

An illustration of a person in a grey suit carrying a large cardboard box towards a large staircase made of cardboard boxes. The scene is set on a light-colored floor with a blue shadow cast by the person and the boxes. The background is a light blue gradient with faint geometric lines.

# SUSTAINABLE GROWTH

ANNUAL REPORT  
2017

KRUNGTHAI CARD PUBLIC COMPANY LIMITED





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## Message from the “KTC” Chairman

KTC delivered an outstanding result, accomplished by the dedication and unity of management and personnel at all levels, with the target to become the organization that curates and strengthens its member base to achieve sustainable growth; and becoming the most preferred brand under a spirit of “The Courage to Choose What is Right”.





In 2017, KTC managed to profit incrementally and achieved a record breaking profit of 3,304 MB, a 32% growth from 2016. Earnings per Share (EPS) rose to Baht 12.82 per share, and Return on Equity (ROE) increased to 28.9%. Credit quality has also improved indicated by the NPL ratio that decreased from 1.7% in 2016 to 1.3% in 2017; lower than the industry. Moreover, KTC managed to deliver higher profit for the fifth consecutive year since 2013 with cumulative average net profit growth of 67%. The total market value at the end of 2017 was 47,957 MB, or a cumulative average growth rate of 44%, which is remarkably high compared to the average growth rate of the market.

There were various aspects of uncertainties in 2017, primarily economic concerns and technological advancement. With the slowing domestic economy and the regulatory changes on credit card and personal loan businesses, in particular, had a direct impact on KTC's operation. Rapid changes in financial technology such as Prompt - pay, QR - Pay, and other online payment solutions became more evident in 2017. It was crucial for KTC to adapt to these evolving innovations in order to develop products and services to seamlessly ensure customer satisfaction. In turn, KTC was the first company to endorse QR Code Payment via credit cards through the TapKTC mobile application in 2017. Moreover, KTC has successfully relocated a new data backup center and planned to achieve active - active data center between the 2 sites in 2018 so that to fully support cutting - edge innovations in the future.

Despite some challenges and difficulties in 2018 for the finance industry, KTC had clear determination to concentrate on a wholesome sustainable growth by adhering to the customer centric approach together with applying 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. These have been achieved through mindset and thinking process of “KTC people” at all levels who were motivated and instilled with the concept of the organization of learning to promote the sense of ownership. They also took part in the designs of exceptional products and services with the awareness of business competition in the digitized era and the influences of financial technologies. Furthermore, KTC has been looking for business opportunities to expand into emerging markets in the regions under acceptable risks.

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 has continuously been diligently 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.

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



Mr. Parinya Patanaphakdee  
Chairman of the Board of Directors



## Financial Highlights

		2015	2016	2017
<b>Profitability Ratio</b>				
Gross Profit Margin	%	84.5%	85.9%	85.8%
Net Profit Margin	%	13.3%	14.2%	16.9%
Return on Equity (ROE)	%	25.7%	26.2%	28.9%
Average Interest Received <sup>(1)</sup>	%	18.2%	18.2%	18.3%
Average Cost of Fund	%	3.7%	3.1%	3.1%
Net Interest Margin	%	14.5%	15.1%	15.1%
<b>Efficiency Ratio</b>				
Interest Revenue / Total Asset <sup>(1)</sup>	%	14.0%	14.6%	14.6%
Return on Asset (ROA)	%	3.6%	3.9%	4.7%
Asset Turnover	times	0.27	0.27	0.28
<b>Financial Ratio</b>				
Debt to Equity (D/E)	times	5.89	5.62	4.85
Loan to Borrowing	%	134.7%	134.5%	137.6%
Dividend Payout Ratio	%	40.4%	41.3%	41.4% <sup>(2)</sup>
<b>Asset Quality Ratio</b>				
Allowance for Doubtful A/C / Total Receivables	%	8.2%	7.9%	7.8%
Bad Debt / Total Receivables	%	8.3%	8.3%	8.6%
% NPL	%	2.1%	1.7%	1.3%
% NPL Credit Card	%	1.3%	1.2%	1.1%
% NPL Personal Loan	%	1.0%	0.9%	0.8%

<sup>(1)</sup> Credit usage fee is included in the calculation

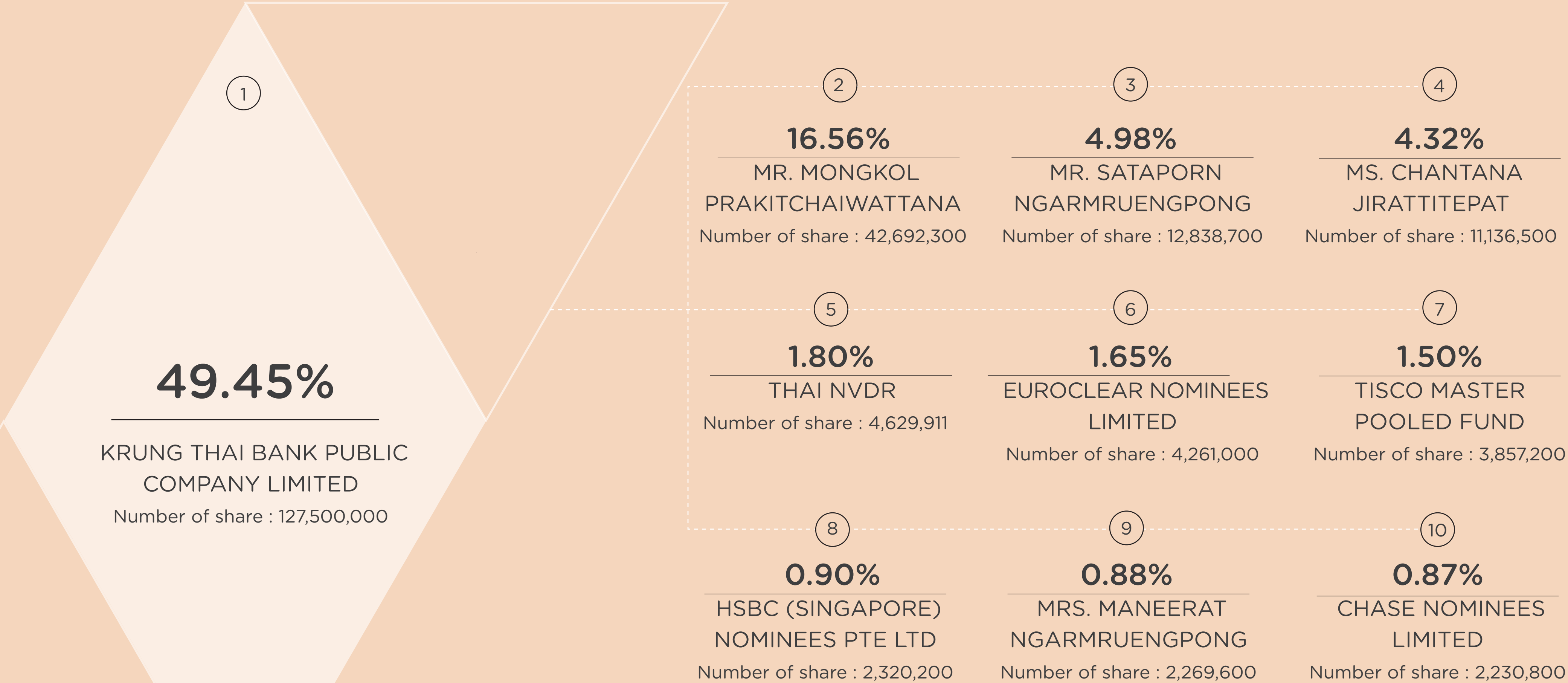
<sup>(2)</sup> The right to receive dividends is unconfirmed until approved by the Annual General Shareholders Meeting 2018 (No. 16)



# Shareholder Structure

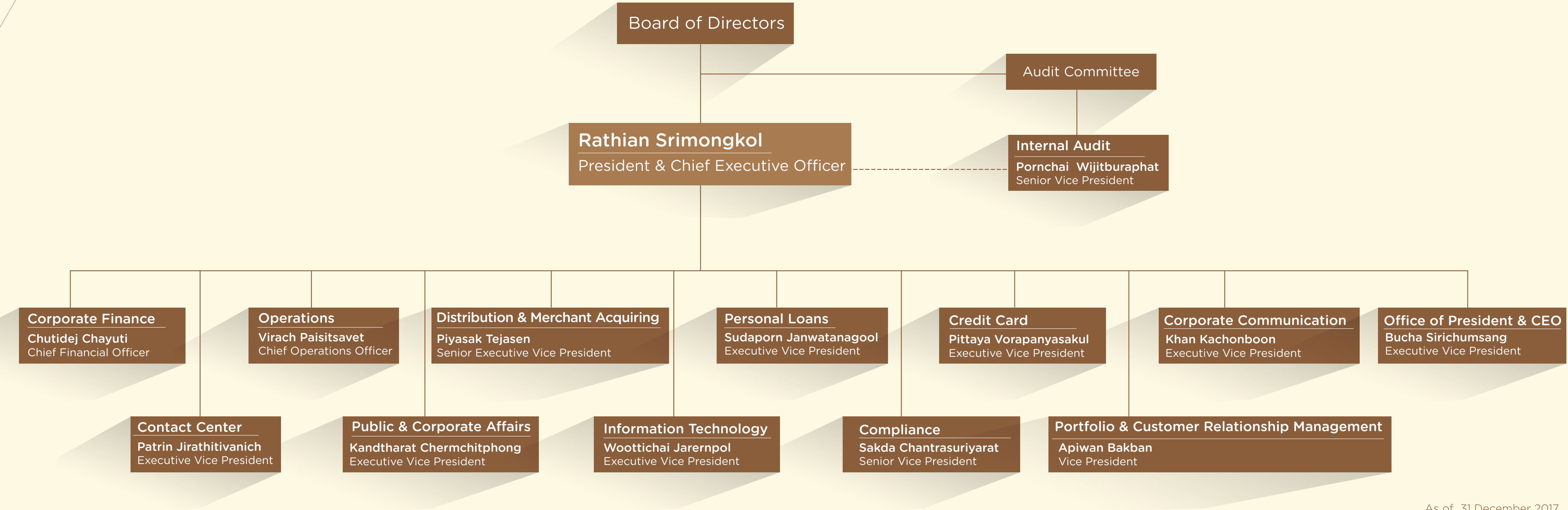
As of 31 December 2017, total number of ordinary shares are 257,833,407.

Top – 10 shareholders consist of





# Organization Structure



As of 31 December 2017





## Board of Directors

**Mr. Parinya Patanaphakdee**

### Position

Chairman of the Board of Directors / Chairman of the Nomination and Remuneration Committee / Chairman of the Corporate Governance Committee

### Date of appointment

13<sup>th</sup> May 2017

### Age

59

### Education

- MPol Sc (Politics and Government), Sukhothai Thammathirat Open University
- MBA, National Institute of Development Administration
- Barrister – at – Law, Institute of Legal Education of the Thai Bar Association
- LLB (Honors), Ramkhamhaeng University

### Training

- |      |   |
|------|---|
| 2017 | • Director Certification Program (DCP 248)<br>Thai Institute of Directors Association (IOD)   |
| 2015 | • Class 4 (BPP.) Bhumipalung Phandin<br>(2 <sup>nd</sup> June 2015 - 15 <sup>th</sup> December 2015)<br>Chulalongkorn University  |
|      | • Executive Leadership Development Program (ELDP)<br>Krung Thai Bank Public Company Limited   |
|      | • Increasing Operational Effectiveness and<br>Development of Emotional Maturity AQ & EQ<br>Krung Thai Bank Public Company Limited                                       |
| 2013 | • Class 6 / 2013 Training Course on Top Executive<br>Program in Commerce and Trade (TEPCoT 6)<br>Academic Service Center, University of the<br>Thai Chamber of Commerce |
|      | • Class 4 / 2013 Training Course on Advanced<br>Security Management Program (ASMP 4)<br>National Defence College  |



**Mr. Parinya Patanaphakdee**

**Training**

2012	<ul style="list-style-type: none"><li>• Class 16 / 2012 Successful Formulation and Execution of Strategy (SFE) Thai Institute of Directors Association (IOD)</li></ul>
2011	<ul style="list-style-type: none"><li>• Class 2 / 2011 Training Course on Administrative Justice for Executives (BYP) The Administrative Court</li></ul>
2010	<ul style="list-style-type: none"><li>• Class 1 / 2010 Financial Institutions Governance Program (FGP) Thai Institute of Directors Association (IOD)</li><li>• Class 10 / 2010 Top Management Program, Capital Market Academy The Stock Exchange of Thailand</li></ul>
2005	<ul style="list-style-type: none"><li>• Class 18 (NDC 2548) National Defence Course for the Joint State - Private Sectors National Defence College</li></ul>
2004	<ul style="list-style-type: none"><li>• Class 8 / 2004 Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives King Prajadhipok's Institute (KPI 8)</li></ul>
2003	<ul style="list-style-type: none"><li>• Class 7 / 2003 The Programme for Senior Executives in Criminal Justice Administration National Academy of Criminal Justice, Office of the Judiciary (B.Y.S.7)</li></ul>
2002	<ul style="list-style-type: none"><li>• Class 11 / 2002 Financial Executive Development Program (FINEX XI) The Thai Institute of Banking and Finance Association</li></ul>

**% of KTC Shares Held**  
0%

**Family Relationship**  
None

**Work Experience**

Listed Companies

2017 - Present	<ul style="list-style-type: none"><li>• First Senior Executive Vice President – Managing Director Credit Restructuring &amp; Asset Management Group / Krung Thai Bank Public Company Limited / Banking</li></ul>
2017 - Present	<ul style="list-style-type: none"><li>• Chairman of the Board of Directors / Chairman of the Nomination and Remuneration Committee / Chairman of the Corporate Governance Committee Krungthai Card Public Company Limited / Consumer Finance</li></ul>



**Mr. Parinya Patanaphakdee**

**Work Experience**

Non - Listed Companies / Other Organizations

- 2013 - Present • **Directors Pull**  
State Enterprise Policy Office / Ministry of Finance / Government
- 2011 - Present • **Vice Chairman**  
KTBLAW / Business Law Firm

Experience

- 2014 - Jun 2017 • **Director**  
KTB General Services And Security Company Limited / Service Business
- 2015 - 2016 • **Advisor to the Minister**  
Ministry of Information and Communication Technology / Government
- 2013 - 2014 • **Academic to Committee on Monetary Financial Banking and Financial Institution, Senate**  
The Secretariat of the Senate, Parliament
- 2011 - 2012 • **First Executive Vice President - Managing Director**  
Credit Restructuring & Asset Management / Krung Thai Bank Public Company Limited / Banking
- 2010 - 2011 • **First Executive Vice President - Managing Director**  
Compliance and Legal Management / Krung Thai Bank Public Company Limited / Banking





## Board of Directors

**Mr. Praphaisith Tankeyura**

### Position

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

### Date of appointment

11<sup>th</sup> August 2017

### Age

63

### Education

- Master of Business Administration (MBA), Major – Finance, College of Business, Florida State University
- Bachelor of Statistic (B.S.), Major – Applied Statistics in Business, Faculty of Commerce and Accountancy, Chulalongkorn University

### Training

- |      |   |
|------|---|
| 2017 | • Director Certification Program (DCP)<br>Thai Institute of Directors Association (IOD) |
| 1994 | • Syndicated Loan<br>Hong Kong  |
| 1993 | • Valuation & Restructuring<br>Citicorp / Citibank                                      |
| 1991 | • Performance Appraisal Workshop<br>Citicorp / Citibank                                 |
|      | • Customer Focus Management Process<br>Citicorp / Citibank                              |
| 1990 | • Managing People<br>Citicorp / Citibank  |
| 1989 | • Project Finance - Real Estate<br>Citicorp / Citibank                                  |



Mr. Praphaisith Tankeyura

Training

1988	<ul style="list-style-type: none"><li>• Fundamentals of Real Estate Citicorp / Citibank</li><li>• Senior Corporate Finance Seminar Citicorp / Citibank</li></ul>
1987	<ul style="list-style-type: none"><li>• Real Estate Technical Workshop Citicorp / Citibank</li></ul>
1986	<ul style="list-style-type: none"><li>• Regional Credit Seminar Citicorp / Citibank</li><li>• Communication, Assertiveness &amp; Presentation Skills Citicorp / Citibank</li></ul>
1985	<ul style="list-style-type: none"><li>• Bourse Game Citicorp / Citibank</li><li>• Basic Trade Finance Citicorp / Citibank</li></ul>

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

Aug 2017 - Present	<ul style="list-style-type: none"><li>• Independent Director / Chairman of the Audit Committee / Nomination and Remuneration Committee / Corporate Governance Committee Krungthai Card Public Company Limited / Consumer Finance</li></ul>
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Non - Listed Companies / Other Organizations

2015 - Present	<ul style="list-style-type: none"><li>• Director and Executive Director Small and Medium Enterprise Development Bank of Thailand / Banking</li></ul>
2014 - Present	<ul style="list-style-type: none"><li>• Chief Advisor JWS Construction Group / Construction</li></ul>
2012 - Present	<ul style="list-style-type: none"><li>• Director / CEO Ma Boonyong Real Estate Co., Ltd. / Real Estate Developer</li></ul>
2005 - Present	<ul style="list-style-type: none"><li>• Managing Director Boathouse Hua Hin Co., Ltd. / Real Estate Developer</li></ul>

**Mr. Praphaisith Tankeyura**

**Work Experience**

Experience

- |             |  |
|-------------|--|
| 2010 - 2013 | <ul style="list-style-type: none"><li>• <b>Property Fund Advisory Committee</b><br/>CIMB Principal Asset Management Co., Ltd. / Asset Management</li></ul> |
| 2007 - 2010 | <ul style="list-style-type: none"><li>• <b>Director</b><br/>BT Asset Management Company Limited / Mutual Fund</li></ul>                                    |
| 2004        | <ul style="list-style-type: none"><li>• <b>Managing Director</b><br/>Prime Nature Villa Company Limited / Real Estate Developer</li></ul>                  |
| 1997 - 2003 | <ul style="list-style-type: none"><li>• <b>Director / CEO</b><br/>Ayudhya Insurance Public Company Limited / Insurance</li></ul>                           |
| 1977 - 2002 | <ul style="list-style-type: none"><li>• <b>President / Director</b><br/>Bank of Ayudhya Public Company Limited / Banking</li></ul>                         |
| 1998 - 2000 | <ul style="list-style-type: none"><li>• <b>Chairman</b><br/>Ayudhya Development Leasing Co., Ltd. / Leasing</li></ul>                                      |

**Work Experience**

- |             |  |
|-------------|--|
| 1993 - 1997 | <ul style="list-style-type: none"><li>• <b>President / CEO</b><br/>Ayudhya Investment &amp; Trust Public Company Limited / Finance &amp; Securities</li></ul>              |
| 1993 - 1995 | <ul style="list-style-type: none"><li>• <b>Chairman &amp; Managing Director</b><br/>Citicorp Finance &amp; Securities (Thailand) Ltd. / Finance &amp; Securities</li></ul> |
| 1989 - 1993 | <ul style="list-style-type: none"><li>• <b>Vice President &amp; Real Estate Project Finance Head</b><br/>Citibank N.A. / Banking</li></ul>                                 |





## Board of Directors

**Mrs. Pantip Sripimol**

### Position

Independent Director /  
Audit Committee /  
Corporate Governance  
Comittee

### Date of appointment

20<sup>th</sup> April 2012

### Age

55

### Education

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

### Training

- |             |  |
|-------------|--|
| 2017        | • Certificate, Capital Market Academy<br>Executive Program (CMA Class 25)<br>Capital Market Academy                              |
| 2016        | • Certificate, The Executive Program in<br>Energy Literacy for a Sustainable Future<br>TEA Class 8<br>Thailand Energy Academy    |
| 2013 - 2014 | • Diploma, National Defence College, The<br>Joint State - Private Sector Course Class<br>26<br>Thailand National Defence College |
| 2013        | • Certificate, Role of the Nomination and<br>Governance Committee (RNG)<br>Thai Institute of Directors Association (IOD)         |
| 2012        | • Certificate, Audit Committee Program<br>(ACP)<br>Thai Institute of Directors Association (IOD)                                 |

Mrs. Pantip Sripimol

Training

- 2006
- Certificate, Director Certification Program (DCP)  
Thai Institute of Directors Association (IOD)

% of KTC Shares Held

0%

Family Relationship

None

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

Work Experience

Non - Listed Companies / Other Organizations

- 2017 - Present

- Director  
Don Muang Tollway Public Company Limited / Public Utility
- 2015 - Present

- State Enterprise Development Advisor  
State Enterprise Policy Office / Ministry of Finance / Government

Experience

- 2016 - 2017

- Director  
Thailand Privilege Card Co., Ltd. / State Owned Enterprise
- 2013 - 2014

- Director / Strategic Committee  
Padang Industry Public Company Limited / Mineral
- 2011 - 2015

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

### Position

Independent Director /  
Audit Committee /  
Corporate Governance  
Committee

### Date of appointment

16<sup>th</sup> January 2013

### Age

35

### Education

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

### Training

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

**Mr. Paroche Hutachareon**

**% of KTC Shares Held**  
0%

**Family Relationship**  
None

**Work Experience**

Listed Companies

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

Non - Listed Companies / Other Organizations

Aug 2017 - Present      • **Acting Bond Market Development Expert**  
Public Debt Management Office / Ministry of Finance / Government

Experience

2016 - Aug 2017      • **Director of Strategic Risk Management Group**  
Public Debt Management Office / Ministry of Finance / Government

**Work 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

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

2009 - 2014      • **Senior Economist**  
Public Debt Management Office / Ministry of Finance / Government

2007 - 2009      • **Economist**  
Public Debt Management Office / Ministry of Finance / Government

2005 - 2007      • **Economist**  
Public Debt Management Office / Ministry of Finance / Government



## Board of Directors

### Major General Apichart Chaiyadar



#### Position

Independent Director /  
Corporate Governance  
Committee

#### Date of appointment

16<sup>th</sup> December 2016

#### Age

49

#### Education

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

#### Training

- |      |  |
|------|--|
| 2017 | • Director Certification Program (DCP)<br>Thai Institute of Directors Association (IOD)          |
| 2003 | • Diploma, Command and General Staff<br>Officer Course<br>Command and General Staff College, USA |

#### % of KTC Shares Held

0%

#### Family Relationship

None

Major General Apichart Chaiyadar

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 2017 - Present
  - Deputy of Military Affairs Coordination officers to the MFA, office of Policy and Planning  
Ministry of Defence / Government
- 2016 - 2017
  - Senior Expert  
Royal Thai Army / Ministry of Defence / Government
- 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

Work Experience

- 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 Chompoonukulrat**

### Position

Director / Nomination and  
Remuneration Committee /  
Corporate Governance  
Committee

### Date of appointment

11<sup>th</sup> August 2016

### Age

60

### Education

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

### Training

- |      |  |
|------|--|
| 2017 | • Corporate Governance for Capital<br>Market Intermediaries (CGI) 18 / 2017<br>Thai Institute of Directors Association (IOD)                                 |
| 2016 | • IT Governance & Cyber Security for<br>Directors / Managing Directors<br>Krung Thai Bank Company Limited  |
| 2015 | • Executive Leadership Development<br>Program (ELDP)<br>Krung Thai Bank Company Limited<br>• KTB Digital Banking Workshop<br>Krung Thai Bank Company Limited |
| 2014 | • FATCA<br>Krung Thai Bank Company Limited   |
| 2013 | • Key Success of Sales Teamwork<br>Krung Thai Bank Company Limited   |
| 2011 | • Professional Presentation Skill<br>Krung Thai Bank Company Limited   |
| 2010 | • Total Solution Provider<br>Krung Thai Bank Company Limited   |

**Mr. Cherdchai Chompoonukulrat**

**% of KTC Shares Held**  
0%

**Family Relationship**  
None

**Work Experience**

Listed Companies

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

**Work Experience**

Experience

2016 - 2017	• <b>Senior Executive Vice President – Managing Director</b> Retail Banking Sales & Distribution Group / Krung Thai Bank Public Company Limited / Banking
2015 - 2016	• <b>First Executive Vice President Managing Director</b> Retail Banking Sales & Distribution Group / Krung Thai Bank Public Company Limited / Banking
2013 - 2015	• <b>Executive Vice President - Director Metropolitan</b> <b>Network Sector 1</b> Krung Thai Bank Public Company Limited / Banking
2012 - 2013	• <b>Executive Vice President - Director Southern Region</b> <b>Network Sector 1</b> Krung Thai Bank Public Company Limited / Banking
2011 - 2012	• <b>Senior Vice President - Director Southern</b> <b>Network Sector 1</b> Krung Thai Bank Public Company Limited / Banking
2006 - 2011	• <b>First Vice President – Pitsanulok Regional</b> <b>Office Manager</b> Krung Thai Bank Public Company Limited / Banking





# Board of Directors

**Mrs. Sriprabha Pringpong**

**Position**

Director / Corporate Governance Committee

**Date of appointment**

8<sup>th</sup> April 2011

**Age**

65

**Education**

- MBA, The University of Toledo, Ohio, USA
- BA in Commerce and Accounting, Chulalongkorn University

**Training**

- |             |   |
|-------------|---|
| 2015        | • Certificate, Advance Audit Committee Program (AACP)<br>Thai Institute of Directors Association (IOD)                            |
| 2013        | • Certificate, Role of the Director Certification Program (DCP)<br>Thai Institute of Directors Association (IOD)                  |
| 2010        | • Certificate, Executive Development Program<br>Institute of Research and Development for Public Enterprises, Ministry of Finance |
| 2008 - 2009 | • Certificate, Advanced Certificate Course in Public Administration and Law for Executives<br>King Prajadhipok's Institute        |

**Mrs. Sriprabha Pringpong**

**Training**

- |             |   |
|-------------|---|
| 2005        | • Certificate, Intermediate Certificate Course in Good Governance for Middle level Executives<br>King Prajadhipok’s Institute |
| 2000 - 2001 | • Certificate, Certified Internal Auditor<br>Faculty of Commerce and Accounting, Chulalongkorn University                     |
| 1992 - 1993 | • Certificate, Advance Management for Oversea Bankers<br>The Wharton School of the University of Pennsylvania                 |

**% of KTC Shares Held**  
0%

**Family Relationship**  
None

**Work Experience**

Listed Companies

- |                |   |
|----------------|---|
| 2011 - Present | • Director / Corporate Governance Committee<br>Krungthai Card Public Company Limited / Consumer Finance |
|----------------|---|

Non - Listed Companies / Other Organizations

- |                |  |
|----------------|--|
| 2013 - Present | • Director<br>Board of University Operation Promotion / King Mongkut’s Institute of Technology Ladkrabang / University |
|----------------|--|

Experience

- |                |   |
|----------------|---|
| 2013 - Present | • Director / Chairman of Audit Committee / Chairman of Business Relation Committee<br>Public Pawnshop Office / Ministry of Social Development and Human Security / State - Owned Enterprise |
| 2011 - 2012    | • Senior Executive Vice President - Managing Director<br>Government & State Enterprise Relations Group / Krung Thai Bank Public Company Limited / Banking                                   |





## Board of Directors

**Mr. Rathian Srimongkol**

### Position

President &  
Chief Executive Officer /  
Director / Corporate  
Governance Committee

### Date of appointment

1<sup>st</sup> January 2012

### Age

58

### 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 (Class 11)<br>Capital Market Academy   |
| 2009        | • Certificate, Financial Statements<br>Demystified for Director (FDD)<br>Thai Institute of Directors Association<br>(IOD)                |
| 2008 - 2009 | • Diploma, National Defence College,<br>The Joint State - Private Sector Course<br>Class 51 / 21<br>National Defence College of Thailand |

Mr. Rathian Srimongkol

Training

2008	<ul style="list-style-type: none"><li>• Certificate, Role of the Chairman Program (RCP) Thai Institute of Directors Association (IOD)</li><li>• Public Director Certification Program (PDI) King Prajadhipok’s Institute</li><li>• Certificate, Economic Leader Forum (ELF) The Thammasat Economics Association</li></ul>
2005	<ul style="list-style-type: none"><li>• Certificate in Politics and Governance in Democratic Systems for Executives Course (Class 9) King Prajadhipok’s Institute</li></ul>
2001	<ul style="list-style-type: none"><li>• Certificate, Directors Certification Program (DCP) Thai Institute of Directors Association (IOD)</li></ul>

% of KTC Shares Held  
0%

Family Relationship  
None

Work Experience

Listed Companies

2012 - Present	<ul style="list-style-type: none"><li>• President &amp; Chief Executive Officer / Director / Corporate Governance Committee Krungthai Card Public Company Limited / Consumer Finance</li></ul>
2009 - Present	<ul style="list-style-type: none"><li>• Independent Director / Vice Chairman / Chairman of Audit Committee / Member of the Sustainability and Risk Management Committee Indorama Ventures Public Company Limited / Holding</li></ul>

Non - Listed Companies / Other Organizations

2017 - Present	<ul style="list-style-type: none"><li>• Vice Chairman Thai Listed Companies Association / Non - Profit Organization</li></ul>
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## Mr. Rathian Srimongkol

### Work Experience

#### Experience

- 2015 - 2017 • **Director**  
Thai Listed Companies Association / Non - Profit Organization
- 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**

### Position

President &  
Chief Executive Officer /  
Director / Corporate  
Governance Committee

### Date of appointment

1<sup>st</sup> January 2012

### Age

58

## 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 (Class 11)<br>Capital Market Academy   |
| 2009        | • Certificate, Financial Statements<br>Demystified for Director (FDD)<br>Thai Institute of Directors Association<br>(IOD)                |
| 2008 - 2009 | • Diploma, National Defence College,<br>The Joint State - Private Sector Course<br>Class 51 / 21<br>National Defence College of Thailand |



Mr. Rathian Srimongkol

Training

2008	<ul style="list-style-type: none"><li>• Certificate, Role of the Chairman Program (RCP) Thai Institute of Directors Association (IOD)</li><li>• Public Director Certification Program (PDI) King Prajadhipok’s Institute</li><li>• Certificate, Economic Leader Forum (ELF) The Thammasat Economics Association</li></ul>
2005	<ul style="list-style-type: none"><li>• Certificate in Politics and Governance in Democratic Systems for Executives Course (Class 9) King Prajadhipok’s Institute</li></ul>
2001	<ul style="list-style-type: none"><li>• Certificate, Directors Certification Program (DCP) Thai Institute of Directors Association (IOD)</li></ul>

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2012 - Present	<ul style="list-style-type: none"><li>• President &amp; Chief Executive Officer / Director / Corporate Governance Committee Krungthai Card Public Company Limited / Consumer Finance</li></ul>
2009 - Present	<ul style="list-style-type: none"><li>• Independent Director / Vice Chairman / Chairman of Audit Committee / Member of the Sustainability and Risk Management Committee Indorama Ventures Public Company Limited / Holding</li></ul>

Non - Listed Companies / Other Organizations

2017 - Present	<ul style="list-style-type: none"><li>• Vice Chairman Thai Listed Companies Association / Non - Profit Organization</li></ul>
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**Mr. Rathian Srimongkol**

**Work Experience**

Experience

- 2015 - 2017 • **Director**  
Thai Listed Companies Association / Non - Profit Organization
- 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**

**Position**  
Chief Financial Officer

**Date of appointment**  
1<sup>st</sup> July 2002

**Age**  
55

## Education

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

## Training

- |      |  |
|------|--|
| 2016 | <ul style="list-style-type: none"><li>• Certificate, Capital Market Academy Leader Program<br/>Capital Market Academy (CMA)</li><li>• Certificate, TLCA Leadership Development Program (LDP)<br/>Thai Listed Companies Association</li><li>• Certificate, TLCA Executive Development Program (EDP)<br/>Thai Listed Companies Association</li><li>• Strategic Thinking<br/>PacRim Group</li><li>• Crucial Conversation<br/>PacRim Group</li></ul> |
| 2015 | <ul style="list-style-type: none"><li>• Certificate, Thai Intelligent Investors Program<br/>Thai Investors Academy, Thai Investors Association</li></ul>   |

**Mr. Chutidej Chayuti**

**% of KTC Shares Held**  
0%

**Family Relationship**  
None

**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

**Work Experience**

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





# Executives

**Mr. Virach Paisitsavet**

**Position**  
Chief Operations Officer /  
Corporate Governance  
Committee

**Date of appointment**  
16<sup>th</sup> February 2012

**Age**  
56

## 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

- |      |  |
|------|--|
| 2017 | <ul style="list-style-type: none"><li>• Certificate, Digital Economy for Management (DE4M) Class 5<br/>Institute of Research and Development for Public Enterprises (IRDP)</li></ul>   |
| 2016 | <ul style="list-style-type: none"><li>• Certificate, Leadership Succession Program (LSP) Class 6<br/>Institute of Research and Development for Public Enterprises (IRDP)</li><li>• Certificate, Director Accreditation Program (DAP)<br/>Thai Institute of Directors Association (IOD)</li><li>• Certificate, Payment System<br/>MasterCard University</li></ul> |

**Mr. Virach Paisitsavet**

**% of KTC Shares Held**  
0%

**Family Relationship**  
None

**Work Experience**

Listed Companies

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

Non – Listed Companies / Other Organizations

- None -

**Work Experience**

Experience

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





# Executives

**Mr. Piyasak Tejasen**

**Position**  
Senior Executive Vice  
President - Distribution  
& Merchant Acquiring

**Date of appointment**  
1<sup>st</sup> June 2002

**Age**  
53

## Education

- Master’s Degree, Political Science, The School of Public Administration, University of Southern California, USA
- Bachelor’s Degree, Political Science, Ramkhamhaeng University

## Training

- |      |   |
|------|---|
| 2016 | <ul style="list-style-type: none"><li>• Thailand Insurance Leadership<br/>Office of Insurance Commission,<br/>Advance Insurance Institute</li><li>• Think on Your Feet<br/>AcComm &amp; Image International</li></ul> |
| 2015 | <ul style="list-style-type: none"><li>• Leadership Program<br/>PacRim Group</li><li>• Safety Officer at Executive Level<br/>Pinthong Group Management and<br/>Consultants Co., LTD.</li></ul>                         |
| 2000 | <ul style="list-style-type: none"><li>• Global NPL Training<br/>GE Commercial Finance Norwalk,<br/>Connecticut, USA</li></ul>   |
| 1999 | <ul style="list-style-type: none"><li>• Quality Training (Green belt and<br/>Black belt)<br/>GE Capital Thailand</li></ul>  |

## Mr. Piyasak Tejasen

### % of KTC Shares Held

0%

### Family Relationship

None

## Work Experience

### Listed Companies

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

### Non – Listed Companies / Other Organizations

- None -

### Experience

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





## Executives

**Ms. Sudaporn Janwatanagool**

**Position**  
Executive Vice President -  
Personal Loans

**Date of appointment**  
1<sup>st</sup> April 1997

**Age**  
59

### 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

### Training

- |      |   |
|------|---|
| 2016 | <ul style="list-style-type: none"><li>• Strategic Thinking<br/>PacRim Group</li><li>• Think on Your Feet<br/>AcComm &amp; Image International</li></ul>                                   |
| 2015 | <ul style="list-style-type: none"><li>• Leadership Program<br/>PacRim Group</li><li>• Safety Officer at Executive Level<br/>Pinthong Group Management and Consultants Co., LTD.</li></ul> |
| 2014 | <ul style="list-style-type: none"><li>• Business Process Improvement for Executive<br/>PEOPLE APPROACH</li></ul>  |
| 2011 | <ul style="list-style-type: none"><li>• Blue Ocean Strategy</li></ul>   |
| 2006 | <ul style="list-style-type: none"><li>• Lateral Thinking</li></ul>  |

**Ms. Sudaporn Janwatanagool**

**% of KTC Shares Held**  
0%

**Family Relationship**  
None

**Work Experience**

Listed Companies

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

Non – Listed Companies / Other Organizations

2015 - Present    • **Committee & Consultant**  
Personal Loan Club / The Thai Bankers’ Association

**Work Experience**

Experience

2010 - 2014    • **Chairman**  
Personal Loan Club / The Thai Bankers’ Association

1990 - 1997    • **Vice President**  
Accounting Department / Citibank N.A. / Banking

1987 - 1990    • **Head of Accounting Department**  
Credit Card Center / Head Office / Bank of Ayudhaya Public Company Limited / Banking



# Executives

**Mrs. Pittaya Vorapanyasakul**

**Position**  
Executive Vice President -  
Credit Card

**Date of appointment**  
18<sup>th</sup> August 1997

**Age**  
56

## Education

- Bachelor’s Degree, Travel Industry Management, University of Hawaii, USA

## Training

- |      |   |
|------|---|
| 2017 | • Design Thinking<br>Khun May Sripatanaskul, Lukkid Co., Ltd. |
|------|---|

**% of KTC Shares Held**  
0%

**Family Relationship**  
None

## Work Experience

- |                  |  |
|------------------|--|
| Listed Companies |  |
| 1997 - Present   | • Executive Vice President<br>Credit Card / Krungthai Card Public Company Limited / Consumer Finance |



## **Mrs. Pittaya Vorapanyasakul**

### **Work Experience**

Non – Listed Companies / Other Organizations

- None -

### **Experience**

- |             |   |
|-------------|---|
| 2005 - 2010 | • <b>Director and Member of Audit Committee</b><br>Krungthai Asset Management Public Company<br>Limited / Fund Management |
| 2004 - 2005 | • <b>Director</b><br>KTC World Company Limited / Travel Management  |
| 1993 - 1995 | • <b>Manager</b><br>National Key Accounts Department / American<br>Express (Thai) Company Limited / Credit Card           |



## Executives

**Mr. Khan Kachonboon**

### Position

Executive Vice President -  
Corporate Communications

### Date of appointment

1<sup>st</sup> November 2003

**Age**  
55

### Education

- Master's Degree, MBA, United States International University (USIU), USA
- Bachelor's Degree, Business Administration (Marketing), Assumption University

### Training

2016

- Think on Your Feet  
AcComm & Image International
- Strategic Thinking Pure & Simple  
PacRim Group

2015

- Debt Collection Act B.E. 2015 for  
Management  
Krungthai Card Public Company Limited
- Safety Officer for Management Level  
batch 2  
Pinthong Group Management and  
Consultants Co., LTD.
- Leader as a Coach  
PacRim Group

**Mr. Khan Kachonboon**

**Training**

- 2014
- Risk and control self assessment  
Krungthai Card Public Company Limited
  - Credit Bureau Information for management and employees  
Krungthai Card Public Company Limited
  - Corporate Governance for Management (1st & 2nd Line)  
Krungthai Card Public Company Limited
  - Business Process Improvement for Executive  
PEOPLE APPROACH
  - Corporate Social Responsibility  
Krungthai Card Public Company Limited

**% of KTC Shares Held**

0%

**Family Relationship**

None

**Work Experience**

Listed Companies

- 2003 - Present
- Executive Vice President  
Corporate Communications / Krungthai Card Public Company Limited / Consumer Finance

Non - Listed Companies / Other Organizations

- None -

Experience

- 1995 - 2003
- Senior Vice President  
J Walter Thompson Company Limited / Advertising





# Executives

**Mr. Bucha Sirichumsang**

**Position**

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<sup>st</sup> April 2004

**Age**

55

**Education**

- Master’s Degree, Business Administration (International Business), Rosary College, River Forest, Illinois, USA
- Barrister – at – Law, Institution of Legal Education, The Thai Bar Under The Royal Patronage
- Bachelor’s Degree, Law, Chulalongkorn University

**Training**

2016

- Board Reporting Program (BRP)  
Thai Institute of Directors Association (IOD)
- Law of Banking and Financial Institution  
Management  
The Thai Institute of Banking and Finance  
Association
- Collections Management  
The Thai Institute of Banking and Finance  
Association

**% of KTC Shares Held**

0%

**Family Relationship**

None

**Mr. Bucha Sirichumsang**

**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 -

**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**

### Position

Executive Vice President -  
Contact Center

### Date of appointment

1<sup>st</sup> February 2012

### Age

60

### Education

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

### Training

2016

- Strategic Thinking Pure & Simple  
PacRim Group
- Think on Your Feet  
AcComm & Image International

2014

- Business Process Improvement  
PEOPLE APPROACH

### % of KTC Shares Held

0%

### Family Relationship

None



**Ms. Patrin Jirathitivanich**

**Work Experience**

Listed Companies

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

Non - Listed Companies / Other Organizations

- None -

Experience

2004 - 2010    • **Executive Vice President**  
Payment Product Business / Krungthai Card Public  
Company Limited / Consumer Finance

1984 - 2004    • **Director**  
Consumer Card Marketing & Business Development /  
American Express (Thai) Company Limited / Credit Card



# Executives

**Mrs. Kandtharat Chermchitphong**

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

**Date of appointment**  
1<sup>st</sup> January 1997

**Age**  
50

## Education

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

## Training

- |      |  |
|------|--|
| 2017 | • Digital Storyteller and Mobile Journalism  |
| 2016 | • Strategic Thinking Pure & Simple<br>PacRim Group   |
| 2015 | • Safety Officer for Management Level<br>batch 2<br>Pinthong Group Management and<br>Consultants Co., LTD.<br>• Leadership Program<br>PacRim Group |
| 2014 | • Business Process Improvement for<br>Executive<br>PEOPLE APPROACH   |
| 2013 | • Modern concept of CSR<br>SET   |

**Mrs. Kandtharat Chermchitphong**

**Training**

- 1999 - 2000

- The 2<sup>nd</sup>, Advanced Mass Communication for Executives  
ISRA Institute Thai Press Development Foundation
- 1999

- Business & Economics Blueprint  
Prachachat Newspaper

**% of KTC Shares Held**

0%

**Family Relationship**

None

**Work Experience**

Listed Companies

- 1997 - Present

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

**Work Experience**

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





## Executives

**Mr. Woottichai Jarernpol**

### Position

Executive Vice President -  
Information Technology

### Date of appointment

16<sup>th</sup> September 2008

### Age

56

### Education

- Bachelor's Degree, Statistic, Chulalongkorn University

### Training

2017

- IT Management Program  
Cisco Systems Inc.
- VMware Executive Leadership Summit  
VMware Inc.
- 2017 Gartner Symposium Majestic  
Program  
Gartner

2015

- Leadership Program  
PacRim Group

### % of KTC Shares Held

0%

### Family Relationship

None

**Mr. Woottichai Jarernpol**

**Work Experience**

Listed Companies

- 2008 - Present    • **Executive Vice President**  
Information Technology / Krungthai Card Public  
Company Limited / Consumer Finance

Non - Listed Companies / Other Organizations

- None -

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

**Work Experience**

- 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**

### Position

Senior Vice President –  
Compliance / Corporate  
Governance Committee

### Date of appointment

1<sup>st</sup> May 2014

### Age

55

## Education

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

## Training

2017

- Annual Audit Committee Conference KTB Group 2017 : AACC 2017 (Regulatory Landscape in Cybersecurity and Cybercrime)

Krungthai Bank Public Company Limited

- Keep up with Technological crime

Krungthai Card Public Company Limited

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



**Mr. Sakda Chantrasuriyarat**

**Training**

- |      |   |
|------|---|
| 2014 | <ul style="list-style-type: none"><li>• <b>Corporate Governance</b><br/>Krungthai Card Public Company Limited</li><li>• <b>Corporate Social Responsibility (CSR - in Process)</b><br/>Krungthai Card Public Company Limited</li></ul>                                     |
| 2013 | <ul style="list-style-type: none"><li>• <b>Compliance Training Program, Class 1</b><br/>The Securities and Exchange Commission, Thailand</li><li>• <b>Anti-Money Laundering Act and Counter Terrorism Finance Act</b><br/>Anti - Money Laundering Office (AMLO)</li></ul> |

**% of KTC Shares Held**

0%

**Family Relationship**

None

**Work Experience**

Listed Companies

- |                |   |
|----------------|---|
| 2014 - Present | <ul style="list-style-type: none"><li>• <b>Senior Vice President / Corporate Governance Committee</b><br/>Compliance / Krungthai Card Public Company Limited / Consumer Finance</li></ul> |
|----------------|---|

Non – Listed Companies / Other Organizations

- None -

**Mr. Sakda Chantrasuriyarat**

**Work Experience**

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**

**Position**  
Vice President - Portfolio &  
Customers Relationship  
Management

**Date of appointment**  
16<sup>th</sup> June 2003

**Age**  
45

## 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

## Training

- |      |   |
|------|---|
| 2016 | <ul style="list-style-type: none"><li>• Think on Your Feet<br/>AcComm &amp; Image International</li><li>• Strategic Thinking Pure &amp; Simple<br/>PacRim Group</li></ul>                 |
| 2015 | <ul style="list-style-type: none"><li>• Leadership Program<br/>PacRim Group</li><li>• Safety Officer at Executive Level<br/>Pinthong Group Management and Consultants Co., LTD.</li></ul> |



**Ms. Apiwan Bakban**

**Training**

- |      |  |
|------|--|
| 2014 | <ul style="list-style-type: none"><li>• Business Process Improvement for Executive<br/>PEOPLE APPROACH</li><li>• Corporate Governance<br/>Krungthai Card Public Company Limited</li><li>• Corporate Social Responsibility (CSR - in Process)<br/>Krungthai Card Public Company Limited</li></ul> |
|------|--|

**% of KTC Shares Held**

0%

**Family Relationship**

None

**Work Experience**

Listed Companies

- |                |  |
|----------------|--|
| 2003 - Present | <ul style="list-style-type: none"><li>• Vice President<br/>Portfolio &amp; Customer Relationship Management /<br/>Krungthai Card Public Company Limited / Consumer Finance</li></ul> |
|----------------|--|

Non - Listed Companies / Other Organizations

- None -

Experience

- |             |   |
|-------------|---|
| 2002 - 2003 | <ul style="list-style-type: none"><li>• Account Director<br/>Client Service Department / SC Matchbox / Advertising Agency</li></ul> |
| 1996 - 2002 | <ul style="list-style-type: none"><li>• Account Director<br/>Client Service Department / JWT Bangkok / Advertising Agency</li></ul> |



## Internal Audit

**Mr. Pornchai Wijitburaphat**

### Position

Senior Vice President -  
Internal Audit

### Date of appointment

16 October 2001

### Age

50

### Education

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

### Training

2017

- Thailand 4.0, Thriving in the 21<sup>st</sup> Century Through Security, Prosperity and Sustainability : Internal Audit Perspective  
The Institute of Internal Auditor of Thailand
- Internal Audit in Disruptive Technology  
Federation of Accounting Professions
- Deloitte Seminar : Practical Issues in Financial Reporting Standards and Taxation  
Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.
- CAE Forum 2017 "Leading IA In the Era of Digital Disruption"  
The Institute of Internal Auditor of Thailand
- Corporate Innovation Through Design Thinking  
LUKKID Group

**Mr. Pornchai Wijitburaphat**

**Training**

2016	<ul style="list-style-type: none"><li>• Sustainable Development Goals Stock Exchange of Thailand</li><li>• CAE Forum 2016 “Stand Teller : Doing the Right Things Right” (SDGs) The Institute of Internal Auditor of Thailand</li><li>• CSR Evaluation and Data Management Stock Exchange of Thailand</li></ul>
2015	<ul style="list-style-type: none"><li>• CSR To Corporate Sustainability Stock Exchange of Thailand</li><li>• CAE Forum 2015 “Reshaping Internal Audit Function to Sustainability” The Institute of Internal Auditor of Thailand</li><li>• Internal Audit’s Role in Anti - Corruption Stock Exchange of Thailand</li></ul>
2008	<ul style="list-style-type: none"><li>• Certified Professional Internal Auditors of Thailand (CPIAT - 9) The Institute of Internal Auditor of Thailand</li></ul>
2006 - 2007	<ul style="list-style-type: none"><li>• Certificate Endorsed Internal Auditing Program The Institute of Internal Auditors, Chulalongkorn University</li></ul>

**% of KTC Shares Held**  
0%

**Family Relationship**  
None

**Work Experience**

Listed Companies

2001 - Present	<ul style="list-style-type: none"><li>• Senior Vice President Internal Audit / Krungthai Card Public Company Limited / Consumer Finance</li></ul>
----------------	---

Non – Listed Companies / Other Organizations

- None -



**Mr. Pornchai Wijitburaphat**

**Work Experience**

Experience

- |             |   |
|-------------|---|
| 2000 - 2001 | <ul style="list-style-type: none"><li>• <b>Assistant Vice President</b><br/>Internal Audit / Bangkok Broadcasting &amp; TV Company Limited / Media</li></ul>                                      |
| 1998 - 2000 | <ul style="list-style-type: none"><li>• <b>Manager</b><br/>Internal Audit / TSFC Securities Limited / Securities</li></ul>  |
| 1996 - 1998 | <ul style="list-style-type: none"><li>• <b>Assistant Manager</b><br/>Internal Audit / Nava Financial Public Company Limited / Finance and Securities</li></ul>                                    |
| 1993 - 1996 | <ul style="list-style-type: none"><li>• <b>Supervisor</b><br/>Lending &amp; Treasury Department / Ekachart Finance and Securities Public Company Limited (EFS) / Finance and Securities</li></ul> |
| 1991 - 1993 | <ul style="list-style-type: none"><li>• <b>Internal Auditor</b><br/>Internal Audit / Siam Commercial Bank Public Company Limited / Banking</li></ul>  |



## Company Secretary

**Mr. Peerapong Pitrpibulpatit**

### Position

Vice President -  
Legal Consult &  
Service / Company  
Secretary

### Date of appointment

16 May 2007

### Age

48

### Education

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

### Training

- |      |   |
|------|---|
| 2017 | • Law Course on Tax Planning<br>Lawyers Council Under the Royal Patronage                 |
| 2016 | • Advances for Corporate Secretaries<br>Thai Listed Companies Association                 |
| 2015 | • Safety Officer : Management Level,<br>Class 1<br>Krungthai Card Public Company Limited. |
| 2011 | • Against Corrupt Inside Thailand   |
| 2010 | • Director Nomination Best Practices  |
| 2009 | • Diploma, AML Computer Based<br>Training<br>Anti - Money Laundering Office (AMLO)        |

**Mr. Peerapong Pitrpibulpatit**

**% of KTC Shares Held**  
0%

**Family Relationship**  
None

**Work Experience**

Listed Companies

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

Non – Listed Companies / Other Organizations

- None -

**Work Experience**

Experience

1995 - 2007	• <b>Attorney at Law</b> KTBLAW Company Limited / State - Owned Enterprise
1993 - 1995	• <b>Legal Officer</b> Legal Execution Department / Ministry of Justice / Government





## Compliance

**Mr. Sakda Chantrasuriyarat**

### Position

Senior Vice President –  
Compliance / Corporate  
Governance Committee

### Date of appointment

1 May 2014

### Age

55

## Education

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

## Training

2017

- Annual Audit Committee Conference  
KTB Group 2017 : AACC 2017  
(Regulatory Landscape in Cybersecurity  
and Cybercrime)  
Krung Thai Bank Public Company  
Limited

2016

- Keep up with Technological Crime  
Krungthai Card Public Company  
Limited
- CSR for Child - Friendly Business  
Krungthai Card Public Company  
Limited and Thaipat Institute

## Mr. Sakda Chantrasuriyarat

### Training

2015	<ul style="list-style-type: none"><li>• Safety Officer : Management Level, Class 1 Krungthai Card Public Company Limited</li><li>• Leader as a Coach (Workshop) Krungthai Card Public Company Limited</li></ul>
2014	<ul style="list-style-type: none"><li>• Corporate Governance Krungthai Card Public Company Limited</li><li>• Corporate Social Responsibility (CSR - in Process) Krungthai Card Public Company Limited</li></ul>
2013	<ul style="list-style-type: none"><li>• Compliance Training Program, Class 1 The Securities and Exchange Commission, Thailand</li><li>• Anti - Money Laundering Act and Counter Terrorism Finance Act Anti - Money Laundering Office (AMLO)</li></ul>

### % of KTC Shares Held

0%

### Family Relationship

None

### Work Experience

#### Listed Companies

2014 - Present	<ul style="list-style-type: none"><li>• Senior Vice President / Corporate Governance Committee Compliance / Krungthai Card Public Company Limited / Consumer Finance</li></ul>
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#### Non - Listed Companies / Other Organizations

- None -

#### Experience

2006 - 2014	<ul style="list-style-type: none"><li>• Department Head Compliance Department / Thanachart Bank Public Company Limited / Banking</li></ul>
2005 - 2006	<ul style="list-style-type: none"><li>• Assistant Managing Director Compliance Function / MFC Asset Management Public Company Limited / Fund Management</li></ul>
1993 - 2004	<ul style="list-style-type: none"><li>• Assistant Director Investment Management Supervision Department / The Securities and Exchange Commission / Regulator</li></ul>
1987 - 1993	<ul style="list-style-type: none"><li>• Bank Examiner Onsite Examination / Bank of Thailand / Regulator</li></ul>

## Company Overview and Policies

### 1. Company Background

Krungthai Card Public Company Limited (“Company” or “KTC”) operates the business of credit card along with credit card related business, other businesses such as personal loan, utilities payment services and electronic payment services under account category Kor (3); Electronic payment through network device. KTC was registered as a juristic person on 4<sup>th</sup> 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<sup>nd</sup> 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<sup>th</sup> October 2002.

On 12<sup>th</sup> December 2002, the extraordinary general meeting of the company had a resolution to raise additional authorized capital of Baht 50 million, which was allotted for 5 million shares at the par of Baht 10 each in order to allow the exercising of Employee Stock Options (ESOP). Afterwards, on 3<sup>rd</sup> 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<sup>th</sup> March 2008, the 5 - year warrants had reached its expiry date. As of 31<sup>st</sup> 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<sup>th</sup> 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<sup>th</sup> May 2009.

As of 31<sup>st</sup> December 2017, The Company had total authorized capital and paid - up capital of Baht 2,578,334,070 and had acquired total of 3.0

million accounts in which 2,169,370 accounts were credit cards, and 852,915 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
- 6<sup>th</sup> place in a world - class business competition held by the Visa International Company, under the “VISA Global Challenge” project for the year 2013. Total candidates were 144 teams from 44 countries across the world.
- 2014
- 1<sup>st</sup> 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.
- 2015
- “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.

- 2017
- Received the “Howe Goal Makeover Award” by Howe magazine, awarded to business that provide innovative marketing strategy and interesting marketing campaigns; focused on quality customer experience, and thriving in the digital age, at the Berkeley Hotel Pratunam.
  - Awarded “The Most Innovation Consumer Marketing Campaign” from the Thailand Boutique Awards Season 4, by MasterCard.
- Besides from credit card business, KTC also received notable awards for other areas. For example;
- 2009
- KTC Smart Office won the “Happy Work Place Award” the role model organization of Happiness from Office of Thai Health Promotion Foundation and Private Organization Happiness State at Happy Work Place Forum II 2009 : Happiness Amidst Crisis.

- 2011
- “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.

2017 • Received “Excellent” level from Corporate Governance Report of Thai Listed Companies 2017 survey.

- Received “100%” rating from the 2017 Annual General Meeting quality survey conducted by the Thai Investors Association.

## **2. Visions, Objectives, and Strategies of the company**

Under the company’s vision “To be a membership company through creating solid foundation for a sustainable growth and becoming the most preferred brand under a spirit of The Courage to choose what is Right”, 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.

### 3. Key Events and Developments 2015 - 2017

- |      |  |
|------|--|
| 2015 | <ul style="list-style-type: none"><li>• TRIS Rating upgrades the company and existing senior unsecured debenture ratings of KTC to "A-" from "BBB+".</li></ul> |
|------|--|

At the same time, TRIS Rating assigns an "A-" rating to KTC's proposed issue of up to Bt 12,000 million in senior unsecured debentures.

- The 13<sup>th</sup> Annual General Meeting on 23<sup>th</sup> 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<sup>st</sup> May 2015, KTC hired Win Performance Co., Ltd. to handle the company's debt collection operation.
- The company had issued corporate bonds 8 times for Baht 9,593 million with maturity between 1 to 10 years, offering 2.12% to 4.00% p.a.
- 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 the 18<sup>th</sup> May 2015 KTC has been approved by the Electronic Transactions Commission to conduct electronic payment services, account category Kor(5) Payment Service Provider.

- 2016
- On 29<sup>th</sup> March 2016, TRIS Rating upgrades 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<sup>th</sup> 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 design 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<sup>th</sup> October 2016. Supporting credit cards issued by KTC, SCB, Kbank, Krungsri, BBL and Citibank.

- The 8<sup>th</sup> Board of Directors' meeting of 2016 on 10<sup>th</sup> August 2016 has approved the nomination of two members of the board, Mr.Poolpat Sripleng and Mr.Cherdchai Chomphoonukulrat to replace Mrs.Kittiya Tothanakasem and Mr.Thanyapong Thammavaranukoop, who resigned during tenure. The 12<sup>th</sup> Board of Directors' meeting of 2016 on 15<sup>th</sup> December 2016 has approved the nomination of Major General Apichart Chaiyada to replace Mrs.Aroonporn Limsakul who resigned during tenure.

- In 2016, the company had issued corporate bonds 9 times for Baht 18,000 million with maturity 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.



2017 • “PromptPay service” has been developed to serve the government policy, the Nation e - payment. PromptPay service takes part in transferring transactions among financial institutions, merchants and e - commerce by enhancing users experience, less time consumption and increase transactions security; lowering transaction cost. KTC anticipated that the National e - Payment scheme will affect the payment service business, therefore the company returned the payment service provider license (List C(5) (License No. Kor (5) 002 / 2558)) back to the Bank of Thailand on March 16<sup>th</sup>, 2017.

• The Board of Directors’ Meeting No.5 / 2017 held on May 12<sup>th</sup>, 2017 resolved to appoint Mr.Parinya Patanaphakdee replacing Mr.Poonpat Sripleng, who resigned prior to the end of the term. Furthermore, the Board of Directors’ Meeting No.8 / 2017 held on August 10<sup>th</sup>, 2017 passed a resolution to appoint Mr. Praphaisith Tankeyura to replace Mr. Akarat Na Ranong, who resigned prior to the end of the term.

• According to BOT’s Notification No. FPG.13 / 2560 and No.FPG.15 / 2560 announced in the Government Gazette on August 8<sup>th</sup>, 2017 which was effective on September 1<sup>th</sup>, 2017, the Bank of Thailand had revised regulations on credit card and personal loan limits. For credit line limits, if the card holder has monthly average income less than THB 30,000 per month, her credit line will not exceed 1.5 times of her average monthly income. If the card holder has monthly average income more than THB 30,000 but less than THB 50,000

per month, her credit line will not exceed 3 times of her average monthly income. And, if the card holder has monthly average income more than THB 50,000 per month, her credit line be limited at 5 times of the monthly average income. Moreover, an interest rate ceiling for credit lines has been decreased from 20% to 18%. For personal loans credit line, if the consumer has monthly average income less than THB 30,000 per month, the financial institution may approve credit line for Personal Loans under supervision to a consumer not exceeding 1.5 times of the monthly average income. The financial institution may not approve credit line for Personal Loan under supervision to consumer who already has credit lines for Personal Loan

from other three financial institutions. If the consumer has monthly average income more than THB 30,000 per month, the financial institution may approve credit line for Personal Loans to a consumer not exceeding 5 times of the monthly average income. But she shall receive personal loans from more than 3 financial institutions. Furthermore, the maximum personal loan interest rate ceiling is stable.

- In August 2017, KTC has modernized the interfaces of [www.ktc.co.th](http://www.ktc.co.th) to facilitate user experience by highlighted on 3 points which are 1) modern design relevant to the digital age, 2) convenience to use any time anywhere by any device and 3) user - friendly and easier access to information.
- In September 2017, KTC introduced new marketing strategies by promoting loyalty in the KTC credit card members who are BBQ Plaza regulars, through a campaign using KTC FOREVER REWARDS equalent

to purchasing amount per sale slip to redeem 10% discount and receiving 9 times KTC Bar B Gon points; which can be redeemed for more discount by using every 10 points with set conditions in every Bar B Q Plaza restaurant.

- In October 2017, KTC has changed the mobile interface application, “TapKTC”, to support rapid-changing technology trend by promoting 3 themes, easy to use, stable and secure. With the added functionality, members are provided with enhanced customer experience. In addition to the modern design, TapKTC also focused on the use of convenient and comfortable features for the interface that members can adjust by themselves. To enhance

security confidence to members, members can choose whether to use Biometrics, such as fingerprints and iris scanning with Samsung pass service, or Numerical Pin Code with a featured dynamic keyboard to access “TapKTC” for using either services or transactions. KTC is first and the only operator in Southeast Asia and the third in the world that utilized iris scanning technology by collaborating with Samsung. For instance, Samsung Galaxy users who use Samsung Galaxy models with integrated infrared for iris scanning such as S8 / S8+ and Note 8 are able to use this technology. Members’ biometric data are stored in the secure on Cloud called FIDO (Fast Identity Online) without leaving biometric information on any devices to comply to the Bank of Thailand policy. Presently, logging into TapKTC by iris scanning with Samsung Pass is currently in the process of Regulatory Sandbox testing by the Bank of Thailand.



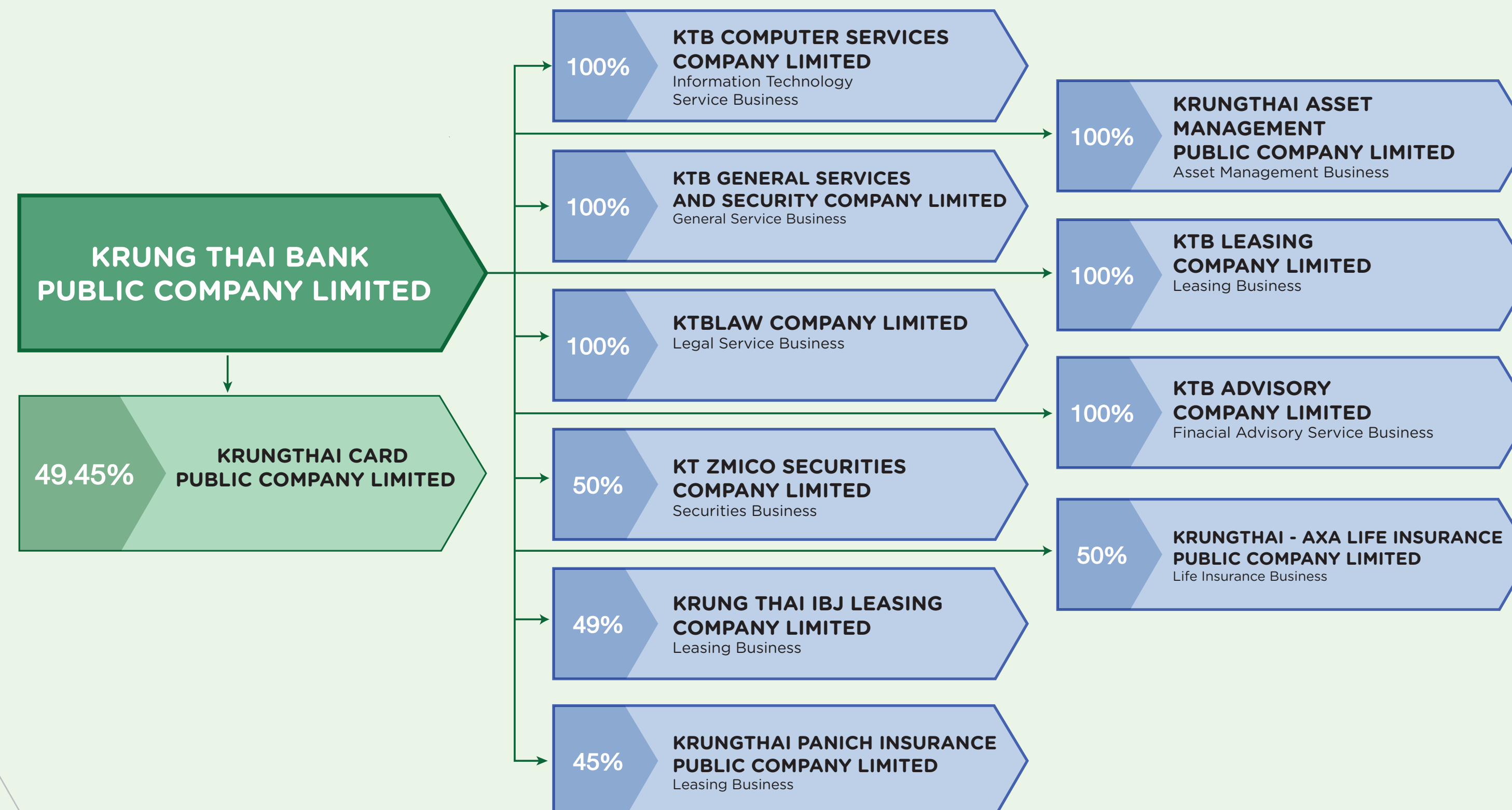
- In November 2017, KTC has developed and introduced payment system via QR Code Payment on a mobile application on “TapKTC” which is now in service under the experimental BOT Regulatory Sandbox. KTC is one of the first credit card operator who addresses to both credit card holders and merchants demand. The QR payment supports payments through VISA and MasterCard. And, in the near future, the payment service will be supported payments from other networks.

- In 2017, KTC issued six debentures worth a total of THB 11,500 million, with maturity of 5 years to 10 years, at an interest rate ranging from 2.46 to 3.80 percentage per annum.

- On 31<sup>st</sup> December 2017, KTC has a total of 21 KTC Touch branches, a service center for credit card and personal loan, providing payment service and information on the company’s products. 20 of these branches are in Bangkok Metropolitan area, and 1 branch in provincial area.

#### 4. Company Shareholdings Structure (as of 31<sup>st</sup> December 2017)

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.



## **5. Relationships with major shareholder's subsidiaries**

The company gives precedence to expanding product base for credit card and personal loan in order to boost its continuous growth which has been supported by Krung Thai Bank as a major shareholder of the company. 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 deepened 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 project” or convenience instalment through credit card providing opportunities for members to pay housing loan instalment through credit card and receiving the same interest rate as a cash advance and Forever Rewards Point.
- “KTB Investment Festival” project, an investment fair with Krungthai banks, provides a chance for credit card holders to get a KTB E - money Card at the maximum value THB 60,000 or an iPhone X, get the maximum rewards at 1.5 times and receive exclusive premium Samsonite baggage when purchasing life insurance with Krungthai Axa at any Krung Thai Bank branch across the country.
- “Redeem 1,000 points for THB 120” campaign when purchasing life insurance with Krungthai Axa at any Krung Thai Bank branch across the country.
- Zero percent car insurance instalment with

KTB project by collaborating with Bancassurance product team from Krung Thai bank PCL.

- “KTB Foreign Currency Exchange” Program, members can use their cards to buy foreign currency without having to pay surcharge.
- Provide various privileges for credit card members of KTC - KTB PRECIOUS PLUS VISA INFINITE, KTC - KTB PRECIOUS PLUS VISA SIGNATURE and KTC - KTB PRECIOUS VISA SIGNATURE.

### **Acquisition & CRM**

- “KTB Wealth Customer Base Expansion”, the total member gained by this program throughout the year was over 15,000 members, which consisted 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.

### **Merchant Acquiring**

- Online outlet projects are established to support the growing online business and to provide solutions to the e - commerce and m - commerce.
- Payments via “Virtual Terminal” project is a payment method for goods and / or service by entering card holder cards’ information into online Web Service system instead of Key - in cards information into EDC which enable agents to make a real-time transaction while communicating with customers for varies businesses from life or non-life insurance, direct sale on cable TV or other businesses with contact center services.
- Continue “Expanding Alipay merchant” project with leading partners for conveniently payments for Chinese tourists who come to Thailand.
- “KTC QR Code Payment” project provides goods or services payment via QR Code instead of regular transaction through EDC

(Electronic Data Capture). Card holders (customers) make payment transaction themselves by scanning QR Code at a merchant through the TapKTC application. Besides, KTC has a participatory policy with Krung Thai Bank to bring registered merchants’ PromptPay ID (13 identification number or telephone number) with Krung thai bank to register on KTC QR Code to add alternative ways for both customers and partners to make and receive payments. By doing this will expand customers and merchants for both companies.

The company believes that these actions will eventually resulted in a fruitful endeavor both quantitatively and qualitatively, and most of all increase the company’s potential; and led to a sustainable growth for both KTC and KTB.

## Business Nature

KTC provides unsecured financial products to consumers in Thailand; provides Credit card products and services as well as Credit card related businesses, Personal loans, Utility payment services, Electronic payment service provider type KOR(3) - Electronic payment service provider via devices or payment networks. The company holds 3.0 million accounts. Geographically, 51% of KTC's customers are in Bangkok and vicinity.

### **(1) Credit Card Business**

Credit Card business consists of two parts : issuing business and acquiring business. The issuing business operations involve acquisition, credit line approval, card usage monitoring, receiving payment and collection, and KTC mainly earns interest and fee income. Acquiring business, on the other hand, engages with merchant outlet member expansion. KTC performs as a credit card accepting agent (through Electronic Data Capture machine) and the outlet members will send billing

notes to KTC (only transactions via VISA, MasterCard, 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. The company had developed KTC QR Code Payment to facilitate transactions via QR Code. Card holder can make payment by scanning QR Code through TapKTC application. KTC QR Code Payment application has been accepted to the Bank of Thailand's regulatory sandbox.

### **(2) Personal Loan Business**

KTC Personal Loan consists of two types of products; KTC CASH and KTC PROUD which are provided for individuals without any requirement for collateral or being a KTC cardholder. The product is suitable for full - time employee with predictable flow



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

Moreover, KTC has expanded into online services via "KTC Online Services" which provide credit card members a convenient online transaction services through website (ClickKTC) and mobile application (TapKTC) available on both iOS and Android. 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.

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

- **Circle Loan Business** : The features of the product are more like bank's overdrafts (O / D) attached to credit card accounts, were transferred from KTB since 2002. KTC has ceased its expansion in this business, only providing service to the existing customers. Therefore, the receivable has gradually declined ever since.

- **Self - Employed Loan (KTC Million)** : KTC's unsecured loan specifically provides fund for small business owners who are in need of business operating capital. KTC had no intention to expand this business since late 2006. The only remaining operation is to service outstanding - balanced account.

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

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

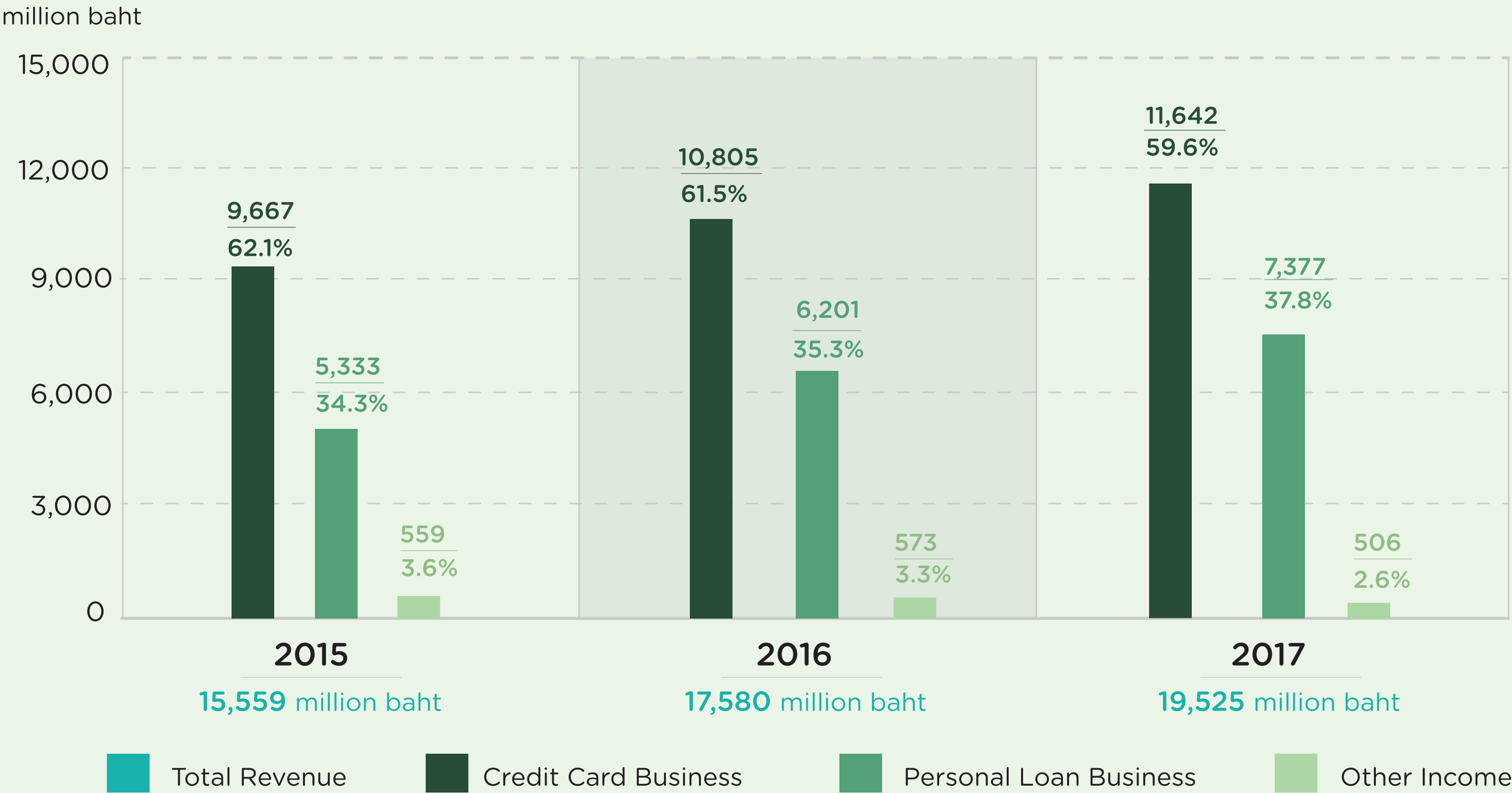
### **Revenue Structure**

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 limit interest rates charge at 18% (Effective rate)<sup>(1)</sup> for credit card, and 28% for personal loan. However, the company records the rate difference between in the Civil & Commercial code and Bank of Thailand’s regulation as a credit usage fee. Besides the mentioned revenues, 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.

Remark : <sup>(1)</sup> From the Notification of the Bank of Thailand No. FPG 13 / 2560 about Regulations, Procedures and Conditions for Undertaking Business of Personal Loan under Supervision for Non - Bank Operator, BOT announced to reduce the maximum charge of interest rate, fee, or other service fees from 20% to 18%. This Notification have come into force since 1<sup>st</sup> September 2017.

The 3 year revenue structure according to the company’s financial statement (2015 - 2017) is the following :

Total Revenue

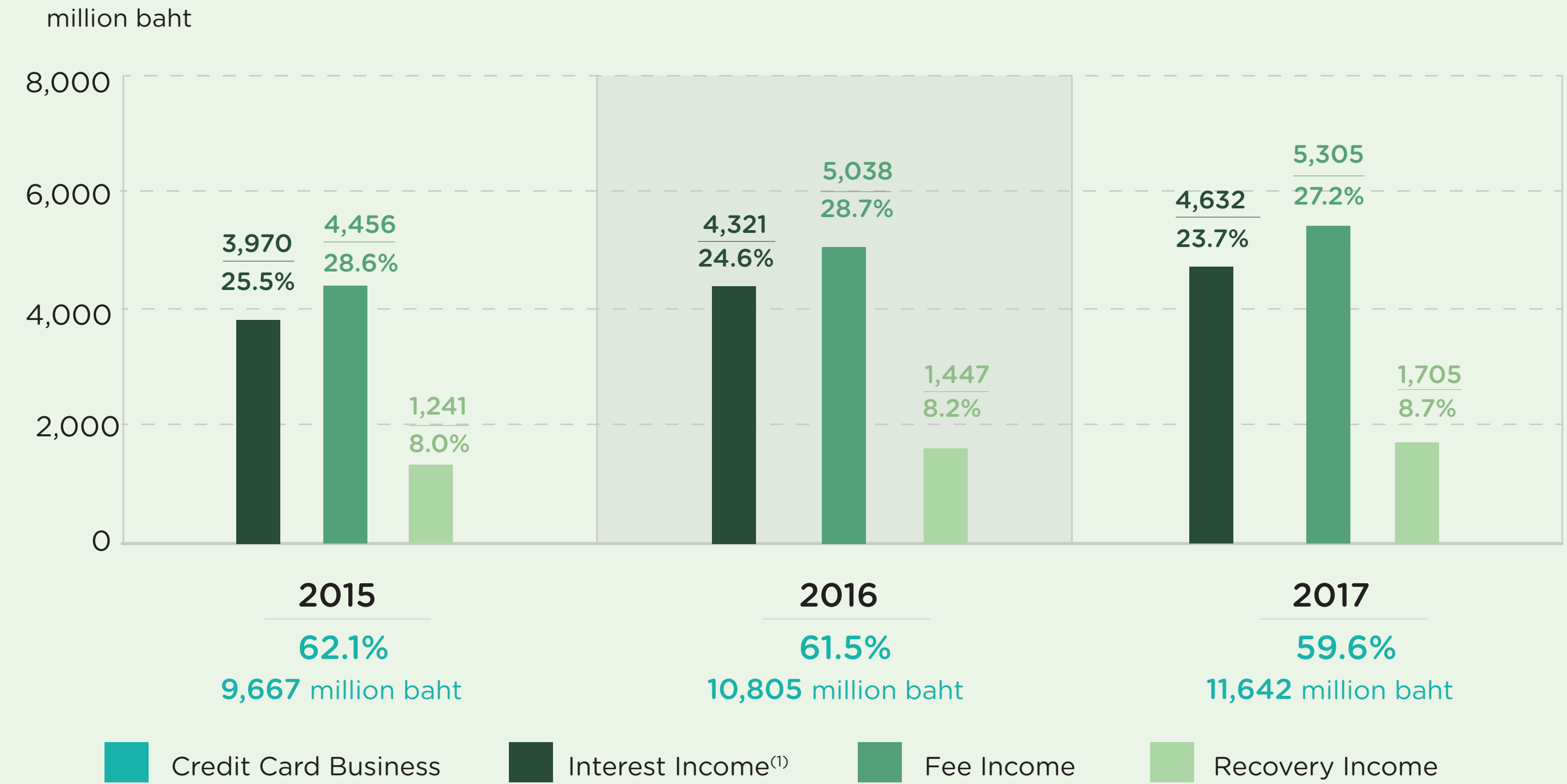


Source : 2015 - 2017 company’s financial statement, audited by Deloitte Touche Tomatsu Jaiyos Audit Co., Ltd.  
Remark : <sup>(1)</sup> The company recognizes its interest revenue at 15%, credit usage fee is classified as fee income.



The 3 year revenue structure according to the company’s financial statement (2015 - 2017) is the following :

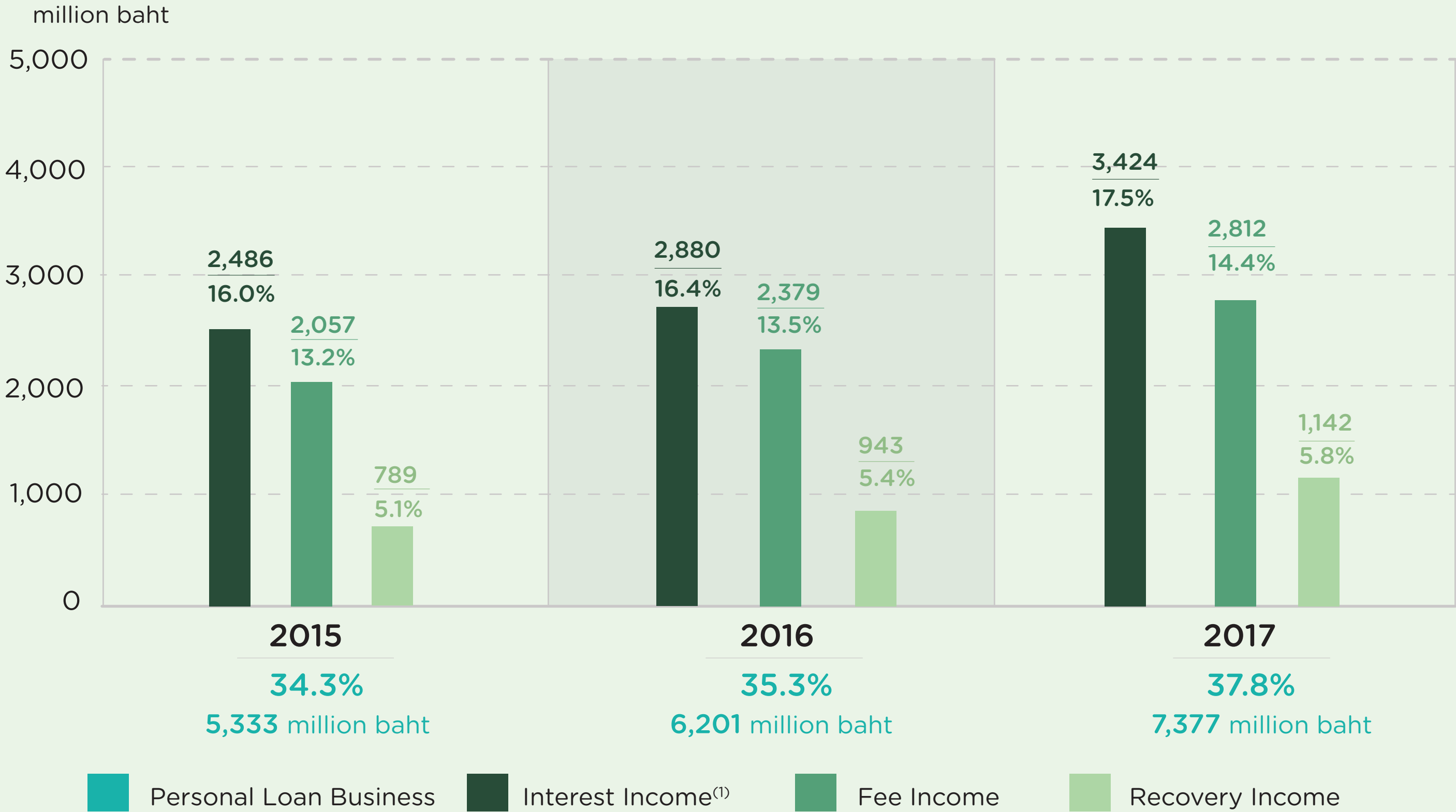
Credit Card Business



Source : 2015 - 2017 company's financial statement, audited by Deloitte Touche Tomatsu Jaiyos Audit Co., Ltd.  
Remark : <sup>(1)</sup> 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 (2015 - 2017) is the following :

Personal Loan Business



Source : 2015 - 2017 company’s financial statement, audited by Deloitte Touche Tomatsu Jaiyos Audit Co., Ltd.  
Remark : <sup>(1)</sup> 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. This has also been developed to facilitate the company's provisions based on a debtor's risk level estimated by using the model in compliance with the existing International Accounting Standard 39 (IAS39) and in response to the new International Financial Reporting Standard 9 (IFRS9) which will be effective in 2019. Therefore, the scores from the Behavior Scoring Model is one of the crucial factors in determining the company's reserve level.

## **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 December 31<sup>st</sup>, 2017, receivable with age less than 90 days

amounted to Baht 72,519 million, or 98.7% of total account receivable (73,488 million). After deducting the allowance for doubtful account of Baht 5,699 million, the net account receivable is Baht 67,788 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 1.1% of credit card's NPL (>90 days) compared to 1.2% in the previous year and 0.8% for personal loan's NPL (>90 days) compared to 0.9% 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 Payment Systems Act B.E. 2560 (2017) and the Royal Decree on the Regulation of Electronic Payments B.E. 2551 (2008). 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, including the compliance with announcements by Bank of Thailand whose regulations governing credit card and personal loan businesses have been improved in parts relating to credit limits and interest rates in line with the policy designed to regulate and solve problems regarding household debts, in a way that is suitable for their debt payment ability. This has been effective since 1<sup>st</sup> September 2017. However, existing customers have not been affected by the improvements in many circumstances, including the consideration of credit limit for a credit card or personal loan product, or the consideration of a temporary limit increase. In response to the change in such announcements, the Company has set up guidelines and procedures to enable the compliance with these announcements, taking into account the effect of the revision of regulations on the Company itself and its customers. Moreover, the Company has established an internal compliance unit, which is responsible for cooperating with regulatory bodies, and keeping track with laws, announcements and orders concerning the

Company's business operations and activities. The unit also takes charge in specific duties such as regulating matters related to the money laundering law. 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 B.E. (AMLO) along with ministerial regulation about client verification and Anti Terrorist Financing Act. These new laws affect the client verification process and clients' suspicious transaction tracking system, especially those who are classified as high risk clients. The company is aware of the situation and

has, therefore set up the training for employee to provide staff certain level of understanding on the issue. And also arrange frequent test to assess the management and staff regarding understanding in law and regulation.

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. There is the Act on the Agreement between the Government of the Kingdom of Thailand and the Government of the United States of America to Improve International Tax Compliance B.E. 2560, which has been effective since 19<sup>th</sup> October 2017. The Company has recently improved types of company registration in accordance with the FATCA agreement, shifting from Foreign Financial Institution (FFI) to Deemed - Compliant FFI. Also, it has reconsidered the operational policy in

accordance with FATCA to verify the US citizenship of credit card and personal loan customers, both in the categories of individuals and legal entities. Moreover, the Company has already established operational process and procedures that comply with the law.

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

4. To comply with the Debt Collection Act BE 2558 which is enforced since 2<sup>nd</sup> September 2015, the company prepared the adoption of this law by providing training to Debt collection and related units. The company also provides strict guidance to the outsourced debt collector that collects the company's debts, to follow the Debt collection act. Therefore, KTC is confident that the Debt collection act BE 2558 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. It has also extended the duration of service as specified in the agreement to 31<sup>st</sup> March 2018, capitalizing on its branch network to acquire new credit card and personal loan customers, process credit card / personal loan instalment payments, and use some of the bank's shared computer systems in parts that are related to supporting tasks. 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 18 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<sup>st</sup> December 2017 the market share of KTC's credit card and personal loan was 12.3% and 7.0%; while market share on 31<sup>st</sup> December 2016 of 12.8% and 6.6% respectively.

### **3 Operational Risks**

Operational risks 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. This also includes legal risks such as being fined by an authority. An operational risk may have effect on

other kinds of risk, particularly strategic risks and reputation risks. The company has defined the risk management and policies by emphasizing on prevention and monitoring this type of risk to ensure efficient internal control : 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 10,000 baht. 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, which is considered the standard for all customers. Additionally, the Company attaches importance to customer empowerment and has therefore developed a mobile application as a tool to assist customers in their self - help risk management, enabling them to temporarily freeze their credit cards as needed, set the card's e - Commerce transaction limit in order to reduce the risk of data breach and protect against an unexpected e - Commerce fraud, which continues to increase. Moreover, customers are able to set and manage

balance limit and choose favorite channels for alert notification based on the limit they set. In 2016, total fraud loss of credit card and personal loan transactions was Baht 3.77 million or 0.002% of total spendings and in 2017, total fraud loss of credit card and personal loan transactions was Baht 2.71 million or 0.001% 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 effect to Thai economy could also influence a change in funding cost. Hence, to prevent risks of facing liquidity risk, the company has developed

funding strategies both short - term and long - term fund and maintain an appropriated proportion to match with portfolio duration. The company emphasizes its fundraising on issuing corporate bonds, bill of exchange and borrowing through various financial institutions without relying on any particular institution solely. On 31<sup>st</sup> December 2017, KTC's total borrowing was Baht 53,423 million. The borrowing comprised of the borrowings from related financial institution Baht 500 million, from other financial institutions Baht 9,568 million, and from debentures Baht 43,355 million. KTC's total receivable was Baht 73,488 million. The majority of receivable age is less than 90 days, and amounting to Baht 72,519 million or 98.7 % of total receivable. KTC also has Baht 21,570 million total available credit line, which consisted of Baht 18,030 million from Krung Thai Bank, and Baht 3,540 million from other commercial banks.

As of 31<sup>st</sup> December 2017, company's Debt - to - equity ratio (D / E ratio) was at 4.85 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 March 25<sup>th</sup>, 2003 the company's dividend policy is to pay approximately 40 percent of the net profit after the deduction of income tax and appropriation of legal reserve, effective from 2003.

For the year 2015 the company paid out Baht 3.25 per one ordinary share or equivalent to 40.4% of the net profit. Additionally, the 15<sup>th</sup> shareholders' meeting on April 18<sup>th</sup>, 2017 resolved to pay dividends for the year 2016 at Baht 4.00 per one ordinary share or equivalent to 41.3% of the net profit.

## Management Structure

### Management Structure

#### Board of Directors Structure

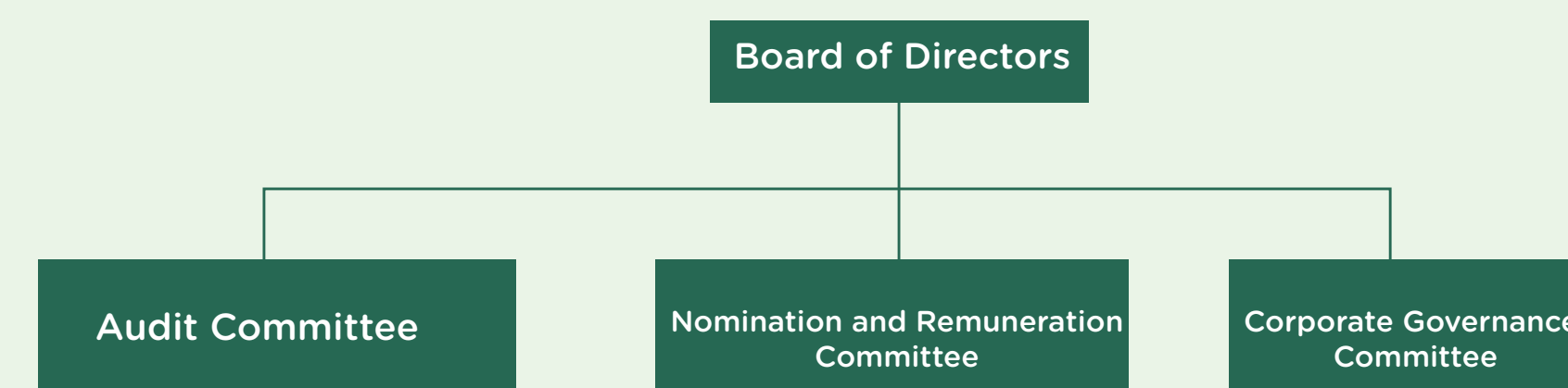
As at 31<sup>st</sup> December 2017, the Board of Directors of the Company consists of eight directors i.e. one Executive Director who is the President & CEO, three Non - Executive Directors and four Independent Directors. The Board of Directors dependency is assumed so that they can make efficient decision without any interfering.

The 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 counter balances 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 director & the Subcommittee's Structure as of 31<sup>st</sup> December 2017



#### Board of Directors

As at 31<sup>st</sup> December 2017, 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 <sup>st</sup> Dec 2016	Historical Trading from Jan-Dec 2017	Holding amount as of 31 <sup>st</sup> Dec 2017
<b>1. Mr. Parinya Patanaphakdee<sup>(1)</sup></b>	Chairman / Chairman of Nominating and Remuneration Committee / Chairman of Corporate Governance Committee	0	-	0
Spouse and Minor Children		0	-	0
<b>2. Mr. Praphaisith Tankeyura<sup>(2)</sup></b>	Independent Director / Chairman of Audit Committee / Nominating and Remuneration Committee / Corporate Governance Committee	0	-	0
Spouse and Minor Children		0	-	0
<b>3. Mrs. Pantip Sripimol</b>	Independent Director / Audit Committee / Corporate Governance Committee	0	-	0
Spouse and Minor Children		0	-	0
<b>4. Mr. Paroche Hutachareon</b>	Independent Director / Audit Committee / Corporate Governance Committee	0	-	0
Spouse and Minor Children		0	-	0
<b>5. Major General Apichart Chaiyadar</b>	Independent Director / Corporate Governance Committee	0	-	0
Spouse and Minor Children		0	-	0
<b>6. Mr.Cherdchai Chompoonukulrat</b>	Director / Nominating and Remuneration Committee/ Corporate Governance Committee	0	-	0
Spouse and Minor Children		0	-	0

Name	Position	Holding amount as of 31 <sup>st</sup> Dec 2016	Historical Trading from Jan-Dec 2017	Holding amount as of 31 <sup>st</sup> Dec 2017
<b>7. Mrs. Sriprabha Pringpong</b>	Director / Corporate Governance Committee	0	-	0
Spouse and Minor Children		0	-	0
<b>8. Mr. Rathian Srimongkol</b>	Director / Corporate Governance Committee / President & CEO	0	-	0
Spouse and Minor Children		0	-	0
<b>9. Mr. Bucha Sirichumsang</b>	Corporate Governance Committee / Secretary of the Board of Directors / Secretary of Corporate Governance Committee	0	-	0
Spouse and Minor Children		0	-	0
<b>10. Mr. Peerapong Pitrpibulpatit</b>	Company Secretary	0	-	0
Spouse and Minor Children		0	-	0

<sup>(1)</sup>The Board of Directors' Meeting No.5 / 2017 held on 12<sup>th</sup> May 2017 has resolved to appoint Mr. Parinya Patanaphakdee as member of the Board of Directors in place of Mr. Poonpat Sripleng who resigned, effective from 13<sup>th</sup> May 2017 onwards. The Board of Directors' Meeting No.6 / 2017 has resolved to appoint Mr. Parinya Patanaphakdee as Chairman of the Board of Directors, Chairman of Nominating and Remuneration Committee effective from 20<sup>th</sup> June 2017 onwards and The Corporate Governance Meeting No.3 / 2017 has resolved to appoint Mr. Parinya Patanaphakdee as Chairman of Corporate Governance Committee effective from 13<sup>th</sup> November 2017 onwards.

<sup>(2)</sup>The Board of Directors' Meeting No.8 / 2017 held on 10<sup>th</sup> August 2017 has resolved to appoint Mr. Praphaisith Tankeyura as Independent director, Chairman of Audit Committee, Nominating and Remuneration Committee and Corporate Governance Committee in place of Mr. Akarat Na Ranong who resigned, effective from 11<sup>th</sup> August 2017 onwards

During the course of 2017, 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 of 31<sup>st</sup> December 2017, the Company has four Independent Directors i.e. Mr. Praphaisith Tankeyura, Mrs. Pantip Sripimol, Mr. Paroche Hutachareon and Major General Apichart Chaiyadar, all of them fit the qualification of independent director as per the Securities and Exchange Commission’s regulation.

**Audit Committee**

As at 31<sup>st</sup> December 2017, the Audit Committee comprises three members as follows:

Name	Position
1. Mr. Praphaisith Tankeyura <sup>(1)</sup>	Chairman of the Audit Committee
2. Mrs. Pantip Sripimol	Audit Committee
3. Mr. Paroche Hutachareon	Audit Committee

<sup>(1)</sup>The Board of Directors’ Meeting No.8 / 2017 held on 10<sup>th</sup> August 2017 has resolved to appoint Mr. Praphaisith Tankeyura as Independent director, Chairman of Audit Committee, Nominating and Remuneration Committee and Corporate Governance Committee in place of Mr. Akarat Na Ranong who resigned, effective from 11<sup>th</sup> August 2017 onward



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.

**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

**Corporate Governance Committee**

As at 31<sup>st</sup> December 2017 Corporate Governance Committee comprises twelve members as follows:

Name	Position
1. Mr. Parinya Patanaphakdee <sup>(1)</sup>	Chairman of Corporate Governance Committee
2. Mr. Praphaisith Tankeyura <sup>(2)</sup>	Corporate Governance Committee
3. Mrs. Pantip Sripimol	Corporate Governance Committee
4. Mr. Paroche Hutachareon	Corporate Governance Committee
5. Major General Apichart Chaiyadar	Corporate Governance Committee
6. Mr. Cherdchai Chompoonukulrat	Corporate Governance Committee

Name	Position
7. Mrs. Sriprabha Pringpong	Corporate Governance Committee
8. Mr. Rathian Srimongkol	Corporate Governance Committee
9. Mr. Virach Paisitsavet	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

<sup>(1)</sup>The Board of Directors’ Meeting No.5 / 2017 held on 12<sup>th</sup> May 2017 has resolved to appoint Mr. Parinya Patanaphakdee as member of the Board of Directors in place of Mr. Poonpat Sripleng who resigned, effective from 13<sup>th</sup> May 2017 onwards. The Board of Directors’ Meeting No.6 / 2017 has resolved to appoint Mr. Parinya Patanaphakdee as Chairman of the Board of Directors, Chairman of Nominating and Remuneration Committee effective from 20<sup>th</sup> June 2017 onwards and The Corporate Governance Meeting No. 3 / 2017 has resolved to appoint Mr. Parinya Patanaphakdee as Chairman of Corporate Governance Committee effective from 13<sup>th</sup> November 2017 onwards.

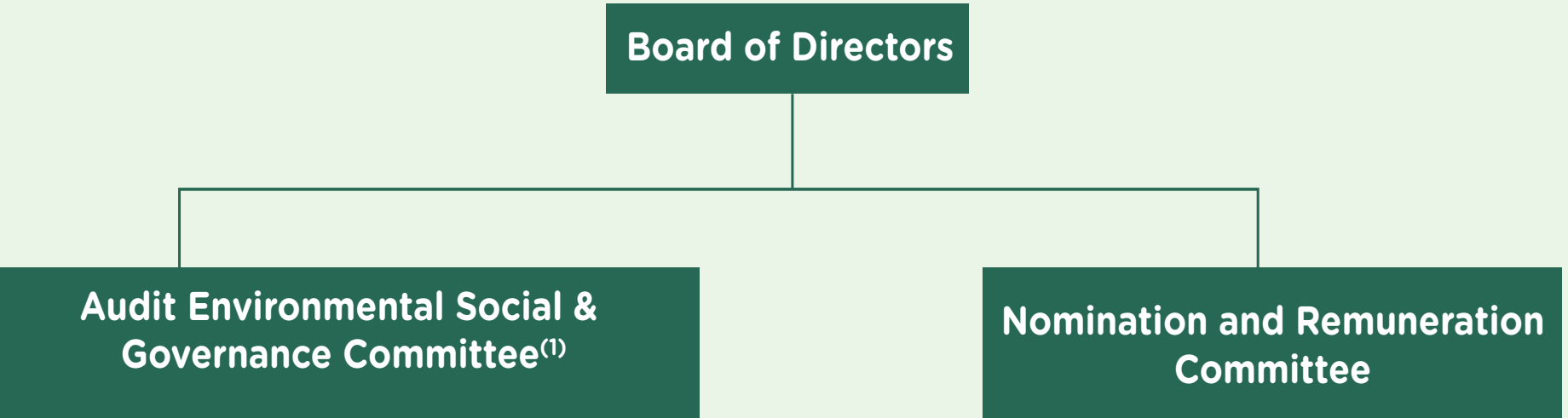
<sup>(2)</sup>The Board of Directors’ Meeting No.8 / 2017 held on 10<sup>th</sup> August 2017 has resolved to appoint Mr. Praphaisith Tankeyura as Independent director, Chairman of Audit Committee, Nominating and Remuneration Committee and Corporate Governance Committee in place of Mr. Akarat Na Ranong who resigned, effective from 11<sup>th</sup> August 2017 onwards

### Duties of Corporate Governance Committee

- Determine and review the Company’s Corporate Governance Policies;
- Propose the Corporate Governance Policies and Guidelines to the Board of Directors of the Company;

- Supervise the Company’s operations to conform with the Corporate Good Governance Policies
- Review the Corporate Good Governance Guidelines by comparing with the International Standards and propose to the Board of Directors to continuously be updated;
- Promote a corporate culture on Good Governance principles; and
- Deliver the Corporate Good Governance Policies to the working group. The committees have duties to perform any assignment from Board of Directors.

**Board of director & the Subcommittee’s Structure as of 17<sup>th</sup> January 2018**



<sup>(1)</sup>the board of director’s meeting no.1 / 2018 revised the duties and responsibilities of subcommittees, and appointed the audit committee which is an independent committee to oversee the environmental, social and governance activities. As a result, the Corporate Governance committee was dissolved, and the “Audit Committee” was renamed to the “Audit, Environmental, Social, and Governance committee” effective 17<sup>th</sup> January 2018

As of 17<sup>th</sup> January 2018 Audit Environmental Social & Governance Committee three member as follows:

Name	Position
1. Mr. Praphaisith Tankeyura	Chairman of Audit Environmental Social & Governance Committee
2. Mrs. Pantip Sripimol	Audit Environmental Social & Governance Committee
3. Mr. Paroche Hutachareon	Audit Environmental Social & Governance Committee

**Duties of the Audit Committee and Corporate Governance Committee and their social responsibility:**

1. Review the accuracy and adequacy of the Company’s financial reports.
2. Determine whether the Company has an appropriate and effective internal control system and internal audit system, as well as consider the independence of the internal audit unit including appointment, transfer and termination the Chief of Internal Audit or any other departments involved in internal audit;

3. Review the Company’s compliance with the law on security and exchange, the Stock Exchange’s regulations, and the laws relating to the Company’s business.
4. Consider, select and nominate an independent person to be the Company’s auditor, and to propose such a person’s remuneration. Also, attend meetings with the auditors, independent of the management team, at least once a year.
5. Consider connected transactions or transactions that may have a conflict of interest to conform to the law and Stock Exchange regulations. This is to ensure that the transaction is reasonable and beneficial to the Company.
6. To prepare the Audit Committee’s report which is disclosed in the Company’s annual report. The report must be signed by the Chairman of the Audit Committee. It must contain at least the following information:
  - (1) An opinion on the accuracy, completeness and creditability of the Company’s financial report;
  - (2) An opinion on the adequacy of the Company’s internal control system;
  - (3) An opinion on the compliance with the law on security and exchange, the requirements of the Stock Exchange of Thailand, or laws relating to the business of the Company.



- (4) An opinion on the suitability of the auditor.
  - (5) An opinion on any transactions that may lead to a conflict of interest.
  - (6) The amount of Audit Committee meetings and the attendance of each member of the Audit Committee.
  - (7) An opinion or overview feedback received by the Audit Committee regarding their performance on their work.
  - (8) Other issues that the shareholders and general investors should know under the scope of duties and responsibilities assigned by the Board of Directors.
7. Review the accuracy of the references and the self-assessment on anti-corruption measures under the private sector in Thailand's anti-corruption action plan.
  8. Perform any other tasks as assigned by the Board of Directors with the approval of the Audit Committee.
  9. Be responsible for the Company's Corporate Social Responsibility.

## Nominating and Remuneration Committee

As at 31<sup>st</sup> December 2017 the Nominating and Remuneration Committee comprises three members as follows:

Name	Position
1. Mr. Parinya Patanaphakdee <sup>(1)</sup>	Chairman of Nominating and Remuneration Committee
2. Mr. Praphaisith Tankeyura <sup>(2)</sup>	Nominating and Remuneration Committee
3. Mr. Cherdchai Chompoonukulrat	Nominating and Remuneration Committee

<sup>(1)</sup>The Board of Directors' Meeting No.5 / 2017 held on 12<sup>th</sup> May 2017 has resolved to appoint Mr. Parinya Patanaphakdee as member of the Board of Directors in place of Mr. Poonpat Sripleng who resigned, effective from 13<sup>th</sup> May 2017 onwards. The Board of Directors' Meeting No.6 / 2017 has resolved to appoint Mr. Parinya Patanaphakdee as Chairman of the Board of Directors, Chairman of Nominating and Remuneration Committee effective from 20<sup>th</sup> June 2017 onwards and The Corporate Governance Meeting No. 3 / 2017 has resolved to appoint Mr. Parinya Patanaphakdee as Chairman of Corporate Governance Committee effective from 13<sup>th</sup> November 2017 onwards.

<sup>(2)</sup>The Board of Directors' Meeting No.8 / 2017 held on 10<sup>th</sup> August 2017 has resolved to appoint Mr. Praphaisith Tankeyura as Independent director, Chairman of Audit Committee, Nominating and Remuneration Committee and Corporate Governance Committee in place of Mr. Akarat Na Ranong who resigned, effective from 11<sup>th</sup> August 2017 onwards

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.

7. The Nomination and Remuneration Committee may appoint any person to be the committee's secretary.

8. Perform other related to Nomination and Remuneration tasks assigned by the 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.

As of 31<sup>st</sup> December 2017, the Board of Directors organised 12 meetings, the Audit Committee organised 8 meetings, the Nominating and Remuneration Committee organised 9 meetings, and the Corporate Governance Committee organised 3 meetings. The record of attendees from the meetings is detailed below:



Name	Board of Directors' Meeting Total 12 Meetings	Audit Committee's Meeting Total 8 Meetings	Nominating Remuneration Committee's Meeting Total 9 Meetings	Corporate Governance Committee Meeting <sup>(3)</sup> Total 3 Meetings
1. Mr. Parinya Patanaphakdee <sup>(1)</sup>	7 / 7	-	4 / 4	1 / 1
2. Mr. Praphaisith Tankeyura <sup>(2)</sup>	4 / 4	3 / 3	2 / 2	1 / 1
3. Mrs. Pantip Sripimol	10 / 12	6 / 8	-	1 / 3
4. Mr. Paroche Hutachareon	12 / 12	7 / 8	-	3 / 3
5. Major General Apichart Chaiyadar	11 / 12	-	-	2 / 3
6. Mr. Cherdchai Chompoonukulrat	11 / 12	-	9 / 9	3 / 3
7. Mrs. Sriprabha Pringpong	12 / 12	-	-	3 / 3
8. Mr. Rathian Srimongkol	12 / 12	-	-	3 / 3
9. Mr. Virach Paisitsavet	-	-	-	3 / 3
10. Mrs. Kandtharat Chermchitphong	-	-	-	3 / 3
11. Mr. Sakda Chantrasuriyarat	-	-	-	3 / 3
12. Mr. Bucha Sirichumsang	12 / 12	-	-	3 / 3
<b>Director resigned during the year</b>				
1. Mr. Poonpat Sripleng <sup>(3)</sup>	4 / 4	-	4 / 4	2 / 2
2. Mr. Akarat Na Ranong <sup>(4)</sup>	7 / 7	4 / 4	7 / 7	2 / 2

<sup>(1)</sup>The Board of Directors' Meeting No.5 / 2017 held on 12<sup>th</sup> May 2017 has resolved to appoint Mr.Parinya Patanaphakdee as member of the Board of Directors in place of Mr. Poonpat Sripleng who resigned, effective from 13<sup>th</sup> May 2017 onwards. The Board of Directors' Meeting No.6 / 2017 has resolved to appoint Mr. Parinya Patanaphakdee as Chairman of the Board of Directors, Chairman of Nominating and Remuneration Committee effective from 20<sup>th</sup> June 2017 onwards and The Corporate Governance Meeting No. 3 / 2017 has resolved to appoint Mr. Parinya Patanaphakdee as Chairman of Corporate Governance Committee effective from 13<sup>th</sup> November 2017 onwards.

<sup>(2)</sup>The Board of Directors' Meeting No.8 / 2017 held on 10<sup>th</sup> August 2017 has resolved to appoint Mr. Praphaisith Tankeyura as Independent director, Chairman of Audit Committee, Nominating and Remuneration Committee and Corporate Governance Committee in place of Mr. Akarat Na Ranong who resigned, effective from 11<sup>th</sup> August 2017 onwards

<sup>(3)</sup>Mr. Poonpat Sripleng, Chairman of the Board of Director resigned from his position effective 1<sup>st</sup> May 2017

<sup>(4)</sup>Mr. Akarat Na Ranong resigned from his director position effective 19<sup>th</sup> July 2017

In the past year, the Board of Directors has convened 1 meeting without the presence of KTC Management on 19<sup>th</sup> December 2017 in order to make its operation in accordance with the Corporate Governance Policy. This policy specifies that the Board of Directors must consider and provide their comments on the responsibilities of the Board of Directors.

### Company’s Executives

As of December 31<sup>st</sup>, 2017, the company’s management team comprises of:

Name	Position	Holding amount as of 31 <sup>st</sup> Dec 2016	Historical Trading from Jan-Dec 2017	Holding amount as of 31 <sup>st</sup> Dec 2017
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	0 0	- -	0 0
3. Mr. Virach Paisitsavet Spouse and Minor Children	Chief Operations Officer	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
6. Mrs. Pittaya Vorapanyasakul  Spouse and Minor Children	Executive Vice President – Credit Card	0 0	- -	0 0
7. Mr. Khan Kachonboon  Spouse and Minor Children	Executive Vice President - Corporate Communications	0 0	- -	0 0

Name	Position	Holding amount as of 31 <sup>st</sup> Dec 2016	Historical Trading from Jan-Dec 2017	Holding amount as of 31 <sup>st</sup> Dec 2017
8. Mr. Bucha Sirichumsang Spouse and Minor Children	Executive Vice President – Office of President &CEO	0 0	- -	0 0
9. Ms. Patrin Jirathitivanich Spouse and Minor Children	Executive Vice President – Contact Center	0 0	- -	0 0
10. Mrs. Kandtharat Chermchitphong     Spouse and Minor Children	Executive Vice President – Public & Corporate Affairs	0     0	Aug 17- bought 54,800 stocks Aug 17- sold 30,000 stocks Oct 17 - sold 24,800 stocks -	0     0
11. Mr.Woottichai Jarernpol Spouse and Minor Children	Executive Vice President – Information Technology	0 0	- -	0 0
12. Mr. Sakda Chantrasuriyarat Spouse and Minor Children	Senior Vice President – Compliance	0 0	- -	0 0
13. Ms. Apiwan Bakban  Spouse and Minor Children	Vice President – Portfolio & Customer Relationship Management	0  0	-  -	0  0

<sup>(1)</sup> Mrs. Kantarat Jermjitphong bought 11,000 KTC stocks in January 2018 and 20,000 stocks in February 2018, which equals 31,000 stocks as of 20<sup>th</sup> February 2018. This equates to 0.012% of the total KTC stock.



During the course of 2017, there was not any information of any wrong doing by the directors regarding the use of the Company's internal or classified information for the benefit of buying or selling the Company's assets for their personal or other parties' interest.

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

#### **Company Secretary**

Adhering to the Corporate Governance Code for Listed Companies 2017 in the third code "Strengthen Board Effectiveness", and the Securities and Exchange Act, BE 2535; the Board of Directors Meeting 12/2008 held on 13<sup>th</sup> August 2008 resolved to appoint Mr. Peerapong Pitrpibulpatit as the Company Secretary, and his duties are as follows:

1. Advise on rules, regulations and laws which the Board of Directors is required to comply with.
2. Prepare and keep the following documents:
  - i. A register of directors;
  - ii. A notice calling the Board of Directors' Meeting, minutes of the Board of Directors' Meeting and Annual report of the Company; and

iii. A notice calling the Shareholders' Meeting, minutes of the Shareholders' Meeting;

3. Keep records of strategic shareholders reported by a director or an executive and provide copy of the said report to the Chairman and the Chairperson of Audit Committee within 7 days of the receiving date of the report;

4. Perform any act as assigned by the Board of Directors of the Company;

5. Perform any act as required by the laws, the Securities and Exchange Commission, and Stock Exchange of Thailand

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

#### **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.15 on April 18<sup>th</sup>, 2017, 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 2017 amount Baht 13,922,000 (includes the remuneration of Mr. Rathian Srimongkol as a

director). The total remuneration of Executives for the year 2017 is Baht 188,382,695. Thus, the total remuneration of the Board of Directors and Executives amount Baht 202,304,695 with details as follows;

Name	Position	Remuneration Year 2017 (Baht)	Bonus Year 2017 (Baht)
1. Mr. Parinya Patanaphakdee <sup>(1)</sup>	Chairman / Chairman of Nominating and Remuneration Committee / Chairman of Corporate Governance Committee	315,000	0
2. Mr. Praphaisith Tankeyura <sup>(3)</sup>	Independent Director / Chairman of Audit Committee / Nominating and Remuneration Committee / Corporate Governance Committee	244,000	0
3. Mrs. Pantip Sripimol	Independent Director / Audit Committee / Corporate Governance Committee	480,000	1,338,520
4. Mr. Paroche Hutachareon	Independent Director / Audit Committee / Corporate Governance Committee	480,000	1,338,520
5. Major General Apichart Chaiyadar	Independent Director / Corporate Governance Committee	240,000	53,540

Name	Position	Remuneration Year 2017 (Baht)	Bonus Year 2017 (Baht)
6. Mr. Cherdchai Chompoonukulrat	Director / Nominating and Remuneration Committee / Corporate Governance Committee	576,000	522,020
7. Mrs. Sriprabha Pringpong	Director / Corporate Governance Committee	240,000	1,338,520
8. Mr. Rathian Srimongkol	Director / Corporate Governance Committee / President & CEO	240,000	1,338,520
<b>Director resigned during the year</b>			
1. Mr.Poonpat Sripleng <sup>(1)</sup>	Chairman / Chairman of Nominating and Remuneration Committee / Chairman of Corporate Governance Committee	360,000	615,720
2. Mrs. Kittiya Todhanakasem	Chairman / Chairman of Nominating and Remuneration Committee / Chairman of Corporate Governance Committee	0	455,100



Name	Position	Remuneration Year 2017 (Baht)	Bonus Year 2017 (Baht)
3. Mr. Tanyapong Thamavaranukupt	Director / Nominating and Remuneration Committee / Corporate Governance Committee	0	856,660
4. Mrs. Arunporn Limskul	Director / Corporate Governance Committee	0	1,124,360
5. Mr. Akarat Na Ranong <sup>(2)</sup>	Independent Director / Chairman of Audit Committee / Nominating and Remuneration Committee / Corporate Governance Committee	427,000	1,338,520
Total		3,602,000	10,320,000

<sup>(1)</sup>The Board of Directors’ Meeting No.5 / 2017 held on 12<sup>th</sup> May 2017 has resolved to appoint Mr. Parinya Patanaphakdee as member of the Board of Directors in place of Mr. Poonpat Sripleng who resigned, effective from 13<sup>th</sup> May 2017 onwards. The Board of Directors’ Meeting No.6 / 2017 has resolved to appoint Mr. Parinya Patanaphakdee as Chairman of the Board of Directors, Chairman of Nominating and Remuneration Committee effective from 20<sup>th</sup> June 2017 onwards and The Corporate Governance Meeting No.3 / 2017 has resolved to appoint Mr. Parinya Patanaphakdee as Chairman of Corporate Governance Committee effective from 13<sup>th</sup> November 2017 onwards.

<sup>(2)</sup> Mr. Akarat Na Ranong resigned from his director position effective 19<sup>th</sup> July 2017  
<sup>(3)</sup>The Board of Directors’ Meeting No.8 / 2017 held on 10<sup>th</sup> August 2017 has resolved to appoint Mr. Praphaisith Tankeyura as Independent director, Chairman of Audit Committee, Nominating and Remuneration Committee and Corporate Governance Committee in place of Mr. Akarat Na Ranong who resigned, effective from 11<sup>th</sup> August 2017 onwards

## Remuneration of the Executives

Remuneration	December 31, 2016		December 31, 2017	
	Persons	Remuneration (Baht)	Persons	Remuneration (Baht)
Salary <sup>(1)</sup>	13	88,888,727	13	84,288,000
Bonus <sup>(2)</sup>	13	86,716,195	13	93,484,415
Provident Fund	13	5,333,324	13	5,057,280
Social Security Contribution	13	133,125	13	117,000
Long-term management remuneration for the post employment benefit <sup>(3)</sup>	13	7,078,000	13	5,436,000
<b>Total</b>		<b>188,149,371</b>		<b>188,382,695</b>

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

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

<sup>(3)</sup> 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<sup>st</sup> January 2011. The Company recognized costs for employee benefits as employee related costs in the Profit and Loss Statements

# Human Resource

## Personnel

### Workforce Statistics

	2015	2016	2017
Number of Employee	1,489	1,512	1,514
Growth Rate	(8.4%)	1.5%	0.1%

As of December 31<sup>st</sup>, 2017, KTC recorded a number of 1,514 employees, 0.1% 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 2,231 million, increasing 8.3% from the previous year.

At 31<sup>st</sup> December 2017, 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	322
Information Technology	71
Corporate Finance	86

Department	Number of Employee
Personal Loans	10
Contact Center	267
Operations	271
Corporate Communications	22
Credit Card	87
Office of President & CEO <sup>(1)</sup>	269
Public & Corporate Affairs	10
Portfolio & Customer Relationship Management	7
Internal Audit	15
General Services <sup>(2)</sup>	26
Human Resources <sup>(2)</sup>	24
Process Development <sup>(3)</sup>	18
Compliance	6
Total	1,514

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

<sup>(2)</sup> According to announcement no.1 / 2017 dated 10<sup>th</sup> January 2017, the main divisions of Human Resources and General Services were removed from Operations effective as of 16<sup>th</sup> January 2017 onwards.

<sup>(3)</sup> In accordance with announcement no. 14 / 2017 dated 29<sup>th</sup> August 2017, the main unit of Process Developments was removed from Operations effective as of 1<sup>st</sup> September 2017 onwards.



## 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

The Company continually develops its personnel, focusing on being a learning organization. The Company supported employees in many ways: by preparing them with the skills to perform their role; by enhancing their potential to enable them to compete in the business world; by giving them the awareness to deal with a complex and changing world, as well as a sense of social responsibility. The Company provides a variety of learning opportunities: both internal and external training to every employee across all levels. It also encourages them to apply their new knowledge and skills from training opportunities (such as: E-Learning, OJT, coaching, case studies and workshops, webinars etc.) in order to move themselves forward with the organization. Every strategy plan is reviewed yearly in order to align with corporate strategy. Details of staff development are listed below :

1. The Leadership Program is a program that creates future leaders. This helps to develop the organization sustainably.
2. The Core Course is for all employees. The core curriculum is designed to be linked to the Company's goals, policies and knowledge, such as: the Knowledge of KTC program, the Manual

Operation Handbook (SOP), the RCSA, and the Health and Safety Assessment for Officers in the Workplace.

3. The Functional Course Curriculum develops the skills and knowledge needed to be applied in the workplace, such as: Data Science with R, Digital Storyteller Mobile Journalism, Efficient Chargeback Processing Workshop, Lean Six Sigma Green Belt, Accounting and Tax Introduction, and Cyber Security for Auditors and Accountants etc.

4. Group courses that encourage staff to develop their management skills, such as: problem solving, critical thinking, New Age Management, and design thinking.

5. A program in KTC's Core Values and culture. This is to raise awareness and encourage employees to adhere to its corporate values (which include: Courageous, Smart Simplicity, and Meaningful), therefore employees can behave in such a way so as to match the values of the organization. Employees can achieve their ultimate goal and be able to deliver an excellent standard of work. The Company will cultivate values through seminars, brainstorming, video-sharing, self-assessment and group work in The Power of Proactive program.

The Company believes that promoting a learning organization will offer excellent products and services to the public. Creating good environment, good atmosphere and modern equipment will create new knowledge. KTC Knowledge Sharing creates a culture

of corporate knowledge sharing. It encourage employees to learn through online courses such as Coursera, which can be tailored to suit each student's interests, or to share experiences through the community. This encourages staff to have friends who are interested in learning together and also improve their language skills. The average number of training hours per employee per year in 2017 is 31.43 hours.

The Company encourages employees to act ethically and morally through the Detox Dee Talk project by inviting knowledgeable speakers to share knowledge and experience. KTC Sit & Talk is an activity that shares the experience of a knowledgeable speaker in order to keep up with the modern day thinking. The Pinto rice project is a charitable activity that promotes the health of employees. This is a direct purchase to farmers who grow organic rice without chemical fertilizers.

The Company has continued to develop LEARN & EARN @ KTC through the development of equal learning opportunities for the youth in Thai society for the past 14 years. This program supports and develops young leaders' potential, preparing students before going into the workplace, internship programs and also gives them the opportunity to generate income for themselves and their families. In 2017, KTC is committed to producing quality human resources for society. The Sufficiency Theory is taught to students in a number of ways in addition to a



number of other teachings of King Rama IX. This program prepares students to have access to a fascinating career in the digital age. Students are taught to be virtuous, honest, and ethical.

### **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 give utmost priority to promoting and focusing on keeping its operations in accordance with the Good Governance Principle. This helps develop the Company's governance system, increase efficiency, and create confidence to all stakeholders.

Thus, the Board of Directors resolved to appoint the Corporate Governance Committee, consisting of the Company's Board of Directors, the Secretary of the Board of Directors, the Executive Management of the Compliance, the Human Resources department, and the Public & Corporate Affairs department. The Committee's duty is to propose the Good Governance Practices that align with the Good Governance Policies to the Company's Board of Directors. The Company's Corporate Governance Policies are published on the Company's website ([www.ktc.co.th](http://www.ktc.co.th)) and on the

Company intranet as well. The duty of the Corporate Governance Committee also includes operation of the social and environmental management initiatives and creating a framework of corporate governance which relates to the Company's Anti - Corruption Policy as well.

In 2017, the Corporate Governance Committee has completely and effectively performed its duty as appointed by the Company's Board of Directors. The Committee convened a total of 3 meetings in order to monitor whether the Company's operation aligned with the Good Governance Principle. The summary of how this alignment was demonstrated is given below :

### **Rights of Shareholders**

- The 2017 Annual General Meeting of Shareholders (No. 15) was held on 18<sup>th</sup> April 2017. Details were provided of the meeting's information, date, time, place and agenda along with the rules and regulations used

in the meeting. All the information related to issues that required decision or approval in the shareholders' meeting were provided sufficiently in advance of the meeting as stated in the Company's regulations and required by law. This helped to ensure that the meeting was in accordance with the Good Governance Policies and that it is aligned with The Annual General Meeting Quality Assessment by the Stock Exchange of Thailand in all practices.

### **Equitable Treatment of Shareholders**

- The Committee provided opportunities to minor shareholders to propose the meeting agenda, and to nominate a candidate for the Board of Directors. This was provided for the meeting's consideration through the Stock Exchange of Thailand's website and the company's website ([www.ktc.co.th](http://www.ktc.co.th)) between 1<sup>st</sup> December 2016 and 31<sup>st</sup> January 2017 in advance of the 2017 General Annual Shareholder meeting. This exercise helped shareholders to use their rights and enabled a sense of equality among them. There were no nominations from the shareholders to the Company during this period.

- The Committee publicized related party transactions between Krungthai Card Public Company Limited and Krung Thai Bank Public Company Limited (KTB), or other companies in the financial sector owned by KTB. The report has been submitted for the committee's approval before presentation to the Company's Board of Directors

### **Committee's Responsibility**

- The Committee reviewed and approved the Anti - Corruption Policies which are under the 2017 Corporate Governance Policies to make sure that they align with the operational guidelines on anti - corruption law (section 123 / 5).
- The Committee reviewed and evaluated the Corporate Governance Policies and Code of Conduct Guidelines for 2017. This review was carried out to ensure that these policies and guidelines aligned with 2017 Corporate Governance Code (CG Code) issued by the Securities and Exchange Commission, the Corporate Governance Report of Thai Listed Companies 2017, and other related laws. This included reviewing the Company's internal changes to ensure that the Corporate Governance Policies reached the standard of the Company's own business practices.



- The Committee modified the Board of Director's qualification test, and administered the test to both the Board of Directors and the Sub Committees. It also reviewed the qualifications of the new directors who had been appointed to the position during 2017 to ensure that all members are appropriately qualified as per regulatory agencies' guidelines.

- The Committee acknowledged the Sub Committee's (Corporate Governance Committee) 2017 evaluation report before presenting it to Board of Directors for their information.

### **To Cater for Stakeholders**

- The Committee announced policies regarding the Company's Internal Information Disclosure. This provided notification of a blackout period in which board members, management, and employees are prohibited from the use of material nonpublic information regarding financial statements, or any information that can influence the Company stock's price, for personal gain to themselves or any other persons.

- The Committee monitored the outcome of Anti - Corruption Policies which were set out under the Corporate Governance Policies (e.g. the 2017 Risk and Control Self - Assessment, and operational inspection and review) in order to ensure that they comply with relevant guidelines.

### **Information Disclosure and Transparency**

- The Committee provided a complete, sufficient, reliable and timely Annual Registration Statement (Form 56 - 1), Annual Report, Quarterly Financial Reports, and other significant information for shareholders, investors and the public. This information is continuously provided through various channels, such as the Stock Exchange of Thailand's website, the company's website ([www.ktc.co.th](http://www.ktc.co.th)), as well as the analysts' meeting, and related press releases. The Company discloses this information based on the principle of credibility, sufficiency and transparency of information. The Company assigns Investor Relations and Public & Corporate Affairs to be the main departments to disclose or provide the Company's information to the public.

## **Social Responsibility and Sustainable Development**

- The Committee encourages Corporate Social Responsibility in its day - to - day operations (CSR - in process), such as fair treatment of employees, utilizing technology and innovation in company operations. It also encourages the Corporate Social Responsibility outside of the workplace (CSR after process), such as through charitable donations, for example. Further details can be found in the Social Responsibility Report.

- The Committee encourages actual appliance of the Corporate Governance Policies among its committees, management and employees to create ethical practice. The Company has, in an on - going basis, contributed to the wider debate about Good Governance concepts through various learning media as mentioned below :

(1) Organizing seminars for directors who have been appointed to the position during the year. This includes a monthly orientation course for new executives and employees to inform them about the Company's Corporate Governance Principles, Business Code of Conduct, Anti - Corruption guidelines, Social Responsibility, and relevant laws. Moreover, the Company also provides many forms of learning media for executives and employees.

(2) Providing the annual 2017 Corporate Governance Self - Assessment to check knowledge, understanding and awareness on the Good Governance Principles, Business Code of Conduct and Anti - Corruption Policies.

With the determined effort of board members, executives and employees at all levels in the company - and the dedication to operate transparently and ethically based on the concept of Good Governance, Social Responsibility and to cater for the needs of every stakeholder - the Company's Corporate Governance performance has proven successful in the manner listed below :

1. Ranked ‘Excellent’ in Corporate Governance Report of Thai Listed Companies 2017 held by Thai Listed Companies Association.

2. Received a “100%” satisfaction rating in relation to the quality of the 2016 General Annual Meeting of Shareholders. This is awarded by the Thai Investors Association, the Thai Listed Company Association, and the Securities and Exchange Commission of Thailand.

Directors, executives and employees acknowledge that Good Governance is an important factor to support the Company to perform its operations effectively and sustainably. Therefore, in order to create harmony with the Board of Directors’ policy, the Corporate Governance Committee strictly follows the Corporate Governance practice, and ensures that the Company’s operational practices are in accordance with the Good Governance Policies and Code of Conduct Guidelines in order to develop exemplary practice of an international standard. This is to create confidence among stakeholders and to be accepted on an international level.



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Mr. Parinya Patanaphakdee  
Chairman of Corporate Governance Committee  
Krungthai Card Public Company Limited



## **Report of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of Krungthai Card Public Company Limited consists of 3 members - one of which is an independent director. The committee's responsibility, as per the charter of the Nomination and Remuneration Committee, is to determine the criteria and relevant qualifications of the directors and executives, set up the nomination scheme and its methods, evaluation guidelines, and remuneration for the directors.

In 2017, the Nomination and Remuneration Committee convened a total of 9 meetings. All of the operational reports have been reviewed and approved by the Company's Board of Directors and / or in the general shareholder meeting. All reports are in accordance with the Charter of Nomination and Remuneration Committee as detailed below :

1. The Committee reviewed the 2017 Charter of Nomination and Remuneration Committee and presented it to the Company's Board of Directors for consideration and approval.

2. The Committee recruited, selected and nominated individuals who fit the qualifications required by the Company to be appointed as directors and independent directors, once such positions have become vacant after completion from the previous term. The Board of Directors' nomination will be processed by the selection of a qualified individual who do not possess any prohibited condition to be on the Board of Directors as per the regulations of the Stock Exchange of Thailand, the Securities Exchange Commissions and other related agencies. The nominated person shall possess the qualifications, skills, knowledge, expertise and experience appropriate to the Company's operation. A diversity of knowledge and skills in relation to the current is also taken into consideration when seeking a candidate. In respect 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 Board of Directors position from 1<sup>st</sup> December 2016 until 31<sup>st</sup> January 2017. The result showed no nomination from minority shareholders. The Nomination and Remuneration

Committee has nominated 3 members from the Board of Directors who have completed their terms to be reinstated for another term. These members have all met the Company’s requirements. The three members are: Mr. Cherdchai Chompoonukulrat, Mr. Akarat Na Ranong<sup>(1)</sup> and Mrs. Pantip Sripimol<sup>(2)</sup>

3. The Committee nominated replacements for the directors who resigned during 2017. Candidates whose qualifications satisfied the regulatory agencies requirements - as well as possessing the knowledge, skills, and expertise appropriate for the business – can submit their application to the Board of Directors for consideration.

4. The Committee evaluated and determined the 2017 criteria and guidelines for performance assessment of directors (and the Chief Executive Officer) and submitted them to the Board of Directors for approval. Executives whose level were lower than the Chief Executive Officer are also evaluated by the Nomination and Remuneration Committee after the Chief Executive Officer’s evaluation.

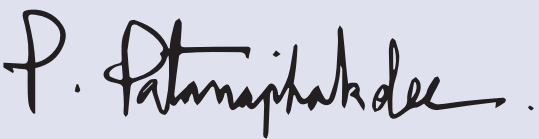
Remarks : <sup>(1)</sup> Mr. Akarat Na Ranong has resigned from company’s Board of Directors, effective date 19<sup>th</sup> July 2017  
<sup>(2)</sup> As per resolution of the board meeting no. 8 / 2017 on 10<sup>th</sup> August 2017, Mr.Praphaisith Tankeyura was nominated as Independent Director, Chairman of Audit Committee, Nomination and Remuneration Committee and Corporate Governance Committee instead of Mr.Akarat Na Ranong whose resignation from those positions, effective date 11<sup>th</sup> August 2017 onwards.

5. The Committee provided the additional individual cross performance assessment of individual board members in addition to a self - assessment questionnaire and subcommittee assessment (as stated in the Corporate Governance Policy) for the approval of the Board of Directors.

6. The Committee acknowledged the sub - committees’ (Nomination and Remuneration Committee) 2017 assessment result before presenting it to Board of Directors for approval.

7. The Committee evaluated the 2017 criteria and policies for remuneration and benefits to directors and executives<sup>(3)</sup>. It also presented them to sub - committees for approval or to the Board of Directors who present them to the shareholders for approval. The assessment is appropriate and suitable to the position of responsibility, the operational outcome, the guidelines used by other companies in the same line of business, and the Company’s performance and market conditions, in order to comply with Good Governance guidelines.

8. The Committee proposed salary adjustments and bonus payments for 2017 to the Board of Directors for consideration and approval.



Mr. Parinya Patanaphakdee  
Chairman of Nomination and Remuneration Committee  
Krungthai Card Public Company Limited

Remarks : <sup>(3)</sup> Executive refers to the Chief Executive Officer, or the next four executives succeeding the Chief Executive Officer, a person holding equivalent position to the fourth executive, including the person holding the executive position or equivalent in the accounting or finance departments. The fourth executive refers to all executives who has direct chain of command to the Chief Executive Officer as per company’s organization chart.



## 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 : CGR) and the Principles of Good Corporate Governance for listed companies by Stock Exchange of Thailand (SET).

In 2017, during the board of director meeting 11 / 2017 on 13<sup>th</sup> November 2017, the Board of Directors revised the corporate governance policies, as well as the company's ethics handbook based on the CG code provided by the Securities and Exchange Commission of Thailand. The Board of Directors

applied the CG code appropriately to the company's environment, any topics that is not consistent with the company's business are disclosed on the annual report .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](http://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](http://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 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<sup>(1)</sup>. 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

<sup>(1)</sup> All executive officers report directly to the president in accordance to the company's structure.

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.

### 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 "5. 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. Besides, advertisements and announcement must be implemented responsibly and accurately; without taking advantage of customer's misinformation.



### **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 and services of the Company, to act in the best

interests of the Company instead of one's personal interest or interest of their peers. In this regard, the employees shall be responsible to provide accurate 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. Procurement process, condition, and agreement are made fairly. Business partners are also provided knowledge, and skills to improve their potential, service, and production to the industries standards. Business partners are also convinced to respect human rights and treat their labor fairly, as well as taking responsibility in monitoring, assess the social and environmental aspects of business to develop a sustainable business relationship.

### **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 workplace, the Company places emphasis on maximizing safety in life and property, as well as creating a positive working environment. In 2017, 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<sup>nd</sup> 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 Management department** is responsible for the development of tools that evaluates corruption risk, as well as perform the evaluation of corruption risk, and summarize the evaluation results and report to the risk committee. The department must re - evaluate the corruption risk annually.

## **Operational Guidelines**

1) The Company's Board of Directors, management and staff at all levels shall comply with the Anti - Corruption Policy without getting involved in scandals, directly or indirectly.



2) The Company's staffs shall not ignore any corrupt practices in association with the Company. They shall cooperate closely on the investigation of facts. In the event of a concern or enquiry, they shall consult with their superiors or designated persons responsible for monitoring the compliance with rules and regulations, or through various channels as specified by the Company.

3) The Company treats its employees equitably and extends protection to those opposing or reporting corruption cases in association with the Company. The Company has developed measures to safeguard whistleblowers or those who cooperate in the investigation, fact finding or the reporting of corruption cases, as specified by the Company.

4) 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 procurement and outsourced guide line. 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 :	<a href="http://www.ktc.co.th">http://www.ktc.co.th</a>
E - Mail :	CService@ktc.co.th
Mailing Address :	Krungthai Card Public Company Limited 591 United Business Centre II, 14 <sup>th</sup> 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.

Details regarding anti - corruption can be found in the Corporate Social Responsibility section under the “Anti - Corruption topic”

## **Section 4 : Disclosure and Transparency**

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

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

Key information disclosed by the Company includes performance of the Directors over the year, Directors' training records, roles of the Boards and sub - committees, number of meetings, records of attendance of each Director and comments derived from performing their duty as well as remuneration policy and remunerations

of Directors and top executives that reflect their roles and responsibilities, shareholding structure, business operations and operating performance, business ethics and corporate governance, social and environmental responsibility policy, for instance.

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

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

1) Agencies with legal authority to request information, documentary evidences for verification or request the Company's employees to testify or appear as witness in court of law, Legal Execution Department (LED), Revenue Department, Department of Special Investigation (DSI), Royal Thai Police, Office of the National Counter Corruption Commission (NCCC), Anti - Money Laundering Office (AMLO), Office of the 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](http://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 <sup>th</sup> FL., Sukhumvit 33 Rd, North Klongton, Wattana, Bangkok 10110
E-Mail:	<a href="mailto:irktc@ktc.co.th">irktc@ktc.co.th</a>
Website:	<a href="http://www.ktc.co.th/">http://www.ktc.co.th/</a> 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 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<sup>th</sup> November and 31<sup>st</sup> 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 four categories, including the assessment of the entire Board of Directors, the assessment of individual director, cross - evaluation or assessment of other board members, and sub - committee assessment. 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 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) Individual cross - evaluation** 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.

**4) subcommittee assessment** has six key areas to be evaluated, covering structure and qualification of the subcommittee, role, responsibilities, guide line, communication, relationship, and the preparation and the handling 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.

In 2017 the company coordinated the assessment of the board of directors and all subcommittees and summarized for the board of directors' review in the 1 / 2018 meeting, held on 13<sup>th</sup> January 2018 with the following results

Evaluation topics	Average (max score is 5)	Evaluation
The assessment of the entire Board of Directors	4.83	Excellent
The assessment of individual director	4.84	Excellent
Individual cross - evaluation	4.84	Excellent
subcommittee assessment (audit committee)	4.86	Excellent
subcommittee assessment (nomination and remuneration committee)	4.92	Excellent
nomination and remuneration committee (corporate governance)	4.85	Excellent



### Assessment of the President

The company arranged annual performance assessment for the President & Chief Executive Officer ranging procedurally from January - December. The nomination and remuneration committee will setup the evaluation criteria, review and evaluate base on the key performance indicator consistent to the target, strategy, and management skills of each year. However, the evaluation result of the President & Chief Executive Officer is exclusive and confidential, and therefore undisclosed.

#### 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) Scope of business permitted from regulators and related laws
- 5) Capital and shareholding structure, affidavit, memorandum of association, Articles of Association, and the minutes of Annual General Meeting
- 6) Corporate governance policies, and business ethics handbook
- 7) Related party transaction
- 8) Management and usage of inside information
- 9) Directors & Officers Liability Insurance
- 10) The Bank of Thailand and related regulatory agencies inspection results
- 11) Status of actions resulting from the inspection results of the Bank of Thailand and related regulatory agencies.
- 12) Vision Mission and company's strategies
- 13) Directorship in subsidiary, ventures, and related companies
- 14) Organization structure and list of executives
- 15) Lay out of the head quarters

In 2017, 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, four directors attended training courses related to their duties in accordance with the principles of Corporate Good Governance

No.	Name	Position	Training	Institution
1.	Mr. Parinya Patanaphakdee	Chairman of the Board of Directors / Chairman of Nomination and Remuneration committee / Chairman of Corporate Governance Committee	Director Certification Program (DCP 248)	Thai Institute of Directors Association (IOD)
2.	Mr. Praphaisith Tankeyura	Independent Director / Chairman of the Audit Committee / Nomination and Remuneration Committee / Corporate Governance Committee	Director Certification Program (DCP)	Thai Institute of Directors Association (IOD)
3.	Mrs. Pantip Sripimol	Independent Director / Audit Committee / Corporate Governance Committee	Certificate, Capital Market Academy Executive Program (CMA Class 25)	Capital Market Academy
4.	Major General Apichart Chaiyadar	Independent Director / Corporate Governance Committee	Director Certification Program (DCP)	Thai Institute of Directors Association (IOD)

#### 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.

In 2017 the board of directors convene one meeting without the presence of executive directors on 19<sup>th</sup> December 2017, prior to the Board of Directors meeting.

#### **Code of Conduct**

The Company's Board of Directors has established Code of Conduct Guidelines, and resolved to revise the Code of Conduct Guideline to be consistent with the laws and internal change within the company, on the Board of Directors meeting 11 / 2017 on 13<sup>th</sup> November 2017. The Guidelines is 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 meeting 11 / 2017 on 13<sup>th</sup> November 2017, resolved to revise the company governance policies to align with the Corporate Governance code of the Securities and Exchange Commission of Thailand, Stock Exchange of Thailand, and other related regulatory agencies. Applying the guideline appropriately to the business, as well as providing disclosure regarding the inapplicable topics. 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 Krungthai 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 Krungthai 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>

To be practiced	Reasons
	<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 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>
<p>2) The number of independent directors is less than half of the members of the Board of Directors and the Nomination and Remuneration Committee.</p>	<p>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</p>



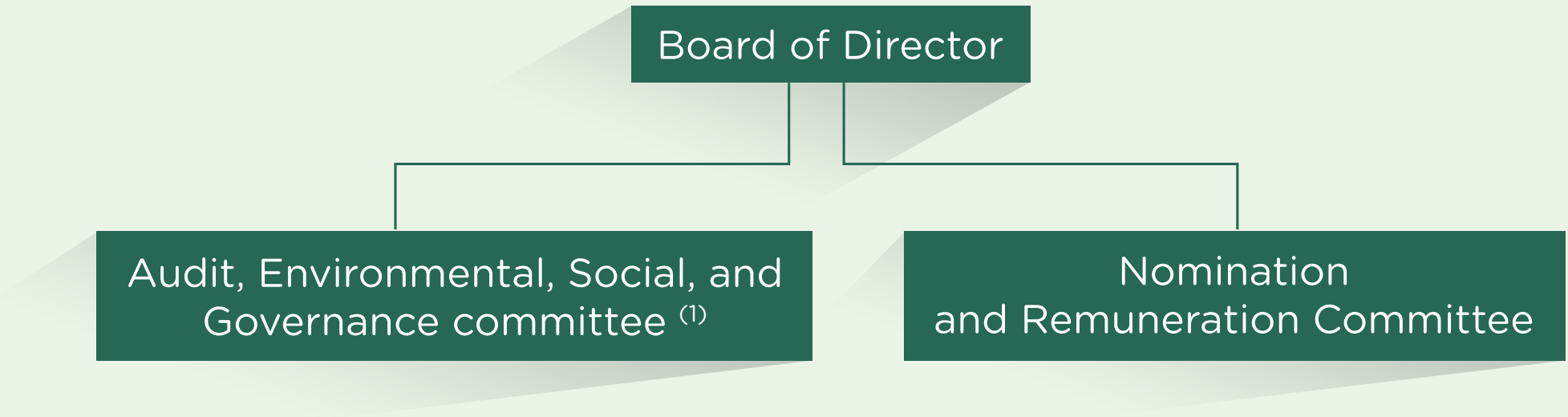
2. Board Committees

2.1) Board of Directors' Structure

As at 31<sup>st</sup> December 2017, the Board of Directors of the Company consists of eight directors i.e. one Executive Director who is the President & CEO, three Non - Executive Directors and four Independent Directors. The Company nominates directors from various businesses with strong leadership skill vision, work experience, business ethics and the ability to show their independent comments. For the appropriate balance of power in the operation, the Chairman and the President & CEO are held by different individuals. The Chairman acts as the policy leader while the President & CEO is the executive leader who counterbalances power for the proper conduct of business. The Company has three sets of subcommittees; the Board of Directors, the Audit, Environmental, Social, and Governance Committee, and the Nomination and Remuneration Committee. It also prescribes the authorities and duties, including the appointment and the removal of directors in the Articles of

Association of the Company, which have been registered with the registrar of public companies limited, Department of Business Development, and Ministry of Commerce.

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



<sup>(1)</sup> the board of director’s meeting no. 1 / 2018 revised the duties and responsibilities of subcommittees, and appointed the audit committee which is an independent committee to oversee the environmental, social and governance activities. As a result, the Corporate Governance committee was dissolved, and the “Audit Committee” was renamed to the “Audit, Environmental, Social, and Governance committee” effective 17<sup>th</sup> January 2018

## **2.2) the Board of Directors**

### **Chairman's duty and responsibility**

- 1) The Chairman must not be the President or the CEO.
- 2) Direct, monitor, and ensure that the subcommittees performed their duties efficiently consistent to the target and objective of the organization.
- 3) Ensure that all directors engaged in the promotion of ethical organization culture, and good governance principle
- 4) Act as the Chairman of Shareholder's meeting and oversees that the meeting is in accordance with stated regulation and agenda.
- 5) 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.
- 6) Allocate sufficient time for executives to submit proposal and sufficient time for directors to discuss the proposed issue thoroughly; promoting critical and independent thinking among the directors.
- 7) Develop and improve good governance principle within the Board of Director

### **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 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<sup>th</sup> December 2005 passed a resolution to amend the power of attorney dated 5<sup>th</sup> July 2002 to be suitable and in accordance with the Company's operations. The power of attorney dated 16<sup>th</sup> December 2005 is based on the same principle as the previous power of attorney that authorized the Managing Director (currently, the President

and Chief Executive Officer) to conduct and manage the Company's operation, to specify the value of transactions which the Company's officer may be authorized to approve and to consider and approve the operations of each department of the Company.

However, the President & CEO is not authorized to approve connected transactions, the acquisition or disposition of important assets of the Company, and / or any transaction that the President & CEO or any person has an interest or has a conflict of interest in. These are required to receive the approval from the Audit Committee and / or the Board of Directors, and / or the Shareholders' Meeting as the case may be. As such and in order to conform with the requirement stipulated in Article 89 / 12 of the Securities and Exchange Act B.E. 2535 (No. 4), the Management has proposed to the Board of Directors, In Meeting No. 13 / 2551 which was held on September 19<sup>th</sup> 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<sup>th</sup> December 2011 resolved that Mr. Rathian Srimongkol be appointed as the President & CEO in place of Mr. Niwatt Chittalarn, who retired on 31<sup>st</sup> 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<sup>st</sup> December 2017 resolved to amend the authorized signatories to be directors comprised of eight persons as follows:

Name	Name
1. Mr. Parinya Patanaphakdee <sup>(1)</sup>	5. Mr. Cherdchai Chompoonukulrat
2. Mr. Propkaisith Tankeyura <sup>(2)(3)</sup>	6. Major General Apichart Chaiyadar
3. Mrs. Pantip Sripimol	7. Mrs. Sriprabha Pringpong
4. Mr. Paroche Hutachareon	8. Mr. Rathian Srimongkol
Signing Conditions : two of directors can sign and affix the Company’s seal	

**Note:**  
<sup>(1)</sup> The Board of Director meeting 5 / 2017 convened on 12<sup>th</sup> May 2017 resolved to appoint Mr. Parinya Patanaphakdee to serve as Director, Corporate Governance Committee replacing Mr. Poonpat Sripleng who resignation is effective on 13<sup>th</sup> May 2017, and on the Board of Director meeting 6 / 2017 Mr. Parinya Patanaphakdee was appointed as Chairman of the Nomination and Remuneration committee effective 20<sup>th</sup> June 2017.  
<sup>(2)</sup> Mr. Akarat Na Ranong resign from his directorship effective on 19<sup>th</sup> July 2017  
<sup>(3)</sup> The Board of Director meeting 8 / 2017 convened on 10<sup>th</sup> August 2017 resolved to appoint Mr. Praphaisith Tankeyura as independent director, chairman of the Audit Committee, Nomination and Remuneration Committee, and Corporate Governance Committee replacing Mr. Akarat Na Ranong who resign on 11<sup>th</sup> August 2017

The company therefore issued the power of attorney dated 11<sup>th</sup> August 2017 appropriately and consistently with the change of directorship that is binding to the aforementioned directors. The power of attorney maintain the same content to that of the company's resolution of 16 / 2005

### **2.3) Independent Directors and Audit Committee**

#### **Independent Director**

As of 31<sup>th</sup> December 2017, 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, Environmental, Social, and Governance Committee**

As of 31<sup>st</sup> December 2017, the Company had three members of the Audit, Environmental, Social, and Governance Committee.

(See the list of Audit Committee's member and detail 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<sup>st</sup> December 2017, 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 December 31<sup>st</sup>, 2017, the Company had twelve members of the Corporate Governance Committee<sup>(1)</sup>.

(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

<sup>(1)</sup> the board of director's meeting no. 1 / 2018 revised the duties and responsibilities of subcommittees, and appointed the audit committee which is an independent committee to oversee the environmental, social and governance activities. As a result, the Corporate Governance committee was dissolved, and the "Audit Committee" was renamed to the "Audit, Environmental, Social, and Governance committee" effective 17<sup>th</sup> January 2018

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.

#### Duties and authorities of the President and Chief Executive Officer

The Chief Executive Officer is responsible for the governance, and management of the company to be consistent with the strategy, policies, and target in accordance to which was established by the Board of Directors. The Chief Executive Officer's main responsibilities are as follows :

1. Direct the company in accordance to the Board of Directors' established strategies, policies, guideline, and target.
2. Manage the business in line with the strategy and budget approved from the Board of Directors, and protect the company's and shareholders' interests.



3. Provide guidance and direction to employees to meet their objective and duties.

4. Create relation and cooperation's between firm, business units, and organizations both domestic and foreign

5. Act as representatives of the company to conduct business with external organization, regulators, or any legally binding actions assigned by the Board of directors, within the company's objective.

6. Review other functions assigned by the Board of Directors and Subcommittees

### **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 :

a. registers of Directors

b. Board of Directors meeting invitation, minutes of board meetings, company's Annual Report

c. 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 December 31<sup>st</sup>, 2017, 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 maybe 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 3,725,000 for auditing assignments for the financial year 2017 to Deloitte Touche Tohmatsu Jaiyos Audit.

### **6.2) Non - audit Fee**

The company paid other services to Deloitte Touche Tohmatsu Jaiyos Advisory such as the consultation service fee for the new Financial Reporting Standard, an amount of Baht 800,000

## Corporate Social Responsibility

### 1. Policy Overview

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

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

the Company has always encouraged them to plan their expenses reasonably in order to avoid excessive debt.

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



While being a financial institution offering credit card and personal loan services as a cogwheel for the country's economic growth, KTC is committed to social development. It starts from very relevant issues such as building learning organizations by encouraging learning environment within its organization and also in the society. Besides, it provides support for the empowerment and education of Thai youth mainly through the Learn & Earn project 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 adopted the international framework developed by Global Reporting Initiative (GRI) and the guidelines set by the Stock Exchange of

Thailand (SET) as standards in developing the code of conduct and CSR report, which are 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. KTC strategized on partnering with specialists, implementing innovative technologies in business processes, focusing on quality over quantity when acquiring customers through various online channels, and enhancing self service activities to meet the digital lifestyle.

Moreover, KTC has targeted to expand merchant acquiring business in the new and regional markets using appropriate KTC Payment Solutions such as KTC QR Code Payment and Alipay O2O (Online to Offline). This is with the intention to satisfy members and to bond with the KTC brand, which in turn leads to the Company's sustainable growth.

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
<b>Shareholders</b>	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"> <li>• Annual general meeting</li> <li>• Meeting and sharing information with shareholder through “Listed Company meets shareholder” (Opportunity Day) activity</li> <li>• Communication channels, such as website, e - mail, phone etc.</li> <li>• Receiving complain and suggestion.</li> <li>• Company visit</li> <li>• Road show to provide information for potential investors both domestic and abroad. show)</li> </ul>
<b>Customers</b>	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. Furthermore, advertisements, public relations, and promotions must be discrete, convey the right messages, and do not take advantage of customers’ misunderstandings.	<ul style="list-style-type: none"> <li>• Offering product that match with their requirements.</li> <li>• Providing communication channels</li> <li>• Annual customer’s satisfaction survey.</li> <li>• Receiving complain and suggestion.</li> </ul>



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

Stakeholders	Guidelines	Interaction & Participation
	accusations and prevent an inclination to show favour in return for such special treatment on later occasions. Procurement, hiring, and contract terms and conditions must be justified. Assist in education and skill development to improve production and service standards. Clarify and stress suppliers on respect of human rights and fair treatment to labor force, as well as carry out social and environmental responsibility. KTC is to monitor and evaluate suppliers in order to develop successful long - term business relationship.	
<b>Partners</b>	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"> <li>• Co - operated in business planning.</li> <li>• Receiving complain and suggestion.</li> </ul>
<b>Competitors</b>	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"> <li>• Creating fair competition conditions.</li> <li>• Strictly follow rules and regulations, avoid unfair practice.</li> <li>• Joining the "Credit Card Club" to share and exchange opinions among members regarding the issues concerned with the credit card business development.</li> </ul>

Stakeholders	Guidelines	Interaction & Participation
<b>Society and Environment</b>	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"> <li>• Provide communities the opportunity to participate in various activities.</li> </ul>
<b>Board of Directors and Management Team</b>	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"> <li>• Monthly Board of Directors meeting.</li> <li>• Providing sufficient, complete and timely information.</li> <li>• Participating in company's management.</li> <li>• Proving information and knowledge about duty of Board of Directors.</li> </ul>
<b>Employees</b>	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	<ul style="list-style-type: none"> <li>• Orientation program for new employees.</li> <li>• Providing appropriate training courses.</li> <li>• Providing fringe benefit.</li> <li>• Creating safe working environment that can help employee to be able to do their jobs efficiently.</li> <li>• Generally survey the market's payment rate.</li> </ul>



Stakeholders	Guidelines	Interaction & Participation
	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.	
<b>Government Sector</b>	KTC has complied with regulations and policies of regulators.	<ul style="list-style-type: none"><li>• Submit business performance report and operation result to concerned government body as per their requirement.</li><li>• Taking part in government activities and projects continuously.</li></ul>

**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 pe form 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 corporate governance policy and business ethics handbook for board of directors, managements, and employees as a guideline to operate fairly and responsibly to all stakeholders.

- When outsourcing to business partners or third parties to work on behalf of the Company in secondary or non-specialized businesses, 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 worked with its outsourced contractors in organizing annual training courses to develop outsourced employees' skills such as collection officers, administrative officers and technicians.

- Responsibilities to suppliers or outsourced service providers within the supply chain.

The Company recognizes the importance of social and environmental issues. Business processes emphasize on sustainable growth throughout the supply chain by performing businesses with honesty and transparency. The following scopes of work are conducted by outsourced companies.

- Employment of outsourced personnel for services such as public relations, cleaning, document delivery.
- Publishing, purchasing of office supplies or other products such as plastic cards production, stationery, and other office supplies.
- IT procurement such as various IT devices (EDC machines, computers, copy machines, etc.) including procurement and maintenance.
- Building and facilities such as decoration, renovations, maintenance, etc.

Evidently, the Company's suppliers are crucial to business operations. Therefore, KTC is committed to abide by the laws or the terms of contract. Guidelines have been set for procurement - related divisions to follow when selecting suppliers. In addition, it is stated in the contract that services conducted between the Company and partners or business representatives must operate with honesty, transparency, can be monitored in accordance with good corporate governance, and abide by the laws relating to anti - bribery and anti - corruption.

- 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 corporate social responsibility section 5. prevention of corruption.

## **3. Respect for Human Rights**

- Out of its respect for human rights, KTC has ensured that its debt collection process carries out in line with BOT's regulations - debt collection act b.e. 2558 (2015) and applicable laws. The company setups training to ensure that debt collection are in line with the law, and collections

performed without intimidation, contempt or sarcasm. KTC uses polite words in asking for repayments and does not disclose customers' information to any third party either. In addition, KTC is sensitive to the feelings of its customers when following up with repayments.

- In order to comply with labor laws in recruitment process, KTC evaluate qualifications based on age, knowledge, abilities, skills, and performance of the applicants with 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.

Number of new recruits and resigned employees. To efficiently manage the Company's workforce when recruiting new employees to fill vacant positions, KTC has primarily placed great emphasis on internal recruitment. If, however, such positions require personnel with specialized skills not currently presented in the Company, external candidates



would then be recruited. Recruitment of new employees is based on necessity and candidates must possess appropriate qualifications, suitable experiences, and essential sets of skills. KTC also provides a reasonable compensation comparable to others in the industry.

Category	Gender	Number of Employees		
		2017	2016	2015
New recruits	Male	118	136	214
	Female	278	258	487
<b>Total</b>		<b>396</b>	<b>394</b>	<b>701</b>
Resigned employees	Male	129	113	149
	Female	291	185	327
<b>Total</b>		<b>420</b>	<b>298</b>	<b>476</b>

Note : resigned employees exclude retirees, early retirement, decedents, unsuccessful probation period, and termination of employment contract or dismissal.

#### 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, and annual promotion, in order to set standards in human resources operation

In 2017, KTC recorded a number of 1,741 employees classified by gender, employment type and level as follow :

Number of Employees			2017			2016			2015		
Type of Employment		Employment Level	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employees	Full Time	Executives	18	14	32	19	14	33	20	16	36
		Middle Management	124	146	270	117	147	264	121	151	272
		Officers	408	804	1,212	417	798	1,215	406	775	1,181
	Total		550	964	1,514	553	959	1,512	547	942	1,489
	Contractor	Contractor	61	166	227	78	215	293	89	210	299
	Grand Total		611	1,130	1,741	631	1,174	1,805	636	1,152	1,788

- The Company has employed physically disabled personnel to work in the IT department to create job opportunities and compensation equivalent to other employees. The Empowerment of Persons with Disabilities Act B.E. 2550 (2007) has the intention to provide people with disabilities jobs and employment without discrimination on the basis of physical

and mental health. The Act declares that state agencies, employers, and business owners are to employ disabled personnel under Article 33; or contribute funds to the Fund for Empowerment of Persons with Disabilities under Article 34; or grant concessions for the benefits of the physically disabled under Article 35. In addition, KTC has a health care policy to rotate employees with health problems to a more suitable position accordingly to avoid worsening the employees' health.

- The company concerns about the health of employees and thus provides them and their families with a variety of benefits as the followings :
  - Annual health check - up at leading hospitals in order to raise health awareness among the employees, to reduce health risks, and to prevent various illnesses.
  - Provide infirmary, nurses, medical services, first - aid medicines and supplies of adequate standards to employees, available every day during work hours.

- Provide vaccinations to employees for basic illnesses such as influenza.
- Organize seminars by doctors from leading hospitals to educate employees on health issues such as nutrition, office syndrome, etc.
- The Company provides health benefits to employees. If any of their families wish to receive support from KTC, a 50% of their health insurance premium is contributed.

- Employees welfare and benefits

Welfare & Benefits	Type of Employment		
	Full - time	Contract	Temporary
Salary	✓	✓	✓
Overtime	✓	✓	✓
Seminar / Workshop / Training	✓	✓	✓
Funeral	✓	✓	✓
Childbirth	✓	✓	✓
Medical expense	✓	✓	✓
Gift basket in case of hospitalization	✓	✓	✓
Wedding	✓	✓	✓
Provident fund	✓	✗	✗
Annual health check	✓	✓	✓

- KTC emphasizes on human resources well - being and development to sustain and strengthen organization - employee relationship. In order for the Company to grow and be able to compete in the industry, it is of importance to have a great foundation from all our employees. Therefore, an employee survey is conducted to receive feedback and suggestions from employees. The survey information is kept confidential. The employees can rest assure that their opinions have no influence on how their performance will be evaluated. The survey conducted in 2017 by an independent agency was 68%, which was higher than the average for the participating companies. Employees felt they were part of the Company, eager to deliver high performances, and ready to be a part in the Company's continuous 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.

- Safety, occupational health, and work environment
  - The Company has followed safety, occupational health, and work environment guidelines as set by the Company and are complied with relevant standards and laws.
  - Continuously arrange seminars on safety, occupational health, and work environment for employees.
  - Regularly monitor and improve working environment
  - Regularly monitor and check the cleanliness of work area in each department.
  - Monitor and record occupational illnesses and injuries of employees to ensure that they receive appropriate treatments until they can return to their normal work life.



Number of occupational illnesses or injuries in 2017

Indicator	Headquarters			Touch service points nationwide			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Occupational injuries</b>	0	0	0	0	0	0	0	0	0
<b>Absent due to occupational accidents</b>	0	0	0	0	0	0	0	0	0

Note : employees include full - time, contract, and temporary

- The Company has policy on constant human resources development by focusing on education, skills, and potential in accordance with business direction. In order to improve long - term competitiveness, KTC focuses on attitude development and specialized operational skills with efficiency, accuracy, and speed to enhance customer experience and satisfaction. In 2017, more than 184 courses on human resources development occurred with the summarized details as follow :

- Orientation for newly recruited employees to ensure that they have correct knowledge and understanding of the business, including various products offered by KTC. To also instill the core values of ethics, which are important to success, governance, and social and environment responsibility. Anti - corruption is another important principle to uphold in order to drive the Company in achieving the targets. A corporate culture with core values is crucial in bringing the employees together to have awareness, understanding, and sense of team work moving forward in the same direction. There was a total of 445 employees participated in the orientation. Afterwards, a test was conducted to evaluate knowledge and understanding. The minimum passing score is 85%.

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 ideas that lead to innovations, more effective and efficient work processes, and modern knowledge exchange through “KTC Knowledge Sharing”. Some courses are also offered online such as Coursera, which makes it easier for employees

to choose topic of their interests and in turn encourage them to learn. Employees can exchange experiences and discuss via “Community” to promote social interactions and language development. Moreover, KTC has a collective information accessible on the Company’s intranet system in an infographic format for easy usage. Thus far, the average learning hours per each employee is 31.43 hours / year.

- KTC has created employees’ consciousness to perform on the basis of ethical and moral, to uplift spirits, to create positive attitudes of the mind towards oneself and work life, and to live with awareness through the “Detox D - Talk. Let Virtue Guide You” project. The activities were conducted in the form of discussion and practice at Wat Maheyong in Ayutthaya province.

The KTC Sit & Talk activity was organized to share information and experiences in various fields by knowledgeable guest speakers in

order for employees to stay up - to - date, for example, Digital Trend 2017, How to Survive in Digital Transformer Era, Crisis Management in the Digital World, FinTech The Next Gen Finance, AI in the World of FinTech, Good Nutrition Good Health, Charge Your Memories to Wake Your Ideas, Provident Fund Profits after Resignation, Get to Know Cyber Crimes, and Support Organic Rice Farmers.

- KTC organized the “LEARN & EARN” program for the 14<sup>th</sup> consecutive year. This program supports development and empowerment of youths in the Thai society by equipping them with the tools necessary for entering the work life. The Company encourages youths to spend time efficiently, to experience other aspects of life not taught in classrooms, to earn income for themselves and families, and to develop skills beneficial to work and quality of life. In 2017, KTC focused on producing quality personnel under the concept “Endless Learning for Sufficient Living” by motivating students to never stop learning, to uphold the teachings of King Rama 9 as living principles, to prepare for new job opportunities in the digital era, and to adhere to morality, honesty, and good ethics.

- The company has gathered various learning materials on its Intranet so that the managements and employees can study and review these materials at their convenience. 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 Govenance Self - Assessment, which include subjects such as anti - corruption, guideline on good governance policy, company's business ethic manual, and social and environmental awareness, were provided with the 2017 results displayed in the table below ;

Topic	Target Indicator	Assessment Result
Number of participant	100.00%	100.00%
Understanding	100.00%	100.00%

- 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. The results of 2017 are in below table ;

Topic	Target Indicator	Assessment Result
Number of participant	>= 90.00% Of all employees	98.33%
Understanding	>= 85.00%	98.71%

- 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 results of 2017 are in below table ;



Topic	Target Indicator	Assessment Result
Understanding	>= 85.00%	98.00%

- Provide self assessment test in the knowledge and understanding of “Fundamental Risk Management” covering risk definition, risk management process, and loss data from operational risks to benefit employees. The results of 2017 are in below table ;

Topic	Target Indicator	Assessment Result
Understanding	>= 85.00%	98.08%

- The company believes that if employee is 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 2017 ;

- KTC has created employees’ consciousness to be ethical and moral, to uplift spirits, to create positive attitudes of the mind towards oneself and work life, and to live with awareness through the “Detox D - Talk. Let Virtue Guide You” project. The activities were conducted in the form of lecture, discussion, and practice at Wat Maheyong in Ayutthaya province. KTC has brought 50 volunteered employees to practice Dhamma by upholding the 8 precepts and mental training to cleanse the mind and stay in the present.

- “KTC Sit & Talk” activity to share knowledge and experiences in various topics so that employees are kept up - to - date to current situation, there were guest speakers invited to lecture on topics, such as Digital Marketing Must - Dos, Crisis Management in the Digital World, Marketing

in Innovation Era, AI in the World of FinTech, Thai and Global Economic Trends, Charge Your Memories to Wake Your Ideas, etc.

- Dhamma Talks under the topic “Happy Mind in the Imperfect World” by Phra Ajarn Jitr Jitrasangwaro and “Work Accomplished. Mind Delighted.” by Phra Maha Sompong were organized to adapt Dhamma teachings into work and daily lives.

- Held Badminton and Football competitions in order to promote unity, sportsmanship, and compassion.

- KTC encouraged employees to care for the society and their health through a supporting program by purchasing rice grains directly from farmers who cultivate organic rice, free from any chemical use.

## 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 2017, the company has organized 6 of such projects in major provinces, with over 5,527 participating debtors, in which 93.34% of the due amount has been successfully negotiated. In addition, KTC has collaborated with the Legal Execution Department to mediate dispute in the execution class as well as conciliated

with debtors affected by flood disaster in various regions and from other special projects to relief debts and participate in resolution of household debts in the country.

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

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

- KTC 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 2017 the company held 15 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 2017, 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 email eDocuments instead of sending hard copies to other units, and to recycle paper in their own units. Such moves lower the consumption of paper that is made from natural resources, reduce document - storage space, boost convenience of searching and retrieving documents later on, and also save electricity

that would otherwise be used for photocopying documents. In credit - approval process, KTC has now developed the Host - to - Host system to store relevant information and authorized only credit analysts to view the information. KTC has also informed its customers about the disclosure of their information to the National Credit Bureau (NCB) via a billing statement. Plus, it has lowered the use of paper when sending year - end summary to its customers as well as documents to NCB. In addition, KTC has used computer programs in analyzing information in the Contact Center's database for the development / improvement of services and management of employees' work schedule without printing out the information. While KTC's legal department needs to use plenty of hard - copy billing statements for legal proceedings, it makes sure photocopies are printed on both sides of paper, which enables to reduce paper consumption by half. Moreover, the department has even worked with some courts in reducing the use of documents for

legal proceedings (relying on the appendix of affidavit when citing document evidence). In events that the case is finally settled out of court, KTC asks for documents that are not needed at the court. This not only reduces the court's document - storage burden but also allows KTC to recycle those documents at the same time.

- 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 2017, KTC was able to save electricity cost by 70%, up from 63% in 2016.

- KTC has the policy to save and reduce unnecessary energy in offices. The air - conditioning systems time was effectively controlled and managed, including dropping the air - conditioning temperature. 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 2017, there were 17 E20 - type corporate vehicles, which reduced fuel cost by 85,478.95 Baht, increased from 11,932.19 Baht in 2016.

#### - Environmental Health Care and Building Safety

- KTC has hired professionals to clean the inside of air - conditioning vent of the headquarters at United Business Center 2 building in order to prevent dust and dirt accumulation which can negatively impact employees’ health and caused illnesses. Moreover, a clean air - conditioning system helped save electricity cost.



## 7. Contributions to Community / Social Development

- 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” 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 work part-time at KTC. They can step in to get on - the - job training and receive wages on an hourly basis. KTC employees helped supervise and teach the interns useful knowledge in preparing

them for the real working world. This project has helped create jobs in the society. More than 25,000 students have joined the Learn & Earn @ KTC project to date. Among them, over 3,300 have already completed the project’s training and several hundreds have finally secured full - time jobs at KTC. During the internship, university students also had the opportunity to participate in many skill - development activities by incorporating knowledge and skills from a variety of experts via Edutainment such as close discussions to inspire career choices with successful professionals from various fields. In addition, the Company arranged a field trip for the interns with the intention to instill the attitude of “giver”. In 2017, KTC carried out an inspirational activity called “Endless Learning for Sufficient Living” to uphold the teachings of King Rama 9 on perseverance, eagerness to learn, and sufficiency as living principles. Successful individuals who have abided by these principles were invited to share their personal experiences and to initiate ideas applicable for work life. Furthermore, the interns were to adhere to morality, honesty, and good ethics.

- KTC is committed to developing good and quality people for the society at a wider scale. Aware that the Learn & Earn project has limited positions, KTC has initiated the “KTC Offer” Project. Successful KTC executives who are experts in various fields such as marketing, finance, public relations, human resources, and legal, participated in the project by sharing their knowledge and experiences in university classrooms and through numerous seminars for the public. Following the organization of knowledge sharing policy, target audiences receive more than mere theoretical knowledge that supports critical thinking and is adaptive to both studies and professions.

- KTC has prepared a system in 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 Bt 100. 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 card holders. 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. Moreover, the Company has teamed up with business partners to participate in donations cumulated from customers’ spending in projects such as “Fund Raising for Regions affected by Floods”, “Contribution to Construction of Chakri Naruebodindra Medical Institute, Faculty of Medicine, Ramathibodi Hospital”, “Kao Charity Run Event by Toon Bodyslam”, “Fund Raising for Rachawadee Home”, etc. In 2017, donations via Reward Points amounted to 1,904,344.31 Baht.

- 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

- To be part of the government's policies of National e - Payment, Thailand 4.0, and Bank of Thailand's Cashless Society, KTC has developed a system to support an additional form of credit card payment for goods and services through the QR Code Payment in the "TapKTC" mobile application. The application was approved into the BOT's Regulatory Sandbox and has been released to the public since November 16<sup>th</sup>, 2017. KTC is now the first and only credit card provider which caters to the usability of both credit cardholders and merchants. This advancement also reduces the merchants' costs, helps reduce the EDC storage and facilitates usage through

a stable form of mobile application payment. In terms of the customers, besides convenience and safety from using the mobile application to scan QR Codes to make payments, they can also receive the same payment credits they would receive normally through regular credit card transactions. Currently, there are 44 merchants undergoing BOT's Regulatory Sandbox.

- In a bid to increase its customers' convenience in accessing its services, KTC has developed efficient online channels for its customers. These online channels offer not just information but also platforms to carry out transactions in one - stop - service style. The "TapKTC" and "ClickKTC" applications cover all types of KTC products / services for credit cardholders / shops accepting credit - card payments. During their pilot phases, these applications were available on website only. However, they can now be accessed via smart phones and smart devices powered by both iOS and Android operating systems, because KTC seriously seeks to accommodate the growth of its big target groups, especially those providing payment services now and in the future. The online services available via "TapKTC" and "ClickKTC"



applications include Cash Advance withdrawals from KTC credit-card / personal loan accounts. Customers can choose whether to put the cash in their account or others'. In addition, KTC's personal - loan customers may choose to receive cash via any shop in the KTC network. With these online applications, customers can conveniently check their due amount, set due - payment alerts, and access various other services. In year 2017, there are 416,552 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 335,957 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. Current members accepting mPOS are 2,899 shops.

- 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 2017, there were 8,270 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. The HRIS can support more devices including smartphone applications such as keying information, leave and overtime approvals, etc.

- 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 2017, 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) focused on activities in various forms of knowledge sharing and creating inspiration by collaborating with successful individuals from both state agencies and private sector. Examples as follow :**

- Organized activities to commemorate the late King Bhumibol Adulyadej. More than 40 journalists attended a narration on the royal cremation ceremony. Interns from the LEARN&EARN program participated in the mug painting workshop. Twenty students from Mahamek Home for Boys were offered the opportunity in learning how to sail a boat under a supervision of Yacht Racing Association of Thailand under the Royal Patronage.

- Organized a workshop for grade 7 - 9 students with impairment from Setsatian School for the Deaf under the Royal Patronage to learn about meditation and mindfulness through body movements, breathing, scented crafts, and art of living and balancing.



- Organized the yoga meditation activity for journalists and 40 female inmates, who were nearly released from the prison, in order to help prepare mind - body balance of these prisoners before returning to the society by a special guest speaker, Kru Dol of Jivita Sikkhalay Club, at Central Women Correctional Institution, Lat Yao.

- “KTC FIT Talks” seminar to share knowledge continuously on finance, innovation, and technology to the press and KTC personnel. Special guest speakers with specialized knowledge and expertise have been invited in casual discussions on numerous interesting and trending topics. For example; KTC FIT Talk, Get ready for IFRS9 with the CFO, Fintech and the financial institution

- The Company has organized “Tour Thai Thai” activity under the KTC PR Press Club to various forms of media in order to present perspectives and stories that are beneficial to the society. In 2017, guest speakers from various fields were invited to educate people on local history, arts and culture, herbal recipes, and a visit to Nang Leng Community.

- Organized a K9 - police activity to promote understanding of K9 trainings and the missions police dogs undergo in serving the country. The activity was supported by the Mounted Police Sub - Division under the Patrol and Special Operation Division and other 3 police divisions : patrol, forensic, and K9 forensic.

## 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 1,309,000 Baht as follows :

- KTC sponsored the “In Remembrance of the Supreme Artist” project under the “In Remembrance of the Great King” exhibition to commemorate His Majesty the late King Bhumibol Adulyadej as the Supreme Artist who was the patron of arts and culture, and to propagate His proficiency in various forms of arts including visual arts, literature, and design innovation.

- Donated good-conditioned computers to the school under border patrol police sub - division 13 at Phra Phuttayodfa Camp in Phanom Thuan district, Kanchanaburi province, of whom participated in the 9<sup>th</sup> Shared2Share activity, for educational purposes.

- KTC and Krung Thai Bank PCL organized KTB Central Rally 2017 and planted trees for forestation in remembrance of HM the late King Bhumibol. Also, education and sports supplies were donated to Ban Tham Hin Border Patrol Police School in Suan Phueng district, Ratchaburi province.

### **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 Journalist and Media Association and other associations amounting to 60,000 Baht.

### **4. Social and Society**

In order to promote and support Social Environmental related activities, the company participated by donating or sponsoring various foundations with the total of 632,999 Baht spent in 2017 as the following:

- For the past 11 years, KTC's management and employees have donated blood to the Thai Red Cross Society. In 2017, a total of 188,550 cc was donated. Moreover, the Company has donated items to be sold at the Thai Red Cross's "Hong Dai Boon", in which the money earned will be spent for the greater good.

### **5. Religious Work**

KTC also took part in promoting and preserving Buddhism by supporting monks and other Buddhist sites for the entirety of 124,000 Baht.

## 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 April 22<sup>nd</sup>, 2016, the Company became a certified member of CAC.

In 2017, KTC continued to place importance on following anti - corruption policy. There are set guidelines for monitoring to prevent risks from corruption including instructions to oversee and evaluate performance on anti - corruption policy. Results are as follow :

1. To review the Anti-Corruption Policy. It is a part of the Company's policies on corporate governance, which has



been approved from the Board of Directors by a resolution of the committee 3 / 2017 to comply with Article 123 / 5 stated by The National Anti-Corruption Commission. 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 ([www.ktc.co.th](http://www.ktc.co.th)), 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 results are submitted to the Risk management committee (RMC) and annually reported to the

Krung Thai Bank. In 2017, RCSA results of every work process or operation posing high chances of corruption risk have been strategically managed to prevent such risks from occurring.

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.

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

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

3. The company established the compliance department to increase efficiency towards the anti - corruption efforts. The compliance department is the center for advice, comments, and complaints regarding corruptions and misconducts. The company also setup 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 :

- customerrelations 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, 18<sup>th</sup> 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 2017, 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 encouraged every operation unit in 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 has setup an internal audit who is independent in auditing efficiency, sufficiency assessment of internal control, risk management systems, and the company wide corporate governance by setting annual action plans according to the risk level and risk factors. The audit committee, corporate governance, and corporate social responsibility are 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. The audit committee, corporate governance, and CSR report to the Board of Directors annually.

## 12. Disciplinary action

a. 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.

b. 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 <http://www.ktc.co.th/sites/ktc/corporate-governance/responsibility/>

## 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 Audit, Environmental, Social, and Governance committee (Audit Committee)<sup>(1)</sup> 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

<sup>(1)</sup> the board of director's meeting no. 1 / 2018 revised the duties and responsibilities of subcommittees, and appointed the audit committee which is an independent committee to oversee the environmental, social and governance activities. As a result, the Corporate Governance committee was dissolved, and the "Audit Committee" was renamed to the "Audit, Environmental, Social, and Governance committee" effective 17<sup>th</sup> January 2018

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 2017, 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 related activities, such as organizing activities that raise employee's awareness to transparent and fair operation to 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 2016 and 2017, the Audit Committee has arranged 6 and 8 meetings, respectively.



In the Audit Committee meeting No.7 / 2017 on 13<sup>th</sup> November, 2017, 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. Designated the Compliance department to supervise the company's operation to comply with the related regulations, and align with the good governance principle.

(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 2017 (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 Krungthai Card Public Company Limited's Shareholders

The Audit Committee consists of three independent directors who are experts in various fields. The Audit Committee performed their duty as per their responsibilities assigned by company's Board of Directors, that complied with the Securities and Exchange Commission and the Stock Exchange of Thailand's regulation. The current Audit Committee members are :

1. Mr. Praphaisith Tankeyura Chairman of the Audit Committee
2. Mrs. Pantip Sripimol Audit Committee
3. Mr. Paroche Hutachareon Audit Committee

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

During year 2017, the Audit Committee convened a total of 8 meetings perform its

duty, complying with both the Charter of the Audit Committee and the Audit Committee guideline. The Committee has upheld independent judgment for the best interest of the Company, and promoting transparent operation through information disclosure that is transparent and complete. In addition, the committee reviewed company's operation to ensure that it complied with the policy, regulations, and related business laws, as well as consistently monitoring operations comply with the relevant regulation. In every Audit Committee meeting concerning quarterly or annual financial statements of year 2017, external auditors were invited to attend the meeting with the management to provide their opinions to ensure that the financial statements were prepared in accordance with the generally accepted accounting principles; and to audit the disclosure of material information, related party transaction, and transaction that may cause conflict of interest. The audit committee also held quarterly meetings with the auditors without the presence of

management to discuss issue that may arise from the audit process, and to consider and discuss the audit results before presenting those results to the board of directors.

The Audit Committee select Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. as the company's year 2017 auditor, based on their skill, experience, reliability, independency and quality of auditor's performance over the past year. The committee also proposed appropriate remuneration as well as comments and proposals to present to the Board of Directors for further consideration in the shareholder meeting to make official appointment.

The Audit Committee has assessed and evaluated all significant risks by reviewing and monitoring the internal control system through the operation of the Internal Audit Department and having discussion with external auditors and the Company's Managements. The evaluated result indicated that the Company's internal control system, including business operation guidelines, financial statements and risk management system was sufficient, appropriate and continuously developed.

The Audit Committee has received positive cooperation from the managements, which helped reassure that the Company has performed its duty with consistent caution and efficiency that promoted and developed the good corporate governance in the company throughout the past year.

Signed on behalf of the Audit Committee,



(Mr. Praphaisith Tankeyura)  
Chairman of the Audit Committee



## Related Party Transactions

For the year ended 31<sup>st</sup> December 2017, 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 Company Limited (“KTBCS”), KTB General Services and Security Company Limited (“KTBGS”)<sup>(1)</sup>, Krungthai Asset Management Public Company Limited (“KTAM”), Krungthai Panich Insurance Public Company Limited (“KPI”), Krungthai - AXA Life Insurance Public Company Limited (“KTAXA”), KT ZMICO Securities Company Limited (“KTZMICO”), and Krung Thai IBJ Leasing Company Limited (“KTIBJ”) 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	“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 <sup>st</sup> July 2002. As of 31 <sup>st</sup> December 2017, the Company has a trade account payable under this agreement of Baht 42.3 million.

<sup>(1)</sup> previous name is “KTB General Services Company Limited”

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 <sup>st</sup> December 2017, 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 <sup>st</sup> December 2017, 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 <sup>st</sup> December 2017, 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 <sup>st</sup> December 2017, the Company has a trade account in the amount of Baht 1,247.2 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 0.7 million as of 31 <sup>st</sup> December 2017 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 25.8 million as of 31 <sup>st</sup> December 2017 incurred from marketing expense in various projects such as collaboration in expanding customer base of credit cards and personal loans, 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 0.6 million as of 31 <sup>st</sup> December 2017 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 <sup>st</sup> December 2017 from transactions where Krung Thai Bank sub - leased parts of the Company's office premises located at the ground floor, Samatchavanij Building 2, (Sukumvit 33) as the Krung Thai Bank's branch.
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 0.8 million as of 31 <sup>st</sup> December 2017 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 0.6 million other receivables as of 31 <sup>st</sup> December 2017 from the transaction for new KTC - KTB PRECIOUS PLUS VISA INFINITE 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 <sup>st</sup> December 2017, the Company has issued Baht 499.9 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 Company Limited	Krung Thai Bank Public Company Limited holds 100% of issued shares in the Company	The Company has trade account of Baht 0.4 million as of 31 <sup>st</sup> December 2017 payable from the transaction in which the Company hired KTB Computer Services Company Limited (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 Company Limited (KTBCS).
KTB Computer Services Company Limited	Krung Thai Bank Public Company Limited holds 100% of issued shares	The Company has other receivables of Baht 19.9 million as of 31 <sup>st</sup> December 2017 from transactions where the Company provides consultancy and processing of IT operations services in developing payment system for KTB Computer Services Company Limited (KTBCS).
KTB General Services and Security Company Limited	Krung Thai Bank Public Company Limited holds 100% of issued shares	The Company has a trade account of Baht 0.8 Million as of 31 <sup>st</sup> December 2017 payable from the transaction in which the Company has hired KTB General Services and Security Company Limited (KTBSGS) to receive - deliver cash and / or other assets.
Krungthai Asset Management Public Company Limited	Krung Thai Bank Public Company Limited holds 100% of issued shares	The Company has other receivables amount of Baht 6.1 million as of 31 <sup>st</sup> December 2017 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.

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	As of 31 <sup>st</sup> December 2017, 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 <sup>st</sup> December 2017, the Company has other receivables of Baht 2.3 million from the transactions which the Company provides services of database management and operates the project on allocation and provision of benefits in accordance with the offering of non - life insurance and car insurance of Krungthai Panich Insurance Public Company Limited (KPI).
Krung Thai IBJ Leasing Company Limited	Krung Thai Bank Public Company Limited holds 49% of issued shares	As of 31 <sup>st</sup> December 2017, the Company has a trade account in the amount of Baht 0.09 million payable from transactions in which the Company has rented cars from Krung Thai IBJ Leasing Company Limited (KTIBJ).
Krungthai - AXA Life Insurance Public Company Limited	Krung Thai Bank Public Company Limited holds 50% of issued shares	The company has other receivables of Baht 0.1 million as of 31 <sup>st</sup> December 2017 incurred from marketing expense for promotion transactions with Krungthai - AXA Life Insurance Public Company Limited (KTAXA).



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 0.3 million as of 31 <sup>st</sup> December 2017 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 (KTAXA).
KT ZMICO Securities Company Limited	Krung Thai Bank Public Company Limited holds 50% of issued shares	As of 31 <sup>st</sup> December 2016, the Company has borrowed money by issuing short - term bills of Baht 39.9 million to KT ZMICO Securities Company Limited. (KTZMICO). As of 31 <sup>st</sup> December 2017, the Company does not have any outstanding debt and interest under this loan.

## **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 21 regarding related transactions for the year ended 31<sup>st</sup> December 2017, audited by Deloitte Touche Tohmutsu Jaiyos Audit Company Limited. Related parties to the Company are Krung Thai Bank Public Company Limited, KTB Computer Services Company Limited., KTB General Services and Security Company Limited, Krungthai Asset Management Public Company Limited, Krungthai Panich Insurance Public Company Limited, Krungthai - AXA Life Insurance Public Company Limited, KT ZMICO Securities Company Limited, and Krung Thai IBJ Leasing Company Limited. Details of the related parties transactions are provided as follows:

### **1.1 Back Office Services Agreement dated 26<sup>th</sup> 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<sup>st</sup> July 2002.

The Company and Krung Thai Bank had jointly amended this agreement continuously to established service fees for the Back Office Services. On 30<sup>th</sup> June 2017, both company jointly agreed on the Amendment (No. 12) for the services from 1<sup>st</sup> July 2017 to 31<sup>st</sup> December 2017. Later on 28<sup>th</sup> December 2017, both company jointly agreed on the Amendment (No. 13) for extending the services, which support the company in terms of consigning credit card to customer through Krung Thai Bank Branch, from 1<sup>st</sup> January 2018 to 31<sup>st</sup> March 2018. For a policy that allows the customer make any transactions via any ATM machines (ATM POOL) will be enforced until the both company complete an agreement about interest rate, service fees, expenses and conditions to use the service. 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<sup>th</sup> 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<sup>st</sup> 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<sup>st</sup> 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.

### **1.2 Loan Agreement**

The Company entered into a Loan Agreement with Krung Thai Bank, for a loan of Baht 18 billion, consisting of a Term Loan of Baht 17 billion payable within 30 days and the Call Loan not exceeding Baht 1 billion which is payable on demand or within 3 months. Moreover, Krung Thai Bank approved the provision of the Overdraft Loan of Baht 30 million to the Company Terms and conditions according to the said loan agreement is based on the conditions in the ordinary course of business and determining the interest rate between the Company and Krung Thai Bank is based on the ordinary rate which would generally be used with other parties.

### **1.3 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.

#### **1.4 Counting and Depositing Money Agreement**

The Company has hired Krung Thai Bank to confirm the amount of funds received from KTB General Services and Security Company Limited and to deposit the same to the Company's savings account. The term of the agreement is 1 year and renewable, each time for another 1 year. Service fees between the Company and 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.

#### **1.5 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.

#### **1.6 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<sup>rd</sup> March 2014 to 28<sup>th</sup> 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.

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

The Company has leased office space, on the 1<sup>st</sup> Floor of Krung Thai Bank Public Company Limited, Nana Nua Building to use as branch offices or KTC Touch dated 14<sup>th</sup> December 2009, for 1 year from 17<sup>th</sup> January 2010 until 16<sup>th</sup> January 2011, the lease are renewed annually. The Company and Krung Thai Bank have jointly made an additional lease to extend the lease term on 16<sup>th</sup> November 2017, preparing an addendum lease (No. 8) to extend the rental period, starting on 17<sup>th</sup> January 2018 until 16<sup>th</sup> January 2019.

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 39 branch offices, subleasing 1 year 6 months 27 days, from 5<sup>th</sup> April 2013, and can be renewed for a term of 3 years. In addition, both parties are in the process of entering into a new lease agreement for continuous using of space services. 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.

#### **1.8 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.

#### **1.9 Appointment of advisors for credit card and personal loan customer contract and Memorandum on Cooperation Project to Expand the Customer base of KTC Credit Card Customer having deposit account with Krung Thai Bank PCL**

The Company cooperates with Krung Thai Bank to expand the base of its credit card products and personal loans through nationwide Krung Thai Bank branches. Following the Appointment of advisors for credit card and personal loan customer contract on 29<sup>th</sup> August 2007 and a memorandum to the contract (No. 1) on 2<sup>nd</sup> August 2017, the services fee between the Company and Krung Thai Bank was an appropriate rate. The terms and conditions are standard terms as would generally be used with other parties. Moreover, 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.



### **1.10 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.

### **1.11 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<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015 Later, on 24<sup>th</sup> April 2015, the Company and the Bank had entered into an agreement to expedite Collection of debts (Collection) from the date of 1<sup>st</sup> May 2015 until 31<sup>st</sup> December 2015 and is renewable for a period of 1 year. However, on 30<sup>th</sup> October 2015,

the Company and the Bank have agreed to the 1<sup>st</sup> addendum agreement to expedite Collection service on the reduction of the wage rate, and as of 15<sup>th</sup> January 2016, the Company and the Bank are under the new agreement for the period of service from 1<sup>st</sup> January 2016 until 30<sup>th</sup> 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.

### **1.12 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<sup>th</sup> October 2012 onwards; with the memorandum to amend the agreement on 2<sup>nd</sup> December 2014 on the application criteria, and managing the annual fee for KTB PRECIOUS PLUS customers of the Bank.



Later, on 3<sup>rd</sup> 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.

#### **1.13 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<sup>nd</sup> October 2015. The Agreement is valid for 3 years effective from 5<sup>th</sup> October 2015 to 5<sup>th</sup> 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.

#### **1.14 Appointment of payment agent contract**

Krung Thai Bank has appointed the Company as a payment agent for customers' payment transaction via an online system. Following, the appointment of payment agent contract on 5<sup>th</sup> May 2017, the payments deposit account will be stated by Krung Thai Bank. The term of the Appointment of payment agent contract is 6 months, starting from 5<sup>th</sup> May 2017 to 4<sup>th</sup> November 2017. The agreement will be effective for a further 6 months from the date of expiration of each contract. Service fees between the Company and Krung Thai Bank 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.

#### **1.15 Payment System Services Agreement**

The Company 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. The agreement which was executed on 27<sup>th</sup> 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<sup>st</sup> January 2014 – 31<sup>st</sup> December 2014 and can be renewed for another 1 year each term. As of 28<sup>th</sup> December 2017, 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<sup>st</sup> January 2017 to 31<sup>st</sup> December 2017.

Later on 25<sup>th</sup> December 2017, the parties have made an additional memorandum of the agreement to Consulting and Processing IT Operation of Silverlake and TAX System 2017 Agreement (first amended) about the improvement to service fees which is in line with the higher number of service transactions. The Company and KTBCS are also in the process of preparing the agreement for administrative and processing IT Operation System on the Silverlake and Tax System of the year of 2018, for a period of service from 1<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018.

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.

#### **1.16 Receiving and Delivery of Cash and / or Other Assets Agreement**

The Company has hired KTB General Services and Security Company Limited. (“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<sup>th</sup> February 2009 and renewable, each time for another 1 year. On 13<sup>th</sup> February 2013, the Company and KTBGS executed additional memorandum for extension period of services for 4 years which occur on 14<sup>th</sup> February 2017 – 13<sup>th</sup> February 2021. 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.



### **1.17 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<sup>st</sup> 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.

### **1.18 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<sup>st</sup> 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.

### **1.19 Agreement on Database Management and Operation of the Project on Allocation and Provision of Benefit of Non - Life Insurance and Car Insurance**

The Company has provided services on database management and operations of the project on allocation and provision of benefits in accordance with the offering of non - life insurance and car insurance for KTC credit card members for Krungthai Panich Insurance Public Company Limited (“KPI”) in 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<sup>th</sup> September 2011 and 1<sup>st</sup> 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.



### **1.20 Fire Insurance Policy**

The Company has purchased a fire insurance policy from Krungthai 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 KTB Computer Services Company Limited. (“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<sup>th</sup> November 2016 to 31<sup>st</sup> August 2017. The premium rate, terms and conditions of the insurance policy are standard terms as would generally be used with other parties.

### **1.21 Leasing Agreement**

Krung Thai IBJ Leasing Company Limited. (“KTIBJ”) a leasing, and factoring service provider, a subsidiary of the Krung Thai Bank, which the bank holds 49% ownership. KTIBJ was transferred the right and responsibilities under the lease agreements - issued 5<sup>th</sup> February 2014 and 2<sup>nd</sup> May 2014 – between the KTB Leasing Company Limited and the company (Krungthai Card PCL).

Each agreement has terms of 4 years, the first agreement began on 5<sup>th</sup> February 2014 and ends on 5<sup>th</sup> February 2018. The second agreement began on 2<sup>nd</sup> May 2014 and ends on 2<sup>nd</sup> May 2018. Rental and lease payments are rates appropriate to the scope of work and service hours. Terms and conditions of the agreement are standard terms as applicable to other parties.

### **1.22 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 (“KTAXA”) which Krung Thai Bank holds 50% of issued shares. KTAXA 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<sup>st</sup> March 2017 to 28<sup>th</sup> February 2018. 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.

According to the promotion memorandum and agreement on 7<sup>th</sup> December 2017, KTAXA has launched a joint promotion program with the Company which offers KTAXA's customers to buy and pay life insurance and non - life insurance products by KTC's credit card. The marketing promotion rate of the project between the Company and KTAXA was the appropriate rate for the work and working hours. The terms and conditions of the project are standard terms as would generally be used with other parties.

### **1.23 Loans through Issuance of bill of exchange with Related Companies**

As of 31<sup>st</sup> December 2017, the Company has borrowed money by issuing bill of exchange to its related companies which interest rate refer to Money Market Rate and has due payment in 1 year at call and no security.

- Issue bill of exchange of Baht 499.9 million to Krung Thai Bank Public Company Limited ("Krung Thai Bank") (Krung Thai Bank holds 49.45% of issued shares in the Company).

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

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

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

Pursuant to Section 89 / 12 of the Securities and Exchange Act B.E. 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<sup>th</sup> 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

This report provides commentary to the financial statements, financial position, and the performance of the Krungthai Card PCL as a supplement to the financial statements and notes to the financial statements.

### **Thai Economic outlook and overview of the consumer finance in 2017**

The Bank of Thailand estimated GDP growth of 3.9% in 2017, which was higher than the 3.2% growth in 2016, due to continuous positive support of exports in goods and services, modest expansion of private consumption and investment, and growth of tourism industry from the improved global economy. As well as government spending which was an important driving force for the continuous economic growth.

Thai economy was forecasted to grow at a steady rate with the GDP ranging from 3.8% to 4.0% in 2018, supported by recovery of the global economy (especially in the USA) coupled with domestic factors driven by spending and the government's economic stimulus measures, especially growing investments in infrastructure mega - projects of the Thai government. The government has prepared measures to steer the country forward to create jobs and generate income in local communities, as well as pushing Eastern Economic Corridor (EEC) project to action. Private consumption and investment is expected recover from growing tourism and expansionary monetary policy. However, there are still pressure points in terms of global financial market volatility and clustered domestic purchasing power.



The overall consumer finance industry continued to grow but at a decelerated rate from the previous year. Industry credit card receivables as of December 2017 was 394,123 MB or a 9.4% growth, increased from 360,096 MB or 8.0% in 2016. Personal loan receivables was 354,294 MB or a 6.4% growth, which was higher than the 4.6% growth in the previous year. Credit card spending in 2017 was 1,565,528 MB, grew 5.2% a slight growth compared to the 6.8% growth in 2016, resulted from the industry's spending downturn. Furthermore, the Bank of Thailand announced regulatory changes on credit card and personal loan which took effect on September 1<sup>st</sup>, 2017.

It was expected that the implementation of BOT's new measures would pressure the overall portfolio growth since these measures tightened regulations on credit card and personal loan by decreasing credit lines and reducing credit card interest down to 18% from the previously 20%.

KTC's credit card receivable accounted for 12.3% of the industry, dropped slightly from the 12.8% share in 2016. Market share of credit card spending in 2017 increased to 11.3% from 11.1%. KTC's personal loan receivable accounted for 7.0% of the industry, up from 6.6% in 2016.



Table 1 : Credit Card industry value

		2015			2016			2017		
		Amount	Market share	Growth	Amount	Market share	Growth	Amount	Market share	Growth
Total credit card spending	Industry	1,392,760	100.0%	6.5%	1,488,273	100.0%	6.9%	1,565,528	100.0%	5.2%
	Commercial banks	923,940	66.3%	5.7%	984,294	66.1%	6.5%	1,026,329	65.6%	4.3%
	Non - banks	468,820	33.7%	8.3%	503,978	33.9%	7.5%	539,199	34.4%	7.0%
	KTC	145,800	10.5%	12.3%	165,404	11.1%	13.4%	176,777	11.3%	6.9%
Credit card receivable (Million Baht)	Industry	333,493	100.0%	4.8%	360,096	100.0%	8.0%	394,123	100.0%	9.4%
	Commercial banks	204,980	61.5%	6.0%	218,220	60.6%	6.5%	236,029	59.9%	8.2%
	Non - banks	128,513	38.5%	3.0%	141,876	39.4%	10.4%	158,094	40.1%	11.4%
	KTC	41,412	12.4%	10.1%	46,195	12.8%	11.5%	48,338	12.3%	4.6%
Number of cards	Industry	18,974,195	100.0%	(6.5%)	20,136,341	100.0%	6.1%	20,334,780	100.0%	1.0%
	Commercial banks	10,119,844	53.3%	3.9%	10,313,291	51.2%	1.9%	9,665,858	47.5%	(6.3%)
	Non - banks	8,854,351	46.7%	(16.1%)	9,823,050	48.8%	10.9%	10,668,922	52.5%	8.6%
	KTC	1,887,015	9.9%	4.4%	2,095,563	10.4%	11.1%	2,169,370	10.7%	3.5%

Source : The Bank of Thailand / KTC

Table 2 : Personal Loan industry value

		2015			2016			2017		
		Amount	Market share	Growth	Amount	Market share	Growth	Amount	Market share	Growth
Personal loan receivables (Million Baht)	Industry	318,354	100.0%	1.8%	332,997	100.0%	4.6%	354,294	100.0%	6.4%
	Commercial banks	157,890	49.6%	(1.7%)	156,386	47.0%	(1.0%)	155,608	43.9%	(0.5%)
	Non - banks	160,464	50.4%	5.4%	176,611	53.0%	10.1%	198,686	56.1%	12.5%
	KTC	18,583	5.8%	11.6%	21,959	6.6%	18.2%	24,757	7.0%	12.7%
Personal Loan accounts	Industry	11,869,007	100.0%	0.2%	12,170,713	100.0%	2.5%	12,783,654	100.0%	5.0%
	Commercial banks	2,692,619	22.7%	(5.9%)	2,489,486	20.5%	(7.5%)	2,413,576	18.9%	(3.0%)
	Non - banks	9,176,388	77.3%	2.2%	9,681,227	79.5%	5.5%	10,370,078	81.1%	7.1%
	KTC	747,343	6.3%	7.8%	818,068	6.7%	9.5%	852,915	6.7%	4.3%

Source : The Bank of Thailand / KTC

### 2017 Performance Summary

Despite the intense competition in the consumer finance industry as new challenges arose from evolving consumer behaviors, 2017 has been another significant year for KTC that the Company continued to deliver higher profit than the previous year, which can be considered as the Company's record performance. To survive rapid technological developments and stricter regulations from regulators, it is crucial for the Company to adapt to these uncertainties. For the year 2017, KTC achieved a net profit of 3,304 MB, a 32% increase from 2016. Due to the Company's versatility, credit card spending remained high and receivables portfolio continued to grow. Credit card approval measure (under appropriate guidelines suitable for each target group), and effective debt collection were the factors retaining the company's NPL below the industry's level. KTC's performance overview can be summarized as the followings :

- Total comprehensive income for 2017 amounted to 3,287 MB, or a 35% yoy growth, which resulted from 17.5 MB other comprehensive loss of the year, net of income tax. This resulted from the difference between assumptions used in the calculation of employee benefit plans and the actual amount occurred.
- KTC credit card spending continued to grow in every quarter throughout 2017. 1Q, 2Q, 3Q, and 4Q grew 8.0%, 5.7%, 7.6%, and 6.3%, while the industry grew 4.1%, 1.7%, 6.8%, and 7.7%, respectively. Total credit card spending in 2017 was 176,777 MB, an annual growth of 6.9% which was higher than that of the industry's 5.2% growth. The credit card spending growth was mainly contributed by a 3.5% card holder expansion, year - round responsive marketing campaigns, additional benefits, discounts, cash back, and reward points, as well as simple and convenient online applications. Thus, credit card spending continued to grow.
- Merchant volume in 2017 increased 26.3% yoy to 77,884 MB up from 61,678 MB. Merchant outlets grew from 29,764 to 32,875, or a 10.5% growth, mainly from increased outlet and Electronic Data Capture machine installation, online merchant expansion, Virtual Terminal payment service, and Alipay service expansion.



- Total receivable in 2017 was 73,488 MB, a 7% growth yoy. Credit card receivables increased from 46,196 MB to 48,338 MB and personal loan receivables from 21,959 MB to 24,757 MB.

- Total revenue grew to 19,525 MB (11% yoy) from increases in interest income (including credit usage fee) 10%, fee income 11%, and bad debt recovery 19%.

- Net interest margin in 2017 was 15.13%, similar to 15.12% in the previous year, resulted from the slight change between average interest received and cost of funds.

- Total portfolio NPL at the end of 2017 decreased to 1.3% from 1.7% in 2016. The Company expects to maintain NPL at a continuously low level.

- Bad debt and doubtful accounts was 6,627 MB, increased by 9% from the prior year, due to write - offs and provision that increased with both credit card and personal loan portfolio's growth. Allowance for doubtful accounts to NPL remained high at 589%.

- Operating cost to income ratio was 27.6% at the end of 2017, down from 28.5% from the same period of the previous year, indicates that the Company was able to effectively manage expense.

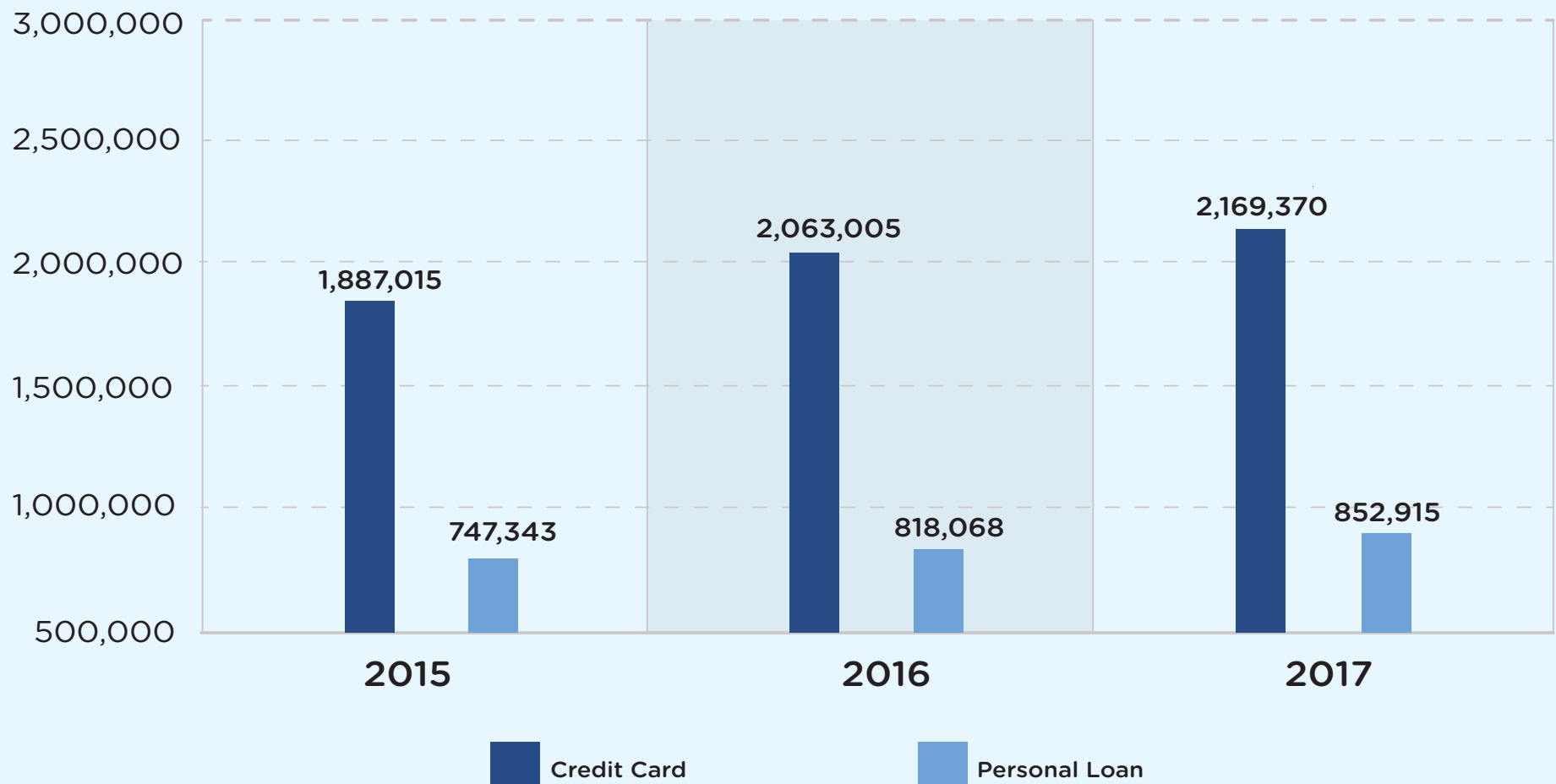
**Table 3 : Overall Operating Results Analysis**

Operating Results (million baht)	2015	% total revenue	2016	% total revenue	2017	% total revenue	Growth 2016 - 2017
Total Revenue	15,559	100%	17,580	100%	19,525	100%	11%
- Bad Debt Recovery	2,037	13%	2,398	14%	2,855	15%	19%
Administrative Expense	6,139	39%	6,902	39%	7,143	37%	12%
Financial Expense	1,621	10%	1,482	8%	1,629	8%	10%
Bad Debt and Doubtful Accounts	5,183	33%	6,070	35%	6,627	34%	9%
Pretax Income	2,616	17%	3,126	18%	4,127	21%	32%
Tax Expense	(543)	3%	(631)	4%	(822)	4%	30%
<b>Net Profit</b>	<b>2,073</b>	<b>13%</b>	<b>2,495</b>	<b>14%</b>	<b>3,304</b>	<b>17%</b>	<b>32%</b>
Components of other comprehensive income that will not be reclassified to profit or loss							
- Losses on remeasurements of defined benefit plans	1	0.0%	(85)	0.5%	(22)	0.1%	(74%)
- Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	(0.2)	0.0%	17	0.1%	4	0.0%	(74%)
- Other comprehensive loss for the year, net of tax	0.9	0.0%	(68)	0.4%	(18)	0.1%	(74%)
<b>Total Comprehensive income</b>	<b>2,074</b>	<b>13%</b>	<b>2,427</b>	<b>14%</b>	<b>3,287</b>	<b>17%</b>	<b>35%</b>

Performance comparison year 2016 - 2017

The Company’s total member was 3.0 million accounts as at the end of December 2017, or grew by 3.7% yoy. There are 2,169,370 credit card members (3.5% growth) and 852,915 personal loan accounts (4.3% growth).

Chart 1 : KTC Members



Revenue

Total revenue of the year 2017 increased 11% yoy to 19,525 MB, contributed by 11,960 MB interest income (including credit usage fee), 4,253 MB fee income, and 3,313 MB other income; a proportion of 61%, 22%, and 17% of total income, respectively. Bad debt recovery accounted for 86% of other income.

Interest Income (Including Credit Usage Fee)

Credit card and personal loan portfolio increased 5% and 13%, while interest income (including credit usage fee) growth of credit card and personal loan grew of 3% and 19% respectively. Although credit card interest income in the last quarter was affect by the bank of Thailand’s new regulation that reduce interest rate from 20% to 18%, credit card interest income continued to grow albeit a slower pace. Due to the strong personal loan interest income total interest income growth was 10%, resulted from members acquisition in the premium segment while maintaining the Mass segment member base, Customer Relationship Management (CRM) implementation that enhance customer experience, utilization of online media to boost credit card spending, and the government tax break program.

The Company’s average interest received in 2017 and 2016 were similar at 18.25% and 18.20%, respectively. Cost of funds in 2017 was 3.12%, up from 3.08% yoy. As a result, the net interest margin increased slightly from 15.12% to 15.13% in 2017 due to proportional increase in the average interest receive and the cost of fund.



**Table 4 : interest income (including credit usage fee)**

Year Ended December 31 <sup>st</sup>	2015		2016		2017	
	Income	% of total revenue	Income	% of total revenue	Income	% of total revenue
<b>Interest income</b>						
Credit card	5,248	33.7%	5,706	32.5%	5,894	30.2%
Personal Loan	4,324	27.8%	5,074	28.9%	6,027	30.9%
<b>Other<sup>(1)</sup></b>	61	0.4%	50	0.3%	39	0.2%
<b>Total Interest income</b>	9,633	61.9%	10,830	61.6%	11,960	61.3%
Total Interest Expense	1,621		1,482		1,629	
Net Interest income	8,012		9,348		10,331	
<b>Total Interest income</b>	18.2%		18.2%		18.2%	
Cost of Fund	3.7%		3.1%		3.1%	
Net Interest Margin	14.5%		15.1%		15.1%	

<sup>(1)</sup> Interest income from Circle loan and Self - employed loan

### Fee income (excluding credit usage fee)

Fee income (excluding credit usage fee) grew 11% yoy to 4,253 MB. The increase was due to the growth of merchant discounts (fee charged to merchants for providing services), collection fee, and interchange fee (fee charged between banks / credit card

issuers and banks / intermediary payment companies). Cash advance fee, however, declined.

The company's bad debt recovery was 2,855 MB by the end of 2017, a 19% increase from the same period of prior year. Bad debt recovery accounted to 15% of total revenue.

**Table 5 : Non - interest income**

Year Ended December 31 <sup>st</sup>	2015		2016		2017	
	Income	% of total revenue	Income	% of total revenue	Income	% of total revenue
<b>Non - interest income<sup>(1)</sup></b>						
Fee and Service income <sup>(1)</sup>	3,401	21.9%	3,839	21.8%	4,253	21.8%
Bad Debt Recovery	2,037	13.1%	2,398	13.6%	2,855	14.6%
Net Gain from Exchange	78	0.5%	119	0.7%	139	0.7%
Other income	410	2.6%	394	2.2%	319	1.6%
<b>Total Non - interest income</b>	5,926	38.1%	6,750	38.4%	7,565	38.7%
<b>Total Revenue</b>	15,559		17,580		19,525	

<sup>(1)</sup> Fee income (excluding credit usage fee)

### **Expense**

The Company's total expense (excluding income tax) was 15,399 MB by the end of 2017, increased by 7% from 14,454 MB in 2016. Total administrative expense increased slightly by 3%, due to 9% yoy higher fees expense from increased transactions and outsourced debt collection, 8% yoy increased in personnel expense, and 8% yoy increased in other administrative expense. On the Contrary, marketing expense in 2017 dropped to 23% yoy due to lower than anticipated new card acquisitions as well as efficient use of marketing budget by the application of technology to maximize the budget. Bad debts and doubtful accounts increased 9% yoy. Financial expense grew 10% from increased borrowing in parallel with the portfolio's growth.



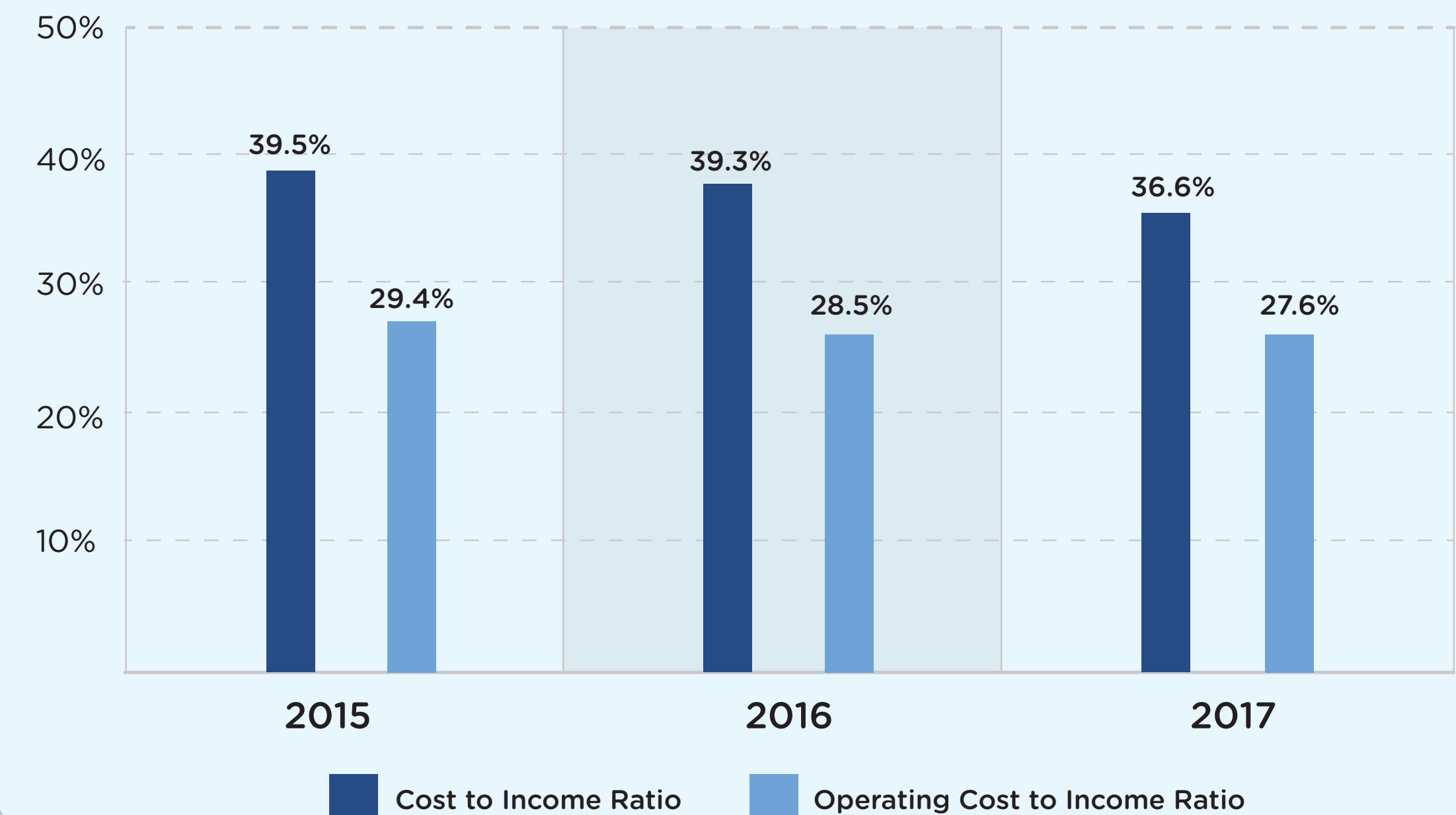
**Table 6 : Total Expense**

Year Ended December 31 <sup>st</sup>	2015		2016		2017	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
<b>Expense</b>						
Bad Debt and Doubtful Account						
Credit Card	2,945	18.9%	3,359	19.1%	3,431	17.6%
Personal Loan	2,205	14.2%	2,692	15.3%	3,180	16.3%
Other (Circle Loan, Self - employed loan and others)	34	0.2%	19	0.1%	17	0.1%
<b>Total Bad Debt and Doubtful Account</b>	<b>5,183</b>	<b>33.3%</b>	<b>6,070</b>	<b>34.5%</b>	<b>6,627</b>	<b>33.9%</b>
<b>Selling and Administrative Expense :</b>						
Personal Expense	1,926	12.4%	2,060	11.7%	2,231	11.4%
Marketing Expense	956	6.1%	1,122	6.4%	866	4.4%
Fees	1,701	10.9%	2,063	11.7%	2,258	11.6%
Other Expense	1,556	10.0%	1,656	9.4%	1,769	9.1%
<b>Total Selling and Administrative Expense</b>	<b>6,139</b>	<b>39.5%</b>	<b>6,902</b>	<b>39.3%</b>	<b>7,143</b>	<b>36.6%</b>
<b>Total Expense</b>	<b>11,323</b>	<b>72.8%</b>	<b>12,972</b>	<b>73.8%</b>	<b>13,770</b>	<b>70.5%</b>

### Administrative Expense

- The Company's earning before interest and taxes was 13,770 MB by the end of 2017, increased by 6.2% from 12,972 MB in 2016. The Company's cost to income ratio was 36.6% down from 39.3% yoy. When excluding marketing expense and interchange fee, and only considered the operating expense, operating cost to income ratio lowered slightly to 27.6% compared to 28.5% in 2016. This was due to improved work efficiency, and the income growth that outpace the operating expense.

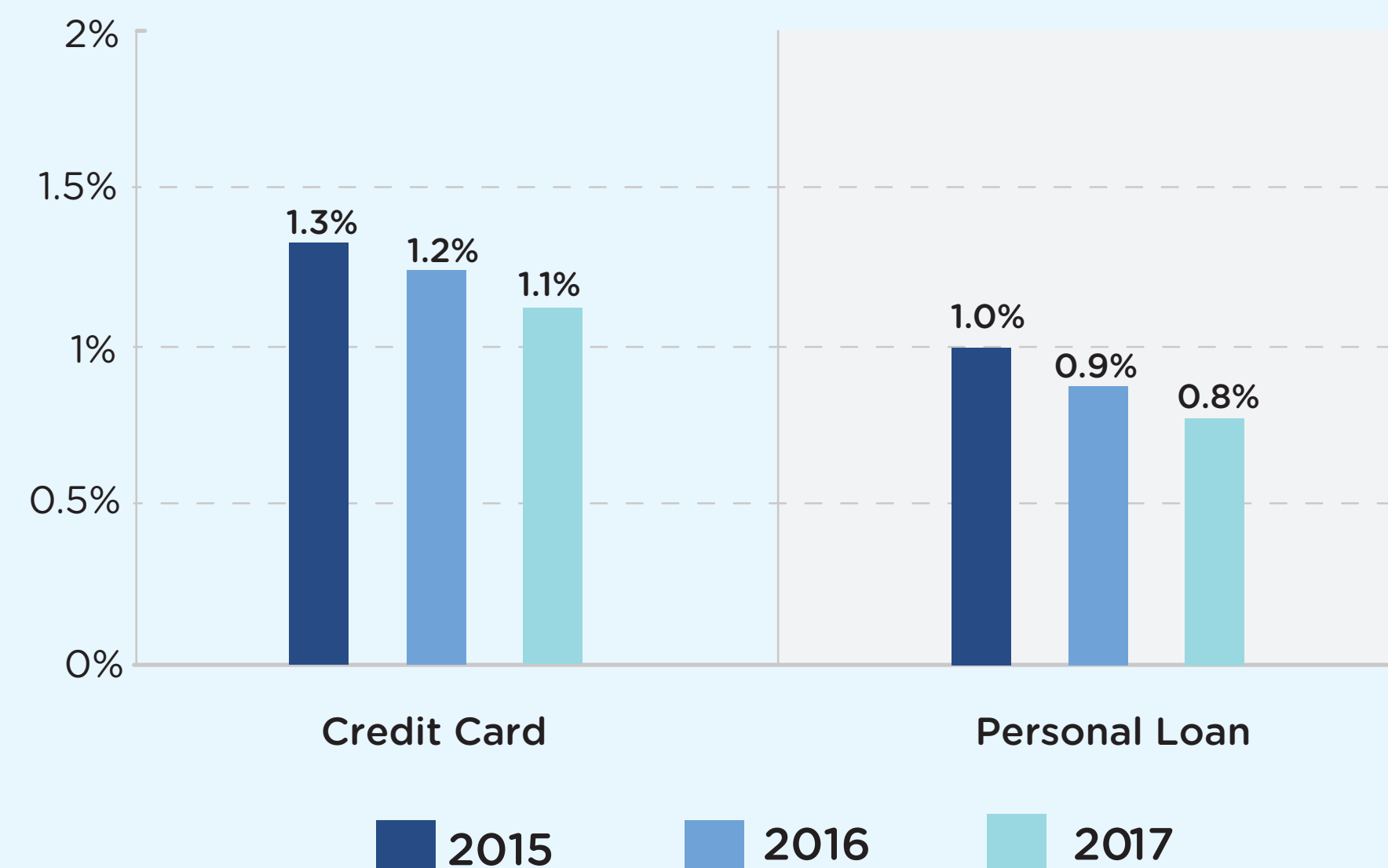
**Chart 2 : Cost to Income Ratio versus Operating Cost to Income Ratio Comparison 2015 - 2017**



### Bad Debt and Doubtful Account

Bad debt and doubtful accounts was 6,627 MB, increased by 9% from 6,070 MB in the last year, apart from the increase of provision for doubtful accounts in accordance with portfolio growth; bad debts undergoing legal procedures due for write - offs in 2017 increased by 11%. Bad debts in credit card and personal loan portfolio grew 7% and 18%, respectively. The Company prioritizes on portfolio quality indicated by the total portfolio NPL of 1.3% in 2017, decreased from 1.7% in 2016. Credit card's NPL decreased to 1.1% from 1.2% and personal loan's NPL decreased to 0.8% from 0.9%. Despite the same company's provision policy, the quality of the portfolio continued to improve; as a consequence, allowance to NPL remained high at 589%, up from 473% in the previous year.

**Chart 3 : Credit Card and Personal Loan's NPL 2015 - 2017**





### **Cost of Fund**

In 2017, the Company reported a total borrowing of 53,423 MB, an increase of 5% yoy. The structure of the funds was both short - term and long - term. The short - term borrowings were from related financial institutions of 500 MB and other financial institutions of 9,568 MB. The long - term borrowings were from 43,355 MB of debentures with diverse sources from Thai and Foreign commercial banks, securities companies, insurance companies, and various funds. At the end of 2017, the Company's available credit line was 21,570 MB consisted of 18,030 MB from Krung Thai Bank and 3,540 MB from other commercial banks. The cost of funds as at the end of 2017 was 3.12% up slightly from 3.08% due to increased borrowing because of the overall portfolio's growth. The Company's debt to equity ratio was 4.85 times, which remained below the bond covenant that limits 10 times debt to equity ratio.

## Statement of Financial Position

Table 7 : Statement of Financial Position

Year Ended December 31 <sup>st</sup>	2015 Million Baht	2016 Million Baht	2017 Million Baht
<b>Asset</b>			
<b>Interest Generating Assets</b>			
Credit Card Receivables - Net	38,429	42,988	45,048
Personal Loan Receivables - Net	17,073	20,154	22,596
Other Receivables - Net	177	161	144
Circle Loan Receivables - Net	172	157	142
Self-employed Receivables - Net	6	3	2
<b>Total Receivables - Net</b>	<b>55,679</b>	<b>63,303</b>	<b>67,788</b>
<b>Non - Interest Generating Assets</b>			
Cash and Cash Equivalent	941	1,165	1,701
Leasehold improvements and equipment - Net	337	465	516
Deferred tax assets	1,582	1,683	1,764
Other assets	1,640	1,681	1,867
<b>Total Non - Interest Generating Assets</b>	<b>4,500</b>	<b>4,994</b>	<b>5,848</b>
<b>Total Assets</b>	<b>60,179</b>	<b>68,297</b>	<b>73,636</b>

**Table 7 : Statement of Financial Position (continue)**

Year Ended December 31 <sup>st</sup>	2015 Million Baht	2016 Million Baht	2017 Million Baht
Liabilities and Shareholders' Equity			
Liabilities			
Short - term loans and Current portion of long - term debentures	21,634	19,233	17,338
Debenture and Long - Term Loans	23,423	31,855	36,085
Other current & non - current liabilities	6,389	6,888	7,636
Total liabilities	51,446	57,976	61,059
Shareholders' Equity			
Total Shareholders' Equity	8,733	10,322	12,577
<b>Total Liabilities and Shareholders' Equity</b>	<b>60,179</b>	<b>68,297</b>	<b>73,636</b>



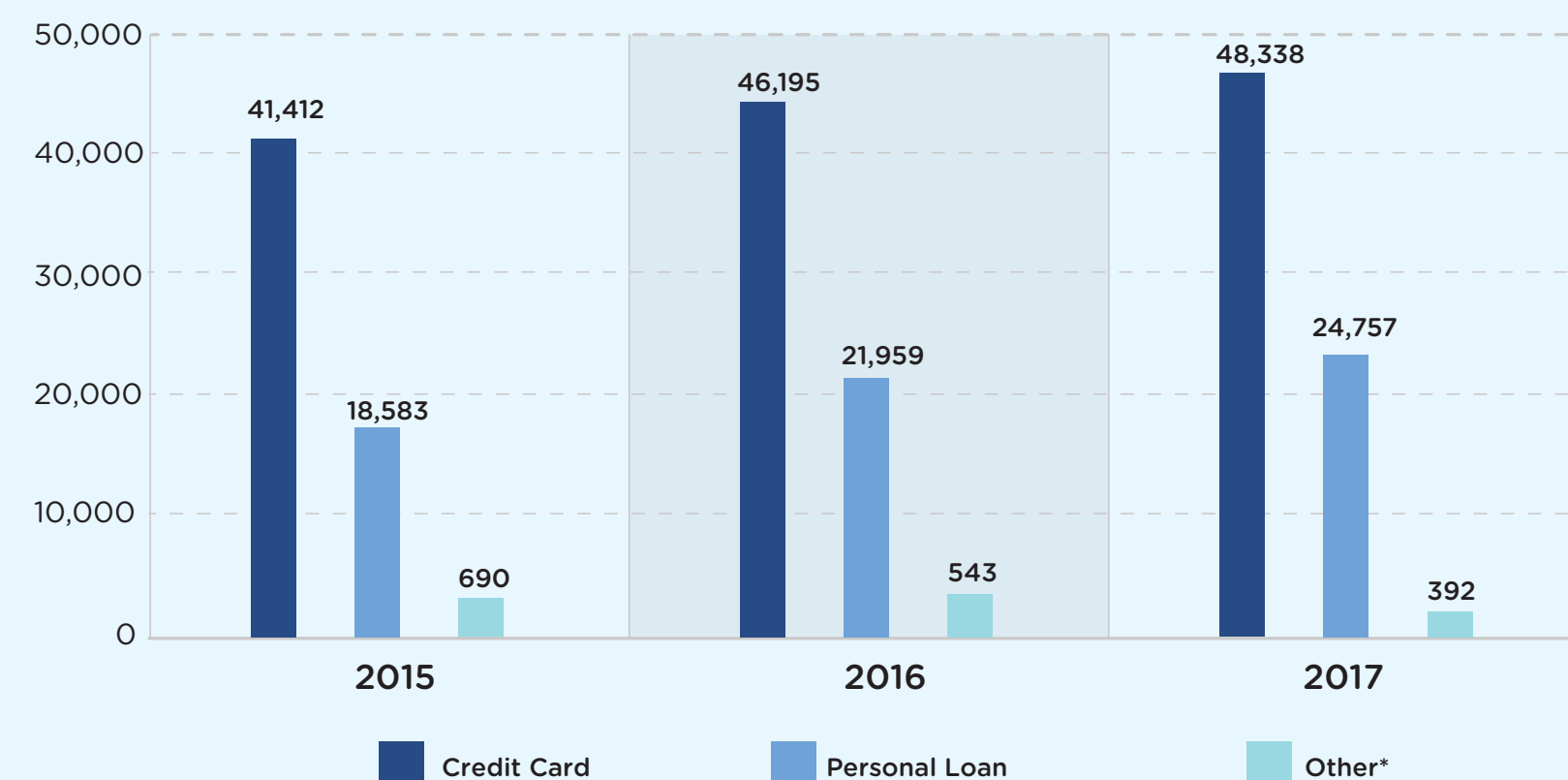
## Assets

The Company's asset at the end of 2017 amounted to 73,636 MB, increased 8% from 68,297 MB in the previous year. The main income generating assets were net receivables of 67,788 MB or 92% of total assets while the other 8% were cash, other receivables, deferred tax assets, and other assets.

## Receivables

Total receivables increase from 68,697 MB in 2016, to 73,488 MB at the end of 2017. The receivables consisted of 65.8% credit card receivables, 33.7% personal loans receivables, and 0.5% circle loans and self-employed loans.

**Chart 3 : Total Portfolio Structure**

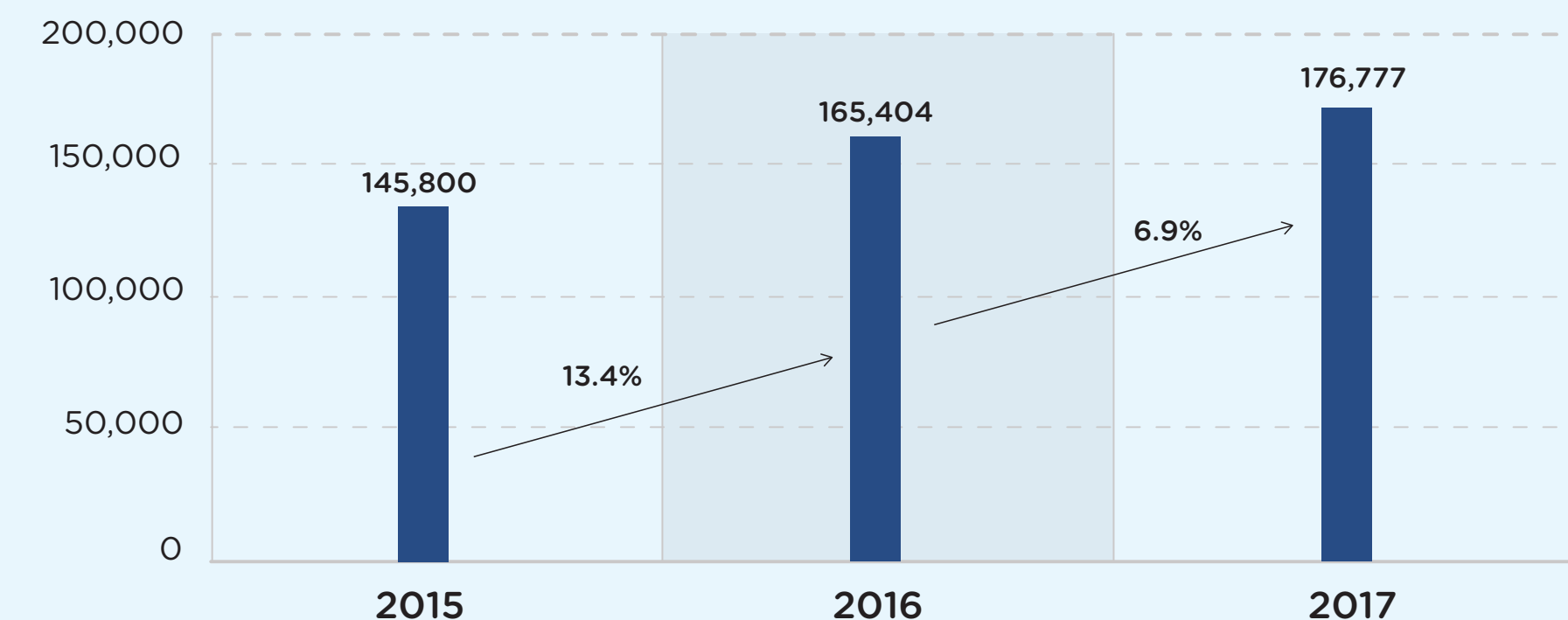


\*including Circle Loan and Self - employed loan

## Credit Card Receivables

KTC provided adaptive marketing campaigns throughout the year, addressing both new and existing members. Benefits are provided by reward points, discounts, and cash backs. Online marketing programs are also provide to simplify and facilitate usage. As a result 2017 credit card spending grew 6.9%, growing at a higher rate than the industry that grew 5.2%.

**Chart 4 : Total Credit Card Spending (Million Baht)**



### Personal Loans Receivables

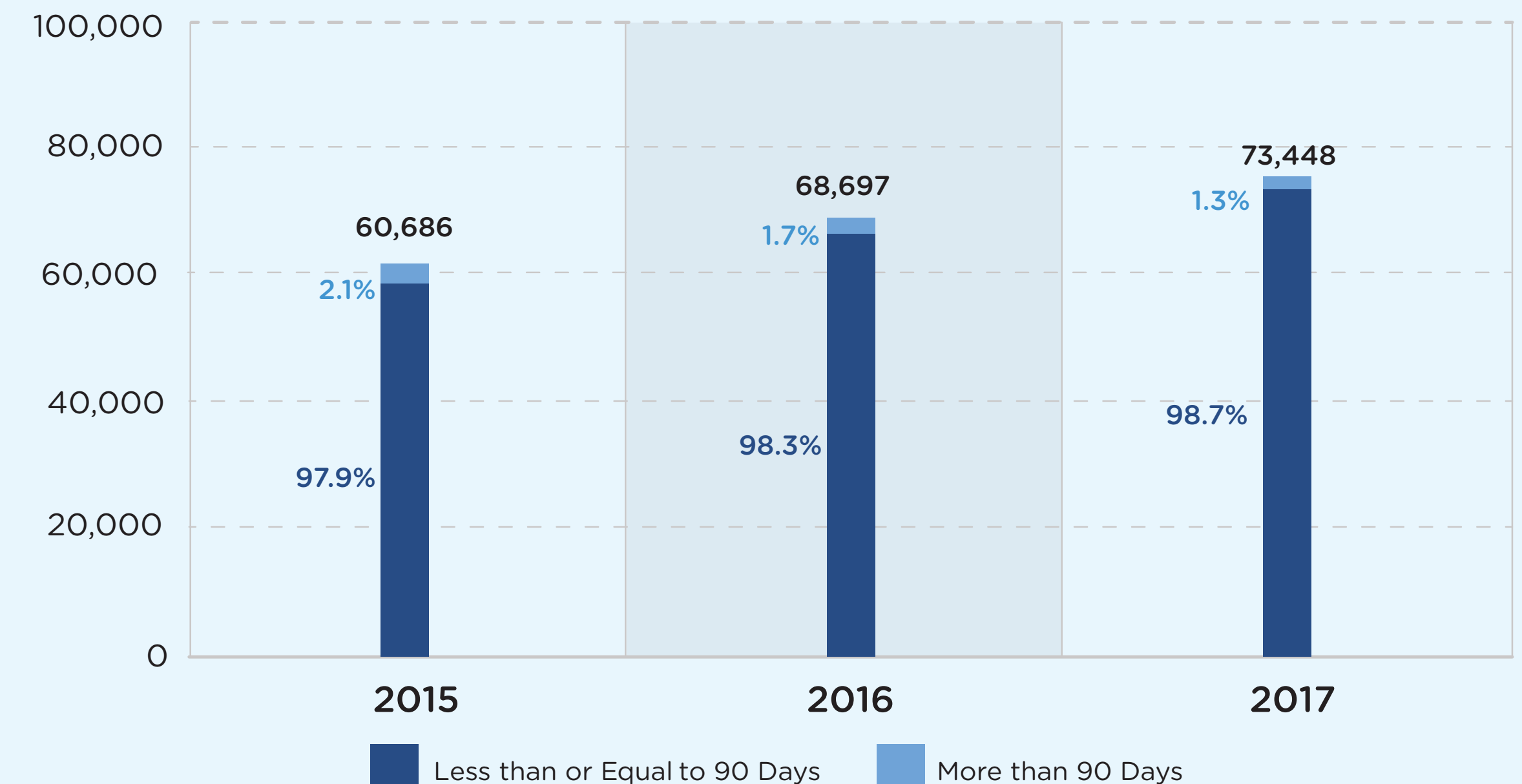
Personal Loan receivables at the end of 2017 was 24,757 MB grew 13% from 21,959 MB at the end of 2016. The growth was contributed by marketing programs that focused on new targets, especially on those with higher income. Members are facilitated by fast approval results available within 30 minutes, as well as product development to further support online experiences.

### 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 98.7% 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 over 90 days past due, divided by the company's total receivables. The company's NPL of total portfolio gradually decreased from 2.1% in 2015 to 1.7% in 2016 and continue to drop to 1.3% in 2017; the decrease was achieved by company's continuously emphasis on portfolio quality.

**Chart 5 : Aging of Gross Receivables Comparison at the end of 2015-2017**



### Liabilities and Shareholder's Equity

At the end of 2017, KTC financial structure consisted of 23.5% short term and long term loan / debenture due within one year, 49.0% long term debentures and long term loan, 10.4% 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 4.9 times which was still lower than the debenture's covenant of 10 times.

### Dividend Payout

**Chart 8 : Dividend Payment Statistic during 2015 - 2017**

	2015	2016	2017 <sup>(1)</sup>
Dividend Per Share	3.25	4.00	5.30
Dividend Payout Ratio	40.4%	41.3%	41.4%

(1) The right to receive this dividend will be pending until it has been approved by the annual general shareholders meeting in 2018 (Meeting no.16)

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 2015 and 2016 was 3.25 and 4.00 baht respectively; the dividend payout ratio for the year 2015 was 40.4% and for the year 2016 was to 41.3%.

### Company's operation plans for 2018

The arrival of Financial Technology (FinTech) as well as the transition to the era of digital economy played a pivotal role in transforming financial transactions. In addition, the government's implementation of the National e - Payment is steering the consumer behavior from cash society to cashless society. As a result, technological intermediary payment systems will play an important role in everyday life.

KTC's business outlook for 2018 will mainly target necessity and consumer needs by advancing collaborative business model with partners in marketing, IT, start-up, and FinTech to offer value and satisfactory services. KTC also plans to push forward digital initiatives in offering services with cutting edge technology as the country progresses



into a cashless society. It is with confident that satisfactory customer experience will help strengthen customer relationship with the KTC brand and to achieve the Company's vision: "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". It is the company's intention to grow sustainably and to urge customers to be courageous and live the life they desire. Therefore, the Company provided product options and a variety of services to address customer's demands by mainly focusing on approachability and member obsession.

To become the most preferred brand, KTC will focus on continuous internal and external organization development to build sustainable long-term growth. The Company will operate under the 3 core values : courageous, smart & simplicity, and meaningful, with the intentions to motivate members or stakeholders in being courageous to live the lives they desire. These core values are cultivated from within the organization to reach out to the public covering all aspects.

Strategies for financial management focus on maximizing the funds benefits, which include low cost of fund, increased long - term borrowing, and replace maturing debentures with longer tenors. KTC emphasizes on business expansion with a unique and concrete model by utilizing technology as a tool to drive the business with stability to fully support a digital platform. Moreover, a sufficient provision in compliance with IFRS9 has been set. The company sought to develops and improves products and services to garner customer loyalty from customer satisfaction, which in turn leads the company to a sustainable growth.

#### **Credit card business**

Marketing strategies for credit card business in 2018 aim to improve beneficial privileges of certain credit card types to be engaging and more competitive. KTC will co - brand with partners in creating privileges and planning for member base expansion. The Company will also differentiate products through KTC World Travel Service and point redemption via KTC Ushop, which is achieved by partnering with various businesses. There are 4 main marketing strategies : 1) select marketing campaigns that meet the needs of customers and cover all aspects for everyday use in order to make KTC their default card; 2) use KTC Forever Rewards

as a tool for building long-term relationship with members; 3) apply new online technologies to enhance services such as the upgraded TapKTC with the E - Coupon feature; and 4) expand member base in the premium segment in addition to KTC's strong base of the general segment.

#### **Merchant acquiring business**

KTC targets to penetrate new businesses and expands to provincial areas by promoting both FLEXI installment payment and full payment, and continues to work closely with Krung Thai Bank to effectively expand merchant acquiring business. The company also planned to increase more member stores in the online and alternative stores, as well as emphasizing the development of the new KTC payment solutions to address merchant's demand of each segment. Ultimately, KTC aim to become a payment solutions provider that provide adequate coverage; to cultivate and expand member store which will in turn increase the company's revenue.

#### **Personal loan business**

In 2018, the personal loan business industry is expected to be highly competitive due to the impacts of BOT's new regulations, which took effect on September 1<sup>st</sup>, 2017. For personal loan, KTC will emphasize more on customers with income of 30,000 Baht per month because they are potential clients with no regulations on credit lines nor number of financial institutions applied. In parallel, KTC is ready to offer new products and services to customers with income below 30,000 Baht per month as they are the company's target group, especially those who have just entered the workforce and those with specialized professions. By giving them memorable experiences, KTC will be the first brand in mind to fulfill their financial needs. KTC will also provide financial consultant service, marketing campaigns to ease customers' burden as well as address customer's demand.

#### **Member base expansion**

KTC has established more suitable guidelines in 2018 to recruit new members by considering on 4 aspects as follow : 1) prioritize on quality rather than quantity of new applicants by focusing on those with income more than 30,000 Baht per month as they yield higher spending and lower NPL;



2) promote online channels as an outreach to the new generation through [www.ktc.co.th](http://www.ktc.co.th) website and business partners, TapKTC mobile application, or application via QR Code payment; 3) utilize KTB branches and outsource sale as the primary channel for member base expansion; and 4) provide a variety of attractive marketing campaigns to urge target customers in applying with KTC.

#### **Other supporting factors**

- **KTC Forever Rewards** remains a strategy used to create marketing activities for KTC credit card. Members can redeem rewards and services at more than 3,000 service locations. They can also redeem points online via various partners under the terms and conditions specified by KTC.

- **Improvement of self - service channels to enhance customer experience as KTC enters the digital age to support online market.** As customers become more independent, KTC has developed more online channels to serve their needs. Customers can access ClickKTC and TapKTC

mobile applications on the website to perform banking services on their own to make payments, check credit lines, increase credit limits, monitor card application status, monitor and redeem reward points, etc.

- **To promote tourism industry by providing one - stop service centers.** KTC will collaborate with airline, travel agency, and both domestic and foreign tourism organization partners to offer privileges or discounts covering all travel category. Additionally, KWT (KTC World Travel Services) is setup to provide travel information as a one - stop service with complete travel - related services such as travel planning, ticket and hotel reservations; as well as creating marketing campaign to address members demands.

KTC's business strategies continued to emphasize on credit card, personal loan, and merchants to create new opportunities under the rules and regulations of the Bank of Thailand. The company expects to gain trust from the new members while maintains confidence of the current members to support a sustainable growth. As a leader in the consumer finance industry, KTC's development plans for 2018 mainly focus on understanding and responding to customers' demand. The business model will adhere on



partnering with various business lines to add value to the company's member base of more than 3 million accounts.

For 2018, the Company has targeted spending growth and portfolio growth of 15% and 10%, respectively; while maintain NPL level similar to that of 2017. Therefore, KTC is expected to gross in profits no less than that of 2017.

	2018 target
Total Card Spending growth	15%
Total Portfolio growth	10%
% NPL	Maintain 2017 level at 1.3%
Net Profit	more than 2017

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

The KTC Board of Directors is committed to its duties and responsibilities in accordance with the Good Governance Principles and Practices. This includes the responsibilities to the Company's Financial Reports and Annual Financial Information Report. In addition, the Board of Directors also provides suitable and effective risk management, internal control and Corporate Governance Operation in order to be certain that the financial information is accurate, complete and sufficient to secure the Company's assets. This also helps to prevent significant risk from poor operational practices. The Board of Directors has appointed the Audit Committees, which consist entirely of independent directors, to supervise and oversee the quality of the financial report, internal control system, the disclosure of related party transactions as well as ensuring all relevant processes have been carried out completely, sufficiently and appropriately. Thus, the Audit Committee has expressed its opinions in the Audit Committee Report published in this year's Annual Report.

Moreover, the Board of Directors sees that the overall internal control of the Company is adequate and appropriate to be confidently and reasonably in adherence to the Company's standards. The Board of Directors believes that the Company's financial report dated 31<sup>st</sup> December 2017 is accurate and complete according to the financial reporting standards. Because of the Company's consistent and cautious approach, in accordance with appropriate accounting policy, the financial report reflects the actual and transparent financial status and performance of the Company. This will, undoubtedly, be of benefit to shareholders and general investors. This financial statement has been audited and provided an unqualified opinion by an independent certified public accountant.



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Mr. Parinya Patanaphakdee  
Chairman of the Board of Directors  
Krungthai Card Public Company Limited



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Mr. Rathian Srimongkol  
President and 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<sup>st</sup>, 2017, 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<sup>st</sup>, 2017, 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’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the 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><b>Allowance for doubtful accounts</b></p> <p>The allowance for doubtful accounts represents 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 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 3.15, Note 5, and Note 6 to the financial statements.</p>	<p><b>Key audit procedures included</b></p> <ul style="list-style-type: none"><li>• 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;</li><li>• Performed operating effectiveness testing of control over significant source data and calculation of allowance for doubtful accounts. In addition, we also tested general information technology controls for loan system;</li><li>• Performed application control testing for the accuracy of loan classification and allowance for doubtful accounts;</li><li>• Assessed the adequacy of allowance for doubtful accounts and appropriate 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;</li><li>• Tested calculation of allowance for doubtful accounts; and</li><li>• Performed analysis of allowance for doubtful accounts of the Company by comparing to historical data, other peers in the same industry and economic and industrial factors.</li></ul>

### **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.

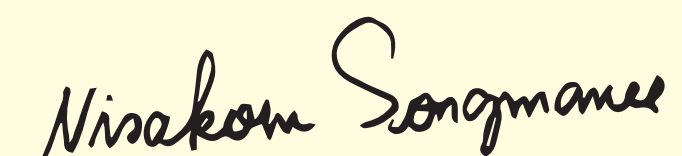
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies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



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Nisakorn Songmanee

BANGKOK  
February 12<sup>th</sup>, 2018

Certified Public Accountant (Thailand) Registration No. 5035  
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

## Statement of Financial Position

Krungthai Card Public  
Company Limited  
as at December 31<sup>st</sup>, 2017

		UNIT : BAHT	
	Notes	As at December 31 <sup>st</sup> , 2017	As at December 31 <sup>st</sup> , 2016
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	21	1,701,183,549	1,165,129,662
Long-term investment with maturity within one year	7	3,001,515	-
Trade and other current receivables			
Trade accounts receivable	5	67,788,048,615	63,303,103,253
Other receivables	6 and 21	1,263,855,615	1,100,663,325
Total Current Assets		70,756,089,294	65,568,896,240
<b>NON - CURRENT ASSETS</b>			
Long - term investment	7	9,061,249	10,148,419
Leasehold improvements and equipment	8	516,344,398	464,661,434
Intangible assets	9	509,422,322	500,196,266
Deferred tax assets	10	1,763,622,557	1,683,375,178
Other non - current assets		81,225,791	70,217,756
Total Non - current Assets		2,879,676,317	2,728,599,053
<b>TOTAL ASSETS</b>		<b>73,635,765,611</b>	<b>68,297,495,293</b>

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<sup>st</sup>, 2017

		UNIT : BAHT	
	Notes	As at December 31 <sup>st</sup> , 2017	As at December 31 <sup>st</sup> , 2016
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
CURRENT LIABILITIES			
Short - term loans from financial institutions			
- Related financial institutions	11 and 21	499,937,628	119,744,990
- Other financial institutions	11	9,567,787,405	9,544,959,826
Trade and other current payables			
Trade accounts payable			
- Related financial institution and related parties	21	1,319,204,717	991,475,073
- Other companies		358,927,913	375,160,225
Accrued interest expenses		293,440,664	276,895,304
Income tax payable		427,922,825	336,001,534
Accrued expenses		1,055,724,105	1,028,111,746
Other payables	12	1,301,771,405	1,120,121,575
Current portion of long - term debentures	13	7,270,000,000	9,568,000,000
Deferred income for reward points		2,558,543,225	2,487,724,767
Total Current Liabilities		24,653,259,887	25,848,195,040
NON - CURRENT LIABILITIES			
Long - term debentures	13	36,085,000,000	31,855,000,000
Provisions for employee benefits	14	320,349,000	272,612,000
Total Non - current Liabilities		36,405,349,000	32,127,612,000
<b>TOTAL LIABILITIES</b>		<b>61,058,608,887</b>	<b>57,975,807,040</b>

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<sup>st</sup>, 2017

		UNIT : BAHT	
	Notes	As at December 31 <sup>st</sup> , 2017	As at December 31 <sup>st</sup> , 2016
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)</b>			
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
SHARE PREMIUM			
Share premium on ordinary shares		1,891,808,721	1,891,808,721
RETAINED EARNINGS			
Appropriated			
Legal reserve	16	257,833,407	257,833,407
Unappropriated		7,849,180,526	5,593,712,055
TOTAL SHAREHOLDERS' EQUITY		12,577,156,724	10,321,688,253
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>73,635,765,611</b>	<b>68,297,495,293</b>

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

# Statement of Profit or Loss and Other Comprehensive Income

Krungthai Card Public Company Limited  
for the year ended  
December 31<sup>st</sup>, 2017

		UNIT : BAHT	
	Notes	2017	2016
Interest income		8,092,559,316	7,247,733,861
Fee and service income	21	8,120,021,087	7,420,574,028
Bad debt recovered		2,854,677,471	2,397,979,002
Gain on exchange rate - net		138,832,111	118,798,581
Other income	21	319,185,744	394,472,043
<b>Total Revenues</b>		<b>19,525,275,729</b>	<b>17,579,557,515</b>
Administrative expenses	21	6,940,747,422	6,702,350,748
Management remuneration	21.3	202,304,695	199,189,371
Bad debts and doubtful accounts	5.2 and 6	6,626,895,935	6,070,303,017
<b>Total Expenses</b>	<b>17</b>	<b>13,769,948,052</b>	<b>12,971,843,136</b>
PROFIT BEFORE FINANCE COSTS AND INCOME TAX EXPENSE		5,755,327,677	4,607,714,379
FINANCE COSTS	21	1,628,583,807	1,481,893,553
PROFIT BEFORE INCOME TAX		4,126,743,870	3,125,820,826
INCOME TAX EXPENSE	19	822,419,571	631,115,508
<b>NET PROFIT FOR THE YEAR</b>		<b>3,304,324,299</b>	<b>2,494,705,318</b>
Other comprehensive loss			
Components of other comprehensive income that will not be reclassified to profit or loss			
Losses on remeasurements of defined benefit plans		(21,906,000)	(84,827,000)
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss		4,381,200	16,965,400
Other comprehensive loss for the year, net of tax		(17,524,800)	(67,861,600)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>3,286,799,499</b>	<b>2,426,843,718</b>
<b>BASIC EARNINGS PER SHARE</b>	<b>Baht</b>	<b>12.82</b>	<b>9.68</b>
<b>WEIGHED AVERAGE NUMBER OF ORDINARY SHARES</b>	<b>share</b>	<b>257,833,407</b>	<b>257,833,407</b>

## Statement of Changes in Shareholders' Equity

Krungthai Card Public  
Company Limited  
for the year ended  
December 31<sup>st</sup>, 2017

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 <sup>st</sup> , 2016		2,578,334,070	1,891,808,721	257,833,407	4,004,742,572	8,732,718,770
Dividend paid	16	-	-	-	(837,874,235)	(837,874,235)
Total comprehensive income		-	-	-	2,426,843,718	2,426,843,718
<b>ENDING BALANCE AS AT DECEMBER 31<sup>st</sup>, 2016</b>		<b>2,578,334,070</b>	<b>1,891,808,721</b>	<b>257,833,407</b>	<b>5,593,712,055</b>	<b>10,321,688,253</b>
Beginning balance as at January 1 <sup>st</sup> , 2017		2,578,334,070	1,891,808,721	257,833,407	5,593,712,055	10,321,688,253
Dividend paid	16	-	-	-	(1,031,331,028)	(1,031,331,028)
Total comprehensive income		-	-	-	3,286,799,499	3,286,799,499
<b>ENDING BALANCE AS AT DECEMBER 31<sup>st</sup>, 2017</b>		<b>2,578,334,070</b>	<b>1,891,808,721</b>	<b>257,833,407</b>	<b>7,849,180,526</b>	<b>12,577,156,724</b>

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



## Statement of Cash Flows

Krungthai Card Public  
Company Limited  
for the year ended  
December 31<sup>st</sup>, 2017

	UNIT : BAHT	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	4,126,743,870	3,125,820,826
Adjustments for :		
Amortization of premium on debt securities	57,473	245,242
Amortization of deferred interest expense	1,376,690	20,508,637
Employee benefits expense	25,831,000	28,493,000
Depreciation and amortization	350,359,142	299,121,954
(Gain) loss from disposal and written-off of leasehold improvements and equipment - net	(94,710)	402,814
Deferred income for reward points	70,818,458	121,151,561
Bad debts and doubtful accounts	6,626,895,935	6,070,303,017
Interest expense	1,611,997,657	1,467,169,358
	12,813,985,515	11,133,216,409
Trade accounts receivable increase	(11,109,417,847)	(13,693,741,009)
Other receivables increase	(165,615,740)	(52,655,476)
Other non - current assets increase	(11,008,035)	(4,933,416)
Trade accounts payable - related financial institution and related parties increase (decrease)	327,729,644	(51,376,661)
Trade accounts payable - others increase	10,079,697	94,805,334
Accrued interest expenses increase	12,020,216	12,778,805
Income tax payable decreases	(102,174)	(152,110)
Accrued expenses increase	27,612,359	90,189,849
Other payables increase	181,649,830	96,085,453
Cash used in (paid for) operations	2,086,933,465	(2,375,782,822)

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<sup>st</sup>, 2017

	UNIT : BAHT	
	2017	2016
Interest expense paid	(1,607,472,512)	(1,451,650,188)
Income tax paid	(806,262,284)	(682,645,999)
Net cash used in operating activities	(326,801,331)	(4,510,079,009)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for purchases of long - term investment	(1,971,819)	(10,168,506)
Cash received from long - term investment	-	20,000,000
Cash paid for purchases of leasehold improvements and equipment	(245,309,241)	(257,946,215)
Cash paid for purchases of computer software	(192,520,967)	(190,458,925)
Proceeds from sales of leasehold improvements and equipment	344,746	832,164
Net cash used in investing activities	(439,457,281)	(437,741,482)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from (cash paid for) from short - term loans from financial institutions (net)	401,643,527	(4,339,729,834)
Cash paid for repayment of long - term loans	-	(1,850,000,000)
Proceeds from issuance of long - term debentures	11,500,000,000	18,000,000,000
Cash paid for redemption of long - term debentures	(9,568,000,000)	(5,800,000,000)
Dividend paid	(1,031,331,028)	(837,874,235)
Net cash provided by financing activities	1,302,312,499	5,172,395,931
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 536,053,887	 224,575,440
CASH AND CASH EQUIVALENTS AS AT JANUARY 1 <sup>st</sup> ,	1,165,129,662	940,554,222
<b>CASH AND CASH EQUIVALENTS AS AT DECEMBER 31<sup>st</sup>,</b>	<b>1,701,183,549</b>	<b>1,165,129,662</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

KRUNGTHAI CARD PUBLIC  
COMPANY LIMITED  
FOR THE YEAR ENDED  
DECEMBER 31<sup>st</sup>, 2017

## 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<sup>th</sup>, 2002.

The Company is located at 14<sup>th</sup> 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 and accounting practices generally accepted in Thailand.

The Company’s financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2016) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1<sup>st</sup>, 2017 onwards, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2<sup>nd</sup>, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding “The Brief Particulars in the Financial Statements (No.2) B.E. 2559” dated October 11<sup>th</sup>, 2016.

The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies. (see Note 3).

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 disclosure in the current period financial statements

During the period, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1<sup>st</sup>, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

## 2.3 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding 56 Thai Financial Reporting Standards (TFRSs) that will be effective for the financial statements for the period beginning on or after January 1<sup>st</sup>, 2018 onwards, which has been announced in the Royal Gazette on September 26<sup>th</sup>, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The Company's management will adopt such TFRSs in the preparation of the Company's financial statements when it becomes effective. The Company's management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

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

3.2 Trade accounts receivable

Trade accounts receivable are stated in the statement 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 allowance for impairment (if any).

3.4 Leasehold improvements and equipment

Leasehold improvements and equipment are stated at cost less accumulated depreciation, and allowance for impairment (if any).

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, and allowance for impairment (if any).

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 Provisions for employee benefits

Provisions for employee benefits 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.

Gains (losses) on remeasurements of defined benefit plans are recognized as other comprehensive income (loss) in the statement of profit or loss and other comprehensive income.

### 3.8 Foreign currency transactions

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to 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 Fair value measurements

In estimating the fair value of an asset or a liability, the management takes into account the characteristics of the asset or liability if a producer or supplier of a marketable goods would take those characteristics into the consideration the price that would be received to sell and asset or paid to transfer a liability at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair values for disclosure in the financial statements are

categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements as follows :

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs are unobservable inputs for the asset or liability.

### 3.15 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 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 statement of financial position.

### Provisions for employee benefits

The present value of the provisions 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 provisions.

### 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION

Non - cash items for the years ended December 31<sup>st</sup>, 2017 and 2016 are as follows :

	2017	2016
	Thousand Baht	Thousand Baht
Payable for the purchases of leasehold improvements and equipment brought forward	40,498	37,563
<b>Add</b> Purchases of leasehold improvements and equipment	212,084	260,881
<b>Less</b> Cash paid for the purchases of leasehold improvements and equipment	(245,309)	(257,946)
Payable for the purchases of leasehold improvements and equipment carried forward (presented as a part of Trade accounts payable - others)	7,273	40,498
Payable for the purchases of computer software brought forward	91,006	120,036
<b>Add</b> Purchases of computer software	199,434	161,429
<b>Less</b> Cash paid for the purchases of computer software	(192,521)	(190,459)
Payable for the purchases of computer software carried forward (presented as a part of Trade accounts payable - others)	97,919	91,006

## 5. TRADE ACCOUNTS RECEIVABLE

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

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

As at December 31 <sup>st</sup> , 2017					
	Credit card	Circle loan	Personal loan	Self employed loan	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Not over 90 days	47,798,023	150,620	24,568,161	2,360	72,519,164
91 - 180 days	130,250	390	56,482	-	187,122
181 days and over	409,755	5,446	132,762	233,278	781,241
Total	48,338,028	156,456	24,757,405	235,638	73,487,527
Less Allowance for doubtful accounts	(3,290,281)	(14,564)	(2,161,132)	(233,501)	(5,699,478)
Trade accounts receivable	45,047,747	141,892	22,596,273	2,137	67,788,049

As at December 31 <sup>st</sup> , 2016					
	Credit card	Circle loan	Personal loan	Self employed loan	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
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

As at December 31<sup>st</sup>, 2017 and 2016, receivables in default for more than 3 periods which their accrued interest are still recognized are Baht 187.1 million and Baht 255.6 million, respectively. However, such receivables are fully reserved as at December 31<sup>st</sup>, 2017 and 2016. Accrued interest from such receivables which is recognized as income for the years ended December 31<sup>st</sup>, 2017 and 2016 are Baht 39.7 million and Baht 52.5 million, respectively.



## 5.2 Bad debts and doubtful accounts

Bad debts and doubtful accounts for the years ended December 31<sup>st</sup>, 2017 and 2016 are as follows :

	2017	2016
	Thousand Baht	Thousand Baht
Bad debts	6,323,451	5,683,794
Doubtful accounts	305,868	387,063
Total bad debts and doubtful accounts	6,629,319	6,070,857

## 6. OTHER RECEIVABLES

Other receivables as at December 31<sup>st</sup>, 2017 and 2016 are as follows :

	2017	2016
	Thousand Baht	Thousand Baht
Other credit card receivables	483,495	388,497
Accrued fees and interest income	595,694	569,200
Prepaid expenses	133,016	89,822
Suspended accounts	9,147	7,717
Others	80,639	85,985
<b>Less</b> Allowance for doubtful accounts	(38,135)	(40,558)
Total other receivables	1,263,856	1,100,663

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<sup>st</sup>, 2017 and 2016.

## 7. LONG - TERM INVESTMENT

Long - term investment as at December 31<sup>st</sup>, 2017 and 2016 consists of the following :

	Unit : Thousand Baht			
	2017		2016	
	Cost/ Amortized cost	Fair value	Cost/ Amortized cost	Fair value
<b>Securities Held - to - Maturity</b>				
Government securities	12,063	12,117	10,148	10,083
<b>Less</b> Long - term investment with maturity within one year	(3,002)	(3,030)	-	-
<b>Total</b> long - term investment	9,061	9,087	10,148	10,083

As at December 31<sup>st</sup>, 2017, the Company pledged government bonds with Krung Thai Bank Public Company Limited totally of Baht 8.1 million. The amount of Baht 3.0 million is for issuing letter of guarantees to another companies for the Company's business. The amount of Baht 5.1 million is the guarantee for bidding of the Company's business with KTB Computer Services Co., Ltd. (see Note 21) (As at December 31<sup>st</sup>, 2016 : Baht 5.6 million)

## 8. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment as at December 31<sup>st</sup>, 2017 and 2016 are as follows :

As at December 31 <sup>st</sup> , 2017					
	Balance as at December 31 <sup>st</sup> , 2016	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31 <sup>st</sup> , 2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Costs :</b>					
Leasehold improvements	468,509	2,292	(92,893)	5,842	383,750
Furniture, fixtures and office equipment	1,164,198	133,150	(93,997)	98,767	1,302,118
Vehicles	154	-	-	-	154
<b>Total</b>	<b>1,632,861</b>	<b>135,442</b>	<b>(186,890)</b>	<b>104,609</b>	<b>1,686,022</b>
<b>Accumulated depreciation :</b>					
Leasehold improvements	(444,743)	(7,102)	92,838	-	(359,007)
Furniture, fixtures and office equipment	(784,564)	(148,032)	93,802	-	(838,794)
Vehicles	(154)	-	-	-	(154)
<b>Total</b>	<b>(1,229,461)</b>	<b>(155,134)</b>	<b>186,640</b>	<b>-</b>	<b>(1,197,955)</b>
Assets under installation	174,101	76,642	-	(109,626)	141,117
<b>Less</b> Allowance for impairment of assets	(112,840)	-	-	-	(112,840)
<b>Leasehold improvements and equipment</b>	<b>464,661</b>				<b>516,344</b>

As at December 31 <sup>st</sup> , 2016					
	Balance as at December 31 <sup>st</sup> , 2015	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31 <sup>st</sup> , 2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Costs :</b>					
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
<b>Total</b>	<b>1,406,895</b>	<b>179,190</b>	<b>(30,688)</b>	<b>77,464</b>	<b>1,632,861</b>
<b>Accumulated depreciation :</b>					
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)
<b>Total</b>	<b>(1,127,987)</b>	<b>(131,490)</b>	<b>30,016</b>	<b>-</b>	<b>(1,229,461)</b>
Assets under installation	170,437	81,691	(563)	(77,464)	174,101
<b>Less</b> Allowance for impairment of assets	(112,840)	-	-	-	(112,840)
<b>Leasehold improvements and equipment</b>	<b>336,505</b>				<b>464,661</b>

### Depreciation for the years ended December 31<sup>st</sup>,

<b>2017</b>	Thousand Baht	155,134
<b>2016</b>	Thousand Baht	131,490



As at December 31<sup>st</sup>, 2017 and 2016, the costs of fully depreciated assets still in use are Baht 821.56 million and Baht 920.17 million, respectively.

During the year ended December 31<sup>st</sup>, 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<sup>st</sup>, 2017 and 2016, 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 (see Note 9).

## 9. INTANGIBLE ASSETS

Intangible assets as at December 31<sup>st</sup>, 2017 and 2016 are as follows :

As at December 31 <sup>st</sup> , 2017					
	Balance as at December 31 <sup>st</sup> , 2016	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31 <sup>st</sup> , 2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Computer software	1,296,851	67,902	(4,382)	125,552	1,485,923
<b>Less</b> Accumulated amortization	(828,968)	(195,225)	4,382	-	(1,019,811)
	467,883				466,112
<b>Add</b> Software under installation	305,766	131,532	-	(120,535)	316,763
<b>Less</b> Allowance for impairment of assets (see Note 8)	(273,453)	-	-	-	(273,453)
<b>Intangible assets</b>	500,196				509,422

As at December 31 <sup>st</sup> , 2016					
	Balance as at December 31 <sup>st</sup> , 2015	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31 <sup>st</sup> , 2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Computer software	1,102,648	75,344	(1,408)	120,267	1,296,851
<b>Less</b> Accumulated amortization	(662,744)	(167,632)	1,408	-	(828,968)
	439,904				467,883
<b>Add</b> Software under installation	365,479	86,084	(25,530)	(120,267)	305,766
<b>Less</b> Allowance for impairment of assets (see Note 8)	(298,983)	-	25,530	-	(273,453)
<b>Intangible assets</b>	506,400				500,196
<b>Amortization for the years ended December 31<sup>st</sup>,</b>					
<b>2017</b>	Thousand Baht				195,225
<b>2016</b>	Thousand Baht				167,632

As at December 31<sup>st</sup>, 2017 and 2016, the costs of fully amortized intangible assets still in use are Baht 417.38 million and Baht 370.78 million, respectively.

10. DEFERRED TAX ASSETS

Deferred tax assets as at December 31<sup>st</sup>, 2017 and 2016 are as follows :

	2017 Thousand Baht	2016 Thousand Baht
Deferred tax assets	1,763,623	1,683,375

Deferred tax assets as at December 31<sup>st</sup>, 2017 and 2016 consist of tax effects from the following items :

	Balance as at December 31 <sup>st</sup> , 2016	Item as recognized in profit or loss	Item as recognized in other comprehensive income	Balance as at December 31 <sup>st</sup> , 2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Allowance for doubtful accounts	1,097,644	58,084	-	1,155,728
Allowance for impairment of assets	77,259	-	-	77,259
Deferred income for reward points	497,545	14,164	-	511,709
Difference from depreciation rate	(61,965)	7,565	-	(54,400)
Others	72,892	(3,946)	4,381	73,327
Deferred tax assets	1,683,375	75,867	4,381	1,763,623

	Balance as at December 31 <sup>st</sup> , 2015	Item as recognized in profit or loss	Item as recognized in other comprehensive income	Balance as at December 31 <sup>st</sup> , 2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
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

11. SHORT - TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31<sup>st</sup>, 2017, promissory notes and bills of exchange have interest rates at Money Market Rate (MMR), which is in between 1.52% and 1.85% per annum with maturity on demand to one year and are unsecured. (As at December 31<sup>st</sup>, 2016 : 1.58 - 2.20%)



## 12. OTHER PAYABLES

Other payables as at December 31<sup>st</sup>, 2017 and 2016 are as follows :

	2017 Thousand Baht	2016 Thousand Baht
Exceed payment from customers	249,048	196,657
Other payables	773,853	661,712
Suspended accounts	61,498	54,783
Others	217,372	206,970
Total other payables	1,301,771	1,120,122

## 13. LONG - TERM DEBENTURES

Long - term debentures as at December 31<sup>st</sup>, 2017 and 2016 are as follows :

	2017 Thousand Baht	2016 Thousand Baht
Debentures	43,355,000	41,423,000
<b>Less</b> Current portion of debentures	(7,270,000)	(9,568,000)
Total long - term debentures	36,085,000	31,855,000

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 <sup>st</sup> ,	
						2017 (Million Baht)	2016 (Million Baht)
Senior unsecured debentures	9 <sup>th</sup> Aug 2013	800	9 <sup>th</sup> Aug 2018	5.00	Quarterly	800	800
Senior unsecured debentures	12 <sup>th</sup> Nov 2013	5,000	12 <sup>th</sup> Nov 2017	4.80	Quarterly	-	5,000
Senior unsecured debentures	2 <sup>nd</sup> Apr 2014	500	2 <sup>nd</sup> Apr 2017	4.00	Semi - annually	-	500
Senior unsecured debentures	7 <sup>th</sup> May 2014	500	16 <sup>th</sup> May 2017	3.95	Semi - annually	-	500
Senior unsecured debentures	8 <sup>th</sup> Jul 2014	200	7 <sup>th</sup> Jul 2017	3.80	Quarterly	-	200
Senior unsecured debentures	13 <sup>th</sup> Aug 2014	200	22 <sup>nd</sup> Aug 2017	3.70	Semi - annually	-	200
Senior unsecured debentures	19 <sup>th</sup> Aug 2014	2,000	18 <sup>th</sup> Aug 2017	4.00 - 4.50	Quarterly	-	2,000
Senior unsecured debentures	1 <sup>st</sup> Sep 2014	300	16 <sup>th</sup> Mar 2018	3.80	Semi - annually	300	300
Senior unsecured debentures	10 <sup>th</sup> Oct 2014	400	10 <sup>th</sup> Oct 2017	3.70	Semi - annually	-	400
Senior unsecured debentures	17 <sup>th</sup> Oct 2014	4,000	9 <sup>th</sup> Aug 2018	4.25 - 4.50	Quarterly	4,000	4,000
Senior unsecured debentures	28 <sup>th</sup> Nov 2014	130	7 <sup>th</sup> Dec 2017	3.65	Semi - annually	-	130
Senior unsecured debentures	10 <sup>th</sup> Feb 2015	138	15 <sup>th</sup> Feb 2017	3.15	Semi - annually	-	138
Senior unsecured debentures	3 <sup>rd</sup> Jul 2015	500	4 <sup>th</sup> Jul 2017	2.12	Semi - annually	-	500
Senior unsecured debentures	3 <sup>rd</sup> Jul 2015	1,120	3 <sup>rd</sup> Jul 2018	2.54	Semi - annually	1,120	1,120
Senior unsecured debentures	3 <sup>rd</sup> Jul 2015	550	7 <sup>th</sup> Nov 2018	2.65	Semi - annually	550	550
Senior unsecured debentures	14 <sup>th</sup> Aug 2015	2,000	14 <sup>th</sup> Aug 2019	3.75	Quarterly	2,000	2,000
Senior unsecured debentures	16 <sup>th</sup> Sep 2015	1,000	16 <sup>th</sup> Sep 2025	4.00	Semi - annually	1,000	1,000
Senior unsecured debentures	1 <sup>st</sup> Oct 2015	2,000	1 <sup>st</sup> Oct 2020	3.14	Semi - annually	2,000	2,000
Senior unsecured debentures	20 <sup>th</sup> Oct 2015	385	14 <sup>th</sup> Aug 2019	3.75	Quarterly	385	385

Type	Date of issuance	Amount (Million Baht)	Maturity date	Interest rate (% p.a.)	Interest payable period	Balance as at December 31 <sup>st</sup> ,	
						2017 (Million Baht)	2016 (Million Baht)
Senior unsecured debentures	11 <sup>th</sup> Nov 2015	700	11 <sup>th</sup> Nov 2022	3.68	Semi - annually	700	700
Senior unsecured debentures	20 <sup>th</sup> Nov 2015	1,000	20 <sup>th</sup> Nov 2025	3.90	Semi - annually	1,000	1,000
Senior unsecured debentures	17 <sup>th</sup> Feb 2016	200	17 <sup>th</sup> Feb 2026	3.85	Semi - annually	200	200
Senior unsecured debentures	17 <sup>th</sup> Feb 2016	300	17 <sup>th</sup> Feb 2026	3.85	Semi - annually	300	300
Senior unsecured debentures	26 <sup>th</sup> Feb 2016	500	23 <sup>rd</sup> Feb 2018	2.04	Semi - annually	500	500
Senior unsecured debentures	26 <sup>th</sup> Feb 2016	400	26 <sup>th</sup> Feb 2019	2.21	Semi - annually	400	400
Senior unsecured debentures	26 <sup>th</sup> Feb 2016	800	26 <sup>th</sup> Feb 2021	2.64	Semi - annually	800	800
Senior unsecured debentures	9 <sup>th</sup> May 2016	2,500	9 <sup>th</sup> May 2019	1.88	Semi - annually	2,500	2,500
Senior unsecured debentures	9 <sup>th</sup> May 2016	1,500	11 <sup>th</sup> May 2021	2.12	Semi - annually	1,500	1,500
Senior unsecured debentures	6 <sup>th</sup> Jul 2016	100	5 <sup>th</sup> Jul 2024	3.00	Semi - annually	100	100
Senior unsecured debentures	22 <sup>nd</sup> Jul 2016	3,000	22 <sup>nd</sup> Jul 2021	2.54	Semi - annually	3,000	3,000
Senior unsecured debentures	11 <sup>th</sup> Aug 2016	600	11 <sup>th</sup> Aug 2020	2.50	Quarterly	600	600
Senior unsecured debentures	22 <sup>nd</sup> Sep 2016	200	22 <sup>nd</sup> Sep 2026	3.50	Semi - annually	200	200
Senior unsecured debentures	30 <sup>th</sup> Nov 2016	630	30 <sup>th</sup> Nov 2021	2.86	Semi - annually	630	630
Senior unsecured debentures	30 <sup>th</sup> Nov 2016	1,140	30 <sup>th</sup> Nov 2023	3.50	Semi - annually	1,140	1,140
Senior unsecured debentures	30 <sup>th</sup> Nov 2016	3,030	27 <sup>th</sup> Nov 2026	4.00	Semi - annually	3,030	3,030
Senior unsecured debentures	29 <sup>th</sup> Dec 2016	600	29 <sup>th</sup> Dec 2023	3.50	Semi - annually	600	600
Senior unsecured debentures	29 <sup>th</sup> Dec 2016	2,500	29 <sup>th</sup> Dec 2026	4.00	Semi - annually	2,500	2,500
Senior unsecured debentures	5 <sup>th</sup> Apr 2017	1,500	5 <sup>th</sup> Apr 2022	3.03	Semi - annually	1,500	-
Senior unsecured debentures	1 <sup>st</sup> Jun 2017	2,500	1 <sup>st</sup> Jun 2022	3.00 - 3.50	Quarterly	2,500	-



Type	Date of issuance	Amount (Million Baht)	Maturity date	Interest rate (% p.a.)	Interest payable period	Balance as at December 31 <sup>st</sup> ,	
						2017 (Million Baht)	2016 (Million Baht)
Senior unsecured debentures	3 <sup>rd</sup> Aug 2017	1,500	3 <sup>rd</sup> Aug 2027	3.80	Semi - annually	1,500	-
Senior unsecured debentures	25 <sup>th</sup> Aug 2017	1,000	25 <sup>th</sup> Aug 2027	3.65	Semi - annually	1,000	-
Senior unsecured debentures	19 <sup>th</sup> Oct 2017	2,000	19 <sup>th</sup> Oct 2022	2.46	Semi - annually	2,000	-
Senior unsecured debentures	19 <sup>th</sup> Oct 2017	1,000	19 <sup>th</sup> Oct 2027	3.50	Semi - annually	1,000	-
Senior unsecured debentures	16 <sup>th</sup> Nov 2017	2,000	16 <sup>th</sup> Nov 2027	3.50	Quarterly	2,000	-
Total debentures						43,355	41,423

#### 14. PROVISIONS FOR EMPLOYEE BENEFITS

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

Amounts recognized in the statement of profit of loss and other comprehensive income for the years ended December 31<sup>st</sup>, 2017 and 2016 are as follows :

	2017 Thousand Baht	2016 Thousand Baht
Current service cost	26,347	23,331
Interest on obligations	7,263	8,190
	33,610	31,521

Movements in the present value of the defined benefit obligations for the years ended December 31<sup>st</sup>, 2017 and 2016 are as follows :

	2017 Thousand Baht	2016 Thousand Baht
Defined benefit obligations brought forward	272,612	159,292
Current service cost	26,347	23,331
Interest on obligations	7,263	8,190
Losses on remeasurements of defined benefit plans recognized in other comprehensive		
- from changes in financial assumptions	7,440	30,046
- from changes in demographic assumptions	5,676	25,451
- from experience adjustments	8,790	29,330
Benefits paid to employee	(7,779)	(3,028)
Defined benefit obligations carried forward	320,349	272,612

The principal assumptions used for the purpose of the actuarial valuations for calculation of defined benefit obligations as at December 31<sup>st</sup>, 2017 and 2016 are as follows :

	2017	2016
Retirement age	60 years	60 years
Mortality rate	75% of Thai Mortality Table 2017	75% of Thai Mortality Table 2008
Disability rate	10% of mortality rate	10% of mortality rate
Personnel turnover rate	3 - 11%	3 - 11%
Discount rate	2.50% p.a.	2.75% p.a.
Expected salary incremental rate	6% p.a.	6% p.a.

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

	2017 Thousand Baht	2016 Thousand Baht
Salary incremental rate - 1% increase	32,730	29,216
Salary incremental rate - 1% decrease	(28,733)	(25,632)
Personnel turnover rate - 1% increase	(11,957)	(8,079)
Personnel turnover rate - 1% decrease	12,910	8,553
Discount rate - 1% increase	(27,994)	(25,015)
Discount rate - 1% decrease	32,635	29,009

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.

## 15. 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 2017 remains unchanged from 2016.

The capital structure of the Company consists of debt, which includes the loans and debentures disclosed in Notes 11 and 13 and shareholders' equity, comprising issued and paid - up capital, legal reserve 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.

## 16. 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<sup>st</sup>, 2017 and 2016, the Company's legal reserve reaches 10% of the registered share capital.

On April 18<sup>th</sup>, 2017, the ordinary shareholders' meeting passed resolutions to pay dividend for the year 2016 at Baht 4.00 per share totally of Baht 1,031.33 million. The Company already paid dividend on May 16<sup>th</sup>, 2017.

On April 7<sup>th</sup>, 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<sup>th</sup>, 2016.



## 17. EXPENSES BY NATURE

Net profit for the years ended December 31<sup>st</sup>, 2017 and 2016 have been arrived at after charging the following items :

	2017 Thousand Baht	2016 Thousand Baht
Management remuneration	202,305	199,189
Staff costs	2,028,868	1,861,230
Depreciation and amortization	350,359	299,122
Fees and service expenses	2,258,478	2,062,995
Marketing expense	866,103	1,121,695
Rental fees for premises and equipment	314,041	302,344
Premises and equipment expenses	222,208	183,236
Communication expenses	226,151	207,289
Special business tax and duty stamp	472,888	431,711
Bad debts and doubtful accounts	6,626,896	6,070,303
Others	201,651	232,729
<b>Total Expenses</b>	<b>13,769,948</b>	<b>12,971,843</b>

## 18. 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% of their basic salary.

The Company's contributions which were charged to the statement of profit or loss and other comprehensive income for the years ended December 31<sup>st</sup>, 2017 and 2016 amounting to Baht 56.3 million and Baht 54.2 million, respectively.

## 19. INCOME TAX EXPENSE

Income tax expense for the years ended December 31<sup>st</sup>, 2017 and 2016 are as follows :

	2017 Thousand Baht	2016 Thousand Baht
Income tax expense per income tax return	(898,286)	(715,380)
Adjustment for deferred tax relating to the origination and reversal of temporary differences	75,867	84,265
Income tax expense per the statement of profit or loss and other comprehensive income	(822,419)	(631,115)

The reconciliation between income tax expense and accounting profit for the years ended December 31<sup>st</sup>, 2017 and 2016 are follows :

	2017 Thousand Baht	2016 Thousand Baht
Accounting profit before tax	4,126,744	3,125,821
Income tax expense at domestic tax rates 20% tax rate	(825,349)	(625,164)
Tax effect of non-deductible expenses	2,930	(5,951)
Income tax expense per the statement of profit or loss and other comprehensive income	(822,419)	(631,115)
Effective tax rate	19.9%	20.2%

The Company used tax rates of 20% for the corporate income tax calculation for the years ended December 31<sup>st</sup>, 2017 and 2016.

## 20. LONG - TERM AGREEMENTS

The Company has long - term agreements as at December 31<sup>st</sup>, 2017 and 2016 as follows :

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

	2017 Thousand Baht	2016 Thousand Baht
Within 1 year	243,427	177,932
Over 1 year to 5 years	400,211	98,006
	643,638	275,938

## 21. 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.

21.1 The significant balances with related parties  
The significant balances with related parties as at December 31<sup>st</sup>, 2017 and 2016 are as follows :

Related parties	Relationship	2017 Thousand Baht	2016 Thousand Baht
Krung Thai Bank Public Company Limited	Major shareholder		
- Deposits at a financial institution (a part of cash and cash equivalents)		1,082,045	785,635
- Other receivables		640	4,805
- Short - term loans		499,938	79,843
- Trade accounts payable		1,317,511	988,181
- Other current liabilities		1,557	1,557
KTB Computer Services Co., Ltd.	Same ultimate holding company		
- Other receivables		19,866	6,916
- Trade accounts payable		449	1,700
KTB General Services and Security Co., Ltd.	Same ultimate holding company		
- Trade accounts payable		828	937
Krung Thai Assets Management Pcl.	Same ultimate holding company		
- Other receivables		6,071	4,582
- Trade accounts payable		78	78
Krungthai Panich Insurance Pcl.	Same ultimate holding company		
- Other receivables		2,339	3,682

Related parties	Relationship	2017 Thousand Baht	2016 Thousand Baht
Krungthai AXA Life Insurance Pcl.	Same ultimate holding company		
- Other receivables		96	-
- Trade accounts payable		250	500
KT Zmico Securities Co., Ltd	Same ultimate holding company		
- Short - term loans		-	39,902
Krungthai Thai IBJ Leasing Co., Ltd.			
- Trade accounts payable		89	79



### 21.1.1 Movements of short - term loans

Movements of short - term loans from related financial institutions for the years ended December 31<sup>st</sup>, 2017 and 2016 are as follows :

Related parties	Relationship	2017 Thousand Baht	2016 Thousand Baht
Krung Thai Bank Public Company Limited	Major shareholder		
Beginning balance		79,843	-
Add Borrowings during the year		7,220,095	979,843
Less Repayments during the year		(6,800,000)	(900,000)
Ending balance		499,938	79,843
Krungthai Panich Insurance Pcl.	Same ultimate holding company		
Beginning balance		-	79,489
Add Borrowings during the year		-	511
Less Repayments during the year		-	(80,000)
Ending balance		-	-
KT Zmico Securities Co., Ltd.	Same ultimate holding company		
Beginning balance		39,902	-
Add Borrowings during the year		2,268,098	979,902
Less Repayments during the year		(2,308,000)	(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 1.52% per annum. (As at December 31<sup>st</sup>, 2016 : 1.60 - 1.67%)

### 21.2 The significant transactions with related parties

The significant transactions with related parties for the years ended December 31<sup>st</sup>, 2017 and 2016 are as follows :

Related parties	Relationship	2017 Thousand Baht	2016 Thousand Baht
Krung Thai Bank Public Company Limited	Major shareholder		
- Fee and service income		33	37
- Other income		8,338	24,454
- Administrative expenses		307,476	240,287
- Finance cost		17,934	15,518
KTB Computer Services Co., Ltd.	Same ultimate holding company		
- Fee and service income		19,217	13,801
- Administrative expenses		8,314	16,585
KTB General Services and Security Co., Ltd.	Same ultimate holding company		
- Administrative expenses		5,162	5,549
Krung Thai Assets Management Pcl.	Same ultimate holding company		
- Fee and service income		8,554	6,549
- Administrative expenses		78	77

Related parties	Relationship	2017 Thousand Baht	2016 Thousand Baht
Krungthai Panich Insurance Pcl.	Same ultimate holding company		
- Fee and service income		2,520	3,265
- Other income		17,318	19,026
- Administrative expenses		27	71
- Finance cost		-	511
KT Zmico Securities Co., Ltd.	Same ultimate holding company		
- Administrative expenses		2	3
- Finance cost		2,557	1,358
KTB Leasing Co., Ltd.	Same ultimate holding company		
- Administrative expenses		-	835
Krungthai AXA Life Insurance Pcl.	Same ultimate holding company		
- Fee and service income		276,958	228,844
- Other income		96	-
- Administrative expenses		40,456	37,320
Krungthai IBJ Leasing Co., Ltd.	Same ultimate holding company		
- Administrative expenses		725	251

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<sup>st</sup>, 2002. Subsequently, on May 15<sup>th</sup>, 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<sup>st</sup>, 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. However, the Company does not have impacts from the expired agreement.

- Back office service agreement

The Company entered into a back office service agreement with Krung Thai Bank Public Company Limited (“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<sup>st</sup>, 2002.

On April 22<sup>nd</sup>, 2016, the Company entered into the back office service agreement's amendment (No. 10) with KTB, the service fee for July 1<sup>st</sup>, 2015 to June 30<sup>th</sup>, 2016 is Baht 8.50 million per year.

On September 19<sup>th</sup>, 2016, the Company entered into the back office service agreement's amendment (No. 11) with KTB, the service fee for July 1<sup>st</sup>, 2016 to June 30<sup>th</sup>, 2017 is Baht 8.51 million per year. The fee for other back office support is at various rates depended on volume of transaction.

Since the agreement was expired on June 30<sup>th</sup>, 2017, the Company and KTB agreed to extend the agreement. The back office service agreement's amendment (No. 12) dated June 30<sup>th</sup>, 2017, is effective from July 1<sup>st</sup>, 2017 to December 31<sup>st</sup>, 2017 and there is no longer service fee per year.

Subsequently, on December 28<sup>th</sup>, 2017, the Company has entered into the back office service agreement's amendment (No. 13) with KTB, to extend the agreement's service period, which will be effective from January 1<sup>st</sup>, 2018 to March 31<sup>st</sup>, 2018.

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 January 18<sup>th</sup>, 2016, the Company entered into the agreement for consulting and electronic data processing services with KTB Computer Service Co., Ltd. ("KTBCS") and providing 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<sup>st</sup>, 2016 and effective until December 31<sup>st</sup>, 2016. The agreement can be renewed by using a new agreement for 1 year each.

On December 28<sup>th</sup>, 2016, the Company entered into the agreement for consulting and electronic data processing services with KTBCS and providing 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<sup>st</sup>, 2017 and effective until December 31<sup>st</sup>, 2017. The agreement can be renewed by using a new agreement for 1 year each.

Subsequently, on December 25<sup>th</sup>, 2017, the Company has entered into the agreement for consulting and electronic data processing services with KTBCS and providing 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<sup>st</sup>, 2018 and will be effective until December 31<sup>st</sup>, 2018. The agreement can be renewed by using a new agreement for 1 year each.

As at December 31<sup>st</sup>, 2017, the Company pledged Thai government bonds amount of Baht 5.1 million as collateral for commitment with KTBCS in execution of agreement (see Note 7). (As at December 31<sup>st</sup>, 2016 : Baht 2.6 million)

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 January 15<sup>th</sup>, 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<sup>st</sup>, 2016 and effective until June 30<sup>th</sup>, 2016.

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.

### 21.3 Management remuneration

Management remuneration for the years ended December 31<sup>st</sup>, 2017 and 2016 consist of the following :

	2017 Thousand Baht	2016 Thousand Baht
Short - term management remuneration	196,869	192,111
Long - term management remuneration	5,436	7,078
	202,305	199,189

## 22. FINANCIAL INSTRUMENT INFORMATION DISCLOSURES

During 2017 and 2016, the Company did not speculate or engage in the trading of any derivatives.

### 22.1 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.

#### 22.2 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<sup>st</sup>, 2017 and 2016, the Company has a credit line with a related financial institution in the sum of Baht 18,030 million in both years.

#### 22.3 Interest rate risk

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

As at December 31<sup>st</sup>, 2017 and 2016, financial assets and liabilities exposed to interest rate risk are as follows :

	As at December 31 <sup>st</sup> , 2017							
	Depend on market rate	The earlier of remaining period of contract maturity or repricing date			Non - rate sensitive	Total	Average interest rate	
	Within 0 - 1 month	Within 1 year	1 - 5 years	More than 5 years			Floating rate	Fixed rate
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	%	%
<b>Financial assets</b>								
Cash and cash equivalents	227	-	-	-	1,474	1,701	0.38	-
Trade accounts receivables	-	57,741	59	-	15,688	73,488	18.43	4.39
Investments	-	3	7	2	-	12	-	2.22
<b>Financial liabilities</b>								
Short - term loans	3,470	6,600	-	-	(2)	10,068	1.82	1.68
Long - term debentures	-	7,270	20,515	15,570	-	43,355	-	3.32



	As at December 31 <sup>st</sup> , 2016							
	Depend on market rate	The earlier of remaining period of contract maturity or repricing date			Non - rate sensitive	Total	Average interest rate	
	Within 0 - 1 month	Within 1 year	1 - 5 years	More than 5 years			Floating rate	Fixed rate
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	%	%
<b>Financial assets</b>								
Cash and cash equivalents	422	-	-	-	743	1,165	0.38	-
Trade accounts receivables	-*	53,756*	119*	-	14,822*	68,697	19.14	5.26
Investments	-	-	7	3	-	10	-	2.24
<b>Financial liabilities</b>								
Short - term loans	600	9,079	-	-	(14)	9,665	2.20	1.69
Long - term debentures	-	9,568	21,085	10,770	-	41,423	-	3.57

\* The Company made changes the presentation of 2016 comparison to be in accordance with the current year presentation.

## 22.4 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 :

	As at December 31 <sup>st</sup> , 2017		Fair value hierarchy	Valuation technique
	Carrying amount	Fair value		
	Million Baht	Million Baht		
Assets				
Trade accounts receivables	67,788	67,788	2	Fair value is subject to market interest rate net of allowance for doubtful accounts
Investments	12	12	2	Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association
Liabilities				
Short - term loans from financial institutions	10,068	10,068	2	Fair value is subject to market interest rate
Deferred income for reward points	2,559	2,559	3	Estimates of redemption rate of the reward points earned by the customers and fair value of reward
Long - term debentures	43,355	44,461	2	Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association

	As at December 31 <sup>st</sup> , 2016		Fair value hierarchy	Valuation technique
	Carrying amount	Fair value		
	Million Baht	Million Baht		
Assets				
Trade accounts receivables	63,303	63,303	2	Fair value is subject to market interest rate 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
Liabilities				
Short - term loans from financial institutions	9,665	9,665	2	Fair value is subject to market interest rate
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



### **23. 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<sup>nd</sup>, 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<sup>th</sup>, 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.

### **24. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved for issuing by the authorized directors of the Company on February 12<sup>th</sup>, 2018.

## 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.

<b>Address</b>	591 UBC II Building, 14 <sup>th</sup> Floor, Sukhumvit 33 Road, North Klongton, Wattana, Bangkok 10110
<b>Tax Identification Number</b>	0107545000110
<b>Homepage</b>	<a href="http://www.ktc.co.th">www.ktc.co.th</a>
<b>Customer Contact Center</b>	02 123 5000
<b>Telephone</b>	02 123 5100
<b>Facsimile</b>	02 123 5190

### Investor Relations Contact Information

<b>Telephone</b>	02 828 5059, 02 828 5067
<b>Facsimile</b>	02 828 5064
<b>E-Mail</b>	<a href="mailto:irktc@ktc.co.th">irktc@ktc.co.th</a>
<b>Homepage</b>	<a href="https://www.ktc.co.th/sites/ktc/investor-relations/?lang=en_US">https://www.ktc.co.th/sites/ktc/investor-relations/?lang=en_US</a>

## References

<b>Auditor</b>	<b>Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.</b> AIA Sathorn Tower, 26 <sup>th</sup> Floor, South Sathorn Road, Yan Nawa, Sathorn, Bangkok 10120
<b>Legal Consultant</b>	<b>Siam Premier International Law Office Limited</b> The Offices at Central World, 26 <sup>th</sup> Floor, 999 / 9 Rama I Road, Pathumwan, Bangkok 10330
<b>Securities Registrar</b>	<b>Thailand Securities Depository Company Limited</b> The Stock Exchange of Thailand Building 93 Rachadapisek Road, Dindaeng, Dindaeng, Bangkok 10400
<b>Debenture Registrar</b>	<b>Bank of Ayudhya Public Company Limited</b> 17 <sup>th</sup> Floor, 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120
<b>Debenture Holder Representative</b>	<b>Bank of Ayudhya Public Company Limited</b> 17 <sup>th</sup> Floor, 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120
<b>Frequently Contacted Financial Institution</b>	<b>Krungthai Bank Public Company Limited</b> (as a company's major shareholder) 35 Sukhumvit Road, Klong Toey Nua, Wattana, Bangkok 10110

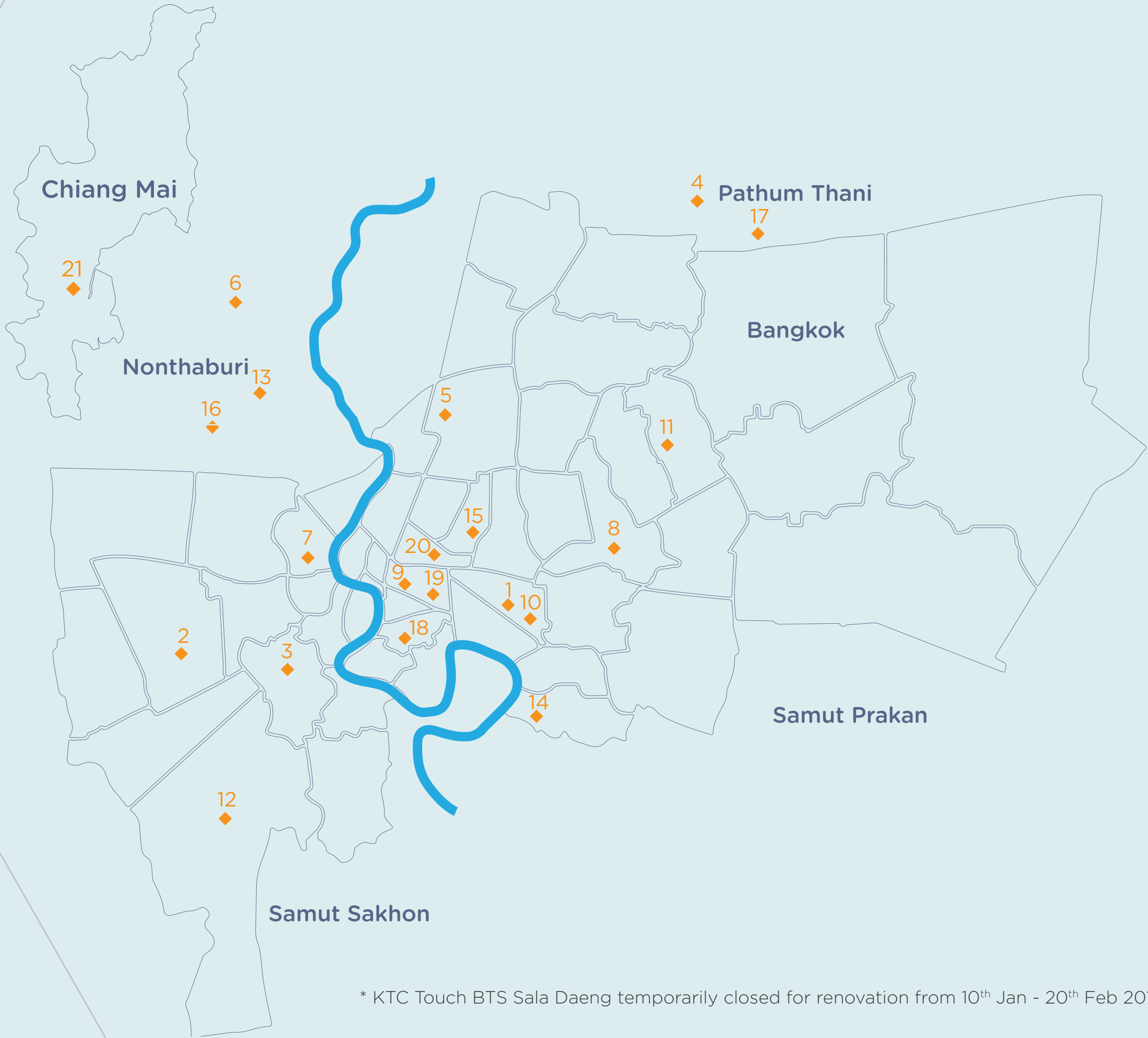
## Registered Capital as of 31 December 2017

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

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



# KTC TOUCH



\* KTC Touch BTS Sala Daeng temporarily closed for renovation from 10<sup>th</sup> Jan - 20<sup>th</sup> Feb 2018

As of December 31<sup>st</sup>, 2017 there are 21 branches of KTC Touch. 20 branches are in Bangkok and vicinity and 1 branch is in provincial area.

1.	UBC II	G Floor
2.	The Mall Bangkae	3 <sup>rd</sup> Floor
3.	The Mall Thapra	2 <sup>nd</sup> Floor
4.	Future Park Rangsit	2 <sup>nd</sup> Floor
5.	Central Ladprao	2 <sup>nd</sup> Floor
6.	The Mall Ngamwongwan	4 <sup>th</sup> Floor
7.	Central Pinklao	4 <sup>th</sup> Floor
8.	The Mall Bangkapi	G Floor
9.	MBK Center	3 <sup>rd</sup> Floor
10.	Krung Thai Bank Nana Nua Branch	1 <sup>st</sup> Floor
11.	Fashion Island	1 <sup>st</sup> Floor
12.	Central Rama 2	G Floor
13.	Central Rattanathibet	1 <sup>st</sup> Floor
14.	Central Bangna	4 <sup>th</sup> Floor
15.	Fortune Town Shopping Mall	2 <sup>nd</sup> Floor
16.	Central Chaengwattana	4 <sup>th</sup> Floor
17.	Future Park Rangsit 2	1 <sup>st</sup> Floor
18.	BTS Sala Daeng *	Exit to Dusit Thani Hotel
19.	BTS Chidlom	Exit to Central Chidlom
20.	Thai Summit Tower	9 <sup>th</sup> Floor
21.	Central Airport Chiang Mai	3 <sup>rd</sup> Floor