



ANNUAL
REPORT 
2015

INSIGHT
TO
ACHIEVE

MAKE IT BETTER

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Annual Report 2015

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KTC Touch

Message from Chairman



A handwritten signature in black ink, reading "K. Todhanakasem".

Mrs. Kittiya Todhanakasem

Chairperson

Dear Shareholders,

2015 was another year that KTC has an outstanding achievement of record-breaking profitability. Even though the overall economic outlook in Thailand was facing continuing volatility throughout the year, from both domestic and international factors that resulted in sluggish economy and tightened private consumptions, KTC still managed to achieve a net profit growth of 18%, or the total of Baht 2,073 billion. The return on assets (ROA) increased to 3.6% and the return on equity remained high at 25.7%.

KTC's ability to set this new record came as a result of the dedication and devotion of our personnel in all departments within the organization, including the marketing team that was able to effectively communicate to our customers as planned and the supporting teams that made all our feats possible. It was a good year for our organization as reflected by the growth in our two core businesses. Considering the growth in the total spending from our credit card customers and our credit card receivables portfolio,

Message from Chairman

which expanded by 12.3% and 10.1% respectively as compared to the industry's averages of 6.6% and 5.8% correspondingly, and the 11.6% growth in our loan portfolio as compared to the industry's average of 3.8%, we believe that the organization is heading in the right direction.

2015 was the year that the pressure on financial institutions arising from debt burden and asset qualities had increased due to the relatively high household debt as a proportion of income (about 80% of GDP), which resulted in an increase in the Non Performing Loan rate (NPL) as compared to the outstanding loans. The industry NPL rates increased particularly with the personal loan and the credit card customers, which went up to 5.2% and 3.1% respectively as compared to 2014's rates at 4.6% and 2.6%. However, this was not a problem for KTC since we were able to maintain exceptional qualities amongst our growing portfolios, as seen in 1) the decreased percentage of overdue account receivables from 2.6% in 2014 down to 2.3% at the end of 2015 and 2) the decreased percentage of the nonperforming loans (NPL) from 2.4% down to 2.1%. We were also able to raise our bad debt recovery rate as well. Although at the beginning of May 2015, KTC outsourced the debt collection process to an external company in order to adjust our operations according to the terms and conditions as stated in the 2015 Debt Collection Act, the quality of our debt management still remained the same.

The year 2015 was also the year KTC was able to reaffirm our strong financial position through the growth receivables portfolio, the ability to maintain our operating cost to income ratio, the decrease of debt to equity ratio and the steady improvement in our operating outcomes and asset


qualities. As a result on April 2, 2015, TRIS Rating Co., Ltd. had adjusted the corporate credit rating and unsubordinated unsecured debenture rating from "BBB+" to "A-". KTC's improvement on the management of the funding sources both in the short and long terms and the lower interest rates trend also helped reduced this year's financial cost down from 4.4% to 3.7%.

The performance as such is an evidence of the collaborative efforts of all business units in managing, developing, and continually adjusting our business strategies to maintain our leadership. This including 1) Marketing: Apart from initiating ground breaking marketing campaigns suitable to the real needs of the consumers, we have also restructured our merchant acquiring business which will enhance future growth of the company; 2) Operations and Services: We improve our system and service excellence standard which resulting in the significant reduction of customer complaints; 3) Rebranding & Innovation: The process is being implemented from within.

As for laying the foundation of growth in the year 2016, KTC has put together three core strategies, including 1) Human Resources: Considered the most valuable asset of the company, KTC has been introducing intellectual and creative training courses to unleash employees' potentials throughout the year. As a learning organization, we have been cultivating proactive and accountable culture with constructive ownership mindset across organization; 2) Working Process: There has been a shift from the Product Focus Approach to the Customer Centric Approach; 3) IT or System: Structural improvements have been architected to help support the new business especially the digital ones.

Message from Chairman

In order to sustain the outstanding performance in the current economic and industry conditions of high volatilities and uncertainties, the organization will need to continuously develop and adapt over time. On behalf of the Board of Directors, I would like to thank our shareholders, suppliers, customers, and employees for your support to our organization all along. I strongly believe in the strategies set together by the Board of Directors and the management team. The Board of Directors is also regularly involved in performance tracking and evaluation of the management team in order to reinforce the continual commitment and dedication from the team to judiciously and transparently adhere to the proper corporate governance for the benefits of the stakeholders and to make KTC an organization that can sustainably generate high returns for all the shareholders.



Mrs. Kittiya Todhanakasem

Chairperson

Financial Highlight

Profitability Ratio	unit	2013 ⁽³⁾	2014	2015
Gross Profit Margin	%	81.2%	83.1%	84.5%
Net Profit Margin	%	8.0%	12.2%	13.3%
ROE	%	18.3%	26.0%	25.7%
Average Interest Received ⁽¹⁾	%	18.2%	18.7%	18.2%
Average Cost of Fund	%	4.8%	4.4%	3.7%
Net Interest Margin	%	13.4%	14.3%	14.5%
Efficiency Ratio				
Interest Revenue to Total Asset ⁽¹⁾	%	12.7%	13.7%	14.0%
ROA	%	2.1%	3.3%	3.6%
Asset Turnover	times	0.26	0.27	0.27
Financial Ratio				
Debt to Equity	times	7.47	6.40	5.89
Loan to Borrowing	%	129.9%	132.3%	134.7%
Dividend Payout Ratio	%	40.2%	40.4%	40.4% ⁽²⁾
Asset Quality Ratio				
Allowance for Doubtful Account to Total Receivables	%	8.8%	8.9%	8.2%
Bad Debt to Total Receivables	%	8.0%	8.4%	8.3%
% NPL	%	3.0%	2.4%	2.1%
% NPL Credit Card	%	2.2%	1.7%	1.3%
% NPL Personal Loan	%	1.5%	1.2%	1.0%

⁽¹⁾ Credit usage fee is included in the calculation

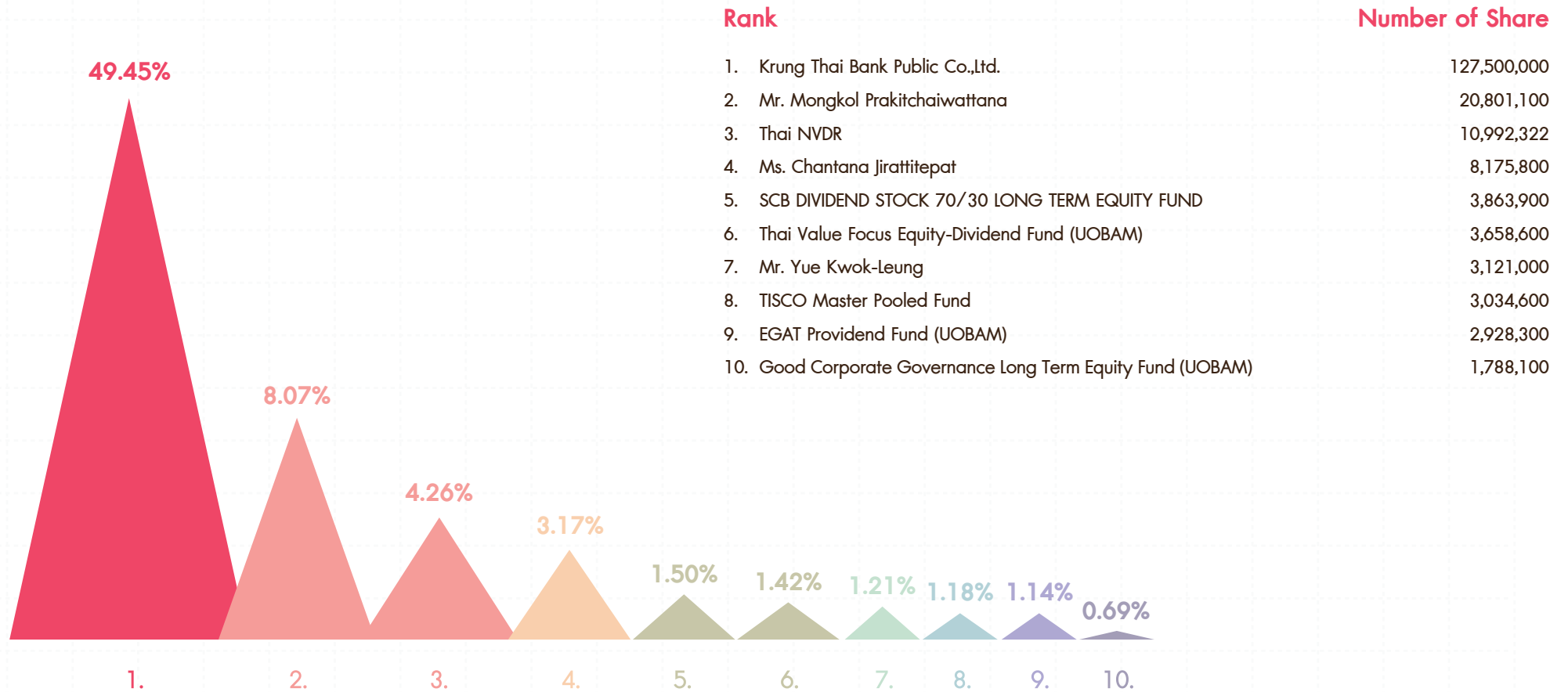
⁽²⁾ The right to receive dividends is unconfirmed until approved by the Annual General Shareholders Meeting 2016 (No.14)

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

Shareholder Structure

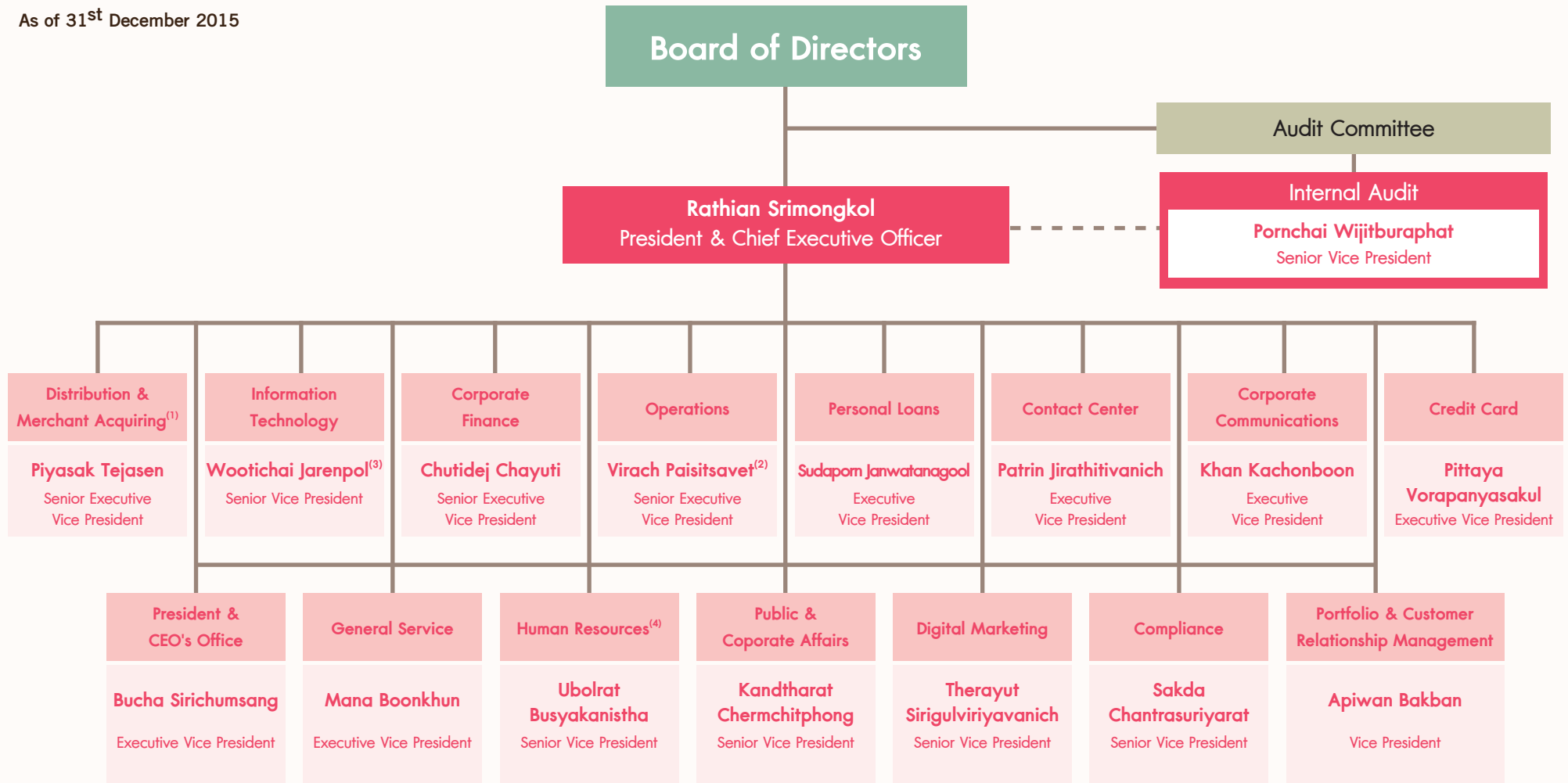
As of 31 December 2015, total number of ordinary shares are 257,833,407.

Top-10 shareholders consist of



Organization Structure

As of 31st December 2015



⁽¹⁾ In reference to the company's memorandum 6/2558 on 16 March 2015, the Products & Distribution are renamed to Distribution & Merchant Acquiring

⁽²⁾ In reference to the company's memorandum 7/2558 on 24 March 2015, the company promoted Mr. Virach Paisitsavet from Executive Vice President to Senior Executive Vice President effective 1 April 2015.

⁽³⁾ In reference to the company's memorandum 18/2558 on 17 December 2015, the company appointed Mr. Wootichai Jarempol to be in charge of Information Technology department effective 17 December 2015.

⁽⁴⁾ In reference to the company's memorandum 21/2558 on 17 December 2015, the company appointed Mr. Mana Boonkhun (Executive Vice President) to act on behalf of Human Resources department in place of Mrs. Ubolrat Busyakanistha who resigned effectively on 1 January 2016.

Board of Directors



Mrs. Kittiya Todhanakasem

Chairman / Chairman of Nomination and Remuneration
Committee / Chairman of Corporate Governance Committee

Date of appointment : 26 April 2005

Age : 57

Education

- Master's Degree, MBA, University of Illinois, Champaign – Urbana, U.S.A.
- Bachelor's Degree, Accounting (Honor), Thammasat University

Training

- 2015** **Certificate, Role of Chairman Program (RCP)**
Thai Institute of Directors Association (IOD)
- 2014** **Bhumipalung Pandin, Class 3**
- 2013** **Certificate, Role of the Nomination and Governance Committee (RNG),**
Thai Institute of Directors Association (IOD)
- ASEAN Executive Management Programme, Class 2**
- Top Executive Program in Commerce and Trade (TEPCoT), Class 6**
Commerce Academy
- 2011** **Certificate, Leader Program, Capital Market Academy (Class 13)**
- 2008** **Diploma, National Defence College,**
The Joint State-Private Sector Course Class 51/21,
Thailand National Defence College
- 2006** **Certificate, Director Certification Program (DCP)**
Thai Institute of Directors Association (IOD)
- 2005** **Certificate, Director Accreditation Program (DAP)**
Thai Institute of Directors Association (IOD)

% of KTC Shares Held 0%

Family Relationship None

Mrs. Kittiya Todhanakasem

Work Experience

Listed Companies

- 2011 - Present** **First Senior Executive Vice President - Managing Director**
 Financial Management Group / Krung Thai Bank Public Company Limited /
 Banking
- 2014 - Present** **Chairman of Corporate Governance Committee**
 Krungthai Card Public Company Limited / Consumer Finance
- 2012 - Present** **Chairman**
 Krungthai Card Public Company Limited / Consumer Finance
- 2011 - Present** **Chairman of Nomination and Remuneration Committee**
 Krungthai Card Public Company Limited / Consumer Finance

Non - Listed Companies / Other Organizations

- 2015 - Present** **Director**
 The Nation Board of Small and Medium Enterprise Promotion
 (Ad Hoc) / Government
- 2014 - Present** **Director**
 Krungthai-AXA Life Insurance Public Company Limited / Life Insurance
- 2012 - Present** **Chairman**
 Krungthai Panich Insurance Public Company Limited / Insurance

Mrs. Kittiya Todhanakasem

Experience

2011 - 2012

Chairman

Krungthai Panich Insurance Company Limited / Insurance

2001 - 2011

Director

Krungthai Panich Insurance Company Limited / Insurance

2012 - 2014

Chairman

KTB Advisory Company Limited / Financial Advisory

2009 - 2012

Chairman

KTB Advisory Company Limited / Financial Advisory

2005 - 2012

Director

Krungthai Card Public Company Limited / Consumer Finance

2005 - 2010

Senior Executive Vice President - Managing Director

Financial Management Group Krung Thai Bank Public Company Limited /
Banking

Board of Directors



Mr. Akarat Na Ranong

Independent Director / Chairman of Audit Committee /

Nominating and Remuneration Committee /

Corporate Governance Committee

Date of appointment : 2 July 2002

Age : 62

Education

- Master's Degree, Business Administration (Management), Marshall University, U.S.A.
- Bachelor's Degree, Economics, Chulalongkorn University

Training

2013 Certificate, Role of the Director Certification Program (DCP)

Thai Institute of Directors Association (IOD)

2008 Certificate, Leader Program, Capital Market Academy (Class 6)

2007 Certificate, Director Accreditation Program (DAP)

Thai Institute of Directors Association (IOD)

Certificate, Role of the Compensation Committee (RCC)

Thai Institute of Directors Association (IOD)

2004 Certificate, Audit Committee Program (ACP)

Thai Institute of Directors Association (IOD)

% of KTC Shares Held 0.0024%

Family Relationship None

Mr. Akarat Na Ranong

Work Experience

Listed Companies

- 2001 - Present** **Independent Director / Chairman of Audit Committee / Nominating and Remuneration Committee / Corporate Governance Committee**
 Krungthai Card Public Company Limited / Consumer Finance
- 2013 - Present** **Director** Evolution Capital Public Company Limited / Hospitality
- 2011 - Present** **Independent Director / Audit Committee**
 FINANSA Public Company Limited / Financial Advisory and management
- 2010 - Present** **Independent Director / Chairman of Audit Committee**
 Matching Maximize Solution Public Company Limited / Media & Publishing

Non - Listed Companies / Other Organizations

- 2015 - Present** **Independent Director / Chairman of Audit Committee**
 KPN Acedemy Company Limited / Educational tutoring services
- 2011 - Present** **Independent Director / Audit Committee**
 FINANSA Securities Limited / Investment Banking

Experience**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



Mrs. Pantip Sripimol

Independent Director / Audit Committee /

Corporate Governance Committee

Date of appointment : 20 April 2012

Age : 53

Education

- Master of Public Administration, Chulalongkorn University
- Bachelor of Laws, Ramkhamhaeng University
- Bachelor of Business Administration, Ramkhamhaeng University

Training

- | | |
|-------------|--|
| 2013 | Certificate, Role of the Nomination and Governance Committee (RNG)
Thai Institute of Directors Association (IOD) |
| 2012 | Certificate, Audit Committee Program (ACP)
Thai Institute of Directors Association (IOD) |
| 2006 | Certificate, Director Certification Program (DCP)
Thai Institute of Directors Association (IOD) |

% of KTC Shares Held 0%

Family Relationship None

Mrs. Pantip Sripimol

Work Experience

Listed Companies

- 2012 – Present** **Independent Director / Audit Committee / Corporate Governance Committee**
 Krungthai Card Public Company Limited / Consumer Finance
- 2014 – Present** **Director / Chairman of Risk Committee**
 MCOT Public Company Limited / State Enterprise

Non – Listed Companies / Other Organizations

- 2011 – Present** **Deputy Director-General**
 State Enterprise Policy Office / Ministry of Finance / Government

Experience

- 2013 – 2014** **Director / Strategic Committee**
 Padang Industry Public Company Limited / Mineral
- 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 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 / Audit Committee /

Corporate Governance Committee

Date of appointment : 16 January 2013

Age : 33

Education

- Master of Commerce (Specialisation in Economics), University of Melbourne
- Bachelor of Science (BSc), Economics, University College London

Training

- | | |
|-------------|---|
| 2015 | Certificate, Advance Audit Committee Program (AACP)
Thai Institute of Directors Association (IOD) |
| 2014 | Certificate, Role of the Director Certification Program (DCP)
Thai Institute of Directors Association (IOD) |
| 2013 | Certificate, Director Accreditation Program (DAP)
Thai Institute of Directors Association (IOD) |
| 1999 | Victorian Certificate of Education (VCE)
Geelong Grammar School |

% of KTC Shares Held 0%

Family Relationship None

Mr. Paroche Hutachareon

Work Experience

Listed Companies

2014 – Present **Independent Director / Audit Committee / Corporate Governance Committee**
 Krungthai Card Public Company Limited / Consumer Finance

Non – Listed Companies / Other Organizations

2014 – Present **Director Fund Management Division**
 Public Debt Management Office / Ministry of Finance / Government

Experience

2013 – 2015 **Independent Director**
 Nok Airlines Public Company Limited / Commercial Airlines

2013 – 2014 **Independent Director**
 Krungthai Card Public Company Limited / Consumer Finance

2009 – 2014 **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



Mr. Tanyapong Thamavaranukupt

Director / Nominating and Remuneration Committee /
 Corporate Governance Committee
 Date of appointment : 25 April 2014
 Age : 45

Education

- Master's Degree, MBA, University of Rochester, U.S.A.
- Bachelor's Degree, Engineering (Industrial), Kasetsart University

Training

- 2015** **Certificate, Role of the Director Certification Program (DCP)**
 Thai Institute of Directors Association (IOD)
- 2012-2013** **SASIN Leadership Program – Focus on all aspects of management.**
 Program specifically designed for Top 15 Executives in the Krungsri Group.
- 2008** **McKinsey's Asian Banking Rising Star Conference 2008 (HK) –**
the only representative from BAY
- 2007** **C-Trans (Stamford) – Train the trainer program for strategic planning**
Blue Ocean – Identify market space, mapping against competitions, building
execution
- 2006** **CECOP (Crotonville) – GE' Corporate approach to strategic planning and execution**
- 2005** **Mortgage Training (WMC in US) – Broker management and sales processes.**
- 2004** **Strategy Workshop (in US) – Training on how to develop effective strategies.**
- 2001** **Black Belt and Master Black Belt – Training on Six Sigma approach, applying Six**
Sigma Tools and calculation for continuous improvement. Training on advance
statistical tools (hypothesis testing, multiple regression, etc) and applying tools for
process / product improvement and consulting with leadership and project leaders
for successful implementation.
- 2000** **Design for Six Sigma (DFSS) – Training on approach to design new products and/or**
services that will consistently meet or exceed customer's critical-to-quality (CTQ)
expectations.
- 1997** **Pyramid Principle – Structural thinking and presentation.**

Mr. Tanyapong Thamavaranukupt

% of KTC Shares Held 0%

Family Relationship None

Work Experience

Listed Companies

- | | |
|-----------------------|--|
| 2014 – Present | Senior Executive Vice President
Krung Thai Bank Public Company Limited / Banking |
| 2014 – Present | Director / Nominating and Remuneration Committee / Corporate Governance Committee
Krungthai Card Public Company Limited / Consumer Finance |

Non – Listed Companies / Other Organizations

- | | |
|-----------------------|--|
| 2014 – Present | Director
Krungthai-AXA Life Insurance Public Company Limited / Insurance |
|-----------------------|--|

Experience

- | | |
|--------------------|---|
| 2013 – 2014 | Advisor to President
Krung Thai Bank Public Company Limited / Banking |
| 2012 – 2013 | First Executive Vice President
Bank of Ayudhya Public Company Limited / Banking |
| 2009 – 2013 | Managing Director
CFG Services Company Limited / Consumer Finance |
| 2007 – 2012 | Executive Vice President
Bank of Ayudhya Public Company Limited / Banking |

Mr. Tanyapong Thamavaranukupt

- 2004 – 2006** **Executive Director**
GE Consumer Finance (Asia) Company Limited / Consumer Finance
- 2001 – 2004** **Director, Product Leader**
GE Consumer Finance (Thailand) Company Limited / Consumer Finance
- 2001** **Senior Manager, Pricing Leader**
GE Consumer Finance (Thailand) Company Limited / Consumer Finance
- 1999 – 2000** **Senior Manager Master Black Belt**
GE Consumer Finance (Thailand) Company Limited / Consumer Finance
- 1996 – 1999** **Management Consultant**
Arthur D. Little, Singapore / Consulting
- 1992 – 1994** **Analyst**
Accenture Public Company Limited (Andersen Consulting) / Consulting

Board of Directors



Mrs. Sriprabha Pringpong

Director / Corporate Governance Committee

Date of appointment : 8 April 2011

Age : 63

Education

- MBA, The University of Toledo, Ohio, U.S.A.
- BA in Commerce and Accounting, Chulalongkorn University

Training

- 2013** **Certificate, Role of the Director Certification Program (DCP)**
Thai Institute of Directors Association (IOD)
- 2010** **Certificate, Executive Development Program**
Institute of Research and Development for Public Enterprises,
Ministry of Finance
- 2008 – 2009** **Certificate, Advanced Certificate Course in Public Administration and Law for Executives**
King Prajadhipok's Institute
- 2005** **Certificate, Intermediate Certificate Course in Good Governance for Middle Level Executives**
King Prajadhipok's Institute
- 2000 – 2001** **Certificate, Certified Internal Auditor**
Faculty of Commerce and Accounting, Chulalongkorn University
- 1992 – 1993** **Certificate, Advance Management for Oversea Banker**
The Wharton School of the University of Pennsylvania

% of KTC Shares Held 0%

Family Relationship None

Mrs. Sriprabha Pringpong

Work Experience

Listed Companies

2011 – Present **Director / Corporate Governance Committee**
 Krungthai Card Public Company Limited / Consumer Finance

Non – Listed Companies / Other Organizations

2013 – Present **Director / Chairman of Audit Committee / Chairman of Business Relation 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

Experience

2011 – 2012 **Senior Executive Vice President – Managing Director**
 Government & State Enterprise Relations Group /
 Krung Thai Bank Public Company Limited / Banking

2009 – 2010 **Executive Vice President – Managing Director**
 Government & State Enterprise Relations Group /
 Krung Thai Bank Public Company Limited / Banking

2007 – 2009 **Senior Vice President**
 Government Relations Group / Krung Thai Bank Public Company Limited /
 Banking

Mrs. Sriprabha Pringpong

2005 – 2007

Senior Director

Government Relations Group / Krung Thai Bank Public Company Limited /
Banking

2001 – 2005

Senior Director

Public Relations Department / Krung Thai 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

1988 – 1989

Director

International Housing Finance Corporation Limited /
Finance and Securities

1986 – 2001

First Vice President

Business Relations Department / Krung Thai Bank Public Company Limited /
Banking

Board of Directors



Mrs. Arunporn Limskul

Director / Corporate Governance Committee

Date of appointment : 20 April 2012

Age : 48

Education

- Master of Business Administration, Asian Institute of Technology, (1991)
- Bachelor of Science (Materials Science), Chulalongkorn University,(1989)

Training

- | | |
|-------------|---|
| 2013 | Introduction to Petroleum and Petrochemical Business
The Petroleum and Petrochemical College, Chulalongkorn University, |
| 2012 | Certificate, Director Certification Program (DCP)
Thai Institute of Directors Association (IOD) |
| 2007 | Customer Experience Management, London |
| 2004 | Customer Relation in Mobile Industry, Spain
Strategic Customer Management, Hong Kong |
| 2003 | Customer Relationship Management in Mobile Industry, London |

% of KTC Shares Held 0%

Family Relationship None

Mrs. Arunporn Limskul

Work Experience

Listed Companies

- 2012 – Present** **Director / Corporate Governance Committee**
 Krungthai Card Public Company Limited / Consumer Finance
- 2013 – Present** **Independent Director / Audit Committee**
 Bangchak Petroleum Public Company Limited / Oil Company

Non – Listed Companies / Other Organizations

- 2009 – Present** **Director**
 School of Management / Asian Institute of Technology / University

Experience

- 2012 – Jan 2015** **Director**
 Executive Committee / “New SME Fund” / Government
- 2011 – Jun 2014** **Director, Chairman of the Corporate Governance and Social Responsibility Committee, and Executive Director**
 Krung Thai Bank Public Company Limited / Banking
- 2011 – Jun 2014** **Executive Board Member**
 Office of Small and Medium Enterprises Promotion / Government
- 2010 – 2011** **Executive Vice President**
 CRM & Electronic Channels Division / Siam Commercial Bank / Banking
- 2005 – 2010** **Assistant Vice President**
 Customer Relationship Management Division /
 Advanced Info Service Public Company Limited /
 Information and Communication Technology

Board of Directors



Mr. Rathian Srimongkol

President & Chief Executive Officer /
 Director and Corporate Governance Committee
 Date of appointment : 1 January 2012
 Age : 56

Education

- Master's Degree, MBA, Thammasat University
- Master's Degree, M.P.A in General Administration, Suan Sunandha Rajabhat University
- Medical Degree, Faculty of Medicine Siriraj Hospital, Mahidol University
- Bachelor's Degree, Medical Science, Mahidol University

Training

- 2010** **Certificate, Leader Program**
 Capital Market Academy (Class 11)
- 2009** **Certificate, Financial Statements Demystified for Director (FDD)**
 Thai Institute of Directors Association (IOD)
- 2008-2009** **Diploma, National Defence College, The Joint State-Private Sector Course Class 51/21**
 National Defence College of Thailand
- 2008** **Certificate, Role of the Chairman Program (RCP)**
 Thai Institute of Directors Association (IOD)
Public Director Certification Program (PDI)
 King Prajadhipok's Institute
Certificate, Economic Leader Forum (ELF)
 The Thammasat Economics Association
- 2005** **Certificate in Politics and Governance in Democratic Systems for Executives Course (Class 9)**
 King Prajadhipok's Institute
- 2001** **Certificate, Directors Certification Program (DCP)**
 Thai Institute of Directors Association (IOD)

% of KTC Shares Held 0%

Family Relationship None

Mr. Rathain Srimongkol

Work Experience

Listed Companies

- 2012 – Present** **President & Chief Executive Officer / Director and Corporate Governance Committee**
 Krungthai Card Public Company Limited / Consumer Finance
- 2013 – Present** **Independent Director / Chairman of Audit Committee / Corporate Governance Committee / Nominating and Compensation Committee**
 One To One Contacts Public Company Limited / Contact Center
- 2009 – Present** **Independent Director / Vice Chairman / Chairman of Audit Committee / Member of the Sustainability and Risk Management Committee**
 Indorama Ventures Public Company Limited / Holding

Non-Listed Companies / Other Organizations

- 2015 – Present** **Director**
 Thai Listed Companies Association / Non-Profit Organization

Experience

- 2008 –2010** **Director** TOT Public company Limited / Communication Business
- 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

Executives



Mr. Rathian Srimongkol

President & Chief Executive Officer /
 Director and Corporate Governance Committee
 Date of appointment : 1 January 2012
 Age : 56

Education

- Master's Degree, MBA, Thammasat University
- Master's Degree, M.P.A in General Administration, Suan Sunandha Rajabhat University
- Medical Degree, Faculty of Medicine Siriraj Hospital, Mahidol University
- Bachelor's Degree, Medical Science, Mahidol University

Training

- 2010** **Certificate, Leader Program,**
 Capital Market Academy (Class 11)
- 2009** **Certificate, Financial Statements Demystified for Director (FDD)**
 Thai Institute of Directors Association (IOD)
- 2008-2009** **Diploma, National Defence College, The Joint State-Private Sector Course Class 51/21**
 National Defence College of Thailand
- 2008** **Certificate, Role of the Chairman Program (RCP)**
 Thai Institute of Directors Association (IOD)
Public Director Certification Program (PDI)
 King Prajadhipok's Institute
Certificate, Economic Leader Forum (ELF)
 The Thammasat Economics Association
- 2005** **Certificate in Politics and Governance in Democratic Systems for Executives Course (Class 9)**
 King Prajadhipok's Institute
- 2001** **Certificate, Directors Certification Program (DCP)**
 Thai Institute of Directors Association (IOD)

% of KTC Shares Held 0%

Family Relationship None

Mr. Rathian Srimongkol

Work Experience

Listed Companies

- 2012 – Present** **President & Chief Executive Officer, Director and Corporate Governance Committee**
 Krungthai Card Public Company Limited / Consumer Finance
- 2013 – Present** **Independent Director, Chairman of Audit Committee**
Corporate Governance Committee and Nominating and Compensation Committee
 One To One Contacts Public Company Limited / Contact Center
- 2009 – Present** **Independent Director, Vice Chairman, Chairman of Audit Committee and Member of the Sustainability and Risk Management Committee**
 Indorama Ventures Public Company Limited / Holding

Non-Listed Companies / Other Organizations

- 2015 – Present** **Director**
 Thai Listed Companies Association / Non-Profit Organization

Experience

- 2008 – 2010** **Director**
 TOT Public company Limited / Communication Business
- 2004 – 2012** **Performance Agreement Subcommittee Organization Management**
 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

Executives



Mr. Piyasak Tejasen

Senior Executive Vice President -
Distribution & Merchant Acquiring
Date of appointment : 1 June 2002
Age : 51

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

Listed Companies

2002 – Present **Senior Executive Vice President**
Distribution & Merchant Acquiring / Krungthai Card Public Company Limited /
Consumer Finance

Non – Listed Companies / Other Organizations

-None-

Experience

1999 – 2002 **Human Resources Director**
Human Resources and Administration Department / Bangkok Capital Alliance
Company Limited / Financials

Executives



Mr. Chutidej Chayuti

Senior Executive Vice President /
Chief Finance Officer - Corporate Finance

Date of Appointment : 1 July 2002

Age : 53

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

Listed Companies

2006 – Present **Senior Executive Vice President & Chief Finance Officer**
Corporate Finance / Krungthai Card Public Company Limited / Consumer Finance

Non – Listed Companies / Other Organizations

-None-

Experience

2003 – 2006 **Executive Vice President**
Corporate Finance / Krungthai Card Public Company Limited /
Consumer Finance

2002 **Senior Vice President**
Corporate Finance and Planning / Krungthai Card Public Company Limited /
Consumer Finance

1998 – 2002 **Assistant Secretary General**
Financial Sector Restructuring Authority / State Enterprise

Mr. Chutidej Chayuti

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 /
Financials and Securities

Executives



Mr. Virach Paisitsavet

Senior Executive Vice President - Operations

Date of appointment : 16 February 2012

Age : 54

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

Mr. Virach Paisitsavet

Work Experience

Listed Companies

2012 – Present **Senior Executive Vice President / Head of Operations**
 Operation / Krungthai Card Public Company Limited / Consumer Finance

Non – Listed Companies / Other Organizations

-None-

Work Experience

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

Executives



Ms. Sudaporn Janwatanagool

Executive Vice President — Personal Loans

Date of appointment : 1 April 1997

Age : 57

Education

- Master's Degree, Finance and Banking, Sripatum 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

Listed Companies

1997 – Present **Executive Vice President**
 Personal Loans
 Krungthai Card Public Company Limited / Consumer Finance

Non – Listed Companies / Other Organizations

2015– Present **Committee & Consultant**
 Personal Loan Club / The Thai Bankers' Association

Work Experience

2010 – 2014 **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

Executives



Mrs. Pittaya Vorapanyasakul

Executive Vice President - Credit Card

Date of appointment : 18 August 1997

Age : 54

Education

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

% of KTC Shares Held 0%

Family Relationship None

Work Experience

Listed Companies

1997 - Present **Executive Vice President**
 Credit Card
 Krungthai Card Public Company Limited / Consumer Finance

Non - Listed Companies / Other Organizations

-None-

Experience

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

Executives



Mr. Mana Boonkhun

Executive Vice President - General Service

Date of appointment : 15 July 2002

Age : 53

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

Listed Companies

2011 - Present **Executive Vice President**

General Service / Krungthai Card Public Company Limited /
Consumer Finance

Non - Listed Companies / Other Organizations

-None-

Mana Boonkhun

Experience

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 Public Company Limited / Real Estate

Executives



Mr. Khan Kachonboon

Executive Vice President - Corporate Communications

Date of appointment : 1 November 2003

Age : 53

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

Listed Companies

2003 - Present

Executive Vice President

Corporate Communications

Krungthai Card Public Company Limited / Consumer Finance

Non - Listed Companies / Other Organizations

-None-

Work Experience

1995 - 2003

Senior Vice President

J Walter Thompson Company Limited / Advertising

Executives



Mr. Bucha Sirichumsang

Executive Vice President - President & CEO's Office/
Secretary of the Board of Directors / Corporate Governance
Committee and Secretary of the Corporate Governance Committee

Date of appointment : 1 April 2004

Age : 53

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

Listed Companies

2004 - Present **Executive Vice President / Secretary of the Board of Directors /
Corporate governance committee and Secretary of
the Corporate Governance Committee**
President & CEO's Office
Krungthai Card Public Company Limited / Consumer Finance

Non - Listed Companies / Other Organizations

-None-

Mr. Bucha Sirichumsang

Work Experience

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

Executives



Ms. Patrin Jirathitivanich

Executive Vice President - Contact Center

Date of appointment : 1 February 2012

Age : 58

Education

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

% of KTC Shares Held 0%

Family Relationship None

Work Experience

Listed Companies

2012 – Present **Executive Vice President / Head of Contact Center**
 Contact center / Krungthai Card Public Company Limited / Consumer Finance

Non – Listed Companies / Other Organizations

-None-

Experience

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

Executives



Mrs. Kandtharat Chermchitphong

Senior Vice President - Public and Corporate Affairs /
Corporate Governance Committee

Date of appointment : 1 January 1997

Age : 48

Education

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

% of KTC Shares Held 0%

Family Relationship None

Work Experience

Listed Companies

1997 - Present **Senior Vice President / Corporate Governance Committee**
Public and Corporate Affairs
Krungthai Card Public Company Limited / Consumer finance

Non - Listed Companies / Other Organizations

-None-

Work Experience

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

Executives



Mr. Therayut Sirigulviriyavanich

Senior Vice President - Digital Marketing
 Date of appointment : 11 December 2001
 Age : 42

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

Listed Companies

2011 - Present **Senior Vice President**
 Digital Marketing / Krungthai Card Public Company Limited / Consumer Finance

Non - Listed Companies / Other Organizations

-None-

Experience

2004 - 2010 **Vice President**
 Membership Marketing / Krungthai Card Public Company Limited / Consumer Finance

2003 - 2004 **Senior Manager**
 Marketing / Krungthai Card Public Company Limited / Consumer Finance

2001 - 2003 **Marketing Manager**
 Marketing / Krungthai Card Public Company Limited / Consumer Finance

2001 **Promotion Rewards & Retention Manager**
 Marketing / Diners Club (Thailand) Company Limited / Consumer Finance

1999 - 2011 **Assistant Marketing Manager**
 Marketing / S.B. Furniture Company Limited / Furniture

Executives



Mr. Woottichai Jarernpol

Senior Vice President - Information Technology

Date of appointment : 16 September 2008

Age : 54

Education

- Bachelor's Degree, Statistic, Chulalongkorn University

% of KTC Shares Held 0%

Family Relationship None

Work Experience

Listed Companies

2008 - Present **Senior Vice President**

Information Technology

Krungthai Card Public Company Limited / Consumer Finance

Non - Listed Companies / Other Organizations

-None-

Mr. Woottichai Jarernpol

Experience

2006–2008

Operation Director

Operation / OPPC (Thailand) Company Limited /IT Outsource

2005–2006

Senior Vice President

Operation / BT Leasing Company Limited/Financial

1998–2004

Vice President

Information Technology / AIG Finance (Thailand) Public Company Limited
/Financial

1995–1997

Vice President

Information Technology / Nithipat Finance Public Company Limited/Financial

1990–1995

Assistant Vice President

Information Technology / Citibank N.A./Banking

1983–1990

System Analyst

Information Technology /

Siam Commercial Bank Public Company Limited/Banking

Executives



Mr. Sakda Chantrasuriyarat

Senior Vice President — Compliance and
Corporate Governance Committee

Date of appointment : 1 May 2014

Age : 53

Education

- Master of Accountancy, Chulalongkorn University
- Bachelor of Accountancy, Chulalongkorn University

Training

- 2015** **Safety Officer : Management Level, class1**
Krungthai Card Public Company Limited.
- Leader as a Coach (Workshop)**
Krungthai Card Public Company Limited.
- 2014** **Corporate Governance**
Krungthai Card Public Company Limited.
- Corporate Social Responsibility (CSR-in Process)**
Krungthai Card Public Company Limited.
- 2013** **Compliance Training Program , class 1**
The Securities and Exchange Commission, Thailand
- Anti-Money Laundering Act and Counter Terrorism Finance Act**
Anti-Money Laundering Office (AMLO)

% of KTC Shares Held 0%

Family Relationship None

Mr. Sakda Chantrasuriyarat

Work Experience

Listed Companies

2014 – Present **Senior Vice President and Corporate Governance Committee**
 Compliance
 Krungthai Card Public Company Limited / Consumer Finance

Non – Listed Companies / Other Organizations

-None-

Experience

2006 – 2014 **Department Head**
 Compliance Department / Thanachart Bank Public Company Limited / Banking

2005 – 2006 **Assistant Managing Director**
 Compliance Function / MFC Asset Management Public Company Limited /
 Fund Management

1993 – 2004 **Assistant Director**
 Investment Management Supervision Department / The Securities and
 Exchange Commission / Regulator

1987 –1993 **Bank Examiner**
 Onsite Examination /Bank of Thailand / Regulator

Executives



Ms. Apiwan Bakban

Vice President

Portfolio & Customers Relationship Management

Date of appointment : 16 June 2003

Age : 43

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

Listed Companies

2003 – Present **Vice President**
 Portfolio & Customer Relationship Management /
 Krungthai Card Public Company Limited / Consumer Finance

Non – Listed Companies / Other Organizations

–None–

Experience

2002 – 2003 **Account Director**
 Client Service Department
 SC Matchbox / Advertising Agency

2539 – 2545 **Account Director**
 Client Service Department
 JWT Bangkok / Advertising Agency

Internal Audit

Mr. Pornchai Wijitburaphat

Senior Vice President

Internal Audit

Date of appointment : 16 October 2001

Age : 48

Education

- Master's Degree, Business Administration, Burapha University
- Mini MBA, Chulalongkorn University
- Bachelor's Degree, Business Administration (Accounting), Ramkhamhaeng University

Training

- 2015** **CSR To Corporate Sustainability,**
Stock Exchange of Thailand
- CAE Forum 2015 “Reshaping Internal Audit Function to Sustainability”**
The Institute of Internal Auditor of Thailand
- Internal Audit's Role in Anti-Corruption**
Stock Exchange of Thailand
- 2008** **Certified Professional Internal Auditors of Thailand (CPIAT-9),**
The Institute of Internal Auditor of Thailand
- 2006-2007** **Certificate Endorsed Internal Auditing Program**
The Institute of Internal Auditors, Chulalongkorn University

% of KTC Shares Held 0%

Family Relationship None

Internal Audit

Work Experience

Listed Companies

2001 – Present **Senior Vice President**
 Internal Audit
 Krungthai Card Public Company Limited / Consumer Finance

Non – Listed Companies / Other Organizations

-None-

Experience

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

Mr. Peerapong Pitrpibulpatit

Company Secretary

Date of appointment : 16 May 2007

Age : 46

Education

- Master of Arts Executive Program in Public Affairs
Ramkhamhaeng University
- Bachelor of Laws, Ramkhamhaeng University

Training

- 2015** **Safety Officer : Management Level, class 1**
Krungthai Card Public Company Limited.
- 2011** **Against Corrupt Inside Thailand**
- 2010** **Director Nomination Best Practices**
- 2009** **Diploma, AML Computer Based Training,**
Anti-Money Laundering Office (AMLO)

% of KTC Shares Held 0%

Family Relationship None

Company Secretary

Work Experience

Listed Companies

2007 – Present **Vice President**
Legal Consult & Service
Krungthai Card Public Company Limited / Consumer Finance

Non – Listed Companies / Other Organizations

-None-

Work Experience

1995 – 2007 **Attorney at Law**
KTBLAW Company Limited / State-Owned Enterprise /

1993 – 1995 **Legal Officer**
Legal Execution Department / Ministry of Justice / Government

Compliance

Mr. Sakda Chantrasuriyarat

Senior Vice President — Compliance and
Corporate Governance Committee

Date of appointment : 1 May 2014

Age : 53

Education

- Master of Accountancy, Chulalongkorn University
- Bachelor of Accountancy, Chulalongkorn University

Training

- 2015** **Safety Officer : Management Level, class1**
Krungthai Card Public Company Limited.
- Leader as a Coach (Workshop)**
Krungthai Card Public Company Limited.
- 2014** **Corporate Governance**
Krungthai Card Public Company Limited.
- Corporate Social Responsibility (CSR-in Process)**
Krungthai Card Public Company Limited.
- 2013** **Compliance Training Program , class 1**
The Securities and Exchange Commission, Thailand
- Anti-Money Laundering Act and Counter Terrorism Finance Act**
Anti-Money Laundering Office (AMLO)

% of KTC Shares Held 0%

Family Relationship None

Compliance

Work Experience

Listed Companies

2014 – Present **Senior Vice President and Corporate Governance Committee**
 Compliance
 Krungthai Card Public Company Limited / Consumer Finance

Non – Listed Companies / Other Organizations

–None–

Experience

2006 – 2014 **Department Head**
 Compliance Department / Thanachart Bank Public Company Limited / Banking

2005 – 2006 **Assistant Managing Director**
 Compliance Function / MFC Asset Management Public Company Limited /
 Fund Management

1993 – 2004 **Assistant Director**
 Investment Management Supervision Department / The Securities and
 Exchange Commission / Regulator

1987 –1993 **Bank Examiner**
 Onsite Examination /Bank of Thailand / Regulator

Company Overview and Policies

1. Company Background

Krungthai Card Public Company Limited (“Company” or “KTC”) operates the business of credit card along with credit card-related business, other businesses such as personal loan, utilities payment services and electronic payment services under account category Kor (3); Electronic payment through network device. And also account category Kor(5) Payment Service Provider. KTC was registered as a juristic person on 4th December 1996, with an authorized capital of Baht 50 million, and was transformed into a public company limited under the name of 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 another Baht 950 million by means of right offerings to Krung Thai Bank Public Company Limited as a former shareholder for 44 million shares and to public offerings for 51 million shares; therefore, the total authorized capital was raised to Baht 1,000 million with total shares of 100 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.

Company Overview and Policies

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 2015, the Company had total authorized capital and paid-up capital of Baht 2,578,334,070 and had acquired total of 2.6 million accounts in which 1,887,015 accounts were credit cards, and 747,343 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 and 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 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” for KTC VISA Platinum Credit Card, and “Best Classic Card in Thailand” for KTC VISA Classic Credit Card

2010 “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

2010 “Most Innovative Card Marketing Program” The MasterCard Hall of Fame Awards 2010 for Thailand’s first boutique hotel contest

2011 “Most Effective Card Marketing Program Award” for KTC-TDP Credit Card with local department stores

2011 “Best Digital Marketing” for the KTC Boutique Awards Campaign from The MasterCard Hall of Fame Marketing Award 2011

Company Overview and Policies

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 across the world.

2014 1st place in a world-class business competition held by the Visa International Company, under the “VISA Global Challenge” project for the year 2014. Total candidates were 108 teams from 31 countries across the world.

2014 “Global Service Quality Award : Risk Efficiency” from Visa International Company. Visa assess the service and risk management performance of the member company that provide credit card and debit card services to evaluate the lowest Risk –to –Approval Effective Rate. KTC is the one of six members who won the prize from total candidates of 10,300 members.

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

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

2010 “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 “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.

2015 “Outstanding Investor Relations” from the Stock Exchange of Thailand in SET Awards 2015 which was held by the Stock Exchange of Thailand and Money & Banking magazine.

2015 “CEO of the year 2015” which was held by the Interest Business Newspaper. The awards recognize the achievements of Mr. Rathian Srimongkol.

2015 The company was received “Special Award–Japan Tourism Award in Thailand 2015”, as an organization with outstanding support for the Japanese Tourism in 2015, from the Japan National Tourism Organization.

Company Overview and Policies

2. Visions, Objectives, and Strategies of the company

Under the company's vision "To be a membership company through creating solid foundation for a sustainable growth and becoming the most preferred brand" it is the company's clear intention to cultivate a sustainable growth through innovation. With passion to encourage customers to pursue the lifestyle they desire; therefore, the company provides extensive choices to satisfy the customer's demands, and embraces the Member Obsession approach.

The company are also aware of the importance of the creative learning organization, creating workplace environment that inspire cooperation and ownership, as well as human resource development which is the most precious asset of the company. This learning environment would reinforce work proficiency and better understanding, by utilizing Insight Intelligence through broad information analyses. As well as the creation of quality services, applying resources to address the customer's demand and maximize satisfaction.

Moreover, the company continues to seek new business opportunities, and manage cost for highest efficiency; implementing modern management technologies, and refining work process to be more customer centric.

KTC strengths are also management flexibility as well as operation and collection proficiency. The company continues to improve and develop services for better effectiveness, to address the customer's demand.

Company Overview and Policies

These are the main factors satisfying the customers, to confidently identify the company's product as their default choice; contributing to the company's sustainable growth. However, the company must commit to uphold long term relationship with business partners, generate sustainable profit, provide reasonable returns to the investors, as well as conduct business with transparency under good corporate governance.

Company Overview and Policies

Key Events and Developments

Year 2013

- At the end of February, KTC had restructured the Core System from outsourcing it to international service provider to buy its own system and integrate it 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 the position.
- The company issued corporate bonds 3 times for Baht 10,000 million with maturity between 3 to 5 years, offering 4.65% to 5.00% p.a.
- On 28th November 2013, the company was permitted by Bank of Thailand through Krung Thai Bank Public Company Limited to expand its collection service operation to Krung Thai Bank Public Company Limited and its other finance-related companies within the group.

Company Overview and Policies

Year 2014

- The 1st Board of Directors' meeting of 2014 on 16th January 2014 resolved to appoint Corporate Governance Committee, which consists of the entire Board of Director member and management of related-department. The primary responsibility of the committee is to determine and review Corporate Governance Guideline, along with overseeing company's operation to align with Good Governance Principles.
- The 12th Annual General Meeting on 25th April 2014 resolved Mr. Tanyapong Thamavaranukupt as a Director to replace Mr. Suvit Maesincee who has completed his term. On the 6th Board of Directors' meeting of 2014 on 25th April 2014, resolved to appoint Mr. Paroche Hutachareon, Independent Director to the position of Audit Committee and Mr. Tanyapong Thamavaranukupt, Director to the position of Nomination and Remuneration Committee and Corporate Governance Committee.
- The company had issued corporate bonds for 12 times for Baht 8,630 million with maturity between 2 to 4 years, offering 3.60% to 4.50% p.a.
- The company's has launched its latest concept "Make it Better", which reflects a determination to drive the business by enhancing its internal operation system together with nicely-designed product and deliver superior privilege to its customer. KTC also emphasizes

on sustainable development in both its business and the society to derive the optimum value to all stakeholders. KTC not only encourages its employees to bring out their performance but also provides good opportunities to perform since human resource is another KTC's vital concern. Therefore, the company has come up with its 5 Core Values:

- 1) Professional,
- 2) Coordination,
- 3) Ownership,
- 4) Differentiate and
- 5) Dynamic

as a key, along with numerous activities to bring in a harmony in a workplace and create an unitable corporate culture for a work-life balance lifestyle.

- For the credit card business, KTC launched numerous campaigns in the daily expense category to enhance value to the members. At the same time, KTC was expanding credit card market into the major cities in 4 regions of Thailand. This strategy emphasizes more on the regional market by offering privileges and prize to regional members. KTC also cooperated with Krung Thai Bank to introduce new service by allowing mortgage loan customers to pay the monthly installment through KTC credit card direct debit service throughout the installment period. In the last quarter, KTC has launched its new card "KTC X VISA SIGNATURE" to fulfill the various lifestyle of its member, by focusing on customer who like dining and travelling both domestically and internationally.

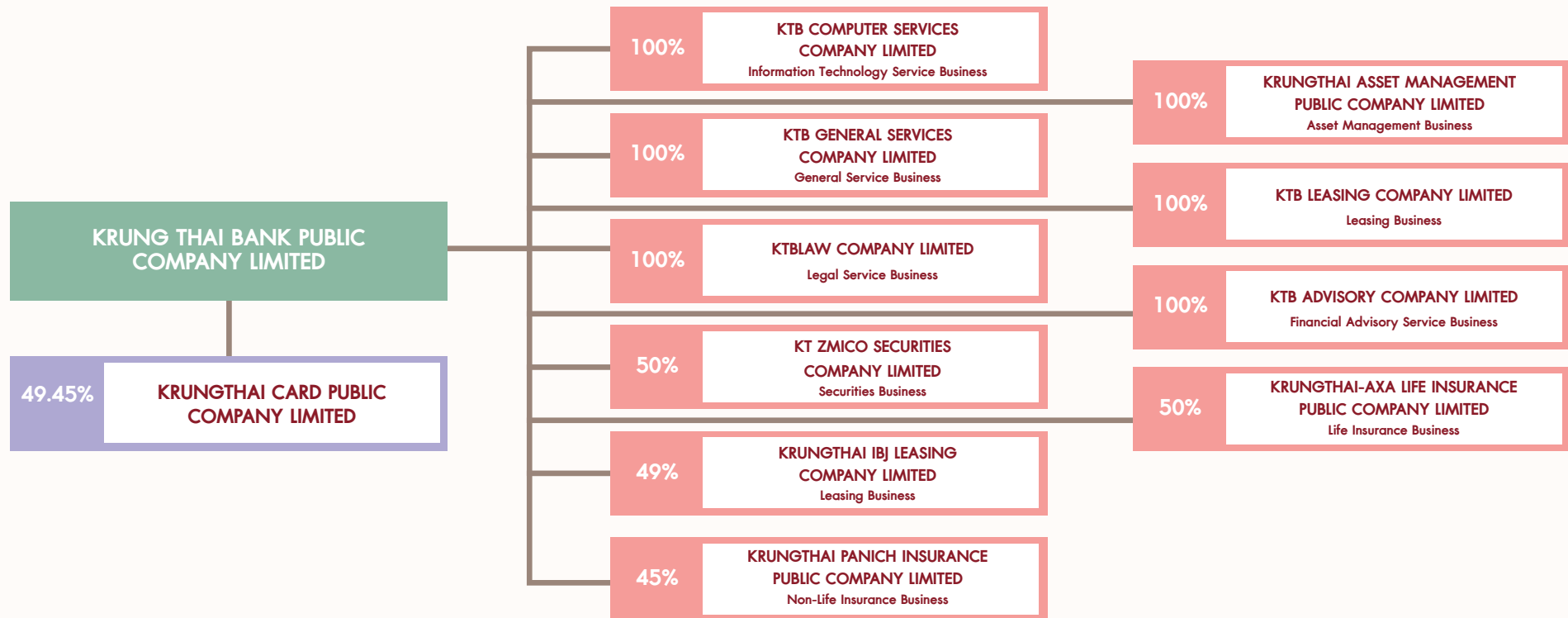
Company Overview and Policies

- KTC has rebranded its revolving loan product from “KTC CASH REVOLVE” to “KTC PROUD” with its main concept: Pride- being capable to do something for yourself, your family, and your love ones. KTC PROUD has bundled with the new feature: KTC FLEXI. Customers will not only be able to withdraw cash through provided channel but also make an installment plan with participated partners. Member can enjoy the term up to 36 months by simply having a minimum monthly payment at Baht 3,000.
 - For new product launching, KTC, with the collaboration of MasterCard, has issued the premium credit card “KTC World Rewards MasterCard”, which is suitable for customers with metropolitan lifestyle and the fondness to travel abroad, providing them with world class services. KTC also co-operated with JCB to issue its first “JCB Platinum” card in Thailand, focusing on the high end customer group. KTC & Visa jointly issued “KTC Visa payWave” card and as for MasterCard, KTC issued “KTC MasterCard Contactless” card. They were both designed to perform new form of payment base on the no-touch concept in order to increase speed and convenience.
 - For personal loan business, KTC has implemented the “Cash@Touch” project to enhance the application and approval process in KTC branch to be able to acquire the result within 30 minutes.
 - KTC has improved its online services for fully functional of its mobile application “TapKTC”, making the application support both iOS and Android devices so that KTC credit card & “KTC Proud” personal loan customers can make their online transaction more easily and conveniently.
 - On the 18th May 2015 KTC has been approved by the Electronic Transactions Commission to conduct electronic payment services, account category Kor(5); Payment Service Provider.
 - On 31st December 2015, KTC has a total of 23 KTC Touch branches, a service center for credit card and personal loan, providing payment service and information on the company’s products. 22 of these branches are in Bangkok Metropolitan area, and 1 branch in provincial area.
- Year 2015**
- TRIS Rating upgrades the company and existing senior unsecured debenture ratings of KTC to “A-” from “BBB+”. At the same time, TRIS Rating assigns an “A-” rating to KTC’s proposed issue of up to Bt12,000 million in senior unsecured debentures.
 - The 13th Annual General Meeting on 23th April 2015 had agreed to reappoint 3 directors who had completed their terms to take their former positions which were Mrs. Kittiya Todhanakasem, Mrs. Pantip Sripimol and Mrs. Arunporn Limskul
 - Since 1st May 2015, KTC hired Win Performance Co., Ltd. to handle the company’s debt collection operation.
 - The company had issued corporate bonds 8 times for Baht 9,593 million with maturity between 1 to 10 years, offering 2.12% to 4.00% p.a.

Company Overview and Policies

4. Company Shareholdings Structure (as of 31 December 2015)

The major shareholder of Krungthai Card Public Company Limited is Krung Thai Bank Public Company Limited with the share of 49.45%. The diagram below exhibits KTB's shareholding structure (KTB Group), which comprise of financial institutions and other supported business only.



Remark: KTB ADVISORY COMPANY LIMITED is during the process of closing down

Company Overview and Policies

5. Relationships with major shareholder's 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 Krung Thai Bank as a major shareholder of the company and also a main channel of distribution. As possessing many branches in Bangkok Metropolitan and provincial areas, Krung Thai Bank is a key channel to introduce products to the bank's customers. The bank has recommended other products of its subsidiaries to customer as well.

In order to expand the customer base smoothly as our defined objectives, KTC has established a Business Relations division and assigned staffs to accommodate various function for bank officers, 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 by educating staff and strengthening cooperation to build up the sustainable growth.

Company Overview and Policies

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 to stimulate usage and loyalty, expand member base (Acquisitions and CRM) and extend the merchant acquiring business such as:

Usage Marketing

“KTC Housing Loan” Program or the easy loan payment through credit card is in the second phase of this program after its first successful year. KTC members will be able to pay their house loan installments through their credit cards with the same interest rate as their cash payment, and also earn double point for their first 3 payments.

“KTB Foreign Currency Exchange” Program, members can use their cards to buy foreign currency without having to pay surcharge.

“KTB Investment Festival” Program, which allow credit cardholder to earn 1.5 times extra point for buying life insurance from Krungthai-AXA at KTB branches all over the country.

“Recurring for Krungthai-AXA” Program, provided members with convenient method of paying insurance premium of Krungthai-AXA Life Public Company Limited via automatic debit system. The service can be applied at any KTB branch all over the country.

Acquisition & CRM

“Wealth Group Credit Card Customer Base Expansion”, the total member gained by this program throughout the year is over 10,000 members, which consist of KTC-KTB Precious Plus Infinite, KTC-KTB Precious Plus Signature, and KTC-KTB Precious Signature.

Special campaign “Fine Dining Experience”, exclusively organized for honorable members, inviting them to dine with KTB’s executives at luxurious restaurants.

Merchant Acquiring

“EDC Machine Installation and Merchant Expansion” is a joint program between KTC and Retail Banking Sales & Distribution Group, Business Center Group, and Government and State Enterprise Relation Group of KTB. The program received positive feedback, with a total of over 4,000 stores joining the program throughout the year.

KTC believes that all of these operations will reach its quantitative and effective goals. And most importantly KTC believes that these activities will increase the competitiveness of both KTC and KTB.

Business Nature

KTC provides unsecured financial products to consumers in Thailand; provides Credit card products and services as well as Credit card related businesses, Personal loans, Utility payment services, Electronic payment service provider type KOR(3) – Electronic payment service provider via devices or payment networks, and also account category KOR(5) – Payment Service Provider. The company holds 2.6 million accounts. Geographically, 51% of KTC's customers are in Bangkok and vicinity.

Business Nature

1. Credit Card Business

Credit Card business 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, and KTC mainly earns interest and fee income. Acquiring business, on the other hand, engages with merchant outlet member expansion. KTC performs as a credit card accepting agent (through Electronic Data Capture machine) and the outlet members will send billing notes to KTC (only transactions via VISA, Master Card, JCB, Union Pay, and Alipay Wallet which are issued by KTC, Banks or other credit card companies). KTC will then pay to the outlets and charge merchant fee. KTC will later collect the payments from the credit card issuers (Bank, and other credit card company). The outlet's customers eventually will be charged by their issuers. Therefore, the acquiring business generates revenue from fee income.

Moreover, KTC has expanded into online services via "KTC Online Services" which provide credit card members a convenient online transaction services through website (ClickKTC) and mobile application (TapKTC) available on both iOS and Android. These online services are highly secured by OTP (One-Time Password) sending to member's mobile phone and Email Notification which will report every online transaction.

Business Nature

2. Personal Loan Business

KTC Personal Loan consists of two types of products; KTC CASH and KTC PROUD 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 flow of income. KTC CASH is a fixed installment product, with choices to choose specific due date and loan maturity by members to suit their payment behaviors. KTC PROUD is a revolving loan with 2 key functions; consists of cash withdrawal and installment plan (KTC FLEXI) with the longest period up to 36 months. The loan can be withdrawn when needed via ATM, KTC Touch, website (ClickKTC) and mobile application (TapKTC) on both iOS and Android. After the loan request is approved, cash will be transferred to member's KTB bank account. KTC PROUD credit line particularly will become available again after customers made their payments. The personal loan business' revenue usually comes from interest and fee income such as credit usage fee, collection fee etc.

Business Nature

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, only providing service to the existing customers. Therefore, the receivable has 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. KTC had no intention to expand this business since late 2006. The only remaining operation is to service outstanding-balanced account.

Outsource service:

In 2014, the Company was permitted, by Bank of Thailand (BOT), to expand its business in its 'Collection Outsource Service' for Krung Thai Bank PLC (KTB) and its subsidiaries since the company has been specialized in retail collection. The service has performed under BOT's rules-debt collection act b.e. 2558 (2015) and regulations and KTB's standard and procedure.

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

Business Nature

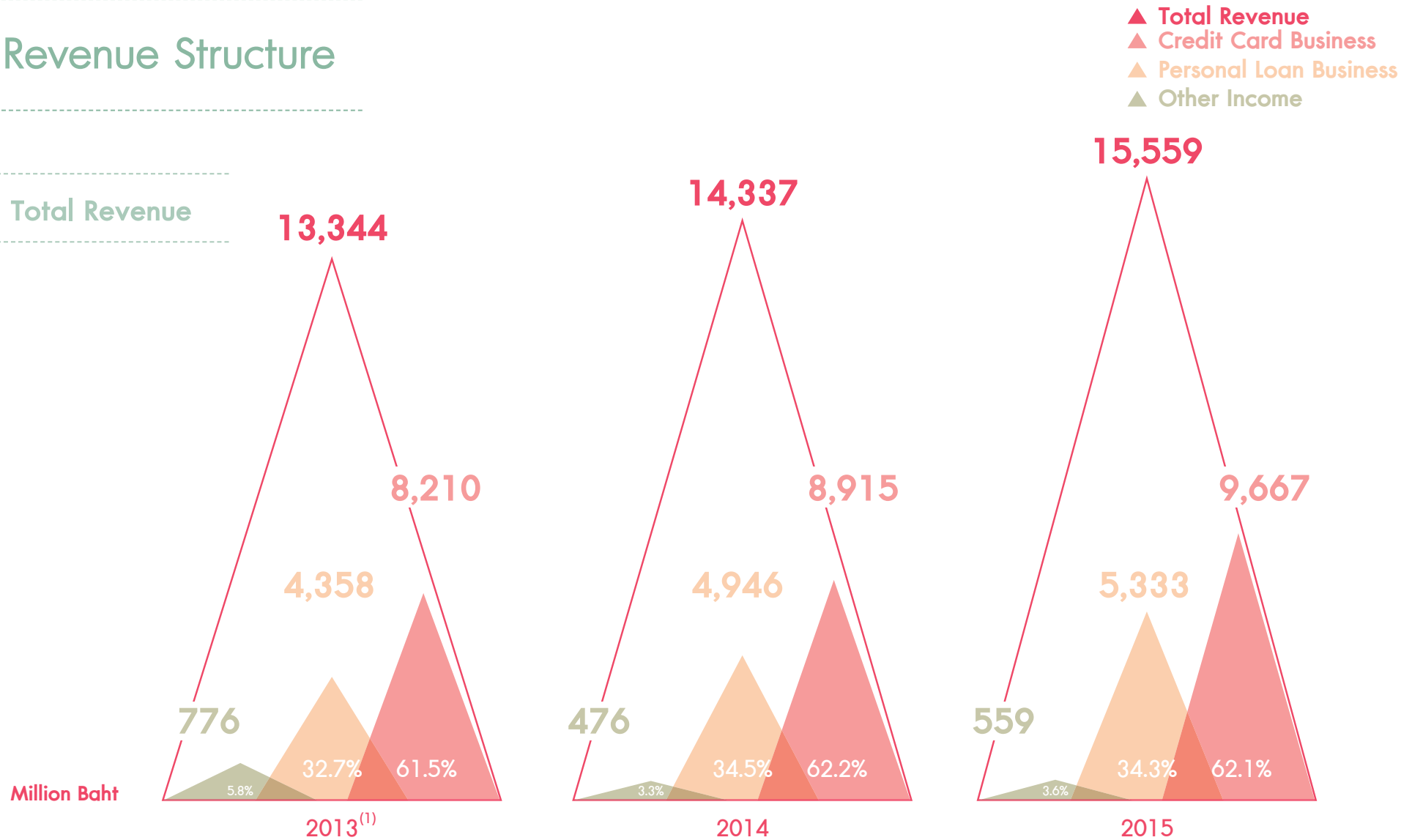
Revenue Structure

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 (2013-2015) is the following:

Revenue Structure

Total Revenue



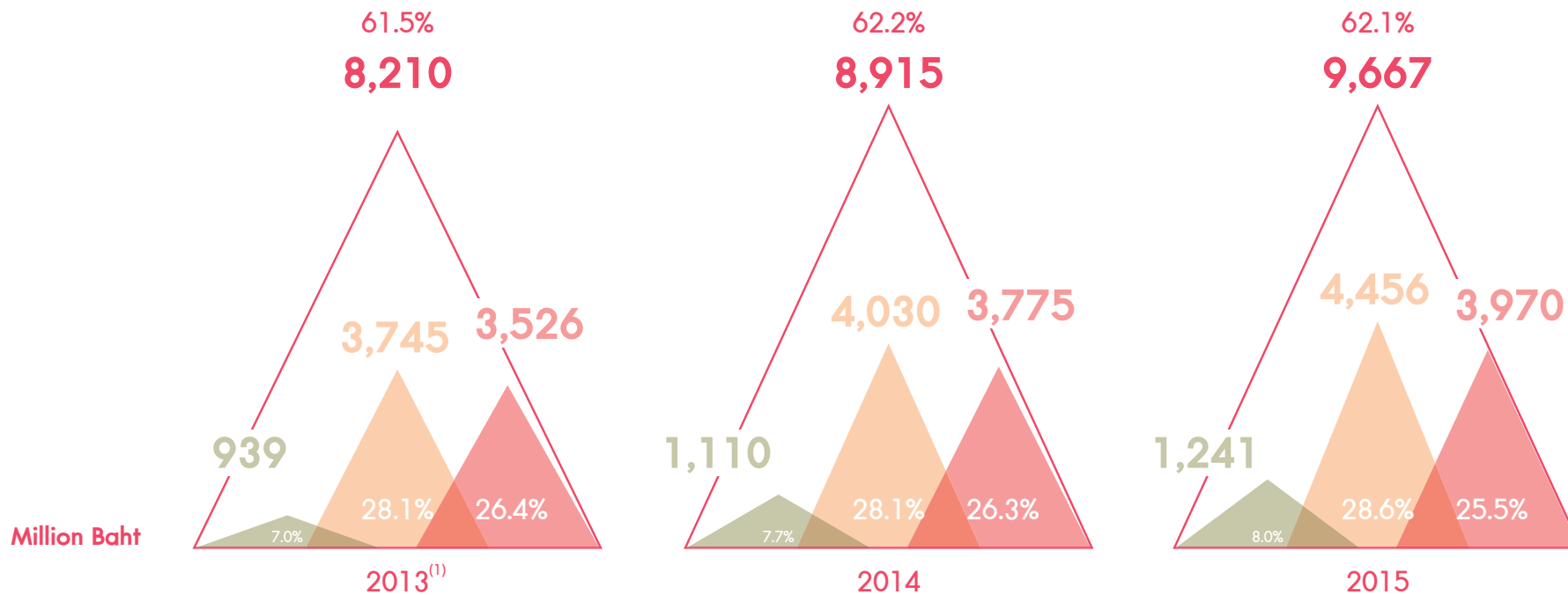
Source: 2013-2015 company's financial statement, audited by Deloitte Touche Tomatsu Jaiyos Audit Co., Ltd.

Remark: ⁽¹⁾ Figures year 2013 were restated to be comparable with the year-ended 2014 statement.

Revenue Structure

Credit Card Business

- ▲ Credit Card Business
- ▲ Interest Income⁽²⁾
- ▲ Fee Income
- ▲ Recovery Income



Source: 2013-2015 company's financial statement, audited by Deloitte Touche Tomatsu Jaiyos Audit Co., Ltd.

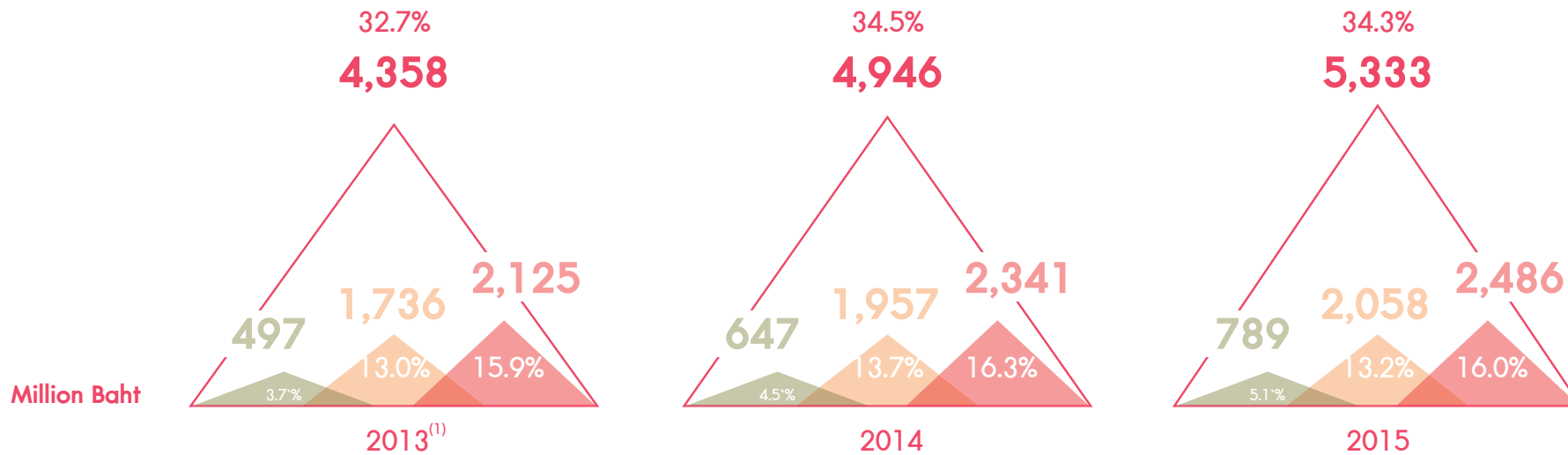
Remark: (1) Figures year 2013 were restated to be comparable with the year-ended 2014 statement.

(2) The company recognizes its interest revenue at 15%, credit usage fee is classified as fee income.

Revenue Structure

Personal Loan Business

- ▲ Personal Loan Business
- ▲ Interest Income⁽²⁾
- ▲ Fee Income
- ▲ Recovery Income



Source: 2013-2015 company's financial statement, audited by Deloitte Touche Tomatsu Jaiyos Audit Co., Ltd.

Remark: (1) Figures year 2013 were restated to be comparable with the year-ended 2014 statement.

(2) The company recognizes its interest revenue at 15%, credit usage fee is classified as fee income.

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 to handle the risks that might happen. The company has organized a specific division to be responsible for risk management and to set up the 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 require the approval of Risk Management Committee before they can be announced and implemented to all staff within the company. The company also 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 direct, monitoring and evaluating risk management processes so that the business operates under the regulated risk management policies and guidance and comply with the Risk Management Committee of the Financial Business Group under Krung Thai 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, environment and government regulations. The process also involves identifying possibilities of events that might lead the company to fail its objectives, establishing risk map. 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 to be 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.

Risk Factors

1. 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, which might effect to revenues, operations or existence of the company.

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. The company set up an annual brainstorming session among executive officers from all operational functions in order to allow the company to determine and revise the company's strategies and business directions. And take into consideration of serveral risk factors which enable to affect the operating performance. This annual operational plan needs an approval from the Board of Directors and is consistently monitored in comparison with the established plan.

Risk Factors

2. Operating 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 both credit card and personal loans, beside the credit analysts' experience, internal clients data, and the use of National Credit Bureau's (NCB) data, its approval process relies 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.

Risk Factors

2. Operating Risks

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 one of the crucial factors in determining the company's reserve level.

Besides, collection scoring model is implemented to manage and monitor credit card receivables. This model can reflect risk level on delinquent receivables, prioritizes a collection order and consequently enhances debt management effectiveness. The model result will be monitored on a monthly basis in order to maintain its maximum efficiency

Risk Factors

2. Operating Risks

Default Risk

The Company is fully aware that significant default payment might jeopardize company's financial status and its operation. 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 31, 2015, receivable with age less than 90 days amounted to Baht 59,434 million, or 97.9% of total account receivable (Baht 60,686 million). After deducting the allowance for doubtful account of Baht 5,007 million, the net account receivable is Baht 55,679 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 1.3% of credit card's NPL (>90 days) compared to 1.7% in the previous year and 1.0% for personal loan's NPL (>90 days) compared to 1.2% in the previous year .

Risk Factors

2. Operating Risks

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 (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 was granted approval for conducting credit card services and personal loans under those regulations, together with the approval of 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. Moreover, the company also needs to comply with other law related to the business, which include Securities and Exchange Act B.E. 2535 (1992), Anti Money Laundering Act B.E. 2542 (1999), Credit Information Business Act B.E. 2545 (2002), Consumer Protection Act B.E. 2552 (2009) and Unfair Contract Term Act B.E. 2540 (1997).

The Company always complies with all rules and regulations. To ensure the law abidance, 2 departments: Compliance and Legal were set up to support this circumstance. The functions of compliance department cover in various aspects- tracking any updates on related rules and

Risk Factors

2. Operating Risks

regulations and ensuring the compliance in business operations. The job also involves informing all of the Company's about any changes regarding rules and regulations, as well as specific functions such as money laundering related laws and regulation. Meanwhile, legal department acts as a legal advisor of the company. Its responsibilities also include writing legal contracts, agreements under the law conformation basis, reporting directly to the President & Chief Executive Officer. If there should be any changes in concerned regulation that might not be suitable or not flexible enough to the current circumstance and that it might significantly effect to company's operation, the regulator can be consulted to consider adjusting such regulation to be more suitable to the current circumstance. Therefore, it can be assured that this risk will be managed appropriately.

The issues are concerned as a high risk level;

1) Any operations that are related to Anti Money Laundering Act B.E. (AMLO) along with ministerial regulation about client verification and Anti Terrorist Financing Act. These new laws affect the client verification process and clients' suspicious transaction tracking system, especially those who are classified as high risk clients. The company is aware of the situation and has, therefore set up the training for employee to provide staff certain level of understanding on the issue. And also arrange frequent test to assess the management and staff regarding understanding in law and regulation.

Risk Factors

2. Operating Risks

2) Any operations that are related to Foreign Account Tax Compliance Act (FATCA), these are newly enforced rules and regulation of the United States of America. Our company has already completed the registration with the US Revenue Department (In order to be exempted from withholding tax), the registration GIN no. is 63CF3L.99999.SL.764. To verify the US citizenship of Credit Card and Personal Loan customers on both personal and corporate basis according to FATCA, the company has set up the operational standard and policy with well-described procedure to ensure the regulations' compliance.

3) The company highly prioritizes the compliance with Credit Information Business Act since clients' credit information is important information and the company must keep it confidential. Therefore, the company developed a system to serve as a supported database credit approval process, which is restricted to authorized person only.

4) To comply with the Debt collection act BE 2558 (2015) which is enforced since 2nd September 2015, the company prepared the adoption of this law by providing training to Debt collection and related units. The company also provides strict guidance to the outsourced debt collector that collects the company's debts, to follow the Debt collection act. Therefore, KTC is confident that the Debt collection act BE 2558 (2015) will not obstruct the company's operation.

Risk Factors

2. Operating Risks

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. 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 Factors

2. Operating Risks

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 differentiate itself from its competitor, the Company uses its expertise and long term experience in consumer finance in Thailand to compete against them. Continual investment in new devices/systems as well as developing more value added products and services to maximize value to customers are also competitive strategies. Moreover, the entrance of new competitor needs plenty amount of time to survey the market and to develop strategy to compete in such specialized business, therefore the company holds a much higher advantage over other competitors. Despite changes in rules and regulations, KTC will be surely able to adapt itself to the change based on its 20 years of experience in the business. Therefore, the higher competition should not have much effect on the Company in both short-term and long-term. As of 31st December 2015 the market share of KTC's credit card and personal loan portfolio to the industry is at 12.3% and 5.7% respectively, increase from 11.8% in credit card and 5.3% in personal loan as of 31st December 2014.

Risk Factors

3. Operational Risks

Operational Risk could be resulted by lack of good governance or insufficient internal control in different aspects: personnel, operating standard or external factors. The risk can affect both business' performance and reputation.

The company has defined the risk management and policies by emphasizing on prevention and monitoring this type of risk through various methods: Checked and Balance organizational structure, Standard and Operating Procedure (SOP) of all internal business units, Risk Self Control Assessment (RCSA), Loss Data management, Key Risk Indicator (KRI), and Business Continuity Plan (BCP), which are constantly presented to Risk Management Committee and Board of Directors. These methods support not only in defining and developing Risk Management policies, but also in Internal Control efficiency assessment. This consequently ensures all stakeholders that there is a backup plan for the business even in the case of crisis.

Risk Factors

3. Operational Risks

The significant operational risks of the company are;
Risk from Loss Data

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. Additional software is implemented to prevent the data leakage. To avoid losing data from intended deletion, the company requires maintaining back-up database as well as having a data recovery process. Moreover, the real-time backup system is prepared to promptly respond in any kind of situation.

Risk Factors

3. Operational Risks

Risk from Credit Card Fraud

The Company gives priority to prevention and investigation of 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. The Company wants to enhance the security of its personal loan product, especially cash withdrawal transaction via ATM since the risk from fraud tends to increase recently. In 2015, the chip card and EMV technology was implemented in its personal loan product. Moreover, the Company has also invested in the new online Fraud Detection system for protecting any of fraudulent charges on both credit card and merchant, 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, SMS will be sent to the cardholder at the minimum spending amount of Baht 10,000. SMS alert will be sent to cardholders not only when there is a minimum spending amount at Baht 10,000 but also when there is any change in personal data: phone number, e-mail address. In 2015, total fraud loss of credit card transactions were Baht 2.89 million or 0.002% of total spendings.

Risk Factors

4. 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. The company realizes that liquidity risk might occur from economic factors such as the volatility of financial market and other global economic conditions, which will also effect to Thai economy 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 borrowing through various financial institutions without relying on any particular institution solely. On 31st December 2015, KTC's total borrowing was Baht 45,057 million. The borrowing comprised of the borrowings from related financial institution Baht 79 million, from other financial institution Baht 13,904 million, from long-term borrowing Baht 1,850 million, and from debentures Baht 29,223 million, which was proportionate short and long-term debt ratio of 31:69. KTC's total receivable was Baht 60,686 million. The majority of receivable age is less than 90 days, and amounting to Baht 59,434 million or 97.9% of total receivable. KTC also has available credit line of Baht 24,640 million in total, which was consisted of the line from Krung Thai Bank Baht 18,030 million, and from other commercial banks Baht 6,610 million.

Risk Factors

4. Financial Risks

As of 31st December 2015, company's Debt-to-equity ratio (D/E ratio) was at 5.89 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 department 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.

Risk Factors

4. Financial Risks

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.

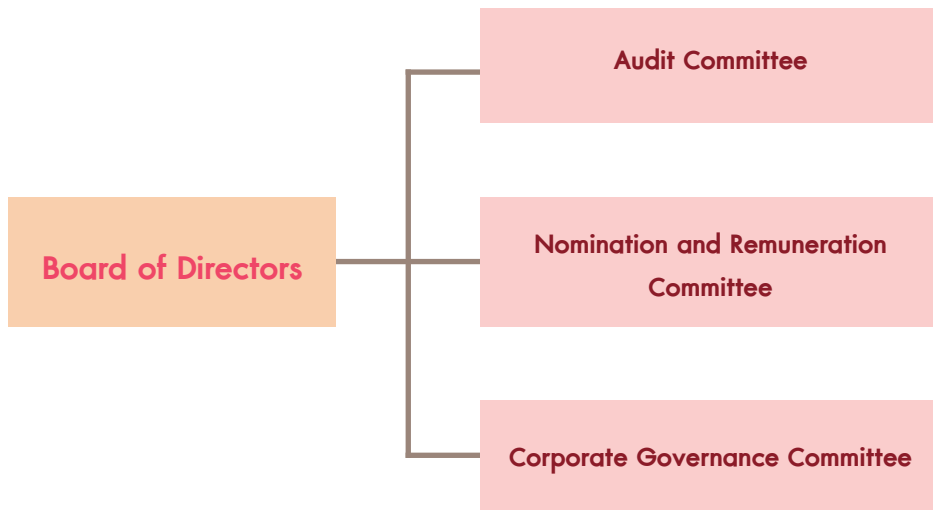
Dividend Payment Policy

Approved by the shareholders' meeting no. 1/2003 on March 25, 2003 the company's dividend policy is to pay no less than 40 percent of net profit after the deduction of income tax and appropriation of legal reserve, effective from 2003.

For the year 2013 the company paid out Baht 2.00 per 1 ordinary share or equivalent to 40.2% of net profit. Additionally, the 13th shareholders' meeting on April 23, 2015 resolved to pay dividends for the year 2014 at 2.75 per 1 ordinary share or equivalent to 40.4% of net profit

Management Structure

1. Board of Directors



Board of Directors Structure

As at 31 December 2015, the Board of Directors of the Company consists of eight directors i.e. one Executive Director who is the President & CEO, four Non-Executive Directors and three Independent Directors. The Board of Directors dependency is assumed so that they can make efficient decision without any interfering.

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 four sets of Directors; the Board of Directors, Audit Committee, Nominating and Remuneration Committee, and Corporate Governance 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.

Management Structure

1. Board of Directors

Board of Directors

As at 31 December 2015, 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	Holding amount as of 31 Dec 2014	Historical Trading from Jan-Dec 2015	Holding amount as of 31 Dec 2015
1. Mrs. Kittiya Todhanakasem	Chairman / Chairman of Nominating and Remuneration Committee / Chairman of Corporate Governance Committee	0	-	0
Spouse and Minor Children		0	-	0
2. Mr. Akarat Na Ranong	Independent Director / Chairman of Audit Committee / Nominating and Remuneration Committee / Corporate Governance Committee	1,092	Aug 2015 Buy 5,000 Stocks	6,092
Spouse and Minor Children		0	-	0
3. Mrs. Pantip Sripimol	Independent Director / Audit Committee / Corporate Governance Committee	0	-	0
Spouse and Minor Children		0	-	0
4. Mr. Paroche Hutachareon	Independent Director / Audit Committee / Corporate Governance Committee	0	-	0
Spouse and Minor Children		0	-	0

Management Structure

1. Board of Directors

Name	Position	Holding amount as of 31 Dec 2014	Historical Trading from Jan-Dec 2015	Holding amount as of 31 Dec 2015
5. Mr. Tanyapong Thamavaranukpt	Director / Nominating and Remuneration Committee / Corporate Governance Committee	0	-	0
Spouse and Minor Children		0	-	0
6. Mrs. Sriprabha Pringpong	Director / Corporate Governance Committee	0	-	0
Spouse and Minor Children		0	-	0
7. Mrs. Arunporn Limskul	Director / Corporate Governance Committee	0	-	0
Spouse and Minor Children		0	-	0
8. Mr. Rathian Srimongkol	Director / Corporate Governance Committee / President & CEO	0	-	0
Spouse and Minor Children		0	-	0
9. Mr. Bucha Sirichumsang	Corporate Governance Committee / Secretary of the Board of Directors / Secretary of Corporate Governance Committee	0	-	0
Spouse and Minor Children		0	-	0
10. Mr. Peerapong Pitrpibulpatit	Company Secretary	0	-	0
Spouse and Minor Children		0	-	0

Management Structure

1. Board of Directors

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.

Management Structure

1. Board of Directors

Sub-Committee

Independent Directors and Audit Committee

Independent Director

As at 31 December 2015, the Company has three Independent Directors i.e. Mr. Akarat Na Ranong, Mrs. Pantip Sripimol, and Mr. Paroche Hutachareon.

However, the tenure of independent director follows the Charter of Rules and Procedure of Audit Committee

Audit Committee

As at 31 December 2015, the Audit Committee comprises three members as follows:

Name	Position
1. Mr. Akarat Na Ranong	Chairman of Audit Committee
2. Mrs. Pantip Sripimol	Audit Committee Member
3. Mr. Paroche Hutachareon	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.

Management Structure

1. Board of Directors

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, as well as review an independence of internal audit along with appointing, transferring, terminating the internal audit or any related department.
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/terminate independent persons to be the Company's auditor, and to propose such persons' 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.

Management Structure

1. Board of Directors

Nominating and Remuneration Committee

As at 31 December 2015 the Nominating and Remuneration Committee comprises three members as follows:

Name	Position
Mrs. Kittiya Todhanakasem	Chairman of Nominating and Remuneration Committee
Mr. Akarat Na Ranong	Nominating and Remuneration Committee
Mr. Tanyapong Thamavaranukpt	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:

- Determine the qualifications of the Directors, 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;
- 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

Management Structure

1. Board of Directors

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, 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.

Management Structure

1. Board of Directors

Corporate Governance Committee

As at 31 December 2015 Corporate Governance Committee comprises twelve members as follows:

Name	Position
1. Mrs. Kittiya Todhanakasem	Chairman of Corporate Governance Committee
2. Mr. Akarat Na Ranong	Corporate Governance Committee
3. Mrs. Pantip Sripimol	Corporate Governance Committee
4. Mr. Paroche Hutachareon	Corporate Governance Committee
5. Mr. Tanyapong Thamavaranukupt	Corporate Governance Committee
6. Mrs. Sriprabha Pringpong	Corporate Governance Committee
7. Mrs. Arunporn Limskul	Corporate Governance Committee
8. Mr. Rathian Srimongkol	Corporate Governance Committee
9. Mrs. Kandtharat Chermchitphong	Corporate Governance Committee
10. Mrs. Ubolrat Busyakanistha	Corporate Governance Committee
11. Mr. Sakda Chantrasuriyarat	Corporate Governance Committee
12. Mr. Bucha Sirichumsang	Corporate Governance Committee / Secretary of Corporate Governance Committee

Management Structure

1. Board of Directors

Duties of Corporate Governance Committee

1. Determine and review the Company's Corporate Governance Policies;
2. Propose the Corporate Governance Policies and Guidelines to the Board of Directors of the Company;
3. Supervise the Company's operations to conform with the Corporate Good Governance Policies.
4. Review the Corporate Good Governance Guidelines by comparing with the International Standards and propose to the Board of Directors to continuously be updated;
5. Promote a corporate culture on Good Governance principles; and
6. Deliver the Corporate Good Governance Policies to the working group. The committees have duties to perform any assignment from Board of Directors.

Management Structure

1. Board of Directors

Board of Directors' Meeting

The Board organizes the Board of Directors' Meeting with a consistent basis- the meeting holds monthly, which is planned in advance throughout the year while the Sub-Committees hold the meeting during the year on regular 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. The President & CEO's Office will prepare meeting invitations along with supporting documents for a meeting agenda provided to Board of Directors at least 7 days prior to the meeting, allowing all Directors to consider the agenda sufficiently.

During the meeting, the minutes of meeting is constantly taken and will be proposed an approval in the following meeting. The approved minutes of meeting will be filed as references for later audit by Board of Directors and other related departments.

At 31 December 2015, the Board organized 13 meetings, the Audit Committee organized 7 meetings, 6 Nominating and Remuneration Committee Meetings, and 2 Corporate Governance Committee Meetings with details as follows;

Management Structure

1. Board of Directors

Name	Board of Directors'	Audit Committee's Meeting	Nominating Remuneration Committee's Meeting	Corporate Governance Committee
	Total 13 Meetings	Total 7 Meetings	Total 6 Meetings	Total 2 Meetings
1. Mrs. Kittiya Todhanakasem	13/13	-	6/6	2/2
2. Mr. Akarat Na Ranong	13/13	7/7	6/6	2/2
3. Mrs. Pantip Sripimol	13/13	5/7	-	2/2
4. Mr. Paroche Hutachareon	13/13	7/7	-	2/2
5. Mr. Tanyapong Thamavaranukupt	10/13	-	4/6	1/2
6. Mrs. Sriprabha Pringpong	12/13	-	-	2/2
7. Mrs. Arunporn Limskul	13/13	-	-	2/2
8. Mr. Rathian Srimongkol	13/13	-	-	2/2
9. Mrs. Kandtharat Chermchitphong	-	-	-	2/2
10. Mrs. Ubolrat Busyakanistha	-	-	-	1/2
11. Mr. Sakda Chantrasuriyarat	-	-	-	2/2
12. Mr. Bucha Sirichumsang	13/13	-	-	2/2

In the past year, the Board of Directors has convened 1 meeting without the participation of KTC Management on 17 December 2015 in order to make its operation in accordance with the Corporate Governance Policy, which specified that the Board of Director must participate in the consideration and provide their comments on the Responsibility of Board of Directors topic.

Management Structure

2. Company's Executives

As of December 31, 2015, the company's management team comprises of:

Name	Position	Holding amount as of 31 Dec 2014	Historical Trading from Jan-Dec 2015	Holding amount as of 31 Dec 2015
1. Mr. Rathian Srimongkol	President & CEO	0	-	0
Spouse and Minor Children		0	-	0
2. Mr. Piyasak Tejasen	Senior Executive Vice President – Distribution & Merchant Acquiring	0	-	0
Spouse and Minor Children		0	-	0
3. Mr. Chutidej Chayuti	Senior Executive Vice President – Corporate Finance	0	-	0
Spouse and Minor Children		0	-	0
4. Mr. Virach Paisitsavet	Senior Executive Vice President – Operations	0	-	0
Spouse and Minor Children		0	-	0
5. Ms. Sudaporn Janwatanagool	Executive Vice President – Personal Loans	0	-	0
Spouse and Minor Children		0	-	0
6. Mrs. Pittaya Vorapanyasakul	Executive Vice President – Credit Card	0	-	0
Spouse and Minor Children		0	-	0

Management Structure

2. Company's Executives

Name	Position	Holding amount as of 31 Dec 2014	Historical Trading from Jan-Dec 2015	Holding amount as of 31 Dec 2015
7. Mr. Mana Boonkhun	Executive Vice President – General Service	32	-	32
Spouse and Minor Children		0	-	0
8. Mr. Khan Kachonboon	Executive Vice President – Corporate Communications	0	-	0
Spouse and Minor Children		0	-	0
9. Mr. Bucha Sirichumsang	Executive Vice President – President & CEO's Office	0	-	0
Spouse and Minor Children		0	-	0
10. Ms. Patrin Jirathitivanich	Executive Vice President – Contact Center	0	-	0
Spouse and Minor Children		0	-	0
11. Mrs. Kandtharat Chermchitphong	Senior Vice President – Public & Corporate Affairs	8,000	Feb 15- Sold 8,000 stocks Apr 15- bought 11,000 stocks Aug 15- bought 12,000 stocks Nov 15- Sold 23,000 stocks	0
Spouse and Minor Children		0	-	0

Management Structure

2. Company's Executives

Name	Position	Holding amount as of 31 Dec 2014	Historical Trading from Jan-Dec 2015	Holding amount as of 31 Dec 2015
12. Mr. Therayut Sirigulviriyavanich	Senior Vice President – Digital Marketing	34,300	Aug 15 – Sold 34,300 stocks	0
Spouse and Minor Children		0	-	0
13. Mr.Woottichai Jarempol	Senior Vice President – Information Technology	0	-	0
Spouse and Minor Children		0	-	0
14. Mrs. Ubolrat Busyakanistha	Senior Vice President – Human Resources	0	-	0
Spouse and Minor Children		0	-	0
15. Mr. Sakda Chantrasuriyarat	Senior Vice President – Compliance	0	-	0
Spouse and Minor Children		0	-	0
16. Ms. Apiwan Bakban	Vice President – Portfolio & Customer Relationship Management	0	-	0
Spouse and Minor Children		0	-	0

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

Management Structure

3. Company Secretary

The Board of Directors Meeting held on 13 August 2008 resolved to appoint Mr. Peerapong Pitrpibulpatit 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:
 - i A register of directors;
 - ii A notice calling the Board of Directors' Meeting, minutes of the Board of Directors' Meeting and Annual report of the Company; and
 - iii 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

Management Structure

4. Board of Directors and Executives – 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 directors for the year 2015 amount Baht 10,649,000 (includes the remuneration of Mr.Rathian Srimongkol as a director). The total remuneration of Executives for the year 2015 is Baht 182,456,039. Thus, the total remuneration of the Board of Directors and Executives amount Baht 193,105,039 with details as follows;

Management Structure

4. Board of Directors and Executives – Remuneration

Name	Position	Remuneration Year 2015 (Baht)	Bonus Year 2015 (Baht)
1. Mrs. Kittiya Todhanakasem	● Chairman ● Chairman of Nominating and Remuneration Committee ● Chairman of Corporate Governance Committee	565,000	1,075,800
2. Mr. Akarat Na Ranong	● Independent Director ● Chairman of Audit Committee ● Nominating and Remuneration Committee ● Corporate Governance Committee	752,000	860,600
3. Mrs. Pantip Sripimol	● Independent Director ● Audit Committee ● Corporate Governance Committee	500,000	860,600
4. Mr. Paroche Hutachareon	● Independent Director ● Audit Committee ● Corporate Governance Committee	500,000	860,600
5. Mr. Tanyapong Thamavarasukpt	● Director ● Nominating and Remuneration Committee ● Corporate Governance Committee	452,000	593,815
6. Mrs. Sriprabha Pringpong	● Director ● Corporate Governance Committee	260,000	860,600
7. Mrs. Arunporn Limskul	● Director ● Corporate Governance Committee	260,000	860,600
8. Mr. Rathian Srimongkol	● Director ● Corporate Governance Committee ● President&CEO	260,000	860,600
9.Mr. Suvit Maesincee ⁽¹⁾	● Independent Director ● Audit Committee ● Nominating and Remuneration Committee Member	-	266,785
Total		3,549,000	7,100,000

⁽¹⁾ Mr.Suvit Maesincee's term expired by rotation on the 12th Annual general meeting, held on 25th April 2014.

Management Structure

4. Board of Directors and Executives – Remuneration

Remuneration of the Executives

Remuneration	December 31, 2014		December 31, 2015	
	Persons	Remuneration (Baht)	Persons	Remuneration (Baht)
Salary ⁽¹⁾	16	89,756,040	16	95,478,480
Bonus ⁽²⁾	16	43,985,860	16	74,910,850
Provident Fund	16	5,385,362	16	5,728,709
Long-term management remuneration for the post employment benefit ⁽³⁾	16	6,000,000	16	6,338,000
Total		145,127,262		182,456,039

⁽¹⁾ Remuneration for executive does not include remunerations for Mr. Rathian Srimongkol as director of the Company.

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

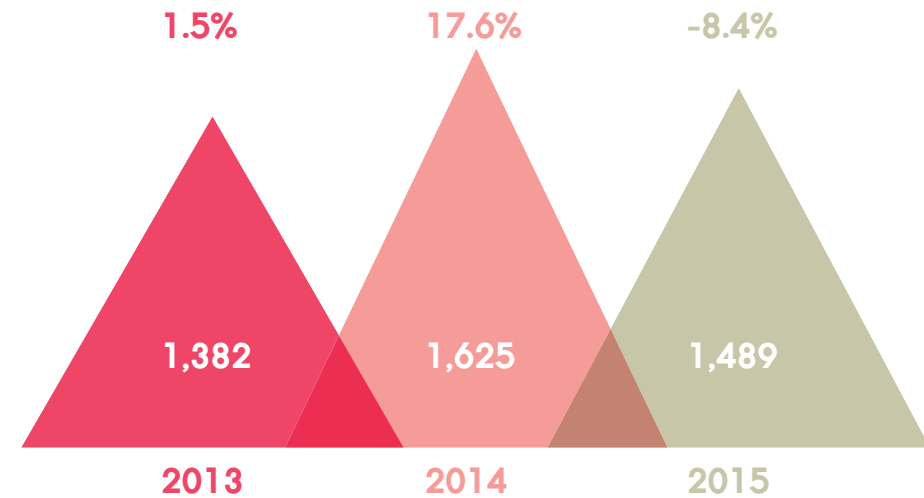
⁽³⁾ Long term Management Remuneration for Executive means evaluation of benefits for each executive by evaluating the current value of cash flow expected to be paid in the future in accordance with Thai Accounting Standards No. 19 (TAS19) Re: Employee Benefits, which the Company has applied since 1 January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

Management Structure

5. Human Resource

Personnel

Workforce Statistics



As of December 31, 2015, KTC recorded a number of 1,489 employees, 8.4% less than last year. Total remuneration consists of Executives remuneration and personnel expense which include salary, bonus and contributed provident fund. Total amount is Baht 1,926 million, increasing from the previous year.

Management Structure

5. Human Resource

At 31 December 2015, KTC staff can be classified into departments in the following:

Number of Employee, classified by departments

Department	Number of Employee
President & Chief Executive Officer	3
Distribution & Merchant Acquiring	317
Information Technology	77
Corporate Finance	88
Personal Loans	13
Contact Center	251
Operations	269
Corporate Communications	20
Credit Card	80
President & CEO's Office	276
General Service	27
Human Resources	24
Public & Corporate Affairs	9
Digital Marketing	11
Portfolio & Customer Relationship Management	4
Internal Audit	14
Compliance	6
Total	1,489

Management Structure

5. Human Resource

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 maximize 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.

Management Structure

5. Human Resource

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.

The company realizes and regards the importance of human resources value, by supporting the development of employee's knowledge and skill to improve their performances as well as their virtue. The company created the learning organization atmosphere by organizing the human resource development program for every level of employee, preparing them for continuous learning opportunity with courses such as KTC knowledge Spark, the making of Standard Operation Practice manual (SOP), Risk Controlling Self Assessment (RCSA), Building Future Leader, Leadership Program, Leader as a Coach, Business Process Improvement Facilitator, IT Governance, Info Graphic, Se7ven-star Service standard, Calling from My Heart, 7 Habits etc. The average training hour of each employee in year 2014 was 24.43 hours / year,

Management Structure

5. Human Resource

increased to 31.62 hours/ year in 2015.

In addition, KTC has been initiating Learn & Earn @ KTC for ten 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 nonrelated 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.

Management Structure

5. Human Resource

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.

Management Structure

5. Human Resource

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.

Management Structure

5. Human Resource

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 harassed, 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.

Moreover, since the company has set the Corporate Governance Policy and created the Business Ethic Manual, the company also provide channels for employee, including other stakeholder to notify the lead, or make a complaint about corruption or any unethical practices to the directly related department. In year 2015, there are no claim or complaints about the human right violation from employee, business partner or the local residence in the area where the company's business is operated, Implying that the company's operation did not cause any effect or the likeliness of affect the local community in any way.

Report of the Corporate Governance Committee

Company's Board of Directors resolved to appoint the Corporate Governance Committee, which consist of all of Board of Directors of the company and the executive management of Compliance, Human Resources and Public & Corporate Affairs to set the Good Governance Policy as per international standard, and to oversee that the company's operation has been carried out in accordance with the Good Governance Policy, and to support the spreading of Good Governance Policy practice among managements and employees in every level. The company also publicized the Corporate Governance Policy including the Business Ethic Guideline on company's website (www.ktc.co.th) and on the company's intranet as well in order to communicate to our committees, executives, employees, and so that other related stakeholders can have access to this information thoroughly.

In year 2015, Corporate Governance Committee has completely and effectively performed its duty as appointed by the Company's Board of Directors. They have convened totally 2 meetings in year 2015 in order to follow up that the company has operated in accordance with the Good Governance Policy. The conclusions are as follow;

Report of the Corporate Governance Committee

1. To oversee that the company has operated its business in accordance with the law and Good Practice Guidelines.

From the determinations to operate business with transparency and with fair practice by taking every stakeholder's interest into consideration, the result of company's operation on Good Governance Policy has been achieved. The survey result of "Corporate Governance Report of Thai Listed Companies 2015" held by "Thai Listed Company Association" has improved from "Good CG Scoring" to be "Very Good CG Scoring". The company received a perfect 100 point score for "The Annual General Meeting of Shareholders Quality Assessment year 2015" held by "Thai Investors Association", "Thai Listed Company Association", and "The Securities and Exchange Commission". The company also received "Outstanding Investor Relations Awards" from SET Awards 2015 organized by The Stock Exchange of Thailand (SET) joint hands with Money & Banking Magazine.

Moreover, Corporate Governance Committee has oversee other issues as follow;

- The approval of Good Governance Policy review. The committee reviewed the Corporate Governance Report of Thai Listed Companies of year 2014, and then added the new rules established in year 2015, which the company hasn't added yet, including those already in active operation, but haven't been clearly described in the policy. The company then considered to summarize such practices into its Corporate Governance Policy, so that it will ratify with Company's business.
- The approval of Anti Corruption Policy review. This policy is stipulated under the Corporate Governance Policy, which include the making of self assessment in order to acquire the membership of "Collective Action Coalition against Corruption (CAC)" that conforming to the evaluation method

Report of the Corporate Governance Committee

1. To oversee that the company has operated its business in accordance with the law and Good Practice Guidelines.

of Self-Evaluation Tool for Countering Bribery. The Chairman of the company has signed an approval to submit the assessment, which already signed and verified by the Chairman of Audit Committee. The company has submitted the self assessment form along with other reference documents to Thai Institute of Directors (IOD) on 17th December 2015.

- The approval of company Code of Conduct Guideline.
- Company's Risk Management Summary review includes Strategic Risk, Credit Risk, Market Risk, Liquidity Risk, Reputation Risk, and Operational Risk.

Report of the Corporate Governance Committee

2. To promote the operation practice to be in accordance with Good Governance Policy

- To prepare for the Annual General Meeting of Shareholders so that the meeting can be held accordingly, transparently, and effectively as per Good Governance Policy and that it is aligned with "The Annual General Meeting of Shareholders Quality Assessment" of The Stock Exchange of Thailand in every procedure.
- To provide chances to minor shareholders to propose the meeting agenda, and to nominate a Board of Director candidate for the meeting's consideration prior to the General Annual Shareholder meeting of year 2015 during 1st December 2014 – 31st January 2015 in order to promote shareholder to exercise their rights and to create equality among shareholders.
- To record meeting minutes and result of voting in each session correctly, including questions and answers of shareholders, and to publish the voting result in each session on Company's Website on the next working day.
- To set up schedule yearly Board of Directors meeting and Corporate Governance Committee meeting.
- To assign executives from each department to sign off the verification of correctness of information declared in Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2)
- To set up orientation course for newly recruited managements and employees, focusing on Good Governance Guidelines, which covers Good Governance Policy, Anti Corruption Policy, Social Responsibility, and company's Code of Conduct Guideline.

Report of the Corporate Governance Committee

2. To promote the operation practice to be in accordance with Good Governance Policy

- To let the employee acknowledge company's Code of Conduct Guideline, with 100% completion ratio on 31st March 2015. As for new employee, the company has let them sign acknowledgment on the employment contract signing date.

- To let employees acknowledge and conform to the Anti Corruption rules.

- To let managements and employees do the Self Assessments to create Awareness about Good Governance Guidelines through electronic system. In year 2015, the assessment result was as follow;

Assessment Topic	Evaluation Standard	Assessment Result
Number of Participants	100%	100%
Knowledge and Understanding	≥ 85 %	94.89 %

- To create instructional media publication in order to spread the way how to carry out the policy and Code of Conduct Guideline. For example, creating the "Compliance Tip" for executives and employees on a regular basis. In year 2015, they had created total 10 publications.

Report of the Corporate Governance Committee

2. To promote the operation practice to be in accordance with Good Governance Policy

By the unified agreement between committees, executives and every level of employees in the company that Good Governance is an important factor that will support the company to be able to perform its operation effectively and with sustainability, therefore, Corporate Governance Committee give importance on Good Governance, and diligently oversee that the company's operation is in accordance with the Good Governance Policy and Code of Conduct Guidelines in order to develop the Good Governance of the company to achieve the international standard. All of this is to create confidence among every stakeholder and to be acceptable in international level.



Mrs. Kittiya Todhanakasem

Chairman of Corporate Governance Committee
Krungthai Card Public Company Limited

Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprised of 3 directors, including an independent director deemed to act according to the Nomination and Remuneration Charter; in determining the criteria and qualifications of Directors and Chief Executive Officer as well as determining nomination scheme, performance assessment, remuneration policies for the Directors and etc.

In 2015, the Nomination and Remuneration Committee set up a total of 6 meetings. All the recruitment and remuneration determined by the Committee has been considered and approved by the Board of Directors and/or by the Annual General Meeting of Shareholders as the following details:

1 Searching, selecting and nominating qualified individuals in accordance with the relevant regulations in order to hold the Independent Director position, once the positions became vacant after the previous term had been completed. Qualifications and prohibitions for the candidates determinations were made, to comply with the requirement of the Stock Exchange of Thailand (SET), The Securities and Exchange Commission (SEC) or of other related authorities. Not only the candidates' qualifications, skills, knowledge, expertise or experiences in suitable field are considered, but also their derived skills from current Directors' expertise were also regarded. So that the proportion, composition and variety of the Directors were also regarded. In devotion to the principle of Good Governance, the company announced through its website that minor shareholders would have the opportunity to make early nominations for the positions from December 1st, 2014 to January 31st, 2015. However, no nomination was made. Therefore, the Nomination and Remuneration Committee nominated 3 directors - Mrs. Kittiya Todhanakasem, Mrs. Pantip

Report of the Nomination and Remuneration Committee

Sripimol and Mrs. Arunporn Limskul – to take the position for another term as they all qualify for the requirements.

2 Determined the guidelines for performance assessments of Directors, Chief Executive Officer, Senior Executive Vice Presidents and Executive Vice Presidents to comply with the principles of Corporate Governance.

3 Engaged in remuneration and other compensations for Directors, Chief Executive Officer, Senior Executive Vice Presidents and Executive Vice Presidents in accordance with their responsibilities, the company's direction in likewise businesses, the company's performance and market condition. The remuneration scheme was made sure to correspond to the Principles of Corporate Governance.

4 Proposed the budget for salary adjustments and bonuses for employees to the Board of Directors for approval.



Mrs. Kittiya Todhanakasem

Chairman of Nomination and Remuneration Committee
Krungthai Card Public Company Limited

Corporate Governance

1. Corporate Governance Policies

Realizing the importance of good corporate governance, sound internal control and audit, and effective risk management, the Corporate Governance Policies has been written since 2003, and regularly reviewed in order to comply with Corporate Governance Report criteria by Thai Institute of Directors Association (IOD) and the Principles of Good Corporate Governance for listed Companies by Stock Exchange of Thailand (SET). In 2014, the Company also determined to apply the Business Code of Conduct guidance to establish a framework for all staffs to provide sufficient internal control and risk management. Board of Directors has formed sub-committees not only maintaining the effectiveness of internal control, internal audit, and risk management but also overseeing the company's operations in other aspects. These include Audit Committee, Nomination and Remuneration Committee, and Corporate Governance 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. Roles and responsibilities of the Corporate Governance Committee have also been determined in accordance with resolution of the board directors 5/2014 as mentioned in "Management Structure" section under "Corporate Governance Committee" topic.

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:

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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 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; participating and voting in the shareholder meetings to elect or dismiss 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 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

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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, together with published announcement in local daily Newspaper at least 3 consecutive days to thoroughly distribute the Notice of the Shareholders' 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 provides 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 direct mail to the Board or pass comments, feedback and questions concerning 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.

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- 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.

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- 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

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meeting, all resolutions and votes shall be processed through the Stock Exchange of Thailand's (SET) Electronic Listed Companies Information Disclosure (ELCID) 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.

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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 the meeting in person, the Company shall allow the shareholder 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 inside information for self-benefit and or related-party, the Company has established measures in written form and included in Corporate Governance Guidelines as follows:

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Definition

Management is the President and CEO and the top four individuals ranking next to the CEO, including all other persons whose rank is equivalent to the last rank in the top four.⁽¹⁾ Head of Finance and Accounting is also included in management.

Employee is the Director, Top management, Permanent employee, Temporary employee, and contractual employee.

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.

⁽¹⁾ all executive officers report directly to the president in accordance to the company's structure.

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- 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 "Corporate Governance" section under the "Use of Insider Information" topic).

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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 Corporate Governance Guideline and the Business Code of Conduct, 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.

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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 honor 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, to avoid any possible accusations and prevent an inclination to show favor 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.

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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 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.

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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, risk management and information technology, and Corporate Good Governance. 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. In 2015, there are no personnel injured from operation.

The company has a clear policy that the company's operation shall not infringe any intellectual properties. The company had established rules to handle this matter; where all employees must agree to abide by the rule, policy, and/or standards of operations regarding the company's IT security policy and the Computers and Internet usage policy.

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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

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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

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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.

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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) Any action that is carried out as per Anti-Corruption policy, should follow the related practices described in Corporate Governance Policies, Business Ethic Guideline and Standard Operating Procedure, including other practices that the company see fit to keep this policy. Therefore, all executives, managements and employees in all level should take extra care in the following actions;

4.1) Giving or receiving gifts, presents, feasts or other kind of benefits. Any expenses related to giving or receiving of gifts, presents or other kind of benefits should be in accordance with the Business Ethic Guideline or the company's regulation.

4.2) All form of money or assets donated for the charity or public benefit purpose, including the sponsorship of any kind, should be backed with intention statement, or donation request documents, or with receipt of payment or official thank you letter.

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4.3) There must be no kind of bribery in business relations and procurement contract procedure. The procurement contract procedure should be carried out as per related regulation. Moreover, the operation and business contact of the company should be conducted with honesty and with transparency, and in accordance with related laws and business regulations.

4.4) The Company has no policy to support financially, or donate any kind of asset for the political purposes to any political party, political group, or politician, anyone or any party that has been found guilty of corruption charge, such action will be considered guilty in violation of company's operation regulation, and could be faced with criminal justice if such action violates the law.

5) 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.

6) 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.

7) 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.

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8) The company established human resource management process starting from the recruitment, training, evaluation, remuneration, and promotion with emphasis on anti corruption.

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
- Website: <http://www.ktc.co.th>
- E-Mail: CService@ktc.co.th
- Mailing Address: Krungthai Card Public Company Limited
591 United Business Centre II, 14th 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

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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.

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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 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.

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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.

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Contact Information:**Phone:** 0 - 2828 - 5067, 0 - 2828 - 5059**Facsimile:** 0 - 2828 - 5064**Address:** Krungthai Card Public Company Limited
591 United Business Centre II, 18th FL.,
Sukhumvit 33 Rd, North Klongton,
Wattana, Bangkok 10110**E-Mail:** irktc@ktc.co.th**Website:** <http://www.ktc.co.th/> and click on “Investor Relations”

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.

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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

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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.

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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.

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- 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

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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).

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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 regarding other sub-committees on "Management Structure" section under "Sub-Committees" topic)

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

Corporate Governance

1. Corporate Governance Policies

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

Corporate Governance

1. Corporate Governance Policies

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

Corporate Governance

1. Corporate Governance Policies

In 2015 there are two Directors; Mrs. Kittiya Todhanakasem, and Mr Tanyapong Thama varanukupt, who participated in “Role of the Chairman Program (RCP)” and “Director Certification Program (DCP) courses in respective order. Both courses are organized by the Thai Institute of Directors, which provides knowledge regarding the roles, duties, and responsibilities of the Board of Directors and Director under Corporate Good Governance.

5.5.5) Meetings of Board of Directors

The Company’s Board members regularly meet at least 12 times a year. The meetings shall be annually planned in advance. The meeting holds monthly, which is planned in advance throughout the year. However, 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.

Corporate Governance

1. Corporate Governance Policies

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.

During year 2015, the company has followed all Good Governance Practices, except;

- 1) **The Chairman of the company and the Chairman of Nomination and Remuneration Committee is not an independent director.**

The committee has considered company's structure and come out with the comment on the issue of independence of Chairman. Although the Chairman who is the representative of Krung Thai Bank is not an independent director, but she has the appropriateness for the position because of the following reasons;

- 1.1) The company is a business operator who operates under the supervision of Bank of Thailand, therefore the company is already regulated by the Bank of Thailand.
- 1.2) The company is under the Krung Thai Bank conglomerate, and the Bank of Thailand's policy stated that it wants Krung Thai Bank to supervise its subsidiary companies to operate according to policy and regulation monitored by Bank of Thailand.
- 1.3) The chairman who is the representative of Krung Thai Bank, does not own any shares in the bank nor the company, and therefore display no conflict of interest.
- 1.4) Transaction between Krung Thai Bank and the company is a normal business transaction which use market price for the transaction value. If there should be any special transaction, it still requires Board of Directors' approval as normal procedure.

Corporate Governance

1. Corporate Governance Policies

- 1.5) Krung Thai Bank has always been supportive to the company, such as providing Credit Line both Committed Line and Uncommitted Line, which is considered good credit. Moreover the bank also supplies the company with customers, as well as payment channel. With such supports from Krung Thai Bank, the benefit falls directly onto the company and the minor shareholder's interest.

In conclusion, although the chairman is a representative from Krung Thai Bank, which does not qualified as an independent director. However, the policy making process include the comments from other committees, which can still be done freely without any intervention or attempt to manipulate the company's operation in any way. On the contrary, the Bank has always been supportive to company's operation.

Besides, the new Board of Director selection process or the replacement process for those who has completed his/her term are carried out according to The Securities and Exchange Commission and The Stock Exchange of Thailand's regulation. From the qualification checking process to the consideration of Nomination and Remuneration Committee including Board of Directors, and it has also been put to voting process by shareholder as well.

Corporate Governance

1. Corporate Governance Policies

- 2) **The number of independent director is less than half of the number of company's Board of Director and the Nomination and Remuneration Committees.**

The Board of Director has considered about the independence of independent director and has come up to the conclusion that although the number of independent director is less than 50%, which is inconsistent with the standard that the IOD uses for CGR evaluation. However the Board of director is able to perform its duty independently without any influence from management, and they also can address any issues independently; therefore the proportion of the independent director can be kept as is.

- 3) The independent director served in the position over 9 years; since corporate governance need directors with detailed knowledge in the industry which requires time and experience. As such, an experienced director, although serving over 9 years, is overall beneficial to the company. Therefore, there is no haste to reconsider the corporate governance policy on this matter.

Corporate Governance

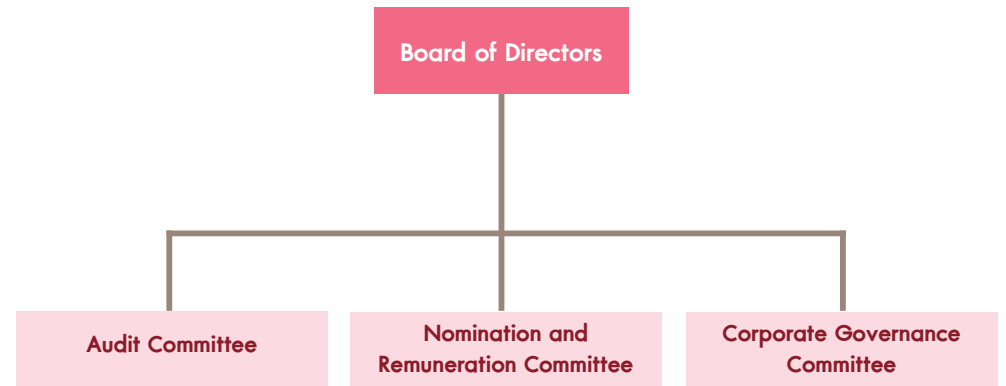
2. Board Committees

2.1) Board of Directors' Structure

As at 31 December 2015, the Board of Directors of the Company consists of eight directors i.e. one Executive Director who is the President & CEO, four Non-Executive Directors and three 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 four sets of Directors; the Board of Directors, Audit Committee, Nominating and Remuneration Committee, and Corporate Governance 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.

Corporate Governance

2. Board Committees



(See the list of all committees' member and details on "Management Structure" section under "Board Committees" topic)

Corporate Governance

2. Board Committees

2.2) the Board of Directors

Chairman's duty and responsibility

- 1) The Chairman must not be the President or the CEO.
- 2) Convene Board of Director's meeting and deliver the meeting notice including related document so that the Board of Director can receive adequate information in time.
- 3) Support Good Governance Standard of the company's Board of Director.
- 4) Act as the Chairman of Shareholder's meeting and oversees that the meeting is in accordance with stated regulation and agenda.
- 5) Make sure that the communication between Board of Directors and shareholder is carried out effectively.

Issues to be considered by company's Board of Directors

- 1) Issues required by law to be approved by Board of Directors.
- 2) Issues required by company's regulation to be approved by Board of Directors.
- 3) Issues that management considered appropriate to request approval or issues qualified by Board of Director's regulation to request approval, such as company's business expansion etc.

Corporate Governance

2. Board Committees

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.

Corporate Governance

2. Board Committees

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.

Corporate Governance

2. Board Committees

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. As such and in order to conform with the requirement stipulated in Article 89/12 of the Securities and Exchange Act B.E. 2535 (No. 4), the Management has proposed to the Board of Directors, In Meeting No. 13/2551 which was held on September 19 2008, to give consideration and approval in cases where related persons are to enter into commercial transactions. A resolution was passed therefore requiring the Management to evaluate any commercial agreements or transactions or business deals with the Related Persons as stipulated in the Securities and Exchange Laws. Such commercial agreements, transactions or business deals shall be executed in prudent manner with the business partners. Provided that a director, executive officer or Related Persons (in general business transactions) shall enter in such

Corporate Governance

2. Board Committees

commercial agreements, transactions or business deals or with the same bargaining power with ordinary business partners. This provision extends to any existing transactions or transactions that may be constructed in the future. The Management shall specify the requirements and framework as a guideline for implementing and prepare such transaction reports to propose in the reasonable time to the Audit Committee and the Board of Directors.

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 2015 resolved to amend the authorized signatories to be directors comprised of eight persons as follows:

Name	Name
1. Mrs. Kittiya Todhanakasem	2. Mr. Akarat Na Ranong
3. Mrs. Pantip Sripimol	4. Mr. Paroche Hutachareon
5. Mr. Tanyapong Thamavaranukupf	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

Corporate Governance

2. Board Committees

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 respect

2.3) Independent Directors and Audit Committee

Independent Director

As at 31 December 2015, the Company has three Independent Directors

(See the list of Independent Directors committee's member and details on "Management Structure" section under "Independent Directors and Audit Committee" topic)

Independence of the Independent Directors

1. Being capable of performing duties and giving opinions on the Company's operations.
2. 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
3. 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);

Corporate Governance

2. Board Committees

4. 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);
5. 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;
6. 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;
7. 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;
8. 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.
9. Does not have any characteristics by which his/her independent comment or opinion on the Company's operation may be affected.

Corporate Governance

2. Board Committees

The Audit Committee

As of 31 December 2015, the Company has three members of the Audit Committee

(See the list of Audit Committee's member and details on "Management Structure" section under "Independent Directors and Audit Committee" topic)

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.

Corporate Governance

2. Board Committees

2.4) The Nomination and Remuneration Committee

As of 31 December 2015, the Company has three members of the Nomination and Remuneration Committee

(See the list of the Nomination and Remuneration Committee's member and details on "Management Structure" section under "Nomination and Remuneration Committee" topic)

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.

Corporate Governance

2. Board Committees

2.5) Corporate Governance Committee

As of December 31, 2015, the Company has twelve members of the Corporate Governance Committee.

(See the list of Corporate Governance Committee's member and details on "Management Structure" section under "Corporate Governance Committee" topic)

Duties of Corporate Governance Committee

1. Determine and review the Company's Corporate Governance Policies;
2. Propose the Corporate Governance Policies and Guidelines to the Board of Directors of the Company;
3. Supervise the Company's operations to conform with the Corporate Good Governance Policies
4. Review the Corporate Good Governance Guidelines by comparing with the International Standards and propose to the Board of Directors to continuously be updated;
5. Promote a corporate culture on Good Governance principles; and
6. Deliver the Corporate Good Governance Policies to the working group. The committees have duties to perform any assignment from Board of Directors.

Corporate Governance

2. Board Committees

2.6) 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. Prepare and File the following documents:
 - registers of Directors
 - Board of Directors meeting invitation, minutes of board meetings, company's Annual Report
 - annual general meetings invitation (AGM), minutes of annual general meetings
4. Filing Conflict of Interest Report disclosed by Directors and management
5. Follow up the result of the implementation of resolutions of Board meetings and the Annual General Meeting of Shareholders;
6. Giving legal opinion regarding any company-related law and regulations
7. Oversee matters regarding Corporate Governance;
8. Advise and cooperate with secretaries of board committees;
9. Contact and communicate with shareholders to keep them informed of the rights of shareholders and updates on the Company's operations.
10. Perform any activity as regulated by The Securities and Exchange Commission (SEC)

Corporate Governance

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

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.

Corporate Governance

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

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 2015, KTC had no investment in subsidiaries or associates.

Corporate Governance

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 as follow:

1. Requires all directors, managements, and employees to acknowledge all related notices of the Securities and Exchange Commission (SEC), prescribing Director, executive and auditor of the company has the duty to prepare and disclose reports on each person's securities change in holding within 3 business days from the date of purchase, sale, transfer or acceptance of transfer under Article 59 of the Securities and Exchange Act B.E. 2535. The responsible person is required to inform to the Company Secretary to record such changes and conclude the total of Securities of Directors and managements

Corporate Governance

5. Use of Internal Information

individually to propose to the Board of Directors;

2. Prohibits that the Directors, managements and employees disclose to any third parties or non-related persons the information regarding the financial statements or any material information in which influence to the Company Securities' price unless it is a requirement prescribed by the Laws;
3. Prohibits that the Directors, managements and employees who gain the access to the financial or any material information in which influence the Company Securities' price, or allow any other persons use of such information during 15 days prior to public announcement of such financial statements and/or any other information in which effect to the Company and/or group of Company (if any) Securities' price. It also prohibits that no Company's Securities are allowed to trade prior 24 hours after all information are publicly disclosed whether any other benefit to themselves or to others due to his own perception or disclose of information regarding financial statements or any other information in which effect to the Company Securities' price; and
4. All Directors, managements and employees shall strictly follow these requirements.

Failure to comply with these requirements may be liable and be subjected to the penalties under the related Laws. In addition, any employee failure to comply with these requirements also

Corporate Governance

5. Use of Internal Information

constitutes a breach of disciplinary on the disclosure of the key internal information shall be subjected to disciplinary actions ranging from a warning, wage cutting, suspension without pay to termination as the case maybe depending on cases seriousness.

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

Corporate Governance

5. Use of Internal Information

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.

Corporate Governance

6. Remuneration to the Auditor

6.1) Remuneration to the Auditor

The Company paid Baht 3,600,000 for auditing assignments for the financial year 2015 to Deloitte Touche Tohmatsu Jaiyos Audit.

Corporate Social Responsibility: CSR

1. Policy Overview

Out of the conviction that it needs to thrive in a good society, KTC firmly upholds corporate social responsibility in pursuing its business growth. Its focus is on the best interest of all stakeholders from KTC members, to business partners, to employees, to shareholders, to the society and also to the environment.

Business: As a Membership Company with the truly member-oriented management, the Company has carried out its business by integrating responsibility toward all its stakeholders into its work process. With focus on innovations, KTC has successfully delivered unique products and services, together with related offers and privileges that cover all types of lifestyles to “stakeholders” who have enjoyed such great things just like they are KTC “members”. To its credit card and personal loan customers, the Company has always encouraged them to plan their expenses reasonably in order to avoid excessive debt.

Internal Management: KTC believes that to be able to deliver excellent services and products to the public, it must first foster constructive creativity, good cooperation and social responsibility among its employees. Serious efforts have thus been made on a continued basis toward that goal. Moreover, KTC has striven to encourage and support its employees in potential development, as well as creating the corporate unity. KTC has focused on providing work environment, with proper and modern facilities under the theme of “smart offices” so as to inspire innovative ideas. In addition, activities have been held to promote friendship and unity among KTC employees, all of whom are encouraged to pursue a work-life balance. Indeed, KTC is the Best Place to Work and

Corporate Social Responsibility: CSR

1. Policy Overview

also a Creative Organization.

While being a financial institution offering credit card and personal loan services as a cogwheel for the country's economic growth, KTC is committed to social development. It starts from very relevant issues such as building learning organizations by encouraging learning environment within its organization and also in the society. Besides, it provides support for the empowerment and education of Thai youth in the hope of creating quality human resources for the Thai society. The empowered Thai youth will grow up and be able to earn income by themselves on a sustainable basis. In addition, KTC has a clear policy to conduct its business without causing any adverse impact on natural resources, the environment and the society.

Corporate Social Responsibility: CSR

2. Operations and CSR Report

KTC has developed its business guidelines and compiled its CSR report based on the Stock Exchange of Thailand's (SET) CSR guidelines, which is widely accepted by social responsible organizations and CSR implementers. Since the guidelines were laid down by SET, KTC has started off with its CSR report and been well on its path to prepare its sustainability report. The SET's CSR guidelines cover all issues that need to be presented in not only nationally-recognized but also internationally-recognized sustainability reports.

On its operations, KTC has offered new products and services in an efficient manner. Specially designed in response to customers' needs and proper segmentation, these products and services cater well to the different lifestyle of each customer group. KTC customers have enjoyed differentiated products/services with constant and well-rounded privileges because the Company is committed to serve what customers need. At KTC, there is a special unit to monitor its customers' transaction 24 hours every day so as to deliver timely assistance in of fraud. All the aforementioned factors have helped establish KTC as the leader and provider of comprehensive services in consumer finance market. KTC has also run its operations under the close supervision of committees and work panels established by top executives of relevant departments.

In planning its CSR process, KTC focuses on providing fair and proper treatment to all stakeholders from shareholders, to customers, to creditors, to suppliers, to business partners, to competitors, to the society and the environment, to the Board of Directors and the Management Team, to the employees, as well as to the government sector. The CSR guidelines are as follows:

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Stakeholders	Guidelines
Shareholders	KTC is committed to achieve good operating results and sustainable profit growth. It has conducted its business with prudence and transparency so as to boost its competitiveness for the purpose of adding value for shareholders in the long run.
Customers	KTC is committed to serve its customers to the fullest of its abilities on the basis of equality and fairness. Every customer shall be 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 except when required by laws or when receiving written consent from its customers.
Creditors	KTC is committed to provide fair and equal treatment to all creditors. The treatment is also based on the fact that both KTC and its creditors shall receive fair benefits strictly in accordance with contracts or conditions that have been implemented. In events that KTC may be unable to fulfill any clause in a contract, it shall inform its creditors in advance so that both sides can mutually explore solutions together. In conducting business negotiations, KTC shall refrain from any dishonest act. In addition, KTC shall provide accurate and complete financial information to its creditors in a timely manner.
Suppliers	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 for providing correct information based on truthful facts, and shall not mislead or provide incomplete

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Stakeholders	Guidelines
Suppliers(Cont)	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, so as to avoid any possible accusations and prevent an inclination to show favour in return for such special treatment on later occasions.
Partners	KTC is committed to honor agreements that it has signed with business partners, and also to engage in mutual provision of assistance in pursuit of business goals.
Competitors	KTC 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 campaign, customer segmentation, interest rates, fees, products, services or business plans, which may affect the Company's business competition.
Society and Environment	KTC strives to be a good corporate citizen and acts in line with its responsibility for the society and the country. The Company contributes to various social works, takes part in social, community and environmental development, and also conserves natural resources.
Board of Directors and Management Team	The Board of Directors and Management Team serve as role models in fulfilling one's duty in line with guidelines laid down by KTC. In addition, they shall protect the rights of all stakeholders in an equitable manner.

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Stakeholders	Guidelines
Employees	KTC has recruited and hired people whose skills and experiences match the job descriptions, offering salary and remuneration packages at the level comparable to those provided by other leading companies. The Company also places a strong emphasis on human resources development, thus providing its employees with a variety of training programs on a regular basis to ensure that they are prompt to deal with stiff competition in the financial business industry. In addition to employment benefits required by law, the Company has provided the employees with additional welfare so as to allow them to enjoy quality of life and better living conditions. On occupational safety, KTC has the policy to protect the safety of employees' lives and properties as well as to create good work environment.
Government Sector	KTC has complied with regulations and policies of regulators.

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KTC has striven to conduct its business in a way that repays society, communities and environment as follows:

1. Risk Assessment: In conducting credit-card and personal-loan business, KTC has recognized the importance of inculcating the value of time and income management in the youth. In a bid to ensure that the youth get the right attitudes, KTC offers job opportunities to university students who wish to work during their free time and pays them on hourly basis. Participating students get experiences and knowledge that will pave way for their transition into the real corporate world later on. With the work experiences at KTC, they will learn to manage their financial matters efficiently and develop financial discipline in regards to their savings and expenses. Therefore, it can be said that KTC has played a role in preventing people's financial risks from the very beginning. When people do not overspend, they will not cause financial problems to the society and the nation. KTC, moreover, has valued anti-corruption efforts. It has integrated anti-corruption concepts into its policies on good corporate governance such as adding RCOSA objectives to control corruption risk. The company also provides anti-corruption standards and guideline for management and employees to follow. The procurement standards and regulations were also updated be in line with the company's anti-corruption efforts.

2. Formulation of Guidelines: KTC has issued policies and announcements to provide its employees with guidelines on standard operation procedures. All relevant units have carefully studied policies and rules before their implementation at KTC to ensure that all relevant parties

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understand not just the concept of good internal control but also their roles and duties. To set an operation standard, the company required all units to develop their standard operation procedures (SOP) for their main activities. To inform employees in the unit of the procedures in order to perform those tasks correctly. The standard operation procedures must be revised periodically.

3. Communications with Employees: KTC has communicated its policies and related news and announcements with employees via emails on a regular basis. Such communications are also stored in the Company's online database, allowing convenient searches and retrievals.

4. Compliance Checks: To ensure that all its units comply with its policies and rules, KTC has required its Internal Audit department to develop annual internal control plans. The implementation of the plans examines the compliance of each department in a bid to keep good internal control in place and also to reduce work-related risks, as well as report its findings to the audit committee and / or the board of directors.

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KTC's CSR implementation has been in process in accordance with the following eight principles based on the SET's CSR guidelines:

1. Fair Business Operations

- KTC has operated its business under the regulations of the Bank of Thailand (BOT), which cover requirements for credit cardholders and personal-loan applicants, credit-limit approval, interest rates determination and other fees. The Company, in addition, has required all its departments to comply with not just laws and BOT regulations but also requirements of each credit card service provider's network.

- KTC has treated its customers in accordance with laws and requirements laid down by relevant authorities (BOT, Office of the Consumer Protection Board, and Credit Information Act), for example when it comes to preparations of contracts, terms and conditions of credit card and personal loan agreements, and notifying customers of the disclosure of their credit information.

- Create business ethics handbook for board of directors, managements, and employees as a guideline to operate fairly and responsibly to all stakeholders.

- When outsourcing work that the Company has no expertise in, KTC has done the followings:

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- KTC values the service from outsource companies by providing the regulation and standardize of the procurement process. KTC also evaluate outsource companies whether they have meet the standard of KTC. This policy is harmonized with the policy of consolidated direction of KTC as the standard for selecting outsource companies. All departments in KTC must follow this regulations mentioned above.
- KTC has monitored and control the quality of its service suppliers (outsources) in order to maintain proper service standards and of creating the relevance of the company itself, customers and suppliers' needs. The ultimate goal is to improve work process as well as the products and services on a continued and sustainable basis. KTC has constantly explored opportunities to improve the product and services and also to cut down unnecessary use of resources. When resources-use efficiency improves, environmental impacts reduce and so does the operating cost. KTC, for example, has already reduced the use of print materials for some groups of customers. With the monitoring process well in place, suppliers have also got a channel to make recommendations and to jointly develop good and fair work process. For the purpose of quality control, KTC has organized meetings with its suppliers on a regular basis during which both sides can share their experiences and opinions.
- KTC has joined with its outsourced contractors in organizing annual training courses to develop outsourced employees' skills such as collection officers, administrative officers and technicians

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- Complaints Response; KTC has set up various channels to deal with Customer Feedback. KTC Contact Center (02-665-5000) is in place to directly respond to customers' complaints, compliments, and recommendations. KTC has also responded to feedback that has been sent in via regulatory bodies as well as social media. Customers' complaints, compliments and recommendations are used to improve the Company's services/products for the benefits and protection of customers. In events of complaints, KTC has quickly investigated their causes, reported progress to its customers, and solved the problems with the customers well informed of all stages. Throughout its operation, KTC has used customer feedback in improving its products/services and boosting the satisfaction of customers as well as stakeholders.

- KTC has set up the Internal Audit department, which works independently and reports directly to the Audit Committee. The Internal Audit department is in charge of assessing the adequacy and efficiency of internal control system, risk management and corporate governance mechanisms at KTC. Following the assessments, the Internal Audit Unit submits the report and recommendations on how to improve the internal control work to the Management and the Audit Committee for the purposes of ensuring good internal control, lowering cost, and minimizing risks. The Internal Audit Unit has played a role in promoting efficient audits, which provide the fundamental foundation for the Company's sustainable growth.

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- KTC has established a Compliance Departments as a consultant with the regulations of the government authorities such as Bank of Thailand, SEC: Securities and Exchange Commission, Anti-Money Laundering Office (AMLO), and National Credit Bureau. KTC will analyze the impact and arrange the conference for making the understanding with other KTC departments.

2. Anti-Corruption

The anti-corruption measures can be found in the corporate social responsibility section in topic “Prevention of Corruption”

3. Respect for Human Rights

- Out of its respect for human rights, KTC has ensured that its debt collection process carries out in line with BOT’s regulations – debt collection act b.e. 2558 (2015) and applicable laws. The company setups training to ensure that debt collection are in line with the law, and collections performed without intimidation, contempt or sarcasm. KTC uses polite words in asking for repayments and does not disclose customers’ information to any third party either. In addition, KTC is sensitive to the feelings of its customers when following up with repayments.

- In recruitment process, KTC has chosen candidates based mainly on their abilities, knowledge, skills and performance. At KTC, there is no discrimination on the basis of sexuality, religion and political beliefs. People with physical disabilities are welcome to work at KTC if they have the potential to fulfill job descriptions and do not get any serious contagious disease. KTC employees are not subject to sexual, religious and educational discrimination.

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4. Fair Labor Practices

- The company established clear and transparent standard operation procedures (SOP) for new personnel recruitment, performance valuation, annual salary increase, performance incentive, annual promotion, and human resource development.

- In outsourcing process, KTC has clearly stated in outsource contracts that outsources must treat their employees fairly in line with labor laws. In addition, KTC has provided counseling and liaising services if any of their employees have questions about their labor practices.

- KTC has a policy to provide training and various activities to its employees every year with the objective of establishing itself as the Organization of Happiness for them. KTC focuses on creating the atmosphere of mutual relationships, which encourages sharing and mutual assistance among its employees so that they can grow together. By boosting the abilities and potential of employees in a way that allows them to acquire knowledge and ethics, KTC sets its sight on pursuing sustainable business and the mutual goals of success, quality, creativity and modernity.

- Orientation course – KTC has organized an orientation course for all new employees in order to pass on the knowledge and the understanding of business operation as well as inculcating morality and ethics into them. Such components are vital to its success in sustaining good corporate governance, anti-corruption, and empowering employees for their current job responsibility and career advancement in a way that allows KTC to achieve

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the goals. The orientation course is designed to develop thought process for employees to work in the same direction with the organization. There were 801 employees who have attended the orientation course.

- Corporate Governance course is in line with KTC's vision to differentiate its business with clearness and good governance. The course is aimed at raising awareness among employees and making them to perform into the correct principles. Therefore, this would lead the company to growth successfully. There were 204 employees who have attended this course.
- KTC provided the "Act on Debt in 2015" training for both management team and employees in order to understand the law and be able to apply to the job. Also, prevent our employees to have the conflict with the customers. There were 344 employees who have attended this course.
- KTC provided safety, health, and environment in the workplace training for both management team and employees. This is to promote an environment in the workplace to secure the health and lives of employees. There were 598 employees who have attended this course.
- KTC provided Leadership Skill course which designed to be matched with the leader in a different dimension. This course is to improve the capabilities and talents of employees to be able to grow with the organization. KTC provided the course as below.
 - "4D Supervisory Skill" course
 - "The 7 Habits" course
 - "Leadership Program" course
 - "Leader as a Coach" course

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- Furthermore, KTC also provided training programs to improve the ability of employees to be more professional. The programs are “The Seven Star Service”, “Calling from my heart”, “Business Process Improvement Facilitator”, and “Train The Trainer: Proficient Communication for being a Professional Trainer”.
- Provide management and employee with self assessment test, to create awareness in the company’s 2015 electronic corporate governance. With the following assessment result .

Topic	Target Indicator	Assessment Result
Number of participant	100%	100%
Understanding	≥ 85%	94.89%

- Provide self assessment test in the knowledge and understanding of the law regarding Anti money laundering and anti terrorism financing via electronic channel for the management and employee in 2015 with the following assessment result.

Topic	Target Indicator	Assessment Result
Number of Participant (1,781 personnel)	≥ 90% of all employees	97.75%
Understanding	≥ 85%	94.25%

- KTC have the activity called “Lan-Dharma KTC” for employees to learn Dharma in order to purify the mind and ability to focus with the tasks. There were 115 employees who have attended this activity.

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- Health and recreational activities for employees are conducted via various clubs at KTC. For example, the Badminton Club has 200 members; the Football Club has 30 members. KTC has also established several other clubs such as the Photographers Club and the Volunteers Club.

- The Company has hired people with disabilities. Such action is in line with the Promotion and Development of the Physically-Disabled People's Quality of Life Act of BE2550 that seeks to give job opportunities to the physically disabled and prevent discrimination on the basis of physical conditions and health. The Article 33 of the Act requires employers/entrepreneurs to hire some people with physical disabilities. Otherwise, employers/entrepreneurs must follow the Article 34 of the Act by making financial contributions to the Fund for Promotion and Development of the Physically-Disabled People's Quality of Life. Another option is to honor the Article 35 of the Act, which prescribes the granting of concessions for the benefits of the physically disabled.

- KTC has provided medical welfare to its employees and their family. The medical coverage for employees' family members is provided on the voluntary basis, with KTC offering to pay 50 percent of the health insurance policies for them if they buy ones.

- KTC has understood employees' health problems and offered to transfer them to jobs that suit their health conditions, potential and abilities. The transfers are done in a way that has least impacts on the affected employees.

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5. Responsibility towards Consumers

- KTC has joined hands with the Courts of Justice in implementing the “**Composition Festival for Negotiations with Debtors**” project so as to ensure that debtors get repayment conditions within the scope of their abilities. In events of errors or mistakes, proper adjustments shall be made to customers’ accounts. In 2015 alone the company had organized 4 of such projects, which the negotiations have been successful for 90.22% of the due amount.

- In all events of disputes, KTC shall so as to provide consumers with clear-cut facts.

- KTC has the policy to keep customers’ confidential information and to not launch unfair products.

- KTC welcomes consumers’ feedback from all available channels for the purposes of improving products/services to maximize customer satisfaction and also of solving consumers’ problems fast and efficiently. The monitoring of consumers’ comments via social network has allowed KTC executives to gauge public sentiment towards the Company. Such information is useful to KTC efforts to deliver increasingly better solutions.

- KTC aims to promote financial discipline, efficient income management, self reliance and debt-free life among its members. And, therefore, has organized a series of seminars on financial discipline, supplementary occupations, and expense-reduction techniques. For example, the “Eat Veggie Grow Veggie”, the “Smoothies for money”, the “Japanese Cake Workshop”, the “Living rich

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with Look Choop (Delicious Thai Dessert)” and more. Not only that these seminars have experts as speakers but they include relevant activities for participants to take part in.

- KTC has communicated with its debenture holders via **“the Sovereign”**, the pamphlet that informs them of their privileges. For example, KTC debenture holders are welcome to join various seminars as well as recreational workshops in response to KTC’s policy to develop good ties with them. In 2015 the company held 18 such activities with the bondholders.

- KTC has initiated itself as a source of information to promote a good financial discipline for people to live well, being self-reliant, and do not create debts to themselves and society. KTC provided useful and relevant information about money management for customer to gain knowledge. As well as having a positive attitude towards the use of credit cards and loans. KTC provided a seminar session for employees called **“Knowledge Sharing”** as well as provided the activity called **“Learn & Earn @ KTC”** for university students and press on a regular basis. The goals of these programs were exchanging the knowledge and build the understanding for all the topics which related to business and financial. These activities were the benefit directly to consumers and society. The discussion was related to the interesting trend of the society such as “How to use a credit card safely for salary man?” During “Thailand SMART MONEY 2015” fair, KTC provided the seminar sessions which are “How credit card business operate?”, “cruel debt collection, is it true?”, “The risk of using credit card for online transaction”, and “the credit card business and debt collection”.

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- 24x7 Service
 - KTC has prepared a team who is willing to provide counseling/assistance related to products/services to KTC members. In a bid to boost customers' confidence in KTC services, Manager on Shift has also monitored the work real-time to ensure that timely solutions are introduced when the situation requires ones.
 - KTC has compiled reports on the number of calls and issues made and raised by customers, as well as the performance of each of its units. Relevant figures are then analyzed so as to develop a plan to prevent future problems on a sustainable basis.
- Fraud Prevention
 - KTC has introduced the IVR (interactive voice response) Activation system to increase safety, convenience and speed in activating members' cards.
 - KTC has launched the IVR KTC Contact Center 02-665-5000, which allows customers to get information and updates related to their accounts by themselves via their PIN number. The system promises faster services as customers will no longer have to hold the line.
 - KTC has put in place the Verification Process so as to protect the safety of credit card members' information and also to prevent frauds.

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6. Environmental Care

- KTC has the policy to reduce the use of paper across its organization. This policy is a key part of KTC Smart Office project, which encourages employees to cut down on paper use, to keep their important documents in electronic forms or as eDocuments, to email eDocuments instead of sending hard copies to other units, and to recycle paper in their own units. Such moves lower the consumption of paper that is made from natural resources, reduce document-storage space, boost convenience of searching and retrieving documents later on, and also save electricity that would otherwise be used for photocopying documents. In credit-approval process, KTC has now developed the Host-to-Host system to store relevant information and authorized only credit analysts to view the information. KTC has also informed its customers about the disclosure of their information to the National Credit Bureau (NCB) via a billing statement. Plus, it has lowered the use of paper when sending year-end summary to its customers as well as documents to NCB. In addition, KTC has used computer programs in analyzing information in the Contact Center's database for the development/improvement of services and management of employees' work schedule without printing out the information. While KTC's legal department needs to use plenty of hard-copy billing statements for legal proceedings, it makes sure photocopies are printed on both sides of paper, which enables to reduce paper consumption by half. Moreover, the department has even worked with some courts in reducing the use of documents for legal proceedings (relying on the appendix of affidavit when citing document evidence). In events that the case is finally settled out of court, KTC asks for documents that are not needed at the court. This not only reduces the court's document-storage burden but also allows KTC to recycle those documents at the same time.

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- KTC has created electronic forms for its customers in submitting requests, which are a request form for permanent-credit approval and an approval request form for internal use. Senders can complete forms online instead of using paper and even attach related files such as files that customers sent via facsimile, memos, and messages on screen from relevant systems. The forms and attachments can be forwarded online and stored in online database without any need to print them out.

- Attempts to Save Electricity & Petro
 - KTC has reduced electricity consumption by using only energysaving light bulbs at its offices and also its service points across the country. Computer screens across the organization are of LCD type. Plasma screens at KTC are also replaced by LED Screens, which consume less electricity.

 - KTC has the policy to save energy at offices. Therefore, airconditioning system is switched off at 6pm each day and employees are allowed to wear casual clothes at work. Employees working on a night shift shall sit together at designated area so as to save electricity at the facilities and to keep all under the close supervision of their supervisor.

 - KTC has reduced its petrol expenses by requiring that all company cars use environmentally-friendly petrol types such as E20 and E85. In 2015 there are 6 E20 type corporate vehicles, which saved fuel cost to an amount of Baht 9,000.

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7. Contributions to Community/Social Development

- KTC has implemented the “Thailand Boutique Awards” project in collaboration with its business partners since 2010. The annual contest is aimed at providing small and medium boutique hotels with a forum via which they can boost their reputation among consumers, encouraging the sustainable development of boutique hotels, and helping these hotels to prepare themselves for the competition from other ASEAN nations and the rest of the world. 2015 was the third season. There were more than 120 hotels which have 3 – 49 rooms participated for this contest. KTC used these following channels such as digital media, online marketing, and social media for contacting with the contestants. KTC also invited popular bloggers to review the hotels. Furthermore, KTC have gained the collaboration from consultants and marketing experts for making the website and mobile application.

- KTC believes that everyone in the society must jointly make contributions to create a good society and that the development of quality human resources must start with young children. As a result, KTC mainly focuses on “youth” with a conviction that youth education is crucial to the country development. KTC has launched two big projects namely the “**Learn & Earn @ KTC**” Project and the “**KTC Offer**” Project apart from providing educational support to government agencies, private organizations and academic institutes. KTC has carried out the Learn & Earn @ KTC project since 2003. Designed to inculcate the value of time and the need to manage their expenses in the youth, the project has recruited university students to part-time jobs at KTC. They can step in to get on-the-job training and receive wages on an hourly basis. KTC employees are also on hand to provide guidance and knowledge making them well prepared before stepping

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into the world of work. This project has practically created jobs in the society. More than 24,592 students have joined the Learn & Earn @ KTC project to date. Of them, over 3,000 have already completed the project's training and several hundreds have finally secured permanent jobs at the KTC. During their participation in the project, university students have got opportunities to attend various skill-development activities that are held under the Edutainment theme. For example, successful professionals have been invited to give motivational speeches and guidance. Through the collaboration between KTC and the Stock Exchange of Thailand, they have also got access to financial-planning sessions. Held under the "Smart Spending" concept, these sessions seek to give the right understanding to university students and make them recognize the value of financial planning. Workshops and contests on financial plans, together with many other useful activities like make-up courses, have been held for the participants of the Learn & Earn @ KTC project. In addition, KTC has organized educational trips for participating university students for the purposes of promoting the attitudes of "givers". Every year, KTC has also handed out Top Performance Awards to the students who have good academic performance and impressive work performance. These awards come with financial grants or package tours to boost the morale of the students. In 2015, KTC aims to support students who're searching for their identity and follow their dreams to success, in the concept of "Discover / Dream / Dare". KTC invited successful celebrities from various industries. KTC also organized workshop activity to exchange business knowledge between generations which create the inspiration for Y generation who has an individualism and success driven.

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- KTC is committed to developing good and quality people for the society at a wider scale. Aware that its Learn & Earn @ KTC project has limited positions, KTC has started the “KTC Offer” Project. Under this initiative, successful KTC executives have shared their knowledge and experiences in marketing, financial, PR, human resource and legal fields with student’s right in their classrooms and with people at various seminars. Responding to the KTC’s policy to establish itself as the Organization of Knowledge Sharing, the KTC Offer project is aimed at improving their learning process and providing educational guidance for target groups. Through the project, target audiences attain not just theories but also analytical–thinking techniques and practical knowledge that can be applied to their study/work.

- KTC has prepared a system via which KTC cardholders can use their cash–equivalent reward points in making donations to 25 charity organizations. Under the “Reward Points for Donations” Project, KTC cardholders can convert their points to cash donation with 1,000 points equivalent to Bt100. Donations can be made by calling the KTC Contact Center, contacting KTC Touch branches, or completing a form via “TapKTC” application or ClickKTC website. KTC will then submit the donations to their chosen charity organizations. KTC, in addition, has arranged a monthly donation program for interested cardholders. If they join the program, the donation will be monthly charged to their credit–card account. KTC has also made donation boxes available at its service points to ensure that customers can conveniently make merits whenever they want. In 2015 the donations via Reward Points for Donation project amounts to 16,154,000 points or equivalent to 1,615,400 Baht.

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- KTC has sent direct mails free of charge to its members with donations records for the purposes of raising fund for the Thai Red Cross Society so as to support the construction of and purchase of medical equipment for the Bhumisirimangkhalanusorn Building, the Chulalongkorn Hospital, and for the CCF Foundation to help underprivileged children at remote schools.

8. Creation and Promotion of Innovations

- In a bid to increase its customers' convenience in accessing its services, KTC has developed efficient online channels for its customers. These online channels offer not just information but also platforms to carry out transactions in one-stop-service style. The **"TapKTC"** and **"ClickKTC"** applications cover all types of KTC products/services for credit cardholders/shops accepting credit-card payments. During their pilot phases, these applications were available on website only. However, they can now be accessed via smart phones and smart devices powered by both iOS and Android operating systems, because KTC seriously seeks to accommodate the growth of its big target groups, especially those providing payment services now and in the future. The online services available via **"TapKTC"** and **"ClickKTC"** applications include Cash Advance withdrawals from KTC credit-card/personal loan accounts. Customers can choose whether to put the cash in their account or others'. In addition, KTC's personal-loan customers may choose to receive cash via any shop in the KTC network. With these online applications, customers can conveniently check their due amount, set due-payment alerts, and access various other services including e-Statement. By subscribing for the e-Statements, customers will not only get the statements

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more conveniently but also play a role in environmental protection. E-statements help lessen the need to produce hard-copy statements, thus reducing the need to use natural resources. There will be no need to use energy for disposing old and discarded statements either. To support this green concept, KTC has ensured its Contact Center staff recommend the choice of e-Statements to its customers.

- KTC has developed a new service under its TapKTC Merchant project to allow shops to accept credit card payments online. This new product is called “mPOS” (mobile point of sale) that can operate on either iOS or Android system. By joining the TapKTC Merchant project, every participating shop can accept payments for its services/products at the point of sale via a registered smart phone. The mPOS will process the payment and issue an online slip for customers to sign or to affix their e-Signature. The payment process will then move to the last stage in which an e-Receipt will be sent to customers’ email inbox. Since all information sent through the mPos is encrypted with high safety standards, shops and credit cardholders are ensured the confidentiality.

- KTC uses innovations by all leading networks of credit-card providers namely Visa, MasterCard and JCB so that its team can develop its business further and generate income from these innovations.

- KTC has issued electronic credit cards or Virtual Cards to its members with an aim to lower the production cost of paper/plastic-based cards.

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- KTC has come up with an initiative to notify applicants about its credit approval results via SMS. Work procedures now require that after credit analysts has reviewed credit-card/personal loan applications; they shall inform applicants of results via SMS. In the past, the notification was made via a mail – a process that consumed a huge volume of paper and that forced customers to wait for the result longer. Moreover, mail delivery could take time. In 2014, KTC thus launched the SMS notification initiative. Under this new system, applicants learn about the results fast via SMS in all events except when their applications are rejected. Laws require that any decision not to grant a credit be communicated in paper only. For successful applicants of credit cards and personal loans, they shall get SMS notification and no longer have to wait for a mail from KTC. With the SMS notifications, paper consumption significantly decreases. After credit cards and personal-loan cards are issued and sent to customers, KTC has a specific team to follow up with delivery and activation. After ensuring that the cards reach customers safely, the team will inform customers of cards' benefits and facilitate their activation of the cards. Such procedures are taken to prevent damages from the loss or delayed delivery of the cards, reduce customers' time/expense in following up on the cards, and minimize activation procedures for customers. KTC does not want to replace or re-deliver a card, where not necessary.

- KTC has compiled employee database in the Human Resource Information System (HRIS), which boosts database efficiency and reduce paper consumption. In addition, KTC has developed several HR modules in the HRIS to address all relevant needs.

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2. Operations and CSR Report

- KTC has differentiated its corporate culture with the fast and dynamic elements. It, therefore, has paid serious attention to working environment. Embracing the theme of Smart Office, KTC seeks to promote creativity among its employees and establish itself as a Creative & Smart Organization. Since 2006, it has redesigned its office space with creativity to boost the good work atmosphere by making employees feel like they are working at home. They can sit down at whichever desk at the office, because they can independently log into their work system. Coffee corners are available all around, allowing employees to conveniently get together for counseling or meetings. In addition, KTC has provided recreational areas and also massage chairs for its employees. Wi-Fi services have covered the whole office 24 hours a day in support of the Smart Office concept. Office equipments are placed at strategic spots to ensure that work flows conveniently. All employees working in the Smart Office Zone get a computer notebook with IP Phone to ensure that it stays connected no matter where they sit down. KTC has provided lockers for employees too so that they can keep their documents and personal belongings safe. By providing convenience to its employees, KTC hopes to develop good ties with them and to facilitate their work efficiency. Thanks to such approach, KTC has been a highly successful company as it has won the Happy Workplace Award from the Thai Health Promotion Foundation between 2010 and 2012.

Corporate Social Responsibility: CSR

3. Operations related to Corporate Social Responsibility

In 2015, KTC did not engage in any business operation that might affect the society or the environment.

4. After-Process Activities for the Environment and the Society

Out of its commitment to repay its members and the general public, KTC has accorded importance to conducting these following activities for public benefits:

1. Knowledge Sharing (Target : Community, media and young generation)

- KTC organized knowledge sharing activities in the form of workshops, Promoting a better understanding of thai history and culture as well as promoting a better society via the **“KTC PR Press Club”** to various medias. Communicating the activities to the public. in 2015 the company organized its activities under the **“The Majestic King of the Kingdom”**, dividing the activities into three episodes. With the goal to promote to the public and learn history in a unique new way; admiring the architectural, cultural and importance of the temples of the reigning kings connecting from the Thonburi Kingdom to early reigns the Rattanakosin kingdom. For example Wat Hong Rattanaram, Wat Pho, Wat Ratchanatdaram, and etc.

2. Youth and Education

In order to support and cultivate Youth and Education, the company took part in organizing activities, awarding scholarships, aiding educational institution, aiding charities and foundation amounting to 320,000 Baht as follows:

Corporate Social Responsibility: CSR

4. After-Process Activities for the Environment and the Society

- KTC in conjunction with Krung Thai Bank led over 100 management and personnel to organized workshops at schools in Bangkok metropolitan areas, providing knowledge, understanding, and the importance of savings.
- KTC donated over a hundred personal computers in good condition, to schools in Bangkok metropolitan areas, to promote education.
- KTC organized an outing, providing teachers and students of Vijitwittaya School, the press, and over 70 KTC personnel to visit the The Lord Buddha museum at Debsirin temple. Learning the life of Buddha, Queen Debsirindra, and King Chulalongkorn the great, the founder of Wat Debsirin as well as the history of the temple to correctly understand the teaching of Buddha a be a good Buddhist.
- KTC organized an outing with a total of 40 hearing impaired students and teachers from the Sethasatian School for the Deaf in Bangkok to visit the miniature Thai royal barge performance center to experience the Royal Barge Procession. And later visit the Chonburi Teddy Bear museum.
- KTC donated 40 of the company's used laptops which is in good condition, along with CD and DVD to the pediatric ward of the Rajavithi hospital, Children's hospital, and Kasemrad hospital.
- In conjunction with the Yuvabadhana foundation, KTC members cand exchange 1,000 forever reward to 10 books for the children in need.

Corporate Social Responsibility: CSR

4. After-Process Activities for the Environment and the Society

3. Sports

- To promote and support sports related activities the company was involved in sponsoring tournaments, or other sport activities to associations, clubs, or foundations; such as the sponsorship of The Economic Reporters Associations and the Broadcasters & Columnist Club of Thailand amounting to 190,000 Baht

4. Social and Society

In order to promote and support Social Environmental related activities, the company participated by donating or sponsoring various foundations with the total of 3,327,100 Baht spent in 2015.

- The company support and encourage boutique hotel operators to establish the Thailand Boutique Accommodations Association (TBAA), with the objective to create a network of small to medium boutique accommodations to develop standard and quality; supporting the growth of the tourism industry.

- Sponsored the Operation Smile Thailand foundation, to provide corrective surgery to children born with cleft, children with burnt scars, and other facial irregularities across Thailand. The sponsorship is a continuous five years project, and apart from this, the company had also support the production of a TV commercial film to advertise for donors.

- The company communicated to management and personnel to donate used items to fund for the 49th National Disability day with the National Council on Social Welfare of Thailand.

Corporate Social Responsibility: CSR

4. After-Process Activities for the Environment and the Society

- The company continuously communicated with management and personnel for blood donation, in 2015 the company arranged 4 blood donation events accumulating a total of 202,750 cc of donated blood.

- The company along with KTC card members converted reward points as cash donation to various foundations, for example Community Children Foundation under the Royal Patronage of HRH Princess Maha Chakri Sirindhorn, Foundation for the blind in Thailand under the Royal Patronage of H.M. The Queen, Home for Animal Foundation, Thai heart foundation under Royal Patronage, Foundation for the welfare of the crippled under the Royal Patronage of H.R.H. the Princess Mother.

- The company along with independent reseller, donated a Kidney Machine under the “Love & Share” project to the Thammasat University Hospital Hemodialysis Center

- Donate cash to the Thai Red Cross Society, in the occasion of the World Red Cross day on 8th May of every year

5. Religious Work

KTC also a take part in promoting and supporting buddhism by supporting monks and other religious venues for the entirety of 2015 amounting to 890,000 Baht with the following details

Corporate Social Responsibility: CSR

4. After-Process Activities for the Environment and the Society

- Organized “Detox D Talk” at Ban Buddha monta Dharma Retreat, to practise meditation, mindfulness, and vegan diet.
- Organized “Detox D Talk” a broom making workshop along with meditation workshop, and a religious offering to monks. The brooms are later donated to local temples.
- In conjunction with the Foundation of His Holiness Somdet Phra Nanasamvara Centennial Commemoration to print “Dharma from His Holiness” a pocket book with selective teachings of His Holiness Somdet Phra Nanasamvara to sell at 7-11 convenient stores, all proceeds from sales are donated to he Foundation of His Holiness Somdet Phra Nanasamvara Centennial Commemoration
- Organized Katin Ceremony at various temple across the country

Corporate Social Responsibility: CSR

5. Prevention of Corruption

The Board of Directors has approved KTC's anti-corruption policy, which is a part of the Company's policies on corporate governance, with an aim to prevent directors, executives and employees from engaging or condoning any form of corruption. With exceptions that such activities are in line with rule of law, regulation, and tradition. The company specifies roles, guidelines, duties, and penalty to handle corruptions cases. Reporting channels are also provided. All these efforts are made to ensure that executives and employees at all levels can carry out their work properly.

In 2013, KTC signed an agreement to declare its intention to join the "Private Sector Collective Action Coalition Against Corruption" during an international seminar on the Collective Anti-Corruption (CAC). The Thai Institute of Directors (IOD) organized the event to promote the transparency of business operations. In 2015 the company's effort to promote transparency are as follows:

At present, KTC has already undertaken the followings for the purpose of preventing corruption:

1. Joined the Collective Action Coalition (CAC) member demonstrating intent to oppose corruption. The Chairman and Chairman of Audit Committee had signed an approval to submit the assessment, as well as signed to verified the assessment on December 17th 2015. The company has submitted the self assessment form to Thai institute of Directors (IOD) on December 18th 2015.

Corporate Social Responsibility: CSR

5. Prevention of Corruption

2. Set up the Anti Corruption Policy. It is nested under the Corporate Governance policy which has been approved from the Board of Directors in order to ensure that the management is aware and give precedence to Anti Corruption and cultivate anti-corruption efforts into the company's culture; by communicating the established policy to members, business partners as well as employees through company's website, intranet and company's internal learning medias.

3. Required all departments to annually evaluate "Risk control self-assessment (RCSA). The departments will select their procedure or "core business" and evaluate the likelihood of risk to indicated risk level. Then assess the level of control to indicate whether the control is appropriate, or should the level of risk be reduced. The RCSA covers corruption related risks, the assessment result are submitted to the Risk management committee (RMC) and annually reported to the Krung Thai Bank.

4. To create efficiency related to the business of the company, the President & CEO and top managements are involved in the initiation of the policies related to the company's anti-corruption efforts; such as, the gifting policies.

5. Provides standard working procedures in accordance to the anti-corruption policies, the collective action coalition, and the RCSA. As a guidance to the management and employees.

Corporate Social Responsibility: CSR

5. Prevention of Corruption

5.1 Provides standard procurement procedure, for transparent procurement process without either direct or indirect involvement of corruption, with the company's interest above all else.

5.2 Provides rules & instructions related to anti-corruption policy which consists of: prohibition of bribery, rules regarding money value of dining, gifting or other beneficial exchange, rule regarding support to political parties, procedures regarding donation and charities.

5.3 The company established the compliance department to increase efficiency towards the anti-corruption efforts. The compliance department is the center for advice, comments, and complaints regarding corruptions and misconducts. The company also setup protective measures to protect the complainants. Employees and stakeholders are able to submit their complaints via the channels provided by the Corporate Governance policy and the anti-corruption policy.

Customers and Publics can submit the complaints or comments to the company by following channel:

- customer relations 0-2665-5000 24 hours a day
- complaints hotline 0-2665-5000
- <http://www.ktc.co.th> or submit messages to CService@ktc.co.th
- Fax: 0-2665-5190
- by letter to 591 UBC II Building, 14th Floor, Sukhumvit 33 Road, North Klongton, Wattana, Bangkok 10110 Thailand

Corporate Social Responsibility: CSR

5. Prevention of Corruption

Employees can submit comments or complaints directly by email. The company will keep the complaints confidential; the company will neither disclose names or private information of the complainant or those who cooperate with the internal investigation. There will be no penalty, demotion, or negative impact to the employee who refuse to participate in the corruption scheme even though such actions cost the company its business opportunities. Fairness will be also be provided to the accused. The investigation process will be executed according to the corporate governance policy, anti-corruption related policies by related personnel or committee, providing conclusion in accordance to the human resource rules and procedures.

In the case that the complaint is related to the company's directors, it will be reported to the audit committee. The company also provides corruption complaints case studies as examples.

However, procedural complaints, personal conflicts, or anonymous tips are not considered corruption complaints.

To be assured that the KTC management and employees are aware and accepts anti-corruption measures, the company provided channels for management and personnel to understand and accept to the anti-corruption measures. For the newly employed, the company provided written agreement for new employees to sign at the contract signing date.

Corporate Social Responsibility: CSR

5. Prevention of Corruption

6. the company encourage the operation units of the company to comply to the Anti-Money Laundering law enforced by the Anti-money Laundering Office (AMLO), and that of the payment network providers to support governmental anti-corruption.

7. The company has a clear policy against bribery, or monetary settlements during litigation with members and frauds.

8. The company provides guideline regarding expense reimbursement and business records for correctness, assessable, and in accordance to accounting standards.

9. Provide learning material to directors, managements, and personnel to be knowledgeable and understand related rule, procedure, and policy; such as Compliance Tip. As well as setup Corporate Governance, Business Ethics, and anti-corruption policy as a topic in the new employee orientation sessions.

10. Provide management and personnel with annual self assessments via Google drive, which includes standards and regulations related to the law, corporate governance policy, business ethics and other standards, to create awareness to management and personnel.

11. Established in detail within the service contract between the company and business partners that the business will be conducted with honesty, transparency, assessable by good corporate governance; abiding to the anti-corruption related laws.

Corporate Social Responsibility: CSR

5. Prevention of Corruption

12. In order to follow up and assess the results in regard to the policy, and the anti-corruption measures the company setup an internal audit who is independent in auditing efficiency, sufficiency assessment of, the internal control, risk management systems, the company wide corporate governance, by setting annual action plans according to the risk level and risk factors.

Details regarding the company's policy are disclosed on the company's website, in the Corporate Social Responsibility section at <https://www.ktc.co.th/th/ktc/InvestorRelations/Responsibility/index.htm>

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 by allocating company's resources appropriately as planned.

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 company's 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 performed 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. In addition to that, the Compliance

Internal Control and Risk Management

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

Division is set up to monitor and study business-related laws, announcements or regulations in order to keep our employee aware of such information and to make sure that the company operates its business practice correctly.

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 2015, the company did not 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. The company has also established well-defined business goals and Key Performance Indicators (KPI) in assessing operational performance that complies with company's objectives and determined an authority manual and operational manual for the entire system in written document to be used as a guideline for operational standard and procedure. Apart from that, the company also fosters the executives and staffs to be aware of its corporate governance by establishing policies to enhance good corporate governance,

Internal Control and Risk Management

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

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 Assessment

Apart from the sufficiency evaluation of internal control process by referring 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 Krung Thai Bank Public Company Limited and reported to the Risk Management Committee of the Financial Business Group.

Control Activity

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 operation practices. Moreover, it has verified that results of its performance are consistently in line with rules, regulations, exercise of authority manual and

Internal Control and Risk Management

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

Standard Operating Procedure (SOP) to ensure that the operations are efficient and under adequate internal control system. Regarding the related-party transaction issue, the Board of Directors has approved the principle for business transaction that might be considered as related-party transaction in order to make it correctly complied with previously mentioned laws. Allowing management to make transaction or business deal that considered being related-party transaction as per the definition stated in The Securities and Exchange Commission laws. Such transaction or deal should be the same as normal practice that company will do to other parties under the same circumstance using normal bargaining power without the use of personal influence as a committee, management or other influential person (“General business deal”) including the ongoing transaction and future prospect transaction. The management can set up framework to be operational guideline and will summarize the report of such transaction to the audit committee and the Board of Directors’ meeting in a timely manner. If the company should do the transaction with the person that might consider being related-party transaction or might considered being conflict of interest in the future, the company will set up audit committee to consider the appropriateness of such transaction. If the audit committee is not specialized enough to consider that transaction, the company will appoint specialist such as auditor or appraiser or law firm, who is independent from the company and the other accusing party, to comment on such transaction.

Information and Communication

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

Internal Control and Risk Management

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

information security, covering all stages: information gathering, processing, monitoring, and filing. This consequence 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. Besides, 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.

Moreover, it has assigned the company secretary to be responsible for preparing information and related documents for meetings beforehand along with taking minutes of each Board of Directors' meeting. As for external communication to public, the company has established communication method for receiving information complaint or corruption suspicions through designated channel.

Monitoring and Evaluating

The company has an appropriate performance tracking and evaluation system, covering various aspects that are necessary in business operations; finance and accounting, operations compliance, and asset management. A performance is evaluated at all levels from directors to management team to achieve the business goal, by comparing the operating result and business objectives constantly. Board of Directors' meeting is also one of the company's evaluation tools; it is arranged regularly to monitor business performance through management's report. Directors

Internal Control and Risk Management

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

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 2014 and 2015, the Audit Committee has arranged 8 and 7 meetings, respectively.

In the Audit Committee meeting No.6/2015 on 13th November 2015, 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 adequate and suitable for the company's operation. Risk management is at acceptable level. Accounting systems and financial reporting practices is reliable, and in compliance with rules, laws, and regulation related to the company's business.

Internal Control and Risk Management

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

Risk Management

The company gives priority to risk management, it has set risk management policies determining to develop risk management system under Good Corporate Governance. Besides, it has integrated risk management covering all aspect across the organization by adopting a systematic and continuous engagement. The Risk Management Committee (RMC), which consists of management from each business unit will supervise the organization risk management to ensure that company's goal is achieved at acceptable level.

In 2014, the company has restructured the organization by setting up Compliance department and restructured Legal department in order to enhance management flexibility in operation management and to comply with company's business operation direction.

(Please see detail about company's risks management in "Risk Factors" topic)

Internal Control and Risk Management

Audit Committee Report

The company discloses the audit committee report; “Audit Committee report” in annual registration statement 2015 (Form 56-1) and in annual report.

Internal Audit and Compliance Supervisor

Supervisor of Internal Audit of the company is Mr.Pornchai Wijitburaphat and Supervisor of Compliance is Mr. Sakda Chantrasuriyarat.

(Please refer to Profile of Internal Audit Supervisor and Compliance Supervisor)

The Audit Committee gave an opinion that considering from the qualifications of officials taking the positions of Internal Audit and Compliance; they can perform their roles effectively and are appropriate to the positions.

Therefore, the appointment, assessment, removal, transfer or contract termination of Supervisor position of company’s internal audit must be approved by the Audit Committee.

Internal Control and Risk Management

Internal Audit and Compliance Supervisor

Internal Audit

The Company's Internal Audit 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, supervising, and monitoring other functions such as risk management, compliance, 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.

Internal Control and Risk Management

Internal Audit and Compliance Supervisor

Compliance

The Company's Compliance is responsible for:

1. Ensuring that the company complies with laws and regulations of the Stock Exchange of Thailand or government agencies correctly.
2. Giving legal opinions 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, along with monitoring and suspending 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 Internal Audit Supervisor and Internal Audit Committee in order to ensure appropriateness and effectiveness of the company's internal control and internal audit.
5. Participating and giving recommendations regarding procedures of the company's operational functions to ensure that policies, regulations, and procedures stated by laws are followed correctly.
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.

Internal Control and Risk Management

Report of the Audit Committee

To the Shareholders

The Audit Committee consists of three independent directors who have appropriate expertise and experiences in various fields.

The Audit Committees perform their duty as per their jurisdiction and responsibility given to them by company's Board of Directors, which complied with capital market's announcement and Stock Exchange of Thailand's regulation. The current audit committee members consist of;

Mr. Akarat Na Ranong	Chairman
Ms. Pantip Sripimol	Committee member
Mr. Paroche Hutachareon	Committee member

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

During year 2015, the audit committee has convened a total of 7 meetings to practices its duty complying 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. In addition to that, the company has reviewed its operation to make sure that it's complied with policy regulations and business related laws, along with the responsibility to consistently monitoring operation result as

Internal Control and Risk Management

Report of the Audit Committee

per government agencies' regulation. In every Audit Committee meeting concerning quarterly or annual financial statements of year 2015, external auditors were invited to attend the meeting with the management to give opinions and additional observations in order to ensure that the financial statements were conducted in accordance with the general accounting standard and to review the disclosure of significant information, connected transaction and transaction that might be considered as conflict of interest. In addition, some of the meetings were particularly held without the present of management in order for the Audit Committee to acknowledge the problem found from account auditing, and to make comments and proposal about auditing plan and to review the auditor's result before presenting it to the Board of Director for consideration.

The Company chose Deloitte Touche Tohmatsu Jaiyos Audit Co.,Ltd. to be the external auditor in year 2015. The company has considered appropriate remuneration rate along with comments and proposals to present to the Board of Directors for further consideration in the shareholder meeting to make official appointment.

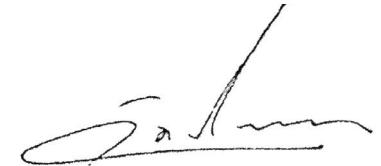
Furthermore, the audit committee has reviewed and evaluated all significant risks as well as reviewed the internal control system and self-assessment of anti-corruption code. The committee monitored those processes through Internal Audit Department, discussed with external auditors and the Company's Managements; as a result, the evaluation showed that the Company has appropriate and creditable internal control system, risk management system, business operation and financial statements.

Internal Control and Risk Management

Report of the Audit Committee

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,



(Mr. Akarat Na Ranong)

Chairman of the Audit Committee

Connected Transactions

For the year ended 31st December 2015, the Company entered into related party transactions with the related parties i.e. Krung Thai Bank Public Company Limited (“Krung Thai Bank”), KTB Computer Services Co., Ltd. (“KTBCS”), KTB General Services Co., Ltd. (“KTBS”), Krungthai Asset Management Public Company Limited (“KTAM”), Krungthai Panich Insurance Public Company Limited (“KPI”), KTB Leasing Co., Ltd. (“KTB LEASING”), and Krungthai-AXA Life Insurance Public Company Limited (“KTAL”) Details of the related party transactions are provided as follows:

Related Parties	Relationship with the Company	Nature and Size of Transactions
Krung Thai Bank Public Company Limited	Krung Thai Bank Public Company Limited holds 49.45% of issued shares in the Company	“Credit Card Business Administrative Service Agreement” in which Krung Thai Bank hired the Company to administrate the part of Krung Thai Bank’s credit card business for a period of 15 years from 1 st July 2002. However, the Company’s Board of Directors Meeting held on 15 th June 2007 passed a resolution to end the provision of administrative services for Krung Thai Visa Electron debit card and the Company ceased providing the service and ceased revenue recognition as of 1 st April 2007.
Krung Thai Bank Public Company Limited	Krung Thai Bank Public Company Limited holds 49.45% of issued shares in the Company	“Back Office Service Agreement” Krung Thai Bank provides back office services (including the services provided by Krung Thai Bank and/or other companies) for a period of 15 years from 1 st July 2002. As of 31 st December 2015, the Company has a trade account payable under this agreement of Baht 70.5 million.
Krung Thai Bank Public Company Limited	Krung Thai Bank Public Company Limited holds 49.45% of issued shares in the Company	The Company entered into the Overdraft Agreement with Krung Thai Bank for a loan of Baht 30 million for working capital. The Company will pay interest monthly within the date of account closing at the end of each month to Krung Thai Bank at the interest rate of Overdraft Facilities for Corporate Customers in Good Standing (Minimum Overdraft Rate : MOR). As of 31 st December 2015, the Company has not drawn down money from this loan agreement.

Connected Transactions

Related Parties	Relationship with the Company	Nature and Size of Transactions
Krung Thai Bank Public Company Limited	Krung Thai Bank Public Company Limited holds 49.45% of issued shares in the Company.	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 Krung Thai Bank. As of 31 st December 2015, the Company does not have any outstanding debt and interest under this loan agreement.
Krung Thai Bank Public Company Limited	Krung Thai Bank Public Company Limited holds 49.45% of issued shares in the Company	The Company entered into the Call Loan Agreement in the amount not exceeding Baht 1 billion with Krung Thai 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 st December 2015, the Company does not have outstanding debt and interest under this loan agreement.
Krung Thai Bank Public Company Limited	Krung Thai Bank Public Company Limited holds 49.45% of issued shares in the Company	As of 31 st December 2015, the Company has a trade account in the amount of Baht 968.1 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 Krung Thai Bank for net-amount fund transfer transactions which is the ordinary course of business of the Company.
Krung Thai Bank Public Company Limited	Krung Thai Bank Public Company Limited holds 49.45% of issued shares in the Company	The Company has a trade account of Baht 0.6 million as of 31 st December 2015 payable from the transaction in which the Company has hired Krung Thai Bank to count and deposit money to the Company's savings account.
Krung Thai Bank Public Company Limited	Krung Thai Bank Public Company Limited holds 49.45% of issued shares in the Company	The Company has a trade account payable of Baht 0.02 million as of 31 st December 2015 incurred from the Vertical Payment Project.
Krung Thai Bank Public Company Limited	Krung Thai Bank Public Company Limited holds 49.45% of issued shares in the Company	The Company has a trade account of Baht 0.6 million as of 31 st December 2015 payable from the transaction in which the Company has used the Fleet Card services provided by Krung Thai Bank.
Krung Thai Bank Public Company Limited	Krung Thai Bank Public Company Limited holds 49.45% of issued shares in the Company	The Company has other receivables of Baht 0.04 million as of 31 st December 2015 from transactions where Krung Thai Bank sub-leased parts of the Company's office premises located at the ground floor, Samatchavanij Building 2, (Sukumvit 33) as the Krung Thai Bank's branch.

Connected Transactions

Related Parties	Relationship with the Company	Nature and Size of Transactions
Krung Thai Bank Public Company Limited	Krung Thai Bank Public Company Limited holds 49.45% of issued shares in the Company	The Company has other receivable of Baht 9.5 million as of 31 st December 2015 for collection service hired by the Krung Thai Bank.
KTB Computer Services Co., Ltd	Krung Thai Bank Public Company Limited holds 100% of issued shares in the Company	The Company has trade account of Baht 1.7 million as of 31 st December 2015 payable from the transaction in which the Company hired KTB Computer Services Co., Ltd (KTBCS) 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 Co., Ltd. (KTBCS).
KTB Computer Services Co., Ltd	Krung Thai Bank Public Company Limited holds 100% of issued shares	The Company has other receivables of Baht 6.7 million as of 31 st December 2015 from transactions where the Company provides consultancy and processing of IT operations services in developing payment system for Krung Thai Computer Services Co., Ltd.(KTBCS)
KTB General Services Co., Ltd.	Krung Thai Bank Public Company Limited holds 100% of issued shares	The Company has a trade account of Baht 0.9 Million as of 31 st December 2015 payable from the transaction in which the Company has hired KTB General Services Co., Ltd. (KTBGS) to receive-deliver cash and/or other assets.
Krungthai Asset Management Public Company Limited	Krung Thai Bank Public Company Limited holds 100% of issued shares	The Company has other receivables amount of Baht 5.2 million as of 31 st December 2015 from transactions where the Company has provided monthly payment services for RMF and LTF unit trust of Krungthai Asset Management Public Company Limited (KTAM) via automatic account and payment through automatic card machines.
Krung Thai Asset Management Public Company Limited	Krung Thai Bank Public Company Limited holds 100% of issued shares	As of 31 st December 2015, the Company has a trade account in the amount of Baht 0.08 million payable from transactions in which the Company has to pay for member of Provident Fund to Krungthai Asset Management Public Company Limited (KTAM) which is Fund Manager.

Connected Transactions

Related Parties	Relationship with the Company	Nature and Size of Transactions
Krungthai Panich Insurance Public Company Limited	Krung Thai Bank Public Company Limited holds 45% of issued shares	As of 31 st December 2015, the Company has other receivables of Baht 3.6 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 (KPI).
Krung Thai Panich Insurance Public Company Limited	Krung Thai Bank Public Company Limited holds 45% of issued shares	As of 31 st December 2015, the Company issued Bill of Exchange (B/E) in the amount of Baht 79.5 million to Krungthai Panich Insurance Public Company Limited (KPI).
Krung Thai Panich Insurance Public Company Limited	Krung Thai Bank Public Company Limited holds 45% of issued shares	As of 31 st December 2015, the Company realized a trade account payable of Baht 0.07 million payable from the purchase of fire insurance to protect the Computer Data Center building at Bang Buathong including all computers, equipments and components part of equipment from the Krungthai Panich Insurance Public Company Limited (KPI).
KTBL Leasing Co., Ltd.	Krung Thai Bank Public Company Limited holds 100% of issued shares	The Company has a trade account of Baht 0.09 million as of 31 st December 2015 payable from leasing cars from KTBL Leasing Co., Ltd. (KTBL) for use in the Company's business.
Krungthai-AXA Life Insurance Public Company Limited	Krung Thai Bank Public Company Limited holds 50% of issued shares	The Company has a trade account of Baht 0.5 million as of 31 st December 2015 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 (KTAL)

Connected Transactions

1. 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 22 regarding related transactions for the year ended 31st December 2015, audited by Deloitte Touche Tohmutsu Jaiyos Audit Co., Ltd. Related parties to the Company are Krung Thai Bank Public Company Limited, KTB Computer Services Co., Ltd., KTB General Services Co., Ltd., Krungthai Asset Management Public Company Limited, Krungthai Panich Insurance Public Company Limited, KTB Leasing Co., Ltd. and Krungthai-AXA Life Insurance Public Company Limited Details of the related parties transactions are provided as follows:

Connected Transactions

1. Details of Connected Transactions

Credit Card Business Administrative Service Agreement dated 26th June 2002

This agreement was entered into between the Company and Krung Thai Bank in order to replace the Business Administrative Service Agreement dated 1st January 1998. Krung Thai Bank has hired the Company to administrate the part of Krung Thai Bank's credit card business that was not transferred from Krung Thai Bank to the Company i.e. Visa Electron Debit Card ("VE") and other plastic card businesses, which Krung Thai Bank was willing to conduct after 30th June 2002. The Company agreed to provide services to Krung Thai Bank for the period of 15 years from 1st 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 Krung Thai Bank are based on market price and conditions in the ordinary course of the Company's business. Under the agreement, Krung Thai Bank agreed to only hire the Company.

Connected Transactions

1. Details of Connected Transactions

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

Back Office Services Agreement dated 26 June 2002

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

The Company and Krung Thai Bank had jointly amended this agreement to established service fees for the Back Office Services. On 18th September 2014, both company jointly agreed on the Amendment (No. 9) for the services from 1st July 2014 to 30th June 2015, which set the service fee at Baht 4.0 million annually. Since 30th June 2015, both parties are in progress to make the Amendment (No. 10) for the services from 1st July 2015 to 30th June 2016, which defined the same terms and conditions of fee rate. The fees for other services will be calculated according to transaction volume at the market rate, with conditions in the ordinary course of the Company's

Connected Transactions

1. Details of Connected Transactions

business.

According to the agreement, the Company has the right to terminate the agreement prior to the end of the 15 year term if Krung Thai 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. Krung Thai Bank also has the right to terminate the agreement if the Company fails to make two consecutive payments of the service fee.

On 16th September 2014, the Company and Krung Thai Bank made an agreement to facilitate the member of personal loan to provide monthly payment service for personal loan payment at counter service of Krung Thai Bank which the Company carried an obligation of the service fee. The service began on 1st July 2014 according to the amendment of the Payment Services for Public Utilities, Products, and Services Agreement for the first time and the amendment of the Debit Debtors' Account for Payment of Debt Agreement for the second time on 1st November 2003 which the fee for receivable personal loan payment service between the Company and Krung Thai Bank will be charged at different rates depending on the quantity of transactions which is based on market price and the conditions in the ordinary course of the Company's business.

Connected Transactions

1. Details of Connected Transactions

Loan Agreement

The Company entered into a Loan Agreement with Krung Thai 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, Krung Thai Bank approved the provision of the Overdraft Loan of Baht 30 million to the Company. Terms and conditions according to the said loan agreement is based on the conditions in the ordinary course of business and determining the interest rate between the Company and Krung Thai Bank is based on the ordinary rate which would generally be used with other parties.

Connected Transactions

1. Details of Connected Transactions

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 Krung Thai Bank or its branches and agreed to pay prices of products or services to the Company. Krung Thai Bank shall debit from debtors' savings accounts and transfer such amount to the Company's savings account. The Service Fee between the Company and Krung Thai 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.

Connected Transactions

1. Details of Connected Transactions

Counting and Depositing Money Agreement

The Company has hired Krung Thai Bank to confirm the amount of funds received from KTB General Services Co., Ltd. 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 Krung Thai Bank are 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

Connected Transactions

1. Details of Connected Transactions

Use of KTB Fleet Card

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

Connected Transactions

1. Details of Connected Transactions

Memorandum of the Vertical Payment Project

The Company and Krung Thai Bank have jointly formed the Vertical Payment project to support Cash Management for the Banks and merchant members for the Electronic Data Capture (EDC) of KTC. The project shall be 5 years, starting from 3rd March 2014 to 28th February 2019. The Company will make payment for joining the Project to Krung Thai Bank. Krung Thai Bank shall, therefore, agree to pay marketing and promotional fee to KTC at the appropriate rate. Terms and conditions in the agreement are standard terms generally be used with other parties.

Connected Transactions

1. Details of Connected Transactions

Lease Agreement at office buildings of Krung Thai Bank and Sub-Lease Agreement at office buildings

The Company has leased office space, on the 1st Floor of Krung Thai Bank Public Company Limited, Nana Nua Building to use as branch offices or KTC Touch dated 14th December 2009, for 1 year from 17th January 2010 until 16th January 2011, the lease are renewed annually. The Company and Krung Thai Bank have jointly made an additional lease to extend the lease term until 16th January 2015, preparing an addendum lease (No. 5) to extend the rental period, starting on 17th January 2015 until 16th January 2016. As of 31st December 2015, the Company and the Bank are making a preparation of the new lease for the period of service from 17th January 2016 until 16th January 2017.

On 18th March 2015, the Company has agreed to lease office space, some part of the Bank's branch office, located at Nakhon Pathom Province, Ayutthaya Province, Nakhon Ratchasima Province, Chiangmai Province, Phitsanulok Province, Khon Kaen Province, Songkhla Province, Rayong Province and Chonburi Province, totaling 9 branches for a period of 1 year from the date of 1st April 2015 until 31st March 2016, for use in the operation of the Company.

In any event, Krung Thai Bank has subleased office space, some part of which is located at G Floor, UBC II (Sukhumvit 33) to operate the Bank's branch offices, subleasing 1 year 6 months

Connected Transactions

1. Details of Connected Transactions

27 days, from 5th April 2013, and can be renewed for a term of 3 years. Later, on 1st November 2014, the Sub-lease Agreement had been entered into a new lease in a period of 3 years from the date of the Agreement until 31st October 2017. Rental and the cost of the common expenses between the Company and Krung Thai Bank was an appropriate rate. The terms and conditions of the lease term are standard terms as would generally be used with other parties.

Memorandum on Funds Transfer via ITMX Switching Settlement

The Company uses the BAHTNET Account Services of Krung Thai 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 Krung Thai Bank. In this regard, service fees, terms and conditions between the Company and Krung Thai Bank are standard terms as would generally be used with other parties.

Connected Transactions

1. Details of Connected Transactions

Memorandum on Cooperation Project to Expand the Customer base of KTC Credit Card Customer having deposit account with Krung Thai Bank PCL

The Company has project plan to expand the base of its credit card members having deposit account with Krung Thai Bank and agree to deposit their principal amount as a guarantee covering their debt payment to the Company which incurred through credit card usages. Krung Thai Bank also collaborates with the Company in the offering of KTC Credit Card products to target customers.

Connected Transactions

1. Details of Connected Transactions

Memorandum on KTB Housing Loan Payment Services

The Company has project plan to provide additional payment service for KTB Housing Loan by cash advance from credit card account by automatically withdraw and transfer cash advance to saving account of credit card member which opened account with Krung Thai Bank. The Company will charge supportive fee for marketing activities from Krung Thai Bank which are appropriately based on services. Terms and conditions of the agreement are standard terms as would generally be used with other parties.

Connected Transactions

1. Details of Connected Transactions

Hire of Collection Service Agreement

The Company was hired from Krung Thai Bank to operate the collection of debts in all groups of products such as KTB Housing Loan, KTB Personal Loan, KTB SME Loan. The term of the agreement is 1 year from 1st April 2014 to 31st March 2015. Later, on 24th April 2015, the Company and the Bank had entered into an agreement to expedite Collection of debts (Collection) from the date of 1st May 2015 until 31st December 2015 and is renewable for a period of 1 year. However, on 30 October 2015, the Company and the Bank have agreed to the 1st addendum agreement to expedite Collection service on the reduction of the wage rate, and as of 31st December 2015, the Company and the Bank are under the new agreement for the period of service from 1st January 2016 until 30th June 2016.

The compensation fees between Krung Thai Bank and the Company 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 which were already acknowledged as the income of related companies.

Connected Transactions

1. Details of Connected Transactions

The Agreement for the issuing of Co-Brand credit card

The Company agreed to cooperate with the Bank to issue, KTC-KTB Precious Plus Visa Infinite credit cards, to provide Infinite benefits to KTB Precious Plus customers according to the agreement for the issuing of co-branded credit card, KTC-KTB Precious Plus Visa Infinite, effective from 16th October 2012 onwards; with the memorandum to amend the agreement on 2nd December 2014 on the application criteria, and managing the annual fee for KTB Precious Plus customers of the Bank.

Later, on 3rd December 2014, the Company issued, KTC-KTB Precious Visa Signature Card and KTC-KTB Precious Plus Visa Signature credit cards jointly with the Bank to deliver Signature benefits to KTB Precious and KTB Precious Plus customers according to the agreement for the issuing of co-branded credit card, KTC-KTB Precious Visa Signature credit card and KTC-KTB Precious Plus Visa Signature, with the same terms and conditions of the co-branded agreement as would generally be used with other parties.

Connected Transactions

1. Details of Connected Transactions

The Agreement for providing and servicing Electronic Data Capture (EDC) in the Foreign Exchange Project

The Company has been supported by the Bank to facilitate the KTC cardholders in order to exchange foreign currency by KTC credit card via electronic data capture (EDC), which KTC provides and/or installs for services at the bank's branch office in accordance to the Agreement for providing and servicing the Electronic Data Capture (EDC) in the Foreign Exchange Project dated 22nd October 2015. The Agreement is valid for 3 years effective from 5th October 2015 to 5th October 2018.

The wage rate of Krung Thai Bank and the Company is appropriate to the type of work and time spent working. The terms and conditions of the employment conditions as would generally be used with other parties.

Connected Transactions

1. Details of Connected Transactions

Lease Agreements at Bang Buathong Computer Center Building

The Company has leased of the office space at Bang Buathong Computer Center Building from KTB Computer Services Co., Ltd. (“KTBCS”) to use as a reserve computer center for the Company. The term of the lease agreement is 1 year, starting from 1st June 2013 to 31st May 2014 which can be extended for 1 year per extension. On 30th May 2014, the parties agreed to create the additional memorandum to attach to the lease agreement in order to extend leased period from 1st June 2014 – 31st May 2015. Later an additional memorandum had been created to extend the leased period from 1st June 2015 – 31st May 2016. 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.

Connected Transactions

1. Details of Connected Transactions

Payment System Services Agreement

The Company entered into the Payment System Services Agreement (Turn-Key Basis) with KTB Computer Services Co., Ltd. (“KTBCS”) in which KTBCS has provided payment system services for Krung Thai 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 10th 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. The agreement which was executed on 27th February 2014, changed from COBAS System to TAX System and also changed name of the agreement to Consulting and Processing IT Operation of Silverlake and TAX System 2014 Agreement. This agreement is effective from 1st January 2014 – 31st December 2014 and can be renewed for another 1 year each term. As of 31st December 2015, the Company and KTBCS are in the process of preparing the agreement for administrative and processing IT Operation System on the Silverlake and Tax System of the year of 2016, for a period of service from 1st January 2016 to 31st December 2016.

Connected Transactions

1. Details of Connected Transactions

Both agreements are related party transactions which will benefit the Company. The rate of services fees under the agreements are 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.

Receiving and Delivery of Cash and/or Other Assets Agreement

The Company has hired KTB General Services Co., Ltd. (“KTBGS”), which Krung Thai 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 armoured cash carrying cars for commercial banks and financial institutions. The term of the agreement is 4 years starting from 14th February 2009 and renewable, each time for another 1 year. On 13rd February 2013, the Company and KTBGS executed additional memorandum for extension period of services for 4 years which occur on 14th February 2013 – 13rd February 2017. 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.

Connected Transactions

1. Details of Connected Transactions

Memorandum on Unit Trust Payment Services

The Company has provided Krung Thai Asset Management Public Company Limited (“KTAM”) payment service for RMF and LTF unit trusts of KTAM 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 1st January 2012. The rates of the service fees under the memorandum are based on the scope of work and service hours. Terms and conditions of services provided are standard terms as would generally be used with other parties.

Connected Transactions

1. Details of Connected Transactions

Provident Fund

The Company has set up Provident Fund, which all employees are member of this fund, with Krungthai Asset Management Public Company Limited (“KTAM”), which Krung Thai Bank holds 100% of issued shares, is a Fund Manager. This fund was effective on 1st January 2002. KTAM, an operator of Asset Administrative Management of institutes, organizations, and large state enterprise, has a license to manage Mutual Fund, Private Fund, and Provident Fund. Under the fund regulations, the employees shall collect saving money 3% – 6% of their salary to the fund and the Company shall also add saving money 6% to the fund. Terms and Conditions of fund management are standard terms as would generally be used with other parties.

Connected Transactions

1. Details of Connected Transactions

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 Krung Thai Panich Insurance Public Company Limited (“KPI”) in order for KPI to offer car insurance and non-life insurance using KTC credit card members database in which Krung Thai Bank holds 45% of the issued shares and is the operator of the non-life insurance business. The agreement is effective from 26th September 2011 and 1st 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.

Connected Transactions

1. Details of Connected Transactions

Fire Insurance Policy

The Company has purchased a fire insurance policy from Krung Thai Panich Insurance Public Company Limited ("KPI"), to protect the computer center building at Bang Buathong including all computers, equipment and component part of equipment. The Company has leased some space to Krung Thai Computer Services Co., Ltd. ("KTBCS") to serve as a back-up computer center of the Company. KPI, which Krung Thai Bank holds 45% of issued shares, has the full insurance business.

The insurance policy was effective from 11th November 2015 to 11th November 2016. The premium rate, terms and conditions of the insurance policy are standard terms as would generally be used with other parties.

Connected Transactions

1. Details of Connected Transactions

Leasing Agreement

The Company has leased cars from Krung Thai Leasing Co., Ltd. (“KTB Leasing”), which Krung Thai 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 31st December 2014, there are 5 agreements: starting from 24th October 2012 for the first agreement; from 11th January 2013 for the second agreement; from 14th June 2013 for the third agreement; from 5th February 2012 for the forth agreement, and from 2nd May 2014 for the fifth 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.

Connected Transactions

1. Details of Connected Transactions

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”) which Krung Thai Bank holds 50% of issued shares. KTAL is the operator of Life Insurance Business and Financial Planning Consultant-FPC who has various life and health insurance products. The policy is effective from 1st March 2015 to 28th February 2016. The policy can be renewed for another one year. Premium coverage covers risk of all members of the group averaged from 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.

Connected Transactions

1. Details of Connected Transactions

Loans through Issuance of Bill with Related Companies

As of 31st December 2015, the Company has borrowed money by issuing bills to its related companies which interest rate refer to Money Market Rate and has due payment in 1 year at call and no security.

- Issued a bill of Baht 79.5 million to Krungthai Panich Insurance Public Company Limited (“KPI”) (Krung Thai Bank holds 45% of issued shares.)

Connected Transactions

2. Opinion of the Audit Committee on the Related Party Transactions

The Related Party Transactions have been considered and commented on 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 which would be charged to external parties.

Connected Transactions

3. 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 19th 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”.

Connected Transactions

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

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 Operation

The report is prepared to provide the reader further understanding of the financial statements, financial condition and operation result of Krungthai Card Public Company Limited. This report should be read in conjunction with the financial statement, notes to financial statements, graphs, charts and tables included in this report.

Analysis of Financial Condition and Results of Operation

Summary of Thai Economy and Overview of Consumer Finance Industry in year 2015

Thai economy continuously recovered and expanded more than previous expectation, with the main driving forces from the government sector's spending and investments, including the effect of economic stimulus measures that helps creating confidence, to offset the weakening export sector and private sector's investment. The tourism sector shown a good recovery signs since last October, along with the private sector's consumption expansion, which was better than forecast. Although the consumer confidence index, from the survey by Ministry of Commerce in 2015 showed its lowest point in July at 33.7, the CCI continued to recover every month thereafter. CCI in October, November and December are at 36.2/37.6/37.2 respectively. From these factors, the GDP growth of Thai Economy in year 2015 was 2.8%, which increased from 0.8% at the end of 2014.

Thai economy in year 2016 can be expected to expand between 3.5%-4.0% which will be affected mainly by government's spending/investments and the private sector consumption, which will help create and stimulate economic circulation. However, the uncertainty in the economic status of trade partners, especially China and Asia may continue to affect the exporting sector. Moreover, the drought situation might also heavily effect to the production of agricultural and industrial sectors.

Analysis of Financial Condition and Results of Operation

Summary of Thai Economy and Overview of Consumer Finance Industry in year 2015

In terms of Consumer finance, the industry grew at a slower pace than that of 2014. Total Industry portfolio at December 2015 was baht 336,641 million, a 6% growth compared to 10% growth or baht 318,141 million in December 2014. Total spending in 2015 amounted to baht 1,393,121 million a growth of 7%, a slowdown compared to 2014 that grew 9%.

Total portfolio for personal loan amounted to baht 324.667 million an increase of 4%, a slower growth rate consequently from the slowing economy. Financial institutions are stricter in credit approval, and put more emphasis on existing quality customers who have payment discipline. However there are still demands in personal loan, especially those in the provincial region and those who are ineligible to apply for credit cards.

Analysis of Financial Condition and Results of Operation

Table 1: Credit Card Industry

		2013			2014			2015		
		Amount	Market Share	Growth Rate	Amount	Market Share	Growth Rate	Amount	Market Share	Growth Rate
Total Spending Amount through Credit Card (Million Baht)	Industry	1,195,041	100.0%	11.2%	1,307,152	100.0%	9.4%	1,393,121	100.0%	6.6%
	Commercial Bank	792,401	66.3%	13.0%	874,175	66.9%	10.3%	923,940	66.3%	5.7%
	Non-Bank Financial Institution	402,641	33.7%	7.9%	432,977	33.1%	7.5%	469,181	33.7%	8.4%
	KTC	120,929	10.1%	4.0%	129,828	9.9%	7.4%	145,800	10.5%	12.3%
Credit Card Account Receivable (Million Baht)	Industry	290,425	100.0%	11.0%	318,141	100.0%	9.5%	336,641	100.0%	5.8%
	Commercial Bank	175,438	60.4%	12.3%	193,394	60.8%	10.2%	204,980	60.9%	6.0%
	Non-Bank Financial Institution	114,988	39.6%	9.1%	124,748	39.2%	8.5%	131,662	39.1%	5.5%
	KTC	35,297	12.2%	3.8%	37,621	11.8%	6.6%	41,412	12.3%	10.1%
Number of Credit Card	Industry	18,548,754	100.0%	10.0%	20,303,751	100.0%	9.5%	21,762,273	100.0%	7.2%
	Commercial Bank	9,028,047	48.7%	9.1%	9,744,241	48.0%	7.9%	10,119,844	46.5%	3.9%
	Non-Bank Financial Institution	9,520,707	51.3%	10.8%	10,559,510	52.0%	10.9%	11,642,429	53.5%	10.3%
	KTC	1,567,283	8.4%	2.5%	1,807,755	8.9%	15.3%	1,887,015	8.7%	4.4%

Analysis of Financial Condition and Results of Operation

Table 2: Personal Loan Industry

		2013			2014			2015		
		Amount	Market Share	Growth Rate	Amount	Market Share	Growth Rate	Amount	Market Share	Growth Rate
Personal Loan Account Receivable (Million Baht)	Industry	299,142	100.0%	16.3%	312,851	100.0%	4.6%	324,667	100.0%	3.8%
	Commercial Bank	158,309	52.9%	15.9%	160,634	51.3%	1.5%	157,890	48.6%	-1.7%
	Non-Bank Financial Institution	140,833	47.1%	16.8%	152,217	48.7%	8.1%	166,777	51.4%	9.6%
	KTC	15,121	5.1%	14.2%	16,644	5.3%	10.1%	18,583	5.7%	11.6%
Amount Personal Loan Member	Industry	11,472,288	100.0%	16.1%	11,842,026	100.0%	3.2%	12,856,191	100.0%	8.6%
	Commercial Bank	2,926,616	25.5%	25.2%	2,861,617	24.2%	-2.2%	2,692,619	20.9%	-5.9%
	Non-Bank Financial Institution	8,545,672	74.5%	13.3%	8,980,409	75.8%	5.1%	10,163,572	79.1%	13.2%
	KTC	638,959	5.6%	2.0%	693,273	5.9%	8.5%	747,343	5.8%	7.8%

Analysis of Financial Condition and Results of Operation

Overview of KTC's performance in 2015

Although the economy slowed down but the outlook of consumer finance are generally positive. The company remained focused on generating revenue and maintaining profit from Card Spending which is higher than the industry. As well as increasing membership from both credit cards and personal loans under strict credit approval process, efficient debt collection, and effective risk management; to keep NPL in an acceptable level. The 2015 operation overview was as follows:

- In 2015 the company reported net income of baht 2,073 million an 18% increased, compared to the net income of baht 1,755 million in 2014. The increase in net income was driven by the income growth in the Credit Card and Personal Loan businesses, as well as improved collection efficiency, and the company's ability to manage financial costs at a lower level.

- Quarterly card spending continued to grow higher than the industry since the first quarter of 2015. The year on year growths of 1Q15, 2Q15, 3Q15 and 4Q15 were 11.0%, 12.3%, 12.5%, and 13.2% respectively. Accordingly, in 2015 the company reported annual card spending growth of 12.3%, higher than the industry's growth of 6.6%; driven by continuous marketing campaigns targeting all market segments. As well as, straightforward online marketing campaigns, conveniently and easily accessible to the target customers, and marketing activities to stimulate card spending, such as exclusive benefits to the Premium segments, valued discounts, cash backs, and reward points to the masses.

- The company experienced a 27.2% growth in the merchant acquiring business, an amount of baht 50,180 million compared to the previous amount of baht 39,459 million. While the number

Analysis of Financial Condition and Results of Operation

Overview of KTC's performance in 2015

of stores increased from 15,456 stores to 23,041 stores a 49.1% expansion; contributed by joint projects with KTB to expand the stores, and installation of EDC devices, which in turn increased transactions from merchant stores.

- Total portfolio expanded 10% compared to the previous year. Credit card portfolio increased from baht 37,621 million to baht 41,412 million, and personal loan portfolio increased from baht 16,644 million to baht 18,583 million.

- Total revenue increased 9% compare to 2014 year end, an amount of baht 15,559 million. Driven by interest income (including usage fee) which increased 7%, Fee Income increased 8%, and Bad Debt Recovery increased 15%.

- Net interest margin of 2015 was at 14.5% increased from 14.3% in the previous year, a contribution of the lower average cost of fund to 3.7% from 4.4%

- Total portfolio NPL level remained low at 2.1%, down from the last year level of 2.4% an impact from tighter portfolio quality control. The company expects that the NPL will continue to stay low at this level.

- Bad debt and doubtful account increased marginally an amount of baht 5,183 million or 4% compared to the previous year, resulting from portfolio growth. The portion of the allowance for doubtful accounts to NPL remains at 399.9%

Analysis of Financial Condition and Results of Operation

Overview of KTC's performance in 2015

- The company reported Operating cost to income ratio at 29.4% up from 27.3% of the previous year, due to the outsourced collection fee expense.

- In 2015 the company realized baht 1.1 million actuarial gain on defined benefit plans, which was derived by actuarial technique using retirement age, mortality rate, disability rate, personnel turnover rate, discount rate, expected rate of salary increase as assumption. The company reported baht 0.9 million in other comprehensive income for the year, net of income tax. The company reported baht 2,074 million of total comprehensive income for the year.

Analysis of Financial Condition and Results of Operation

Table 3: Overall Operating Result Analysis

(Unit : Million Baht)

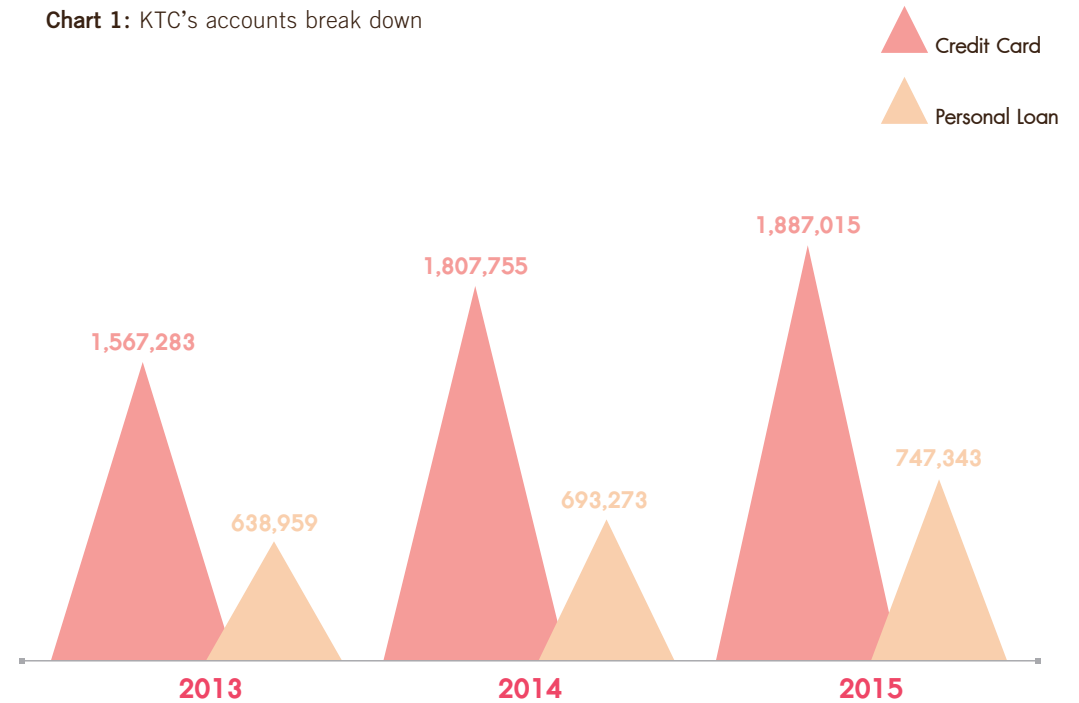
Operating Results	2013		2014		2015		Growth Rate (%) (2014-2015)
		(%)		(%)		(%)	
Total Revenue	13,036	100%	14,337	100%	15,559	100%	9%
– Bad Debt Recovery	1,446	11%	1,766	12%	2,037	13%	15%
Administrative Expenses	4,750	36%	5,377	38%	6,139	39%	14%
Finance Cost	1,865	14%	1,764	12%	1,621	10%	-8%
Bad debts and doubtful accounts	5,090	39%	4,989	35%	5,183	33%	4%
Profit (Loss) before Income Tax	1,331	10%	2,206	15%	2,616	17%	19%
Income Tax – Income (Expense)	(295)	2%	(451)	3%	(543)	3%	20%
Net Profit for the year	1,037	8%	1,755	12%	2,073	13%	18%
Extraordinary income related to sales of the investment	307	2%	-	-	-	-	-
Income tax – income (expense) of Extraordinary items	(61)	0.5%	-	-	-	-	-
Net Profit (Loss)	1,283	10%	1,755	12%	2,073	13%	18%
Other comprehensive income for the year, net of income tax	-	-	-	-	0.9	0.01%	-
Total comprehensive income for the year	-	-	-	-	2,074	13%	-

Analysis of Financial Condition and Results of Operation

Overviews of KTC's performance comparison

At the end of December 2015, the company had total 2.6 million members accounts, increased by 5% comparing to the same period last year of 2.5 million members accounts. The current members could be separated into 1,887,015 credit cards and 747,343 personal loan accounts.

Chart 1: KTC's accounts break down



Analysis of Financial Condition and Results of Operation

Revenue

The Company reported baht 15,559 million of total revenue in 2015, an increase of 9%, contributed by Interest income (including credit usage fee), fee income and other income amounting baht 9,633 million, baht 3,401 million, and baht 2,525 million respectively; or 62%, 22% and 16% respectively of total revenue. The 81% of other income was from bad debt recovery.

Net Interest Income (Including Credit Usage Fee)

Interest income including credit usage fee of year 2015 was baht 9,633 million, or equaled to 61.9% of total revenue, increased from baht 9,036 million at the end of 2014, came from 6% growth on credit card and 8% growth on personal loan. This was due to the credit card and personal loan portfolio growth of 10% and 12% respectively. The CRM (Customer Relationship Management) has been used to find new Premium class customers, and to maintain the number of Mass customer group; plus the marketing activity that helps keeping loyalty customers in a long run.

Average interest received declined from 18.7% to 18.2% due to the decreased in revolving payment of credit card customer comparing to last year. However, the company managed to lower financial cost to 3.7%, comparing to 4.4% in the same period last year. This resulted in Net Interest Margin to increase to 14.5% from previous rate of 14.3%.

Analysis of Financial Condition and Results of Operation

Table 4: Interest Income (Including Credit Usage Fee)

(Unit : Million Baht)

Year Ended December 31,	2013		2014		2015	
	Amount	Proportion of Total Income ⁽¹⁾	Amount	Proportion of Total Income	Amount	Proportion of Total Income
Interest Income						
Credit Card	4,650	35.7%	4,973	34.7%	5,248	33.7%
Personal Loan	3,563	27.3%	3,993	27.9%	4,324	27.8%
Other ⁽²⁾	<u>83</u>	0.6%	<u>69</u>	0.5%	<u>61</u>	0.4%
Total Interest Income	8,296	63.6%	9,036	63.0%	9,633	61.9%
Total Interest Expense	<u>1,865</u>		<u>1,764</u>		<u>1,621</u>	
Net Interest Income	<u>6,431</u>		<u>7,271</u>		<u>8,012</u>	
Yield on Interest Income	18.2%		18.7%		18.2%	
Cost of Fund	<u>4.8%</u>		<u>4.4%</u>		<u>3.7%</u>	
Net Interest margin	<u>13.4%</u>		<u>14.3%</u>		<u>14.5%</u>	

⁽¹⁾ Excluding extraordinary items related to the sale of the investment

⁽²⁾ Other interest income includes incomes from Circle Loan and Self-employed Loan Business.

Analysis of Financial Condition and Results of Operation

Revenue

Non-Interest Income (excluding credit usage fee)

Fee income (excluding credit usage fee) for 2015 amounted to baht 3,401 million a growth of 8% compared to the same period last year, the growth resulted from the cash advance fee (increased 9%), discount fee from merchants (a fee the company received from the merchant that is a member of KTC) increased 28%, and interchange fee (a fee that occur between banks/ card issuer and bank/payment service provider) increased 24%. While the collection fee declined 30%, from the reduced collection fee from baht 250 to 180 from May to October 2015, and reduced again from baht 180 to 100 since November 2015 onward. The collection fee will be in effect until the customer's accounts returns to normal.

The company's bad debt recovery was baht 2,037 million at the end of 2015, increased by 15.3% comparing to the same period last year. Bad debt recovery accounted to 13.1% of total income.

Analysis of Financial Condition and Results of Operation

Table 5: Non-Interest Income Summary

(Unit : Million Baht)

Year Ended December 31,	2013		2014		2015	
	Amount	Percentage of Total Income ⁽²⁾	Amount	Percentage of Total Income	Amount	Percentage of Total Income
Non-Interest Income⁽¹⁾						
Fee and Service Income	2,924	22.4%	3,141	21.9%	3,401	21.9%
Bad Debt Recovery	1,446	11.1%	1,766	12.3%	2,037	13.1%
Net Gain (Loss) on Exchange	69	0.5%	73	0.5%	78	0.5%
Gain from sale of long term investment	307	-	-	-	-	-
Other Income	300	2.3%	321	2.2%	410	2.6%
Total Non-Interest Income	<u>5,047</u>	36.3%	<u>5,301</u>	37.0%	<u>5,926</u>	38.1%
<u>Less:</u> Extraordinary income related to the sale of the investment	307		-		-	
Total Non-Interest Income	<u>4,740</u>		<u>5,301</u>		<u>5,926</u>	
Total Revenue	<u>13,036</u> ⁽²⁾		<u>14,337</u>		<u>15,559</u>	

⁽¹⁾ Excluding Credit Usage Fee

⁽²⁾ Excluding extraordinary items related to the sale of the investment

Analysis of Financial Condition and Results of Operation

Expense

Total expense (excluding interest expense and income tax) of year 2015 was baht 11,323 million, increased 9.2% from baht 10,366 million in the same period of 2014, the total administrative expense increased 14.2%, bad debt and doubtful accounts increased 3.9%

Table 6: Total Expense

(Unit : Million Baht)

Year Ended December 31,	2013		2014		2015	
	Amount	Proportion of Total Income ⁽¹⁾	Amount	Proportion of Total Income	Amount	Proportion of Total Income
Expense						
Bad Debt and Doubtful Account						
Credit Card	3,021	23.2%	3,111	21.7%	2,945	18.9%
Personal Loan	2,027	15.6%	1,843	12.9%	2,205	14.2%
Other (Circle Loan, Self-employed Loan and Others)	42	0.3%	35	0.2%	34	0.2%
Total Bad Debt and Doubtful Account	5,090	39.0%	4,989	34.8%	5,183	33.3%
Selling and Administrative Expense						
Personnal Expense	1,520	11.7%	1,785	12.4%	1,926	12.4%
Marketing Expense	658	5.0%	945	6.6%	956	6.1%
Fees	1,109	8.5%	1,180	8.2%	1,701	10.9%
Other Expense	1,463	11.2%	1,468	10.2%	1,556	10.0%
Total Selling and Administrative Expense	4,750	36.4%	5,377	37.5%	6,139	39.5%
Total Expense	9,840	75.5%	10,366	72.3%	11,323	72.8%

⁽¹⁾ Excluding extraordinary items related to the sale of the investment

Analysis of Financial Condition and Results of Operation

Expense

Total Administrative Expenses

Total administrative expense increased from fees paid to outsource company, and risen bad debts and doubtful accounts, resulting in total expense of baht 11,323 million in year 2015 (excluding interest expense and income tax), increased from baht 10,366 million at the end of 2014, or a 9.2% increase. For year 2015, the company's total expense (including interest expense, but excluding income tax) was baht 12,943 million, increased 7% from baht 12,130 million. The total administrative expense increased 14%, bad debts and doubtful accounts increased 4%, but financial expense decreases 8% from the re-issuance of corporate bond to fill the expired bond at a lower interest rate. The company was able to borrow both short term and long term from various financial institutions, without relying on any specific financial institution.

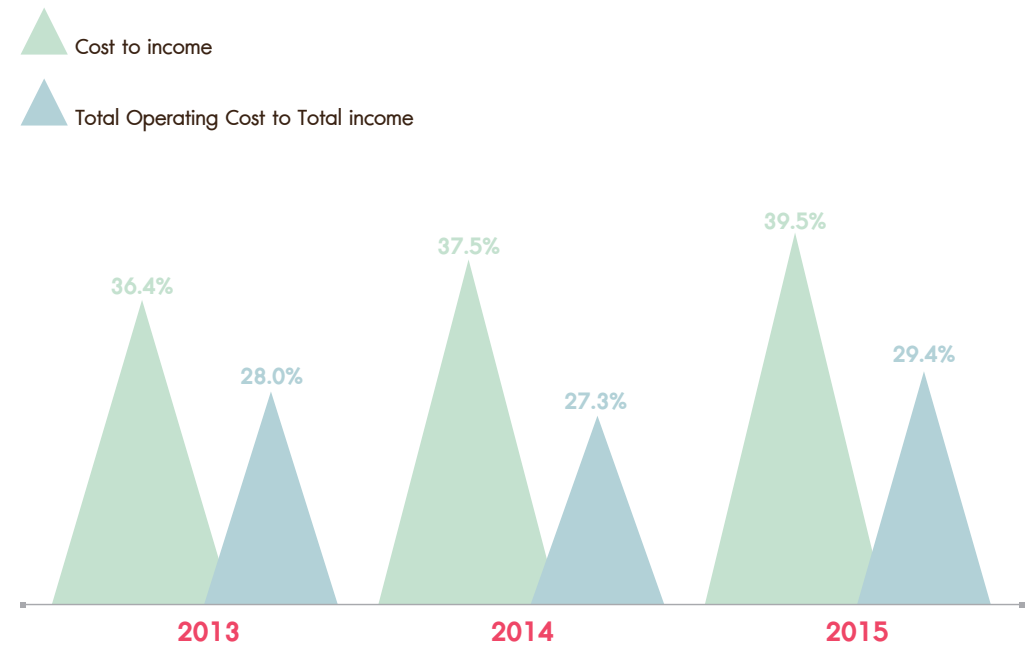
The company realized cost to income ratio at 39.5% increased from the same period of last year of 37.5%. The ratio increased generally from the fee expense which climbed up 44% from 2014, driven by service fee paid to the outsourced collector since May 2015. Marketing expense increased slightly at 1% (YoY) from the company's bid to increase market share in the provincial regions, and also the marketing activities to stimulate credit card spending and personal loan cash advancement.

If only the total operating expense was considered, excluding marketing expenses and interchange fee, the operating cost to income ratio was 29.4% rising from 27.3% of 2014, from the higher fee expense. The operating cost to income ratio, however, is still in the acceptable level.

Analysis of Financial Condition and Results of Operation

Expense

Chart 2: Cost to Income Ratio versus Operating Cost to Income Ratio Comparison 2013 – 2015



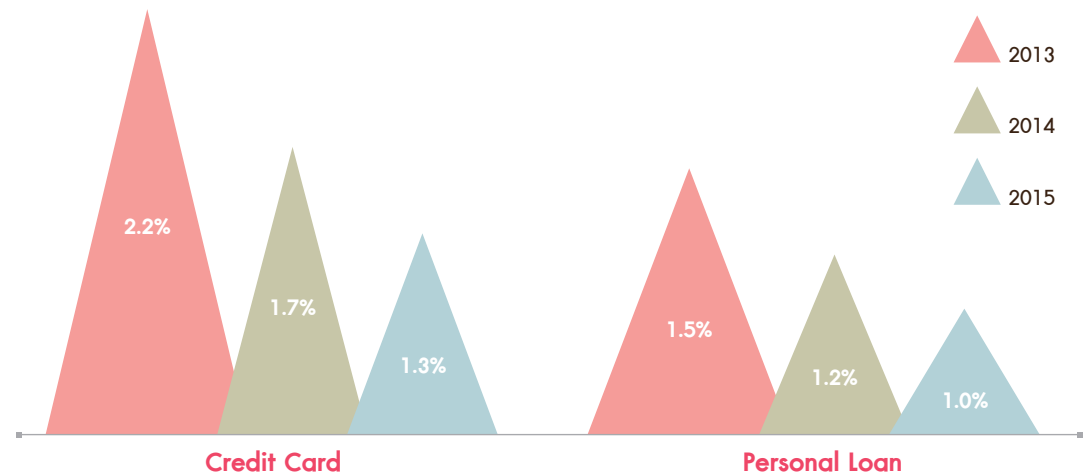
Analysis of Financial Condition and Results of Operation

Expense

Bad debt and Doubtful account

Bad debt and doubtful account amounted to baht 5,183 million increased from baht 4,989 million of last year; due to the company's increase provisioning to reflect the growing portfolio of both the credit card and personal loan business. The company's bad debt and write off increased 9%, or an amount of baht 435 million compared to the same period of last year. The total NPL ratio of 2015 was at 2.1%, decreased from 2.4% in the same period last year. Credit card's NPL decreased from 1.7% to 1.3%, and personal loan's NPL decreased from 1.2% to 1.0%. Resulting from the quality of the total portfolio, NPL amount decreased. Allowance for doubtful account to NPL remained high at 399.9% compared to the same period of 2014 at 363.9%.

Chart 3: Credit Card and Personal Loan's NPL 2013-2015



Analysis of Financial Condition and Results of Operation

Expense

Cost of funds

The company reported total borrowing of baht 45,057 million, an 8% increase from 2014. The structure of the funds was both long term and short term, where the short term borrowing was from related financial institution amounting to baht 79 million, and other financial institution baht 13,904 million. Long term borrowing was from baht 1,850 million of loan, and baht 29,223 million of debentures, with sources from Thai and Foreign commercial banks, Securities Company, Insurance Company, and Asset Management Company. At year end 2015 the company's available credit line was baht 24,640 million, which baht 18,030 million was from Krung Thai Bank and baht 6,610 million from other commercial banks. The average cost of fund at year end 2015 was at 3.74% down from 4.36% contributed by the lowered interest rate from the rollover of matured debenture, combined with the TRIS rating company upgraded on the company's rating, unsecured and unsubordinated debenture, to "A-" from the previous level of "BBB+" to reflect the company's financial stability which lower the company's financial costs as a result. The company's debt to equity ratio was at 5.89 times, which remains below the bond covenant of 10 times.

Analysis of Financial Condition and Results of Operation

Statement of Financial Position

Table 7: Statement of Financial Position

Year Ended December 31

	2013	2014	2015
	Million Baht		
Asset			
Interest earning assets			
Credit Card Receivables - Net	32,875	34,715	38,429
Personal Loan Receivables - Net	13,597	15,201	17,073
Other - Net	242	207	177
Circle loan Receivables - Net	225	195	172
Self-employed loan Receivables - Net	17	11	6
Total Receivables- Net	<u>46,714</u>	<u>50,123</u>	<u>55,679</u>
Non-interest earning assets			
Cash and Cash Equivalent	1,624	735	941
Leasehold improvements and equipment-net	445	371	337
Other current & non-current assets	3,123	3,266	3,223
Total Non-interest earning assets	<u>5,191</u>	<u>4,372</u>	<u>4,500</u>
Total Assets	<u>51,905</u>	<u>54,495</u>	<u>60,179</u>

Analysis of Financial Condition and Results of Operation

Statement of Financial Position

Table 7: Statement of Financial Position (continue)

Year Ended December 31,

	2013	2014	2015
	Million Baht		
Liabilities and Shareholders' Equity			
Liabilities			
Short term Loan and Current portion due within one year	19,008	20,108	21,634
Debenture and Long-Term Loans	20,400	21,480	23,423
Other current & Non-current Liabilities	6,368	5,539	6,389
Total Liabilities	<u>45,776</u>	<u>47,127</u>	<u>51,446</u>
Shareholders' Equity			
Total Shareholders' Equity	<u>6,128</u>	<u>7,368</u>	<u>8,733</u>
Total Liabilities and Shareholders' Equity	<u><u>51,905</u></u>	<u><u>54,495</u></u>	<u><u>60,179</u></u>

Analysis of Financial Condition and Results of Operation

Assets

At 2015 year end the company reported baht 60,179 million of asset, an increase of 10%, up from baht 54,495 million in 2014. The income generating assets were in the form of total net account receivable which was 93% of total asset, amounting to baht 55,679 million, while the 7% was in the form of cash, other receivable, deferred tax asset, and other assets

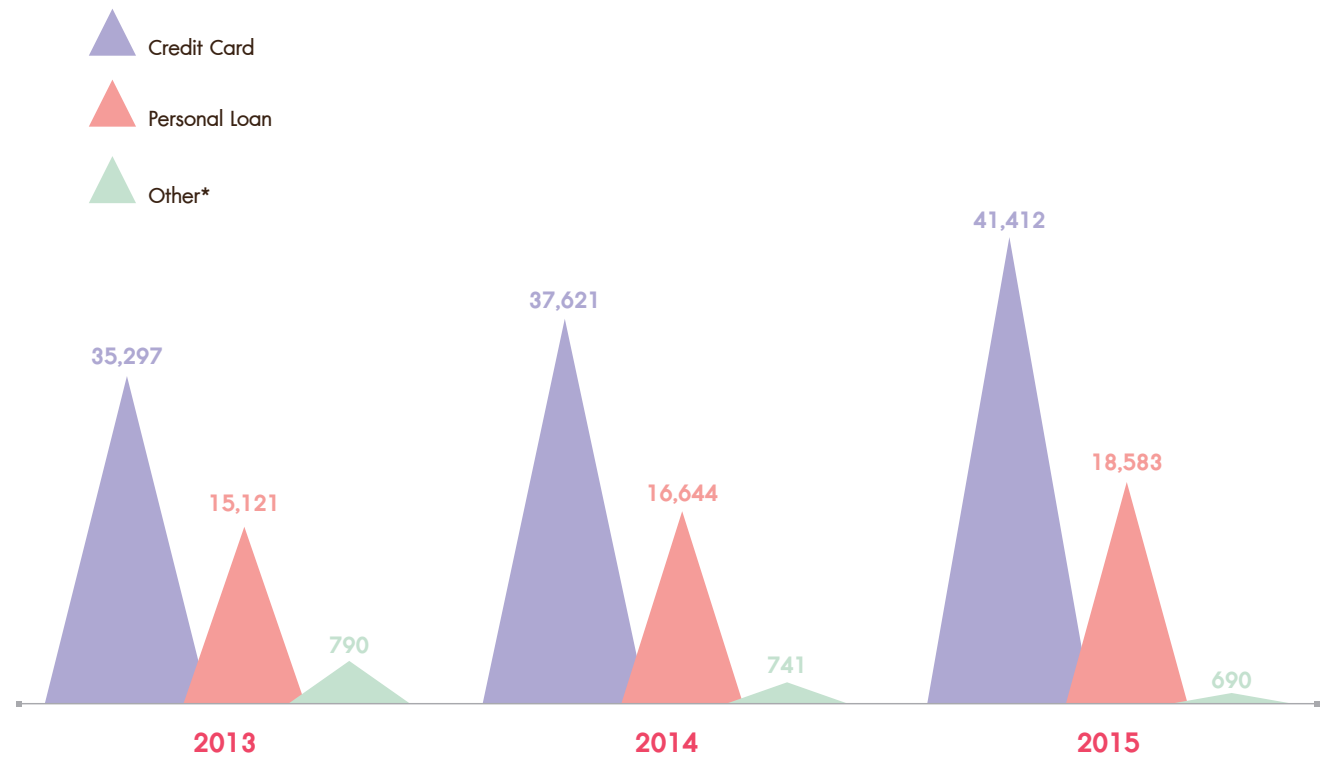
Receivables

Gross receivables increased from baht 55,007 million in 2014 to baht 60,686 million at the end of 2015, of which 68% was credit card portfolio and 31% was personal loan portfolio and another 1% from circle loan and self-employed loan portfolios.

Analysis of Financial Condition and Results of Operation

Assets

Chart 3: Total Account Receivable Structure



* Circle loan and Self-employed loan are included

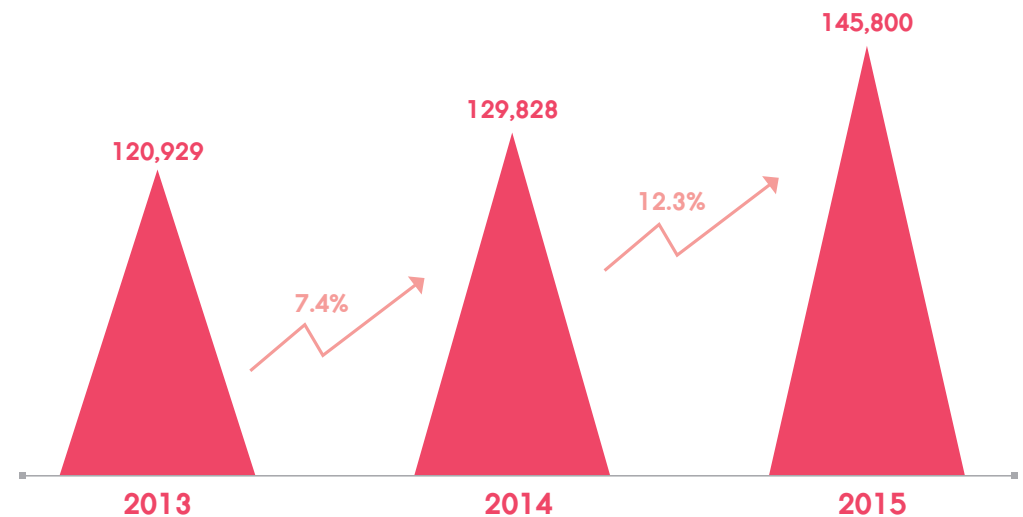
Analysis of Financial Condition and Results of Operation

Assets

Credit Card Receivables

In the previous year, KTC introduced various and continuous marketing campaigns that penetrated all customers segments, providing exclusive privileges to high end customer. While providing middle class customer (Mass) discounts, cash back, reward point redemption, as well as, easy-to-understand online marketing campaign that customers can easily access and use. KTC also provided the marketing activity to stimulate the card member's spending. This was reflected by the increased in credit card spending amount of 2015 that grew 12.3%, higher than industry average of 6.6%.

Chart 4: Total Amount of Credit Card Spending (Unit: Million Baht)



Analysis of Financial Condition and Results of Operation

Assets

Personal Loan Receivables

At the end of 2014, the personal loan receivables was at baht 15,201 million, increased to baht 17,073 million at the end of 2015, a growth rate of 12%, as a result of customer base expansion in the provincial areas that helped increasing the spending amount, and the ready to use credit-KTC PROUD that increased its maximum withdrawal amount.

Portfolio Quality

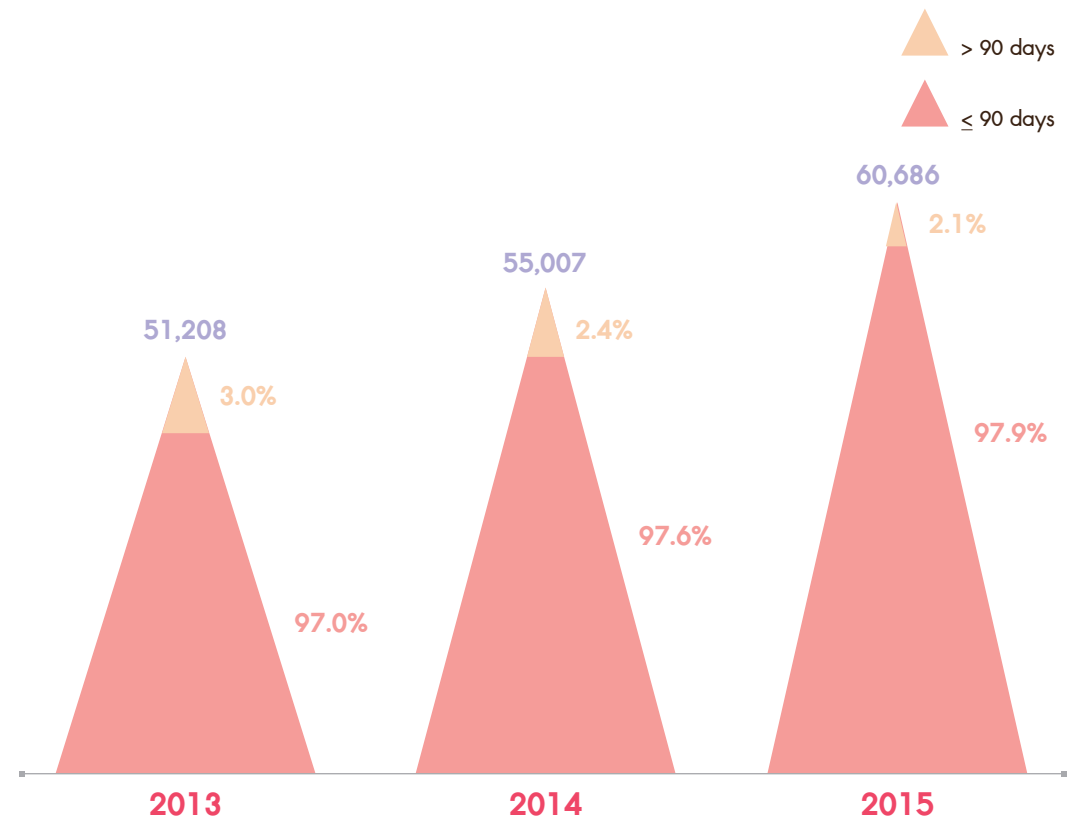
KTC separated its portfolio aging into 2 groups by payment date past due. The first group was the portfolio with payment under 90 days past due; this was the largest group, accounting to 97.9% of total portfolio. The second group was the portfolio with payment over 90 days past due, the company provisioned full amount for this group.

Non Performing loan (NPL) ratio was calculated from accounts with over 90 days past due divided by the company's total receivables. The company's NPL of total portfolio gradually decreased from 3.0% in 2013 to 2.4% in 2014 and continue to drop to 2.1% in 2015; the decrease was achieved by company's continuously emphasis on portfolio quality.

Analysis of Financial Condition and Results of Operation

Assets

Chart 5: Aging of Gross Receivables Comparison at the end of 2013 – 2015 (Unit: Million Baht)



Analysis of Financial Condition and Results of Operation

Liabilities and Shareholder's Equity

At the end of 2015, KTC financial structure consisted of 35.9% short term and long term loan / debenture due within one year, 38.9% long term debenture and long term loan, 10.6% current and other non-current liabilities (trade payable, deferred bonus point, and provision for employee benefit), 14.5% total shareholders' equity. From the Liability and Equity structure, KTC's debt to equity ratio was 5.9 times which was still lower than the debenture's covenant of 10 times.

Table 8: Dividend Payment Statistic during 2013 – 2015

	2013	2014	2015 ⁽¹⁾
Dividend per Share	2.00	2.75	3.25
Dividend Payout Ratio	40.2%	40.4%	40.4%

⁽¹⁾ The right to receive this dividend will be pending until it has been approved by the annual general shareholders meeting in 2016 (Meeting no.14)

The company has a policy to pay the dividend not less than 40% of net profit after tax and legal reserve. The resolution for dividend payment per share of year 2013 and 2014 was 2.0 and 2.75 baht respectively; the dividend payment ratio for the year 2013 equaled to 40.2% and for the year 2014 equaled to 40.4%.

Analysis of Financial Condition and Results of Operation

Company's Operation Plan for 2016

Under the target “To be a membership company through creating solid foundation for a sustainable growth and becoming the most preferred brand”, KTC has progressed as planned. The company continues to move toward the target by emphasizing on brand building, focusing on marketing, and the building of organization culture forging employees as one creative force that will drive the company toward success, and achieve its objective and target.

Company Overview

For year 2016, the company targets to maintain its profit level same as last year in order to earn market shares. KTC will drive credit card spending further, by expanding more membership base in major provincial areas. These activities will be accomplished through various channels, and sustainable relationship management with sales agents. The company is focusing on 3 main topics; efficient human resource development, up to date information technology, and process improvement to reduce work process and optimize performance.

The marketing plan in 2016 continues to be intensive, upgrading the scheme of last year to increase efficiency, innovating new marketing methods, focusing on online function. The company also strives to analyze and seek for new business opportunities. KTC overview of operation strategies are as follow;

Analysis of Financial Condition and Results of Operation

Company's Operation Plan for 2016

KTC Forever Rewards help increase value and privileges for KTC member in both credit card, personal loan: KTC provides point redemption in related segment, or the segments that received good feedback, and further develops the new system "RewardzNow", which is aimed to support new penetrating marketing programs. For personal loan, the company focuses on responding to financial demands by promoting the usage of reward point as interest payment, and installment payment, which adds value to reward point and ultimately increases value of KTC cards ownership.

Continuously penetrate and expand digital service in various businesses. Apart from KTC online services, that provide online transaction via website (Click KTC) and mobile application (TapKTC), KTC continues to penetrate the online business with KTC payment gateway to serve online transactions, e-commerce, and m-commerce. All stores is taken care by the sales and marketing teams to further present KTC payment solutions that is suitable to the business as well as exploring new business opportunities.

KTC will continue to explore new business opportunities. KTC works on businesses with growth, and potential, or synergize with the members' lifestyle. The company will continue to stay creative with its marketing activities that will improve membership satisfaction, and motivate card spending for instance online promotion, various forms of insurance, and the "U Shop V Deliver" service; to improve and provide service variety while focusing on segmentation marketing.

Analysis of Financial Condition and Results of Operation

Company's Operation Plan for 2016

Credit Card Business

For credit cards business, KTC will focus on creating combination of marketing that cover every segment. To be the default spending card, KTC maintains its successful strategies combine with new innovative ideas to reinforce growth. The company seeks to increase new membership by developing simple and convenient solutions with various dimensions of service both online and offline addressing members' demand. The company targets Premium members that have spending capability, while penetrating young generation with modern lifestyle by employing POME (Point of Market Entry) Strategy to create preference and long term loyalty.

Maintain variety and coverage of credit card benefits: By prioritizing everyday usage category while offering value and benefit in the occasional usage category, KTC collaborates with business partners to develop compelling marketing activities, providing a value service in the travel and leisure category that differentiate and strengthen the KTC brand; as well as penetrating other minor categories with future potential growth.

Merchant Acquiring: To penetrate new business, expanding to provincial regions, and work closely with Krung Thai Bank. In 2016, the merchant acquiring business aims to penetrate new business and expand into provincial markets; emphasize both purchase and multiple payments and work closely with Krung Thai Bank to support merchants' growth.

Analysis of Financial Condition and Results of Operation

Company's Operation Plan for 2016

Personal Loan Business

Elevate on KTC Proud product, to increase customer base with targeted marketing. KTC Proud continues to improve and develop new services, such as KTC flexi, Cash installment and new channels for cash advancement. The company also strives to expand KTC Proud membership base via KTC touch which is more convenient and quicker with approval result available within 30 minutes; also utilizing segmented marketing approach using population statistics along with cash advance behaviors to better understand member and in turn effectively satisfy their demands, and creates long lasting loyalty and relationship with the KTC brand.

The Board of Directors' Responsibility for Financial Reports

The Board of Directors places importance on fulfilling its role and responsibilities for the financial statements of Krungthai Card Public Company Limited, as well as the financial information presented in the annual report. The Board, thus, ensure that the preparation of the financial statement is in accordance to the Thai Financial Reporting Standards with appropriate accounting policies applied on a consistent basis; adhering to prudence, accuracy, completeness, truthfulness, and fairness to reflect the company's performance. This is to reflect the company's true operating results in a transparent manner following SET disclosure standard for the benefit of all stakeholders.

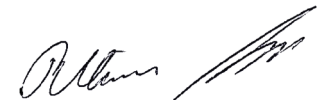
The Board of Directors establishes business policy under good corporate governance, while maintaining appropriate and effective risk management, internal control, and internal audit, to ensure that the financial information are complete and correct. The Board of Directors has appointed an Audit Committee which consists of independent directors, to supervise and review the reliability and accuracy of the Financial Reports. The audit committee has expressed its opinion on the matter in the Audit Committee Report, which has been published in this year's annual report. The Board of Directors sees that the company's overall internal control system is adequate and appropriate to confidently conclude that the Financial Statements for the year ended on 31st December 2015 are reliable and accurate according to the generally accepted accounting principle and standards in compliance to the related laws and regulations governed.



Mrs. Kittiya Todhanakasem

Chairman

Krungthai Card Public Company Limited



Mr. Rathian Srimongkol

President & Chief Executive Officer

Krungthai Card Public Company Limited

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, 2015, and the statement of profit or loss and other 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.

Report of The Independent Certified Public Accountants

To The Shareholders and Board of Directors Krungthai Card Public Company Limited

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.

Report of The Independent Certified Public Accountants

To The Shareholders and
Board of Directors
Krungthai Card Public Company Limited

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, 2015, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Nisakorn Songmanee

BANGKOK

February 10, 2016

Certified Public Accountant (Thailand) Registration No. 5035

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

STATEMENT OF FINANCIAL POSITION

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

AS AT DECEMBER 31, 2015

	Notes	As at December 31, 2015	As at December 31, 2014
BAHT			
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	22	940,554,222	735,120,030
Long-term investment with maturity within one year	7	20,225,155	-
Trade and other receivables			
Trade accounts receivable	5	55,679,111,680	50,123,273,900
Revenue Department receivable		-	54,788,045
Other receivables	6 and 22	1,048,561,430	1,072,152,544
Total Current Assets		<u>57,688,452,487</u>	<u>51,985,334,519</u>
NON-CURRENT ASSETS			
Long-term investments	7	-	20,559,226
Leasehold improvements and equipment	8	336,504,538	370,660,015
Intangible assets	9	506,400,212	505,222,833
Deferred tax assets	10	1,582,144,872	1,547,666,640
Other non-current assets		65,284,340	65,383,974
Total Non-current Assets		<u>2,490,333,962</u>	<u>2,509,492,688</u>
TOTAL ASSETS		<u>60,178,786,449</u>	<u>54,494,827,207</u>

STATEMENT OF FINANCIAL POSITION (CONTINUED)

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

AS AT DECEMBER 31, 2015

	Notes	As at December 31, 2015	As at December 31, 2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term loans from financial institutions			
- Related financial institutions	11 and 22	79,488,958	377,925,731
- Other financial institutions	11	13,904,437,055	12,180,538,240
Trade and other payables			
Trade accounts payable			
- Related financial institution and related parties	22	1,042,851,734	678,210,856
- Other companies		306,450,149	360,811,232
Accrued interest expenses		248,597,329	208,186,780
Income tax payable		303,419,229	257,538,732
Accrued expenses		937,921,897	843,900,835
Other payables	12	1,024,036,122	805,993,183
Current portion of long-term loans	13	1,850,000,000	3,350,000,000
Current portion of long-term debentures	14	5,800,000,000	4,200,000,000
Deferred income for reward points		2,366,573,206	2,241,921,420
Total Current Liabilities		27,863,775,679	25,505,027,009
NON-CURRENT LIABILITIES			
Long-term loans	13	-	1,850,000,000
Long-term debentures	14	23,423,000,000	19,630,000,000
Provision for employee benefits	15	159,292,000	142,000,000
Total Non-current Liabilities		23,582,292,000	21,622,000,000
TOTAL LIABILITIES		51,446,067,679	47,127,027,009

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, 2015

	Note	As at December 31, 2015	As at December 31, 2014
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)			
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital			
257,833,407 ordinary shares of Baht 10.00 each		<u>2,578,334,070</u>	<u>2,578,334,070</u>
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	17	257,833,407	257,833,407
Unappropriated		<u>4,004,742,572</u>	<u>2,639,824,000</u>
TOTAL SHAREHOLDERS' EQUITY		<u>8,732,718,770</u>	<u>7,367,800,198</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>60,178,786,449</u>	<u>54,494,827,207</u>

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

	Notes	2015	2014
		BAHT	
Interest income		6,513,493,867	6,180,939,342
Fee and service income	22	6,520,723,239	5,996,013,979
Bad debt recovered		2,036,983,395	1,766,106,334
Gain on exchange rate - net		78,260,861	72,962,395
Other income	22	409,500,195	320,608,040
Total Revenues		<u>15,558,961,557</u>	<u>14,336,630,090</u>
Administrative expenses	22	5,945,947,848	5,223,235,452
Management remuneration	22.3	193,105,039	153,796,262
Bad debts and doubtful accounts	5.2 and 6	5,183,480,914	4,988,713,080
Total Expenses	18	<u>11,322,533,801</u>	<u>10,365,744,794</u>

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

	Notes	2015	2014
		BAHT	
PROFIT BEFORE FINANCE COSTS AND INCOME TAX EXPENSE		4,236,427,756	3,970,885,296
FINANCE COSTS	22	1,620,897,287	1,764,453,505
PROFIT BEFORE INCOME TAX		2,615,530,469	2,206,431,791
INCOME TAX EXPENSE	20	542,921,503	451,452,483
NET PROFIT FOR THE YEAR		2,072,608,966	1,754,979,308
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain on defined benefit plans		1,128,000	-
Income tax relating to items that will not be reclassified subsequently		(225,600)	-
Other comprehensive income for the year, net of income tax		902,400	-
TOTAL COMPREHENSIVE INCOME FOR THE YEARS		2,073,511,366	1,754,979,308
BASIC EARNINGS PER SHARE	BAHT	8.04	6.81
WEIGHED AVERAGE NUMBER OF ORDINARY	SHARES	257,833,407	257,833,407

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, 2015

	Note	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings Appropriated Legal Reserve	Unappropriated	Total Shareholders' Equity
BAHT						
Beginning balance as at January 1, 2014		2,578,334,070	1,891,808,721	257,833,407	1,400,510,106	6,128,486,304
Dividend paid		-	-	-	(515,665,414)	(515,665,414)
Total comprehensive income		-	-	-	1,754,979,308	1,754,979,308
ENDING BALANCE AS AT DECEMBER 31, 2014		<u>2,578,334,070</u>	<u>1,891,808,721</u>	<u>257,833,407</u>	<u>2,639,824,000</u>	<u>7,367,800,198</u>
Beginning balance as at January 1, 2015		2,578,334,070	1,891,808,721	257,833,407	2,639,824,000	7,367,800,198
Dividend paid		-	-	-	(708,592,794)	(708,592,794)
Total comprehensive income		-	-	-	2,073,511,366	2,073,511,366
ENDING BALANCE AS AT DECEMBER 31, 2015		<u>2,578,334,070</u>	<u>1,891,808,721</u>	<u>257,833,407</u>	<u>4,004,742,572</u>	<u>8,732,718,770</u>

STATEMENT OF CASH FLOWS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
	BAHT	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax expense	2,615,530,469	2,206,431,791
Adjustments for:		
Amortization of premium on debt securities	334,071	334,071
Amortization of deferred interest expense	23,540,160	27,881,962
Employee benefits expense	18,420,000	16,000,000
Depreciation and amortization	267,851,132	278,967,043
Loss from disposal and written-off of leasehold improvements and equipment – net	36,019	4,789,437
Deferred income for reward points – net	124,651,786	53,921,420
Bad debts and doubtful accounts	5,183,480,914	4,988,713,080
Interest expense	1,608,563,852	1,744,642,831
	<u>9,842,408,403</u>	<u>9,321,681,635</u>
Trade accounts receivable increase	(10,717,508,036)	(8,397,903,192)
Other receivables decrease	1,780,456	1,355,528
Other non-current assets (increase) decrease	99,634	(3,838,721)
Trade accounts payable – related financial institution and related parties increase (decrease)	364,640,878	(303,818,888)
Trade accounts payable – others decrease	(14,930,042)	(29,779,660)
Accrued interest expenses increase (decrease)	44,462,044	(27,782,526)
Income tax payable decrease	(262,805)	(83,862)
Accrued expenses increase	94,021,062	314,618,572
Other payables increase (decrease)	218,042,939	(947,022,535)
Cash paid from operations	<u>(167,245,467)</u>	<u>(72,573,649)</u>

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, 2015

	2015	2014
	BAHT	
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)		
Interest expense paid	(1,612,615,347)	(1,729,851,744)
Income tax paid	(531,482,033)	(469,833,963)
Proceeds from income tax refundable	54,788,045	-
Net cash used in operating activities	<u>(2,256,554,802)</u>	<u>(2,272,259,356)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of leasehold improvements and equipment	6,692,750	-
Cash paid for purchases of leasehold improvements and equipment	(97,491,777)	(104,586,267)
Cash paid for purchases of computer software	(183,541,067)	(148,268,270)
Net cash used in investing activities	<u>(274,340,094)</u>	<u>(252,854,537)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans - financial institutions (net)	1,401,921,882	1,322,382,578
Cash paid for repayment of long-term loans	(3,350,000,000)	-
Proceeds from issuance of debentures	9,593,000,000	8,630,000,000
Cash paid for redemption of long-term debentures	(4,200,000,000)	(7,800,000,000)
Dividend paid	(708,592,794)	(515,665,414)
Net cash provided by financing activities	<u>2,736,329,088</u>	<u>1,636,717,164</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	205,434,192	(888,396,729)
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,	735,120,030	1,623,516,759
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,	<u>940,554,222</u>	<u>735,120,030</u>

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, 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

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 year ended December 31, 2015 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.

2.2 Thai Financial Reporting Standards affecting the presentation and/or disclosure in the current year financial statements

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the period beginning on or after January 1, 2015 onwards, as follows:

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2014)	Presentation of Financial Statements
TAS 2 (Revised 2014)	Inventories
TAS 7 (Revised 2014)	Statement of Cash Flows
TAS 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2014)	Events after the Reporting Period
TAS 11 (Revised 2014)	Construction Contracts
TAS 12 (Revised 2014)	Income Taxes
TAS 16 (Revised 2014)	Property, Plant and Equipment
TAS 17 (Revised 2014)	Leases
TAS 18 (Revised 2014)	Revenue
TAS 19 (Revised 2014)	Employee Benefits
TAS 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

Thai Accounting Standards (“TAS”) (Continued)

TAS 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2014)	Borrowing Costs
TAS 24 (Revised 2014)	Related Party Disclosures
TAS 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2014)	Separate Financial Statements
TAS 28 (Revised 2014)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2014)	Earnings per Share
TAS 34 (Revised 2014)	Interim Financial Reporting
TAS 36 (Revised 2014)	Impairment of Assets
TAS 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2014)	Intangible assets
TAS 40 (Revised 2014)	Investment Property

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2014)	Share – Based Payment
TFRS 3 (Revised 2014)	Business Combinations
TFRS 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2014)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement

Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2014)	Government Assistance – No Specific Relation to Operating Activities
TSIC 15 (Revised 2014)	Operating Leases – Incentives
TSIC 25 (Revised 2014)	Income Taxes – Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2014)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2014)	Disclosure – Service Concession Arrangements
TSIC 31 (Revised 2014)	Revenue – Barter Transactions Involving Advertising Services

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

Thai Accounting Standards Interpretations (“TSIC”) (Continued)

TSIC 32 (Revised 2014) Intangible Assets – Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2014)	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2014)	Service Concession Arrangements
TFRIC 13 (Revised 2014)	Customer Loyalty Programmes
TFRIC 14	TAS 19 (Revised 2014) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2014)	Transfers of Assets from Customers
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

Above TFRSs have no material impact on these financial statements, except for the followings:

New Standard on Fair Value Measurement

Impact of the application of TFRS 13

The Company has applied TFRS 13 for the first time in the current year. TFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of TFRS 13 is broad; the fair value measurement requirements of TFRS 13 apply to both financial instrument items and non-financial instrument items for which other TFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of TFRS 2 (Revised 2014) “Share-based Payment”, leasing transactions that are within the scope of TAS 17 (Revised 2014) “Leases”, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

TFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under TFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

Also, TFRS 13 includes extensive disclosure requirements.

TFRS 13 requires prospective application for the financial statements for the periods beginning on or after January 1, 2015 onwards. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of this Standard. Therefore, in accordance with these transitional provisions, the Company has not made any new disclosures required by TFRS 13 for the 2014 comparative period. Other than the additional disclosures in Note 23.4 to financial statements, the application of TFRS 13 has not had any material impact on the amounts recognized in the financial statements.

The Federation of Accounting Professions has issued the Notifications regarding the Conceptual Framework for Financial Reporting (Revised 2015) which are effective on November 6, 2015. The Conceptual Framework have no material impact to the Company's financial statements.

2.3 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective
The Federation of Accounting Professions issued the Notifications regarding the Thai Financial Reporting Standards ("TFRSs"), which are announced in the Royal Gazette and effective for the financial statements for the accounting periods beginning on or after January 1, 2016 onwards as follows:

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events after the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

Thai Accounting Standards (“TAS”) (Continued)

TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible Assets
TAS 40 (Revised 2015)	Investment Property
TAS 41	Agriculture

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2015)	Share-based Payment
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases - Incentives
TSIC 25 (Revised 2015)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2015)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets - Web Site Costs

Thai Financial Reporting Interpretations (“TFRIC”)

TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under TAS 29 (Revised 2014) Financial Reporting in Hyperinflationary Economies

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

Thai Financial Reporting Interpretations (“TFRIC”) (Continued)

TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmes
TFRIC 14 (Revised 2015)	TAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

The Company’s management has assessed the impact of these TFRSs and believes that they will not have material impact on the financial statements for the period in which it is initially applied.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

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 are 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 statement of profit or loss and other comprehensive income in the period of disposal or write-off.

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

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES

Leasehold improvements	Lease period
Furniture, fixtures and office equipment	5 years
Vehicles	5 years
Personal computers and peripheral devices	3 years

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 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 statement of profit or loss and other comprehensive income 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.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES

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 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 statement of profit or loss and other comprehensive income.

The actuarial gains (losses) are recognized as other comprehensive income (loss) in the statement of profit or loss and other 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.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES

Gains or losses on exchange arising on settlements or translation are recognized as operating income or expenses in the statement of profit or loss and other comprehensive income.

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 credit card management service agreement.

3.10 Bad debt recovery

Bad debt recovery is recognized as income in the statement of profit or loss and other comprehensive income in the period which it is collected.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES

3.11 Provident fund

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

3.12 Income tax

Income tax - income (expense) which is a part in calculation of profit or loss for the period 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 statements of profit or loss and other comprehensive income 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.

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

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES

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.

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 statement of profit or loss and other comprehensive income, except for current and deferred taxes of related items that recognized directly in the shareholders' equity in the same or different period.

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.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES

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

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES

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.

Deferred income for reward points

The deferred income arising from reward point program granted to the Company's customers. The deferred income is calculated based on the estimates of redemption rate of the reward points earned by the customers and fair value of reward and is presented in current liabilities in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION

Non-cash items for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
	Thousand Baht	
Payable for the purchase of leasehold improvements and equipment brought forward	34,698	71,362
<u>Add</u> Purchase of leasehold improvements and equipment	100,357	67,922
<u>Less</u> Cash paid for the purchase of leasehold improvements and equipment	<u>(97,492)</u>	<u>(104,586)</u>
Payable for the purchase of leasehold improvements and equipment carried forward (presented as a part of Trade accounts payable - others)	<u>37,563</u>	<u>34,698</u>
Payable for the purchase of computer software brought forward	162,332	108,620
<u>Add</u> Purchase of computer software	141,245	201,980
<u>Less</u> Cash paid for the purchase of computer software	<u>(183,541)</u>	<u>(148,268)</u>
Payable for the purchase of computer software carried forward (presented as a part of Trade accounts payable - others)	<u>120,036</u>	<u>162,332</u>

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015					
	Credit card	Circle loan	Personal loan	Self-employed loan	Total
Thousand Baht					
Not over 90 days	40,854,798	183,776	18,389,181	5,933	59,433,688
91 - 180 days	211,657	1,208	88,980	-	301,845
181 days and over	346,017	7,553	104,635	491,921	950,126
Total	41,412,472	192,537	18,582,796	497,854	60,685,659
<u>Less</u> Allowance for doubtful accounts	(2,983,427)	(20,762)	(1,510,178)	(492,180)	(5,006,547)
Trade accounts receivable	38,429,045	171,775	17,072,618	5,674	55,679,112

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

5. TRADE ACCOUNTS RECEIVABLE

	As at December 31, 2014				
	Credit card	Circle loan	Personal Loan	Self-employed loan	Total
	Thousand Baht				
Not over 90 days	36,995,229	208,613	16,449,231	11,870	53,664,943
91 - 180 days	279,035	1,098	105,561	179	385,873
181 days and over	347,080	6,073	89,561	513,255	955,969
Total	37,621,344	215,784	16,644,353	525,304	55,006,785
<u>Less</u> Allowance for doubtful accounts	(2,906,282)	(20,295)	(1,443,013)	(513,921)	(4,883,511)
Trade accounts receivable	34,715,062	195,489	15,201,340	11,383	50,123,274

As at December 31, 2015 and 2014, receivables in default for more than 3 periods which their accrued interest are still recognized are Baht 301.8 million and Baht 385.8 million, respectively. However, such receivables are fully reserved as at December 31, 2015 and 2014. Accrued interest from such receivables which is recognized as income for the years ended December 31, 2015 and 2014 are Baht 58.5 million and Baht 77.8 million, respectively.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

5. TRADE ACCOUNTS RECEIVABLE

5.2 Bad debts and doubtful accounts

Bad debts and doubtful accounts for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
	Thousand Baht	
Bad debts	5,038,634	4,603,373
Doubtful accounts	<u>123,036</u>	<u>389,680</u>
Total bad debts and doubtful accounts	<u>5,161,670</u>	<u>4,993,053</u>

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

6. OTHER RECEIVABLES

Other receivables as at December 31, 2015 and 2014 are as follows:

	2015	2014
	Thousand Baht	
Other credit card receivables	364,383	365,218
Accrued fees and interest income	519,979	469,609
Prepaid expenses	108,391	144,313
Suspended accounts	17,415	6,080
Others	79,505	106,234
<u>Less Allowance for doubtful accounts</u>	<u>(41,112)</u>	<u>(19,301)</u>
Total other receivables	<u>1,048,561</u>	<u>1,072,153</u>

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 19.3 million at December 31, 2015 and 2014.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

7. LONG-TERM INVESTMENTS

Long-term investments as at December 31, 2015 and 2014 consist of the following:

	2015			2014		
	Cost/ Amortized Cost	Unrealized Gains	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Fair Value
	Thousand Baht					
Securities Held-to-Maturity						
Government securities	20,225	768	20,993	20,559	917	21,476
<u>Less</u> Long-term investment with maturity within one year	(20,225)		(20,993)	-		-
Total long-term investments	-		-	20,559		21,476

As at December 31, 2015, the Company pledged government bonds with Krung Thai Bank Public Company Limited totally of Baht 5.1 million. The amount of Baht 2.5 million is for collateral of the Collection Service Agreement. The amount of Baht 2.6 million is for issue letter of guarantees to another companies for the Company's business (as at December 31, 2014: Baht 5.6 Million).

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

8. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment as at December 31, 2015 and 2014 are as follows:

	As at December 31, 2015				
	Balance as at December 31, 2014	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2015
	Thousand Baht				
Costs:					
Leasehold improvements	470,478	-	(10,463)	101	460,116
Furniture, fixtures and office equipment	958,239	42,919	(92,927)	38,394	946,625
Vehicles	154	-	-	-	154
Total	<u>1,428,871</u>	<u>42,919</u>	<u>(103,390)</u>	<u>38,495</u>	<u>1,406,895</u>
Accumulated depreciation and amortization:					
Leasehold improvements	(431,444)	(23,485)	9,221	-	(445,708)
Furniture, fixtures and office equipment	(664,870)	(104,722)	87,441	-	(682,151)
Vehicles	(97)	(31)	-	-	(128)
Total	<u>(1,096,411)</u>	<u>(128,238)</u>	<u>96,662</u>	<u>-</u>	<u>(1,127,987)</u>
Assets under installation	151,040	57,438	-	(38,041)	170,437
<u>Less</u> Allowance for impairment of assets	<u>(112,840)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112,840)</u>
Leasehold improvements and equipment	<u><u>370,660</u></u>				<u><u>336,505</u></u>

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

8. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

	As at December 31, 2014				Balance as at December 31, 2014
	Balance as at December 31, 2013	Additions	Disposals	Transfer in (Transfer out)	
	Thousand Baht				
Costs:					
Leasehold improvements	484,582	-	(16,775)	2,671	470,478
Furniture, fixtures and office equipment	923,195	9,132	(73,068)	98,980	958,239
Vehicles	154	-	-	-	154
Total	<u>1,407,931</u>	<u>9,132</u>	<u>(89,843)</u>	<u>101,651</u>	<u>1,428,871</u>
Accumulated depreciation and amortization:					
Leasehold improvements	(420,550)	(27,669)	16,775	-	(431,444)
Furniture, fixtures and office equipment	(623,776)	(113,389)	72,295	-	(664,870)
Vehicles	(66)	(31)	-	-	(97)
Total	<u>(1,044,392)</u>	<u>(141,089)</u>	<u>89,070</u>	<u>-</u>	<u>(1,096,411)</u>
Assets under installation	<u>193,901</u>	<u>58,790</u>	<u>-</u>	<u>(101,651)</u>	<u>151,040</u>
<u>Less</u> Allowance for impairment of assets	<u>(112,840)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112,840)</u>
Leasehold improvements and equipment	<u><u>444,600</u></u>				<u><u>370,660</u></u>

Depreciation and amortization for the years ended December 31,

2015	Thousand Baht	<u>128,238</u>
2014	Thousand Baht	<u>141,089</u>

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

8. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

As at December 31, 2015 and 2014, the costs of fully depreciated assets still in use are Baht 756.37 million and 793.60 million, respectively.

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, 2015 and 2014, the allowance for impairment of certain equipment is Baht 112.84 million and allowance for impairment of cost of computer development is Baht 298.98 million (Note 9).

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

9. INTANGIBLE ASSETS

Intangible assets as at December 31, 2015 and 2014 are as follows:

	As at December 31, 2015				
	Balance as at December 31, 2014	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2015
	Thousand Baht				
Computer software	957,847	58,528	(17,416)	103,689	1,102,648
<u>Less</u> Accumulated amortization	<u>(522,291)</u>	<u>(139,613)</u>	<u>17,413</u>	<u>(18,253)</u>	<u>(662,744)</u>
	435,556				439,904
<u>Add</u> Software under installation	<u>368,649</u>	<u>82,762</u>	<u>(42)</u>	<u>(85,890)</u>	<u>365,479</u>
<u>Less</u> Allowance for impairment of assets (Note 8)	<u>(298,983)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(298,983)</u>
Intangible assets	<u>505,222</u>				<u>506,400</u>

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

9. INTANGIBLE ASSETS

	As at December 31, 2014				
	Balance as at December 31, 2013	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2014
	Thousand Baht				
Computer software	862,747	19,103	(60,705)	136,702	957,847
<u>Less</u> Accumulated amortization	<u>(441,101)</u>	<u>(137,878)</u>	<u>56,688</u>	<u>-</u>	<u>(522,291)</u>
	421,646				435,556
<u>Add</u> Software under installation	<u>322,474</u>	<u>182,877</u>	<u>-</u>	<u>(136,702)</u>	<u>368,649</u>
<u>Less</u> Allowance for impairment of assets (Note 8)	<u>(298,983)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(298,983)</u>
Intangible assets	<u><u>445,137</u></u>				<u><u>505,222</u></u>
Amortization for the years ended December 31,					
2015				Thousand Baht	<u><u>139,613</u></u>
2014				Thousand Baht	<u><u>137,878</u></u>

As at December 31, 2015 and 2014, the costs of fully amortized intangible assets still in use are Baht 365.30 million and 330.61 million, respectively.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

10. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2015 and 2014 are as follows:

	2015	2014
	Thousand Baht	
Deferred tax assets	<u>1,582,145</u>	<u>1,547,667</u>

Deferred tax assets as at December 31, 2015 and 2014 consist of tax effects from the following items:

	Balance as at December 31, 2014	Item as recognized into profit or loss	Item as recognized into other comprehensive income	Balance as at December 31, 2015
	Thousand Baht			
Allowance for doubtful accounts	1,002,614	25,476	-	1,028,090
Allowance for impairment of assets	82,364	-	-	82,364
Deferred income for reward points	448,384	24,931	-	473,315
Difference from depreciation rate	(38,221)	(19,829)	-	(58,050)
Others	<u>52,525</u>	<u>4,126</u>	<u>(225)</u>	<u>56,426</u>
Deferred tax assets	<u>1,547,666</u>	<u>34,704</u>	<u>(225)</u>	<u>1,582,145</u>

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

10. DEFERRED TAX ASSETS

	Balance as at December 31, 2013	Item as recognized into profit or loss	Item as recognized into other comprehensive income	Balance as at December 31, 2014
	Thousand Baht			
Allowance for doubtful accounts	934,482	68,132	-	1,002,614
Allowance for impairment of assets	82,364	-	-	82,364
Deferred income for reward points	437,600	10,784	-	448,384
Difference from depreciation rate	(28,392)	(9,829)	-	(38,221)
Others	40,701	11,824	-	52,525
Deferred tax assets	<u>1,466,755</u>	<u>80,911</u>	<u>-</u>	<u>1,547,666</u>

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

11. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Promissory notes and bills of exchange have interest rates at Money Market Rate (MMR), which is in between 1.70% and 3.75% per annum with maturity on demand to one year and are unsecured.

The fair values of short-term loans are considered to approximate the amount disclosed in statement of financial position because their maturities on demand to one year. The fair values are categorized as level 2 in the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

12. OTHER PAYABLES

Other payables as at December 31, 2015 and 2014 are as follows:

	2015	2014
	Thousand Baht	
Exceed payment from customers	193,033	154,665
Other payables	602,412	463,264
Suspended accounts	60,623	84,688
Others	167,968	103,376
Total other payables	<u>1,024,036</u>	<u>805,993</u>

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

13. LONG-TERM LOANS

Long-term loans as at December 31, 2015 and 2014 are as follows:

	2015			2014		
	Average interest rate %	Due within the year	Amount Thousand Baht	Average interest rate %	Due within the year	Amount Thousand Baht
Loans in Baht	5.26	2016	1,850,000	4.83	2016	5,200,000
<u>Less</u> Current portion of long-term loans			<u>(1,850,000)</u>			<u>(3,350,000)</u>
Total long-term loans			<u><u>-</u></u>			<u><u>1,850,000</u></u>

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

13. LONG-TERM LOANS

As at December 31, 2015 and 2014, 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 (Million Baht)	Maturity Date	Interest Rate (% p.a.)	Interest Payable Period	Balance as at December 31,	
						2015	2014
						Million Baht	
Long-term loan	12 Jun 2012	350	15 Jun 2015	5.20	Monthly	-	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	1,000	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						1,850	5,200

The fair values of loan-term loans are considered to approximate the amount disclosed in statement of financial position because their maturities on demand to one year. The fair values are categorized as level 2 in the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

14. LONG-TERM DEBENTURES

Long-term debentures as at December 31, 2015 and 2014 are as follows:

	2015	2014
	Thousand Baht	
Debentures	29,223,000	23,830,000
<u>Less</u> Current portion of debentures	<u>(5,800,000)</u>	<u>(4,200,000)</u>
Total long-term debentures	<u>23,423,000</u>	<u>19,630,000</u>

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

14. LONG-TERM DEBENTURES

Details of debentures can be summarized as follows:

Type	Date of Issuance	Amount (Million Baht)	Maturity Date	Interest Rate (% p.a.)	Interest Payable Period	Balance as at December 31,	
						2015	2014
						Million Baht	
Senior unsecured debentures	17 Oct 2011	1,000	17 Oct 2015	5.50 – 6.00	Quarterly	-	1,000
Senior unsecured debentures	6 Aug 2012	3,200	6 Aug 2015	5.20	Quarterly	-	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	2,000
Senior unsecured debentures	9 Aug 2013	2,200	9 Aug 2016	4.75	Quarterly	2,200	2,200
Senior unsecured debentures	9 Aug 2013	800	9 Aug 2018	5.00	Quarterly	800	800
Senior unsecured debentures	12 Nov 2013	5,000	12 Nov 2017	4.80	Quarterly	5,000	5,000
Senior unsecured debentures	2 Apr 2014	500	2 Apr 2017	4.00	Semi-annually	500	500
Senior unsecured debentures	7 May 2014	500	16 May 2017	3.95	Semi-annually	500	500
Senior unsecured debentures	9 May 2014	200	13 May 2016	3.65	Quarterly	200	200
Senior unsecured debentures	8 Jul 2014	200	7 Jul 2017	3.80	Quarterly	200	200
Senior unsecured debentures	10 Jul 2014	200	8 Jul 2016	3.60	Quarterly	200	200
Senior unsecured debentures	13 Aug 2014	200	22 Aug 2017	3.70	Semi-annually	200	200
Senior unsecured debentures	19 Aug 2014	2,000	18 Aug 2017	4.00 – 4.50	Quarterly	2,000	2,000
Senior unsecured debentures	1 Sep 2014	300	16 Mar 2018	3.80	Semi-annually	300	300

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

14. LONG-TERM DEBENTURES

Type	Date of Issuance	Amount (Million Baht)	Maturing Date	Interesting Rate (% p.a.)	Interest Payable Period	Balance as at 31 December	
						2015	2014
						Million Baht	
Senior unsecured debentures	10 Oct 2014	400	10 Oct 2017	3.70	Semi-annually	400	400
Senior unsecured debentures	17 Oct 2014	4,000	9 Aug 2018	4.30	Quarterly	4,000	4,000
Senior unsecured debentures	28 Nov 2014	130	7 Dec 2017	3.65	Semi-annually	130	130
Senior unsecured debentures	10 Feb 2015	200	18 Feb 2016	3.00	Semi-annually	200	-
Senior unsecured debentures	10 Feb 2015	138	15 Feb 2017	3.15	Semi-annually	138	-
Senior unsecured debentures	3 Jul 2015	500	4 Jul 2017	2.12	Semi-annually	500	-
Senior unsecured debentures	3 Jul 2015	1,120	3 Jul 2018	2.54	Semi-annually	1,120	-
Senior unsecured debentures	3 Jul 2015	550	7 Nov 2018	2.65	Semi-annually	550	-
Senior unsecured debentures	14 Aug 2015	2,000	14 Aug 2019	3.75	Quarterly	2,000	-
Senior unsecured debentures	16 Sep 2015	1,000	16 Sep 2025	4.00	Semi-annually	1,000	-
Senior unsecured debentures	1 Oct. 2015	2,000	1 Oct 2020	3.14	Semi-annually	2,000	-
Senior unsecured debentures	20 Oct. 2015	385	14 Aug 2019	3.75	Quarterly	385	-
Senior unsecured debentures	11 Nov. 2015	700	11 Nov 2022	3.68	Semi-annually	700	-
Senior unsecured debentures	20 Nov. 2015	1,000	20 Nov 2025	3.90	Semi-annually	1,000	-
Total debentures						29,223	23,830

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

15. 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 statement of profit or loss and other comprehensive income for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
	Thousand Baht	
Current service cost	18,645	16,207
Past service cost	(5,270)	-
Interest on obligation	6,811	8,794
	<u>20,186</u>	<u>25,001</u>

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

15. PROVISION FOR EMPLOYEE BENEFITS

Movements in the present value of the defined benefit obligation for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
	Thousand Baht	
Defined benefit obligation brought forward	142,000	126,000
Current service cost	18,645	16,207
Interest on obligation	6,811	8,794
Actuarial gain recognized in other comprehensive income		
from changes in financial assumptions	(1,128)	-
Past service cost	(5,270)	-
Paid to employee	(1,766)	(9,001)
Defined benefit obligation carried forward	<u>159,292</u>	<u>142,000</u>

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

15. PROVISION FOR EMPLOYEE BENEFITS

The principal assumptions used for the purpose of the actuarial valuations for calculation of defined benefit obligation as at December 31, 2015 and 2014 are as follows:

	As at December 31, 2015	As at December 31, 2014
Retirement age	60 years	60 years
Mortality rate	Thai Mortality Table 2008	Thai Mortality Table 2008
Disability rate	10% of mortality rate	10% of mortality rate
Personnel turnover rate	5.0%	5.0%
Discount rate	3.99%	4.24%
Expected salary incremental rate	6.00%	6.33%

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

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15. PROVISION FOR EMPLOYEE BENEFITS

Significant actuarial assumptions for the determination of the defined benefit obligations are expected salary incremental rate, personnel turnover rate and discount rate. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring, while holding all other assumptions constant which reflects increasing (decreasing) in the obligations if the assumptions change by 1% as at December 31, are as follows:

	2015	2014
	Thousand Baht	
Salary incremental rates - 1% increase	17,847	17,140
Salary incremental rates - 1% decrease	(15,582)	(14,780)
Personnel turnover rate - 1% increase	(17,908)	(17,000)
Personnel turnover rate - 1% decrease	20,852	20,030
Discount rate - 1% increase	(16,201)	(15,350)
Discount rate - 1% decrease	18,966	18,180

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the report period, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

16. 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 2015 remains unchanged from 2014.

The capital structure of the Company consists of debt, which includes the loans and debentures disclosed in Notes 13 and 14 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.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

17. 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.

As at December 31, 2015 and 2014, the Company's legal reserve reaches 10% of the registered share capital.

On April 23, 2015, the ordinary shareholders' meeting passed resolutions to pay dividend for the year 2014 at Baht 2.75 per share totally of Baht 708.59 million. The Company already paid dividend on May 14, 2015.

On April 25, 2014, the ordinary shareholders' meeting passed resolutions to pay dividend for the year 2013 at Baht 2.00 per share totally of Baht 515.67 million and to appropriate for legal reserve of Baht 72.53 million from net profit for the year 2013. The Company already paid dividend on May 12, 2014.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

18. EXPENSES BY NATURE

Net profit for the years ended December 31, 2015 and 2014 have been arrived at after charging the following items:

	2015	2014
	Thousand Baht	
Management remuneration	193,105	153,796
Staff costs	1,732,754	1,630,817
Depreciation and amortization	267,851	278,967
Consulting and other fees	1,701,429	1,179,666
Marketing fee	955,774	944,548
Rental fees for premises and equipment	307,691	292,601
Premises and equipment expenses	161,642	139,057
Communication expenses	193,335	205,564
Special business tax & duty stamp	380,729	350,459
Bad debts and doubtful accounts	5,183,481	4,988,713
Others	244,743	201,557
Total Expenses	<u>11,322,534</u>	<u>10,365,745</u>

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

19. 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 statement of comprehensive income for the years ended December 31, 2015 and 2014 amounted to Baht 52.3 million and Baht 50.0 million, respectively.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

20. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
	Thousand Baht	
Income tax expense per income tax return	(577,625)	(532,364)
Adjustment for deferred tax relating to the origination and reversal of temporary differences	<u>34,704</u>	<u>80,911</u>
Income tax expense per the statements of profit or loss and other comprehensive income	<u>(542,921)</u>	<u>(451,453)</u>

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

20. INCOME TAX EXPENSE

The reconciliation between income tax expense and accounting profit for the years ended December 31, 2015 and 2014 are follows:

	2015	2014
	Thousand Baht	
Accounting profit before tax	<u>2,615,530</u>	<u>2,206,432</u>
Income tax expense at domestic tax rates		
20% tax rate	(523,106)	(441,286)
Tax effect of non-deductible expenses	<u>(19,815)</u>	<u>(10,167)</u>
Income tax expense per the statements of profit or loss and other comprehensive income	(542,921)	(451,453)
Adjustment for deferred tax relating to the origination and reversal of temporary differences	<u>(34,704)</u>	<u>(80,911)</u>
Income tax expense per income tax return	<u><u>(577,625)</u></u>	<u><u>(532,364)</u></u>

The Company used tax rates of 20% for the corporate income tax calculation for the year ended December 31, 2015 and 2014, respectively.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

21. LONG-TERM AGREEMENTS

The Company has long-term agreements as at December 31, 2015 and 2014 as follows:

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:

	2015	2014
	Thousand Baht	
Within 1 year	228,986	246,216
Over 1 year to 5 years	<u>129,375</u>	<u>282,183</u>
	<u><u>358,361</u></u>	<u><u>528,399</u></u>

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

22. 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.

22.1 The significant balances with related parties

The significant balances with related parties as at December 31, 2015 and 2014 are as follows:

Related parties	Relationship	2015	2014
		Thousand Baht	
Krung Thai Bank Public Company Limited	Major Shareholder		
- Deposits at a financial institution (a part of cash and cash equivalents)		590,003	373,030
- Other receivables		9,578	12,229
- Short-term loans		-	99,497
- Trade accounts payable		1,039,965	675,579
- Other current liabilities		1,557	1,557
KTB Computer Services Co., Ltd.	Same Ultimate Holding Company		
- Other receivables		6,709	5,375
- Trade accounts payable		1,704	1,535

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

22. TRANSACTIONS WITH RELATED PARTIES

Related Parties	Relationship	2015	2014
		Thousand Baht	
KTB General Services Co., Ltd.	Same Ultimate Holding Company		
- Trade accounts payable		894	872
Krung Thai Assets Management Pcl	Same Ultimate Holding Company		
- Other receivables		5,196	4,603
- Trade accounts payable		78	71
Krungthai Panich Insurance Pcl.	Same Ultimate Holding Company		
- Other receivables		3,570	1,340
- Short Term Loans		79,489	278,429
- Trade accounts payable		68	-
KTB Leasing Co., Ltd.	Same Ultimate Holding Company		
- Other receivables		-	148
- Trade accounts payable		93	-
Krungthai AXA Life Insurance Pcl.	Same Ultimate Holding Company		
- Trade accounts payable		50	155

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

22. TRANSACTIONS WITH RELATED PARTIES

22.1.1 Movements of short-term loans

Movements of short-term loans from related financial institutions for the years ended December 31, 2015 and 2014 are as follows:

Related parties	Relationship	2015	2014
Thousand Baht			
Krung Thai Bank Public Company Limited	Major Shareholder		
Beginning balance		99,497	-
<u>Add</u> Borrowings during the year		100,503	999,497
<u>Less</u> Repayments during the year		(200,000)	(900,000)
Ending balance		<u>-</u>	<u>99,497</u>
Krungthai Panich Insurance Pcl.	Same Ultimate Holding Company		
Beginning balance		278,429	-
<u>Add</u> Borrowings during the year		561,060	648,429
<u>Less</u> Repayments during the year		(760,000)	(370,000)
Ending balance		<u>79,489</u>	<u>278,429</u>

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

22. TRANSACTIONS WITH RELATED PARTIES

Related parties	Relationship	2015	2014
		Thousand Baht	
KT Zmico Securities Co., Ltd.	Same Ultimate Holding Company		
Beginning balance		-	10,982
<u>Add</u> Borrowings during the year		-	18
<u>Less</u> Repayments during the year		-	(11,000)
Ending balance		-	-

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 1.70% and 3.40% per annum.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

22. TRANSACTIONS WITH RELATED PARTIES

22.2 The significant transactions with related parties

The significant transactions with related parties for the years ended December 31, 2015 and 2014 are as follows:

Related parties	Relationship	2015	2014
		Thousand Baht	
Krung Thai Bank Public Company Limited	Major Shareholder		
- Fee and service income		48	12
- Other income		54,056	39,348
- Administrative expenses		189,151	159,196
- Finance cost		9,357	12,536
KTB Computer Services Co., Ltd.	Same Ultimate Holding Company		
- Fee and service income		13,423	10,704
- Administrative expenses		16,161	14,333
KTB General Services Co., Ltd.	Same Ultimate Holding Company		
- Administrative expenses		5,377	5,377
Krung Thai Assets Management Pcl.	Same Ultimate Holding Company		
- Fee and service income		7,465	6,204
- Administrative expenses		78	167

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

22. TRANSACTIONS WITH RELATED PARTIES

Related parties	Relationship	2015	2014
		Thousand Baht	
Krungthai Panich Insurance Pcl.	Same Ultimate Holding Company		
- Fee and service income		2,059	2,589
- Other income		20,830	16,346
- Administrative expenses		-	72
- Finance cost		6,105	4,508
KT Zmico Securities Co., Ltd.	Same Ultimate Holding Company		
- Admin expenses		5	-
- Finance cost		-	18
KTB Leasing Co., Ltd.	Same Ultimate Holding Company		
- Administrative expenses		1,113	984
Krungthai AXA Life Insurance Pcl	Same Ultimate Holding Company		
- Administrative expenses		35,540	33,474

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

22. TRANSACTIONS WITH RELATED PARTIES

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. Subsequently, on May 15, 2006, the Company and KTB entered into credit card management service agreement's amendment. Under the terms of the agreement's amendment, the service fee for the period from July 1, 2008 until the termination date was at various rates depended on transaction volume. Other fees were calculated by using actual cost incurred plus service fee at agreed rate.

- **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 March 10, 2014, the Company entered into the back office service agreement's amendment (No. 8), the service fee for July 1, 2013 to June 30, 2014 is Baht 4.0 million per year. On September

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

22. TRANSACTIONS WITH RELATED PARTIES

18, 2014, the Company entered into the back office service agreement's amendment (No. 9), the service fee for July 1, 2014 to June 30, 2015 is Baht 4.0 million per year. The fee for other back office support is at various rates depended on volume of transaction. As at December 31, 2015, the counter party has not issued additional agreement's amendment.

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 February 27, 2014, 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 1, 2014 and will effective until December 31, 2014. The agreement can be renewed by using a new agreement for 1 year each.

On February 24, 2015, 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 1, 2015 and will effective until December 31, 2015. The agreement can be renewed by using a new agreement for 1 year each.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

22. TRANSACTIONS WITH RELATED PARTIES

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.

- **Collection service agreement**

On March 31, 2014, the Company entered into collection service agreement with KTB whereby the Company agreed to provide collection service by comply with procedures stipulated in the agreement. The term of this agreement is 1 year commencing from April 1, 2014 and will effective until March 31, 2015. The agreement can be renewed for 1 year each which KTB is requested to issue renewal acknowledgement letter to the Company.

On April 24, 2015, the Company entered into collection service agreement with KTB whereby the Company agreed to provide collection service by comply with procedures stipulated in the agreement. The term of this agreement is 9 months commencing from April 1, 2015 and will effective until December 31, 2015.

Thai government bonds of Baht 2.5 million are pledged as collateral for commitment with KTB in execution of agreement and securing KTB's contingent loss (if occurred).

Service fee between the Company and KTB is calculated by agreed rate per account and volume of accounts which the Company assigned to perform collection. The agreement and hiring conditions are in normal course of business.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

22. TRANSACTIONS WITH RELATED PARTIES

22.3 Management remuneration

Management remuneration for the years ended December 31, 2015 and 2014 consist of the following:

	2015	2014
	Thousand Baht	
Short-term management remuneration	186,767	147,796
Long-term management remuneration	6,338	6,000
	<u>193,105</u>	<u>153,796</u>

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

23. FINANCIAL INSTRUMENT INFORMATION DISCLOSURES

During 2015 and 2014, the Company did not speculate in or engage in the trading of any derivatives.

23.1 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.

23.2 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.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

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23. FINANCIAL INSTRUMENT INFORMATION DISCLOSURES

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, 2015 and 2014, the Company has a credit line with a related financial institution in the sum of Baht 18,030 million in both years.

23.3 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, 2015 and 2014, financial assets and liabilities exposed to interest rate risk are as follows:

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

2015								
	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					%	
Financial assets								
Cash and cash equivalents	206	-	-	-	735	941	0.38	-
Trade accounts receivables	36,293	13,620	9,196	-	1,577	60,686	15.46	21.43
Investments	-	20	-	-	-	20	-	4.00
Financial liabilities								
Short-term loans	2,400	11,611	-	-	(27)	13,984	2.50	2.00
Long-term loans	-	1,850	-	-	-	1,850	-	5.26
Long-term debentures	-	7,800	18,723	2,700	-	29,223	-	4.13

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

2014								
	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					%	
Financial assets								
Cash and cash equivalents	98	-	-	-	637	735	0.50	-
Trade accounts receivables	33,393	11,681	8,311	-	1,622	55,007	15.83	21.52
Investments	-	20	-	-	1	21	-	4.00
Financial liabilities								
Short-term loans	2,470	10,160	-	-	(72)	12,558	3.05	3.10
Long-term loans	-	3,350	1,850	-	-	5,200	-	4.83
Long-term debentures	-	6,200	17,630	-	-	23,830	-	4.65

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

23. FINANCIAL INSTRUMENT INFORMATION DISCLOSURES

23.4 Fair value

The fair value disclosures of financial instruments, considerable judgment is necessarily required in estimation of fair value. Accordingly, the estimated fair value presented herein is not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company in estimating fair values of financial instruments.

Fair value of assets and liabilities and their fair value hierarchy level classification are summarized as follows:

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

23. FINANCIAL INSTRUMENT INFORMATION DISCLOSURES

	As at December 31, 2015		Fair value hierarchy	Valuation Technique
	Carrying Amount	Fair Value		
	Million Baht			
Assets				
Trade accounts receivables	55,679	55,679	2	Fair value is subject to market interest rate net of allowance for doubtful accounts.
Investments	20	21	2	Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association
Liabilities				
Deferred income for reward points	2,367	2,367	3	Estimates of redemption rate of the reward points earned by the customers and fair value of reward
Long-term debentures	29,223	30,129	2	Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

23. FINANCIAL INSTRUMENT INFORMATION DISCLOSURES

	As at December 31, 2014	
	Carrying Amount	Fair Value
	Million Baht	
Assets		
Trade accounts receivables	50,123	50,123
Investments	21	21
Liabilities		
Deferred income for reward points	2,242	2,242
Long-term debentures	23,830	24,363

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

24. CONTINGENT ASSETS AND LIABILITIES

The Company hired a vendor for implementation of computer development. Subsequently, such vendor was in default under the contract therefore 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, 2015, 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.

NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the authorized directors of the Company on February 10, 2016.

General Information

Company Contact Information

Krungthai Card Public Company Limited (“The company” or “KTC”) provides Credit card products and services as well as Credit card related businesses, Personal loans, Utility payment services, Electronic payment service provider type KOR(3) – Electronic payment service provider via devices or payment networks and also KOR(5) Payment Service Provider.

Address	:	591 UBC II Building, 14 th Floor, Sukhumvit 33 Road North Klongton, Wattana, Bangkok 10110
Tax Identification 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	:	0-2828-5059, 0-2828-5067
Facsimile	:	0-2828-5064
E-Mail	:	irktc@ktc.co.th
Homepage	:	http://www.ktc.co.th/th/ktc/InvestorRelations/CorporateInformation/index.htm

General Information

References

Auditor	Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. Rajanakarn Building, 25 th Floor, 183 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120	Debenture Registrar(Cont.)	Krungthai Bank Public Company Limited 4 th Floor, S.M. Tower 977/3 Pahonyothin Road, Sam Sen Nai, Phayathai, Bangkok 10400
Legal Consultant	Siam Premier International Law Office Limited The Offices at Central World, 26 th Floor, 999/9 Rama I Road, Pathumwan, Bangkok 10330	Debenture Holder Representative	Kasikorn Bank Public Company Limited 18 th Floor, 33/4 The Ninth Tower, Tower A Rama 9 Road, Huaykwang Sub-district, Huaykwang district, Bangkok 10310 Bank of Ayudhya Public Company Limited 17 th Floor, 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120
Securities Registrar	Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building 93 Rachadapisek Road, Dindaeng, Dindaeng, Bangkok 10400		
Debenture Registrar	Kasikorn Bank Public Company Limited 18 th Floor, 33/4 The Ninth Tower, Tower A Rama 9 Road, Huaykwang Sub-district, Huaykwang district, Bangkok 10310 Bank of Ayudhya Public Company Limited 17 th Floor, 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120	Frequently Contacted Financial Institution	Krungthai Bank Public Company Limited (as a company's major shareholder) 35 Sukhumvit Road, Klong Toey Nua Subdistrict, Wattana District, Bangkok 10110

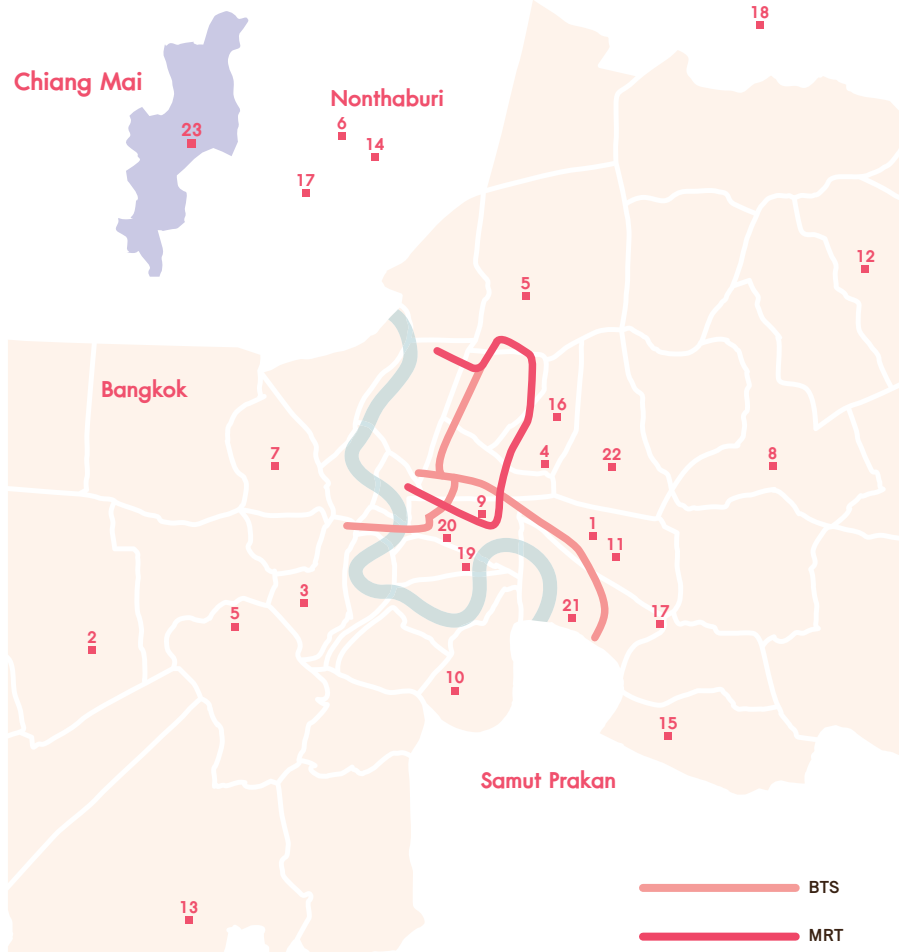
General Information

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

For further information, please study in the Annual Registration Statement (Form 56-1) as disclosed at www.sec.or.th or at the company's website www.ktc.co.th

KTC Touch



As of December 2015 there are 23 branches of KTC Touch. 22 branches are in Bangkok and vicinity and 1 branch is in provincial area.

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