

The New Heights



Annual Report
2016



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KTC TOUCH

Message from the “KTC” Chairman

“While 2016 was overshadowed by uncertainties such as economic concerns, KTC managed to profit continuously and achieved a breaking record of 2,495 MB, a 20% growth from 2015. Earnings per Share rose to Baht 9.68 per share, and Return on Equity increased to 26.2%.

In 2017, KTC had clear determination to concentrate on a wholesome sustainable growth by channeling it through process of motivated personnel, and instilling the concept of the organization of learning to promote the sense of ownership among the employees.”



Message from the “KTC” Chairman

Dear Shareholders,

It has been yet another significant moment for KTC, that we were able to deliver higher profit for the fourth consecutive year since 2013. Performance progressed well in all extents, both revenues and assets; which resulted in a four-year cumulative average growth rate of net profit at 76.9%.

While 2016 was overshadowed by uncertainties such as economic concerns, KTC managed to profit continuously and achieved a breaking record of 2,495 MB, a 20% growth from 2015. Earnings per Share rose to Baht 9.68 per share, and Return on Equity increased to 26.2%.

KTC devoted and relentlessly developed its framework over the past years to be able to fully support digital transactions within the next three years. The company invested in infrastructure to relocate the data backup center, prioritized on human resources development, and restrained operational expenses. Moreover, the company cautiously increased its provision for bad debts and doubtful accounts by 7.3% from the previous year in order to gradually comply with the Thai Financial Reporting Standards 9 (TFRS9), effective in the 2019 fiscal year. In addition, the company's nonperforming loan decreased from 2.1% in 2015 to 1.7% in 2016, which was relatively low compared to the industry and indicated that KTC credit quality has improved.

In 2017, KTC had clear determination to concentrate on a wholesome sustainable growth by channeling it through process of motivated personnel, and instilling the concept of the organization of learning to promote the sense of ownership among the employees-who took part in the designs of competitive products and services that thrive in the digitized era of the financial world.

The company adhered to the customer centric approach, coupled with analytical tools to create customer satisfaction. The main approaches were accessibility, member obsession, and promoting brand confidence to have KTC products as the default choice.

The board of directors emphasized on the consideration, review, and approval of the company's visions, missions, short-term and long-term strategies, as well as important policies. The board of directors also monitored the procedures to ensure that the implementation is thoroughly followed. Additionally, the company strictly committed and complied with the corporate guideline set by the Stock Exchange of Thailand which includes honest business operation, respect in human rights, fair treatment to labors, anti-corruption, and social and environmental responsibilities. In doing so, the company became a certified member of the Private Sector Collective Action Coalition Against Corruption in 2016, and received an excellent scoring on the Corporate Governance Report of Thai Listed Companies. These are a few gratifying achievements among many others in the previous year.

Every personnel at all levels in KTC were an important force behind these successes. They united together as one and pushed the company forward to achieve the same goal in satisfying the stakeholders with KTC products and services.

On behalf of the Board of Directors, management and employees, KTC would like to take this opportunity to thank the shareholders in entrusting the company with your confidence. We vow to work hard to maintain these good performance standards with the aim to achieve sustainable growth.



Poonpat Sripleng

Chairman

Financial Highlight

		2014	2015	2016
Profitability Ratio				
Gross Profit Margin	%	83.1%	84.5%	85.9%
Net Profit Margin	%	12.2%	13.3%	14.2%
Return on Equity (ROE)	%	26.0%	25.7%	26.2%
Average Interest Received ⁽¹⁾	%	18.7%	18.2%	18.2%
Average Cost of Fund	%	4.4%	3.7%	3.1%
Net Interest Margin	%	14.3%	14.5%	15.1%
Efficiency Ratio				
Interest Revenue / Total Asset ⁽¹⁾	%	13.7%	14.0%	14.6%
Return on Asset (ROA)	%	3.3%	3.6%	3.9%
Asset Turnover	times	0.27	0.27	0.27
Financial Ratio				
Debt to Equity (D / E)	times	6.40	5.89	5.62
Loan to Borrowing	%	132.3%	134.7%	134.5%
Dividend Payout Ratio	%	40.4%	40.4%	41.3% ⁽²⁾
Asset Quality Ratio				
Allowance for Doubtful A / C / Total Receivables	%	8.9%	8.2%	7.9%
Bad Debt / Total Receivables	%	8.4%	8.3%	8.3%
% Total NPL	%	2.4%	2.1%	1.7%
% NPL Credit Card	%	1.7%	1.3%	1.2%
% NPL Personal Loan	%	1.2%	1.0%	0.9%

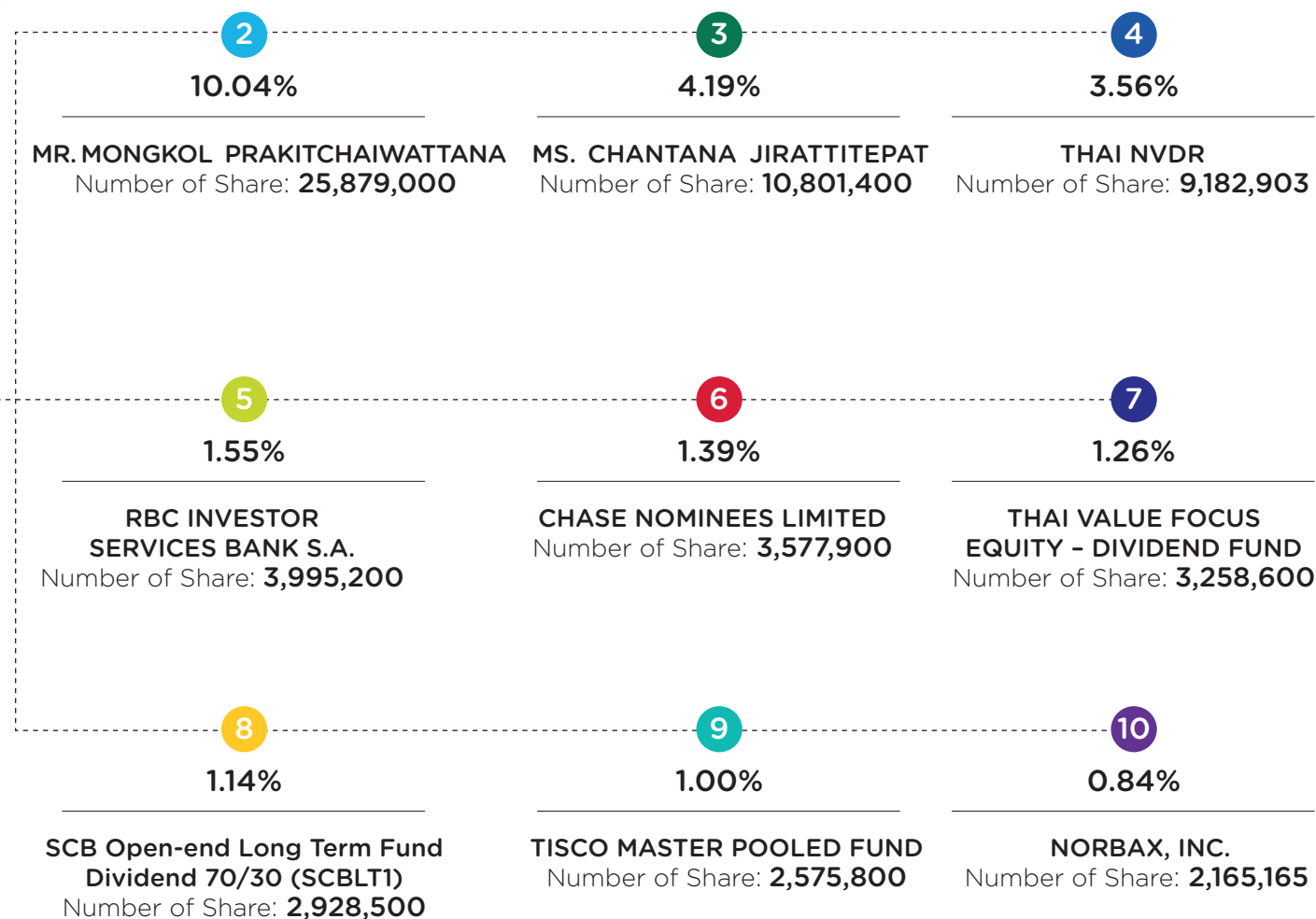
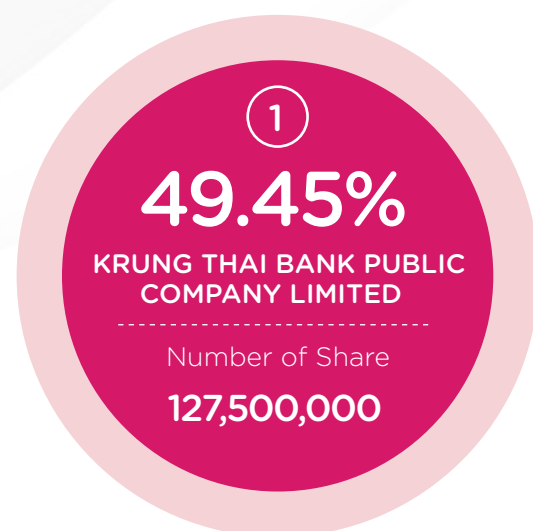
⁽¹⁾ Credit usage fee is included in the calculation

⁽²⁾ The right to receive dividends is unconfirmed until approved by the Annual General Shareholders Meeting 2017 (No. 15)

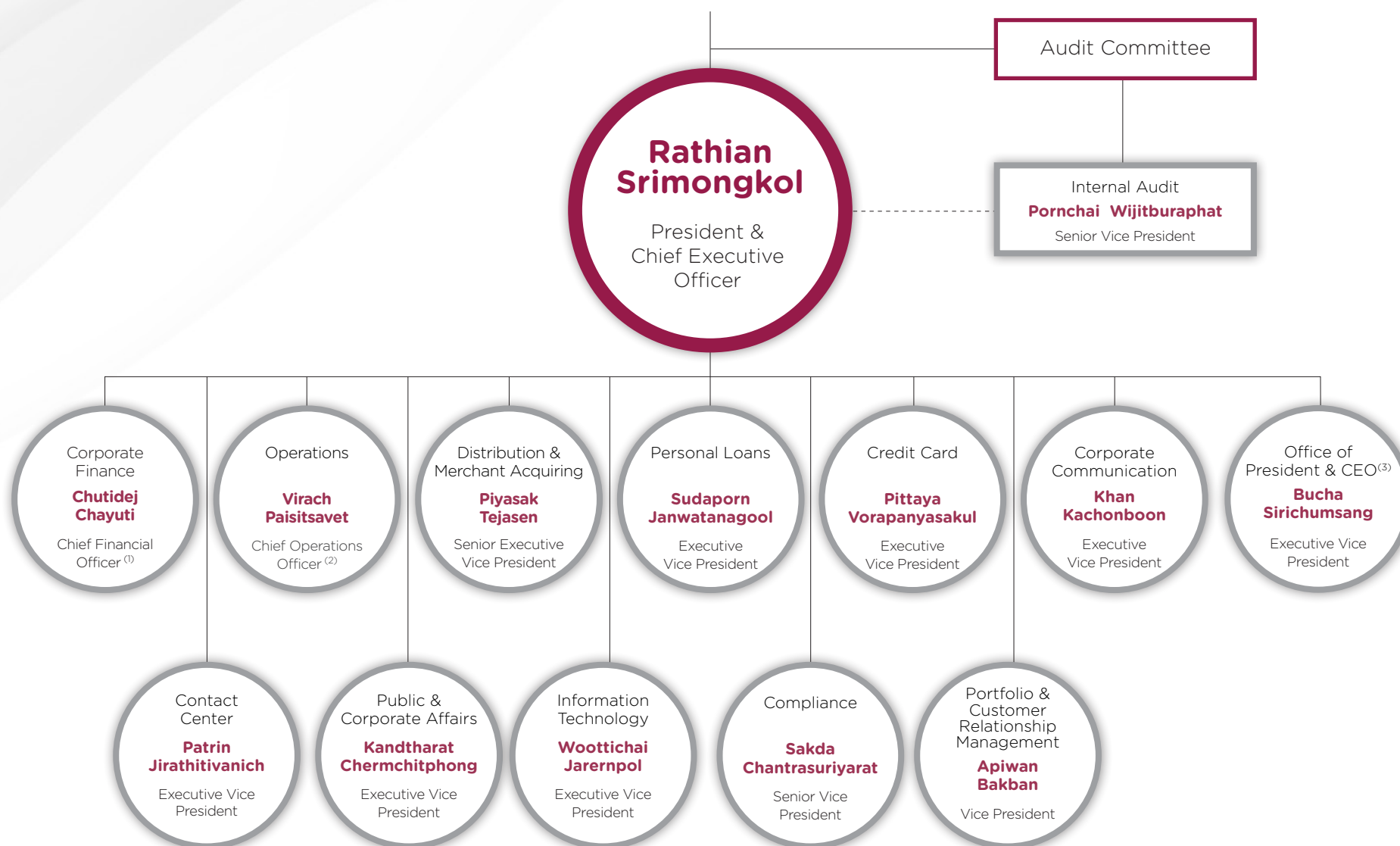
Shareholder Structure

As of 31 December 2016, total number of ordinary shares are **257,833,407**

Top - 10 shareholders consist of



Board of Directors



⁽¹⁾ In reference to the company's memorandum 1/2560 on 10 January 2017 Mr.Chutidej Chayuti is appointed to Chief Financial Officer effective 16 January 2017 from previously Senior Executive Vice President - Corporate Finance

⁽²⁾ In reference to the company's memorandum 1/2560 on 10 January 2017 Mr.Virach Paisitsavet is appointed to Chief Operations Officer effective 16 January 2017 from previously Senior Executive Vice President - Operations

⁽³⁾ In reference to the company's memorandum 1/2560 on 10 January 2017 The President & CEO's Office is renamed to Office of President & CEO effective 16 January 2017

Board of Directors



Mr. Poonpat Sripleng

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

Date of appointment : 11 August 2016
Age : 52

Education

- Master's Degree, Economics, Thammasat University
- Bachelor's Degree, Economics, Thammasat University

Training

- | | |
|------|--|
| 2016 | <ul style="list-style-type: none"> • Certificate, Role of the Chairman Program (RCP)
Thai Institute of Directors Association (IOD) |
| 2015 | <ul style="list-style-type: none"> • Certificate, Corporate Governance for Capital Market Intermediaries (CGI)
Thai Institute of Directors Association (IOD) • Executive Leadership Development Program (ELDP) • Mind Power and Working Motivation Boost Workshop • KTB Digital Banking Workshop • Global Market Growing |
| 2013 | <ul style="list-style-type: none"> • The Risk Games Conference 2013 : The Asian Banker Summit 2013, Jakarta, Indonesia • Corporate Credit Rating Analyst : Moody's Analytic, Hong Kong |
| 2011 | <ul style="list-style-type: none"> • FRM (Financial Risk Manager : GARP) |
| 2009 | <ul style="list-style-type: none"> • Retail Lending and Stress Test, Singapore |
| 2006 | <ul style="list-style-type: none"> • Advance Banking and Risk Management Program, Nanyang Technology University, Singapore |

% of KTC Shares Held
Family Relationship

0%
None

Mr. Poonpat Sripleng

Training (Continue)

Before 1997

- Asset & Liability Management : Sendero Institution
- Profitability Measurement and Fund Transfer Pricing : Sendero Institution
- Risk Management : Risk Metrics
- Project Management : Alltel Information System
- Syndication Loan : DC Gardner
- Problem Solving and Decision Making : Kepner Tregoe
- Leadership Development Institute : Kepner Tregoe
- Bourse Game : Union Bank of Switzerland, Hong Kong
- Portfolio Management : Euro Money, Hong Kong

Work Experience

Listed Companies

- 2016 - Present **First Executive Vice President – Managing Director**
Risk Management Group / Krung Thai Bank Public Company Limited / Banking
- 2016 - Present **Chairman / Chairman of Nomination and Remuneration Committee /
Chairman of Corporate Governance Committee**
Krungthai Card Public Company Limited / Consumer Finance

Non-Listed Companies / Other Organizations

- 2014 - Present **Executive Director**
KT ZMICO Company Limited / Securities

Mr. Poonpat Sripleng

Experience

2013 - 2016

First Executive Vice President Group Head

Risk Management Group / Krung Thai Bank Public Company Limited / Banking

2010 - 2013

Executive Director

KTB Leasing Company Limited / Leasing

2011 - 2013

Executive Vice President – Director, Risk Management Sector

Risk Management Group / Krung Thai Bank Public Company Limited / Banking

2010 - 2011

Senior Vice President – Director, Risk Management Sector

Risk Management Group / Krung Thai Bank Public Company Limited / Banking

Board of Directors



Mr. Akarat Na Ranong

Independent Director / Chairman of
Audit Committee / Nomination and
Remuneration Committee / Corporate
Governance Committee

Date of appointment : 2 July 2002
Age : 63

Education

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

Training

- | | |
|------|--|
| 2013 | <ul style="list-style-type: none"> • Certificate, Role of the Director Certification Program (DCP)
Thai Institute of Directors Association (IOD) |
| 2008 | <ul style="list-style-type: none"> • Certificate, Leader Program, Capital Market Academy (Class 6) |
| 2007 | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • Certificate, Audit Committee Program (ACP)
Thai Institute of Directors Association (IOD) |

% of KTC Shares Held	0.0045%
Family Relationship	None

Mr. Akarat Na Ranong

Work Experience

Listed Companies

- | | |
|------------------|--|
| 2001 - Present | Independent Director / Chairman of Audit Committee / Nomination and Remuneration Committee / Corporate Governance Committee
Krungthai Card Public Company Limited / Consumer Finance |
| Jun 16 - Present | Chairman
Food Capitals Public Company Limited ⁽¹⁾ / 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 Academy Company Limited / Educational tutoring services |
| 2011 - Present | Independent Director / Audit Committee
FINANSA Securities Limited / Investment Banking |

⁽¹⁾ Evolution Capital Public Company Limited has completed the registration for the name change to Food Capitals Public Company Limited at the Department of Business Development, the Ministry of Commerce on 23 June 2016

Mr. Akarat Na Ranong

Experience

2013 - Jun 16	Director Evolution Capital Public Company Limited ⁽¹⁾ / Hospitality
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

⁽¹⁾ Evolution Capital Public Company Limited has completed the registration for the name change to Food Capitals Public Company Limited at the Department of Business Development, the Ministry of Commerce on 23 June 2016

Board of Directors



Mrs. Pantip Sripimol

Independent Director / Audit Committee /
Corporate Governance Committee

Date of appointment : 20 April 2012
Age : 54

Education

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

Training

- | | |
|-------------|--|
| 2016 | <ul style="list-style-type: none"> • Certificate, The Executive Program in Energy Literacy for a Sustainable Future TEA Class 8
Thailand Energy Academy |
| 2013 - 2014 | <ul style="list-style-type: none"> • Diploma, National Defence College, The Joint State - Private Sector Course Class 26
Thailand National Defence College |
| 2013 | <ul style="list-style-type: none"> • Certificate, Role of the Nomination and Governance Committee (RNG)
Thai Institute of Directors Association (IOD) |
| 2012 | <ul style="list-style-type: none"> • Certificate, Audit Committee Program (ACP)
Thai Institute of Directors Association (IOD) |
| 2006 | <ul style="list-style-type: none"> • Certificate, Director Certification Program (DCP)
Thai Institute of Directors Association (IOD) |

% of KTC Shares Held
Family Relationship

0%
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 / Multimedia Businesses

Non-Listed Companies / Other Organizations

- 2015 - Present **State Enterprise Development Advisor**
State Enterprise Policy Office / Ministry of Finance / Government
- 2016 - Present **Director**
Thailand Privilege Card Co., Ltd. / State-Owned Enterprises

Experience

- 2013 - 2014 **Director / Strategic Committee**
Padang Industry Public Company Limited / Mineral
- 2011 - 2015 **Deputy Director - General**
State Enterprise Policy Office / Ministry of Finance / Government

Mrs. Pantip Sripimol

Experience (Continue)

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

Board of Directors



Mr. Paroche Hutachareon

Independent Director / Audit Committee /
Corporate Governance Committee

Date of appointment : 16 January 2013
Age : 34

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 |

Work Experience

Listed Companies

- | | |
|----------------|--|
| 2013 - Present | Independent Director / Audit Committee / Corporate Governance Committee
Krungthai Card Public Company Limited / Consumer Finance |
|----------------|--|

% of KTC Shares Held	0%
Family Relationship	None

Mr. Paroche Hutachareon

Non-Listed Companies / Other Organizations

2016 - Present **Director of Strategic Risk Management Group**
Public Debt Management Office / Ministry of Finance / Government

Experience

2014 - 2016 **Director Fund Management Division**
Public Debt Management Office / Ministry of Finance / Government

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

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



Maj. Gen. Apichart Chaiyadar

Independent Director / Corporate Governance Committee

Date of appointment : 16 December 2016
Age : 48

Education

- Master of Arts (International Relations), Chulalongkorn University
- Bachelor of Science, Chulachomklao Royal Military Academy

Training

2003

- **Diploma, Command and General Staff Officer Course**
Command and General Staff College, U.S.A.

Work Experience

Listed Companies

Dec. 2016 - Present **Independent Director / Corporate Governance Committee**
Krungthai Card Public Company Limited / Consumer Finance

Non-Listed Companies / Other Organizations

Oct. 2016 - Present **Senior Expert**
Royal Thai Army / Ministry of Defence / Government

% of KTC Shares Held
Family Relationship 0%
None

Maj. Gen. Apichart Chaiyadar

Experience

2015 - 2016

Senior Expert

Office of The Permanent Secretary for Defence / Ministry of Defence / Government

2014 - 2015

Director

Directorate of Intelligence / Royal Thai Army / Ministry of Defence / Government

2011 - 2014

Military Attache, Royal Thai Embassy, London

Royal Thai Army / Ministry of Defence / Government

2003 - 2006

Instructor

Command and General Staff College, Royal Thai Army / Educational Institute

Board of Directors



**Mr. Cherdchai
Chompoonukulrut**

Director / Nomination and Remuneration
Committee / Corporate Governance
Committee

Date of appointment : 11 August 2016
Age : 59

Education

- Master of Business Administration, Naresuan University
- Bachelor of Science (Agriculture), Kasetsart University

Training

- | | |
|------|---|
| 2016 | • IT governance & cyber security for directors / managing directors |
| 2015 | • Executive Leadership Development Program (ELDP) |
| | • KTB Digital Banking Workshop |
| 2014 | • FATCA |
| 2013 | • Key Success of Sales Teamwork |
| 2011 | • Professional Presentation Skill |
| 2010 | • Total Solution Provider |

% of KTC Shares Held	0%
Family Relationship	None

Mr. Cherdchai Chompoonukulrut

Work Experience

Listed Companies

- 2016 - Present **Senior Executive Vice President – Managing Director**
Retail Banking Sales & Distribution Group / Krung Thai Bank Public Company Limited / Banking
- 2016 - Present **Director / Nomination and Remuneration Committee / Corporate Governance Committee**
Krungthai Card Public Company Limited / Consumer Finance

Non-Listed Companies / Other Organizations

- 2016 - Present **Director**
KTB General Services And Security Company Limited / Service Business
- 2016 - Present **Director**
Krungthai Asset Management Public Company Limited / Fund Management

Mr. Cherdchai Chompoonukulrut

Experience

2015 - 2016	First Executive Vice President Managing Director Retail Banking Sales & Distribution Group / Krung Thai Bank Public Company Limited / Banking
2013 - 2015	Executive Vice President - Director Metropolitan Network Sector 1 Krung Thai Bank Public Company Limited / Banking
2012 - 2013	Executive Vice President - Director Southern Region Network Sector 1 Krung Thai Bank Public Company Limited / Banking
2011 - 2012	Senior Vice President - Director Southern Network Sector 1 Krung Thai Bank Public Company Limited / Banking
2006 - 2011	First Vice President - Pitsanulok Regional Office Manager Krung Thai Bank Public Company Limited / Banking

Board of Directors



Mrs. Sriprabha Pringpong

Director / Corporate Governance
Committee

Date of appointment : 8 April 2011
Age : 64

Education

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

Training

- | | |
|-------------|--|
| 2015 | • Certificate, Advance Audit Committee Program (AACP)
Thai Institute of Directors Association (IOD) |
| 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 Bankers
The Wharton School of the University of Pennsylvania |

% of KTC Shares Held
Family Relationship

0%
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

Mrs. Sriprabha Pringpong

Experience (Continue)

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



Mr. Rathian Srimongkol

President & Chief Executive Officer /
Director / Corporate Governance
Committee

Date of appointment : 1 January 2012
Age : 57

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 | <ul style="list-style-type: none"> • 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
Family Relationship

0%
None

Mr. Rathian Srimongkol

Work Experience

Listed Companies

- 2012 - Present **President & Chief Executive Officer / Director / Corporate Governance Committee**
Krungthai Card Public Company Limited / Consumer Finance
- 2009 - Present **Independent Director / Vice Chairman / Chairman of Audit Committee / Member of the Sustainability and Risk Management Committee**
Indorama Ventures Public Company Limited / Holding
- 2013 - Present **Independent Director / Chairman of Audit Committee / Corporate Governance Committee / Nomination and Remuneration Committee**
One to One Contacts Public Company Limited / Service Business

Non-Listed Companies / Other Organizations

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

Mr. Rathian Srimongkol

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 / Corporate Governance
Committee

Date of appointment : 1 January 2012
Age : 57

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 | <ul style="list-style-type: none"> • Certificate, Leader Program
Capital Market Academy (Class 11) |
| 2009 | <ul style="list-style-type: none"> • Certificate, Financial Statements Demystified for Director (FDD)
Thai Institute of Directors Association (IOD) |
| 2008 - 2009 | <ul style="list-style-type: none"> • Diploma, National Defence College, The Joint State-Private Sector Course Class 51/21
National Defence College of Thailand |
| 2008 | <ul style="list-style-type: none"> • 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 |

% of KTC Shares Held
Family Relationship

0%
None

Mr. Rathian Srimongkol

Training (Continue)

- 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)

Work Experience

Listed Companies

- 2012 - Present **President & Chief Executive Officer / Director / Corporate Governance Committee**
Krungthai Card Public Company Limited / Consumer Finance
- 2009 - Present **Independent Director / Vice Chairman / Chairman of Audit Committee / Member of the Sustainability and Risk Management Committee**
Indorama Ventures Public Company Limited / Holding
- 2013 - Present **Independent Director / Chairman of Audit Committee / Corporate Governance Committee / Nomination and Remuneration Committee**
One to One Contacts Public Company Limited / Service Business

Non-Listed Companies / Other Organizations

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

Mr. Rathian Srimongkol

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. Chutidej Chayuti

Chief Financial Officer*

Date of appointment : 1 July 2002
Age : 54

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

Training

2016

- **Certificate, Capital Market Academy Leader Program**
Capital Market Academy (CMA)
- **Certificate, TLCA Executive Development Program (EDP)**
Thai Listed Companies Association
- **Certificate, TLCA Leadership Development Program (LDP)**
Thai Listed Companies Association
- **Strategic Thinking**
PacRim
- **Crucial Conversation**
PacRim

2015

- **Certificate, Thai Intelligent Investors Program, Thai Investors Academy**
Thai Investors Association

% of KTC Shares Held
Family Relationship

0%
None

* In reference to the company's memorandum 1/2560 on 10 January 2017 Mr. Chutidej Chayuti is appointed to Chief Financial Officer effective 16 January 2017 from previously Senior Executive Vice President - Corporate Finance

Mr. Chutidej Chayuti

Work Experience

Listed Companies

Jan 2017 - Present **Chief Financial Officer ***
Corporate Finance / Krungthai Card Public Company Limited / Consumer Finance

Non - Listed Companies / Other Organizations

- None -

Experience

2006 - Jan 2017 **Senior Executive Vice President**
Corporate Finance / Krungthai Card Public Company Limited / Consumer Finance

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

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

* In reference to the company's memorandum 1/2560 on 10 January 2017 Mr. Chutidej Chayuti is appointed to Chief Financial Officer effective 16 January 2017 from previously Senior Executive Vice President - Corporate Finance

Executives



Mr. Virach Paisitsavet

Chief Operations Officer * / Corporate Governance Committee**

Date of appointment : 16 February 2012
Age : 55

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

Training

2016

- **Certificate, Leadership Succession Program (LSP), Class 6**
Institute of Research and Development for Public Enterprises (IRDP)
- **Certificate, Director Accreditation Program (DAP)**
Thai Institute of Directors Association (IOD)
- **Certificate, Payment System**
MasterCard University

Work Experience

Listed Companies

Jan 2017 - Present **Chief Operations Officer * / Corporate Governance Committee ****
Operations / Krungthai Card Public Company Limited / Consumer Finance

% of KTC Shares Held
Family Relationship

0%
None

* In reference to the company's memorandum 1/2560 on 10 January 2017 Mr. Virach Paisitsavet is appointed to Chief Operations Officer effective 16 January 2017 from previously Senior Executive Vice President - Operations

** In reference to the company's memorandum 13/2559 16 December 2016 that restructured human resource department as part of the Operation department effective 16 December 2016. As a result of the restructure, Mr. Virach Paisitsavet replaced Mr. Mana Boonkhun as director in the Corporate Governance Committee.

Mr. Virach Paisitsavet

Non - Listed Companies / Other Organizations

- None -

Experience

2012 - Jan 2017	Senior Executive Vice President Operations / Krungthai Card Public Company Limited / Consumer Finance
2011 - 2012	Senior Vice President Lending Services Group / Thanachart Bank Public Company Limited / Banking
2005 - 2011	Senior Vice President Card Operations Department / Siam City Bank Public Company Limited / Banking
2002 - 2005	First Vice President Marketing and Retail Banking Department / Siam City Bank Public Company Limited / Banking
2001 - 2002	Senior Vice President Branch Administration Department / Bangkok Metropolitan Bank Public Company Limited / Banking

Executives



Mr. Piyasak Tejasen

Senior Executive Vice President -
Distribution & Merchant Acquiring

Date of appointment : 1 June 2002
Age : 52

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

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

% of KTC Shares Held	0%
Family Relationship	None

Executives



Ms. Sudaporn Janwatanagool

Executive Vice President – Personal Loans

Date of appointment : 1 April 1997
Age : 58

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

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

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

% of KTC Shares Held	0%
Family Relationship	None

Executives



Mrs. Pittaya Vorapanyasakul

Executive Vice President - Credit Card

Date of appointment : 18 August 1997
Age : 55

Education

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

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

% of KTC Shares Held **0%**
Family Relationship **None**

Executives



Mr. Khan Kachonboon

Executive Vice President - Corporate Communications

Date of appointment : 1 November 2003
Age : 54

Education

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

Work Experience

Listed Companies

2003 - Present Executive Vice President

Corporate Communications / Krungthai Card Public Company Limited / Consumer Finance

Non - Listed Companies / Other Organizations

- None -

Experience

1995 - 2003

Senior Vice President

J Walter Thompson Company Limited / Advertising

% of KTC Shares Held
Family Relationship

0%
None

Executives



Mr. Bucha Sirichumsang

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

Date of appointment : 1 April 2004
Age : 54

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

Work Experience

Listed Companies

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

Non - Listed Companies / Other Organizations

- None -

**% of KTC Shares Held
Family Relationship**

**0%
None**

* In reference to the company's memorandum 1/2560 on 10 January 2017 The President & CEO's Office is renamed to Office of President & CEO effective 16 January 2017

Mr. Bucha Sirichumsang

Experience

1999 - 2004

Vice President

Legal Consultant Department / KTBLAW Company Limited / Law Counsel

1996 - 1999

Assistant Vice President

Capital Market Services Department / Krung Thai 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 : 59

Education

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

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

% of KTC Shares Held	0%
Family Relationship	None

Executives



Mrs. Kandtharat Chermchitphong

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

Date of appointment : 1 January 1997
Age : 49

Education

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

Work Experience

Listed Companies

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

Non - Listed Companies / Other Organizations

- None -

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

% of KTC Shares Held **0%**
Family Relationship **None**

Executives



Mr. Wootichai Jarernpol

Executive Vice President - Information Technology

Date of appointment : 16 September 2008
Age : 55

Education

- Bachelor's Degree, Statistic, Chulalongkorn University

Work Experience

Listed Companies

2008 - Present Executive Vice President

Information Technology / Krungthai Card Public Company Limited / Consumer Finance

Non - Listed Companies / Other Organizations

- None -

% of KTC Shares Held
Family Relationship

0%
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 /
Corporate Governance Committee

Date of appointment : 1 May 2014
Age : 54

Education

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

Training

2016

- **CSR for Child-Friendly Business**
Krungthai Card Public Company Limited and Thaipat Institute.

2015

- **Safety Officer : Management Level, Class 1**
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
Family Relationship

0%
None

Mr. Sakda Chantrasuriyarat

Work Experience

Listed Companies

2014 - Present **Senior Vice President / 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 : 44

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

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

1996 - 2002 Account Director

Client Service Department / JWT Bangkok / Advertising Agency

% of KTC Shares Held
Family Relationship

0%
None

Internal Audit



Mr. Pornchai Wijitburaphat

Senior Vice President - Internal Audit

Date of appointment : 16 October 2001
Age : 49

Education

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

Training

2016

- **Sustainable Development Goals**
Stock Exchange of Thailand
- **CAE Forum 2016 "Stand Teller : Doing the Right Things Right" (SDGs)**
The Institute of Internal Auditor of Thailand
- **CSR Evaluation and Data Management**
Stock Exchange of Thailand

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
Family Relationship

0%
None

Mr. Pornchai Wijitburaphat

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's Secretary



Mr. Peerapong Pitrpibulpatit

Vice President - Legal Consult & Service /
Company's Secretary

Date of appointment : 16 May 2007
Age : 47

Education

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

Training

- 2016**
 - **Advances for Corporate Secretaries**
Thai Listed Companies Association
- 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)

Work Experience

Listed Companies

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

% of KTC Shares Held	0%
Family Relationship	None

Mr. Peerapong Pitrpibulpatit

Non - Listed Companies / Other Organizations

- None -

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 /
Corporate Governance Committee

Date of appointment : 1 May 2014
Age : 54

Education

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

Training

2016

- **CSR for Child-Friendly Business**
Krungthai Card Public Company Limited and Thaipat Institute.

2015

- **Safety Officer : Management Level, Class 1**
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
Family Relationship

0%
None

Mr. Sakda Chantrasuriyarat

Work Experience

Listed Companies

2014 - Present **Senior Vice President / 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

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 4 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 2 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 28 October 2002.

On 12 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 Program (ESOP). Afterwards, on 3 November 2003, the extraordinary general meeting agreed on a resolution to increase another Baht 1,530,162,000 by right offerings of 150 million shares with a ratio of 1:1.5 and had allocated 3,016,200 shares for the additional right-exercising holders resulted from ESOP. Subsequently, the company had total authorized capital of Baht 2,580,162,000 and paid-up capital totaling Baht 2.5 million.

On 17 March 2008, the 5-year warrants had reached its expiry date. As of 31 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 30 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 12 May 2009.

As of 31 December 2016, The Company had total authorized capital and paid-up capital of Baht 2,578,334,070 and had acquired total of 2.9 million accounts in which 2,095,563 accounts were credit cards, and 818,068 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.
 - “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.
 - “Best Digital Marketing” for the KTC Boutique Awards Campaign from The MasterCard Hall of Fame Marketing Award 2011.

2013

2014

- 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.
- 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.
- “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

2010

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

2016

- “Certificate of ESG100 Company” from the Thaipat Institute, an organization that co-operating with the Global Reporting Initiative to evaluate sustainability. KTC was categorized in ESG 100 security group for year 2016 from total 621 registered companies, by the evaluation of environmental and social information and good governance practices. The reference information came from public reports that the listed company has published in Annual Registration Statement (Form 56-1), along with the Annual Report, Sustainability Report and sustainability-related performance reports of the company from 6 sources, with total 11,500 sets of information.

- “Thailand’s Top Corporate Brand 2016” in Capital & Security sector from Chulalongkorn University, the ‘Brand’s value evaluation & ranking of Thai Corporate 2016’ study was jointly held by Master of Science in Marketing, Faculty of Commerce and Accountancy and the Stock Exchange of Thailand and The Manager media group, with the goal to systematically evaluate the brand’s value of Thai corporate.
- PATA Gold Award 2016 in Marketing Industry sector from the Pacific Asia Travel Association (PATA) for organizing ‘Thailand Boutique Awards Season 4 (2016-2017)’. KTC was the only company that doesn’t directly operate in tourism business to receive this award this time.
- Excellent level (5 Stars) of Corporate Governance Report of Thai Listed Companies 2016 from Thai Institute of Directors (IOD).
- KTC received three awards of the following : Outstanding Company Performance Awards, Outstanding CEO Awards, and Outstanding Investor Relations Awards, from the SET awards 2016 by the Stock Exchange of Thailand and the Banking and Finance magazine. The award commemorates listed companies, securities companies, asset management companies, and executives that conduct business in a manner that reflected potential and efficiently adapt their business to the current events.

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, while embracing 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 in order to create skill and understanding and promoting the use of Insight Intelligence through broad information analysis, making them to be able to design excellent products and services, become more competitive to current market situation, especially in the digital business and financial transaction technology. 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.

These are the main factors satisfying the customers, to confidently indentify the company's product as their default choice; contributing to the

company's sustainable growth. However, the company must commit to upholds long term relationship with business partners, generates sustainable profit, provides reasonable returns to the investors, as well as conducting business with transparency under good corporate governance.

Key Events and Developments

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 12 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 debentures 3 times for Baht 10,000 million with maturities between 3 to 5 years, offering 4.65% to 5.00% p.a.
- On 28 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.

2014

- The 1st Board of Directors' meeting of 2014 on 16 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 25 April 2014 resolved Mr. Tanyapong Thamavarankupt as a Director to replace Mr. Suwit Maesincee who has completed his term. On the 6th Board of Directors' meeting of 2014 on 25 April 2014, resolved to appoint Mr. Paroche Hutachareon, Independent Director to the position of Audit Committee and Mr. Tanyapong Thamavarankupt, Director to the position of Nomination and Remuneration Committee and Corporate Governance Committee.
- The company had issued corporate debentures for 12 times for Baht 8,630 million with maturities 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 unifiable 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 new market in the major cities in each regions of Thailand to emphasize 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.
- 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

2015

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.

- 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 Baht 12,000 million in senior unsecured debentures.
- The 13th Annual General Meeting on 23 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
- Beginning on 1 May 2015, KTC hired Win Performance Co., Ltd. to handle the company’s debt collection operation.
- The company had issued corporate debentures 8 times for Baht 9,593 million with maturities between 1 to 10 years, offering 2.12% to 4.00% p.a.

2016

- In term of 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’re both designed to perform new form of payment base on the no-touch concept in order to increase speed and convenience.
- In term of 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 do their online transaction more easily and conveniently.
- On 18 May 2015 KTC has been approved by the Electronic Transactions Commission to conduct electronic payment services, account category Kor(5) ; Payment Service Provider.
- On 29 March 2016, TRIS Rating upgraded the company’s rating and its existing senior unsecured debenture ratings of the company from “A-” to “A+”.
- In April 2016, the company received membership certificate of “Thailand’s Private Sector Collective Action Coalition against Corruption”.
- In May 2016, the company has changed KTC PHONE customer service’s contact number from 02 665 5000 to be 02 123 5000, effective from 16 May 2016 onward. The purpose of the change is to provide easy recognition and to increase Call Center’s service efficiency by developing the IVR (Interactive Voice Response) system, adding more convenience to the service menu by focusing on customer oriented practice.
- KTC’s merchant business partnered with Alipay International and Ant Financial, the biggest online payment service provider in China, under the Alibaba Group network and partners in shops business group to expand transaction services, targeting Chinese tourists traveling to Thailand.
- In July, KTC applied the new CI (Corporate Identity), including the symbol “”, which was designed with the brand value re-creation in mind, while still reflecting the “Progressive Movement” concept by the actively moving forward goal towards the achievement of making things better. KTC is determined to present our goods, services and other special privileges that match with our member’s requirement, easy and uncomplicated user experience and to motivate the member to be able to truly find the meaning of life with purpose.

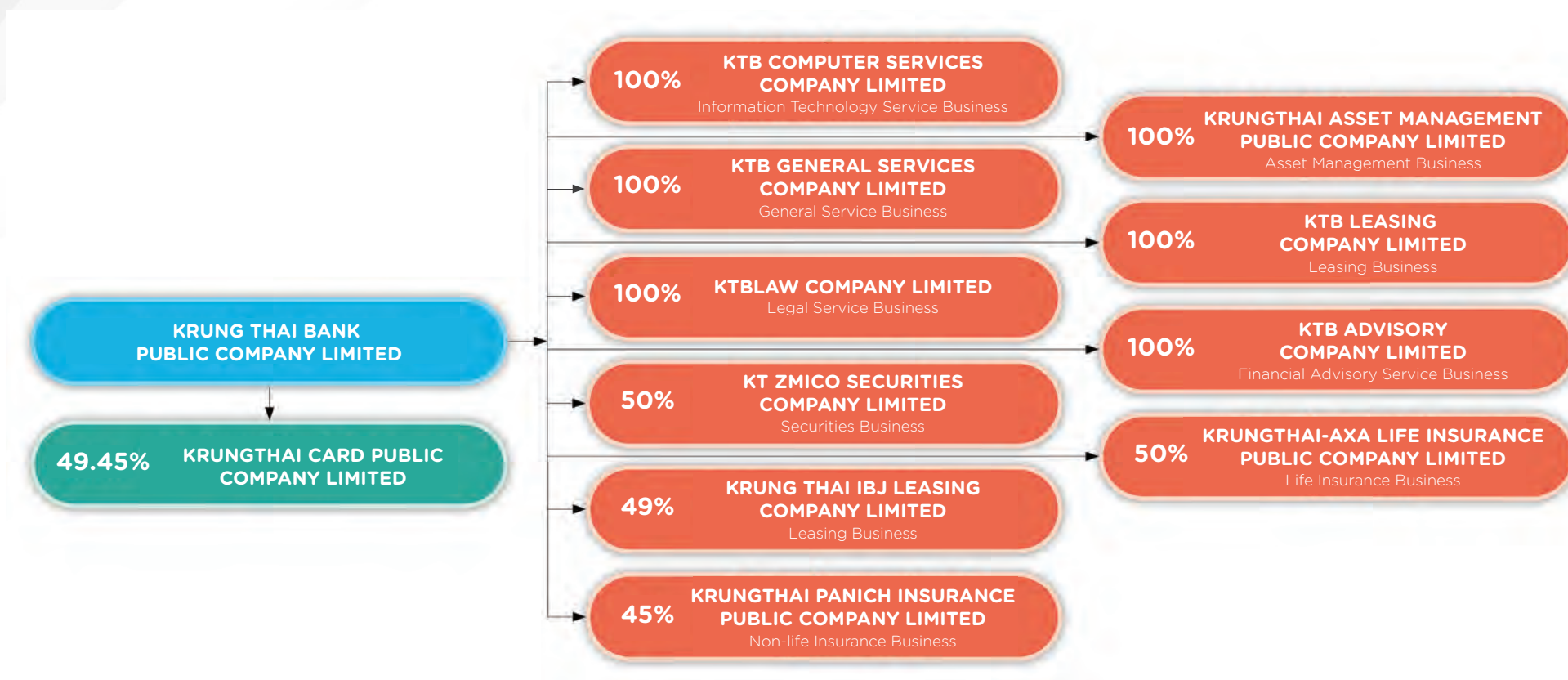
- KTC was one of the six financial institutes in Thailand that supported credit card transaction via Samsung's smart phone "Samsung Pay". The payment service was launched on 27 October 2016. Supporting credit cards issued by KTC, SCB, Kbank, Krungsri, BBL and Citibank.
- The 8th Board of Directors' meeting of 2016 on 10 August 2016 has approved the nomination of two members of the board, Mr. Poonpat Sripleng and Mr. Cherdchai Chompoonukulrut to replace Mrs. Kittiya Todhanakasem and Mr. Tanyapong Thamavaranukupt, who resigned during tenure. The 12th Board of Directors' meeting of 2016 on 15 December 2016 has approved the nomination of Major General Apichart Chaiyada to replace Mrs. Arunporn Limskul who resigned during tenure.
- In 2016, the company had issued corporate debentures 9 times for Baht 18,000 million with maturities between 2 to 10 years, offering 1.88% to 4.00% p.a.
- The company continues to support the "Learn & Earn @ KTC" project, that developed young generation to be modeled leader under the concept "KTC Gen D - Creating intellectually virtuous young adults". The project was joined by social volunteers in various fields, with the aim to inspire good conscience through motivational workshop activities. The "Learn & Earn @ KTC" project is a social

service project with the purpose to provide opportunity to university students across the country to spend their free time working at KTC, and develop their efficiency. This project has been continuously ongoing for 13 years.

- On 31 December 2016, 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. (Central Rama 3 branch will be permanently shut down from 1 January 2017).

Company Shareholdings Structure (as of 31 December 2016)

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.



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. Not only it is a major shareholder but also a main channel of distribution. It possesses so many branches in Bangkok Metropolitan and provincial areas. In other words, 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 the Business Relations Division, assigning staffs to specifically facilitate the bank personnel such as, provide product training courses and other related issues, selling techniques, document approval process, and products advisory techniques. The division also provides promotional campaigns to assist sales that will in turn 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 educate staff and strengthen cooperation to build up the sustainable growth.

KTC also sees the advantages of building business opportunities for both organizations and for other affiliated companies. Therefore, they had cooperated in every aspect of business, forming deepen and widen strategies and jointly developed marketing campaigns, using new, out of the box idea to create various activities that can answer customer's need accurately in order to stimulate usage and loyalty, expand member base (Acquisitions and CRM) and to extend the merchant acquiring business such as:

Usage Marketing

- "KTC Housing Loan" Program or the easy loan payment through credit card. KTC members will be able to pay their house loan installments through their credit cards with the same interest rate as their cash loan payment, and also earning Forever Rewards for that payments as well.
- "KTC Investment Festival" Program, the investment festival that give credit card member the opportunity to receive KTB E-Money Card value up to Baht 40,000 and special Forever Reward 1.5 times of the normal rate for the purchasing of life insurance with Krungthai-AXA at KTB branches all over the country.
- 0% Interest for KTB car insurance installment payment, with the co-operation from "Bancassurance" Product Team of Krungthai Bank, who is the casualty insurance broker for Krungthai Panich Insurance Public Company Limited and Dhipaya Insurance Public Company Limited, KTB has given the permission to sell their insurance products through KTB branches.

- “KTB Foreign Currency Exchange” Program, members can use their cards to buy foreign currency without having to pay surcharge.
- Special privileges for credit card spending on alliance business’s product such as La Prairie, Nespresso and Harnn Heritage Spa for the following cards; KTC-KTB PRECIOUS PLUS VISA INFINITE, KTC-KTB PRECIOUS PLUS VISA SIGNATURE, and KTC-KTB PRECIOUS VISA SIGNATURE.

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 member, inviting them to dine with KTB’s executives at luxurious restaurants.
- “Online Merchant Expansion” in order to cope with the online business expansion and the e-commerce and m-commerce transaction.
- “Virtual Terminal” Payment Program, a system to receive merchandise payment and/or online services by inputting client’s credit card information on Web Service for insurance / life insurance business, cable TV sales channel or other business that has payment service in “Contact Center” format in order to provide more convenience transaction for merchant / agent. The changing point is the card information Key-in process, from keying in to EDC to Web Service Key-in instead, allowing agent to maintain the real-time interaction with customer while keying in the transaction.
- “Merchant Expansion with Alipay” Program, the expansion continuously focus on the leading merchant in order to increase convenience for the service and merchandise payment, targeting Chinese tourists traveling to Thailand.

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 5,000 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 believe that these activities will increase the competitiveness of both KTC and KTB for the maximum benefit of the two companies in sustainable growth and that every customers of both company will receive maximized satisfaction level for every product and service provided.

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 2.9 million accounts, of which approximately 50% of the customers are located in Bangkok and its vicinity. KTC's business can be divided into 2 main groups : Credit card and Personal loan.

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 all their transaction to KTC (for 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 convenient online transaction services through website (ClickKTC) and mobile application (TapKTC) available on both iOS and Android. This online service is highly secured by OTP (One-Time Password) sending to member's mobile phone and Email Notification which will report every online transaction.

2. Personal Loan Business

In order to meet the consumers' needs, KTC has expanded its business from providing Credit card related businesses alone to offering Personal Loans as well. Personal Loan business was first launched in 2003. There are 2 types of KTC Personal Loan products : KTC CASH and KTC PROUD, which are provided for individuals without any requirement for collateral or guarantors.

KTC CASH is a one-time fixed loan product in which the cash lump sum is transferred into the customer's bank account and the repayment is made in installments until the loan was fully paid. KTC PROUD on the other hand is a revolving loan, which the customers will receive a lump sum deposits into their bank accounts once the loan was approved; customers can also make further withdrawal as available on their credit line. In other words, KTC PROUD is a 2-in-1 product with both cash withdrawal and installment repayment services in order to facilitate various customers' behaviors. The personal loan business' revenue comes from interest and fee income such as credit usage fee, collection fee etc.

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

- **Circle Loan Business** : are over draft on top of credit lines for KTB credit card holders, which were transferred from KTB in 2002. KTC has ceased its expansion in this business, only providing service to the existing customers. Therefore, the receivable has gradually declined since.
- **Self-Employed Loan (KTC Million)** : are unsecured loan to provide business owners with working 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 authorized, by Bank of Thailand (BOT), to expand its 'Collection Service' to collect for Krung Thai Bank PLC (KTB) and its subsidiaries since the company was specialized in retail collection. The service was performed under BOT's rules and regulations and KTB's standard operating procedure. KTC performed collection service for KTB from 1 May 2015 to 30 June 2016.

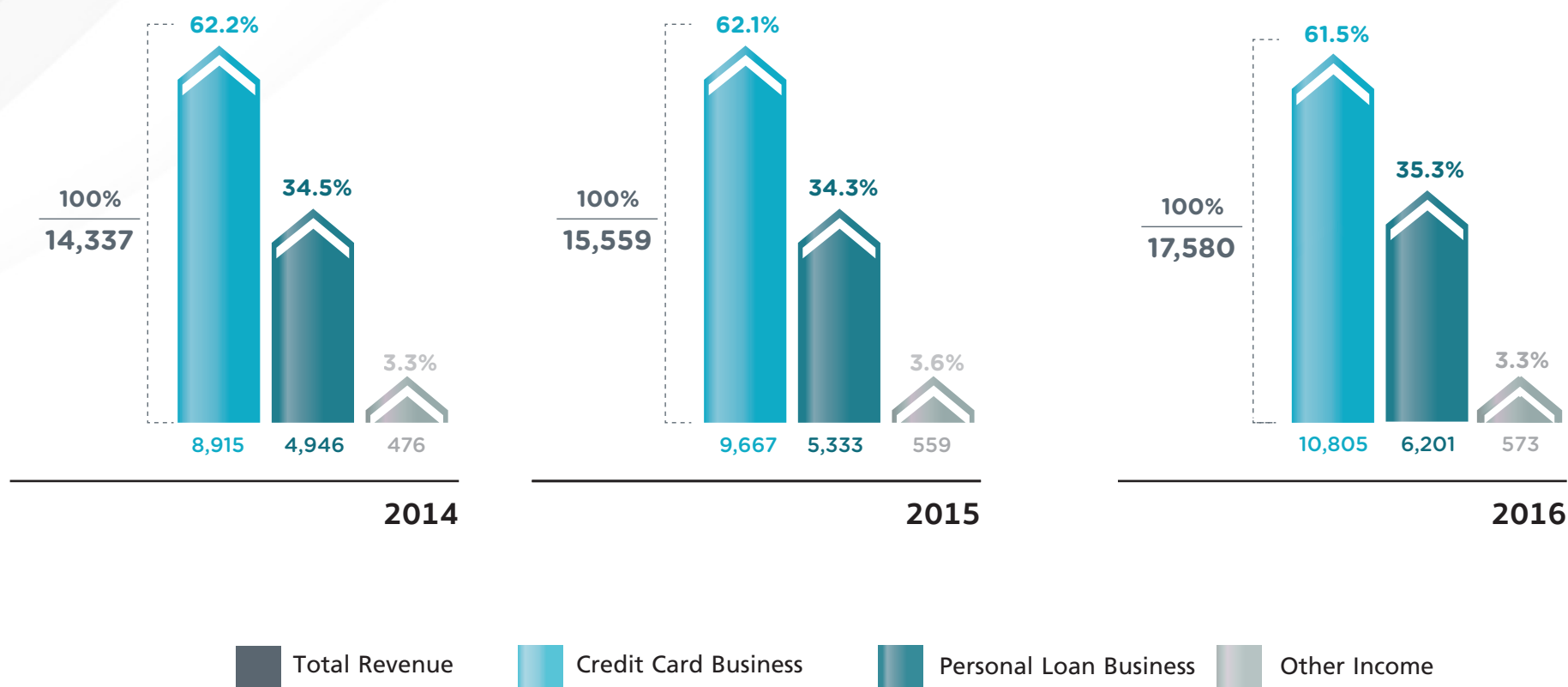
Please find further detail regarding any development in recent year, in section "Company Overview and Policies", sub-topic "Significant changes and development".

Revenue Structure

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

The 3 - year revenue structure according to the company's financial statement (2014 - 2016) is the following:

Total Revenue

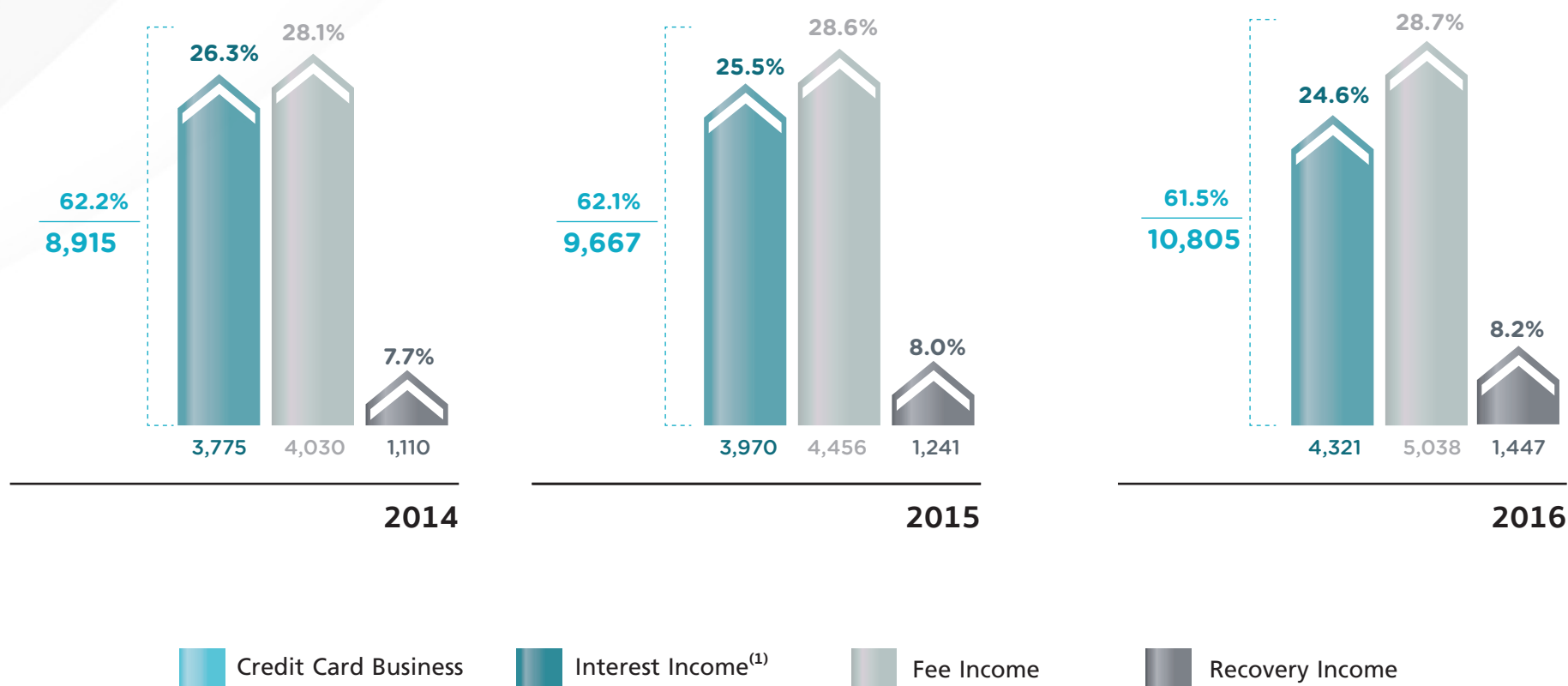


Source: 2014 - 2016 company's financial statement, audited by Deloitte Touche Tomatsu Jaiyos Audit Co., Ltd.

Remark: The company recognizes its interest revenue at 15%, credit usage fee is classified as fee income.

The 3 - year revenue structure according to the company's financial statement (2014 - 2016) is the following:

Credit Card Business

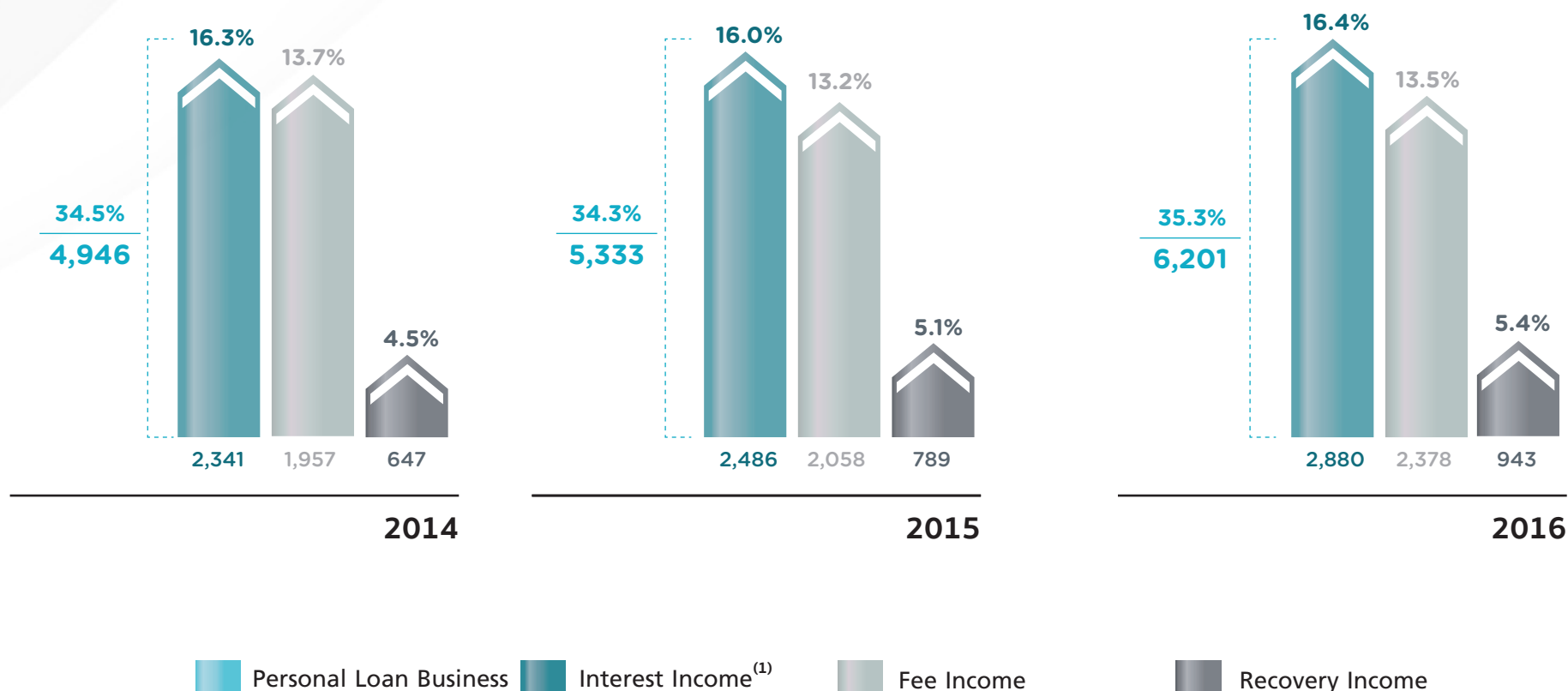


Source: 2014 - 2016 company's financial statement, audited by Deloitte Touche Tomatsu Jaiyos Audit Co., Ltd.

Remark: ⁽¹⁾The company recognizes its interest revenue at 15%, credit usage fee is classified as fee income.

The 3 - year revenue structure according to the company's financial statement (2014 - 2016) is the following:

Personal Loan Business



Source: 2014 - 2016 company's financial statement, audited by Deloitte Touche Tomatsu Jaiyos Audit Co., Ltd.

Remark: ⁽¹⁾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.

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 several 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.

2. Operating risks

2.1 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.

The Company also implements Behavior Scoring Model in assessing individual customer's credit data such as financial competency and spending

behavior to assist in the consideration of customer temporary and permanent credit limit adjustment. 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.

2.2 Default Risk

The Company is fully aware that significant default payment might jeopardize company's financial status and its operation. Therefore, the Company diversifies its customer base across industry, geography and various occupations. As of 31 December 2016, receivable with age less than 90 days amounted to Baht 67,556 million, or 98.3% of total account receivable (Baht 68,697 million). After deducting the allowance for doubtful account of Baht 5,394 million, the net account receivable is Baht 63,303 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 1.2% of credit card's NPL (>90 days) compared to 1.3% in the previous year and 0.9% for personal loan's NPL (>90 days) compared to 1.0% in the previous year.

2.3 Risk from Government's Control

The Ministry of Finance issued a Notification operation of credit card services and personal loans under the Notification of Revolutionary Council No.58 and authorized the Bank of Thailand (the "BOT") to supervise by announcing the Notifications specifying the requirements and regulations for such business, including stipulating rates of interest and fees chargeable to customers and the qualifications of credit card holders and personal loan clients. The Company 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 regulations and ensuring the compliance in business operations. The job also involves informing all personnel of the company 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 as follow;

1. Any operations that are related to Anti Money Laundering Act (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.
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 B.E. 2558 which is enforced since 2 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 B.E. 2558 will not obstruct the company's operation.

2.4 Risk from Discontinuation of Contracts with KTB

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

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

2.5 Risk of a Higher Competition

The Company is aware that there is a possibility for a fiercer competition that might lead to price-cut and debt-transfer tactics. This situation could pose some risks on the Company's portfolio and profitability. To be able to differentiate from its competitor; the Company uses its expertise and long term experience of consumer finance in Thailand to compete against them. Moreover, continually invests in new devices/ systems as well as develops more value added products and services to create maximum 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 against 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 31 December 2016 the market share of KTC's credit card and personal loan is 12.9% and 6.5%; an increase from 31 December 2015 of 12.3% and 5.7% respectively.

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.

The significant operational risks of the company are;

3.1 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.

3.2 Risk from Credit Card Fraud

The Company gives priority to the 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 2014, 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 hours daily. 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 2016, total fraud loss of credit card transactions was Baht 3.77 million or 0.002% of total spendings.

4. Financial Risks

4.1 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 affect the 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 31 December 2016, KTC's total borrowing was Baht 51,088 million. The borrowing comprised of the borrowings from related financial institution Baht 120 million, from other financial institutions Baht 9,545 million, and from debentures Baht 41,423 million. KTC's total receivable was Baht 68,697 million. The majority of receivable age is less than 90 days, and amounting to Baht 67,556 million or 98.3% of total receivable. KTC also has Baht 26,190 million total available credit line, which consisted of Baht 18,030 million from Krung Thai Bank, and Baht 8,160 million from other commercial banks.

As of 31 December 2016, company's Debt-to-Equity ratio (D/E ratio) was at 5.62 times, which was below the bond covenant that capped maximum D/E ratio at 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.

4.2 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 25 March 2003 the company's dividend policy is to pay no less than 40 percent of the net profit after the deduction of income tax and appropriation of legal reserve, effective from 2003.

For the year 2014 the company paid out Baht 2.75 per 1 ordinary share or equivalent to 40.4% of the net profit. Additionally, the 14th shareholders' meeting on 7 April 2016 resolved to pay dividends for the year 2015 at Baht 3.25 per 1 ordinary share or equivalent to 40.4% of the net profit.

Management Structure

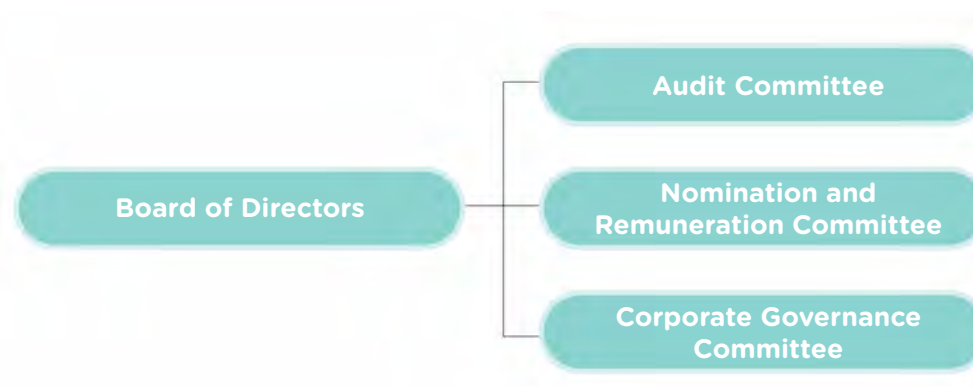
Board of Directors Structure

As at 31 December 2016, the Board of Directors of the Company consists of eight directors i.e. one Executive Director who is the President & CEO, three Non-Executive Directors and four Independent Directors. The Board of Directors dependency is assumed so that they can make efficient decision without any interfering. The Board of Directors' Meeting No.8/2016 held on 10 August 2016 has resolved to appoint Mr.Poonpat Sripleng as member of the Board of Directors in place of Mrs. Kittiya Todhanakasem and Mr.Cherdchai Chompoonukulrut as member of the Board of Directors in place of Mr. Tanyapong Thamavaranukupt, effective from 11 August 2016 onwards and The Board of Directors' Meeting No.12/2016 held on 15 December 2016 has resolved to appoint Major General Apichart Chaiyadar as member of the Board of Directors in place of Mrs. Arunporn Limskul effective from 16 December 2016 onwards

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.



Board of Directors

As at 31 December 2016, 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 2015	Historical Trading from Jan-Dec 2016	Holding amount as of 31 Dec 2016
1.	Mr. Poonpat Sripleng ⁽¹⁾⁽²⁾	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	6,092	Mar 16 bought 2,500 Stocks Jun 16 bought 2,000 Stocks Dec 16 bought 1,000 Stocks	11,592
	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

	Name	Position	Holding amount as of 31 Dec 2015	Historical Trading from Jan-Dec 2016	Holding amount as of 31 Dec 2016
5.	Major General Apichart Chaiyadar ⁽³⁾ Spouse and Minor Children	Independent Director / Corporate Governance Committee	0 0	- -	0 0
6.	Mr. Cherdchai Chompoonukulrut Spouse and Minor Children	Director / Nominating and Remuneration Committee / Corporate Governance Committee	0 0	- -	0 0
7.	Mrs. Sriprabha Pringpong Spouse and Minor Children	Director / Corporate Governance Committee	0 0	- -	0 0
8.	Mr. Rathian Srimongkol Spouse and Minor Children	Director / Corporate Governance Committee / President & CEO	0 0	- -	0 0
9.	Mr. Bucha Sirichumsang Spouse and Minor Children	Corporate Governance Committee / Secretary of the Board of Directors / Secretary of Corporate Governance Committee	0 0	- -	0 0
10.	Mr. Peerapong Pitrpibulpatit Spouse and Minor Children	Company Secretary	0 0	- -	0 0

⁽¹⁾ The Board of Directors' Meeting No.8/2016 held on 10 August 2016 has resolved to appoint Mr.Poonpat Sripleng and Mr. Cherdchai Chompoonukulrut as member of the Board of Directors effective from 11 August 2016 onwards

⁽²⁾ The Board of Director's Meeting No. 9/2016 on 15 September 2016 has resolved to appoint Mr. Poonpat Sripleng as chairman of the Board of Director, Chairman of Nominating and Remuneration Committee, Chairman of Corporate Governance, and appointed Mr. Cherdchai Chompoonukulrut as Nominating and Remuneration committee effective 15 September 2016. Later, on 10 November 2016 the Nominating and Remuneration Committee No. 6/2016 resolved to accept the Nominating and Remuneration Committee No. 5/2016 minute of meet which appointed Mr Poonpat Sripleng as Chairman of Nominating and Remuneration Committee.

⁽³⁾ The Board of Directors' Meeting No.12/2016 held on 15 December 2016 has resolved to appoint Major General Apichart Chaiyadar as member of the Board of Directors effective from 16 December 2016 onwards

During the course of 2016, there were no reports of directors' misconduct related to inside information used for securities transaction for personal gain.

Duties of the Board of Directors

1. The Board of Directors shall manage the Company's operations to ensure compliance with laws as well as the objectives, the Articles of Association of the Company and resolutions of the Shareholders' Meeting with honesty, to protect the interests of the Company.

2. The Board of Directors shall notify the Company without delay when there is a direct or an indirect interest in any contract which is made by the Company during the fiscal year, holding shares or debentures of the Company or an affiliated company and shall indicate the total increase or decrease of shares during the fiscal year.

3. The Board of Directors shall hold the meetings at least every three months, at which not less than 50% of the total number of directors must attend the meeting to form a quorum. A majority vote is required for any decision made at such a meeting.

4. The Board of Directors must arrange the Annual General Meeting within four months as the end of the fiscal year.

5. The Board of Directors shall not operate any business which has the same nature as and is in competition with the business of the Company or become a partner in an ordinary partnership or any other company operating business which has the same nature as the business of the Company.

Sub-Committee

Independent Directors and Audit Committee

Independent Director

As at 31 December 2016, the Company has four Independent Directors i.e. Mr. Akarat Na Ranong, Mrs. Pantip Sripimol, Mr. Paroche Hutachareon and Major General Apichart Chaityada, all of them fit the qualification of independent committee as per the Securities and Exchange Commission's regulation.

Audit Committee

As at 31 December 2016, 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.

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 independent persons to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. Consider and review Connected Transactions, or the transactions that may lead to conflict of interest, to ensure that they are in compliance with the laws and the Stock Exchange's regulations, and are reasonable and for the highest benefit of the Company;

6. Prepare the corporate governance report, signed by the chairperson of the Audit Committee, and disclose in the Company's Annual Report.
7. Perform any other duty as assigned by the Board of Directors.

Nominating and Remuneration Committee

As at 31 December 2016 the Nominating and Remuneration Committee comprises three members as follows:

Name	Position
1. Mr. Poonpat Sripleng ⁽¹⁾⁽²⁾	Chairman of Nominating and Remuneration Committee
2. Mr. Akarat Na Ranong	Nominating and Remuneration Committee
3. Mr. Cherdchai Chompoonukulrut ⁽¹⁾⁽²⁾	Nominating and Remuneration Committee

⁽¹⁾ The Board of Directors' Meeting No.8/2016 held on 10 August 2016 has resolved to appoint Mr. Poonpat Sripleng and Mr. Cherdchai Chompoonukulrut as member of the Board of Directors effective from 11 August 2016 onwards.

⁽²⁾ The Board of Director's Meeting No. 9/2016 on 15 September 2016 has resolved to appoint Mr. Poonpat Sripleng as chairman of the Board of Director, Chairman of Nominating and Remuneration Committee, Chairman of Corporate Governance, and appointed Mr. Cherdchai Chompoonukulrut as Nominating and Remuneration committee effective 15 September 2016. Later, on 10 November 2016 the Nominating and Remuneration Committee No. 6/2016 resolved to accept the Nominating and Remuneration Committee No. 5/2016 minute of meet which appointed Mr. Poonpat Sripleng as Chairman of Nominating and Remuneration Committee.

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

1. Determine the qualifications of the Directors, the Chief Executive Officer, Senior Executive Vice President, Executive Vice President or any equivalent position which includes the top management level as well as any authorized person according to the definition of The Office of The Securities & Exchange Commission. The consideration depends on structure, size and complements as required by law, directors and/or the resolutions of the Shareholders' Meeting as the case may be;
2. Find, select and nominate qualified persons who have qualifications as described for the position of Directors, Independent Directors, Executive Directors and Chief Executive Officer, Senior Executive Vice President, Executive Vice President or any equivalent position which includes the top management level as well as any authorized person according to the definition of The Office of The Securities & Exchange Commission in order to propose to the Board of Directors' or the Shareholders' Meeting as the case may be for further approval;
3. Consider criteria for the performance evaluation of the Board of Directors, the Chief Executive Officer's, Senior Executive Vice President, Executive Vice President or any equivalent position which includes the top management level as well as any authorized person according to the definition of The Office of The Securities & Exchange Commission and propose to the Board of Directors' Meeting for further approval;
4. Propose remuneration policy, the structure for remuneration and other benefits for the Directors, Independent Directors, 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.

Corporate Governance Committee

As at 31 December 2016 Corporate Governance Committee comprises twelve members as follows:

Name	Position
1. Mr. Poonpat Sripleng ⁽¹⁾⁽³⁾	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. Major General Apichart Chaiyadar ⁽²⁾	Corporate Governance Committee
6. Mr.Cherdchai Chompoonukulrut ⁽¹⁾	Corporate Governance Committee
7. Mrs. Sriprabha Pringpong	Corporate Governance Committee
8. Mr. Rathian Srimongkol	Corporate Governance Committee
9. Mr. Virach Paisitsavet ⁽⁴⁾	Corporate Governance Committee
10. Mrs. Kandtharat Chermchitphong	Corporate Governance Committee
11. Mr. Sakda Chantrasuriyarat	Corporate Governance Committee
12. Mr. Bucha Sirichumsang	Corporate Governance Committee / Secretary of Corporate Governance Committee

- ⁽¹⁾ The Board of Directors' Meeting No.8/2016 held on 10 August 2016 has resolved to appoint Mr.Poonpat Sripleng and Mr. Cherdchai Chompoonukulrut as member of the Board of Directors effective from 11 August 2016 onwards.
- ⁽²⁾ The Board of Directors' Meeting No.12/2016 held on 15 December 2016 has resolved to appoint Major General Apichart Chaiyadar as member of the Board of Directors effective from 16 December 2016 onwards.
- ⁽³⁾ The Corporate Governance Committee meeting No. 2/2016 on 15 December 2016 appointed Mr. Poonpat Sripleng to Chairman of Corporate Governance Committee effective 15 December 2016.
- ⁽⁴⁾ According to the company memorandum No. 13/2016 on 16 December 2016, as a result of organizational restructure the Human Resource reports to the Operation department effective 16 December 2016. Consequently, Mr. Virach Paisitsavet replaced Mr. Mana Boonkhun as Corporate Governance Committee.

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.

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. The Sub-Committee's meeting is scheduled for regular basis and the date and timetable of the meeting was fixed in advance for the period of one year, the meeting minute is recorded in the written format.

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 2016, the Board organized 12 meetings, the Audit Committee organized 6 meetings, 7 Nominating and Remuneration Committee Meetings, and 2 Corporate Governance Committee Meetings with details as follows;

Name		Board of Directors' Total 12 Meetings	Audit Committee's Meeting Total 6 Meetings	Nominating Remuneration Committee's Meeting Total 7 Meetings	Corporate Governance Committee ⁽³⁾ Total 2 Meetings
1.	Mr. Poonpat Sripleng ⁽¹⁾⁽²⁾	4/4	-	3/3	1/1
2.	Mr. Akarat Na Ranong	12/12	6/6	7/7	2/2
3.	Mrs. Pantip Sripimol	10/12	4/6	-	2/2
4.	Mr. Paroche Hutachareon	11/12	6/6	-	2/2
5.	Major General Apichart Chaiyadar ⁽³⁾	-	-	-	-
6.	Mr. Cherdchai Chompoonukulrut ⁽¹⁾⁽²⁾	3/4	-	2/3	1/1
7.	Mrs. Sriprabha Pringpong	11/12	-	-	2/2
8.	Mr. Rathian Srimongkol	12/12	-	-	2/2
9.	Mr. Virach Paisitsavet ⁽⁴⁾	-	-	-	-
10.	Mrs. Kandtharat Chermchitphong	-	-	-	2/2
11.	Mr. Sakda Chantrasuriyarat	-	-	-	2/2
12.	Mr. Bucha Sirichumsang	11/12	-	-	2/2
Director resigned during the year					
1.	Mrs. Kittiya Todhanakasem ⁽⁵⁾	4/4	-	4/4	-
2.	Mr. Tanyapong Thamavaranukupt ⁽⁶⁾	5/7	-	4/4	1/1
3.	Mrs. Arunporn Limskul ⁽⁷⁾	10/11	-	-	1/1
4.	Mr. Mana Boonkhun ⁽⁴⁾	13/13	-	-	2/2

⁽¹⁾ The Board of Directors' Meeting No.8/2016 held on 10 August 2016 has resolved to appoint Mr.Poonpat Sripleng and Mr. Cherdchai Chompoonukulrut as member of the Board of Directors effective from 11 August 2016 onwards.

⁽²⁾ The Board of Director's Meeting No. 9/2016 on 15 September 2016 has resolved to appoint Mr. Poonpat Sripleng as chairman of the Board of Director, Chairman of Nominating and Remuneration Committee, Chairman of Corporate Governance, and appointed Mr. Cherdchai Chompoonukulrut as Nominating and Remuneration committee effective 15 September 2016. Later, on 10 November 2016 the Nominating and Remuneration Committee No. 6/2016 resolved to accept the Nominating and Remuneration Committee No. 5/2016 minute of meet which appointed Mr Poonpat Sripleng as Chairman of Nominating and Remuneration Committee.

⁽³⁾ The Board of Directors' Meeting No.12/2016 held on 15 December 2016 has resolved to appoint Major General Apichart Chaiyadar as member of the Board of Directors effective from 16 December 2016 onwards.

⁽⁴⁾ According to the company memorandum No. 13/2016 on 16 December 2016, as a result of organizational restructure the Human Resource reports to the Operation department effective 16 December 2016. Consequently, Mr. Virach Paisitsavet .

⁽⁵⁾ Mrs. Kittiya Todhanakasem, Chairman of the Board of Director resigned from her position effective 8 April 2016.

⁽⁶⁾ Mr. Tanyapong Thamavaranukupt resigned from his director position effective 31 July 2016.

⁽⁷⁾ Mrs. Arunporn Limskul resigned from her director position effective 1 November 2016.

In the past year, the Board of Directors has convened 1 meeting without the presence of KTC Management on 15 December 2016 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.

Company's Executives

As of 31 December 2016, the company's management team comprises of:

	Name	Position	Holding amount as of 31 Dec 2015	Historical Trading from Jan-Dec 2016	Holding amount as of 31 Dec 2016
1.	Mr. Rathian Srimongkol Spouse and Minor Children	President & CEO	0 0	- -	0 0
2.	Mr. Chutidej Chayuti Spouse and Minor Children	Chief Financial Officer ⁽¹⁾	0 0	- -	0 0
3.	Mr. Virach Paisitsavet Spouse and Minor Children	Chief Operations Officer ⁽¹⁾	0 0	- -	0 0
4.	Mr. Piyasak Tejasen Spouse and Minor Children	Senior Executive Vice President – Distribution & Merchant Acquiring	0 0	- -	0 0
5.	Ms. Sudaporn Janwatanagool Spouse and Minor Children	Executive Vice President – Personal Loans	0 0	- -	0 0

[illegible]

Name		Position	Holding amount as of 31 Dec 2015	Historical Trading from Jan-Dec 2016	Holding amount as of 31 Dec 2016
11.	Mr.Woottichai Jarernpol	Executive Vice President – Information Technology	0	-	0
	Spouse and Minor Children		0	-	0
12.	Mr. Sakda Chantrasuriyarat	Senior Vice President – Compliance	0	-	0
	Spouse and Minor Children		0	-	0
13.	Ms. Apiwan Bakban	Vice President – Portfolio & Customer Relationship Management	0	-	0
	Spouse and Minor Children		0	-	0
Executive Resigned during the year					
1.	Mr. Therayut Sirigulviriyavanich ⁽²⁾	Senior Vice President – Digital Marketing	0	-	0
	Spouse and Minor Children		0	-	0
2.	Mr. Mana Boonkhun ⁽³⁾	Executive Vice President – Human Resources	32	-	32
	Spouse and Minor Children		0	-	0

⁽¹⁾ According to the company's memorandum No. 1/2017 on 10 January 2017 change in Department names and positions are as follows:

- Mr. Chutidej Chayuti appointed to Chief Financial Officer (CFO)
 - Mr. Virach Paisitsavet appointed to Chief Operations Officer (COO)
 - The President & CEO's Office renamed to Office of President & CEO
- These changes are effective from 16 January 2017.

⁽²⁾ Mr. Therayut Sirigulviriyavanich resigned from his position effective on 21 October 2016, and according to the company's memorandum No. 10/2016 on 19 October 2016 to cancel the Digital Marketing department effective 21 October 2016.

⁽³⁾ According to the company's memorandum No. 13/2016 on 16 December 2016, the company reorganized its structure by moving the Human Resources Department to report under the Operations Department effective on 16 December 2016. As a result the head of Human Resources Department are not required to report to the SEC as first line executive.

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

During the course of year 2016, there wasn't any information of any wrong doing of the directors regarding the use of company's internal or classified information for the benefit of buying or selling company's asset for their personal or other parties' interest.

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:
 - A register of directors;
 - A notice calling the Board of Directors' Meeting, minutes of the Board of Directors' Meeting and Annual report of the Company; and
 - A notice calling the Shareholders' Meeting, minutes of the Shareholders' Meeting;
3. Keep records of strategic shareholders reported by a director or an executive and provide copy of the said report to the Chairman and the Chairperson of Audit Committee within 7 days of the receiving date of the report;

4. Perform any act as assigned by the Board of Directors of the Company;
5. Perform any act as required by the laws, the Securities and Exchange Commission, and Stock Exchange of Thailand.

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

Board of Directors 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.14 on 7 April 2016, 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 2016 amount Baht 11,040,000 (includes the remuneration of Mr.Rathian Srimongkol as a director). The total remuneration of Executives for the year 2016 is Baht 188,149,371. Thus, the total remuneration of the Board of Directors and Executives amount Baht 199,189,371 with details as follows;

Name		Position	Remuneration Year 2016 (Baht)	Bonus Year 2016 (Baht)
1.	Mr.Poonpat Sripleng ⁽¹⁾⁽²⁾	Chairman / Chairman of Nominating and Remuneration Committee / Chairman of Corporate Governance Committee	0	0
2.	Mr. Akarat Na Ranong	Independent Director / Chairman of Audit Committee / Nominating and Remuneration Committee / Corporate Governance Committee	732,000	1,015,775
3.	Mrs. Pantip Sripimol	Independent Director / Audit Committee / Corporate Governance Committee	480,000	1,015,775
4.	Mr. Paroche Hutachareon	Independent Director / Audit Committee / Corporate Governance Committee	480,000	1,015,775
5.	Major General Apichart Chaiyadar ⁽³⁾	Independent Director / Corporate Governance Committee	0	0
6.	Mr.Cherdchai Chompoonukulrut ⁽¹⁾⁽²⁾	Director / Nominating and Remuneration Committee / Corporate Governance Committee	0	0
7.	Mrs. Sriprabha Pringpong	Director / Corporate Governance Committee	240,000	1,015,775

Name		Position	Remuneration Year 2016 (Baht)	Bonus Year 2016 (Baht)
8.	Mr. Rathian Srimongkol	Director / Corporate Governance Committee / President & CEO	240,000	1,015,775
Director resigned during the year				
1.	Mrs. Kittiya Todhanakasem ⁽⁴⁾	Chairman / Chairman of Nominating and Remuneration Committee / Chairman of Corporate Governance Committee	180,000	1,269,575
5.	Mr. Tanyapong Thamavaranukupt ⁽⁵⁾	Director / Nominating and Remuneration Committee / Corporate Governance Committee	108,000	1,015,775
7.	Mrs. Arunporn Limskul ⁽⁶⁾	Director / Corporate Governance Committee	200,000	1,015,775
Total			2,660,000	8,380,000

⁽¹⁾ The Board of Directors' Meeting No.8/2016 held on 10 August 2016 has resolved to appoint Mr.Poonpat Sripleng and Mr. Cherdchai Chompoonukulrut as member of the Board of Directors effective from 11 August 2016 onwards.

⁽²⁾ The Board of Director's Meeting No. 9/2016 on 15 September 2016 has resolved to appoint Mr. Poonpat Sripleng as chairman of the Board of Director, Chairman of Nominating and Remuneration Committee, Chairman of Corporate Governance, and appointed Mr. Cherdchai Chompoonukulrut as Nominating and Remuneration committee effective 15 September 2016. Later, on 10 November 2016 the Nominating and Remuneration Committee No. 6/2016 resolved to accept the Nominating and Remuneration Committee No. 5/2016 minute of meet which appointed Mr. Poonpat Sripleng as Chairman of Nominating and Remuneration Committee.

⁽³⁾ The Board of Directors' Meeting No.12/2016 held on 15 December 2016 has resolved to appoint Major General Apichart Chaiyadar as member of the Board of Directors effective from 16 December 2016 onwards. Major General Apichart Chiyada participated in his first meeting in January 2017, and therefore are not applicable for the 2016 remuneration.

⁽⁴⁾ Mrs. Kittiya Todhanakasem, Chairman of the Board of Director resigned from her position effective 8 April 2016.

⁽⁵⁾ Mr. Tanyapong Thamavaranukupt resigned from his director position effective 31 July 2016.

⁽⁶⁾ Mrs. Arunporn Limskul resigned from her director position effective 1 November 2016.

Remuneration of the Executives

Remuneration	December 31, 2015		December 31, 2016	
	Persons	Remuneration (Baht)	Persons	Remuneration (Baht)
Salary ⁽¹⁾	16	95,478,480	13	88,888,727
Bonus ⁽²⁾	16	74,910,850	13	86,716,195
Provident Fund	16	5,528,709	13	5,333,324
Social Security Contribution ⁽³⁾	16		13	133,125
Long - term management remuneration for the post employment benefit ⁽⁴⁾	16	6,338,000	13	7,078,000
Total		182,456,039		188,149,371

⁽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.

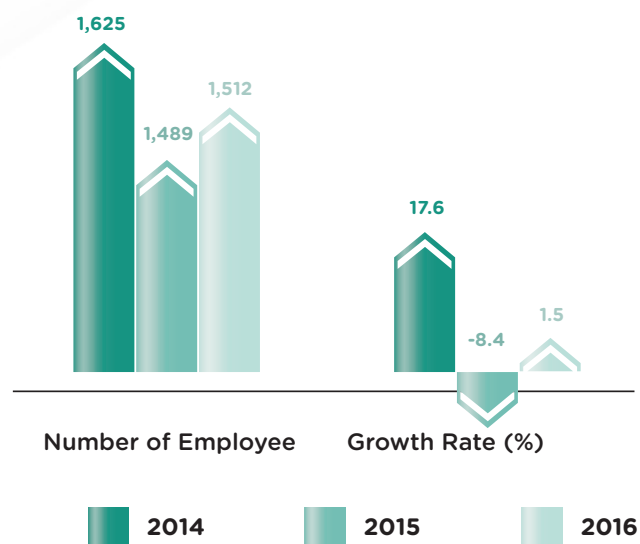
⁽³⁾ The executives remuneration in 2016 included social security contribution.

⁽⁴⁾ Long term Management Remuneration for Executive means evaluation of benefits for each executive by evaluating the current value of cash flow expected to be paid in the future in accordance with Thai Accounting Standards No. 19 (TAS19) Re: Employee Benefits, which the Company has applied since 1 January 2011. The Company recognized costs for employee benefits as employee related costs in the Profit and Loss Statements.

Human Resource

Personnel

Workforce Statistics



As of 31 December 2016, KTC recorded a number of 1,512 employees, 1.5% more than last year. Total remuneration consists of Executives remuneration and personnel expense which include salary, bonus and contributed provident fund. Total amount is Baht 2,060 million, increasing 7% from the previous year.

At 31 December 2016, 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	319
Information Technology	78
Corporate Finance	86
Personal Loans	11
Contact Center	268
Operations	337
Corporate Communications	21
Credit Card	86
Office of President & CEO ⁽¹⁾	263
Public & Corporate Affairs	11
Portfolio & Customer Relationship Management	8
Internal Audit	15
Compliance	6
Total	1,512

⁽¹⁾ According to the company's memorandum No. 1/2017 on 10 January 2017 The President & CEO's Office was rename to Office of President & CEO.

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. KTC has bought promotional media in various websites, advertisement in Social Media such as Facebook / LinkedIn and the SMS to applicants or internal employees. KTC also used its own public relation channel through its website, as well as recommendations from company's managements, which help improving the performance in key position recruitment.

Human Resource Development

KTC has policy for continuous employee's development, putting priority on providing knowledge and developing skills for its employee, so that they can keep up with business's direction, and to improve overall company's

competency both in present time and in the future. We focused on promoting good attitude, be skillful with their tasks so that they can serve the customers faster, more efficiently and correctly. The training courses consist of;

1. Leadership Courses that focus on creating the next generation leader, such as Leadership as a Coach, Think on Your Feet, and The 7 Habits of Highly Effective People, etc.
2. Core Course group, which is a course for every employee. These courses aim to link company's target, goal and knowledge together, such as Inspiration to KTC's knowledge, creation of Standard Operation Practice (SOP), Risk Controlling Self-Assessment (RCSA), Operation Safety Officer, Creativity of Communication skills, 8 Wastes for Smart Simplicity & Meaningful, etc.
3. Functional Course group, focusing on the development of skills that can be applied to do their jobs, such as Introduction to the MasterCard authorization environment, Up Selling Pro, SpeakPro Presentation, The Revolution of new communication method etc.
4. Managerial Course group, focusing on the development of management skill, such as Sale Manager as a Coach, 4D Supervisory Skill, Behavioral-Based Interview Technique for Line Manager, Power of active of Listening, Strategic Thinking, etc.

KTC believe that the idea to bring excellent products or services to the public must derive from excellent creativity. Therefore, the company promotes the "Learning Organization" culture in order to create the good working environment and atmosphere, providing employee with cutting-

edge equipments, aiming to create new idea that will eventually lead to new set of knowledge within the organization through the “KTC Knowledge Sharing” project. KTC has built the knowledge sharing concept as company’s culture, we encourage our employee to study online courses such as Coursera, the employees can choose to study the topic or subject of their own interests and skills, they also can discuss and share their experience that they learned in the course through the “Community”, which is the channel that allow employee to get together so that they can invite other colleague to join the course, this activity also improve their language skill as well. In year 2016, the average learning hours per each employee is at 33.61 hours / year.

KTC has built employee’s conscious to perform their duty on good moral ground in order to purify their mind and to develop their moral through the “Lan - Dharma KTC” project, with activities such as “Relaxed Mind, Happy Body – Rejuvenate your life with Dharma” and “Drama Class at Wat Pa Taweesub Dharmaram”, “KTC Sit & Talk” activity to share knowledge and experiences in various topics so that employee is kept up - to - date to current situation, there were guest speakers invited to lecture on topics, such as Money Planning, Marketing and Consumer Trend in Digital Age, Ignite Passion, Ignite Performance. There’re also activity that promote employee to learn how to be a giver and to pay attention to their health condition, such as buying organic rice directly from farmers.

In addition, KTC has organized the “Learn & Earn @ KTC” project with the target to promote and develop youth’s performance, making them ready to be good leader in the future. This project will prepare the student in advance before actually entering into the working life, so that they can learn to use their free time efficiently and be able to experience other things rather than just learning from their class schedules alone and they will also be generating

income for themselves and to their family and at the same time, developing skills that benefit both their working life and personal life. In year 2016, KTC has organized the inspirational activity under the concept “KTC Gen D – Making Dream of the Good & Talented come true” This promotional series are divided into 4 episodes as follow; Power of Unity, Power of Idea, Power of Sharing and Power of Social Network, another target of this activity is to build virtue, honesty and moral for the students.

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). Moreover, KTC has brought in some Google’s function, such as Google Sheet, Google Chrome to apply to its form filling operation in human resource’s jobs in order to create effective and swift process for employee who, in other word, is company’s internal clients. This method also benefit to external clients as well, for example the job applicant, they can do the application, examination and contract signing processes quicker. KTC has applied QR Code in job application and training result evaluation to increase flexibility in application process.

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

Compensation and Benefit Guideline

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

Human Rights Recognition

KTC has an obvious policy stating that it will never get involved with violation of human rights starting from recruitment and selection of personnel. KTC will not hire any minor under the age of 15 under any circumstances: full - time or part - time, and paid or without - pay. Staffs will not be physically, mentally, sexually, or verbally barricaded, discriminated, and threatened. This includes, accepting differences and giving the freedom of expression, for instance, dress, speech, opinion. Moreover, there will be activities without discrimination and a person who will be held responsible on each floor. Additionally, the environment in the workplace will be eligible for job execution as lighting, clean drinking water, a place to relax and talk to each other informally, a clean bathroom, annual emergency training plan for the safety of employees, an emergency telephone number, and Call Tree communication systems with the respective chain of command, will always be available and ready in place.

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

The Company's Board of Directors has strongly promoted and determined that the Company's operation has been carried out in accordance with the Good Governance Policy and business ethics in order to enhance the Company's good governance system and to strengthen stakeholders confidence. Therefore, the Corporate Governance Committee has been appointed, consisting of the Company's Board of Directors, secretary of the Board of Directors, and the executive management of Compliance, Human Resources, and Public & Corporate Affairs. The Committee has been responsible for proposing Good Governance guidelines to the Board of Directors and to oversee that the company's operation has been carried out in accordance with both the Company's Good Governance Policy and the Stock Exchange of Thailand's Good Governance Policy. Moreover, the Corporate Governance Committee has managed the Company's social and environmental aspects, as well as overseen anti-corruption related activities.

In 2016, The Corporate Governance Committee has completely and effectively performed its duty as appointed by the Company's Board of Directors. A total of 2 meetings were convened in order to follow up on the Company's operation based on the Good Governance Policy. The conclusions are as follow:

Shareholders' Rights

- To convene the 2016 Annual General Meeting of Shareholders, which was held on 7 April 2016. Shareholders were informed of the meeting's date, time, venue, and agenda prior to the meeting so that to comply with Good Governance Policy and to align with "The Annual General Meeting of Shareholders Quality Assessment" of the Stock Exchange of Thailand in every procedure.

Equality among Shareholders

- To provide opportunities for minority shareholders to propose meeting agendas and to nominate candidates for the Board of Directors seats during 1 December 2015 to 31 January 2016, prior to the 2016 Annual General Meeting of Shareholders, in order to promote shareholders to exercise their rights and to create equality among members.
- To acknowledge the reviewed of related transactions among Krung Thai Bank Public Company Limited and its subsidiaries in order to be presented to the Audit Committee and the Board of Directors.

Responsibilities of the Committee

- The committee reviewed and approved the Corporate Governance Report of Thai Listed Companies 2015. Additional guidelines that were established in 2016 have also been approved, which will later be added to the Company's Good Governance Policy.
- To review Company's announcement on internal information disclosure and usage so that it is up-to-date, and comply with the laws and the guidelines stated by the Securities and Exchange Commission of Thailand.
- To review qualifications of the members of Board of Directors for the year 2016 as to retain regulatory compliance.

- To evaluate performance of the Board of Directors, Board members, and the sub-committees.

To cater for Stakeholders

- To announce rules and regulations regarding inside information. To notify a restricted period in which Board members, management, and employees cannot use the information regarding the financial statements or any material information which can influence the Company stock's price for personal gain as the information have not yet been disclosed to the public.

- To follow up on the Anti-Corruption Policy, which has been stipulated under the Corporate Governance Policy, such as to review the Risk Control Self Assessment (RCSA) for the year 2016, to review and audit that the Company has operated its business in accordance with the policy guidelines, etc.

Information Disclosure and Transparency

- To continuously publicized Annual Registration Statement (Form 56-1), Annual Report, Quarterly Financial Reports and other significant information via various channels such as the Stock Exchange of Thailand system and the Company's website (www.ktc.co.th). Investor Relations has been assigned responsibility for such publications to ensure that shareholders, investors, and the general public can access the Company's information in an effective, reliable, and timely manner.

Social Responsibilities and Sustainable Development

- To promote Corporate Social Responsibility in work processes (CSR-in process) such as fair treatment to employee and to incorporate technologies and innovations into the work processes. To promote Corporate Social Responsibility after work processes (CSR-after process) such as donations to charities (for more details, see the Corporate Social Responsibility topic).

Promote the Company's operations to conform with the Corporate Good Governance Policy

- The Company has continued to create good conscience in Board members, management, and employees by developing learning media related to Good Governance Policy on a regular basis. Every month, newly recruited managements and employees attend an orientation, mainly focusing on the Company's main businesses, Good Governance Guidelines, and important business laws.

With the determined efforts of Board members, executives, and employees of all levels to work in a transparency manner, to comply with the Good Governance Guidelines, to be aware of social responsibilities, and to cater for every stakeholder, the Company's Good Governance performance has proven successful as can be seen as follow:

- Became a certified member of the Private Sector Collective Action Coalition Against Corruption (CAC), indicating that the Company's Anti-Corruption Policy meets the requirements as stated by CAC.
- The survey result of "Corporate Governance Report of Thai Listed Companies 2016" held by "Thai Listed Company Association" has improved from "Very Good CG Scoring" to "Excellent CG Scoring".
- Elected as 1 of the 100 listed companies with outstanding Environment, Social and Governance (ESG) performance for the year 2016.
- Received "99.5%" on the quality of the 2016 General Annual Meeting of Shareholders from Thai Investors Association, Thai Listed Company Association, and Securities and Exchange Commission of Thailand.

With the unified agreement between committees, executives, and employees of all levels in the Company that Good Governance is an important factor for supporting the Company to perform effectively and with sustainability, The Corporate Governance Committee emphasized on following Good Governance Policy and Code of Conduct Guidelines in order to develop the Good Governance of the company to achieve the international standard. This is to create confidence among stakeholders and promote the company to be accepted on an international level.



Mr. Poonpat Sripleng
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 2016, the Nomination and Remuneration Committee set up a total of 7 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. Considerations were given to candidates' qualification, skills, knowledge, and experience combined with the derived skills and expertise of the current directors to ensure that the proportion, composition and variety of the directors' expertise are well diverse. 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 1 December 2015 to 31 January 2016. However, no nominations were made. Therefore, the Nomination and Remuneration Committee nominated 3 directors - Mrs. Sriprabha Pringpong, Mr. Paroche Hutachareon and Mr. Rathian Srimongkol - to take the position for another term as they all qualify for the requirements.

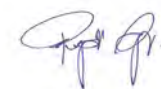
2. Considered and proposed nominations to replace directors who resigned during the year, to submit to the board of directors for appointment consideration.

3. 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.

4. Determined the board of director's performance evaluation, as well as considered all sub-committee's evaluation adhering to the company's corporate governance policy.

5. 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.

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



Mr. Poonpat Sripleng
Chairman of Nomination and Remuneration Committee

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 have 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). The Company has established the Business Ethic Manual, which is reviewed annually, to set up a framework for employees to follow. The Board of Directors has formed sub-committees to maintain the effectiveness of internal control, internal audit, risk management, and overseeing the Company's operations in other aspects including 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 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 :

Section 1 : Rights of Shareholders

1.1 Shareholders' Rights Policy and Protection

The Company is committed to fulfilling its responsibilities to respect and protect the right of shareholders and to not violating the rights of shareholders and encourages them to exercise their rights properly. Basic rights of shareholders include buy, sell, and transfer outstanding shares; the right to share in the profit of the company; the participate and vote in the shareholder meetings to elect or remove members of the board; appoint the external auditor, and make the decisions on any transactions that affect the company i.e. dividend payment, amendments to the company's articles of association or the Company's by law, capital increase or decreases, and the approval of extraordinary transactions.

In addition to the basic rights specified by law, the Company follows best practices that go beyond shareholders' expectations in order to encourage and facilitate their activities. The shareholders shall be entitled to obtain relevant and adequate information i.e. quarterly result, and performance analysis and discussion on the Company in a timely manner and on a regular basis, which are made available conveniently via Company's websites.

1.2 Annual General Meeting of Shareholders

- 1.2.1) The Company recognizes the importance of general meeting of shareholders. The Annual General Meeting of Shareholders is held annually within four months from the ending date of the Company's fiscal year, in full compliance with its the Principle

of Good Corporate Governance for Listed Company and as specified by law. The shareholders shall be allowed to propose items of agenda for the Annual General Meeting before its commencement. The company is responsible for collecting all these requests and preparing supporting documents for a meeting agenda, which shall be provided online at www.ktc.co.th around 30 days prior to the meeting, as well as publishing them in a daily newspaper for at least 3 consecutive days in order to ensure such information reach all the shareholders. The Company has also appointed Thailand Securities Depository Co., Ltd., as a common stock registrar to distribute invitations to shareholders. The invitation shall be attached with the meeting agenda, general descriptions, underlying rationales and other supporting documents sufficient for decision-making, which provide shareholders with sufficient time to learn more information that is essential for their decision-making and voting. Should they have any questions or concerns, they may contact the Board of Directors prior to the date set for such meeting via the Company's website; or send a letter by mail directly to the Board; or pass comments, feedback and questions concerning one or more items in the agenda to the Board on the date of meeting. A meeting shall be held at a venue where it is convenient for the shareholders to attend. The Company shall encourage and promote meeting attendance for all shareholders, especially institutional ones.

- 1.2.2) On the date of the meeting, the Company shall facilitate shareholders' participation and voting with the use of barcode system for the purpose of shareholders' meeting registration

and voting processes. Tax stamps shall also be available for the convenience of any proxy holder attending the meeting in place of a shareholder.

- 1.2.3) The Company shall commence the registration at least two hours prior to the meeting. In case of late attendance, attendees shall be allowed to cast votes on the next agenda items and these shall be treated as the quorum votes.
- 1.2.4) Invitations to the Annual General Meeting of Shareholders, supporting documents, and a variety of proxy forms shall be made available online at www.ktc.co.th to enable shareholders to choose the right form for their specific purpose. In addition, the Company shall appoint at least one independent director as a proxy holder in case some shareholders cannot attend the meeting in person. It shall also provide explanations and reasons concerning each agenda item or resolution as specified in the Invitations to the Annual General Meeting of Shareholders, and present useful facts and comments of the Board of Directors associated with each agenda item, in case shareholders have different views with the Board, so that the shareholders are sufficiently and equally informed for further consideration. All of this explanatory information shall be published in Thai and English for shareholders.
- 1.2.5) In any Annual General Meeting of Shareholders, the Company's chairman of the Board of Directors, board members and management shall be in full-team attendance in order to present performance figures, report on management policies, answer some immediate questions and promptly provide any answers or requested information to shareholders during the meeting.

- 1.2.6) To enable accuracy and transparency of vote counting in each agenda item, the Company shall invite representatives from independent audit firms, in addition to auditors appointed by the Company, to jointly verify the vote counting process.
- 1.2.7) Before the meeting starts, the chairperson shall describe the meeting's rules and regulations, voting procedures, the rights to vote for each type of share and vote counting methods for each agenda item in accordance with the Company's article of association. During the meeting, all shareholders shall have equal rights to question and comment as well as voice their feedback freely. The Board shall pertinently answer all questions on each agenda item. The minutes of meeting shall be taken; an adequate explanation of voting procedures as well as the presentation of voting results shall be recorded and presented to attendees before the meeting starts. The meeting shall also involve shareholders raising issues and concerns, records of questions and answers, records of voting results from each agenda item detailing how shareholders have voted for, against and abstained, and a list of Directors attending the meeting and those absence, accurately and completely. At the end of the meeting, all resolutions and votes shall be processed through 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 office of the Securities and Exchange Commission (SEC) within 14 days from the date of meeting and also made available on the Company's website both in Thai and English.
- 1.2.8) The Company shall not add items in the agenda without prior notice to shareholders, especially ones that are associated with important issues and need time to study before making a decision. It shall conduct the shareholders' meeting in a correct sequence of agenda as mentioned in the invitation.
- 1.2.9) During a shareholders' meeting, the Board shall encourage using advanced technology in the meeting to calculate votes and display results so that the meeting can be quickly and precisely conducted.
- 1.2.10) The Board shall encourage using ballot in any important agenda such as related-party transactions, asset acquisition or disposal to ensure transparency and verifiability, in case of later dispute.
- 1.2.11) The Chairperson shall manage time effectively and strongly encourage shareholders to express their views and questions on matters relating to the Company.

Section 2 : Equitable Treatment of Shareholders

2.1 Equitable treatment to minority shareholders

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

2.2 Procedures for authorizing the proxy

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

2.3 Measures preventing and abuse of inside information

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

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.

Confidential or Internal Information are significant material facts that have been received or acknowledged in writings or any other forms by the Board members, management, or employees such as financial statements, the Company's performance, joint ventures, changes in dividend policies, acquisition of significant business partners, and etc. Such information is not ready for disclosure, has not yet been announced to the public, and can influence the Company's Securities price.

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

Instruction for approving connected transactions

1) Each Director is required to disclose information on transactions that might bear any conflicts of interest, related-party transactions or connected transactions as prescribed in the requirements of the Office of Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand.

2) Director having conflict of interest is prohibited from approving a particular transaction. In conducting any related-party transactions, the Audit

Committee shall participate and give opinions under the Principle of Good Governance for Listed Companies as well as rules and regulations prescribed by the Stock Exchange of Thailand.

3) Lending or investing in any business in which the Director might have a potential conflict of interest must be unanimously approved by the Board of Directors, without the affected Director being present in such meeting. To further prevent a potential conflict of interest, pricing and terms and conditions must be determined in accordance with the Company's normal course of business and equal treatment given to regular clients. Moreover, the Company has taken measures to oversee the use of inside information, which is clearly specified

(Please see details in "Management Structure" section under the "Use of Insider Information" topic).

Section 3 : Roles of Stakeholders

3.1 Fair treatment to stakeholders

The Company recognizes the rights and roles of all stakeholders, internally and externally, and has included it as part of the 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.

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, so as 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.

Competitors

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

Corporate social and environmental responsibility

The Company strives to be a good corporate citizen conducting its business in a responsible manner to ensure the best interests of the society and the country. The Company contributes to various social-spirited activities and takes part in social, community and environmental development projects, and also aims to protect and preserve natural resources. To achieve tangible results from its social and environmental responsibility initiatives, and make these truly beneficial to the society and environment, the Company's Board of Directors and management has given procedure to this matter and included it as an integral part of its Corporate Missions, which are described in full details in the "Corporate Social Responsibility" section of the Company's Annual Report.

Board of Directors and management

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

Employees

The Company recognizes its human resources as a valuable driving force for the organization. For this reason, it has always put emphasis on recruiting and hiring the right people, offering rates of salary and remuneration packages at the level comparable to leading companies. The Company also highly

values human resources development through a variety of training programs, on a regular basis, in order to address rising competition in the financial business industry. The employees are regularly trained on management skills, sales and marketing, customer service, financing, 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 work place, the Company places emphasis on maximizing safety in life and property, as well as creating a positive working environment. In 2016, no employees were injured or killed 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; in which 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.

Government sector

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

3.2 Stakeholders' Participation

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

3.3 Anti-Corruption Policy

The Company is committed to conducting business with integrity and in compliance with corporate social responsibility requirements, good corporate governance practices and fair treatment to all groups of the Company's stakeholders. In 2013, the Company joined the Collective Action Coalition against Corruption in Private Sector as part of its intention and commitment to counter all forms of corruption. To ensure the Company's anti-corruption policy has outlined responsibilities, guidelines and regulations for appropriate execution, in order to prevent and counter all forms of corruption in every business activity of the Company, and to make sure business decision making and operations with potential risk of corruption are cautiously considered and supervised, the Company has established written "Anti-Corruption Policy" in order to standardize procedures for sound business operations and the pursuit of sustainable development. On 22 April 2016, the Company became a certified member of the "Private Sector Collective Action Coalition Against Corruption (CAC)" by a resolution of the CAC committee 1/2016.

Definition

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

Anti-Corruption Policy

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

Roles and Responsibilities

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

Operational Guidelines

- 1) The Company's Board of Directors, management and staff at all levels shall comply with the Anti - Corruption Policy without getting involved in scandals, directly or indirectly.
- 2) The Company's staffs shall not ignore any corrupt practices in association with the Company. They shall cooperate closely on the investigation of facts. In the event of a concern or enquiry, they shall consult with their superiors or designated persons responsible for monitoring the compliance with rules and regulations, or through various channels as specified by the Company.
- 3) The Company treats its employees equitably and extends protection to those opposing or reporting corruption cases in association with the Company. The Company has developed measures to safeguard whistle blowers 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 (SOP), 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.
 - 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.
- 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 : 02 123 5000 (24 hours)
- Facsimile : 02 123 5190
- Website : <http://www.ktc.co.th>
- E-Mail : CSservice@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 submit complaints or send feedback and comments to the Company's Board of Directors and management directly via e-mails.

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 (SEC) and those of the Stock Exchange of Thailand. Apart from using the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2), most of the information shall be available on the Company's website in Thai and English, thus allowing shareholders, customers and any interested persons to easily, equitably and reliably access to the information.

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

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

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

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

4.3 Investor Relations

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

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

Contact Information :

Phone :	02 828 5067, 02 828 5059
Facsimile :	02 828 5064
Address :	Krungthai Card Public Company Limited 591 United Business Centre II, 18 th FL., Sukhumvit 33 Rd, North Klongton, Wattana, Bangkok 10110
E-Mai :	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.

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". Moreover, every director must possess qualifications as required by laws and regulations.

5.3 The Board of Directors' Term of Office

The Board of Directors' term of office shall be in accordance with the respective charters governing each committee of the Board and the Company's Articles of Association, Article 13, which requires that one-third of the Directors shall retire at the next Annual General Meeting of Shareholders. In the event that the whole number cannot be divided equally into three groups, retiring Directors must be the closest to one third (1/3). Unless otherwise agreed among themselves, the directors to retire for the first and second time shall be drawn by lots and thus the longest-serving Directors shall retire at the next meeting. Upon completing the term of office, retiring Directors may stand for re-election.

5.4 Transparency of Board Member Nomination and Election

5.4.1) Board Election Process

The Company appoints members of the Nomination and Remuneration Committee who are responsible for reviewing and selecting candidates for the election of Board of Directors. The Committee also has a responsibility to ensure that Board is comprised of individuals with the requisite qualifications, and without prohibited characteristics for the position, in accordance with the rules and regulations defined by Stock Exchange of Thailand (SET), Office of the Securities and Exchange Commission (SEC) of Thailand (SEC) and other related authorities. Each of the candidates must possess the requisite skills, knowledge and experience as required by the Company, in order that they can be nominated by the Committee for board member election by the Company's shareholders and this allows for change registration and reporting to related agencies in time specified. Directors

retiring from the Board may stand for re-election. As directors join the Board, it is essential that they have a comprehensive orientation that successfully keeps them informed about their roles, duties and responsibilities as a director as well as the Company's rules and policies in aspects, in order for directors to have a successful start with a sound understanding of the Company's business operations.

5.4.2) Appointment of Directors

Directors are generally appointed in two cases as follows :

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

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

5.4.3) Shareholders' Right to Elect Directors

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

- 1) For each shareholder, one (1) share equals one (1) vote unless the shareholder holds preferred stocks, of which holders are destined to have inferior rights to vote than common shareholders.
- 2) Each shareholder is allowed to use all his/her existing votes (as specified in 1.) to elect one or more directors. However, the shareholder is not allowed to transfer a portion or all of the votes to any other person.
- 3) Top candidates with the highest votes shall be appointed as directors. The number of directors equal to what is required or intended to fill vacancies. In the event that number of the candidates receiving the most votes is more than the seats available at that time, then the Chairman of the meeting shall have the final vote.

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

5.5 Performance of the Board of Directors

5.5.1) Setting Policies and Overseeing the Management

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

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

Guidelines for serving as a director at other companies :

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

5.5.2) Other Board Committees

The Board of Directors may set up additional committees and other related sub-committees, as they see appropriate and relevant to a specific circumstance, in order to assist in studying and reviewing tasks as needed and to ensure operational efficiency and effectiveness of the Board of Directors.

(See details 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 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 the entire sub-committee** has six key areas to be evaluated, consisting of the composition of the sub-committee and qualifications of the members, roles and responsibilities of the sub-committee, its code of conduct, communication skills, relationship with the Company's management, and preparation and organization of meetings.

Each assessment form contains a comments section to allow the directors and the sub - committees to give feedbacks or suggestions to the Board members. In addition, results of the evaluation shall be forwarded to all the Company's board members in order to lead to performance optimization and then to promote good corporate governance within the Company. This enables the Company to do business in a way that helps achieve continued and stable growth based on efficiency, transparency and justification that give confidence to all stakeholders.

5.5.4) Development of Directors and Executives

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

- 1) Board composition and board meetings
- 2) Board meeting calendar and agendas
- 3) Standard agendas
- 4) Legal considerations

- 5) Capital and shareholding structure, affidavit, memorandum of association, Articles of Association, and the minutes of Annual General Meeting
- 6) Directors & Officers Liability Insurance (D&O)
- 7) Report of examination from Bank of Thailand
- 8) Progress concerning actions taken in response to the report of examination from Bank of Thailand
- 9) The Company's business plan
- 10) Directorship in associates, subsidiaries, affiliates
- 11) Organization structure and management team
- 12) Layout of headquarters building

In 2016, the Company convened a total of 2 induction programs for the newly appointed directors so that they were equipped with the Company's policies and other related information. By doing so, the directors were able to clearly see the overview of the Company's performance.

To broaden the knowledge of directors, two directors attended training courses related to their duties in accordance with the principles of Corporate Good Governance - Mr. Poonpat Sripleng participated in the "Role of the Chairman Program (RCP)" course organized by the Thai Institute of Directors (IOD); and Mr. Cherdchai Chompoonukulrut participated in the IT Governance & Cyber Security for Directors and Management course.

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 via emails and/or hard-copied documents for the purposes of convenience and paper saving. The Secretary shall take the minutes of meeting in written form and file the minutes of last meetings, which have been approved by the Company's Board of Directors, for further examination.

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

Code of Conduct

The Company's Board of Directors has established Code of Conduct Guidelines in accordance with international standards for directors, management, and employees to uphold. Every level of employees can easily access these guidelines through the Company's website and intranet system. The main topics are as follow :

1. Message from the Chairman
2. Business Practices
3. Key topics in Business Practices are as follow:
 - Keep control of corporate assets and the Company's interests
 - Conflicts of interest
 - Confidentiality
 - Giving or receiving gifts, presents, feasts or other kinds of benefits
 - Rights of Shareholders
 - Disclosure of information and relationship with investors
 - Prevention of money laundering
 - Treatment to Stakeholders
4. Corporate social and environmental responsibility
5. Monitoring to ensure compliance

Succession Plan

In order to fulfill key positions that may arise in the future, the company realizes the importance of human resource development by emphasizing on succession planning. Succession Plan is a factor that continuously allows the Company to manage and organize its growth by effectively filling available key positions with qualified successors in a timely manner. Policies have been set to assess key successors, which link to the Company's core values - courageous, smart, simplicity, and meaningful - and comply with competency development in terms of thinking, result oriented, and communication. Moreover, a Leadership Program has been established to create future leaders and sponsor the Company's growth.

The Board of Directors realized the importance and adheres to Corporate Good Governance to build investor confidence and promote sustainable growth. However, the Company has followed all Good Governance Practices except the following :

To be practiced	Reasons
<p>1) The Company's Chairman and the Chairman of Nomination and Remuneration Committee is not an independent director.</p>	<p>The Committee has considered the Company's structure and concluded that the Chairman, although not an independent director, is a representative of Krung Thai Bank with suitable qualifications for the position with the following reasons :</p> <p>1.1) The Company is a business operator under the supervision of the Bank of Thailand (BOT), with strict regulations as required by BOT.</p> <p>1.2) The Company is under the Krung Thai Bank conglomerate, which means that KTB is to closely supervise its subsidiaries to operate in accordance with policies and regulations as stated by BOT.</p> <p>1.3) The Chairman, who is a representative of KTB, has no ownership in the Bank or the Company's shares, and therefore, displays no conflicts of interest.</p> <p>1.4) Transactions between KTB and the Company have been performed under normal business conditions based on market prices. Special transactions require approvals from the Board of Directors.</p> <p>1.5) KTB has always been supportive of the Company, for example, approval of the Company's good committed and uncommitted credit lines, supplying the Company with customers, and providing payment channel services. Such supports are directly beneficial to the Company and minor shareholders.</p> <p>Although the Chairman, who is a representative of KTB, is not qualified as an independent director, it is appropriate to say that comments and policy makings made by various committees are free from interventions and manipulations. On the contrary, KTB has always been supportive of the Company's business operation.</p> <p>Moreover, the Company's selection process of the new Board members has been in accordance with the rules stated by the office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), from the qualification checking process to being approved by the Nomination and Remuneration Committee, the Board of Directors, as well as the shareholders.</p>

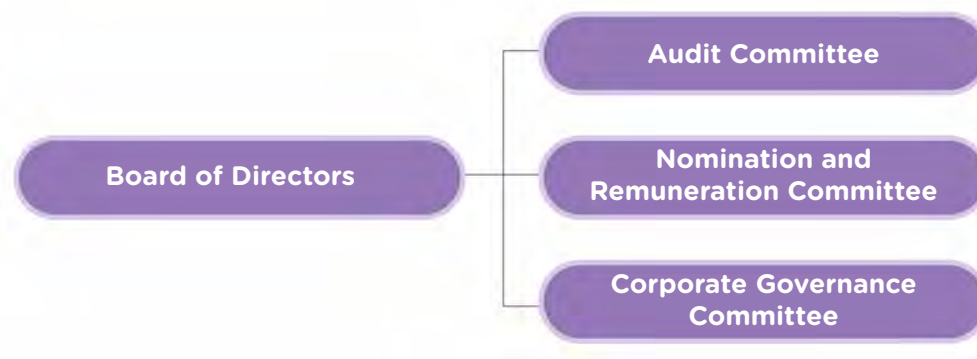
To be practiced	Reasons
2) The number of independent directors is less than half of the members of the Board of Directors and the Nomination and Remuneration Committee.	The Board members have considered the autonomy of the independent directors and concluded to keep their proportion as is. Even though they represent less than 50% of the members, which does not comply with regulations IOD uses for CGR evaluation, their duties are not performed and their opinions are not expressed under the influences of the management
3) Independent directors who have served for more than 9 years.	Since Corporate Good Governance requires directors with extensive knowledge and in-depth understanding of the Company's business, in which these are acquired over a long period of time, it is more beneficial to the Company to keep such directors in their positions even if some have served for more than 9 years. Therefore, it is not crucial to reconsider the Corporate Governance Policy on this matter.

2. Board Committees

2.1) Board of Directors' Structure

As at 31 December 2016, the Board of Directors of the Company consists of eight directors i.e. one Executive Director who is the President & CEO, three Non-Executive Directors and four Independent Directors. The Company nominates directors from various businesses with strong leadership skill vision, work experience, business ethics and the ability to show their independent comments. For the appropriate balance of power in the operation, the Chairman and the President & CEO are held by different individuals. The Chairman acts as the policy leader while the President & CEO is the executive leader who counterbalances power for the proper conduct of business. The Company has 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.

(See the name list of all committee members and details in the "Management Structure" section under "Board Committees" topic)



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.

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

8. Any Director who has a conflict of interest in any transaction shall not be allowed to participate in the consideration and approval of such transaction.
9. The Board of Directors may approve payment of interim dividends for shareholders from time to time as the Board of Directors may recommend if appropriate considering the profits and retained earnings position of the Company. This payment should be reported to the next Shareholders' Meeting.
10. Any transaction which requires approval from the Company's Shareholders pursuant to the Public Company Limited Act B.E.2535 (1992), the Board of Directors must obtain prior approval from the Shareholders' Meeting e.g. considering and approving balance sheet and profit and loss statements, allocation of profit and capital reserve, the election of a director to replace a director who retired by rotation and specifying remuneration, appointing all or some of auditors and fixing the auditing fee, the sale or transfer of the whole or important parts of the business of the Company to other persons, the purchase or acceptance of transfer of the business of other companies by the Company, the making, amending or terminating of contracts with respect to the granting of a hire of the whole or important parts of the business of the Company, the entrustment of the management of the business of the Company to any other person or the amalgamation of the business with other persons with the purpose of profit and loss sharing.

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

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

However, the President & CEO is not authorized to approve connected transactions, the acquisition or disposition of important assets of the Company, and/or any transaction that the President & CEO or any person has an interest or has a conflict of interest in. These are required to receive the approval from the Audit Committee and/or the Board of Directors, and /or the Shareholders' Meeting as the case may be. 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 19 September 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 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 2016 resolved to amend the authorized signatories to be directors comprised of eight persons as follows:

1. Mr. Poonpat Sripleng ⁽¹⁾
2. Mr. Akarat Na Ranong
3. Mrs. Pantip Sripimol
4. Mr. Paroche Hutachareon
5. Mr. Cherdchai Chompoonukulrut ⁽²⁾
6. Major General Apichart Chaiyadar ⁽³⁾
7. Mrs. Sriprabha Pringpong
8. Mr. Rathian Srimongkol

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

Note :

- (1) Mr. Poonpat Sripleng replaced Mrs. Kittiya Todhanakasem as the Company's Chairman according to resolution of the Board of Directors 8/2016, which became effective on 11 August 2016.
- (2) Mr. Cherdchai Chompoonukulrut replaced Mr. Tanyapong Thamavaranukupt as a Company's director according to resolution of the Board of Directors 8/2016, which became effective on 11 August 2016.
- (3) Major General Apichart Chaiyadar replaced Mrs. Arunporn Limskul as a Company's director according to resolution of the Board of Directors 12/2016, which became effective on 16 December 2016.

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

2.3) Independent Directors and Audit Committee

Independent Director

As of 31 December 2016, the Company had four 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

- Being capable of performing duties and giving opinions on the Company's operations.
- Hold a total of not more than 1% of the number of shares with voting rights in the Company (paid - up capital), or any subsidiary, associated company, or any juristic person possibly possessing a conflict of interest including shares held by related persons.
- Is not and has not been a director participating in management of the Company, or an employee or an officer of the Company, or an advisor of the Company receiving a regular salary from the Company, a person having controlling power over the Company or the Company's parent company, subsidiary, or any associated company, or any juristic person possibly possessing a conflict of interest (if any).
- Is not related either through blood or lineage or legal registration as a father, mother, spouse, sibling or child, including as a spouse of a child of any member of management or major shareholder of the Company or the Company's subsidiary, or of any person having power to control the Company or the Company's subsidiary, or of the person nominated to hold a management role or a person having power to control the Company or the Company's subsidiary (if any).
- Is not and has not had any business relationship with the Company or the Company's parent company, subsidiary, associated company, or any juristic person possibly possessing a conflict of interest in the manner in which his/her independent discretion might be affected, e.g. being a professional service provider or having numerous related party transactions with special conditions different from other clients, receiving financial support from the Company or being a major shareholder or being a person with power to control a professional service provider.
- Is not a director appointed as a representative of a director of the Company, a representative of a major shareholder of the Company, or a representative of a shareholder of the Company which is a related person of the major shareholder of the Company.
- Is not a director appointed by the Board of Directors to make decisions on the operations of the Company, the Company's parent company, subsidiary, associated company, or a subsidiary of another company at the same level as the Company, or any juristic person possibly possessing a conflict of interest.
- Is not a director of the Company's parent company, subsidiary, or a subsidiary of another company at the same level as the Company which is a public company limited.

- Does not have any characteristics by which his/her independent comment or opinion on the Company's operation may be affected.

The Audit Committee

As of 31 December 2016, the Company had 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.

2.4) the Nomination and Remuneration Committee

As of 31 December 2016, the Company had 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.

2.5) Corporate Governance Committee

As of 31 December 2016, the Company had 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.
6. Deliver the Corporate Good Governance Policies to the working group. The committees have duties to perform any assignment from Board of Directors.

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).

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

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

4. Corporate Governance on the Subsidiaries or Associates

As at 31 December 2016, KTC has neither established subsidiaries nor associates.

5. Use of Internal Information

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

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

1. Directors, management, and employees are prohibited from publishing or disclosing any internal or confidential company information to outsiders or non - affiliated parties in any way, knowing that those individuals may use the information for their personal gain in trading of Company's securities, unless the disclosure is under the responsibilities as stated by law.
2. Directors, management, and employees are prohibited from using the Company's internal or confidential information to trade Company's securities for the interest of personal or related parties.
3. Directors, management, or employees with internal or confidential information must be careful when storing and disposing documents (original and copies), including confidential electronic files that may be inappropriately exposed. This can be prevented by installing passwords on the files, for example.
4. Directors, management, or employees with internal or confidential information must be careful when engaging in conversations with both insiders and outsiders in order to prevent unrelated individuals from acquiring any information.
5. In order to set up an effective control system to prevent leakage of internal or confidential information, the Company has assigned a group of employees/departments responsible for handling such information. By doing so, only limited employees/departments can access internal or confidential information.

6. Directors, management, or employees are prohibited from sharing financial statements or any other information significant to changes in stock prices, or allowing any other persons to use such information 15 days prior to the public announcement of financial statements and/or any other information that impact stock prices of the Company and/or its subsidiaries (if any). Also, trading of the Company's securities are prohibited during the first 24 hours after all of such information has been disclosed to the public, in which the timeline is announced by the Company. This is to prevent the use of financial or confidential information for any other benefits for oneself or others due to the information one obtained.
7. The boards or working committees that concurred, acknowledged, or approved special projects that may have an effect on the decision to invest in the Company's securities are prohibited to reveal, disclose, or use the information for trading the Company's securities until such projects have been publicly disclosed, no longer in effect, or terminated. The trading can only take place after the first 24 hours of public disclosure have passed. The working committees may choose to sign Confidential Agreement with outsourced consultants prior to launching the projects.
8. In the case that directors, management, or employees wish to trade the Company's securities, the procedures are as follow:
 - 8.1) Directors and first line level management, including their spouses (legal and de facto) and minor children, are to file the Report of Change in Securities Holding (Form 59-2) to the Securities and Exchange Commission (SEC) within 3 business days from the date of purchase, sale, transfer, or acceptance of transfer of securities. In addition, they are to notify the Investor Relations Department in order for the Company's Secretary to record the changes and summarize their number of shares to be forwarded to the Board of Directors on a monthly basis.
 - 8.2) Management and employees not included in section 8.1) are to report to the Compliance Department within 3 business days from the date of purchase, sale, transfer, or acceptance of transfer of Krungthai Card Public Company Limited securities.
9. 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 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.

6. Remuneration to the Auditor

6.1) Audit Fee

The Company paid Baht 3,600,000 for auditing assignments for the financial year 2016 to Deloitte Touche Tohmatsu Jaiyos Audit.

6.2) Non-audit Fee

None

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 : The company believes that quality and excellence of the products and services is the result of creativity and unity from within the organization, together with the continuous cultivation of social responsibility to the personnel of all levels.

The company encouraged and provided opportunities for the employees to enhance their potential, as well as promote unity within the organization by providing activities, environment, atmosphere, and technology in the form of smart office to be the place to work and function as 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.

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 :

Stakeholders	Guidelines	Interaction & Participation
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.	<ul style="list-style-type: none"> - Annual general meeting - Meeting and sharing information with shareholder through “Listed Company meets shareholder” (Opportunity Day) activity - Communication channels, such as website, e-mail, phone etc - Receiving complain and suggestion - Company visit - Road show to provide information for potential investors both domestic and abroad
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.	<ul style="list-style-type: none"> - Offering product that match with their requirements - Providing communication channels - Annual customer’s satisfaction survey - Receiving complain and suggestion

Stakeholders	Guidelines	Interaction & Participation
Creditors	<p>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.</p>	<ul style="list-style-type: none"> - Providing special privileges for bondholder, such as general knowledge seminar and recreation activities regularly - Receiving complain and suggestion - Company visit - Domestic road show for Institutional investors
Suppliers	<p>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 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.</p>	<ul style="list-style-type: none"> - Transparent selection process - Continuously evaluating supplier's performance - Strictly follow business terms and contracts - Receiving complain and suggestion

Stakeholders	Guidelines	Interaction & Participation
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.	<ul style="list-style-type: none"> - Co - operated in business planning - Receiving complain and suggestion
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.	<ul style="list-style-type: none"> - Creating fair competition conditions - Strictly follow rules and regulations, avoid unfair practice - Joining the "Credit Card Club" to share and exchange opinions among members regarding the issues concerned with the credit card business development
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.	<ul style="list-style-type: none"> - Provide communities the opportunity to participate in various activities

Stakeholders	Guidelines	Interaction & Participation
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.	<ul style="list-style-type: none"> - Monthly Board of Directors meeting - Providing sufficient, complete and timely information - Participating in company's management - Providing information and knowledge about duty of Board of Directors
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.	<ul style="list-style-type: none"> - Orientation program for new employees - Providing appropriate training courses - Providing fringe benefit - Creating safe working environment that can help employee to be able to do their jobs efficiently - Generally survey the market's payment rate
Government Sector	KTC has complied with regulations and policies of regulators.	<ul style="list-style-type: none"> - Submit business performance report and operation result to concerned government body as per their requirement - Taking part in government activities and projects continuously

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

1. Risk Assessment : As a company that operates in credit card and personal loan business, KTC emphasize in the risk management in various area that might effect to company's business operation. The company has established the risk management guidelines and periodically reviewed the policy, which required the approval from the Risk Management Committee.

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 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.

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 KTC will not approve the credit card of personal loan to minors, contracts provided are clear and fair contracts, any changes in terms and conditions of the contracts will be promptly notified, 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 :
 - 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 outsourced 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.
- Complaints Response
 - KTC has set up various channels to deal with Customer Feedback. KTC Contact Center (02 123 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.
- 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 prevention of corruption” topic in the corporate social responsibility section.

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.

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. In year 2016, the company organized over 184 personal development courses summarized below;
 - Orientation course – KTC has organized orientations course for all new employees in order to pass on knowledge and understanding of business operation as well as inculcating morality and ethics into them. Such components are vital to the success in sustaining good corporate governance, social responsibility including anti - corruption and also empowered employees for their job responsibility and

career advancement in a way that allows KTC to success. The orientation course is designed to develop employee's thinking process to work in the same direction. A total of 459 employees attended the orientation course. After course completion, the company has conduct quiz on all participant, the minimum passing score is 85%.

- The courses that focus on creating the next generation leader, such as Leadership Program, Think on Your Feet, The 7 Habits of Highly Effective People, etc.
- Core Course group, which is a course for employee in every level. These courses aim to link company's target, goal and knowledge together, such as Inspiration to KTC's knowledge, creation of Standard Operation Practice (SOP), Risk Controlling Self -Assessment (RCSA), Operation Safety Officer, Creativity of Communication skills, 8 Wastes for Smart Simplicity & Meaningful, etc.
- Functional Course group, focusing on the development of management skill, such as Sale Manager as a Coach, 4D Supervisory Skill, Behavioral - Based Interview Technique for Line Manager, Power of active of Listening, Strategic Thinking, etc.
- Apart from the courses that focus on developing skills and knowledge, the company also promotes the "Learning Organization" culture in order to create the good working environment and atmosphere, aiming to create new idea that will eventually lead to new set of knowledge

within the organization through the "KTC Knowledge Sharing" project. We encourage our employee to study online courses such as Coursera, the employees can choose to study the topic or subject of their own interests and skills, they also can discuss and share their experience that they learned in the course through the "Community", which is the channel that allow employee to get together so that they can invite other colleague to join the course, this activity also improve their language skill as well. Since the start up of this activity, the average learning hours per each employee is at 33.35 hours/year.

- The company has gathered various learning materials on its Intranet so that the managements and employees can study and review these materials any time they want. Other contents that were put on the Intranet include company's important announcement, rules and regulations, such as Good Governance Principle, Business Ethic Manual, Anti - Corruption Practice, Money Laundering Law and other important laws that concern with the company. Moreover, the company also stipulates that every management and employee must complete the assessment through electronic channel to evaluate their knowledge, understanding and to create awareness of complying to the law or other important regulations, on the following topics;
- Corporate Governance Self Assessment, which include subjects such as anti - corruption, guideline on good governance policy and company's business ethic manual. The result of 2016 are in table below :

Topic	Target Indicator	Assessment Result
Number of participant	100.00%	100.00%
Understanding	>= 85.00%	96.46%

- 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. result of 2016 are in table below :

Topic	Target Indicator	Assessment Result
Number of Participant	>= 90.00% Of all employees	95.90%
Understanding	>= 85.00%	90.01%

- Provide self assessment test in the knowledge and understanding of the law regarding legal transaction that will benefit the employee both professionally and personally. The learning topic is “Useful Law for KTC people”. The result of 2016 are in table below :

Topic	Target Indicator	Assessment Result
Understanding	>= 85.00%	94.00%

- The company believes that if the employees are happy both physically and mentally, their performance will be good as well. Therefore the company has created activities to promote for better physical and mental condition of employee. These are some of the activities for year 2016;
 - KTC have the activity called “Lan - Dharma KTC”, the purpose of this activity is to build employee’s conscious to perform their duty on good moral ground, allowing employees to learn Dharma in order to purify the mind and ability to focus with the tasks. In year 2016, KTC has brought 50 volunteered employees to practice dharma, keeping the eight commandments at Wat Pa Taweesub, Nakhon Ratchasima province.
 - “KTC Sit & Talk” activity to share knowledge and experiences in various topics so that employee is kept up - to - date to current situation, there were guest speakers invited to lecture on topics, such as Money Planning, Marketing and Consumer Trend in Digital Age, Ignite Passion, Ignite Performance, etc.
 - Detox – DeTalk, Let Virtue guide you, “Happy Body, Happy Mind, Rejuvenate Life with Dharma” by Pra Ajarn Prasong Parisutho (Ex - Abbot of Wat Pa Chicago), who has sermonized and given useful thoughts so that employee can take this Dharma to adapt and apply to their works and their personal lives.
 - Held Badminton Competition in order to create unity, sportsman spirit and to learn to help each other.

- The Company has hired people with disabilities to work in IT department. 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 per cent of the health insurance policies for them if they buy one.
- 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.

5. Responsibility towards Consumers

- KTC has joined hands with BOT and Legal Execution Depart in implementing the "Composition Festival for Negotiations with Debtors" and to provide knowledge in topic "Money Management and Creating Financial Discipline for KTC card member", as well as the debt

composition for chronic debtor, seeking more options than just interest cutting or extension of debt period, with the target to reduce country's overall household debt.

- KTC has joined hands with Court 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 2016, the company had organized 5 of such projects in major provinces, with over participating 3,870 debtors, which the negotiations have been successful for 95.30% of the due amount.
- In all events of disputes, KTC shall provide consumers with clear - cut facts.
- KTC has the policy to keep customers' confidential information and to not launch unfair products.
- 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. KTC members can join in these programs with special discount rate and/or can use Forever Reward as application fee to join the program. For example, the "First Step toward Professional Barista", the "Macaron, the highly popular dessert", the "Kanom Pia, easily made to eat, getting rich made to sell", the "Kanom Chan Kularb, Thai sweet dessert for additional income" and the "Mushroom Cultivation workshop", etc. 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 and to them to join various seminars as well as recreational workshops in response to KTC’s policy to develop good ties with them. In 2016 the company held 16 such activities.
- 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 02 123 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. In year 2016, the company has done the KTC Contact Center’s satisfaction survey through IVR system, there were 752,000 answers to this survey, the survey result showed satisfaction level of “Highly Satisfied”, the company will use the survey result to develop both the internal services and external services, such as service provided by the Outsource Sale, in order to prevent and reduce complaints and to improve company’s service efficiency.
 - KTC has put in place the Verification Process so as to protect the safety of credit card members’ information and also to prevent frauds.

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 e-mail e-Documents 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.

- 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.
- KTC give importance to the reduction of greenhouse gas emission, the company choose eye-caring paper from 3 suppliers who receive "Carbon Neutral Certification" or "Green Print" to print company's documents, such as credit card or personal loan application form and Newsletter to inform promotions to customers.
- KTC has used electronic form to replace paper document for human resource related works in order to make more convenient process and to save times from sending and receiving paper documents. Employee can access these "i - Form" documents on company's intranet, such as job application form, employment contract, certification, health insurance request, employee's ID request, probation evaluation process and resignation form.
- Attempts to Save Electricity & Petrol
 - KTC has reduced electricity consumption by using only energy - saving light bulbs (LED bulb) at its offices and also its service points across the country. Broken plasma screens at KTC are gradually replaced by LED TV Screens, which consume less electricity. In year 2016, KTC can save electricity cost by 63%.
 - KTC has the policy to save energy and reduce unnecessary waste in offices. The air - conditioning systems timing was effectively controlled and managed 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 gasoline. In 2016 there are 5 E20 - type corporate vehicles, which saved fuel cost to an amount of Baht 11,932.19.

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. 2016 was the fourth season. There were more than 100 hotels which have 3 – 80 rooms participated for this contest. This year KTC has increased quality of the contest and expanded the collaboration network from both government and private sectors, so that the participated contestants can further their business and marketing activities substantially. KTC also supported the new product and service development, such as the creation of “8 Special Flight Trips - Local Stay, Local Activity” Thailand Boutique Awards - Colors of Boutique Stay. KTC published these activities through broadcast TV along with digital media, online marketing, and use the social network to spread the activity and hotel's content to nationwide. KTC also invited travel press to join the trip to help promoting domestic tourist attractions by co - operating with local boutique hotels to hold social activities for local people in the area, such as lunch and scholarship donation, releasing crab into the mangrove forest.
- 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 into the world of work. This project has practically created jobs in the society. More than 25,368 students have joined the Learn & Earn @ KTC project to date. Of them, over 3,300 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 2016, KTC has organized the inspirational activity under the concept “KTC Gen D – Making Dream of the Good & Talented come true” This promotional series are divided into 4 episodes as follow; Power of Unity, Power of Idea, Power of Sharing and Power of Social Network, another target of this activity is to build virtue, honesty and moral for the students.

- 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 2016 the donations via Reward Points for Donation project amounts to 15,994,000 points or equivalent to Baht 1,599,400.

- 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 e - payment alerts, and access various other services. In year 2016, there are 373,062 members who have applied for the services like e - Statement, which customers will not only get the statements more conveniently but also 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. Presently, there are 201,793 members who have applied for the e - Statement service. KTC has deployed the Contact Center staff to recommend the e - Statements service channel to 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 for members who use services through online channel (KTC Virtual Card), with an aim to lower the production cost of paper/plastic - based cards. KTC member will not have to worry if their cards are broken or lost. In year 2016, there were 5,541 members using this service.
- 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 have 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.
- In the recruitment process, KTC started to let applicant filling the application form through Google Form channel in order to reduce document filling process. KTC has used QR Code to run the sequence of applicant in order to make job application become more systematic, to increase flexibility in application process and to create the image of professional and systematic working style.

3. Operations related to Corporate Social Responsibility

In 2016, 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 groups : community, media, and young generation)

- The Company has organized continuous activities under the “KTC PR Press Club” through various forms of media as a medium to communicate to the vast public in order to present perspectives and stories that are beneficial to the society, to campaign for the understanding of Thai history, and to promote admiration to the society and towards others. In 2016, the Company organized 4 activities - an event called “The Majestic Kings of the Kingdom” episode 4, which covered the period from King Rama 7 to King Rama 9 at Wat Pathum Wanaram, Queen Savang Vadhana Museum, and Vimanmek Mansion; an event to promote traditional Thai crafts at the Jim Thompson House; a workshop to promote woodcut printing and a viewing of H.S.H. Marsi Paribatra’s paintings; a river cruise event to visit Wat Nang Ratchawihan Education Museum, the National Museum of Royal Barges, and Wat Suwannaram.
- Organized activities to uplift spirits to create positive attitudes of the mind through Dhamma practices and yoga in order to strengthen one’s thought process, intellectuality, and to purify the mind which are beneficial in making career and life choices. Hot Flow yoga class for beginners was also conducted in a 37 Degrees studio. In addition, the Company arranged the “Adjust your attitude to change the future” campaign for children from Ban Pranee Juvenile Vocational Training Centre for Girls on 20 September, the National Youth Day. The campaign received cooperation from Pandekdee Club and special guest lecturers from various professions to help inspire and infuse positive attitudes as a mean to protect children from negative social influences through workshops.

- Organized activities for Parents Association of Vajitwittaya School and more than 60 members from the press to transfer knowledge and understanding about money management and the difference between formal and informal debts. In addition, a Thai dessert cooking class was conducted with the intention to help create career opportunities in making extra household income.
- Organized activities to commemorate the late Kings for interns from the Learn & Earn @ KTC program and the press, in which stories of the royal cremation ceremony were told. They also visited the Bangkok National Museum and Wat Ratchabophit, where the royal cemetery in loving memory of King Rama 5 and his heirs is located.
- KTC together with Sirindhorn National Medical Rehabilitation Institute (SNMRI) led a group of elderly from Wat That Thong to share techniques on healthcare and to demonstrate an innovation of robot in assisting the elderly during rehabilitation. They also performed experimental hydro treatment of osteoarthritis at SNMRI in the most advanced “treatment pool” in ASEAN.

2. Youth and Education

In order to support and cultivate Youth and Education, the company took part in organizing activities, awarding scholarships, aiding educational institutions, aiding charities and foundations amounting to Baht 246,512 as follows :

- KTC organized activities for students and teachers from Setsatian School for the Deaf under the Royal Patronage to educate them on

integrated organic rice farming through workshops at Thongdee rice field in order to promote sustainable agricultural knowledge based on sufficiency economy as developed by King Rama 9. The students also signed the song called “Alexandra”, which was composed by His Majesty King Bhumibol Adulyadej, to commemorate the late King and his devotion and contribution to Thai agriculture.

- Awarded scholarships to various foundations and educational institutions.

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 Baht 100,000.

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 Baht 7,556,601.50 spent in 2016 as the followings :

- Sponsored the Operation Smile Thailand foundation to provide corrective surgeries to children born with orofacial cleft and other facial irregularities across Thailand. The sponsorship is a continuous project for 5 years. Moreover, the company produced commercial films and organized activities to find more donors, as well as served as a channel for receiving donations.

- Organized the “KTC Run for Heroes” charity, in which the number of laps ran were converted to amount of money donated to aid rangers in the 3 southern provinces of Thailand. The donation was given to the Phramongkutklao Hospital Foundation for wounded field rangers and special forces of the 45th ranger forces in Narathiwat Province.
- More than 40 employees and interns from the “Learn & Earn @ KTC” program participated in helping organize 400 files of children with facial cleft waiting to undergo surgeries under the Bright Smile and Happy Heart campaign of the Operation Smile Thailand foundation.
- KTC has been selected by the Thai Red Cross Society as 1 of the 10 organizations to present campaigns and activities for promoting blood donations during the Coordinators of Blood Donation Conference 2016. For the past 9 years, KTC’s management and employees have donated a total of 1,986 units or 794,400 cc of blood to the Thai Red Cross Society. Moreover, the Company has been continuously advertising management and employees to donate blood every year. In 2016, the Company arranged 4 blood donation events, in which a total of 252,900 cc of blood was donated.
- The Company and its KTC credit card members converted their reward points to cash for donating to various foundations such as Community Children Foundation under the Royal Patronage of H.R.H. Princess Maha Chakri Sirindhorn for poor children in need, Foundation for the Blind in Thailand under the Royal Patronage of H.M. The Queen on White Cane Safety Day, Home for Animals Foundation, Thai heart foundation under Royal Patronage to support activities beneficial to the society, Foundation for the Welfare of the Crippled under the Royal Patronage of H.R.H. the Princess Mother on National Day of Persons with Disabilities.
- KTC and Sports Revolution Co., Ltd. organized a campaign inviting card members to support Thai athletes with disabilities competing in the Paralympic Games 2016 in Brazil through the Paralympic Thai Committee. For every Baht 1,000 spent at any Sports Revolution shop with KTC card, members can use 1,000 Forever Rewards points to receive a discount of 12% or Baht 120. KTC also contributed an additional 3% of the total amount redeemed from this campaign.
- The Company made donation to the Police General Hospital Foundation as a contribution for acquiring a surgical device for sealing blood vessels, which is an instrument that reduces bleeding in patients during a surgery.
- The Company donated Baht 999,999 to Siriraj Foundation to help treat the disadvantaged patients under the “890 hours with KTC, 89000 goodness for our Father” campaign as an attribution in remembrance of His Majesty King Bhumibol Adulyadej. Management and employees gathered to do good and shared more than 124,574 stories within 890 hours on KTC CSR Club Facebook page. The 9 topics of goodness were dutiful, diligent, grateful, sufficiency living, support each other, patriotic, unity, care for our religions, and care for the environment.

5. Religious Work

KTC also took part in promoting and preserving Buddhism by supporting monks and other Buddhist sites for the entirety of Baht 280,000 with the following details :

- Organized activities on Vesak Day to inspire and uplift spirits to create positive attitudes of the mind for students from Sai Namthip School and more than 60 people from the press, in which the instructor led the practice of the contemplation of death to understand life and to be conscious of one's emotions and self in every breath until the end of life. On Asarnha Bucha Day, KTC organized a special event in which a sermon on Dhammachak kapavattana Sutta was preached, almsgiving, visited the Lord Buddha Museum with 4D performance, conducted a cooking workshop, and paid a homage to Phra Phraya Nornrattanaarachamanit.
- KTC donated "Dharma from His Holiness" pocket books from the Foundation of His Holiness Somdet Phra Nyanasamvara Centennial Commemoration to more than 147 prison libraries throughout the country. The book contains a selection of His Holiness Somdet Phra Nyanasamvara's teachings as guidelines for mindfulness, which can be adapted to everyday life in order to find true happiness.
- Organized Katin Ceremonies at various temples throughout the country.

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), which was organized by the Thai Institute of Directors (IOD), the Thai Chamber of Commerce, the International Chamber of Commerce - Thailand, the Thai Listed Companies Association, the Thai Bankers Association, the Federation of Thai Capital Market Organizations, and the Federation of Thai Industries.

KTC has been operating in compliance with the certification process of the Private Sector Collective Action Coalition Against Corruption (CAC) project by presenting evidences related to business policies, measures of business operations, and internal control system to the project's committee. On 22 April 2016, the company became a certified member of CAC.

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

1. 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.

2. 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.

3. 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.

4. 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.

- Provides standard procurement procedure, for transparent procurement process without either direct or indirect involvement of corruption, with the company's interest above all else.
- 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.
- 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 a policy for reporting misconducts and protective measures to protect the complainants. Employees and stakeholders are able to file reports or complaints via the channels provided by the Corporate Governance policy and the anti - corruption policy. When filing reports or complaints, the complainants are to provide their names, last names, and detailed information regarding the complaints or misconducts, such as story background, related individuals, etc., in order to be able to continue with the investigation.

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

- customer relations 02 123 5000 (24 hours a day)
- complaints hotline 02 123 5000
- <http://www.ktc.co.th> or submit messages to CService@ktc.co.th
- Fax: 02 123 5190
- by letter to 591 UBC II Building, 14 Floor, Sukhumvit 33 Road, North Klongton, Wattana, Bangkok 10110 Thailand

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 Compliance department is responsible for collecting and monitoring reports/complaints during the investigation process, which will then be reviewed according to the corporate governance policy and anti - corruption related policies with related personnel or committees to provide conclusion in accordance to the human resources 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.

In 2016, the company received no complaints and found no corruptions conducted by insiders or outsiders. To be assured that the KTC management and employees are aware and accept anti - corruption measures, the newly employed management and employees are to acknowledge and accept such measures on their contract signing days in addition to the information they receive during orientation for newcomers.

5. 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.

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

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

8. 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.

9. 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.

10. 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.

11. 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. The audit committee is responsible for the audit of the financial reporting system and the accounting system, internal control, internal audit, and risk management system; to ensure that it complies with international standards, appropriate, modern and effective.

12. Disciplinary action

- The company requires that all levels of employees must sign an agreement on acknowledging and accepting the Corporate Governance Policy, the Anti-Corruption Policy, the Code of Conduct manual and Anti-Corruption measures in order to show their commitment to embrace the guidelines, which everyone must strictly follow.
- Directors, management, and employees who fail to comply with the Anti-Corruption Policy may lead to disciplinary action by the company and be subjected to the penalties under the related Laws.

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/en/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 preformed auditing, evaluating the efficiency and the competence of internal control process, risk management process, and compliance process in every operational unit. The company has applied international standards of The Committee of Sponsoring Organizations of the Tread way Commission (COSO) and the Enterprise Risk Management in order to promote the highest level of efficiency and effectiveness in business operations. Moreover, the company's management team will work on the audit's results to improve productivity and allow the Internal Audit Department to consistently monitor business

operations. In addition to that, the Compliance 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 2016, 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. Including, establishing well-defined business goals and Key Performance Indicators (KPI) in assessing operational performance that complies with company's objectives and determining 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, 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 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 provide 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 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

The company has an appropriate performance tracking and evaluation system, covering various aspects that are necessary in business operations; finance and accounting, operations, law and regulations compliance, and asset management. A performance is evaluated at all levels from directors to management team to 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 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 2015 and 2016, the Audit Committee has arranged 7 and 6 meetings, respectively.

In the Audit Committee meeting No.5 / 2016 on 10 November 2016, 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.

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)

Audit Committee Report

The company discloses the audit committee report; “Audit Committee report” in annual registration statement 2016 (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 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.

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.

Report of the Audit Committee

To the Shareholders

The Audit Committee consists of 3 independent directors who are experts in various fields. The Audit Committee performed their duty with responsibilities as assigned by the Company's Board of Directors, which complied with the Securities and Exchange Commission announcement and the Stock Exchange of Thailand's regulations. The current Audit Committee members are:

- | | |
|---------------------------|-----------------------------|
| • Mr. Akarat Na Ranong | Chairman of Audit Committee |
| • Mrs. Pantip Sripimol | Audit Committee |
| • Mr. Paroche Hutacharoen | Audit Committee |

The Senior Vice President of the Internal Audit Department served as the Committee's secretary.

During the year 2016, the Audit Committee convened a total of 6 meetings in order to perform its duty, complying with both the Charter of Audit Committee and the Best Practice Guidelines for the Audit Committee. The Audit Committee has upheld the independence of judgment for the best interest of the Company, as well as promoted transparent and thorough information disclosure. In addition, the Committee reviewed the Company's operation to ensure that it is in accordance with policy regulations and related business laws; along with its responsibility to consistently monitor operational processes as per government agencies' regulation. External auditors were invited to attend the audit committee meeting with the management when quarterly and annual financial statement of 2016 were concern. This is to ensure that the financial statements were conducted in accordance with the generally accepted accounting principles, as well as to review the disclosure of significant information, related party transactions, and transactions that may be considered as conflicts of interest. Some of the meetings were held without the management in order for the Audit Committee to

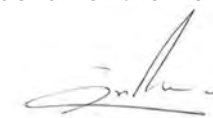
acknowledge any problems that arose from account auditing, to comment on the auditing plan, and to review audited results prior to proposing it to the Board of Directors for consideration.

The Audit Committee selected Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. to be the external auditor for 2016, based on their performance and professionalism from the previous year. The committee also submitted an appropriate remuneration rate (for the shareholder's consideration) to the board of director.

Furthermore, the Audit Committee has reviewed and evaluated the Company's significant risks, and reviewed the internal control system. The results were monitored via the Internal Audit Department and discussions with the external auditors and the Company's executives. The evaluated results showed that the Company's internal control system, including business operation guidelines, financial statements, and risk management, was sufficient and well maintained.

The Audit Committee has received positive cooperation from the management, which helped reassure that the Company continued to operate vigilantly and effectively in order to successfully develop its good governance and performance throughout the past year.

Signed on behalf of the Audit Committee,



Mr. Akarat Na Ranong
Chairman of the Audit Committee

Connected Transactions

For the year ended 31 December 2016, 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. (“KTBGS”) , Krungthai Asset Management Public Company Limited (“KTAM”) , Krungthai Panich Insurance

Public Company Limited (“KPI”), KT ZMICO Securities Company Limited (“KT ZMICO”) , 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 July 2002. However, the Company’s Board of Directors Meeting held on 15 June 2007 passed a resolution to end the provision of administrative services for Krung Thai Visa Electron debit card and the Company ceased providing the service and ceased revenue recognition as of 1 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 July 2002. As of 31 December 2016, the Company has a trade account payable under this agreement of Baht 41.6 million.

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 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 December 2016, the Company has not drawn down money from 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 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 December 2016, 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 December 2016, the Company does not have outstanding debt and interest under this loan agreement.

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	As of 31 December 2016, the Company has a trade account in the amount of Baht 939.8 million payable from transactions of collecting money from clients and receiving money from merchants including other transactions regarding settlement of credit cards, including the BAHTNET Account Services of 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 0.4 million as of 31 December 2016 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 trade account payable of Baht 5.4 million as of 31 December 2016 incurred from marketing expense in various projects such as merchant acquisition, Vertical Payment, and etc.
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 0.7 million as of 31 December 2016 payable from the transaction in which the Company has used the Fleet Card services provided by Krung Thai Bank.

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 receivables of Baht 0.03 million as of 31 December 2016 from transactions where Krung Thai Bank sub-leased parts of the Company's office premises located at the ground floor, United Business Centre 2 (Sukhumvit 33) as the Krung Thai Bank's branch.
Krung Thai Bank Public Company Limited	Krung Thai Bank Public Company Limited holds 49.45% of issued shares in the Company	The Company has trade account receivables of Baht 0.4 million as of 31 December 2016 from transactions where it leased Krung Thai Bank's office space to search for new merchant members.
Krung Thai Bank Public Company Limited	Krung Thai Bank Public Company Limited holds 49.45% of issued shares in the Company	The Company has Baht 4.8 million other receivables as of 31 December 2016 from the transaction for new KTC-KTB PRECIOUS VISA SIGNATURE and KTC-KTB PRECIOUS PLUS VISA SIGNATURE credit cards issue, which the Company partnered with Krung Thai Bank.
Krung Thai Bank Public Company Limited	Krung Thai Bank Public Company Limited holds 49.45% of issued shares in the Company	As of 31 December 2016, the Company has issued Baht 79.8 million bills of exchange to Krung Thai Bank. These bills of exchange are not part of the approved Baht 18,030 million credit line that the Company received from Krung Thai Bank.

Related Parties	Relationship with the Company	Nature and Size of Transactions
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 December 2016 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 6.9 million as of 31 December 2016 from transactions where the Company provides consultancy and processing of IT operations services in developing payment system for KTB 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 December 2016 payable from the transaction in which the Company has hired KTB General Services Co., Ltd. (KTBGS) to receive-deliver cash and/or other assets.

Related Parties	Relationship with the Company	Nature and Size of Transactions
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 4.6 million as of 31 December 2016 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.
Krungthai Asset Management Public Company Limited	Krung Thai Bank Public Company Limited holds 100% of issued shares	As of 31 December 2016, 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.
Krungthai Panich Insurance Public Company Limited	Krung Thai Bank Public Company Limited holds 45% of issued shares	As of 31 December 2016, the Company has other receivables of Baht 3.7 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).

Related Parties	Relationship with the Company	Nature and Size of Transactions
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 December 2016 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)
KT ZMICO Securities Company Limited	Krung Thai Bank Public Company Limited holds 50% of issued shares	As of 31 December 2016, the Company has borrowed money by issuing short-term bills of Baht 39.9 million to KT ZMICO Securities Company Limited. (KTZMICO).

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 31 December 2016, audited by Deloitte Touche Tohmatsu 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, KT ZMICO Securities Co., Ltd., KTB Leasing Co., Ltd. and Krungthai-AXA Life Insurance Public Company Limited. Details of the related parties transactions are provided as follows:

Credit Card Business Administrative Service Agreement dated 26 June 2002

This agreement was entered into between the Company and Krung Thai Bank in order to replace the Business Administrative Service Agreement dated 1 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 30 June 2002. The Company agreed to provide services to Krung Thai Bank for the period of 15 years from 1 July 2002. According to the conditions of the Agreement, the administrative service fee for the first three years was put in place in advance and was based on the actual service fee but not exceeding Baht 20 million per year. Both parties would reconsider

the administrative service fee every three years to reflect market price at that time. Afterwards, the Amendment of Credit Card Business Administrative Service Agreement was executed in order to amend the administrative service fees at different rate depending on the quantity of transactions. Other fees would be charged based on actual expenses plus the service fees which were already agreed upon. The service fees between the Company and 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.

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

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 1 July 2002.

The Company and Krung Thai Bank had jointly amended this agreement to established service fees for the Back Office Services. Later on 19 September 2016,

both company jointly agreed on the Amendment (No. 11) for the services from 1 July 2016 to 30 June 2017, which set the service fee at Baht 8.5 million annually. 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 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 16 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 1 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 1 November 2003 (No.2) 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.

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. As of 31 December 2016, the Company has not drawn down money from this loan agreement. 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.

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.

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.

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.

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 3 March 2014 to 28 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.

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 14 December 2009, for 1 year from 17 January 2010 until 16 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 12 January 2016, preparing an addendum lease (No.6) to extend the rental period, starting on 17 January 2016 until 16 January 2017.

On 18 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 1 April 2015 until 31 March 2016, for the Company's operations. Furthermore on 31 May 2016 the bank is in the process of drafting new contract for the lease period from 1 April 2016 until 31 March 2017.

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 27 days, from 5 April 2013, and can be renewed for a term of 3 years. Later, on 1 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 31 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.

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.

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.

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 1 April 2014 to 31 March 2015. Later, on 24 April 2015, the Company and the Bank had entered into an agreement to expedite Collection of debts (Collection) from the date of 1 May 2015 until 31 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 31 December 2015, the Company and the Bank are under the new agreement for the period of service from 1 January 2016 until 30 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.

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 16 October 2012 onwards; with the memorandum to amend the agreement on 2 December 2014 on the application criteria, and managing the annual fee for KTB Precious Plus customers of the Bank.

Later, on 3 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.

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 22 October 2015. The Agreement is valid for 3 years effective from 5 October 2015 to 5 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.

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 1 June 2013 to 31 May 2014 which can be extended for 1 year per extension. On 26 May 2016, the parties agreed to create additional memorandum to attach to the lease agreement in order to extend the leased period from 1 June 2016 – 31 May 2017. 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.

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 10 October 2011. Currently, the work has been handed over to KTBCS. The Company also entered into the Services Agreement with KTBCS for Consultancy and Processing of IT operations of the Silverlake and COBAS systems in order to provide KTBCS consultancy and processing services of IT operations including leasing of relevant systems and maintenance of software and hardware required for the aforementioned payment systems to be provided to the customers of

KTBCS. The agreement which was executed on 27 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 1 January 2014 – 31 December 2014 and can be renewed for another 1 year each term. As of 28 December 2016, 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 2017, for a period of service from 1 January 2017 to 31 December 2017.

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 14 February 2009 and renewable, each time for another 1 year. On 13 February 2013, the Company and KTBGS executed additional memorandum for extension period of services for 4 years which occur on 14 February 2013 – 13 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.

Memorandum on Unit Trust Payment Services

The Company has provided Krungthai 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 1 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.

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 1 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% - 15% 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.

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 database of KTC credit card members, who have agreed to disclose their personal information in writing. Krung Thai Bank holds 45% of the issued shares and is the operator of the non-life insurance business. The agreement is effective from 26 September 2011 and 1 March 2012, respectively. The prices of the services under the agreement are based on the scope of work and service hours. Terms and conditions of the project are standard terms as would generally be used with other parties.

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 11 November 2016 to 11 November 2017. The premium rate, terms and conditions of the insurance policy are standard terms as would generally be used with other parties.

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 31 December 2016, there are 5 agreements : starting from 24 October 2012 for the first agreement; from 11 January 2013 for the second agreement; from 14 June 2013 for the third agreement; from 5 February 2012 for the forth agreement, and from 2 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.

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 1 March 2016 to 28 February 2017. 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.

Loans through Issuance of Bill with Related Companies

As of 31 December 2016, 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 79.8 million to Krung Thai Bank Public Company Limited (“Krung Thai Bank”) (Krung Thai Bank holds 49.45% of issued shares in the Company)
- Issued a bill of Baht 39.9 million to KT ZMICO Securities Company Limited (“KTZMICO”) (Krung Thai Bank holds 50% of issued shares.)

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.

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. 2535 (the “Securities and Exchange Act”), related parties transactions are prescribed by the law as being any transaction between the Company and a director, an executive or a related person and must be approved by the

shareholders' meeting unless such transaction is categorized as an exceptional transaction e.g. a transaction with the same commercial terms as those an ordinary person would agree with any unrelated counter-party under similar circumstances, on the basis of commercial negotiations and without any dependent interest resulting from the status of the directors, executives or related persons, as the case may be, provided further that the said commercial terms have been approved by the board of directors or are in compliance with the principles approved by the board of directors.

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

The entering into of the related party transaction and/or the acquisition and disposition of assets of the Company in the future shall be made in compliance with the laws on securities and exchange, the regulations of the Stock Exchange of Thailand and the principle for trade agreements with

related parties approved by the Board of Directors, including any regulation in connection with the disclosure of information, connected transactions and the acquisition and disposition of assets of the Company.

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

Management Discussion and Analysis : MD&A

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.

Summary of Thai Economy and Overview of Consumer Finance Industry in year 2016

The Bank of Thailand estimated GDP growth of 3.2% in 2016, which was higher than the 2.8% growth in 2015, due to improvements in exports and private consumptions. Although the tourism industry did not perform as expected, government spending was an important driving force for the economy's continuous growth. Thai economy was forecasted to grow at a steady rate with the GDP ranging from 3.2% to 4.0% in 2017, with supporting factors such recovery of the global economy (especially in the USA), increased infrastructure projects of the Thai government, the government's policies for economic stimulus, growing number of tourists, and expansionary monetary policy which allows private sector to spend and invest more. However, there are still pressures in terms of market volatilities in the global financial markets, structural problems in the Thai export sector, and high household debt.

The overall growth in the consumer finance industry continued to grow from the previous year. Industry credit card receivable as of December 2016 was 358,413 MB or a 6.5% growth, which was similar to that of 2015 which was 336,641 MB or 5.8%. The consumer finance industry potential remains strong, especially for the high income and Gen Y customers. The industry's

credit card spending in 2016 was 1,488,408 MB or a 6.8% growth, which was similar to the 6.6% growth in 2015.

In 2016 personal loans receivables was 338,117 MB a growth of 4.1%, growing at a similar rate of 2015 at which grew 3.8%. Due to the considerably high ratio of household debt to GDP (approximately 80%), financial institutions were less confident in the borrower's ability to repay. As a result, stricter measures were introduced for credit screening; focusing on quality customers and existing customers with good repayment records. Although consumers were concerned of their uncertain future income, KTC believed that they are still demands in personal loans, especially in provincial areas and consumers who are ineligible to apply for credit cards.

The Company continued to expand in both businesses in all aspects. The ratio of KTC credit card receivables to industry was 12.9%, increased from 12.3% in the previous year; the ratio of KTC credit card spending to industry grew from 10.5% in 2015 to 11.1% in 2016; and the ratio of KTC personal loan receivables to industry also increased to 6.5% from 5.7% over the past year.

Table 1 : Credit Card Industry

		2014			2015			2016		
		Amount	Market Share	Growth Rate	Amount	Market Share	Growth Rate	Amount	Market Share	Growth Rate
Total Spending Amount through Credit Card (Million Baht)	Industry	1,307,152	100.0%	9.4%	1,393,121	100.0%	6.6%	1,488,408	100.0%	6.8%
	Commercial Bank	874,175	66.9%	10.3%	923,940	66.3%	5.7%	984,294	66.1%	6.5%
	Non-Bank Financial Institution	432,977	33.1%	7.5%	469,181	33.7%	8.4%	504,113	33.9%	7.4%
	KTC	129,828	9.9%	7.4%	145,800	10.5%	12.3%	164,991	11.1%	13.2%
Credit Card Account Receivable (Million Baht)	Industry	318,141	100.0%	9.5%	336,641	100.0%	5.8%	358,413	100.0%	6.5%
	Commercial Bank	193,394	60.8%	10.2%	204,980	60.9%	6.0%	218,220	60.9%	6.5%
	Non-Bank Financial Institution	124,748	39.2%	8.5%	131,662	39.1%	5.5%	140,193	39.1%	6.5%
	KTC	37,621	11.8%	6.6%	41,412	12.3%	10.1%	46,195	12.9%	11.5%
Number of Credit Card	Industry	20,303,751	100.0%	9.5%	21,762,273	100.0%	7.2%	23,151,164	100.0%	6.4%
	Commercial Bank	9,744,241	48.0%	7.9%	10,119,844	46.5%	3.9%	10,313,291	44.5%	1.9%
	Non-Bank Financial Institution	10,559,510	52.0%	10.9%	11,642,429	53.5%	10.3%	12,837,873	55.5%	10.3%
	KTC	1,807,755	8.9%	15.3%	1,887,015	8.7%	4.4%	2,095,563	9.1%	11.1%

Source : BOT/KTC

Table 2 : Personal Loan Industry

		2014			2015			2016		
		Amount	Market Share	Growth Rate	Amount	Market Share	Growth Rate	Amount	Market Share	Growth Rate
Personal Loan Account Receivable (Million Baht)	Industry	312,851	100.0%	4.6%	324,667	100.0%	3.8%	338,117	100.0%	4.1%
	Commercial Bank	160,634	51.3%	1.5%	157,890	48.6%	(1.7%)	156,386	46.3%	(1.0%)
	Non-Bank Financial Institution	152,217	48.7%	8.1%	166,777	51.4%	9.6%	181,731	53.7%	9.0%
	KTC	16,644	5.3%	10.1%	18,583	5.7%	11.6%	21,959	6.5%	18.2%
Amount Personal Loan Member	Industry	11,842,026	100.0%	3.2%	12,856,191	100.0%	8.6%	13,685,002	100.0%	6.4%
	Commercial Bank	2,861,617	24.2%	(2.2%)	2,692,619	20.9%	(5.9%)	2,489,486	18.2%	(7.5%)
	Non-Bank Financial Institution	8,980,409	75.8%	5.1%	10,163,572	79.1%	13.2%	11,195,516	81.8%	10.2%
	KTC	693,273	5.9%	8.5%	747,343	5.8%	7.8%	818,068	6.0%	9.5%

Overview of KTC's performance in 2016

The Company remained focused in generating income and successfully increased revenue from various supporting factors. Firstly, as credit card spending that was higher than the industry, secondly growth in credit card and personal loan receivables by expanding customer base under appropriate credit approval, thirdly efficient debt collection, and lastly effective risk management that kept NPL low. KTC's performance overview can be summarized as follow:

- The Company reported a net income of 2,495 MB in 2016, increased by 20% from 2,073 MB in 2015. The increase in net income was due to growth in credit card and personal loan businesses, the ability to maintain low financial cost throughout the year, effective debt collection, and good portfolio management; although increased in provisioning, NPL remained low; bad debt recovery also increased. However, the growth of the total portfolio naturally led to more provision according to the company's policy.
- The year-on-year growth of KTC credit card spending was higher than the industry in all consecutive quarters of 2016 at 15.5%, 15.4%, 11.1%, and 11.2%, while the industry spending growth was 8.2%, 7.9%, 5.4%, and 6.0% respectively. The Company's total credit card spending in 2016 was 164,991 MB or a 13.2% growth, which was higher than the industry's growth of 6.8%. The growth was driven by 11.1% member base expansion, continuous creative marketing campaigns, accessible and user-friendly online campaigns, and added benefits through discounts, cash-backs, and reward points.
- Merchant acquiring business grew 22.2% to 61,340 MB up from 50,180 MB, and merchant outlets grew 29.2% to 29,764 outlets up from 23,041 outlets; as a result of the joint projects with KTB to acquire more stores, install more EDC devices, expand online merchants, virtual terminal payment system, and expand Alipay merchants.
- In 2017 total receivable increased 13%, an amount of 68,697 MB, of which credit card receivables increased from 41,412 MB to 46,195 MB, and personal loan receivables increased from 18,583 MB to 21,959 MB.
- Total revenue grew 13% to 17,580 MB in 2016; consisted of 12% growth in interest income (including credit usage fee), 13% growth in fee income, 18% growth in bad debt recovery.
- Net interest margin in 2016 was 15.1%, increased from 14.5% in 2015, meanwhile cost of funds reduced from 3.7% to 3.1%.
- Total portfolio NPL decreased 1.7% yoy down from 2.1% in the prior year. The Company is determined to maintain NPL at a continuously low level.
- Total bad debt and doubtful accounts was 6,070 MB, increased 17% from the previous year, due to write-offs and provision that increased with both the credit card and personal loan portfolio's growth. The ratio of allowance for doubtful accounts to NPL remained high at 472.8%.

- The operating cost to income ratio was 39.3%, which was similar to 39.5% in 2015, indicating that the Company was able to effectively manage expense.
- In 2016, there were changes in the assumptions used for calculating the employee benefit plans that differs from that of 2015. The Company realized a loss of 84.8 MB from the employee benefit plans using actuarial technique based on the assumptions of retirement age, mortality rate, disability rate, personnel turnover rate, and rate of increase and decrease of future salary. The Company reported a 67.8 MB loss in other comprehensive income for the year, net of income tax; and reported a 2,427 MB total comprehensive income for the year.

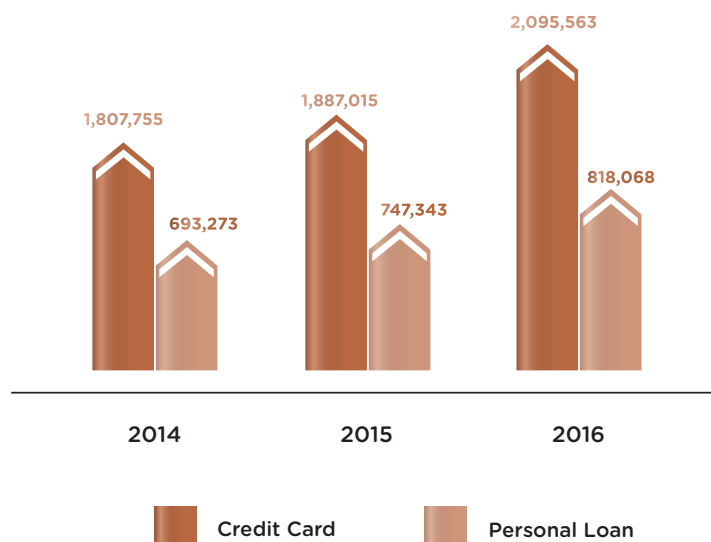
Table 3 : Overall Operating Result Analysis

Operating Results (Million Baht)	2014	(%)	2015	(%)	2016	(%)	Growth Rate (%) (2015-2016)
Total Revenue	14,337	100%	15,559	100%	17,580	100%	13%
- <i>Bad Debt Recovery</i>	1,766	12%	2,037	13%	2,398	14%	18%
Administrative Expenses	5,377	38%	6,139	39%	6,902	39%	12%
Finance Cost	1,764	12%	1,621	10%	1,482	8%	(9%)
Bad debts and doubtful accounts	4,989	35%	5,183	33%	6,070	35%	17%
Profit (Loss) before Income Tax	2,206	15%	2,616	17%	3,126	18%	20%
Income Tax - Income (Expense)	(451)	3%	(543)	3%	(631)	4%	16%
Net Profit for the year	1,755	12%	2,073	13%	2,495	13%	20%
Actuarial gain (loss) on defined benefit plans	-	-	1	0.0%	(85)	0.5%	(7,620%)
Income tax relating to items that will not be reclassified subsequently	-	-	(0.2)	0.0%	17	0.1%	(7,620%)
Other comprehensive income (loss) for the year, net of income tax	-	-	0.9	0.0%	(68)	0.4%	(7,620%)
Total comprehensive income for the year	-	-	2,074	13%	2,427	14%	17%

Overviews of KTC's performance comparison 2014-2016

The Company had a total member of 2.9 million accounts by the end of December 2016, a 10.6% increase from the same period of the previous year. Current credit card members were 2,095,563 (11.1% growth), and current personal loan accounts were 818,068 (9.5% growth).

Chart 1 : KTC's accounts break down



Revenue

Total revenue in 2016 was 17,580 MB a 13% increased, which was contributed by 10,830 MB interest income (including credit usage fee), 3,839 MB fee income, and 2,911 MB of other income; a proportion of 62%, 22%, and 16% of total income respectively. While 82% of other income was from bad debt recovery.

Net Interest Income (Including Credit Usage Fee)

Portfolio of total credit card and personal loan increased 12% and 18% respectively, as a result interest income (including credit usage fee) growth of both credit card and personal loan was 9% and 17% respectively. This was achieved by strategies that sought new members in the Premium segment, while maintaining member base in the mass segment. Customer Relationship Management (CRM) system was utilized to enhance customer experience. Online medias were used to helped stimulate credit card spending and also respond to specific needs, as well as cultivating long term brand loyalty.

The Company's cost of funds in 2016 was 3.1% down from 3.7% of the previous year, while average interest received remained the same over the year at 18.2%. As a result, net interest margin increase steadily from 14.5% to 15.1% due to lower financial expense.

Table 4 : Interest Income (Including Credit Usage Fee)

Year Ended December 31,	2014		2015		2016	
	Amount	Proportion of Total Income	Amount	Proportion of Total Income	Amount	Proportion of Total Income
Interest Income						
Credit Card	4,973	34.7%	5,248	33.7%	5,706	32.5%
Personal Loan	3,993	27.9%	4,324	27.8%	5,074	28.9%
Other ⁽¹⁾ 69	0.5%	61	0.4%	50	0.3%	
Total Interest Income	9,036	63.0%	9,633	61.9%	10,830	61.6%
Total Interest Expense	1,764		1,621		1,482	
Net Interest Income	7,271		8,012		9,348	
Yield on Interest Income	18.7%		18.2%		18.2%	
Cost of Fund	4.4%		3.7%		3.1%	
Net Interest margin	14.3%		14.5%		15.1%	

⁽¹⁾ Other interest income includes incomes from Circle Loan and Self-employed Loan Business.

Non-Interest Income (excluding credit usage fee)

Fee income (excluding credit usage fee) grew 13% yoy or an amount of 3,839 MB. The increase was due to the growth of cash advance fee (12% growth), merchant discounts (21% growth), and interchange fee (21% growth). Collection fee, however, declined by 32% due to change in collection fee structure.

At the end of 2016 the company reported 2,398 MB Bad debt recovery, an 18% increase compared to the same period of the previous year; Bad debt recovery was 14% of total revenue.

Table 5 : Non-Interest Income Summary

Year Ended December 31,	2014		2015		2016	
	Amount	Percentage of Total Income	Amount	Percentage of Total Income	Amount	Percentage of Total Income
Non-Interest Income ⁽¹⁾						
Fee and Service Income	3,141	21.9%	3,401	21.9%	3,839	21.8%
Bad Debt Recovery	1,766	12.3%	2,037	13.1%	2,398	13.6%
Net Gain (Loss) on Exchange	73	0.5%	78	0.5%	119	0.7%
Other Income	321	2.2%	410	2.6%	394	2.2%
Total Non-Interest Income	<u>5,301</u>	37.0%	<u>5,926</u>	38.1%	<u>6,750</u>	38.4%
Total Revenue	<u>14,337</u>		<u>15,559</u>		<u>17,580</u>	

⁽¹⁾ Excluding Credit Usage Fee

Expense

In 2016 the Company reported 14,454 MB total expense (excluding income tax) a 12% increased from 12,943 MB in 2015. Total administrative expense increased by 12% due to higher fees expense (21% increase) paid to outsourced debt collection, higher marketing expenses (17% increase) for the new member base expansion and marketing activities to boost credit card spending and personal loans cash withdrawal. Although bad debts and doubtful accounts increased 17%, financial expense decreased 9% by the replacement of mature debt with lower interest rates.

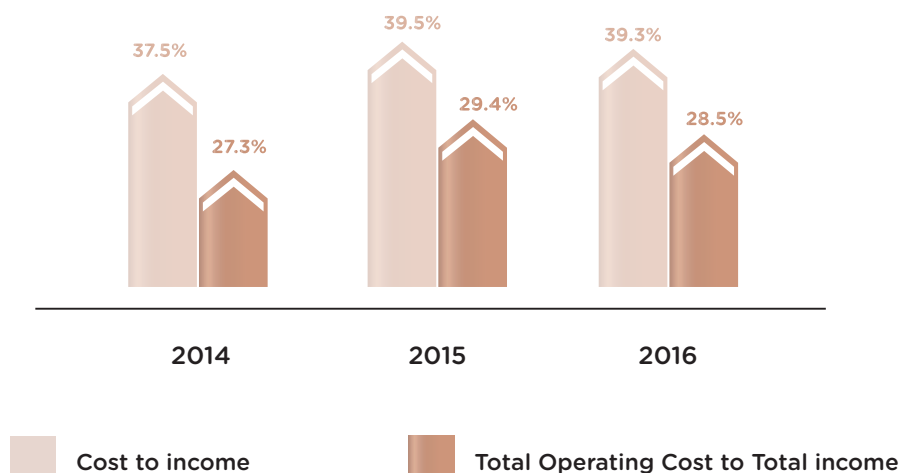
Table 6 : Total Expense

Year Ended December 31,	2014		2015		2016	
	Amount	Proportion of Total Income	Amount	Proportion of Total Income	Amount	Proportion of Total Income
Expense						
Bad Debt and Doubtful Account						
Credit Card	3,111	21.7%	2,945	18.9%	3,359	19.1%
Personal Loan	1,843	12.9%	2,205	14.2%	2,692	15.3%
Other (Circle Loan, Self-employed Loan and Others)	35	0.2%	34	0.2%	19	0.1%
Total Bad Debt and Doubtful Account	4,989	34.8%	5,183	33.3%	6,070	34.5%
Selling and Administrative Expense:						
Personnal Expense	1,785	12.4%	1,926	12.4%	2,060	11.7%
Marketing Expense	945	6.6%	956	6.1%	1,122	6.4%
Fees	1,180	8.2%	1,701	10.9%	2,063	11.7%
Other Expense	1,468	10.2%	1,556	10.0%	1,656	9.4%
Total Selling and Administrative Expense	5,377	37.5%	6,139	39.5%	6,902	39.3%
Total Expense	10,366	72.3%	11,323	72.8%	12,972	73.8%

Total Administrative Expenses

In 2016 total selling and administrative expense (excluding interest expense and income tax) was 12,971 MB increased from 11,323 MB at the end of 2015 or a 14.6% increase. Cost to income ratio was at 39.3%, which was at similar level to the previous year. When excluding marketing expenses and interchange fees and only considered the operating expense, operating cost to income ratio became slightly lower at 28.5% compared to 29.4% in 2015. This was due to net income growth outpacing that of the operating expense.

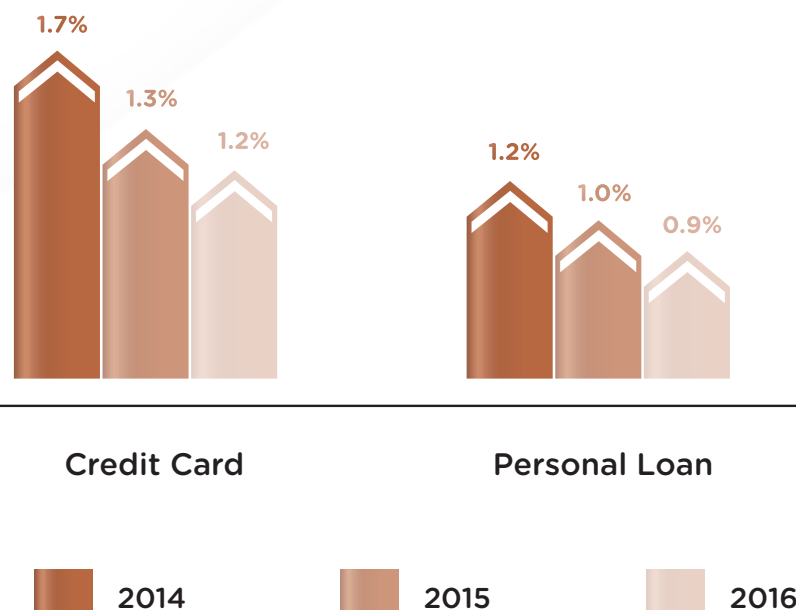
Chart 2 : Cost to Income Ratio versus Operating Cost to Income Ratio Comparison 2014-2016



Bad debt and Doubtful account

Bad debts and doubtful accounts increased to 6,070 MB in 2016 from 5,183 MB in 2015. As a result of the portfolio growth of both credit card and personal loan businesses, in 2016 provision for doubtful accounts of both business increased 167% (an amount of 242 MB). Bad debts and doubtful accounts increased 13% (an amount of 645 MB) compared to the prior year. Credit card and personal loan bad debt increased 10% and 13%, respectively.

The Company emphasized on portfolio quality, total portfolio NPL was at 1.7% in 2016, decreased from 2.1% in 2015. Credit card's NPL decreased to 1.2% down from 1.3% and personal loan's NPL decreased to 0.9% down from 1.0% due to quality of expanding portfolio. Although the company adhere to the same provisioning policy, the company continued to experienced lowering NPL which resulted a high allowance to NPL ratio 472.8%, increased up from 399.9% in the previous year.

Chart 3 : Credit Card and Personal Loan's NPL 2014-2016**Cost of funds**

In 2016 the Company reported a total borrowing of 51,088 MB in an increase of 13% yoy. The structure of the funds was both short-term and long-term. The short-term borrowings were from related financial institutions of 120 MB and other financial institutions of 9,545 MB. The long-term borrowings were from debentures of 41,423 MB with diverse sources from Thai and Foreign commercial banks, securities companies, insurance companies, and various funds. At the end of 2016, the Company available credit line was 26,190 MB consisted of 18,030 MB credit line from Krung Thai Bank and 8,160 MB from other commercial banks. The cost of funds by the end of 2016 was 3.08% down from 3.74% contributed by the replacement of matured debenture with lower interest rate. Combined with the credit rating of the company and the unsecured and unsubordinated debentures at "A+" which reflected the Company's financial stability and drove lower the company's costs of fund. The Company's debt to equity ratio was at 5.62 times, which remained below the bond covenant at 10 times.

Statement of Financial Position

Table 7 : Statement of Financial Position

	Million Baht		
Year Ended December 31	2014	2015	2016
Asset			
<u>Interest earning assets</u>			
Credit Card Receivables- Net	34,715	38,429	42,988
Personal Loan Receivables-Net	15,201	17,073	20,154
Other-Net	207	177	161
<i>Circle loan Receivables-Net</i>	195	172	157
<i>Self-employed loan Receivables-Net</i>	11	6	3
Total Receivables-Net	50,123	55,679	63,303
<u>Non-interest earning assets</u>			
Cash and Cash Equivalent	735	941	1,165
Leasehold improvements and equipment-Net	371	337	465
Other current & non-current assets	3,266	3,223	3,364
Total Non-interest earning assets	4,372	4,500	4,994
Total Assets	54,495	60,179	68,297

Table 7 : Statement of Financial Position (continue)

Year Ended December 31	Million Baht		
	2014	2015	2016
Liabilities and Shareholders' Equity			
<u>Liabilities</u>			
Short term loan and Current portion due within one year	20,108	21,634	19,233
Debenture and Long-Term Loans	21,480	23,423	31,855
Other current & Non-current Liabilities	5,539	6,389	6,888
Total Liabilities	47,127	51,446	57,976
<u>Shareholders' Equity</u>			
Total Shareholders' Equity	7,368	8,733	10,321
Total Liabilities and Shareholders' Equity	54,495	60,179	68,297

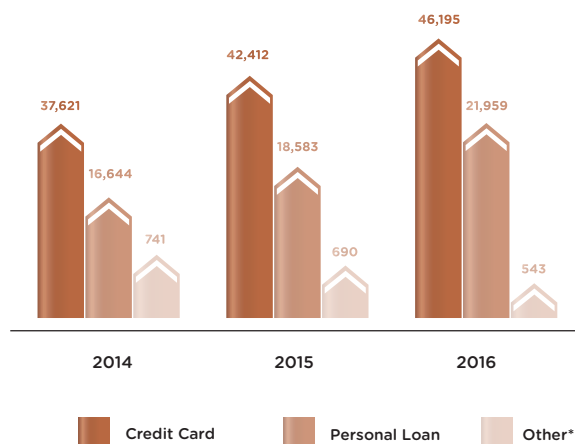
Assets

The Company's asset at the end of 2016 was 68,297 MB, increased 13% yoy from 60,179 MB in the previous year. The main income generating assets were net receivables of 63,303 MB or 93% of total assets while the other 7% were cash, other receivables, deferred tax assets, and other assets.

Receivables

At the end of 2016 total receivable was 68,697 MB increased from 60,686 MB in 2015, which comprised of 67% credit card receivables, 32% personal loan receivables, and 1% circle loan and self-employed loan.

Chart 3 : Total Account Receivable Structure

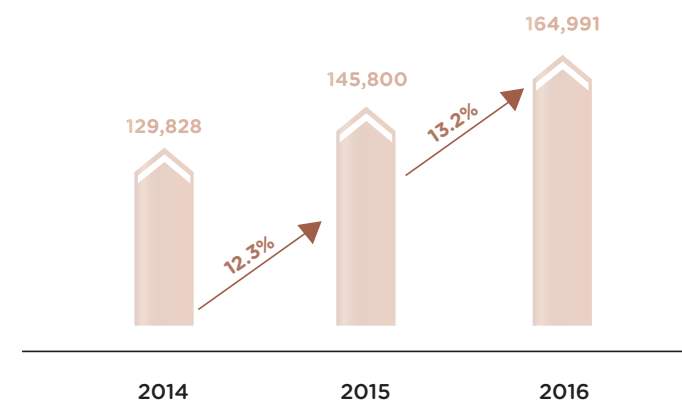


* Circle loan and Self-employed loan are included

Credit Card Receivables

KTC worked with business partners to create sales promotional as well as established new partners such as merchants for instalment payments or expand into new categories creating online platform to promote and encouraging members to redeem points when shopping with stores. In order to optimize the use of EDC to maximize benefits reflected by the credit card spending volume for the entirety of 2016 that grew 13.2% with growth rate higher than that of the industry which grew only 6.8%.

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



Personal Loan Receivables

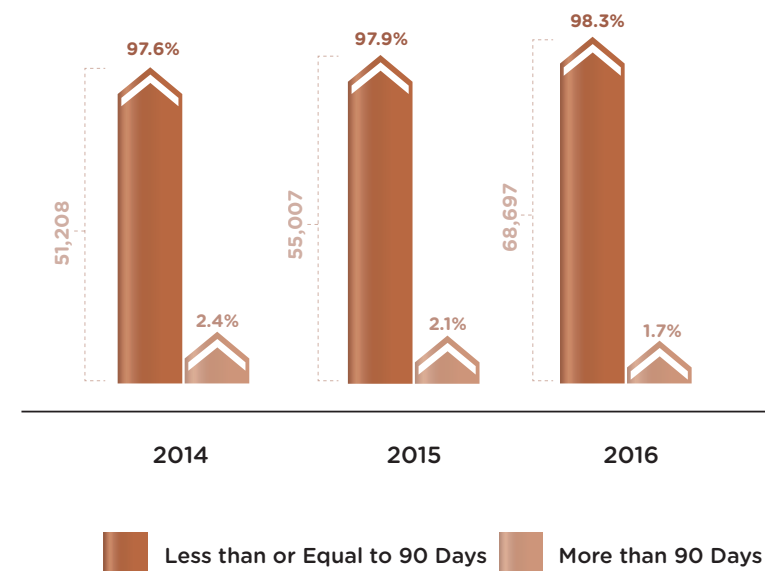
By the end of 2015 personal loan receivables was 17,073 MB, increased to 20,154 MB at the end of 2016 an 18% increase; Supporting activities were created to promote new application of personal loan such as applying via KTC's partner shops, or applying at KTC branches and receive results in 30 minutes. Mass campaigns were conducted to help relieve members' expenses.

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 98.3% 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 2.4% in 2014 to 2.1% in 2015 and continue to drop to 1.7% in 2016; the decrease was achieved by company's continuously emphasis on portfolio quality.

Chart 5 : Aging of Gross Receivables Comparison at the end of 2014-2016



Liabilities and Shareholder's Equity

At the end of 2016, KTC financial structure consisted of 28.2% short term and long term loan / debenture due within one year, 46.6% long term debentures and long term loan, 10.1% current and other non-current liabilities (trade payable, deferred bonus point, and provision for employee benefit), 15.1% total shareholders' equity. From the Liability and Equity structure, KTC's debt to equity ratio was 5.6 times which was still lower than the debenture's covenant of 10 times.

Dividend Payment

Table 8 : Dividend Payment Statistic during 2014-2016

	2014	2015	2016 ⁽¹⁾
Dividend per Share	2.75	3.25	4.00
Dividend Payout Ratio	40.4%	40.4%	41.3%

⁽¹⁾ The right to receive this dividend will be pending until it has been approved by the annual general shareholders meeting in 2017 (Meeting no.15)

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 2014 and 2015 was 2.75 and 3.25 baht respectively; the dividend payout ratio for the year 2014 equaled 40.4% and for the year 2015 equaled to 40.4%

Company's Operation Plan for 2017

With the target "To be a membership company through creating solid foundation for a sustainable growth and becoming the most preferred brand under a spirit of The Courage to Choose What is Right", KTC has clearly announced its intention to grow with sustainability and to urge customers to be courageous and live the life they desire. As a result, the Company provided product options and a variety of services to address the customers' demand by mainly focusing on approachability and member obsession. Currently, the Company has progressed as planned.

For 2017, the Company has targeted to increase credit card spending growth at least 15%, to expand receivables portfolio approximately 10%, and to maintain NPL at the same level as the previous year. With these targets, the Company is expected to increase its net profit by at least 10% from 2016. To become the most preferred brand, KTC will focus on continuous internal and external organization development in order to build sustainable long term growth. Moreover, the Company will operate under the three new core values: courageous, smart & simplicity, and meaningful, with the intentions to motivate members or stakeholders in being courageous about choosing to live the lives they desire. These brand core values are cultivated within organization to reach out to the public covering all dimension. The Company's operation strategies can be summarized as follow:

- **Credit card business to focus on member base expansion and to be more digitally responsive to customers' demands.** This is a marketing strategy to continuously increase new members in potential segments-upper and young generation with explicit lifestyles-by focusing on online application, through merchants and business partners. This strategy also

help develop products and services to meet the needs of customers by improving existing digital services and creating a variety of new services that are more approachable. The mobile application optimized, be more convenient, support all operational platforms, and are highly secured. The website is to be more user-friendly, modern, and provide seamless user experience and satisfaction.

- **Focus on variety and coverage credit card benefits.** By prioritizing on being the default credit card covering all categories of spending needs, KTC will collaborate with business partners, merchants, and various organizations to create marketing programs and benefits that uphold KTC's identities (creativity, and diversity). Online benefits will also be improved as well as providing activities and events that enhance good customer experience.

- **Add value from Forever Rewards points and focus segmentation marketing.** Manage existing portfolio for maximum effectiveness coupled with campaigning the benefits of using Forever Rewards points in both dimensions: earn and burn. Online points redemption and frequency of credit card spending will be promoted so that KTC credit card becomes the default card. Most importantly, targeted marketing will be applied in provincial areas and members of older generation.

- **Merchant acquiring: to penetrate new business, online businesses as well as expanding to provincial areas.** KTC aims to present KTC Pay service for transactions of e-Commerce and m-Commerce to support the growing online businesses. Stores of all type will be closely attended to by teams of sales and marketing so that the most appropriate KTC Payment Solutions is offered to cater each business type. The teams will also help with the planning process and seeking new business opportunities together with the store.

- **Elevate KTC PROUD products, enhance online experiences, expand customer base, and create long-term loyalty.** As consumers are inevitably involved in the digital world, KTC PROUD focuses on elevating its products to enhance online experiences such as 24-hour online cash advance service with no restrictions on withdrawals, which is beneficial in terms of convenient and safety. Moreover, the company aims to expand to new quality target groups to maintain market share; and also, satisfy members to promote brand loyalty in the long-term.

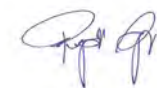
- **KTC plans to explore new businesses and build a lasting Total Business Relationship (TBR).** The Company will study the growing business trend, potential business or businesses that meet the lifestyle demands of customers. Other marketing campaigns that promote customer satisfaction and credit card spending such as online promotion, insurance plans, and "U Shop V Deliver" service, will not be overlooked as they focus on direct segmentation marketing. Relations will be made with every business group that address the needs of members. KTC will also explore new businesses which are trending locally and globally, or have high potential, or are able to closely cope with the customers' lifestyles.

For 2017, marketing activities will continue to intensify to upgrade and optimize the previous year's scheme. The Company will also expand the concept and apply new marketing strategies by focusing on the online market, developing online functions, and upgrading the existing mobile application to maximize benefits. In addition, KTC will relentlessly strive to analyze, seek, and explore new business opportunities.

Report of the Board of Directors' Responsibilities for the Financial Reports

Krungthai Card Public Company Limited – KTC's Board of Directors give importance to its duty and responsibility for maintaining the good governance principles and practices, including the responsibility to the company's financial reports and the financial information provided in the annual report. At the same time, the Board of Directors also provides suitable and effective risk management, internal control and good governance in order to make certain that the financial information is correct, complete and sufficient to keep the company's assets intact as well as being able to prevent significant operational risk from abnormal operation. The Board of Directors has appointed the Audit Committees, which consists of independent directors, to supervise and review the reliability and accuracy of the financial statements, internal control system, the disclosure of related party transactions as well as ensuring all relevant processes were carried out completely, sufficiently and appropriately. For that aforementioned purpose, the audit committee has expressed its opinion on the matter in the Audit Committee's report, which has published in the year's annual report.

Additionally, the Board of Directors sees that the company's overall internal control system is sufficient and appropriate; providing confidence and reason to believe that the company's financial reports dated on 31st December 2016 are reliable and accurate according to the Thai Financial Reporting Standard. The company has consistently chosen and practices the appropriate accounting policy, and has cautiously and reasonably prepared this financial report, so that it reflects true and transparent financial status, performances and financial information beneficial to shareholders and investors. This financial statement has been audited and provided with unqualified audit opinion by the independent certified public accountant.



Mr. Poonpat Sripleng
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

Opinion

We have audited the financial statements of Krungthai Card Public Company Limited (“the Company”), which comprise the statement of financial position as at December 31, 2016, and the related statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Krungthai Card Public Company Limited as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King’s Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters	Key Audit Responses
<p>Allowance for doubtful accounts</p> <p>The allowance for doubtful accounts represent management’s estimation of loss that would occur from the Company’s loan portfolios as at the end of period.</p> <p>The Company provided the allowance for doubtful accounts for credit card, circle loan and personal loan receivables which have aging not over 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</p>	<p>Key audit procedures included</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company’s design and implementation of the key controls over significant source data using in the calculation of allowance for doubtful accounts, and calculation of allowance for doubtful accounts; • Performed operating effectiveness testing of control over significant source data and calculation of allowance for doubtful account. In addition, we also tested general information technology controls for loan system;

Key Audit Matters	Key Audit Responses
<p>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 more than 90 days.</p> <p>The allowance for doubtful accounts is considered as a key audit matter as there are management's judgement and assumption applied to the calculation of allowance for doubtful accounts.</p> <p>Accounting policy of the allowance for doubtful accounts and detail of allowance for doubtful accounts were disclosed in the Note 3.14, Note 5, and Note 6 to the financial statements.</p>	<ul style="list-style-type: none"> • Performed application control testing for the accuracy of loan classification and allowance for doubtful accounts; • Assessed the adequacy of allowance and appropriateness of significant input data and assumption used in calculation of allowance for doubtful accounts to determine if they are in compliance with the accounting standards and have been consistently applied; • Tested calculation of allowance for doubtful accounts; and • Performed analysis by comparing to historical data, other peers in the same industry and economic and industrial factors.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

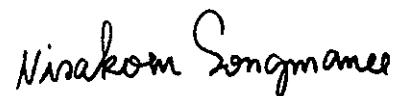
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



Nisakorn Songmanee

Certified Public Accountant (Thailand)

Registration No. 5035

DELOITTE TOUCHE TOHMATSU

JAIYOS AUDIT CO., LTD.

BANGKOK

February 10, 2017

STATEMENT OF FINANCIAL POSITION

**KRUNGTHAI CARD PUBLIC
COMPANY LIMITED**
AS AT DECEMBER 31, 2016

		UNIT : BAHT	
	Notes	As at December 31, 2016	As at December 31, 2015
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	22	1,165,129,662	940,554,222
Long-term investment with maturity within one year	7	-	20,225,155
Trade and other receivables			
Trade accounts receivable	5	63,303,103,253	55,679,111,680
Other receivables	6 and 22	1,100,663,325	1,048,561,430
Total Current Assets		65,568,896,240	57,688,452,487
NON-CURRENT ASSETS			
Long-term investment	7	10,148,419	-
Leasehold improvements and equipment	8	464,661,434	336,504,538
Intangible assets	9	500,196,266	506,400,212
Deferred tax assets	10	1,683,375,178	1,582,144,872
Other non-current assets		70,217,756	65,284,340
Total Non-current Assets		2,728,599,053	2,490,333,962
TOTAL ASSETS		68,297,495,293	60,178,786,449

STATEMENT OF FINANCIAL POSITION (CONTINUED)

**KRUNGTHAI CARD PUBLIC
COMPANY LIMITED**

AS AT DECEMBER 31, 2016

		UNIT : BAHT	
	Notes	As at December 31, 2016	As at December 31, 2015
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term loans from financial institutions			
- Related financial institutions	11 and 22	119,744,990	79,488,958
- Other financial institutions	11	9,544,959,826	13,904,437,055
Trade and other payables			
Trade accounts payable			
- Related financial institution and related parties	22	991,475,073	1,042,851,734
- Other companies		375,160,225	306,450,149
Accrued interest expenses		276,895,304	248,597,329
Income tax payable		336,001,534	303,419,229
Accrued expenses		1,028,111,746	937,921,897
Other payables	12	1,120,121,575	1,024,036,122
Current portion of long-term loans	13	-	1,850,000,000
Current portion of long-term debentures	14	9,568,000,000	5,800,000,000
Deferred income for reward points		2,487,724,767	2,366,573,206
Total Current Liabilities		25,848,195,040	27,863,775,679
NON-CURRENT LIABILITIES			
Long-term debentures	14	31,855,000,000	23,423,000,000
Provision for employee benefits	15	272,612,000	159,292,000
Total Non-current Liabilities		32,127,612,000	23,582,292,000
TOTAL LIABILITIES		57,975,807,040	51,446,067,679

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, 2016

		UNIT : BAHT	
	Notes	As at December 31, 2016	As at December 31, 2015
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)			
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital			
257,833,407 ordinary shares of Baht 10.00 each		2,578,334,070	2,578,334,070
Issued and paid-up share capital			
257,833,407 ordinary shares of Baht 10.00 each, fully paid		2,578,334,070	2,578,334,070
PREMIUM ON ORDINARY SHARES			
Premium on ordinary shares		1,891,808,721	1,891,808,721
RETAINED EARNINGS			
Appropriated			
Legal reserve	17	257,833,407	257,833,407
Unappropriated		5,593,712,055	4,004,742,572
TOTAL SHAREHOLDERS' EQUITY		10,321,688,253	8,732,718,770
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		68,297,495,293	60,178,786,449

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

**KRUNGTHAI CARD PUBLIC
COMPANY LIMITED**
FOR THE YEAR ENDED
DECEMBER 31, 2016

		UNIT : BAHT	
	Notes	2016	2015
Interest income		7,247,733,861	6,513,493,867
Fee and service income	22	7,420,574,028	6,520,723,239
Bad debt recovered		2,397,979,002	2,036,983,395
Gain on exchange rate - net		118,798,581	78,260,861
Other income	22	394,472,043	409,500,195
Total Revenues		17,579,557,515	15,558,961,557
Administrative expenses	22	6,702,350,748	5,945,947,848
Management remuneration	22.3	199,189,371	193,105,039
Bad debts and doubtful accounts	5.2 and 6	6,070,303,017	5,183,480,914
Total Expenses	18	12,971,843,136	11,322,533,801
PROFIT BEFORE FINANCE COSTS AND INCOME TAX EXPENSE		4,607,714,379	4,236,427,756
FINANCE COSTS	22	1,481,893,553	1,620,897,287
PROFIT BEFORE INCOME TAX		3,125,820,826	2,615,530,469
INCOME TAX EXPENSE	20	631,115,508	542,921,503
NET PROFIT FOR THE YEAR		2,494,705,318	2,072,608,966

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

**KRUNGTHAI CARD PUBLIC
COMPANY LIMITED**
FOR THE YEAR ENDED
DECEMBER 31, 2016

		UNIT : BAHT	
	Notes	2016	2015
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain (loss) on defined benefit plans		(84,827,000)	1,128,000
Income tax relating to items that will not be reclassified subsequently		16,965,400	(225,600)
Other comprehensive income (loss) for the year, net of income tax		(67,861,600)	902,400
TOTAL COMPREHENSIVE INCOME FOR THE YEARS		2,426,843,718	2,073,511,366
BASIC EARNINGS PER SHARE	BAHT	9.68	8.04
WEIGHED AVERAGE NUMBER OF ORDINARY SHARES	SHARES	257,833,407	257,833,407

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

**KRUNGTHAI CARD PUBLIC
COMPANY LIMITED**

FOR THE YEAR ENDED
DECEMBER 31, 2016

UNIT : BAHT						
	Notes	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity
				Appropriated Legal reserve	Unappropriated	
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	17	-	-	-	(708,592,794)	(708,592,794)
Total comprehensive income		-	-	-	2,073,511,366	2,073,511,366
ENDING BALANCE AS AT DECEMBER 31, 2015		2,578,334,070	1,891,808,721	257,833,407	4,004,742,572	8,732,718,770
Beginning balance as at January 1, 2016		2,578,334,070	1,891,808,721	257,833,407	4,004,742,572	8,732,718,770
Dividend paid	17	-	-	-	(837,874,235)	(837,874,235)
Total comprehensive income		-	-	-	2,426,843,718	2,426,843,718
ENDING BALANCE AS AT DECEMBER 31, 2016		2,578,334,070	1,891,808,721	257,833,407	5,593,712,055	10,321,688,253

STATEMENT OF CASH FLOWS

**KRUNGTHAI CARD PUBLIC
COMPANY LIMITED**
FOR THE YEAR ENDED
DECEMBER 31, 2016

	UNIT : BAHT	
Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax expense	3,125,820,826	2,615,530,469
Adjustments for :		
Amortization of premium on debt securities	245,242	334,071
Amortization of deferred interest expense	20,508,637	23,540,160
Employee benefits expense	28,493,000	18,420,000
Depreciation and amortization	299,121,954	267,851,132
Loss from disposal and written-off of leasehold improvements and equipment - net	402,814	36,019
Deferred income for reward points - net	121,151,561	124,651,786
Bad debts and doubtful accounts	6,070,303,017	5,183,480,914
Interest expense	1,467,169,358	1,608,563,852
	11,133,216,409	9,842,408,403
Trade accounts receivable increase	(13,693,741,009)	(10,717,508,036)
Other receivables (increase) decrease	(52,655,476)	1,780,456
Other non-current assets (increase) decrease	(4,933,416)	99,634
Trade accounts payable - related financial institution and related parties increase (decrease)	(51,376,661)	364,640,878
Trade accounts payable - others increase (decrease)	94,805,334	(14,930,042)
Accrued interest expenses increase	12,778,805	44,462,044
Income tax payable decrease	(152,110)	(262,805)
Accrued expenses increase	90,189,849	94,021,062
Other payables increase	96,085,453	218,042,939
Cash paid from operations	(2,375,782,822)	(167,245,467)

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, 2016

	UNIT : BAHT	
Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)		
Interest expense paid	(1,451,650,188)	(1,612,615,347)
Income tax paid	(682,645,999)	(531,482,033)
Proceeds from income tax refundable	-	54,788,045
Net cash used in operating activities	(4,510,079,009)	(2,256,554,802)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of long term investment	(10,168,506)	-
Cash received from long term investment	20,000,000	-
Cash paid for purchases of leasehold improvements and equipment	(257,946,215)	(97,491,777)
Cash paid for purchases of computer software	(190,458,925)	(183,541,067)
Proceeds from sales of leasehold improvements and equipment	832,164	6,692,750
Net cash used in investing activities	(437,741,482)	(274,340,094)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (cash paid) from short-term loans from financial institutions (net)	(4,339,729,834)	1,401,921,882
Cash paid for repayment of long-term loans	(1,850,000,000)	(3,350,000,000)
Proceeds from issuance of debentures	18,000,000,000	9,593,000,000
Cash paid for redemption of long-term debentures	(5,800,000,000)	(4,200,000,000)
Dividend paid	(837,874,235)	(708,592,794)
Net cash provided by financing activities	5,172,395,931	2,736,329,088

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, 2016

	UNIT : BAHT	
	2016	2015
Notes		
NET INCREASE IN CASH AND CASH EQUIVALENTS	224,575,440	205,434,192
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,	940,554,222	735,120,030
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,	1,165,129,662	940,554,222

NOTES TO THE FINANCIAL STATEMENTS

**KRUNGTHAI CARD PUBLIC
COMPANY LIMITED**
FOR THE YEAR ENDED
DECEMBER 31, 2016

1. GENERAL

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

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

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

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

The brief particulars in the Company’s financial statements for the year ended December 31, 2016 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

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, 2016 onwards, as follows :

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

NOTES TO THE FINANCIAL STATEMENTS

**KRUNGTHAI CARD PUBLIC
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Thai Accounting Standards (“TAS”) (CONTINUED)

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
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

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2015)	Share - Based Payment
TFRS 3 (Revised 2015)	Business Combinations
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations

Thai Financial Reporting Standards (“TFRS”) (CONTINUED)

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

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

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Thai Financial Reporting Standard 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 IAS 29 Financial Reporting in Hyperinflationary Economies
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 (Revised 2015) - 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

Above TFRSs have no material impact on these 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, 2017 onwards as follows :

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
TAS 12 (Revised 2016)	Income Taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2016)	Borrowing Costs

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Thai Accounting Standards (“TAS”) (CONTINUED)

TAS 24	(Revised 2016)	Related Party Disclosures
TAS 26	(Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27	(Revised 2016)	Separate Financial Statements
TAS 28	(Revised 2016)	Investments in Associates and Joint Ventures
TAS 29	(Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33	(Revised 2016)	Earnings per Share
TAS 34	(Revised 2016)	Interim Financial Reporting
TAS 36	(Revised 2016)	Impairment of Assets
TAS 37	(Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	(Revised 2016)	Intangible Assets
TAS 40	(Revised 2016)	Investment Property
TAS 41	(Revised 2016)	Agriculture
TAS 104	(Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105	(Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107	(Revised 2016)	Financial Instruments Disclosure and Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 2	(Revised 2016)	Share-based Payment
TFRS 3	(Revised 2016)	Business Combinations
TFRS 4	(Revised 2016)	Insurance Contracts
TFRS 5	(Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	(Revised 2016)	Exploration for and Evaluation of Mineral Assets
TFRS 8	(Revised 2016)	Operating Segments
TFRS 10	(Revised 2016)	Consolidated Financial Statements
TFRS 11	(Revised 2016)	Joint Arrangements
TFRS 12	(Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13	(Revised 2016)	Fair Value Measurement

Thai Accounting Standards Interpretations (“TSIC”)

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TSIC 27	(Revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29	(Revised 2016)	Disclosure - Service Concession Arrangements
TSIC 31	(Revised 2016)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32	(Revised 2016)	Intangible Assets - Web Site Costs

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Thai Financial Reporting Interpretations (“TFRIC”)

TFRIC 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2014) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2016)	Service Concession Arrangements
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	Levies

Guideline on Accounting

Guideline on Accounting regarding Derecognition of Financial Assets and Liabilities

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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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 :

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

**KRUNGTHAI CARD PUBLIC
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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.

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 statements of profit or loss and other comprehensive income in the period which it is collected.

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

NOTES TO THE FINANCIAL STATEMENTS

**KRUNGTHAI CARD PUBLIC
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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 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 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.

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 not more 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

NOTES TO THE FINANCIAL STATEMENTS

**KRUNGTHAI CARD PUBLIC
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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 more than 90 days.

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 not more 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 more than 90 days 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 prices and is presented in current liabilities in the statements of financial position.

Provision for employee benefits

The present value of the provision for employee benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will have an impact on the carrying amount of such provision.

NOTES TO THE FINANCIAL STATEMENTS

**KRUNGTHAI CARD PUBLIC
COMPANY LIMITED**

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4.SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION

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

	UNIT : Thousand Baht	
	2016	2015
Payable for the purchase of leasehold improvements and equipment brought forward	37,563	34,698
<u>Add</u> Purchase of leasehold improvements and equipment	260,881	100,357
<u>Less</u> Cash paid for the purchase of leasehold improvements and equipment	(257,946)	(97,492)
Payable for the purchase of leasehold improvements and equipment carried forward (presented as a part of Trade accounts payable - others)	40,498	37,563
Payable for the purchase of computer software brought forward	120,036	162,332
<u>Add</u> Purchase of computer software	161,429	141,245
<u>Less</u> Cash paid for the purchase of computer software	(190,459)	(183,541)
Payable for the purchase of computer software carried forward (presented as a part of Trade accounts payable - others)	91,006	120,036

NOTES TO THE FINANCIAL STATEMENTS

**KRUNGTHAI CARD PUBLIC
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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 :

					UNIT : Thousand Baht
As at December 31, 2016					
	Credit card	Circle loan	Personal loan	Self-employed loan	Total
Not over 90 days	45,632,457	166,951	21,752,861	3,656	67,555,925
91 - 180 days	171,328	452	83,795	-	255,575
181 days and over	391,712	6,946	121,949	364,606	885,213
Total	46,195,497	174,349	21,958,605	368,262	68,696,713
Less Allowance for doubtful accounts	(3,207,208)	(16,994)	(1,804,566)	(364,842)	(5,393,610)
Trade accounts receivable	42,988,289	157,355	20,154,039	3,420	63,303,103

NOTES TO THE FINANCIAL STATEMENTS

**KRUNGTHAI CARD PUBLIC
COMPANY LIMITED**

FOR THE YEAR ENDED
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5.1 Outstanding balances of trade accounts receivable classified by type of business and aging (CONTINUED)

UNIT : Thousand Baht

As at December 31, 2015					
	Credit card	Circle loan	Personal loan	Self-employed loan	Total
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

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As at December 31, 2016 and 2015, receivables in default for more than 3 periods which their accrued interest are still recognized are Baht 255.6 million and Baht 301.8 million, respectively. However, such receivables are fully reserved as at December 31, 2016 and 2015. Accrued interest from such receivables which is recognized as income for the years ended December 31, 2016 and 2015 are Baht 52.5 million and Baht 58.5 million, respectively.

5.2 Bad debts and doubtful accounts

Bad debts and doubtful accounts for the years ended December 31, 2016 and 2015 are as follows :

	UNIT : Thousand Baht	
	2016	2015
Bad debts	5,683,794	5,038,634
Doubtful accounts	387,063	123,036
Total bad debts and doubtful accounts	<u>6,070,857</u>	<u>5,161,670</u>

6. OTHER RECEIVABLES

Other receivables as at December 31, 2016 and 2015 are as follows :

	UNIT : Thousand Baht	
	2016	2015
Other credit card receivables	388,497	364,383
Accrued fees and interest income	569,200	519,979
Prepaid expenses	89,822	108,391
Suspended accounts	7,717	17,415
Others	85,985	79,505
Less Allowance for doubtful accounts	<u>(40,558)</u>	<u>(41,112)</u>
Total other receivables	<u>1,100,663</u>	<u>1,048,561</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, 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

**KRUNGTHAI CARD PUBLIC
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DECEMBER 31, 2016

7. LONG-TERM INVESTMENTS

Long-term investments as at December 31, 2016 and 2015 consist of the following :

			UNIT : Thousand Baht			
2016			2015			
	Cost/ Amortized Cost	Unrealized Gains (Losses)	Fair Value	Cost/ Amortized Cost	Unrealized Gains (Losses)	Fair Value
Securities Held-to-Maturity						
Government securities	10,148	(65)	10,083	20,225	768	20,993
<u>Less</u> Long-term investment with maturity within one year	-		-	(20,225)		(20,993)
Total long-term investments	10,148		10,083	-		-

As at December 31, 2016, the Company pledged government bonds with Krung Thai Bank Public Company Limited totally of Baht 5.6 million. The amount of Baht 3.0 million is for issue letter of guarantees to another companies for the Company's business. The amount of Baht 2.6 million is the guarantee for bidding of the Company's business with KTB Computer Services Co., Ltd. (December 31, 2015 : Baht 5.1 million).

NOTES TO THE FINANCIAL STATEMENTS

**KRUNGTHAI CARD PUBLIC
COMPANY LIMITED**

FOR THE YEAR ENDED
DECEMBER 31, 2016

8. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment as at December 31, 2016 and 2015 are as follows :

UNIT : Thousand Baht

As at December 31, 2016					
	Balance as at December 31, 2015	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2016
Costs :					
Leasehold improvements	460,116	342	(13,174)	21,225	468,509
Furniture, fixtures and office equipment	946,625	178,848	(17,514)	56,239	1,164,198
Vehicles	154	-	-	-	154
Total	1,406,895	179,190	(30,688)	77,464	1,632,861
Accumulated depreciation :					
Leasehold improvements	(445,708)	(11,598)	12,563	-	(444,743)
Furniture, fixtures and office equipment	(682,151)	(119,866)	17,453	-	(784,564)
Vehicles	(128)	(26)	-	-	(154)
Total	(1,127,987)	(131,490)	30,0156	-	(1,229,461)
Assets under installation	170,437	81,691	(563)	(77,464)	174,101
Less Allowance for impairment of assets	(112,840)	-	-	-	(112,840)
Leasehold improvements and equipment	336,505				464,661

NOTES TO THE FINANCIAL STATEMENTS

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UNIT : Thousand Baht

As at December 31, 2015					
	Balance as at December 31, 2014	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2015
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	1,428,871	42,919	(103,390)	38,495	1,406,895
Accumulated depreciation :					
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	(1,096,411)	(128,238)	96,662	-	(1,127,987)
Assets under installation	151,040	57,438	-	(38,041)	170,437
<u>Less</u> Allowance for impairment of assets	(112,840)	-	-	-	(112,840)
Leasehold improvements and equipment	370,660				336,505

Depreciation for the years ended December 31,

2016

2015

Thousand Baht

Thousand Baht

131,490

128,238

NOTES TO THE FINANCIAL STATEMENTS

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As at December 31, 2016 and 2015, the costs of fully depreciated assets still in use are Baht 920.17 million and Baht 756.37 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, 2016 and 2015, the allowance for impairment of certain equipment is Baht 112.84 million. The allowance for impairment of cost of computer development is Baht 273.45 million (As at December 31, 2015 : Baht 298.98 million) (Note 9).

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**KRUNGTHAI CARD PUBLIC
COMPANY LIMITED**

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9. INTANGIBLE ASSETS

Intangible assets as at December 31, 2016 and 2015 are as follows :

UNIT : Thousand Baht					
As at December 31, 2016					
	Balance as at December 31, 2015	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2016
Computer software	1,102,648	75,344	(1,408)	120,267	1,296,851
<u>Less</u> Accumulated amortization	(662,744)	(167,632)	1,408	-	(828,968)
	439,904				467,883
<u>Add</u> Software under installation	365,479	86,084	(25,530)	(120,267)	305,766
<u>Less</u> Allowance for impairment of assets (Note 8)	(298,983)	-	25,530	-	(273,453)
Intangible assets	506,400				500,196

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UNIT : Thousand Baht

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

Amortization for the years ended December 31,

2016

Thousand Baht

167,632

2015

Thousand Baht

139,613

As at December 31, 2016 and 2015, the costs of fully amortized intangible assets still in use are Baht 370.8 million and Baht 365.3 million, respectively.

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**KRUNGTHAI CARD PUBLIC
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10. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2016 and 2015 are as follows :

	UNIT : Thousand Baht	
	2016	2015
Deferred tax assets	1,683,375	1,582,145

Deferred tax assets as at December 31, 2016 and 2015 consist of tax effects from the following items :

	UNIT : Thousand Baht			
	Balance as at December 31, 2015	Item as recognized in profit or loss	Item as recognized in other comprehensive income	Balance as at December 31, 2016
Allowance for doubtful accounts	1,028,090	69,554	-	1,097,644
Allowance for impairment of assets	82,364	(5,105)	-	77,259
Deferred income for reward points	473,315	24,230	-	497,545
Difference from depreciation rate	(58,050)	(3,915)	-	(61,965)
Others	56,426	(499)	16,965	72,892
Deferred tax assets	1,582,145	84,265	16,965	1,683,375

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UNIT : Thousand Baht

	Balance as at December 31, 2014	Item as recognized in profit or loss	Item as recognized in other comprehensive income	Balance as at December 31, 2014
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	52,525	4,126	(225)	56,426
Deferred tax assets	1,547,666	34,704	(225)	1,582,145

11. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2016, promissory notes and bills of exchange have interest rates at Money Market Rate (MMR), which is in between 1.58% and 1.67% per annum with maturity on demand to one year and are unsecured. (December 31, 2015 : 1.70 - 3.25%)

The fair value 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.

12. OTHER PAYABLES

Other payables as at December 31, 2016 and 2015 are as follows :

	UNIT : Thousand Baht	
	2016	2015
Exceed payment from customers	196,657	193,033
Other payables	661,712	602,412
Suspended accounts	54,783	60,623
Others	206,970	167,968
Total other payables	1,120,122	1,024,036

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13. LONG-TERM LOANS

Long-term loans as at December 31, 2016 and 2015 are as follows :

	2016			2015		
	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
<u>Less</u> Current portion of long-term loans			-			(1,850,000)
Total long-term loans			-			-

As at December 31, 2015, 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,	
						2016 (Million Baht)	2015 (Million Baht)
Long-term loan	12 Jun 2012	350	15 Jun 2016	5.50	Monthly	-	350
Long-term loan	6 Jul 2012	1,500	12 Jan 2016	5.20	Quarterly	-	1,500
Total loans						-	1,850

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COMPANY LIMITED**

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14. LONG-TERM DEBENTURES

Long-term debentures as at December 31, 2016 and 2015 are as follows :

	UNIT : Thousand Baht	
	2016	2015
Debentures	41,423,000	29,223,000
<u>Less</u> Current portion of debentures	(9,568,000)	(5,800,000)
Total long-term debentures	31,855,000	23,423,000

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,	
						2016 (Million Baht)	2015 (Million Baht)
Senior unsecured debentures	6 Aug 2012	1,000	6 Aug 2016	5.40	Quarterly	-	1,000
Senior unsecured debentures	9 May 2013	2,000	9 May 2016	4.65	Quarterly	-	2,000
Senior unsecured debentures	9 Aug 2013	2,200	9 Aug 2016	4.75	Quarterly	-	2,200
Senior unsecured debentures	9 Aug 2013	800	9 Aug 2018	5.00	Quarterly	800	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

NOTES TO THE FINANCIAL STATEMENTS

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Details of debentures can be summarized as follows : (CONTINUED)

Type	Date of Issuance	Amount (Million Baht)	Maturity Date	Interest Rate (% p.a.)	Interest Payable Period	Balance as at December 31,	
						2016 (Million Baht)	2015 (Million Baht)
Senior unsecured debentures	9 May 2014	200	13 May 2016	3.65	Quarterly	-	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
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
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	138
Senior unsecured debentures	3 Jul 2015	500	4 Jul 2017	2.12	Semi-annually	500	500
Senior unsecured debentures	3 Jul 2015	1,120	3 Jul 2018	2.54	Semi-annually	1,120	1,120
Senior unsecured debentures	3 Jul 2015	550	7 Nov 2018	2.65	Semi-annually	550	550
Senior unsecured debentures	14 Aug 2015	2,000	14 Aug 2019	3.75	Quarterly	2,000	2,000
Senior unsecured debentures	16 Sep 2015	1,000	16 Sep 2025	4.00	Semi-annually	1,000	1,000
Senior unsecured debentures	1 Oct 2015	2,000	1 Oct 2020	3.14	Semi-annually	2,000	2,000
Senior unsecured debentures	20 Oct 2015	385	14 Aug 2019	3.75	Quarterly	385	385
Senior unsecured debentures	11 Nov 2015	700	11 Nov 2022	3.68	Semi-annually	700	700

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Details of debentures can be summarized as follows : (CONTINUED)

Type	Date of Issuance	Amount (Million Baht)	Maturity Date	Interest Rate (% p.a.)	Interest Payable Period	Balance as at December 31,	
						2016 (Million Baht)	2015 (Million Baht)
Senior unsecured debentures	20 Nov 2015	1,000	20 Nov 2025	3.90	Semi-annually	1,000	1,000
Senior unsecured debentures	17 Feb 2016	200	17 Feb 2026	3.85	Semi-annually	200	-
Senior unsecured debentures	17 Feb 2016	300	17 Feb 2026	3.85	Semi-annually	300	-
Senior unsecured debentures	26 Feb 2016	500	23 Feb 2018	2.04	Semi-annually	500	-
Senior unsecured debentures	26 Feb 2016	400	26 Feb 2019	2.21	Semi-annually	400	-
Senior unsecured debentures	26 Feb 2016	800	26 Feb 2021	2.64	Semi-annually	800	-
Senior unsecured debentures	9 May 2016	2,500	9 May 2019	1.88	Semi-annually	2,500	-
Senior unsecured debentures	9 May 2016	1,500	11 May 2021	2.12	Semi-annually	1,500	-
Senior unsecured debentures	6 Jul 2016	100	5 Jul 2024	3.00	Semi-annually	100	-
Senior unsecured debentures	22 Jul 2016	3,000	22 Jul 2021	2.54	Semi-annually	3,000	-
Senior unsecured debentures	11 Aug 2016	600	11 Aug 2020	2.50	Quarterly	600	-
Senior unsecured debentures	22 Sep 2016	200	22 Sep 2026	3.50	Semi-annually	200	-
Senior unsecured debentures	30 Nov 2016	630	30 Nov 2021	2.86	Semi-annually	630	-
Senior unsecured debentures	30 Nov 2016	1,140	30 Nov 2023	3.50	Semi-annually	1,140	-
Senior unsecured debentures	30 Nov 2016	3,030	27 Nov 2026	4.00	Semi-annually	3,030	-
Senior unsecured debentures	29 Dec 2016	600	29 Dec 2023	3.50	Semi-annually	600	-
Senior unsecured debentures	29 Dec 2016	2,500	29 Dec 2026	4.00	Semi-annually	2,500	-
Total debentures						41,423	29,223

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KRUNGTHAI CARD PUBLIC COMPANY LIMITED

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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, 2016 and 2015 are as follows :

	UNIT : Thousand Baht	
	2016	2015
Current service cost	23,331	18,645
Past service cost	-	(5,270)
Interest on obligation	8,190	6,811
	<u>31,521</u>	<u>20,186</u>

Movements in the present value of the defined benefit obligation for the years ended December 31, 2016 and 2015 are as follows :

	UNIT : Thousand Baht	
	2016	2015
Defined benefit obligation brought forward	159,292	142,000
Current service cost	23,331	18,645
Interest on obligation	8,190	6,811
Actuarial (gain) loss recognized in other comprehensive		
- from changes in financial assumptions	30,046	(1,128)
- from changes in Demographic assumptions	25,451	-
- from Experience adjustments	29,330	-
Past service cost	-	(5,270)
Paid to employee	(3,028)	(1,766)
Defined benefit obligation carried forward	<u>272,612</u>	<u>159,292</u>

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The principal assumptions used for the purpose of the actuarial valuations for calculation of defined benefit obligation as at December 31, 2016 and 2015 are as follows :

UNIT : Thousand Baht		
	As at December 31, 2016	As at December 31, 2015
Retirement age	60 years	60 years
Mortality rate	75% of Thai Mortality Table 2008	Thai Mortality Table 2008
Disability rate	10% of mortality rate	10% of mortality rate
Personnel turnover rate	3 - 11%	5%
Discount rate	2.75%	3.99%
Expected salary incremental rate	6%	6%

Significant actuarial assumptions for the determination of the defined benefit obligation 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 :

UNIT : Thousand Baht		
	2016	2015
Salary incremental rates - 1% increase	29,216	17,847
Salary incremental rates - 1% decrease	(25,632)	(15,582)
Personnel turnover rate - 1% increase	(8,079)	(17,908)
Personnel turnover rate - 1% decrease	8,553	20,852
Discount rate - 1% increase	(25,015)	(16,201)
Discount rate - 1% decrease	29,009	18,966

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.

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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 2016 remains unchanged from 2015.

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.

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, 2016 and 2015, the Company's legal reserve reaches 10% of the registered share capital.

On April 7, 2016, the ordinary shareholders' meeting passed resolutions to pay dividend for the year 2015 at Baht 3.25 per share totally of Baht 837.87 million. The Company already paid dividend on April 28, 2016.

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.

18. EXPENSES BY NATURE

Net profit for the years ended December 31, 2016 and 2015 have been arrived at after charging the following items :

	UNIT : Thousand Baht	
	2016	2015
Management remuneration	199,189	193,105
Staff costs	1,861,230	1,732,754
Depreciation and amortization	299,122	267,851
Consulting and other fees	2,062,995	1,701,429
Marketing fee	1,121,695	955,774
Rental fees for premises and equipment	302,344	307,691
Premises and equipment expenses	183,236	161,642
Communication expenses	207,289	193,335
Special business tax & duty stamp	431,711	380,729
Bad debts and doubtful accounts	6,070,303	5,183,481
Others	232,729	244,743
Total Expenses	12,971,843	11,322,534

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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 can elect to contribute to the fund at the rate of 3% to 15% 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 profit or loss and other comprehensive income for the years ended December 31, 2016 and 2015 amounted to Baht 54.2 million and Baht 52.3 million, respectively.

20. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2016 and 2015 are as follows :

	UNIT : Thousand Baht	
	2016	2015
Income tax expense per income tax return	(715,380)	(577,625)
Adjustment for deferred tax relating to the origination and reversal of temporary differences	84,265	34,704
Income tax expense per the statements of profit or loss and other comprehensive income	(631,115)	(542,921)

The reconciliation between income tax expense and accounting profit for the years ended December 31, 2016 and 2015 are follows :

	UNIT : Thousand Baht	
	2016	2015
Accounting profit before tax	3,125,821	2,615,530
Income tax expense at domestic tax rates		
20% tax rate	(625,164)	(523,106)
Tax effect of non-deductible expenses	(5,951)	(19,815)
Income tax expense per the statements of profit or loss and other comprehensive income	(631,115)	(542,921)
Adjustment for deferred tax relating to the origination and reversal of temporary differences	(84,265)	(34,704)
Income tax expense per income tax return	(715,380)	(577,625)
Effective tax rate	20.2%	20.8%

The Company used tax rates of 20% for the corporate income tax calculation for the years ended December 31, 2016 and 2015.

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21. LONG-TERM AGREEMENTS

The Company has long-term agreements as at December 31, 2016 and 2015 as follows:

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

	UNIT : Thousand Baht	
	2016	2015
Within 1 year	177,932	228,986
Over 1 year to 5 years	98,006	129,375
	<u>275,938</u>	<u>358,361</u>

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.

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22.1 The significant balances with related parties

The significant balances with related parties as at December 31, 2016 and 2015 are as follows :

		UNIT : Thousand Baht	
Related parties	Relationship	2016	2015
Krung Thai Bank Public Company Limited	Major Shareholder		
- Deposits at a financial institution (a part of cash and cash equivalents)		785,635	590,003
- Other receivables		4,805	9,578
- Short-term loans		79,843	-
- Trade accounts payable		988,181	1,039,965
- Other current liabilities		1,557	1,557
KTB Computer Services Co., Ltd.	Same Ultimate Holding Company		
- Other receivables		6,916	6,709
- Trade accounts payable		1,700	1,704
Krungthai General Services Co., Ltd.	Same Ultimate Holding Company		
- Trade accounts payable		937	894
Krungthai Assets Management Pcl.	Same Ultimate Holding Company		
- Other receivables		4,582	5,196
- Trade accounts payable		78	78
Krungthai Panich Insurance Pcl.	Same Ultimate Holding Company		
- Other receivables		3,682	3,570
- Short-term loans		-	79,489
- Trade accounts payable		-	68

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		UNIT : Thousand Baht	
Related parties	Relationship	2016	2015
KTB Leasing Co., Ltd.	Same Ultimate Holding Company		
- Trade accounts payable		-	93
Krungthai AXA Life Insurance Pcl.	Same Ultimate Holding Company		
- Trade accounts payable		500	50
KT Zmico Securities Co., Ltd	Same Ultimate Holding Company		
- Short-term loans		39,902	-
Krungthai Thai IBJ Leasing Co., Ltd.			
- Trade accounts payable		79	-

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22.1.1 Movements of short-term loans

Movements of short-term loans from related financial institutions for the years ended December 31, 2016 and 2015 are as follows :

		UNIT : Thousand Baht	
Related parties	Relationship	2016	2015
Krung Thai Bank Public Company Limited	Major Shareholder		
Beginning balance		-	99,497
<u>Add</u> Borrowings during the year		979,843	100,503
<u>Less</u> Repayments during the year		(900,000)	(200,000)
Ending balance		79,843	-
Krungthai Panich Insurance Pcl.	Same Ultimate Holding Company		
Beginning balance		79,489	278,429
<u>Add</u> Borrowings during the year		511	561,060
<u>Less</u> Repayments during the year		(80,000)	(760,000)
Ending balance		-	79,489
KT Zmico Securities Co., Ltd.	Same Ultimate Holding Company		
Beginning balance		-	-
<u>Add</u> Borrowings during the year		979,902	-
<u>Less</u> Repayments during the year		(940,000)	-
Ending balance		39,902	-

Short-term loans from related financial institutions are bills of exchange, carrying interest rate at that institution's rate (Money Market Rate), which is in between 1.60% and 1.67% per annum. (December 31, 2015 : 2.65% - 3.25%)

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22.2 The significant transactions with related parties

The significant transactions with related parties for the years ended December 31, 2016 and 2015 are as follows :

		UNIT : Thousand Baht	
Related parties	Relationship	2016	2015
Krung Thai Bank Public Company Limited	Major Shareholder		
- Fee and service income		37	48
- Other income		24,454	54,056
- Administrative expenses		240,287	189,151
- Finance cost		15,518	9,357
KTB Computer Services Co., Ltd.	Same Ultimate Holding Company		
- Fee and service income		13,801	13,423
- Administrative expenses		16,585	16,161
Krungthai General Services Co., Ltd.	Same Ultimate Holding Company		
- Administrative expenses		5,549	5,377
Krungthai Assets Management Pcl.	Same Ultimate Holding Company		
- Fee and service income		6,549	7,465
- Administrative expenses		77	78
Krungthai Panich Insurance Pcl.	Same Ultimate Holding Company		
- Fee and service income		3,265	2,059
- Other income		19,026	20,830
- Administrative expenses		71	-
- Finance cost		511	6,105

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(CONTINUED)

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22.2 The significant transactions with related parties (CONTINUED)

		UNIT : Thousand Baht	
Related parties	Relationship	2016	2015
KT Zmico Securities Co., Ltd.	Same Ultimate Holding Company		
- Administrative expenses		3	5
- Finance cost		1,358	-
KTB Leasing Co., Ltd.	Same Ultimate Holding Company		
- Administrative expenses		835	1,113
Krungthai AXA Life Insurance Pcl.	Same Ultimate Holding Company		
- Fee and service income		228,844	189,115
- Administrative expenses		37,320	35,540
Krungthai IBJ Leasing Co., Ltd.	Same Ultimate Holding Company		
- Administrative expenses		251	-

NOTES TO THE FINANCIAL STATEMENTS

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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 September 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 4.00 million per year.

On April 22, 2016, the Company entered into the back office service agreement's amendment (No. 10), the service fee for July 1, 2015 to June 30, 2016 is Baht 8.50 million per year.

On September 19, 2016, the Company entered into the back office service agreement's amendment (No. 11), the service fee for July 1, 2016 to June 30, 2017 is Baht 8.51 million per year.

The fee for other back office support is at various rates depended on volume of transaction. 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 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.

On January 18, 2016, 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, 2016 and will effective until December 31, 2016. The agreement can be renewed by using a new agreement for 1 year each.

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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.

On January 15, 2016, 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 6 months commencing from January 1, 2016 and will effective until June 30, 2016.

Thai government bonds are pledged as collateral for commitment with KTB in execution of agreement and securing KTB's contingent loss. As at December 31, 2016, the Company already subsequently received such government bonds from the counter party.

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.

22.3 Management remuneration

Management remuneration for the years ended December 31, 2016 and 2015 consist of the following :

	UNIT : Thousand Baht	
	2016	2015
Short-term management remuneration	192,111	186,767
Long-term management remuneration	7,078	6,338
	<u>199,189</u>	<u>193,105</u>

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23. FINANCIAL INSTRUMENT INFORMATION DISCLOSURES

During 2016 and 2015, 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.

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, 2016 and 2015, 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.

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As at December 31, 2016 and 2015, financial assets and liabilities exposed to interest rate risk are as follows :

		UNIT : Million Baht					UNIT : %	
2016								
	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
Financial assets								
Cash and cash equivalents	422	-	-	-	743	1,165	0.38	-
Trade accounts receivables	61,376	5,609	128	-	1,584	68,697	19.14	5.96
Investments	-	-	7	3	-	10	-	2.24
Financial liabilities								
Short-term loans	600	9,079	-	-	(14)	9,665	2.20	1.69
Long-term debentures	-	13,568	17,085	10,770	-	41,423	-	3.57

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		UNIT : Million Baht					UNIT : %	
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
Financial assets								
Cash and cash equivalents	206	-	-	-	735	941	0.38	-
Trade accounts receivables	36,293	13,620	9,196	-	1,577	60,686	18.88	5.96
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

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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 :

	UNIT : Million Baht			
	As at December 31, 2016		Fair value hierarchy	Valuation Technique
	Carrying Amount	Fair Value		
<u>Assets</u>				
Trade accounts receivables	63,303	63,303	2	Fair value is subject to market interest net of allowance for doubtful accounts
Investments	10	10	2	Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association
<u>Liabilities</u>				
Deferred income for reward points	2,488	2,488	3	Estimates of redemption rate of the reward points earned by the customers and fair value of reward
Long-term debentures	41,423	41,998	2	Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association

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	UNIT : Million Baht			
	As at December 31, 2015		Fair value hierarchy	Valuation Technique
	Carrying Amount	Fair Value		
<u>Assets</u>				
Trade accounts receivables	55,679	55,679	2	Fair value is subject to market interest net of allowance for doubtful accounts
Investments	20	20	2	Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association
<u>Liabilities</u>				
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

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24. CONTINGENT ASSETS AND LIABILITIES

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

On March 18, 2016, the Court rendered judgement of the case by request the vendor to repay compensation of Baht 354.05 million to the Company, including interest at the rate of 7.5% annually. The court also dismissed the counterclaim of the vendor. Currently, the case is under consideration of the Supreme Court as the vendor use its right to appeal the judgement of the Court.

25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the authorized directors of the Company on February 10, 2017.

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 account category 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	: 02 123 5000
Telephone	: 02 123 5100
Facsimile	: 02 123 5190

Investor Relations Contact Information

Telephone	: 02 828 5059, 02 828 5067
Facsimile	: 02 828 5064
E-Mail	: irktc@ktc.co.th
Homepage	: http://www.ktc.co.th/en/ktc/InvestorRelations/CorporateInformation/index.htm

References

Auditor	: Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. AIA Sathorn Tower, 26 th Floor, South Sathorn Road, Yan Nawa, Sathorn, Bangkok 10120
Legal Consultant	: Siam Premier International Law Office Limited The Offices at Central World, 26 th Floor, 999/9 Rama I Road, Pathumwan, Bangkok 10330
Securities Registrar	: Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building 93 Rachadapisek Road, Dindaeng, Dindaeng, Bangkok 10400

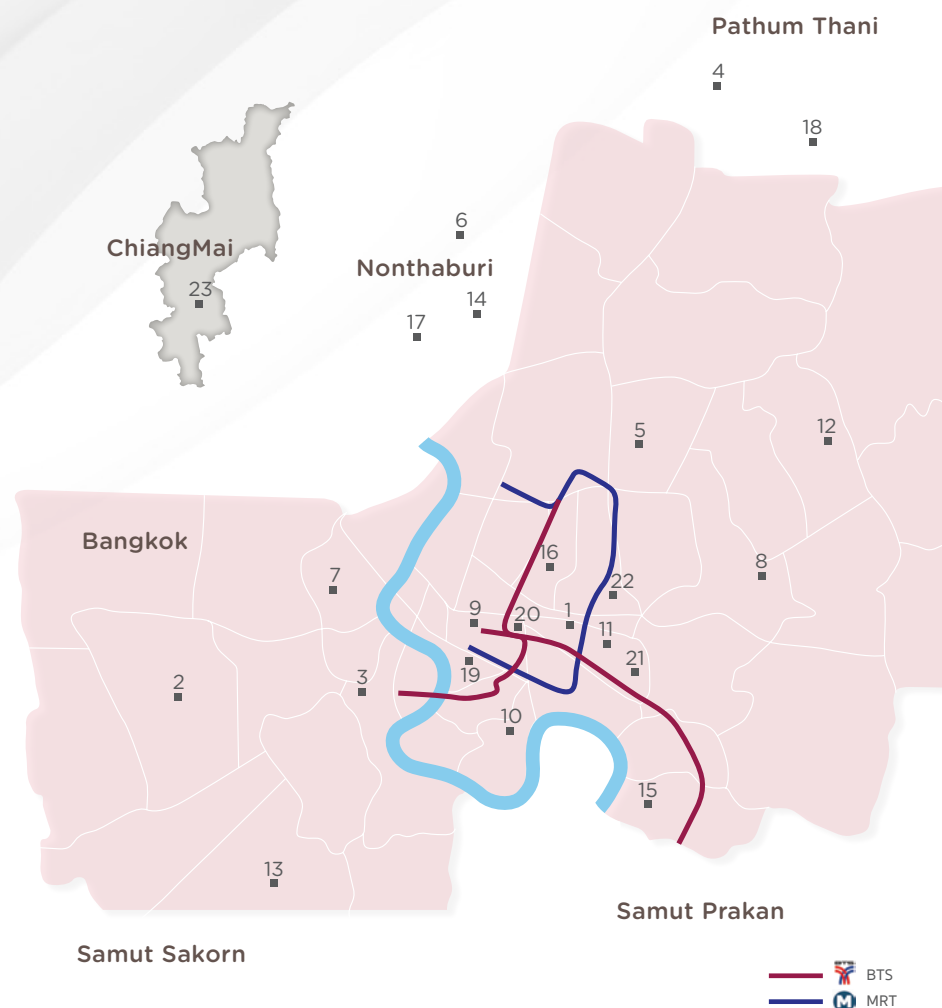
Debenture Registrar	: Bank of Ayudhya Public Company Limited 17 th Floor, 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120 Krungthai Bank Public Company Limited 3 rd Floor, S.M. Tower 977/3 Pahonyothin Road, Sam Sen Nai, Phayathai, Bangkok 10400
Debenture Holder Representative	: Bank of Ayudhya 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, Wattana, Bangkok 10110

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 2016 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 Rattana Thibet | 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 |

* KTC Touch Central Rama 3 will be permanently closed effective 1st January 2017

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

591 United Business Centre II, 14th Floor, Sukhumvit 33 Road, North Klongton, Wattana, Bangkok 10110

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