Association (IOD)
- Certificate, Directors Certification Program (DCP),
Thai Institute of Directors Association (IOD)
- Certificate, Role of the Chairman Program (RCP),
Thai Institute of Directors Association (IOD)

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2012 - Present	President & Chief Executive Officer and Director Krungthai Card Public Company Limited / Consumer Finance
2009 - Present	Vice Chairman and Chairman of Audit Committee Indorama Ventures Public Company Limited / Holding
2013 - Present	Director and Chairman of Audit Committee One To One Contacts Public Company Limited / Contact Center
2004 - 2012	Performance Agreement Subcommittee Organization Management (Internal Audit and Internal Control) Ministry of Finance / Government
2001 - 2012	Performance Agreement Subcommittee (Energy Sector) Ministry of Finance / Government
2001 - 2011	Executive Vice President Thanachart Bank Public Company Limited (Siam City Bank Public Company Limited) / Banking

Executive ►



Mr. Rathian Srimongkol

**President & Chief Executive Officer /
Director**

Date of appointment: 1 January 2012
Age: 54

Education

- **Master's Degree, MBA,**
Thammasat University
- **Master's Degree, M.P.A in General Administration,**
Suan Sunandha Rajabhat University
- **Doctor of Medicine, Faculty of Medicine Siriraj Hospital,**
Mahidol University
- **Bachelor's Degree, Medical Science,**
Mahidol University
- **Certificate in Politics and Governance in Democratic Systems for Executives Course (Class 9),**
King Prajadhipok's Institute
- **Diploma, National Defence College, The Joint State-Private Sector Course Class 51/21,**
Thailand National Defence College
- **Certificate, Leader Program,**
Capital Market Academy (Class 11)
- **Certificate, Financial Statements Demystified for Director (FDD),**
Thai Institute of Directors Association (IOD)
- **Certificate, Directors Certification Program (DCP),**
Thai Institute of Directors Association (IOD)
- **Certificate, Role of the Chairman Program (RCP),**
Thai Institute of Directors Association (IOD)

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2012 - Present	President & Chief Executive Officer and Director Krungthai Card Public Company Limited / Consumer Finance
2009 - Present	Vice Chairman and Chairman of Audit Committee Indorama Ventures Public Company Limited / Holding
2013 - Present	Director and Chairman of Audit Committee One To One Contacts Public Company Limited / Contact Center
2004 - 2012	Performance Agreement Subcommittee Organization Management (Internal Audit and Internal Control) Ministry of Finance / Government
2001 - 2012	Performance Agreement Subcommittee (Energy Sector) Ministry of Finance / Government
2001 -2011	Executive Vice President Thanachart Bank Public Company Limited (Siam City Bank Public Company Limited) / Banking

Executive ►



Mr. Chutidej Chayuti

Senior Executive Vice President &
Chief Finance Officer - Corporate Finance

Date of appointment: 1 July 2002
Age: 51

Education

- Master's Degree, M.S. (Industrial Technology),
Indiana State University, U.S.A.
- Master's Degree, MBA,
Indiana State University, U.S.A.
- Bachelor's Degree, Commerce and Accountancy (Industrial Management),
Thammasat University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2002 - Present	Senior Executive Vice President & Chief Finance Officer Corporate Finance / Krungthai Card Public Company Limited / Consumer Finance
1998 - 2002	Assistant Secretary General Financial Sector Restructuring Authority / State Enterprise
1998	Senior Vice President Financial Sector Restructuring Authority / State Enterprise
1995 - 1998	Vice President Planning and Financial Business Development Department and Office of The President / Wall Street Finance and Securities Public Company Limited / Finance and Securities

Executive ►



Mr. Siriyot Srisuksawadi

Senior Executive Vice President &
Chief Information Officer -
Information Technology

Date of appointment: 1 March 2006
Age: 55

Education

- Master in Marketing English Language Certificate Program,
Joint Education Program Thammasat University and
University of Gothenburg, Sweden
- Bachelor's Degree, Statistic (Electronic Data Processing), Faculty of Commerce and
Accountancy,
Chulalongkorn University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2006 - Present	Senior Executive Vice President Information Technology / Krungthai Card Public Company Limited / Consumer Finance
2000 - 2006	Executive Vice President Head of Branch Services and Operations Division / Bank Thai Public Company Limited / Banking
1999 - 2000	Chief Information Officer (CIO) GE Capital (Thailand) Limited / Consumer Finance
1996 - 1999	Executive Vice President TSFC Securities Limited / Securities

Executive ►



Mr. Piyasak Tejasen

Senior Executive Vice President -
Products & Distribution

Date of appointment: 1 June 2002
Age: 49

Education

- Master's Degree, Political Science, The School of Public Administration, University of Southern California, U.S.A.
- Bachelor's Degree, Political Science, Ramkhamhaeng University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2002 - Present	Senior Executive Vice President Products & Distribution / Krungthai Card Public Company Limited / Consumer Finance
1999 - 2002	Human Resources Director Human Resources and Administration Department / Bangkok Capital Alliance Company Limited / Financials

Executive ►



Ms. Sudaporn Janwatanagool

Executive Vice President -
Personal Loans Business

Date of appointment: 1 April 1997
Age: 55

Education

- Master's Degree, Finance and Banking,
Sripathum University
- Bachelor's Degree, Accounting, Faculty of Commerce and Accountancy,
Chulalongkorn University
- Certificate, Mini MBA,
Bank of Ayudhaya Public Company Limited

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

1997 - Present	Executive Vice President Personal Loans Business / Krungthai Card Public Company Limited / Consumer Finance
2010 - Present	Chairman Personal Loan Club / The Thai Bankers' Association
1990 - 1997	Vice President Accounting Department / Citibank N.A. / Banking
1987 - 1990	Head of Accounting Department Credit Card Center / Head Office / Bank of Ayudhaya Public Company Limited / Banking

Executive ►



Mr. Khan Kachonboon

**Executive Vice President -
Corporate Communication**

Date of appointment: 1 November 2003
Age: 51

Education

- Master's Degree, MBA,
United States International University (USIU), U.S.A.
- Bachelor's Degree, Business Administration (Marketing),
Assumption University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2003 - Present	Executive Vice President Corporate Communication / Krungthai Card Public Company Limited / Consumer Finance
1995 - 2003	Senior Vice President J Walter Thompson Company Limited / Advertising

Executive ►



Mr. Mana Boonkhun

Executive Vice President -
General Service

Date of appointment: 15 July 2002
Age: 51

Education

- Master's Degree, Business Administration,
University of Missouri, U.S.A.
- Bachelor's Degree, Architecture,
Chulalongkorn University

% of KTC Shares Held

0.00001%

Family Relationship

None

Work Experience

2011 - Present	Executive Vice President General Service / Krungthai Card Public Company Limited / Consumer Finance
2009 - 2011	Executive Vice President Operation Business / Krungthai Card Public Company Limited / Consumer Finance
2005 - 2009	Executive Vice President Resources Management / Krungthai Card Public Company Limited / Consumer Finance
2002 - 2005	Vice President Business Development & Business Venture / Krungthai Card Public Company Limited / Consumer Finance
2000 - 2002	General Manager Alpine Golf and Sports Club Company Limited / Golf Course
1990 - 2000	Vice President Tanayong Company Limited / Real Estate

Executive ►



Mr. Bucha Sirichumsang

Executive Vice President -
President & CEO's Office

Date of appointment: 1 April 2004
Age: 51

Education

- **Master's Degree, Business Administration (International Business),**
Rosary College, River Forest, Illinois, U.S.A.
- **Barrister-at-Law,**
Institution of Legal Education, The Thai Bar Under The Royal Patronage
- **Bachelor's Degree, Law,**
Chulalongkorn University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2004 - Present	Executive Vice President President & CEO's Office / Krungthai Card Public Company Limited / Consumer Finance
1999 - 2004	Vice President Legal Consultant Department / KTBLAW Company Limited / Law Counsel
1996 - 1999	Assistant Vice President Capital Market Services Department / Krungthai Bank Public Company Limited / Banking
1994 - 1996	Vice President Managing Director's Office / Ekachart Finance and Securities Public Company Limited (EFS) / Finance and Securities

Executive ►



Ms. Patrin Jirathitivanich

**Executive Vice President -
Contact Center & Service Quality Assurance**

Date of appointment: 1 February 2012
Age: 56

Education

- Bachelor's Degree, Business Administration (Accounting),
Assumption University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2012 - Present	Executive Vice President / Head of Contact Center & Service Quality Assurance Contact Center & Service Quality Assurance / Krungthai Card Public Company Limited / Consumer Finance
2004 - 2010	Executive Vice President Payment Product Business / Krungthai Card Public Company Limited / Consumer Finance
1984 - 2004	Director Consumer Card Marketing & Business Development / American Express (Thai) Company Limited / Credit Card

Executive ►



Mr. Virach Paisitsavet

Executive Vice President -
Operations

Date of appointment: 16 February 2012
Age: 52

Education

- Master's Degree, Business Administration,
Sripatum University
- MINI MBA,
Chulalongkorn University
- Bachelor's Degree, Political Science,
Ramkhamhaeng University
- Bachelor's Degree, Business Administration,
Bangkok University
- Certificate, Payment System,
MasterCard University
- Certificate, Director Accreditation Program (DAP),
Thai Institute of Directors Association (IOD)

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2012 - Present	Executive Vice President / Head of Operations Operations / Krungthai Card Public Company Limited / Consumer Finance
2011 - 2012	Senior Vice President Lending Services Group / Thanachart Bank Public Company Limited / Banking
2005 - 2011	Senior Vice President Card Operations Department / Siam City Bank Public Company Limited / Banking
2002 - 2005	First Vice President Marketing and Retail Banking Department / Siam City Bank Public Company Limited / Banking
2001 - 2002	Senior Vice President Branch Administration Department / Bangkok Metropolitan Bank Public Company Limited / Banking

Executive ►



Mrs. Ubolrat Busyakanistha

Head of Human Resources

Date of appointment: 1 June 2013

Age: 51

Education

- **Master's Degree, Social Psychology,**
Chulalongkorn University
- **Bachelor's Degree, Sociology and Anthropology,**
Thammasat University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2013 - Present

Head of Human Resources

Human Resources /
Krungthai Card Public Company Limited /
Consumer Finance

2008 - 2013

**First Vice President, Human Resource Management and Client Service
Human Resources Group**

Human Resource Management and Client Service /
Thanachart Bank Public Company Limited /
Banking

Executive ►



Mrs. Kandtharat Chermchitphong

Senior Vice President -
Public and Corporate Affairs

Date of appointment: 1 January 1997
Age: 46

Education

- Master of International Affairs (Economic Development East Asian Region),
Columbia University
- Faculty of Arts, Bachelor of Arts (English, Second - Class Honors)
Chulalongkorn University

% of KTC Shares Held

0.004%

Family Relationship

None

Work Experience

1997 - Present	Senior Vice President Public and Corporate Affairs / Krungthai Card Public Company Limited / Consumer Finance
1996	Trader General Merchandise Department / C.P. Intertrade Company Limited / Trading
1995	Local Staff Minister-Counselor Office-Agriculture / Royal Thai Embassy in Washington D.C. / Government

Executive ►



Mr. Therayut Sirigulviriyavanich

Senior Vice President -
Digital Marketing

Date of appointment: 11 December 2001
Age: 40

Education

- Master's Degree, MBA,
University of Colorado at Denver, U.S.A
- Bachelor's Degree Communication Arts, Major in Broadcasting,
Bangkok University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2011- Present	Senior Vice President Krungthai Card Public Company Limited / Consumer Finance
2004 - 2010	Vice President Krungthai Card Public Company Limited / Consumer Finance
2003 - 2004	Senior Manager Krungthai Card Public Company Limited / Consumer Finance
2001 - 2003	Marketing Manager Krungthai Card Public Company Limited / Consumer Finance
2001	Promotion Rewards & Retention Manager Diners Club (Thailand) Company Limited / Consumer Finance
1999 - 2011	Assistant Marketing Manager S.B. Furniture Company Limited / Furniture

Executive ▀



Ms. Apiwan Bakban

Vice President -
Portfolio and Customers Relationship
Management

Date of appointment: 16 June 2003
Age: 41

Education

- Certificate on Selling and Sales Management,
Examination Board of London Chamber of Commerce and Industry, United Kingdom
- Bachelor of Arts,
Communication Arts (Major in Speech Communication and Performing Arts),
Chulalongkorn University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2003 - Present	Vice President Portfolio and Customer Relationship Management / Krungthai Card Public Company Limited / Consumer Finance
2002 - 2003	Account Director Client Service Department / SC Matchbox / Advertising Agency
1996 - 2002	Account Director Client Service Department / JWT Bangkok / Advertising Agency

Executive ►



Education

- Bachelor's Degree, Travel Industry Management,
University of Hawaii, U.S.A

% of KTC Shares Held

0%

Family Relationship

None

Mrs. Pittaya Vorapanyasakul*

Executive Vice President - Credit Card

Date of appointment: 18 August 1997

Age: 52

* Mrs.Pittaya Vorapanyasakul was appointed as 1st line management on February 17, 2014 according to the company announcement No. 2/2557

Work Experience

1997 - Present	Executive Vice President Credit Card / Krungthai Card Public Company Limited / Consumer Finance
2005 - 2010	Director and Member of Audit Committee Krungthai Asset Management Public Company Limited / Fund Management
2004 - 2005	Director KTC World Company Limited / Travel Management
1993 - 1995	Manager National Key Accounts Department / American Express (Thai) Company Limited / Credit Card

Internal Audit

Mr. Pornchai Wijitburaphat

Senior Vice President /
Internal Audit

Date of appointment: 16 October 2001

Age: 46

Education

- Master's Degree, Business Administration,
Burapha University
- Mini MBA,
Chulalongkorn University
- Bachelor's Degree, Business Administration (Accounting),
Ramkhamhaeng University
- Certificate Endorsed Internal Auditing Program issued
by The Institute of Internal Auditors,
Chulalongkorn University
- The Institute of Internal Auditor of Thailand
Certified Professional Internal Auditors of Thailand (CPIAT-9)

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2001 - Present	Senior Vice President Internal Audit / Krungthai Card Public Company Limited / Consumer Finance
2000 - 2001	Assistant Vice President Internal Audit / Bangkok Broadcasting & TV Company Limited / Media
1998 - 2000	Manager Internal Audit / TSFC Securities Limited / Securities
1996 - 1998	Assistant Manager Internal Audit / Nava Financial Public Company Limited / Finance and Securities
1993 - 1996	Supervisor Lending & Treasury Department / Ekachart Finance and Securities Public Company Limited (EFS) / Finance and Securities
1991 - 1993	Internal Auditor Internal Audit / Siam Commercial Bank Public Company Limited / Banking

Company Secretary and Compliance ■

Mr. Peerapong Ruamjai

Company Secretary and Compliance

Date of appointment: 16 May 2007

Age: 44

Education

- Master of Arts Executive Program in Public Affairs
Ramkhamhaeng University
- Bachelor of Laws,
Ramkhamhaeng University
- Diploma, AML Computer Based Training,
Anti-Money Laundering Office (AMLO)

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

2007 - Present	Vice President Regulatory Perform / Krungthai Card Public Company Limited / Consumer Finance
1995 - 2007	Attorney at Law KTBLAW Company Limited / State-Owned Enterprise
1993 - 1995	Legal Officer Legal Execution Department / Ministry of Justice / Government

Company Overview and Policies ►

Company Background

Krungthai Card Public Company Limited was registered as a juristic person on 4th December 1996, and was transformed into a public company limited under Krungthai Card Public Company Limited on 2nd July 2002. Later on, there was a resolution on an extraordinary general meeting to increase the company's authorized capital by Baht 950 million; therefore, the total authorized capital was raised to Baht 1,000 million with total shares of 100 million shares by means of right offerings to Krungthai Bank Public Company Limited for 44 million shares and public offerings for 51 million shares. The company was listed in the Stock Exchange of Thailand on 28th October 2002.

On 12th December 2002, the extraordinary general meeting of the company had a resolution to raise additional authorized capital of Baht 50 million, which was allotted for 5 million shares at the par of Baht 10 each in order to allow the exercising of Employee Stock Options (ESOP). Afterwards, on 3rd November 2003, the extraordinary general meeting agreed on a resolution to increase another Baht 1,530,162,000 by right offerings of 150 million shares with a ratio of 1:1.5 and had allocated 3,016,200 shares for the additional right-exercising holders resulted from ESOP. Subsequently, the company had total authorized capital of Baht 2,580,162,000 and paid-up capital totaling Baht 2.5 million.

On 17th March 2008, the 5-year warrants had reached its expiry date. As of 31st December 2008, the number of people who exercised the warrant totaling 4,885,950 contracts and there were 114,050 contracts that were not exercised. Thus, the remaining common shares after warrant exercising were at 182,793 shares.

On 30th April 2009, the General Annual Meeting had agreed to reduce its authorized capital from Baht 2,580,162,000 to Baht 2,578,334,070 by canceling common shares which had been registered but had not been publicly offered at the amount of 182,793 shares, par value at Baht 10 per share. These shares were a left over from the expired Employee Stock Options Program (ESOP). The company had already registered the decrease of authorized capital with the Ministry of Commerce on 12th May 2009.

As of 31st December 2013, The Company had total authorized capital and paid-up capital of Baht 2,578,334,070 and had acquired 2.21 million accounts in which 1,567,283 accounts were credit cards, 638,959 accounts were KTC CASH accounts. The company has received excellence awards for credit card business in the following years:

2006

- “Outstanding Performer and Marketing Excellence” from VISA International Asia Pacific

2008

- “Excellent Credit Card Program” under MasterCard Asia/Pacific Middle East and Africa Product Award 2008 for the KTC Titanium MasterCard Credit Card

2009

- “Best New Card Launch” under The 2009 MasterCard Hall of Fame Awards for the

top-notch KTC 8 Royal Orchid Plus World MasterCard Credit Card Three major prizes from Lafferty South East Asia Payment Card Awards 2009 by Lafferty Group (the British for financial research and consulting firm): “Best Credit Card Issuer in Thailand”, “Best Premium Credit Card in Thailand” KTC VISA Platinum Credit Card, and “Best Classic Card in Thailand” for KTC VISA Classic Credit Card

2010

- “Most Innovative Card Marketing Program” The MasterCard Hall of Fame Awards 2010 for Thailand’s first boutique hotel contest
- “Thailand Creative Event Awards 2009” from Thailand Convention and Exhibition Bureau (TCEB) for the KTC MasterCard Viva in the Air 2008 activity: the world’s first wedding on hot air balloons with 14 couples

2011

- “Most Effective Card Marketing Program Award” for KTC-TDP Credit Card with local department stores
- “Best Digital Marketing” for the KTC Boutique Awards Campaign from The MasterCard Hall of Fame Marketing

2013

- 6th place in a world-class business competition held by the Visa International Company, under the VISA Global Challenge project for the year 2013. Total candidates were 144 teams from 44 countries around the world.

Besides from credit card business, KTC also received notable awards for other areas. For example;

2009

- “Happy Work Place Award” won by KTC Smart Office as a model organization from Office of Thai Health Promotion Foundation and Private Organization Happiness State at Happy Work Place Forum II 2009: Happiness Amidst Crisis

2010

- Awards “Happy Work Place Award” as an organization which is capable of maintaining state of happiness from the 5 Apps to Happy Workplace 3.0 event by Thai Health Promotion Foundation

2013

- Awards “Outstanding Investor Relations” from the Stock Exchange of Thailand in SET Awards 2013 which was held by the Stock Exchange of Thailand and Money & Banking magazine.

Visions, Objectives, and Strategies of the company



KTC's vision has been established since 2012 as being "A Membership Company Providing Innovative Customer Experiences" by carrying on its missions that cover all aspects; to make sustainable impressions and relationships with customers, to be an innovative and learning organization, to encourage working environment that enhances employees' participation and senses of ownership, to maintain long-term relationships with alliances, to generate sustainable profits and appropriate returns to investors, as well as to conduct its business with transparency and good corporate governance.

In order to accomplish its objective as being a leader in the industry, the company is committed to become "The Most Preferred Brand in Card Business & Non-collateral Personal Loan". Therefore, the company is required to have well-defined and efficient strategies by enhancing its strengths through innovating new business tools, especially Customer Relationship Management (CRM) and Total Business Relationship (TBR) to facilitate products & services development as well as to sustain long-term relationship with other business alliance.

Moreover, the main objective in conducting business focuses on a sustainable growth. Consequently, the company needs organizational developments, for example; Human Resource Development, Value Creation for Products & Services, along with enhancing Cost Management to accomplish its highest efficiency. These factors are mutually engaged in supporting the company to achieve its objectives.

Key Events and Developments

Year 2011

- KTC has adopted new ideas and its new logo, from using “It’s Real” () to “We write the stories” () in order to suggest new perspectives between KTC, members, and partners to participate in marketing activities.
- In the 9th Annual General Meeting on 8th April, 2011, there was a resolution to appoint 2 committee members: Mr. Suvit Maesincee, as a Director and an Independent Director to replace Ms. Chanathip Poshyananda, a Director and an Independent Director after completing her term and Mrs. Sriphabha Pringpong as a Director to replace Mr. Narathorn Wongvises, a Director who had also completed his term.
- The company issued corporate bonds in October, 2011 amounted at Baht 7,000 million which were allocated into 3-year corporate bonds, paying 5.50% coupons per annum of Baht 6,000 million and another Baht 1,000 million in 4-year corporate bonds, paying step-up coupons of 5.50% p.a. for 1st-3rd year and 6.00% p.a. for the 4th year.
- KTC, incorporated with Krungthep Turakij, Tourism Authority of Thailand, and Master Card, launched the “Thailand Boutique Awards 2011” competition aiming to support domestic tourism industry.
- KTC Launched KTC POP project, which is a location for the company’s innovative and sharing activities, such as; arranging investment planning workshop for bondholders, credit card members, and general public, a press conference, marketing campaigns, travelling program recommending, etc.

Year 2012

- The company's 10th Annual General meeting on 20th April 2012 had approved an appointment for Mrs. Arunporn Limskul as a Director as former Director, Mr. Suvit Mapaisansin had completed his term, and Mrs. Pantip Sripimol as a Director to replace Ms. Pimpen Ladpli that also has completed her term. In addition, Mrs. Pantip Sripimol was assigned to take positions of an Independent Director and an Audit Committee.
- The 5th Board of Directors' meeting of 2012 on 20th April 2012 agreed on a resolution to appoint Mr. Akarat Na Ranong, who previously was an Independent Director and Audit Committee as a Chairman of Audit Committee to replace Mr. Suvit Mapaisansin. Moreover, it had appointed Mr. Suvit Maesincee, an Independent Director to replace Mr. Suvit Mapaisansin in a position of Audit Committee.
- The 10th Board of Directors' Meeting of 2012 on 20th September 2012 had appointed Mrs. Kittiya Todhanakasem as a Chairman to replace Mr. Phongspathorn Siriyodhin who had resigned from the position.
- In August, KTC issued its corporate bonds of Baht 6,000 million, which was allotted as 2-year corporate bonds, offering 4.90% coupons, totaling Baht 1,800 million, 3-year corporate bonds, offering 5.20% coupons, totaling Baht 3,200 million, and the rest Baht 1,000 million as 4-year corporate bonds, offering 5.40% coupons.

Year 2012 (Continued)

- It launched the “Golden Opportunities by KTC”, a marketing campaign for credit card holders when purchased goods and services or cash advance via credit card of every Baht 1,000, or having outstanding amount on KTC Cash Revolve of every Baht 4,000. Members can enjoy the campaign to win the gold with 266 lucky draws, valued at Baht 10 million by registering to the campaign.
- “KTC Beauty Advocate, exclusive beauty steps to a perfection”, incorporated with 7 beauty experts alliance which are APEX Profound Beauty, Imagini Clinic & Diva, Pew-dee Clinic, Pruksa Clinic, Rumpada Clinic, Romrawin Clinic, and Thanaporn Clinic to present lifestyle privileges for cardholders by offering special-price promotions, in addition, by giving knowledge about beauty and its safety.
- Since 2012, KTC has started an internal restructuring by reallocating tasks from outsources to its internal functions. For example, debt collection, direct sales, telesales and KTC World Travel Service Center (KWT). Moreover, it had expanded its contact center function and improved its efficiency of the entirely operational processes so as to enhance an end-to-end process, which is defined as the beginning and ending of connected and well-defined workflows. Once the company can improve working process efficiency entirely, the cost of operation will significantly decrease.
- KTC, cooperated with Krungthai Bank Public Company Limited (KTB), had launched “KTC-KTB PRECIOUS PLUS VISA INFINITE”, the card that combined financial privileges from KTB Precious Plus and privileges that satisfied high-end customer’s lifestyle of KTC VISA INFINITE card.

Year 2012 (Continued)

- On 31st December, 2012, there were 24 KTC Touch, which 23 branches were in Bangkok Metropolitan & vicinity and 1 branch in provincial area. KTC Touch is a service center for credit card and personal loan registration, payment service, and information center for the company's financial products.

Year 2013

- At the end of February, KTC had restructured the Core System from outsourcing it to international service provider to integrating with the company's internal system in order to improve operational flexibility.
- The 11th Annual General Meeting on 12th April, 2013 had agreed to reappoint 2 directors who had completed their terms to take their former positions which were Mrs. Kittiya Todhanakasem and Mrs. Sriphabha Pringpong and had appointed Mr. Paroche Hutachareon to take positions of a Director and an Independent Director to replace Mr. Phongsathorn Siriyodhin who had resigned from his position.
- The company had issued corporate bonds for 3 times. The first issue in May was 3-year corporate bonds, offering 4.65% p.a. coupon for Baht 2,000 million, the second issue in August was 3-year corporate bonds, offering 4.75% p.a. coupon for Baht 2,200 million and 5-year corporate bonds, offering 5.00% p.a. coupon for Baht 800 million. Later in November, the company issued 4-year corporate bonds, offering 4.8% p.a. coupon for another Baht 5,000 million.

Year 2013 (Continued)

- Throughout 2013, the company's major marketing campaigns were under the concept of "Happy Go Lucky" for credit card and personal loan. The company introduced marketing activities to members on every 13th day of the month in 2013. Moreover, it had selected exclusive activities from a variety of stores and alliances, for instance, the KTC Signature Dish campaign, which required only 999 redemption points to enjoy recommended dishes, or movie ticket redemption offered by Major Cineplex or SF Cinema. In contrary, points can be redeemed for a 30% discount for iPhone or iPad purchase and 1,000 points can be used as Baht 300 cash at supermarkets, etc.
- For credit card business in the first quarter of 2013, KTC had launched the "Surprises everyday, surprises everywhere" for members to get points equivalent to spending amount via credit card. In the second quarter, KTC cooperated with more than 60 leading brands nationwide to introduce "KTC Summer Fashion Fast Forward" in order to enhance the shopping pleasures for members by offering 3 privileges. The members will get (1) discounts and gifts (2) cashback (3) lucky draws to win traveling packages to Hong Kong. In addition, the company also introduced "Swipe to win a million for every purchases on KTC credit card 13 million, 13 weeks", or the cashback promotion on every purchases for daily utilities under the campaign of "Enjoying everyday at every gas station and supermarket throughout the country by getting 5% cashback reward"

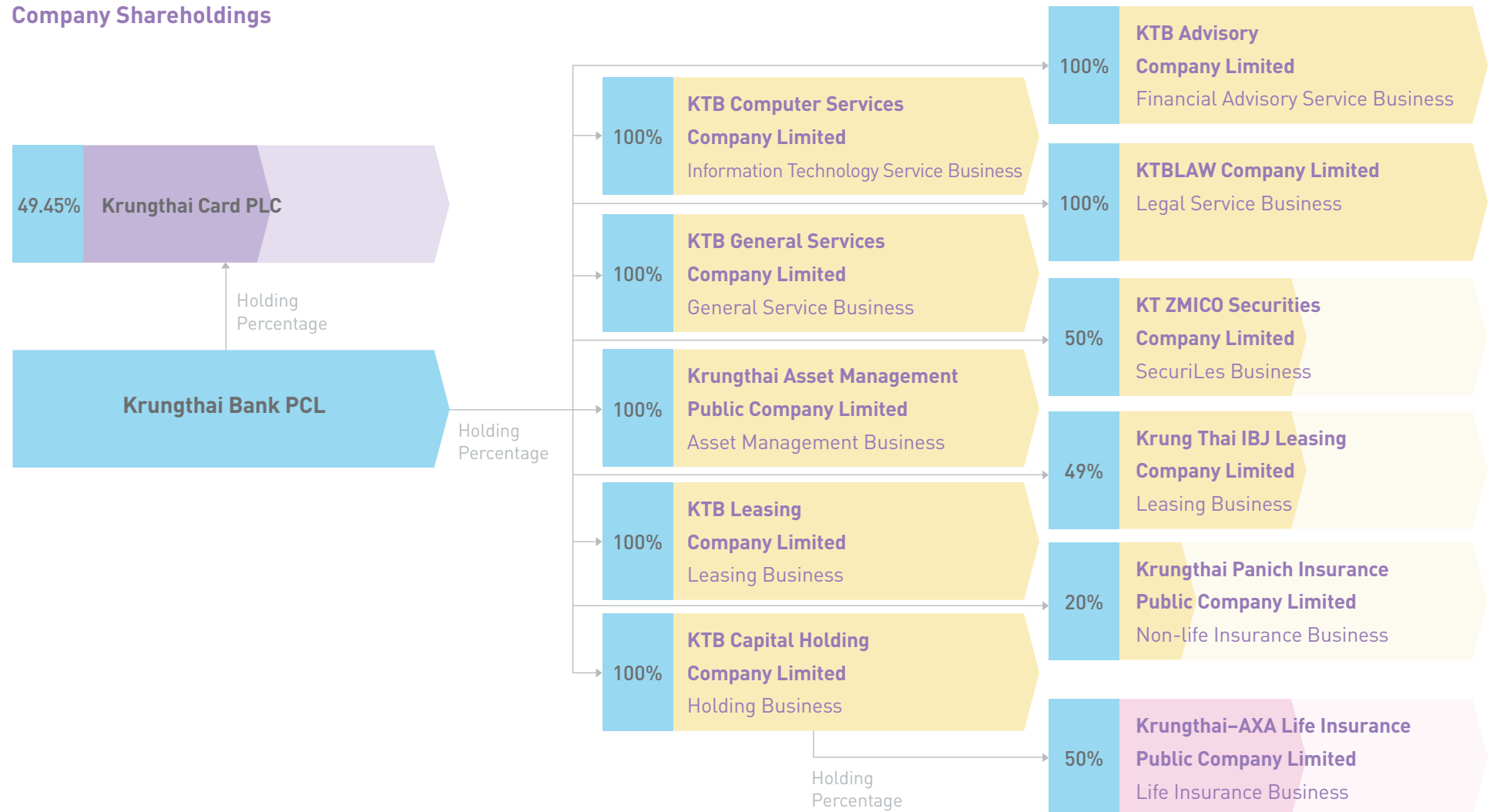
Year 2013 (Continued)

- In the third quarter, KTC launched the “Why keep it? Spend it!” campaign in order to reward members with special privileges which include receiving additional points and point redemption at participating stores throughout the country. The privileges were divided into 3 types which were (1) “Spend more, get more” – members received points up to 300% of the spending (2) “Less points for maximized value” – members were able to redeem rewards by using less KTC Forever Reward and (3) “Redeem and get extra points back” – members received extra Forever Rewards back to their account after redeeming points at participating stores. Lastly, in the 4th quarter of 2013, KTC launched “Spend Baht 1,000, get 1,000 points” that rewarded every Baht 10,000 of spending on KTC credit card with 1,000 points or Royal Orchid Plus mileages without limited amount and expiry date. Furthermore, it also launched “KTB Forever Smile” which allowed members to redeem points for extra interest on savings up to 8.5% p.a., just redeeming Forever Rewards for a privilege to invest in fixed deposits up to 10 times of the redeemed points.
- For personal loan, it launched marketing campaigns for KTC Cash Revolve in the 1st quarter of 2013 that allowed members to pay only half of normal interest rate for the first withdrawal amount or the “Clear all your debt with KTC” campaign that offered a privilege for member to win a chance to clear out the total outstanding balance and the “Only Baht 13 for any spending” so as to help reducing KTC Cash Revolve member’s burden. Besides, KTC also helped managing member’s financial burden by launching the “0% interest up to 5 years with KTC Cash Revolve” campaign in the 2nd quarter. This campaign provided chances to win the prize of 0% interest loan for 5 years for KTC Cash Revolve members.

In the 3rd quarter, KTC announced another campaign to welcome new clients of KTC Cash Revolve, an instant loan service in order to make an impression by giving out a privilege right from the first cash withdrawal. Clients were able to get a special interest rate of 9% p.a. in the first cycle. Moreover, for every withdrawal amount on the 13th of the month, new clients would get marginal interest back to the accounts that enrolled the instant cash service which was approved within the predetermined period of the enrollment. For the last quarter, KTC kicked off the “Clear all your debt with KTC Season 3” so as to reward clients with a chance to clear the outstanding balance by having the required amount of beginning balance or by spending the Forever Rewards points.

- At 31st December, 2013, KTC had 24 branches of KTC Touch, a service center for credit card or personal loan, serving payment service and providing the company's financial product information. 23 of the branches are in Bangkok Metropolitan & vicinity and 1 branch in provincial area.

Company Shareholdings



Relationships with subsidiaries

The company gives precedence to expanding product base for credit card and personal loan in order to boost its continuous growth which has been supported by Krungthai Bank as a major shareholder of the company. Not only is it a major shareholder but also a main channel of distribution. It possesses so many branches in Bangkok Metropolitan and provincial areas. In other words, Krungthai Bank is a key channel to introduce products to the bank's customers. On the other hand, the bank has recommended its products to other subsidiaries.

In order to expand the customer base smoothly as our defined objectives, KTC has established a function and assigned staffs to take responsibilities for each specific tasks by providing convenience to the bank's staffs, for instance; product knowledge training, selling techniques training, document approval process training, etc. as well as launching accompanying promotional campaigns in order to enhance product expansion performance.

Furthermore, KTC has established the Government Services Card Department that cooperates with Government Business functions in order to issue credit card that would enhance convenience and safety for Government sector in managing seminar and travel disbursements. This cooperation also reinforced sustainable relationships among partners.

KTC also sees advantages of building business opportunities for both organizations. Therefore, they had cooperated in forming deepened and widen strategies and had altogether developed marketing activities such as:

- Payment structure for insurance fees or LTF & RMF Fund of subsidiaries can be made through KTC credit cards

- Cooperated credit card issuance with Krungthai Bank in order to penetrate the bank's high net worth clients. For example, KTC-KTB Precious Plus Visa Infinite Card and KTC-KTB SME Commercial Card as well as expanding credit card customer base to cover the bank's foreign customers
- "Forever Smile" project which allowed KTC clients to redeem Forever Rewards for being eligible to receive special interest rate for KTB's fixed deposit products.

KTC is confident that the above-mentioned operations have answered the clients' needs and led the company to accomplish its objectives either by quantitative or qualitative measurements. Another important aspect was it has enhanced the company's competitiveness in order to achieve the maximized profits of the two companies.

Business Nature

KTC provides unsecured financial products to consumers in Thailand; offering Credit Card and Personal Loan as its core products. Geographically, 51% of KTC's existing customers are in Bangkok and vicinity.

1. Credit Card Business

Credit Card business is generally consists of two parts: issuing business and acquiring business. The issuing business operations involve acquisition, credit line approval, card usage monitoring, receiving payment and collection. The main revenue comes from interest and fee income. Acquiring business, on the other hand, engages to stores that accept credit card. After merchants are selected, KTC will install an electronic data capture (EDC) or card-reading terminal at the merchants to monitor on sales approval and providing fraud detection. This business generates revenue from fee income.

2. Personal Loan Business

KTC Personal Loan consists of two types of products; KTC Cash and KTC Cash Revolve which are provided for individuals without any requirement for collateral or being a KTC cardholder. The product is suitable for full-time employee with predictable flows of income. KTC Cash is a fixed installment product, with choices to choose specific due date and loan maturity by a client to suit his payment behavior. KTC Cash Revolve is a revolving loan. Members will have the first loan transferred to their bank accounts which can be withdrawn at any ATM or KTC Touch. The credit line particularly will become available again after customers made their payments. The personal loan revenue usually comes from interest and fee income such as credit usage fee, collection fee etc.

Besides the previously-mentioned products, KTC has other businesses on the following:

Circle Loan Business: The features of the product are more like bank's overdrafts (O/D) attached to credit card accounts, were transferred from KTB since 2002. KTC has ceased its expansion in this business since the company launched personal loan products to respond to a change in market trend. Therefore, the receivable have gradually declined ever since.

Self-Employed Loan (KTC Million): KTC's unsecured loan specifically provides fund for small business owners who are in need of business operating capital. Due to the economic situation, KTC had no intention to expand this business since late 2006. The only remaining operation is to service outstanding-balanced account. At the end of 2013, KTC Million receivable was Baht 17 million or accounted for 0.04% of total net receivables.

Outsource service: KTC has signed a contract with KTB Computer Services (KTBCS) to develop a payment system within 180 days, starting from October 10, 2011. Additionally, KTC has been providing KTBCS not only an advisory service regarding IT operation, but also maintenance service on any computer equipment related to the payment system since. The service term is an annual basis, starting from January 21, 2012 and has been continued in 2013.

Please find further detail regarding any development in recent year, in section "Company Overview and Policies", sub-topic "Significant changes and development"

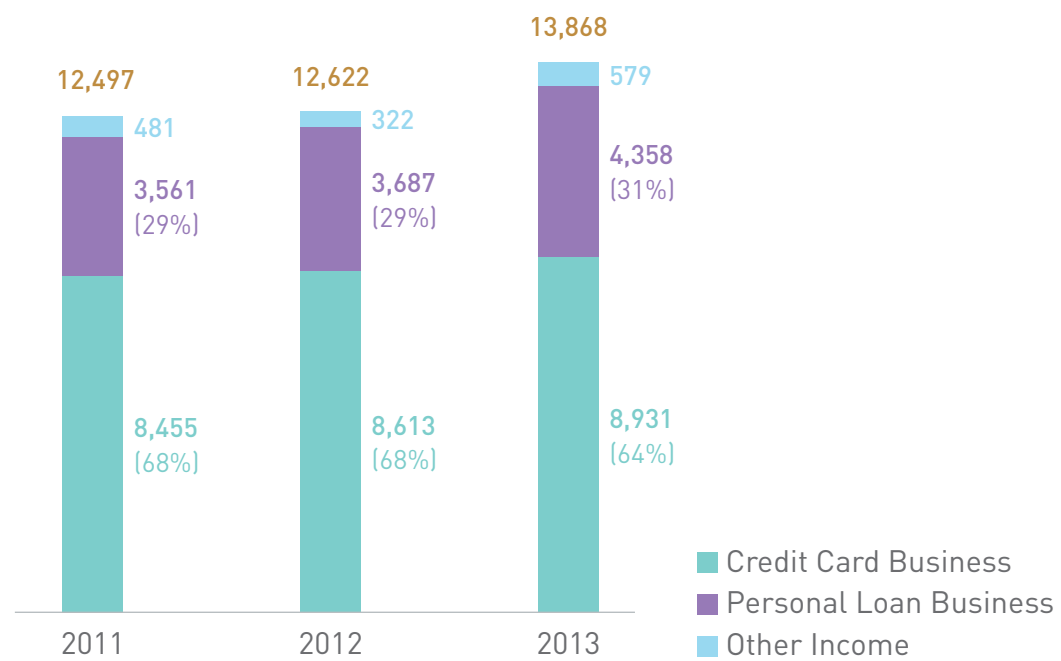
Revenue Structure

The company's revenue structure mainly comprises of interest and fee income, contributed by its main businesses: credit card and personal loan. KTC recognizes fee income also includes credit usage fee, by calculating from outstanding balance. According to the Civil and Commercial code, non-banks are eligible to charge a maximum interest rate at 15%. Meanwhile, Bank of Thailand's regulation states that the maximum charge, which combines interest rate with fee, must not exceed 20% for credit card, and 28% for personal loan. Therefore, the company records the rate difference between in the Civil and Commercial code and Bank of Thailand's regulation as a credit usage fee. Besides the mentioned revenue, sources of other income comes from Circle Loan business, Self-Employed Loan business, Outsource Service business, gain on exchange, and extraordinary items related to the sale of the investment, for instance.

The 3-year revenue structure according to the company's financial statement (2011-2013) is the following:

Overview: Revenue Structure

(Unit: Million Baht)



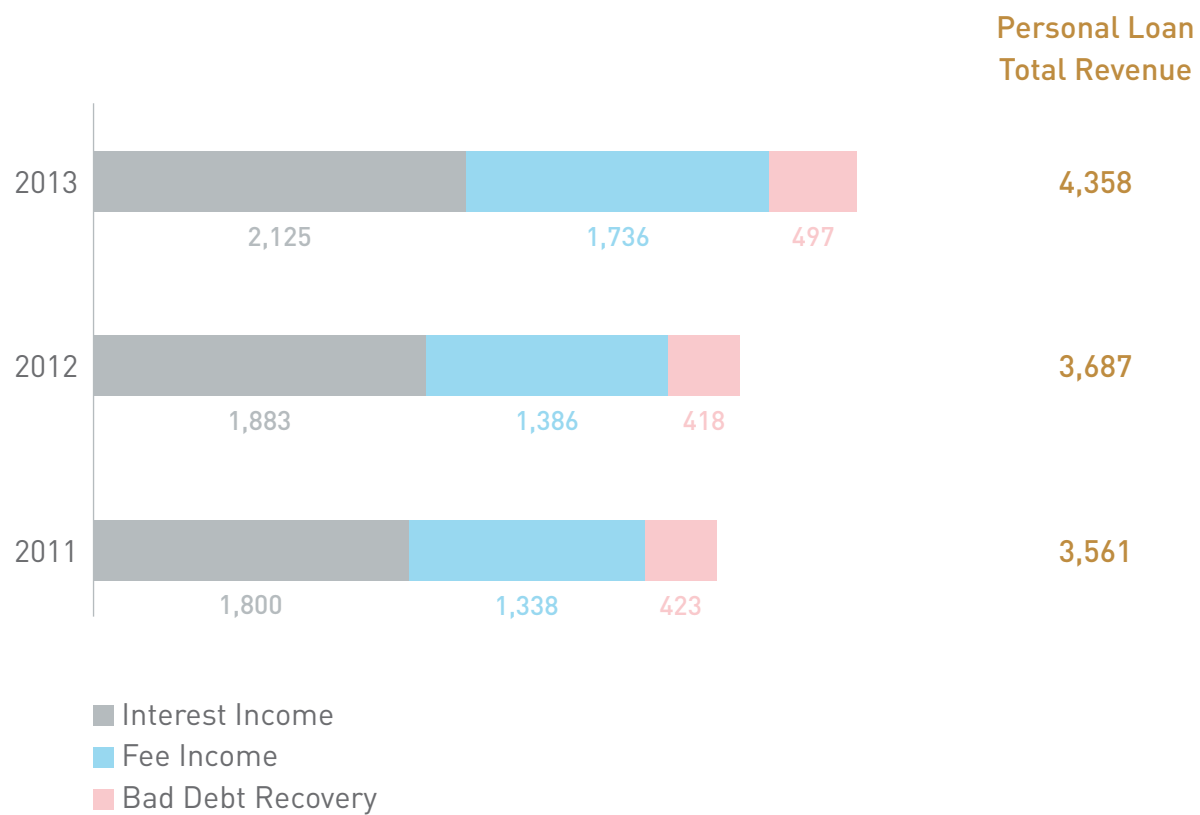
Revenue Breakdown by Business: Credit Card

(Unit: Million Baht)



Revenue Breakdown by Business: Personal Loan

(Unit: Million Baht)



Risk Factors ►

The company gives precedence to various risk factors which might occur and affect the business operations therefore it has established risk management procedures as well as consistently revised and improved operating process in order to prevent the risks that might happen. The company has organized a specific function to be responsible for risk management and has committed to risk management policies, such as; enterprise risk management policies, financial risk management policies, credit risk management policies, operational risk management policies and reputation risk management policies. These policies are required the approval Risk Management Committee before the implementation within the company. Besides, the company has conducted annual policy revisions or at times of significant changes. Moreover, the Risk Management Committee, which is composed of executives from major functions, is also responsible to conduct controlling, monitoring and evaluating processes of risk management so that the business is operating under the regulated risk management policies and guidance and comply with the Risk Management Committee of the Financial Business Group under Krungthai Bank Public Company Limited and in line with associated regulatory standards of the Bank of Thailand.

The company's risk management process begins with analyzing and evaluating its environments by considering related risk factors including internal risk factors which related to managements or employees, marketing, innovation, operations and finances, etc. External risk factors which relate to the economy, technology, and government regulations. The process also involves identifying possibilities of events that might lead the company to fail its objectives, establishing risk map in order to illustrate the connections among risk factors as well as its causes so that we are more aware of impacts that each risk can affect one another. Besides, the process involves indicating Key Risk Indicators (KRI), Risk Appetite, and Risk Tolerance

as indicators for risk assessment process, monitoring the results and controlling risks under acceptable levels and within the committed risk management objectives. Last but not least, reporting results of risk management process to Risk Management Committee, the company's management committee, and KTB's Risk Management Committee of the Financial Business Group.

Strategic Risks

Strategic risks are associated with establishing business strategies, operational process and any inappropriate implementations or inconsistent with internal or external environment which might restrain the company from achieving its objectives. As a result, the revenues, operations or existence of the company can be affected.

Owing to the evolving environments and high competition of credit card and personal loan businesses, it is essential that the company consistently improves itself in order to enhance its competitiveness by setting a strategic plan, so as to navigate business operations to be in accord with the vision of being “Membership Company” by means of arranging an annual brainstorming session among executive officers from all operational functions. As a result, the brainstorming session allows the company to determine and revise the company’s visions, strategies, and business directions. This annual operational plan needs an approval from the Board of Directors and is consistently monitored in comparison with the established plan. Moreover, the results will be reported to Board of Directors regularly. The process to engage with strategic risks also involve assessing and evaluating projects from business units and their operating results through each functional management committee, i.e. Marketing Committee, Finance Committee for instance.

Operational risks

Risks from Internal Rating Process

The company is aware of risks associated with credit rating procedures for individual loan approval. As a consequence, it has established highly effective credit risk management standards. This model has consistently been developed to determine and measure risks. The model is developed from customer data which is highly confidential, integral and accurate. Therefore, the model can effectively reflect risks for each individual customer.

For credit card and personal loans, its approval process depends on Application Scoring Model. This method is widely accepted for analyzing and approving loans for new customers. The model integrates statistical methods in its practices as guidelines for loan approval process which has to be verified by experienced credit specialists. The loan approval process has also been consistently improved in order to reflect present scenarios, as well as to contain risks under the acceptable levels. Furthermore, the credit approval process and procedures are required to pass Risk Management Committee's approval, including staffs and related divisions which consist of knowledgeable and experienced staffs. Therefore, the credit analysis is accurately and efficiently conducted.

The company also implements Behavior Scoring Model in assessing individual customer's credit data such as financial competency and spending behavior in order to increase the credit line for each customer. Moreover, it also benefits in assessing the company's provisions from analyzing customers' risk scoring model. Therefore, the scores from the Behavior Scoring Model is a crucial factor in determining the company's reserve.

Besides, collection scoring model is implemented to manage and monitor debt payments. This model also reflects risk level on delinquent receivables, prioritizes a collection order and consequently enhances debt management effectiveness.

Default Risk

Despite the fact that the economic has been recovering because of household spending and private sector investment, the Company is fully aware that negatively default payment may occur. In order to control default risk, the Company has set up each credit line for the clients depending upon his/her payment ability. Moreover, the Company diversifies its customer base across industry, geography and various occupations. With this policy, the Company also renders lower risk level for consumer finance lending. As of December 30, 2013, receivable aging is less than 90 days amounted to Baht 49,674 million, or 97% of total account receivable (51,208 million). After deducting the allowance for doubtful account of Baht 4,494 million, the net account receivable is Baht 46,714 million. The company mainly prioritizes the quality of portfolio. Thus, the risk management will be emphasized to balance an increase in portfolio size and risk management capability at an acceptable level. The company strengthens its portfolio management performance by enhancing pre-delinquent debt management and collection efficiency. This results in 2.2% decline of credit card's NPL (>90 days) lower from 2.7% in the previous year and 1.5% for personal loan's NPL (>90 days) comparing to the previous year at 2.5%.

Risk from Government's Control

The Ministry of Finance issued a Notification operation of credit card services and personal loans under the Notification of Revolutionary Council No.58 and authorized the Bank of Thailand (the "BOT") to supervise by announcing the Notifications specifying the requirements and regulations for such business, including stipulating rates of interest and fees chargeable to customers and the qualifications of credit card holders and personal loan clients. The Company granted approval for conducting credit card services and personal loans under supervision, together with approval for electronic payment services providers under the Royal Decree Regulating of Electronic Payment Services B.E.2551 (2008) and the Electronics Transaction Commission and the BOT as the control and supervision division regarding the requirements and regulations for such business. The Company has been complying with all regulations issued. Also, should there be other regulations issued, the Company will also comply with such regulations.

Risk from Discontinuation of Contracts with KTB

The Company has a 15-year contract with its major shareholder, KTB, in that KTB is committed to support the Company on some back office operations. This agreement allows the Company to leverage some of KTB's functions such as the branch network (for acquisition and payment) and the shared IT applications. In return, the Company has to pay servicing fees which were set at fair market price level. The Company calculates that the risk from contract discontinuation is limited for at least two reasons. First, the Company believes that this discontinuation is very unlikely to happen, since the agreement was officially concurred at the KTB's board level.

Second, the Company does not solely rely on KTB's operational support. For acquisition, it has multiple channels to attract new members. For payment, the Company already has multiple payment options to provide convenience to its members. In addition, the involvement of information technology system among KTC and KTB is low. The company has outsourced IT service provider to support the system separately. Thus, the tendency of discontinuation is relatively low and will not significantly affect the company's operation.

Risk of a Higher Competition

The Company is aware that there is a possibility for a fiercer competition that might lead to price-cut and debt-transfer tactics. This situation could pose some risks on the Company's portfolio and profitability. To be able to differentiate from its competitor; the Company uses its expertise and long term experience of consumer finance in Thailand to compete against them. Moreover, continually invests in new devices/systems as well as develops more value added products and services are also competitive strategies. Therefore, the higher competition should not have much effect on the Company in both short-term and long-term.

Operational Risk

Risk from Data Losses

The Company recognizes that its business relies on huge customer database and transactional information. It is, thus, exposed to a risk affected from leaking of confidential information to public, losing data from accidental or intentional deletion, or system failure. To ensure confidentiality of data, the Company has a solid procedure and delegated authorization rule as to who will have access to certain information. To avoid losing data from deletion, the Company requires its core IT system outsourcers (FIS-Former Certegy and KCS) to maintain back-up database. Also, as part of the outsourcing deals, the outsourcer companies provide a disaster recovery site option.

Risk from Credit Card Fraud

The Company gives priority to credit card fraud. The development of chip card and EMV Technology has been applied instead of Magnetic Stripe technology to provide to superior safety standard. Moreover, the Company has also invested in the new online Fraud Detection system for protecting any of fraudulent charges with the team to monitor the transaction 24/7. For E-Commerce transactions, the Company uses 3D-Secure system and One Time Password (OTP) to assure the security of both cardholders and merchant outlets. Moreover, to enhance the security, a sms will be sent to the cardholder at the minimum spending amount of 10,000 baht. At December, 2013, total fraud loss of credit card transactions were Baht 3 million or 0.006% of total receivables.

Financial Risks

Liquidity Risk

Liquidity risk occurs from insufficiency of working capital or the costs of fund are higher than the acceptable level which may affect the company's revenue. Economic factors; the volatility of financial market and other global economic conditions could also influence a change in funding cost. Hence, to prevent risks of facing liquidity risk, the company has developed funding strategies both short-term and long-term fund and maintain an appropriated proportion to match with portfolio duration. The company emphasizes its fundraising on issuing corporate bonds, bill of exchange and an borrowing through various financial institutions without relying on any particular institution solely. As of 31st December, 2013, net borrowings were at Baht 39,408 million. The borrowings comprise of loans from related financial institution Baht 11 million, other financial institutions Baht 11,197 million, long-term loan Baht 5,200 million, and debentures Baht 23,000 million. Short-term loans to long-term loans ratio was 28:72. Moreover, Krungthai Bank has provided the company with credit lines totaled Baht 18,000 million and overdrafts accounted at Baht 30 million. As of 31st December, 2013, these overdrafts were not withdrawn and the company still had available credit line with other financial institutions of Baht 3,890 million. Debt-to-equity ratio (D/E ratio) was at 7.5 times, which was below the bond covenant at the maximum D/E ratio of 10 times.

Treasury department is responsible for managing financing activities by monitoring, evaluating and analyzing the trends of company's liquidity. It has not only conducted a variety of possible scenario analysis in both short-term and long-term span, but also projected

tendency of interest rates, and source of funds. As a result, the company is well prepared for situations that might impact sources of capital and is prevented from facing low or excess liquidity. In addition, Treasury has worked closely with Enterprise Risk Management (ERM) department in order to maintain the company's liquidity. Effective risk management models like Liquidity Key Risk Indicators & Stress Test have been used as a monitor tool to ensure the company's liquidity, which has been regularly reported to Risk Management Committee. Moreover, in order to tackle the situations effectively, emergency plans have been prepared once the liquidity breaches the acceptable risk level.

Interest Rate Risk

Interest rate risk occurs when the company is exposed to change of interest rate which has an impact on rate sensitive item in both asset and liabilities. This may negatively affect the company's net interest income. In order to relieve an impact of interest rate volatility and cost of fund, the company has strategized its fund raisings by issuing both short-term and long-term debt instruments, which offer both fixed and floating interest rates. The company has reallocated proportions of funding terms to balance with a tendency of interest rates trend and the structure of company's assets. In addition, liquidity is considerably important in allocating funds' term proportion as well. The Enterprise Risk Management has created indexes in order to assess interest rate risk in banking book and conducted stress testing. The indexes are used for interest rate evaluation, monitoring, and regularly reported to the Risk Management Committee. The Enterprise Risk Management has also established contingency plans if the interest rate risk is higher than acceptable levels.

Dividend Payment Policy ►

The Shareholders' meeting no. 1/2003 on March 25, 2003 approved the dividend payment policy to not less than 40 percent of net profit after deduction of income tax and appropriation for a legal reserve.

The Company made payment of dividends for the year 2010 to the shareholders at the rate of Baht 0.45 per 1 ordinary share or equivalent to 51.8% of net profit. The Shareholders' meeting resolved to approve the omission of dividend distribution for 2011. However, The Company made payment of dividends for the year 2012 to the shareholders at the rate of Baht THB 0.40 per 1 ordinary share or equivalent to 40.4% of net profit.

Management Structure ►

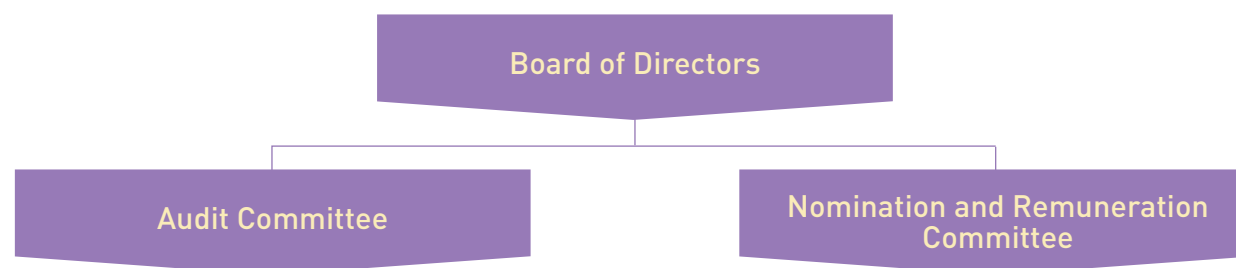
Board of Directors Structure

As at 31 December 2013, the Board of Directors of the Company consists of eight directors i.e. one Executive Director who is the President & CEO, three Non-Executive Directors and four Independent Directors.

The Company nominates directors from various businesses with strong leadership skill, vision, work experience, business ethics and the ability to show their independent comments.

For the appropriate balance of power in the operation, the Chairman and the President & CEO are held by different individuals. The Chairman acts as the policy leader while the President & CEO is the executive leader who counterbalances power for the proper conduct of business.

The Company has three sets of Directors; the Board of Directors, Audit Committee, and Nominating and Remuneration Committee. The Company prescribed the authorities and duties, including the appointment and the removal of directors in the Articles of Association of the Company which were registered with the registrar of public companies limited, Department of Business Development, Ministry of Commerce.



Board of Directors

As at 31 December 2013, the Board of Directors of the Company consists of eight Directors, one the Secretary of the Board of Directors and one Company Secretary as follows:

Name	Position	Shareholding (%)
1. Mrs. Kittiya Todhanakasem	Chairman / Chairman of Nominating and Remuneration Committee	0.000%
2. Mr. Akarat Na Ranong	Independent Director / Chairman of Audit Committee / Nominating and Remuneration Committee	0.0004%
3. Mr. Suvit Maesincee	Independent Director / Audit Committee / Nominating and Remuneration Committee	0.000%
4. Mrs. Pantip Sripimol	Independent Director / Audit Committee	0.000%
5. Mr. Paroche Hutachareon ⁽¹⁾	Independent Director	0.000%
6. Mrs. Arunporn Limskul	Director	0.000%
7. Mrs. Sriprabha Pringpong	Director	0.000%
8. Mr. Rathian Srimongkol	Director / President & CEO	0.000%
9. Mr. Bucha Sirichumsang	Secretary of the Board of Directors	0.000%
10. Mr. Peerapong Ruamjai	Company Secretary	0.000%

⁽¹⁾ The Board of Directors' Meeting No. 1/2013 held on 16 January 2013, resolved to appoint Mr. Paroche Hutachareon as an independent director in replace of Mr. Pongsathorn Siriyodhin who resigned from the position of Director of the Company.

Duties of the Board of Directors

1. The Board of Directors shall manage the Company's operations to ensure compliance with laws as well as the objectives, the Articles of Association of the Company and resolutions of the Shareholders' Meeting with honesty, to protect the interests of the Company.
2. The Board of Directors shall notify the Company without delay when there is a direct or an indirect interest in any contract which is made by the Company during the fiscal year, holding shares or debentures of the Company or an affiliated company and shall indicate the total increase or decrease of shares during the fiscal year.
3. The Board of Directors shall hold the meetings at least every three months, at which not less than 50% of the total number of directors must attend the meeting to form a quorum. A majority vote is required for any decision made at such a meeting.
4. The Board of Directors must arrange the Annual General Meeting within four months as the end of the fiscal year.
5. The Board of Directors shall not operate any business which has the same nature as and is in competition with the business of the Company or become a partner in an ordinary partnership or any other company operating business which has the same nature as the business of the Company.

Sub-Committee

Independent Directors and Audit Committee

Independent Director

As at 31 December 2013, the Company has four Independent Directors i.e. Mr. Akarat Na Ranong, Mr. Suvit Maesincee, Mrs. Pantip Sripimol, and Mr. Paroche Hutachareon. The Board of Directors' Meeting No. 1 held on 16 January 2013 resolved to appoint Mr. Paroche Hutachareon as an independent director in replace of Mr. Pongsathorn Siriyodhin who resigned from the position of Director of the Company.

Audit Committee

As at 31 December 2013, the Audit Committee comprises three members as follows:

Name	Position
1. Mr. Akarat Na Ranong	Chairperson of Audit Committee
2. Mr. Suvit Maesincee	Audit Committee Member
3. Mrs. Pantip Sripimol	Audit Committee Member

The Audit Committee is independent and all of the directors in the Audit Committee have passed either one of the training programs held by the Thai Institution of Directors (IOD) i.e. Audit Committee Program, Finance for Non-Finance Director Program, Director Certification Program, Role of the Compensation Committee Program or Director Accreditation Program. Also, Mr. Akarat Na Ranong is an audit director who has knowledge and experience in conducting review of the credibility of the Company's financial statements.

Duties of Audit Committee

1. Review the Company's financial reported processes to ensure that they are accurate and adequate;
2. Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient;
3. Review the Company's operation to comply with the Securities and Exchange Act, the Stock Exchange of Thailand's regulation and the law relating to the Company's Business;
4. Consider, select and nominate independent persons to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. Consider and review Connected Transactions, or the transactions that may lead to conflict of interest, to ensure that they are in compliance with the laws and the Stock Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. Prepare the corporate governance report, signed by the chairperson of the Audit Committee, and disclose in the Company's Annual Report.
7. Perform any other duty as assigned by the Board of Directors

Nominating and Remuneration Committee

As at 31 December 2013 the Nominating and Remuneration Committee comprises three members as follows:

Name	Position
Mrs. Kittiya Todhanakasem	Chairperson of Nominating and Remuneration Committee
Mr. Akarat Na Ranong	Nominating and Remuneration Committee
Mr. Suvit Maesincee	Nominating and Remuneration Committee

The Board of Directors of the Company approved the Charter of Rules and Procedures for the Nominating and Remuneration Committee which set out the duties of the Nominating and Remuneration Committee as follows:

1. Determine the qualifications of the Directors, Managing Directors and the Chief Executive Officer, Senior Executive Vice President, Executive Vice President or any equivalent position which includes the top management level as well as any authorized person according to the definition of The Office of The Securities & Exchange Commission. The consideration depends on structure, size and complements as required by law, directors and/or the resolutions of the Shareholders' Meeting as the case may be;
2. Find, select and nominate qualified persons who have qualifications as described for the position of Directors, Independent Directors, Executive Directors and Chief Executive Officer,

Senior Executive Vice President, Executive Vice President or any equivalent position which includes the top management level as well as any authorized person according to the definition of The Office of The Securities & Exchange Commission in order to propose to the Board of Directors' or the Shareholders' Meeting as the case may be for further approval;

3. Consider criteria for the performance evaluation of the Board of Directors, the Chief Executive Officer's, Senior Executive Vice President, Executive Vice President or any equivalent position which includes the top management level as well as any authorized person according to the definition of The Office of The Securities & Exchange Commission and propose to the Board of Directors' Meeting for further approval;

4. Propose remuneration policy, the structure for remuneration and other benefits for the Directors, Independent Directors, Executive Directors and Chief Executive Officer, Senior Executive Vice President, Executive Vice President or any equivalent position which includes the top management level as well as any authorized person according to the definition of The Office of The Securities & Exchange Commission, to the Board of Directors' Meeting or the Shareholders' Meeting as the case maybe for further approval. The said policy and structures must be appropriate and consistent with duties and responsibilities of such position, and standard used by businesses of the same nature as the Company, the Company's performance and market situation, the Board of Directors' or the Shareholders' Meeting as the case may be for further approval;

5. Ensure that the number and composition of the Directors are appropriate in accordance with the size of the organization including to propose adjustment to reflect the change of environment;

6. Perform any act related to nomination and remuneration as assigned by the Board of Directors of the Company.

Board of Directors' Meeting

The Board organizes the Board of Directors' Meeting with a consistent basis; however, the extra meetings may be held; if needed. Many agenda are included in the meeting such as the reviewing of the quarterly financial statements, the monitoring the progress of any project and the consideration of the Company's policy and the operating results.

In 2013, the Board organized 15 meetings, the Audit Committee organized 7 meetings, and 7 Nominating and Remuneration Committee Meetings with details as follows;

Name	Board of Directors' Meeting Total 15 Meetings	Audit Committee's Meeting Total 7 Meetings	Nominating Remuneration Committee's Total 7 Meetings
1. Mrs. Kittiya Todhanakasem	15/15	-	7/7
2. Mr. Akarat Na Ranong	15/15	7/7	7/7
3. Mr. Suvit Maesincee	12/15	6/7	5/7
4. Mrs. Pantip Sripimol	11/15	5/7	-
5. Mr. Paroche Hutachareon	10/14*	-	-
6. Mrs. Arunporn Limskul	15/15	-	-
7. Mrs. Sriprabha Pringpong	13/15	-	-
8. Mr. Rathian Srimongkol	15/15	-	-

* The Board of Directors' Meeting No. 1/2013 held on 16 January 2013, resolved to appoint Mr. Paroche Hutachareon as an independent director. Mr. Paroche Hutachareon didn't have to attend the meeting, which resulted as fourteen meeting in total.

Company's Executives

As of December 31, 2013, the company's management team comprises of:

1. Mr. Rathian Srimongkol	President & CEO
2. Mr. Chutidej Chayuti	Senior Executive Vice President
3. Mr. Siriyot Srisuksawadi	Senior Executive Vice President
4. Mr. Piyasak Tejasen	Senior Executive Vice President
5. Ms. Sudaporn Janwatanagool	Executive Vice President
6. Mr. Khan Kachonboon	Executive Vice President
7. Mr. Mana Boonkhun	Executive Vice President
8. Mr. Bucha Sirichumsang	Executive Vice President
9. Ms. Patrin Jirathitivanich	Executive Vice President
10. Mr. Virach Paisitsavet	Executive Vice President
11. Mrs. Ubolrat Busyakanistha	Head of Human Resources
12. Mrs. Kandtharat Chermchitphong	Senior Vice President
13. Mr. Therayut Sirigulviriyavanich	Senior Vice President
14. Ms. Apiwan Bakban	Vice President

Please see further detail of management's working experience in executive profile section

Company Secretary

The Board of Directors Meeting held on 13 August 2008 resolved to appoint Mr. Peerapong Ruamjai as the Company Secretary, and his duties are as follows:

1. Advise on rules, regulations and laws which the Board of Directors is required to comply with.
2. Prepare and keep the following documents:
 - A register of directors;
 - A notice calling the Board of Directors' Meeting, minutes of the Board of Directors' Meeting and Annual report of the Company; and
 - A notice calling the Shareholders' Meeting, minutes of the Shareholders' Meeting;
3. Keep records of strategic shareholders reported by a director or an executive and provide copy of the said report to the Chairman and the Chairperson of Audit Committee within 7 days of the receiving date of the report;
4. Perform any act as assigned by the Board of Directors of the Company;
5. Perform any act as required by the laws, the Securities and Exchange Commission, and Stock Exchange of Thailand

Please see further detail of the secretary's working experience in executive profile section

Board of Directors – Remuneration

With the appropriate policy of the remuneration for the Board of Directors, and Sub-Committee, the Nominating and Remuneration Committee is responsible for proposing that appropriate level and asking for the resolution from the Shareholders' Meeting. In the Shareholders' Meeting No.11 on April 12, 2013, the Shareholders have passed the resolution to approve the remuneration for each director.

Remuneration of the Board of Directors

The total remuneration of the 11 directors for the year 2013 amount Baht 4,641,500 includes the remuneration of Mr.Rathian Srimongkol as a director. The total remuneration of Executives for the year 2013 is Baht 109,580,549. Thus, the total remuneration of the Board of Directors and Executives amount Baht 114,222,049 with details as follows;

Name	Position	Remuneration Year 2013 (Baht)	Bonus Year 2013 (Baht)
1. Mrs. Kittiya Todhanakasem	Chairman Chairperson of Nominating and Remuneration Committee	577,500	162,870
2. Mr. Akarat Na Ranong	Independent Director Chairperson of Audit Committee Nominating and Remuneration Committee Member	762,700	162,180
3. Mr. Suvit Maesincee	Independent Director Audit Committee Nominating and Remuneration Committee Member	500,000	84,120
4. Mrs. Pantip Sripimol	Independent Director Audit Committee	270,000	84,120
5. Mr. Paroche Hutachareon	Independent Director	270,000	-
6. Mrs. Arunporn Limskul	Director	270,000	84,120
7. Mrs. Sriprabha Pringpong	Director	270,000	126,180
8. Mr. Rathian Srimongkol	Director	270,000	126,180

Name	Position	Remuneration Year 2013 (Baht)	Bonus Year 2013 (Baht)
Mr. Pongsathorn Siriyodhin*	Chairman (Resigned)	-	110,050
Mr. Suvit Mapaisansin*	Director (Term expired)		
	Chairperson of Audit Committee (Term expired)	-	48,060
Ms. Pimpen Ladpli*	Director (Term expired)	-	48,060
	Audit Committee (Term expired)		
	Nominating and Remuneration Committee (Term expired)		

* At the end of 2013, these persons were not on the list of Board of Directors, but received the bonus paid during the year.

Remuneration of Executive

Remuneration Year 2013	Persons	Remuneration (Baht)
Salary ⁽¹⁾	14	83,008,740
Bonus ⁽²⁾	14	15,045,285
Provident Fund	14	4,980,524
Long-term management remuneration for the post employment benefit ⁽³⁾	14	6,546,000
TOTAL		109,580,549

(1) Remuneration for executive does not include remunerations for Mr. Rathian Srimongkol as director of the Company.
 - Remuneration during 1 January 2013 – 30 June 2013 included Executive Vice President Level only.
 - Remuneration during 31 July 2013 – 31 December 2013 included all level, which has directly reported to President & CEO according to the renewed organization structure.

(2) Bonus for executive does not include remunerations for Mr. Rathian Srimongkol as director of the Company.

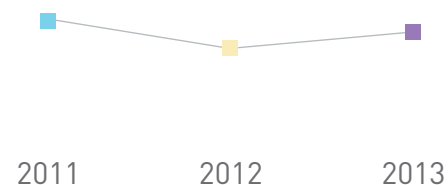
(3) Long term Management Remuneration for Executive means evaluation of benefits for each executive by evaluating the current value of cash flow expected to be paid in the future in accordance with Thai Accounting Standards No. 19 (TAS19) Re: Employee Benefits, which the Company has applied since 1 January 2011. The Company recognized costs for employee benefits as employee related costs in the Profit and Loss Statements.

Human Resource

Personnel

Workforce Statistics

Number of Employee	1,395	1,361	1,382
Growth Rate	25.7%	-2.4%	1.54%



As of December 31, 2013, KTC recorded a number of 1,382 employees, 1.54% more than last year. Total remuneration consists of Executives remuneration and personnel expense which include salary, bonus and contributed provident fund. Total amount is Baht 1,520.20 million, increasing 30% from the previous year.

Human Resource Management Policy

Recruitment and Motivation

KTC has a policy to recruit staff concerning on necessity and appropriated. New employees, who will be hired by the company, are strongly required to possess appropriate qualifications, suitable experiences, and essential sets of skills for the jobs. KTC will primarily place a great emphasis on an internal recruitment and training in case that there is an opening position. Internal recruitment and promotion will not only help the staffs, who familiar with the company's operations and procedures, to build their motivation and enthusiasm at work, but will also encourage them to stay longer by providing a reasonable compensation comparing to others in the same industry. Besides, KTC has considerably provided a friendly, at the same time, relaxed working environment; thus, this would unquestionably enhance and maximise effectiveness of the staffs. Eventually, if KTC could not internally find any staffs, the company would then have to continue the process by start recruiting the staffs externally.

Human Resource Development

KTC puts high priority on continuous development of the employee's ability, skills, and attitude which include core competency, functional, and managerial/leadership competencies. With respect to functional trainings, various training courses will be arranged by internal lecturers or by sending the staffs out to attend seminar programs. For example, those organized consistently by VISA, MasterCard, and JCB or Credit Card Business Club. KTC arranges both on-the-job training and functional training for the staffs. For on-the-job training, senior

staffs will give advices and recommendations to junior staffs (Coaching) on every single step throughout the whole process. KTC encourages the staffs to learn and share ideas with their colleagues and management following the concept of “Learning Organization”. According to the concept, KTC’s staffs are persuaded to be given both local and international trainings and they are also supported to be self-development by e-learning.

In addition, KTC has been initiating Learn & Earn @ KTC for nine consecutive years. It is a long-term program with an objective to uphold university students who wish to explore their experiences rather than learning from their class schedules alone. In this connection, KTC carefully offers the Learn & Earn employees to practice in appropriate positions relating to their skills and knowledge in order to get them ready as a first-job worker. For those, who have an outstanding performance and education record; will be awarded in “Learn & Earn Top Performance Awards”.

With the purpose of developing staffs’ abilities and improving their operational efficiencies, KTC pays attention on creating a network of knowledge within an organization by initiating a program called “KTC Knowledge Sharing”. With some help from in-house professional speakers, the topics of the program focus on not only related business content but also non-related business content which can be divided into the following categories: management, marketing, Information Technology, finance and accounting, health and safety, etc.

For all these years, KTC has been developing not only professional skill and knowledge of the staffs but also the spiritual and mentality development through a programme called “Larn Dham KTC” (Dhamma Square); as a result, the programme has been successfully welcomed and joined by a huge number of employees as initially expected.

Human Resource System Development

In order to advance the quality and standard of internal operation, KTC has established a policy and appointed a supporting unit in Human Resources Department to officially issue Standard Operating Procedure (SOP) and Key Performance Index (KPI).

Apart from this, KTC also significantly places a great emphasis on Human Resources Information System (HRIS), ranging from job application and selection, internal job transfer, recording time sheet, recording working hours, recording over-time, performance evaluation, taking all type of leave, training authorization, personal data recording, booking office's facility (e.g. meeting room, training room) and data processing and analysis.

Compensation and Benefit Guideline

KTC always take into account justice and fairness when conducting a job evaluation since it is considered a part of good corporate governance. By improving the reporting of feedback: not only will it help those being evaluated know the result of the assessments, but also what needs to be improved. Besides, there is also a preparation of job evaluations together with the company's advisors, a measurement of employees' satisfaction etc.

Human Rights Recognition

KTC has an obvious policy stating that it will never get involved with violation of human rights starting from recruitment and selection of personnel. KTC will not hire any minor under the

age of 15 under any circumstances: full-time or part-time, and paid or without-pay. Staffs will not be physically, mentally, sexually, or verbally barricaded, discriminated, and threatened. This includes, accepting differences and giving the freedom of expression, for instance, dress, speech, opinion. Moreover, there will be activities without discrimination and a person who will be held responsible on each floor. Additionally, the environment in the workplace will be eligible for job execution as lighting, clean drinking water, a place to relax and talk to each other informally, a clean bathroom, annual emergency training plan for the safety of employees, an emergency telephone number, and Call Tree communication systems with the respective chain of command, will always be available and ready in place.

Corporate Governance

1. Corporate Governance Policies

Realizing the importance of good corporate governance, sound internal control and audit, and effective risk management, the Board of Directors has formed committees to oversee the company's operations. These include Audit Committee and Nomination and Remuneration Committee. Each member of the Committees possesses qualifications and responsibilities in accordance with roles and responsibilities as written in Code of Conduct for the Audit Committee and Code of Conduct for the Nomination and Remuneration Committee.

The Company's Guidelines for Good Corporate Governance Practice are based on the Corporate Governance Code published by the Stock Exchange of Thailand (SET). These have recently been revised and they are comprised of five sections as follows:

Section 1: Rights of Shareholders

1.1 Shareholders' Rights Policy and Protection

The Company is committed to fulfilling its responsibilities to respect and protect the right of shareholders and to not violating the rights of shareholders and encourages them to exercise their rights properly. Basic rights of shareholders include buy, sell, and transfer outstanding shares; the right to share in the profit of the company; the participate and vote in the shareholder meetings to elect or remove members of the board; appoint the external auditor, and make the decisions on any transactions that affect the company i.e. dividend payment, amendments to the company's articles of association or the Company's by law, capital increase or decreases, and the approval of extraordinary transactions. In addition to the basic rights specified by law, the Company follows best practices that go beyond shareholders' expectations in order to encourage and facilitate their activities. The shareholders shall be entitled to obtain relevant and adequate information i.e. quarterly result, and performance analysis and discussion on the Company in a timely manner and on a regular basis, which are made available conveniently via Company's websites.

1.2 Annual General Meeting of Shareholders

1.2.1) The Company recognizes the importance of general meeting of shareholders. The Annual General Meeting of Shareholders is held annually within four months from the ending date of the Company's fiscal year, in full compliance with its the Principle of Good Corporate Governance for Listed Company and as specified by law. The shareholders shall be allowed

to propose items of agenda for the Annual General Meeting before its commencement. The company is responsible for collecting all these requests and preparing supporting documents for a meeting agenda, which shall be provided online at www.ktc.co.th. The information on the date, time, venue, and all agenda items with complete support data shall be provided to shareholders no later than 30 days prior to the meeting. The Company has also appointed Thailand Securities Depository Co., Ltd., as a common stock registrar to distribute invitations to shareholders. The invitation shall be attached with the meeting agenda, general descriptions, underlying rationales and other supporting documents sufficient for decision-making, which provide shareholders with sufficient time to learn more information that is essential for their decision-making and voting. Should they have any questions or concerns, they may contact the Board of Directors prior to the date set for such meeting via the Company's website; or send a letter by mail directly to the Board; or pass comments, feedback and questions concerning one or more items in the agenda to the Board on the date of meeting. A meeting shall be held at a venue where it is convenient for the shareholders to attend. The Company shall encourage and promote meeting attendance for all shareholders, especially institutional ones.

1.2.2) On the date of the meeting, the Company shall facilitate shareholders' participation and voting with the use of barcode system for the purpose of shareholders' meeting registration and voting processes. Tax stamps shall also be available for the convenience of any proxy holder attending the meeting in place of a shareholder.

1.2.3) The Company shall commence the registration at least two hours prior to the meeting. In case of late attendance, attendees shall be allowed to cast votes on the next agenda items and these shall be treated as the quorum votes.

1.2.4) Invitations to the Annual General Meeting of Shareholders, supporting documents, and a variety of proxy forms shall be made available online at www.ktc.co.th to enable shareholders to choose the right form for their specific purpose. In addition, the Company shall appoint at least one independent director as a proxy holder in case some shareholders cannot attend the meeting in person. It shall also provide explanations and reasons concerning each agenda item or resolution as specified in the Invitations to the Annual General Meeting of Shareholders, and present useful facts and comments of the Board of Directors associated with each agenda item, in case shareholders have different views with the Board, so that the shareholders are sufficiently and equally informed for further consideration. All of this explanatory information shall be published in Thai and English for shareholders.

1.2.5) In any Annual General Meeting of Shareholders, the Company's chairman of the Board of Directors, board members and management shall be in full-team attendance in order to present performance figures, report on management policies, answer some immediate questions and promptly provide any answers or requested information to shareholders during the meeting.

1.2.6) To enable accuracy and transparency of vote counting in each agenda item, the Company shall invite representatives from independent audit firms, in addition to auditors appointed by the Company, to jointly verify the vote- counting process.

1.2.7) Before the meeting starts, the chairperson shall describe the meeting's rules and regulations, voting procedures, the rights to vote for each type of share and vote counting methods for each agenda item in accordance with the Company's article of association. During

the meeting, all shareholders shall have equal rights to question and comment as well as voice their feedback freely. The Board shall pertinently answer all questions on each agenda item. The minutes of meeting shall be taken; an adequate explanation of voting procedures as well as the presentation of voting results shall be recorded and presented to attendees before the meeting starts. The meeting shall also involve shareholders raising issues and concerns, records of questions and answers, records of voting results from each agenda item detailing how shareholders have voted for, against and abstained, and a list of Directors attending the meeting and those absence, accurately and completely. At the end of the meeting, all resolutions and votes shall be processed through SET's ELCID (Electronic Listed Companies Information Disclosure) system and made available to investors and shareholders in Thai and English. A copy of full meeting report shall be submitted to SET and the Securities and Exchange Commission (SEC) within 14 days from the date of meeting and also made available on the Company's website both in Thai and English.

1.2.8) The Company shall not add items in the agenda without prior notice to shareholders, especially ones that are associated with important issues and need time to study before making a decision. It shall conduct the shareholders' meeting in a correct sequence of agenda as mentioned in the invitation.

1.2.9) During a shareholders' meeting, the Board shall encourage using advanced technology in the meeting to calculate votes and display results so that the meeting can be quickly and precisely conducted.

1.2.10) The Board shall encourage using ballot in any important agenda such as related-party transactions, asset acquisition or disposal to ensure transparency and verifiability, in case of later dispute.

1.2.11) The Chairperson shall manage time effectively and strongly encourage shareholders to express their views and questions on matters relating to the Company.

Section 2: Equitable Treatment of Shareholders

2.1 Equitable treatment to minority shareholders

The Company has policies to treat all shareholders fairly and equitably regardless the number and kind of shares owned, including institutional investors, foreign investors and minority shareholders, who shall be entitled to the full exercise of their rights and equal treatment as described in the Rights of Shareholders section. In addition, the Company's shareholders shall have the rights to nominate suitable candidates for appointment to the Board of Directors in advance.

2.2 Procedures for authorizing the proxy

In case a shareholder cannot attend any meeting in person, the Company shall allow the shareholder to be able to exercise the right through proxy voting. Invitation to the shareholders' meeting as well as a proxy form attached with detailed procedures and the nomination of at least one independent Director serving as the proxy holder shall be sent to the shareholder. The Company shall encourage the shareholder or his/her proxy to use ballot in every agenda.

2.3 Measures preventing and abuse of inside information

To prevent any possible conflicts of interest and prevent misuses of insider information for self-benefit and or related-party, the Company has established measures in written form and included in Guidelines for Business Ethics as follows:

Instruction for approving connected transactions

1. Each Director is required to disclose information on transactions that might bear any conflicts of interest, related-party transactions or connected transactions as prescribed in the requirements of the Office of Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand.
2. Director having conflict of interest is prohibited from approving a particular transaction. In conducting any related-party transactions, the Audit Committee shall participate and give opinions under the Principle of Good Governance for Listed Companies as well as rules and regulations prescribed by the Stock Exchange of Thailand.
3. Lending or investing in any business in which the Director might have a potential conflict of interest must be unanimously approved by the Board of Directors, without the affected Director being present in such meeting. To further prevent a potential conflict of interest, pricing and terms and conditions must be determined in accordance with the Company's normal course of business and equal treatment given to regular clients.

Moreover, the Company has taken measures to oversee the use of inside information, which is clearly specified (Please see details in “Use of Insider Information Topic”).

Section 3: Roles of Stakeholders

3.1 Fair treatment to stakeholders

The Company recognizes the rights and roles of all stakeholders, internally and externally, and has included it as part of the Guidelines for Business Ethics, which are published across a variety of media such as the Company's website. This is to keep all stakeholders informed and encourage them to strictly follow the Guidelines for sustainable business operations of the Company. The Guidelines are as follows:

Shareholders

The Company is committed to achieving the best possible business performance and enabling the continuous and sustainable growth of profits. This can be realized through prudence and transparency, enhancing competitive potential to create added value to the shareholders in the long run.

Customers

The Company aspires to serve its customers attentively and with the best possible effort. Every customer shall be equitably and fairly treated, and courteously advised and supported with respect and good manner. The Company is willing to listen to their problems and concerns, identify causes and find the most appropriate solutions without disclosing their personal data or confidential information – unless it is required by laws or with written consent by the affected customers.

Creditors

It is the Company's policy to treat its creditors, including suppliers, debenture holders and other creditors, equitably and fairly based on the mutual benefits, and strictly honour agreements and conditions agreed by both sides. In case of failure to do so, in any circumstances, the affected creditors shall be notified in advance so that both parties could be able to find the most possible solutions and start further business negotiations. The company shall refrain from requesting, accepting or commissioning dishonestly in any case to gain business benefits, and be responsible for reporting correct and complete financial data to the creditors on regular and timely basis.

Business partners

The Company requires its employees, who are involved in buying/selling assets as well as any products and services of the Company, to act in the best interests of the Company instead of one's personal interest or interest of his/her relatives/friends. In this regard, the employees shall be responsible to provide correct information based on truthful facts, and shall not mislead or provide incomplete information to buyers or sellers of assets/products and services. Importantly, the employees should avoid accepting gifts or rewards, or attending private functions or receptions hosted by buyers or sellers of assets/products and services, or by a group of particular interest, so as to avoid any possible accusations and prevent an inclination to show favour in return for such special treatment on later occasions.

Business alliances

The company is firmly determined to comply with agreements made with its business alliances and provide assistance in a manner, which allows mutual business benefits.

Competitors

The Company has no policy to falsify or distort competitors' facts or cause damage to reputation of its competitors. At the same time, it avoids making deals or discussions with employees of other agencies or financial institutions on issues concerning geographical locations, marketing, customer segmentation, interest rates, fees, products, services or business plans, which might affect the Company's business competition.

Corporate social and environmental responsibility

The Company strives to be a good corporate citizen conducting its business in a responsible manner to ensure the best interests of the society and the country. The Company contributes to various social-spirited activities and takes part in social, community and environmental development projects, and also aims to protect and preserve natural resources.

To achieve tangible results from its social and environmental responsibility initiatives, and make these truly beneficial to the society and environment, the Company's Board of Directors and management has given procedure to this matter and included it as an integral part of its Corporate Missions, which are described in full details in the "Corporate Social Responsibility" section of the Company's Annual Report.

Board of Directors and management

The Company's Board of Directors and management are well aware of their rights, and strive to be a role model in exercising the rights and performing their duties as specified by the Company. At the same time, they recognize equitable and fair treatment of the rights of all Company's stakeholders.

Employees

The Company recognizes its human resources as a valuable driving force for the organization. For this reason, it has always put emphasis on recruiting and hiring the right people, offering rates of salary and remuneration packages at the level comparable to leading companies. The Company also highly values human resources development through a variety of training programs, on a regular basis, in order to address rising competition in the financial business industry. The employees are regularly trained on management skills, sales and marketing, customer service, financing, and risk management and information technology.

In addition to employment benefits required by law, the Company has provided the employees with others that lead to their better quality of life and well-being. These include group insurance as well as wedding, childbirth and funeral allowances, for instance.

Regarding safety in the workplace, the Company places emphasis on maximizing safety in life and property, as well as creating a positive working environment.

Government sector

The Company supports operations of the public sector and acts in compliance with rules and regulations established by regulatory organizations, working in conjunction with them to promote and support collaboration in activities run by related governmental agencies in order to preserve national stability and growth.

3.2 Stakeholders' Participation

Stakeholders are provided with opportunities to participate in a variety of activities on several occasions. These can be possible through their own rights; for example, the shareholders' rights to express their opinions independently in the Annual General Meeting of Shareholders or add items in the meeting agenda or nominate persons for the Company's Directors. The Company also encourages the engagement of stakeholders, especially in CSR (Corporate Social Responsibility) activities.

3.3 Anti-Corruption Policy

The Company is committed to conducting business with integrity and in compliance with corporate social responsibility requirements, good corporate governance practices and fair treatment to all groups of the Company's stakeholders. In 2013, the Company joined the Collective Action Coalition against Corruption in Private Sector as part of its intention and commitment to counter all forms of corruption. To ensure the Company's anti-corruption policy has outlined responsibilities, guidelines and regulations for appropriate execution, in

order to prevent and counter all forms of corruption in every business activity of the Company, and to make sure business decision making and operations with potential risk of corruption are cautiously considered and supervised, the Company has established written “Anti-Corruption Policy” in order to standardize procedures for sound business operations and the pursuit of sustainable development.

Definition

Corruption (herein) means all forms of bribery including an offer of, request for, promise of, commitment to do or authorization or receipt of “anything of value” (money, assets or other improper benefits) to/from any government official or any other person or entity including persons or entities in the private or commercial sector, directly or indirectly, where it is intended to induce the recipient to misuse his or her position or to obtain an improper “business advantage” or to refer business to the Company in particular or to acquire/maintain any other improper business advantage unless otherwise specified by law, rules and regulations, announcement, local tradition or customary business practice.

Anti-Corruption Policy

No Company’s Director, management or employee shall commit or accept corruption in any form, directly or indirectly. It is the Company’s policy to review its compliance with the Anti-Corruption Policy on a regular basis, and to reconsider any related guidelines and operational procedures in order to ensure conformity with changes in the business environment, rules and regulations, and applicable law.

Roles and Responsibilities

1. The Company's Board of Directors share a responsibility of putting an emphasis on developing a policy and ensuring that anti-corruption system is efficiently supported and implemented. This is to guarantee the Company's management is aware of the anti-corruption's importance, and eventually makes it a corporate culture.
2. The Audit Committee is responsible for reviewing the financial reporting and accounting system, the internal audit system and the risk management system to ensure that these are concise and are carried out in compliance with international standards in an efficient way.
3. The Company's chief executive officer and management team are responsible for establishing systems as well as encouraging and promoting the anti-corruption policy in order to communicate with the Company's staff and stakeholders. They also share a responsibility to review the appropriateness of standard and procedure to ensure conformity with changes in the business environment, rules and regulations, and applicable law.
4. The internal audit function of the Company has a responsibility to monitor and review operations, and reassure a compliance with the established policy, guidelines, authorizations, rules and regulations, applicable law and requirements of regulatory bodies, which is sufficient for dealing with possible risks associated with corruption, along with an ability to report effectively to the Audit Committee.

Operational Guidelines

1. The Company's Board of Directors, management and staff at all levels shall comply with the Anti-Corruption Policy without getting involved in scandals, directly or indirectly.
2. The Company's staffs shall not ignore any corrupt practices in association with the Company. They shall cooperate closely on the investigation of facts. In the event of a concern or enquiry, they shall consult with their superiors or designated persons responsible for monitoring the compliance with rules and regulations, or through various channels as specified by the Company.
3. The Company treats its employees equitably and extends protection to those opposing or reporting corruption cases in association with the Company. The Company has developed measures to safeguard whistleblowers or those who cooperate in the investigation, fact finding or the reporting of corruption cases, as specified by the Company.
4. Corruption is deemed to be a violation of operational rules and regulations established by the Company. Committing corruption should be subject to legal punishment if that practice is considered illegal.
5. The Company attaches importance of publicizing, educating and promoting a better understanding among any other persons concerned or engaged in or associated with the Company, or work on issues that might have impact on the Company with regard to operating in compliance with this anti-corruption policy.

6. The Company is committed to building and preserving a corporate culture that considers corruption an unacceptable practice, regardless of any corrupt or wrongful practices for one's own benefit or the benefit of others.

3.4 Whistle blowing and Filing a Complaint

It is the Company's policy to encourage customers and the general public to lodge their complaints or comments through the following channels:

Call Center/Complaint Center:	0 - 2665 - 5000 (24 hours)
Facsimile:	0 - 2665 - 5190
E-Mail:	CService@ktc.co.th
Website:	http://www.ktc.co.th
Letter:	Krungthai Card Public Company Limited 591 United Business Centre II, 14 th FL., Sukhumvit 33 Rd, North Klongton, Wattana, Bangkok 10110

Staff members are able to lodge complaints or send feedback and comments to the Company's Board of Directors and management directly via e-mail

Section 4: Disclosure and Transparency

4.1 Disclosure of Information as prescribed in the Disclosure Guidelines for Listed Company

The Company is responsible for ensuring that key business information as well as financial and other related data is disclosed accurately, completely, transparently, comprehensively and timely as prescribed in the requirements of the Office of the Securities and Exchange Commission and those of the Stock Exchange of Thailand. Apart from using the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2), most of the information shall be available on the Company's website in Thai and English, thus allowing shareholders, customers and any interested persons to easily, equitably and reliably access to the information.

Key information disclosed by the Company includes performance of the Directors over the year, Directors' training records, roles of the Boards and sub-committees, number of meetings, records of attendance of each Director and comments derived from performing their duty as well as remuneration policy and remunerations of Directors and top executives that reflect their roles and responsibilities, shareholding structure, business operations and operating performance, business ethics and corporate governance, social and environmental responsibility policy, for instance.

4.2 Disclosure of Company and Customer Information to Requesting Agencies and Third Parties

Government agencies or private enterprises, with or without legal authority, are able to request or verify company's information under the following terms and conditions:

1. Agencies with legal authority to request information, documentary evidences for verification or request the Company's employees to testify or appear as witness in court of law, Legal Execution Department (LED), Revenue Department, Department of Special Investigation (DSI), Royal Thai Police, Office of the National Counter Corruption Commission (NCCC), Anti-Money Laundering Office (AMLO), Office of the the Narcotic Control Board (ONCB), Office of the Securities and Exchange Commission of Thailand (SEC), Social Security Office (SSO), Office of the Consumer Protection Board (OCPB), Office of the Auditor General, Ministry of Finance Inspector General, Office of the Ombudsman and Bank of Thailand, for instance. Such agencies are able to request information and documentary evidences concerning application for credit card/personal loan account, spending and payment information, and available credit balance for instance, for further verification.
2. The Company shall not disclose information to agencies and persons without legal authority to request for verification of information, which includes government agencies and private enterprises as well as the general public, who generally request for verification of personal data.

4.3 Investor Relations

The Company has established Investor Relations Department to be responsible for providing and disseminating the Company's information and updates on its activities. This is to ensure a better understanding as well as foster and maintain a good relationship between the Company and all groups of stakeholders, including all types of investors (retail, institutional and general investors), stock analysts, local and foreign fund managers, customers, regulatory government agencies, others concerned, and the general public. All stakeholders shall be provided with the Company's information on equal and fair basis.

The Company distributes such information through diverse channels and in various formats, including one-on-one meetings, analyst briefings, local and international road shows, disclosure in annual report or other reports, website (www.ktc.co.th) or other forms of electronic communications (such as e-mail or SET Portal), for example.

Contact Information:

Phone: 0 - 2828 - 5066, 0 - 2828 - 5068
Facsimile: 0 - 2828 - 5064
E-Mail: irktc@ktc.co.th
Website: <http://www.ktc.co.th/en/ktc/InvestorRelations/CorporateInformation/index.htm>
Address: Krungthai Card Public Company Limited
591 United Business Centre II, 18th FL.,
Sukhumvit 33 Rd, North Klongton,
Wattana, Bangkok 10110

Moreover, the Company has assigned its Corporate Communications Department to distribute all the latest news and information through a variety of mass media on many occasions.

Section 5: Responsibilities of the Board of Directors

5.1 Independence from the Management of the Company

The Board of Directors assumes responsibility for the stewardship of the Company and is truly independent from the management team, and as part of this stewardship, has an obligation to act in the best interest of the Company and its shareholders. By clearly separating the duty and responsibility between the Board of Directors and management, the Board of Directors shall develop policies and supervise the Company's work process to ensure full compliance with the respective policies, lawfully and ethically. Moreover, for proper check-and-balance, the Chairman of the Board of Directors and the Chairman Executive Officer are all different persons.

5.2 Appropriateness of the Board of Directors

The number of Directors is in accordance with the Company's Articles of Association, Article 11, which requires that "The Board of Directors has at least 5 and at most 15 members as determined by law. No less than half of the total number of elected directors must reside in the Kingdom of Thailand".

5.3 The Board of Directors' Term of Office

The Board of Directors' term of office shall be in accordance with the respective charters governing each committee of the Board and the Company's Articles of Association, Article 13,

which requires that one-third of the Directors shall retire at the next Annual General Meeting of Shareholders. In the event that the whole number cannot be divided equally into three groups, retiring Directors must be the closest to one third (1/3). Unless otherwise agreed among themselves, the directors to retire for the first and second time shall be drawn by lots and thus the longest-serving Directors shall retire at the next meeting. Upon completing the term of office, retiring Directors may stand for re-election.

5.4 Transparency of Board Member Nomination and Election

5.4.1) Board Election Process

The Company appoints members of the Nomination and Remuneration Committee who are responsible for reviewing and selecting candidates for the election of Board of Directors. The Committee also has a responsibility to ensure that Board is comprised of individuals with the requisite qualifications, and without prohibited characteristics for the position, in accordance with the rules and regulations defined by Stock Exchange of Thailand (SET), Office of the Securities and Exchange Commission of Thailand (SEC) and other related authorities. Each of the candidates must possess the requisite skills, knowledge and experience as required by the Company, in order that they can be nominated by the Committee for board member election by the Company's shareholders and this allows for change registration and reporting to related agencies in time specified. Directors retiring from the Board may stand for re-election. As directors join the Board, it is essential that they have a comprehensive orientation that successfully keeps them informed about their roles, duties and responsibilities as a director as well as the Company's rules and policies in aspects, in order for directors to have a successful start with a sound understanding of the Company's business operations.

5.4.2) Appointment of Directors

Directors are generally appointed in two cases as follows:

Case #1: New directors are appointed to replace retiring directors. These persons stand for election by shareholders at the next Annual General Meeting to fill the vacant position(s). Upon completing the term of office, retiring directors may stand for re-election.

Case #2: In case of appointment of new directors to replace those stepping down prior to completing the term of office, the Company's Board of Directors, no less than three-fourth of the total votes of the remaining directors, elects highly qualified candidates, and are not prohibited persons, to fill up the vacant directorship position(s), whose term of office lasts for the same period of time as the remaining term of office of the resigned director(s).

5.4.3) Shareholders' Right to Elect Directors

The Annual General Meeting of Shareholders shall elect the Director based on the following criteria:

1) For each shareholder, one (1) share equals one (1) vote unless the shareholder holds preferred stocks, of which holders are destined to have inferior rights to vote than common shareholders.

2) Each shareholder is allowed to use all his/her existing votes (as specified in 1.) to elect one or more directors. However, the shareholder is not allowed to transfer a portion or all of the votes to any other person.

3) Top candidates with the highest votes shall be appointed as directors. The number of directors equal to what is required or intended to fill vacancies. In the event that number of the candidates receiving the most votes is more than the seats available at that time, then the Chairman of the meeting shall have the final vote.

Additionally, shareholders are allowed to add items to the meeting agenda, and nominate qualified candidates for the directorship prior to the Annual General Meeting of Shareholders through the Company's website between 30 November and 31 January of each year. The nominated candidates for the directorship shall be reviewed by the Nomination and Remuneration Committee/the Company's Board of Directors. The result is to be notified to shareholders through the Company's website and the website of Stock Exchange of Thailand by March each year, and once again to those attending the next Annual General Meeting of Shareholders.

5.5 Performance of the Board of Directors

5.5.1) Setting Policies and Overseeing the Management

With integrity and prudence, the Company's Board of Directors is obliged to promote the best interest of shareholders, especially in terms of approving the Company's vision, mission, strategies, and significant matters concerning the Company's business directions and policies as well as its business plans and annual budget – based on logical reasoning, comprehensive business environment and social analysis, and social responsibility. At the end of the second quarter of each year, the Company's Board of Directors shall convene a meeting to review the policies and goals. In the last quarter, they shall set up a business plan for the upcoming year in order that it can be forwarded to the management for a brainstorming session with members of the management team from various functions, to set effective business strategies in order to achieve common goals.

Additionally, the Company's Board of Directors is responsible to ensure that performance of the management team is fully aligned with the Company's goals by using key specified performance indicators (KPIs). The performance shall be evaluated from the beginning of the year, on monthly and quarterly basis, in order that the operational status can be monitored at all stages. In the event that the performance has fallen below the target, the Board is responsible for identifying causes and finding solutions to problems. At the end of the year, the Board shall evaluate the performance of management team in comparison with the KPIs defined in the Company's Performance Agreement (PA). Moreover, the Board has responsibility to control and monitor the performance of the management team to ensure transparency, proper corporate governance, and risk management.

Guidelines for serving as a director at other companies:

- 1) Director: A director shall serve as director of no more than 5 of the listed companies unless otherwise approved by the Board of Directors.
- 2) Chief Executive Officer: Regarding the Company's CEO who serves as director at other companies, he/she is allowed to serve other listed companies as long as it does not affect his/her performance at the Company, and they do not use his/her authority or position at the Company to do anything in association with such companies. It is also required to seek approval by the Board of Directors before serving as director at other companies, and disclose information concerning that directorship to shareholders in the Annual Registration Form (56-1) and the Annual Report (56-2).
- 3) All other positions follow the Company's Employee Handbook.

5.5.2) Other Board Committees

The Board of Directors may set up additional committees and other related sub-committees, as they see appropriate and relevant to a specific circumstance, in order to assist in studying and reviewing tasks as needed and to ensure operational efficiency and effectiveness of the Board of Directors. (See details on Section Management Structure, sub-topic Board Committees)

5.5.3 Director Self-assessment

The Company proposes that self-assessment of the Board should be done twice a year to reflect levels of performance in accordance with the Company's Guidelines for Good Corporate Governance Practice. This can be divided into three categories, including the assessment of the entire Board of Directors, of each individual director (self-assessment) and of each individual director (cross-evaluation or assessment of other board members). Areas of evaluation cover the following:

- 1) The assessment of the entire Board of Directors has six key areas to be evaluated, including the composition of the board and qualifications of Board members, roles and responsibilities of the Board, Board of Directors' code of conduct, Communication of the Board of Directors, relationship between the Board of Directors and the Company's management, and preparation and organization of meetings.
- 2) The assessment of each individual director (self-assessment) has six key areas to be evaluated, which covers core competencies, independence, preparedness, roles and responsibilities as a Director, practice as a Director and vision for long-term value creation.
- 3) The assessment of each individual director (cross-evaluation) has six key areas to be evaluated, which covers core competencies, independence, preparedness, roles and responsibilities as a Director, practice as a Director and vision for long-term value creation.

Results of the evaluation shall be forwarded to all the Company's board members in order to lead to performance optimization and then to promote good corporate governance within the Company. This enables the Company to do business in a way that helps achieve continued and stable growth based on efficiency, transparency and justification that give confidence to all stakeholders.

5.5.4) Development of Directors and Executives

The Company encourages and provides training and educational programs for board members and management on regular basis. Additionally, when the new board members are appointed, the Company provides an induction program for newly elected directors to get fully informed about the business plan of exiting products and services, capital and shareholding structure, organization structure, legal considerations for serving as director at a listed company. The training and induction programs are designed to cover the following:

- 1) Board composition and board meetings
- 2) Board meeting calendar and agendas
- 3) Standard agendas
- 4) Legal considerations
- 5) Capital and shareholding structure, affidavit, memorandum of association, Articles of Association, and the minutes of Annual General Meeting
- 6) Directors & Officers Liability Insurance (D&O)
- 7) Report of examination from Bank of Thailand
- 8) Progress concerning actions taken in response to the report of examination from Bank of Thailand

- 9) The Company's business plan
- 10) Directorship in associates, subsidiaries, affiliates
- 11) Organization structure and management team
- 12) Layout of headquarters building

5.5.5) Meetings of Board of Directors

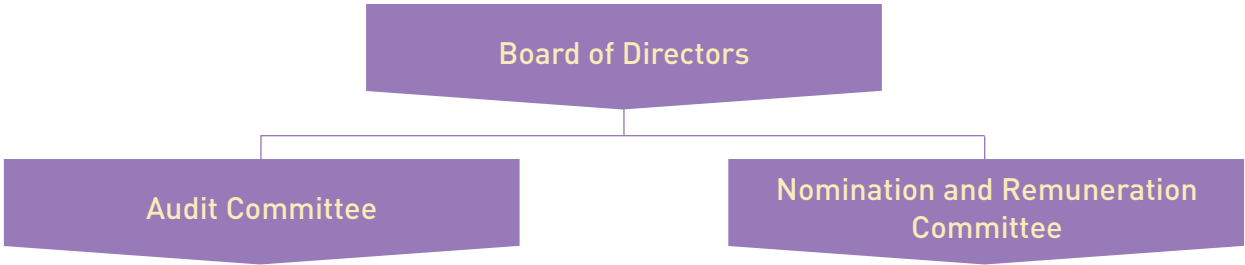
The Company's Board members regularly meet at least 12 times a year, but more meetings may be scheduled, depending on circumstances. Main agenda items are divided into categories such as chairman's opening comments, approval of the minutes of the last meeting, proceeding matters, policies, loans, debt restructuring, investments, acquiring and selling of assets, procurement procedures, human resources, matters to be considered, matters to be notified, and other matters. The Secretary of the Board of Directors shall distribute invitation to each meeting with a meeting agenda and supporting documents to the Board members no later than 7 days prior to the meeting. The Secretary shall take the minutes of meeting in written form and file the minutes of last meetings, which have been approved by the Company's Board of Directors, for further examination.

Additionally, the Board of Directors requires that non-executive directors meet at least once a year without any executive directors attending the meeting. This is to provide them with an opportunity to discuss issues concerning the Company's business and main issues of interest, as well as evaluate the performance of CEO. The proceedings and decisions taken at that particular meeting shall be notified to the CEO.

2. Board Committees

2.1) Board of Directors' Structure

As at 31 December 2013, the Board of Directors of the Company consists of eight directors i.e. one Executive Director who is the President & CEO, three Non-Executive Directors and four Independent Directors. The Company nominates directors from various businesses with strong leadership skill vision, work experience, business ethics and the ability to show their independent comments. For the appropriate balance of power in the operation, the Chairman and the President & CEO are held by different individuals. The Chairman acts as the policy leader while the President & CEO is the executive leader who counterbalances power for the proper conduct of business. The Company has three sets of Directors; the Board of Directors, Audit Committee, and Nominating and Remuneration Committee. It also prescribes the authorities and duties, including the appointment and the removal of directors in the Articles of Association of the Company, which have been registered with the registrar of public companies limited, Department of Business Development, and Ministry of Commerce. (See details regarding sub-committees' member on Section "Management Structure", sub-topic "Board Committees")



2.2) The Board of Directors

Scope of authorities and duties

1. Each director has one vote on each matter of meeting resolution, which is subject to majority vote of the board members present. If votes in such are equal, it shall be decided by the chairman of the meeting who casts the final vote.
2. Should any meeting committee has a direct personal interest concerning with the meeting issue, he/she can't vote on such issue. In such case, the chairman has the right to ask that committee to temporarily leave the meeting.
3. All of the Company's businesses are subject to the authority of the Board of Directors to perform. The authority of the Board of Directors registered with the Department of Business Development, Ministry of Commerce, requires that two (2) Directors put their signature as well as by the Company's official stamp when undertaking actions on its behalf.
4. Directors may assign a director or directors to perform any actions on behalf of the Board of Directors.
5. Directors may determine the name of authorized signatory directors of the Company who can sign and affix the seal to bind the Company.

6. In case of a vacancy in the Board of Directors or Independent Director for reasons other than the termination of the term of office, the Board of Directors shall elect a person who has qualifications and is not prohibited by law from acting as such, as the substitute director at the next meeting of the Board of Directors, unless the remaining term of office of the said director is less than two months. The resolution of the Board of Directors shall be by a vote of not less than three-fourths of the number of directors remaining. The substitute director shall hold office only for the remaining term of office of the director whom he or she replaces remaining term of office of the director whom he or she replaces.

7. The Board of Directors may appoint any person to conduct the Company's operation under the control of the Board of Directors or authorize that person to perform any action, within the certain period which the Board of Directors deems appropriate. The Board of Directors may cancel, revoke, change or amend such authorities as appropriate.

8. Any Director who has a conflict of interest in any transaction shall not be allowed to participate in the consideration and approval of such transaction.

9. The Board of Directors may approve payment of interim dividends for shareholders from time to time as the Board of Directors may recommend if appropriate considering the profits and retained earnings position of the Company. This payment should be reported to the next Shareholders' Meeting.

10. Any transaction which requires approval from the Company's Shareholders pursuant to the Public Company Limited Act B.E.2535 (1992), the Board of Directors must obtain prior

approval from the Shareholders' Meeting e.g. considering and approving balance sheet and profit and loss statements, allocation of profit and capital reserve, the election of a director to replace a director who retired by rotation and specifying remuneration, appointing all or some of auditors and fixing the auditing fee, the sale or transfer of the whole or important parts of the business of the Company to other persons, the purchase or acceptance of transfer of the business of other companies by the Company, the making, amending or terminating of contracts with respect to the granting of a hire of the whole or important parts of the business of the Company, the entrustment of the management of the business of the Company to any other person or the amalgamation of the business with other persons with the purpose of profit and loss sharing.

Assignment of Executive Power to the Managing Director and President & CEO

The Board of Directors' Meeting No.16/2005 held on 16 December 2005 passed a resolution to amend the power of attorney dated 5 July 2002 to be suitable and in accordance with the Company's operations. The power of attorney dated 16 December 2005 is based on the same principle as the previous power of attorney that authorized the Managing Director (currently, the President and Chief Executive Officer) to conduct and manage the Company's operation, to specify the value of transactions which the Company's officer may be authorized to approve and to consider and approve the operations of each department of the Company.

However, the President & CEO is not authorized to approve connected transactions, the acquisition or disposition of important assets of the Company, and/or any transaction that the President & CEO or any person has an interest or has a conflict of interest in. These are

required to receive the approval from the Audit Committee and/or the Board of Directors, and/or the Shareholders' Meeting as the case may be. Further, the Board of Directors' Meeting No.15/2011 held on 6 December 2011 resolved that Mr. Rathian Srimongkol be appointed as the President & CEO in place of Mr. Niwatt Chittalarn, who retired on 31 December 2011. The Board of Directors' Meeting No.1/2012, later on, resolved that Mr. Rathian Srimongkol be appointed as a director replacing Mr. Niwatt Chittalarn.

As of 31 December 2013 resolved to amend the authorized signatories to be directors comprised of eight persons as follows:

1. Mrs. Kittiya Todhanakasem
2. Mr. Akarat Na Ranong
3. Mr. Suvit Maesincee
4. Mrs. Pantip Sripimol
5. Mr. Paroche Hutachareon
6. Mrs. Arunporn Limskul
7. Mrs. Sriprabha Pringpong
8. Mr. Rathian Srimongkol

Signing Conditions: two of directors can sign and affix the Company's seal

The Company prepared the Power of Attorney dated 22 May 2012 to reflect the above mentioned amendments of the authorized signatories. The Power of Attorney incorporates the same principles, contents and main points as the Power of Attorney dated 16 December 2005 in all respects

2.3) Independent Directors and Audit Committee

Independent Director

As at 31 December 2013, the Company has four Independent Directors (See details regarding sub-committees' member on Section "Management Structure", sub-topic "Independent Directors and Audit Committee")

Independence of the Independent Directors

- Being capable of performing duties and giving opinions on the Company's operations.
- Hold a total of not more than 1% of the number of shares with voting rights in the Company (paid-up capital), or any subsidiary, associated company, or any juristic person possibly possessing a conflict of interest including shares held by related persons
- Is not and has not been a director participating in management of the Company, or an employee or an officer of the Company, or an advisor of the Company receiving a regular salary from the Company, a person having controlling power over the Company or the Company's parent company, subsidiary, or any associated company, or any juristic person possibly possessing a conflict of interest (if any);

- Is not related either through blood or lineage or legal registration as a father, mother, spouse, sibling or child, including as a spouse of a child of any member of management or major shareholder of the Company or the Company's subsidiary, or of any person having power to control the Company or the Company's subsidiary, or of the person nominated to hold a management role or a person having power to control the Company or the Company's subsidiary (if any);
- Is not and has not had any business relationship with the Company or the Company's parent company, subsidiary, associated company, or any juristic person possibly possessing a conflict of interest in the manner in which his/her independent discretion might be affected, e.g. being a professional service provider or having numerous related party transactions with special conditions different from other clients, receiving financial support from the Company or being a major shareholder or being a person with power to control a professional service provider;
- Is not a director appointed as a representative of a director of the Company, a representative of a major shareholder of the Company, or a representative of a shareholder of the Company which is a related person of the major shareholder of the Company;
- Is not a director appointed by the Board of Directors to make decisions on the operations of the Company, the Company's parent company, subsidiary, associated company, or a subsidiary of another company at the same level as the Company, or any juristic person possibly possessing a conflict of interest;
- Is not a director of the Company's parent company, subsidiary, or a subsidiary of another company at the same level as the Company which is a public company limited.
- Does not have any characteristics by which his/her independent comment or opinion on the Company's operation may be affected.

The Audit Committee

As of 31 December 2013, the Company appoints three (3) members of the Audit Committee (see names of the Committee members and more detail in Section: “Management Structure” / Sub - topic “Independent Directors and Audit Committee”).

Scope of authorities and duties:

The Company’s Board of Directors or the shareholder’s meeting is responsible for the appointment of the Audit Committee comprising of at least three members, at least one of which is selected from independent directors. It is also required that the Audit Committee include at least one member specializing in accounting and finance with adequate knowledge and competency to review the financial statements, as well as knowledge connected to causes of changes in financial reports.

The Audit Committee must be independent and impartial without conflict of interest, directly or indirectly, in order to perform duties at its own discretion and provide independent advice. The Audit Committee comprises three auditors, one of which chairs the Committee and the two others as auditors. Roles and responsibilities of the Audit Committee are as specified in the Audit Committee Code of Conduct.

2.4) The Nomination and Remuneration Committee

As of 31 December 2013, the Company appoints three members of the Nomination and Remuneration Committee (see names of the Committee members and more detail in Section “Corporate Governance”, on sub - topic: “Nomination and Remuneration Committee”)

Scope of authorities and duties

The Company’s Board of Directors appoints at least three non-executive directors as members of the Nomination and Remuneration Committee. Their qualifications are as follows:

1. Possess core competency, experience, knowledge and understanding of qualifications, roles and responsibilities of the Nomination and Remuneration Committee
2. Chairman of the Nomination and Remuneration Committee should be independent director in order to enable the Committee to perform independently.

The Nomination and Remuneration Committee has three members comprising one person serving as chairman of the Committee and the two others as the Committee’s members.

Roles and responsibilities of the Nomination and Remuneration Committee are as specified in the Nomination and Remuneration Committee Code of Conduct.

2.5) The Company's Secretary

The Company has policy to appoint a company secretary and secretary of the Board of Directors pursuant to its Guidelines for Good Corporate Governance Practice. Roles and responsibilities are as follows:

1. Ensure the Company's activities are in compliance with applicable laws, rules and regulations;
2. Support the Board of Directors regarding Board meetings and the Annual General Meeting of Shareholders, and ensure these are conducted with accuracy on a regular basis and in compliance with laws, rules and regulations;
3. Follow up the result of the implementation of resolutions of Board meetings and the Annual General Meeting of Shareholders;
4. Oversee matters regarding Corporate Governance;
5. Advise and cooperate with secretaries of board committees;
6. Contact and communicate with shareholders to keep them informed of the rights of shareholders and updates on the Company's operations.

3. Nomination, Appointment and Removal of the Board of Directors

1. The Nomination and Remuneration Committee will find, select and nominate qualified persons who have qualifications as described for the position of directors and independent directors and propose them to the Shareholders' Meeting for further approval.
2. The Shareholders' Meeting shall pass a resolution to appoint directors; each shareholder shall have one vote for one share and vote for each candidate individually. After the vote, the candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until the positions are filled. Where there is an equality of votes cast for candidates in descending order causing the number of directors to be exceeded, the chairman shall make the final decision. The number of the directors of the Company must not be less than 5.
3. The Board of Directors shall elect one of the directors to be the chairman of the Board. In the case where the Board of Directors deems it expedient, the Board of Directors may elect one or several directors to be vice-chairman.
4. In every Annual General Meeting, at least or the closest number of one-third of total directors shall be resigned from the Board. The resigned directors shall be re-appointed by the Shareholders' Meeting.
5. The meeting of shareholders may pass a resolution removing any director from office prior to vacancy as a result of the termination of the term of office of the director, by a vote of not less than three-fourths of the number of shareholders attending the meeting and having the right to vote and the total number of shares being not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.

6. In case of a vacancy in the Board of Directors or Independent Director for reasons other than the termination of the term of office, the Board of Directors shall elect a person who has qualifications and is not prohibited by law from acting as such, as the substitute director at the next meeting of the Board of Directors, unless the remaining term of office of the said director is less than two months. The resolution of the Board of Directors shall be by a vote of not less than three-fourths of the number of directors remaining. The substitute director shall hold office only for the remaining term of office of the director whom he or she replaces remaining term of office of the director whom he or she replaces.

4. Corporate Governance on the Subsidiaries or Associates

As of 31 December 2013, KTC had no investment in subsidiaries or associates.

5. Use of Internal Information

The Company attaches great importance to transparency and equitable treatment to all stakeholders, including institutional investors, analysts, retail investors, as well as local and international investors, regarding the provision of information related to the Company's operations. It is the Company's policy to provide information to outsiders and identify specific persons who may provide the information. To ensure that investors receive accurate and relevant information, the Company has established measures to prevent the use of internal information by providing important information undisclosed to the public and is significant to changes in the Company's operations. A restricted disclosure is made only to a limited audience, and information shall be disclosed to persons or authorities concerned.

The Company also requires that Board members, management and employees to sign a confidentiality agreement and/or agreement on the use of insider information. The Company has also established measures to prevent Board members, management and employees from using the Company's confidential information for personal gain. Violations of these rules may lead to disciplinary action by the Company as well as serious criminal and civil penalties.

Measures concerning the use of internal information

1. No employee of the Company engage in transactions, transfer or acceptance of securities in a way that seeks competitive advantage over outsiders by using internal information significant to changes in stock prices, which remain undisclosed to the public or the Stock Exchange of Thailand and be aware of that non-public information as a result of his or her position or status entitled to know, or as an employee of the Company, whether for his or her

own account or for the account of another, or by disclosing such non-public information to engage another to act for his or her benefit;

2. Chairman of the Board of Directors, Directors, business line management and those serving at division management levels or equivalent within the accounting or finance functions shall be responsible for reporting ownership in securities issued by the Company, including shares being held by themselves and their spouses and minors, in accordance with rules and regulations specified by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Additionally, Chairman of the Board of Directors, Directors and business line management shall be responsible for reporting ownership in securities issued by the Company, including shares being held by themselves and their spouses and minors, on monthly basis, to the Company's Board of Directors, as well as reporting their change of interests to the Company's Secretary in order to be forwarded to the Chairman of the Board of Directors and the Chairman of the Audit Committee as required by the Office of Securities and Exchange Commission and the Stock Exchange of Thailand. Copies of the report shall be delivered to Regulatory Perform department to be compiled and utilized as supporting information in the implementation in accordance with the connected reporting framework;

3. The Company has policy to regulate transactions of securities and prevent the use of internal information by imposing restrictions on the duration of transactions of securities issued by the Company. Directors, employees and all stakeholders shall be informed of rules and regulations concerning the use of internal information on a regular basis and through the Company's existing channels of communication.

6. Remuneration to the Auditor

6.1) Remuneration to the Auditor

The Company paid Baht 3,400,000 for auditing assignments for the financial year 2013 to Deloitte Touche Tohmatsu Jaiyos Audit.

6.2) Other fees

The Company paid for other activities for the financial year 2013 to Deloitte Touche Tohmatsu Jaiyos Audit. These include accounting consultancy fee (Baht 2,150,000) and tax consultancy fee (Baht 177,500), totaling Baht 2,327,500 (inclusive of future expenses).

Corporate Social Responsibility ►

Overview Policy

The company commits to its mission and the responsibility towards the public and to always give back to the society continuously. We operate our business for the best interest of all stakeholders in every direction, i.e. our members, business alliances, employees and shareholders.

In term of business, the company thrives to be a “Membership Company”, focusing on its member as a center. We give priority to innovations, to have both unique products and services, including privileges covering all types of lifestyle for our customers whom we regard as our “Member”. We also encourage our credit card and personal loan customers to plan their expenses reasonably in order to avoid excessive debt.

The company tries to create amicable working environment, so every one of our employee can feel comfortable with their co-workers and to create the sense of responsibility and participation toward the company. We believe that the best products and services come from continuous creativity, internal unity and the sense of social responsibility in every level of employee.

As for corporate social responsibility policy, we focus mainly on the development of youth’s potential and education in order to build quality citizens for Thai society, we also want children to able to rely on themselves, to be able to earn their own incomes. With internal co-operations from our executives, employees, partners, alliances and members all the way to public parties, we can achieve this policy. The company also has a clear policy not to do, operate or take any action that will cause a negative effect to natural resources, environment or society.

Operations and Report Making

The company introduces new products and services base on their efficiency and coverage of every detail our customers desired, by using the lifestyle segmentation marketing method that differentiate us from our competitors in the market. We set up special business unit to analyze spending behaviors of our customer to gain insight information, in order to offer privileges covering all aspects continuously. This method can help the company to be able to effectively response to our member's needs in timely basis. Moreover, there is a team, operating 24 hours to monitor all transactions in case of credit cards' misused, or suspected to be fraud. The activities are closely controlled, monitored and evaluated by our committees and working team of our related top executives to ensure best service quality for our customers. These consequently drive KTC toward its goal to become the leader in consumer finance market.

The CSR operation is in the main business operation process, which complies with 8 codes of conduct as follow;

1. Fair Business Operations

- The company operates credit card and personal loan business under the regulation of Bank of Thailand (BOT), such as requirements for credit card holder and personal loan, credit limit approval, interest rate and other fees. We also encourage every business units in to follow the laws and regulation of Bank of Thailand and of each credit card service provider's network as well.

- The company strictly treat our customers in accordance of related regulations i.e. Bank of Thailand, Office of the Consumer Protection Board, Credit Information Act B.E. 2545, in KTC's business activities; the making of contracts, agreements, terms and conditions of credit card and personal loan.
- The company operates business fairly: initially inform customers regarding interest rates and fee that may occur later in applications form of both credit card and personal loan. These fee and charges are clearly stated in monthly statement summary.
- The company is aware of any potential impact regarding the business operations to stakeholders. The operational guideline and assessment, based on regulations, were conduct, covering the entire business process to reflect a good and consistent operational standard.

2. Anti-Corruption

- To minimize the loss, causing by a nomination, or fraud, all applications will be verified in various aspects; identity verification, the use of funds' purpose, and database check i.e. Anti Money Laundering Office (AMLO) as per Counter Terrorism Financing Act before considering the approval of credit card and personal loan
- The company has a clear policy not to receive any kind of bribe or request of money for the checking or following up damage occurred, from customers or corrupted person.

- The company encourages operation division to operate under the Anti-Money Laundering Act (AML), regulated by Bank of Thailand, and credit card service providers' as well.
- The company does database check on both individual and group from various sources: Thailand list and United Nations Security Council Resolution letter which are received from Regulatory Perform department. If there's any suspected information, or likely involved with corruption, it shall be reported back to Regulatory Perform in order to proceed this information to Anti Money Laundering Office (AMLO) accordingly.
- The company joined the declaration of Thai private sector's Collective Action Coalition against corruption.
- The company train our employees and sales representative about ethics in business operation, do and don't in sales activity and operation.
- In purchasing and sourcing process, the company has separated the purchasing committee, price negotiation committee and acceptance committee to be independent from each other for the transparency of the purchasing process, and to ensure all regulations are strictly followed.

3. Respect to Human Rights

- The company specifies the basic qualification of credit card and personal loan applicants as per Bank of Thailand's regulation. It's KTC's policy to check credit information and

credit review with the acceptance of information's owner and per Credit Information Protection act.

- The company fairly treats every customer according to conditions and rules of the company, including the regulations of Bank of Thailand, discrimination by social status are strictly forbidden.
- In term of collection process, the company has set a clear timetable of each process in accordance with the collection procedure, regulated by Bank of Thailand. We use polite conversation; no threatening, sarcastic, or insulting words. Customers shall not be interrupted on their personal time, and we shall not reveal customer's private information or secrecy to any third party.
- In term of recruitment, the company will consider the knowledge, skills and efficiency of applicant as primary qualifications. The applicants will not be discriminated by gender, religions, political believe, or even those who have physical disabilities. If applicants do not have contagious disease and able show their abilities to perform the required qualification of the position, they have the right to join the company regardless of the status. KTC treats all employees equally, regardless of their religion, gender or education.

4. Fair treatment to employee

- The company has set up training to develop skills for employee regularly and continuously in the topics related to their responsibilities, including motivation creation and team building.

- The company also encourage our employee to have a work-life balance. KTC has set up the recreation activities to create good relationship within the organization, no matter if they are top executives or just normal officers. It is our goal to make everyone feel that they are essential parts of organization, to be united as one.
- KTC provides the appropriate and justified incomes and welfares for our employees. The company also focuses on creating pleasant working environment so that they feel happy and love their organization. The company received the Happy Workplace award from Thai Health Promotion Foundation in year 2009 - 2011.
- Using Outsource Service as company's representatives, outsource company will be instructed to treat their staff equally under any circumstance.

5. Responsibility to consumers

- Customers' information is safely and confidentially kept, except for those required to be disclosed by the law. KTC provides correct and complete information to consumers, as well as providing assistance to solve problems occurring from the use of credit: credit card fraud, or the non-disclosure customer's information.
- The company inform approval results on the credit card and personal loan to the customer through clearly stated channel of communication.

- Monthly statement is formatted with complete information, which will be sent to customers within the time frame stated by law. E-Statement is also provided through e-mail but under the abnormal circumstance i.e. natural disasters, political protest. SMS service is used to inform the debt amount and the due date on top of normal statement sending process, including the announcement of important issue through public media.
- In case of unexpected event, which affect our customers: political crisis, natural disasters, to be unable to make a Full Payment or Minimum Payment, KTC will relief the customers' situation by offering them alternatives payment scheme as appropriated.
- The company, along with Court of Justice, has created a composition project for customers to find a solution to pay the debt as per their financial status, and shall make the information adjustment or update to customer's account to make it correct in case of any errors or mistakes happened.
- In case of any disputes regarding debts, the company shall proceed the investigation and shall seek for the fact until the customer is satisfied with that information.
- The company has a policy of keeping customer's information as confidential information and we will not issue any products that will exploit or take advantage of our customers.
- In case of complaints, KTC has set up Customer Feedback Center since August 2011 to gather feedback and complaints from stakeholders through various channels: KTC Touch, call center 02 665 5000, and official website www.ktc.co.th according to the customers'

right protection. All complaints will be examined and updated the customers as soon as possible. Consequently, KTC could improve its products and services to retain the satisfaction of stakeholders.

- The company provides knowledge to our sales channel officers, and train them in order to create correct understanding of Payment Card Industry Data Security Standard (PCI-DSS). KTC thrives to reach an excellent customer service level. The staffs in every branch of “KTC Touch” are encouraged to provide services with their full capacities for every customer, and make them ready to provide assistance to customers with polite and gentle manner. They are trained to assist the customers’ to solve their problems, starting from listening to the problem, find the cause, and providing the solution for customer. They are aware that customers’ information are confidential, unless required by the law to be disclosed, or received written permission from customer.

6. Environmental Concern

- The company has a policy to reduce the amount of paper used in every part of organization, which is one of the main concept of KTC Smart Office, that aiming to reduce unnecessary use of paper by everybody in the company. KTC, instead, stores the important documents in form of files by using electronic devices or E-Document. E-mail is used instead of hard copies for sending information internally, along with the use of recycle paper within department. This activity does not only help reducing the waste of natural resource but also help saving the space for keeping document. It’s also increase the efficiency of document filing system as well as reduce the use of electricity from the copy machine as well.

An example of E-document is in credit approval process, KTC uses the credit information in the system instead of printed report, combining the credit card and personal loan application of the same applicant into one set. In the report of individual credit data to the National Credit Bureau (NCB) submission will be stated in the statement at the end of the year to reduce the paper usage, or sending the original document to credit bureau. The use of information from Contact Center to analyze to develop and adjust the service and the working shift, all of these information shall be stored and filed in computer program, which will be analyzed and processed for desired result instead of printing out many reports.

Even in the process of legal department which require a lot of documents for prosecution, transactions will be showed on both sides of the statements. This practice can help reducing to the half of the amount of paper used. Moreover, we also co-operate with some courthouses to reduce the document needed for the prosecution (by using the attached document in the indictment from the court as reference to witness documents), and in case of compromise is reached, we shall return the unnecessary documents in order to reduce the document filing in the court, which help reducing the pollution occurred from court's document filing, and those documents shall be put to good use by recycling process as well.

- The format filings are in form of electronic documents. For example, permanent credit request format, once customers need it, they can order one from the system immediately.
- Submission for approval, whether it's within or between department, the document shall be sent electronically through the system, sender can fill in the information in the system

instead of paper, they can also attach picture or document in file format. For example, document sent from customers by fax, order, memo, or the screen shot of related system to be use as attached documents for consideration of further recipients. Including the information gathering of all these documents can be stored and searched from the system without having to print them on paper at all.

- The company reduce the use of electricity by selecting energy-saved light bulbs in throughout the organization, including every customer service point across the country. We also change all of our computer screens to be LCD, and gradually change the television screen in the company from plasma screen into LED TV, which consume less electricity.
- The company also set the regulation for all company's vehicle to use E20 gasoline in order to reduce fuel expense.
- The company has a policy to reduce unnecessary use of energy in office by turning off air conditioners after office hour at 18:00 and allow our employee to wear casual dress in the office.
- In sourcing for printed media, the company gives priority to the operator who concern about environmental impact. The operator who has Carbon Neutral Certification or Green Print will receive advantage in consideration process.



7. The development of community and society

- Since the company is a financial institution, providing credit card and personal loan service, which considered as one of the mechanism driving the country's economic. Therefore, the company gives priority to social development inside out: starting from the organization then expand it to the society. KTC have held KTC Educational Series activity in order to share various aspects of knowledge by using public media as communication channels to transfer these contents to the public, including those related to financial business and those which directly benefit the consumers and society. Another goal of this activity is to open new visions and to share the topics that are in the public's interest. The examples are scoops about 'Before becoming a credit card', 'Is the collection process really brutal?' 'Online transaction, the risk is closer than you think', 'Credit card business's backyard revealed', 'In depth talk with heads of operation and collection department' etc.
- The company, joined with KTC credit card members across the country, regularly help supporting foundations, institutions and organizations for disadvantaged by allowing members to donate cash through donation boxes in each customer service point. KTC members can choose to donate through their credit card monthly, or use their Forever Rewards to redeem as a donation as well.
- The company also provides the name list of members with constant donation records to receive direct mail without additional extra charge, i.e. fund raising letters for Thai Red Cross Society for the construction and medical equipments of Bhoomsirimungkulanusorn building, Chulalongkorn Hospital, and the C.C.F foundation in Thailand to raise funds for in-need children's education in rural areas.



- The company has set up the “Thailand Boutique Awards” project to organize the competition of the best Thai boutique hotels, which has been organizing continuously since 2009, for the public recognition of medium and small Thai boutique hotels among consumers. This project also aims to expand the extent of boutique hotel business for sustainable growth in order for them to be competitive in Asean level and in the world stage.
- KTC believes in the contribution from every member in the society could leads to the better world. KTC concentrates on children’s development since the Company considers that education is a foundation of the country’s development. Therefore, “Learn & Earn @ KTC” and “KTC Offer” project were initiate other than the contribution to non-profit organization and academic institutions.
- KTC has initiated “Learn & Earn @ KTC” since 2003 to point out value of time and money through internship. The internship period can be selected based on students’ schedule. The students will experience the real working environment, as well as having KTC staff as a coach. This way, the students will be well-prepared to the market before their graduation. Moreover, the internship is paid on hourly basis, which is another benefit from “Learn and Earn”. So far, more than 28,000 students have applied for this project, and more than 2,000 students have completed the internship with KTC. Meanwhile, hundreds from students have become KTC’s full-time employee. This project, in other words, could not only create additional jobs in the market but also enhance professional skills to those interns through various activities: inspiring discussion session, financial planning workshop and competition “Smart Spending”, held by Stock Exchange of Thailand (SET), make-up workshop to prepare them for the working environment. Additionally, KTC



also holds field trip for participated students, with the aim to create sense of being ‘donor’ in these children, and we also organize the Top Performance Award for those who perform well on both their studying and working by giving the scholarship, or traveling package as prizes to create morale and motivation for students.

- KTC’s commitment to give quality people back to the society has spread and grown into many parts in the public, in order to expand the outcome of Learn & Earn @ KTC project which have limitation in number of students in the program, KTC initiate another activity call “KTC Offer” by bringing together the successful executives from various professions in the company such as, marketing, finance, public relation, human resource management and legal department to give their valuable knowledge and experiences to the student right in their classrooms in order to lift the standard and to be the guidance to their education, to let them have additional knowledge apart from their normal lesson. We want to teach them beyond just theory, we could help them to think, to analyze and that this activity might give them a chance for better career path after they graduated.

8. Innovations creation and distribution

- The company has introduced the innovation of each credit card network service provider: Visa, Master Card, and JBC to develop our services, to expand our business and to generate more income.
- The company has issued the electronic credit card for member to use for online transaction (Virtual Card), which help reducing the cost of paper and plastic.
- The company has initiated the Smart Office log-in so that our employee can choose their

working station freely, including the installment of IP Phone which allow access to telephone system from anywhere in the company, and we can also use telephone meeting and video call as well, which greatly improve the flexibility and speed of internal and external communication.

Business Operation Affected to Corporate Social Responsibility

The company introduce products and services on the basis of corporate social responsibility in various aspect. The main products of the company are credit card and personal loan.

For credit cards business, the company will focus on expanding customer's base to penetrate into various groups of people by creating suitable products for their different lifestyles. The detail filtered process will give us the quality members and will make sure that the credit granted will not cause any problem to the customer in the future. The company focus on providing credit card to be a convenient, quick settlement tool for the necessary daily expense, the benefit customer will receive is that they can plan and manage their expense freely and effectively. We also focus on the member's quality management instead of expanding member base in the economic slowdown period in order to avoid overwhelming bad debt status, which will directly affect the nation economy in the overview.

For personal loan business, the company has a marketing policy to help our customer spend their money reasonably, to spend with responsibility and with financial discipline. As you can see in every personal loan advertisement of "KTC Cash" and "KTC Cash Revolve" ready to use loan, they all show the clear solution to the business operation by focusing on the communication to young generation who just enter their working life and those who is about to start their own family, and to the public in a wide perspective.

Moreover, in case of natural disaster, or economic crisis that impact our members, the company had always trialled the special project to lower interest rate and to ease the burden of debt payment for credit card holder and personal loan customers, including the co-operation with business alliance to initiates useful marketing campaign to help our members, in both their living conditions by helping them reduce their expenses, and for their moral support to ease their worries of the problem they're facing.

Activity Benefits to Social and Environment (After Process)

The company give importance to support the activity that create benefits to member and the public, we have set up the activities to help the society as follow;

Knowledge Sharing

- Organize the “Behind the barbed wire, feel the execution ground at Bang Kwang central prison” activity, we invite the press, our employee and intern students in the ‘Learn & Earn @ KTC’ project under the name of “KTC PR Press Club” to donate books for “Library of Wisdom” in prison and visit the highest probation area at execution ground. And to have talking session with the writer of “Freedom on the line with 13 death row inmates”, Dr. Wisut Boonkasemsanti and Mr. Poomarin Pamorntrachookul (Lao Jang)
- Organize the knowledge sharing activity “A Tour at Phyathai Palace, gratitude to the brave soldier”, we invite the press, our employee and intern students in the ‘Learn & Earn @ KTC’ project under the name of “KTC PR Press Club” to visit Phyathai Palace, and to buy a meal for the soldiers who were injured from field operation and we also donate Baht 45,000 of cash from the “KTC & Press Charity Sport Day” for the King Mongkut’s Hospital Foundation for those injured from field operation.
- Organize the knowledge sharing activity “Deep detail to the operation of Army Medical Department artificial wound innovation with KTC” for the press, our employee and intern students in the ‘Learn and Earn @ KTC’ project under the name of “KTC PR Press Club” to simulate the situation of wounded people in risk area, including the lecture about the origin of artificial wound dressing innovation, and workshop to design artificial wound.
- Organize the knowledge sharing activity “Insight process of making banknote with KTC” for the press, our employee and intern students in the ‘Learn & Earn @ KTC’ project

under the name of “KTC PR Press Club” to observe the process of making banknote, how to notice the real banknote, and the banknote exhibition.

- Organize the knowledge sharing activity “A tour to the Red Palace, to feel the greatness of Father of The Land at The Crown Property Bureau with KTC” for the press, our employee and intern students in the ‘Learn & Earn @ KTC’ project under the name of “KTC PR Press Club” to learn the detail about social role of The Crown Property Bureau, and the support for activity benefiting the welfare of Thai people and society. Including the sight seeing tour for the beauty of The Laddawan Palace, which received “Excellent Preserved Architecture” royal award in the category of Institution Building and Public Building in year 1982 from the Association of Siamese Architects under the Royal Patronage of His Majesty the King
- Organize the seminar providing knowledge for financial product counselor in order to exchange experiences among KTC financial product counselor, and to give back to the society by being a center for donation of money and necessary stuffs for helping Home for Children with disabilities in Pakkred (Baan Nontapum)

Youths and Education

- Employee and the press, under the name of “KTC PR Press Club” organize the “Fill love with colors with KTC on the Children’s Day” activity on the occasion of National Children’s Day, the activity consist of wall, fence and flower pot painting, etc. Including free lunch for kids at Foundation for Slum Child Care under the patronage of HRH Princess Galyani Vadhana Kromluangnaradhiwas Rajanagarindra, Klong Toey community. And the donation of money, necessary stuffs donated by KTC employees.



- Organize the activity to create educational means for blind people “Means of Love, Means of Sense by KTC”, allowing students in the Learn & Earn @ KTC project and the press to be volunteers in making of educational means from used calendars and paper, including, domino, word cards, and bookmarks to give to children with eye disability, from the Foundation of the Blind in Thailand under the Royal Patronage of H.M. The Queen.
- Organize the competition for Top Performance Awards to give certificates to student in Learn & Earn @ KTC project, who has been working for KTC for more that 300 hours, including the scholarship or traveling package for students in the project to give them the opportunity in enhance their vision in other countries. And as the encouragement to the students and to make their parents proud of their children
- Organize the activity “Computers for younger generation back home by KTC” to give desktop computers in good condition to Schools in all 6 rural areas of Thailand. The company opens a vote for school list in employee’s hometown to qualify for the program to receive computer for the use of teachers and students in education process.
- Give the practice books, storybooks, drawing and painting books, etc., and scholarship gathered by KTC employee to the House of Hope, Slum Infant Foundation (On Nuch Garbage Dump Community) in the activity of “These books are for you by KTC”, on the occasion of National Children’s Day.
- Donate necessary stuffs to Educational Center Thai Hill Tribe “Mae Fa Luang”, Baan Loo Koo Doo, Om Koi district, Chiang Mai on the occasion of National Children’s Day.
- Organize the bond creation activity on Mother’s Day, allowing students in the Learn & Earn @ KTC project to design and to show their skill in “Paper Jasmine for Mom.... by our own hand” activity to the students in the project and to the press. This skill can be further developed to use in the making for jasmine bouquet as well.

- Organize the activity “Novotel Siam fulfill the happiness on Mother’s Day”, with the co-operation of Novotel Hotel Bangkok Siam Square, by providing lunch for 40 elder women from Ban Bang Khae Social Welfare Development Center for Older Persons, including the 3D movies at Paragon Cineplex on the occasion of National Mother’s Day.
- Donate money for disadvantage children at Baan Moo Si School, Pak Khong district, Nakhon Ratchasima under the “Miracle of Love & Share” project to buy educational tools and to use it as scholarship.
- Support the “Thai Youths in United State of America visiting their mother land” project with the co-operation of ASIAN THAI AMERICAN YOUTH HERITAGE CENTER, amounts Baht 100,000.
- Support the scholarship for College of Music, Mahidol University, amounts Baht 40,000.
- Support the “Education provides wisdom for the future” activity by Nation University amounts Baht 20,000.
- Support the scholarship for National Institute of Development Administration, amounts Baht 10,000.
- Support the student works exhibition of Mahidol International College, amounts Baht 20,000.
- Support for education purpose for Thammasat University, amounts Baht 5,000.

Sports

- Support the charity golf competition of economic journalist association, amounts Baht 30,000.
- Support the charity golf competition of “Mass Communication Executive Club” (MCC), amounts Baht 50,000.

- Support the train rally competition of economic journalist association, amounts Baht 50,000.
- Support the rally competition of economic journalist association, amounts Baht 100,000.
- Support the badminton competition of economic journalist association, amounts Baht 25,000.
- Support the charity golf competition King's cup H.M. King Bhumibol organized by Faculty of Commerce and Accountancy and The Alumni Association of Faculty of Commerce and Accountancy, Thammasat University, amounts Baht 50,000.

Society

- Organize the charity sport competition for building good relationship between KTC executives and the press under the activity name "KTC & Press Charity Sports Day" to donate Baht 45,000 to support King Mongkut's Hospital Foundation for those injured from field operation, and to buy meals for injured soldiers from field operation in the activity "A Tour at Phyathai Palace, gratitude to the brave soldier".
- Donate books for "Library of Wisdom" in the activity "Behind the barbed wire, feel the execution ground at Bang Kwang central prison" .
- In co-operation with KTC member, we donate the money for Thai Red Cross Society in year 2013 amounts Baht 1,032,100.
- In co-operation with KTC member, we donate money to support the C.C.F. foundation Under the Royal Patronage of HRH Princess Maha Chakri Sirindhorn, amounts Baht 560,300.
- In co-operation with KTC member, we donate money to support the Home for Animal Foundation (Under the Patronage of Luang Ta Maha Bua Yanna Sampanno), amounts Baht 157,550.

- In co-operation with KTC member, we donate money to support Chai Pattana Foundation, amounts Baht 249,500.
- In co-operation with KTC member, we donate money to support Catholic Office for Emergency Relief and Refugees (COERR) in Surin and Sakaew provinces amounts Baht 425,224.25, for the provision of foods and necessary things for poor elders and disabilities in Surin and Sakaew provinces. Including to support the profession creation project for disabilities from mines. at Catholic Office for Emergency Relief and Refugees (COERR) in Yannawa district.
- Support the dinner talk of Newspaper Journalist Association of Thailand, amounts Baht 52,100.
- Support the welfare fund for Royal Thai Marine Corps. in the 10 years celebration of Tun Hoon Newspaper, amounts Baht 10,000.
- Support the education fund for children in Army Tactical Training Center, in the activity "Dance, War, Love" at Lopburi province, amounts Baht 30,000.
- Support the International Foundation for Disability, amounts Baht 5,000.
- Support the Earth Day activity of radio station FM. 96 Mhz., amounts Baht 10,000.
- Support the music performance for rebuilding Phyathai Palace by the Phyathai Palace Preservation Foundation, amounts Baht 40,000.
- Support the charity concert organized by Mahagroup Media co.,ltd., amounts Baht 30,000.
- Support the organizing of Mother's Day Festival of Krabi province at the walking street of Krabi, amounts Baht 20,000.
- Support money for Dr. Kovit Vorapipit Foundation, amounts Baht 10,000.
- Support money for Chai Pattana Foundation, on the celebration of 10 year anniversary of Post Today Newspapers, amounts Baht 10,000.

- Support the money for Somdet Chaopraya Institution of Psychiatry, Somdet Chaopraya Hospital, amounts Baht 10,000.
- Support the money for Saint Camillus Foundation of Thailand, amounts Baht 20,000.
- Support the money for Seub Nakasathien Foundation, amounts Baht 30,000.

Religion

Foster the Buddhism by offering necessities to monks and other Buddhist places, consist of

- “Making merit by offering food for monks” in the organization,
- Held the event “KTC Dhamma Stage” in the organization to listen to sermon topic “Consciousness and creating consciousness in working, including the happy harmonization within the same organization” by Phra Ajarn Kuekrit Sottipalo from Wat Pa Na Pong. Learn Dharma from listening, know the ignorance and right views, keep consciousness to ignore the wrong doing and mind meditation.
- Held the event “KTC Dhamma Stage Trip” at Wat Makut Keereewan Pak Khong district, Nakhon Ratchasima for meditation for the period of 2 days, 1 night, and to make merit in the temple.
- Join the merit making ceremony at Wat Prakiat Woraviharn in the activity “Behind the barbed wire, feel the execution ground at Bang Kwang central prison”, Nonthaburi, with the donation amount of Baht 5,000.
- Join the merit making ceremony at Wat Pansuek Anugool in the activity “Thank Tourism Press” at Nakhon Ratchasima
- Join the merit making ceremony at Wat Don Wai in the activity “Insight process of making

banknote with KTC” at Bank of Thailand, Nakhonchaisri district, Nakhonpathom, with the donation amount of Baht 5,000.

- Donation to build bell tower at Wat Chai Raksa, of Khun Sutharat Gaysorn, Manger Daily Newspaper journalist, with the donation amount of Baht 10,000.
- Donation to build 40 inches, gold sprayed Phra Buddha Chinnarat to donate to India, with the news editor of Thailand TV Channel 3 television station, Mr. Kanravee Thanyatul, with the donation amount of Baht 20,000.
- Donation for Wat Phra Baht Si Roy, Chiang Mai with the press, Khun Thitaree Likittanatham Bangkok Business Newspaper journalist with the donation amount of Baht 10,000.
- Donation for Wat Rajapaksi, Angthong, with the donation amount of Baht 10,000.
- Donation for Wat Baan None Muang, Nakhon Ratchasima, with the donation amount of Baht 100,000
- Thod Pha Pa Samakee (make and off-season offering of robes and other needs to monks) at Wat Tai Nam, Phichit, with the donation amount of Baht 10,000.
- Thod Pha Pa Samakee (make an off-season offering of robes and other needs to monks) for Sheriff Foundation of Dr. Jessada Arunpipatpong at Su Ngai - Go Lok district, Narathiwat, with the donation amount of Baht 30,000.
- Thod Ka Thin (present robes to monks at the end of Buddhist Lent) at Wat Klai Kangwol, Hua Hin district, Prachuapkhirikhan, with the donation amount of Baht 10,000 for the building of Mondop for 2 “Phra Buddha Roob Pang Marnrawichai”.

Internal Control and Risk Management ►

Comments from the Board of Directors towards the company's internal control

Internal Control

The company's Board of Directors and management are aware and give precedence to internal control system as a crucial factor to create confidence and minimize business risks which enhances efficiency to serve the company objectives.

The Board of Directors has assigned the Audit Committee to effectively and appropriately regulate the company's internal control and risk management. In other words, the Audit Committee has to supervise the company to follow the related laws and regulations in order to prevent conflicts of interests, or connected transactions. Apart from that, the Audit Committee also needs to monitor and control the company's operation, and to prevent illegitimate or unauthorized uses of properties. In addition to that, the Audit Committee has to prevent the company's assets from missing, loss, misconduct or corruption. The company has established audit mechanisms by having internal audit independently preformed auditing, evaluating the efficiency and the competence of internal control process, risk management process, and compliance process in every operational unit. The company has applied international standards of The Committee of Sponsoring Organizations of the Tread way Commission (COSO) and the Enterprise Risk Management in order to promote the highest level of efficiency and effectiveness in business operations. Moreover, the company's management team will work on the audit's results to improve productivity and allow the Internal Audit Department to consistently monitor business operations.

Furthermore, the Audit Committee has annually evaluated the company's internal control process and has reported to the Board of Directors regarding to the "Sufficiency Evaluation

of Internal Control Process” of The Securities and Exchange Commission (SEC) and has disclosed the evaluation results in the company’s Annual Registration Statement (Form 56-1) and Annual Report.

In 2013, the company didn’t find any significant errors in the company’s internal control process:

Control Environment

The Company has arranged a good internal control environment by appropriately setting up a distinct organizational structure and chain of command. Secondly, establishing well-defined business goals and Key Performance Indicators (KPI) in assessing operational performance that complies with the business objectives and determining an authority manual and operational manual for the entire system in writing in order to be a guideline for operational standard and procedure. Nonetheless, the company also fosters the executives and staffs to be aware of its corporate governance by establishing policies to enhance good corporate governance, business ethics, and code of conducts for committee members, directors, and staffs. The company also constantly promotes relating activities, for example, an annual employee training which helps the business operation to be more transparent and justified for all stakeholders.

Risk Management

Apart from the sufficiency evaluation of internal control process regarding to the sufficiency

evaluation of internal control form under The COSO framework of The Securities and Exchange Commission (SEC), the company also conducted an annual Internal Risk Evaluation under the rules of consolidated supervision of the Bank of Thailand (BOT) which covers 5 main risks: Strategic Risk, Credit Risk, Market Risk, Liquidity Risk, and Operational Risk. The Internal Risk Evaluation is composed of assessing risk level, quality of risk management, and tendency of risk. Additionally, this also involves identifying ways to control or manage the risks. The result of such assessments need to be submitted to Krungthai Bank Public Company Limited and reported to the Risk Management Committee of the Financial Business Group.

However, details of risk management for each aspect are written under the section “Risk Factors” of this Annual Report. Besides, the company has set up Internal Audit Department to investigate and report to the Audit committee on a quarterly basis

Performance Control for Management Team

The company has explicitly delegated responsibilities to each position and has revised the exercise of authority manual and operational manual/procedures to make them align with the organizational structure and current practices. Moreover, it has verified that results of its performance are consistently in line with rules, regulations; exercise of authority manual and operational manuals to ensure that the operations are efficient and under adequate internal control system.

Information System and Communications

The company places a great emphasis on the Information System and Communications. It has promoted and encouraged a continuous development to ensure that the information is accurate and updated. Additionally, it has embraced a modern and proficient technology with an emphasis on information security, covering all stages: information gathering, processing, monitoring, and filing. This consequently serves as a powerful data analysis tool that allows executives and stakeholders to perform and utilize the information appropriately; as a result, a timely and comprehensive investment decision-making could accurately be made through this process. Moreover, the company has determined information technology security and information usage policies and established intranet system as an internal communication channel for announcing policies, regulations, operational manuals, and news within the organization.

Nonetheless, it has assigned the company secretary to be responsible for preparing information and related documents for meetings beforehand along with taking minutes of the Board of Directors' meeting.

Tracking and Evaluation System

The company has an appropriate performance tracking and evaluation system, covering various aspects that are necessary in business operations; finance and accounting, operations, law and regulations compliance, and asset management. A performance is evaluated at all levels-from directors to management team to pursue the business goal

achievement, by comparing the operating result and business objectives constantly. Board of Directors meeting is one of the company's evaluation tools as well; it is arranged regularly to monitor business performance through management's report. Directors will supervise the alignment of implemented strategy and business plans, which were previously approved, to accomplish the best possible operating result.

Moreover, the company also managed a performance investigation following internal control system by responsible staffs in Internal Control Department, and independently reported to the Audit Committee. In 2012 and 2013, the Audit Committee has arranged 8 and 7 meetings, respectively.

In the Audit Committee meeting No.7/2013 on 13th November, 2013, the Committee had evaluated internal control system from performance report. According to the internal control evaluation, the Audit Committee concluded on the 5 components reports i.e. internal control, risk evaluation, performance control, information system and communications, and tracking system. The Audit committee had an opinion that the company's internal control system is sufficient, except for the policy of finding successors for key executive positions (succession plan) that is still in progress and will be completed in 2014.

Risk Management

The company gives priority to risk management, a crucial mechanism and an instrument for achieving organizational goals; it has set risk management policies determining to develop risk management system under Good Corporate Governance. Besides, it has integrated risk

management across the organization by adopting a systematic and continuous engagement. In 2013, the company had reformed its administrative structure to individual business unit administrative structure. Therefore, the company has classified risk management by its new structure. In 2013, it had covered risk management for the entire organization so as to comply with the consolidated supervision of the Bank of Thailand (BOT).

The company had analyzed various risks and problems, as well as consulted for solutions in order to control and minimize risks. It had determined risk management policies by engaging Risk Management Committee (RMC). The committee was composed of executives from various functions in order to supervise operations and manage risks of the company, to comply with its objectives, to contain them under the acceptable levels, to cover all aspects of risks, and to regularly report results to Risk Management Committee. Besides, the committee was also responsible for revising risk factors that might potentially affect the organization annually.

Report of the Audit Committee

To the Shareholders

The Audit Committee consists of three independent directors who have appropriate expertise and experiences. Chairperson does not position in any other subcommittees. In 2013, seven Audit Committee meetings were held to report company’s operating result to Board of Directors constantly. The attendance of committee members are listed below:

1. Mr. Akarat Na Ranong	Chairperson	Audit Committee’s Meeting Attendance	7/7 times
2. Dr. Suvit Maesincee	Committee members	Audit Committee’s Meeting Attendance	6/7 times
3. Ms. Pantip Sripimol	Committee members	Audit Committee’s Meeting Attendance	5/7 times

The Senior Vice President of Internal Audit Department serves as a secretary of the Committee.

In addition, The Committee practices its duty to comply with both Charter of Audit Committee and Best Practice Guidelines for Audit Committee. The Committee abides with its independence judgment for the best interest of the Company as well as appropriate information with completeness and transparency disclosure. External auditors were invited to attend every meeting concerning financial statements to give opinions and additional observations in order to ensure that the financial statements were conducted in accordance with the accounting standard reflecting the exact performance and status of the Company including the change of Thai Accounting Standard into International Accounting Standard. In addition, some of the

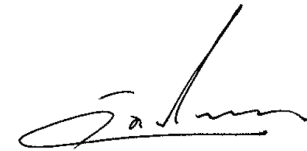
meetings were particularly held without the present of management, which the auditor and the internal audit are able to contact directly to the Audit Committee.

The Company's external auditor, Deloitte Touche Tohmatsu Jaiyos Audit Co.,Ltd. has performed in a satisfactory level, by considering the auditors' ability to reveal the shortfall of the company's internal control system during the auditors' quarterly audit and proactively informed the audit committee. Consequently, the committee shall propose to the Annual General Shareholders' Meeting to approve the appointment of Mr.Chavala Tienpasertkij, Mr.Niti Jungnichnirundr, Mr. Permsak Wongpatchrapakorn, and Miss Nisakorn Songmanee, auditors of Deloitte Touche Tohmatsu Jaiyos Audit Co.,Ltd. as the auditors of the Company for the year 2014. The auditing fee for the year of 2014 will amount to Baht 3,460,000.

For the most benefit to the Company, the Committee has continually reviewed and evaluated all significant risks independently by reviewing and monitoring the internal control system through the operation of Internal Audit Department and discussion with external auditors and the Company's Managements. As a matter of fact, the evaluation showed that the Company has appropriated and creditable internal control system, risk management system, business operation and financial statements.

Along with good cooperation from Managements and related persons to follow all the recommendations, the Committee is confident that the Company operates the business with good and adequate corporate governance and all staffs perform their duties with efficiency and caution, reflecting the improvement of good corporate governance of the Company throughout the year.

Signed on behalf of the Audit Committee,

A handwritten signature in black ink, appearing to read 'Akarat Na Ranong', written in a cursive style.

(Mr. Akarat Na Ranong)
Chairperson of the Audit Committee

Internal Audit Supervisor and Compliance Supervisor

Mr. Pornchai Wijitburaphat is an official Internal Audit Supervisor of the company and Mr. Peerapong Ruamjai currently takes a position of Compliance Supervisor. (Please refer to Profile of Internal Audit Supervisor and Compliance Supervisor)

The Audit Committee gave an opinion that qualifications of officials that take positions of Internal Audit Supervisor and Compliance Supervisor can perform their roles effectively and are appropriate to the positions.

An **Internal Audit Supervisor** is responsible for:

1. Evaluating sufficiency and effectiveness of operational and information system, internal control, and risk management under the authority of audit.
2. Reporting significant issues regarding the control process of the company's activities and ways to develop such a process in that particular activity.
3. Providing recommendations to executives so that the operation is effective, efficient, economical, and is complied with good corporate governance.
4. Reporting a progress or result of an annual audit and its resource sufficiency.
5. Coordinating and supervising tracking and other functions such as risk management, compliance and safety control, codes of conduct, environment, and accounting audit.
6. Taking responsibilities of other operations related to internal audit as assigned by the Audit Committee.

A Compliance Supervisor is responsible for:

1. Ensuring that the company complies with laws and regulations of the Stock Exchange of Thailand or government agencies.
2. Giving legal comments to the Board of Directors and management so that the operations of the company comply with rules and regulations of the Stock Exchange of Thailand or Government Regulations. Another responsibility is to monitor and suspend the management's transactions and actions that might violate such rules or regulations.
3. Examining evidences when there is a suspicious transaction or action that might violate the laws or regulations of the Stock Exchange of Thailand or Government agencies, which may significantly affect the company's financial status and performances.
4. Coordinating with the Head of Internal Audit and Internal Audit Committee in order to perform investigation and ensure appropriateness and effectiveness of the company's internal control and internal audit.
5. Participating in making and giving recommendations regarding procedures of the company's operational functions to ensure that policies, regulations, and procedures stated by laws are obeyed.
6. Acting as a center for giving information, knowledge, and suggestion to units within the organization on how to comply with rules and regulations of operating procedures.

Connected Transactions

For the year ended 31 December 2013, the Company entered into related party transactions with the related parties i.e. Krungthai Bank Public Company Limited, KTB Computer Services Company Limited, KTB General Services Company Limited, Krungthai Asset Management Public Company Limited, Krungthai Panich Insurance Public Company Limited, KT ZMICO Securities Company Limited, KTB Leasing Company Limited, and Krungthai-AXA Life Insurance Public Company Limited. Details of the related party transactions are provided as follows:

Related Parties	Relationship with the Company	Nature and Size of Transactions
Krungthai Bank Public Company Limited	Krungthai Bank Public Company Limited holds 49.45% of issued shares	“Credit Card Business Administrative Service Agreement” in which Krungthai Bank hired the Company to administrate the part of Krungthai Bank’s credit card business for a period of 15 years since 1 July 2002. However, the Company’s Board of Directors Meeting held on 15 June 2007 passed a resolution to end the provision of administrative services for Krungthai Visa Electron debit card and the Company ceased providing the service and ceased revenue recognition since 1 April 2007.

Krungthai Bank Public Company Limited	Krungthai Bank Public Company Limited holds 49.45% of issued shares	“Back Office Service Agreement” Krungthai Bank provides back office services (including the services provided by Krungthai Bank and/or other companies) for a period of 15 years since 1 July 2002. As of 31 December 2013, the Company has a trade account payable under this agreement of Baht 28.2 million.
Krungthai Bank Public Company Limited	Krungthai Bank Public Company Limited holds 49.45% of issued shares	The Company entered into the Overdraft Agreement with Krungthai Bank for a loan of Baht 30 million for working capital. The Company will pay monthly interest within the date of account closing at the end of each month to Krungthai Bank at the interest rate of Overdraft Facilities for Corporate Customers in Good Standing (Minimum Overdraft Rate: MOR). As of 31 December 2013, the Company has not drawn down money from this loan agreement.

Krungthai Bank Public Company Limited	Krungthai Bank Public Company Limited holds 49.45% of issued shares	The Company was approved a loan amount of Baht 17 billion for transactions and working capital for expansion of the Company with the benchmark interest rate in financial market determined by Krungthai Bank. As of 31 December 2013, the Company does not have any outstanding debt and interest under this loan agreement.
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Krungthai Bank Public Company Limited	Krungthai Bank Public Company Limited holds 49.45% of issued shares	The Company entered into the Call Loan Agreement in the amount not exceeding Baht 1 billion with Krungthai Bank which is payable on demand or within 3 months in order to increase liquidity of the Company. The Company agrees to pay interest at the rate as indicated in a promissory note. As of 31 December 2013, the Company does not have any outstanding debt and interest under this loan agreement.
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Krungthai Bank Public Company Limited	Krungthai Bank Public Company Limited holds 49.45% of issued shares	As of 31 December 2013, the Company has a trade account in the amount of Baht 949.8 million payable from transactions of collecting money from clients and receiving money from merchants including other transactions regarding settlement of credit cards, including the BAHTNET Account Services of Krungthai Bank for net-amount fund transfer transactions which is the ordinary course of business of the Company.
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Krungthai Bank Public Company Limited	Krungthai Bank Public Company Limited holds 49.45% of issued shares	The Company has a trade account of Baht 0.2 million as of 31 December 2013 payable from the transaction in which the Company has hired Krungthai Bank to count and deposit money to the Company's savings account.
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Krungthai Bank Public Company Limited	Krungthai Bank Public Company Limited holds 49.45% of issued shares	The Company has trade account of Baht 0.3 million as of 31 December 2013 payable from the transaction where the Company has held a marketing promotion with Krungthai Bank on the “KTB Forever Smile Fixed Deposit” and “KTB Forever Smile Fixed Deposit 8.50% (Season 2)” projects.
Krungthai Bank Public Company Limited	Krungthai Bank Public Company Limited holds 49.45% of issued shares	The Company has a trade account of Baht 0.9 million as of 31 December 2013 payable from the transaction in which the Company has used the Fleet Card services provided by Krungthai Bank.
Krungthai Bank Public Company Limited	Krungthai Bank Public Company Limited holds 49.45% of issued shares	The Company has other receivables of Baht 0.03 million as of 31 December 2013 from transactions where Krungthai Bank sub-leased parts of the Company’s office premises located at the Ground Floor, UBC 2 Building, (Sukhumvit 33) as the Krungthai Bank’s branch.

KTB Computer Services Company Limited	Krungthai Bank Public Company Limited holds 100% of issued shares	The Company has trade account of Baht 1.4 million as of 31 December 2013 payable from the transaction in which the Company hired KTB Computer Services Company Limited to develop, repair, and maintain the operation and IT systems for KTC Touch and from the lease of the office space of KTB Computer Services Company Limited.
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KTB Computer Services Company Limited	Krungthai Bank Public Company Limited holds 100% of issued shares	The Company has other receivables of Baht 5.0 million as of 31 December 2013, from transactions where the Company provides consultancy and processing of IT operations services in developing payment system for KTB Computer Services Company Limited
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KTB General Services Company Limited	Krungthai Bank Public Company Limited holds 100% of issued shares	The Company has a trade account of Baht 0.9 Million as of 31 December 2013 payable from the transaction in which the Company has hired KTB General Services Company Limited to receive and deliver cash and/or other assets.
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Krungthai Asset Management Public Company Limited	Krungthai Bank Public Company Limited holds 100% of issued shares	As of 31 December 2013, the Company has no other receivables amount from transactions where the Company has provided monthly payment services for RMF and LTF unit trust of Krungthai Asset Management Public Company Limited via automatic account and payment through automatic card machines.
Krungthai Panich Insurance Public Company Limited	Krungthai Bank Public Company Limited holds 20% of issued shares	As of 31 December 2013, the Company has receivables of Baht 1.6 million from the transactions which the Company provides services of database management and operates the project on allocation and provision of benefits in accordance with the offering of non-life insurance and car insurance of Krungthai Panich Insurance Public Company Limited.

KT ZMICO Securities Company Limited	Krungthai Bank Public Company Limited holds 50% of issued shares in the Company	As of 31 December 2013, the Company issued a bill of exchange of Baht 11.0 million to KT ZMICO Securities Company Limited.
KTB Leasing Company Limited	Krungthai Bank Public Company Limited holds 100% of issued shares	The Company has a trade account of Baht 0.02 million as of 31 December 2013 payable from leasing cars from KTB Leasing Company Limited for use in the Company's business.
KTB Leasing Company Limited	Krungthai Bank Public Company Limited holds 100% of issued shares	As of 31 December 2013, the Company has receivables of Baht 0.9 million from motorbike leasing in which assets and rights were transferred to KTB Leasing Company Limited.

Krungthai-AXA
Life Insurance
Public Company
Limited

Krungthai Bank Public
Company Limited holds
100% of issued shares in
KTB Capital Holding Com-
pany Limited, and KTB
Capital Holding Company
Limited holds 50% of issued
shares in Krungthai-AXA
Life Insurance Public Com-
pany Limited.

As of 31 December 2013, the Company has
a trade account of Baht 0.2 million payable
from the transaction in which the Company
has purchased group life insurance for
its employees, and benefits include life,
health and accidental insurance, disability,
and medical expenses from Krungthai-AXA
Life Insurance Public Company Limited.

Details of Connected Transactions

The Company discloses related transactions with parties who are related to the Company i.e. companies which are under the same control as the Company through shareholdings and /or common directors. Details of Related Party Transactions are shown in the Notes to Financial Statements Clause 23 regarding related transactions for the year ended 31 December 2013, audited by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. Related parties to the Company are Krungthai Bank Public Company Limited, KTB Computer Services Company Limited, KTB General Services Company Limited, Krungthai Asset Management Public Company Limited, Krungthai Panich Insurance Public Company Limited, KT ZMICO Securities Company Limited, KTB Leasing Company Limited, and Krungthai-AXA Life Insurance Public Company Limited.

Details of the related parties transactions are provided as follows:

1. Credit Card Business Administrative Service Agreement dated 26 June 2002

This agreement was entered into between the Company and Krungthai Bank in order to replace the Business Administrative Service Agreement dated 1 January 1998. Krungthai Bank has hired the Company to administrate the part of Krungthai Bank's credit card business that was not transferred from Krungthai Bank to the Company i.e. Visa Electron Debit Card ("VE") and other plastic card businesses, which Krungthai Bank was willing to conduct after 30 June 2002. The Company agreed to provide services to Krungthai Bank for the period of 15 years from 1 July 2002. According to the conditions of the Agreement, the administrative service fee for the first three years was put in place in advance and was based on the actual service fee but not exceeding Baht 20 million per year. Both parties would

reconsider the administrative service fee every three years to reflect market price at that time. Afterwards, the Amendment of Credit Card Business Administrative Service Agreement was executed in order to amend the administrative service fees at different rate depending on the quantity of transactions. Other fees would be charged based on actual expenses plus the service fees which were already agreed upon. The service fees between the Company and Krungthai Bank are based on market price and conditions in the ordinary course of the Company's business. Under the agreement, Krungthai Bank agreed to only hire the Company.

However, the Company's Board of Directors Meeting No.7/2007 held on 15 June 2007 passed a resolution to end the provision of administrative services for VE under the Credit Card Business Administrative Service Agreement with Krungthai Bank. Both parties agreed to terminate the administrative services for VE which was effective from 1 April 2007. Remaining terms and conditions are still effective.

2. Back Office Services Agreement dated 26 June 2002

According to this agreement, Krungthai Bank agreed to provide Back Office Services (including the services provided by Krungthai Bank and /or its subsidiaries), which included Back Office Services related to card membership and information systems, for the period of 15 years from 1 July 2002.

Amendment of the Back Office Services Agreement was executed in August 2008 amending the fee for Back Office Services relating to system work during July – December 2008 to be at the rate of Baht 40.6 million and for the period of 1 January 2009 – 30 June 2011 to be at

the rate of Baht 140.8 million per year. This agreement was executed for the fourth time on 1 July 2009 amending the fee for Back Office Services relating to system work during 1 July 2009 – 30 June 2010 to be at rate of Baht 36.7 million per year and the fifth time on 1 July 2010 amending the fee for Back Office Services relating to system work during 1 July 2010 – 30 June 2011 to be at rate of Baht 4.0 million per year. On 4 January 2012, this agreement was executed for the sixth time amending the fee for work during 1 July 2011 – 30 June 2012 to be at the rate of Baht 4.0 million per year. Amendment of the Back Office Services Agreement was executed for the seventh time on 29 May 2013 amending the fee for work during 1 July 2012 – 30 June 2013 to be at the rate of Baht 4.0 million per year. The fee for other parts of Back Office services will be charged at different rates depending on the quantity of transactions. On 31 December 2013, the Parties were in the process of executing the amendment of the agreement for the eighth time for the services provided during 1 July 2013 – 30 June 2014 with the previous rate of services fee applied. The service fee between the Company and Krungthai Bank is based on market price and the conditions in the ordinary course of the Company's business.

According to the agreement, the Company has the right to terminate the agreement prior to the end of the 15 year term if Krungthai Bank breaches the agreement and/or does not comply with the agreement and does not remedy the breach or failure within 90 days after having received notice from the Company. Krungthai Bank also has the right to terminate the agreement if the Company fails to make two consecutive payments of the service fee.

3. Loan Agreement

The Company entered into a Loan Agreement with Krungthai Bank, for a loan of Baht 18 billion, consisting of a Term Loan of Baht 17 billion payable within 30 days and the Call Loan not exceeding Baht 1 billion which is payable on demand or within 3 months. Moreover, Krungthai Bank approved the provision of the Overdraft Loan of Baht 30 million to the Company. As of 31 December 2013, the Company has not drawn down money from this loan agreement.

4. Memorandum on Debit Debtors' Account for Payment of Debt

The Company used the payment services for products/services from debtors or other persons having savings account with Krungthai Bank or its branches and agreed to pay prices of products or services to the Company. Krungthai Bank shall debit from debtors' savings accounts and transfer such amount to the Company's savings account. The Service Fee between the Company and Krungthai Bank is in line with the normal rate, and the terms and conditions stipulated are standard terms as would generally be used with other parties.

5. Counting and Depositing Money Agreement

The Company has hired Krungthai Bank to confirm the amount of funds received from KTB General Services Company Limited and to deposit the same to the Company's savings account. The term of the agreement is 1 year and renewable, each time for another 1 year. Service fees between the Company and Krungthai Bank are appropriately based on the scope of work and service hours. Terms and conditions of the agreement are standard terms as would generally be used with other parties

6. Memorandum on KTB Forever Smile Fixed Deposit Project and Memorandum on Forever Smile Fixed Deposit 8.50% Project (Season2)

The Company has held the marketing promotion with Krungthai Bank to offer, 'KTB Forever Smile Fixed Deposit', Krungthai Bank's product of 3-months fixed account with a special interest rate to members of credit card and KTC Cash Revolve. The period of the marketing promotion is 3 months from 19 November 2012 – 28 February 2013. However, 'KTB Forever Smile Fixed Deposit' Project was well received by the target group. The Company and Krungthai Bank then jointly launched the 'Forever Smile Fixed Deposit 8.50% (Season2)' project for a period of 3 months starting from 1 November 2013 and ending on 14 February 2014. In this regard, the Company agrees to pay supportive fee for marketing activities in order to increase the value of expenditure of related products.

7. Use of KTB Fleet Card

The Company has used the Fleet Card service of Krungthai Bank for payment of petrol and other services to participating petrol stations. Fleet Card is valid for 3 years and once expired, Krungthai Bank shall issue a renewed card valid for another 3 years. Service fees, terms and conditions of services between the Company and Krungthai Bank are standard terms as would generally be used with other parties.

8. Sub-Lease Agreement

The Company leased to Krungthai Bank a part of its office space as a branch office of Krungthai Bank located at Ground Floor, UBC 2 Building (Sukhumvit 33) for a term of 1 year 6 months and 27 days, starting from 5 April 2013. The term can be extended for another 3 years. Rental and common fees of the related transaction between the Company and Krungthai Bank are appropriate rates based on the usability. Terms and conditions of the lease are standard terms as would generally be used with other parties.

9. Memorandum on Funds Transfer via ITMX Switching Settlement

The Company uses the BAHTNET Account Services of Krungthai Bank for net-amount fund transfer transactions via ITMX system of National ITMX Company Limited, which includes acceptance of net-amount fund transfers pursuant to the list of balances as indicated in BAHTNET Account via ITMX system into the Company's deposit account. For the use of these services, the Company agrees to pay services fees to Krungthai Bank. In this regard, service fees, terms and conditions between the Company and Krungthai Bank are standard terms as would generally be used with other parties.

10. Memorandum on Cooperation Project to Expand the Customer base of KTC Credit Card Customer having deposit account with Krungthai Bank PCL

The Company has project plan to expand the base of its credit card members having deposit account with Krungthai Bank and agree to deposit their principal amount as a guarantee

covering their debt payment to the Company which incurred through credit card usages. Krungthai Bank also collaborates with the Company in the offering of KTC Credit Card products to target customers.

11. Develop, Repair and Maintain the Operating and IT System and Lease Agreements

The Company has hired KTB Computer Services Company Limited (“KTBCS”) to develop, repair and maintain the operating and IT system and lease of the office space at Bangbua-thong Computer Center Building from KTBCS for the purpose of use as a reserved computer center of the Company. The term of the lease agreement is 1 year, starting from 21 January 2013 to 31 December 2013 and can be extended for another 1 year each term. Service fees between the Company and KTBCS are based on the scope of work and service hours. Terms and conditions of these agreements are standard terms as would generally be used with other parties.

12. Payment System Services Agreement

The Company entered into the Payment System Services Agreement (Turn-Key Basis) with KTB Computer Services Company Limited (“KTBCS”) in which KTBCS has provided payment system services for Krungthai Bank. As the Company originally had a payment system, KTBCS, therefore, engaged the Company to improve such systems in order to be compatible with KTBCS services and be able to provide Back Office Services for customer transactions occurring from KTBCS payment services. The work under the Agreement must be completed within 180 days starting from 10 October 2011. Currently, the work has been handed over to KTBCS.

The Company also entered into the Services Agreement with KTBCS for Consultancy and Processing of IT operations of the Silverlake and COBAS systems in order to provide KTBCS consultancy and processing services of IT operations including leasing of relevant systems and maintenance of software and hardware required for the aforementioned payment systems to be provided to the customers of KTBCS. This Services Agreement is effective from 21 January 2013 to 31 December 2013 and can be renewed for another 1 year each term.

Both agreements are related party transactions which will benefit the Company. The rates of services fees under the agreements are appropriately based on the scope of work and service hours. Terms and conditions of both agreements are standard terms as would generally be used with other parties.

13. Receiving and Delivery of Cash and/or Other Assets Agreement

The Company has hired KTB General Services Company Limited (“KTBGS”), which Krungthai Bank holds 100% of issued shares, to provide services of receiving and delivering of cash and/or other assets including changing of coins. KTBGS is a well-known service provider of armored cash carrying vehicles for commercial banks and financial institutions. The term of the agreement is 4 years starting from 14 February 2009 and renewable, each time for another 1 year. The rate of services fees under the agreement are based on the scope of work and service hours. Terms and conditions of services agreement are standard terms as would generally be used with other parties.

14. Memorandum on Unit Trust Payment Services

The Company has provided Krungthai Asset Management Public Company Limited (“KTAM”), which Krungthai Bank holds 100% of issued shares, with payment services for RMF and LTF unit trusts by debiting money from accounts of KTC credit card members on a monthly basis or on demand. The Company also has provided payment service for unit trusts via Electronic Data Capture (EDC) machines. The Company has entered into the memorandum with KTAM which effective from 1 July 2013. The rates of the service fees under the memorandum are based on the scope of work and service hours. Terms and conditions of services agreement are standard terms as would generally be used with other parties.

15. Agreement on Database Management and Operation of the Project on Allocation and Provision of Benefit of Non-Life Insurance and Car Insurance

The Company has provided services on database management and operations of the project on allocation and provision of benefits in accordance with the offering of non-life insurance and car insurance for KTC credit card members for Krungthai Panich Insurance Public Company Limited (“KPI”) in which Krungthai Bank holds 20% of the issued shares. KPI, an operator of the non-life insurance business, offers car insurance and non-life insurance using KTC credit card members database. The agreement is effective from 26 September 2011 and 1 March 2012, respectively. The prices of the services under the agreement are based on the scope of work and service hours. Terms and conditions of the project are standard terms as would generally be used with other parties.

16. Leasing Agreement

The Company has leased cars from KTB Leasing Company Limited (“KTB Leasing”), which Krungthai Bank holds 100% of issued shares and is the operator of the financial support service i.e. hire purchase, financial lease and auto maintenance lease. The term of each agreement is 4 years. As of 31 December 2013, there are 3 agreements: starting from 24 October 2012 for the first agreement, from 11 January 2013 for the second agreement, and from 14 June 2013 for the third agreement. The rental fees of the agreement are appropriate rates based on the scope of work and service hours. Terms and conditions of the agreement are standard terms as would generally be used with other parties.

17. Transfer of Assets and Claims

The Company transferred some part of the Company’s assets regarding to rights, duties and responsibilities under the Leasing of Big Bike Agreement to KTB Leasing Company Limited (“KTB Leasing”) which Krungthai Bank holds 100% of the issued shares and is the operator of the financial support services i.e. hire purchase, financial lease and auto maintenance lease. The agreement was executed on 30 September 2013 and the value of assets and rights transfer was calculated by the outstanding debt of each debtor at the end of 30 September 2013.

18. Group Life Insurance

The Company purchased group life insurance for its employees, and benefits include life, health and accidental insurance, disability, and medical expenses from Krungthai-AXA Life Insurance Public Company Limited ("KTAL"). Krungthai Bank holds 100% of the issued shares of KTB Capital Holding Company Limited which also holds 50% of the issued shares of KTAL. KTAL is an operator of Life Insurance Business and Financial Planning Consultant-FPC who has various life and health insurance products. The policy was effective from 1 March 2013 to 28 February 2014 and can be renewed annually. Premium coverage considers risk of all individuals in the group from average of age, gender, work position or sum insured. Rate of premium coverage, and terms and conditions of the group life insurance policy are standard terms as would generally be used with other parties.

19. Loans through Issuance of Promissory Note and Bill of Exchange with Related Companies

As of 31 December 2013, the Company has borrowed money by issuing bill of exchange to its related companies, KT ZMICO Securities Company Limited, which Krungthai Bank holds 50% of issued shares, in the amount of 11.0 Million.

Opinion of the Audit Committee on the Related Party Transactions

Related Party Transactions have been considered and commented by the Audit Committee, which opined that the Related Party Transactions are beneficial to the Company and are in the ordinary course of the Company's business. There are neither special conditions nor transferring of benefits between the Company and related parties. In addition, the fees or interest rates between the Company and the related parties are in line with normal rates or rates that are calculated by unrelated parties or persons.

Policies Regarding Related Party Transactions and Acquisition and Disposition of Assets of the Company in the Future

Pursuant to Section 89/12 of the Securities and Exchange Act B.E. 2551 (No.4) (the “Securities and Exchange Act”), related parties transactions are prescribed by the law as being any transaction between the Company and a director, an executive or a related person and must be approved by the shareholders’ meeting unless such transaction is categorized as an exceptional transaction e.g. a transaction with the same commercial terms as those an ordinary person would agree with any unrelated counter-party under similar circumstances, on the basis of commercial negotiations and without any dependent interest resulting from the status of the directors, executives or related persons, as the case may be, provided further that the said commercial terms have been approved by the board of directors or are in compliance with the principles approved by the board of directors.

In this regard, the Board of Directors’ Meeting of the Company held on 19 September 2008 resolved to grant in principle approval for trade agreements with related parties to ensure compliance with the said regulation namely that, “the Management may enter into any transaction or trade agreement which is considered as a related party transaction as described in the regulation on securities and exchange. A transaction or trade agreement must be on the same commercial terms as those an ordinary person would agree with any unrelated counter-party under similar circumstances, on the basis of commercial negotiation and without any dependent interest resulting from the status of the director, executive or related person (the “Common Trade Transaction”) including a continuing connected transaction and a future transaction. The Management may determine an outline and rule for operation and prepare a summary report of such transaction for the Audit Committee’s Meeting and the Board of Directors’ Meeting at the appropriate time”.

The entering into of the related party transaction and/or the acquisition and disposition of assets of the Company in the future shall be made in compliance with the laws on securities and exchange, the regulations of the Stock Exchange of Thailand and the principle for trade agreements with related parties approved by the Board of Directors, including any regulation in connection with the disclosure of information, connected transactions and the acquisition and disposition of assets of the Company.

If the Company enters into a transaction that may give rise to a conflict of interest, the Audit Committee will consider the justification of the transaction. If the Audit Committee is not qualified enough to consider the transaction in question, the Company will seek more specialized persons such as auditors or asset appraisers or law firms, etc. who are independent from the Company and the persons with potential conflict to comment on the transactions for consideration by the Board of Directors or the Shareholders in order to ensure that the transaction will not be considered as a transfer of benefits between the Company, related persons and/or shareholders of the Company. The Company will take into account the best interests of the shareholders, especially minority shareholders. Furthermore, any director or shareholder who has any interest in connection with such related parties transaction or acquisition or disposition of assets of the Company shall not be allowed to participate in the consideration and approval of such transaction.

Analysis of Financial Condition and Results of Operations

This discussion is intended to further the reader's understanding of the financial statements, financial condition, and results of operations of Krungthai Card PCL. It should be read in conjunction with the financial statements, notes, graphs and tables included in this report.

Summary of Thailand economic and consumer finance

Political instability has caused negative impacts on consumer confidence driving a deceleration in domestic demand for consumption and investment sectors. The overall Thai economy, as a result, grew by 2.9% compare to 6.5% the previous year. Despite an unexpected economic weakness, Bank of Thailand (BoT) reported Baht 290,425 million in total receivables for the credit card industry. It grew by 11.0% from last year compare to a growth of 14.3% in 2012. Total number of credit card in the market was 18.5 million cards, up by 10.0%. Credit card spending rose by 11.2% to Baht 1,195,041 million compare to a growth of 18.7% the previous year. Total personal loan receivables for the industry grew by 16.3% in 2013 to Baht 299,142 million.

The value of the industry	2009	2010	2011	2012	2013
Credit card receivable (MB)	196,599	216,427	228,903	261,553	290,425
Growth (%)	3.9%	10.1%	5.8%	14.3%	11.0%
Number of credit card (cards)	13,489,402	14,187,815	15,328,291	16,870,025	18,548,754
Growth (%)	4.0%	5.2%	8.0%	10.1%	10.0%
Credit card spending (MB)	716,271	814,241	905,348	1,074,340	1,195,041
Growth (%)	4.2%	13.7%	11.2%	18.7%	11.2%
Personal loan receivable (MB)	213,745	187,491	213,310	257,132	299,142
Growth (%)	-6.7%	-12.3%	13.8%	20.5%	16.3%

Source: Bank of Thailand

Overviews of KTC's performance

In 2013, KTC reported net profits of Baht 1,283 million. Total receivables were Baht 51,208 million, consisted of credit card and personal loan receivables which amounted to Baht 35,297 million and Baht 15,121 million, respectively. After adjusting the allowance for doubtful accounts of Baht 4,494 million, the total receivables (net) summed to Baht 46,714 million, up by 5% from the previous year. Credit card receivables (net), 70% of total receivables (net), amounted to Baht 32,875 million, a growth of 2%. Personal loan receivables (net) also increased by 12% to Baht 13,597 million. KTC generated a revenue growth of 10%, reaching Baht 13,868 million, which the increase mostly came from personal loan's interest income, collection fee, and bad debt recovery. Despite an increase in provisioning, administrative expenses and finance costs dropped by 20% and 4% to Baht 5,274 million and Baht 1,865 million, respectively. Total expenses were Baht 12,229 million, slightly increased by 2% from 2012.

Table 1: Overall Operating Result Analysis

Operating Results (Unit: Baht Million)	2012	(%)	2013	(%)	%Growth
Total Revenue	12,622	100%	13,868	100%	10%
- Bad Debt Recovery	1,193	9%	1,446	10%	21%
Administrative Expenses	6,565	52%	5,274	38%	-20%
Finance Cost	1,941	15%	1,865	13%	-4%
Bad debts and doubtful accounts	3,531	28%	5,090	37%	44%
Profit (loss) before tax	585	5%	1,639	12%	180%
Income tax - income (expense)	(330)	3%	(356)	3%	8%
Net Profit (Loss)	255	2%	1,283	9%	403%

By deducting the extraordinary incomes of Baht 307 million which calculated to net profits (after tax) of Baht 246 million, we would have presented net operating profits of Baht 1,037 million. It was primarily generated by a growth of 7% in total revenue while administrative expenses and finance costs declined by 20% and 4%, respectively.

Table 2: Overall Operating Result Analysis (Excluding Gain from Sale of Long Term Investment)

Operating Results (Excluding extraordinary item related to the sale of investment) (Unit: Baht Million)					
	2012	(%)	2013	(%)	YoY (%)
Total Revenue	12,622	100%	13,561	100%	7%
Profit (loss) before tax	585	5%	1,332	10%	128%
Income tax - income (expense)	(330)	3%	(295)	2%	-11%
Net Profit (Loss)	255	2%	1,037	8%	307%

Contributed Factors that affected KTC's performance

In 2013, the company achieved Baht 1,000 million target profit, primarily because of improvement of the operations, covering various aspects, along with effective marketing campaign, which are on the followings:

1. The company's risk management processes begin with analyzing and evaluating both internal and external factors, in order to observe real risk impacts, as well as identifying possibility of situations causing failures and creating risk maps. By initializing risk assessment instruments such as Key Risk Indicators (KRI), Risk Appetite, and Risk Tolerance, the company is able to evaluate and control risks at acceptable level. In 2012, KTC improved its operating processes by migrating outsources (i.e. collection and litigation) back to in-house; as a result, bad debt recovery grew from Baht 1,193 million in 2012 to Baht 1,446 million, or a growth of 21%. Having effective risk management, non-performing loan (NPL) has significantly decreased. Credit card and personal loan's NPL, in fact, declined from 2.7% and 2.5% in 2012 to 2.2% and 1.5%, respectively.

2. KTC changed its core system from outsourcing international service provider to purchasing new system and customized it with the objective of increasing operational flexibility at the end of February 2013,. The new in-house processing system gives the company abilities to effectively analyze and supportively respond to the company's marketing strategies. Although the company struggled at the beginning of cross-over period, it managed to overcome the obstacles. The bottom line is that the change of the system helped reducing administrative expenses by 20% from Baht 6,565 million in 2012 to Baht 5,274 million.

3. Improved overall operating processes by aiming to decrease cost of operation in long run. For continuous process and efficiency improvement, KTC encouraged each department to complete Standard Operating Procedure (SOP) along with its Key Performance Index (KPI). As a result, cost to income ratio dropped from 52% in 2012 to 39%, while operating cost to income (excluding marketing expenses, interchange and fee paid, and extra ordinary items related to the sale of the investment) amounted to 27%, down from 30% at the end of 2012.

4. Various innovative marketing campaigns throughout the year under the marketing's theme of "Happy Go Lucky," Having done that, the company was able to provide its cardholders with benefits to every credit card spending transaction, as well as help increasing financial liquidity for personal loan's customers. In fact, one of many successful campaigns was the "Lucky Day", which the company surprised its members with special marketing campaigns on the 13th of every month.

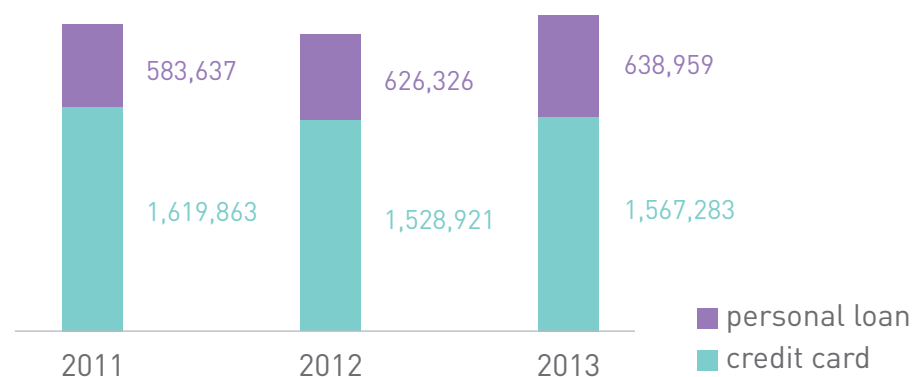
However, The Company hired a vendor for implementation of computer development. Subsequently, such vendor was in default under the contract therefor the Company terminated the contract and brought an action to the Central Intellectual Property and International Trade Court against such vendor for demanding compensation of Baht 605.49 million. The court has admitted black court case No. TorPor 102/2555. On August 2, 2013 the vendor submitted the motion requesting for an amendment to the answer and the counter - claim

of the company to the Central Intellectual Property and International Trade Court for their damages from this dishonest terminated the contract of Baht 537.31 million. Currently, the case is under consideration of the Central Intellectual Property and International Trade Court. As at December 31, 2013, the management of the Company was unable to determine the final outcome of the case. Therefore, contingent assets and liabilities resulting from such outcome have not been recorded in the financial statements of the Company.

Overviews of KTC's performance comparison: 2011 - 2013

The company's strategy focuses on building customers' satisfaction in which credit card and personal loan are core businesses. Controlling the risk at an exceptional level in spite of the growing size of portfolio is the key challenged in the business, which affect portfolio's quality. Consequently, as at December 31, 2013, KTC had a total of 2.21 million accounts consisting of 1,567,283 credit cards and 638,959 personal loan accounts.

Graph 1: KTC's account break down



The Company's total revenue, increased from Baht 12,947 million in 2011, and Baht 12,622 million in 2012, to Baht 12,497 million in 2013. The total revenue came from interest income (including credit usage fee), fee income, and other incomes of Baht 8,296 million, Baht 3,645 million, and Baht 1,926 million which accounted for 60%, 26%, and 14% of total revenues respectively, of which 16% and 75% of the other incomes were extraordinary items related to the sale of the investment and bad debt recovery.

Table 3: Interest Income Summary (Including credit usage fee)

(Unit: Million Baht)

Year Ended December 31,	2011		2012		2013	
	Amount	Proportion of Total Income	Amount	Proportion of Total Income	Amount	Proportion of Total Income
Interest Income*						
Credit Card	5,074	40.6%	4,770	37.8%	4,650	33.5%
Circle Loan	49	0.4%	43	0.3%	39	0.3%
Personal Loan	2,943	23.6%	3,084	24.4%	3,563	25.7%
Self-Employed Loan	73	0.6%	58	0.5%	44	0.3%
Total Interest Income*	8,139	65.1%	7,954	63.0%	8,296	59.8%
Total Interest Expense	1,941		1,941		1,865	
Net Interest Income*	6,197		6,013		6,431	
Yield on Interest Income	18.6%		18.2%		18.2%	
Cost of Fund	4.9%		5.0%		4.8%	
Net Interest Margin*	13.6%		13.2%		13.4%	

*Including credit usage fee

Net Interest Income (including credit usage fee)

Interest Income (including credit usage fee) was Baht 8,296 million, or accounted for 59.8% of total revenue. It was generated by 56% credit card receivables, 43% personal loan receivables, and 1% circle loan and self-employed loan receivables. Credit card receivables (net), in fact, slightly increased from Baht 32,090 million to Baht 32,875 million. With most of the increases were transactors, credit card's interest income declined by 3% to Baht 4,650 million. On the other hand, personal loan's interest income was up by 16% to Baht 3,563 million as the receivables grew from Baht 11,650 million and Baht 12,182 million in 2011 and 2012, respectively, to Baht 13,597 million.

For 2013, the company reported an increase in net interest margin from 13.2% to 13.4%, primarily due to a decline in finance cost from 4.98% in 2012 and 4.90% in 2011 to 4.77%, while interest received remained unchanged at 18.2% for 2012 and 2013.

Non-Interest Incomes (excluding credit usage fee)

Non-interest incomes comprised of fee and service incomes, bad debt recovery, gain (loss) on exchange, income from selling an investment, and other incomes. It, in fact, accounted for 40.2% of total revenue with a growth of 19.4% from 2012. The non-interest incomes particularly increased to Baht 5,572 million from Baht 4,668 million in 2012 and from Baht 4,359 million in 2011.

Fee and service incomes were Baht 3,645 million, increased by 11.5% from Baht 3,269 million in 2012. The company improved its collection efficiency by migrating collection back to in-house,

which resulted in an increase of 21.2% in bad debt recovery from Baht 1,193 million to Baht 1,446 million. Besides, there was the extraordinary income related to the sale of the investment of Baht 307 million, or equivalent to 2.2% of total revenue.

Table 4: Non - interest Income Summary

(Unit: Million Baht)

Year Ended December 31,	2011		2012		2013	
	Amount	Proportion of Total Income	Amount	Proportion of Total Income	Amount	Proportion of Total Income
Non-Interest Income*						
Fee and Service Income	3,166	25.3%	3,269	25.9%	3,645	26.3%
Bad Debt Recoveries	851	6.8%	1,193	9.4%	1,446	10.4%
Management Fees	53	0.4%	14	0.1%	-	-
Net Gain (Loss) on Exchange	69	0.6%	72	0.6%	69	0.5%
Gain from sale of long term investment	-	-	-	-	307	2.2%
other Income	219	1.8%	120	1.0%	104	0.7%
Total Non- interest Income	4,359	34.9%	4,668	37.0%	5,572	40.2%
Total Revenue	12,497		12,622		13,868	

*Excluding credit usage fee

Expense

Total expense (excluding interest expense and income tax) for 2013 was Baht 10,364 million, up by 2.7% from Baht 10,096 million in 2012 as a result of ability in lowering administrative expenses by 20%, while bad debts and doubtful accounts increased by 44% as portfolio grew.

Table 5: Total Expense

(Unit: Million Baht)

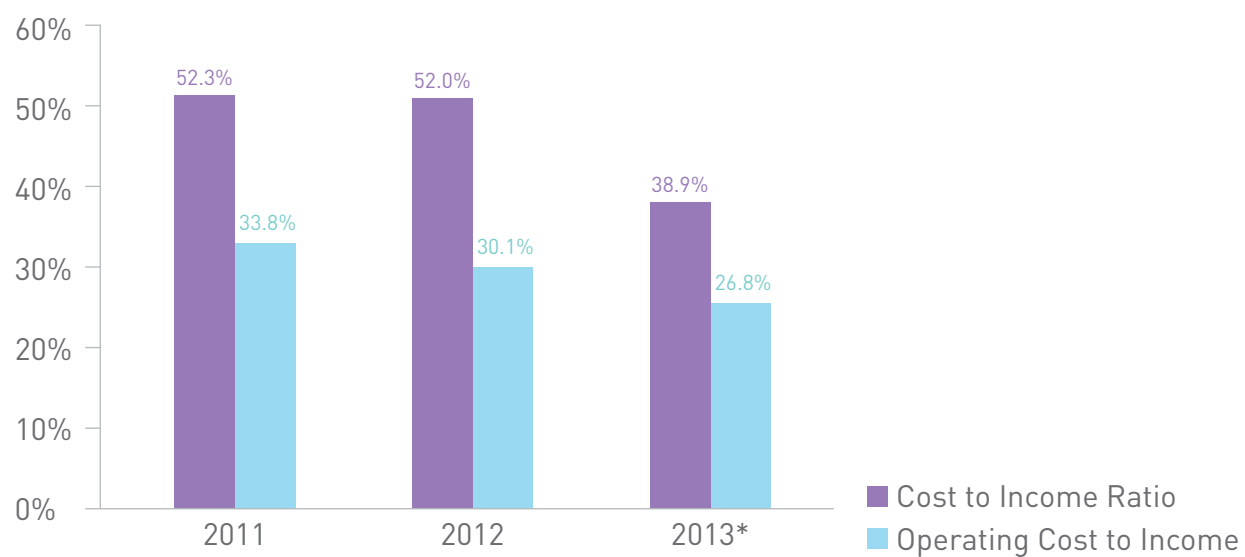
Year Ended December 31,	2011		2012		2013	
	Amount	Proportion of Total Income	Amount	Proportion of Total Income	Amount	Proportion of Total Income
Expense						
Bad Debt and Doubtful Account						
Credit Card	4,463	36.70%	2,427	19.20%	3,021	21.80%
Circle Loan	14	0.10%	5	0.00%	9	0.10%
Personal Loan	1,050	8.60%	1,004	8.00%	2,027	14.60%
Self-Employed Loan	84	0.70%	38	0.30%	28	0.20%
Total Bad Debt and Doubtful Account (KTC's only)	5,611	44.90%	3,475	28.00%	5,085	36.70%
Other Recievables	-		56	0.30%	4	0.00%
Total Bad Debt and Doubtful Account	5,611	44.90%	3,531	28.00%	5,090	36.70%
Selling and Administrative Expense:						
Personnel Expense	988	7.90%	1,170	9.30%	1,520	11.00%
Marketing Expense	1,942	15.50%	1,957	15.50%	1,182	8.50%
Fee and Advisory	2,207	17.70%	1,658	13.10%	1,109	8.00%
Other Expense	1,405	11.20%	1,780	14.10%	1,463	10.60%
Total Selling and Administrative Expense	6,542	52.30%	6,565	52.00%	5,274	38.00%
Total Expense	12,153		10,096		10,364	

Total Administrative Expenses

The financial statements showed a decrease of 20% in total administrative expenses from Baht 6,565 million in 2012 to Baht 5,274 million as the company has continuously improved its in-house collection process and core system. By doing so, fee paid declined by 33% from Baht 1,658 million to Baht 1,109 million. Personnel expenses, on the other hand, grew by 30% to Baht 1,520 million as the company hired more professionals to work in collection department. Marketing expenses were down by 40% to Baht 1,182 million, mostly due to lower bonus point reserve. Other administrative expenses increased by 7%, primarily due to an increase in miscellaneous expenses.

Cost to income ratio declined to 38.9% from 52.0% in 2012, whereas operating cost to income ratio (excluding marketing expenses and net interchange and fee) decreased from 30.1% to 26.8%.

Graph 2: Cost to Income Ratio versus Operating Cost to Income Ratio Comparison: 2011 - 2013



*Excluding gain from sale of long term investment

Bad Debt and Doubtful Account

For Y2013, the company reported its bad debts and doubtful accounts of Baht 5,090 million, up from Baht 3,531 million the previous year. This is due to portfolio's growth and provisioning policy, which remains its focus on supporting risk that might arise from fluctuated economic in the future, as well as bad debts that were on process of filing lawsuit to be written off.

Cost of Funds

The cost of funds declined, from 4.94% in 2011 and from 4.98% in 2012, to 4.77% in 2013. Total borrowing increased from Baht 38,749 million in 2012, to Baht 39,408 million, which consisted of Baht 11 million short-term borrowings from related financial institutions, Baht 11,197 million short-term borrowings from other financial institutions, Baht 5,200 million of long-term borrowings (including long-term borrowings maturity within one year) and Baht 23,000 million of long-term debentures (including long-term debentures maturity within one year). To sustain its liquidity and maintain the suitable cost of fund, KTC diverge its source of borrowings through Local and Foreign Banks, Securities Companies, Insurance Companies and Asset Management Companies. Total available credit line summed to Baht 21,920 million, which includes credit line from KTB of Baht 18,030 million and Baht 3,890 million from other commercial banks. The financial statement showed the debt to equity ratio of 7.5 times, down from 8.5 times at the end of 2012. It, in fact, stays at satisfied level and lower than the bond covenant at the maximum D/E ratio of 10 times.

Table 6: Statement of Balance

(Unit: Million Baht)

Year Ended December 31,	2011	2012	2013
Asset			
Interest earning assets			
Credit card receivables - net	30,940	32,090	32,875
Circle loan receivables - net	271	244	225
Personal loan receivables - net	11,650	12,182	13,597
Self-employed loan receivables - net	58	36	17
Total receivables - net	42,920	44,552	46,714
Non-interest earning assets			
Cash and equivalent	755	1,444	1,624
Leasehold improvements and equipment - net	556	445	445
Other current & non-current assets	3,212	2,697	3,122
Total non-interest earning assets	4,523	4,586	5,191
Total assets	47,443	49,138	51,905

Table 6 (Continued): Statement of Balance

(Unit: Million Baht)

Year Ended December 31,	2011	2012	2013
Liabilities and Shareholders' Equity			
Liabilities			
Short - term loans	19,724	23,549	19,008
Bond and Long - term loans	19,500	15,200	20,400
Other current & non - current liabilities	3,357	5,198	6,368
Total liabilities	42,581	43,947	45,776
Shareholders' Equity			
Total Shareholders' Equity	4,862	5,191	6,128
Total Liabilities and Shareholders' Equity	47,443	49,138	51,905

Assets

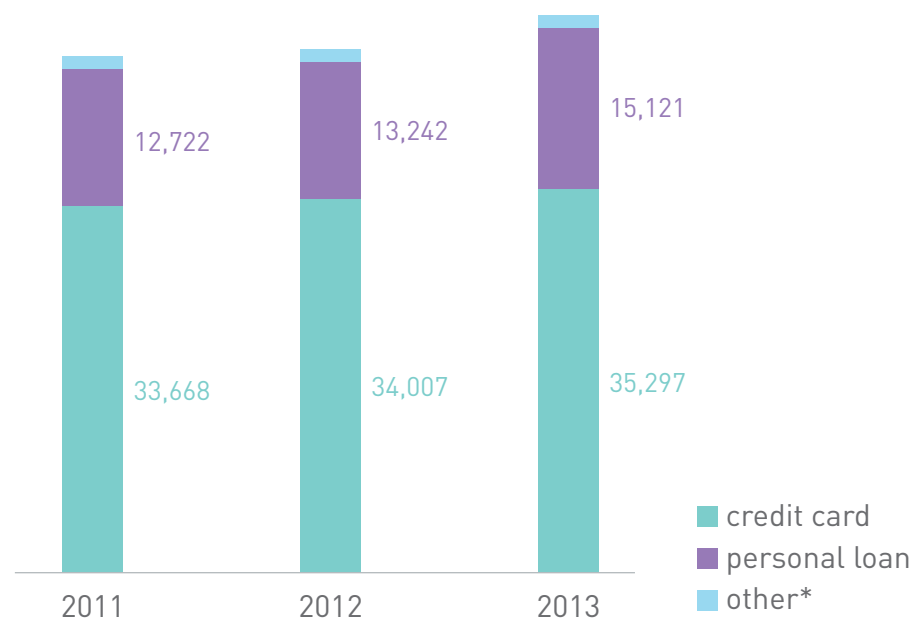
The company reported its total assets of Baht 51,905 million in 2013, up by 5.6% from Baht 49,138 million in 2012. It consisted of 90% of receivables and 10% of unearned assets, i.e. leasehold improvements and equipment, deferred tax assets, etc.

Receivables

Total receivables increased from Baht 48,080 million in 2012 to Baht 51,208 million at the end of 2013. It comprised of 69% credit card receivables, 30% personal loan receivables, and 1% circle loan receivables and self-employed loan receivables.

Graph 3: Portfolio Structure as of December 31, 2011 – 2013

(Unit: Million Baht)

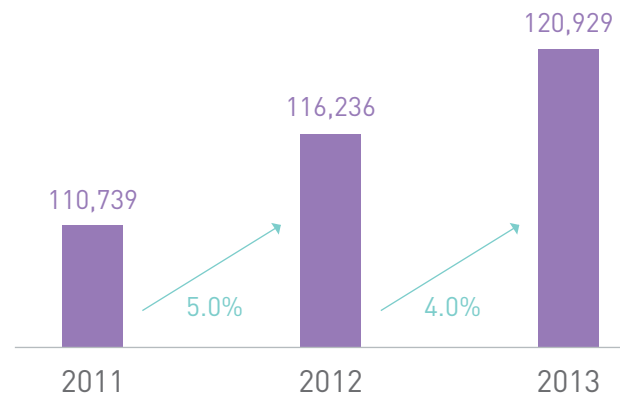


*Other Receivables includes Circle Loan and Self-Employed Loan

Credit Card Receivables

KTC has launched various innovative marketing campaigns throughout the year, covering all age group and different lifestyle by using Forever Rewards as a magnet to stimulate the spending of goods and services via KTC credit card. The company provided the convenient registration way so that members can easily enjoy the privileges, which consequently reflects 4% spending growth in 2013 as well as 2.4% growth in credit card net receivables: from Baht 32,090 million in 2012 to Baht 32,875 million in 2013.

Graph 4: Total Credit Card Spending Year 2011 - 2013



Personal Loan Receivables

Personal loan's marketing strategy primarily emphasized on KTC Cash Revolve which helps increase customer's financial liquidity by launching innovative campaigns to lessen customers' burdens and creating repayment discipline. Most of the campaigns that were launched during the year 2013 have well been overwhelmed by the customers. Personal loan's receivables (net), as a result, increased by 11.6% from Baht 12,812 million to Baht 13,597 million.

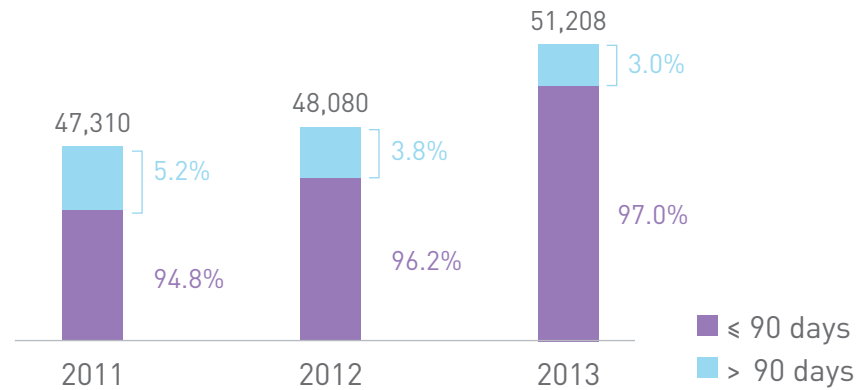
Portfolio Quality

By concerning number of days past due (dpd), KTC splits its receivables into 2 groups. First is a group of receivables aging 0-90 days which accounted for 97% of total receivables, and another is NPL or receivables aging more than 90 days (100% provision).

The company calculates non-performing loan (NPL) - 90 days past due by divided receivables aging more than 90 days with total receivables. According to the chart, NPL has continuously declined from 3.8% in 2012 to 3.0%. It was primarily due to improvement in portfolio's quality in which the company's migration its collection from outsourcing to in-house in 2012. By doing so, collection efficiency has been improved which resulted in elevated recovery.

For 2013, allowance for doubtful accounts amounted to Baht 4,494 million, up by 27.4% from Baht 3,528 million at the end of 2012. The increase was primarily due to the expansion of credit card and personal loan portfolios and the company's provisioning policy in order to support risks that might arise from economic fluctuations in the future.

Graph 5: Aging of Gross Receivables Comparison at the year-end of 2011 – 2013



Liabilities and Shareholders' Equity

At the year end of 2013, KTC's financial structure consists of current liabilities 36.6%, which is short-term borrowing, long-term borrowing portion with maturity within one year etc., non-current liabilities 39.3%, which is mostly long-term borrowing and debentures, other current and non-current liabilities 12.3%, which is trade account payable, provision for reward points, and provision for employee benefits, and shareholder's equity 11.8%. Consequently, KTC's debt to equity ratio is 7.5 times which stays at satisfy level and lower than the bond covenant at the maximum D/E ratio of 10 times.

Dividend Payment

Table 7: KTC Dividend Payment 2010 – 2012

	2010	2011	2012
Dividend per Share	0.45	No dividend payment	0.4
Dividend Payout Ratio	51.8%	N/A	40.4%

The dividend payment policy states that not less than 40 percent of net profit after deduction of income tax and appropriation for a legal reserve is to be paid to shareholders. The Company made payment of dividends for the year 2010 to the shareholders at the rate of Baht 0.45 per 1 ordinary share or equivalent to 51.8% of net profit. The Shareholders' meeting resolved to approve the omission of dividend distribution for 2011. However, the Company made payment of dividends for the year 2012 to the shareholders at the rate of Baht 0.40 per 1 ordinary share or equivalent to 40.4% of net profit.

Significant Accounting Policy

The company adopts Thai accounting standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Standard Interpretations (TSI), and Thai Financial Reporting Standard Interpretations (TFRI) relevant to the company in the preparation of the company's financial statements when they become effective. Following details are clarifications of specific sections:

Thai Financial Reporting Standard Interpretations (TFRI) 13 "Customer Loyalty Programmes"

- The TFRI 13 "Customer Loyalty Programmes" was in effect on January 1, 2014. The reward point reserve is calculated based on the estimates of redemption rate of the reward points earned by the customers and average reward prices and is presented in current liabilities in the statements of financial position.
- According to the TFRI 13, the change in reward point reserve policy will affect as follows:
 1. There is an effect on financial statements in term of income recognition, which the company recognizes its future incomes as deferred income. When customers redeem their reward points, then KTC start recognizing it as income based on fair value and reward prices.
 2. There is a change in calculation method from using Cost to Fair Value.
 3. By implementing TFRI 13, the company is required to make retroactive adjustment, which can be observed starting in the first quarter of 2014. The adjustment has no significant impact on the company's financial statement as the net profits will be adjusted by only 249,621 Baht.

(Unit: Baht Million)

Effects from TFRI 13	1Q13	2Q13	3Q13	4Q13	Y2013
Total Revenues	3,519.63	3,386.80	3,422.83	3,538.53	13,867.78
- Income increase (decrease)	(152.90)	(96.20)	(114.79)	(159.97)	(523.85)
Total Revenues after adjusting	3,366.73	3,290.61	3,308.04	3,378.56	13,343.93
Total Expenses	2,987.99	2,976.24	3,029.31	3,235.53	12,229.08
- Expense increase (decrease)	(143.51)	(138.03)	(132.09)	(110.53)	(524.17)
Total Expenses after adjusting	2,844.49	2,838.21	2,897.22	3,125.00	11,704.92
Net Profits	421.94	323.74	308.35	228.60	1,282.63
- Net Profits (Loss) from TFRI 13	(7.52)	33.47	13.84	(39.55)	0.25
Net Profits after adjusting	414.42	357.21	322.19	189.06	1,282.88

The Allowance for Doubtful Accounts Policy

- The company places its allowance for doubtful accounts policy according to the BOT's notification No. SorNorSor. 31/2551 "Classification and Provisions of the Financial Institutions."
1. For receivables aging not over 90 days, KTC implements the collective approach method, based on historical loss. By adjusting unexpected loss, the company means to rely on "Customer Base," which customer's risks are analyzed in general. Historical loss, in fact, can be determined by $EAD \times PD \times LGD$, where EAD = Exposure at Default, PD = Probability of Default, and LGD = Loss Given Default. Moreover, the company adjusted the historical loss experience by unexpected loss, the information on trend and economic conditions that might have an effect on the ability to repay the debt of the customers. In addition to unexpected loss, KTC adds "Economic Factors" to cope with the potential risks from the future economic fluctuation.
 2. The company fully reserved for receivables which are defaulted for more than 90 days.

Economic trend and 2014 strategies

In the first quarter of 2014, Thai economic has still been impacted by the political unrest driving declines in investor confidence and domestic consumption. In fact, BOT forecasts economic growth at 3.0% for 2014. Having stated that, the country's economy may improve in conjunction with global economic recovery, which should result in acceleration in Thai exports motivating domestic demand and household purchasing. The government's investment plans also have positive impacts on the country's imports. Overall Thai economic, however, may undergo in the long-run since there is a setback in government's investment caused by current political instability.

Operating expenses continue to decline, primarily due to the company's reorganization and operational efficiency improvement during 2012-2013. The company, in fact, considers the current level of operating expense as an appropriate level for its businesses; therefore, we will pay more attention on building revenue from now on. In order to induce spending growth, business strategies have aggressively been set on encouraging spending rather than increasing number of cards, creating Valuable Products & Services, and managing cost efficiency.

Besides, marketing strategy will focus on analyzing lifestyles of each customer group, which categorized by age and income. By doing so, the company is able to initiate products and promotions that specifically meet customer's needs. Forever rewards scheme remains a primary instrument in marketing strategy wherein KTC will enhance more of reward point benefits, as well as focusing on online channel which is the efficient way to reach out to customers and cost saving.

For credit card business, the company plans to inflate its customer base to new target groups by offering incentive benefits, as well as to motivate current cardholder's spending. In order to maximize value of money, all marketing campaigns will be created on principle of attaining budget efficiency and specific campaigns by using Forever Reward Points scheme. We will also increase the number of point redeeming stations across the country to offer convenience to our members especially in major provinces.

In order to create financial products and marketing programs that meet the customer's needs, KTC analyzes and conducts "Customer Profile," which detaches target group of customers into 3 groups. "First jobber" (age between 20-29 years old) is a group of customers who have moderate incomes and expenses and were born with computer and technology. The second group called "Exploring & Maturing" (age between 30-49 years old). This group of customers has ability to support themselves and their families. Finally, a group with high purchasing power so called "Settled & Retired" (age 50 and up). By categorizing groups of customer, the company is able to offer the right products and services to the right groups of customers.

Personal Loan business focuses on KTC Cash Revolve with considerations on methods of payment, payment discipline, and loyalty. Having stated that, KTC has been launching marketing campaigns which helps lessening well-disciplined clients' debts and offering attention-grabbing campaigns to attract new customers.

The company remains high attention on risk management in order to control risks at an acceptable level. Besides, it is KTC's duty to make sure that allowance for doubtful accounts is enough for running the company in the long-run. The provisioning policy, in fact, has been tightened as KTC set up higher standard for non-performing loans (NPL) according to BOT's regulations.

By combining the company's strength in marketing with KTB's outstanding financial position, we have ability to invent more of attractive marketing programs, which generate benefits for both institutions. Having synergy business, we are promoting border businesses in order to support the ASEAN Economic Community (AEC) in which it will operate in 2015 as well. We will initially target on tourists and businessmen coming from neighboring countries, as well as trading across the border. In fact, The company has plan to extend credit card memberships to the customer based in Laos and etc.

Online services have been developed in order to provide better services to KTC's members and merchants. The company launches a mobile application called "Tap KTC," which credit card and personal loan customers have abilities to do their financial transactions on their mobile phone or tablets. The financial transactions include paying for goods and services, verifying credit card's transactions, and checking status of applications. Having One-Time Password Authentication ensures that only properly authenticated users can access to their data. "Tap KTC Merchant" is also developed to offer more convenient for KTC merchant members. With additional gadgets that can be attached to smart phones, merchant members are able to receive payment anywhere and anytime. Moreover, KTC launched an electronic credit card called "KTC Virtual," which cardholders basically can use their cards to buy goods and services online with some power to control their spending; for instance, they can specify credit line and spending limit per transaction.

KTC has strengthened its business by implementing new business instruments, such as Customer Relationship Management (CRM) and Total Business Relationship (TBR). With these instruments, the company will be able to create strong products and services.

The company's objective is to build customer satisfaction and long-lasting relationships with its members. In addition, KTC is ready to be a learning organization (Knowledge-based organization) with a pleasant working environment where every employee feels that they are a vital part of the company. Additionally, KTC is building long-term relationships with partners and growing together side by side through different perceptions in operating businesses with transparency, good governance, and sustainable profits for investors.

Report of the Independent Certified Public Accountants ■

To the shareholders and board of directors
Krungthai Card Public Company Limited

We have audited the financial statements of Krungthai Card Public Company Limited, which comprise the statement of financial position as at December 31, 2013, and the income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Krungthai Card Public Company Limited as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Bangkok
February 18, 2014



Chavala Tienpasertkij

Certified Public Accountant (Thailand)

Registration No. 4301

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

Statement of Financial Position ►

Krungthai Card Public Company Limited

As at December 31, 2013

Unit: Baht

	Notes	2013	2012
Assets			
Current Assets			
Cash and cash equivalents	23	1,623,516,759	1,443,869,385
Long-term investment with maturity within one year	7	-	20,063,108
Trade and other receivables			
Trade accounts receivable	5	46,714,083,788	44,551,832,939
Revenue Department receivable		54,788,045	78,213,459
Other receivables	6 and 23	1,073,508,072	695,399,145
Total Current Assets		49,465,896,664	46,789,378,036
Non-Current Assets			
Long-term investments	7	20,893,297	302,676,500
Leasehold improvements and equipment	8	444,599,892	444,515,175
Intangible assets	9	445,136,517	273,811,351
Deferred tax assets	10	1,466,755,340	1,212,739,305
Other non-current assets		61,545,253	114,821,807
Total Non-current Assets		2,438,930,299	2,348,564,138
Total Assets		51,904,826,963	49,137,942,174

Notes to the financial statements form an integral part of these statements

Statement of Financial Position (Continued)

Krungthai Card Public Company Limited

As at December 31, 2013

Unit: Baht

	Notes	2013	2012
Liabilities and Shareholders' equity			
Current Liabilities			
Short-term loans from financial institutions			
- Related financial institutions	12 and 23	10,981,606	616,213,388
- Other financial institutions	12	11,197,217,825	10,432,313,296
Trade and other payables			
Trade accounts payable			
- Related financial institution and related parties	23	982,029,744	857,278,792
- Other companies		400,319,043	223,531,685
Accrued interest expenses		221,178,219	269,037,841
Income tax payable		195,092,774	237,430,934
Accrued expenses		502,505,730	313,971,803
Other payables	11	1,753,015,718	998,971,080
Current portion of long-term loans	13	-	2,000,000,000
Current portion of liability under finance lease contracts	14	-	1,765,939
Current portion of long-term debentures	15	7,800,000,000	10,500,000,000
Provision for reward points		2,188,000,000	2,198,000,000
Total Current Liabilities		25,250,340,659	28,648,514,758

Notes to the financial statements form an integral part of these statements

Statement of Financial Position (Continued)

Krungthai Card Public Company Limited

As at December 31, 2013

Unit: Baht

	Notes	2013	2012
Liabilities and Shareholders' equity (Continued)			
Non-Current Liabilities			
Long-term loans	13	5,200,000,000	2,200,000,000
Long-term debentures	15	15,200,000,000	13,000,000,000
Provision for employee benefits	16	126,000,000	98,300,000
Total Non-current Liabilities		20,526,000,000	15,298,300,000
Total Liabilities		45,776,340,659	43,946,814,758

Notes to the financial statements form an integral part of these statements

Statement of Financial Position (Continued)

Krungthai Card Public Company Limited

As at December 31, 2013

Unit: Baht

	Notes	2013	2012
Liabilities and Shareholders' equity (Continued)			
Shareholders' Equity			
Share Capital			
Authorized share capital			
257,833,407 ordinary shares of Baht 10.00 each		2,578,334,070	2,578,334,070
Issued and paid-up share capital			
257,833,407 ordinary shares of Baht 10.00 each, fully paid		2,578,334,070	2,578,334,070
Premium on Ordinary Shares			
Premium on ordinary shares		1,891,808,721	1,891,808,721
Retained Earnings			
Appropriated			
Legal reserve	18	257,833,407	185,300,000
Unappropriated		1,400,510,106	293,543,426
Other Components of Shareholders' equity		-	242,141,199
Total Shareholders' equity		6,128,486,304	5,191,127,416
Total Liabilities and Shareholders' equity		51,904,826,963	49,137,942,174

Notes to the financial statements form an integral part of these statements

Income Statement

Krungthai Card Public Company Limited

For the Year Ended December 31, 2013

Unit: Baht

	Notes	2013	2012
Interest income		5,727,632,494	5,583,185,215
Fee and service income	23	6,213,879,637	5,654,197,626
Bad debt recovered		1,446,243,045	1,192,734,450
Gain on exchange rate - net		69,112,298	71,845,086
Gain from sale of long term investment		307,391,873	-
Other income	23	103,521,555	120,269,830
Total Revenues		13,867,780,902	12,622,232,207
Administrative expenses	23	5,159,728,849	6,459,960,235
Management remuneration	23.3	114,222,049	104,984,908
Bad debts and doubtful accounts	5.2 and 6	5,090,193,099	3,531,332,429
Total Expenses	19	10,364,143,997	10,096,277,572
Profit before finance cost and income tax		3,503,636,905	2,525,954,635
Finance costs	23	1,864,938,677	1,941,440,500
Profit before income tax		1,638,698,228	584,514,135
Income tax expense	21	356,065,138	329,518,461
Profit for the years		1,282,633,090	254,995,674
Basic earnings per share	Baht	4.97	0.99
Weighed average number of ordinary shares	Shares	257,833,407	257,833,407

Notes to the financial statements form an integral part of these statements

Statement of Comprehensive Income ►

Krungthai Card Public Company Limited

For the Year Ended December 31, 2013

Unit: Baht

	Notes	2013	2012
Profit for the years		1,282,633,090	254,995,674
Other comprehensive income (loss)			
Net value gain (loss) on investment in available-for-sale securities		(242,141,199)	74,266,893
Other comprehensive income (loss) for the years, net of tax		(242,141,199)	74,266,893
Total comprehensive income for the years		1,040,491,891	329,262,567

Notes to the financial statements form an integral part of these statements

Statement of Changes in Shareholders' Equity

Krungthai Card Public Company Limited

For the Year Ended December 31, 2013

Unit: Baht

	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of shareholders' equity Revaluation surplus on investments	Total shareholders' equity
				Appropriated Legal reserve	Unappropriated		
Beginning balance as at January 1, 2012		2,578,334,070	1,891,808,721	172,500,000	51,347,752	167,874,306	4,861,864,849
Legal reserve	18	-	-	12,800,000	(12,800,000)	-	-
Total comprehensive income		-	-	-	254,995,674	74,266,893	329,262,567
Ending balance as at December 31, 2012		2,578,334,070	1,891,808,721	185,300,000	293,543,426	242,141,199	5,191,127,416
Beginning balance as at January 1, 2013		2,578,334,070	1,891,808,721	185,300,000	293,543,426	242,141,199	5,191,127,416
Dividend paid		-	-	-	(103,133,003)	-	(103,133,003)
Legal reserve	18	-	-	72,533,407	(72,533,407)	-	-
Total comprehensive income		-	-	-	1,282,633,090	(242,141,199)	1,040,491,891
Ending balance as at December 31, 2013		2,578,334,070	1,891,808,721	257,833,407	1,400,510,106	-	6,128,486,304

Notes to the financial statements form an integral part of these statements

Statement of Cash Flows

Krungthai Card Public Company Limited

For the Year Ended December 31, 2013

Unit: Baht

	2013	2012
Cash flows from operating activities		
Income before income tax expense	1,638,698,228	584,514,135
Adjustments for:		
Amortization of premium on debt securities	339,655	325,320
Amortization of deferred interest expense	19,957,953	50,386,004
Employee benefits expense	27,700,000	12,300,000
Depreciation and amortization	271,028,155	254,146,211
Write-off residual value of fixed assets under finance lease	(214,000)	-
Loss from disposal and written-off of leasehold improvements and equipment - net	938,623	12,590,923
Loss from impairment of assets	-	411,822,221
Gain from sale of long-term investments	(307,391,873)	-
Reward point expense (reversal)	(10,000,000)	873,000,000
Bad debts and doubtful accounts	5,090,193,099	3,531,332,429
Interest expense	1,836,267,000	1,909,562,203
	8,567,516,840	7,639,979,446

Notes to the financial statements form an integral part of these statements

Statement of Cash Flows (Continued) ▀

Krungthai Card Public Company Limited

For the Year Ended December 31, 2013

Unit: Baht

	2013	2012
Trade accounts receivable increase	(7,252,443,948)	(5,106,915,756)
Other receivables (increase) decrease	(378,108,927)	116,947,704
Other non-current assets (increase) decrease	34,684,553	(32,320,850)
Trade accounts payable - related financial institution and related parties increase	124,750,953	403,653,115
Trade accounts payable - others increase (decrease)	126,791,303	(4,326,546)
Accrued interest expenses (decrease)	(4,827,249)	(41,176,755)
Income tax payable decrease	(182,720,465)	(90,685)
Accrued expenses increase (decrease)	188,533,926	(32,055,303)
Other payables increase	754,044,638	305,612,084
Cash received from operations	1,978,221,624	3,249,306,454
Interest expense paid	(1,879,299,373)	(1,854,268,202)
Income tax paid	(409,163,570)	(31,524,684)
Proceeds from income tax refundable	23,425,414	158,738,230
Net cash (used in) provided by operating activities	(286,815,905)	1,522,251,798

Notes to the financial statements form an integral part of these statements

Statement of Cash Flows (Continued)

Krungthai Card Public Company Limited

For the Year Ended December 31, 2013

Unit: Baht

	2013	2012
Cash flows from investing activities		
Cash paid for purchases of long term investment	(21,169,844)	-
Cash received from long term investment	327,391,873	-
Proceeds from sales of leasehold improvements and equipment	4,770,292	1,123
Cash paid for purchases of leasehold improvements and equipment	(112,417,954)	(153,870,388)
Cash paid for purchases of computer software	(267,140,943)	(148,321,714)
Net cash used in investing activities	(68,566,576)	(302,190,979)
Cash flows from financing activities		
Proceeds from short-term loans - financial institutions (net)	139,714,794	2,794,433,284
Proceeds from long-term loans	3,000,000,000	2,200,000,000
Cash paid for repayment of long-term loans	(2,000,000,000)	(2,500,000,000)
Proceeds from issuance of debentures	10,000,000,000	6,000,000,000
Cash paid for redemption of long-term debentures	(10,500,000,000)	(9,020,000,000)
Cash paid for liabilities under finance lease contracts	(1,551,936)	(5,885,332)
Dividend paid	(103,133,003)	-
Net cash provided by (used in) financing activities	535,029,855	(531,452,048)
Net increase in cash and cash equivalents	179,647,374	688,608,771
Cash and cash equivalents as at January 1,	1,443,869,385	755,260,614
Cash and cash equivalents as at December 31,	1,623,516,759	1,443,869,385

Notes to the financial statements form an integral part of these statements

Notes to the Financial Statements

Krungthai Card Public Company Limited

For the year ended December 31, 2013

1. General

Krungthai Card Public Company Limited (“the Company”) is fully engaged in credit card, personal loan and other related businesses. The Company registered as a listed company on The Stock Exchange of Thailand on October 28, 2002.

The Company is located at 14th Floor UBC II Building, 591 Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110.

2. Basis for Preparation and Presentation of the Financial Statements

2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards (“TFRS”) and accounting practices generally accepted in Thailand and in accordance with the regulations of The Stock Exchange of Thailand dated January 22, 2001, regarding the basis, conditions and procedures for the preparation and submission of financial statements and reports for the financial position and results of operations of listed companies B.E. 2544. The financial statements have been prepared on the historical cost basis except for those described in Accounting Policies (Note 3).

The brief particulars in the Company’s financial statements for the years ended December 31, 2013 and 2012 are prepared in compliance with the Notification of the Department of Business Development regarding “The Brief Particulars in the Financial Statements B.E. 2554” dated September 28, 2011.

Currently, the Company’s operations relate to a single business segment which is the consumer finance business, and are carried out in a single geographic area which is Thailand.

2. Basis for Preparation and Presentation of the Financial Statements (Continued)

2.2 The Federation of Accounting Professions issued the Notifications regarding Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Standard Interpretations (TSI), and Thai Financial Reporting Standard Interpretations (TFRI) which have been announced in the Royal Gazette as follows:

	TAS/ TFRS/ TSI/ TFRI	Effective date
TAS		
TAS 1 (Revised 2012)	Presentation of Financial Statements	January 1, 2014
TAS 7 (Revised 2012)	Statement of Cash Flows	January 1, 2014
TAS 12 (Revised 2012)	Income Taxes	January 1, 2014
TAS 17 (Revised 2012)	Leases	January 1, 2014
TAS 18 (Revised 2012)	Revenue	January 1, 2014
TAS 19 (Revised 2012)	Employee Benefits	January 1, 2014
TAS 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rates	January 1, 2014
TAS 24 (Revised 2012)	Related Party Disclosures	January 1, 2014
TAS 28 (Revised 2012)	Investments in Associates	January 1, 2014
TAS 31 (Revised 2012)	Interests in Joint Ventures	January 1, 2014
TAS 34 (Revised 2012)	Interim Financial Reporting	January 1, 2014
TAS 38 (Revised 2012)	Intangible Assets	January 1, 2014

2. Basis for Preparation and Presentation of the Financial Statements (Continued)

	TAS/ TFRS/ TSI/ TFRI	Effective date
TFRS		
TFRS 2 (Revised 2012)	Share-based Payment	January 1, 2014
TFRS 3 (Revised 2012)	Business Combinations	January 1, 2014
TFRS 4	Insurance Contracts	January 1, 2016
TFRS 5 (Revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2014
TFRS 8 (Revised 2012)	Operating Segments	January 1, 2014
TSI		
TSI 15	Operating Leases - Incentives	January 1, 2014
TSI 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	January 1, 2014
TSI 29	Disclosure - Service Concession Arrangements	January 1, 2014
TSI 32	Intangible Assets - Web Site Costs	January 1, 2014

2. Basis for Preparation and Presentation of the Financial Statements (Continued)

	TAS/ TFRS/ TSI/ TFRI	Effective date
TFRI		
TFRI 1	Changes in Existing Decommissioning Restoration and Similar Liabilities	January 1, 2014
TFRI 4	Determining whether an Arrangement Contains a Lease	January 1, 2014
TFRI 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	January 1, 2014
TFRI 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	January 1, 2014
TFRI 10	Interim Financial Reporting and Impairment	January 1, 2014
TFRI 12	Service Concession Arrangements	January 1, 2014
TFRI 13	Customer Loyalty Programmes	January 1, 2014
TFRI 17	Distributions of Non-cash Assets to Owners	January 1, 2014
TFRI 18	Transfers of Assets From Customers	January 1, 2014

The Company's management anticipates that the Company will adopt the above TAS, TFRS, TSI, and TFRI relevant to the Company in the preparation of the Company's financial statements when they become effective. The Company's management anticipates that the adoption of the other TAS, TFRS, TSI, and TFRI as above will have no material impact on the financial statements of the Company in the period of initial application.

3. Significant Accounting Policies

3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits at banks and financial institutions and current investments with original maturities of 3 months or less.

3.2 Trade accounts receivable

Trade accounts receivable are stated in the statements of financial position at the outstanding amount less the allowance for doubtful accounts.

3.3 Investments

The Company's investments consist of debt securities and equity securities which are classified as available-for-sale securities, held-to-maturity debt securities or general investments.

Debt and equity securities with readily determinable market values that are not classified as either trading securities or held-to-maturity securities are classified as available-for-sale securities and are presented as short-term or long-term investments depending on the intent of management and carried at fair value, which is defined by market price at year end. The unrealized gains or losses related to available-for-sale securities are reported as other components of shareholders' equity through other comprehensive income until realized. Gain or loss on available-for-sale securities are recognized in the income statements upon the sale or disposal of such securities.

3. Significant Accounting Policies (Continued)

Debt securities which the Company has the intent and ability to hold until maturity are classified as held-to-maturity and carried at the amortized cost, net of valuation allowances for impairment, if any.

3.4 Leasehold improvements and equipment

Leasehold improvements and equipment are stated at cost less accumulated depreciation and amortization.

Gain or loss on disposal or write-off leasehold improvements and equipment is recognized in the income statements in the period of disposal or write-off.

Depreciation and amortization of leasehold improvements and equipment are calculated by the straight-line method, over the estimated useful lives of the assets, as follows:

Leasehold improvements	Lease period
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

3. Significant Accounting Policies (Continued)

3.5 Intangible assets

Intangible assets represent computer software which is stated at cost less accumulated amortization.

Amortization of intangible assets is calculated by the straight-line method based on the estimated useful life of intangible assets over 5 years.

3.6 Long-term leases

Leases of assets where the Company assumes substantially all the risks and rewards are classified as finance leases. Assets acquired by way of finance leases are capitalized at the estimated present value of the minimum lease payments at the inception of the lease. The corresponding lease liability is recorded in the statements of financial position. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statements.

Leases of assets where substantially all the risks and rewards are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are recognized as expenses in the income statements on a straight line basis over the term of the leases.

Where an operating lease is terminated before the lease period has expired, any penalty payment is recognized as an expense in the period in which the lease is terminated.

3. Significant Accounting Policies (Continued)

3.7 Post-employment benefit obligations

The post-employment benefit obligations represent the retirement benefits that the employees will get the payment at the amount determined by the Labor Protection Act when they retire. The Company does not have separate fund for such defined benefit plan but estimates the employment benefit obligations which are measured by an actuary using the projected unit credit cost method to determine the present value of cash flow of employee benefits to be paid in the future. Under this method, the calculation is based on the employee's expected salary, turnover rate, salary increase rate, mortality rate, discount rate, years of services and other factors.

The expenses for employee benefits plan are recognized as personnel expenses in the income statements.

The actuarial gains (losses) are recognized as other comprehensive income (loss) in the statements of comprehensive income.

3.8 Foreign currency transactions

Transactions denominated in foreign currencies during the year are translated into Baht at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Baht at the reference exchange rate announced by the Bank of Thailand at that date.

3. Significant Accounting Policies (Continued)

Gains or losses on exchange arising on settlements or translation are recognized as operating income or expenses in the income statements.

3.9 Income recognition

The Company recognizes interest income on credit card receivables for default payments of installments from the posting date. Interest on cash advances from credit cards is recognized from the date of cash withdrawals. Interest on circle loans, personal loans and self-employed loans are recognized on an accrual basis. The Company recognizes interest income overdue for more than 180 days on a cash basis.

The Company recognizes fee and service income, which consists of fees on cash advances, card issuance fees, interchange fees and other service fees, on the date the service is rendered.

The Company recognizes management fees when services are rendered as stipulated in the service agreement.

3.10 Bad debt recovery

Bad debt recovery is recognized as income in the income statements in the period which it is collected.

3. Significant Accounting Policies (Continued) 3.11 Provident fund

The contributions for employee provident fund are recorded as expenses when incurred.

3.12 Income tax

Income tax - income (expense) represent the sum of the tax currently payable and deferred tax.

3.12.1) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the reporting date.

3.12.2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized.

3. Significant Accounting Policies (Continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available for utilizing all or part of the deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates those are expected to apply in the period in which the asset is realized or the liability settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis or to realized the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Income tax - income (expense) related to profit or loss from normal activities are presented in the income statements, except for current and deferred taxes of related items that recognized directly in the shareholders' equity in the same or different period.

3. Significant Accounting Policies (Continued) **3.13 Earnings per share**

Basic earnings per share are calculated by dividing net profit for the year by the weighted average number of ordinary shares issued and held by outside parties during the year.

3.14 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies described above, the management is required to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. The significant accounting estimate is as follows:

Allowance for doubtful accounts and bad debts

The Company provided the allowance for doubtful accounts for credit card, circle loan and personal loan receivables which have aging less than 90 days by using the loss rate net of recovery which the Company believed that such loss rate reflects the current credit risk inherent in the portfolio. Moreover, the Company adjusted the historical loss experience by the information on trend and economic conditions that might have an effect on the ability to repay the debt of the debtor groups including additional economic factors to cope with

3. Significant Accounting Policies (Continued)

the potential risks from the future economic fluctuation and the Company fully reserved for receivables which are defaulted for 90 days or more.

A fixed percentage of 1% adjusted by the information on trend and economic conditions that might have an effect on the ability to repay the debt for self-employed loans is applied to receivables aged less than 90 days because self-employed loan products had been launched in the year 2004 but decreased continuously, the Company thus had no adequate statistical historical data to calculate the allowance for doubtful accounts based on the percentage of loss rates net of recovery. Allowance for receivables in default for 90 days or more was fully reserved.

Bad debts are written off when the Company considers such debts to be irrecoverable.

Provision for reward points

This provision represents current obligations arising from reward point program granted to the Company's customers. The provision is calculated based on the estimates of redemption rate of the reward points earned by the customers and average reward prices and is presented in current liabilities in the statements of financial position.

4. Supplementary Disclosures of Cash Flows Information

Non-cash items for the years ended December 31, 2013 and 2012 are as follows:

	2013 Thousand Baht	2012 Thousand Baht
Liabilities under lease contracts brought forward	1,766	7,651
<u>Less</u> Cash paid for liabilities under lease contracts	(1,552)	(5,885)
Return which Salvage Value	(214)	-
Liabilities under lease contracts carried forward	-	1,766
Payable for the purchase of leasehold improvements and equipment brought forward	36,650	28,286
<u>Add</u> Purchase of leasehold improvements and equipment	147,130	162,234
<u>Less</u> Cash paid for the purchase of leasehold improvements and equipment	(112,418)	(153,870)
Payable for the purchase of leasehold improvements and equipment carried forward (presented as a part of Trade accounts payable - others)	71,362	36,650

4. Supplementary Disclosures of
Cash Flows Information (Continued)

	2013 Thousand Baht	2012 Thousand Baht
Payable for the purchase of computer software brought forward	93,336	64,470
<u>Add</u> Purchase of computer software	282,425	177,187
<u>Less</u> Cash paid for the purchase of computer software	(267,141)	(148,321)
Payable for the purchase of computer software brought forward (presented as a part of Trade accounts payable - others)	108,620	93,336
Investments in available-for-sale securities brought forward	302,677	209,843
<u>Add</u> Unrealized gain on revaluation	4,715	92,834
<u>Less</u> Cash received from sale of available for sale securities	(307,392)	-
Investments in available-for-sale securities carried forward	-	302,677

5. Trade Accounts Receivable

5.1 Outstanding balances of trade accounts receivable classified by type of business and aging

The Company had outstanding balances of trade accounts receivable classified by type of business and aging as follows:

As at December 31, 2013	Credit card	Circle loan	Personal loan	Self-employed loan	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Not over 90 days	34,525,157	232,020	14,898,852	17,768	49,673,797
91 - 180 days	332,637	1,478	116,446	1,155	451,716
180 days and over	439,464	5,662	105,285	531,991	1,082,402
Total	35,297,258	239,160	15,120,583	550,914	51,207,915
<u>Less</u> Allowance for doubtful accounts	(2,422,321)	(14,170)	(1,523,608)	(533,732)	(4,493,831)
Trade accounts receivable	32,874,937	224,990	13,596,975	17,182	46,714,084

5. Trade Accounts Receivable (Continued)

As at December 31, 2012	Credit card	Circle loan	Personal loan	Self-employed loan	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Not over 90 days	33,078,880	251,795	12,905,219	36,841	46,272,735
91 - 180 days	406,455	1,557	204,135	4,711	616,858
180 days and over	521,741	6,072	132,926	529,212	1,189,951
Total	34,007,076	259,424	13,242,280	570,764	48,079,544
<u>Less</u> Allowance for doubtful accounts	(1,917,254)	(15,158)	(1,060,160)	(535,139)	(3,527,711)
Trade accounts receivable	32,089,822	244,266	12,182,120	35,625	44,551,833

As at December 31, 2013 and 2012, receivables in default for more than 3 periods which their accrued interest are still recognized are Baht 451.7 million and Baht 485.6 million, respectively. However, such receivables are fully reserved as at December 31, 2013 and 2012. Accrued interest from such receivables which is recognized as income for the years ended December 31, 2013 and 2012 are Baht 116.5 million and Baht 96.8 million, respectively.

5. Trade Accounts Receivable (Continued)

5.2 Bad debts and doubtful accounts

Bad debts and doubtful accounts for the years ended December 31, 2013 and 2012 are as follows:

	2013 Thousand Baht	2012 Thousand Baht
Bad debts	4,119,734	4,336,981
Doubtful accounts (Reversal)	966,119	(861,827)
Total bad debts and doubtful accounts	5,085,853	3,475,154

6. Other Receivables

Other receivables as at December 31, 2013 and 2012 are as follows:

	2013 Thousand Baht	2012 Thousand Baht
Other credit card receivables	473,698	5,424
Accrued fees and interest income	404,731	537,596
Prepaid expenses	107,072	54,019
Suspended accounts	6,639	19,458
Others	141,886	135,080
<u>Less</u> Allowance for doubtful accounts	(60,518)	(56,178)
Total other receivables	1,073,508	695,399

The Company provided consulting service for a financial institution regarding the preparation for credit card business completed in the year 2011. Consequently, such financial institution changed its directors and management team, resulting in delay of implementation of credit card business. The Company considered that such financial institution defaulted the payment for service fee more than 90 days and will take long-time in follow-up process, therefore, the Company considered to set up allowance for doubtful accounts for the outstanding debt of such financial institution of Baht 56.2 million as at December 31, 2012.

7. Long-Term Investments

Long-term investments as at December 31, 2013 and 2012 consist of the following:

	2013			2012		
	Cost / Amortized Cost	Unrealized Gains	Fair Value	Cost / Amortized Cost	Unrealized Gains	Fair Value
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Securities Available-for-Sale						
Foreign marketable equity securities	-	-	-	-	302,677	302,677
<u>Add</u> Revaluation allowance	-		-	302,677		-
Total	-		-	302,677		302,677
Securities Held-to-Maturity						
Government securities	20,893	721	21,614	20,063	254	20,317
<u>Less</u> Long-term investment with maturity within one year	-		-	(20,063)		(20,317)
Total	20,893		21,614	-		-
Total long-term investments	20,893		21,614	302,677		302,677

As at December 31, 2012, the Company pledged government bonds totally of Baht 4.0 million, as collateral for lawsuits with customers pending in the court.

8. Leasehold Improvements and Equipment

Leasehold improvements and equipment as at December 31, 2013 and 2012 are as follows:

As at December 31, 2013	Balance as at December 31, 2012	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2013
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Costs:					
Leasehold improvements	492,338	44	(14,728)	6,928	484,582
Furniture, fixtures and office equipment	799,320	12,762	(55,747)	166,860	923,195
Vehicles	1,400	-	(1,246)	-	154
Total	1,293,058	12,806	(71,721)	173,788	1,407,931
Accumulated depreciation and amortization:					
Leasehold improvements	(392,354)	(39,500)	11,304	-	(420,550)
Furniture, fixtures and office equipment	(575,433)	(102,489)	54,146	-	(623,776)
Vehicles	(1,281)	(31)	1,246	-	(66)
Total	(969,068)	(142,020)	66,696	-	(1,044,392)
Assets under installation	233,365	134,324	-	(173,788)	193,901
<u>Less</u> Allowance for impairment of assets	(112,840)	-	-	-	(112,840)
Leasehold improvements and equipment	444,515				444,600

8. Leasehold Improvements and Equipment (Continued)

As at December 31, 2012	Balance as at December 31, 2011 Thousand Baht	Additions Thousand Baht	Disposals Thousand Baht	Transfer in (Transfer out) Thousand Baht	Balance as at December 31, 2012 Thousand Baht
Costs:					
Leasehold improvements	553,358	4,516	(68,477)	2,941	492,338
Furniture, fixtures and office equipment	731,260	25,490	(13,228)	55,798	799,320
Vehicles	1,400	-	-	-	1,400
Total	1,286,018	30,006	(81,705)	58,739	1,293,058
Accumulated depreciation and amortization:					
Leasehold improvements	(392,683)	(56,236)	56,565	-	(392,354)
Furniture, fixtures and office equipment	(496,125)	(92,032)	12,724	-	(575,433)
Vehicles	(1,250)	(31)	-	-	(1,281)
Total	(890,058)	(148,299)	69,289	-	(969,068)
Assets under installation	160,171	132,228	(176)	(58,858)	233,365
<u>Less</u> Allowance for impairment of assets	-	(112,840)	-	-	(112,840)
Leasehold improvements and equipment	556,131				444,515
Depreciation and amortization for the years ended December 31,					
2013				Thousand Baht	142,020
2012				Thousand Baht	148,299

8. Leasehold Improvements and Equipment (Continued)

As at December 31, 2013 and 2012, the costs of fully depreciated assets still in use are Baht 693.0 million and Baht 529.4 million, respectively.

Leased assets of computer equipment included in furniture, fixtures and office equipment in the above table, which the Company is a lessee under finance leases, are as follows:

	2013 Thousand Baht	2012 Thousand Baht
Cost	-	25,340
<u>Less</u> Accumulated depreciation	-	(23,272)
Net book value	-	2,068

During the year ended December 31, 2012, the Company has terminated the computer development agreement with a vendor, resulted in disuse of the relating equipment and cease of the computer program development. The Company's management has considered the allowance for impairment of assets by comparing carrying value of those assets with net realizable value which is fair value deducted cost from sales of the assets.

As at December 31, 2012, the Company recorded allowance for impairment of certain equipment and cost of computer development of Baht 112.84 million and Baht 298.98 million (Note 9), respectively and recognized loss from impairment of assets for the year ended December 31, 2012 of Baht 411.82 million (presented as a part of administrative expenses in the income statements).

9. Intangible Assets

Intangible assets as at December 31, 2013 and 2012 are as follows:

As at December 31, 2013	Balance as at December 31, 2012	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2013
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Computer software	483,927	12,122	(2,537)	369,235	862,747
<u>Less</u> Accumulated amortization	(332,538)	(110,416)	1,853	-	(441,101)
	151,389				421,646
<u>Add</u> Software under installation	421,405	270,304	-	(369,235)	322,474
<u>Less</u> Allowance for impairment of assets (Note 8)	(298,983)	-	-	-	(298,983)
Intangible assets	273,811				445,137

9. Intangible Assets (Continued)

As at December 31, 2012	Balance as at December 31, 2011 Thousand Baht	Additions Thousand Baht	Disposals Thousand Baht	Transfer in (Transfer out) Thousand Baht	Balance as at December 31, 2012 Thousand Baht
Computer software	431,574	23,303	-	29,050	483,927
<u>Less</u> Accumulated amortization	(264,798)	(67,740)	-	-	(332,538)
	166,776				151,389
<u>Add</u> Software under installation	296,452	153,884	-	(28,931)	421,405
<u>Less</u> Allowance for impairment of assets (Note 8)	-	(298,983)	-	-	(298,983)
Intangible assets	463,228				273,811
Amortization for the years ended December 31,					
2013				Thousand Baht	110,416
2012				Thousand Baht	67,740

10. Deferred Tax Assets

Deferred tax assets as at December 31, 2013 and 2012 are as follows:

	2013 Thousand Baht	2012 Thousand Baht
Deferred tax assets	1,466,755	1,212,739

Deferred tax assets as at December 31, 2013 and 2012 consist of tax effects from the following items:

10. Deferred Tax Assets (Continued)

	2012	Item as recognized into income statements	Item as recognized into shareholders' equity	2013
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Allowance for doubtful accounts	743,663	190,819	-	934,482
Allowance for impairment of assets	82,364	-	-	82,364
Provision for reward points	439,600	(2,000)	-	437,600
Difference from depreciation rate	(30,120)	1,728	-	(28,392)
Revaluation surplus on investment	(42,488)	(18,047)	60,535	-
Others	19,720	20,981	-	40,701
Deferred tax assets	1,212,739	193,481	60,535	1,466,755

10. Deferred Tax Assets (Continued)

	2011	Item as recognized into income statements	Item as recognized into shareholders' equity	2012
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Allowance for doubtful accounts	1,042,761	(299,098)	-	743,663
Allowance for impairment of assets	-	82,364	-	82,364
Provision for reward points	283,990	155,610	-	439,600
Difference from depreciation rate	(28,239)	(1,881)	-	(30,120)
Revaluation surplus on investment	(23,921)	-	(18,567)	(42,488)
Others	17,222	2,498	-	19,720
Deferred tax assets	1,291,813	(60,507)	(18,567)	1,212,739

The above items which are recognized into income statements and in shareholders' equity during the years ended December 31, 2012 are the net balances from Baht 163.93 million and Baht 2.79 million, as a result of the impact from change in income tax rates from 30% to 23% in the year 2012 and 20% in the years 2013 and 2014, respectively (see Note 21).

11. Other Payables

Other payables as at December 31, 2013 and 2012 are as follows:

	2013 Thousand Baht	2012 Thousand Baht
Exceed payment from customers	155,934	162,074
Other payables	1,400,457	613,199
Suspended accounts	106,436	151,887
Others	90,189	71,811
Total other payables	1,753,016	998,971

12. Short-Term Loans from Financial Institutions

Short-term loans from financial institutions as at December 31, 2013 and 2012 are as follows:

	2013		2012	
	Related Financial Institutions Thousand Baht	Other Financial Institutions Thousand Baht	Related Financial Institutions Thousand Baht	Other Financial Institutions Thousand Baht
Promissory notes	-	4,920,000	200,000	3,800,000
Bills of exchange	10,982	6,277,218	416,213	6,632,313
Total short-terms loans from financial institutions	10,982	11,197,218	616,213	10,432,313

Promissory notes and bills of exchange have interest rates at Money Market Rate (MMR), which is in between 2.80% and 3.80% per annum with maturity on demand to one year and are unsecured.

13. Long-Term Loans

Long-term loans as at December 31, 2013 and 2012 are as follows:

	2013			2012		
	Average interest rate	Due within the year	Amount	Average interest rate	Due within the year	Amount
	%		Thousand Baht	%		Thousand Baht
Loans in Baht	4.83	2016	5,200,000	5.50	2016	4,200,000
<u>Less</u> Current portion of long-term loans			-			(2,000,000)
Total long-term loans			5,200,000			2,200,000

13. Long-Term Loans (Continued)

As at December 31, 2013 and 2012, long-term loans consist of loans from financial institutions which are unsecured.

Details of loans can be summarized as follows:

Type	Date of Agreement	Amount	Maturity Date	Interest Rate	Interest Payable Period	Balance as at December 31	
						2013	2012
		Million Baht		% p.a.		Million Baht	Million Baht
Long-term loan	27 Oct 2009	2,000	30 Apr 2013	FDR	Quarterly	-	2,000
				6-month + 3.5			
Long-term loan	12 Jun 2012	350	15 Jun 2015	5.20	Monthly	350	350
Long-term loan	12 Jun 2012	350	15 Jun 2016	5.50	Monthly	350	350
Long-term loan	6 Jul 2012	1,500	12 Jan 2016	5.20	Quarterly	1,500	1,500
Long-term loan	23 May 2013	1,500	29 May 2015	4.55	Quarterly	1,000	-
Long-term loan	19 Jun 2013	2,000	26 Jun 2015	4.50	Quarterly	2,000	-
Total loans						5,200	4,200

* FDR is Fixed Deposit Rate

14. Liabilities under Finance Lease Contracts

Minimum lease payments under finance lease liabilities as at December 31, 2013 and 2012 are as follows:

	2013 Thousand Baht	2012 Thousand Baht
Less than 1 year	-	1,801
<u>Less</u> Future finance charges on finance leases	-	(35)
Present value of finance lease liabilities	-	1,766
Finance lease liabilities:		
- Current	-	1,766
- Non-current	-	-
	-	1,766

As at December 31, 2012, liabilities under finance lease contracts related to 3 hard disk lease contracts. The first contract was for the period of 5 years, ending in 2011, the liability was repayable in quarterly installments in the amount of Baht 0.6 million. The second contract is for the period of 5 years, ending in 2013, the liability is repayable in quarterly installments in the amount of Baht 1.36 million. On November 1, 2008, the Company entered into the addition lease agreement to upgrade the asset per the 2nd contract and included as a part of such contract, for the period of 54 months, ending in 2013. The liability is repayable in quarterly installments in the amount of Baht 0.13 million. At the end of the lease term, the Company has the right to exercise a purchase option on the leased equipment at the price specified in the agreement.

15. Long-Term Debentures

Long-term debentures as at December 31, 2013 and 2012 are as follows:

	2013 Thousand Baht	2012 Thousand Baht
Debentures	23,000,000	23,500,000
<u>Less</u> Current portion of debentures	(7,800,000)	(10,500,000)
Total long-term debentures	15,200,000	13,000,000

15. Long-Term Debentures (Continued)

Details of debentures can be summarized as follows:

Type	Date of Issuance	Amount	Maturity Date	Interest Rate	Interest Payable Period	Balance as at December 31	
						2013	2012
		Million Baht		% p.a.		Million Baht	Million Baht
Senior unsecured debentures	5 Nov 2009	7,500	5 Nov 2013	5.50-6.00	Quarterly	-	7,500
Senior unsecured debentures	19 Nov 2009	1,000	19 May 2013	5.35	Semi-annually	-	1,000
Senior unsecured debentures	2 Apr 2010	1,000	2 May 2013	4.80	Quarterly	-	1,000
Senior unsecured debentures	17 May 2010	1,000	17 May 2013	4.70	Semi-annually	-	1,000
Senior unsecured debentures	17 Oct 2011	6,000	17 Oct 2014	5.50	Quarterly	6,000	6,000
Senior unsecured debentures	17 Oct 2011	1,000	17 Oct 2015	5.50 - 6.00	Quarterly	1,000	1,000
Senior unsecured debentures	6 Aug 2012	1,800	6 Aug 2014	4.90	Quarterly	1,800	1,800
Senior unsecured debentures	6 Aug 2012	3,200	6 Aug 2015	5.20	Quarterly	3,200	3,200
Senior unsecured debentures	6 Aug 2012	1,000	6 Aug 2016	5.40	Quarterly	1,000	1,000
Senior unsecured debentures	9 May 2013	2,000	9 May 2016	4.65	Quarterly	2,000	-
Senior unsecured debentures	9 Aug 2013	2,200	9 Aug 2016	4.75	Quarterly	2,200	-
Senior unsecured debentures	9 Aug 2013	800	9 Aug 2018	5.00	Quarterly	800	-
Senior unsecured debentures	12 Nov 2013	5,000	12 Nov 2017	4.80	Quarterly	5,000	-
Total debentures						23,000	23,500

16. Provision for Employee Benefits

The Company has retirement benefits plan in accordance with Labour Protection Act., which is the unfunded defined benefit plan.

Amounts recognized in the income statements for the years ended December 31, 2013 and 2012 are as follows:

	2013 Thousand Baht	2012 Thousand Baht
Current service cost	17,079	12,024
Interest on obligation	12,600	5,055
	<u>29,679</u>	<u>17,079</u>

Movements in the present value of the defined benefit obligation for the years ended December 31, 2013 and 2012 are as follows:

	2013 Thousand Baht	2012 Thousand Baht
Defined benefit obligation brought forward	98,300	86,000
Current service cost	17,079	12,024
Interest on obligation	12,600	5,055
Paid to employee	(1,979)	(4,779)
Defined benefit obligation carried forward	<u>126,000</u>	<u>98,300</u>

16. Provision for Employee Benefits
(Continued)

The principal assumptions used for the purpose of the actuarial valuations for calculation of defined benefit obligation as at December 31, 2013 and 2012 are as follows:

	As at December 31, 2013	As at December 31, 2012
Retirement age	60 years	60 years
Mortality rate	Thai Mortality Table 2008	Thai Mortality Table 2008
Disability rate	15% of mortality rate	15% of mortality rate
Personnel turnover rate	5.0%	5.0%
Discount rate	4.5%	4.5%
Expected rate of salary increase	5.5%	5.5%

17. Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and shareholders' equity balance. The Company's overall strategy of the year 2013 remains unchanged from 2012.

The capital structure of the Company consists of debt, which includes the loans and debentures disclosed in Notes 13 and 15 and shareholders' equity, comprising issued and paid-up capital, legal reserves and retained earnings.

The Company does not apply any specific financial ratios to monitor its capital whilst manages its capital to be sufficient for its working capital.

18. Dividend and Appropriation for Legal Reserve

Pursuant to the Public Companies Act. B.E. 2535 (1992), the Company must allocate to a reserve fund from the annual net profit, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than ten percent of the registered capital. The legal reserve is not available for dividend distribution.

On April 12, 2013, the ordinary shareholders' meeting passed resolutions to pay dividend for the year 2012 at Baht 0.40 per share totally of Baht 103.13 million and to appropriate for legal reserve of Baht 12.80 million from net profit for the year 2012. The Company already paid dividend on May 12, 2013.

As at December 31, 2013, the Company appropriated for legal reserve of Baht 72.53 million from net profit for the year 2013.

19. Expenses by Nature

Net profit for the years ended December 31, 2013 and 2012 have been arrived at after charging the following items:

	2013 Thousand Baht	2012 Thousand Baht
Management remuneration	114,222	104,985
Staff costs	1,405,990	1,064,544
Depreciation and amortization	271,028	254,146
Consulting and other fees	1,108,596	1,658,405
Marketing fee	1,181,818	1,956,831
Premises and equipment expenses	438,605	411,231
Communication expenses	195,357	179,554
Special business tax & duty stamp	326,224	311,183
Bad debts and doubtful accounts	5,090,193	3,531,332
Others	232,111	624,067
Total Expenses	10,364,144	10,096,278

20. Provident Fund

The Company set up a registered provident fund in accordance with the Provident Fund Act B.E. 2530. All employees are members of the Provident Fund, which is managed by Krungthai Asset Management Public Company Limited. Under the Fund's regulations, employees contribute to the fund at the rate of 3% to 6% of their basic salary and the Company contributes to the fund at the rate of 6%.

The Company's contributions which were charged to the income statements for the years ended December 31, 2013 and 2012 amounted to Baht 46.7 million and Baht 43.9 million, respectively.

21. Income Tax Expense

Income tax expense for the years ended December 31, 2013 and 2012 are as follows:

	2013 Thousand Baht	2012 Thousand Baht
Income tax expense per income tax return	(549,546)	(269,011)
Adjustment for deferred tax relating to the origination and reversal of temporary differences	193,481	(60,507)
Income tax expense per the income statements	(356,065)	(329,518)

21. Income Tax Expense (Continued)

The reconciliation between income tax - income (expense) and accounting income for the years ended December 31, 2013 and 2012 are follows:

	2013 Thousand Baht	2012 Thousand Baht
Accounting profit (loss) before tax	1,638,698	584,514
Income tax - income (expense) at domestic tax rates		
20% tax rate	(327,740)	-
23% tax rate	-	(134,438)
	(327,740)	(134,438)
Deferred tax expenses from corporate tax rate reduction (Note 10)	-	(163,927)
Tax effect of non-deductible expenses	(28,325)	(31,153)
Income tax expense per the income statements	(356,065)	(329,518)
Adjustment for deferred tax relating to the origination and reversal of temporary differences	(193,481)	60,507
Income tax expense per income tax return	(549,546)	(269,011)

21. Income Tax Expense (Continued)

On October 11, 2011, the Thai Cabinet approved a reduction of the corporate income tax rates from 30% to 23% of profits for companies or juristic partnerships with a 2012 accounting period ending on or after December 31, 2012, and to 20% for companies or juristic partnerships with an accounting period beginning on or after January 1, 2013 and according to the Royal Decree No. 530 dated December 14, 2011, the corporate income tax rates will be reduced from 30% to 23% for the accounting periods beginning on or after January 1, 2012 and to 20% for the accounting periods beginning on or after January 1, 2013 and 2014.

The Company used tax rates of 20% for the calculation of deferred tax for the years ended December 31, 2013 and 2012.

22. Long-Term Agreements

The Company has long-term agreements as at December 31, 2013 and 2012 as follows:

22.1 The Company has various lease agreements for office premises and other facilities and various EDC machine agreements with total rental and service fees as follows:

	2013 Thousand Baht	2012 Thousand Baht
Within 1 year	180,878	197,904
Over 1 year to 5 years	141,359	149,407
	322,237	347,311

22. Long-Term Agreements (Continued)

22.2 Personal loan and credit card account processing agreements with certain foreign companies (“counterparties”). These agreements consist of a primary agreement, a processing agreement and two supplementary agreements related to the credit card business. Under the conditions of the primary agreement, the counterparties agreed to provide management services with respect to card issuer and merchant acquirer processing, including the data processing and electronic transmission of the processed data via international telecommunications back to the Company for further processing. The Company agreed to gather and transmit data concerning the Company’s credit card applicants, including applicants for personal loans and consumer finance to the counter parties. In consideration of this, the Company has to pay a service fee computed at varying rates based on the type of transactions, volume of transactions processed and numbers of customers. These agreements were effective on September 26, 2003 and continue to be in effect for eight years commencing from June 28, 2004. The Company could use continuously for 8 months from June 28, 2012 on normal term of service. The contract is terminated as at February 28, 2013.

23. Transactions with Related Parties

The Company has transactions with related parties. Certain portions of the Company's assets, liabilities, revenues and administrative expenses represent transactions occurred with related parties. These parties are related through common shareholders and/or directorships. Those significant transactions with related parties as included in the financial statements are determined at the prices in line with those occur in the normal course of business based on the market price in general or the price as stipulated in the agreements.

23.1 The significant balances with related parties

The significant balances with related parties as at December 31, 2013 and 2012 are as follows:

23. Transactions with Related Parties (Continued)

Related parties	Relationship	2013 Thousand Baht	2012 Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
- Deposits at a financial institution (a part of cash and cash equivalents)		918,413	786,704
- Other receivables		27	-
- Short-term loans		-	173,575
- Trade accounts payable		979,455	855,226
- Other current liabilities		1,557	-
KTB Computer Services Co., Ltd.	Same Ultimate Holding Company		
- Other receivables		4,963	11,406
- Trade accounts payable		1,422	1,172
Krung Thai General Services Co., Ltd.	Same Ultimate Holding Company		
- Trade accounts payable		883	867
Krung Thai Assets Management Pcl.	Same Ultimate Holding Company		
- Other receivables		-	5,249

23. Transactions with Related Parties (Continued)

Related parties	Relationship	2013 Thousand Baht	2012 Thousand Baht
Krungthai Panich Insurance Pcl.	Same Ultimate Holding Company		
- Other receivables		1,550	2,672
- Short-term loans		-	200,000
- Accrued interest expenses		-	1,115
KT Zmico Securities Co., Ltd.	Same Ultimate Holding Company		
- Short-term loans		10,982	242,638
KTB Leasing Co., Ltd.	Same Ultimate Holding Company		
- Other receivables		894	-
- Trade accounts payable		24	14
Krungthai AXA Life Insurance Pcl.	Same Ultimate Holding Company		
- Trade accounts payable		246	-

23. Transactions with Related Parties (Continued) 23.1.1) Movements of short-term loans

Movements of short-term loans from related financial institutions for the years ended December 31, 2013 and 2012 are as follows:

Related parties	Relationship	2013 Thousand Baht	2012 Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
Beginning balance		173,575	-
<u>Add</u> Borrowings during the year		2,501,425	173,575
<u>Less</u> Repayments during the year		(2,675,000)	-
Ending balance		-	173,575
Krungthai Panich Insurance Pcl.	Same Ultimate Holding Company		
Beginning balance		200,000	50,000
<u>Add</u> Borrowings during the year		1,150,000	985,000
<u>Less</u> Repayments during the year		(1,350,000)	(835,000)
Ending balance		-	200,000
KT Zmico Securities Co., Ltd.	Same Ultimate Holding Company		
Beginning balance		242,638	-
<u>Add</u> Borrowings during the year		183,344	1,132,638
<u>Less</u> Repayments during the year		(415,000)	(890,000)
Ending balance		10,982	242,638

23. Transactions with Related Parties (Continued) Short-term loans from related financial institutions are promissory notes and bills of exchange, carrying interest rate at that institution's rate (Money Market Rate), which is in between 2.80% and 3.80% per annum.

23.2 The significant transactions with related parties

The significant transactions with related parties for the years ended December 31, 2013 and 2012 are as follows:

23. Transactions with Related Parties (Continued)

Related parties	Relationship	2013 Thousand Baht	2012 Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
- Fee and service income		-	405
- Other income		5,929	2,840
- Administrative expenses		138,670	152,493
- Finance cost		13,707	10,645
KTB Computer Services Co., Ltd.	Same Ultimate Holding Company		
- Fee and service income		10,039	11,042
- Administrative expenses		13,149	12,454
Krungthai General Services Co., Ltd.	Same Ultimate Holding Company		
- Administrative expenses		5,400	5,715
Krung Thai Assets Management Pcl.	Same Ultimate Holding Company		
- Fee and service income		747	6,276
Krungthai Panich Insurance Pcl.	Same Ultimate Holding Company		
- Fee and service income		19,718	8,723
- Finance cost		4,326	4,252

23. Transactions with Related Parties (Continued)

Related parties	Relationship	2013 Thousand Baht	2012 Thousand Baht
KT Zmico Securities Co., Ltd.	Same Ultimate Holding Company		
- Admin expenses		2	4
- Finance cost		4,781	11,169
KTB Leasing Co., Ltd.	Same Ultimate Holding Company		
- Administrative expenses		379	28
Krungthai AXA Life Insurance Pcl	Same Ultimate Holding Company		
- Administrative expenses		23,529	-

* The Company receives interest at the same interest rate as Krung Thai Bank Public Company Limited offers to other companies.

23. Transactions with Related Parties (Continued) The above revenues and expenses are determined according to the following agreements:

- **Credit card management service agreement**

The Company entered into a credit card management service agreement with Krung Thai Bank Public Company Limited (KTB) whereby the Company agreed to provide management services to manage other credit cards for this financial institution. Those services included production services for all types of credit cards as well as other credit card services. The term of this agreement was for 15 years commencing July 1, 2002.

- **Back office service agreement**

The Company entered into a back office service agreement with KTB whereby the counterparty agreed to assist the Company (directly or indirectly through another related company) in computer system support and other services such as services to cardholders, member merchants and other related services. The term of this agreement is 15 years commencing July 1, 2002.

On January 4, 2012, the Company entered into the back office service agreement's amendment (No. 6), the service fee for July 1, 2011 to June 30, 2012 is the same rate as Agreement No. 5 (Baht 4.00 million per year). On May 29, 2013 the Company entered into the back office service agreement's amendment (No. 7), the service fee for July 1, 2012 to June 30, 2013 is Baht 4.00 million per year. The fee for other back office support is at various rates depended on volume of transactions. As at December 31, 2013 there is no any further amendment on the agreement.

23. Transactions with Related Parties (Continued)

The price of service for related transactions between the Company and KTB is based on general market price and in the normal course of business.

- Payment system development agreements

On October 12, 2011, the Company entered into the agreement for consulting and electronic data processing services for KTBCS and provides leasing of related IT system for use and maintenance of computer system service, which are necessary for the above payment system. The term of this agreement is 1 year commencing from January 21, 2012. On February 7, 2013, the Company entered into the agreement for consulting and electronic data processing services for KTBCS and provides leasing of related IT System for use and maintenance of computer system service, which are necessary for the above payment system. The term of this agreement is 1 year commencing from January 21, 2013 and will effective until December 31, 2013. The agreement can be renewed by using a new agreement for 1 year each.

The price of these two agreements between the Company and KTBCS is based on the scope of work and service hours. The agreement and hiring conditions are in the normal course of business.

23. Transactions with Related Parties (Continued) 23.3 Management remuneration

Management remuneration for the years ended December 31, 2013 and 2012 consist of the following:

	2013 Thousand Baht	2012 Thousand Baht
Short-term management remuneration	107,676	100,389
Long-term management remuneration	6,546	4,596
	114,222	104,985

24. Financial Instrument Information Disclosures

During 2013 and 2012, the Company did not speculate in or engage in the trading of any derivatives.

24.1 Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted the policy of only dealing with creditworthy counterparts as a means of mitigating the risk of financial losses from defaults.

In the case of recognized financial assets, the carrying amount of the assets recorded in the statements of financial position, net of allowance for doubtful accounts, represents the Company's maximum exposure to credit risk.

The Company's major business is the issuing of credit cards and provision of loan financing. The Company has established processes for approving credit lines, as well as consistently applied billing and collection processes.

24.2 Liquidity Risk

Liquidity risk arises in the general funding of the Company's activities. It includes both the risk of being unable to obtain source of fund at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

24. Financial Instrument Information Disclosures (Continued)

The Company has access to a diverse funding base. Funds are raised using a broad range of instruments including liabilities evidenced by paper, subordinated liabilities and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Company strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Company continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Company strategy. As at December 31, 2013 and 2012, the Company has a credit line with a related financial institution in the sum of Baht 18,030 million in both years.

24.3 Interest Rate Risk

Interest rate risk is the effect of changes in interest rate on the assets and liabilities to the company's profit. The risk arises from timing difference in the residual term (for the case of fixed rate) and the next repricing (for the case of floating rate) of assets and liabilities or the changes of market interest rate which cause the interest rate of assets and liabilities to change disproportionately though the residual term of assets and liabilities is equal to the next repricing term. The risk management is aimed at optimizing the net income under given market interest rate levels consistent with business strategy of the company.

As at December 31, 2013 and 2012, financial assets and liabilities exposed to interest rate risk are as follows:

24. Financial Instrument
Information Disclosures
(Continued)

	2013							
	Depend on Market Rate	The earlier of remaining period of contract maturity or repricing date					Average interest rate	
		With in 1 year	1-5 years	More than 5 years	Independent rate	Total	Floating	Fixed
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	%	%
Financial assets								
Cash and cash equivalents	268	-	-	-	1,355	1,623	0.63	-
Trade accounts receivables	31,214	10,896	7,385	-	1,713	51,208	16.12	21.03
Investments	-	-	20	-	1	21	-	4.00
Financial liabilities								
Short-term loans	1,970	6,541	-	-	(49)	8,462	3.25	3.16
Long-term loans	-	2,746	5,200	-	-	7,946	-	4.44
Long-term debentures	-	8,800	14,200	-	-	23,000	-	5.09

24. Financial Instrument
Information Disclosures
(Continued)

	2012							
	Depend on Market Rate	The earlier of remaining period of contract maturity or repricing date					Average interest rate	
		With in 1 year	1-5 years	More than 5 years	Independent rate	Total	Floating	Fixed
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	%	%
Financial assets								
Cash and cash equivalents	235	-	-	-	1,209	1,444	0.63	-
Trade accounts receivables	30,075	9,915	6,340	-	1,750	48,080	16.30	20.39
Investments	-	20	-	-	303	323	-	4.25
Financial liabilities								
Short-term loans	3,400	7,693	-	-	(44)	11,049	3.51	3.34
Long-term loans	-	2,000	2,200	-	-	4,200	5.78	5.25
Liabilities under finance lease contracts	-	2	-	-	-	2	-	5.07
Long-term debentures	-	10,500	13,000	-	-	23,500	-	5.50

24. Financial Instrument Information Disclosures (Continued)

Fair value

Fair value is the estimated value that the Company could receive from selling its financial assets or the estimated cost for redeeming its financial liabilities based on market values, or estimated values that can be derived from using general market principles of calculation.

Estimated fair value of financial assets and liabilities

As at December 31, 2013 and 2012, financial assets and liabilities have fair values which approximate their carrying values at the reporting date, except for investments in debt securities which their fair values are as disclosed in Note 7.

The fair values of financial assets and liabilities have been estimated by using available market information and appropriate valuation methodologies.

25. Contingent Assets and Liabilities

The Company hired a vendor for implementation of computer development. Subsequently, such vendor was in default under the contract therefor the Company terminated the contract and brought an action to the Central Intellectual Property and International Trade Court against such vendor for demanding compensation of Baht 605.49 million. However, such vendor also filed a claim with the Southern Bangkok Civil Court against the Company from the same case regarding unfair termination for demanding compensation of Baht 533.30 million. Currently, the Southern Bangkok Civil Court struck the case that the vendor filed a claim out of the case list. On August 2, 2013 the vendor submitted the motion requesting for an amendment to the answer and the counter - claim of the company to the Central Intellectual Property and International Trade Court for their damages from this dishonest terminated the contract of Baht 537.31 million. Currently, the case is under consideration of the Central Intellectual Property and International Trade Court.

As at December 31, 2013, the management of the Company was unable to determine the final outcome of the case. Therefore, contingent assets and liabilities resulting from such outcome have not been recorded in the financial statements of the Company.

26 Approval of Financial Statements

These financial statements have been approved for issuing by the authorized directors of the Company on February 18, 2014.

General Information

Company Contact Information

Krungthai Card Public Company Limited (“The company” or “KTC”) domestically provides unsecured financial products to consumer offering credit card and personal loan as its core products.

Address	591 UBC II Building, 14 th Floor, Sukhumvit 33 Road North Klongton, Wattana, Bangkok 10110
Company Registration Number	0107545000110
Homepage	www.ktc.co.th
Customer Contact Center	0-2665-5000
Telephone	0-2665-5100
Facsimile	0-2665-5190

Investor Relations Contact Information

Telephone

0-2828-5066, 0-2828-5068

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Homepage

<http://www.ktc.co.th/en/ktc/InvestorRelations/CorporateInformation/index.htm>

References

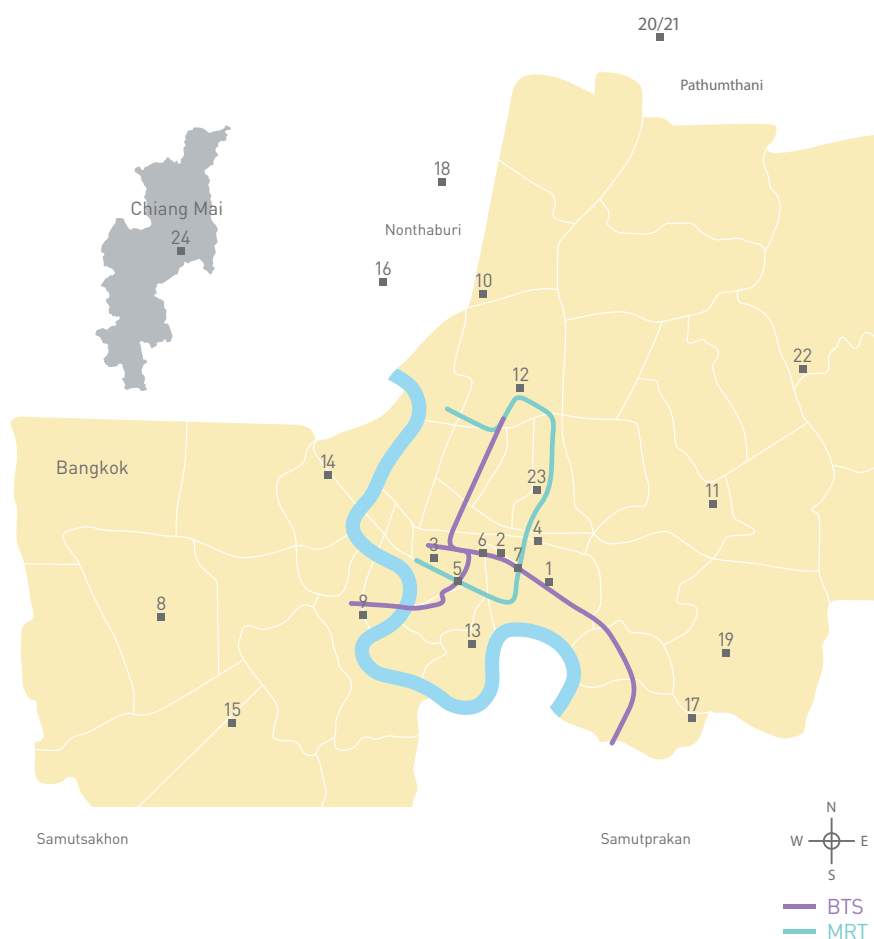
Auditor	Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. Rajanakarn Building, 25 th Floor, 183 South Sathorn Road, Yan Nawa, Sathorn, Bangkok 10120
Legal Consultant	Siam Premier International Law Office Limited The Offices at Central World, 26 th Floor, 999/9 Rama I Road, Pathumwan, Bangkok 10330
Security Registrar	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110
Debenture Registrar	Kasikorn Bank Public Company Limited 11 th Floor, 400/22 Pahonyothin Road, Sam Sen Nai, Phayathai, Bangkok 10400 Bank of Ayudhya Public Company Limited 15 th Floor, 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120

Registered Capital

Registered Capital	Baht 2,578,334,070
Paid-up Capital	Baht 2,578,334,070
Number of Shares	257,833,407 shares
Par Value	10 Baht

Please download Annual Registration Statement (Form 56-1) from www.sec.or.th or www.ktc.co.th for more detailed information regarding the issuer.

KTC Touch Branches' Locations



1. UBC II / G Floor
2. Krungthai Bank Nananua Branch / 1st Floor
3. MBK Center / 3rd Floor, Tokyu Zone
4. Thai Summit Tower / 9th Floor
5. Fortune Town Shopping Mall / 2nd Floor
6. BTS Sala Daeng / 5th Exit
7. BTS Chitlom / 3rd Exit
8. MRT Sukhumvit / 1st Exit, Metro Mall
9. The Mall Bangkae / 3rd Floor, Bank Zone
10. The Mall Bangkapi / G Floor
11. The Mall Thapra / 2nd Floor
12. The Mall Ngamwongwan / 4th Floor
13. Central Ladphrao / 2nd Floor
14. Central Rattana Thibet / 1st Floor
15. Central Rama 3 / 2nd Floor
16. Central Rama 2 / B1 Floor
17. Central Pinklao / G Floor
18. Central Bangna / 2nd Floor
19. Central Chaengwattana / 4th Floor
20. Seacon Square / 3rd Exit
21. Fashion Island / 1st Floor
22. KTC Future Lounge* Future Park Rangsit 2 / 1st Floor
23. Future Park Rangsit / 2nd Floor, ServiceZone
24. Central Airport Chiang Mai / 3rd Floor

* KTC Future Lounge is an exclusive service for KTC Future Card and other type of KTC Platinum Card only.

► **Krungthai Card Public Company Limited**

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