

**2020 Annual Registration Statement/Annual Report**  
(Form 56-1 One Report)





# Content

## Part 1 Business Operation and Operating Performance 2

<b>1. Group Structure and Operation</b>	<b>2</b>	3.3 Sustainability Management in Environmental Dimension	72
1.1 Policy and Business Overview	2	3.4 Sustainability Management in Social Dimension	73
1.2 Business Operations	16	<b>4. Management Discussion and Analysis (MD&amp;A)</b>	<b>75</b>
1.3 Shareholding Structure	48	4.1 Management Discussion and Analysis and Factors/ Situations Which May Significantly Affect the Financial Position and Operating Performance in the Future	75
1.4 Registered and Paid-up Capital	51	4.2 Information from Financial Statements	87
1.5 Issuance of Other Types of Securities	51	4.3 Key Financial Ratios	95
1.6 Dividend Policy	57	<b>5. General and Other Important Information</b>	<b>96</b>
<b>2. Risk Management</b>	<b>58</b>	5.1 General Information of Referenced Entities	96
2.1 Risk Management Policy and Plan	58	5.2 Other Important Information	96
2.2 Risk Factors	61	5.3 Legal Dispute	97
<b>3. Driving Business for Sustainability</b>	<b>71</b>		
3.1 Policy and Goal for Sustainability	71		
3.2 Management of Impact on Stakeholders in Value Chain	71		

## Part 2 Corporate Governance 98

<b>6. Corporate Governance Policy</b>	<b>98</b>	<b>8. Key Performance Report on Corporate Governance</b>	<b>142</b>
6.1 Overview of Corporate Governance Policies and Guidelines	98	8.1 Performance of the Board of Directors in the Previous Year	142
6.2 Guidelines of Business Conduct	104	8.2 Performance of the Audit Committee in the Previous Year	157
6.3 Major Changes and Improvements on Corporate Governance Policies, Guidelines and System	104	8.3 Performance of the Nomination and Remuneration Committee in the Previous Year	159
<b>7. Corporate Governance Structure</b>	<b>117</b>	8.4 Performance of the Compliance and Governance Committee in the Previous Year	160
7.1 Organization Chart	117	8.5 Performance of the Executive Committee in the Previous Year	162
7.2 Board of Directors	118	8.6 Performance of the Risk Oversight Committee in the Previous Year	163
7.3 Committees	122	<b>9. Internal Controls and Related Party Transactions</b>	<b>165</b>
7.4 Management	130	9.1 Internal Controls	165
7.5 Personnel	136	9.2 Related Party Transactions	168
7.6 Names of Accounting Head, Corporate Secretary, Internal Audit Head, Compliance Head and Investor Relations Officer	141		
7.7 Auditor's Remuneration	141		

## Part 3 Financial Statements 172

### Attachment

Attachment 1 Profiles of Directors, Executives, Controlling Persons, Chief Financial Officer, Accounting Head and Corporate Secretary	318
Attachment 2 Information on Directors of Subsidiaries	369
Attachment 3 Information on Internal Audit Head and Compliance Head	370
Attachment 4 Assets for Business Operation	374
Attachment 5 Policy and Guidelines on Corporate Governance, Business Ethics and Board of Directors' and Committees' Bylaws	375
Attachment 6 Report of the Audit Committee	415

*In case this Form 56-1 One Report refers to any information disclosed on the Bank's website, such information is part of this Form 56-1 One Report. Besides the information on this Form 56-1 One Report, the Board of Directors is responsible for the accuracy and completion of such referred information on the website.*



# Part 1

## Business Operation and Operating Performance

### 1. Group Structure and Operation

#### 1.1 Policy and Business Overview

##### 1.1.1 Background

Kiatnakin Phatra Financial Group (“the Group”) emerged from the merger between Kiatnakin Bank Public Company Limited (“the Bank”) and Phatra Capital Public Company Limited (“PHATRA”) on September 13, 2012 in order to synergize their business expansion and pursue the achievement of operational excellence in each of the core business of the Bank and PHATRA with the aim to combine their relevant banking expertise and capital market proficiency. As a result of the merger, the Bank acquired 99.93% of PHATRA and offered newly-issued ordinary shares of the Bank to PHATRA’s shareholders at a swap ratio of 1 ordinary share of PHATRA to 0.9135 ordinary shares of the Bank in accordance with the merger plan approved by the 2012 Annual General Meeting of Shareholders.

After the merger, the Group operates two main businesses, namely the commercial banking business operated by the Bank and the capital market business operated by the Group companies, which consists of PHATRA, Phatra Securities Public Company Limited (“PTSEC”), KKTRADE Securities Company Limited (“KKTRADE”) (previously known as Kiatnakin Securities Company Limited - KKS) and Phatra Asset Management Company Limited (“PASSET”) (previously known as

Kiatnakin Fund Management Company Limited - KKF).

In 1971, the Bank was established as Kiatnakin Finance and Securities Company Limited with Baht 10 million in registered capital to operate the finance and securities business. The company was listed on the Stock Exchange of Thailand (“SET”) in 1988 before its transformation to a public company in 1993. Eventually, its finance business and securities business were separated in 1999.

Kiatnakin Finance and Securities Company Limited was operating at the time of the financial boom and it also experienced several national economic crises, especially the economic crisis in 1997 in which the company was one of the fifty-seven financial institutions which were forced to temporarily discontinue operation. However with its perseverance, commitment and support from its strong alliance with shareholders, clients, management and employees, the company was granted permission by the Ministry of Finance to resume business operation in 1998. The company continued to steadily grow until it was granted permission to upgrade from a financial company to become Kiatnakin Bank Public Company Limited and began to operate as a commercial bank from October 3, 2005 onwards.





PHATRA is a holding company which has been set up since April 1, 2010 as a public company limited under the business restructuring plan of PTSEC to engage directly in the investment business and hold shares in PTSEC.

PTSEC is a broker member of the SET (no. 6). PTSEC has been founded since September 17, 1997 under the policy of separating the finance and securities businesses of Phatra Thanakit Finance and Securities Public Company Limited, which was set up in 1972, in order to carry on the securities business. PTSEC's main businesses consist of the securities and derivatives brokerage business for local and foreign institutional clients. PTSEC has BofA Securities (previously Bank of America Merrill Lynch) as its exclusive business partner. For high-net-worth individuals, PTSEC operates the private wealth management business covering several asset classes and focusing on asset allocation, the investment banking business and the investment business.

The Bank completed the additional share purchase of 40% of total KKF shares from the Government Pension Fund on September 28, 2012 when a total of Baht 63 million was settled in exchange for 4.8 million shares of KKF. There was a record of goodwill totaling Baht 19 million from this transaction. Therefore, the Bank held 99.99% of shares in KKF. Thereafter, the Bank transferred shares in KKF and KKS to PHATRA on December 28, 2012 and January 2, 2013 respectively in accordance with the merger plan. Consequently, the Bank holds 99.96% shares in KKS and KKF via PHATRA.

On September 25, 2012, the newly-issued ordinary shares of the Bank started trading on the SET, while PHATRA's shares were delisted from the SET. Later, the Bank officially changed the stock trading ticker from "KK" to "KKP" effective from August 1, 2013 onwards.

On July 8, 2016, PHATRA sold a total of 49,999,998 shares or 99.99% in KKTRADE to Yuanta Securities Asia Financial Services Limited. Later, on September 1, 2016, KKTRADE was renamed Yuanta Securities (Thailand) Company Limited.

On August 17, 2020, the names of the Bank, PHATRA and PTSEC were changed to Kiatnakin Phatra Bank Public Company Limited, KKP Capital Public Company Limited ("KKP CAP") and Kiatnakin Phatra Securities Public Company Limited ("KKPS") respectively. Moreover,

on September 28, 2020, PASSET changed its name to Kiatnakin Phatra Asset Management Company Limited ("KKPAM"). This rebranding effort has united and truly completed the merger process carried out since the year 2012.

## 1.1.2 Corporate Strategy

The Bank's Board of Directors has considered and set the vision, mission and corporate principles, in consistent with the current business strategy as follows:

### Vision

To attain business growth along with the success of clients and the society

### Mission

To provide resources to clients properly, adequately and proficiently through services beyond expectation and like none other

### Principles

Winning attitude, grit, community and market

For the long-term strategy, the Group emphasizes businesses in which it has expertise and competitiveness through the development of a wide range of financial and investment products to serve target clients' needs. To accomplish this, the Group strives to create business innovations, generate synergies within the Group as well as expand into new businesses to enhance its full commercial banking operation capabilities.

The Group plans to increase its service effectiveness and respond to various needs of clients through a variety of service channels. The Group also focuses on improving its internal business processes including risk management and efficient monitoring and control. For organizational development, the Group concentrates on its human resources development and information system improvement as well as strengthening its corporate culture, which is fundamental for its business development.

The Group has a policy on organizational development in five main aspects as follows:

1. **Flexibility:** To be a highly flexible organization in order to be able to respond to various clients' needs;
2. **Speed:** To be able to service clients rapidly with its precise decision-making process;
3. **Innovation:** To be an innovative organization with a continuous product and process development in line with the market trend;
4. **Quality:** To be an organization with strong resources in the aspects of employees, capital and information systems; and
5. **Efficiency:** To be an effective organization by keeping its operating cost at a competitive level.

### 1.1.3 Major Changes and Developments

## 2018

#### Development of Products and Service Channels

##### Upgrading Flagship Branches as Financial Hubs

The Bank has continuously improved and upgraded its flagship branches, which have high deposits and investment transactions, to be financial hubs to offer financial and investment products of the Group. Providing KK PRIORITY service and PTSEC's wealth management and Phatra Edge services, the financial hubs reflect the Groups' business platform as a bank which provides complete capital market services. In 2018, the Bank opened another financial hub in Yaowarat.

##### KK Virtual Branch

KK Virtual Branch has the same competence as an actual branch. This is a newly integrated innovation to carry out financial transactions between the client and the Bank. KK Virtual Branch is self-service and has been designed for easy use to make sure clients are comfortable. KK Virtual Branch's services are opening new accounts, making fund transfers within the Bank, as well as interbank transfers including PromptPay and portfolio summary. Clients can also sign up for new services, such as e-Banking, Smart SMS and debit card.

KK Virtual Branch also has a video call function with staff enabling clients to make inquiries or obtain suggestions on products and services. KK Virtual Branch has already been set up at the Asoke branch. In 2019, the Bank would launch new services on investment via KK Virtual Branch to allow clients to make transactions (buy, sell and switch) of their mutual funds and also roll out five more branches at Siam Paragon, Central World, Thong Lor, Seacon Square Srinakarin and Silom.

##### KK Magic Mirror

The Bank has innovated and kept on expanding its services while seeking new investment methods which fulfill the modern lifestyle of the digital era. The Bank has created a new service, namely KK Magic Mirror, which uses technology to enable a connection between clients and the Bank in the form of human interaction just like an actual conversation with the image of a virtual staff member on the screen.

KK Magic Mirror utilizes a digital touch screen and gives clients access to the basic financial advisory services of the Bank. It can deliver answers in a matter of seconds or even instantly to people who would like to make an investment but do not have time to visit the Bank's branches. It is considered the first innovation in providing financial advisory services via an LCD screen in the form of interactive communication in Thailand.

KK Magic Mirror currently has two types of services which are 1) instant conversation with a virtual staff who will provide a personal solution to financial issues which may eventually bring clients to meet with financial advisors at branches and 2) live video call to inquire about investment products and services which meet the client's need.

At the moment, the Bank has already launched five KK Magic Mirror located at the Asoke branch, K Village, Seacon Square Srinakarin, CP Tower 1 Silom and Central World.

##### KK e-Banking Mobile Application for Buying, Selling and Switching Mutual Funds

The Bank has developed KK e-Banking mobile application, which connects with FundConnex of the SET, to facilitate clients on buying, selling and



switching mutual funds via mobile phone. Through KK e-Banking mobile application, clients can view the summary of fund transactions previously made and their transaction statement any place and anytime.

### Banking as a Service

The Bank has launched Banking as a Service to extend banking services for external organizations to be able to connect and make financial transactions - fund transfers and payments for goods and services - via their own systems.

### Market Place Project

The Bank has developed the Market Place Project, called HUBB, which is a service platform to broaden the website's capacity to be a market place for clients to quickly and easily search for products and services of the Bank. The Bank plans to use this platform for products, such as used cars, new cars, insurance, personal loans, housing loans, car auctions, etc.

### LINE@ kkloan

Besides the Bank's website and social media, which are Facebook @kiatnakinlive, Twitter @kiatnakinlive, YouTube @kiatnakinlive and LINE@ kkplive from which clients can receive news from the Bank, the Bank has developed LINE@ kkloan as another channel for clients who are interested in applying for loans. Through LINE@ kkloan, the Bank can provide instant loan advisory in all aspects ranging from loan product details, qualifications of applicants and initial credit line for personal loans, housing loans and auto hire purchase loans.

### Deposit Product Development

The Bank has developed a new deposit product, the "Basic Banking Account", to support the policy of the Bank of Thailand and the Thai Bankers' Association in improving the access of Thai households to financial services. Giving people access to appropriate financial services can help them to better manage risks, encourage them to learn more about savings and provide more opportunities for the easy and safe receipt of government benefits. This product will lead to other formal financial services, such as savings, investments and loans which can help people improve their lives.

Basic Banking Account is a savings account which gives clients the comfort of deposit-withdrawal banking transactions, no minimum opening balance and free debit card entrance fee, annual fee and account maintenance fee. It is available to Thai citizens with a welfare card or those aged 65 or more. The Bank launched this product on October 18, 2018.

Moreover, the Bank has also developed and launched KK SMEx3 current account to facilitate financial transactions for clients who have the KK SMEx3 loan.

### Waiver of Online Transaction Fees

The Bank has become a significant part of the government's strategy to promote payments via electronic channels or the national e-Payment masterplan as part of the Ministry of Finance's aim to develop financial and payment systems in order to efficiently manage cost, reduce cash usage and stimulate the wide usage of e-payment. Therefore, the Bank has waived fees for online transactions (internet and mobile banking) via KK e-Banking and KK e-Banking @PhatraEdge since April 3, 2018.

The Bank believes that the online fee waiver by financial institutions is a significant changing point for the national payment system. This will concretely help reduce cost for financial institutions and the country, increase the economic growth rate, cut the existence of the informal economy, enhance competitiveness and push the country forward into the digital era.

### Issuance and Offering of Structured Products

In 2018, PTSEC issued and offered two new types of structured products: 1) Rainbow ELN, an equity linked note which has more than one underlying security and 2) Autocallable Fixed Coupon Note, a yield enhancement note which offers a higher return if the price of the underlying security is in accordance with the specified conditions. Both types of structured products have become popular among investors.

### Family Advisory Service

Apart from the services on investment advisory for high-net-worth clients who have an investment of more than Baht 30 million in investable assets, PTSEC has



entered into a new business opportunity by introducing a comprehensive service of private wealth management with the objective to facilitate the need of clients on the succession of the family business and family wealth. Its family advisory services include preliminary advice on the shareholding structure of the family business, the holding structure of family assets, the preparation of legal documents related to restructuring and succession, the preparation of the family constitution and the planning of the family business succession.

### Information Technology Infrastructure Improvement

The Bank recognizes the importance of stability and growth in its business operation. In 2018, the Bank invested in several key IT projects, for example, Enterprise Resource Planning (ERP), IFRS9 and new core banking projects. The Bank used more than Baht 500 million and management and employee resources for almost two years to revamp the key processes of core banking, which is a service foundation of the Bank ranging from client accounts, deposits, withdrawals and fund transfer functions. All these were to replace the old core banking system which had been used since 2005. Its objective is to upgrade IT infrastructure and develop banking services to offer equal or better services than those of other banks of the same class and enable the Bank to provide products and services which meet the market's needs and increase its competitive advantage.

The Bank selected the core banking system from Silverlake Group, a well-accepted supplier of proven solutions for more than thirty years by Thai and international financial institutes, especially in the Southeast Asian region. The Bank selected the core banking solution based on confidence and expertise of the supplier, past success and reliable results, and strong support and commitment by the supplier in terms of resources for technical service, support and advice.

On November 25, 2018, the Bank started using its new core banking system. The Bank has successfully made the big change to its IT architecture with eighty new and upgraded surrounding sub-systems. The Bank has cancelled old and complex systems and reinforced

its IT infrastructure stability to be ready for the elevated level of business continuity management. Reducing system complexity, the Bank also centralized product management and client information database, and in doing so, increased its IT capabilities in new product design and development to shorten time-to-market overall. The new core banking system also extended business and IT capabilities to support the three-year strategic growth of the national e-Payment and digital banking strategy of the Bank of Thailand as well.

### Development in Asset Management Business of PASSET

PASSET has introduced a variety of products to broaden the scope of investment choices for investors, which mainly focus on diversification and asset allocation.

In 2018, PASSET launched Phatra Global New Perspective Fund - Hedged (PHATRA GNP-H) to provide investors with another option in global equity investments with currency hedging by investing in Capital Group New Perspective Fund (LUX). Moreover, PASSET also launched three Retirement Mutual Funds (RMF) for investors who wished to invest in RMFs, allowing them to invest in a variety of asset classes. The new RMFs include: 1) Phatra Global New Perspective RMF Fund - Hedged (PHATRA GNP RMF-H); 2) Phatra Global New Perspective RMF Fund - Unhedged (PHATRA GNP RMF-UH) - both funds are Feeder funds investing in Capital Group New Perspective Fund (LUX), with different currency hedging strategies and 3) Phatra Strategic Asset Allocation Retirement Mutual Fund (PHATRA SG-AA RMF), which invests both locally and globally in equities, fixed income securities and alternative assets.

In addition to the launch of mutual funds, PASSET has also continuously developed private fund products to provide more choices for investors including private funds which invest in structured notes linked to performances of foreign securities and private funds with asset allocation strategies.

PASSET has also expanded distribution channels to commercial banks with the open-architecture concept, insurance companies which offer unit-linked insurance products and various securities companies.



## Synergies within the Group

In 2018, the Bank and the Group companies continued their cooperation to increase business potential and opportunities while minimizing limitations with the aim to synergize the overall benefits and effectively increase its competitiveness.

With this endeavor, there have been improvements in its private banking business, investment business and wholesale and investment banking business. For instance, revenue from the wholesale and investment banking business in 2018 increased from Baht 1.18 billion in 2017 to more than Baht 1.40 billion, of which 50% was generated from the cross-selling of the Group's products and services. The investment business, which was operated by the Group companies, had an increase in investment capital in 2018 as a result of support from the Bank. The private banking business also significantly increased the cross-selling of products and services, especially KK Phatra Smart Settlement (KKPSS), wealth management and Phatra Edge services, Lombard loans, private funds and various insurance products.

## Corporate Governance Improvement

The Bank's Board of Directors reviews and revises the Corporate Governance Policy on an annual basis and constantly improves practices on several matters to upgrade the governance level of the Bank and the Group companies. During 2018, the Bank additionally improved its key corporate governance practices as follows:

- The Board of Directors reviewed and amended its Corporate Governance Policy so that it is in line with current practices and newly-issued regulations, i.e. the Bank of Thailand's Corporate Governance of Financial Institutions. The topics which have been revised include the shareholders' meeting; reporting channels for whistleblowers; role, practice and responsibilities of the Group towards clients, the community, society and the environment; securities trading by directors, executives and employees engaging in business outside the Bank; anti-corruption and anti-bribery; disclosure of corporate governance information;

Board composition; director qualification; term of directorship; directorship in other companies of directors; roles, duties and responsibilities of the Board of Directors; Board meeting; performance evaluation of the Board of Directors and committees; remuneration for directors and executives and directorship in other companies of executives.

- Revised and defined additional roles, duties and responsibilities of the Board of Directors in writing. This included defining the proper remuneration structure to incentivize employees to fully perform their duties with honesty and consistency with the risk culture; defining or approving the effective risk governance framework to support business operations in accordance with the specified directions and objectives under the rapidly changing business environment; ensuring that the Bank has a system and risk management process which can address the overall and significant risks (Comprehensive Risk Management Policy and Process); overseeing the Group's risks to ensure that the business is operated within specified risk management policies and strategies, that the risk culture is built and there is communication of risk policies and strategies throughout the organization; reviewing the sufficiency and effectiveness of the overall risk management policies and strategies as well as risk appetite at least once a year or upon any significant changes; regularly partaking in the evaluation of the effectiveness and efficiency of the Head of the Risk Management Group at least once a year; ensuring that the Bank and the Group companies have an organizational structure which promotes independent and effective control, oversight and audit functions (three lines of defense) and overseeing the disclosure of important corporate governance information at shareholders' meetings and to the public.
- Revised the roles, duties and responsibilities of the Executive Committee on the establishment of the overall organizational structure in accordance with the business direction and goals.

- Added roles, duties and responsibilities of the Audit Committee to assist the Board of Directors in overseeing the Group companies and reviewing the accuracy of the Anti-corruption Self-evaluation Report and reference documents as prescribed by the Private Sector Collective Action Against Corruption (“CAC”).
- Defined additional roles, duties and responsibilities of the Nomination and Remuneration Committee in writing in giving consent on the directors and persons with management authority of the Group companies prior to being proposed for appointment; oversaw that the Group has a mechanism or tool to support the process for selecting and nominating director candidates; ensured the disclosure of the policy and process for the selection of directors and persons with management authority of the Bank in the annual report; ensured that the remuneration and other benefits for Board members and persons with management authority reflect the objectives, duties and responsibilities and relevant risks and do not create incentives for entering into too risky transactions which can affect the Group’s stability and considered and established guidelines for the performance evaluation of the Board members (cross-evaluation) prior to proposing to the Board of Directors.
- Defined and revised the Bank’s policies and guidelines for more clarity and to ensure that they are in line with the revised regulations of governing agencies. These cover all Risk Management Policies, including IT Risk Management Policy, Market Conduct Policy, Service Channels Policy, Core Credit Policy, Commercial Lending Policy, Counterparty Risk Policy, Collateral Policy, Debt Restructuring Policy, etc.
- PASSET has prepared and submitted the Anti-corruption Self-evaluation Report to the CAC to re-certify its membership. As a result, PASSET has been approved and re-certified as a full member of the CAC on February 12, 2018, following PHATRA and PTSEC, which have been re-certified since March 9, 2017, and the Bank, which has been re-certified since November 10, 2017.

- The Bank and the Group companies in the capital market business, in conjunction with the CAC, have announced the No Gift Policy, which is consistent with the Group’s incessant practices on anti-corruption. Moreover, the Bank has cooperated with the Thai Bankers’ Association to declare the No Gift Policy to confirm its intent against corruption in any form and support transparency and good corporate governance in its business operation.

## 2019

### Development of Products and Service Channels

#### Phatra Global Investment Service for High-Net-Worth Clients

With an aspiration to become “The Best Global Private Bank for Thais” and continually uplift the leadership in local private banking standard, PTSEC has introduced offshore investment under the name Phatra Global Investment Service (GIS) for high-net-worth clients. With the gradual relaxation of regulations governing offshore investment, this allows PTSEC to offer more investment product varieties to uplift its capabilities in managing clients’ wealth through global investment which enhances diversification and investment opportunities to receive higher return.

In 2019, GIS added new services, in addition to the trading platform for global stocks and ETFs introduced since 2012, as below:

- Offshore mutual funds from global fund houses, introduced in April 2019 offering funds from BlackRock Asset Management, J.P. Morgan Asset Management, Wellington Management, Goldman Sachs Asset Management Fund Services Limited, PIMCO and Franklin Templeton Investment;
- Structured notes from global investment banks, launched in August 2019 offering notes from J.P. Morgan, Société Générale and Citigroup; and
- Private markets from elite private equity firm, Kohlberg Kravis Roberts (KKR), offering access to a private equity fund for ultra-high-net-worth clients, introduced in August 2019.





With the aforementioned offerings, PTSEC aims to continuously expand product depth and breadth to bring global best practices to Thai clients.

### Development of KK e-Banking Mobile Application

The Bank has developed KK e-Banking mobile application in order to improve convenience for clients. The Bank has implemented the 'no password' function that enables clients to log in by using their fingerprint touch ID or face ID and to transfer or make payment not exceeding Baht 10,000 or in accordance with the saved transactions without using OTP. For transactions over Baht 10,000, clients need to use MyPIN as an additional authorization factor.

The Bank has also supported Thailand's digital ID project by adding KKP NDID service feature on KK e-Banking for digital self-identification via the National Digital ID Platform in order to carry out any financial transactions.

### Development of KK Auto Application

The Bank has improved KK Auto application, which is the application for auto hire purchase clients, by adding on the feature to collect information on clients' mobile phone usage with their consent. Such information has been used to analyze clients' behavior in order for the Bank to better facilitate clients and offer the right financial services at the right time.

### Development of Telephone System

The Bank has increased efficiency and safety in using the KKP Contact Center by adding the dynamic IVR. After the clients identify themselves via the KKP Contact Center, the system will inform only products/ services that the client has with the Bank instead of letting the client listen to all menu announcements. This is to reduce clients' waiting time and increase clients' satisfaction.

Also, the automatic dial system has been added to better serve clients. For instance, the system will call out to remind about a loan payment due date for clients with no service fee. The Bank plans to extend this service to credit approval and appointment.

## Development of Deposit and Insurance Products

During 2019, the Bank continued to focus on its clients by providing new deposit and investment products and services, which respond to their needs. For example, the Bank introduced Foreign Currency Deposit Account (FCD) which is a savings account that clients can choose to deposit in six foreign currencies, which are US Dollar (USD), Euro (EUR), Pound (GBP), Japanese Yen (JPY), Hong Kong Dollar (HKD) and Singapore Dollar (SGD). FCD supports several client groups, helps reduce risk from exchange rate fluctuation by saving in foreign currency accounts, facilitates clients when they need to withdraw or use foreign currencies for future expense, as well as easily increases effectiveness in foreign currency management.

In addition, KK Smart Corporate is a savings account for corporates which supports the business's savings management plans. It offers more significant benefits than general savings accounts as it offers high interest rate similar to fixed deposit accounts with no intensive minimum deposit requirement for account opening and no limit on transactions. Moreover, clients can conveniently manage their business transactions through Corporate Internet Banking (CIB) without having to visit any branch.

The Bank, as a life and non-life insurance broker, also offers consultation and financial planning for clients. The Bank aims to ensure that bancassurance will be part of official solutions to serve KKP's clients. Therefore, the Bank has provided life insurance with investment with regular premium, namely KKGEN Wealth Protect Link, and single premium, namely KKGEN Wealth Invest Link. Such insurance products provide clients with life protection and investment return. Clients are able to choose from a variety of funds and switch in accordance with the specified conditions. Furthermore, the Bank has developed a new life insurance product with legacy planning, namely KKGEN Infinite Wealth 90/5, in which clients pay the premium for only five years and obtain life protection as sum assurance until the age of ninety and accidental protection at a maximum of Baht 50 million.

Additionally, in order to fulfill clients' health protection needs, the Bank has developed KKGEN Easy Box-Wellness, which protects clients against medical

expenses both OPD and IPD, and KKGEN Cancer Protect, which provides coverage for all cancers in every stage.

### PhatraX, the Digital Platform to Distribute Analysis and Research Reports of PTSEC

PTSEC has harnessed the latest technology and innovation to develop PhatraX, a digital platform to distribute macroeconomics and equity analysis and research reports. With the digitization of the report distribution process and the introduction of automation, the whole process has been streamlined in order to meet the changing needs of clients and enhance efficiency in the analytical process for parties involved. PhatraX has already been successfully launched but will constantly be updated to provide better service and greater efficiency in the future.

### Issuance and Offering of Structured Notes

In 2019, PTSEC issued and offered two new types of structured notes: 1) Foreign ELN, an equity linked note which has foreign security as an underlying asset and 2) Foreign Autocallable Fixed Coupon Note, a yield enhancement note which has foreign security as an underlying asset and offers a high return if the price of the underlying asset is in accordance with the specified conditions. The foreign underlying asset for these two structured notes can be any stock, index or ETF which is listed in a well-established stock exchange around the world, such as the US, Hong Kong or Singapore.

### Development of Asset Management Business of PASSET

PASSET has continued to introduce a variety of products to meet investors' demands by focusing on allocation in various asset classes.

PASSET has introduced a variety of products to broaden the scope of investment choices for investors. In 2019, PASSET launched two additional asset allocation funds, i.e. Phatra Strategic Asset Allocation Fund - Light (PHATRA SG-AA Light) and Phatra Strategic Asset Allocation Fund - Extra (PHATRA SG-AA Extra) to provide investors with more choices, in addition to its existing asset allocation fund which is Phatra Strategic Asset

Allocation Fund (PHATRA SG-AA). These new funds assign different weights to strategic asset allocation and possess different levels of risk. PHATRA SG-AA Light is suitable for investors with medium to high risk tolerance, while PHATRA SG-AA Extra is suitable for investors with very high risk tolerance. Both funds follow strategic asset allocation recommendation from their investment advisor - PTSEC.

PASSET has also launched Phatra Passive Global Equity Fund (PHATRA PGE) which is a foreign equity feeder fund investing in iShares MSCI ACWI ETF that seeks to replicate the performance of the MSCI ACWI index through passive strategy. Such index is designed to represent the performance of stocks across developed and emerging markets.

In addition to the developments in PASSET's mutual fund products, PASSET has also continued to introduce private funds that invest in various assets both locally and globally.

PASSET has continued to expand distribution channels in order to increase accessibility to PASSET's funds via selling agents. PASSET has also added more products offered through commercial banks with an open-architecture platform, as well as life insurance companies (unit-linked) and securities companies.

### Strategic Investment in iSTOX, a Capital Market Platform for Digitized Securities

The Group invested in Singapore-based ICHX Tech Pte. Ltd. ("ICHX"), the operator of a fully integrated platform offering end-to-end digitized securities service under the name iSTOX. The platform is regulated by the Monetary Authority of Singapore (MAS). The Group has become ICHX's major investor, joining existing key shareholders including the Singapore Exchange Limited (SGX) and a subsidiary company of Temasek Holdings. In addition, Mr. Aphinant Kiewpatinond, the Group's CEO, has joined ICHX's Board of Directors to help develop iSTOX as part of capital markets that are more transparent and inclusive.

Capital markets are currently subject to complex regulatory frameworks and processes, which incur high



costs and limited access to fundraising. The iSTOX platform is designed to take on these challenges by using enabling technologies like blockchain and smart contract to provide increased transparency and reduce transaction costs of both the primary market issuance and secondary trading. The platform will serve both small and large companies seeking to raise capital through a wide range of asset classes, such as equity, fixed income and real estate investment trust. It will also provide ease of access to more choices of investment opportunities for investors including private markets, start-ups and real estate.

## Corporate Governance Improvement

The Bank's Board of Directors reviews and revises the Corporate Governance Policy on an annual basis and constantly improves practices on several matters to upgrade the governance level of the Bank and the Group companies. During 2019, the Bank additionally improved its key corporate governance practices as follows:

- The Board of Directors reviewed and amended its Corporate Governance Policy so that it is in line with current practices and corporate governance regulations. The topics which have been revised include the roles, duties and responsibilities of the Board of Directors and the Audit Committee; securities trading by directors, executives and employees; and engaging in business outside the Bank or the Group companies. Furthermore, the names of some units and committees in such policy have been revised to be in line with the current organizational structure and the wordings have been rearranged for ease of understanding.
- The Bank's definition of independent director has been revised by adding more qualifications on the term of directorship to be in accordance with the Bank of Thailand's notification No. FPG. 17/2561 on Corporate Governance of Financial Institutions (No. 2).
- The Risk Oversight Committee has been established to replace the Risk Management Committee effective from May 1, 2019 onwards and its roles, duties and responsibilities have been defined in writing.
- Defined additional roles, duties and responsibilities of the Audit Committee in writing to consult and exchange views with the Risk Oversight Committee in order to assess if the risk management policies and strategies covered all existing and emerging risks and if the implementations of such policies and strategies were effective and efficient.
- Defined additional roles, duties and responsibilities of the Compliance and Governance Committee in writing to ensure the Group companies have an efficient and independent compliance system and corporate governance practice as well as report to the Board of Directors in case there was any significant non-compliance with rules of the regulators or the Group companies.
- Revised the roles, duties and responsibilities of the Executive Committee on the establishment and amendment of the Bank's organizational structure to increase more flexibility.
- Defined, reviewed and revised the policies and guidelines for more clarity and to ensure that they were in line with the revised regulations of governing agencies. These cover all risk management policies, including Enterprise Risk Management Policy and Country Risk Management Policy; Anti-money Laundering and Counter-terrorism and Proliferation of Weapon of Mass Destruction Financing Policy; Service Channels Policy; Delegation of Authority Policy for Commercial Lending and Counterparty Risk Limit Setting; Delegation of Authority Policy for Retail Lending - Product Program; Factoring Policy; Sandbox Policy; Internal Capital Adequacy Assessment Process (ICAAP) Policy; Capital Management Policy; Mutual Fund Selling Agent Policy; Bancassurance Business Policy; Guidelines for Securities Trading of Directors, Executives, Employees and Persons who can access undisclosed information which is material to changes in the securities price; Guidelines for the Appointment of Directors, Managers, Persons with Power of Management or Advisors of the Bank, etc.
- As the current CAC membership certifications of PHATRA and PTSEC will expire by March 6, 2020,



PHATRA and PTSEC have prepared and submitted the Anti-corruption Self-evaluation Report to the CAC to re-certify their membership once again. Currently, they have been granted 2<sup>nd</sup> recertification as full members of the CAC.

## 2020

### The Bank's and the Group Companies' Name Change

On August 17, 2020, the names of the Bank, PHATRA and PTSEC were changed to Kiatnakin Phatra Bank, KKP CAP and KKPS respectively. Moreover, on September 28, 2020, PASSET changed its name to KKPAM. This rebranding effort has united and truly completed the merger process carried out since the year 2012.

### Development of Products and Service Channels

#### KKP Start Saving Account through True Money Wallet Application

The Bank has partnered with True Money Co., Ltd. (True Money), a prominent company in providing a wide range of financial services through True Money Wallet application ("True Money Wallet"), to offer savings products under the name "KKP Start Saving" via the application. Clients who open KKP start saving account will receive an interest of 1.55% per annum. This rate is higher than the regular savings account average rate of 0.25% per annum and clients can also use such deposits to pay for goods and services through True Money Wallet to promote the cashless economy.

The advantages of KKP Start Savings account is that clients can open accounts through True Money Wallet's e-KYC without submitting documents which can reduce time-consuming processes from traditional paper-intensive account opening via bank branches. Clients can also check the deposit balance with daily accrual interest function or the transaction history instantaneously on the application. In addition, clients can deposit their money in this savings account to get an interest. When they want to pay for products/ services or top up wallet,

they can do all of these transactions via the application conveniently. This results in a significant increase in online transaction volume of the Bank.

#### KKP Smart Growth

In 2020, the Bank has launched a new savings deposit product under the name "KKP Smart Growth" which is a savings account with investment. It supports and encourages clients for simultaneous saving and investment. The investment is made through the mutual funds managed by KKPAM.

#### Insurance Product Development with Business Partner

The Bank, in partnership with Generali Life Assurance (Thailand) Public Company Limited ("Generali"), has offered new insurance products, namely KKPGEN Wealth Flexi Link (RP) and KKPGEN Global Health Solution.

KKPGEN Wealth Flexi Link (RP) is designed for clients who prefer flexibility to modify coverage and investment to best suit each stage of their lives and for their future investment, for instance retirement plan, children's education plan and inheritance plan. In each stage of life, clients may have different ability to pay insurance premium, need different insurance coverage and expect different rate of financial return. The unique point of this product is that clients can adjust the life coverage from 5 times to 100 times of their main annual insurance premium while receiving special bonus yearly and life protection for the first 5 consecutive years according to the specified conditions.

The funds for KKPGEN Wealth Flexi Link (RP) are screened by using the knowledge and expertise of the Group and Generali for the utmost benefit of clients. The selected funds are full of quality with diverse assets and are not limited to funds under any specific asset management. This is to ensure that clients receive their return in accordance with their preferred risk level.

KKPGEN Global Health Solution, which is a life and health high premium insurance, completely responds to clients' health need. It covers medical expenses both domestic and worldwide with a maximum coverage of Baht 100 million. In addition to treatment, it also covers general health care, such as a physical checkup,



vaccine injection, dental care and child delivery, which helps reduce clients' risk and concern in the current circumstances where we are facing climate change and an outbreak worldwide. Besides, the medical expense tends to increase by 8 - 10% per year on average.

KKPGEN Global Health Solution offers 7 alternative plans for clients to choose in accordance with their preferred benefit and area of coverage. Generali, a global insurance brand, has a support unit named Generali Global Health, which has long-term health insurance expertise and experience and a global medical network. In case of emergency/ illness in any country or in case clients want to obtain health treatment in any country which offers specialized treatment, clients can access such treatment with no advance payment.

Furthermore, the Bank offers KKPGEN Infinite Wealth 99/2 and 99/10 which are lifetime insurance products to help clients in inheritance planning and financial planning from generation to generation. Also, clients are provided options to pay insurance premiums that best suit them.

### Progress of Global Investment Service (GIS) for High-Net-Worth Clients

In 2020 KKPS continued to extend the diversity of the GIS services (offshore mutual funds, structured noted and private markets) by on-boarding more quality products and world class counterparties as follows:

- Eight additional fund houses for offshore mutual funds, namely Capital Group, Columbia Threadneedle Investments, Fidelity International, Janus Henderson Investors, Jupiter Asset Management Limited, Lazard Asset Management, Schroder Investment Management and UBS Asset Management;
- Two structured note issuers, e.g. UBS AG and BNP Paribas. Moreover, KKPS added new product feature of physical delivery in addition to existing cash settlement option; and
- One more investment firm, Oaktree Capital Management, was added as a private markets product provider. Together with Kohlberg Kravis Roberts (KKR), engaged since 2019, KKPS offers three new private markets funds in 2020 which are popular among clients.

### Mandate Service for Offshore Investment through Program Trading

Regarding the onshore investment situation which still underperforms the market compared to offshore investment and the instability of the domestic market, investors may have found it difficult to manage their own portfolios to meet their target.

KKPS is aware of this pain point and proposes the new Mandate Service to its clients. Mandate Service is targeted to help clients invest in offshore market easily through program trading under the concept "Tailored Solutions, Professionally Managed". Mandate Service is managed by a professional and experienced team which will select the best investment products to construct clients' portfolios. Not only does the team manage asset allocation, but it also tracks risks and rebalances portfolio strategy periodically by using technology provided by Quantifeed which is the Asian leader in digital wealth solution technology. This technology increases the efficiency of clients' portfolio management and automatically rebalances and continuously tracks portfolio risk for clients. In addition, with the open architecture platform, Mandate Service can offer a variety of investment options covering all industries worldwide to meet both short-term and long-term goals for clients.

### Updates on the Development of Kiatnakin PhatraX - Digital Platform to Offer Analysis Report Services of KKPS

KKPS has been furthering the development of the Kiatnakin PhatraX digital platform since late 2019 with the initial step being designing a platform which is conducive to mobile device usage and adding new services as well as improving the data and information provided on the platform. This includes 1) consolidating analysis reports released in the past 24 hours under the name "KKPS Daily Digest", 2) offering financial models and valuation charts for each listed company's share and 3) adding new data and information and improving the data offered on each sector and industry as well as economic data for Thailand and other countries in the form of a 'dashboard' for clients' utmost convenience and benefit.

Our next step for the Kiatnakin PhatraX platform is the preparation of the needed infrastructure to link it to other systems within the Group.

### Issuance and Offering of Structured Notes

In 2020, KKPS, in collaboration with the Bank, issued and offered a new type of structured notes, namely Bonus Digital Note. It is a principal protected note which is linked to 1 - 5 underlying securities and would pay a fixed return if the prices of all underlying securities close higher than the predetermined prices. The issuance of such note received good response from investors. In addition, KKPS has reduced the minimum subscription amount for some issues of structured notes to Baht 1,000,000 to respond to clients' need to diversify investment risks in structured notes by using a smaller amount of investment.

### Opening 1<sup>st</sup> Bank Account via KKP Mobile Application

The Bank has facilitated its clients to open their 1<sup>st</sup> deposit account via KKP mobile application as it has developed a system to connect with the National Digital ID infrastructure ("NDID"), which enables clients to open a deposit account through KYC verification with our partners, such as Advanced Info Service Public Company Limited (AIS), as well as through other mobile banking applications. In addition, the Bank uses facial recognition technology to build confidence in identification and verification. Such innovation is under the supervision of the Bank of Thailand on the Regulatory Sandbox Project, which makes online transactions more convenient, secure and faster. This greatly reduces the country's economic cost and also supports the promotion of the digital economy.

In the future, the Bank will expand this service to other types of transactions, e.g. loan subscription, opening a securities account and a mutual fund account, buying online life insurance and so on.

### 1<sup>st</sup> Time in Thailand with Real-time NCB Credit Score Checking via KKP e-Banking Application

Since fast and secured access to credit information will create efficiency and reduce the cost of losing opportunities for the entire economy, therefore, the Bank

is 1<sup>st</sup> in Thailand to cooperate with the National Credit Bureau Co., Ltd. ("NCB") and NDID to provide credit report and credit score checking services through KKP e-Banking application in real time. This facility provides clients with the highest secured NDID verification and can protect their data privacy, replacing the credit information request through other channels which probably takes around 7 working days to receive a report.

With this project, the Bank can streamline its traditional loan approval process to take less time and paperwork as well as extend it to other business models, e.g. risk-based pricing by scoring. For instance, in case of good credit, loan applicants will be granted a lower interest rate, which helps reduce their cost of fund. In the meantime, this supports everyone to have financial discipline in order to maintain his/ her credit score.

### Development of Asset Management Business of KKPAM

In 2020, KKPAM introduced a variety of products to meet investors' evolving demand, covering several types of funds including foreign investment funds (FIF), thematic funds, passive strategy funds and asset allocation funds. These funds include:

- KKP Global Infrastructure Equity Fund - Hedged which is a feeder fund investing in master fund, Lazard Global Listed Infrastructure Equity Fund, which primarily invests in equities of infrastructure companies globally.
- KKP Expanded Tech Fund - Hedged which is a feeder fund investing in a master fund, iShares Expanded Tech Sector ETF, with the investment objective of tracking the performance of the S&P North American Expanded Technology Sector Index, using passive investment strategy. The index is designed to measure the performance of U.S. - traded stocks from the technology sector, select technology-related companies from the communication services and consumer discretionary sectors in the U.S. and Canada.
- KKP SET50 ESG Fund which mainly invests in stocks of listed companies on the SET that are the component of the SET50 index. The stocks are



selected based on the criteria set out by KKPAM, for instance, fundamentals, environmental, social and governance (ESG) aspects.

- KKP Strategic Asset Allocation Fund - Ultra Light which is an asset allocation fund investing in fixed income, equity and alternative investments, both domestically and globally. This is to provide investors with more choice in addition to KKPAM's three existing asset allocation funds, which are suitable for investors with different levels of risk tolerance. The fund follows strategic asset allocation recommendation from its investment advisor - KKPS.

In addition, KKPAM also offers tax-deductible funds, including Super Saving Fund (SSF) and Super Saving Fund Extra (SSFX) as a share class of ten existing funds currently under management, covering different types of funds as a choice for investors who seek long-term investments with tax benefits.

In addition to the developments in KKPAM's mutual fund products, KKPAM has also continued to introduce private funds that invest in various assets both locally and globally.

KKPAM has continued to expand distribution channels in order to increase accessibility to KKPAM's funds via selling agents. KKPAM also added more products offered through banks with the open-architecture

platform, as well as life insurance companies (unit-linked) and securities companies.

### Progress of iSTOX, a Capital Markets Platform for Digitized Securities

The digitized capital markets platform iSTOX achieved a key milestone in February 2020 when it graduated from the Monetary Authority of Singapore (MAS)'s FinTech Regulatory Sandbox. This graduation implies the elimination of restrictions for iSTOX, including previous limitations and constraints on the size of issuances and investors. Throughout the year, iSTOX has taken huge initiatives to prepare for expansion in investor acquisition, public relations, brand strengthening and investor education toward digitized assets. In 2020, iSTOX catered to digitized fund listing and trading with a total of five issuances including hedge funds and unicorn funds, supporting multiple currencies from USD, EUR and SGD.

Going forward, iSTOX has started working on the infrastructure for B2B2C connectivity and expanded by collaborating with brokers, private banks and external asset managers including expanding network of partnership in key strategic countries such as China and Japan. iSTOX also plans to add products such as equity, fixed income and structured products to expand the market attention to a wider range of issuers and investors.

## 1.1.4 General Information

Name of Company	Kiatnakin Phatra Bank Public Company Limited ("the Bank" or "KKPB")
Stock Ticker	KKP
Type of Business	Commercial banking business, capital market business and other related businesses under the Financial Institution Business Act, Securities and Exchange Act and other related regulations
Type and Number of Shares	846,751,109 ordinary shares and none of preferred share, with par value of Baht 10 per share (As of December 31, 2020)
Authorized Share Capital	Baht 8,467,511,090
Issued and Fully Paid-up Share Capital	Baht 8,467,511,090 (As of December 31, 2020)
Head Office Address	209 KKP Tower, Sukhumvit 21 (Asoke) Road, Khlong Toey Nua, Wattana, Bangkok 10110
Company Registration Number	0107536000986
Telephone	0 2165 5555
Website	www.kkpfg.com



## 1.2 Business Operations

The Group's business is divided into two main sections: the commercial banking business operated by the Bank and the capital market business operated by the Group companies, which are comprised of KKP CAP, KKPS and KKPAM. Both the commercial banking business and the capital market business work closely together.

The Group has set the goal of becoming a high performance financial institution operating three key businesses and set its business operation categories in accordance with the business objective to ensure collaboration between the commercial banking business and the capital market business while placing focus upon synergy within the Group. The Group leverages the expertise of each business in order to achieve combined results in terms of expanding the Group's scope of services and continuously enhancing overall business operations. The three key businesses are

as follows: 1) credit business and related transactions, 2) private banking and 3) investment banking. For the credit business, which focuses on loan expansion to the retail and SME segments, the goals are building efficiencies, creating standards and identifying new alternative channels to reach targeted client segments while maintaining an effective risk management. For the private banking business, which targets high-net-worth clients and is a business in which the Group has long-term expertise, the goal is to grow the business by creating good yield and diverse investment opportunities for clients by capitalizing on the capital market group's expertise in the wealth management business together with the commercial banking business's distribution channels and clientele. Lastly, the area of investment banking business will combine the expertise of several functions within the Group to allow the Group to offer more comprehensive financial products and services to meet clients' demands.

### 1.2.1 Revenue Structure

The revenue structure of the Group in accordance with the consolidated financial statements for the years ending December 31, 2018 - 2020 is as follows:

	2018		2019		2020	
	Baht Million	%	Baht Million	%	Baht Million	%
Interest income	16,294	90.0	18,036	94.1	19,584	92.2
Interest expense	5,033	27.8	5,720	29.8	4,905	23.1
<b>Net Interest Income</b>	<b>11,262</b>	<b>62.2</b>	<b>12,316</b>	<b>64.3</b>	<b>14,679</b>	<b>69.1</b>
Fees and services income	5,022	27.7	5,202	27.1	5,107	24.1
Commercial banking business	2,071	11.4	2,142	11.2	1,957	9.2
Capital market business	2,951	16.3	3,060	16.0	3,150	14.8
Fees and services expense	443	2.4	598	3.1	771	3.6
<b>Net Fees and Services Income</b>	<b>4,579</b>	<b>25.3</b>	<b>4,604</b>	<b>24.0</b>	<b>4,336</b>	<b>20.4</b>
Gain on financial instruments measured at fair value through profit or loss, net	-	-	-	-	1,079	5.1
Gain on trading and foreign exchange transactions, net	457	2.5	277	1.4	-	0.0



	2018		2019		2020	
	Baht Million	%	Baht Million	%	Baht Million	%
Gain on financial liabilities designated at fair value through profit or loss, net	63	0.3	286	1.5	-	0.0
Gain (loss) on investment, net	390	2.2	568	3.0	50	0.2
Dividend income and profit sharing	968	5.3	576	3.0	389	1.8
Other operating incomes	385	2.1	541	2.8	700	3.3
<b>Total operating income</b>	<b>18,103</b>	<b>100.0</b>	<b>19,168</b>	<b>100.0</b>	<b>21,233</b>	<b>100.0</b>

## 1.2.2 Information on Products and Services

### (1) Nature of Products and Services and Business Innovation

#### Commercial Banking Business

The commercial banking business provides the following key products and services:

- **Auto Hire Purchase**

In the ever-changing and rapid technological change environment, the Bank continues to launch auto hire purchase products and develop services to best serve clients during the digital disruption. Gathering and analyzing relevant data instantly is now possible with the infrastructure of National Digital ID (NDID) enabling the Bank to be able to offer tailor-made products for each client. Access to financial products is easier and seamless while the transaction cost, process and time of lending decision has significantly decreased. Clients are provided with quality services in accordance with market conduct regulations and will experience convenience while ensuring the safety of data privacy.

The Bank provides all types of motor vehicle hire purchase services for both new and used vehicles including passenger cars, multi-purpose vehicles and commercial vehicles for individuals and corporate entities. Clients can choose the payment scheme which best fits their needs. The hire purchase products offer clients the choice of equal installments, unequal installments (flexi-payment) or low installments at the beginning of the term (balloon payment) to best fit clients' financial requirements in terms of their profession and income. Moreover, the Bank

also offers other related automobile services, such as motor insurance, engine warranty for used vehicles, annual motor vehicle tax and other related automobile taxes. The Bank's services cover all provincial areas.

Due to the Coronavirus Disease 2019 ("COVID-19") situation and the economic crisis in 2020, domestic new car sales contracted by 21% YoY. Used car sales were less impacted than new car sales as used cars gained more popularity from consumers during this uncertain period due to the ongoing health concern and social distancing measures. Additionally, SUV and pickup sales were less affected than passenger cars since many buyers were conscious of their spending and multi-purpose vehicles were still needed in everyday living, especially small business owners and farmers. Both trends are expected to continue into the year 2021.

As of December 31, 2020, auto hire purchase loans accounted for 47% of the Bank's total lending portfolio and the ratio of new to used cars, including CarQuickCash, stood at 39% to 61% on average. The Bank will continue to place strong emphasis on its auto hire purchase business, by taking into account market and economic conditions and competition to enable proper adaptation to changing situations. In this regard, the Bank will focus on fast and efficient services, maintaining strict credit controls to ensure loan quality and emphasizing fair treatment and responsibility for clients, business partners and all other stakeholders.

- **CarQuickCash**

The Bank also offers multi-purpose loans to car owners through the CarQuickCash product for use in the case of financial emergencies or addressing everyday needs with the transfer of the car registration (with a flat interest rate). Additionally, the Bank has extended the type of collateral eligible for loans from only freehold collateral to refinancing from other banks and non-banks as well.

- **Personal Loan**

Personal loans are multi purposes loans, which do not require collateral. The Bank currently offers two kinds of personal loans:

- 1) Term installment loan which is an unsecured loan with a scheduled repayment plan; and
- 2) Revolving loan (under KKP Cash Card) which is an unsecured loan in the form of revolving credit, in which clients can withdraw cash via the ATM pool nationwide and can use the card to spend via the UnionPay network with a minimum repayment as prescribed by the Bank.

The Bank has continuously developed its services and underwriting processes through both the traditional process and online to better serve clients' needs while offering interest rates that suit the market situation and target clients to elevate the Bank's competitiveness.

- **Car Title Loan**

Car title loans are personal loans with car title deeds as collateral. With this loan, clients can enjoy lower interest rate than personal loans without losing ownership of the vehicle and can continue their use of the vehicle. The Bank offers interest rate based on the client's profile and segment.

- **Housing Loan**

Housing loans are credit extended to finance homebuyers for the purchase of new and used houses, including housing loan refinancing. In addition, under cooperation with the Bank's Real Estate Lending Department, the Bank offers post-financing with special packages and other privileges to retail clients purchasing real estate projects where the Bank provides pre-financing. The Bank has also focused on improving the loan approval process to shorten its turn-around time

with flexibility in pricing schemes that match each target client's needs.

- **HomeQuickCash**

The Bank offers a multi-purpose (non-business related) loan facility with flat interest rates, using freehold houses as collateral or for the refinancing of multi-purpose loans from other financial institutions.

- **SME Loan**

SME loans are credit extended to finance individuals or corporate entities conducting small businesses, which include the service industry and the retail and wholesale business sectors. SME loan solutions include a range of products to respond to clients' needs, such as a business working capital line, O/D and business expansion loans, etc. Different types of collaterals can be used, such as real estate, cars and even no collateral. The maximum credit limit is up to Baht 15 million.

- **Lombard Loan**

Lombard loan is a multi-purpose credit facility offered to high-net-worth clients of KKPS who require loans for their investment opportunities or for personal use by using financial assets under KKPS's management as collateral such as cash, ordinary shares in the SET100 (except KKP shares), property funds, REITS, infrastructure funds and mutual funds and private funds managed by KKPAM, etc. There are two types of loan terms available - flexible term (less than twelve months) and fixed term (one, three, six, nine or twelve months). KKPS's financial consultants are responsible for introducing this product to clients. The Bank plans to allow additional types of financial assets to be placed as collateral in the future.

- **Portfolio for Property Financing (PPF)**

PPF is a credit facility offered to high-net-worth clients of KKPS who want to acquire real estate or to increase financial liquidity as an asset owner for investment in financial assets through KKPS or for multi-purpose loans. Clients can use land, land with building which can be a house or commercial building or other types of buildings, such as an apartment, hotel or condominium, together with the financial assets under KKPS's management, such as cash, SET100 securities (except KKP), property funds, REITS, infrastructure funds and mutual funds managed by KKPAM, etc., as collateral. In addition, the Bank plans



to allow additional types of financial assets to be placed as collateral in the future.

- **Retail Deposit and Investment**

In 2020, the Bank continued to provide new savings deposit products such as KKP Smart Growth, which is savings and investment accounts for the Bank's target segment. This enables clients to save and invest at the same time through KKPAM mutual funds only for Phatra SG-AA Series, excluding provident fund with accumulated investment of not less than Baht 500,000.

Apart from the foreign currency deposit account (FCD) savings account, in 2021 the Bank also plans to launch FCD term account to accommodate the various needs of clients.

Additionally, with the COVID-19 situation that has created a health crisis and impacted the way the Bank interacts with clients, the Bank has launched KKP Start Saving through partnership with True Money in order to expand digital banking to new clients in alignment with their lifestyles and needs. In addition, KKP Savvy is a digital savings of the Bank which offers ease and convenience for the self-opening of an account with high interest rate.

- **Bancassurance**

The Bank aims to ensure that bancassurance will become part of financial solutions to help serve the Bank's clients and to ensure that products will be beneficial for clients for the mitigation of potential risk and damage which may be incurred in the future. The Bank, as a life and non-life insurance broker, provides advice and financial planning service to clients. The Bank has cooperated with leading insurance companies with strong financial positions to be able to serve its clients nationwide. Its aim is to design and develop a wide range of insurance coverage with the insurers and provide suitable insurance policies for each client group under the current circumstances. The Bank offers various insurance products such as:

- Global health insurance product - KKPGEN Global Health Solution for worldwide health protection as part of the financial planning for clients under wealthy and healthy solutions: Generali, a global insurance brand, has a

support unit, which has a global medical network. In case of emergency/ illness in any country or in case clients want to obtain health treatment in any country which offers specialized treatment, clients can access such treatment with no advance payment;

- New unit linked product - KKPGEN Wealth Flexi Link (RP): This product provides clients with the flexibility to modify coverage and investment to correspond to each stage of life with the added benefits of a special annual bonus and guarantee life protection for the first 5 consecutive years according to the policy conditions;
- Lifetime insurance product - KKPGEN INFINITE WEALTH 99/2, 99/10: These products provide heritage planning and financial planning from generation to generation and offer the option to pay insurance premiums that suit clients;
- Credit life insurance - both retail and commercial lending - offering debt obligation coverage to help reduce financial burden arising from unexpected events, for example, auto hire purchase, personal loan, housing loan, floor plan lending, etc.; and
- Virus Corona insurance products: This product is to help relieve anxiety and increase protection for the Bank's clients to have peace of mind during the crisis.

- **PRIORITY Banking**

PRIORITY service is specially created by the Bank for high-net-worth clients whose combined value of deposit and investment (average asset) is Baht 10 million or higher. The Bank analyzes the clients' needs and offers a wide range of funding and wealth products and services suited for the needs of each individual client, such as deposits, investment-related products covering all types of mutual funds - fixed income funds, equity funds, asset allocation, bonds, structured notes and bancassurance, namely savings, annuity, life insurance, and unit linked products. There are also services providing family wealth management and Lombard loan which is a credit facility for liquidity support.

The main PRIORITY services are:



- Deposit - comprises several types of accounts, specially selected for our clients to choose from, such as KK Phatra Smart Settlement (KKPSS), a savings account for investors, in order to facilitate investment transactions made through KKPS to increase opportunities for higher return.
- Investment - provides advice on clients' investment plan to best fit the clients' financial goals through the Bank's relationship manager at the Bank's branches together with a team of financial experts from KKPS via both local and global investment products. There are two types of services: 1) Kiatnakin Phatra Wealth Management is offered for clients with a portfolio value of Baht 30 million and greater who are interested in diversified investments. The Group's financial experts will provide advice on appropriate asset allocation to ensure the proper investment and financial proportions while paying attention to all relevant angles of the clients' financial status to ensure the best fit advice on risk management for each individual client. 2) Kiatnakin Phatra Edge is the financial planning service for clients with a portfolio value of Baht 2 million and higher which offers greater coverage for tax planning, retirement planning and educational planning for their children through investment allocation strategy and appropriate risk management scheme.
- Lombard loan - a multi-purpose credit facility offered to clients who are also high-net-worth clients of KKPS, using financial assets under KKPS's management as collateral.

In addition, to provide clients with investment choices, the Bank acts as a mutual fund selling agent for KKPAM and has formed a business alliance with insurance companies to conduct bancassurance business through the Bank's distribution channels. The Bank also provides online services through e-Banking and mobile banking/ investment for greater convenience in self-service transactions.

Besides our PRIORITY services, the Bank also gives various PRIORITY privileges throughout the year with exclusive events aimed at increasing knowledge in

finance and investment for our clients, such as KKP Focus Forum - an update on worldwide investment situations - together with investment advice and NeXtGen Program: From Study to Success which is a serial yearly seminar which aims to prepare clients' business successor and to further strengthen and advance their business.

#### • Corporate Banking

The Corporate Banking Group was formed after the merger with KKP CAP. The aim is to extract synergies from the merger by leveraging strength from existing KKPS relationships with clients, which are mainly listed companies on the SET and other large corporations of which KKPS is providing investment banking, financial consultancy services and raising capital through the sale of assets and other financial and investment services. This is done in conjunction with the Bank's expertise in offering credit products. As a result, the Group is able to provide a full financial service platform for clients.

The Corporate Banking Group is responsible for offering credit facilities to all industries under the Credit Policy of the Bank but does not include those already managed by the Commercial Lending Group. The target market is listed companies, their subsidiaries and their affiliates, non-registered major companies, multi-national companies and cross border lending mainly in Southeast Asia. The credit services include revolving credit line, project finance, loan syndication, loan for business expansion and other credit products which evolve with the financial and capital markets. The Group coordinates closely with KKPS's team, the Financial Markets Group and other departments under the Wholesale & Investment Banking Group to offer various financial services to clients, resulting in a broader and deeper understanding of the targeted businesses.

The Corporate Banking Group will continue to selectively grow assets and revenues with a suitable portfolio to broaden the Bank's revenue base, especially in respect to strategic risk and concentration risk of the Bank's credit portfolio. As of December 31, 2020, the outstanding corporate banking loan portfolio totaled Baht 33,091 million, sharply increasing by 40.7% YoY, due to the gain of a new client base as a result of unfavorable bond market conditions and restructuring of corporates' mismatching fund capital structure.



- **Commercial Lending**

The Commercial Lending Group provides services to the following five sectors in which the Bank has expertise comprising: 1) real estate lending, 2) apartment and hotel lending, 3) logistics lending, 4) commercial and industrial lending and 5) construction materials and machinery lending. As of December 31, 2020 the total outstanding commercial lending portfolio was Baht 58,149 million, a decrease of 4.5% from the end of 2019. The details of each sector are as follows:

1. **Real Estate Lending**

The Bank provides real estate lending to real estate developers within Bangkok and its vicinity. Real estate lending aims to facilitate the sales of real estate project development. The Bank concentrates on facilitating clients with a timely approval process, suitable types of credit facilities, an adequate loan amount and an appropriate repayment schedule which suit the clients' anticipated cash flow scheme.

The Bank has a wide variety and full range of financial products to facilitate real estate developers, such as long-term loans for both project financing and investment in future project development, working capital, Aval and LG limits, etc.

The Bank is equipped with a qualified credit team and technical specialists who are business partners capable of providing a full range of services including technical advisory services on engineering works, construction, architectural designs and research and development information. The Bank also has a network which can provide client support on project management. These supports are aimed at enhancing the clients' business potential. The Bank also continually develops the working process to ensure a timely and efficient credit approval process.

2. **Apartment and Hotel Lending**

Apartment and hotel lending is credit extended to clients who operate rental apartments, service apartments, dormitories, rental offices and hotels, both for new investments and for renovation work. The Bank has architectural and engineering teams which can offer advice on construction plans and construction work for the projects to ensure the standard is met. The Bank offers a wide range of products to support the entrepreneurs

such as long-term loans for both new construction projects and renovation projects, working capital, Aval and LG limits, etc.

3. **Logistics Lending**

Logistics lending is credit extended to finance logistics activities, which include transportation of container boxes, automobiles and vehicle spare parts, etc. In this regard, the Bank offers various credit types such as hire purchase for owners of car rental fleets and hire purchase for trucks, lorries and tow trucks. Other facilities for logistics lending are term loans for land purchase and building construction and working capital facilities, Aval and LG limits, etc.

4. **Commercial and Industrial Lending**

Commercial and industrial lending focuses on lending to finance various manufacturing businesses, for example the packaging business and the manufacturing of auto parts, spare parts, electrical appliances, communications equipment/ telecommunication and hardware. The Bank also provides lending to the food and healthcare industries. The Bank's lending products include long-term loans for factory expansion and machinery purchase, secured revolving facilities, credit for refinancing, Aval and LG limits.

5. **Construction Materials and Machinery Lending**

Construction materials and machinery lending provides support for businesses related to the construction industry and businesses engaged in the sale and rental of construction machinery. Facilities consist of revolving credit lines, leasing and hire purchase, Aval and LG limits, etc.

In addition to lending products, the Bank also provides financial solutions to meet clients' need such as business cash management, risk protection and wealth management to make sure the clients' business can grow sustainably.

- **Special Asset Management (SAM)**

Special Asset Management or distressed asset management is operated by the Bank together with mutual funds in which the Bank holds unit trusts. The Bank began its distressed asset management activities in 1999 when it auctioned some debt portfolios from the Financial Sector Restructuring Authority (FRA). During 2003 - 2006, the Bank also auctioned debts under liquidation process

from the Legal Execution Department. In 2010, the Bank acquired unit trusts in the Gamma Capital Fund and the Bangkok Capital Fund, both of which operate mutual fund operation which is a similar line of business to those operated by the Bank's subsidiaries. Presently, the Bank holds total unit trusts in six mutual funds, all of which are under liquidation process.

Special Asset Management is managed by the Special Asset Management Group comprising of the Debt Restructuring Department, which is responsible for handling debt restructuring negotiation, and the Foreclosed Property Management Department, which is responsible for sales of foreclosed assets. The details of assets for sale, such as property type, location, size and price range are provided at <https://bank.kkpfpg.com/th/kkproperty> for viewing by clients and interested parties.

- **Financial Markets**

Although the COVID-19 pandemic increased in severity across the globe and negatively impacted the Thai financial market and economy in 2020 significantly, the Financial Markets Group managed to record an increase in revenue that outperformed the 2020 target. Triggered by the COVID-19 pandemic, market volatility hit a record high level in the decade. In 2Q2020, stock prices fell as investors sought safety and global markets tumbled on fears. This caused investors to sell foreign financial assets and led to a rise in foreign exchange transactions as well as unwind transactions of FX hedging positions. After the fluctuation became less volatile compared to 1H2020, the flow of fund remittance for overseas investment recovered so the growth of the foreign exchange and FX hedging business gradually resumed, especially transaction flows from the Global Investment Services which the Financial Markets Group provides foreign exchange services to high-net-worth clients of KKPS.

Amidst the uncertainty in the financial markets, the flow of fixed income trading surged above the flow of equity investment, resulting in an increase of transaction volume both in primary and secondary markets. Consequently, the Bank ranked 11th place for Thai Bond Market Association's Bond Dealer in 2020, as compared to the 16th place last year. The outperformance of interest rate related business resulted from appropriate trading and long-term investment positions in both government

and corporate bonds, consistent with the benefit from the Group's research house, and derivative products offering to WIB clients. In addition, the Financial Markets Group played an important role in fund raising through the issuance of Thai Baht debenture and also successfully offered Euro currency short-term debentures to investors last year.

The Financial Markets Group, in collaboration with other related departments, has established a working team to cope with the cessation of the London Interbank Offered Rate (LIBOR) by the end of 2021. The development and preparation for the upcoming transition have been made in various issues, such as impact analysis on existing positions, product development, system preparation, operation, accounting, legal and amendment of financial contracts. One of the key successes in the LIBOR transition is the launch of the Overnight Index Swap (OIS) referencing the THOR (Thai Overnight Repurchase Rate) at the end of the year. Moreover, the Bank has focused on developing product coverage to support other currencies and related products in 2021.

Another important development in 2020 was the strategic restructuring of the organization under the WIB group between the Financial Markets Group of the Bank and the Equity and Derivatives Trading Department of KKPS. The structure creates synergy between teams and allows better resource utilization that would eventually result in efficient and differentiated products and services offered to valuable clients. In 2020, the Financial Markets Group successfully offered a new principal protected structured note whose payoff was linked to the performance of multiple underlying assets. The Financial Markets Group plans to promote the strength of the synergy by continuously launching exclusive products, which are differentiated from others and consistent with clients' expectations.

Looking ahead to the 2021 business outlook, the Financial Markets Group continues to focus on providing products and services to meet clients' requirements and align with the market trend and the Group's strategic direction. One of the major market trend is an increase in investment overseas. In addition, the Bank of Thailand has relaxed regulations on foreign exchange control and rules on foreign currency deposit accounts in order to facilitate



investment in securities abroad and capital outflow. Thus, strengthening FCD and FX hedging services to support the Global Investment Services of the Group is one of its main focuses as well as offering structured notes with payoff linked to the performance of foreign underlying assets. Furthermore, the Financial Markets Group aims to replace the treasury system to enhance operational efficiency, facilitate regulatory changes and support the LIBOR discontinuation in order to ensure that the Bank has a globally-standardized system and operational procedure in place to facilitate the business thoroughly.

In addition to products and services offering, the Bank also places great importance in enhancing internal efficiencies through the support group with development programs as follows:

- **Personnel Development**

The Bank has continuously placed great emphasis on the development of employees and leaders with the belief that effective teamwork and leadership are the key success to drive the Group's short and long-term strategies for achieving the mission and vision and ensuring sustainable business growth. The Bank recognizes the importance of its employees and strives to create a supportive working environment under the common corporate principles, which underline employee participation, respect and professionalism, as well as recognizes individuals who exhibit dedication and create innovations for the organization.

The Bank aims to be a "Great Place to Work" organization by creating an impressive experience for both internal employees and external candidates throughout the employee journey (Employee & Candidate Experiences), such as searching for qualified candidates through the KKP Principle Base Selection interview, effective performance management system to drive the goal of being a performance-driven organization, fair and competitive compensation and benefits, creating opportunities for internal career moves and providing a wide range of training and knowledge to become a learning organization supporting the theme of "Freedom to Learn and Freedom to Grow". The Bank promotes employees' health through the Happiness Inside program comprising of four dimensions of happiness, i.e. physical,

mental, social and financial, with the belief that healthier employees will be happier and more productive which are the key to the success of the organization. The Bank also provides opportunities for employees to participate in various innovation programs. Additionally, the Bank has invested in new technology to modernize the human resource system, which is an important tool for the future work platform "Anytime Anywhere", enabling positive employee experience throughout their journey, etc.

- **Development of Operational Efficiency**

In the midst of the dynamics of constant changes at an increasingly faster pace which continuously affects the business environment, the ability to adjust the business to keep up with the changes is therefore a challenge. As such, the management of business operations with agility in response to business changes is considered the heart of the operation. In order to reach the ultimate operational efficiency, the Bank aims to enhance service quality coupled with effective risk management. This is the Bank's strategy for excellence in operational services. The success of various developments in the business operating systems are a result of continuous operational innovation and utilizing information technology in various operational services and processes (digitalizing the operation process). In parallel, the development in personnel to adapt to the changing environment is crucial in order to harness the power of innovations according to the business objectives.

As such, the continuous development of change management is an important foundation for the Group to have a competent business operating system that responds to business needs. The Operations Group is committed to delivering reliability in both quality and efficiency to achieve sustainability and excellence in operation services.

Apart from quality and efficiency in providing services, the Bank also recognizes and attaches importance to crisis management with a proper Crisis Management Plan. In case of unexpected business disruption, critical business functions must be able to perform continuously or resume at the appropriate time in accordance with the guidelines of the Bank of Thailand. Moreover, to raise awareness of employees and to deal with emergency situations effectively, the Bank has scheduled tests



for the performance of the Crisis Management Plan on a regular basis to ensure that relevant parties and staffs understand their roles and responsibilities and are ready to provide services in the event of an emergency.

During 2020, in response to the COVID-19 situation, the Bank regularly monitored news and surveillance of COVID-19 transmission from government agencies. To manage the situation effectively, the business continuity plan for the pandemic situation was updated to align with the current situation. In addition, a war room of top management and COVID-19 working group was set up to monitor the situation and define the necessary policies according to the guidelines issued by the Bank of Thailand and the Ministry of Public Health.

The Bank recognizes impacts in four key areas: 1) personnel 2) premises 3) information systems and work processes and 4) business related persons. Important measures were put in place to respond to the COVID-19 situation in a timely manner as follows:

- Split work teams into teams A and B to separate locations for their operations and arrange for employees to work from home;
- Update the call tree chart of all units;
- Prepare BCP sites to be ready for activation anytime;
- Define key critical staff for business support as backup information;
- Establish social distancing measures in all areas, including not allowing visitors to enter the working area unnecessarily; and
- Announce COVID-19 measures regularly so employees and other stakeholders can acknowledge and follow them properly as a preventive measure.

In addition, the Bank has established a new normal working environment in the case of a prolonged pandemic situation, such as

- Work From Home Policy establishment;
- Maintaining health and safety measures in both the working space/ BCP site, preparing sufficient protection equipment, as well as maintaining social distancing measures continuously;
- Focus on technology to serve clients in a new normal way while ensuring effectiveness in

serving clients' needs; and

- Information technology preparation to support the new normal way of work, etc.
- **Information Technology Development**

In 2020, all industries faced challenges in operating their business driven by the worldwide COVID-19 pandemic. The continuity in IT investment that the Bank has consistently placed high priority in order to both sustain business growth and enhance competitiveness has ensured the readiness of its IT platform and enabled the Bank to maintain a quality service level and provide all necessary measures as guided by the Bank of Thailand to relieve the economic impact on the Bank's clients in a timely manner.

For the year 2020, the Bank has maintained its ambition to provide innovation, products and services with leading technology that maximize the client's needs. To achieve this goal, the Bank has focused on staff skill development to ensure a high standard of operation and proactively placed all required IT security measures to safeguard from any attack in addition to its effort to secure the best in class solutions and platforms. Below are key initiatives that the Bank has implemented in 2020:

- The Bank has upgraded the internal working platform in the organization to SaaS (Software as a Service) as part of the digital transformation initiative. All working tools and documents have been migrated to MS Office 365, supporting the new normal working environment including online meetings and work from anywhere mode with the highest cyber security complying with international standards.
- The Bank has launched a new custodian platform, which provides end-to-end asset management services, supporting corporate transactions including both asset management and private funds. The solution is from the world's leading provider with broad functionalities to ensure all business and client requirements are captured.
- The Bank has continued the development of financial gateway (Open Banking API) to connect with business partner platforms. The effort started since last year and continued to



become more and more commercialized in 2020. This will enable the Bank to expand its client base to other segments, such as internet, telecom and digital payment industry. In 2020, the Bank has partnered with True Money, the leading digital payment platform, to offer digital services for clients to open savings account via the True Money application, allowing clients to enjoy the best digital experience for flexibility and ease to activate their accounts online and also maintain the highest security standard according to the Bank of Thailand's framework.

- The Bank has leveraged new capabilities launched since 2019 including NCB online credit scoring enquiry and e-KYC (Electronic Know Your Customer) to improve its end-to-end credit approval process starting from client on-boarding to credit analysis and approval via multi-bank channels.
- In addition to new solutions and platforms, the Bank recognizes the importance and necessity to modernize its core technology and existing platforms to improve its ability to respond to market needs more effectively. The investment in this area includes the new enterprise data platform, which will enhance the ability to utilize data to drive business growth, the implementation of a new collection system, the approval work flow upgrade and the new human resource management system.

- **Risk Management Development**

The Group improved many aspects of risk management in 2020 to strengthen overall risk management, for example, the development of both new and existing risk management tools to increase effectiveness, the establishment of the Group's recovery plan to solve problems that may arise in the future and the promotion of a good risk management culture.

The Group has developed several risk management initiatives to increase the efficiency of risk management activities as follows:

1. Existing tool application and new tool development
  - Developed and improved the NCB Score (Acquisition Score) for retail lending for many

products such as personal loans, new car hire purchase, used car hire purchase and CarQuickCash (CQC).

- Developed rate cut-off Bureau Score for SME product programs such as SME Car3X, SME Freedom, SME X3 and Inventory Finance Used Car Program to be more precise on the percentage of bad rate cut-off according to the Bank's population.
- Developed risk segmentation for phone collection by developing CHAID as a loan collection tool for personal loans and auto hire purchase loans for clients who request loan repayment moratorium and for those who did not request loan repayment moratorium.
- Portfolio Scrub is conducting credit review on a portfolio level to manage risks related to credit limit reduction or credit limit increase. The Bank can provide a debt restructuring program to assist clients in a timely manner when the risk increases significantly.
- Developed and improved Behavior Score for personal loans to increase the accuracy of client segmentation. This also set a strategy for cross-selling or topping up clients' credit limit to meet their risk level.
- Developed early indicators to improve product programs and launched test programs for new channels and new segments in order to increase business opportunities within acceptable risk levels as well as reduce the Bank's concentration risk.
- Redeveloped Application Score for new car hire purchase, used car hire purchase, CarQuickCash and personal loans. With the changes in risk factors, models were required to be updated to increase accuracy in terms of client classification. Recovery score or CHAID was developed to improve debt collection productivity and assignment to internal or external collection agencies to save operational cost.

- Determined the high concentration risk segment of each retail product to promptly define risk once the application was received. This is a proactive action to prevent NPLs.
  - Specified Vulnerable Groups in accordance with the collaboration between the Bank of Thailand and financial institutions by considering not only credit risk but also affordability risk (Debt Service Ratio/ DSR). The Bank started this procedure before the Bank of Thailand's notification was issued, therefore, the strict loan approval regulation by the Bank of Thailand had no impact on the Bank.
  - Specified special financial assistance measures in accordance with clients' repayment ability for retail lending in every lending product to alleviate the impact of the COVID-19 situation.
  - Developed and improved the provision model under TFRS 9 for the COVID-19 situation.
  - Strategized on reducing credit loss from the sale of repossessed cars during market volatility.
  - Developed various calculation tools, such as fair value, pricing, profit and loss, analysis of profit and loss, market risk and capital adequacy, counterparty credit risk and credit value adjustment for new products of the Financial Markets Group.
  - Improved commercial credit risk and financial institution dashboard to increase stability and level of information provided.
  - Improved single lending limit (SLL) effectiveness.
  - Developed related systems to support the adoption of TFRS 9 effective from January 1, 2020 onwards.
2. Preparation for future systems and requirements of the Bank of Thailand
- Counterparty's risk-weighted asset calculation guideline for Counterparty Credit Risk (CCR) and Credit Valuation Adjustment (CVA) risk according to Basel III which will be announced in 2021 for the Bank and in 2022 for the Group
  - Counterparty's risk-weighted asset calculation guideline for Standardized Approach for Measuring Counterparty Credit Risk (SACCR) and margin requirement which are waiting to be announced
  - New interest rate risk in banking book, based on the Basel Committee on Banking Supervision (BCBS) Standard, announced in April 2018
3. Preparation for new product launches to support the Financial Markets Group by the Market Risk Management Department
- Index option and complex options or adding a new underlying asset
  - Interest rate swap based on new interest rate variables
  - Overnight index swap
  - Purchasing a new treasury system to increase the efficiency of business operations
  - Over-the-counter (OTC) derivative transactions through the Central Clearing Counterparty (CCP)
  - Termination of publishing IBOR and THBFX interest rates
4. New guideline implementation and process improvement
- Apart from new developments for risk management, the Group also continued to develop the previous year's risk management actions, which have contributed benefits to the business as follows:
- 1) Establishment of the recovery plan to prepare for future financial crisis, especially the impact on liquidity risk and capital adequacy of the Group, so that the Group will be able to strengthen stability more effectively with the integration of risk frameworks and crisis response plans in each area.
  - 2) Risk management involvement in product and service development process along with business units.



- 3) Risk management knowledge training for the Group's personnel to foster understanding and embed risk awareness and risk culture into the Group.
- 4) Capital adequacy assessment process developed by the Group, which covers all of the Group's significant risks and assesses the three aspects of capital adequacy: capital need forecast, current capital needs and potential capital needs in crisis to conform with the Internal Capital Adequacy Assessment Process (ICAAP) guideline from Basel.

For 2020, the Group aimed to focus on risk management, bad debt management and provision of financial assistance to debtors who have been directly and indirectly affected by the COVID-19 situation. The Group also focused on better quality of new clients during the year.

Every risk management model is validated every quarter to assure the accuracy and effectiveness of risk management. The Group continues to encourage cooperation between the Risk Management Group and other business units to manage risk, develop risk management procedures and initiate tools or processes to assess risks the Group may confront within the foreseeable future.

- **Compliance**

Compliance units under the Legal and Compliance Group are the independent control function of the Group and responsible for supervising compliance risk with the purpose to enable business units within the Group to operate in compliance with relevant laws and regulations with an emphasis on working as a business partner in cooperation with business functions and other support functions within the Group. While the principal responsibility for compliance lies with business managers and their teams, all employees are responsible for protecting the Group by: 1) understanding and adhering to compliance requirements which apply to their day-to-day activities, including the Group's Guidelines for Business Conduct and other policies and procedures, and 2) seeking advice from relevant compliance units with questions regarding compliance requirements and promptly reporting violations of laws, rules, regulations,

policies or relevant ethical standards. Compliance risk management starts with the Board of Directors and senior management, who set the tone from the top by promoting a strong culture of ethics, compliance and control while the Compliance and Governance Committee shall assist the Board of Directors in achieving those goals.

Compliance units educate and provide advice and suggestions to business units to operate in compliance with changed laws and regulation requirements according to guidelines in conducting business and treating clients fairly as well as oversee non-compliance risks by forming compliance surveillance programs, including serving as the contact center for the Bank and the Group companies to coordinate with relevant authorities during official inspections and monitoring the Group's operations to ensure corrective procedures according to observations raised by the authorities. Also, they have the duty to ensure that the Group determines policies, rules and regulations in accordance with relevant laws and the Group's Guidelines for Business Conduct.

## **Capital Market Business**

The capital market business is under the operation of the Bank's subsidiaries, comprising KKP CAP, KKPS and KKPAM of which core businesses can be divided into four categories:

### **1. Securities and Derivative Brokerage**

KKPS is the number six registered broker servicing foreign and Thai institutions as well as high-net-worth individuals on stocks and derivatives trading in the SET, mai and Thailand Futures Exchange (TFEX).

In 2020, KKPS ranked first in market share, accounting for 10.85% of the total trading value of the SET and mai combined (excluding proprietary trading) and generated revenue from brokerage fee in the amount of Baht 1,421.52 million. The proportion of revenues from institutional investors and high-net-worth individuals was 66.50% and 33.50% respectively.

Of the total institutional brokerage fee income earned in 2019 by KKPS, local institutional client business accounted for 50.16%, comprising of asset management companies, provident funds, private funds,



the Government Pension Fund, the Social Security Office and insurance companies. As of December 31, 2020, KKPS had 41 local institutional clients which transacted at least once in the past year.

Foreign brokerage income accounted for 49.84%, of which 28.72% was from BofA Securities, previously Bank of America Merrill Lynch, according to the securities brokerage and business alliance agreement.

In addition, KKPS's derivatives brokerage fee income from local and foreign institutions amounted to Baht 183.99 million, while income from securities borrowing and lending activities totaled Baht 40.49 million in 2020.

KKPS acts as a broker for high-net-worth individuals using financial consultants and client service assistants

who are registered with the Securities and Exchange Commission ("SEC") in the capacity to advise clients with investment opportunities for SET/mai-listed securities, debt instruments, derivatives instruments and other investment units. Additionally, KKPS offers personal wealth planning and investment to mass affluent clients who have investible assets between Baht 2-30 million, using an online investment platform and investment advisors in the capacity to advise clients under the Kiatnakin Phatra Edge brand.

As of the end of 2020, the value of assets under advisory for all high-net-worth clients of KKPS was approximately Baht 600,000 million, from a client list of 19,100 accounts.

The table below illustrates the value of securities traded in the SET through KKPS and the brokerage fee and market share of KKPS as of December 31, 2020:

	Local Institutions	Foreign Institutions	High-Net-Worth Individuals
Total trading value of KKPS (Baht Million)	254,692.17	2,722,317.84	260,504.42
Market share <sup>1</sup> (%)	7.75 <sup>2</sup>	22.72 <sup>3</sup>	1.79
Brokerage fee (Baht Million)	474.17	471.10	476.25
Proportion of brokerage fee (%)	33.36	33.14	33.50

Source: SET and KKPS

Remark <sup>1</sup> The market share is calculated based on the figures collected by KKPS and data released by the SET.

<sup>2</sup> The market share of local and foreign institutions is calculated after deducting trading transactions of proprietary accounts.

<sup>3</sup> The market share of foreign institutions of KKPS is divided by transactions of foreigners after deducting transactions of foreign individuals.

In servicing clients, KKPS offers macro and equity research with a team of 8 analysts covering 77 listed companies. KKPS's equity research covers an aggregate market value of 65% of the market capitalization of the SET. KKPS provides investment advice and trading ideas for clients with a dedicated sales and research team.

KKPS's Research Group collaborates with BofA Securities, under an exclusive agreement on research cooperation. Under the agreement, KKPS's analysts produce research on the Thai economy and politics, as well as SET-listed securities, which are distributed to BofA Securities' clients under the BofA Securities brand while KKPS also distributes BofA Securities' research on

regional and global macro as well as equities to Thailand-based clients.

## 2. Investment Banking Business






KKPS is one of the leading investment banks in Thailand, providing financial advisory services and securities placement services to government agencies, state enterprises and leading companies in Thailand.

Previous examples of its work include the IPO/ POs of PTT PCL, Krungthai Bank PCL, Thai Airways International PCL, Thai Oil PCL, PTT Exploration and Production PCL, Tesco Lotus Retail Growth Freehold and Leasehold Property Fund, Airports of Thailand PCL, Thai Beverage





PCL, BTS Rail Mass Transit Growth Infrastructure Fund, Star Petroleum Refining PCL, B.Grimm Power PCL, Osotspa PCL and Thailand Future Fund as well as the issuance of exchangeable bonds of Charoen Pokphand Foods PCL into CP ALL PCL's shares, the issuance of Bangkok Dusit Medical Services PCL's convertible bonds, the merger of Bangkok Dusit Medical Services Group with Phyathai Hospital Group and Paolo Hospital Group and the acquisition of Bank of Ayudhya PCL by the Bank of Tokyo Mitsubishi UFJ, Ltd.

In 2020, KKPS continued to play a major role in the M&A market, advising major corporations in merger and acquisition transactions, facilitating joint ventures and business alliances, restructuring businesses and advising on the issuance of financial instruments. KKPS was chosen to be the financial advisor of Central Retail Corporation PCL, PTT PCL, Berli Jucker PCL, The ONE Enterprise Company Limited, Frasers Property (Thailand) PCL and Dr. Satit Viddayakorn in their M&A activities, with a combined transaction size of more than Baht 113,503 million.























Company/ Client		Details of Project	Value (Baht Million)
 CENTRAL RETAIL	Central Retail Corporation PCL	Acquisition of all ordinary shares of Robinson PCL in exchange for Central Retail Corporation PCL's newly issued shares	32,916
		Acquisition of the business of COL PCL ("COL") by means of a tender offer to delist COL from the SET	12,160
	PTT PCL	Restructuring the power business within PTT group by purchasing Thai Oil PCL's ("TOP") entire shareholding in Global Power Synergy PCL ("GPSC") which is equivalent to 8.91% of GPSC's total paid-up capital and the entire business transfer of Thaioil Power PCL to TOP	43,655
	Dr. Satit Viddayakorn	Assisted Dr. Satit Viddayakorn to acquire Bangkok Dusit Medical Services PCL's stake in Bumrungrad Hospital PCL ("BH") common shares equivalent to 22.7% of total paid-up shares of BH	18,614
	Berli Jucker PCL	Acquisition of the business of White Group PCL ("WG") by means of a tender offer to delist WG from the SET	3,212
	The ONE Enterprise Company Limited	Acquisition of all ordinary shares in GMM Channel Holding Company Limited	2,200
	Frasers Property (Thailand) PCL	Delisting tender offer of Golden Land Property Development PCL ("GOLD") from the SET for the remaining 4.35% of total paid-up shares of GOLD	746

For the equity market in 2020, KKPS was appointed as financial advisor, joint global coordinator and joint bookrunner for Central Retail Corporation PCL for its initial public offering. Amidst the challenging environment, KKPS helped raise capital through the SET with a total offering size of Baht 78,124 million, which is the largest corporate IPO in Thailand ever, the largest corporate IPO

in Southeast Asia since mid-2012 and the largest retail IPO globally since 2007, and won the Best Equity Deal of the year, Thailand from Alpha SEA. In addition, KKPS was appointed as an overnight placement agent in the overnight block trade of TMB Bank PCL with a total amount of Baht 5,024 million.

	Company/ Client	Details of Project	Value (Baht Million)
	Central Retail Corporation PCL	Initial public offering	78,124
	TMB Bank PCL	Overnight placement	5,024

In 2020, the fixed income business continued to grow from the previous year. KKPS serviced corporate clients in 22 debt offerings with a total value of over Baht 122,375 million with details as follows:

	Company/ Client	Details of Project	Value (Baht Million)
	Muangthai Capital PCL	Senior Unsecured Debentures No. 3/2020	5,000
	CK Power PCL	Senior Unsecured Debentures No. 1/2020	4,500
	Kiatnakin Phatra Bank PCL	Tier 2 Capital Instrument No. 3/2020	2,000
	Home Product Center PCL	Senior Unsecured Debentures No. 3/2020	1,000
	Sena Development PCL	Senior Unsecured Debentures No. 2/2020	1,000
	Ngern Tid Lor Company Limited	Senior Unsecured Debentures No. 1/2020	3,400
	CP ALL PCL	Senior Unsecured Debentures No. 2/2020	25,000
	PTG Energy PCL	Senior Unsecured Debentures No. 2/2020	1,000
	Krunghai Card PCL	Senior Unsecured Debentures No. 2/2020	2,500
	IRPC PCL	Senior Unsecured Debentures No. 1/2020	12,000
	Kiatnakin Phatra Bank PCL	Tier 2 Capital Instrument No. 2/2020	350
	CPF (Thailand) Company Limited	Senior Unsecured Debentures No. 1/2020	20,000
	Kiatnakin Phatra Bank PCL	Tier 2 Capital Instrument No. 1/2020	750
	Lalin Property PCL	Senior Unsecured Debentures No. 2/2020	525
	Kiatnakin Phatra Bank PCL	Senior Unsecured Debentures No. 1/2020	2,000
	Berli Jucker PCL	Senior Unsecured Debentures No. 2/2020	18,000
	Berli Jucker PCL	Senior Unsecured Debentures No. 1/2020	12,000
	Muangthai Capital PCL	Senior Unsecured Debentures No. 1/2020	3,000
	Home Product Center PCL	Senior Unsecured Debentures No. 1/2020	3,150
	Lalin Property PCL	Senior Unsecured Debentures No. 1/2020	500
	Sena Development PCL	Senior Unsecured Debentures No. 1/2020	1,700
	Srisawad Corporation PCL	Guaranteed Debentures No. 1/2020	3,000



For 2021, KKPS will continue to provide clients with suitable financial advisory services and focus on working with the Bank, business partners and other stakeholders to offer more comprehensive wholesale banking solutions to its clients as well as strive to push for the further development of the Thai capital market by initiating new and innovative financing solutions to its existing and potential clients via non-traditional products which are suitable for each of its clients.

### 3. Investment Business

The investment business is divided into two categories as follows:

- **Medium and Long-Term Investment**

Medium and long-term investment is operated by the Direct Investment Department of KKP CAP. The Direct Investment Department operates under supervision of the Investment Committee, which considers and approves each investment and divestment proposed by the department and also considers the expected rate of return of the investment and the risk level. The investment horizon of the Direct Investment Department is approximately in the range of three to five years and covers both equity and equity-linked instruments, listed and private companies and also on-shore and off-shore companies. The Direct Investment Department searches for investment opportunity in companies which have strong business models and sustainable competitive advantage, have visible business growth opportunities, have the ability to generate high return on invested capital, are managed by capable management and whose share prices have yet to reflect their strong fundamental value. In order to evaluate investment opportunities, the Direct Investment Department conducts company visits and management interviews. The team then performs industry analysis and evaluates the target companies' fundamental value, internal control process and corporate governance structure. Finally, key risk factors and key considerations of the target companies will be evaluated.

In terms of risk management, the Direct Investment Department's investment evaluation does not only consider the potential return from the investment but also the risks involved with the business. The investment

proposal prepared by the department includes investment horizon, terms of investment and also divestment plans. Prior to each investment, the proposal must be approved by the Investment Committee. Once invested, the Investment Committee will assign the Risk Management Department to monitor such investment based on the risk management framework on a daily basis. The Investment Committee will be notified or called for meetings to review a particular investment once the market price of the investment exceeds the pre-determined threshold or the holding of such investment exceeds the concentration limit. Also, market risk assessment will be conducted regularly. In addition, the Direct Investment Department regularly monitors the business performance of invested companies to re-evaluate investment positions. Under certain circumstances, the Direct Investment Department may also utilize appropriate financial instruments, such as derivatives, for hedging purposes, which must be approved by the Investment Committee.

As KKP CAP highly emphasizes protection against potential conflict of interest, especially on the use of internal information, it strives to avoid any conflict of interest between the investment of KKP CAP and KKPS's clients. Thus, the Direct Investment Department is treated equally as one of KKPS's clients and has no access to information or research reports which differ from other investors. In addition, policies on the usage of internal information, employees' trading activities and Chinese Wall among entities within the capital market group are specified in order to promote transparency and good corporate governance to prevent any potential conflict of interest.

In 2020, the Board of Directors of KKP CAP set the net additional investment line for direct investment at Baht 1,200 million. Nevertheless, the net additional investment line can be adjusted according to the capital market group's business plan or capital market situation. At the end of 2020, the Direct Investment Department's portfolio had a market value of Baht 2,821 million. It generated a total gain of Baht 283 million, consisting of dividend income of Baht 46 million, loss from forward contract of Baht 20 million, realized gain of Baht 164 million and change in unrealized gain in the amount of Baht 93 million.

- **Equity and Derivatives Trading**

This investment is operated by the Equity and Derivatives Trading Department of KKPS with three investment strategies as follows:

- 1) **Arbitrage Trade**

Arbitrage trade is a short-term investment of not more than one year in equity, equity-linked and derivatives listed on the SET and TFEX, notably securities listed on the SET100 index or with a minimum of Baht 3,000 million market value, futures contracts and options (including their underlying assets) and ETFs under a market-neutral principle. Profit is generated from market price discrepancy between the underlying asset and its derivatives, including securities or derivatives with the same underlying asset. Trade is made under the investment and risk framework approved by the Investment Committee and the Risk Management Committee to achieve a return rate specified by the Investment Committee. The trading of securities and/ or derivatives is made to mitigate risk on overall market price.

- 2) **System Trade**

System trade is short-term investment of not more than one year in equity, equity-linked and derivatives listed on the SET and TFEX, notably securities listed on the SET100 index or with a minimum of Baht 3,000 million market value, futures contracts and options (including their underlying assets) and ETFs, utilizing information from the pricing model and back-test of market price and statistical relationship. The practice aims to define features and opportunities to make profit via the difference or behavior of the price movement. The trading of securities and/ or derivatives is executed systematically according to the pricing model.

- 3) **Financial Products and Services**

The Equity and Derivatives Trading Department issues and offers financial instruments to investors including equity-linked notes, derivative warrants and OTC derivatives. Equity-linked note is a short-term bond whose payoff depends on the underlying asset as stated in the contract. Derivative warrant is a warrant which the department registered for trading via the SET's direct listing system, including both call warrant and put warrant. OTC derivative is a derivative contract between

counterparties whose payoff depends on the underlying asset as stated in the contract. To issue and offer the instruments, the department will evaluate and define the purchase and/ or selling price based on related factors in order to generate a proper return rate. In addition, the department also performs market-making duty on the SET50 Index Option for TFEX and ETFs for asset management companies.

In terms of risk management, the Risk Management Committee has set policies according to the investment value and liquidity of the invested securities, Value at Risk (VaR) limit and accumulated loss limit. The committee also assigns the Risk Management Department of KKPS to monitor investments and report to related parties on a daily basis. In the case that the investment value or risk level is higher than the defined limits, the Equity and Derivatives Trading Department will have to reduce the exposure to meet the risk criteria within the defined timeframe.

For 2020, the department had a total cash limit for investment which was approved by the Board of Directors of KKPS of not more than Baht 10,000 million and an extra maximum cash limit of Baht 5,000 million for arbitrage trade whose usage requires approval from the Investment Committee of the Bank. The Investment Committee had also set limits within the approved total cash limit for three investment strategies including a maximum Baht 10,000 million for arbitrage trade (allows transfers from other strategies due to the lower-risk nature) and an extra maximum cash limit of Baht 5,000 million for arbitrage trade whose usage requires approval from the Investment Committee; maximum Baht 300 million for system trade and maximum Baht 5,000 million for financial products and services (excluding proceeds from structured notes) and an extra maximum cash limit of Baht 5,000 million for OTC transaction with the Wholesale & Investment Banking Group whose usage requires consulting with the Finance and Accounting Department about cash usage and the effect of the OTC transaction to the net capital requirement of KKPS and approval from the Investment Committee of the Bank and Risk Management Committee of KKPS.

At the end of 2020, the department had net cash usage for investment of Baht 3,990 million.





#### 4. Asset Management Business

KKPAM, as a provider of asset management services under mutual and private funds, has continued to develop and launch new funds. The asset under management (“AUM”) of KKPAM as of December 31, 2018 was Baht 91,982 million. In 2019, AUM increased by 2% YoY, standing at Baht 93,778 million on December 31, 2019. As of December 31, 2020, KKPAM’s AUM slightly dropped to Baht 85,117 million (comprising of Baht 55,074 million mutual funds, Baht 14,950 million private funds and Baht 15, 093 million property funds).

In 2020, KKPAM introduced a variety of products to meet investors’ evolving demand and covering several types of funds including foreign investment funds (FIF), thematic funds, passive strategy funds and asset allocation funds. These funds include:

1) KKP Global Infrastructure Equity Fund-Hedged which is a feeder fund investing in a Master Fund - Lazard Global Listed Infrastructure Equity Fund that primarily invests in equities of infrastructure companies globally;

2) KKP Expanded Tech Fund-Hedged which is a feeder fund investing in a Master Fund - iShares Expanded Tech Sector ETF with the investment objective of tracking the performance of the S&P North American Expanded Technology Sector Index, using a passive investment strategy. The index is designed to measure the performance of U.S.-traded stocks from the technology sector, select technology-related companies from the communication services and consumer discretionary sectors in the U.S. and Canada;

3) KKP SET50 ESG Fund which mainly invests in stocks of listed companies in the SET that are the component of SET50 index. The stocks are selected based on the criteria set out by KKPAM considering, for instance, the fundamentals and Environmental, Social and Governance (ESG) aspects; and

4) KKP Strategic Asset Allocation Fund - Ultra Light which is an asset allocation fund investing in fixed income, equity and alternative investments, both domestically and globally. This is to provide investors with more choices in addition to KKPAM’s three existing asset allocation funds, which are suitable for investors with different levels of risk tolerance. The fund follows the strategic asset allocation recommendation from the investment advisor of KKPS.

In addition, KKPAM also offers tax-deductible funds, including the Super Saving Fund (SSF) and Super Saving Fund Extra (SSFX) as a share class of 10 existing funds currently under management, covering different types of funds as a choice for investors who seek long-term investments with tax benefits.

In addition to new product launches, KKPAM has continued to expand distribution channels in order to increase accessibility to its products via selling agents. More KKPAM funds have been offered through banks with the open-architecture platform, as well as life insurance companies via their unit-linked products and securities companies.

### (2) Distribution Channels

The Group provides services through three entities: the Bank, KKPS and KKPAM. Details are as follows:

#### 1. Kiatnakin Phatra Bank

As of December 31, 2020, the Bank has sixty-four branches (excluding head office). The breakdown by geography is as follows:

Region	No. of Branches
Bangkok and vicinity	34
Central	5
East	7
Northeast	6
South	6
North	6
<b>Total</b>	<b>64</b>

Additional details on the Bank’s branches can be found at the Bank’s website (<https://bank.kkpf.com/th/branch>) or by contacting 0 2165 5555.

The Bank sees the importance of providing sales and services through various channels to serve the financial needs of the Bank’s clients through branch channels, electronic channels, telephone channels and other online channels. The Bank has consistently adjusted its services throughout the year to constantly provide service innovations for the new generation in the digital era.

Presently, the Bank offers many products and services through a variety of channels, which are:

### 1. Branch Channel Services:

- Mini ATM: An efficient ATM-like service which serves clients making a deposit/ withdrawal/ transfer via mini ATMs at all branches. Clients can use only their ATM/ debit cards (all banks accepted) to create and complete transactions without the need for cash or a passbook.
- PromptPay Service: Clients can easily register for PromptPay at the Bank's branches or via KKP e-Banking and transfer money. PromptPay is a money transfer service developed in line with the national e-Payment strategy by the government. PromptPay is more convenient than the regular transfer service as clients can use their mobile phone, national ID card, actual account or e-Wallet number as an alias for their bank account.
- KKP Smart Investment Service: Investment service where clients can plan savings by investing at a fixed amount weekly, monthly or quarterly. Clients can also make investment plans by setting a maximum value to invest or setting a minimum value to sell their investments to optimize returns to deposit accounts while maintaining financial liquidity through the auto sweep service.
- DBD e-Certificate: An electronic service of issuing certifications and certifying copies of corporate documents. A system developed by the Bank that integrates with the Department of Business Development (DBD), Ministry of Commerce. A memorandum with the DBD has been signed in providing e-Certificate services through the Bank. This is to reduce time taken and facilitate residents and business operators when requesting various types of certificates. The service is now available at the Central World and Asoke branches.

### 2. Electronic Channel Services:

- Online Banking Services:
  - 1) KKP e-Banking Service: An online banking system, which provides essential banking services for clients to access anywhere

and anytime through website and mobile application. The service consolidates banking services and clients' portfolio seamlessly. This includes deposit accounts, transaction services (between KKP accounts, interbank, PromptPay transfers, through to bill payment and QR payment). Moreover, users with investment portfolios are able to buy, sell and switch funds through the FundConnex System (a national infrastructure for the Thai capital market). Digital authentication through the NDID (a National Digital ID platform to identify and authenticate citizens' digital IDs) and NCB (National Credit Bureau) score self-request is also available.

- 2) KKP Biz e-Banking and Dealer Cash Management: An online banking system for corporate clients to view their deposit and loan account information, collection and payment, QR code scan to pay, primary banking bulk account transfers including on-us, Interbank and PromptPay. It also provides services for car dealers and bill payment service for most products.

- Develop Banking as a Service: This is to extend banking services for external organizations to be able to connect and conduct financial transactions. The services provided are mostly related to e-Payment such as credit transfer, request to pay service, bill payment, bulk direct credit and deposit account opening.
- KKP ATM/ Debit Chip Card: Clients can perform all kinds of transactions nationwide via the ATM pool and merchant stores, which accept the China Union Pay Debit Chip Card. The Bank regularly launches campaigns to offer special discounts to cardholders. Four types of KKP Debit Chip Cards are available (KKP Value Card, KKP Maxi Card, KKP Trust Card and KKP Project Card), which ties in with different kinds of life/ accident protection that clients can choose to match with their lifestyles.
- KKP Cash Deposit via ADM/CDM machines and post office branches: A convenient service which



allows the Bank's clients to make cash deposits via any Cash Deposit Machine (CDM) or Post Office through the CDM pool and Post Office branches (nationwide) with over 1,400 locations available. The service substantially increases the Bank's distribution channels, providing further convenience for clients.

- Mobile Phone Channel Services: Includes KKP Smart SMS service, an automated system providing SMS transaction alerts to clients' mobile phones via numbers registered with the Bank.
- Inward Remittance Service: For any transactions transferred from overseas to any bank account in Thailand or recipients, clients can collect cash at the Bank's branches nationwide.
- Loan Payment/ Bill Payment Services: Through the Bank's branches and electronic channels, e.g. mobile banking, internet banking and ATM/CDM. The Bank also expanded payment channels by partnering with Counter Service, BigC and CenPay as well as cross-bank bill payment to be the Bank's alternative payment channel for clients.

### 3. Phone Channel Services:

- The Bank operates telephone service and contact center to serve clients' inquiries and transactions via phone service (IVR: Interactive Voice Response) and KKP Contact Center agents. The Bank launched many new services of the KKP Contact Center, including cross-sell/ up-sell via the telesales channel, aiming to increase convenience and be an alternative and user-friendly channel for clients.
- 1) KKP Contact Center - 0 2165 5555: An intelligent contact center capable of providing more than just answering simple questions. This is an extra e-Service which can recommend suitable products for clients through the IVR automated system which requires verification of the clients' information before proceeding further. The significant development of the KKP Contact Center is called 'Dynamic IVR', which is a personalized menu based on each client. When a client

calls in and completes a self-identification, the announced menu will be customized based on what products & services he/ she has. This service will help reduce unnecessary time and also increase clients' satisfaction.

- 2) KKP Assets for Sales Contact Center - 0 2165 5577: Provides online information for clients to inquire about assets, loan calculation and loan request as well as promotions and news.
- 3) KKP PRIORITY Banking - 0 2165 5566: A service channel dedicated to PRIORITY banking clients.
- 4) KKP Anti-corruption - 0 2495 1550: A channel for clients to report actions that are improper/ against the Bank's good governance.
- 5) KK Biz Contact Center - 0 2165 5599: Serves corporate clients and partners, such as car dealers.
- 6) In terms of supporting clients who have been impacted by the COVID-19 pandemic, announcements on supporting scheme have been advertised on the Bank's website as well as sending direct SMS to clients, directing them to fill in the form required in joining the scheme.
- 7) The Bank has developed the auto-dialer system to offer suitable products, publicize advertisements and enhance efficiency in contacting clients via the telephone system. In addition, the system is able to present products customized to individual clients and function as another channel to track their overdue products.

### 4. Online Channel Services:

- The Bank values the power of online access, thus providing various 'own' online media which match clients' behaviors and lifestyles to develop a strong engagement between clients and the Bank.
- 1) The Group's website ([www.kkpfg.com](http://www.kkpfg.com)): The Group revamped its website to be more user-friendly and easier to manage. The website

represents corporate identity and centralizes information of its products, services and investor relations information.

- 2) KKP Advice Center website (<https://advicecenter.kkpfg.com>) offers "Smart Quiz" as an interactive tool to help users create a strategic financial plan through processes or arrangements that are suitable for each individual. This includes tax planning, financial information for retirement planning, loan requests and loan refinancing.
- 3) SMS marketing campaign offers personalized recommendation on products and services to various target groups. This channel can collect and process responses to offers quickly and efficiently.
- 4) Social media: The Bank has changed the name of its official social media accounts according to the following details: Facebook @KiatnakinPhatra, Twitter @KiatnakinPhatra, YouTube @KiatnakinPhatra, IG @KiatnakinPhatra and Blockdit @KiatnakinPhatra. These channels aim to reach and engage target groups and prospective clients by posting content of the Bank's products, services, promotions, news, videos and money/ investment articles available 24 hours. Clients can also contact the Bank's representatives during working hours through Line@ kiatnakinphatra and Line@ kkploan.
- 5) e-Newsletter: KKP e-Newsletter or KKP FLASH is sent via email. The content consists of products, services, promotions, news and articles, which match the interests of clients.

## 5. Partnerships:

- The bank sees the importance of building business alliances between different industries as this could bring new opportunities to involved parties. For instance, expanding client base through a business partner creates efficiency and cost effectiveness, while it could also be more convenient to clients as they can access a variety of products and

services without having to switch to different platforms. The products which the Bank is offering with business partners are:

- 1) KKP Start Saving, a savings account without a passbook. Clients can open an account through the True Money Wallet mobile application with an interest rate of up to 1.55% per year. This product aims to attract the new generation in opening a micro savings account for interest-bearing. This also serves the new normal lifestyle as clients can open the account without using documents and transactions can be done anywhere and anytime. With the NDID's e-KYC practice, high security is ensured through using clients' ID and facial recognition to verify their identities.
- 2) NDID authentication service on KKP e-Banking application can now be done through AIS Smart Kiosk. This allows clients to complete financial transactions in a fast, easy and secure manner without having to visit a branch.

## 2. KKPS

The sales and service channel of KKPS is through its head office on the 6<sup>th</sup>, 8<sup>th</sup> - 11<sup>th</sup> Floor, Muang Thai-Phatra Office Tower 1, 252/ 6 Ratchadapisek Road, Huaykwang, Bangkok 10310 (Tel. 0 2305 9000). Additionally, service by phone, internet and mobile application through Kiatnakin Phatra Edge are available, providing convenient accessibility to clients nationwide.

## 3. KKPAM

KKPAM is currently located on the 19<sup>th</sup> Floor, Muang Thai-Phatra Complex Building A, 252/ 25 Ratchadapisek Road, Huaykwang, Bangkok 10310 (Tel. 0 2305 9800). Distribution is carried out through forty selling agents of which five are commercial banks, twenty-four are securities companies, two are asset management companies, three are securities brokerages of investment units and six are life insurance companies. In addition, KKPAM has provided online access, called KKPAM Online, as a convenient channel for investors to invest in KKPAM's funds.



### (3) Market Condition and Competition

#### 1. Commercial Banking Business

As of the end of November 2020, total assets of the thirteen domestically registered commercial banks are recorded at Baht 18.7 trillion, expanding at 9.5%

YoY compared to a growth rate of 5.9% YoY in 2019. This acceleration was driven by an increase in asset growth of the four largest banks (accounting for roughly 69% of market share) at 10.2% YoY. Medium- and small-sized banks saw their assets increase by 8.8% and 7.0%, respectively, from the year earlier.

The table shows assets, deposits and net lending of Thai commercial banks as of the end of November 2020.

No.	Thai Commercial Bank	Assets		Loans		Deposits	
		Baht Million	Market share (%)	Baht Million	Market share (%)	Baht Million	Market share (%)
1	Bangkok Bank	3,377,474	18.0	1,870,383	16.0	2,485,452	18.0
2	Krung Thai Bank	3,222,217	17.2	2,060,148	17.6	2,460,925	17.9
3	Siam Commercial Bank	3,229,310	17.2	2,069,634	17.7	2,388,097	17.3
4	Kasikorn Bank	3,070,736	16.4	2,013,173	17.2	2,299,357	16.7
5	Bank of Ayudhya	2,375,849	12.7	1,607,287	13.7	1,791,102	13.0
6	Thai Military Bank	1,193,042	6.4	678,631	5.8	799,734	5.8
7	UOB Bank	616,144	3.3	419,903	3.6	481,348	3.5
8	TISCO Bank	261,521	1.4	213,792	1.8	200,886	1.5
9	CIMB Thai	399,750	2.1	219,016	1.9	200,360	1.5
10	Standard Chartered Bank	177,843	0.9	27,092	0.2	87,038	0.6
11	Kiatnakin Phatra Bank	359,581	1.9	268,275	2.3	252,244	1.8
12	Land and House Bank	237,309	1.3	154,535	1.3	180,074	1.3
13	ICBC (Thai)	221,936	1.2	114,675	1.0	147,108	1.1
<b>Total</b>		<b>18,742,711</b>	<b>100.0</b>	<b>11,716,545</b>	<b>100.0</b>	<b>13,773,726</b>	<b>100.0</b>
Four large-sized commercial banks		12,899,737	68.8	8,013,339	68.4	9,633,831	69.9
Two medium-sized commercial banks		3,568,891	19.0	2,285,918	19.5	2,590,836	18.8
Seven small commercial banks		2,274,084	12.1	1,417,288	12.1	1,549,058	11.2
<b>All commercial banks</b>		<b>21,597,724</b>		<b>14,041,219</b>		<b>15,296,796</b>	

Source: Summary Statement of Assets and Liabilities (C.B.1.1) as of the end of November 2020, the Bank of Thailand

Note: Total loans exclude interbank lending

Commercial banks' outstanding loans was at Baht 14.0 trillion at the end of November 2020, growing by 3.6% from the end of 2019. Most of the increase in bank loans were driven by loans to businesses (excluding financial businesses) to boost their liquidity and build a cushion amid the COVID-19 pandemic impact. Meanwhile, consumer loan growth was flat, in line with weak household purchasing power and a tightening of bank credit standards.

Overall bank asset quality as of the end of 3Q2020 appeared to have slightly improved from the previous quarter as the debt relief measures as well as revisions to the rules on loan classification and provisioning had eased loan quality deterioration. The gross outstanding non-performing loan (NPL or stage 3) by the end of 3Q2020 was at Baht 513.9 billion or 3.14% of total loans.

The Thai banking system remained sound with a high level of loan loss provisions and capital which will



provide a cushion for the future risk of deteriorating loan quality. The overall capital of the banking system was at Baht 2,959 billion as of the end of 3Q2020, equivalent to capital adequacy ratio (BIS ratio) of 19.8%. Loan loss provision remained high at Baht 782.5 billion with NPL coverage ratio of 149.7%. Liquidity coverage ratio (LCR) registered at 184.9%.

Outstanding deposit was at Baht 15.3 trillion as of the end of November 2020, growing by 9.0% from the end of 2019. This acceleration was driven by the increase in individual and corporate savings deposits.

As a result, the nine-month net profit of Thai commercial banks was recorded at Baht 130.4 billion, declining from the same period last year primarily due to additional reserves set aside as a cushion against uncertainties from the economic contraction and the impact of COVID-19 on loan quality.

#### **Banking Industry Outlook**

In 2021, the banking industry will continue to face several challenges including:

The overall asset quality of banks tends to deteriorate with a slowdown in economic growth, which could affect the clients' ability to repay debt.

The banking system will see declining profitability, despite a lower funding cost following the reduced policy rate and Financial Institutions Development Fund (FIDF) fee. This is due to (1) lower interest income and net interest income (NIM) because loan growth should remain subdued amid weakening economic growth and a tightening in financial conditions and (2) a continued high level of provisioning expenses as a cushion against potential loan quality deterioration going forward.

## **2. Real Estate Business**

Thailand's real estate market dropped pointedly in 2020, especially in the condominium segment which was hard hit by 1) domestic COVID-19 infections beginning in March 2020 that adversely affected purchasing power and appraised collateral value, 2) the highest condominium inventory ever and 3) the Bank of Thailand's macro prudential measure in the form of loan-to-value limit (LTV) that commenced in April 2019 and was principally aimed at stemming search-for-yield behavior but also affected some real demand for condominium units as

a second home. The property market recession resulted in developers rushing to clear up stock and push for transfers in order to build up cash, delaying new projects from their initial plans and shifting the development plan to a low-rise format to better meet real housing demand.

On the supply front, new developer loans nationwide over the first nine months of 2020 totaled Baht 45,786 million, a contraction of 5.8% compared to the same period of the previous year, as severely depressed new launches were partially offset by developers' increased draw on working capital to prepare liquidity for the COVID-19 pandemic. In the Bangkok metropolitan region alone, new project launches in 2020 dropped by as much as 37% in units and 30% in total project value from the previous year. New launches of condominiums, especially, fell sharply by 52% compared to low-rise launches that contracted by 18%.

Demand-wise, total new mortgage loans nationwide over the first nine months of 2020 was registered at Baht 439,774 million, a contraction of 6.2% compared to the same period of the previous year, partly due to commercial banks' tightening credit standards upon concern on loan quality. With regard to title transfers, over the first eleven months of 2020, units transferred totaled 322,387, a reduction of 8% compared to the previous year, due in a large part to a transaction drop in four main cities, namely, Chon Buri, Samut Prakarn, Phuket and Bangkok. Total residential property transfers in the Bangkok metropolitan region, which accounted for 54% of total national transfers, shrank by 5.8%.

#### **Property Market Outlook**

The property market in 2021 should see a mild recovery from 2020 due to the launch delay from the previous year and the shift to low-rise housing projects to cater to real demand and improve developers' cash flow management, notably in uptown areas which are increasingly served by expanding mass transit networks and supported by the demand for a larger space due to the emerging work-from-home trend. The slow recovering economy and low interest rates will lead to improved sales and demand for mortgage loans through the second half of 2021. However, there remains several risk factors, including (1) the uneven recovery of the Thai economy that may fail the lower-income echelon or those burdened



with high household debt aspiring for home ownership and (2) financial institutions' stringent credit standards amid concern on asset quality.

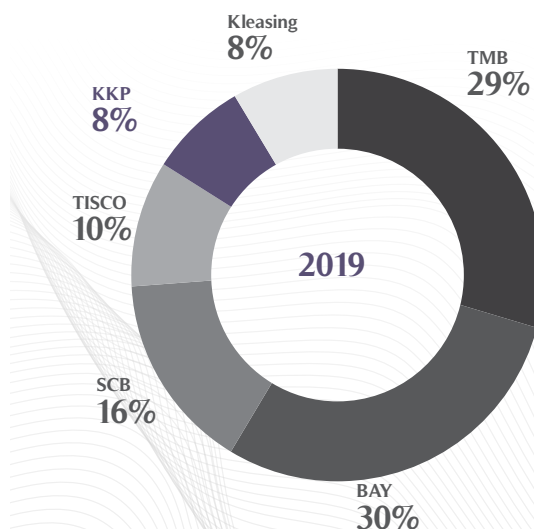
### 3. Auto Hire Purchase Business

Domestic auto sales in 2020 totaled 792,146 units, a drop of 21% compared to the previous year. Sales of passenger cars and commercial vehicles fell by 31% and 15% respectively, as the COVID-19 infections in the late period of the 1st quarter through the 2nd quarter widely affected economic activities, employment and disposable income. Domestic sales slowly rebounded to the previously year's level in the 4th quarter thanks to demand for private vehicles for commuting and domestic travel, notably sport utility vehicles (SUVs).

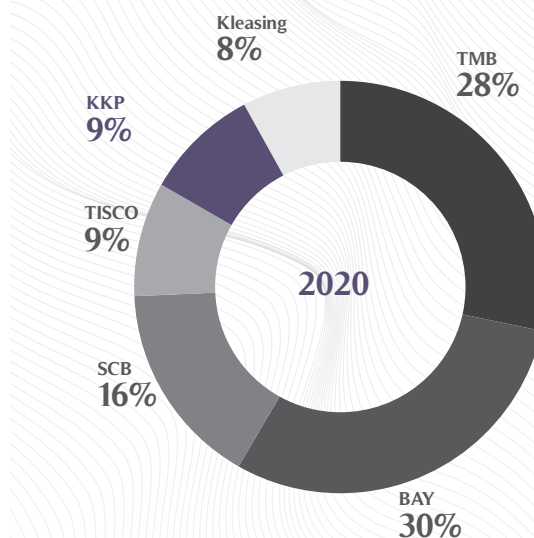
The economic contraction adversely affected the used car market in 2020, albeit to a lesser degree as the dampened purchasing power induced potential car buyers to look for a pre-owned vehicle. Meanwhile, the loan forbearance program limited the new addition of used-car supply, causing a speedy rebound on used car prices and sales as gauged by the private-vehicle ownership transfer, which fell by merely 14% over 2020.

Total outstanding auto hire purchase loans by all commercial banks (excluding collateralized personal loans, e.g. CarQuickCash) at the end of 3Q2020 totaled Baht 1,178,062 million, a slower growth of 3.5% per annum compared to the end of previous year's 7.7% but is in line with the contracted auto sales. Meanwhile, the ratio of NPLs per total outstanding hire purchase loans at the end of the 3Q2020 stood at 1.58%, a slight reduction from 1.86% at the end of 2019 due to the Bank of Thailand's COVID-19-related forbearance program.

Total outstanding auto hire purchase loans at the end of 2020, including collateralized personal loans, e.g. CarQuickCash, by the six largest loan providers, namely TMB Bank, Bank of Ayudhya, Siam Commercial Bank, Tisco Bank, Kiatnakin Phatra Bank and Kasikorn Leasing Company Limited, reveal Kiatnakin Phatra Bank's increased market share from 8% at the end of 2019 to 9% at the end of 2020. The following diagram displays the auto hire purchase market share of each bank at the end of 2019 and 2020, respectively:



outstanding auto loans of six major companies of Baht 1,397,661 million



outstanding auto loans of six major companies of Baht 1,423,397 million

(Note: Kasikorn Leasing's outstanding loans were as of September 30, 2020.)

### Auto Hire Purchase Business Outlook

The auto hire purchase business in 2021 is expected to stabilize from the previous year, in tandem with domestic auto sales which are forecasted to register 800,000 units due to 1) dampened purchasing power and income prospect after the second wave of COVID-19 infections that lingered through the beginning of 2021 and 2) tighter credit standards upon the concern on loan quality, which may dampen sales through the first half of 2021. Nevertheless, the planned mass inoculation program in the second half of the year, together with gradual border reopening for foreign tourist arrivals that is expected to materialize in the fourth quarter, will be supportive of the auto hire purchase business in the second half of the year.

## 4. Capital Market Business and Securities and Derivatives Brokerage Business

The capital market faced unprecedented volatility and uncertainty in 2020 due to the COVID-19 outbreak. Global stock markets made a record low in March because of investors' fear of an economic downturn before gradually regaining momentum. The improving market sentiment was bolstered by central banks' policy responses such as rate cuts, quantitative easing and lending facilities. COVID-19 beneficiaries like technology-related stocks rallied first while stocks in other sectors followed when vaccine development became more promising. With investors' optimism on vaccines and the improving global economy, stock markets recovered further with some overshooting and others returning to almost pre-COVID-19 level.

The SET index decreased 8% YoY in 2020 and also decreased 9% in USD terms, prompted by a slight weakening of the Thai Baht. Same with the previous year, local institutions continued to be net buyers but net buy volume dropped to only Baht 33 billion in 2020 from Baht 52 billion in 2019. Meanwhile, foreign investors remained net sellers of Baht 264 billion in 2020 after a net

sell volume of Baht 45 billion in 2019. Local individual investors turned to net buyers of Baht 216 billion in 2020 from net sellers of Baht 22 billion in the previous year. Proprietary trading remained net buyers of Baht 14 billion in 2020 after a net buy volume of Baht 15 billion in 2019. A surge in lockdowns and work from home trends has caused the Electronics (+379%), Agro and Food industry (+61%) and Packaging (+44%) sectors to outperform. On the contrary, the Financials (-24%), Tourism (-19%) and Transport (-18%) sectors all suffered significantly from the outbreak. The SET index underperformed global markets due to the tumbling services/ tourism industries and limited stimulus measures.

In 2020, the SET and mai's average daily securities trading value increased 29% YoY to Baht 68,600 million per day. Local institutions' participation decreased to 9.86% from 11.35% in 2019. Foreign participation decreased to 35.94% from 41.38% last year. However, retail investors increased to 43.66% from 33.72% while proprietary trading decreased to 10.54% from 13.55% YoY.

Despite a relatively stabilized pricing pressure on high-touch trade executions, the stock brokerage industry remained difficult with rising trades from foreign institutions on execution-only services. In addition, the effective commission rate also declined with growth in Direct Market Access (DMA) and High Frequency Trade as well as Program Trading orders following the migration from actively managed funds to ETFs.

KKPS has no policy in aggressive price-cutting but focuses on the quality of research and services, including technology to effectively support trading transactions and client base expansion. Therefore, KKPS successfully gained market share from 9.61% in 2019 to 10.85% in 2020. KKPS's share of foreign institutional brokerage increased to 22.72% from 15.98% in 2019 while the market share of local institutional brokerage decreased to 7.75% from 8.47% in 2019 and the market share of high-net-worth clients also decreased to 1.79% from 2.16% in 2019.



The table below illustrates the SET and mai market conditions, trading value and market share of KKPS.

	2019	2020
Average daily securities trading value of the SET and mai (Baht Million)	53,192.02	68,606.91
Trading value of the SET and mai by investor type		
Foreign investors (%)	41.38	35.94
Local institutions (%)	11.35	9.86
Local individuals (%)	33.72	43.66
Proprietary trading (%)	13.55	10.54
Average daily securities trading value of KKPS (Baht Million)	10,594.34	15,184.88
Market share of KKPS (excluding proprietary trading) (%)	9.61	10.85
Market share-foreign investors (%)	15.98	22.72
Market share-local institutions (%)	8.47	7.75
Market share-high-net-worth clients (%)	2.16	1.79
Ranking	1	1

Source: SET and KKPS

For TFEX, the trading volume in 2020 was almost flat, up 0.09% YoY with the average number of contracts traded rising from 428,369 contracts per day in 2019 to 494,624 contracts per day in 2020. KKPS's market share on TFEX increased from 9.13% in 2019 to 12.05% in 2020.

#### TFEX Market Summary

	2019	2020
Number of contracts	104,521,995	120,193,573
Trading volume of KKPS (No. of contracts)	19,078,485	28,970,471
Trading value of KKPS (Baht Million)	2,248,882.50	4,392,370.12
Market share of KKPS (%)	9.13	12.05

Source: SET

## 5. Investment Banking Business

Securities firms continued to focus on the investment banking business with the aim to increase fee revenue and support their securities brokerage business. Presently, there are seventy-six companies which have been granted licenses to operate financial advisory services and are currently in the business, while forty-two securities firms have been granted licenses to operate as an underwriter. Success in the industry will be determined by the

experience and expertise of the banking team, initiatives to introduce new financial instruments to meet clients' increasing needs and strong client relationships.

Despite the increasingly competitive environment, KKPS was recognized as the Best Equity House in Southeast Asia 2020 by Alpha SEA. KKPS has maintained its leading position and has continuously been trusted to advise clients in their restructurings and mergers and acquisitions. In 2020, KKPS was appointed as a financial

advisor of Central Retail Corporation PCL (“CRC”) in its Baht 32,916 million acquisition of ordinary shares in Robinson PCL in exchange for CRC’s newly issued shares as well as its Baht 12,160 million acquisition of the business of COL PCL (“COL”) by means of a tender offer to delist COL from the SET.

In addition, KKPS was appointed as a financial advisor of PTT PCL to assist in the restructuring of the power business within PTT group with the total amount of Baht 43,655 million. The restructuring consists of PTT purchasing TOP’s entire shareholding in GPSC which is equivalent to 8.91% of GPSC’s total paid-up capital and the entire business transfer of Thaioil Power PCL to TOP. Moreover, KKPS also advised and served other prominent companies including Berli Jucker PCL, The One Enterprise Company Limited, Fraser Property (Thailand) PCL and Dr. Satit Viddayakorn.

With its superior strength, structuring expertise and exceptional distribution capability, KKPS remains a leading player in capital market transactions. In 2020, KKPS was appointed as financial advisor, joint global coordinator and joint bookrunner for CRC for its initial public offering. Amidst the challenging environment, KKPS helped raise capital through the stock market with a total offering size of Baht 78,124 million, making it the largest corporate IPO in Thailand ever, the largest corporate IPO in Southeast Asia since mid-2012 and the largest retail IPO globally since 2007, and winning the Best Equity Deal of the year, Thailand from Alpha SEA. In addition, KKPS was appointed as an overnight placement agent in the overnight block trade of TMB Bank PCL with the total amount of Baht 5,024 million.

Moreover, as investors are confident in KKPS’s bond selection, KKPS’s fixed income business has been growing steadily despite the challenging situation of COVID-19. In 2020, KKPS serviced corporate clients in twenty-two debt offerings with a total value of over Baht 122,375 million.

## 6. Asset Management Business

In 2020, there were twenty-four asset management companies under the supervision of the SEC. Industry AUM (only mutual funds) stood at Baht 5.04 trillion, registering a decrease of 6.53% relative to Baht 5.39 trillion in the previous year (Source: AIMC as of December 30, 2020).

Fixed-income funds represented the largest share of the industry’s AUM, ending the year 2020 at Baht 2.32 trillion, or 46.13% of total AUM. Equity funds stood at Baht 1.45 trillion, or 28.78% of total AUM. Continued growth was seen in the retirement mutual fund segment, ending the year approximately at Baht 0.33 trillion, representing a growth of 7.65% from 2019. The AUM of super saving funds, firstly introduced in 2020, was Baht 0.02 trillion

The private funds industry in 2020 also demonstrated growth as a result of new player emergence. As of the end of November 2020, the whole industry’s AUM was Baht 1.96 trillion (Source: AIMC as of November 30, 2020), representing a growth of 74.07% relative to the end of 2019.

In 2020, KKPAM launched KKP Strategic Asset Allocation Fund - Ultra Light, and KKP SET50 ESG Fund, KKP Global Infrastructure Equity Fund - Hedged and KKP Expanded Tech Fund - Hedged to broaden the scope of investment choices for investors. In addition, KKPAM also offered tax-deductible funds, including Super Saving Fund (SSF) and Super Saving Fund - Extra (SSFX) as a share class of ten existing funds under the management of KKPAM, covering different types of funds as a choice for investors who seek long-term investments with tax benefits.

KKPAM will keep developing its product platforms to meet investors’ demands to diversify their investments and to capture opportunities sparked by changes in the market.





## (4) Provision of Products and Services

### 1. Commercial Banking Business

#### 1.1 Source of Funding

The Group's key funding sources include various types of deposits, bills of exchange, borrowings and interbank transactions with details shown in the below table.

Funding Sources	2018		2019		2020	
	Amount (Baht Million)	Proportion (%)	Amount (Baht Million)	Proportion (%)	Amount (Baht Million)	Proportion (%)
Deposits	181,694	74.5	172,174	70.3	251,526	86.7
Bills of exchange (B/E)	495	0.2	-	-	-	-
Debentures	48,513	19.9	55,415	22.6	28,344	9.8
Interbank transactions	13,157	5.4	17,339	7.1	10,264	3.5
<b>Total</b>	<b>243,859</b>	<b>100.0</b>	<b>244,928</b>	<b>100.0</b>	<b>290,134</b>	<b>100.0</b>

At the end of 2020, total funding from major sources was Baht 290,134 million with a Baht 45,206 million or 18.5% increase from the end of 2019. The increase corresponded to the need of the loan business and the rise in liquid assets. In 2020, due to the downward interest rate trend in the financial market during the COVID-19 situation, the Bank has been repositioning its funding structure to manage funding cost suitable to each period as well as to balance between financial cost and liquidity risk management with two important measures, i.e. maintaining liquid assets to withstand any liquidity situation in stressed scenarios (Liquidity Coverage Ratio/ LCR) and maintaining sufficient stable sources against uses of funds (Net Stable Funding Ratio/ NSFR). At the end of 2020, the Group had a total of Baht 28,344 million of outstanding issued debentures, comprising Baht 19,954 million of senior debentures and Baht 8,390 million of subordinated debentures. The proportion of debentures declined to 9.8%, compared with 22.6% seen at the end of 2019 while deposits increased 46.1% YoY. Such change in the funding structure was led by the Bank's funding cost management strategy, which was in the same direction with the downward interest rate trend in the deposit market as opposed to the highly volatile credit spread experienced in the debt securities market during the COVID-19 situation. As a result, the Bank's interest rate paid in 2020 decreased to 1.7% from 2.3% in 2019.

#### • Deposit Rate Policy

The Assets and Liabilities Management Committee has approved a framework to govern deposit and debenture interest rates for both individual and corporate customers, and delegated the duty to offer interest rates suitable in any particular period to the Money Desk Sub-committee which will take into account various factors such as the Bank's liquidity need, rate competition in the deposit market and the interest rate trend. Deposit taking activities and rate offerings are in compliance with the guidelines announced by the Bank of Thailand.

#### 1.2 Credit Related Policies

#### • Credit Policy

The Bank has set the credit policy to ensure clarity and consistency in the credit process and the highest benefit for the organization. The credit policy outlines the principles in credit analysis and the areas to be specially monitored or avoided in addition to the areas of focus of the Bank in order to expand the asset portfolio while ensuring good asset quality.

The credit policy is an integral part in allowing the Bank to achieve its strategic goals in terms of extending loans within the accepted risk limit. Loan portfolio composition is also monitored as appropriately, taking into consideration the concentration risk and risk diversification to align with the constant changes in the

external environment. Overall risk is closely monitored against the specified risk limits.

- **Credit Risk Management Policy**

The Risk Oversight Committee is responsible for providing the credit policy for each loan type which is based on the Core Credit Policy, the Retail Lending Policy and the Commercial Lending Policy. The credit policy outlines the process for client selection, credit analysis and any specific requirements or conditions that are mandatory for each type of business. The credit policy covers the process starting from pre-approval up to the process for loan servicing and management. The Group head is responsible for monitoring the risk management of the credit portfolio.

For Retail lending, the Bank has developed a credit scoring model based on the statistical data of the Bank's clients. The results obtained from the model together with information from the National Credit Bureau are used in determining credit approval under the Basel Committee for Banking Supervision on Internal Ratings Based Approach (IRB).

The Bank conducts reviews and evaluates the appropriateness of the credit policy and credit process at least once a year to ensure adequate revisions of the risk management process or whenever there are changes in external factors that have a significant impact and results of such reviews will be considered by the Risk Oversight Committee.

- **Debt Restructuring**

The Bank performs debt restructuring with debtors both for general debt restructuring and troubled debt restructuring. This is for the mutual benefit of both the Bank and the debtor by optimizing loan repayment while allowing the debtor to continue their business. With the COVID-19 situation during 2020 impacting the macroeconomic situation all over the world including Thailand, the Bank had thoroughly considered debtors' business circumstances. For the short-term impact or restructuring of less than 12 months, the Bank rescheduled the repayment plan to match debtors' financial cash flow. In the severe case or long-term impact scenario, the Bank carried out debt restructuring with a material change in the pricing and terms and conditions to ensure that the debtor's business can be

fully rehabilitated once the economic situation is back to normal. The principle in debt restructuring will take into account several factors, especially the intention to pay, ability to pay, risk and return. In the eventual event that the case cannot be resolved, litigation actions will be used for the Bank's repayment recovery, whereby legal action will be approved by authorized officers according to the Bank's guidelines.

- **Debt Collection**

The Bank has a collection guideline and collection journey in place for each client segment, namely high risk, medium risk and low risk segment clients. Once clients fall into delinquent status, the Bank will use different collection activity based on each risk segment, i.e. SMS, email, call dunning by staff or blaster (automated call from a recording machine). Once the client is considered as an NPL or write-off status, intensified collection activities shall be carried out both by outsourcing agencies and legal activities, and if the Bank cannot obtain any further repayment, debt sales will be an alternative solution.

- **Loan Approval and Delegation of Authority**

The Bank separated the approval authority limit to be mainly (1) commercial & counter parties approval limit (commercial lending, corporate lending, special asset management) and (2) product program lending approval limit. For the delegation of authority in product program lending, the approval begins with the credit analyst (staff level) and steps up to the Group Head of Credit Analysis. Product program lending is under the control of Risk Management with early warning indicators whether credit cost (loss) remains in an acceptable range as well as concentration risk which shall be under the limit and tolerance as stated by the Risk Oversight Committee.

### 1.3 Capital Funds

The Group pays great attention to capital management to ensure the Group has strategies to maintain capital funds above the target capital requirements. As of December 31, 2020, the Bank's total capital to risk weighted assets (BIS ratio) was at 17.39%, higher than the minimum capital requirement and capital buffer ratio of the Bank of Thailand at 11.00%. The details of the Bank's capital adequacy ratio are as follows:



Separated Financial Statement Capital Adequacy Ratio (%)	Basel III			Minimum Capital Requirement and Capital Buffer Ratio* Based on the Bank of Thailand's Rules and Regulations
	December 31, 2018	December 31, 2019	December 31, 2020	
Common equity tier 1 capital to risk weighted assets	12.49	12.88	13.38	7.00
Tier 1 capital to risk weighted assets	12.49	12.88	13.38	8.50
Tier 2 capital to risk weighted assets	3.80	3.72	4.01	-
Total capital to risk weighted assets	16.29	16.60	17.39	11.00

\* Capital buffer requires an additional common equity tier 1 at 2.50% above the minimum capital requirement to support losses incurred under stress conditions.

When including profit up to end of 2020, the total capital to risk weighted assets will be 18.15% and tier 1 capital ratio will be 14.14%.

## 1.4 Liquidity Management

The Assets and Liabilities Management Committee has been assigned to supervise and set strategies regarding liquidity management with the Money Desk Sub-committee functioning as a vehicle to consider interest rates corresponding to the Bank's liquidity need. The Treasury Department works in parallel as the key department to closely manage the liquidity position both in the short and long terms in response to both internal factors, such as the Bank's business expansion plan and liquidity reserve, and external factors, such as competition and the interest rate trend. Under the direction of the Assets and Liabilities Management Committee, constant reviews of the economic situation and the interest rate trend were conducted in order to timely manage liquidity amidst fast changing domestic and overseas economic situations.

The Bank's liquidity management is in compliance with the Bank of Thailand's rules and regulations including regulatory reserve requirement, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) while such liquidity must be kept at a most appropriate level with the right balance between financial cost and liquidity risk in mind. In addition, diversification to appropriate funding sources is encouraged in order to not be overly dependent on a number of large depositor groups or

financial institutions. Such diversification should include types and terms of funding as well. In the case of crisis situations, the Bank has a liquidity contingency plan in place to ensure sufficient liquidity to handle unusual deposit withdrawals.

## 1.5 Loan Classification, Provisions and Write-Off

The Bank complies with the loan classifications and required provisions according to the regulations by the Bank of Thailand and also according to the guidelines from the Bank's Risk Oversight Committee. The Bank will perform write-off when debt repayment is no longer possible, such as cases where legal actions have been taken, the debtor has no assets to support repayment, there is no guarantor or the collateral no longer has any value. Write-off and any recovery will be in accordance with regulations by the Bank of Thailand and the Revenue Department and guidelines from the Bank's Risk Oversight Committee. Any write-off conducted shall be through strict compliance process with no benefits to be considered for any director, senior executive or shareholder of the Bank or any related parties.

## 2. Capital Market Business

### 2.1 Source of Funding

The capital market business partly relies on funding from the Bank. Additionally, KKPS also issue equity-linked notes and has overdraft credit lines with several commercial banks as an alternative source of funding.

## 2.2 Funding and Loans to Related Parties

For 2020, under approval from the Bank of Thailand, the Bank can provide loans to the capital market business of the Bank not exceeding 25% of the Bank's total capital fund. This results in the capital market business having a credit line with the Bank. Lending to each subsidiary of the Group will be within the specified credit line with total aggregate loans made to subsidiary companies not exceeding 25% of total capital fund under solo consolidation.

## 2.3 Credit Line Approval

KKPS has a clear policy in place to approve credit line for trading accounts of clients by taking into consideration financial position, epayment ability and financial income of each client.

## 2.4 Loans using Financial Assets as Collateral

The Bank also offers loans to high-net-worth clients of KKPS through the following services:

1) Lombard Loan - Lombard loan is a multi-purpose credit facility offered to high-net-worth clients of KKPS who require loans for their investment opportunities or for personal use by using financial assets under KKPS's management, such as cash, ordinary shares in the SET100 (except KKP shares), property funds, REITS, infrastructure funds and mutual funds and private funds managed by KKPAM, etc. as collateral.

2) Portfolio for Property Financing (PPF) - PPF is a credit facility offered to high-net-worth clients of KKPS who want to acquire real estate or to increase financial liquidity as an asset owner for investment in financial assets through KKPS or for multi-purpose loans by using land, land with buildings which can be a house or commercial building or other types of buildings, such as apartments, hotels and condominiums, together with

the financial assets under KKPS's management, such as cash, SET100 securities (except KKP shares), property funds, REITS, infrastructure funds and mutual funds managed by KKPAM, etc. as collateral.

## 2.5 Net Capital Ratio

The net capital ratio as of the end of December 2020 of KKPS is above the minimum requirement of the SEC at 7.00%. Details on KKPS's net capital ratio is per the table.

Net Capital Ratio (%)	2018	2019	2020
KKPS	62.42	28.26	65.59

## (5) Assets for Business Operation

### 1. Major Assets for Business Operation

(Unit: Baht Million)

	December 31, 2018	December 31, 2019	December 31, 2020
Land	557	557	557
Premises and building and building improvement	1,339	1,475	1,537
Equipment	435	393	350
Furniture and fixtures	260	265	192
Vehicles	134	109	100
Work in progress	48	239	548
Right-of-use assets, net	-	-	230
Total	2,773	3,038	3,514

On January 1, 2020, the Group has adopted new financial reporting standards related to lease agreements. As a result, the Group, as a lessee, recognizes the lease in the statement of financial position. They are no longer classified as operating lease and finance lease.



For the years 2019 and 2018, the Group had commitments in respect of vehicles, office space, computer software and maintenance and office equipment expenses from the statements of financial position as follows:

(Unit: Baht Million)

December 31, 2019				
	Vehicle Rental Expenses	Office Rental Expenses	Computer Software and Office Equipment Expenses	Total
Within the first year	1	185	24	210
Within the second year	1	127	12	140
Over three years	-	151	-	151
<b>Total</b>	<b>2</b>	<b>463</b>	<b>36</b>	<b>501</b>

(Unit: Baht Million)

December 31, 2018				
	Vehicle Rental Expenses	Office Rental Expenses	Computer Software and Office Equipment Expenses	Total
Within the first year	1	317	26	344
Within the second year	1	236	20	257
Over three years	1	231	11	243
<b>Total</b>	<b>3</b>	<b>784</b>	<b>57</b>	<b>844</b>

## 2. Investments in Subsidiaries

### • Definition of Subsidiaries

The definition of subsidiaries is in accordance with the definition of accounting standard that is disclosed in the notes to the financial statements under the accounting policies section.

### • Investment Policy

#### Strategic Investment

Strategic investment is investment in subsidiaries or associates that operate businesses strategically beneficial to the Group's business and enable the Group to achieve its mission, strategy and business plan as well as in accordance with business practices and corporate governance of the Group and the Bank of Thailand's supervisory guidelines.

### Investment for Return

An investment for return is an investment for acquiring non-performing credit assets at a price lower than the outstanding principal and collateral value. This is for the purpose of profit or return from investment management through mutual funds, which are subsidiaries of the Bank and established with the primary objective of investing in business credit claims, commercial loans and other loans, auctioned from the Financial Restructuring Authority.

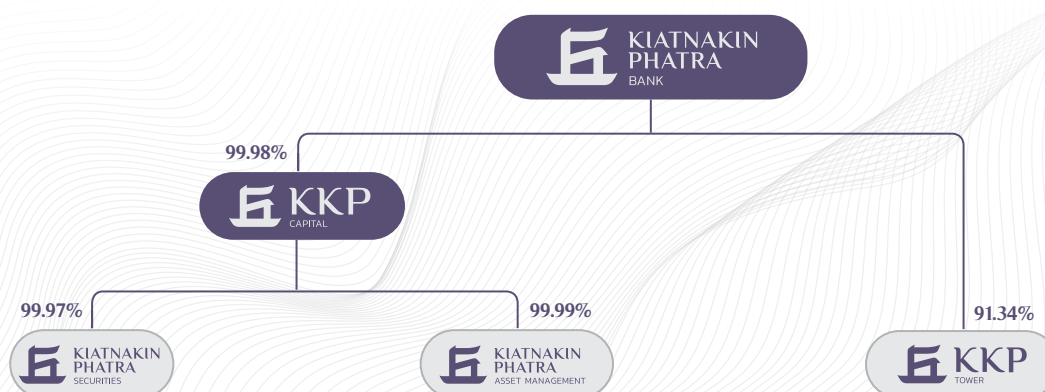


## 1.3 Shareholding Structure

### 1.3.1 Group Shareholding

As of December 31, 2020, the Bank, the parent company, operates the commercial banking business. KKP CAP is the Bank's subsidiary company, which is a holding company and operates the investment business. KKP Tower Company Limited, another subsidiary company, operates the office rental and property management business for the Bank and its subsidiary companies. KKP CAP has subsidiary companies which consist of KKPS, which is a securities and derivatives broker, and KKPAM, which is an asset management company.

The shareholding structure is as follows:



In addition, the Bank holds unit trusts in six mutual funds for resolving financial institution problems. The Bank holds 99.95% shares in Asia Recovery 1 Fund, 99.59% shares in Asia Recovery 2 Fund, 99.97% shares in Asia Recovery 3 Fund, 98.91% shares in Thai Restructuring Fund, 95.72% shares in Bangkok Capital Fund and 94.03% shares in Gamma Capital Fund.

The Bank's subsidiaries according to the Bank of Thailand's Consolidated Supervision Guidelines are as follows:

1. Solo Consolidation: None

2. Full Consolidation:

2.1 KKP Capital Public Company Limited - KKP CAP

KKP CAP is a holding company operating an investment business. KKP CAP has paid-up capital of Baht 1,051,551,200.

2.2 Kiatnakin Phatra Securities Public Company Limited - KKPS

KKPS operates the securities business, which are securities brokerage, securities dealing, underwriting, securities borrowing and lending and investment

advisory, and the derivatives business, which are derivatives brokerage and derivatives dealing. In addition, KKPS has registered as a financial advisor type A providing financial advisory services with the Ministry of Finance and has been granted permission by the SEC to act as a financial advisor and selling agent for limited BDU. KKPS has paid - up capital of Baht 1,067,500,000.

2.3 Kiatnakin Phatra Asset Management Company Limited - KKPAM

KKPAM operates mutual funds, private funds, real estate investment trust manager and the derivatives fund manager business. KKPAM has paid-up capital of Baht 120,000,000.

2.4 KKP Tower Company Limited

KKP Tower Company Limited operates the office rental and property management business for the Bank and its subsidiary companies and has paid-up capital of Baht 230,000,000.



## Entities in which the Bank holds over 10.00% shares

Juristic Person Name and Address	Type of Business	Number of Fully Paid-up Shares (Shares)	Percentage of Ownership (%)
1. KKP Capital Public Company Limited 9 <sup>th</sup> Floor, Muang Thai-Phatra Office Tower 1, 252/6 Ratchadapisek Road, Huaykwang, Bangkok 10310 Tel: 0 2305 9000 Fax: 0 2305 9539	Holding Company and Investment	210,310,240.00	99.98
2. Kiatnakin Phatra Securities Public Company Limited 6 <sup>th</sup> , 8 <sup>th</sup> - 11 <sup>th</sup> Floor, Muang Thai-Phatra Office Tower 1, 252/6 Ratchadapisek Road, Huaykwang, Bangkok 10310 Tel. 0 2305 9000 Fax. 0 2305 9535	Securities	213,500,000.00	99.95*
3. Kiatnakin Phatra Asset Management Company Limited 19 <sup>th</sup> Floor, Muang Thai-Phatra Complex Building A, 252/25 Ratchadapisek Road, Huaykwang, Bangkok 10310 Tel: 0 2305 9800 Fax: 0 2305 9803	Asset Management	12,000,000.00	99.97*
4. KKP Tower Company Limited Former Name: CMIC Development Company Limited 209, 209/1 KKP Tower, Sukhumvit 21 (Asoke) Road, Khlong Toey-Nua, Wattana, Bangkok 10110 Tel: 0 2664 1396 7 Fax: 0 2664 2163	Office Rental and Property Management for the Bank and the Group Companies	230,000,000.00	91.34
5. BOT Lease (Thailand) Company Limited Former Name: BTMU Leasing (Thailand) Company Limited 4 <sup>th</sup> Floor, Harinthorn Tower, 54 Sathorn Nua Road, Silom Bangrak, Bangkok 10500 Tel: 0 2266 3060 Fax: 0 2266 3067	Leasing	600,000.00	10.00
6. Asia Recovery 1 Fund Kiatnakin Phatra Asset Management Company Limited 19 <sup>th</sup> Floor, Muang Thai-Phatra Complex Building A, 252/25 Ratchadapisek Road, Huaykwang, Bangkok 10310 Tel: 0 2305 9800 Fax: 0 2305 9803	Investment	21,665,778.5942	99.95
7. Asia Recovery 2 Fund Kiatnakin Phatra Asset Management Company Limited 19 <sup>th</sup> Floor, Muang Thai-Phatra Complex Building A, 252/25 Ratchadapisek Road, Huaykwang, Bangkok 10310 Tel: 0 2305 9800 Fax: 0 2305 9803	Investment	78,683,161.1474	99.59
8. Asia Recovery 3 Fund Kiatnakin Phatra Asset Management Company Limited 19 <sup>th</sup> Floor, Muang Thai-Phatra Complex Building A, 252/25 Ratchadapisek Road, Huaykwang, Bangkok 10310 Tel: 0 2305 9800 Fax: 0 2305 9803	Investment	77,595,895.6819	99.97
9. Thai Restructuring Fund Kiatnakin Phatra Asset Management Company Limited 19 <sup>th</sup> Floor, Muang Thai-Phatra Complex Building A, 252/25 Ratchadapisek Road, Huaykwang, Bangkok 10310 Tel: 0 2305 9800 Fax: 0 2305 9803	Investment	68,263,486.3132	98.91
10. Bangkok Capital Fund Kiatnakin Phatra Asset Management Company Limited 19 <sup>th</sup> Floor, Muang Thai-Phatra Complex Building A, 252/25 Ratchadapisek Road, Huaykwang, Bangkok 10310 Tel: 0 2305 9800 Fax: 0 2305 9803	Investment	34,388,611.8195	95.72

Juristic Person Name and Address	Type of Business	Number of Fully Paid-up Shares (Shares)	Percentage of Ownership (%)
11. Gamma Capital Fund Kiatnakin Phatra Asset Management Company Limited 19 <sup>th</sup> Floor, Muang Thai-Phatra Complex Building A, 252/25 Ratchadapisek Road, Huaykwang, Bangkok 10310 Tel: 0 2305 9800 Fax: 0 2305 9803	Investment	27,020,796.4744	94.03

\* Held by KKP CAP

## 1.3.2 Shareholders

### (1) Major Shareholders

The top ten major shareholders of the Bank, as of July 9, 2020 on which was to determine the list of shareholders entitled to attend the 2020 Annual General Meeting of Shareholders, were as follows:

No.	Name of Shareholder	Type of Shareholder	Number of Shares (Shares)	Shareholding (%)
1.	Thai NVDR Company Limited	Thai juristic person	79,090,382	9.34
2.	Ms. Thitinan Wattanavekin	Thai ordinary person	35,532,761	4.20
3.	Eastern Sugar Company Limited	Thai juristic person	35,000,804	4.13
4.	Ramkhamhaeng Hospital Public Company Limited	Thai juristic person	34,867,143	4.12
5.	South East Asia UK (Type C) Nominees Limited	Foreign juristic person	30,638,395	3.62
6.	Mrs. Vansamorn Wannamethee	Thai ordinary person	25,212,703	2.98
7.	Chodthanawat Company Limited <sup>/1</sup>	Thai Juristic person	20,693,600	2.44
8.	Ms. Yapa Thepkanjana	Thai ordinary person	17,199,900	2.03
9.	South East Asia UK (Type A) Nominees Limited	Foreign juristic person	16,801,422	1.98
10.	State Street Europe Limited	Foreign juristic person	15,512,561	1.83
Total top ten major shareholders			310,549,671	36.68
Others			536,201,438	63.32
Total			846,751,109	100.00

Shareholder Classified by Nationality	Number of Shares (Shares)	Shareholding (%)
Thai shareholders	718,315,914	84.83
Foreign shareholders	128,435,195	15.17

Remarks: <sup>/1</sup> Chodthanawat Company Limited has Mrs. Panida Thepkanjana and Ms. Yapa Thepkanjana, holding 74.32% and 25.66% of the total company shares respectively, as primary shareholders. They held 1.81% and 2.03% of the ordinary shares of the Bank respectively.

### (2) Agreement between major shareholders affects the issuance and offering of securities as well as obligation to issue new shares in the future:

-No-



## 1.4 Registered and Paid-up Capital

### 1.4.1 The total paid-up share capital was 846,751,109 ordinary shares (of Baht 10 each).

- Total authorized share capital Baht 8,467,511,090
- Total issued and fully paid-up share capital Baht 8,467,511,090

### 1.4.2 As of December 31, 2020, no preferred share was issued by the Bank.

## 1.5 Issuance of Other Types of Securities

### 1.5.1 Debentures

As of December 31, 2020, the outstanding of all types of debentures totaled Baht 27,765.72 million. Details are as follows:

- Outstanding of unsubordinated and unsecured long-term debentures: Baht 10,000.00 million

Symbol	Amount (Baht Million)	Issue Date	Maturity Date	Tenor (Year)	Coupon Rate (% p.a.)
KK212A	4,000.00	08/08/2019	08/02/2021	1.5	1.95
KK218A	4,000.00	08/08/2019	08/08/2021	2	1.99
KK216A	2,000.00	04/06/2020	04/06/2021	1.0	1.15
<b>Total</b>	<b>10,000.00</b>				

Details of unsubordinated and unsecured long-term debentures are as follows:

#### 1. The debentures of Kiatnakin Bank Public Company Limited No. 1/2562, tranche 2, due B.E. 2564

Symbol	: KK212A
Bond Type	: Unsubordinated and unsecured
Distribution	: Institutional investors and/ or high-net-worth investors
Initial Par	: Baht 1,000.00
Current Par	: Baht 1,000.00
Issue Size	: Baht 4,000.00 million
Outstanding Size	: Baht 4,000.00 million
Issue Term	: 1.5 Yrs.
Issue Date	: August 8, 2019
Maturity Date	: February 8, 2021
Coupon Payment	: Fixed: 1.95% p.a.
Interest Payment Date	: February 8 and August 8 of every year throughout the life of debentures

Credit Rating : A (TRIS Rating)  
Registrar : CIMB Thai Bank Public Company Limited

**2. The debentures of Kiatnakin Bank Public Company Limited No. 1/2562, tranche 3, due B.E. 2564**

Symbol : KK218A  
Bond Type : Unsubordinated and unsecured  
Distribution : Institutional investors and/ or high-net-worth investors  
Initial Par : Baht 1,000.00  
Current Par : Baht 1,000.00  
Issue Size : Baht 4,000.00 million  
Outstanding Size : Baht 4,000.00 million  
Issue Term : 2 Yrs.  
Issue Date : August 8, 2019  
Maturity Date : February 8, 2021  
Coupon Payment : Fixed: 1.99% p.a.  
Interest Payment Date : February 8 and August 8 of every year throughout the life of debentures  
Credit Rating : A (TRIS Rating)  
Registrar : CIMB Thai Bank Public Company Limited

**3. The debentures of Kiatnakin Bank Public Company Limited No. 1/2563, due B.E. 2564**

Symbol : KK216A  
Bond Type : Unsubordinated and unsecured  
Distribution : Private placement to not more than 10 investors  
Initial Par : Baht 1,000.00  
Current Par : Baht 1,000.00  
Issue Size : Baht 2,000.00 million  
Outstanding Size : Baht 2,000.00 million  
Issue Term : 1 Yr.  
Issue Date : June 4, 2020  
Maturity Date : June 4, 2021  
Coupon Payment : Fixed: 1.15% p.a.  
Interest Payment Date : June 4 and December 4 of every year throughout the life of debentures  
Credit Rating : A (TRIS Rating)  
Registrar : TMB Bank Public Company Limited





- Outstanding of subordinated, unsecured and no representative intended to qualify as tier 2 capital debentures: Baht 8,390.00 million

Symbol	Amount (Baht Million)	Issue Date	Maturity Date	Tenor (Year)	Coupon Rate (% p.a.)
KK262A	1,500.00	25/02/2016	25/02/2026	10	4.75
KK268A	1,500.00	30/08/2016	30/08/2026	10	3.80
KK285A	1,400.00	18/05/2018	18/05/2028	10	3.50
KK280A	890.00	08/10/2018	08/10/2028	10	4.00
KKP308A	750.00	18/08/2020	18/08/2030	10	3.50
KKP309A	350.00	03/09/2020	03/09/2030	10	3.50
KKP30NA	2,000.00	18/11/2020	18/11/2030	10	3.50
<b>Total</b>	<b>8,390.00</b>				

Details of subordinated, unsecured and no representative intended to qualify as tier 2 capital debentures are as follows:

1. Subordinated instruments intended to qualify as tier 2 capital of Kiatnakin Bank Public Company Limited No. 1/2559 due B.E. 2569 which will be required to be written down (fully or partially) when government authority decides to grant financial assistance to the issuer with a right of early redemption

Symbol	: KK262A
Bond Type	: Subordinated and unsecured
Distribution	: Private placement to not more than 10 investors
Initial Par	: Baht 1,000.00
Current Par	: Baht 1,000.00
Issue Size	: Baht 1,500.00 million
Outstanding Size	: Baht 1,500.00 million
Issue Term	: 10 Yrs.
Issue Date	: February 25, 2016
Maturity Date	: February 25, 2026
Coupon Payment	: Fixed: 4.75% p.a.
Interest Payment Date	: February 25, May 25, August 25 and November 25 of every year throughout the life of debentures
Credit Rating	: A (TRIS Rating) (Issuer Rating)
Registrar	: CIMB Thai Bank Public Company Limited

2. Subordinated instruments intended to qualify as tier 2 capital of Kiatnakin Bank Public Company Limited No. 2/2559 due B.E. 2569 which will be required to be written down (fully or partially) when government authority decides to grant financial assistance to the issuer with a right of early redemption

Symbol	: KK268A
Bond Type	: Subordinated and unsecured
Distribution	: Private placement to not more than 10 investors

Initial Par	: Baht 1,000.00
Current Par	: Baht 1,000.00
Issue Size	: Baht 1,500.00 million
Outstanding Size	: Baht 1,500.00 million
Issue Term	: 10 Yrs.
Issue Date	: August 30, 2016
Maturity Date	: August 30, 2026
Coupon Payment	: Fixed: 3.80% p.a.
Interest Payment Date	: February 28, May 30, August 30 and November 30 of every year throughout the life of debentures
Credit Rating	: A (TRIS Rating) (Issuer Rating)
Registrar	: CIMB Thai Bank Public Company Limited

3. Subordinated instruments intended to qualify as tier 2 capital of Kiatnakin Bank Public Company Limited No. 1/2561 due B.E. 2571 which will be required to be written down (fully or partially) when government authority decides to grant financial assistance to the issuer with a right of early redemption

Symbol	: KK285A
Bond Type	: Subordinated and unsecured
Distribution	: Private placement to not more than 10 investors
Initial Par	: Baht 1,000.00
Current Par	: Baht 1,000.00
Issue Size	: Baht 1,400.00 million
Outstanding Size	: Baht 1,400.00 million
Issue Term	: 10 Yrs.
Issue Date	: May 18, 2018
Maturity Date	: May 18, 2028
Coupon Payment	: Fixed: 3.5% p.a.
Interest Payment Date	: February 18, May 18, August 18 and November 18 of every year throughout the life of debentures
Credit Rating	: A (TRIS Rating) (Issuer Rating)
Registrar	: CIMB Thai Bank Public Company Limited

4. Subordinated instruments intended to qualify as tier 2 capital of Kiatnakin Bank Public Company Limited No. 2/2561 due B.E. 2571 which will be required to be written down (fully or partially) when government authority decides to grant financial assistance to the issuer with a right of early redemption

Symbol	: KK28OA
Bond Type	: Subordinated and unsecured
Distribution	: Private Placement to not more than 10 investors
Initial Par	: Baht 1,000.00
Current Par	: Baht 1,000.00
Issue Size	: Baht 890.00 million
Outstanding Size	: Baht 890.00 million
Issue Term	: 10 Yrs.
Issue Date	: October 8, 2018



Maturity Date	: October 8, 2028
Coupon Payment	: Fixed: 4.00% p.a.
Interest Payment Date	: January 8, April 8, July 8, and October 8 of every year throughout the life of debentures
Credit rating	: A (TRIS Rating) (Issuer Rating)
Registrar	: CIMB Thai Bank Public Company Limited

5. Subordinated instruments intended to qualify as tier 2 capital of Kiatnakin Bank Public Company Limited No. 1/2563 due B.E. 2573 which will be required to be written down (fully or partially) when government authority decides to grant financial assistance to the issuer with a right of early redemption

Symbol	: KKP308A
Bond Type	: Subordinated and unsecured
Distribution	: Private placement to not more than 10 investors
Initial Par	: Baht 1,000.00
Current Par	: Baht 1,000.00
Issue Size	: Baht 750.00 million
Outstanding Size	: Baht 750.00 million
Issue Term	: 10 Yrs.
Issue Date	: August 18, 2020
Maturity Date	: August 18, 2030
Coupon Payment	: Fixed: 3.50% p.a.
Interest Payment Date	: February 18, May 18, August 18 and November 18 of every year throughout the life of debentures
Credit Rating	: A (TRIS Rating) (Issuer Rating)
Registrar	: CIMB Thai Bank Public Company Limited

6. Subordinated instruments intended to qualify as tier 2 capital of Kiatnakin Phatra Bank Public Company Limited No. 2/2563 due B.E. 2573 which will be required to be written down (fully or partially) when government authority decides to grant financial assistance to the issuer with a right of early redemption

Symbol	: KKP309A
Bond Type	: Subordinated and unsecured
Distribution	: Private placement to not more than 10 investors
Initial Par	: Baht 1,000.00
Current Par	: Baht 1,000.00
Issue Size	: Baht 350.00 million
Outstanding Size	: Baht 350.00 million
Issue Term	: 10 Yrs.
Issue Date	: September 3, 2020
Maturity Date	: September 3, 2030
Coupon Payment	: Fixed: 3.50% p.a.
Interest Payment Date	: March 3, June 3, September 3 and December 3 of every year throughout the life of debentures
Credit Rating	: A (TRIS Rating) (Issuer Rating)
Registrar	: CIMB Thai Bank Public Company Limited

7. Subordinated instruments intended to be qualified as tier 2 capital of Kiatnakin Phatra Bank Public Company Limited No. 3/2563 due B.E. 2573 which will be required to be written down (fully or partially) when government authority decides to grant financial assistance to the issuer with a right of early redemption

Symbol	: KKP30NA
Bond Type	: Subordinated and unsecured
Distribution	: Institutional investors and/or high-net-worth Investors
Initial Par	: Baht 1,000.00
Current Par	: Baht 1,000.00
Issue Size	: Baht 2,000.00 million
Outstanding Size	: Baht 2,000.00 million
Issue Term	: 10 Yrs.
Issue Date	: November 18, 2020
Maturity Date	: November 18, 2030
Coupon Payment	: Fixed: 3.50% p.a.
Interest Payment Date	: February 18, May 18, August 18 and November 18 of every year throughout the life of debentures
Credit Rating	: BBB+ (TRIS Rating)
Registrar	: CIMB Thai Bank Public Company Limited

- Outstanding of unsubordinated and unsecured short-term debentures (not exceeding 270 days): Baht 8,535.44 million
- Outstanding of unsubordinated, unsecured, no convertible and no representative structured debentures: Baht 840.28 million

## 1.5.2 Bill of Exchange

- None-

## 1.5.3 Warrant

- None-



## 1.6 Dividend Policy

The Bank has a policy to pay dividend from the net profit in its financial statements. Payout of dividend must be approved by the shareholders' meeting. An interim dividend can also be paid by the Board of Directors' approval if the Bank's profit deemed sufficient to do so and such payment shall be reported in the next shareholders' meeting.

In considering the dividend payment, the Bank shall take into account these aspects: the Bank's performance, long-term return to shareholders, the Bank's reserve and capital adequacy level to encompass any business plans, risks as well as pre-and post-impacts from such a given dividend payment. Also, such dividend payment shall be in compliance with the governing laws and notifications of the Bank of Thailand.

The Bank has not set the dividend payout ratio for its subsidiaries, however the dividend payment of the Bank's subsidiaries shall be approved by the shareholders' meeting of each company or the Board of Directors of each company in case of an interim dividend, and must also comply with the company's Articles of Association and applicable laws. The dividend payment of subsidiaries depends importantly on each company's business performance and plans.

Dividend payments for the past five years were as follows:

	2015	2016	2017	2018	2019
Earnings per share (Baht) (As from consolidated financial statement)	3.92	6.55	6.78	7.14	7.07
Dividend per share (Baht)	3.00	6.00	5.00	5.00	4.25
Dividend payout ratio (%)	76.53	91.60	73.75	70.03	60.11



## 2. Risk Management

### 2.1 Risk Management Policy and Plan

In 2020, the Group continued focusing on the synchronization of risk management and business operations in order to limit risks to within acceptable levels. Risks of the Group originate from both internal and external factors. To efficiently manage all significant risks, the Group has classified them, according to the Bank of Thailand's definition, into five different types, specifically credit risk, market risk, liquidity risk, strategic risk and operational risk which includes information technology risk (IT risk). In addition, the Group applied risk management process in accordance with international standards, consisting of risk identification, risk measurement, risk assessment, as well as risk monitoring and control. The Risk Oversight Committee and sub-committees cooperated in reviewing, proposing policies and risk governance framework, as well as monitoring the overview of risk management to report to the Board of Directors. Meanwhile, the Risk Management Group and subsidiaries' risk management department, independent from front office departments and risk owners, regulated and supported risk management of the Group.

#### Risk Management Structure

The Board of Directors, via the Risk Oversight Committee, closely regulates the risk management policy, embracing the management of risks throughout the entire organization with emphasis on establishing, for each business group and unit, roles and responsibilities of understanding the risks of its business activities and managing such risks under the risk management policies and guidelines of the Group. The Risk Management Group has roles and duties to regulate, monitor and review the mechanics of risk management and control in each business unit and business group. Furthermore, each business unit will be allocated capital in an amount depending on the level of its transaction risks and business operation losses.

The roles and responsibilities of the relevant committees and risk management authorities are as follows:

#### Board of Directors

The Board of Directors sets or approves a good and effective risk governance framework by defining the acceptable risk appetite to suit the Bank's risk level and supervises business conduct to comply with the specified risk appetite. Additionally, the Board of Directors supervises the Risk Oversight Committee to ensure the development of policies, procedures and control measures for risk management which at least cover credit risk, market and investment risk, liquidity risk, operational risk, reputational risk, legal risk, strategic risk, IT risk and risk from new products or any significant process change. The Board of Directors is also responsible for approving and reviewing the policies and practices consistently and immediately after significant change.

#### Risk Oversight Committee

The Risk Oversight Committee plays a key role in defining risk management policy, overseeing the adequacy of policies and risk management systems of the Group and reporting to the Board of Directors. It also monitors risk levels to be within the level of risk appetite acceptable for the Group, aiming to limit risks in a predetermined range while earning an appropriate rate of return.

#### Operational Risk Sub-committee

The Operational Risk Sub-committee is under the supervision of the Risk Oversight Committee. The sub-committee is responsible for assessment of operational risk while providing guidance, policies, strategies, frameworks and tools for operational risk management. The sub-committee gives advice and supports the development and implementation of operational risk management processes. It also oversees and monitors the progress of the management of risk situations,



losses and the Bank of Thailand's observations relating to operational risk management as well as providing comments to the Risk Oversight Committee.

### Credit Risk Management Sub-committee

The Credit Risk Management Sub-Committee is under the supervision of the Risk Oversight Committee. The sub-committee is responsible for providing and considering the sufficiency and suitability of guidance, policies, strategies, frameworks and tools for credit risk management. The sub-committee assesses and/ or reviews policies relating to lending and obligations and transactions similar to lending which includes product programs. It considers credit risks concerning new products and screens the credit quality assessment policy to allocate capital for loans, obligations and loan-like transactions in compliance with regulations. The sub-committee also monitors quantitative debt classification for loans, obligations and loan-like transactions and tracks the quality of credit portfolio as well as the quality of credit-related approval and process to supervise and recommend on credit risks to relevant business units.

### Risk Management Group

The Risk Management Group designs and develops key tools and risk management procedures, ensures the implementation of such tools and procedures in business units and various departments within the Group as well as assesses, tracks, controls and prepares reports of the Group's risk position in order to control risks to within an acceptable level.

### Office of Internal Audit

The Office of Internal Audit audits and verifies the operations of departments and units to comply with policies, guidelines, regulations and processes of risk management. The Office of Internal Audit examines and assesses the performance of the internal control system and quality of operational processes to improve such processes as well as to control and reduce significant risks.

### Risk Owner

Risk owners, which are the product owners, departments, branches and units in the Group, are responsible for managing the different risks related to their operations, systems, products and services to be within acceptable risk levels in compliance with the risk management policies, guidelines, regulations and processes. These risk management activities include the identification, assessment, monitoring, controlling and reporting of risks.

### Principles of Risk Management

The Bank and the Group companies' principles of risk management are as follows:

1. A risk owner is primarily responsible for managing the risks arising from its business activities.
2. Risk control is carried out in cooperation between the risk owner and the independent departments.
3. In order to control the risks to be within an acceptable level, the Group applied the model "Three Lines of Defense" to ensure the appropriateness and effectiveness of the Group's risk management.

Level 1: Risk Owner Level - The risk owner must monitor its own unit's risk to be within an appropriate level.

Level 2: Risk Management Group and Legal and Compliance Group Level - The Risk Management Group is responsible for monitoring and supporting tools and effective risk management process to control the risks to be within an acceptable level. The Legal and Compliance Group is responsible for monitoring and reviewing the operations of the Group in compliance with the risk management policy and regulations. These two groups are independent from the risk owner.

Level 3: Internal Audit Level - The Office of Internal Audit is responsible for auditing guidelines for risk management and internal control.

These principles of risk management as above show that it is not only the Risk Management Group but other business units are also important for effective risk management. It is not just executives, but all employees in the business unit at the source of the risk are also important. Therefore, any relevant personnel must strictly comply with the risk management policy and relevant risk

management regulations.

Apart from the mentioned principles of risk management, reducing the risk to be within an acceptable level and consistently monitoring risk levels are also important. The risk management process is systematically managed as follows:



### Risk Report Preparation

The risk report preparation for relevant committees is as follows:

1. Report on the Bank's and the Group's risk limit on a monthly and quarterly basis;
2. Report on emerging risks on an annual basis or when there is a significant change; the assessment is conducted in the context of risks to the Group's business operations over the next 3 - 5 years. That may be caused by changes in economic factors, geopolitical issues, regulatory changes, technological change or natural disasters such as floods and droughts.

In the case that any indicator exceeds the specified criteria or the risk level is high, the person who is

responsible for that risk will have to prepare a plan to reduce and monitor the risk along with implementing a plan to reduce the risk to an acceptable level. The risk management process steps are as aforementioned.

### Risk Assessment

The Group assesses important risks in various areas that may affect the business and they cover the following risks:

1. Strategic risk management
2. Credit risk management
3. Market risk management
4. Liquidity risk management
5. Operational risk management
6. Reputational risk management
7. Information technology risk management



Whenever a new product is launched or certain significant business has changed, the relevant business unit must conduct a risk analysis on the society and/or the environment along with a review of the policy, guidelines and regulations related to the risk management of the Group at least once a year or upon any significant changes to ensure they are appropriate with business circumstances and changes.

## Core Risk Management Policies

There are eighteen core risk management policies, namely

1. Market Risk Management Policy of the Group
2. Liquidity Risk Management Policy of the Group
3. Enterprise Risk Management Policy of the Group
4. Strategic Risk Management Policy of the Group
5. Operational Risk Management Policy of the Group
6. IT Risk Management Policy of the Bank
7. Stress Test Policy of the Group
8. Investment & Trading Policy of the Group
9. Reputation Risk Management Policy of the Bank
10. Pillar 3 Disclosure of the Bank and the Group Companies and LCR Disclosure of the Bank
11. Retail Lending Policy of the Bank
12. Core Credit Policy of the Bank
13. Commercial Lending Policy of the Bank
14. Debt Restructuring, Asset Classification, Provision and Write-off Policy
15. Collateral Policy of the Bank
16. Counterparty Risk Policy of the Bank
17. Country Risk Management Policy of the Group
18. Delegation of Authority Policy for Commercial Lending & Counterparty Limit Setting

The Risk Management Group widely communicates these mentioned policies to executives and employees via the intranet system. Moreover, the Risk Management Group arranges for risk management knowledge trainings for the Group's personnel to foster understanding, embed risk awareness and risk culture into the Group and encourage employees' involvement in managing risks of the Group.

## 2.2 Risk Factors

The following risk factors do not reflect risk factors of normal business operations. Furthermore, there may be risks the Group is not aware of or risks the Group currently considers insignificant which may become significant in the future. These risks may significantly affect the Group's business revenue, profit, asset, liquidity or source of funds.

### 1. Changes in domestic and international economies may directly impact the Bank and the Group companies' business.

The Bank and the Group companies' business is greatly dependent on the domestic and global economy. In 2020, the global economy faced severe economic recession due to the COVID-19 pandemic, which is the largest crisis since the global financial crisis in 2008. The spread of COVID-19 negatively impacted the economy mainly in two aspects. First, many countries established travel restrictions which resulted in a

substantial reduction in revenue of countries and businesses mainly dependent on the tourism sector and subsequently lowered purchasing power and resulted in a sluggish domestic economy. Second, the enforcement of national lockdown measures in many countries in an attempt to mitigate the spread of COVID-19 caused large disruptions in economic activities. As a result, there was a significant decline in economic indicators in 2Q2020 as well as declining inflation worldwide resulting from lower oil demand. The government of each country operated under large fiscal deficit together with expansionary monetary policy which led to record lows of interest rates worldwide. Moreover, unconventional monetary policy such as quantitative easing (QE) was employed in many countries which also resulted in low long-term government bond yields in order to stimulate the economy and stabilize financial markets.

Nevertheless, in 3Q2020 and 4Q2020, the global economy recovered fast due to the easing of lockdown measures of major economies and one of the largest economic stimulation policies in history. However, there are some risks ahead in economic recovery.

The Thai economy in 2020 faced a severe economic recession similar to the global economy due to the COVID-19 pandemic. Although Thailand was regarded as one of the most successful countries in controlling the outbreak in the world, it was also one of the countries facing the worst impact from COVID-19 in the region as 12% of Thailand's gross domestic product (GDP) was from the tourism sector. In addition, the decline of the revenue of major trade partners resulted in a considerable reduction of exports which had existed since the previous year due to the US - China trade war. The decrease in household income and high economic uncertainties triggered significant decline in domestic consumptions and investments despite the government support through economic and tourism stimulus packages.

In 2021, the critical risks are 1) additional enforcement of national lockdown measures to mitigate the spread of COVID-19 that are still present in major economies, especially the United States of America as President Joe Biden has prioritized controlling the outbreak of the virus during the initial period of his presidency; 2) potential concerns related to COVID-19 vaccines including efficiency, side effects, storage and the amount of vaccines as well as the speed and coverage of the distribution of vaccines; and 3) a historically high amount of debt in both public and private sectors that may impede future economic growth.

In 2021, the recovery of the Thai economy is expected to be fragile and varied based on industries and areas since the tourism industry is not expected to fully recover. A limited number of foreign tourists are anticipated to return in 3Q2021 and 4Q2021, with the expected number of foreign tourists in 2021 at approximately 2 million people, lower than the pre-crisis figure of around 40 million people per year. The second wave of the outbreak, which started in the last quarter of

2020, will slow down the recovery of consumption and investments in the first quarter of 2021 compared to the initial projection. However, consumption and investments of the private sector are expected to continue to recover given that the outbreak of the COVID-19 pandemic does not prolong and no national lockdown measures are imposed. Thailand's exports in 2021 are projected to recover as well due to the recovery of the global economy and increasing economic confidence as a result of the discovery and production of COVID-19 vaccines.

Major risks for the recovery of the Thai economy in 2021 are 1) the second wave of the outbreak of the COVID-19 pandemic which may become so severe that the government may need to enforce additional national lockdown measures, causing a negative impact on consumption and investment as well as the delay and lower number of foreign tourists; 2) liquidity and survivability concerns of tourism-related businesses, especially those in provinces dependent on foreign tourists, that may further affect household consumption and employment; 3) the strengthening Thai Baht may impede the recovery of Thailand's exports; and 4) domestic political uncertainties that may affect investor confidence and result in the delay of government policies.

To mitigate the possible aforementioned risks, the Group's business constantly monitors, analyzes the information and follows up the situations that can potentially impact the business. The Bank continuously adjusts its asset and liability structure to remain appropriate for the changing environment, tightens the approval criteria of borrowers for higher loan quality, incorporates risk management into business plans, conducts a stress test and prepares mitigation plans to handle unprecedented crises.

The spread of the COVID-19 pandemic, the development of COVID-19 vaccines, the volatilities of the domestic and global economy as well as the uncertainties in politics and government policies are external factors not under control of the Group. The Group does not guarantee no significant impact on the business as a result of such events.





**2. The Bank has risks arising from deteriorating credit quality and credit concentration. In the event that credit quality exceeds the Bank's expectation, the Bank's performance will be significantly affected.**

The Bank's main debtors are small and medium-sized companies as well as retail clients. In general, these debtors are more affected by the volatility in the economy or the industry in which they operate than large-sized corporations. Therefore, the Bank is significantly subject to high risk during a volatile economy. The Bank also has a concentration of large-sized business debtors in real estate lending according to high credit concentration. This concentration gives rise to high credit risk in the event that some of the Bank's large clients experience credit difficulties. To manage credit concentration, the Bank has set credit concentration limits to mitigate possible losses, for instance, the Single Lending Limit and the Large Borrower Concentration.

In accordance with the risk of deteriorating credit quality resulting from economic and industry conditions, the Bank has continually developed credit approval procedures to mitigate risks. This development comprises of regulating the credit approval policy and process, issuing pre-screening guidelines, assessing debtors' executive competency and financial capability, considering loan purpose and collateral and constantly reviewing credit quality.

For retail lending in 2020, due to the COVID-19 situation, the Bank improved and remained cautious in providing loans by considering the repayment ability according to the type of business whether it is affected by the situation or not. The Bank focuses on the growth in loans with collateral rather than loans without collateral; these include auto hire purchase and housing loans which increased 13% and 15% respectively from the previous year.

It should be noted that new debtors who submitted loan applications in 2020 are of better quality. Categorized by risk level, low-risk clients increased from 40% to 60%. In reviewing the early indicator or client quality during the first 6 months of auto hire purchase, it was also found that the ratio reduced which meant higher creditability and lower credit risk.

For housing loans, the Bank has a strategy to focus on providing loans to projects of the four major real estate developers in the market. The focus is on low-rise houses (not search for yield), which increases the average house price from Baht 3.5 million to Baht 4.2 million. In respect to other loans without collateral, the Bank has slowed its lending to find out what would happen after the loan payment holiday measure from the Bank of Thailand ended.

For current debtors, the Bank saw 45% of all retail lending come under the loan forbearance program because of the COVID-19 situation, divided into 34% auto hire purchase and 8% consumer finance. During the COVID-19 situation, the Bank has reassessed all debtors and classified them by risk at high, medium or low risk, or green, yellow and red levels respectively in order to have proper management for each client especially those which require financial assistance. The Bank also prepared a debt collection strategy and assessed the impact on the loan outstanding that may arise from loan payment suspension and the impact on the Bank's additional credit cost.

The majority of the loan forbearance program that the Bank provided to debtors ended in 4Q2020. However, approximately 15% of the total outstanding loans under financial assistance saw the relief period end in 3Q2020 and approximately 70% of these debtors have been able to make repayments after the end of the relief period.

For debtors under the debt moratorium measure that ended in November 2020, the Bank found the following proportion of debtors who were unable to repay loans: 1) auto hire purchase at 5% 2) personal loan at 10% and 3) SME product program at 24%.

In terms of retail lending overview, new debtors during the COVID-19 situation had better credit quality. This was because of the tightening credit approval policy, the assessment of debtors' repayment ability concerning market conditions and the focus on loans with collateral rather than loans without collateral. The Bank classified the client portfolio by risk level in order to manage them properly, reduce credit risk or credit cost that may occur and provide assistance to debtors more efficiently.

For commercial lending, there was no debtor under financial assistance that ended during 3Q2020. Most

commercial lending were loans with collateral. At the end of 3Q2020, there were still debtors who were under financial assistance at 34% of the Bank's total loan outstanding, declining from the end of 2Q2020.

Although the Bank employs procedures to manage credit and credit concentration risks, the Bank cannot guarantee that no loss will occur from deteriorating credit quality and credit concentration. In the event that credit quality deteriorates beyond expectation, the Bank shall set aside more provisions. At times, the Bank may unexpectedly have to increase its provisions to comply with changes in regulations. An increase in provision will considerably impact the Bank's ability to pay out dividend.

### 3. Changes in laws, rules and regulations may affect the business, operation and profitability of the Group.

The Bank and the Group companies recognize the importance of the existence and changes of laws, rules and regulations by the government and regulators, consisting of the Bank of Thailand, the key regulator regulating the SEC which monitors the securities business of the Group; the Office of Insurance Commission which monitors bancassurance and other regulators, i.e. the Office of the Consumer Protection Board and the Anti-Money Laundering Office. Laws and regulations by such regulators are strict and have become more stringent. Nevertheless, the Bank and the Group companies are committed to operate the business in compliance with laws and regulations for strong fundamental and sustainable growth.

The Bank and the Group companies have continually enhanced service and operations in accordance with the change of laws, rules and regulations to enable clients to conduct financial and investment transactions conveniently, speedily, securely and justly. Some changes in laws and regulations last year affected the business of the Bank and the Group companies, for instance, Market Conduct Management, Default Interest Calculation and Loan Amortization, Guidelines for Banking Channels, Guidelines for Business Partner of Financial Institutions, the Permission for Commercial Banks to Undertake Information Technology Related Services to Support Digital Banking, the Permission for Commercial Banks

to Undertake Other Services Businesses, the Ministerial Regulation on Customer Due Diligence B.E. 2563, etc.

In addition, as the severe and prolonged economic conditions and the COVID-19 pandemic have a wide impact on people and businesses in all sectors both directly and indirectly, the Bank of Thailand has issued measures to alleviate the impact of the COVID-19 situation on debtors, such as measures to provide assistance for all types of debtors that are affected by economic conditions, measures to provide assistance for retail lending affected by COVID-19 and the Emergency Decree on the Provision of Financial Assistance for Entrepreneurs Affected by the COVID-19 Pandemic, B.E. 2563. The Bank and the Group companies have made the necessary adjustments to ensure the operations are in accordance with changes.

Besides the aforementioned laws, rules and regulations, the Bank and the Group companies pay close attention to the Privacy Laws and Data Privacy and Protection to prevent incidents that may occur to the data owner. The Bank and the Group companies have taken additional actions to obtain the data owner's consent before using any personal information.

Changes in laws, rules and regulations will generally impact goals, business viability and competitiveness. These changes may also cause the Bank and the Group companies to be liable from not fully complying with laws and regulations which could negatively affect operations, financial status and performance of the Bank and the Group companies.

### 4. The Group may not be able to achieve strategic goals as planned which would impact the competitiveness and performance of the Group.

To achieve strategic goals of the Group, the Group needs to consistently improve and develop many business operations. For instance, the development of new products and the enhancement of retail and PRIORITY clients as well as the expansion of new business units are required to support the growth of the business in the future. Although such developments need skilled personnel, regulation allowance as well as considerable investment and time, they are all mandatory for the Group to achieve goals and reach target clients. The Group,



however, cannot guarantee that the mentioned developments would be completed within a designated period or would allow the Group to be comparable or better than business competitors.

In addition, the business and strategic plans of the Group highly involve the development of information technology and system. This development efficiently helps enhance products and services as well as diversifies service channels to be compatible with the dynamic client behavior in the digital era. The achievement of the mentioned strategic plan undoubtedly involves the Group's competitiveness in developing the information technology system to be comparable or better than business competitors. The Group cannot guarantee that information technology would be developed and achieved as planned. Delays in such development could also cause the Group to lose business competitiveness. Although the development could be completed in time, the Group would still face the risk that it incorrectly anticipated market needs. As a result, the offered products, services and transactions may fail to meet client preferences and targeted profits. Moreover, the lack of experience in new product and service development could hurt business competitiveness.

#### **5. Market risk rises from the increasingly diverse transactions of the Group's trading and available-for-sale books which may affect the Group's operation in the case of a highly volatile economy and markets.**

Presently, the Bank performs many transactions in financial market products for both trading and available-for-sale books. The five major transaction types to hedge risk or sell structured notes to investors are 1) debt instrument and debt derivatives trading 2) foreign exchange and its derivatives trading 3) interest rate derivatives 4) common equity, property fund infrastructure fund and Real Estate Investment Trust (REIT) which is registered in the SET and equity derivatives and 5) option contract which refers to the equity price, financial index, commodity price and mutual fund performance as underlying assets. Furthermore, the capital market business invests in common equities traded on the SET and foreign stock markets, futures contracts in TFEX, equity derivatives and private equities.

The trading book market risk management focuses on transactions with interest rate risk and currency risk. In a highly volatile market, these risks arise from internal and external uncontrollable factors and adversely affect the trading book. Therefore, the Bank will determine the acceptable risk limit on interest rate risk and currency risk for trading book transactions and will allow equity transactions to be exposed to zero market risk in equity price.

The available-for-sale book market risk management emphasizes transactions with interest rate risk. The Bank will determine the acceptable interest rate risk limit and hedge the risk to an insignificant level. However, the Bank may invest in common equities, property fund, infrastructure fund and REIT which is registered on the SET. This will be a long-term investment which requires the related committee approval on a case-by-case basis.

The Bank has consistently developed comprehensive and systematic market risk management procedures, ranging from identifying, measuring, monitoring and controlling risks resulting from trading and available-for-sale book transactions. These processes cover related and significant market risk factors. Meanwhile, the Financial Markets Group and the Treasury Department are major units to manage market risk in trading and available-for-sale books respectively. The Market Risk Management Department together with the Liquidity Risk Management and ALM Department identify risk indicators and propose the risk limit for approval from the Risk Oversight Committee to assess and monitor market risk. Internationally-accepted risk indicator tools such as VaR, Present Value of a Basis Point (PV01), Net Open Position in Foreign Currency (NOP) and Economic Value of Equity (EVE) are utilized to cover changes in the market. In case of any irregularities or situations which exceed the acceptable market risk limit, the Market Risk Management Department and the Liquidity Risk Management and ALM Department will report to relevant units.

For capital market investment in the SET and other market equities, future derivatives, equity derivatives and private equities, important risk factors are based on the equity price, liquidity and equity price volatility. Short-term investments typically have negligible market risks since there are investment strategies deployed to reduce

the market risks. However, long-term investments of subsidiary still have high market risks due to its directional - both onshore and offshore securities - investment strategy. A decrease in the price of securities held by the Group would negatively affect the performance and profit of the Group. However, the Group is aware of risks on such investment strategy. The Group has specified the level of risk tolerance for each investment. The Risk Management Department of the capital market business is responsible for defining standard risk tolerances such as VaR and volume limit of daily transactions and will alert relevant business units in the case that the risk in the trading book exceeds the limit or there is an unexpected irregularity.

However, the volatility of securities price is often caused by uncontrollable factors. Despite the Group's standard risk management process, the Group is unable to guarantee that significant losses will not occur when risk factors become more volatile than predicted. This could adversely affect the Group's performance and economic value.

## 6. The Group may be affected by reputation risk.

Reputation is of significance to businesses, especially the financial services industry where competition is high. The maintenance and building of a good reputation will lead to an increase in client base and better client retention ability. It could also bring positive effects to performance and financial status. Conversely, reputation loss could negatively impact the Group in the long run. Therefore, the Group makes its best effort to maintain its good reputation and has prepared measures to prevent and reverse situations which could impact the Group's reputation while considering risks that may affect the Group's reputation for different aspects as follows:

- 1) Environmental aspect: Currently, environmental risks have become more serious due to the economic expansion. The Group is aware of the importance and problems that arise. Therefore, the Group has improved the business process to be more environmentally-friendly including taking measures aimed at energy conservation, such as providing client service through electronic channels to reduce the paper usage of transactions and reduce the fuel

consumption of the client's travels, introducing energy saving projects and renovating the headquarters building to be an environmentally-friendly building.

- 2) Social aspect which includes respect for human rights: The Group has established a policy to cover various issues on social aspect such as the Corporate Governance Policy, the Guidelines for Business Conduct Policy and the Guidelines for Social Responsibility Policy. For human rights, the Group strives to promote its human rights operations within the organization which treats all workers with equality and fairness. There is a department which is directly responsible for this matter. Moreover, the Legal and Compliance Group and the Office of Internal Audit are responsible for ensuring operations are in compliance with policies.
- 3) Corporate governance aspect: The details of important matters are summarized as follows:
  - (1) Occupational safety and health risk: The Group has set up the Guidelines for Safety to ensure a safe working environment for employees, clients and visitors. There is provision of harmless and appropriate equipment and working environment according to the Ministerial Regulation on the Prescribing of Standard for Administration and Management of Occupational Safety, Health and Environment of the Workplace. There is regular monitoring of air quality in the workplace and cleaning the air conditioning system. The Group also arranges for occupational safety and health knowledge trainings and provides protective equipment. Furthermore, the Group has organized fire drills and an office security system.
  - (2) Dispute risk: The Group aims to benefit the public to improve and develop the quality of life of Thai people along with operating the business in a responsible way and responding to all stakeholders appropriately. These measures include setting up the Guidelines for Business Conduct Policy and the Guidelines for Social Responsibility



Policy for sustainable business operation and providing staff trainings for operation which is efficient and satisfactory for clients and partners.

- (3) Fraud risk: The Group intends to conduct business with integrity in a transparent manner by adhering to the Corporate Governance Policy and the Guidelines for Business Conduct Policy. The Group is committed to taking a stand against corruption in any form. Therefore, in order to prevent corruption, the Group sets and communicates the Anti-corruption Policy and related procedures to employees within the organization. There is an annual training on Anti-corruption Policy for employees of the Group via e-Learning and a test to evaluate the understanding. The Group also communicates the commitment to the Corporate Governance Policy and the Anti-corruption Policy to the public and external stakeholders through various channels. Furthermore, the Bank and all of its subsidiaries in the capital market business have been certified as full members of the CAC and have been recertified every three years.

However, the Group is not able to guarantee that the full implementation of these measures will be able to completely and immediately prevent and correct situations affecting the Group's reputation.

**7. The risk of internal and external fraud is becoming a worrying trend. The Bank and the Group Companies' operations may not be sufficiently cautious resulting in operating losses which will affect the Group's competitiveness and performance.**

The Bank and the Group Companies' operations are presently offering diverse and complex products and services, involving many related parties across the country, complying with laws and regulations and facing volatile challenges, such as business growth and expansion, new products and services, technological revolution and innovative fraud techniques especially

external fraud from individuals or technology. Additionally, situational changes may result in incautious operation. All the aforementioned factors can perhaps cause risks or damage to the business. For example, products and services may be misrepresented affecting reputation, possibly invoking lawsuits, slowing down operations, causing a decline in competitiveness and income, heightening cost and eventually impacting the Group's performance.

To reduce operational risks and fraud, the Bank's Operational Risk Sub-committee functionally manages and monitors risk possibility as well as controls operational loss within acceptable levels. The Bank has also established a Fraud Unit to prevent losses, by controlling and investigating irregular situations or situations suspected of being fraudulent. In addition, the Bank employs measures to reduce operational risks of new products and services which require relevant units to assess risks, develop a mitigation plan and implement readiness checking before launching new products and services or changing operational processes. The second line of defense units, such as the Legal and Compliance Group and the Risk Management Group, collaboratively analyze and define issues. The New Product and Process Review team reviews the development guideline of processes and risk management before proposing them to the New Product & Process Review Sub-committee (NPPRC) for approval. The sub-committee not only approves new products and process changes but also identifies risks, indicates flaws and gives advice to improve products and services to perfection. Furthermore, the Bank applies the IT Risk Management Policy to prevent risks from integrating IT into the business and risks from cyber threats which may affect the Bank's operations and services. The Bank also adjusts its organizational structure to align with such changes.

Due to the COVID-19 situation, the Group has modified the operational platform into working from home (also known as Work from Home/ WFH) for the work that can be operated to reduce any risks that may occur to employees, which are important resources in driving the organization. The Group closely applies the risk management process on operational risk that may arise from home operations. Although the Group cautiously



enforces such measures, uncontrollable and significant factors such as IT risks, complex fraud, embezzlement and corruption may unexpectedly occur and directly impact the Group's performance.

#### **8. Intense competition from large banks and emerging business groups may adversely affect the performance of the Bank.**

Fierce competition in the banking business is intensifying from corporate behavioral changes especially large corporations which have a high trustworthiness and a good financial position. Their behavior has changed from relying on bank loans for financing to acting as dis-intermediary through debentures or the capital market. Therefore, the demand for bank loans has declined while that for the corporate bond market has increased considerably, impacting banks' lending growth.

In addition, competition among existing competitors and new service providers is unceasingly intense. The existing service providers, such as large commercial banks, are growing by expanding into businesses not typical of large banks. They are especially moving towards the universal banking model. In the meantime, small banks still have competitive disadvantages, such as restricted economies of scale and economies of scope resulting in higher production cost per unit and the inability to sell bundling products. Moreover, they apparently have less business capability and competitiveness than large banks. In the event that the Bank, which is a small bank, is unable to respond to the competition with products and services which cater to clients' needs or may be unable to develop a diverse and complete sales channel, the Bank will possibly lose market share in its main businesses, such as auto hire purchase and real estate lending. Subsequently, the Bank may lose competitiveness, which will substantially impact its ability to generate revenue and maintain a positive long-run performance.

New service providers, such as Fintech Startups, payment providers, e-Wallet and e-Commerce companies, are leading fundamental changes in financial transactions, consisting of payment via application, investment or credit information access and debt financing without the use of an official financial institution, making transactions via applications more convenient, speedy and economical.

The increasing competition in the market may lessen the role and opportunities of the Group as well as client relationship and brand loyalty to the Group and directly impact its business performance.

From the aforementioned effects from both existing and new service providers, the Group plans to focus on improving the quality of products and services offered to clients. The Group will also study the effect from new competitors and the possibility of being an incubator, capital venture, business partnerships, mergers and acquisitions and subsidiary establishment to expand its business. Despite the Group's readiness for uncontrollable and unexpected risks, the impact to the Group's performance may happen unavoidably, for example, market share loss and inaccurate anticipation of the financial transaction trend.

#### **9 . The Group may be affected by the inability to manage and keep key personnel.**

The Group's business depends on the experience, knowledge and expertise of personnel including credit analysts, marketing personnel, relationship managers, compliance personnel and high level management. For the Group to retain its quality personnel, the Board of Directors has established written guidelines for employee treatment. Such guidelines emphasize an appropriate system of employee benefits, training to encourage the development of personnel, equal and fair treatment of all employees, development of a pleasant organization and prioritization of hygiene and workplace safety, healthcare, annual health checks, accident insurance for employees and right for leave on various occasions which is expanded to cover leave for all religious ceremonies and meditation. In addition, these guidelines have been adapted to the change in working nature, such as flextime which employees can determine their own working hours and work from home for business units that are qualified, etc.

Regardless of the success of the above measures, the Group may not be able to retain key employees. It also cannot guarantee that it will be able to recruit talented personnel. This could negatively affect business continuity and significantly impact the financial status and performance of the Group.



#### 10. Profit from the special asset management business may decrease or be depleted in the future.

The Group operates the special asset management business through the Bank and mutual funds which are subsidiaries of the Bank. The Bank started its special asset management business since 1999 by winning auctions of claims on financial institutions from the Financial Sector Restructuring Authority. During 2003 - 2006, the Bank auctioned debts under lawsuit from the Legal Execution Department. In 2010, the Bank bought investment units in Gamma Capital Mutual Fund and Bangkok Capital Mutual Fund, which had similar operations to the Bank's other mutual funds. In 2020, the Bank profited from its special asset management business in the amount of Baht 404 million, amounting to 7.46% of the Group's comprehensive income.

However, the Group has been operating the special asset management business for some time. Currently, the Group's investment funds have been terminated and assets under management remain at approximately Baht 4,097 million. The Group does not anticipate an expansion or even remaining in this business. Its revenue continuity would be affected. The Group has therefore continuously conducted other new business expansions to compensate for the decreasing return of this business.

#### 11. The Bank may be impacted from interest rate risks in the banking book caused by volatility of interest rates and duration gap between asset and liabilities duration.

The reduced liabilities duration is certainly an important risk factor. The Bank is aware of this factor and closely monitors and controls it according to the risk appetite defined by the Bank under the hypotheses of interest rate change under normal and stressed scenarios. The Bank has appointed the Assets and Liabilities Management Committee to monitor and control such risk by adjusting the maturity and duration gap between liabilities and asset interest rates. Moreover, the Risk Management Group also closely monitors and controls interest rate risks in the banking book and consistently reports to the Risk Oversight Committee and the Board of Directors.

However, if the Bank faces higher interest rate volatility or the market interest rate adversely changes unexpectedly, such risk, uncontrollable by the Bank, would unavoidably have a direct impact on the net interest income and economic value of equity.

#### 12. The Bank may not be able to provide and maintain sufficient liquidity for business conduct and expansion.

The Bank's business depends on its ability to raise funds through deposits and/ or other sources. The Bank must maintain a portion of these funds as liquid assets for sufficient provisions in normal and stressed situations. The ability to maintain liquidity depends on several factors, such as competition, interest rate trend, reputation and credit rating of the Bank, location and number of branches, product diversity and service quality. These factors affect the Bank's ability to raise funds. For example, if the Bank's credit rating was reduced, its cost of funds would be raised.

Besides competition and internal factors, regulations also affect the Bank's fund raising. Under stricter regulations by the Bank of Thailand and Basel III after the global economic crisis, the Bank has to maintain higher liquidity to cover liquidity risk and changes to the deposit protection law each year. The Bank will face liquidity risks in case depositors want to withdraw their deposit portion which exceeds the protection limit by law and transfer their deposits to other financial institutions or to invest in other mediums.

To manage liquidity, the Bank has appointed the Money Desk Sub-committee to analyze and monitor cash inflows and outflows of the Bank. The sub-committee also sets up measures to closely monitor the liquidity status under normal and stressed conditions according to the liabilities concentration, the risk appetite of the Bank for asset and liabilities mismatch and the level of liquid assets under different scenarios. The Money Desk Sub-committee regularly convenes at least once every two weeks under the supervision of the Assets and Liabilities Management Committee. The Treasury Department also plays a key role in the implementation of the Bank's liquidity management to maintain an appropriate level of liquidity with the Risk Management Group monitoring and controlling

the position on liquidity risk and regularly reporting to the Risk Oversight Committee and the Board of Directors. Additionally, the Bank has set up a liquidity contingency plan and regularly practices it every year.

As the ability of the Bank to raise funds is dependent on various factors, the Bank is not able to guarantee that such management will prevent all adverse liquidity effects, in the event of a significant change in the market.

### 13. The Bank may be unable to maintain sufficient capital for future expansion and competition.

The Bank's capital under the regulations of the Bank of Thailand and Basel III is determined by its Risk-Weighted Assets (RWA) and regulatory capital. These are dependent upon several factors including changes in the Bank's businesses and risks as well as amendments of capital requirement regulations. Furthermore, in case the Bank reports an operating loss, the loss will lessen regulatory capital which will certainly impact its capital adequacy. Any reduction to capital may lead to a need to raise funds for business expansion. Such fund-raising may be restricted or come at a high cost. If the Bank is unable to raise sufficient funds, it may not be able to grow its business as planned. Consequently, the Bank's performance will be affected or its size will be reduced, if the restriction on capital is not resolved in the long term.

In 2020, the Group aimed to maintain capital in order to cover all risks under the spread of the COVID-19 situation, support the business expansion opportunities as well as keep a high capital adequacy ratio. The Bank also employed the policy of capital target and minimum required capital to mitigate risks and support business expansion. The purpose of capital risk appetite and tolerance, determined under the Bank's risk appetite statement which has been approved by the Board of Directors of the Bank, reflects the following objectives:

- To maintain capital above the minimum requirement of the Bank of Thailand to cover significant risks which are not included in the minimum requirement;
- To maintain capital in accordance with risk appetite and risk tolerance which are determined by the Board of Directors;

- To assess capital under stressed conditions and prepare a capital contingency plan to maintain capital according to the framework of stressed condition;
- To maintain capital in order to cover significant risks the Bank faces according to official regulations; and
- To maintain capital while considering the impact on shareholders.

To improve the capital assessment procedure, the Bank has undertaken the followings:

- Developed quantitative risk assessment systems for credit risk, market risk, operational risk, credit concentration risk and interest rate risk in the banking book under normal and stressed conditions;
- Developed a capital adequacy framework which links to the aforementioned significant risks for each of the Bank's businesses;
- Developed a performance evaluation system for business units while taking into account the cost of maintaining capital and the ability to report shareholders' return on the investment of each business unit; and
- Developed risk assessment and capital adequacy by using economic capital methods.

In 2021, the Group will continue to focus on managing capital efficiently to support remaining risks from the COVID-19 pandemic and business expansion and establish an appropriate capital structure which is comparable with others in the business.

Nevertheless, the Group shall raise funds by issuing subordinated debt instruments to support business expansion and to roll over expiring instruments in the next 5 - 10 years. The Group may face risk as a result of insufficient capital or higher cost which would significantly affect performance.

In the Group's capital management procedure, the suitability of the minimum capital requirement, additional capital required by the annual business plan and the Group's risk appetite and risk tolerance will be utilized in the capital adequacy assessment process. The Bank will provide the capital plan and capital contingency options on a case-by-case basis in the event that the estimated capital adequacy ratio falls lower than the risk tolerance or the minimum capital required by the Bank of Thailand.



### 3. Driving Business for Sustainability

#### 3.1 Policy and Goal for Sustainability

The Group places emphasis on sustainable business operation under its vision “to attain business growth along with the success of clients and society” while contributing to both society and the nation. Its business practices take into consideration environmental, social and governance (ESG) issues and stakeholders’ expectations, while aiming to generate good returns for shareholders and build a long-term corporate growth in line with the concept of “sustainable banking”.

	Economic and Governance Aspects	Environmental Aspect	Social Aspect
<b>Goal</b>	To be an organization that provides sustainable returns on investment.	To be an environmentally responsible organization.	To be an organization of choice for both employees and clients and recognized in society.
<b>Performance Guidance for Sustainability</b>	Promote a corporate governance culture, internal control and audit systems, and strong risk management in all organizational levels. Support all forms of anti-corruption and provide effective, fair and non-discriminatory channels for receiving information/complaints.	Conduct business with environmental responsibility and adopt responsible lending and investment practices, including operating in compliance with the environmental laws, assessing environmental risks and impacts in operational processes, promoting environmentally friendly products/services and encouraging efficient use of resources.	Promote the wellbeing and career advancement of employees. Improve the wellbeing and quality of life of people in society by promoting financial literacy and access to essential financial services, designing products/services that benefit and meet the needs of clients and strictly protecting client data security and privacy.

For the year 2020, the Group prepared its first sustainability report in accordance with the Global Reporting Initiative (GRI) Framework. Such report

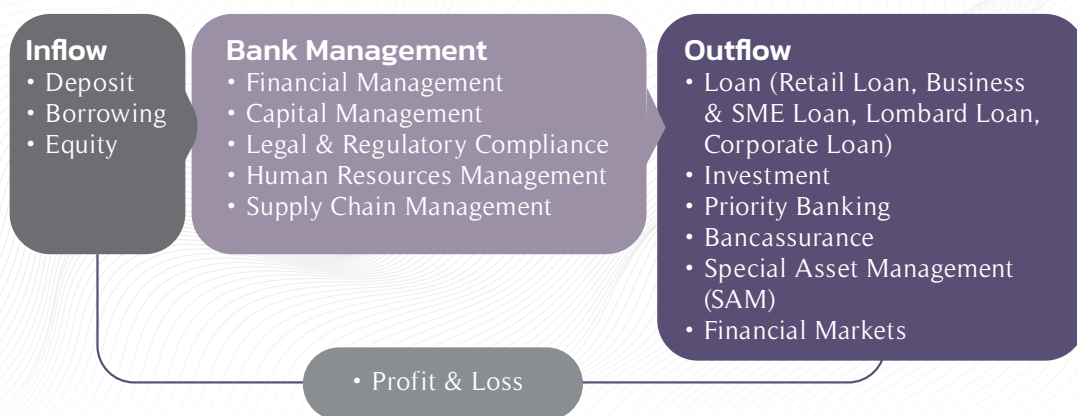
covers 27 material sustainability aspects, linking its sustainability performance to the United Nations Sustainable Development Goals (SDGs).

#### 3.2 Management of Impact on Stakeholders in Value Chain

##### Business Value Chain

The Group uses its capital to operate a lending business, including auto hire purchase loans, retail loans, business loans, SME loans and corporate loans, as well as asset management business, financial market business, wealth management business and capital

market business. As a result, its income comes from interests and fees from products and services of the Bank, the Group companies and its business partners such as mutual funds, non-life and life insurances which are offered through the Bank’s channels.



## Analysis of Stakeholders in the Business Value Chain

The Group places importance on stakeholder engagement as a basis for accurately and thoroughly determining material sustainability issues based on their priorities and necessities. It has also established written guidelines for stakeholder treatment in the Corporate Governance Policy and Corporate Social Responsibility Policy.

The Group divides its stakeholders into eight groups, dividing into internal stakeholders, namely employees, and external stakeholders which are shareholders/investors, regulatory agencies, clients, business partners, competitors, creditors and communities/society, using

the guidelines of the SET. Relevant internal units engage with stakeholders through CSR-in-process activities, such as meetings, seminars, clients' opinion/satisfaction surveys and employee engagement surveys to obtain the information needed to determine appropriate actions in response to concerns and expectations of each stakeholder.

Details on communication channels, concerns and expectations of stakeholders as well as actions taken by the Group to respond to such expectations are shown in the stakeholder engagement section in 2020 Sustainability Report.

## 3.3 Sustainability Management in Environmental Dimension

### Environmental Policies and Practices

Environmental problems are becoming more serious as a result of economic expansion. Increased demand for resources, forest encroachment and destruction of watersheds and other natural resources have led to environmental impacts, such as overflowing waste, air pollution and sudden weather changes, causing global warming, droughts and floods.

The Group is aware of these problems and has thus placed great importance on environmentally friendly business operations and responsible lending practices, including the credit approval process that complies with environment-related laws and regulations, such as the Town Planning Act B.E. 2522, the Building Control Act B.E. 2522 and the National Environmental Quality Promotion

and Protection Act B.E. 2535. It also offers green financing, such as alternative energy loans, green building loans and electric vehicle loans. In addition, every time before a new product is launched or a work process is changed, the Bank will assess the risk and impact on society and the environment, prepare a risk mitigation plan and review implementation readiness to ensure that every product or work process is at an acceptable risk level and will not cause negative impacts on society and the environment at a level that cannot be remedied.

The Group has also implemented various energy conservation measures, including:

- Providing services such as communication and transaction alerts through electronic channels to





reduce transaction papers and fuel consumption needed for clients to travel to branches;

- Improving the committee meeting system and presenting information through tablets to reduce paper consumption within the organization;
- Using electronic channels to report information, assess performance and conduct employee satisfaction survey;
- Implementing waste and pollution reduction projects, such as stop giving out plastic bottled water in meeting rooms to reduce plastic waste, using environmentally friendly paper, choosing environmentally friendly toner and using mercury and lead-free paints.
- Introducing energy efficiency projects, such as switching to LED bulbs and transforming the headquarters into a green building in conformity with the LEED standards by 2022, which will improve the quality of life of about 4,000 employees of the Group.

These measures will also reduce greenhouse gas emissions, mitigate global warming and pass on a better quality of life to the next generations.

## Key Results of Environmental Activities in 2020

- Value of loans supporting environmentally friendly businesses amounted to Baht 2,175 million
- 10.48% water consumption reduction compared to the year 2019
- 20.5% non-renewable fuel consumption reduction compared to the year 2019
- Emission (Scope 1 and Scope 2) of 6,111.35 tons of carbon dioxide, equivalent to a reduction of 6.75% from the year 2019

*\* Due to the COVID-19 outbreak, the Bank did not prepare the carbon footprint for the year 2020. However, the Bank has a plan to proceed and disclose information on the carbon footprint for the year 2021.*

## 3.4 Sustainability Management in Social Dimension

### Social Policies and Practices

Placing importance on sustainability management in the social dimension, the Group is determined to deliver excellent products and services to **clients** under the mission “to provide resources to clients properly, adequately and proficiently through services beyond expectation and like none other”. It takes care of its **employees**, which is an important resource in driving the organization to success, making sure that they have a good quality of life and opportunities to advance in their careers along with organizational growth, in addition to focusing on a fair, transparent and equal cooperation with its **suppliers and business partners**. As a part of society, the Group has been committed to promoting the wellbeing of **communities and people in society** since the first year of its establishment, by encouraging its employees to use their knowledge and expertise to create positive changes in society under the “People Development for National Development with Kiatnakin Phatra Project”. The project focuses on four core pillars of sustainable development,

including 1) education support, 2) promotion of ethics and social immunity, 3) relief and charitable contributions and 4) development of the community’s environment.

The Group respects human rights in accordance with the United Nations Guiding Principles on Business and Human Rights and complies with human rights laws. It takes steps to prevent and avoid human rights violations against stakeholders, respects human values and basic rights and treats others equitably. The Group has established a governance system and makes business plans carefully, making sure not to violate the rights of employees, communities and people in society. Its human rights guidelines encompass respect for human rights within the organization, e.g. fair treatment of **employees**, and respect for the rights of people outside the organization, e.g. clients and consumers, shareholders and business partners.

With respect to **clients and consumers**, the Group adheres to responsible business practices - including



complete, accurate and truthful disclosure of product information - fair client services and protecting the confidentiality of client data. Additionally, it has measured client satisfaction and used comments/complaints about products and services to improve clients' satisfaction and trust.

With respect to **shareholders**, the Group discloses information transparently, fairly and equitably and ensures that all shareholders, both major and minor, are treated equally and their fundamental rights are protected.

With respect to **suppliers/outsourced services**, the Group treats all suppliers equitably and fairly,

prepares suitable contract formats and complies with the agreements and conditions strictly, transparently, sincerely and accountably. Moreover, it has set up a system to protect confidential information of suppliers from being disclosed or used illegally.

In addition, the Group has established channels for receiving complaints and suggestions/comments regarding human rights from employees, clients and consumers. All complaints are handled and followed up properly, and appropriate remedial actions are taken.

## Key Results of Social Activities in 2020

Employee Care	Customer Care	Business Partner Care	Communities and Society
<ul style="list-style-type: none"> <li>Employee engagement score was 72 (from a full score of 100).</li> <li>Average employee training hours were 19.01 hours/person/year (increased by 2.9 hours/person/year compared to the previous year).</li> </ul>	<ul style="list-style-type: none"> <li>Client satisfaction for branch services was 96.25% (higher than the 90% target).</li> </ul>	<ul style="list-style-type: none"> <li>New car dealers' satisfaction was 95.53% (higher than the 90% target).</li> <li>Used car dealers' satisfaction was 94.44% (higher than the 90% target).</li> </ul>	<ul style="list-style-type: none"> <li>Charitable donations and financial support for social activities amounted to Baht 8.8 million.</li> <li>670 volunteer employees</li> <li>2,440 volunteer hours</li> </ul>
Provided financial knowledge to more than 35,600 people (clients, employees, communities and the disadvantaged)			



For more details, please see 2020 Sustainability Report  
or <http://kkp.listedcompany.com/attachment.html?id=140942>.



## 4. Management Discussion and Analysis (MD&A)

### 4.1 Management Discussion and Analysis and Factors/ Situations Which May Significantly Affect the Financial Position and Operating Performance in the Future

The Management Discussion and Analysis (MD &A) for the year ended December 31, 2020, discussing principal changes in the audited consolidated financial statements and comparing operating performance and financial position with those of the year ended December 31, 2019, is as follows:

#### Executive Summary

The Group continued to operate its businesses on a prudent basis amid various uncertainties surrounding 2020 by focusing on growing quality loan portfolio and continuing with its strategic plan on expanding the Group's three key business pillars: credit business, private banking business and investment banking business in order to constantly diversify its revenues and enhance its opportunities to generate proper and various types of return. As a result, the Group was able to deliver solid performance which helped lessen the impacts arising from many challenges during the past year.

The consolidated net profit of the Bank and its subsidiaries for 2020 totaled Baht 5,123 million, a decline of 14.4% from 2019, mainly derived from the increase in provisions as a result of the continued uncertainties from the economic slowdown as impacted by the COVID-19 situation. The consolidated comprehensive income for 2020 totaled Baht 5,416 million, decreasing by 3.7% comparing to 2019. Pre-provision operating profit for 2020 increased by 17.9% YoY with higher net interest income of 19.2% YoY driven by loan growth and lower funding costs from continuous cost management while non-interest income declined slightly by 4.3% YoY.

For operating expenses, the Group continued to focus on spending that were in accordance with its long term strategic plan together with effective cost management control. As a result, the operating expenses declined by 3.5% YoY<sup>1</sup>.

The Group remained prudent by increasing the level of provisions, taking into account the economic slowdown and prolonged uncertainties from the COVID-19 situation, resulting in high expected credit loss amount during 2020 which totaled Baht 4,095 million.

For loan portfolio, the Bank continued to focus on asset quality management while expanding into profitable segments with better asset quality, taking in careful consideration on the economic conditions. As such, the Bank's overall loan portfolio for 2020 expanded by 12.4%<sup>2</sup> from the end of 2019 with growth driven by the auto hire purchase, housing and corporate lending segments.

For asset quality, the non-performing loans (NPLs) to total loans ratio for 2020 declined further to 2.9%<sup>2</sup> from 4.0% as of the end of 2019 from the continuous asset quality management and also from the growth in the loan portfolio.

The Group's current level of capital remains strong and is above the minimum requirement by the Bank of Thailand with the capital adequacy ratio as of the end of 2020 at 18.28%.

For the capital market business, the market share in the securities brokerage business in the SET and mai (excluding proprietary trading) of KKPS for 2020 continued to increase to 10.85% from 9.61% in 2019, ranking 1<sup>st</sup> from the total of 38 brokers.

#### Overall Economic and Financial and Capital Market Environment

The Thai economy in 2020 had plunged into a severe economic recession as the world grappled with the impact of the COVID-19 pandemic. Although Thailand was regarded as one of the most successful countries in the world in controlling the outbreak, it was also one of the countries facing the worst impact from

<sup>1</sup> Excluding loss from sale of foreclosed assets and loss from revaluation of foreclosed assets

<sup>2</sup> Excluding loans classified as purchased or originated credit-impaired (POCI)

the COVID-19 situation as 12% of Thailand's GDP was from the tourism sector. In addition, the decline in Thailand's major trading partners' income resulted in considerable reduction of Thailand's export revenue, on top of the negative effects from the US-China trade war during the pre-pandemic years. In addition, the decrease in business and household income amid elevated uncertainties clouding the economic outlook triggered a significant decline in domestic consumption and investment despite government support through various stimulus packages. For 2020, the number of tourist arrivals contracted by 83.2% YoY to 6.7 million people, while exports fell by 6.0% YoY. Excluding exports of gold and arms, the value of Thai exports declined by 8.6% YoY.

In 2021, the recovery of the Thai economy is expected to be fragile and uneven across sectors and geography. The tourism industry is likely to remain weak as we anticipate only 2 million tourist arrivals in 4Q2021, still much lower than the pre-crisis figure of around 40 million people per year. Furthermore, the second wave of the outbreak that started towards the end of 2020 will slow down the recovery of domestic consumption and investment in 1Q2021 compared to the initial projection. However, domestic economic recovery is expected to resume given that the outbreak of COVID-19 local infections does not prolong and no national lockdown measures are imposed. Thailand's export growth in 2021 is projected to recover as global demand picks up and consumer confidence improves with the COVID-19 vaccine optimism.

The key risks that could derail the recovery of the Thai economy in 2021 include 1) a severe outbreak of the current second wave which could induce the government to enforce additional national lockdown measures, causing negative impact on consumption and investment as well as the delay of the border reopening; 2) the financial health of businesses especially in the tourism sector, which, if deteriorating further, may lead to a credit event as well as affecting employment and household income situations; 3) a strengthening Thai Baht which may impede the recovery of Thailand's exports; and 4) domestic political uncertainties that may affect investor confidence and result in a delay of government policy implementation.

For the auto industry, the total number of car sales for 2020 contracted by 21.4% YoY, with the passenger vehicle segment and the commercial vehicle segment contracting by 31.0% YoY and 15.1% YoY, respectively. The underperformance of the auto industry is consistent with the economy-wide economic slowdown and the credit tightening by financial institutions following signs of deterioration in loan quality.

In the capital market, the average daily securities trading value (SET and mai) for 2020 increased by 29.0% from Baht 53,192 million in 2019 to Baht 68,607 million in 2020. The SET index at the end of 2020 closed at 1,449.35 points, declining by 8.3% from 1,579.84 points at the end of 2019.

## Key Changes in 2020

### Changes in Financial Reporting Standards

The financial statements for the year 2020 were prepared in accordance with the Thai Financial Reporting Standard No. 9 Financial Instruments (TFRS 9) and Thai Financial Reporting Standard No. 16 Leases (TFRS 16) guidelines which became effective from January 1, 2020 while the financial statements for the period during 2019 were prepared in accordance with existing guidelines prior to the adoption of TFRS 9 and TFRS 16. The key changes from the adoption of the above financial reporting standards are in the following areas:

- The concept of interest recognition is changed to recognize at effective interest rate (EIR);
- The classification and measurements of financial instruments into the following categories: amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL);
- Impairment of financial assets based on an expected credit loss (ECL) framework with financial asset classification into 3 stages - Stage 1: financial assets where the credit risk has not increased significantly with loss allowance based on 12-month expected credit loss, Stage 2: financial assets where the credit risk has significantly increased and Stage 3: credit-impaired financial assets with loss allowance for Stage 2 and Stage 3 based on lifetime expected credit loss;



- Classification of investment in receivables into purchased or originated credit-impaired financial assets (POCI) measured at amortized cost; and
- Adoption of TFRS 16 requires the recognition of right-of-use assets and lease liabilities.

## Change of Company Name

From August 17, 2020 onwards, the Group has changed the name for the Bank and its subsidiary companies. The change is a result of the merger in 2012 which has enabled the Group to expand its service capabilities to meet the needs of more clients with the objective of providing seamless financial services whether in the commercial banking or capital market business. All companies now use new logos based on a combination of the existing logo of the Bank and PTSEC. However, the stock symbol for the Bank remains KKP.

Previous Name	New Name
Kiatnakin Bank Public Company Limited	Kiatnakin Phatra Bank Public Company Limited
Phatra Securities Public Company Limited	Kiatnakin Phatra Securities Public Company Limited
Phatra Asset Management Company Limited <sup>3</sup>	Kiatnakin Phatra Asset Management Company Limited
Phatra Capital Public Company Limited	KKP Capital Public Company Limited

## The COVID-19 Outbreak

The COVID-19 situation has created many challenges and uncertainties during 2020. The Bank has provided assistance for clients through various relief measures both from the Bank's own measures and those initiated by the Bank of Thailand. The relief measures that the Bank implemented during 2020 include loan payment delay for principal/ interest, soft loans as part of the Bank of Thailand's liquidity measures for SME clients, the reduction in lending rates for MLR, MOR and MRR, the restructuring made to terms including installment reductions, loan term extension in line with clients' financial

ability as well as other assistance as appropriate. The Bank also offered reductions in interest occurred during the loan payment suspension period for clients which resumed repayment after the end of the relief period.

For the Bank's clients whose financial relief measures ended during 2020, the proportion of clients able to resume payment including those with terms modifications has overall been slightly higher than anticipated. For retail clients, all which participated in the relief program exited the relief period at the end of 2020 and approximately more than 75% were able to service payments post relief period. For commercial lending clients which were mostly loans with collateral, a small portion were able to exit the relief program during 4Q2020 and approximately 75% of these clients were able to continue with their payments while the remaining 25% had term modifications and would likely be able to continue with payments. The remaining commercial lending clients will exit the relief program in 2021. As of the end of 2020, clients who were still under the relief period had reduced to approximately 11% of the Bank's total loans outstanding and all of them are commercial lending clients.

The COVID-19 situation for Thailand improved during 2H2020, allowing a slight economic recovery during 2H2020. However, with the recent increase of COVID-19 cases at the end of 2020 and continuing into 2021 including the ongoing spread of the disease in other countries, the Bank will continue to monitor the situation closely while prudently assessing the portfolio quality. Under high uncertainties, the Bank will continue to focus on providing support to clients and assist in finding appropriate financial solutions on a case by case basis.

## Operating Results for 2020 Compared to 2019

For 2020, the consolidated net profit totaled Baht 5,123 million, a decrease of 14.4% from 2019 of which Baht 1,221 million was the net profit from the capital market business operated by KKP CAP and subsidiaries. Pre-provision operating profit for 2020 increased by 17.9% YoY, driven by the increase in net interest income from loan expansion and the lower funding cost from

<sup>3</sup> Phatra Asset Management Company Limited changed its name effective From September 28, 2020

effective cost management, while non-interest income declined by 4.3%. For 2020, the Bank remained prudent and set aside higher provisions due to the economic uncertainties from the COVID-19 impact resulting in lower net profit for the year 2020 comparing to 2019. The

consolidated comprehensive income for 2020 totaled Baht 5,416 million, a decline of 3.7% YoY. The capital market business's comprehensive income was Baht 1,414 million. The comprehensive income included the revaluation of investments.

(Unit : Baht Million)	2020	2019	Change (%)
Net interest income	14,679	12,316	19.2
Non-interest income	6,554	6,852	(4.3)
Total operating income	21,233	19,168	10.8
Total other operating expenses	10,652	10,194	4.5
Expected credit losses	4,095	-	n.a.
Impairment loss on loans and debt securities	-	1,676	n.a.
Profit from operating before income tax expenses	6,487	7,297	(11.1)
Income tax expenses	1,344	1,307	2.8
Net Profit (attributable to equity holders of the Bank)	5,123	5,988	(14.4)
Total comprehensive income (attributable to equity holders of the Bank)	5,416	5,625	(3.7)
Basic earnings per share (Baht)	6.05	7.07	(14.4)

### Summary of Financial Performance

Annualized Ratios	4Q2020	3Q2020	2Q2020	1Q2020	2020	2019
Net Profit (Baht Million)	1,108	1,347	1,184	1,484	5,123	5,988
ROAE (%)	9.7	12.2	11.1	13.8	11.3	13.9
ROE (%)	9.9	12.4	11.3	13.5	11.7	14.2
ROAA (%)	1.2	1.5	1.3	1.7	1.5	1.9
Comprehensive income (Baht Million)	1,530	1,458	1,629	799	5,416	5,625
ROAE (%)	13.4	13.2	15.3	7.4	12.0	13.1
ROE (%)	13.6	13.4	15.6	7.3	12.3	13.3
ROAA (%)	1.7	1.6	1.8	0.9	1.6	1.8
Loan growth	3.9	3.0	0.7	4.2	12.4	4.2
NPLs/ total loans (excluding interbank and POCI)	2.9	2.9	3.4	3.7	2.9	4.0
Allowance for expected credit loss/ total NPLs excluding POCI (coverage ratio)	170.9	152.6	128.7	115.9	170.9	111.2



## Net Interest Income

(Unit: Baht Million)	2020	2019	Change (%)
<b>Interest income</b>	<b>19,584</b>	<b>18,036</b>	<b>8.6</b>
Interest on loans	8,187	7,352	11.3
Hire purchase and financial lease income	10,112	9,233	9.5
Interest on POCI	468	540	(13.3)
Interest on interbank and money market items	324	270	20.2
Interest on securities	478	620	(23.0)
Others	15	21	(27.3)
<b>Interest expense</b>	<b>4,905</b>	<b>5,720</b>	<b>(14.2)</b>
Interest on deposits	3,185	3,204	(0.6)
Interest on interbank and money market items	133	254	(47.4)
Interest on debt issued and borrowings	912	1,157	(21.2)
Fees and charges on borrowings	9	11	(17.5)
FIDF and DPA fees	626	1,043	(40.0)
Others	39	51	(22.9)
<b>Net interest income</b>	<b>14,679</b>	<b>12,316</b>	<b>19.2</b>

For 2020, net interest income amounted to Baht 14,679 million, an increase of Baht 2,363 million or 19.2% YoY from Baht 12,316 million in 2019. Interest income was Baht 19,584 million, an increase of 8.6% YoY mainly from the increase in interest income on loans and interest income on hire purchase and financial lease income from loan expansions and partly from the change due to TFRS 9 interest income calculation based on effective interest method effective from 2020 onwards. Yield on loan

for 2020 increased slightly to 7.2% from 7.1% for 2019.

Interest expense totaled Baht 4,905 million, a decline of 14.2% YoY, with cost of fund declining further to 1.7% in 2020 compared to 2.3% in 2019 from continuous cost management in line with the decline in the policy rate and market deposit rates and also from the temporary reduction in FIDF fee from 0.46% to 0.23% effective from January 1, 2020 onwards, resulting in loan spread increasing to 5.5% in 2020 from 4.8% in 2019.

Ratio (%)	4Q2020	3Q2020	2Q2020	1Q2020	2020	2019
Yield on loan	6.8	7.1	7.5	7.7	7.2	7.1
Cost of fund	1.5	1.6	1.8	1.9	1.7	2.3
Loan spread	5.3	5.5	5.7	5.7	5.5	4.8



## Non-interest Income

(Unit: Baht Million)	2020	2019	Change (%)
Fees and services income	5,107	5,202	(1.8)
Fees and services expenses	771	598	29.0
Fees and services income, net	4,336	4,604	(5.8)
Gain on financial instruments measured at fair value through profit or loss	1,079	-	n.a.
Gain on trading and foreign exchange transactions, net	-	277	n.a.
Gain on financial liabilities designated at fair value	-	286	n.a.
Gain (loss) on investments, net	50	568	(91.3)
Dividend income and profit sharing	389	576	(32.5)
Other operating income	700	541	29.5
<b>Total non-interest income</b>	<b>6,554</b>	<b>6,852</b>	<b>(4.3)</b>

For 2020, non-interest income totaled Baht 6,554 million, decreasing by 4.3% YoY. The decline is mainly due to lower net fee and services income which amounted to Baht 4,336 million, declining by 5.8% from 2019. For 2020, fee from the securities brokerage business totaled Baht 2,240 million, a considerable increase of 28.2% YoY, in line with a higher market trading value of 29.0% YoY during 2020, together with the increase in market share of KKPS in 2020 to 10.85% from 9.61% in 2019, ranking 1<sup>st</sup> in market share. Meanwhile, loan related fees reduced YoY, whereby under TFRS 9, loan related fees were amortized and recorded in net interest income. Fee from the asset management business totaled Baht 650 million, declining

20.0% YoY from the decline in asset under management from overall market conditions while fee generated from the investment banking business also declined during 2020 as the Bank was able to record fee during the beginning of 2020 but subsequent market uncertainties from the COVID-19 situation created a slowdown in investment banking transactions.

In addition to net fee and services income, the Group also recorded higher gain on financial instruments measured at fair value through profit and loss compared to 2019 from the equity and derivatives trading business and the financial market business which performed well during 2020.

## Other operating expenses

(Unit: Baht Million)	2020	2019	Change (%)
Employee's expenses	5,664	5,577	1.6
Directors' remuneration	33	47	(30.6)
Premises and equipment expenses	1,140	1,300	(12.3)
Taxes and duties	493	427	15.5
Loss from revaluation of foreclosed assets (reversal)	849	124	584.2
Loss (gain) from sale of foreclosed assets	894	840	6.4
Other expenses	1,579	1,879	(16.0)
<b>Total other operating expenses</b>	<b>10,652</b>	<b>10,194</b>	<b>4.5</b>

For 2020, other operating expenses were Baht 10,652 million, increasing by 4.5% YoY mainly from the items relating to foreclosed assets. As a prudent measure, during 1Q2020, the Bank recorded additional impairment on revaluation of foreclosed assets in the amount of Baht

665 million on foreclosed properties that were deemed to require a long period of time to dispose while loss from sale of foreclosed assets also increased slightly YoY. Loss from sale of foreclosed assets during 2020 total Baht 894 million, a slight increase when compared to loss



of Baht 840 million in 2019. Loss on sale of foreclosed assets comprised of loss from sale of repossessed cars amounting to Baht 1,309 million, with loss declining from Baht 1,423 million YoY from slower car repossession activity during the financial relief period and also from gain on sale of foreclosed properties which totaled Baht 415 million in 2020, decreasing from Baht 584 million during 2019 with sale activities starting to show improvement during 2H2020 after the lockdown measures ended. Excluding loss from sale and revaluations of foreclosed assets, operating expenses for 2020 would total Baht 8,910 million, declining by 3.5% compared to 2019 mainly from the decrease in premises and equipment expenses and marketing expenses from reduced activities as a result of the economic slowdown. The cost-to-income ratio excluding loss from sale and revaluations of foreclosed assets stood at 41.2%, improving from 46.7% in 2019.

### Expected Credit Loss (ECL)

From January 1, 2020 onwards, the ECL is based on impairment requirement under TFRS 9. Financial instruments under TFRS 9 are classified into 3 stages. For stage 1, TFRS 9 requires ECL allowances based on

12-month expected losses. For Stage 2 and Stage 3, the standard requires ECL allowances based on lifetime expected losses. Moreover, ECL also incorporates forward-looking economic scenarios into loss allowances.

For 2020, ECL totaled Baht 4,095 million, an increase of 144.2% comparing to Baht 1,676 million in 2019. The situation surrounding COVID-19 had shown improvement during 2H2020 resulting in slight economic recovery during 2H2020; however, the deterioration of the COVID-19 situation at the end of 2020 and continuing into 2021 could delay the pace of economic recovery and may result in deterioration of asset quality in the coming periods. The Bank continued to exercise cautionary measure under the TFRS 9 framework by setting aside higher provisions and management overlay to reflect possible deteriorations resulting from the COVID-19 impacts. Total management overlay for 2020 amounted to Baht 2,469 million. Total allowance for ECL to total NPLs ratio (coverage ratio) increased to 170.9% in 2020 from 111.2% in 2019. When excluding the release of excess loan loss reserve, provisions including loss from sale of repossessed cars (credit cost) for 2020 were considered as 2.55% of average loan compared to 1.36% in 2019.

## Statement of Financial Position

### Assets

As of the end of 2020, assets totaled Baht 363,411 million, increasing Baht 51,721 million or 16.6% from the end of 2019 mainly from the increase in interbank and money market items and the increase in loans.

Assets (Baht'000)	Consolidated		Change	
	December 31, 2020	December 31, 2019	Amount	%
Cash	1,490,626	1,109,658	380,968	34.3
Interbank and money market items, net	32,770,543	11,981,838	20,788,705	173.5
Financial assets measured at fair value through profit or loss	11,289,598	-	11,289,598	n.a.
Derivatives assets	10,276,081	4,298,538	5,977,543	139.1
Investment, net	23,312,942	39,201,003	(15,888,061)	(40.5)
Investments in receivables, net	-	1,619,449	(1,619,449)	n.a.
Investments in properties, net	21,761	21,870	(109)	(0.5)
Net loans to customers and accrued interest receivables	258,846,014	227,677,310	31,168,704	13.7
Properties foreclosed, net	2,937,160	3,585,530	(648,370)	(18.1)
Land, premises and equipment, net	3,284,464	3,038,243	246,221	8.1

Assets (Baht'000)	Consolidated		Change	
	December 31, 2020	December 31, 2019	Amount	%
Right-of-use assets	229,835	-	229,835	n.a.
Other intangible assets, net	1,128,488	1,151,041	(22,553)	(2.0)
Goodwill	3,066,035	3,066,035	-	0.0
Deferred tax assets	1,338,682	1,846,295	(507,613)	(27.5)
Accounts receivable from clearing house and broker - dealers	1,334,267	4,056,938	(2,722,671)	(67.1)
Securities and derivative business receivables	6,837,597	4,620,082	2,217,515	48.0
Other assets, net	5,246,923	4,416,176	830,747	18.8
<b>Total assets</b>	<b>363,411,016</b>	<b>311,690,006</b>	<b>51,721,010</b>	<b>16.6</b>

## Liabilities

As of December 31, 2020, total liabilities amounted to Baht 316,785 million, increasing 18.3% from the end of 2019. Deposits were Baht 251,526 million, increasing 46.1%. Deposits comprised of 47.5% of term deposits and 52.5% of current and saving accounts (CASA). Meanwhile, debts and borrowings were Baht 28,344 million, declining by 48.9% from the end of 2019. The loan to deposits and borrowings ratio stood at 95.6%, compared to 104.6% as of the end of 2019.

Liabilities (Baht'000)	Consolidated		Change	
	December 31, 2020	December 31, 2019	Amount	%
Deposits	251,525,874	172,173,559	79,352,315	46.1
Current account	693,044	535,014	158,030	29.5
Saving account	131,339,535	64,093,363	67,246,172	104.9
Term deposit	119,237,952	107,049,290	12,188,662	11.4
Certificate of deposit	255,343	495,892	(240,549)	(48.5)
Interbank and money market items, net	10,263,870	17,339,111	(7,075,241)	(40.8)
Liabilities payable on demand	392,712	377,326	15,386	4.1
Financial liabilities measured at fair value through profit or loss	896,906	3,498,702	(2,601,796)	(74.4)
Derivatives liabilities	8,724,685	4,038,272	4,686,413	116.0
Debt issued and borrowings	28,343,500	55,415,433	(27,071,933)	(48.9)
Lease liabilities	183,697	-	183,697	n.a.
Provisions	1,066,255	844,037	222,218	26.3
Deferred tax liabilities	13,556	26,703	(13,147)	(49.2)
Accounts payable to clearing house and broker - dealers	588,026	614,271	(26,245)	(4.3)
Securities and derivative business payables	5,539,391	3,868,461	1,670,930	43.2
Accrued interest expenses	467,833	745,793	(277,960)	(37.3)
Other accounts payable	3,923,055	3,141,943	781,112	24.9
Income tax payable and specific business tax payable	399,461	559,255	(159,794)	(28.6)
Other liabilities	4,456,474	5,035,881	(579,407)	(11.5)
<b>Total liabilities</b>	<b>316,785,295</b>	<b>267,678,747</b>	<b>49,106,548</b>	<b>18.3</b>



## Capital Adequacy Ratio

The Bank maintains a strong capital position and can adequately withstand the current uncertainties. It is above the regulatory requirement (regulatory requirement and additional capital conservation buffer) of 11.0% for total capital ratio, 8.5% for tier 1 capital and 7.0% for common equity tier 1 capital. The Bank performs capital management planning to maintain an appropriate level of capital which is consistent with the annual business plan of the Bank including any reviews during the year to ensure an appropriate level of capital to withstand any uncertainties.

As of December 31, 2020, the capital adequacy ratio (BIS ratio) under Basel III which included profit up to the end of 2Q2020 was at 17.39% while tier-1 ratio was at 13.38%. When including profit up to end of 4Q2020, the BIS ratio would increase to 18.15% while tier-1 ratio would be at 14.14%. The Bank's tier 1 capital are all common equity tier 1 contributing to 76.96% of total capital and reflecting the high quality of capital.

Capital Requirement (%)	Minimum Regulatory Requirement	Capital Conservation Buffer	Total Capital Requirement
Common equity tier 1	4.50	2.50	7.00
Tier 1 capital	6.00	2.50	8.50
<b>Total capital</b>	<b>8.50</b>	<b>2.50</b>	<b>11.00</b>

The total capital and capital adequacy ratio of the Bank as of the end of the year is as follows:

	Bank Only		Consolidated	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>Capital Requirement (Unit: Baht Million)</b>				
Common equity tier 1	38,241	33,476	41,319	36,377
Tier 1 capital	38,241	33,476	41,319	36,377
<b>Total capital</b>	<b>49,691</b>	<b>43,129</b>	<b>52,714</b>	<b>45,975</b>
<b>Capital Adequacy Ratio (Unit: %)</b>				
Common equity tier 1	13.38	12.88	14.33	13.61
Tier 1 capital	13.38	12.88	14.33	13.61
<b>Total capital</b>	<b>17.39</b>	<b>16.60</b>	<b>18.28</b>	<b>17.20</b>

## Business Segment Performance

The Group's businesses are divided into two main areas: the commercial banking business operated by the Bank and the capital market business operated by its subsidiaries which are comprised of KKP CAP, KKPS and KKPAM.

### 1. Commercial Banking Business

The commercial banking business includes retail lending, commercial lending, corporate lending, special asset management (SAM) or distressed asset management loan and other loans. The breakdown of total loan portfolio is as follows:

Type of Loans	December 31, 2020		December 31, 2019		Change (%)
	Amount (Baht Million)	Ratio (%)	Amount (Baht Million)	Ratio (%)	
<b>Retail lending</b>	<b>168,187</b>	<b>62.7</b>	<b>145,223</b>	<b>61.0</b>	<b>15.8</b>
Auto hire purchase	127,009	47.3	107,612	45.2	18.0
Personal loan	8,130	3.0	7,993	3.4	1.7
Micro SMEs loan	7,635	2.8	7,954	3.3	(4.0)
Housing loan	25,413	9.5	21,663	9.1	17.3
<b>Commercial lending</b>	<b>58,149</b>	<b>21.7</b>	<b>60,899</b>	<b>25.6</b>	<b>(4.5)</b>
Real estate development loan	27,991	10.4	31,591	13.3	(11.4)
SMEs loan	30,158	11.2	29,308	12.3	2.9
Corporate lending	33,091	12.3	23,527	9.9	40.7
Special asset management loan	1,138	0.4	509	0.2	123.8
Lombard loan	7,874	2.9	7,987	3.4	(1.4)
<b>Total loans</b>	<b>268,440</b>	<b>100.0</b>	<b>238,144</b>	<b>100.0</b>	<b>12.7</b>
<b>Total loans (excluding POCI)</b>	<b>267,735</b>				<b>12.4</b>

Total loans excluding POCI amounted to Baht 267,735 million, expanding by 12.4% from the end of 2019 with the increase mainly from the auto hire purchase, housing and corporate lending segments. The Bank continues with prudent measures in regards to loan growth and portfolio quality monitoring, taking into careful consideration the slowdown in economic activities.

- Retail lending totaled Baht 168,187 million, increasing by 15.8% from the end of 2019. Retail loans include auto hire purchase loans, personal loans, Micro SMEs loans and housing loans.

Auto hire purchase loans amounted to Baht 127,009 million, expanding by 18.0% from the end of 2019. New auto hire purchase business volume booked during 2020 totaled Baht 51,152 million, increasing by 26.3% YoY. The portion of auto hire purchase loan to total loan portfolio stood at 47.3% with the portion of new cars to used cars at 39:61. Domestic new car sales for 2020 totaled 792,160 units, declining by 21.4% compared to last year. The penetration rate of the Bank's new car lending to the domestic new car sales for 2020 was at 4.2%, increasing from 2.2% in 2019 mainly due to the Bank's expansion into new business segments with higher asset quality.

The Bank's loan portfolio in other retail loans amounted to Baht 41,178 million, expanding by 9.5% from the end of 2019 with total combined other retail loans portion to total loan portfolio at 15.3% as of the end of 2020.

- The commercial lending business loans amounted to Baht 58,149 million, contracting by 4.5% from the end of 2019. Commercial lending includes real estate development loans and SMEs loans, with details as follows:

Real estate development loans totaled Baht 27,991 million, declining by 11.4% from the end of 2019, mostly from scheduled repayments and lower activity from the economic slowdown.

SME loans were Baht 30,158 million, expanding slightly by 2.9% from the end of 2019, in line with the slowdown in the private sector. SME loan comprises of several business sectors including apartment & hotel, logistics, commercial & industrial and construction machinery & materials.

- Corporate lending provides lending services to listed companies and large corporates or financing for investment banking transactions of the capital market



business. Current outstanding corporate loans totaled Baht 33,091 million, growing by 40.7% from the end of 2019.

- The special asset management (SAM) is responsible for distressed asset management business and sale of foreclosed assets. Current outstanding loans totaled Baht 1,138 million, increasing from Baht 509 million as of the end of 2019 due to the change in classification from TFRS 9 for financial assets classified as purchased or originated credit impaired from previous classification of Investments in loans.

- Lombard loan, a multi-purpose credit facility for wealth management clients using financial assets as collateral, had outstanding loans of Baht 7,874 million, slight decline of 1.4% from the end of 2019.

## Loan Classifications and Allowance for ECL

As of end of 2020, allowance for ECL totaled Baht 13,234 million, with expected credit losses under TFRS 9 amounting to Baht 11,725 million and remaining excess loan loss reserve totaling Baht 1,510 million. The Bank had gradually released the excess loan loss reserve using a straight line method since 1Q2020. With the continuing uncertainties from the economic slowdown and prolonged impact from the COVID-19 situation, the Bank continues to prudently set up provisions for ECL, including additional management overlay amounts, resulting in total allowance for ECL to total NPLs ratio (coverage ratio) as of end of 2020 to increase to 170.9% from 111.2% as of the end of 2019.

Under TFRS 9, loans and accrued interest receivables as of end of December 31, 2020 were classified into stages as follows:

(Unit : Baht Million)	December 31, 2020		September 30, 2020		June 30, 2020	
	Total Loans and Accrued Interest Receivables	ECL <sup>4</sup>	Total Loans and Accrued Interest Receivables	ECL	Total Loans and Accrued Interest Receivables	ECL
Stage 1 : Performing financial assets	247,489	5,595	242,350	5,088	232,992	4,216
Stage 2 : Under-performing financial assets	15,426	3,026	10,897	1,839	10,135	1,731
Stage 3 : Non-performing financial assets	8,256	3,080	7,883	2,913	8,736	3,198
Purchased or originated credit-impaired financial assets	780	23	866	8	844	7
<b>Total</b>	<b>271,951</b>	<b>11,725</b>	<b>261,996</b>	<b>9,848</b>	<b>252,707</b>	<b>9,152</b>

### NPLs Distribution by Loan Type (consolidated)

Type of Loans	December 31, 2020			December 31, 2019		
	Amount (Baht Million)	Ratio (%)	% of Loans	Amount (Baht Million)	Ratio (%)	% of Loans
<b>Retail lending</b>	<b>2,699</b>	<b>31.9</b>	<b>1.6</b>	<b>4,051</b>	<b>42.4</b>	<b>2.8</b>
Auto hire purchase	1,421	16.8	1.1	2,651	27.7	2.5
Personal loan	104	1.2	1.3	135	1.4	1.7
Micro SMEs loan	826	9.8	10.8	922	9.6	11.6
Housing loan	348	4.1	1.4	342	3.6	1.6
<b>Commercial lending</b>	<b>4,619</b>	<b>54.6</b>	<b>7.9</b>	<b>5,016</b>	<b>52.5</b>	<b>8.2</b>
Real estate development loan	3,091	36.6	11.0	3,394	35.5	10.7
SMEs loan	1,528	18.1	5.1	1,622	17.0	5.5

<sup>4</sup> Including ECL for loans and loan commitments and Financial guarantees



Type of Loans	December 31, 2020			December 31, 2019		
	Amount (Baht Million)	Ratio (%)	% of Loans	Amount (Baht Million)	Ratio (%)	% of Loans
Corporate lending	0	0.0	0.0	0	0.0	0.0
Special asset management loan	1,138	13.5	100.0	494	5.2	97.1
Lombard loan	0	0.0	0.0	0	0.0	0.0
<b>Total NPLs</b>	<b>8,456</b>	<b>100.0</b>	<b>3.2</b>	<b>9,560</b>	<b>100.0</b>	<b>4.0</b>
<b>Total NPLs (excluding POCI)</b>	<b>7,751</b>		<b>2.9</b>			

The non-performing loans (NPLs) or Stage 3 loans, excluding POCI as of the end of 2020, totaled Baht 7,751 million or 2.9% of total loans, decreasing from 4.0% at the end of 2019 with a decline from both the retail lending segment and commercial lending segment. The decline is from the Bank's continuous focus on asset quality management including debt restructuring, write offs and sale of NPL together with growth in the loan portfolio.

## 2. Capital Market Business

The capital market business comprises of the brokerage business, investment banking business, investment business and asset management business. Details are as follows:

- Brokerage Business

KKPS operates agency business providing both securities and derivatives brokerage services to local and foreign institutional investors, as well as high-net-worth individuals under private wealth management. For high-net-worth clients, other wealth management products are provided such as local and foreign mutual funds and structured products. For 2020, the market share<sup>5</sup> of KKPS was at 10.85%, ranking 1<sup>st</sup> from a total of 38 brokers. KKPS generated brokerage revenue totaling Baht 1,650 million, comprising of equity brokerage revenue of Baht 1,421 million, derivatives brokerage revenue of Baht 226 million and other brokerage revenue of Baht 3 million. Additionally, KKPS also had brokerage revenue from selling agent fees of Baht 717 million<sup>6</sup>.

- Investment Banking Business

The investment banking business, operated by KKPS, provides financial advisory service as well as underwriting service. In 2020, the investment banking revenue was Baht 225 million, which could be broken down into financial advisory fee amounting to Baht 65 million, underwriting fee amounting to Baht 153 million and revenue from tender offer agent of Baht 7 million.

- Investment Business

The investment business is managed by 2 departments. KKP CAP operates the direct investment business, by the Direct Investment Department ("DI"), with medium to long-term investment horizon, while KKPS manages short-term investment, by the Equity and Derivatives Trading Department ("EDT"). EDT focuses on equity and equity-linked securities in the capital market and derivatives market, with short-term investment not more than 1 year by applying arbitrage investment strategy as well as issuing and offering financial structured products.

In 2020, DI recorded gain on investment including gain on re-measuring securities totaling Baht 283 million<sup>7</sup>. Meanwhile, EDT had gain on investment totaling Baht 1,004 million<sup>8</sup>. Additionally, there were other investment incomes from treasury and liquidity management, resulting in overall investment gain of Baht 1,367 million.

- Asset Management Business

KKPAM, under mutual fund and private fund management licenses, offers fund management services

<sup>5</sup> Including SET and mai but excluding proprietary trading

<sup>6</sup> Including selling agent fee received from subsidiary company

<sup>7</sup> Additionally, DI also had foreign exchange gain of Baht 2 million. Total DI gain was Baht 285 million.

<sup>8</sup> Income before deducting the cost of hedging; once deducting those costs, net gain was Baht 947 million.



to individuals and corporate clients. KKPAM's mutual fund asset under management as of December 31, 2020 was Baht 70,167 million, with a total 61 funds under management, consisting of 58 mutual funds and 3 property funds. KKPAM's market share in terms of mutual fund was 1.39%. In 2020, KKPAM's fee income

from the mutual fund business totaled Baht 499 million.

As of December 31, 2020 asset under management from private fund was Baht 14,950 million. KKPAM's fee income from the private fund business totaled Baht 151 million.

## 4.2 Information from Financial Statements

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### Independent Auditor's Report During the Past Three Years

The consolidated financial statements and the separated financial statements for the year 2018, audited by Ms. Sakuna Yamsakul, Certified Public Accountant (Thailand) No.4906, PricewaterhouseCoopers ABAS Ltd. Type of report : Unqualified opinion.

The consolidated financial statements and the separated financial statements for the year 2019, audited by Ms. Sakuna Yamsakul, Certified Public Accountant

(Thailand) No.4906, PricewaterhouseCoopers ABAS Ltd. Type of report : Unqualified opinion.

The consolidated financial statements and the separated financial statements for the year 2020, audited by Ms. Sakuna Yamsakul, Certified Public Accountant (Thailand) No.4906, PricewaterhouseCoopers ABAS Ltd. Type of report : Unqualified opinion with an emphasis of matters/others.

**Kiatnakin Phatra Bank Public Company Limited and Subsidiaries**  
**Statement of Financial Position**

As at 31 December 2020

	Consolidated		
	31 December 2020	31 December 2019	31 December 2018
	Thousand Baht	Thousand Baht	Thousand Baht
<b>Assets</b>			
Cash	1,490,626	1,109,658	1,335,668
Interbank and money market items, net	32,770,543	11,981,838	28,199,589
Financial assets measured at fair value through profit or loss	11,289,598	-	-
Derivatives assets	10,276,081	4,298,538	3,315,858
Investments, net	23,312,942	39,201,003	29,780,567
Investments in receivables, net	-	1,619,449	1,769,505
Investments in properties, net	21,761	21,870	22,132
Loans to customers and accrued interest receivables, net	258,846,014	227,677,310	218,306,382
Properties foreclosed, net	2,937,160	3,585,530	3,724,922
Land, premises and equipment, net	3,284,464	3,038,243	2,772,514
Right-of-use assets	229,835	-	-
Other intangible assets, net	1,128,488	1,151,041	1,117,889
Goodwill	3,066,035	3,066,035	3,066,035
Deferred tax assets	1,338,682	1,846,295	1,861,740
Accounts receivable from clearing house and broker - dealers	1,334,267	4,056,938	3,411,791
Securities and derivative business receivables	6,837,597	4,620,082	4,212,723
Other assets, net	5,246,923	4,416,176	3,432,183
<b>Total assets</b>	<b>363,411,016</b>	<b>311,690,006</b>	<b>306,329,498</b>



## Kiatnakin Phatra Bank Public Company Limited and Subsidiaries

### Statement of Financial Position (Cont'd)

As at 31 December 2020

	Consolidated		
	31 December 2020	31 December 2019	31 December 2018
	Thousand Baht	Thousand Baht	Thousand Baht
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Deposits	251,525,874	172,173,559	181,693,821
Interbank and money market items, net	10,263,870	17,339,111	13,156,615
Liabilities payable on demand	392,712	377,326	503,487
Financial liabilities measured at fair value through profit or loss	896,906	3,498,702	1,193,144
Derivatives liabilities	8,724,685	4,038,272	3,438,329
Debt issued and borrowings	28,343,500	55,415,433	49,008,059
Lease liabilities	183,697	-	-
Provisions	1,066,255	844,037	779,584
Deferred tax liabilities	13,556	26,703	20,457
Accounts payable to clearing house and broker - dealers	588,026	614,271	120,194
Securities and derivative business payables	5,539,391	3,868,461	5,297,794
Accrued interest expenses	467,833	745,793	692,732
Other accounts payable	3,923,055	3,141,943	2,232,379
Income tax payable and specific business tax payable	399,461	559,255	854,568
Other liabilities	4,456,474	5,035,881	4,997,775
<b>Total liabilities</b>	<b>316,785,295</b>	<b>267,678,747</b>	<b>263,988,938</b>
<b>Equity</b>			
Share capital			
Authorised share capital			
846,751,109 ordinary shares of Baht 10 each	8,467,511	8,467,511	8,467,511
Issued and paid-up share capital			
846,751,109 ordinary shares of Baht 10 each	8,467,511	8,467,511	8,467,511
Premium on share capital	9,356,233	9,356,233	9,356,233
Other components of equity	(137,048)	186,602	568,882
Retained earnings			
Appropriated			
Legal reserve	852,337	852,337	852,337
Others	-	380	380
Unappropriated	27,978,147	25,039,042	22,935,113
Total equity of the Bank	46,517,180	43,902,105	42,180,456
Non-controlling interests	108,541	109,154	160,104
<b>Total equity</b>	<b>46,625,721</b>	<b>44,011,259</b>	<b>42,340,560</b>
<b>Total liabilities and equity</b>	<b>363,411,016</b>	<b>311,690,006</b>	<b>306,329,498</b>

**Kiatnakin Phatra Bank Public Company Limited and Subsidiaries**  
**Statement of Profit or Loss and Other Comprehensive Income**

For the year ended 31 December 2020

	<b>Consolidated</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Interest income	19,584,141	18,036,208	16,294,353
Interest expenses	4,904,954	5,719,962	5,032,721
<b>Interest income, net</b>	<b>14,679,187</b>	<b>12,316,246</b>	<b>11,261,632</b>
Fees and services income	5,107,313	5,201,699	5,022,025
Fees and services expenses	771,057	597,665	442,747
<b>Fees and services income, net</b>	<b>4,336,256</b>	<b>4,604,034</b>	<b>4,579,278</b>
Gain on financial instruments measured at fair value through profit or loss, net	1,078,933	-	-
Gain on trading and foreign exchange transactions, net	-	276,581	457,007
Gain on financial liabilities designated at fair value through profit or loss, net	-	285,937	62,709
Gain on investments, net	49,555	568,068	389,893
Dividend income and profit sharing	389,160	576,265	967,561
Other operating income	700,323	540,840	384,989
<b>Total operating income</b>	<b>21,233,414</b>	<b>19,167,971</b>	<b>18,103,069</b>
Other operating expenses			
Employee's expenses	5,664,254	5,576,858	5,573,375
Directors' remuneration	32,838	47,311	46,688
Premises and equipment expenses	1,139,782	1,300,008	1,163,974
Taxes and duties	493,384	427,193	392,544
Loss from revaluation of foreclosed assets	848,563	124,027	244,229
Loss from sale of foreclosed assets	893,858	839,752	237,664
Other expenses	1,579,257	1,879,174	1,811,985
<b>Total other operating expenses</b>	<b>10,651,936</b>	<b>10,194,323</b>	<b>9,470,459</b>
Expected credit loss	4,094,627	-	-
Impairment loss on loans and debt securities	-	1,676,428	1,245,495
<b>Profit from operating before income tax expenses</b>	<b>6,486,851</b>	<b>7,297,220</b>	<b>7,387,115</b>
Income tax expenses	1,343,722	1,307,485	1,342,829
<b>Net profit</b>	<b>5,143,129</b>	<b>5,989,735</b>	<b>6,044,286</b>



# Kiatnakin Phatra Bank Public Company Limited and Subsidiaries

## Statement of Profit or Loss and Other Comprehensive Income (Cont'd)

For the year ended 31 December 2020

	Consolidated		
	2020	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht
<b>Other comprehensive income</b>			
Items that will be reclassified subsequently to profit or loss			
Gain on debt instruments classified at fair value through other comprehensive income	115,368	-	-
Gain (loss) on remeasuring investments in receivables	-	5,625	(24,104)
Loss on remeasuring available-for-sale securities	-	(390,120)	(1,113,180)
Gain on currency translation differences	-	12,655	(2,849)
Income taxes relating to items that will be subsequently reclassified to profit or loss	(23,074)	80,892	217,633
Total items that will be reclassified subsequently to profit or loss	92,294	(290,948)	(922,500)
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment benefit obligations	-	(92,729)	3,397
Gain on equity instruments designated at fair value through other comprehensive income	249,753	-	-
Income taxes on items that will not be subsequently reclassified to profit or loss	(49,574)	18,545	(680)
Total items that will not be reclassified to profit or loss	200,179	(74,184)	2,717
<b>Total other comprehensive income (expense)</b>	<b>292,473</b>	<b>(365,132)</b>	<b>(919,783)</b>
<b>Total comprehensive income</b>	<b>5,435,602</b>	<b>5,624,603</b>	<b>5,124,503</b>
Net profit attributable to			
Equity holders of the Bank	5,123,266	5,988,444	6,041,983
Non-controlling interests	19,863	1,291	2,303
Total comprehensive income attributable to			
Equity holders of the Bank	5,415,610	5,624,640	5,123,220
Non-controlling interests	19,992	(37)	1,283
<b>Earnings per share</b>			
Basic earnings per share (Baht)	6.05	7.07	7.14



**Kiatnakin Phatra Bank Public Company Limited and Subsidiaries**  
**Statement of Cash Flows**

For the year ended 31 December 2020

	<b>Consolidated</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>Cash flows from operating activities</b>			
Profit from operating before income tax expenses	6,486,851	7,297,220	7,387,115
Adjustments to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities			
Depreciation	602,523	617,555	554,330
Amortisation	195,536	184,564	128,127
Amortisation of premium on investments in securities	(186,891)	(347,324)	604,565
Expected credit loss	2,006,799	-	-
Bad debt and doubtful accounts	-	2,825,619	2,499,319
Loss on impairment of investments in receivables	-	34,036	18,157
Unrealised gain on exchange and derivatives exchange transactions	(1,248,745)	(382,737)	(807,516)
Loss on financial instrument measured at fair value through profit and loss	1,018,584	-	-
(Gain) loss on remeasuring trading securities	-	(119,333)	550,389
Loss (reversal) on impairment on general investments	-	190	(23)
Loss on lease modifications	2,161	-	-
Loss on diminution in value of properties foreclosed	848,563	124,027	244,229
Loss on impairment of other assets	5,214	10,405	6,402
Gain on transfer from investment to loan	(226)	-	-
Loss on disposal of investment in securities	2,018,030	604,266	1,221,206
Gain on disposal of equipment and intangible assets	(23,781)	(10,397)	(28,109)
Loss on write-off of equipment and intangible assets	29,206	11,857	15,724
Net interest income	(14,492,296)	(11,968,922)	(11,866,197)
Dividend income	(389,160)	(576,265)	(967,561)
Proceeds from interest income	18,207,662	17,755,484	16,814,365
Interest paid	(5,278,721)	(5,668,895)	(4,750,514)
Dividend received	405,564	571,995	959,811
Cash paid for corporate income tax	(1,148,575)	(1,492,053)	(1,141,708)
Cash paid for provision expenses	-	(109,389)	(29,228)
Increase in provision expenses	92,752	81,113	180,080
Increase in specific business tax payable	31,223	4,475	7,410
Increase in accrued expenses	97,280	145,331	102,322
Profit from operating before changes in operating assets and liabilities	9,279,553	9,592,822	11,702,695



## Kiatnakin Phatra Bank Public Company Limited and Subsidiaries

### Statement of Cash Flows (Cont'd)

For the year ended 31 December 2020

	Consolidated		
	2020 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
<b>Cash flows from operating activities (Cont'd)</b>			
(Increase) decrease in operating assets			
Interbank and money market items	(20,762,362)	16,198,015	(16,693,672)
Investments in trading and available-for-sale securities	2,803,501	(5,706,328)	5,588,949
Investments in receivables	-	120,735	265,564
Investment in investment properties	-	-	(5)
Loans and receivables	(35,735,460)	(17,433,268)	(42,451,234)
Properties foreclosed	4,283,750	5,221,557	4,485,717
Securities and derivative business receivables	(2,217,515)	(407,359)	528,651
Accounts receivable from clearing house and broker-dealers	2,722,671	(645,147)	580,764
Other assets	(901,325)	(1,001,918)	(437,580)
Increase (decrease) in operating liabilities			
Deposits	79,352,315	(9,520,262)	48,815,715
Interbank and money market items	(7,075,241)	4,182,496	4,866,892
Liabilities payable on demand	15,386	(126,161)	(54,332)
Accounts payable to clearing house and broker-dealers	(26,245)	494,077	(302,129)
Securities and derivative business payables	1,670,930	(1,429,333)	783,040
Other payables	776,284	927,724	(1,270,062)
Other liabilities	(209,238)	(142,291)	(25,010)
Net cash from operating activities	33,977,004	325,359	16,383,963
<b>Cash flows from investing activities</b>			
Cash paid for long-term investments in securities	-	(20,986,997)	(14,981,724)
Proceeds from long-term investments in securities	-	16,744,970	10,171,354
Cash paid for investment in debt designated at fair value through other comprehensive income	(18,767,995)	-	-
Proceeds from investment in debt designated at fair value through other comprehensive income	18,234,768	-	-
Cash paid for investment in equity designated at fair value through other comprehensive income	(1,800,136)	-	-
Proceeds from investment in equity designated at fair value through other comprehensive income	1,831,360	-	-
Cash paid for investment in debt at amortise cost	(6,259,721)	-	-
Proceeds from investment in debt at amortise cost	6,319,105	-	-
Cash paid for investment properties	(155)	-	-
Cash paid for building improvement and equipment	(741,547)	(913,094)	(471,037)
Proceeds from sales of equipment	37,565	10,452	29,676
Purchases of intangible assets	(182,530)	(215,443)	(447,984)
Net cash from investing activities	(1,329,286)	(5,360,112)	(5,699,715)

**Kiatnakin Phatra Bank Public Company Limited and Subsidiaries**  
**Statement of Cash Flows (Cont'd)**

For the year ended 31 December 2020

	<b>Consolidated</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of debentures	24,626,855	72,728,124	88,982,174
Cash paid for redemption of debentures	(51,809,127)	(66,283,690)	(96,613,438)
Cash paid for redemption of financial liabilities designated at fair value through profit or loss	(2,601,796)	-	-
Proceeds from issuance of financial liabilities designated at fair value through profit or loss	-	2,305,558	1,193,144
Cash paid for lease liabilities	(133,014)	-	-
Dividend paid	(2,328,522)	(3,810,316)	(4,233,683)
Dividend paid to non-controlling interest	(533)	(5,437)	(29,302)
Decrease in share capital of non-controlling interest in subsidiaries	(20,613)	(589)	(69,190)
Payments to non-controlling interest	-	(137,562)	-
Net cash from financing activities	(32,266,750)	4,796,088	(10,770,295)
Exchange gain (losses) on translating	-	12,655	(2,849)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>380,968</b>	<b>(238,665)</b>	<b>(86,047)</b>
Cash and cash equivalents as at 1 January	1,109,658	1,335,668	1,424,564
<b>Cash and cash equivalents as at 31 December</b>	<b>1,490,626</b>	<b>1,109,658</b>	<b>1,335,668</b>

**Supplementary information for cash flows****Non-cash transactions**

Significant non-cash transactions for the years ended 31 December 2020 are as follows:

	<b>Consolidated</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Increase (decrease) in account payables from land, premises and equipment purchased	4,828	(18,160)	2,828
Transfer of assets for loan settlement	4,483,943	5,206,192	4,360,376
Increase (decrease) in lease liabilities	20,171	-	-
Increase (decrease) in right-of-use assets	18,010	-	-
Increase (decrease) in fair value reserves on investments in receivables	-	5,625	(24,104)
Decrease in fair value reserves on available-for-sale securities	-	(390,120)	(1,113,180)
Increase in fair value of investment in debt designated at fair value through other comprehensive income	115,368	-	-
Increase in fair value of investment in equity designated at fair value through other comprehensive income	85,557	-	-
Transfer of investments in properties to land, premises and equipment	-	-	125,608
Transfer of work in progress to land, premises and equipment	(303,100)	(515,850)	(105,091)
Transfer of work in progress to other intangible assets	(221,422)	(194,326)	(361,958)



## 4.3 Key Financial Ratios

Financial Ratio	2018	2019	2020
<b>Liquidity Ratio</b>			
Liquid asset ratio	30.4	27.6	26.3
Liquidity ratio (Times)	0.27	0.31	0.49
<b>Profitability Ratio</b>			
Net profit margin	33.4	31.2	24.1
Return on average equity	14.5	13.9	11.3
Return on average investment	6.2	6.4	6.9
Yield on loan	7.2	7.0	7.2
Cost of fund	2.3	2.3	1.7
Interest rate spread	5.0	4.7	5.5
<b>Efficiency Ratio</b>			
Net interest income to assets ratio	4.0	4.0	4.3
Non-interest income to assets ratio	2.5	2.2	1.9
Return on average assets	2.1	1.9	1.5
Asset turnover	0.1	0.1	0.1
<b>Financial Policy Ratio</b>			
Debt to equity ratio (Times)	6.2	6.1	7.0
Loan to deposit ratio	125.4	137.7	105.8
Loan to deposit + borrowing ratio	98.8	104.2	95.1
Deposit to total debt ratio	68.8	64.3	79.4
Dividend payout ratio*	70.1	60.1	37.2
<b>Asset Quality Ratio</b>			
Allowance for doubtful accounts to non-performing loans ratio	114.8	111.2	170.9
Allowance for doubtful accounts to total loans ratio	4.7	4.5	4.9
Bad debt to total loan ratio	1.0	1.3	1.3
Non-performing loans to total loan ratio	4.1	4.0	3.2
Accrued interest to total loans and accrued interest ratio	0.5	0.5	1.9
<b>Other Ratio</b>			
Total capital to risk weighted assets (Separated Financial Statement)	16.3	16.6	17.4
Net capital ratio - KKPS	62.42	28.26	65.59

\* There is no interim dividend payment from the operating results for the period of January 1 - June 30, 2020 according to the Bank of Thailand's notification.

## 5. General and Other Important Information

### 5.1 General Information of Referenced Entities

Registrar - Ordinary Share	:	Thailand Securities Depository Company Limited Stock Exchange of Thailand Building, 93 Ratchadapisek Road, Din Daeng, Bangkok 10400 Tel: 0 2009 9000 Fax: 0 2009 9991
Authorized Auditor	:	Ms. Sakuna Yamsakul Certified Public Accountant (Thailand) Registration No. 4906 PricewaterhouseCoopers ABAS Ltd. ("PwC") 15 <sup>th</sup> Floor, Bangkok City Tower, 179/74-80 South Sathorn Road, Sathorn, Bangkok 10120 Tel: 0 2844 1000 Fax: 0 2286 5050
Legal Advisor	:	Not appointed
Advisor/ Manager under Management Contract	:	Not appointed

### 5.2 Other Important Information

Details of fines by regulators during the past five years (2016 - 2020) are as follows:

Company	Year	Regulator	Law and Offence		Amount (Baht)
Kiatnakin Phatra Bank Public Company Limited	2018	Bank of Thailand	Section 60 of Financial Institution Business Act, B.E. 2551 (2008)	Failed to comply with regulations on asset classification	4,370,000
			Section 71 of Financial Institution Business Act, B.E. 2551 (2008)	Failed to report data set relating to asset classification	
	2018	The SEC	Section 113 of Securities and Exchange Act, B.E. 2535 (1992)	Failed to comply with the rules, conditions, and procedures as specified in the Notification of the Capital Market Supervisory Board as a Limited Broker Dealer Underwriter (LBDU)	886,000
Kiatnakin Phatra Asset Management Company Limited	2018	The SEC	Section 117 of Securities and Exchange Act, B.E. 2535 (1992)	Failed to comply with the rules, conditions, and procedures as specified in the Notification of the Capital Market Supervisory Board relating to fund management	1,635,000



## 5.3 Legal Dispute

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In operating the lending, hire purchase and debt restructuring businesses, the Bank and the Group companies incur legal disputes, in which the Bank is a plaintiff and a defendant, such as debt enforcement from borrowers and litigation for collateral. Such legal disputes are normal in business operation; however, there is no legal dispute which may materially adverse or affect the Bank's and the Group Companies' asset in an amount of over 5% of shareholder equity.

In summary, as of December 31, 2020, the Bank and the Group companies have no legal dispute which may negatively affect the Bank's and the Group companies' asset in an amount of over 5% of shareholder equity or have adverse significant impact on the business operation of the Bank and the Group companies that cannot be evaluated in numbers.





# Part 2

## Corporate Governance

### 6. Corporate Governance Policy

#### 6.1 Overview of Corporate Governance Policies and Guidelines

##### 6.1.1 Policies and Guidelines Relating to Board of Directors

###### 1. Director Nomination and Appointment

The selection process starts with the qualified individuals proposed by shareholders, directors and senior executives, with all detailed biography attached. Then, the Nomination and Remuneration Committee considers the nominees' qualifications prior to proposing such persons to the Board of Directors for appointment or to seek shareholders' approval (as the case may be).

The Nomination and Remuneration Committee is responsible for selecting and determining appropriate persons with experiences, knowledge and competencies beneficial to the Bank and the Group to be nominated as the Bank's directors, independent directors or Audit Committee members and to be proposed to the Board of Directors' meeting or shareholder's meeting for appointment in accordance with the Bank's Articles of Association.

###### Directors' Qualifications

- 1) Directors need to be knowledgeable, skilled and experienced in conducting a business, understand the business obstacles that can arise, be capable of performing their duties proficiently and consistently with both short and long-term business strategies, as well as able to offer a different perspective relating to important risks. These factors will benefit the Bank and the Group and create competitive advantage in the industry.
- 2) Directors must be honest, truthful and have ethics.
- 3) Directors must have these above-mentioned attributes and none of the characters considered to be ineligible under the Public Limited Companies Act, securities and exchange law and regulations of the government agencies. In the case of independent directors, they must have qualifications that meet the requirements of the Bank and the Bank of Thailand as well as those set by the Capital Market Supervisory Board.
- 4) Directors must devote time and prepare to attend all meetings of the Bank.
- 5) Directors must have leadership and vision in order to perform for the benefit of the Bank and the Group by considering stakeholders and the impact to society and the environment. The directors should be independent in making decisions and expressing



opinions and understand and aware of their duties and responsibilities as the leaders of the organization in order to manage the sustainable business of the Bank and the Group and appropriately adapt to changes, which will create value for the Bank, the Group and shareholders in the long-term.

### Definition of Independent Director

- 1) Hold not more than 0.5% of the total shares with voting rights of the Bank, its parent company, its subsidiary, its affiliate, a major shareholder or controlling person, inclusive of the shares held by related persons;
- 2) Not be or have previously been a non-independent director; as well as a manager; an employee; a staff member or an advisor or a controlling person of the Bank, its parent company, its subsidiary, its affiliate or its subsidiary at the same level or a major shareholder or controlling persons unless the termination of being in such a position had occurred at least two years before the appointment as the Bank's independent director. Such prohibited characteristics shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Bank;
- 3) Not be a person related by blood or registration under laws in the form of fatherhood, motherhood, spouse, brothers, sisters and children, including spouse of children, of other directors, executives, a major shareholder, controlling person or person who will be nominated to take up the position of director, executive or controlling person of the Bank or its subsidiary;
- 4) Have no current or previous business relationship with the Bank, its parent company, its subsidiary, its affiliate, a major shareholder or controlling person in the manner which may interfere with his/ her independent discretion and not be or have previously been a significant shareholder or controlling person of any person having a business relationship with the Bank, its parent company, its subsidiary, its affiliate, a major shareholder or controlling person unless the termination of being in such position had occurred at least two years before the appointment as the Bank's independent director.
- 5) Such business relationships include normal business transactions, rental or lease of immovable property transactions, asset or service transactions or giving or taking of financial assistance by borrowing or lending money, suretyship, providing assets as collateral and any other similar actions, which results in the Bank or its counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the company or Baht 20 million or more, whichever is lower. In this regard, the calculation of such indebtedness shall be in accordance with the method for calculating the value of related party transactions under the notification of the Capital Market Supervisory Board Re: Rules on Execution of Related Party Transactions. In any case, the consideration of such indebtedness shall include the indebtedness incurred during the period of one year to the date of establishing the business relationship with the related person;
- 5) Not be or have previously been an auditor of the Bank, its parent company, its subsidiary, its affiliate, a major shareholder or controlling person, a significant shareholder, controlling person or partner of the audit office which is the auditor of the Bank, its parent company, its subsidiary, its affiliate, a major shareholder or controlling person unless the termination of being in such position had occurred at least two years before the appointment as the Bank's independent director;
- 6) Not be or have previously been any professional service provider including legal advisor or financial advisor who receives more than Baht 2 million annually from the Bank, its parent company, its subsidiary, its affiliate, a major shareholder or controlling person and not be a significant shareholder, controlling person or partner of the professional service provider unless the termination of being in such position had occurred at least two years before the appointment as the Bank's independent director;

- 7) Not be a director appointed as a representative of the Bank's directors, a major shareholder or a shareholder who is related to the Bank's major shareholder;
- 8) Not undertake any business in the same nature and in competition with the business of the Bank and its subsidiary; not be a significant partner in a partnership or without benefits related to the Bank which may affect his/ her independent decisions or be an executive director, employee, staff or advisor who receives salary or holds shares of more than 1% of the total shares with voting rights of another company which has the same nature of business and is in competition with the business of the Bank or its subsidiaries;
- 9) Not be an independent director who holds positions in the Bank, its parent company, its subsidiary, its affiliate or its subsidiary at the same level for more than nine years. In addition, for an independent director who has held the position for less than nine years - if he/ she has been discharged from the position of independent director while over that period, he/ she has not been appointed as a director, manager, person with management authority, advisor or staff member of the Bank, its parent company, its subsidiary, its affiliate or its subsidiary at the same level - he/ she may be re-appointed as an independent director but the period during which he/ she serves as an independent director must all be counted  
For an independent director who has held the position for nine years and wishes to be re-appointed as an independent director, he/ she must have been discharged from the position of director, manager, person with management authority, advisor or staff member of the Bank, its parent company, its subsidiary, its affiliate or its subsidiary at the same level at least two years before the day the appointment request is submitted. (Any independent director holding the position for more than nine years and still holds the position on the date of this definition can continue to be an independent director until May 1, 2022.); and

- 10) Have no characteristics which may affect the giving of independent opinions, decision or voting on the Bank's operations.

In case the Nomination and Remuneration Committee nominates any existing director to be re-elected, the previous performance of such director should be also considered.

In nominating new directors, the Bank will prepare the board skill matrix or may use a consultancy firm or a director pool to determine qualifications of new directors by considering competencies, skills and experiences, which are necessary but still lacking for the Board of Directors and in line with the Bank's and the Group's business strategy .

When the term of an independent director of the Bank is complete or there is a need for a new appointment, the Nomination and Remuneration Committee will recruit the appropriate candidate based on experiences, knowledge and competencies beneficial to the Bank and the Group as well as the required qualifications of the Bank, the SEC and the Bank of Thailand and then propose to the Board of Directors' meeting or shareholders' meeting for consideration and appointment in accordance with the Bank's Articles of Association.

In the event that any directorship becomes vacant prior to the completion of the term and the remaining term is no less than two months, the Nomination and Remuneration Committee may nominate a candidate with required qualifications and without any legal provisions to the Board of Directors' meeting for consideration. The resolution to appoint a director requires votes of no less than three-fourths of the remaining number of directors and such director will be in the post for the remaining term of the directorship that is vacated.

The election of directors by the shareholders' meeting shall be in accordance with the Bank's Articles of Association as follows:

- 1) A shareholder shall have one vote for one share.
- 2) Each shareholder shall use all his or her votes under no.1 to elect one or several persons as a director. However, he or she may not divide his or her votes among any candidates.



- 3) The persons who receive the most votes in ranking order will be elected as directors up to the number of directors the Bank shall have or elect at that meeting. In the event that the persons being elected in subsequent order have equal votes but their election would exceed the number of directors required to be elected in that meeting, the Chairman of the meeting shall have the casting vote.

## **2. Remuneration for Directors and Executives**

The Nomination and Remuneration Committee has the duty to initially review the remuneration packages of directors prior to proposing to the Board of Directors for consideration and to the annual general meeting of shareholders ("AGM") for approval. The directors' remuneration is reviewed by considering the duties, responsibilities, related risks and performance of the directors as well as the financial status of the Bank and shall be comparable with that of other companies in the same industry.

The Nomination and Remuneration Committee has the duty to review the remuneration and benefits of the CEO and present it to the Board of Directors. Also, the Nomination and Remuneration Committee shall define the remuneration policy for other senior executives, from the level of Executive Vice President and above, to be a guideline for the Human Resource Management Committee to determine the executives' remuneration and benefits.

## **3. Director Independency**

In order to clearly separate out the responsibilities and duties of the Board of Directors and that of the management, the Chairman of the Board and the CEO are not the same individual.

The Board of Directors provides recommendations in relation to planning, proposing strategies and providing oversight of the administration of the management, ensuring that the appropriate policies and procedures are being used in a proficient manner. Its duties also include administering the performance of the management to make

sure it has due care and are honest, provides the best benefits for the Bank and stakeholders and increases the economic value of the Bank and the Group companies.

The management under the supervision of the CEO has the duties and responsibilities to manage the day-to-day operations of the Bank and the Group companies in accordance with the strategies approved by the Board of Directors.

The Board of Directors will not interfere in the performance of these duties. The relationship between the Board of Directors and the management is one of collaboration.

## **4. Development of Directors**

The Bank encourages its directors to participate in seminars and training courses relating to their duties so that they will continuously improve their performance.

Upon taking up position as a director of the Bank, each director will be briefed on important information relating to the Bank's and the Group's businesses, the framework of authorities and the duties and responsibilities of the Board of Directors of the Bank. The directors will receive advice on legal issues, regulations and other conditions in being a director of a listed company in the SET as well as information on the Group's businesses.

## **5. Performance Evaluation of Directors**

The Bank arranges for a performance evaluation of the Board of Directors, as a whole and individually, at least once every year. The results will be reported to the Board of Directors and used for their self-improvement.

In evaluating the performance of directors, the performance evaluation form as collated by the Nomination and Remuneration Committee is used. This can be done for the board as a whole and/ or for specific matters. Also, the Bank encourages the Board of Directors' assessment as an individual by both self-evaluation and cross-evaluation.

Additionally, the Nomination and Remuneration Committee may use the services of external consultants to provide guidelines and point out certain criteria in the performance evaluation of the Board of Directors as deemed appropriate.

## 6.1.2 Policies and Guidelines Relating to Shareholders and Stakeholders

### 1. Rights of Shareholders

The Board of Directors has realized and emphasized the importance of rights of shareholders. The statutory rights of shareholders embrace the right to attend and vote in the shareholders' meeting, the right to appoint a third party as a proxy for attending and voting in the shareholders meeting on his/ her behalf, the right to vote on the election or removal of each individual director, the right to vote on directors' remuneration annually, the right to appoint external auditors and vote on the fixing of annual audit fees and the right to obtain adequate information, participate and vote in the shareholders' meeting if there are any significant corporate changes - capital structure, controlling authority or major asset transfer. In addition, the Bank provides shareholders with the right to express their opinions and raise questions during the shareholders' meeting, the right to perceive regulations and procedures of the shareholders' meeting, the right to propose agenda items for the shareholders' meeting, the right to nominate directors, the right to be involved in improving the Bank's business performance, the right to share in the Bank's profit, the right to receive sufficient and up-to-date information in a timely manner, etc.

Meanwhile, the Board of Directors aims to encourage all shareholders to fully exercise their rights. The Bank will not execute any tort affecting or derogating the rights of shareholders.

### 2. Equitable Treatment of Shareholders

The Board of Directors respects and values the importance of equitable treatment of shareholders.

To ensure that shareholders are equally treated and their basic rights are protected, the Board of Directors has established practical guidelines as follows:

- 1) The Bank treats shareholders equitably for participating in the shareholders' meeting, receiving information and voting by one share for one vote. Shareholders who have a business

stake-holding in any agenda item have no right to vote on such agenda item.

- 2) The Bank facilitates shareholders by allocating the appropriate time and opportunity to express their opinions and raise questions during the meeting.

### 3. Supervision of Usage of Internal Information

The Bank has issued a written directive forbidding the use of internal information for personal gain or others which would be taking advantage of others. The Bank has forbidden directors, executives, employees and related persons including spouse and children and adopted children who are under the legal age to use any undisclosed information which could affect the change in the value of shares or for the securities trading of the Bank. The directors, executives and employees who can access such undisclosed information must ask for approval prior to trading securities of the Bank at least one day and the approval is valid from the next business day until the end of the third business day. In addition, the Bank has instructed that directors, executives, their spouses, children who are under the legal age and legal entity in which directors, executives and any other related persons collectively hold shares at an amount exceeding 30% of the total voting rights to report (Form 59) any changes in the status of their holdings of the Bank's securities and derivatives within three business days since the date of purchase, sale, transfer or receipt of such securities to the SEC and also hand in a copy of the form to the Corporate Secretary, so it will be reported in the Board of Directors' meeting every time and disclosed in the Form 56-1 One Report.

The Bank has forbidden any directors, executives or employees, who are aware of the Bank's important information and financial statements, to trade the Bank's securities, seven days prior to the end of the quarter until at least one trading session has elapsed after the Bank's financial statement has been made available to the public.

In addition, the Bank has also continually provided information on the practices of the usage of internal information communication within the Bank's directors,





executives and employees at all levels throughout the entire organization, so that they are aware of the duties and responsibilities as set out in the Bank's regulations.

The Office of Internal Audit reviews the practice of the usage of internal information and compliance with the Guidelines for Business Conduct Policy. Any violations will be reported to the Audit Committee and the Board of Directors for consideration according to the Bank's regulations.

#### **4. Protection against Conflict of Interest**

A conflict of interest occurs when an individual's private interest interferes in any way or even appears to interfere with the interests of the Group as a whole. A conflict situation can arise in various businesses of the Group. Therefore, the Board of Directors has set a written policy on conflict of interest which is used for the Bank and the Group companies.

The Group expects each director, executive and employee to avoid activities, interests or associations which may interfere with the independent exercise of his/ her judgment or the best interests of the Group, its clients, its shareholders or the public or activities which are unethical or can damage the Group's good reputation.

The Group puts in place measures to protect against any conflict of interest which may arise by creating awareness so that directors, executives and employees avoid any contact with individuals who may cause a conflict of Interest with the Group. However, the Group may not be able to foresee all circumstances and in the event that incidents do occur, the matter shall be addressed ethically and responsibly.

The Bank and the Group companies will not proceed with any transaction which may lead to conflict of interest, unless such transaction is conducted in compliance with the law and ethics or under the following principles:

- Transactions which provide the utmost benefit to clients or are necessary and beneficial to clients under the circumstances;
- Transactions which are normal business operations executed on an arm's-length basis with the general public or

- Transactions to comply with conditions specified by any regulator to ensure transparency or fairness for clients.

#### **5. Anti-corruption**

The Bank and the Group companies intend and are committed to taking a stand against corruption in any form by adhering to the Anti-corruption Policy (as per details shown in the Attachment 5) and the regulations according to Thai laws on anti-corruption. The Bank and the Group Companies will not cooperate with or support any illegal activities, which involve corruption or are a threat to society and national security.

The Bank and the Group companies communicate the Anti-corruption Policy and regulations with employees and regularly arrange training courses for directors, executives and employees.

The Bank and the Group companies arrange for reporting channels for complaints and whistleblowing on any suspected corruption or improper behavior of employees of the Bank and the Group Companies. The Bank also sets the whistleblower protection process and realizes the importance of keeping reported information and evidences confidential.

The Bank and its subsidiaries in the capital market business have announced their intention to be part of the Thai Private Sector Collective Action Against Corruption/ CAC which obtains support from the government and the National Anti-Corruption Commission. The Bank and all of its subsidiaries in the capital market business have been certified as full members of the CAC and have been recertified every three years



## 6.2 Guidelines for Business Conduct

The Group realizes the importance of its good reputation. Maintaining trust with clients, colleagues, shareholders, regulators and the general public is the obligation of every director, executive, officer and employee.

All directors, executives and employees must comply with laws, rules, regulations and policies which govern or apply to the businesses of the Bank and the Group companies and adhere to high professional standards of integrity and to key principles of business conduct in the performance of their duties. This is because the Group's businesses are predicated on the trust and respect of clients and the general public.

The Board of Directors has approved the Guidelines for Business Conduct Policy so that directors, officers and employees of the Group have a standard framework for the performance of duties. The Guidelines for Business Conduct Policy of the Group set key principles on significant issues, which are 1) conflict of interest; 2) corporate opportunities; 3) confidentiality obligations; 4) fair dealing; 5) treating

individuals with respect and dignity; 6) safeguarding the Group's information, assets and property; 7) compliance with the law; 8) written and electronic communications and 9) commitment to promoting ethical conduct (as per details shown in the Attachment 5 and on the Bank's website).

The Group communicates and disseminates the Guidelines for Business Conduct Policy via the Bank's intranet so that employees and executives can acknowledge and comply with the guidelines when they perform their duties. Furthermore, all employees of the Group have to do e-Learning and pass the test on the Guidelines for Business Conduct Policy on an annual basis.

The Compliance and Governance Committee has a duty to oversee the Bank and the Group companies to establish the Guidelines for Business Conduct to be used as a performance framework and, through the Legal and Compliance Group, ensure that all parties comply with such guidelines.

## 6.3 Major Changes and Improvements on Corporate Governance Policies, Guidelines and System

### 6.3.1 Major Improvements on Corporate Governance Policies, Guidelines and System

The Board of Directors reviews and revises the Corporate Governance Policy on an annual basis and constantly improves practices on several matters to upgrade the governance level of the Bank and the Group companies. During 2020, the Bank additionally improved its key corporate governance practices as follows:

- Reviewed the Bank's Corporate Governance Policy and opined that its principles were still up-to-date and in line with the corporate governance regulations. Therefore, the Board of Directors' meeting no. 12/2563 dated November 12, 2020

resolved to maintain the principles of such policy while updating the names of the Bank and its subsidiary, adding some matters to cover the Group companies, more details on the compliance with intellectual property law and the quorum of the Board meeting and revising some wordings for ease of understanding.

- Reviewed the scope of authority and the duties of the Board of Directors in order to conduct business with integrity to achieve stability and good return, without any conflict of interest and ensure the roles, duties and responsibilities are in accordance with the Corporate Governance Code/CG Code of listed companies and other specified regulations.
- Changed its authorized directors to be in line with the change of directors.



- Revised the authority for approving budget and disbursement to be more suitable with the current business operation.
- Defined additional roles, duties and responsibilities of the Compliance and Governance Committee in writing to review the Compliance Policy and any policies and guidelines in relation to good corporate governance as well as the performance of the compliance unit, endorse and/ or approve any amendments which were non-significant matters and report to the Board of Directors for acknowledgement once a year.
- Revised the bylaws of the Audit Committee, the Nomination and Remuneration Committee and the Compliance and Governance Committee regarding their voting in order to allow the committee member who was assigned to act as the Chairman of the meeting to have a casting vote.
- Revised the roles, duties and responsibilities of the Executive Committee on the establishment and amendment of the Bank's organizational structure to increase more flexibility.
- Allowed the meetings of the Board of Directors and committees to be arranged via electronic media so as to add more flexibility and be in line with current circumstances.
- Appointed Mrs. Patchanee Limapichat, who had been elected as the Bank's director by the resolution of the 2020 AGM, as an additional member of the Compliance and Governance Committee and revised the Executive Committee's members in accordance with the change of the executives in the Group companies.
- Appointed the Group's Personal Data Protection Officer in accordance with the Personal Data Protection Act B.E. 2562 (2019).
- Reviewed and amended the Group's Consolidated Supervisory Guideline prior to submitting to the Bank of Thailand.
- Defined, reviewed and revised the policies and guidelines for more clarity and to ensure that they are in line with the revised regulations of governing agencies. These cover various risk management policies, Anti-corruption Policy, Securities

Business Policy, Service Channels Policy, Money Transfer Fund Policy, Delegation of Authority Policy for Commercial Lending and Counterparty Risk Limit Setting, Delegation of Authority Policy for Retail Lending, Information Technology Policy, Personal Data Protection Policy, Policy and Plan on Capital Management, Historical Rate Rollover Policy, Sandbox Policy, Investment & Trading Policy, Master Product Program for Derivatives, Regulations on the Giving and Receiving of Gifts, Entertainment Fees or Other Expenses with Outsiders, Connected Transaction Policy and Strategic Shareholders Report, etc.

- Self-evaluated on the anti-corruption measures and submitted the Anti-corruption Self-evaluation Report to the CAC in order to re-certify the Bank's and KKPAM's membership.

### **6.3.2 Implementation of Corporate Governance Code for Listed Companies 2017 ("CG Code") Released by the SEC**

During the Board of Directors' Meeting No. 12/2563 held on November 12, 2020, in which all directors attended, the Board of Directors contemplated the suitability of applying the principles and guidelines of the CG Code released by the SEC for the Bank's business context to ensure that the Bank and the Group have a long-term satisfactory business performance, sustainable value creation and shareholders' and stakeholders' trust, which meets the expectation of the business sector, investors, the capital market and society.

The Board of Directors has the opinion that the Bank's current practices align with the eight principles of the CG Code. There are only some unapplied guidelines as shown below due to the fact that they are currently inapplicable:

- Guideline 3.2.1: The Chairman of the Board should be an independent director.
- Guideline 3.2.4: In case the Chairman is not an independent director, the Board of Directors should ensure the balance of power and authority between the Board and the management by having

the Board comprise a majority of independent directors or appoint a designated independent director to participate in setting the agenda of the Board of Directors' meetings.

- Guideline 3.7.3: The company should appoint an external consultant to assist in setting guidelines and providing recommendations for a Board assessment at least once every three years. This information should be disclosed in the annual report.
- Guideline 4.2.1 (1): The Board of Directors should consider appropriate combination of salary and other short-term compensations, such as bonus, and long-term compensations, such as employee stock ownership plan participation.
- Guideline 5.2.1 (3): Responsibilities to business partners by engaging in and expecting fair procurement and contracting, including fair contract or agreement conditions, providing access to training, developing potential and enhancing production and service standards in line with applicable laws and standards, and expecting and supervising business partners to respect human rights, social and environmental responsibilities, and treat their employees, staff and workers fairly including ensuring that business partners have implemented sustainable and values-based business policies and procedures.

The compensation arranged for the executives of the Bank, including executives who are on secondment from its subsidiaries, are in the form of monthly salary and bonus, which are determined based on the total compensation concept, taking into account the individual performance in accordance with his/ her duty and management responsibility for operating the business to achieve the specified plan and strategy and the overall organizational performance in both short and long terms. However, presently the Bank offers no employee stock ownership plan to executives.

The Group always realizes the importance of counterparties; therefore, it has defined its role, practice and responsibilities towards counterparties as well as the procurement policy in writing. However, the Bank has not yet partaken in training, developing potential

and enhancing production and service standards of its counterparties nor ensuring that its counterparties respect human rights and treat their workers fairly.

### 6.3.3 Corporate Governance Practices

The Board of Directors pays great attention and commits to conduct its business according to good corporate governance principles as prescribed by the relevant supervision authorities. This attentiveness and commitment has enabled the Bank to achieve numerous governance honors and awards, such as the following:

- One of the 161 listed companies ranked "5 TIA" with a full 100 score from the quality assessment of the Annual General Meeting of the Shareholders in 2020 by the Thai Investors Association, the SEC and the Thai Listed Company Association;
- Rated "Excellent" in CG scoring from the Corporate Governance Report of Thai Listed Companies in 2020 and received five logos from the Thai Institute of Directors Association ("IOD");
- One of the 135 listed companies in ASEAN awarded ASEAN Asset Class 2019 from the ASEAN CG Scorecard assessment in 2019 which was supported by ASEAN Capital Markets Forum (ACMF) and the Asian Development Bank (ADB);
- One of the 124 listed companies selected by the SET to receive the Thailand Sustainability Investment 2020 for the sixth consecutive year due to efforts to develop good corporate governance, responsibilities to the environment and society and business management under corporate governance (Environment, Social and Governance/ ESG) in order to uphold sustainable growth and build trust for all stakeholders;
- One of the 100 listed companies selected by Thaipat Institute's ESG Rating Unit to be on the list of ESG100 in the year 2020 for the sixth consecutive year due to outstanding sustainability performance in ESG aspects;
- Obtained the Sustainability Disclosure Recognition Award from Thaipat Institute in the State of Corporate Sustainability in 2020 due to the



determination in the disclosure of sustainable business information which is beneficial to all stakeholders and for the long-term organizational sustainable development; and

- Became CAC member since January 16, 2015, 1<sup>st</sup> re-certification on November 10, 2017 and 2<sup>nd</sup> re-certification on December 31, 2020.

In 2020, the Bank's implementations according to each section of the Corporate Governance Policy were as follows:

## **1. Rights of Shareholders**

### **1.1 The Bank facilitated shareholders to fully exercise their rights by attending and voting in the shareholders' meeting.**

The Bank's AGM is held within four months after the end of its fiscal year. An extraordinary general meeting of shareholders may be called if there is any urgent proposal which requires shareholders' approval. In 2020, the AGM was held on August 7, 2020, which was not a commercial bank holiday, at the Grand Hyatt Erawan Bangkok Hotel, which offered convenience in transportation for shareholders. During the year, the Bank called no extraordinary general meeting of shareholders.

The Bank fully facilitated all shareholders, including institutional shareholders, to attend the AGM. On the AGM day, registration was opened no less than two hours before the AGM commenced; an appropriate venue was selected; ample staff was present to welcome and help shareholders and proxies register; the barcode for registration and vote-counting systems from Inventech Systems (Thailand) Company Limited was used to facilitate shareholders and duty stamps were provided for authorization of proxies.

The notice of AGM clearly informed shareholders of all necessary documents and the Bank's Articles of Association relevant to the shareholders' meeting, such as their legitimate rights in attending the AGM. Proxy forms were also provided to allow shareholders to appoint a third party or the Bank's independent director as their proxies.

Moreover, the Bank also prepared all AGM documents in English, which were disclosed concurrently with the Thai version, for foreign shareholders. The Bank also gave those shareholders who showed up after

the AGM commenced the chance to vote on agenda items still under deliberation.

### **1.2 The Bank provided advance and complete information on the AGM to shareholders.**

The Bank's AGM was conducted in compliance with the AGM checklist of the Thai Investors Association. For instance, the Bank posted the notice of AGM along with information for each agenda item no less than thirty days prior to the AGM date (on July 7, 2020 or thirty-one days prior to the AGM date) and assigned the Thailand Securities Depository Co., Ltd. (TSD), the registrar, to arrange delivery of the notice of AGM to shareholders by post no less than fourteen days prior to the AGM date (on July 23, 2020). The notice of AGM was published in both Thai and English daily newspapers for three consecutive days. The Bank provided a complete agenda and sufficient information for voting on all agenda items, each of which was identified clearly as either for acknowledgement or consideration together with opinions of the Board of Directors on particular issues. For example, for the dividend agenda, the Bank disclosed its dividend payment policy, supporting reasons for dividend payment omission and dividend payment information in comparison with the previous year. For the director election agenda, the Bank provided complete profiles of persons proposed to be elected as directors. For the directors' remuneration agenda, besides the types and amount of remuneration proposed, the Bank provided information on policy, guidelines and criteria for considering directors' remuneration. For the auditor appointment agenda, the Bank disclosed complete details of proposed auditors including their names, audit firm, experiences, independency, remuneration, etc. Objectives, rationales and the directors' opinions of each agenda item are stated clearly in the notice of AGM.

### **1.3 The Bank allowed shareholders to submit questions relevant to the shareholders' meeting agendas in advance.**

For the shareholders' ultimate benefit, once the meeting date had been announced, the Bank allowed shareholders to submit questions relevant to the shareholders' meeting agendas. In order to fully reserve shareholders' rights, the

Bank disclosed the criteria for submission of questions in advance on its website. Shareholders were allowed to submit questions regarding the meeting agendas until August 4, 2020 via the Bank's website or registered post to the Bank's Corporate Secretary, who gathered, reviewed and proposed questions submitted by shareholders to the Chairman of the Board of Directors and the Board of Directors for consideration.

#### **1.4 The Bank allowed shareholders to propose agenda items for the AGM and to nominate directors.**

The Bank provided the opportunity for shareholders to propose agenda items for the AGM and nominate directors before the notice of AGM was issued. For the 2020 AGM, the Bank allowed shareholders to propose agenda items and nominate directors in advance for three months prior to the end of its fiscal year, during October 1 to December 30, 2019. The Bank had announced this opportunity via the SET's channel and also disclosed the guidelines for shareholders to propose agenda items and nominate directors on its website since September 30, 2019. However, no agenda item was proposed for the 2020 AGM and no director was nominated to be the Bank's director by any shareholder during the above-mentioned period.

The Board of Directors is responsible for determining the appropriateness of the agenda items proposed by shareholders and such agenda proposals must be in line with the Bank's criteria, unless otherwise stated by the Board of Directors. The Board of Directors' resolution is considered final.

In the case where many shareholders propose related agenda items, the Board of Directors may combine them into one agenda item. The proposals, which are approved by the Board of Directors, along with the Board of Directors' opinions, will be included as agenda items in the notice of AGM. For the proposals which are not approved by the Board of Directors, the Bank will inform the shareholder(s) after the Board of Directors' meeting and before the shareholders' meeting via its website or other appropriate channels.

#### **1.5 Shareholders may grant proxies for the shareholders' meeting.**

The Bank allows shareholders who cannot attend the shareholders' meetings to appoint a third party or the Bank's independent director as their proxies and vote on their behalf. The proxy forms, on which shareholders are able to specify their votes, are provided together with the notice of AGM. Shareholders can also download proxy forms from the Bank's website. Furthermore, the Bank clearly informs shareholders of all necessary documents for granting proxy and avoids requiring any condition which makes proxy granting complicated.

For the AGM, the Bank proposes its independent directors as an option for shareholders who cannot attend the shareholders' meetings to appoint as their proxies. For the 2020 AGM, the Bank proposed two independent directors to shareholders for granting proxies. 475 shareholders, representing 206,374,863 shares, appointed the Bank's independent directors as their proxies.

#### **1.6 The Bank encourages directors and executives to attend the shareholders' meetings to provide information and answer questions.**

The Bank has a policy encouraging the Chairpersons of the Board of Directors, the Audit Committee and the Nomination and Remuneration Committee, the CEO, the President, the heads of business and supporting groups, the senior executives and auditors to participate in all AGMs to provide additional information and answer questions for shareholders. In 2020, all Chairpersons of the Board of Directors and the committees under the supervision of the Board of Directors, the CEO, the President, the heads of business and supporting groups, the senior executive in charge of finance as well as the auditors participated in the 2020 AGM.

#### **1.7 An appropriate meeting time is allocated and shareholders are supported to express their opinions.**

Before considering the agenda items, shareholders are informed about the meeting rules, voting and vote-counting procedures, and how to express opinions, give





suggestions and raise questions relevant to the Bank during the shareholders' meetings. The Chairman of the Board of Directors, acting as the Chairman of the AGM, runs the meeting in accordance with the agenda items specified in the notice of AGM without adding any other agenda item which is not notified to shareholders in advance. During the AGM, the Chairman provides appropriate time for discussion and opportunity for shareholders to equally express their opinions, make inquiries and request relevant directors to clarify and provide complete information to shareholders.

### **1.8 Comprehensive minutes of the shareholders' meetings are recorded.**

Comprehensive minutes of the 2020 AGM were recorded. It included names of directors and executives attending the AGM, the proportion of attending directors, voting and vote-counting procedures, key discussion issues, questions raised, clarifications, comments, resolution results and complete voting results (for approve/ against/ abstain and voided cards) of each agenda item.

The Bank disclosed in a timely manner the resolutions of the 2020 AGM (on August 7, 2020 which was the AGM date) via the SET's channel, delivered the minutes of the AGM to the regulatory agencies within fourteen days of the meeting date and disclosed such minutes on its website.

## **2. Equitable Treatment of Shareholders**

The Bank respects and values the importance of equitable treatment of shareholders. The Bank treats shareholders equitably for participating in the shareholders' meetings, receiving information and voting by one share for one vote. Shareholders who have a business stake-holding in any agenda item have no right to vote on such agenda item.

### **2.1 Transaction with Related Persons or Connected Transactions**

The Group does not encourage any transaction entered into between the Group and directors, executives, major shareholders and related persons. This is to avoid any potential conflict of interest. However, in the course of doing business, it may be necessary for the Group to enter into such transactions. This is to be done within

the procedures and framework of regulations of such matters. The Group has established the guidelines relating to connected transactions which may lead to conflict of interest. In order for the Group to enter into any connected transaction and where there is the possibility of a conflict of interest, this transaction must go through a rigorous process of consideration, which must be clear, free from bias and within the boundaries of good ethical practices, keeping in mind the importance of it being beneficial to both the Group and overall shareholders.

Directors and executives, who have an interest in any transaction or matter affecting the Bank/ the Group, are required to report such interest and not participate in the decision-making process on such issue for the utmost benefit of the Group.

The Bank's Audit Committee has authority in considering and disclosing the connected transactions or transactions which may lead to a conflict of interest to ensure that they are in compliance with the laws and the SET's regulations; are reasonable and for the highest benefit of the Group. In the previous year, the Group did not violate any regulations regarding connected transactions.

Directors and executives have to maintain their securities trading accounts with the securities company in the Group, unless they are exempted under the Bank's regulations. The securities trading transactions of directors and executives must be on an arm's-length basis without taking unfair advantage of anyone through unethical or illegal means. The transactions must be entered into in the ordinary course of business on substantially the same terms as those prevailing at the time for comparable transactions with other similarly situated clients.

## **3. Role of Stakeholders**

The Group, with acknowledgement of the right of all stakeholders, has a policy to manage impacts from business operations in all aspects. It projects to ascertain for all related parties that its business has taken into consideration environmental concerns for sustainable development. In addition, this is to ensure that all stakeholders, both internal stakeholders, i.e. employees, executives and subsidiaries, as well as external stakeholders, are fairly treated.



The Bank has a policy for conducting business with a responsibility towards society so that directors, executives and employees of the Bank have guidelines for performing their duties responsibly for society in ten areas. These consist of good corporate governance, fair operations, anti-corruption, respecting human rights, fair treatment of employees/ labor, responsibility to consumers, community and social development participation, environment management, innovations and dissemination of CSR innovations and sustainability reporting.

### 3.1 Stakeholders' Involvement to Enhance the Operation of the Bank and the Group

The websites of the Bank and the Group have been developed so that they can become channels through which the stakeholders can participate to enhance the operation of the Bank and the Group. All stakeholders, including clients, counterparties, competitors, employees, shareholders and creditors, can make suggestions through the websites in order to create wealth, financial stability and sustainability.

### 3.2 Stakeholder Treatment Guidelines

The Board of Directors wants to ensure all stakeholders are well and fairly treated according to their statutory rights and agreements. Therefore, it has defined guidelines for treatment of various stakeholders in its Corporate Governance Policy which can be summarized as follows:

#### *Role, Practice and Responsibilities of the Group towards Shareholders*

The Group aims for good business performance, competitive capability and steady and sustainable growth and takes into account the current and future risks in order to add value to shareholders in the long term. The Group has duties to operate business and disclose information transparently and fairly to all shareholders for the utmost benefit of shareholders as a whole and to try its best to protect the assets and reputation of the Group.

#### *Role, Practice and Responsibilities of the Group towards Clients*

The Group realizes that clients' satisfaction and confidence in the Bank and the Group are essential. Thus, the Group strives to initiate innovation in product and service development including process improvement. This

is aimed to provide best-quality products and services to clients by keeping in mind their needs and benefits. The Group provides complete and accurate information about products and services without any distortion of fact; does advertising and public relation activities responsibly without misrepresentation or exploitation of clients' misunderstanding to avoid promoting undesirable behavior; implements market conduct without any practice which is unjust, ensures that clients are consistently treated in accordance to terms agreed with care and honesty and respects clients' information privacy. The Group does not release client information to third-parties, except upon a clients' authorization or when permitted or required by law and does not sell or rent clients' personal information. The Group's employees do not discuss their clients with any other employees not relating to the matter. The Group abides by all legal regulations and additional rules in regard to clients' information.

In addition, the Group carries out client satisfaction surveys, monitors its result and welcomes clients' complaints on products and services. Upon receipt, such complaints are investigated and remedial actions are provided promptly.

#### *Role, Practice and Responsibilities of the Group towards Employees*

All employees are valued resources and a key success factor in its business operations. Therefore, trainings are continually provided on a regular basis throughout the organization to encourage the development of knowledge, skills and capabilities of employees. The Group also encourages employees to partake in external trainings and seminars arranged by specialists to enhance their potential to be comparable to the standards of other leading firms in the industry and to partake in the development of the Group to be a leading financial institution which can provide good services to clients.

The Group has in place a system of appointments, transfers as well as rewards and punishments based on the knowledge, capability and suitability of employees. The Group respects the rights of every employee by respecting the rights of each employee and individual and maintaining secrecy on personal information. The Group does not tolerate discrimination on the grounds of race, nationality, religion, gender, age, disability, sexual



orientation and any other form of illegal discrimination. The Group has arranged for a system of remuneration and benefits accordingly and equivalent to standards of other firms in the same industry and also provides retirement compensation adequate for a secure life. Welfare for the employees includes provident fund, social security fund, group health insurance, group life insurance, group accident insurance, annual medical check-up, nursing room, mother corner (breast milk collection room), continual scholarships until the undergraduate level for children of employees who pass away and other monetary benefits for assisting employees on various occasions.

In terms of safety and health, the Group has set up a working environment taking into account safety, health and environment suitable for employees to work while ensuring clients' convenience. Furthermore, the Group has organized fire drills and an office security system. The Group has also announced the Guidelines for Safety and Unusual Sight to ensure safety for its buildings and its employees.

The Group supervises, manages and justly treats all employees with kindness, politeness and respect and provides working opportunities for employees at every level. Also, the Group has strived to develop a positive corporate culture and working atmosphere.

The Group has communicated with employees on its objectives, main goals, corporate culture and strategies so that they have the same target in creating corporate value. The Group has set up the Guidelines for Business Conduct Policy prescribing the framework for employees in business dealings and has issued the Anti-corruption Policy in order to set standards with which employees may operate with a sense of honesty. The Group arranges for the dissemination of the Guidelines for Business Conduct Policy and Anti-corruption Policy. This is to be used in conjunction with the working rules and regulations of the Bank and the Group companies and is to be reviewed periodically.

(Details on respecting human rights and fair treatment of employees/ labor are shown in the Sustainability Report.)

#### *Role, Practice and Responsibilities of the Group towards Creditors including Credit Guarantees*

The Bank and the Group companies strictly abide by all terms and conditions as stipulated in agreements

with creditors and credit guarantees in respect to the purpose and utilization of loan, repayment and proper maintenance of collateral in compliance with related laws and regulations.

The Bank and the Group companies provide correct and honest status and financial reports to creditors periodically, and in the event that the Bank or any Group company is unable to comply with any condition of an agreement, the Bank or such Group company will immediately inform the creditor so as to find a reasonable and mutually-acceptable solution. The Bank and the Group companies strive to maintain good relationships and mutual trust with creditors.

The Group has established a strategy in the treasury function to promote security and strength in capital management to prevent from experiencing difficulties in repaying creditors. There is also a liquidity management on debt repayment to meet the maturity in a timely manner.

The Risk Oversight Committee is responsible for planning, monitoring and controlling the Group's capital to ensure its sufficiency while considering the Group's position and business activities. In doing so, the Group has an appropriate Internal Capital Adequacy Assessment Process (ICAAP) which is able to cover the Group's significant risks under normal circumstances or crisis and is in accordance with the capital management standards under Pillar II of the Bank of Thailand.

#### *Role, Practice and Responsibilities of the Group towards Counterparties*

The Group realizes that support from counterparties is an important part of its success. Therefore, the Group treats all counterparties equally and fairly in all transactions and strictly adheres to all terms of any agreement. The system to manage and monitor is in place to ensure the strict adherence to the terms of agreement. In the event that the Bank or the Group companies fail to do so, the counterparties will be informed immediately in order to find a reasonable and mutually-acceptable solution.

The Bank has a procurement policy which requires the selection process for sellers, counterparties and consultants to be based on the premise that the Bank/ the Group will receive maximum benefit. This is done in a transparent manner, free from any bias and is able to be audited. Opportunities will be provided for all qualified

counterparties to submit their proposals. Employees are not allowed to receive any benefit from parties entering the bidding process. If there is any evidence of dishonestly requested or receipt of benefit, counterparties will be informed so the problem will be solved in a fair and timely manner.

The Bank's procurement process comprises the selection of sellers/ service providers and the comparison of price and conditions to create fair competition. To ensure the Bank's utmost benefit, the Bank will undertake price and conditions negotiation, Know Your Suppliers, goods/ service acceptance, sellers/ service providers' performance evaluation - post-delivery and yearly service - and Approved Supplier List by taking into account various aspects. Examples include goods/ service quality, vendor expertise and experience from previous performance records, financial status, complaints and lawsuit, vendor reputation and reliability, after-sales service and confidentiality of the Bank's information, etc. In terms of normal procurement, the Bank will check the price from a minimum of three vendors to compare and select the most suitable vendor/ service provider. For urgent or continual procurement, the Bank will inquire the price from at least one vendor from the approved supplier list and subsequently negotiate the price.

The Group has in place an audit system which will not permit the disclosure of any information of counterparties or the use of such information for conducting business in any illegal manner. In addition, the Group does not cooperate with any person or entity associated with illegal activities or those posing a threat to society and to the security of the nation or any activity connected with corruption.

*Role, Practice and Responsibilities of the Group towards Competitors*

The Bank and the Group companies conduct the business ethically and in accordance with rules and regulations, avoid any search for confidential information of business competitors by dishonest or improper means and refrain from tarnishing competitors' reputation without truth.

It is against the policy to seek increased sales by disparaging the products and services of others since the Group's goal is to increase business by offering superior products and services.

*Role, Practice and Responsibilities of the Group towards the Community, Society and the Environment*

The Group acts as a responsible citizen, supporting democracy under the demo-monarchy system and remains unbiased in politics. Employees are permitted to exercise their rights and political freedom, which is an individual right, but are not permitted to do so under the name of the Bank or the Group.

The Group strictly conducts the business under relevant laws and regulations. The Group discloses its Anti-corruption Policy to the public and will not cooperate with or support any person or entity which is illegal, is connected with corruption or poses a threat to society and the security of the nation; take part in any activity which causes harm to the community, society or the environment and partake of any profit which can arise from burdening society.

The Group stands firm in its commitment to the synergy of the benefit of the organization, employees, clients and shareholders with economic development and financial markets of Thailand; strives to keep growing together with the financial and capital markets; tries to assist the financial, capital and securities markets to steadily grow and supports the use of knowledge and expertise of the Bank, the Group companies and their employees relating to management, financial and investment management, systems implementation and law for the benefit of society and the community.

The Group supports its employees at every level in developing their skills with periodic training seminars to instill a sense of responsibility towards the community, society and the environment; promotes and creates awareness among employees of the need for natural resources and energy conservation and how to use them wisely and supports and encourages employees to volunteer and participate in social activities and charity works.

The Group has set aside an appropriate budget for the community, social and charity works without being limited to projects which can be used for tax reduction purposes only; supports projects which help maintain culture and traditions as well as promotes religious activities and supports the strengthening of the community in which it is located as well as other communities so that



they can become self-reliant, help each other, improve the quality of life and live with happiness.

(Details on the Group's activities for the community, society and the environment are shown in the Sustainability Report.)

### 3.3 Respect Intellectual Property

All employees are obligated to maintain the Group's proprietary information and intellectual property. Proprietary information of the Bank and the Group companies includes business, marketing and service plans, unpublished financial data and reports, databases, client information and salary and bonus information. Intellectual property comprises of trade secrets, patents, trademarks and copyrights. Unauthorized use or distribution of this material is a violation of the policy. It may also be illegal and result in civil and criminal penalties.

In the meantime, the Bank and the Group companies respect the intellectual property of other parties and comply with the intellectual property laws. The unauthorized use of another party's patented, trademarked or copyrighted (audio, video, text) materials is strictly prohibited, regardless of their sources. In addition, the Group does not permit the use of software or other devices whose primary purpose is the circumvention or violation of another's intellectual property rights.

## 4. Disclosure and Transparency

Information disclosure is a vital principle for good corporate governance. The Group places great emphasis on disclosure of information to shareholders. Accurate and complete information is provided to shareholders in a transparent and timely manner through various actions as follows:

### 4.1 Disclosure of Information

The Group ensures that all important information, both financial and non-financial, is disclosed correctly, accurately, on a timely basis, in a transparent manner and under the regulations of the supervision authorities through the SET's channel, the annual report/ the annual registration statement (Form 56-1 One Report), the website in both Thai and English as well as through public media (in some circumstances) so that all shareholders can equally receive information.

The Group has clear procedures for information disclosure under ordinary and urgent circumstances alike. In an effort to make financial information more rapidly available, the Group discloses unaudited financial statements for the half-year and year-ended periods and unreviewed financial statements for the first and third quarters besides the audited and reviewed versions. Also, the Group discloses the management discussion and analysis along with the performance update presentations on a quarterly basis on its website. The Group has never submitted its financial reports late.

All disclosed information, as well as that made public to shareholders and investors, is disseminated through the website, which is upgraded, regularly updated and made bilingual to benefit shareholders.

In 2020, senior executives and investor relations officers met and provided information to local as well as foreign analysts, shareholders and investors as follows:

Type of Activities	Times
One-on-one meeting and conference call	19
Analyst and investor meeting	4
Domestic investor conference	4
Press conference	2

### 4.2 Investor Relations

Investor relations serve institutional investors, minor shareholders, analysts and those who are interested in monitoring the Group's information.

The Bank has set the Code of Conduct for investor relations officers to promote ethical conduct and compliance with laws and regulations among all executives and employees involved with investor relations in terms of the disclosure and confidentiality of financial statements and any related information of which details are shown on the Bank's website.

Additionally, the Bank supports its investor relations officers to gain knowledge suitable for their responsibility and participate in activities of the Thai Investor Relations Club in order to exchange knowledge, experiences and practices and build good relationships with other listed companies.

Information about the investor relations officer and contact details are shown in the section 7.6.

### 4.3 Appointment of Auditor and Financial Statements

The Board of Directors has assigned the Audit Committee to be responsible for reviewing, selecting and nominating independent persons, whose names appear in the list of auditors approved by the SEC, to be appointed as auditors of the Bank and the Group companies, so as to recommend the remuneration of independent auditors.

The Board of Directors, at meeting No. 2/2563 on February 27, 2020, approved a proposal by the Audit Committee to propose to the AGM the appointment and remuneration of auditors from PwC as the auditor of the Bank for 2020. The main reason was because of their independence along with sound knowledge, understanding and expertise for auditing the commercial banking business and the capital market business. Furthermore, since 2019 the auditors of PwC had been advising and assisting the Bank to prepare for the TFRS 9 which had been effective since January 1, 2020.

The audit fee was approved by the Bank's shareholders' meeting of which details for 2020 were shown in section 7.7.

In the previous year, the Bank's financial statements were unconditionally certified by the auditor.

## 5. Board Responsibilities

### 5.1 Term of Directorship

The Bank stipulates in Clause 18 of the Articles of Association that at every AGM, at least one-third (1/3) of the directors shall retire from their positions. Should the number of directors not be divisible into three equal parts, the nearest number to one-third must retire from office. Directors retiring by rotation can be re-elected as directors. In short, an average term of a director is three years.

In 2018, the Board of Directors reviewed the Corporate Governance Policy and amended the term of directorship section in such policy. It prescribes that independent directors can hold their positions for no more than nine consecutive years. For any independent director who has held the position for nine years and wants to be

re-appointed as an independent director, such director must have been discharged from the position at least two years before the day the appointment request is submitted to the Bank of Thailand. In addition, for any independent director who has held the position for less than nine years, if he/ she has been discharged from the position, such independent director may be re-appointed as a dependent director. Yet, the term of directorship of such director must all be counted.

For the Bank's independent director who is qualified according to the Bank of Thailand's notification No. FPG. 13/2552 on Corporate Governance of Financial Institutions and is in such position prior to the effective date of the Bank of Thailand's notification No. FPG 17/2561 on Corporate Governance of Financial Institutions (No. 2), if he/ she has held the position for more than nine years, such director can still be in office until May 1, 2022.

### 5.2 Board Meeting

Each year the Bank schedules regular meeting dates and agendas for the Board of Directors' meetings in advance prior to the end of the earlier year so the Corporate Secretary can inform the Board members of those meeting schedules and agendas for the coming year. In order to enable the directors to allocate their time and participate in the meetings, the Board of Directors' meetings will be normally convened on the last Thursday of each month. Additional Board meetings may be rescheduled or held, if necessary. Each director must have at least 75% attendance of all Board meetings held in a year, unless with reasonable ground or necessity.

The quorum of the Board meeting, while making any decision at the meeting, must consist of no less than two-thirds of the total number of directors. The meeting's resolutions must be passed by a majority vote of the Board members attending the meeting and the Chairman of the Board of Directors does not have a casting vote. The number of Board meetings should be consistent with the duties and responsibilities of the Board of Directors and no less than six times per year. During 2020, the Board of Directors met fourteen times. Also, there was one internal meeting among non-executive directors held on December 1, 2020 to discuss the board composition and the succession plan for senior executives and





the result from such meeting had been reported to the Board of Directors. (The attendance record of each director is shown in section 8.1.5.)

The Chairman of the Board and CEO are jointly responsible for compiling the important and necessary agendas to be discussed during the meeting. However, any director may freely request to add any agenda item for discussion.

The Corporate Secretary is responsible for the meeting arrangement and sending notices of meetings together with relevant documents to each Board member no less than seven days prior to the meeting date, except in urgent cases, in order that the directors shall have adequate time to review relevant information prior to the meeting. Each director can make inquiries for additional information from the Corporate Secretary and is free to submit any meeting agenda item. Each meeting agenda item is well-defined whether it is for acknowledgement, approval, consideration or is a regular follow-up on the operating results.

The agenda items for the Board meeting are prioritized in order to manage the meeting time for the utmost benefit. During the Board meeting, the Chairman of the Board allocates ample time for the management to report and for adequate discussion. Minutes of the meetings are recorded, certified by the Board of Directors and made available for examination by the Board and relevant parties.

In the event that any director has a conflict of interest in any matter, directly or indirectly, he/ she must disclose it to the Board of Directors before that matter is considered and must not take part in the decision-making process of such matter and it will be recorded in the minutes of the meeting.

In addition, the Chairman of the Board encourages the CEO to invite senior executives to attend the Board meetings to present additional information and get acquainted with the Board members. The Bank also grants opportunities for the directors to request additional and necessary information from the CEO, the President, the Corporate Secretary or other senior executives within the specified policy framework.

### 5.3 Directorship in Other Companies of Directors

The Bank is well aware of the value of the experience the directors will gain by being directors of other agencies. However, in order to allow executive directors to have sufficient time to perform their duties to the fullest extent, the positions held at other agencies must be under the condition that they will not have an adverse effect on the performance of their duties as directors of the Bank.

As stipulated in the Corporate Governance Policy, the directors of the Bank may hold the position of Chairman of the Board, executive director or authorized director at no more than three groups. If the company in which a director holds a title is a single company, then it will be counted as one group. If the company is acquired through debt restructuring, it will be considered as the company in the same group as the Bank. Furthermore, directors of the Bank can serve as directors of other listed companies on the SET and overseas stock exchanges for no more than four companies, excluding listed companies on the SET acquired through debt restructuring. This is consistent with the Bank of Thailand's notification No. FPG.10/2561 on Corporate Governance of Financial Institutions dated May 22, 2018. Also, the Corporate Governance Policy of the Bank suggests that executive directors of the Bank be director of no more than two listed companies outside the Group.

Directors of the Bank may not hold shares or be directors in any private or public company which operates in the same industry and is considered in direct competition with the Bank, unless the shareholders' meeting has been informed prior to being appointed.

Prior to taking up the post of director, officer or employee in any other business, a director must receive approval from the Bank. If an executive director wishes to take up a post of director in a listed company in Thailand or overseas, he/ she must receive approval from the Executive Committee of the Bank. This is in order to prevent any conflict of interest which may arise.

All newly-appointed directors must disclose all activities and interests outside the Bank/ the Group upon being appointed and all directors are duty-bound to disclose any changes to the status of interest outside the Bank/ the Group to the Bank.



## 5.4 Directorship in Other Companies of Executives

The Bank is well aware of the value of the experiences the CEO and President of the Bank will gain by being directors of other agencies. Nevertheless, the positions held at other agencies must be under the condition that they will not have an adverse effect on the performance of their duties. The CEO and President of the Bank must not serve as a full-time employee of other organizations, unless the Bank of Thailand considers that it does not affect the effectiveness of their duties at the Bank.

As stipulated in the Corporate Governance Policy, the CEO and President of the Bank may hold the position of Chairman of the Board, executive director or authorized director at no more than three groups. If the company in which they hold title is a single company, then it will be counted as one group. If the company is acquired through debt restructuring, it will be considered as the company in the same group as the Bank. Furthermore, the CEO and President of the Bank can serve as directors of other listed companies on the SET and overseas stock exchanges for no more than four companies, excluding listed companies on the SET acquired through debt restructuring.

The CEO and President of the Bank may not hold shares or be a director in any private or public company which operates in the same industry and is considered in direct competition with the Bank.

Prior to taking up the post of director, officer or employee in any other business, the CEO and President of the Bank must receive approval from the Legal and Compliance Group. In the case where the CEO or President of the Bank takes up the post of director in a listed company in Thailand or overseas, he/ she must be pre-approved by the Executive Committee of the Bank in order to avoid any conflict of interest which may arise.

Upon entering employment with the Bank, all senior executives must disclose all activities and interests outside the Bank and are duty-bound to inform the Bank of any changes in the status of interest outside the Bank.

## 5.5 Director Orientation

The Bank realizes the importance of duties performed by new directors. Consequently, all new directors must be informed about the Group's overall business operation, structure and relevant businesses so they understand the business process and shareholding structure of the Group. Upon changes in the director, the Corporate Secretariat Department is responsible for preparing for any new director a set of documents consisting of the annual report, mission, vision, corporate principles, business performance, Articles of Association, Memorandum of Association, director handbook and relevant regulatory notifications.

The 2020 AGM dated August 7, 2020 resolved to appoint Mrs. Patchanee Limapichat as the Bank's director. Therefore, the Corporate Secretariat Department prepared and provided information necessary for the performance of duties of the new director.

## 5.6 Succession Plan

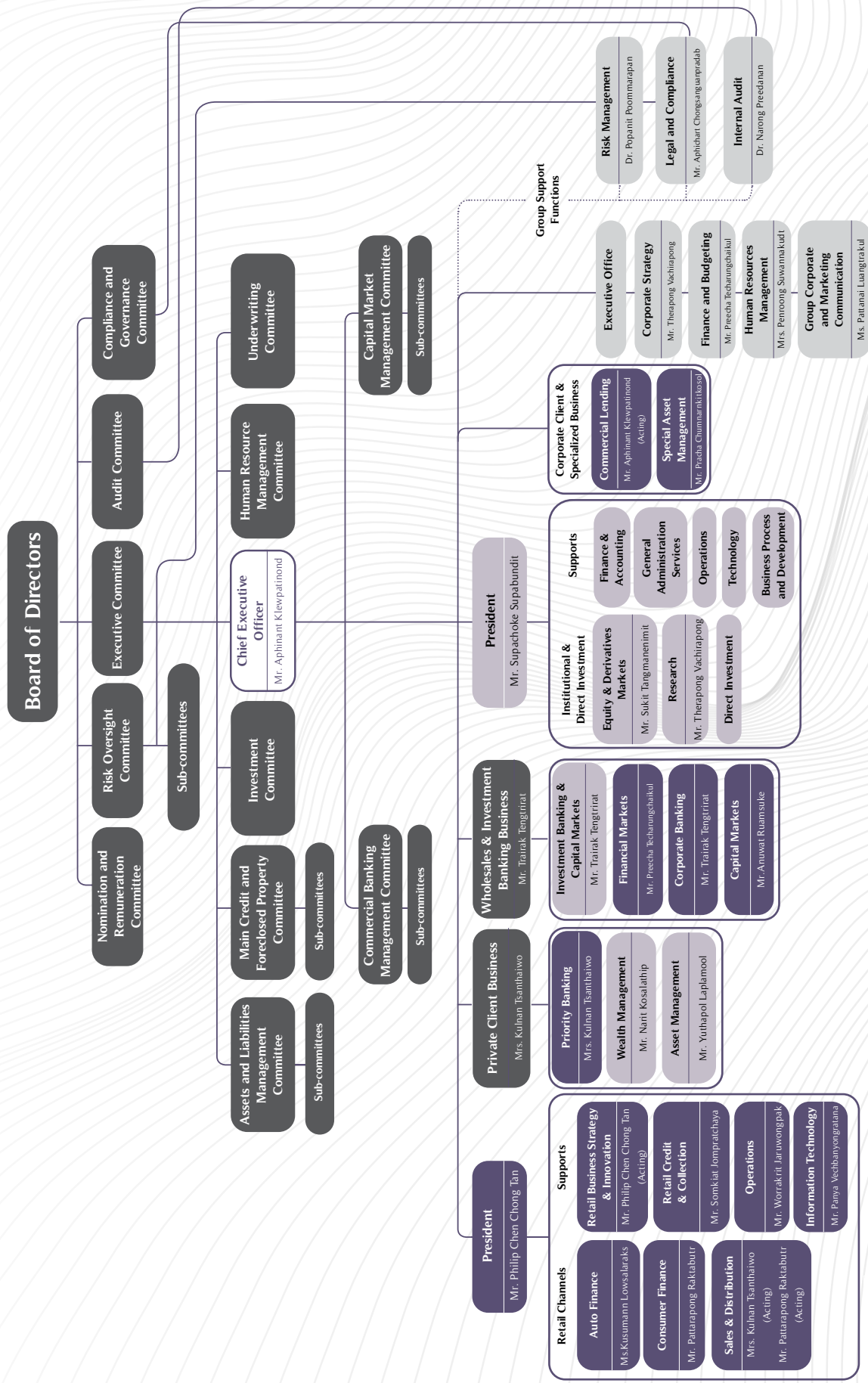
The Board of Directors assigns duties to the Nomination and Remuneration Committee to be responsible for overseeing that the management has adequately prescribed a relevant policy for the required succession plan. This aims to prepare candidates in significant positions and assure the continuity of the Bank's business operation and practices which are in line with the policies and standards applied to financial institutions.

The Bank's succession plan consists of procedures which 1) survey and identify positions, 2) assess and approve a list of successors 3) plan for successor development and 4) follow up on the successor development. Such a succession plan is regularly reported to the Board of Directors for acknowledgement.



## 7. Corporate Governance Structure

### 7.1 Organization Chart



## 7.2 Board of Directors

### 7.2.1 Board Composition

The Bank's Board of Directors is comprised of twelve members, including four independent directors, four non-executive directors and four executive directors, with a variety of skills, specialized experiences, genders, ages, etc. which commensurate with the size, complexity, business nature, risks and strategies of the Group. The Bank's Board of Directors presently consists of 33% independent directors or 67% non-executive directors. There are three women directors or 25% of the total

board members. In terms of age, five directors are aged between 51- 60 years old, six directors are aged between 61 - 70 years old and one director is over 71 years old. Details on the various skills and specialized experiences of the directors are shown in Attachment 1. In addition, to comply with good corporate governance principles, the Bank has appointed a non-executive director as the Chairman of the Board of Directors. The Chairman of the Board of Directors and the CEO are different individuals.

### 7.2.2 Board Information

The Bank's Board of Directors is comprised of twelve members as follows:

Name and Surname	Position/ Type of Director	Position in Committee under Supervision of the Board of Directors
1. Mr. Supol Wattanavekin	Chairman/ Non-executive Director	Chairman of the Risk Oversight Committee Advisor of the Executive Committee
2. Mrs. Dayana Bunnag	Director/ Independent Director	Chairperson of the Audit Committee
3. Mr. Chet Pattrakornkul	Director/ Independent Director	Chairman of the Compliance and Governance Committee Member of the Audit Committee Member of the Nomination and Remuneration Committee
4. Mr. Pongtep Polanun	Director/ Independent Director	-
5. Mr. Veravat Chutichetpong	Director /Independent Director	Chairman of the Nomination and Remuneration Committee Member of the Audit Committee
6. Mr. Suvit Mapaisansin	Director/ Non-executive Director	Member of the Nomination and Remuneration Committee Member of the Compliance and Governance Committee
7. Prof. Dr. Anya Khanthavit	Director/ Non-executive Director	Member of the Risk Oversight Committee
8. Mrs. Patchanee Limapichat	Director /Non-executive Director	Member of the Compliance and Governance Committee
9. Mr. Banyong Pongpanich	Director/ Executive Director *	Chairman of the Executive Committee Advisor of the Risk Oversight Committee
10. Ms. Thitinan Wattanavekin	Director/ Executive Director *	Member of the Executive Committee
11. Mr. Aphinant Klewpatinond	Director/ Executive Director	Member of the Executive Committee Member of the Risk Oversight Committee
12. Mr. Philip Chen Chong Tan	Director/ Executive Director	Member of the Executive Committee Member of the Risk Oversight Committee

\* Executive Director who is not employee of the Bank or the Group companies



## Authorized Directors

The authorized directors of the Bank, who can sign and bind the Bank, are any two of the following four directors, provided that they jointly sign with the Bank's seal affixed: Mr. Banyong Pongpanich, Ms. Thitinan Wattanavekin, Mr. Aphinant Klewpatinond and Mr. Philip Chen Chong Tan.

### 7.2.3 Roles and Responsibilities of the Board

As the representative of shareholders, the Board of Directors has roles, duties and responsibilities to conduct business with integrity to achieve stability and good returns. The Board of Directors should refrain from having any conflict of interest. The scope of authorities and duties of the Board of Directors are as follows:

1. Determine short and long-term business directions and strategic goals of the Group for both financial and non-financial aspects and efficiently allocate significant resources within the Group to ensure objectives and goals are achieved. The Board shall consider and approve the Group's business plans, proposed by the Executive Committee, by taking into account all changes to the Group's ecosystem and factors and define and approve policies which are required by laws and regulators and oversee and monitor the implementation of those policies through the Executive Committee to ensure that they are carried out efficiently and effectively in order to protect the benefits of the Group and its shareholders and for business sustainability.
2. Oversee to ensure adequate and efficient allocation of significant resources, for instance, capital investment, personnel, technology, etc. and promote the utilization of innovation to create business opportunities, improve business operation and risk management and enable the Bank to achieve key business objectives and goals. The Board of Directors shall also define the proper remuneration structure to incentivize employees to fully perform their duties with honesty and consistent with its risk culture. The Board of Directors may delegate the authority to other committees or designated persons to carry out and report the result to the Board of Directors as appropriate.
3. Ensure that the Bank's Guidelines for Business Conduct, including business ethics and ethics for directors, controlling persons and employees, are in place. These principles are to be adopted as practice guidelines for management and employees in the organization.
4. Define or approve the effective risk governance framework to support business operations in accordance with the specified directions and objectives under the rapidly changing business environment. The Board of Directors shall define the appropriate risk appetite level for the Bank's business operation, monitor the business so it is operated within such specified risk appetite level, ensure that the Bank has a system and risk management process which can address the overall and significant risks (Comprehensive Risk Management Policy and Process) and ensure that the Bank, through the Risk Oversight Committee, establishes policies, procedures and controls relating to risk management. These policies, procedures and controls, at the minimum, shall include credit risk, market risk, investment risk, liquidity risk, operational risk, reputational risk, legal risk, strategic risk and information technology risk, as well as risks which may arise from the launch of new products and certain significant business changes. The Board of Directors shall approve such policies and review them regularly or immediately after any significant changes. Furthermore, the Board of Directors has the duty to oversee the Group's risks, ensure that the Group's business is operated within specified risk management policies and strategies, support the building of risk culture as well as ensure the communication of such policies and strategies throughout the organization.

5. Ensure that the Bank and the Group companies have effective control, oversight and audit mechanism, adequate and proper internal control and internal audit systems as well as the organizational structure which promotes independent and effective control, oversight and audit functions (three lines of defense) to make certain that transactions are made efficiently and in accordance with the specified policy and system and relevant laws and regulations.
6. Study and understand the shareholder structure and relationship, which may affect business management and operation, and oversee that the checks and balances of power between the management and/or major shareholders is suitable. This should be done with emphasis on creating a good proportion of independent directors among Board members.
7. Appoint and specify roles and duties of committees as appropriate to support its oversight responsibility, such as the Audit Committee, Nomination and Remuneration Committee, Risk Oversight Committee, Compliance and Governance Committee and Executive Committee. The review of committees' roles and responsibilities should be regularly conducted at least once a year.
8. Ensure that committees require the management to define and implement a system for the Bank's corporate governance in accordance with applicable laws and business nature. Consider and approve the corporate governance system including monitoring the effectiveness of the Bank's corporate governance system and advice on further improvement.
9. Ensure that the management inform and update the Board of Directors on any important matters so that the Board of Directors has sufficient information to be able to perform its roles and carry out its duties and responsibilities efficiently.
10. Approve the Bank's annual financial reports, which are audited by an external auditor and reviewed by the Executive Committee and Audit Committee, prior to proposing to the shareholders' meeting for approval. In addition, the Board of Directors shall receive recommendations through the Management Letter provided by the external auditor and recommendations provided by the Executive Committee.
11. Define policy for risk assessment, capital adequacy and liquidity of the Bank and strategy and guideline to maintain the Bank's capital consistent with the approved risk appetite level. Define the stress test policy which is in line with the Bank's transactions and material risks.
12. Appoint the CEO nominated by the Nomination and Remuneration Committee and determine the performance evaluation criteria for the CEO which aligns with the business performance. Perform or delegate authority to the Nomination and Remuneration Committee to perform the annual performance evaluation of the CEO and approve the remuneration according to the pre-determined criteria. Such remuneration should incentivize competency to perform duties to achieve the Group's long-term key objectives and goals.
13. Appoint and establish the scope and authority of executives of the Bank and the highest-level executive of KKP CAP as recommended by the Nomination and Remuneration Committee.
14. Ensure that the Bank has in place policies on loans and investment with related parties.
15. Review and approve, through committees, the management's proposal relating to the authorization on lending, investments, commitments or any transactions with loan-like characteristics as well as purchasing and management expenditures. This is for the benefit of the Bank and in compliance with related laws and regulations.
16. Regularly review the Board of Directors' roles and responsibilities at least once a year to be in line with the changing business environment, industry, relevant factors, regulations and laws as well as enable the Bank to adapt in an appropriate and timely manner. Perform





an annual performance evaluation of the Board of Directors.

17. Oversee that the Bank discloses important corporate governance information at the shareholders' meeting and to the public.
18. Ensure that each individual director participates in no less than 75% of all Board of Directors' meetings held in a year, unless with reasonable grounds or necessity.

Furthermore, the Board of Directors may seek further professional opinion from external consultants on the operation of the Bank and the Group companies with the expenses borne by the Bank or the Group companies.

The Chairman of the Board of Directors must be an independent director or non-executive director. The number of Board meetings should be consistent with the duties and responsibilities of the Board of Directors and no less than six times per year. The quorum of the Board of Directors' meetings must consist of at least two-thirds of the Board members. The meeting's resolution must be passed by a majority vote of the Board members attending the meeting. The Chairman of the Board of Directors does not have a casting vote.

### **Matters under the Authority of the Board of Directors of the Bank**

The Board of Directors of the Bank has responsibility for the administration of all activities of the Bank and is empowered to proceed under the provision of law, the Bank's Articles of Association and resolution of the shareholders' meeting. These matters, which are under the authority of the Bank's Board of Directors, consist of the following:

1. To determine business direction and overall strategic goal of the Bank.
2. To approve the Bank's business plan and annual budget as proposed by the Executive Committee.
3. To review and approve the Bank's policies as required by laws or regulatory agencies including the main policies for operating business, for example, the overall risk management policy for the Bank and the Group companies, the credit policy, etc.
4. To approve the Corporate Governance Policy and Guidelines for Business Conduct Policy for the Bank and the Group companies as proposed by the Compliance and Governance Committee.
5. To appoint, remove and delegate authority and duty to the committees under the supervision of the Bank's Board of Directors including the executive officers from the Executive Vice President level and higher.
6. To approve the remuneration and other benefits for high level executives of the Bank.
7. To appoint and remove the Corporate Secretary.
8. To approve the payment and omission of the interim dividend for shareholders.
9. To propose an increase or reduction in capital or change of share value and the amendment or alteration of the Memorandum of Association, Articles of Association and/or objectives of the Bank to shareholders.
10. To approve or cancel loans, credit guarantees or credit limits in excess of the Executive Committee's authorized limit.
11. To approve the granting of loans or credit guarantees for companies which have a business relationship with the Bank as shareholders.
12. To approve the incorporation, merger or termination of subsidiary companies.
13. To approve the modification, demolition and writing off of fixed assets and intangible assets, which deteriorate or are decommissioned, out of order, lost, damaged or outdated and no longer usable, with book values exceeding the Executive Committee's authorized limit.
14. To sell or mortgage any immovable property of the Bank or any rental of immovable property of the Bank for a period exceeding three years.
15. To approve the acquisition or disposal of assets and connected transactions in accordance with the notifications of Capital Market Supervisory Board.



## 7.2.4 Roles and Responsibilities of the Chairman of the Board

The Chairman of the Board of Directors has a vital role in ensuring that the Board of Directors performs its duties in accordance with the specified direction and strategic goal for the utmost benefit of the Bank and shareholders as a whole. He will take leading roles for the Board of Directors at least covering the following aspects:

1. Oversee, monitor and ensure that the Bank's Board of Directors efficiently carries out its duties to achieve its objectives and main goal;
2. Ensure that all directors contribute to the Bank's ethical culture and good corporate governance;

3. Set the Board meeting agendas by discussing with the CEO and ensure that important matters are included;
4. Allocate sufficient time for management to propose topics and for directors to debate on important matters thoroughly. Encourage directors to exercise independent judgment for the best interest of the Bank; and
5. Promote a culture of openness and debate through ensuring constructive relations between executive and non-executive directors and between the Board and management.

## 7.3 Committees

The committees, which have been appointed by the Board of Directors to assist in operating business in accordance with the specified policies, consist of the Audit Committee, Nomination and Remuneration Committee, Compliance and Governance Committee, Risk Oversight Committee and Executive Committee, as per the following details:

### 7.3.1 Audit Committee

The Audit Committee has roles, duties and responsibilities as assigned by the Board of Directors as follows:

1. Review the Group's financial reporting to ensure its accuracy and adequacy and receive information about improper transactions in financial statements or other issues from employees.
2. Review the Group's internal control, including information technology security and control, to ensure that they are suitable and effective.
3. Determine the internal audit unit's independence, review the Group's internal audit to ensure that it is suitable and efficient and approve the appointment, transfer and dismissal as well as appraise the performance efficiency and effectiveness of the chief of the internal audit unit or any other unit in charge of an internal audit.

4. Consider, select and nominate an independent person to be the Group's auditor; propose remuneration for the auditor as well as attend a non-management meeting with the auditor at least once a year.
5. Consider the Group's policy relating to non-audit services provided by the auditor and review to ensure that the use of such services does not interfere with the auditor's independency.
6. Review the connected transactions or transactions which may lead to a conflict of interest, and the disclosure thereof, to ensure that they are in compliance with the laws and the SET's regulations and are reasonable and for the highest benefit.
7. Prepare and disclose the following information in the Group's annual report and the Audit Committee's report, which must be signed by the Audit Committee's Chairperson:
  - (a) opinion on the accuracy, completeness and credibility of the Group's financial report;
  - (b) opinion on the adequacy of the Group's internal control system;
  - (c) opinion on compliance with the law on securities and exchange, the SET's regulations and laws relating to the Group's businesses;



- (d) opinion on the suitability of the auditor;
  - (e) opinion on the transactions which may lead to a conflict of interest;
  - (f) the number of the Audit Committee's meetings and the attendance of such meetings by each committee member;
  - (g) opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter; and
  - (h) other transactions which, according to the Audit Committee's opinion, should be known to shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Bank's Board of Directors.
8. Report to the Bank's Board of Directors in order that remedial action can be taken within the timeframe which the Audit Committee deems appropriate in case the Audit Committee finds or suspects any misconduct as follows:
- (a) Any transaction which causes a conflict of interest;
  - (b) Any fraud, irregularity or material defect in an internal control system; or
  - (c) Any violation of the laws pertaining to financial institutions, the law on securities and exchange, the SET's regulations, the Bank of Thailand's regulations, other laws and regulations related to the banking and securities businesses and any other laws. If the Bank's Board of Directors or the management fails to rectify the matter within the period specified by the Audit Committee, the Audit Committee shall disclose such transaction or act in the annual report and report to the Bank of Thailand, the SEC or the SET accordingly.
9. Investigate immediately when receiving information of suspected misconduct from the auditor and report the preliminary investigation result to the SEC and auditor within thirty days from the notification date.
10. Inspect or question any relevant personnel regarding any related issues of the Group. The Audit Committee is authorized to hire or bring in specialists to assist with the auditing process, as deemed appropriate.
11. If necessary, the Audit Committee may invite the management or any relevant person(s) to join the meeting to give additional information related to the matter being audited.
12. Review to ensure that the Group companies follow the Group's policies.
13. Consult and exchange views with the Risk Oversight Committee in order to assess if the risk management policies and strategies cover all existing and emerging risks and if the implementations of such policies and strategies are effective and efficient.
14. Review the accuracy of the Anti-corruption Self-evaluation Report and reference documents which are prepared and audited by the Legal and Compliance Group and the Office of Internal Audit, respectively, in accordance with the review period as prescribed by the CAC.
15. Perform any other act as assigned by the Bank's Board of Directors and accepted by the Audit Committee.
16. Perform any other act as the law prescribes on the authority of the Audit Committee.
17. Report on the committee's performance to the Bank's Board of Directors at least every quarter.
- The Audit Committee shall meet at least once every quarter or as it deems appropriate and also meet with the Audit Committee of the Group companies at least twice a year. The Chairperson of the Audit Committee may determine that the meeting of the Audit Committee be organized and held through electronic media. The quorum of the Audit committee's meetings must consist of no less than half of the Audit Committee members. The meeting resolution is passed by a majority vote of the committee members attending the meeting. The Audit Committee may adopt a resolution without holding a meeting if all committee members sign their names on a copy of the text of such resolution and such resolution shall be in the same force and effective as if it has

been adopted at a duly convened meeting of the Audit Committee. The Chairperson of the Audit Committee or the committee member who has been assigned to act as the Chairperson of the meeting has the casting vote.

The Audit Committee consists of three members who are independent directors as follows:

- |                              |                                       |
|------------------------------|---------------------------------------|
| 1. Mrs. Dayana Bunnag        | Chairperson of<br>the Audit Committee |
| 2. Mr. Chet Pattrakornkul    | Member of<br>the Audit Committee      |
| 3. Mr. Veravat Chutichetpong | Member of the<br>Audit Committee      |
| Dr. Narong Preedanant        | Secretary of the<br>Audit Committee   |

Mrs. Dayana Bunnag, the Chairperson of the Audit Committee, has the knowledge and experience to be able to review the credibility of the financial reports. Her profile is as described in the Profiles of the Bank's Directors and Executives as shown in Attachment 1.

### 7.3.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee has roles, duties and responsibilities as assigned by the Board of Directors as follows:

1. Establish policy, criteria and process in nominating directors and persons with management authority for the Bank and the Group companies in order to propose to the Bank's Board of Directors; select and propose qualified persons to be Board members, members of sub-committees directly reporting to the Board of Directors, persons with management authority, advisors of the Bank and the highest-level executive of KKP CAP to the Bank's Board of Directors for consideration as well as give consent on the directors and persons with management authority of the Group companies prior to being proposed for appointment.
2. Consider the size and composition of the Board of Directors of the Bank and the Group

companies which are appropriate with the changing circumstances. Oversee that the Group has a mechanism or tool to support the process for selecting and nominating director candidates to ensure that the Board of Directors of the Bank and the Group companies consist of qualified individuals with a wide range of knowledge, capabilities and experiences favorable to long-term business growth and directions and strategies of the Group, such as developing a skill matrix which is necessary for the Bank's Board of Directors, etc.

3. Ensure that Board members and persons with management authority of the Bank and the Group companies receive remuneration and benefits which are commensurate with their duties and responsibilities. Consider the remuneration and other benefits for Board members and the CEO of the Bank which reflect the objectives, duties and responsibilities and relevant risks<sup>9</sup> prior to proposing to the Board of Directors. In addition, the committee shall establish a transparent payment policy of the remuneration and other benefits for other persons with management authority as a guideline for consideration by the Human Resource Management Committee/ Capital Market Human Resources Management Committee. The committee may also consult with the Risk Oversight Committee to ensure that the remuneration can reflect important risks.
4. Consider and establish guidelines for the performance evaluation of Board members and the CEO of the Bank to propose for the Board of Directors' consideration. The evaluation of the Board members should be in the form of self-evaluation and cross-evaluation or third-party evaluation. The committee shall also establish guidelines for the performance evaluation of the persons with management authority for the Human Resource Management Committee. These guidelines will assist the Human Resource Management Committee in considering the

<sup>9</sup> The remuneration should not relate, too much, to short-term profits or targets and must not create incentives for entering into too risky transactions which can affect the Group's stability.



annual remuneration by taking into account the roles and responsibilities, the related risks, the management of business in accordance with the organization's goal and strategies and the increasing value of shareholders' proportion in the long term.

5. Oversee the disclosure of the policy and process for the selection of directors and persons with management authority of the Bank and the remuneration policy and various forms of benefits as well as prepare the committee's report in the Bank's annual report.
6. Oversee that the Bank has a succession plan for executives in place to ensure planning and preparation for critical positions.
7. Report on the committee's performance to the Board of Directors at least once a year.

The Nomination and Remuneration Committee shall meet at least twice a year or as it deems appropriate. The Chairman of the Nomination and Remuneration Committee may determine that the meeting of the Nomination and Remuneration Committee be organized and held through electronic media. The quorum of the Nomination and Remuneration Committee's meetings consists of no less than half of the Nomination and Remuneration Committee members. The meeting resolution is passed by a majority vote of the committee members attending the meeting. The Nomination and Remuneration Committee may adopt a resolution without holding a meeting if all committee members sign their names on a copy of the text of such resolution and such resolution shall be in the same force and effective as if it has been adopted at a duly convened meeting of the Nomination and Remuneration Committee. The Chairman of the Nomination and Remuneration Committee or the committee member who has been assigned to act as the Chairperson of the meeting has the casting vote.

The Nomination and Remuneration Committee consists of three members as follows:

1. Mr. Veravat Chutichetpong<sup>/1</sup> Chairman  
of the Nomination  
and Remuneration  
Committee

2. Mr. Chet Pattrakornkul<sup>/1</sup> Member  
of the Nomination  
and Remuneration  
Committee
3. Mr. Suvit Mapaisansin<sup>/2</sup> Member  
of the Nomination  
and Remuneration  
Committee
- Mrs. Penroong Suwannakudt Secretary  
of the Nomination  
and Remuneration  
Committee

Remark <sup>/1</sup> Independent director  
<sup>/2</sup> Non-executive director

### 7.3.3 Compliance and Governance Committee

The Compliance and Governance Committee has roles, duties and responsibilities as assigned by the Board of Directors as follows:

1. Through the Compliance unit, oversee that the Bank and the Group companies conduct business in compliance with laws, regulations, rules, standards, ethics, corporate governance principles and compliance policy.
2. Ensure that the Bank and the Group companies have an efficient and independent compliance system and corporate governance practice.
3. Oversee that the Bank and the Group companies establish the process to take corrective actions for issues raised by regulatory agencies, the external auditor, the internal auditor and the compliance unit.
4. Approve the Annual Compliance Plan of the compliance unit and monitor the performance of the compliance unit to ensure that it completes tasks and achieves targets according to the plan.
5. Provide an opinion on the Annual Compliance Report and report to the Board of Directors.
6. Develop Guidelines for Business Conduct to be used as a performance framework for the Board members, executives and employees of the

Bank and the Group companies and propose to the Board of Directors for consideration.

7. Regularly review the corporate governance principles of the Bank and the Group companies and their compliance with international standards and suggestions of regulators; consider the assessment result of the Bank's and the Group companies' corporate governance carried out by external entities and recommend the development of the Bank's Corporate Governance Policy to the Board of Directors for approval.
8. Approve the appointment, transfer and performance evaluation of the highest executive of the compliance unit.
9. Report on the committee's performance to the Board of Directors at least once a year and immediately in case there is any significant incompliance with rules of the regulators or the Bank and the Group companies.
10. Review the Compliance Policy and any policies and guidelines in relation to good corporate governance as well as the performance of the Compliance Unit. Endorse and/or approve any amendments which are non-significant matters and report to the Board of Directors once a year.

The Compliance and Governance Committee shall meet at least once every quarter or as it deems appropriate. The Chairman of the Compliance and Governance Committee may determine that the meeting of the Compliance and Governance Committee be organized and held through electronic media. The quorum of the Compliance and Governance Committee's meetings consists of no less than half of the Compliance and Governance Committee members. The meeting resolution is passed by a majority vote of the committee members attending the meeting. The Compliance and Governance Committee may adopt a resolution without holding a meeting if all committee members sign their names on a copy of the text of such resolution and such resolution shall be in the same force and effective as if it has been adopted at a duly convened meeting of the Compliance and Governance Committee. The Chairman of the Compliance and Governance Committee

or the committee member who has been assigned to act as the Chairperson of the meeting has the casting vote.

The Compliance and Governance Committee consists of three members as follows:

- |  |   |
|--|---|
| 1. Mr. Chet Pattrakornkul <sup>/1</sup>    | Chairman<br>of the Compliance<br>and Governance<br>Committee  |
| 2. Mr. Suvit Mapaisansin <sup>/2</sup>     | Member<br>of the Compliance<br>and Governance<br>Committee    |
| 3. Mrs. Patchanee Limapichat <sup>/2</sup> | Member<br>of the Compliance<br>and Governance<br>Committee    |
| Mr. Aphichart<br>Chongsanguanpradab        | Secretary<br>of the Compliance<br>and Governance<br>Committee |

Remark <sup>/1</sup> Independent director

<sup>/2</sup> Non-executive director

### 7.3.4 Risk Oversight Committee

The Risk Oversight Committee has roles, duties and responsibilities as assigned by the Board of Directors as follows:

1. Set up the overall policy on risk management for the Bank and the Group companies and propose to the Board of Directors for consideration. This includes major policies on credit risk, market risk, liquidity risk, operational risk including IT risk, risk appetite and any risk which could adversely affect the Bank and the Group companies' reputation.
2. Develop strategies which are consistent with the Bank's risk management policy. The strategies should enable the committee to assess, monitor and control risks to be at acceptable levels. Additionally, it is the responsibility of the committee to set up criteria in considering reserve for asset classification.



3. Consider and approve criteria relating to lending, commitments and any transactions with loan-like characteristics which are within the risk management framework set by a regulatory agency or the Bank. It is the committee's responsibility to consider and establish credit policies in order to propose to the Board of Directors for approval.
4. Oversee the risk management of the Bank and the Group companies and report to the Board of Directors.
5. Give suggestions to the Board of Directors about the financial institution's risk management framework.
6. Report to the Audit Committee and/or the Compliance and Governance Committee to acknowledge the issues that need to be improved to be in consistent with the risk management policies and guidelines.
7. Oversee that senior executives including the Head of Risk Management Group comply with the risk management policies and strategies as well as the specified risk appetite.
8. Oversee that strategies on capital and liquidity management for absorbing various types of risks of financial institution are in line with the approved risk appetite.
9. Revisit and review the sufficiency and effectiveness of the overall risk management policies and strategies as well as risk appetite at least once a year or when there is any significant change, where the Risk Oversight Committee should consult and exchange views with the Audit Committee in order to assess if the risk management policies and strategies cover all existing and new types of risks and if the implementation of such policies and strategies are effective and efficient.
10. Report the committee's performance to the Board of Directors at least once a year. And also report the following to the Board of Directors: risk exposures, effectiveness of risk management, progress on the implementation of risk culture, as well as important factors and

problems, and the required revisions to meet the risk management policies and strategies. Review the adequacy of the risk management policies and systems as well as the effectiveness of such systems and implementation according to specified policies.

11. Express an opinion or take part in the evaluation of the effectiveness and efficiency of the Head of Risk Management Group.

The Risk Oversight Committee shall meet at least once every quarter or as it deems appropriate. The Chairman of the Risk Oversight Committee may determine that the meeting of the Risk Oversight Committee be organized and held through electronic media. The quorum of the Risk Oversight Committee's meetings consists of no less than half of the Risk Oversight Committee members. The meeting resolution is passed by a majority vote of the committee members attending the meeting. The Risk Oversight Committee may adopt a resolution without holding a meeting if all committee members sign their names on a copy of the text of such resolution and such resolution shall be in the same force and effective as if it has been adopted at a duly convened meeting of the Risk Oversight Committee. The Chairman of the Risk Oversight Committee has the casting vote.

The Chairman of the Risk Oversight Committee must be an independent director or non-executive director. At least half of the committee members must be independent directors or non-executive directors.

The Risk Oversight Committee consists of four members as follows:

- |  |   |
|--|---|
| 1. Mr. Supol Wattanavekin <sup>/1</sup>    | Chairman of the Risk Oversight Committee  |
| 2. Prof. Dr. Anya Khanthavit <sup>/1</sup> | Member of the Risk Oversight Committee    |
| 3. Mr. Aphinant Klewpatinond               | Member of the Risk Oversight Committee    |
| 4. Mr. Philip Chen Chong Tan               | Member of the Risk Oversight Committee    |
| Dr. Popanit Poommarapan                    | Secretary of the Risk Oversight Committee |

Mr. Banyong Pongpanich is Advisor of the Risk Oversight Committee.

Remark <sup>/1</sup> Non-executive director



### 7.3.5 Executive Committee

The Executive Committee has roles, duties and responsibilities as assigned by the Board of Directors as follows:

1. Determine short and long-term business directions and strategic goals of the Group for both financial and non-financial aspects by analyzing the ecosystem and factors prior to proposing to the Board of Directors for consideration.
2. Consider the policy and operating plan of the Bank and the Group companies, as proposed by the CEO, prior to proposing to the Board of Directors for consideration by emphasizing on adequate and efficient allocation of key resources and ensure that the CEO operates the business in accordance with the approved policy effectively and efficiently.
3. Consider and approve policies, guidelines and working rules of the Bank and the Group companies.
4. Oversee the business operation of the Bank and the Group companies in order to carry out business in accordance with the laws and approved policies as well as assign operating matters of the Bank and the Group companies to the CEO and sub-committees in order to propose to the Board of Directors for consideration.
5. Establish the overall organizational structure in accordance with the business directions and goals as well as give consent to any revision on the Bank's organizational structure at the group level (in the case of setting up a new business or dismissal of any business) prior to proposing to the Board of Directors for consideration. Meanwhile, the CEO and the President are authorized to approve any revision on the organizational structure at the department level or the group level (excluding setting up a new businesses or dismissal of any business) according to line authority as deemed appropriate.
6. Supervise the performance and establish the roles and responsibilities of the CEO, sub-committees and executives, who are assigned by the Executive Committee to be responsible for a specific matter.
7. Consider and approve loans, restructuring loans and sales of main foreclosed property; set the asset price to be purchased from auctions; exercise the right to object in accordance with the specified limit; approve the legal expenses and litigation against debtors and approve the securities underwriting and securities commitment of the Bank or the Group companies within the specified limit and propose to the Board of Directors for acknowledgement.
8. Approve the unreviewed/ unaudited financial statements in order to disclose to the SET and relevant supervisory agencies and consider the reviewed/audited financial statements before proposing to the Board of Directors for approval.

The Executive Committee shall meet at least once a month or as it deems appropriate. The Chairman of the Executive Committee may determine that the meeting of the Executive Committee be organized and held through electronic media. The quorum of the Executive Committee's meetings consists of no less than half of the Executive Committee members. The meeting resolution is passed by a majority vote of the committee members attending the meeting. In cases where unanimity is not reached, the committee member may propose such agenda to the Board of Directors for consideration. The Executive Committee may adopt a resolution without holding a meeting if all committee members sign their names on a copy of the text of such resolution and such resolution shall be in the same force and effective as if it has been adopted at a duly convened meeting of the Executive Committee.

The Executive Committee consists of nine members as follows:

- |                              |                                     |
|------------------------------|-------------------------------------|
| 1. Mr. Banyong Pongpanich    | Chairman of the Executive Committee |
| 2. Mr. Aphinant Klewpatinond | Member of the Executive Committee   |



- |                              |   |
|------------------------------|---|
| 3. Ms. Thitinan Wattanavekin | Member of the<br>Executive Committee    |
| 4. Mr. Pracha Chumnakitkosol | Member of the<br>Executive Committee    |
| 5. Dr. Anuchit Anuchitanukul | Member of the<br>Executive Committee    |
| 6. Mr. Philip Chen Chong Tan | Member of the<br>Executive Committee    |
| 7. Mr. Trairak Tengtrirat    | Member of the<br>Executive Committee    |
| 8. Mrs. Kulnan Tsanthaiwo    | Member of the<br>Executive Committee    |
| 9. Mr. Supachoke Supabundit  | Member of the<br>Executive Committee    |
| Mrs. Vararat Satayaraks      | Secretary of the<br>Executive Committee |

Mr. Supol Wattanavekin is Advisor of the Executive Committee.

In addition, the Bank has other committees and sub-committees which are established to assist the above-mentioned committees and CEO to effectively and efficiently operate the business of the Bank and the Group companies.

### Sub-committees under the Supervision of the Risk Oversight Committee

- 1) Operational Risk Sub-committee
- 2) Credit Risk Management Sub-committee

### Committees under the Supervision of the Executive Committee

- 1) Assets and Liabilities Management Committee
- 2) Main Credit and Foreclosed Property Committee
- 3) Human Resource Management Committee
- 4) Investment Committee
- 5) Underwriting Committee

### Sub-committee under the Supervision of the Assets and Liabilities Management Committee

- 1) Money Desk Sub-committee

### Committees and sub-committees under the Supervision of the Main Credit and Foreclosed Property Committee

- 1) Credit and Foreclosed Property Committee
- 2) Lombard Sub-committee
- 3) Foreclosed Property Sub-committee
- 4) Asset Appraisal and Valuation Sub-committee

### Sub-committees under the Supervision of the Commercial Banking Management Committee

- 1) Property and Equipment Management Sub-committee
- 2) IT Investment Sub-committee
- 3) Procurement Sub-committee
- 4) IT Procurement Sub-committee
- 5) New Product & Process Review Sub-committee
- 6) Business Development & Product Strategy Sub-committee
- 7) Crisis Management Sub-committee
- 8) Integrated Marketing Sub-committee

### Committees under the Supervision of the Board of Directors of KKP CAP

- 1) Capital Market Audit Committee
- 2) Capital Market Risk Management Committee
- 3) Capital Market Human Resources Management Committee

### Committees under the Supervision of the Board of Directors of KKPS

- 1) Audit Committee
- 2) Risk Management Committee

### Committees under the Supervision of the Board of Directors of KKPM

- 1) Audit Committee
- 2) Risk Management Committee
- 3) Investment Committee
- 4) Property/ REITS Investment Committee

## 7.4 Management

### 7.4.1 Name of Management (As of February 4, 2021)

No.	Name - Surname	Position
1.	Mr. Aphinant Klewpatinond	Chief Executive Officer Acting Head of Commercial Lending Group Member of the Executive Committee
2.	Mr. Philip Chen Chong Tan	President Acting Head of Retail Business Strategy and Innovation Group Member of the Executive Committee
3.	Mrs. Kulnan Tsanthaiwo	First Executive Vice President Head of Priority Banking Group Acting Head of Sales and Distribution Group Acting Department Head of Performance Management and Salesforce Effectiveness Acting Department Head of Lombard Loan Acting Department Head of Investment Support & Services Acting Department Head of Marketing Support Member of the Executive Committee
4.	Mr. Trairak Tengtrairat	First Executive Vice President Head of Corporate Banking Group Member of the Executive Committee
5.	Mr. Pracha Chumnarnkitkosol	First Executive Vice President Head of Special Asset Management Group Member of the Executive Committee
6.	Dr. Anuchit Anuchitanukul	First Executive Vice President Advisor to Chief Executive Officer Member of the Executive Committee
7.	Mr. Supachoke Supabundit	Member of the Executive Committee
8.	Ms. Kusumann Lowsalaraks	First Executive Vice President Head of Auto Finance Group Acting Department Head of Auto Finance Performance Management and Salesforce Effectiveness Acting Department Head of Auto Inventory Finance
9.	Mr. Therapong Vachirapong	First Executive Vice President Head of Corporate Strategy Group
10.	Mr. Preecha Techarungchaikul	First Executive Vice President Head of Financial Markets Group Head of Finance and Budgeting Group Acting Department Head of Investor Relations and Business Planning
11.	Mr. Panya Vechbanyongratana	First Executive Vice President Head of Information Technology Group Acting Department Head of Sales and Support System Acting Department Head of IT Operations
12.	Dr. Popanit Poommarapan	First Executive Vice President Head of Risk Management Group Acting Department Head of Operational Risk Management
13.	Mrs. Penroong Suwannakudt	First Executive Vice President Head of Human Resources Management Group



No.	Name - Surname	Position
14.	Mr. Pattarapong Raktabutr	First Executive Vice President Head of Consumer Finance Group Acting Head of Sales and Distribution Group Acting Department Head of Planning & Analytics
15.	Mr. Worrakrit Jaruwongpak	First Executive Vice President Head of Operations Group
16.	Mr. Somkiat Jompratchaya	First Executive Vice President Head of Retail Credit and Collection Group
17.	Mr. Sammit Sakulwira	First Executive Vice President Advisor to Chief Executive Officer
18.	Mr. Anuwat Ruamsuke	First Executive Vice President Head of Capital Market Group
19.	Mr. Aphichart Chongsanguanpradab	First Executive Vice President Head of Legal and Compliance Group Acting Department head of Law and Regulatory Compliance Acting Department head of Legal and Regulatory Monitoring
20.	Ms. Nilawan Treekitjamroon	Senior Vice President Department Head of Accounting
21.	Mrs. Kessara Liengchayetz	Executive Vice President Department Head of Sales
22.	Mr. Jakrawarn Jakrawarnwibul	Executive Vice President Department Head of Trading
23.	Mr. Chainarong Rojanasintu	Executive Vice President Department Head of Corporate Lending
24.	Dr. Narong Preedanani	Executive Vice President Head of Office of Internal Audit
25.	Ms. Natjakorn Chainit	Executive Vice President Deputy Head of Legal and Compliance Group Acting Department Head of Commercial Banking Business Legal
26.	Ms. Nithivadee Tantipoj	Executive Vice President Department Head of Business Development
27.	Ms. Pattanai Luangtrakul	Executive Vice President Head of Corporate and Marketing Communication Office
28.	Mrs. Pichaya Sotangkur	Executive Vice President Department Head of Commercial Credit Analysis
29.	Mr. Romsai Tandakoseya	Executive Vice President Department Head of Commercial and Financial Institutions Credit Risk Management
30.	Mr. Wanakan Kanjanasoon	Executive Vice President Department Head of Retail Business Strategy
31.	Ms. Sirilak Anantasuphakul	Executive Vice President Department Head of Deposit and Bancassurance Product Development
32.	Mrs. Suwannee Wattanavekin	Executive Vice President Department Head of Foreclosed Property Management
33.	Mr. Hirunrooj Loutheeravong	Executive Vice President Deputy Head of Consumer Finance Group Acting Department Head of Personal Acquiring 1 Acting Department Head of Telemarketing & Cross Sale

No.	Name - Surname	Position
34.	Mrs. Ketsuda Uthalye	Senior Vice President Deputy Head of Operations Group Acting Department Head of Operations Strategy and Quality Management
35.	Mr. Thaworn Chuengoen	Senior Vice President Deputy Head of Sales and Distribution Group Acting Regional Director - Commercial Bank Business Province
36.	Ms. Naranont Lewchalermwongs	Senior Vice President Deputy Head of Retail Credit and Collection Group
37.	Mr. Partsakorn Boonyaprasit	Senior Vice President Deputy Head of Information Technology Group
38.	Mr. Varanyu Thirapatthan	Senior Vice President Deputy Head of Auto Finance Group
39.	Ms. Sanikorn Suparp	Senior Vice President Department Head of Wealth Management

Remarks: No. 1 - 19 and 21 - 39 are executives according to the definition of the Bank of Thailand.

No. 1 - 6 and 8 - 20 are executives according to the definition of the SEC.

## 7.4.2 Remuneration of Executive Directors and Executives

On an annual basis, the Nomination and Remuneration Committee shall arrange the performance evaluation of the CEO (Details of the executive performance evaluation are shown in Section 8.1.4.) The evaluation results shall be used as one of the factors to determine their appropriate compensation. The Chairman of the Board of Directors, Chairman of the Executive Committee and Chairman of the Nomination and Remuneration Committee shall jointly communicate the evaluation results to the CEO.

In 2020, the Bank paid compensation to forty executives<sup>10</sup>, including executives who are on secondment from subsidiaries, of Baht 424,585,277.67 in total. The compensation arranged for the executives were in the form of monthly salary and bonus, which were determined based on the total compensation concept,

taken into account the performance of the individual performance in accordance with his/her duty and management responsibility for operating the business to achieve the specified plan and strategy and the overall organizational performance in both short and long terms. The Bank has not offered any right to purchase or sell any asset to the senior executives.

Furthermore, the executives of the Bank receive the same benefits and welfares as employees, such as medical fee, health check-up, life, accident, total permanent disability, health insurance, staff loan, employer's provident fund contribution, etc. In 2020, the Bank paid contribution to the provident fund for forty executives in the total of Baht 16,540,454.34.

<sup>10</sup> Executive means "person with management authority" according to the definition of the Bank of Thailand on Corporate Governance of Financial Institutions including "management" as defined by the SEC.



Table shows changes in executives' KKP shareholding.

No.	Name of Executive	Shareholding (Share)		Change Increase/ Decrease (Share)	Shareholding (%)
		December 31, 2019	December 31, 2020		
1.	Mr. Aphinant Klewpatinond	550,000	750,000	200,000	0.09
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
2.	Mr. Philip Chen Chong Tan	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
3.	Mrs. Kulnan Tsanthaiwo	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
4.	Mr. Trairak Tengtrirat	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
5.	Mr. Pracha Chumnarnkitkosol	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
6.	Dr. Anuchit Anuchitanukul	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
7.	Mr. Supachoke Supabundit <sup>/1</sup>	N/A	-	-	-
	Spouse	N/A	-	-	-
	Minor Children	N/A	-	-	-
8.	Ms. Kusumann Lowsalaraks	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
9.	Mr. Therapong Vachirapong	580	580	-	0.00
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
10.	Mr. Preecha Techarungchaikul	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
11.	Mr. Panya Vechbanyongratana	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
12.	Dr. Popanit Poommarapan	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
13.	Mrs. Penroong Suwannakudt	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
14.	Mr. Pattarapong Raktabutr	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
15.	Mr. Worrakrit Jaruwongpak	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-



No.	Name of Executive	Shareholding (Share)		Change Increase/ Decrease (Share)	Shareholding (%)
		December 31, 2019	December 31, 2020		
16.	Mr. Somkiat Jompratchaya	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
17.	Mr. Sammit Sakulwira	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
18.	Mr. Anuwat Ruamsuke	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
19.	Mr. Aphichart Chongsanguanpradab	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
20.	Ms. Nilawan Treekitjamroon	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
21.	Mrs. Kessara Liengchayetz	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
22.	Mr. Jakrawarn Jakrawarnwibul	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
23.	Mr. Chainarong Rojanasintu	82	82	-	0.00
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
24.	Dr. Narong Preedanana	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
25.	Ms. Natjakorn Chainit <sup>/2</sup>	N/A	5,500	-	0.00
	Spouse	N/A	-	-	-
	Minor Children	N/A	-	-	-
26.	Ms. Nithivadee Tantipoj <sup>/3</sup>	N/A	18,000	-	0.00
	Spouse	N/A	-	-	-
	Minor Children	N/A	-	-	-
27.	Ms. Pattanai Luangtrakul	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
28.	Mrs. Pichaya Sotangkur	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
29.	Mr. Romsai Tandakoseya	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
30.	Mr. Wanakan Kanjanasoon	56,500	56,500	-	0.01
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
31.	Ms. Sirilak Anantasuphakul <sup>/4</sup>	N/A	2,000	-	0.00
	Spouse	N/A	-	-	-
	Minor Children	N/A	-	-	-



No.	Name of Executive	Shareholding (Share)		Change Increase/ Decrease (Share)	Shareholding (%)
		December 31, 2019	December 31, 2020		
32.	Mrs. Suwannee Wattanavekin	55,750	55,750	-	0.01
	Spouse	9,901,871	10,176,871	275,500	1.20
	Minor Children	-	-	-	-
33.	Mr. Hirunrooj Loutheeravong	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
34.	Mrs. Ketsuda Uhthalye <sup>/5</sup>	N/A	-	-	-
	Spouse	N/A	-	-	-
	Minor Children	N/A	-	-	-
35.	Mr. Thaworn Chuengoen	20,000	30,000	10,000	0.00
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
36.	Ms. Naranont Lewchalermwongs <sup>/6</sup>	N/A	-	-	-
	Spouse	N/A	-	-	-
	Minor Children	N/A	-	-	-
37.	Mr. Partsakorn Boonyaprasit	3,500	5,500	2,000	0.00
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
38.	Mr. Varanyu Thirapatthan <sup>/7</sup>	N/A	2,100	-	0.00
	Spouse	N/A	-	-	-
	Minor Children	N/A	-	-	-
39.	Ms. Sanikom Suparp	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-

Remarks: No. 1 - 19 and 21 - 39 are executives according to the definition of the Bank of Thailand.

No. 1 - 6 and 8 - 20 are executives according to the definition of the SEC.

<sup>/1</sup> Mr. Supachoke Supabundit was appointed to be a Member of the Executive Committee, effective from March 1, 2020. Hence, the number of shareholdings as of December 31, 2019 is not appropriate comparison.

<sup>/2</sup> Ms. Natjakorn Chainit was appointed as Executive Vice President, Deputy Head of Legal and Compliance Group, Acting Department Head of Commercial Banking Business Legal, effective from August 1, 2020. Hence, the number of shareholdings as of December 31, 2019 is not appropriate comparison.

<sup>/3</sup> Ms. Nithivadee Tantipoj was appointed as Executive Vice President, Department Head of Business Development, effective from August 20, 2020. Hence, the number of shareholdings as of December 31, 2019 is not appropriate comparison.

<sup>/4</sup> Ms. Sirilak Anantasuphakul was appointed as Executive Vice President, Department Head of Deposit and Bancassurance Product Development, effective from August 1, 2020. Hence, the number of shareholdings as of December 31, 2019 is not appropriate comparison.

<sup>/5</sup> Mrs. Ketsuda Uhthalye was appointed as Senior Vice President, Deputy Head of Operations Group, Acting Department Head of Operations Strategy and Quality Management, effective from March 1, 2020. Hence, the number of shareholdings as of December 31, 2019 is not appropriate comparison.

<sup>/6</sup> Ms. Naranont Lewchalermwongs was appointed as Senior Vice President, Deputy Head of Retail Credit and Collection Group, effective from March 1, 2020. Hence, the number of shareholdings as of December 31, 2019 is not appropriate comparison.

<sup>/7</sup> Mr. Varanyu Thirapatthan was appointed as Senior Vice President, Deputy Head of Auto Finance Group, effective from May 1, 2020. Hence, the number of shareholdings as of December 31, 2019 is not appropriate comparison.

## 7.5 Personnel

Human Resources is the utmost important resource of the organization and is key to the organization's success and sustainable growth. Employees are not only the closest business partner but are also regarded as members of the Group.

In the year 2020, the Group continually emphasized and encouraged all employees to apply the corporate principles, "Winning Attitude, Grit, Community and Market", to their operations in order to have the same conceptual working framework and eventually have them become the corporate culture and value to which all employees adhere to maximize benefits for clients and society and guarantee continuous and sustainable growth for the organization. In addition, the 3-year human resources management plan (2019-2021) focuses on creating "A Great Place to Work" through building up both employee and candidate experiences and covering all human resources functions.

As of December 31, 2020, the Bank employed a total of 3,705 personnel (excluding employees who were on secondment from the Group companies) as follows:

1. Number of personnel in business functions:  
1,385 persons
2. Number of personnel in support functions:  
2,320 persons

### Internal Capabilities Development

The Bank has been focusing on the development of internal capabilities to ensure its readiness for competition and to support the sustainable growth of the Bank and the Group. Hence, human resources strategy, policy and vision are critical for achieving strategic business goals. The Group focuses on identifying and recruiting highly qualified personnel who possess the needed knowledge and expertise as well as principles and value which are in line with the Group and developing the workforce so that they can acquire the required knowledge and competencies. With the internal capabilities and dedication of the personnel, the Group will be able to deliver the best services and products to clients. The Bank and the Group also emphasizes on providing a very competitive

compensation scheme which ensures internal equity and external competitiveness. Furthermore, the Bank thrives to promote a good corporate culture, a happy workplace and good relationships, knowledge-sharing, equality, diversity and respect for individual rights.

### 7.5.1 Human Resources Policy

#### (1) Personnel Recruitment and Selection

The Bank has employed state-of-the-art technology and various channels and networks to reach its target qualified candidates for the required vacancies, strengthening and expanding the gateway/network to the prospective labor market which supports its business needs and increases its competitiveness in the labor market. The Talent Acquisition Department aims to create employee experience in recruiting to support the demand of the Group and its business direction by designing and creating corporate image (Employer Branding) for applicants through public relations on various channels such as LinkedIn, Line Official Account: KKPCareer, Workventure website, etc. It also aims to develop recruitment and selection processes to create a good impression on applicants, as well as to develop recruiting channels (Sourcing Channels) to create image and to increase recruiting channels to meet the requirements (Direct Target). Furthermore, the Bank has placed importance on the development of selection tools to assess candidates' qualifications, skills and potential (Behavioral Based Interview) to be suitable for the required position and in line with corporate principles. Also, the Bank ensures that hiring managers are well-trained to leverage their interviewing and selection skills to identify quality workforce and strengthen attitude, ethics and creativity for the respective positions.

In addition, the recruitment process does not tolerate the discrimination on the basis of race, nationality, religion, gender, age, disability or sexual orientation; does not tolerate any form of illegal discrimination and provides equal employment opportunities to all groups of people who meet the job requirement.



## (2) Career Management

To motivate employees and build up the organization's strength, every employee has the opportunity for career progression, both vertically and horizontally. The Bank promotes and supports "internal promotion". Unless there is no best candidate within the organization, hiring from outside will be considered. The promotion is conducted twice a year and the criteria has been established, communicated and comprehended by all employees. Moreover, the Bank supports and provides opportunities for employees to self-select and plan their career development via the process provided by the Bank in order to prepare for the change of duties in the future.

## (3) People Assessment

The Bank annually appraises its employees' performance, with emphasis on the assessment of the achievement of their goals (What) and competency (How). The appraisal process is transparent, fair and undiscriminating. The Bank has applied various appraisal methods to assess employee performance such as performance appraisals from line supervisors and 360 degree evaluations, where applicable.

The Bank's key assessment objectives are not limited to performance appraisal, but also focus on collaboration to improve/push the operation process and integrate human resources management functions as well. The annual appraisal is a vital methodical tool to ensure the Bank's standard of work and service quality, particularly the services provided to clients and other related parties. At the same time, appraisal outcomes are regarded as good feedback for employees, providing information for ongoing self-improvement, competency enhancement and career development programs. They are also important information for the Bank in selecting and retaining good performers.

## (4) Performance Management

The Bank's performance management system aims to promote employee dedication to provide the best service to internal and external clients and create a mutual understanding between supervisors and subordinates. Performance management is an important and fundamental responsibility of all supervisors, who

are held accountable for supervising, developing and providing continuous feedback and coaching subordinates. Effective performance management focuses on the achievement of goals that are agreed upon between employees and managers especially managers who are key persons to drive goal achievement. It is mandatory for all supervisors to comprehend the concept, processes and system of performance management. The Bank continues to carry on a development program for employees who act as supervisors, by providing more knowledge and understanding of the HR role so that they can be trainers or good role models for the next generation. Through the People Manager program, supervisors can enhance awareness and understanding of the system, principle, work process and performance management areas.

In 2020, the Bank and the Group companies have adopted the new performance management concept of flexibility within framework, embedding corporate principles, collaboration and self-development in the performance management process between managers and subordinates by empowering employees and managers along with performance management. In addition, the Bank and the Group companies encourage meaningful ongoing conversations, focus on all employees' involvement in the goal setting process and encourage all employees to demonstrate behaviour consistent with the corporate principles in order to drive collaboration for goals achievement. Also, the calibration performance evaluation process has been established for all senior management positions in order to ensure that the overall assessment results are considered fairly and under the principles and guidelines for performance evaluation set by the Bank.

## (5) Employee Compensation and Benefits

The Bank strives to promote internal equity and fairness in human resources management. Employees' compensation is consistent with the long and short-term operating result of the Bank and the Group companies and considered from three main principles as follows:

- 1) Equitability
- 2) Pay for Performance Based
- 3) Competency Based

Employees' compensation in terms of a monthly salary takes into account the factors of knowledge, competency, experience, capability, duty and responsibility and is comparable with those of companies in the same industry. Other benefits, e.g. an annual bonus, are considered based on actual individual performance, duty, responsibility and achievement compared with the planned target on the total compensation basis. Such benefits are aligned with the operating result of the Bank and the Group companies both in the short and long-term, as well as business competency in the future and long-term value creation for shareholders.

Nevertheless, the Bank also emphasizes on the importance of non-monetary components of compensation including several welfares suitable for the current economic situation and comparable with standards of leading companies. This is to ensure that employees consider the Bank as a happy workplace.

Employees' compensation consists of three components:

1) Direct Monetary Compensation

Monetary compensation is structured based on the employee's job scope, competency and performance, and will be explicitly rewarded to employees in the form of salaries and other monetary forms which reflect performance in assigned roles. As such, employees who deliver the required performance will be entitled to a salary increase/adjustment, bonus, incentives and other related monetary rewards. Furthermore, the Bank also provides job-related allowances, such as accommodation allowance, shift allowance, weekend shift allowance, auto insurance allowance, etc. in accordance with the job title.

In 2020, the Bank paid compensation to its employees and executives<sup>11</sup> in the form of salary, performance bonus and contribution to the provident fund for a total of Baht 3,370,606,454.78. The ratio of compensation for employees and executives is 87.40% and 12.60% respectively.

2) Indirect Monetary Compensation

To ensure that employees have good morale and work-life balance, the Bank provides several welfare and

benefits, such as provident fund, social security fund, life, accident and total permanent disability insurance, a variety of staff loans covering all necessities, retirement benefit, annual medical checkup, prolonged sick leave with pay, first aid room, etc.

*Provident Fund*

The Bank set up its employee provident fund in compliance with the Ministerial Regulation No. 162 (B.E. 2526), and with the intention to provide its employees with welfare and benefits that:

- (1) Promote employee savings and
- (2) Establish a safety net mechanism for employees and their families.

The provident fund has been registered in compliance with the Provident Fund Act B.E. 2530 (1987) under the name "Kiatnakin Registered Provident Fund" and "Provident Fund SCBAM Master Fund Already Registered". The details and contribution scheme are presented below.

Year of Service	Employee's Contribution (% of Salary)	Employer's Contribution (% of Salary)
Less than five years	5, 8, 10, 12, 15	5
Five years or more	5, 8, 10, 12, 15	10

The fund's investment policy has been considered by the Provident Fund Committee whose members are elected by representatives of employees and the employer. The Provident Fund Committee shall be in the position for two years and has the authority and responsibility in monitoring the fund performance, including determining the appropriate investment policy. To better suit employees' needs and savings goals, the Bank allows provident fund members to switch their investment policy by themselves four times a year during the months of January, April, July and October. In addition, provident fund members are able to change their contribution ratio to suit their saving goals twice a year during the months of January and July.

<sup>11</sup> Executive means "person with management authority" according to the definition of the Bank of Thailand on Corporate Governance of Financial Institutions including "management" as defined by the SEC.



#### *Other Welfare & Benefits*

##### *- Health Care*

The Bank provides health care for employees in the form of group health insurance through the selected insurer, which provides services and hospital/clinic networks to ensure employees' convenience in accessing required treatments. The Bank has upgraded the regular health care plan to a flexible benefit plan to offer alternatives for employees to choose the health care plan which best suits them. In addition, employees are allowed to purchase regular group health insurance for their families at a corporate rate, which is lower than individual personal insurance premiums. This is an effort to provide accessibility to medical treatments for employees' families at a reasonable cost. Furthermore, the Bank has provided annual preventive medical checkup for employees and also arranged a treatment first aid room, including a Mother Corner room, with an in-house specialized doctor.

##### *- Life, Accident and Total Permanent Disability Group Insurance*

To ensure that employees have security and work-life balance, as well as to strengthen employees' morale and minimize any impacts on their families from undesirable incidents, the Bank provides 24-hour insurance coverage both inside and outside of working hours.

##### *- Staff Loan*

Besides the current housing loan for employees, the Bank also offers more types of loans to better respond to their needs, for instance, multi-purpose personal loan, car loan and natural disaster loan.

#### *3) Non-monetary Compensation*

In addition to direct and indirect monetary compensation, the Bank provides other compensation to promote and develop employees' capabilities such as challenging job assignments and personal development through training programs and other systems, job transfers and assignments to work within the Group in order to prepare, encourage and support employees to search for opportunities for their career development via internal transfers (Career Connect). In addition, in order to provide a good employee experience, the Bank has launched policies and activities which best suit the varied needs of employees of different generations, such as flexible work time, freedom to dress policy, recreational

activities and various activity clubs. This is to promote a good workplace which creates happiness and fun as well as a good relationship among employees within the Bank and the Group.

## **7.5.2 Human Development**

### **(1) Training**

The Bank intends to support the skill and knowledge development of all employees, as well as foster positive work attitudes that help enhance trustworthiness and expertise. The overall concept of the Bank's training programs is to develop work skills, knowledge, core competency, functional competency and leadership competency. During 2020, the Bank has been supporting its employees to attend various training programs ranging from generic to specialized development objectives, both conducted in-house and outside. These include workshops, lectures and leadership development programs which aim for the exchange of experiences. The Bank has also introduced a digital learning technology as a tool for employees to easily access self-development training for more convenience via the internet, both in the form of e-Learning and VDO Micro-Learning. The training curriculum designed for all employees is provided through the KKP Academy which partially opened in 2020 and consists of the following:

Wealth School is the source of all knowledge and skills needed to serve clients in financial and investment planning. Employees, both in the wealth management business and general employees of the organization, can access the curriculum and learn by themselves at all times to improve their knowledge on the wealth management business.

Investment Banking School is a source of knowledge and skills for the investment banking business. Employees can search for knowledge in the general category in order to understand the investment banking business as well as pick up the knowledge and skills needed for personnel working in related fields.

Leadership School is another category of knowledge and skills which is designed for the development of potential employees and executives in relation to leadership matters including attitude and skills to appropriately care



for employees under their responsibility.

The examples of the in-house trainings arranged for developing skills of employees and management are as follows:

- **Technic for New Leader:** the course to develop the skills of those newly promoted to the role of manager;
- **Coaching for High Performance:** the course for coaching skill enhancement for leaders to be ready to perform their roles of team coaching;
- **Essential of Leadership:** the course to prepare high performers prior to being promoted to the managerial level;
- **Negotiation Skill:** the course to add on the communication skill for negotiation under different circumstances which may occur in both daily living and in the workplace; and
- **Course for new employees working at branches:** the course which focuses on the skills and knowledge necessary for new employees working at branches. All new employees who work at branches have to attend this course. It has been proven that all new employees attending such course could perform their duties as the Bank expects.

Moreover, the Bank has invited knowledgeable and experienced facilitators to share their thoughts, knowledge and experiences with its employees and management through various forums, e.g. Leadership Forum, Tea Time Talk and Business Forum. The Bank encourages its staff to enhance knowledge and gain experience through domestic or overseas training to fulfill their tasks creatively and effectively, which shall eventually increase value for the Bank. In addition, the Bank has initiated more learning intervention through the KKP Edge Project which is a continuous learning program for employees in different key functions whose responsibilities are related to generate mutual understanding and respect. Furthermore, in 2018, the Group launched a new learning system, called "TAXILA", to facilitate all types of learning anywhere and anytime via mobile phones and the internet network. This new learning system is consistent with the lifestyle of the new generation in the organization and has become a channel to exchange knowledge. This new learning system has been used as a tool for all employees to review their business knowledge and understand the

important topics as required on a regular basis, such as the Anti-money Laundering Policy, Anti-corruption Policy, Guidelines for Business Conduct Policy, etc.

In 2020, the Bank's employees attended approximately 2-3 training courses or 19.01 training hours per year on average which is a standard level for personnel development in the industry.

## (2) Knowledge Management

Knowledge has been compiled and stored in the KKP Academy format, which is divided into groups of business in the form of schools, such as the Wealth School which is a source of knowledge about private banking in terms of products, processes and working techniques. This database is also kept as online courses offered on TAXILA which can be used to initiate improvement and promote innovation within departments.

## (3) Succession Plan

The Bank constantly follows the succession and talent pool management plan. During 2020, the Bank reviewed such plans to ensure that the defined talent successors were ready to continually support the Group's business operation. The talent pool management will have great opportunities in their career paths and will be developed in several aspects to become successors in necessary and critical positions in the management level and/or positions which require special expertise. Such succession plan is annually reported to the Board of Directors.

## 7.5.3 Internal Communication

The Bank has consistently placed highly-efficient communication systems for all employees such as Town Hall for executives to communicate with middle-management employees, CEO message to all employees, including a variety of channels via internal email to send news and information within the organization, Facebook & Line for employees, Intranet (KKP World), desktop wallpaper, LED on office floors, VDO conference for long-distance conferences, as well as posters to ensure that employees acknowledge policies and business direction as well as get complete



and up-to-date information. The internal communication channels are also venues for the exchange of ideas and are communication channels between employees and management. This helps foster an atmosphere

of cooperation at work and creates an open-minded working environment, promotes the good image of the organization and supports the Bank to achieve its business projections.

## 7.6 Names of Accounting Head, Corporate Secretary, Internal Audit Head, Compliance Head and Investor Relations Officer

Accounting Head	: Ms. Nilawan Treekitjamroon Senior Vice President Department Head of Accounting, Finance and Budgeting Group
Corporate Secretary	: Ms. Porntip Chuprakhun Senior Vice President Department Head of Corporate Secretariat, Executive Office
Internal Audit Head	: Dr. Narong Predanan Executive Vice President Head of Office of Internal Audit
Compliance Head	: Mr. Aphichart Chongsanguanpradab First Executive Vice President Head of Legal and Compliance Group
Investor Relations Officer	: Mrs. Dujdao Intharasombat Senior Vice President Investor Relations and Business Planning Department, Finance and Budgeting Group
Contact Information	Tel. 0 2495 1366 Fax. 0 2495 1253 Email: <a href="mailto:investor_relations@kkpfg.com">investor_relations@kkpfg.com</a> Website: <a href="http://www.kkpfg.com">www.kkpfg.com</a> Address: Kiatnakin Phatra Bank Public Company Limited 9 <sup>th</sup> Floor, KKP Tower A 209 Sukhumvit 21 (Asoke) Road, Khlong Toey-Nua Wattana, Bangkok 10110

## 7.7 Auditor's Remuneration

In 2020, the Bank and its subsidiaries engaged PricewaterhouseCoopers ABAS Ltd. as an external auditor for the Bank and its subsidiaries and incurred the fee charge as follows:

### 7.7.1 Audit Fee

The Bank and its subsidiaries paid the audit fee in the previous accounting period totaling Baht 16.08 million.

### 7.7.2 Non-audit Fee

The Bank and its subsidiaries paid the non-audit fee for other services including the issuance of diligence report on target invested company and the corporate income tax review in the previous accounting period totaling Baht 1.1 million and in the future totaling Baht 473,445 will be paid for services previously agreed upon but not yet fully provided.

## 8. Key Performance Report on Corporate Governance

### 8.1 Performance of the Board of Directors in the Previous Year

#### 8.1.1 Nomination of Directors and Executives

##### Nomination and Appointment of Directors

The Nomination and Remuneration Committee was responsible for selecting and determining appropriate persons with experience, knowledge and competencies beneficial to the Bank to be nominated as the Bank's directors, independent directors or Audit Committee members and to propose nominations to the Board of Directors' meeting and shareholders' meeting in accordance with the Bank's Articles of Association.

In the nomination of new directors, the Bank considered the Board structure according to the Board skill matrix, which had been approved by the Board of Directors, to determine necessary qualifications, knowledge, skills and experiences of new directors so that the Board of Directors' component was in line with the Group's business strategy. Also, the Bank used a director pool to select new directors.

The Bank had twelve directors. During the 2020 Annual General Meeting of Shareholders, four directors, who were retired by rotation, were as follows:

- |                              |                           |
|------------------------------|---------------------------|
| 1. Mr. Suvit Mapaisansin     | Non-executive<br>Director |
| 2. Prof. Dr. Anya Khanthavit | Non-executive<br>Director |
| 3. Mr. Suraphol Kulsiri      | Executive Director        |
| 4. Mr. Aphinant Klewpatinond | Executive Director        |

The Bank had posted on its website an invitation to shareholders to propose the names of qualified persons to be elected as directors, yet there was no director nominee from any shareholder.

The Board of Directors, excluding the directors who had interest in this matter, had agreed with the suggestion of the Nomination and Remuneration Committee, which had thoroughly considered the qualifications beneficial to the Bank's operation and the board skill matrix. The Nomination and Remuneration Committee was of

the opinion that all retiring directors possessed complete qualifications with no prohibited attribute as defined in the legal provisions currently applied for the Bank. They had knowledge, competencies and experiences in the related business operations of the Group, had performed their duties with accountability and integrity and had contributed greatly to the operations of the Group throughout their term. The Nomination and Remuneration Committee had also considered the director pool, which was disclosed on the IOD's website, and had not found any substitute. Thus, the Committee was of the opinion that the shareholders' meeting should re-elect the retiring directors for another term.

Nevertheless, Mr. Suraphol Kulsiri, an executive director who was retired by rotation in the 2020 Annual General Meeting of Shareholders, had shown his intention to not be re-elected as director of the Bank for another term.

The Nomination and Remuneration Committee selected a qualified person to replace Mr. Suraphol Kulsiri and proposed Mrs. Patchanee Limapichat, who had knowledge, competencies and experiences in the capital market business which would benefit the Group's business direction and plan, to the Board of Directors to propose to the Annual General Meeting of Shareholders for election as the Bank's director.

##### Right of Shareholders to Nominate Directors

Allowing shareholders to nominate directors in advance is part of the Bank's corporate governance principles. The Bank has defined and published the guidelines for shareholders to nominate directors on its website.

The shareholder, who would like to nominate a director, must possess the following qualifications:

- 1) Be the Bank's shareholder holding a minimum of 200,000 shares, which can be either owned by one shareholder or combined;



- 2) Has owned the shares as stipulated above continuously for at least one year by the date the shareholder proposes the director nominee; and
- 3) Show proof of share ownership, such as a certified letter from a securities company or other evidence from the SET or TSD.

The Nomination and Remuneration Committee will evaluate the qualifications of the nominees and give its opinion to the Board of Directors for further consideration and proposing to the shareholders' meeting. The Board's resolution is considered final.

The nominees approved by the Nomination and Remuneration Committee and the Board of Directors will be included in the agenda for director election along with the opinion of the Board of Directors. For the nominees who are not approved by the Nomination and Remuneration Committee or the Board of Directors, the Bank will inform the shareholder(s) after the Board of Directors' meeting via its website or other appropriate channels.

### **Nomination and Appointment of Executives**

The Nomination and Remuneration Committee is responsible for selecting and determining qualified individuals with desired qualifications to be appointed as executives of the Bank and the Group companies. The committee selects qualified individuals based on knowledge, capabilities and experience in the financial and banking industry, and other attributes which are necessary for appointed roles. Furthermore, the qualified individuals should demonstrate professional values and vision which are aligned with that of the Board of Directors, to ensure success of the Group. Upon selecting qualified individuals, the Nomination and Remuneration Committee will propose the selected candidates to the Board of Directors for approval.

For other management positions, the senior executives are responsible for recruiting individuals who demonstrate knowledge, capabilities and experiences which are required for appointed positions. Senior Executives will propose selected candidates to the Nomination and Remuneration Committee, and subsequently propose to the Bank of Thailand for approval and to the Board of Directors for official appointments.

### **Procedures in the Appointment of Directors, Executives, Persons with Management Authority or Advisors of the Bank**

The Bank has set the guideline for appointing directors, executives, persons with management authority or advisors of the Bank so that the approval of such persons complies with the notification of the SEC and the SET, the Financial Institution Business Act B.E. 2551 (2008) and the notification of the Bank of Thailand, which specifies that financial institutions have to verify the qualifications of persons proposed to be appointed as directors, executives, persons with management authority or advisors to ensure that they do not hold incompatibility as prescribed in Section 24 (1) - (10) of the Financial Institution Business Act B.E. 2551 (2008), and possess an additional three aspects required by the Bank of Thailand which include 1) honesty, integrity and reputation; 2) competence, capability and experience; and 3) financial soundness.

Upon the approval from the Bank of Thailand, the nominated persons will be proposed to the Board of Directors for approval or for proposing to the shareholders' meeting for election (as the case may be).

## 8.1.2 Development of Directors and Executives

The Bank encourages its directors and executives to participate in seminars and training sessions of the IOD, SET or other independent institutions to benefit the performance of their duties for the Bank and the Group.

In 2020, there were four directors and senior executives who attended the training programs of the IOD and other independent institutions as per details shown in the Attachment 1 and summarized as follows:

Name	Course	Organizer
1. Mr. Banyong Pongpanich	<ul style="list-style-type: none"> <li>Guest speaker for two courses as follows:               <ol style="list-style-type: none"> <li>1) Seminar on “Global and Local Change, In and Out of Pandemic”</li> <li>2) Capitalism and Thai Capital Market</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>Inter Parliamentary Affairs</li> <li>Capital Market Academy</li> </ul>
2. Prof. Dr. Anya Khanthavit	<ul style="list-style-type: none"> <li>Leading Your Business Through Uncertainties (October 2020)</li> </ul>	<ul style="list-style-type: none"> <li>IOD</li> </ul>
3. Mr. Preecha Techarungchaikul	<ul style="list-style-type: none"> <li>TLCA CFO Professional Development Program (TLCA CFO CPD) No. 1/2563 on the topic “Update on IFRS9 and Other New Standards”</li> <li>Course “Analyze the Present to Be Aware of the Future” (Unofficial Translation)</li> </ul>	<ul style="list-style-type: none"> <li>Thai Listed Companies Association</li> <li>NYC Management Company</li> </ul>
4. Dr. Anuchit Anuchitanukul	<ul style="list-style-type: none"> <li>Thailand Insurance Super Leadership Program</li> </ul>	<ul style="list-style-type: none"> <li>Office of Insurance Commission</li> </ul>

Also, the Corporate Secretariat Department has arranged Executive Talk sessions on the business operation of the Group for directors and executives. During 2020, there were five sessions on the following topics:

- Support Group Business 2020
- Cyber Security Report 2019 and Awareness Training
- The Prolonged Recovery from COVID-19 for Thailand and the Global Economy
- The Future is Here
- Retail Banking Post COVID-19 and Asset Management Outlook

The Board of Directors is periodically made aware of the development plan for directors and executives. Over the past year, 2020-2021 training programs relevant to the development of directors and executives of the Group were brought for acknowledgment during the Board of Directors’ meeting No. 12/2563 held on November 12, 2020

## 8.1.3 Performance Assessment of the Board

### Performance Assessment of the Board as a Whole

The Board of Directors conducts its annual self-assessment to determine whether or not, over the past year, it has carried out its duties completely and appropriately according to the framework of authorities and responsibilities and corporate governance principles. The assessment result is gathered and summarized by the Corporate Secretary.

The assessment form used for the Board of Directors as a whole has been adapted from the assessment

form of the SET with changes making it suitable for the Bank’s Board of Directors. It assesses six major aspects: 1) qualifications of the structure of the Board members, 2) roles and responsibilities of the Board members, 3) Board of Directors’ meetings, 4) duties of the Board, 5) relationship with the management and 6) self-development of directors, of which the entire aspects accounted for sixty-three individual subjects as a whole within the range of 0-4 or strongly disagree to strongly agree.

The result of the 2020 annual assessment of the Board of Directors as a whole was favorable with an average score of 3.81, which was equal to that in 2019.



## Performance Assessment of the Board as an Individual

In 2020, the Board of Directors conducted its self-assessment as an individual by both self-evaluation and cross-evaluation. It is conducted on a yearly basis. The assessment result is gathered and summarized by the Corporate Secretary and is used to improve the performance of the Board of Directors.

The individual self-evaluation assessment form used for the Board of Directors has been adjusted to make it suitable for the context of the Bank's Board of Directors. It assesses two major aspects: 1) director's duties and 2) expected role and competency of which the entire aspects account for ten individual subjects as a whole within the range of 0-4 or strongly disagree to strongly agree.

The result of the 2020 annual assessment of the Board of Directors as an individual by self-evaluation was favorable with an average score of 3.87, which was higher than the average score of 3.68 in 2019.

The assessment form used for the Board of Directors as an individual by cross-evaluation assesses two major aspects: 1) director's duties and 2) expected role and competency of which the entire aspects account for ten individual subjects as a whole within the range of 0-4 or strongly disagree to strongly agree.

The result of the 2020 annual assessment of the Board of Directors as an individual by cross-evaluation was favorable with an average score of 3.91, which was higher than the average score of 3.89 in 2019.

## 8.1.4 Performance Assessment of the Senior Executive

On an annual basis, the Chairman of the Nomination and Remuneration Committee, who is an independent director, shall conduct a performance evaluation of the CEO. The evaluation is conducted by the Banks' directors and its result shall be taken into account in determining the CEO's remuneration. The evaluation also serves as feedback to the CEO reflecting the need to review strategies, policies and management approaches to improve the management effectiveness and efficiency.

Evaluation results shall be shared with the CEO by the Chairman of the Board of Directors, Chairman of the

Executive Committee and Chairman of the Nomination and Remuneration Committee to establish a mutual understanding on the expectations of the Board of Directors.

### *Evaluation Framework*

1. The following criteria are employed in evaluating the Bank's annual performance by all directors:
  - 1.1 Profitability
  - 1.2 Overall financial status
  - 1.3 Bank's strategy and goals formulation
  - 1.4 Risk taking level and risk management system
  - 1.5 Overall effectiveness of the Bank's management
  - 1.6 Human resource management efficiency
  - 1.7 Bank's image and perception towards its stakeholders
  - 1.8 Collaboration and efficiency in working with the Board of Directors
2. In evaluating the CEO's performance, the CEO, in conducting the self-assessment, and the Bank's directors, along with sub-committees' members which have the CEO as their Chairman, employ the following criteria:
  - 2.1 Visionary leader
    - 2.1.1 Establishing direction and Group business structuring and position
    - 2.1.2 Vision and strategic thinking
    - 2.1.3 Driving synergies and collaboration
    - 2.1.4 Organization development
    - 2.1.5 Understanding stakeholders
  - 2.2 Corporate governance
    - 2.2.1 Implementing corporate governance
    - 2.2.2 Being responsive to stakeholders' concerns and needs
    - 2.2.3 Managing effectiveness of committees
  - 2.3 Planning and execution
    - 2.3.1 Creating alignment of strategy execution
    - 2.3.2 Systematic planning
    - 2.3.3 Problem solving and decision-making
    - 2.3.4 Collaboration with related committees
  - 2.4 Leadership role model
    - 2.4.1 Aligning executives and stakeholders



- |   |  |
|---|--|
| 2.4.2 Building engagement among executives        | 2.4.6 Demonstrating good governance      |
| 2.4.3 Achievement motivation                      | 2.4.7 Demonstrating a sense of belonging |
| 2.4.4 Self-controlling and working under pressure | 2.5 Change management                    |
| 2.4.5 Personnel management and development        | 2.5.1 Pro-activeness                     |
|   | 2.5.2 Leading change                     |

The Nomination and Remuneration Committee's secretary shall compile the evaluation results and report a summary of evaluation results to the Nomination and Remuneration Committee and to the Board of Directors respectively.

## 8.1.5 Meeting Attendance of Directors

Name of Director	Meeting Attendance in 2020						
	Annual General Meeting of Shareholders	Board of Directors (Total 14 Meetings)	Audit Committee (Total 12 Meetings)	Nomination and Remuneration Committee (Total 5 Meetings)	Compliance and Governance Committee (Total 5 Meetings)	Risk Oversight Committee (Total 12 Meetings)	Executive Committee (Total 12 Meetings)
1. Mr. Supol Wattanavekin	1/1 <sup>/1</sup>	14/14 <sup>/1</sup>	-	-	-	12/12 <sup>/1</sup>	9/12 <sup>/2</sup>
2. Mrs. Dayana Bunnag	1/1	14/14	11/12 <sup>/1</sup>	-	-	-	-
3. Mr. Chet Pattrakornkul	1/1	14/14	12/12	5/5	5/5 <sup>/1</sup>	-	-
4. Mr. Pongtep Polanun	1/1	14/14	-	-	-	-	-
5. Mr. Veravat Chutichetpong	1/1	14/14	12/12	5/5 <sup>/1</sup>	-	-	-
6. Prof. Dr. Anya Khanthavit	1/1	14/14	-	-	-	12/12	-
7. Mr. Banyong Pongpanich	1/1	12/14	-	-	-	2/12 <sup>/2</sup>	12/12 <sup>/1</sup>
8. Mr. Suvit Mapaisansin	1/1	14/14	-	5/5	5/5	-	-
9. Mrs. Patchanee Limapichat <sup>/3</sup>	-	5/5	-	-	2/2	-	1/1
10. Ms. Thitinan Wattanavekin	1/1	14/14	-	-	-	-	12/12
11. Mr. Suraphol Kulsiri <sup>/4</sup>	1/1	8/8	-	-	-	-	-
12. Mr. Aphinant Klewpatinond	1/1	14/14	-	-	-	11/12	12/12
13. Mr. Philip Chen Chong Tan	1/1	14/14	-	-	-	12/12	12/12

Remark: <sup>/1</sup> Chairman/Chairperson

<sup>/2</sup> Attended the meeting as an advisor

<sup>/3</sup> Out of the position of the Executive Committee's member effective from January 30, 2020, appointed as the Bank's director, replacing Mr. Suraphol Kulsiri, by the resolution of the 2020 Annual General Meeting of Shareholders held on August 7, 2020 and appointed as member of the Compliance and Governance Committee effective from August 7, 2020 by the resolution of the Board of Directors' meeting No. 9/2563 held on August 7, 2020

<sup>/4</sup> Retired by rotation in the 2020 Annual General Meeting of Shareholders held on August 7, 2020



## 8.1.6 Directors' Remuneration

### Monetary Remuneration

The Bank has developed the directors' remuneration structure which is in line with industry practices. The directors' remuneration shall be determined based on the fiduciary of duty. The level of the remuneration shall be attractive for qualified directors and shall incentivize the directors to perform their duties with dedication for the Bank. In addition, the directors' remuneration shall be reviewed annually to ensure its competitiveness compared with directors' remuneration of the listed companies with similar businesses or equivalent, as disclosed in the IOD's Thai Directors Compensation Survey.

The Nomination and Remuneration Committee shall review and determine the directors' remuneration on an annual basis, and propose to the Board of Directors' meeting and the annual general meeting of shareholders for approval.

The director's remuneration structure consists of:

- Retaining Fee: Monthly remuneration payout to the Chairperson and directors of the Board.
- Attendance Fee: Directors are entitled to receive the attendance fee based on their attendance in sub-committee meetings.
- Bonus: Annual remuneration for the directors which is related to the Bank's performance.

The 2020 Annual General Meeting of Shareholders, dated on August 7, 2020, approved a budget of Baht 30 million for the directors' remuneration (excluding directors' bonus) for the year 2020. The remuneration included retaining fee, attendance fee and remuneration for the advisors of the sub-committees paid to the Chairman of the Board of Directors and Chairman of the Executive Committee of which details were as follows:

Components of Remuneration	Retaining Fee (Baht/Month)	Attendance Fee (Baht/Meeting)
(1) Remuneration of Board of Directors		
- Chairperson	100,000	-
- Member	50,000	-
(2) Remuneration of Sub-committees		
- Chairperson of the Audit Committee	-	60,000
- Chairman of the other sub-committees	-	45,000
- Member	-	30,000
(3) Remuneration of the Chairman of the Board of Directors as he is also the advisor of the Executive Committee as well as the advisor of other three sub-committees under the supervision of the Executive Committee, namely 1) the Investment Committee, 2) the Human Resource Management Committee and 3) the Capital Market Human Resources Management Committee	250,000	-
(4) Remuneration of Chairman of the Executive Committee as he is also the advisor of the Risk Oversight Committee and two sub-committees under the supervision of the Executive Committee, namely 1) the Main Credit and Foreclosed Property Committee and 2) the Assets and Liabilities Management Committee	300,000	-

The Board of Directors was of the opinion that the remuneration for Chairmen, which was higher than those of other directors, was appropriate as the Chairmen have a significant role in supporting the performance of the Board of Directors and committees for the utmost benefit of the Bank and shareholders.

The Board of Directors set the attendance fee for the Chairperson of the Audit committee at higher than the attendance fee for the Chairperson of other sub-committees since the Chairperson of the Audit Committee has a significant role in ensuring the Bank and the Group companies have a correct and adequate financial reporting as well as a suitable and efficient internal control system. The transactions of the Bank and the Group companies also increased and were subject to stricter rules and regulations. Moreover, the Chairperson of the Audit Committee was not a member of any other sub-committee of the Bank in order to perform the duty independently.

Regarding the directors' bonus for performance in the year 2020, the Board of Directors would propose to the 2021 Annual General Meeting of Shareholders for consideration and approval so it would be in accordance with the actual performance of the Board of Directors and operating result of the Bank.

Executive directors, who receive a monthly salary as employees of the Bank or the Group companies, shall not be eligible for the monthly retaining fee, attendance fee and bonus as directors of the Bank.

Directors, who are appointed as directors in any committee of the Bank and its subsidiaries, shall be entitled to receive the attendance fee based on their attendance and delegated authorities.

The subsequence table presents remuneration of directors for the year 2020. In general, the Bank paid all components of the remunerations in a total of Baht 20,580,000 which was under the 2020 directors' remuneration budget of Baht 30 million but excluded directors' bonus which would be proposed to the 2021 Annual General Meeting of Shareholders for approval. Furthermore, there was the remuneration of Baht 6,075,000 paid to the Bank's directors, who were also consultant/directors and/or sub-committee members of the Group companies.



(Unit : Baht)

No.	Board of Directors	Retaining Fee	Attendance Fee (Based on their attendance)										Retaining Fee	Total Directors' Remuneration of the Bank (Excluding of Bonus)	2020 Bonus (Paid in 2021) <sup>1</sup>	Total Directors' Remuneration of the Bank	Total Directors' Remuneration of the companies in the Group	Grand Total
			Main					Credit and Foreclosed Property										
			Board of Directors	Audit Committee	Remuneration Committee	Nomination and Governance Committee	Compliance & Oversight Committee	Risk Committee	Executive Committee	Property Committee	Foreclosed Property Committee	Investment Committee						
1	Mr. Supol Wattanavekin	1,050,000	-	-	-	-	-	450,000	-	-	-	-	2,625,000	4,125,000	2,300,000	6,425,000	-	6,425,000
2	Mrs. Dayana Bunnag	525,000	570,000	-	-	-	-	-	-	-	-	-	-	1,095,000	1,150,000	2,245,000	-	2,245,000
3	Mr. Chet Pattrakornkul	525,000	315,000	135,000	202,500	-	-	-	-	-	-	-	-	1,177,500	1,150,000	2,327,500	-	2,327,500
4	Mr. Pongtep Polanun	525,000	-	-	-	-	-	-	1,845,000	1,822,500	345,000	-	-	4,537,500	1,150,000	5,687,500	-	5,687,500
5	Mr. Veravat Chutichetpong	525,000	315,000	202,500	-	-	-	-	-	-	-	-	-	1,042,500	1,150,000	2,192,500	-	2,192,500
6	Mr. Suwit Mapaisansin	525,000	-	135,000	135,000	-	-	-	-	-	-	-	-	795,000	1,150,000	1,945,000	600,000	2,545,000
7	Mr. Suraphol Kulsiri <sup>2</sup>	286,667	-	-	-	-	-	-	720,000	-	-	-	-	1,006,667	-	1,006,667	-	1,006,667
8	Prof. Dr. Anya Khanthavit	525,000	-	-	-	-	-	300,000	-	-	-	-	-	825,000	1,150,000	1,975,000	450,000	2,425,000
9	Mr. Banyong Pongpanich	525,000	-	-	-	-	-	472,500	-	-	472,500	112,500	3,150,000	4,732,500	2,300,000	7,032,500	1,335,000	8,367,500
10	Ms. Thitinan Wattanavekin	525,000	-	-	-	-	-	315,000	-	-	-	105,000	-	945,000	1,150,000	2,095,000	690,000	2,785,000
11	Ms. Patchanee Limapichat <sup>3</sup>	238,333	-	-	60,000	-	-	-	-	-	-	-	-	298,333	460,000	758,333	3,000,000	3,758,333
12	Mr. Aphinant Kiewpatinond	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Mr. Philip Chen Chong Tan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		5,775,000	1,200,000	472,500	397,500	750,000	787,500	2,565,000	1,822,500	817,500	217,500	5,775,000	13,110,000	20,580,000	33,690,000	6,075,000	39,765,000	

Remark: - For the year 2020, the Bank has paid other general benefits, such as group life and health insurances, amounted to Baht 303,922.

- Executive Directors, who received monthly salary as employees from the Bank or the Group companies, would not receive monthly retaining fee, attendance fee and bonus as directors of the Bank.

<sup>1</sup> The Board of Directors will propose the directors' 2020 bonus to the 2021 Annual General Meeting of Shareholders for consideration and approval so it is in accordance with the actual performance of the Board of Directors and operating result of the Bank.

<sup>2</sup> Retired from the Bank's director post by rotation in the 2020 Annual General Meeting of Shareholders dated August 7, 2020

<sup>3</sup> Appointed as the Bank's director in replacement of Mr. Suraphol Kulsiri, who retired from the post by rotation in the 2020 Annual General Meeting of Shareholders dated August 7, 2020

## Other Compensations

In addition to the directors' remuneration in the form of retaining fee, attendance fee and bonus, the Bank also provides other general benefits and perquisites for the directors as follows:

The Group insurance covers life, accident, total permanent disability and health for the Chairman

and directors who are non-executive directors. Insurance coverage for life, accident and total permanent disability is Baht 5 million and Baht 2.5 million for the Chairman and non-executive directors respectively. Health insurance coverage is identical to those of the senior executives. The Group life and health insurance premium for directors for the year 2020 was Baht 303,922.

Table Shows Changes in Directors' KKP Shareholding

No.	Name of Director	Shareholding (Share)		Change Increase/ Decrease (Share)	Shareholding (%)
		December 31, 2019	December 31, 2020		
1.	Mr. Supol Wattanavekin	12,605,416	12,605,416	-	1.49
	Spouse	1,071,434	1,071,434	-	0.13
	Minor Children	-	-	-	-
2.	Mrs. Dayana Bunnag	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
3.	Mr. Chet Pattrakornkul	50,000	50,000	-	0.01
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
4.	Mr. Pongtep Polanun	488	488	-	0.00
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
5.	Mr. Veravat Chutichetpong	1,029,739	629,739	(400,000)	0.07
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
6.	Mr. Suvit Mapaisansin	779,406	779,406	-	0.09
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
7.	Prof. Dr. Anya Khanthavit	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
8.	Mrs. Patchanee Limapichat <sup>/1</sup>	100,000	-	(100,000)	0.00
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
9.	Mr. Banyong Pongpanich	1,000,046	1,000,046	-	0.12
	Spouse	-	-	-	-
	Minor Children	-	-	-	-



No.	Name of Director	Shareholding (Share)		Change Increase/ Decrease (Share)	Shareholding (%)
		December 31, 2019	December 31, 2020		
10.	Ms. Thitinan Wattanavekin	35,532,761	35,532,761	-	4.20
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
11.	Mr. Aphinant Klewpatinond	550,000	750,000	200,000	0.09
	Spouse	-	-	-	-
	Minor Children	-	-	-	-
12.	Mr. Philip Chen Chong Tan	-	-	-	-
	Spouse	-	-	-	-
	Minor Children	-	-	-	-

Remarks: <sup>/1</sup> Mrs. Patchanee Limapichat has been appointed as the director effective from August 7, 2020, replacing Mr. Suraphol Kulsiri, Executive Director who was retired by rotation in the 2020 Annual General Meeting of Shareholders and showed his intention to not be re-elected as director of the Bank for another term.

## 8.1.7 Supervision of Subsidiaries and Affiliates

The Bank supervises the Group companies by having the Board of Directors determine the overall strategic direction and goals and approve the Group's policies and business direction as proposed by the Executive Committee and the nomination of qualified candidates for the highest-level executive of KKP CAPITAL as nominated by the Nomination and Remuneration Committee to act as the Bank's representatives in overseeing the Group's business operations. Also, the Nomination and Remuneration Committee has been assigned to give consent on the appointment of the directors and persons with management authority of the Group companies prior to being proposed to the authorized persons for appointment.

In relation to the oversight of overall management, the Bank, through the Board of Directors, has established the Group's monitoring and overseeing structure which covers the areas of risk management, internal control system monitoring, compliance and business administration.

As the Bank recognizes the importance of information disclosure under the corporate governance principles, the Board of Directors has assigned the Compliance and Governance Committee to supervise the Group's regulatory compliance through the Bank's Legal and

Compliance Group, which is responsible for monitoring the Group's compliance and directly reporting to the Compliance and Governance Committee.

Moreover, the Board of Directors has assigned the Bank's Audit Committee to ensure appropriate and efficient internal control system of the Bank and the Group companies. The Bank's Office of Internal Audit oversees the internal audit system and directly reports to the Audit Committee. In addition, the Board of Directors of the companies in the capital market business and/or the Audit Committee of those companies shall be responsible for supervising the Group companies in the capital market business to operate under sufficient and appropriate internal control system.

This year, the Bank has improved the guideline on the Group's supervision and the Bank's policies and announcements in relation to overseeing the Bank and the Group companies' business operation in order to enhance the efficiency of working procedures, to prevent any conflict of interest and to align with the laws and regulations issued by the regulators, namely the BOT, the OIC, the SEC and the SET, such as Corporate Governance Policy, Anti-corruption Policy, Compliance Policy, Personal Data Protection Policy, Information Technology Policy, Risk Management Policies, including Capital Management Policy, Stress Test Policy, Enterprise Risk Management Policy, Reputation Risk Management



Policy, Strategic Risk Management Policy and Liquidity Risk Management Policy. Additionally, the Bank revised its regulations relating good corporate governance, for instance, Connected Transaction Policy and Strategic Shareholders Report and Regulations on the Giving and Receiving of Gifts, Entertainment Fees or Other Expenses with Outsiders to ensure that the Bank and the Group supervise their operations in accordance with the Bank of Thailand's guideline.

## 8.1.8 Monitoring the Compliance on Policies and Guidelines

### 1. Protection Against Conflict of Interest

The Group intends and is committed to protect against conflict of interest in doing business of the Bank and the Group companies by adhering to protect against conflict of interest in different ways including motivate directors, executives and employees of the Group to avoid activities, interests or associations which may interfere with the independent exercise of their judgment or the best interests of the Group.

#### 1) Connected Transactions

The Group does not encourage any transaction entered into between the Group and directors, executives, major shareholders and related persons. This is to avoid any potential conflict of interest among the Group and those persons. However, in the course of doing business, it may be necessary for the Bank and the Group companies to enter into such transactions. This is to be done within the procedures and framework of regulations on such matters.

The Bank's Audit Committee has authority in considering and disclosing the connected transactions or transactions which may lead to a conflict of interest to ensure that they are in compliance with the laws and the SET's regulations, are reasonable and are for the highest benefit of the Group.

In the previous year, the Group did not violate any regulations regarding connected transactions. Moreover, the Office of Internal Audit had audited connected transactions which may lead to a conflict of interest and found no issue against the Bank's measures for protecting conflict of interest. The Office of Internal Audit has an audit plan on this matter annually.

#### 2) Business Activities Outside the Group

Directors, executives and employees of the Group may have business activities outside the Bank or the Group companies such as serving as a partner or a shareholder in another business, an officer in a family-owned corporation or an outside director of another company. The appropriateness of engaging in these and other types of outside business activities, interests or investment opportunities depends on many factors, including the nature and extent of the outside interest and the relationship between the Group and the outside entities and the duties involved.

Before serving as a director or executive of any other corporation or business, the directors, executives and employees of the Group must be approved in writing by the designated office of the Bank and the Group companies according to the Bank and the Group companies' guidelines.

The directors, executives and employees of the Bank and the Group companies must strictly comply with the Outside Interest Policy. For example, they must report all outside business activities, including ownership of privately held stock and limited partnership interests, to the Bank or the Group companies to review for potential conflicts of interest which may arise.

The director of the Bank cannot serve as a partner or a director of the other private companies or public companies which are doing the same business and are competitive with the Bank's business unless they inform the shareholders' meeting to acknowledge the issue prior to being appointed.

Prior to taking up the post of director, officer or employee in any other business, the executive directors of the Bank must receive approval from the Bank. If any executive director wishes to take up the post of director in a listed company in Thailand or overseas, they must receive approval from the Executive Committee of the Bank in advance. This is to avoid any potential conflict of interest which may arise.

The Bank has guidelines for the directors, executives and related persons to report any outside interests of serving as a director or executive including holding shares in any other corporations of such directors, executives and related persons to consider any potential conflict of interest which may arise.



In the previous year, before serving as a director in any other corporations or businesses outside the Group, the directors and executives had sought approval and reported on outside interest information as specified by the Bank.

## 2. Supervision of Usage of Internal Information

The Bank has issued a written directive forbidding the use of internal information for personal gain or others which would be taking advantage of others. The Bank has forbidden directors, executives, employees and related persons including spouse and children and adopted children who are under the legal age to use any undisclosed information which could affect the change in the value of shares or for securities trading of the Bank.

The Bank has forbidden any directors, executives or employees, who are aware of the Bank's important information and financial statements, to trade the Bank's securities, seven days prior to the end of the quarter until at least one trading session has elapsed after the Bank's financial statement has been made available to the public. Moreover, the directors, executives and employees who can access such undisclosed information must ask for approval prior to trading securities of the Bank at least one day and the approval is valid from the next business day until the end of the third business day.

In addition, the Bank has instructed that directors, executives, their spouses, children who are under the legal age and legal entity in which directors, executives and any other related persons collectively hold shares at an amount exceeding 30% of the total voting rights to report (Form 59) any changes in the status of their holdings of the Bank's securities and derivatives within three business days since the date of purchase, sale, transfer or receipt of such securities to the SEC and also hand in a copy of the form to the Corporate Secretary, so it will be reported in the Board of Directors' meeting every time.

In the previous year, the directors and executives of the Bank traded the Bank's securities eleven times. (The details on the changes in directors and executives' KKP shareholding are disclosed in the directors' remuneration section and the remuneration of executive directors and executives section respectively.) Moreover, the Office of Compliance had reviewed the practice of the usage

of internal information and found no violation against the Bank's policy and regulations.

## 3. Anti-corruption and Anti-bribery

The Group intends and is committed to taking a stand against corruption in any form by adhering to the Guidelines for Business Conduct Policy, the Corporate Governance Policy, the Anti-corruption Policy and regulations according to Thai laws on anti-corruption which are to be strictly followed. The Bank and its subsidiaries in the capital market business have announced their intention to be part of the CAC which obtains support from the government and the National Anti-Corruption Commission. The Bank and all of its subsidiaries in the capital market business have been certified as full members of the CAC and have been recertified every three years as follows:

- The Bank was certified as a full member of the CAC on January 16, 2015 and was 1<sup>st</sup> recertified on November 10, 2017. In 2020, the Bank submitted the Anti-corruption Self-evaluation Report to the CAC in order to obtain 2<sup>nd</sup> recertification. Currently, the Bank has been granted 2<sup>nd</sup> recertification as a full member of the CAC;
- KKP CAP was certified as a full member of the CAC on January 10, 2014 and was 1<sup>st</sup> recertified on March 9, 2017. In 2019, KKP CAP submitted the Anti-corruption Self-evaluation Report to the CAC in order to obtain 2<sup>nd</sup> recertification. Currently, KKP CAP has been granted 2<sup>nd</sup> recertification as a full member of the CAC;
- KKPS was certified as a full member of the CAC on April 4, 2014 and was 1<sup>st</sup> recertified on March 9, 2017. In 2019, KKPS submitted the Anti-corruption Self-evaluation Report to the CAC in order to obtain 2<sup>nd</sup> recertification. Currently, KKPS has been granted 2<sup>nd</sup> recertification as a full member of the CAC; and
- KKPAM was certified as a full member of the CAC on October 3, 2014 and was 1<sup>st</sup> recertified on February 12, 2018. In 2021, KKPAM submitted the Anti-corruption Self-evaluation Report to the CAC in order to obtain 2<sup>nd</sup> recertification.

The Bank and its subsidiaries in the capital market business have continually implemented an anti-corruption program as follows:

- The Anti-corruption Policy has been issued by the Board of Directors for all directors, executives and employees as a guideline to perform their duties in a transparent manner, paving the way to build a sustainable organization. Such policy forbids bribes, payoffs or payments of any kind to any person, government official or entity for the purpose of improperly obtaining or retaining business or influencing consideration of any business activity. It covers all types of payments which may or may not be considered legal under the circumstances. Special rules may apply for payments or gifts (including entertainment) to officers, directors, employees or other affiliates of government-owned or controlled entities.

The Group will not cooperate with or support any illegal activity which involves corruption or is a threat to society and national security.

Furthermore, no director, executive, employee or member of their families may, directly or indirectly, accept or receive gifts, frequent or excessive entertainment or any similar form of consideration which is of more than nominal value from any person or entity with which the Group does or seeks to do business.

- The Bank and its subsidiaries in the capital market business require that all departments implement operational risk management standards through the use of Risk and Control Self Assessment (RCSA), Operational Loss Reporting and Key Risk Indicator (KRI). In addition, all departments are required to perform their own risk assessment in relation to anti-corruption which will identify the specific forms of corruption and report to the Operational Risk Management Department and Legal and Compliance Group for further review and analysis and report to the Operational Risk Sub-committee, Risk Oversight Committee and senior executives. Key risk indicators are determined for the monitoring and controlling of

such risks to within an acceptable level as well as to ensure efficiency and preparedness to deal with potential risks in the future.

- The Bank and its subsidiaries in the capital market business have issued regulations on the receiving and giving of gifts, entertainment and other expenses to external persons to be used by directors, executives and employees as a guideline to perform their duties in accordance with the Anti-corruption Policy and relevant legal requirements. This is to ensure that receiving and giving gifts are reasonable and appropriate in value and do not have characteristics leading to corruption.
- The Bank and its subsidiaries in the capital market business communicate the Anti-corruption Policy and related regulations and clarify the role of employees when they see suspicious actions related to corruption. The Group will not demote or take disciplinary action against any person who refuses to be involved in a corruption scheme even though it may have made the Group lose a business opportunity. The Group also distributes information on its Anti-corruption Policy to directors, executives and employees through the intranet. The Bank provides e-Learning training course for all employees on the Anti-corruption Policy together with an assessment form for understanding by employees. This e-Learning training course has been implemented annually for both new and existing employees to review their understanding towards the Anti-corruption Policy.

The Bank and its subsidiaries in the capital market business also communicate the Anti-corruption Policy to the general public and other stakeholders through various channels, such as e-mail, the website, the annual report and the Sustainability Report. Letters have been sent to notify clients and counterparties about their services which are based on corporate governance and anti-corruption principles. Furthermore, the Group specifies



clauses in its agreement with third parties regarding compliance with the Group's Anti-corruption Policy and relevant laws. In addition, Mr. Banyong Pongpanich, executive of the Bank and its subsidiaries in the capital market business who is knowledgeable and experienced in anti-corruption matters, was invited by several public and private agencies to be their academic lecturer on the topic of anti-corruption.

- Following its intention of providing services with good corporate governance and rejection of all types of corruption, the Group communicated and sought cooperation from employees to send e-Cards to clients and counterparties in New Year well-wishing and not providing gifts to directors, executives and employees of the Group during the New Year festival or other occasions.
- The Bank and its subsidiaries in the capital market business, in conjunction with the CAC, have announced the No Gift Policy, which is consistent with the Group's continuous practices on anti-corruption. Moreover the Bank has cooperated with the Thai Bankers' Association to declare the No Gift Policy to confirm its intent against corruption in any form and support transparency and good corporate governance in its business operation.

#### 4. Whistleblowing

The Bank has arranged for reporting channels for whistleblowers, e.g. the report on the accuracy of financial reports, deficient internal controls or any illegal or unethical activities or any suspected corruption or improper behavior of all employees. The Bank's employees and

other stakeholders can communicate these actions to the Bank through various channels, e.g. electronic e-mail to independent directors (Independent\_director@kkpfg.com), or the Bank's branch, KKP Contact Center (Tel. 0 2165 5555) or other online channels, e.g. website and Facebook (Kiatnakin Phatra). Moreover, the Bank's employees can directly contact the Bank's Chairman of the Board of Directors, Chairperson of the Audit Committee, CEO, President or Head of the Office of Internal Audit to file complaints on such wrongdoing.

The Bank has set the whistleblower protection process and will not commit any unfair treatment on all employees, temporary staff or contract staff who report any suspected acts. The Bank realizes the importance of keeping reported information and evidence confidential. The whistleblowing information will be acknowledged only among the responsible parties or only be disclosed by law as stipulated. In addition, the whistleblowers can submit a complaint confidentially.

The Bank has defined the process and procedures for complaints and roles and duties of responsible units in each step starting from receiving the complaint, identifying the problem, collecting information, verifying and analyzing the facts, reporting to relevant parties and recording information to filing. Such defined procedures and process are in line with the supervisory agencies' regulations.

For employees' misconduct, the Bank will consider, investigate and take action according to the Bank's disciplinary regulation.

In the previous year, there were 396 complaint cases in total in which 3 cases were related to crooked and breaking good governance policies as summarized below.

Case No.	Issue	Result from Investigation	Action/ Solution
1.	Outsourced sales representative persuaded clients to pay credit processing expenses to him	Severe violation of the Bank's ethics and rules	<ul style="list-style-type: none"> <li>Implemented the highest level of personnel management regulations</li> <li>Took legal action against offender</li> <li>Considered healing scheme for victims</li> <li>Communicated to relevant parties to inform that the Bank has no policy for clients to make payment through employees' accounts</li> </ul>
2.	Outsourced collection staff persuaded clients to pay loan installments to him and did not deliver them to the Bank	Severe violation of the Bank's ethics and rules	<ul style="list-style-type: none"> <li>Implemented the highest level of personnel management regulations</li> <li>Took legal action against offender</li> <li>Considered healing scheme for victims</li> <li>Communicated to relevant parties to inform that the Bank has no policy for clients to make payment through employees' accounts</li> </ul>
3.	Sales representative informed car dealers to make payment to him and did not deliver such payment to car owners	Severe violation of the Bank's ethics and rules	<ul style="list-style-type: none"> <li>Implemented the highest level of personnel management regulations</li> <li>Took legal action against offender</li> <li>Considered healing scheme for victims</li> </ul>

The Board of Directors, in meeting No.1/2564 dated January 28, 2021, acknowledged the report on complaints in 2020 and made suggestions on how to improve the operation in order to create clients' satisfaction and reduce the number of complaints.

### 8.1.9 Board's Responsibility for Financial Report

The Board of Directors is accountable for the consolidated financial statement of the Bank and its subsidiaries, the separate financial statement of the Bank as well as other financial information as presented in the Form 56-1 One Report. The financial statements have been prepared in accordance with Thai financial reporting standards with appropriate accounting policies applied on a consistent basis, under careful consideration and with reasonable estimations. Adequate disclosures have been made in the notes to the financial statements. These are transparent and reasonable presentations which reflect a true and fair financial position and performance which is useful to all shareholders and investors. Moreover, these financial statements have been audited by an independent certified public accountant whose unqualified opinions are stated therein.

The Board of Directors has adopted and maintained appropriate and effective systems of risk management, internal control, internal audit and compliance to ensure that all accounting records are accurate, complete and sufficient. These systems facilitate the Bank in maintaining all of its assets as well as in preventing any damage from other significant irregularities in the operations of the Bank.

In this respect, the Board of Directors has appointed the Audit Committee consisting of independent directors to be responsible for these following duties: assuring the accuracy and sufficiency of the Bank's financial reports, overseeing and cross-examining the Bank's internal control system as well as its internal audit and reviewing all disclosures of the Bank's related transactions or conflict of interest for the greatest accuracy and completeness. The opinion of the Audit Committee related to these matters is stated in the report of the Audit Committee section in the Form 56-1 One Report.

The Board of Directors is of the opinion that the overall internal control system of the Bank is sufficient, well-managed and satisfactory to provide reasonable confidence in the reliability of the consolidated financial statement of the Bank and its subsidiaries and the separate financial statement of the Bank for the year ended December 31, 2020.



### 8.1.10 Review of Strategy, Vision and Mission

The Bank's Board of Directors, in conjunction with the Executive Committee, reviews the Bank's vision and mission periodically so as to make adjustments which reflect the business target and strategy in the future.

Furthermore, the Board of Directors sporadically monitors the management's business operation in accordance with the Group's strategic direction.

In the previous year, the Board of Directors, in meeting No.12/2563 dated November 12, 2020, reviewed the vision, mission and corporate principles in order to be consistent with the business target and strategy.

## 8.2 Performance of the Audit Committee in the Previous Year

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During the year 2020, the Audit Committee had twelve meetings (of which the meeting attendance of each member was shown in the meeting attendance of directors section) to perform the duties as specified in its bylaws and summarized as follows:

- In each quarter, the Committee reviewed the financial reports through a meeting with executives of the Finance and Budgeting Group and external auditors to consider all comments made from the auditing and reviewing of financial statements. The Committee acknowledged guidelines for temporary relief measures in the situation of COVID-19 issued by the Bank of Thailand and the Federation of Accounting Professions, and discussed with auditors and management about the appropriateness of expected credit loss allowance. In addition, on a half-yearly basis, the Committee and external auditors had meetings arranged without the attendance of the executives.
  - By working together with the internal auditor and external auditor, the Committee reviewed the internal control system, including information technology security and control as well as cyber security, to assess the efficiency and sufficiency of these systems. The Committee supported the internal auditor's initiatives on improving efficiency by adopting data analytics and dynamic auditing, in response to emerging risks. Moreover, in 2020, the Bank's management was engaged in assessing the adequacy of internal control, using the SEC's checklist which was developed under the COSO 2013 framework.
- The assessment results were reviewed by the Committee and the Board of Directors in order to exchange views and develop a mutual understanding over the state of internal controls so that appropriate actions could be further determined.
- The Committee reviewed and approved the Annual Internal Audit Plan, determined the independence of the Internal Audit function and reviewed the annual performance of the Internal Audit Head.
  - The Committee reviewed the Group's risk management system and measures as reported by the risk management function. These include the key risk factors and management response to address those risks, in line with the Group's policies, strategies and plans. In addition, the Committee had a meeting with the Risk Oversight Committee to consult and exchange views so as to assess whether the risk management policies and strategies covered all existing and emerging risks and if the implementations of such policies and strategies were effective and efficient.
  - The Committee reviewed related-party transactions or transactions that may lead to conflict of interest, including the disclosure thereon, to ensure that they were in compliance with the laws and regulations imposed by the SET and were reasonable and for the highest benefit of the Group.
  - On a quarterly basis, the Committee reviewed the internal audit's report to assess whether disclosure and appropriate surveillance and



monitoring programs were in place to ensure compliance with the laws and regulations relating to the Group's business, including those imposed by the Bank of Thailand, the SEC, the OIC, the AMLO, etc.

- The Committee reviewed the performance of the Bank's external auditors on their duties over the year. The Committee is of the opinion that the auditors of PricewaterhouseCoopers ABAS Ltd. are independent, possess great skill and knowledge about international auditing standards and have sufficient resources. In addition, the auditors demonstrated a high level of proficiency in auditing banking and capital markets businesses. As a result, the Committee considered and re-nominated PricewaterhouseCoopers ABAS Ltd. as the auditor of the Bank for the year 2021. The Committee has submitted its recommendation on the appointment and remuneration of the Bank's external auditor to the Board of Directors, to be proposed to the shareholders' meeting for approval.
- The Committee considered the Group's policy on non-audit services to be provided by the Bank's external auditor and reviewed its services, aiming to ensure that non-audit engagement does not impair the independence of the Bank's external auditor.
- The Committee has arranged meetings with other Audit Committees within the Group to exchange views and opinions regarding the role of the Audit Committee, in accordance with the good Governance, Risk and Control (GRC) framework, so as to allow all committee members to be able to assess the overall picture of the Group's internal control.

According to a self-assessment carried out in 2020, the results suggested that the Committee has satisfactorily discharged its duties in accordance with the requirements set out in the Committee's charter.

In summary, the Committee has performed its duties independently and has been open in expressing its opinions for the best benefit of the Bank. The Committee is of the opinion that the Bank has an appropriate and efficient risk management and sound internal controls in place to undertake related party transactions, monitor compliance with the rules and policies and for other Bank operations. The financial statements of the Bank are reliable and have been constructed with sufficient control systems and in accordance with Thai Financial Reporting Standards.

The Committee has recommended to the Board of Directors so that communications shall be continuously made to all staff that the Group emphasizes the importance of corporate culture in which unethical and fraudulent behavior is unacceptable (Zero Tolerance to Fraud Policy).

## Performance Assessment

The Audit Committee performed its self-assessment by using the assessment form published by the Audit Committee's manual of the SEC. The assessment form consisted of two main parts, which were Part 1: the appropriateness of the structure and composition of the committee and the general environment which could help the committee to effectively perform its task and Part 2: the performance of the committee during the year. The assessment form of the Audit Committee had ninety-nine questions in total. It aims to improve the environment to facilitate the performance of the committee as well as the charter of the committee to be more suitable. The result shows that the Audit Committee was of the opinion that the structure and composition of the committee and the general environment helped the committee perform its duties effectively (100%) and all of the committee members (100%) viewed that they had performed their tasks according to the scope of work, authorities and responsibilities prescribed in its charter in the previous year.



## 8.3 Performance of the Nomination and Remuneration Committee in the Previous Year

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During the year 2020, the Nomination and Remuneration Committee had five meetings (of which the meeting attendance of each member was shown in the meeting attendance of directors section) to perform the duties as specified in its bylaws and summarized as follows:

1. Selected and nominated candidates for the Bank's directors to replace the directors, who were retired by rotation or resigned from the director post, in order to propose such candidates to the Board of Directors and subsequently to the annual shareholders' meeting for election, as well as monitored and ensured that the component and size of the Board of Directors are adequately effective in supporting the business direction and comply with corporate governance. The Committee utilized mechanism or tools in the candidate selection and nomination process, such as the Board Skill Matrix, to ensure that the proposed directors possess the knowledge, competency and experiences beneficial to long-term operation and are suitable for the business direction and strategy of the Group.
2. Endorsed the revision of the Bank's Executive Committee members to ensure that the Executive Committee consists of qualified members with knowledge, competencies and experiences covering the Group's business operations.
3. Consented to the nominated candidates for the Group companies' directors prior to proposing to the Board of Directors and the shareholders' meeting of each company for consideration and appointment.
4. Assessed and nominated qualified candidates for appointment as the Bank's persons with management authority prior to proposing the said nominations to the Bank of Thailand for endorsement and subsequently to the Board of Directors for approval and appointment. Consideration of the candidates' qualifications was given to ensure diversity and appropriateness in terms of knowledge, competence and experiences in order to strengthen and support the Group's business direction.
5. Assured the annual performance assessment of the Board of Directors and CEO were properly carried out. The assessments were conducted by members of the Board of Directors and other related committees. The assessment results, including all feedbacks and comments to increase the overall performance of the Board of Directors and senior executives, were reported to the Board of Directors for consideration and acknowledgement.
6. Reviewed and ensured that the compensation of the Board of Directors and sub-committee members are appropriate given their assigned duties and responsibilities and are competitive with banking industry practices prior to proposing to the Board of Directors for consideration and subsequently to the shareholder's meeting for approval.
7. Approved compensation of the CEO based on the scope of duties and responsibilities, relevant risks, assessment result and feedback, long- and short-term performance of the Bank and the Group companies and ability to increase long-term shareholders' values under the annual budget framework approved by the Board of Directors.
8. Acknowledged bonus and annual merit's budget criteria and guidelines for the Bank's persons with management authority, which were determined based on several factors, such as the performance of the overall organization, function or business unit, the individual performance and the total compensation concept as specified.

9. Acknowledged and monitored the progress of the succession planning of senior executive positions and talents of the Group as well as ensure the succession plan continuously and appropriately proceeds to guarantee sustainable human resources management.

The Committee has performed the duties as set forth in its bylaws with prudence and transparency as well as in compliance with relevant laws and regulations and the good corporate governance principles for the utmost benefits of the Bank and shareholders.

## Performance Assessment

The Nomination and Remuneration Committee performed its self-assessment by using the assessment form in which questions were divided into six topics. They were 1) the structure and qualification of the committee; 2) the roles, duties and responsibilities of the committee; 3) the committee's meetings; 4) the performance of the committee; 5) the relationship with management and 6) the self-improvement of committee members. The answer scale was 0 - 4 from totally disagreeing to totally agreeing. The result of the self-assessment of the Nomination and Remuneration Committee was at an average of 3.64.

## 8.4 Performance of the Compliance and Governance Committee in the Previous Year

During the year 2020, the Compliance and Governance Committee had five meetings (of which the meeting attendance of each member was shown in the meeting attendance of directors section) to perform the duties as specified in its bylaws and summarized as follows:

- Reviewed and revised the Committee's charter, policies and action plan prior to proposing to the Board of Directors for approval as follows:
  - Endorsed the review and the revision of the Committee's charter;
  - Endorsed the review and the revision of the Corporate Governance Policy of the Bank for the year 2020 to comply with current operations and regulations;
  - Reviewed and revised the Compliance Policy of the Group for the year 2020; and
  - Endorsed the review and the revision of definition of the Anti-corruption Policy.
- Approved the action plans of the Legal and Compliance Group for the year 2020.
- Acknowledged and monitored the implementation progress of the corrective actions and suggestions required by the Bank of Thailand's examiners and the Regulatory Monitoring Department of the Bank, such as

monitoring the compliance with regulations to assess readiness of cyber threat, outsourcing performance to promote the Banks' products, etc.

- Acknowledged the compliance reports of the Bank and the Group companies proposed by the compliance units. The Committee also expressed its views and made suggestions on the improvement of the Bank's and the Group's compliance. In the case where any significant issues which might cause a compliance risk were found, the Committee requested the management or relevant unit to urgently address such issue.
- Considered and expressed opinions on the compliance reports for the year 2019 prior to submission to relevant governing authorities.
- Acknowledged the filing in compliance with the Corporate Governance Report of Thai Listed Companies and endorsed the review of the practices in accordance with the CG Code for the year 2020.
- Performed the Compliance and Governance Committee self-assessment for the year 2020 to consider the result and performance improvement.



In 2020, the Bank was bestowed the following awards which reflected the Bank's management based on business conduct in accordance with good corporate governance:

- One of the 161 listed companies which is ranked "5 TIA" with a full 100 score from the quality assessment of the Annual General Meeting of the Shareholders in 2020 by the Thai Investors Association, the SEC and Thai Listed Company Association;
- Rated "Excellent" in CG scoring from the Corporate Governance Report of Thai Listed Companies in 2020 and received five Logos from the IOD;
- One of the 135 listed companies in ASEAN awarded the ASEAN Asset Class 2019 from the ASEAN CG Scorecard assessment in 2019 which was supported by the ASEAN Capital Markets Forum (ACMF) and the Asian Development Bank (ADB);
- One of the 124 listed companies selected by the SET to receive the Thailand Sustainability Investment 2020 for the sixth consecutive year due to efforts to develop good corporate governance, responsibilities to the environment and society and business management under corporate governance (Environment, Social and Governance/ESG) in order to uphold sustainable growth and build trust for all stakeholders;
- One of the 100 listed companies selected by Thaipat Institute's ESG Rating Unit to be on the list of ESG100 in the year 2020 for the sixth consecutive year due to outstanding sustainability performance of ESG aspects;

- Obtained the Sustainability Disclosure Recognition Award from Thaipat Institute in the State of Corporate Sustainability in 2020 due to the determination in the disclosure of sustainable business information which is beneficial to all stakeholders and for the long-term organizational sustainable development; and
- Became CAC member since January 16, 2015, 1<sup>st</sup> re-certification on November 10, 2017 and 2<sup>nd</sup> re-certification on December 31, 2020.

The Bank recognizes the importance of ethics and integrity in its business conduct in order to comply with laws, business conduct and good corporate governance. This is because its business is predicated on trust and respect of clients, shareholders, stakeholders and all concerned parties, as well as in promoting the Bank's sustainable growth. The Bank is fully committed to pursuing best practice under good corporate governance principles.

## Performance Assessment

The Compliance and Governance Committee performed its self-assessment by using the assessment form in which questions were divided into six topics. These were 1) the structure and qualification of the committee; 2) the roles, duties and responsibilities of the committee; 3) the committee's meetings; 4) the performance of the committee; 5) the relationship with management and 6) the self-improvement of committee members. The answer scale was 0-4 from totally disagreeing to totally agreeing. The result of the self-assessment of the Compliance and Governance Committee was at an average of 3.41.

## 8.5 Performance of the Executive Committee in the Previous Year

During the year 2020, the Executive Committee had twelve meetings (of which the meeting attendance of each member was shown in the meeting attendance of directors section) to perform the duties as specified in its bylaws and summarized as follows:

1. Determined the Group's short and long-term business directions and strategic goals for both financial and non-financial aspects by analyzing the ecosystem and factors and endorsed the review of the Group's vision, mission and principles for the year 2020 prior to proposing to the Board of Directors for approval.
2. Endorsed the revision of the mid-year 2020 business plan and budget and the business plan and annual budget for the years 2021-2023 of the Group by emphasizing on adequate and efficient allocation of key resources, for instance, capital investment, personnel, technology, etc. prior to proposing to the Board of Directors for approval.
3. Monitored the Group's business operation to ensure that it is in accordance with laws and specified policies and acknowledged important management reports, such as the Group's business performance report, the risk appetite report, the report on the issuance and offering of debentures, etc.
4. Endorsed and defined new policies, as well as reviewed and improved those policies and guidelines currently being used to promote transparent and efficient business operation and to be in compliance with the changing regulations. Examples include Personal Data Protection Policy, Money Transfer Fund Policy, Sandbox Policy, Information Technology Policy, Delegation of Authority Policy for Retail Lending, Anti-corruption Policy, Policy and Guideline on Historical Rate Rollover, Connected Transaction Policy and Strategic Shareholders Report, Master Product Program for Derivatives, Regulations on the Giving and Receiving of Gifts, Entertainment Fees or Other Expenses with Outsiders, Connected Transaction Policy and Strategic Shareholders Report, etc.
5. Endorsed the Group's supervisory guideline for the year 2020 to ensure it is in line with the current structure of the Group and to enable the Group to have a better practice in corporate management and policy governance prior to proposing to the Board of Directors for approval.
6. Approved the unreviewed/unaudited financial statements in order to disclose to the SET, relevant supervisory agencies and the public and approved debt write-off in accordance with the authority of the Executive Committee.
7. Endorsed the allocation of profit and dividend payment for the year 2019 as well as the allocation of profit and interim dividend payment omission from the operating result during January 1 - June 30, 2020 prior to proposing to the Board of Directors for approval.
8. Endorsed the review and revision of the Capital Management Plan and Policy and the Internal Capital Adequacy Assessment Process (ICAAP Report) for the year 2020 to ensure the capital is appropriate for the current business operation prior to proposing to the Board of Directors for approval and approved the review and revision of the Liquidity Management Guideline for the year 2020.
9. Approved, reviewed and revised the credit line and credit covenant for the Bank's counterparties in accordance with the authority of the Executive Committee, endorsed the credit line and credit covenant of the Bank's counterparties prior to proposing to the Board of Directors for approval and monitored the approval, review and revision of the credit line and credit covenant for the Bank's counterparties as executed by the Main Credit and Foreclosed Property Committee.



10. Acknowledged the report on the improvement of the Commercial Lending's NPL for the year 2019 and approved its NPL improvement plan for the year 2020 prior to proposing to the Bank of Thailand for consideration.
11. Endorsed the change of the Bank's name for rebranding, uniting and truly completing the merger which had begun since the year 2012 and the amendment of the Bank's Memorandum of Association and Articles of Association to be in line with the change of the Bank's name prior to proposing to the Board of Directors for consideration.
12. Endorsed the appointment of the Group's Personal Data Protection Officer in accordance with the Personal Data Protection Act B.E. 2562 (2019) prior to proposing to the Board of Directors for consideration.
13. Approved the issuance and offering of the subordinated debentures intended to qualify as tier 2 capital.
14. Approved the market conduct annual statement for selling of insurance products for the year 2019 and the revision plan for filing to the Office of Insurance Commission
15. Reviewed and amended the roles, duties and responsibilities of the Executive Committee prior to proposing to the Board of Directors for approval, approved the revision of the roles, duties and responsibilities and the changes of members for sub-committees under supervision to ensure more appropriateness and monitored the performance of the sub-committees under supervision.
16. Approved the Executive Committee's report and performed self-assessment for the year 2020.

### Performance Assessment

The Executive Committee performed its self-assessment by using the assessment form of which questions were divided into four topics, which were 1) performance according to duties, authorities and responsibilities; 2) the committee's meetings; 3) the performance of the chairperson and 4) the minutes of the committee's meetings. The answer scale was 1 - 5 rating from the lowest to the highest. The result of the self-assessment of the Executive Committee was an average of 4.57.

## 8.6 Performance of the Risk Oversight Committee in the Previous Year

During the year 2020, the Risk Oversight Committee had twelve meetings (of which the meeting attendance of each member was shown in the meeting attendance of directors section) to perform the duties as specified in its bylaws and summarized as follows:

1. Developed strategies that were consistent with the Bank's Risk Management Policy. The strategies should enable the Risk Oversight Committee to assess, monitor and control risks to be at acceptable levels.
2. Reviewed and updated overall policies on risk management for the Bank and the Group and proposed to the Board of Directors for consideration and approval, such as Credit Risk Management Policy, Liquidity Risk Management Policy, Market Risk Management Policy, Operational Risk Management Policy, IT Risk Management Policy, Reputational Risk Management Policy, Loan Approval Policy, Investment and Trading Policy and Delegation of Authority Policy for Retail Lending - Product Program.
3. Reviewed and improved the risk management system, as well as approved the criteria and regulations of the Bank and the Group companies, such as criteria relating to lending, commitments and any transactions with loan-like characteristics, criteria on asset



classification including criteria for stress-testing (in accordance with ICAAP and Supervisory Scenario) in order to assess capital adequacy for the year 2020, single lending limit plan and risk mitigation plan.

4. Approved the well-suited member changes and acknowledged the performance of sub-committees under supervision.
5. Acknowledged the Bank's and the Group companies' overall risk, credit risk analysis and management report, operational risk and loss report and issues from the Risk Management Committees of the subsidiaries in the capital market business.
6. Reported credit risk management policies and loan approval criteria to the Executive Committee and the Board of Directors.

## Performance Assessment

The Risk Oversight Committee performed its self-assessment by using the assessment form of which questions were divided into four topics, which were 1) performance according to duties, authorities and responsibilities; 2) the committee's meetings; 3) the performance of the chairperson and 4) the minutes of the committee's meetings. The answer scale was 1-5 rating from the lowest to the highest. The result of the self-assessment of the Risk Oversight Committee was an average of 4.40.



## 9. Internal Controls and Related Party Transactions

### 9.1 Internal Controls

#### 9.1.1 Summary of Internal Controls and Risk Management

The Group pays attention to the importance of good governance and requires its executives and employees to abide by the following guidelines:

- Promote, support and establish a greater understanding of internal controls, as well as create positive relationships and widespread acceptance among executives and employees on their particular duties and roles through effective corporate communications fostered by the senior executives.
- Promote and support the implementation of a self-regulation process in each division or business unit with adherence to the internal control frameworks and guidance of COSO Enterprise Risk Management (COSO ERM).

It is the Group's policy to foster an effective and efficient self-regulation process, internal controls, and risk management. The Audit Committee, the Compliance and Governance Committee, the Risk Oversight Committee, and the assigned executives regularly review the efficiency of the three such processes, which govern financial controls, operations and compliance. Accordingly, internal control elements are being assessed, particularly in eight aspects, namely internal environment, objective setting, event identification, risk assessment, risk response, control activities, information and communication and monitoring. The Group also takes appropriate actions to assure consistent improvements on the three such processes.

To conform to the frameworks and guidance of good governance, internal controls and risk management, as prescribed in the eight components of COSO ERM, the Group undertakes the following actions:

#### 1. Internal Environment

The Group encourages its directors, executives and all staff to recognize the necessity of an internal control system. The Board of Directors and board-appointed committees ensure that business objectives are clearly

stated and assessable, and are applicable as staff practice guidelines. The organizational structure is designed to enable the efficient management of business operations. The Group prescribes in writing its Guidelines for Business Conduct Policy and Conflict of Interest Policy which prohibit executives and employees from acting in a manner that would create a conflict with the organization's interests, as well as prescribing penalties for violations thereof. The Group has established the Office of Internal Audit, the Legal and Compliance Group, and the Risk Management Group which are the key supporting arms ensuring efficiency of good governance, internal controls, and risk management. The Group has also established in writing policies and procedures that strictly govern financial transactions, procurement, general administration and fraud protection measures. In addition, it has set strategies on human resources management and prescribes staff policies regarding selection, recruitment, orientation, and training and development. Other internal control mechanisms include supervision and team management, and appropriate checks and balances in each of the Group's business functions.

#### 2. Objective Setting

Each of the Group's business units is required to set its objectives that are linked to the Group's corporate vision, mission and strategies, with clearly defined key performance indicators. In brief, the "SMART" concept, which is an acronym for criteria for the setting of objectives that represent business imperatives, is applied. This concept includes the following:

**Specific:** targeted returns or outcomes are clearly defined and comprehensible to all employees.

**Measurable:** achievements can be quantified and measured.

**Achievable:** targets are possible to achieve under the availability of the Bank's current resources.

**Relevant:** conform to the Bank's operation strategies and targets.

**Timeliness:** the achievement timeframe is clearly specified.

All of these objective settings aim to create efficiency, appropriateness and a common ground on a corporate direction for an acceptable risk level.

### 3. Event Identification

The Group identifies internal and external events that can affect its achievement targets for business operations. Appropriate stress test assessments under given stress scenarios are implemented to evaluate the severity of potential losses or adversity, as well as to find proper response planning for such outcomes. The Bank's Risk Management Group, under the supervision of the Risk Oversight Committee, generally performs regular reviews of stress test procedures and the environment in accordance with the risk management framework and policy prescribed by the Bank of Thailand.

### 4. Risk Assessment

The Bank consistently and continually fosters risk management policy and risk assessment processes, evaluates both internal and external risk factors that may materially affect the Bank's business operations, establishes control measures to monitor circumstance changes in such factors and implements mitigation measures thereof. The Risk Management Group, under the supervision of the Risk Oversight Committee, regularly communicates with relevant functions of the Group to remain aware and comply with such risk management measures. The Office of Internal Audit shall review and monitor relevant implementations thereof to assure compliance with the prescribed risk management plans by each unit.

### 5. Risk Response

The Risk Management Group, together with related business units, determines risk response methods for mitigation of such risk to an acceptable threshold. Exploring appropriate risk response methods to the probability or consequences of a risk event is undertaken via cost-benefit analysis. The Group continually and consistently monitors and reviews its risk response measures.

### 6. Control Activities

The Group clearly prescribes in writing its delegation of authority governing all its authority levels in the management and committees. The controls include the segregation of duties and responsibilities of various functional roles, involving granting of approval and authorization, recording of information data and recognition of accounting entries, as well as fiduciary duty and property management. The actions create a check-and-balance mechanism. In the event that the Group undertakes transactions with its major shareholders, directors, executives or connected parties thereof, the Group also sets approval measures to govern such transactions, and in the event that the Group has investments in its subsidiaries or affiliates, the Group also monitors the business operations of such entities on a regular basis. The Group provides strategic directions to an individual whom it has appointed to serve as director or management of such entities to comply with. The Legal and Compliance Group monitors legal compliance of the Group to assure the mitigation of reputation risk. In the event of error and deficiency, a fact-finding panel comprising an independent body shall be established to investigate facts as well as to propose remedial and improvement methods to prevent any recurrence of such error and deficiency.

### 7. Information & Communication

The Group has arranged to have an information technology system that can adequately support information management. It has also established comprehensive intra-corporate communications that are high-quality, clear, timely and with organization-wide coverage. The system, which has the beneficial features of completeness, simplicity and an easy-to-use pattern, provides support to decision-making with data storage and data classification. The Bank has set up the IT Investment Sub-committee to consider the value of IT investment and supervise the management of the Bank's information. It also promotes knowledge management activities to make knowledge and proficiency accessible to all employees and encourages them to apply such knowledge and proficiency in their work duties. The Group also promotes business expertise and advisory



skills among employees to enable them to better serve their clients, trade partners and related parties, as well as render maximized corporate benefits as per the Group's targeted vision and mission.

## 8. Monitoring

The Group has processes, procedures and tools to support its executives, Board members and committees to monitor business operations, improve efficiency and make assessments according to the key performance indicators. All these help in assuring performances and on-going efficiency of the internal control system and are regularly adjusted with changes in circumstances. It also assures that any errors or omissions are promptly identified for remediation. The Group prescribes the reporting of its operational results, performances, and comparative performance targets on a monthly and quarterly basis, according to their relative importance and impacts. It also monitors and reports incurred losses for assessment and review of the operation process and efficiency of applied risk management tools. The monitoring process includes reviews of minutes of meetings, loss reports, complaints, and random checks on self-assessment reports made in accordance with self-regulation and self-control concepts. The monitoring actions are made by the Legal and Compliance Group, the Risk Management Group and the Office of Internal Audit, together with investigations by external auditors. The Board of Directors also assesses the adequacy of the internal control system on an annual basis to assure that the Group has appropriate internal control systems, thus making it capable of achieving its targeted goals.

### 9.1.2 Summary of the Opinions of the Board of Directors on Internal Controls

The Board of Directors is of the opinion that the Bank and its subsidiaries have sufficient and appropriate internal control systems, which can protect the assets of the Bank and its subsidiaries from any misappropriation or unauthorized action of directors or executives. In the past year, the Bank and its subsidiaries had some deficiencies in its internal control systems and

management has given serious attention to these issues in order to correct and improve the performance of the system. The Audit Committee shared similar views to those of the Board of Directors. The external auditors did not make any remark which could be deemed as being of any significance on the Group's internal controls. The related party transactions between the Group and persons who could present potential conflicts of interest which are necessary, undertaken in the ordinary course of business, and at market price, are disclosed in the Related Transactions section and Notes to the Financial Statements.

The Group arranges to have internal control assessment surveys every year. In 2020, the Group's management was engaged in assessing the adequacy of internal controls using the SEC's checklist, which was developed under the COSO 2013 framework. The assessment results had been reviewed by the Audit Committee and the Board of Directors in order to exchange views and have a common understanding over the state of internal controls so that appropriate actions could be further determined.

### 9.1.3 Internal Audit Head

During the meeting of the Audit Committee No.1/2555 dated January 11, 2012, the Committee approved the appointment of Dr. Narong Preedanan to hold the position of Executive Vice President, Head of the Office of Internal Audit. The decision was submitted to the Board of Directors for further approval. Dr. Narong Preedanan has over thirty years of internal audit work experience with leading financial institutions. He sufficiently attended various internal audit training courses and has a good understanding of the Group's business and operations, and thus is suitable to perform his assigned tasks. The decisions on appointment, transfer, dismissal as well as performance appraisal on the efficiency and effectiveness of the Internal Audit Head require approval from the Audit Committee. His qualifications are shown in the Attachment 3.

### 9.1.4 Compliance Head

During the meeting of the Board of Directors No.1/2557 dated January 31, 2014, the Board resolved the appointment of Mr. Aphichart Chongsanguanpradab to hold the position of Executive Vice President, Head of the Office of Compliance, effective from February 1, 2014 and the Board of Directors' meeting No. 6/2562 dated June 27, 2019 resolved the appointment of Mr. Aphichart Chongsanguanpradab, Executive Vice President, as Head of Legal and Compliance Group, effective from July 16, 2019 and reported to the Bank of Thailand to acknowledge such appointment. Later, Mr. Aphichart Chongsanguanpradab has been appointed as the First Executive Vice President, Head of Legal and Compliance Group, effective from March 1, 2020.

Mr. Aphichart Chongsanguanpradab has twenty years of experience in compliance, supervisory policy for securities business, and internal audit of financial institutions. He attended various training courses, Operational Supervision for Head of Compliance, for three courses organized by the Thai Bankers' Association together with the Thai Institute of Banking and Finance Association (TIBFA), the Association of Investment Management Companies (AIMC) and the Association of Thai Securities Companies (ASCO) including the Compliance Officer Program organized by the Bank of Thailand together with the Faculty of Law, Chulalongkorn University and the Thai Bankers' Association. His roles, responsibilities and qualifications are shown in the Attachment 3.

## 9.2 Related Party Transactions

In 2018, 2019 and 2020, the Bank performed related party transactions, which were transacted to support its normal course of business operations. The Bank also maintains the prescribed procedures governing related party transactions that are in accordance with the guidelines set forth by the SEC. These related party transactions do not lead to any conflict of interest.

### 9.2.1 Measures or Procedures Governing Approval of Related Party Transactions

The Bank pays attention towards protections against any circumstances that threaten to give rise to any conflict of interest. When considering entering into any related party transactions with any party or person that may have any potential conflict of interest, such transaction shall be considered by the Bank on a similar basis as, and no less favorable to any other transaction undertaken with any unrelated third-party. It also prescribes that its directors and executives who have special interest in any particular transaction shall not be entitled to cast their vote on the approval thereof. The Bank discloses information transparently in accordance with the corporate governance principles.

### 9.2.2 Significant Related Party Transactions

#### 1. Significant related party transactions with subsidiaries

Name	Relationship	Description of Transaction	Transaction Amount (Baht Million)			Reasons and Necessities
			2018	2019	2020	
KKP Capital Public Company Limited/ KKP CAP	99.98% owned by the Bank	• Loans and accrued interest receivables	1,770	1,776	1,946	The Bank calculated interest at the normal rate similar to regular clients.
		• Deposit	31	73	44	



Name	Relationship	Description of Transaction	Transaction Amount (Baht Million)			Reasons and Necessities
			2018	2019	2020	
		<ul style="list-style-type: none"> <li>• Other assets</li> <li>• Other liabilities</li> <li>• Interest income</li> <li>• Dividend income</li> <li>• Other income</li> <li>• Other expense</li> </ul>	13	4	4	
			130	145	172	
			106	88	61	
			841	1,367	1,051	
			19	20	29	
			183	210	212	
Kiatnakin Phatra Securities Public Company Limited/ KKPS	Indirectly holding via KKP CAP of 99.95%	<ul style="list-style-type: none"> <li>• Loans and accrued interest receivables</li> <li>• Deposit</li> <li>• Other assets</li> <li>• Other liabilities</li> <li>• Interest income</li> <li>• Other income</li> <li>• Interest expense</li> <li>• Other expense</li> </ul>	-	2,900	-	The Bank calculated interest at the normal rate similar to regular clients.
			167	316	320	
			79	60	64	
			58	70	102	
			49	6	-	
			53	107	134	
			6	7	7	
			89	121	170	
Kiatnakin Phatra Asset Management Company Limited/ KKPAM	Indirectly holding via KKP CAP of 99.97%	<ul style="list-style-type: none"> <li>• Deposit</li> <li>• Other assets</li> <li>• Other income</li> </ul>	16	5	18	The Bank calculated interest at the normal rate similar to regular clients.
			9	5	6	
			24	33	35	
Erawan Law Office Company Limited	Completed the liquidation process and registered the completion of liquidation with the Department of Business Development on December 20, 2019	<ul style="list-style-type: none"> <li>• Deposit</li> </ul>	6	-	-	The Bank calculated interest at the normal rate similar to regular clients.
The Asia Recovery 1 Fund	99.95% owned by the Bank	<ul style="list-style-type: none"> <li>• Other assets</li> <li>• Dividend income and profit sharing</li> </ul>	8	-	-	
			8	-	-	
The Asia Recovery 2 Fund	99.59% owned by the Bank	<ul style="list-style-type: none"> <li>• Other assets</li> <li>• Dividend income and profit sharing</li> <li>• Other income</li> </ul>	90	-	-	
			90	-	-	
			1	1	1	
The Asia Recovery 3 Fund	99.97% owned by the Bank	<ul style="list-style-type: none"> <li>• Dividend income and profit sharing</li> <li>• Other income</li> </ul>	2	-	-	
			2	2	2	
Thai Restructuring Fund	98.91% owned by the Bank	<ul style="list-style-type: none"> <li>• Dividend income and profit sharing</li> <li>• Other income</li> </ul>	43	-	-	
			5	5	5	



Name	Relationship	Description of Transaction	Transaction Amount (Baht Million)			Reasons and Necessities
			2018	2019	2020	
Bangkok Capital Fund	95.72% owned by the Bank	• Deposit	201	40	60	The Bank calculated interest at the normal rate similar to regular clients.
		• Other assets	168	-	-	
		• Dividend income and profit sharing	301	96	-	
		• Other income	9	6	6	
Gamma Capital Fund	94.03% owned by the Bank	• Deposit	166	340	331	The Bank calculated interest at the normal rate similar to regular clients.
		• Dividend income and profit sharing	237	6	-	
		• Other income	7	7	6	
KKP Tower Company Limited	91.34% owned by the Bank	• Loans and accrued interest receivables	1,274	1,768	2,337	The Bank calculated interest at the normal rate similar to regular clients.
		• Deposit	108	34	106	
		• Other assets	53	50	700	
		• Other liabilities	8	7	645	
		• Interest income	48	70	204	
		• Interest expense	1	1	11	
		• Other expense	191	196	201	
Phatra Asset Management (Cayman) Limited	Completion of oversea subsidiaries' dissolution on April 1, 2020	-	-	-	-	
Phatra Equity Market Neutral Asia Pacific Fund	Redemption of all redeemable participating shares on April 1, 2019	-	-	-	-	

## 2. Related transaction between the Bank and other business entities in which the directors, key executives and related persons have significant influence

Name	Relationship	Description of Transaction	Transaction Amount (Baht Million)			Reasons and Necessities
			2018	2019	2020	
Business entities in which the directors, key executives and related persons have significant influence	Business entities are related to the directors and executives	• Deposit	146	163	212	The Bank calculated interest at the normal rate similar to regular clients.
		• Borrowings	500	400	400	
		• Other assets	1	1	-	
		• Other liabilities	8	7	6	
		• Interest expense	21	21	22	
		• Other expenses	104	102	93	



### 3. Related transaction between the Bank and directors, key executives and related persons have significant influence

Name	Relationship	Description of Transaction	Transaction Amount (Baht Million)			Reasons and Necessities
			2018	2019	2020	
Directors/ key executives/ related persons	Directors/ key executives/ related persons	• Loans and accrued interest receivables	3	9	8	The Bank calculated interest at the normal rate similar to regular clients.
		• Deposit	19	769	953	
		• Borrowings	38	133	-	
		• Interest expense	9	12	13	KKPS and KKPAM provide services and charge at the same commission rate as other regular clients.
		• Brokerage income	13	14	11	

#### 9.2.3 Policy and Outlook for Future Related Party Transactions

It is not the Bank's and its subsidiaries' policy to encourage the transacting of related party transactions with any party or persons that may have any potential conflict of interest, unless such transactions are those which occur in their normal course of business operations. In that regard, such related party transactions shall maintain their pricing or terms which are no different from those transacted between the Bank and any unrelated third-party. The Bank and its subsidiaries shall regularly review their related party transactions on a quarterly basis and duly report any irregularities to the Audit Committee.

#### 9.2.4 Reasons behind the Holding of the Bank and its Subsidiaries' shares in Excess of 10.00% by a Person that May Have Potential Conflict, Instead of Direct Holdings

It is not the Bank's policy to have a person that may have potential conflict holding shares in its subsidiaries on behalf of the Bank.

# Part 3

## Financial Statements



### Independent Auditor's Report

To the shareholders and the Board of Directors of Kiatnakin Phatra Bank Public Company Limited

#### My opinion

In my opinion, the consolidated financial statements and the separate financial statements of the Bank present fairly, in all material respects, the consolidated financial position of of Kiatnakin Phatra Bank Public Company Limited (the Bank) and its subsidiaries (the Group) and the separate financial position of the Bank as at 31 December 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS) and the Bank of Thailand Notifications in relation to the preparation and presentation of financial reporting as described in note to the financial statements No. 3 and No. 4.

#### What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.



## Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key audit matters

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

Key audit matter	How my audit addressed the key audit matter
<p><b><i>Allowance for expected credit losses of loan to customers</i></b></p> <p>The Group and the bank have adopted TFRS 9 "Financial Instruments" with a date of transition of 1 January 2020 which introduces an expected credit loss ('ECL') impairment model with taking effect of forward-looking adjustment. ECL are calculated both for individually significant loans and collectively on a portfolio basis which require the use of statistical models, data and assumptions.</p> <p>As at 31 December 2020, total gross loans to customers balance reported in the consolidated financial statements and the separate financial statements was Baht 271,951 million and Baht 275,750 million respectively. The balance of allowance of expected credit losses of loan to customers was Baht 13,105 million and Baht 13,107 million, which represents 4.82% and 4.75% of loans to customers respectively. Relevant references in the financial statements for allowance of expected credit losses of loan to customers are as follows;</p> <ul style="list-style-type: none"> <li>• Note 3.4.4: Accounting policies on financial instruments</li> <li>• Note 4: Adoption of new financial reporting standards and changes in accounting policies</li> <li>• Note 7.1.1: Estimates and assumptions on measurement allowance for expected credit losses</li> <li>• Note 17: Allowance for expected credit losses</li> <li>• Note 54: Expected credit losses</li> </ul>	<p>As TFRS 9 was adopted from 1 January 2020, I performed the testing procedures on the opening balance on the transition date. This included evaluated the accounting interpretations for compliance with TFRS 9 and testing the adjustments and disclosures made on the transition.</p> <p><b><i>Individual assessment</i></b></p> <p>I performed individual credit assessment on a sample of loans. I assessed the reasonableness of the assumptions over the cash flows forecasts prepared by management. For cash flows forecasts based on realisation of collateral, I agreed the collateral valuation to the current valuation report prepared by independent valuers. I recalculated ECL for exposures assessed on an individual basis.</p> <p><b><i>Collective assessment</i></b></p> <p>I selected samples and performed testing for the following procedures:</p> <ul style="list-style-type: none"> <li>• Assessed the methodologies inherent within the collective assessment ECL models applied against the requirement of TFRS 9;</li> <li>• Evaluated and tested the design and operating effectiveness of the controls relating to: <ul style="list-style-type: none"> <li>- Governance and model development, including model build, model approval and model validation;</li> <li>- Completeness and accuracy of critical external and internal data input into the ECL calculations;</li> <li>- Calculation of ECL;</li> <li>- Data transfer from source systems to ECL calculation model and model output to the general ledger;</li> <li>- IT controls for both general computer controls and application controls for loan data, aging systems and collateral systems,</li> <li>- Accuracy and timeliness of staging based on quantitative and qualitative triggers; and</li> <li>- Accuracy and appropriateness of accounting treatment for customers under COVID-19 relief measures programs.</li> </ul> </li> </ul>

Key audit matter	How my audit addressed the key audit matter
<p>I focused on this area because of the following reasons;</p> <ol style="list-style-type: none"> <li>1) The balance of expected credit losses balance is significant to the financial statements and management also exercised significant judgement and sensitive assumptions that relate to; <ul style="list-style-type: none"> <li>• Accounting interpretations</li> <li>• Forward looking and macro-economic information and weighting</li> <li>• Expected lifetime</li> <li>• Staging threshold and criteria</li> <li>• Expected future cash flows</li> <li>• Management overlay</li> </ul> </li> <li>2) From the COVID-19 outbreak, the Bank has been assisting customers who have the impacts from COVID-19 outbreak followed the Bank of Thailand COVID-19 relief program such as loan and interest payment delay, term extensions. As disclosed in Note 3, management has adopted the accounting treatment guidance on "the temporary relief measures for entities supporting their debtors who are effected from the situations that affected Thailand's economy". The adoption of this relief measures has the impact to accounting treatment for staging and consideration of expected credit losses.</li> </ol>	<ul style="list-style-type: none"> <li>• Assessed, tested the significant model assumptions, considered reasonableness of forward-looking forecasts assumptions and the appropriateness of the weightings adopted and challenged management to provide supporting evidence of the related key assumptions. I also tested the model changes and refinement during the year;</li> <li>• Tested the accuracy of staging including the customers under COVID-19 relief measures programs according to the Bank of Thailand notifications;</li> <li>• Assessed, considered reasonableness of overlays applied by management and challenged management for the consideration of economic trend and risky industries;</li> <li>• Made specific inquiries and reviewed the outcomes from the Bank's internal experts model validation results;</li> <li>• Tested the calculation of ECL and agreed the results to the general ledger;</li> <li>• Assessed the completeness and appropriateness of disclosures in note to financial statements according to the related financial reporting standards.</li> </ul> <p>I involved the financial risk model specialist and IT specialist in areas such as reviewing appropriateness of the ECL models, data reliability and system calculation.</p> <p>Based on the above procedures, the results for my evaluation of allowance of expected credit losses of loans to customers are appropriate following the supporting evidences and I found no material exceptions in the tests.</p>
<p><b>Impairment testing of goodwill</b></p> <p>As at 31 December 2020, the Group had a goodwill of Baht 3,066 million. Goodwill arose from the Capital Market segment, which was identified as the cash-generating unit (CGU). The recoverable amount of goodwill is determined by the Dividend Discount Model. Refer to the accounting policy related to goodwill in note 3.4.9, accounting estimates and assumptions in note 7.1.4 and related disclosures of goodwill in note 23.2.</p> <p>I focused on this area due to the significant value and the nature of the significant judgement and assumptions used in the valuation model. An assessment is required annually to establish whether this goodwill is recognised with the proper amount.</p> <p>Management calculated the discounted dividend by using the dividend received projection based on financial budgets covering a ten-year period which are referred from the past operating results, together with the estimated growth rates of the market and the subsidiaries where management believes that the ten-year period can reflect their business plan.</p>	<p>I evaluated management's assessment of impairment by inquiry with management about the method used and assumptions in the valuation model.</p> <p>Specific work where I challenged management and corroborated supporting evidence for appropriateness of valuation model included:</p> <ul style="list-style-type: none"> <li>• comparing the assumptions used within the valuation model to approve budgets and business plans, payout ratio estimated from the forecast business performance and other supporting evidence for future assumptions such as expected yearly market turnover and average commission rate;</li> <li>• comparing key assumptions with external data. For example, I compared the discount rate with the risk-free rate of government bonds and market risk premium with market data and also tested the input data to check that the input data is updated and appropriate;</li> <li>• considering the current year and historical performance against the plan and the reasons for any deviation from the plan. I also discussed those deviations and uncertainties with management and considered the economic trend and related industries; and</li> </ul>



Key audit matter	How my audit addressed the key audit matter
<p>The key assumptions that involve management judgement are:</p> <ul style="list-style-type: none"> <li>• Discount rate</li> <li>• Growth rate</li> <li>• Payout ratio</li> <li>• Expected future revenue and net profit generated from Capital Market Segment</li> </ul> <p>Those assumptions are from both internal and external factors. Management will revisit and consider applying the latest information that reflects the market condition and business for the calculation of the recoverable amount of goodwill.</p>	<ul style="list-style-type: none"> <li>• evaluated and challenged the Group's net income forecast in a discussion with the management of the business involved, such as future business plans and focus.</li> </ul> <p>I concluded that the key assumptions were reasonable, given the historic results and economic outlook.</p> <p>In the testing valuation model:</p> <ul style="list-style-type: none"> <li>• I checked the calculations for mathematical accuracy and I found no exceptions.</li> <li>• I considered the sensitivity of the calculation by varying the assumptions, which are the discount rate and growth rate, within a reasonable range.</li> </ul> <p>I found that management's assumptions appropriately reflected the current economic conditions in the capital market as at the financial statements.</p>

## Emphasis of matter

I draw attention to Note 3 to the consolidated and separate financial statements, which describes the accounting policies in relation to adopting the temporary exemptions announced by the Federation of Accounting Professions to relieve the impact from COVID-19 for the reporting periods ending between 1 January 2020 until 31 December 2021. My opinion is not modified in respect to this matter.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my 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 consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

## Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRS and the Bank of Thailand Notifications in relation to the preparation and presentation of financial reporting, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and



using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group's and the Bank's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

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

As part of an audit in accordance with TSAs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Group's and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

PricewaterhouseCoopers ABAS Ltd.

**Sakuna Yamsakul**

Certified Public Accountant (Thailand) No. 4906

Bangkok

25 February 2021

# Kiatnakin Phatra Bank Public Company Limited and Subsidiaries

## Statement of Financial Position

### As at 31 December 2020

	Notes	Consolidated		Separate	
		2020	2019	2020	2019
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Assets</b>					
Cash		1,490,626	1,109,658	1,490,407	1,108,781
Interbank and money market items, net	8	32,770,543	11,981,838	30,857,786	13,275,187
Financial assets measured at fair value					
through profit or loss	10	11,289,598	-	6,752,638	-
Derivatives assets	9	10,276,081	4,298,538	10,251,116	4,234,450
Investments, net	11	23,312,942	39,201,003	20,223,133	26,973,203
Investments in subsidiaries, net	12	-	-	10,628,028	10,302,807
Investments in receivables, net	13	-	1,619,449	-	363,319
Investments in properties, net	14	21,761	21,870	-	-
Loans to customers and accrued interest receivables, net	15	258,846,014	227,677,310	262,643,112	231,195,924
Properties foreclosed, net	20	2,937,160	3,585,530	3,639,337	4,720,261
Land, premises and equipment, net	21	3,284,464	3,038,243	706,577	823,750
Right-of-use assets	22	229,835	-	877,100	-
Other intangible assets, net	23.1	1,128,488	1,151,041	1,045,584	1,071,555
Goodwill	23.2	3,066,035	3,066,035	-	-
Deferred tax assets	24	1,338,682	1,846,295	1,091,945	1,603,603
Accounts receivable from clearing house and broker - dealers		1,334,267	4,056,938	-	-
Securities and derivative business receivables		6,837,597	4,620,082	-	-
Other assets, net	25	5,246,923	4,416,176	4,261,535	3,542,764
<b>Total assets</b>		<b>363,411,016</b>	<b>311,690,006</b>	<b>354,468,298</b>	<b>299,215,604</b>



**Kiatnakin Phatra Bank Public Company Limited and Subsidiaries**  
**Statement of Financial Position (Cont'd)**  
**As at 31 December 2020**

	Notes	Consolidated		Separate	
		2020	2019	2020	2019
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Deposits	26	251,525,874	172,173,559	252,066,562	172,661,303
Interbank and money market items, net	27	10,263,870	17,339,111	10,230,265	17,289,523
Liabilities payable on demand		392,712	377,326	392,712	377,326
Financial liabilities measured at fair value					
through profit or loss	28	896,906	3,498,702	-	-
Derivatives liabilities	9	8,724,685	4,038,272	8,674,189	4,011,189
Debt issued and borrowings	29	28,343,500	55,415,433	27,757,881	53,235,324
Lease liabilities	22	183,697	-	820,206	-
Provisions	30	1,066,255	844,037	764,774	556,724
Deferred tax liabilities	24	13,556	26,703	-	-
Accounts payable to clearing house and broker - dealers		588,026	614,271	-	-
Securities and derivative business payables		5,539,391	3,868,461	-	-
Accrued interest expenses		467,833	745,793	467,833	745,793
Other accounts payable	31	3,923,055	3,141,943	3,803,024	3,002,524
Income tax payable					
and specific business tax payable		399,461	559,255	260,420	425,740
Other liabilities	32	4,456,474	5,035,881	3,538,122	4,346,026
<b>Total liabilities</b>		<b>316,785,295</b>	<b>267,678,747</b>	<b>308,775,988</b>	<b>256,651,472</b>
<b>Equity</b>					
<b>Share capital</b>					
Authorised share capital					
846,751,109 ordinary shares of Baht 10 each		8,467,511	8,467,511	8,467,511	8,467,511
Issued and paid-up share capital					
846,751,109 ordinary shares of Baht 10 each		8,467,511	8,467,511	8,467,511	8,467,511
Premium on share capital		9,356,233	9,356,233	9,356,233	9,356,233
Other components of equity	36	(137,048)	186,602	398,230	243,194
<b>Retained earnings</b>					
Appropriated					
Legal reserve	33	852,337	852,337	852,337	852,337
Others		-	380	-	380
Unappropriated		27,978,147	25,039,042	26,617,999	23,644,477
<b>Total equity of the Bank</b>		<b>46,517,180</b>	<b>43,902,105</b>	<b>45,692,310</b>	<b>42,564,132</b>
<b>Non-controlling interests</b>		<b>108,541</b>	<b>109,154</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>46,625,721</b>	<b>44,011,259</b>	<b>45,692,310</b>	<b>42,564,132</b>
<b>Total liabilities and equity</b>		<b>363,411,016</b>	<b>311,690,006</b>	<b>354,468,298</b>	<b>299,215,604</b>

(Mr. Aphinant Klewpatinond)  
Chief Executive Officer

(Mr. Philip Chen Chong Tan)  
President

**Kiatnakin Phatra Bank Public Company Limited and Subsidiaries**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 31 December 2020**

	Notes	Consolidated		Separate	
		2020	2019	2020	2019
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Interest income	47	19,584,141	18,036,208	19,364,058	17,748,919
Interest expenses	48	4,904,954	5,719,962	4,947,134	5,695,077
<b>Interest income, net</b>		<b>14,679,187</b>	<b>12,316,246</b>	<b>14,416,924</b>	<b>12,053,842</b>
Fees and services income	49	5,107,313	5,201,699	2,120,120	2,293,121
Fees and services expenses	49	771,057	597,665	187,584	145,628
<b>Fees and services income, net</b>		<b>4,336,256</b>	<b>4,604,034</b>	<b>1,932,536</b>	<b>2,147,493</b>
Gain on financial instruments measured at fair value through profit or loss, net	50	1,078,933	-	329,254	-
Gain on trading and foreign exchange transactions, net	50	-	276,581	-	233,768
Gain on financial liabilities designated at fair value through profit or loss	50	-	285,937	-	-
Gain on investments, net	51	49,555	568,068	776,555	846,591
Dividend income and profit sharing		389,160	576,265	1,144,478	1,656,945
Other operating income	52	700,323	540,840	669,893	518,720
<b>Total operating income</b>		<b>21,233,414</b>	<b>19,167,971</b>	<b>19,269,640</b>	<b>17,457,359</b>
<b>Other operating expenses</b>					
Employee's expenses		5,664,254	5,576,858	4,119,483	4,156,477
Directors' remuneration		32,838	47,311	27,609	42,307
Premises and equipment expenses		1,139,782	1,300,008	982,228	953,520
Taxes and duties		493,384	427,193	413,734	388,786
Loss from revaluation of foreclosed assets		848,563	124,027	804,854	123,990
Loss from sale of foreclosed assets		893,858	839,752	1,174,088	1,183,792
Other expenses	53	1,579,257	1,879,174	1,343,563	1,646,260
<b>Total other operating expenses</b>		<b>10,651,936</b>	<b>10,194,323</b>	<b>8,865,559</b>	<b>8,495,132</b>
Expected credit losses	54	4,094,627	-	4,094,689	-
Impairment loss on loans and debt securities	55	-	1,676,428	-	1,711,069
<b>Profit from operating before income tax expenses</b>		<b>6,486,851</b>	<b>7,297,220</b>	<b>6,309,392</b>	<b>7,251,158</b>
Income tax expenses	56	1,343,722	1,307,485	1,038,865	1,094,369
<b>Net profit</b>		<b>5,143,129</b>	<b>5,989,735</b>	<b>5,270,527</b>	<b>6,156,789</b>



**Kiatnakin Phatra Bank Public Company Limited and Subsidiaries**  
**Statement of Profit or Loss and Other Comprehensive Income (Cont'd)**  
**For the year ended 31 December 2020**

	Notes	Consolidated		Separate	
		2020	2019	2020	2019
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Other comprehensive income (expenses)</b>					
Items that will be reclassified subsequently to profit or loss					
Gain on debt instruments classified at fair value through other comprehensive income		115,368	-	115,368	-
Gain (loss) on remeasuring investments in receivables		-	5,625	-	(14,344)
Loss on remeasuring available-for-sale securities		-	(390,120)	-	(183,135)
Gain on currency translation differences		-	12,655	-	-
Income taxes relating to items that will be subsequently reclassified to profit or loss	57	(23,074)	80,892	(23,074)	39,496
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>92,294</b>	<b>(290,948)</b>	<b>92,294</b>	<b>(157,983)</b>
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of post-employment benefit obligations		-	(92,729)	-	(62,754)
Gain on equity instruments designated at fair value through other comprehensive income		249,753	-	6,335	-
Income taxes on items that will not be subsequently reclassified to profit or loss	57	(49,574)	18,545	(1,266)	12,551
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>200,179</b>	<b>(74,184)</b>	<b>5,069</b>	<b>(50,203)</b>
<b>Total other comprehensive income (expenses)</b>		<b>292,473</b>	<b>(365,132)</b>	<b>97,363</b>	<b>(208,186)</b>
<b>Total comprehensive income</b>		<b>5,435,602</b>	<b>5,624,603</b>	<b>5,367,890</b>	<b>5,948,603</b>
<b>Net profit attributable to</b>					
Equity holders of the Bank		5,123,266	5,988,444	5,270,527	6,156,789
Non-controlling interests		19,863	1,291	-	-
<b>Total comprehensive income attributable to</b>					
Equity holders of the Bank		5,415,610	5,624,640	5,367,890	5,948,603
Non-controlling interests		19,992	(37)	-	-
<b>Earnings per share of Equity holders of the Bank</b>					
Basic earnings per share (Baht)	40	6.05	7.07	6.22	7.27

(Mr. Aphinant Klewpatinond)  
Chief Executive Officer

(Mr. Philip Chen Chong Tan)  
President



# Kiatnakin Phatra Bank Public Company Limited and Subsidiaries

## Statement of Changes in Equity

### For the year ended 31 December 2020

Consolidated															Unit: Thousand Baht	
Attributable to owners of the parent																
Other components of equity																
Appropriated retained earnings																
	Notes	Issued and paid-up share capital	Revaluation surplus (deficit) on investments in receivables	Revaluation surplus (deficit) on available-for-sale securities	Revaluation surplus (deficit) on investments in debt instruments measured at fair value through other comprehensive income	Revaluation surplus (deficit) on investments in equity instruments designated at fair value through other comprehensive income	Deferred tax relating to components of other comprehensive income (expenses)	Translating financial information	Surplus on change in ownership interest in subsidiary	Legal reserve	Others	Unappropriated retained earnings	Total equity attributable to the Bank's shareholders	Non-controlling interests	Total equity	
Opening balances as at 1 January 2019		8,467,511	9,356,233	695,222	(29,962)	-	-	(18,064)	(12,652)	(65,662)	852,337	380	22,935,113	42,180,456	160,104	42,340,560
Dividend paid	35	-	-	-	-	-	-	-	-	-	-	-	(3,810,316)	(3,810,316)	-	(3,810,316)
Decrease in non-controlling interests		-	-	6,934	(390,075)	-	-	80,884	12,652	-	-	-	5,914,245	5,624,640	(37)	5,624,603
Net decrease in non-controlling interest from change in investment in subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	(6,026)	(6,026)
Closing balances as at 31 December 2019		8,467,511	9,356,233	702,156	(420,037)	-	-	62,820	-	(158,337)	852,337	380	25,039,042	43,902,105	109,154	44,011,259
Opening balance as at 1 January 2020 as reported		8,467,511	9,356,233	702,156	(420,037)	-	-	62,820	-	(158,337)	852,337	380	25,039,042	43,902,105	109,154	44,011,259
Impact of first-time adoption of new accounting standards	4	-	-	(702,156)	420,037	170,756	(346,724)	(22,074)	-	-	-	-	8,148	(472,013)	541	(471,472)
Opening balance as at 1 January 2020 restated		8,467,511	9,356,233	-	-	170,756	(346,724)	40,746	-	(158,337)	852,337	380	25,047,190	43,430,092	109,695	43,539,787
Dividend paid	35	-	-	-	-	-	-	-	-	-	-	-	(2,328,522)	(2,328,522)	-	(2,328,522)
Total comprehensive income (expense)		-	-	-	-	115,368	249,613	(72,637)	-	-	-	-	5,123,266	5,415,610	19,992	5,435,602
Transfer to retained earnings		-	-	-	-	-	(164,160)	28,327	-	-	(380)	-	136,213	-	-	-
Decrease in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	-	(21,146)	(21,146)
Closing balances as at 31 December 2020		8,467,511	9,356,233	-	-	286,124	(261,271)	(3,564)	-	(158,337)	852,337	-	27,978,147	46,517,180	108,541	46,625,721

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

# Kiatnakin Phatra Bank Public Company Limited and Subsidiaries

## Statement of Changes in Equity (Cont'd)

For the year ended 31 December 2020

	Notes	Separate							Appropriated retained earnings		Unit: Thousand Baht	
		Other components of equity							Legal reserve	Others		
		Issued and paid-up share capital	Premium on share capital	Revaluation surplus (deficit) on investments in receivables	Revaluation surplus (deficit) on available-for-sale securities	Revaluation surplus (deficit) on investments in debt instruments measured at fair value through other comprehensive income	Revaluation surplus (deficit) on investment in equity instruments designated at fair value through other comprehensive income	Deferred tax relating to components of other comprehensive income (expenses)				
Opening balances as at 1 January 2019		8,467,511	9,356,233	148,041	353,430	-	-	(100,294)	852,337	380	21,348,207	40,425,845
Dividend paid	35	-	-	-	-	-	-	-	-	-	(3,810,316)	(3,810,316)
Total comprehensive income (expense)		-	-	(14,344)	(183,135)	-	-	39,496	-	-	6,106,586	5,948,603
Closing balances as at 31 December 2019		8,467,511	9,356,233	133,697	170,295	-	-	(60,798)	852,337	380	23,644,477	42,564,132
Opening balance												
as at 1 January 2020 as reported		8,467,511	9,356,233	133,697	170,295	-	-	(60,798)	852,337	380	23,644,477	42,564,132
Impact of first-time adoption of new accounting standards	4	-	-	(133,697)	(170,295)	170,756	205,328	(14,419)	-	-	31,137	88,810
Opening balance as at 1 January 2020 restated		8,467,511	9,356,233	-	-	170,756	205,328	(75,217)	852,337	380	23,675,614	42,652,942
Dividend paid	35	-	-	-	-	-	-	-	-	-	(2,328,522)	(2,328,522)
Transfer to retained earnings		-	-	-	-	-	-	-	-	(380)	380	-
Total comprehensive income (expense)		-	-	-	-	115,368	6,335	(24,340)	-	-	5,270,527	5,367,890
Closing balances as at 31 December 2020		8,467,511	9,356,233	-	-	286,124	211,663	(99,557)	852,337	-	26,617,999	45,692,310

(Mr. Aphinant Kiewpatinond)  
Chief Executive Officer

(Mr. Philip Chen Chong Tan)  
President



**Kiatnakin Phatra Bank Public Company Limited and Subsidiaries**  
**Statement of Cash Flows**  
**For the year ended 31 December 2020**

	Consolidated		Separate	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
<b>Cash flows from operating activities</b>				
Profit from operating before income tax expenses	6,486,851	7,297,220	6,309,392	7,251,158
Adjustments to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities				
Depreciation	602,523	617,555	442,233	251,321
Amortisation	195,536	184,564	165,703	151,566
Amortisation of premium on investments in securities	(186,891)	(347,324)	(185,567)	(345,486)
Expected credit loss	2,006,799	-	2,006,861	-
Bad debt and doubtful accounts	-	2,825,619	-	2,859,558
Loss on impairment of investments in receivables	-	34,036	-	34,738
Unrealised gain on trading and foreign exchange transactions	(1,248,745)	(382,737)	(1,311,281)	(240,010)
Loss on financial instrument measured at fair value through profit an loss	1,018,584	-	1,139,610	-
(Gain) loss on remeasuring trading securities	-	(119,333)	-	85,783
Loss (reversal) on impairment on general investment	-	190	-	190
Loss (reversal) on impairment on investments in subsidiaries	-	-	(725,836)	(212,681)
Loss on lease modifications	2,161	-	4,774	-
Loss on diminution in value of properties foreclosed	848,563	124,027	804,854	123,990
Loss on impairment of other assets	5,214	10,405	5,214	10,405
Gain on transfer from investment to loan	(226)	-	(226)	-
Loss on disposal of investment in securities	2,018,030	604,266	-	11,834
Gain on disposal of equipment and intangible assets	(23,781)	(10,397)	(22,877)	(10,397)
Loss on write-off of equipment and intangible assets	29,206	11,857	29,197	11,575
Net interest income	(14,492,296)	(11,968,922)	(14,231,357)	(11,708,356)
Dividend income	(389,160)	(576,265)	(1,144,478)	(1,656,945)
Proceeds from interest income	18,207,662	17,755,484	17,982,279	17,464,940
Interest paid	(5,278,721)	(5,668,895)	(5,320,901)	(5,643,293)
Dividend received	405,564	571,995	93,159	188,682
Cash paid for corporate income tax	(1,148,575)	(1,492,053)	(775,238)	(1,172,978)
Cash paid for provision	-	(109,389)	-	(108,589)
Increase in provision expenses	92,752	81,113	77,388	52,789
Increase in specific business tax payable	31,223	4,475	36,168	1,016
Increase (decrease) in accrued expenses	97,280	145,331	(127,373)	69,432
Profit from operating before changes in operating assets and liabilities	9,279,553	9,592,822	5,251,698	7,470,242
(Increase) decrease in operating assets				
Interbank and money market items	(20,762,362)	16,198,015	(17,527,015)	11,924,325
Investments in trading and available-for-sale securities	2,803,501	(5,706,328)	(92,715)	(1,303,358)
Investments in receivables	-	120,735	-	59,262
Loans and receivables	(35,735,460)	(17,433,268)	(36,080,403)	(17,898,886)
Properties foreclosed	4,283,750	5,221,557	4,298,937	5,563,004
Securities and derivative business receivables	(2,217,515)	(407,359)	-	-
Accounts receivable from clearing house and broker-dealers	2,722,671	(645,147)	-	-
Other assets	(901,325)	(1,001,918)	(932,173)	(615,712)

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



**Kiatnakin Phatra Bank Public Company Limited and Subsidiaries**  
**Statement of Cash Flows (Cont'd)**  
**For the year ended 31 December 2020**

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Cash flows from operating activities (Cont'd)</b>				
Increase (decrease) in operating liabilities				
Deposits	79,352,315	(9,520,262)	79,405,259	(9,544,558)
Interbank and money market items	(7,075,241)	4,182,496	(7,059,258)	3,950,839
Liabilities payable on demand	15,386	(126,161)	15,386	(126,161)
Accounts payable to clearing house and broker-dealers	(26,245)	494,077	-	-
Securities and derivative business payables	1,670,930	(1,429,333)	-	-
Other payables	776,284	927,724	795,703	949,445
Other liabilities	(209,238)	(142,291)	(201,641)	(149,762)
Net cash from operating activities	33,977,004	325,359	27,873,778	278,680
<b>Cash flows from investing activities</b>				
Cash paid for long-term investments in securities	-	(20,986,997)	-	(20,194,268)
Proceeds from long-term investments in securities	-	16,744,970	-	16,407,396
Cash paid for investment in debt designated at fair value through other comprehensive income	(18,767,995)	-	(18,767,994)	-
Proceeds from investment in debt designated at fair value through other comprehensive income	18,234,768	-	18,234,768	-
Cash paid for investment in equity designated at fair value through other comprehensive income	(1,800,136)	-	(200)	-
Proceeds from investment in equity designated at fair value through other comprehensive income	1,831,360	-	-	-
Cash paid for investment in debt at amortise cost	(6,259,721)	-	-	-
Proceeds from investment in debt at amortise cost	6,319,105	-	-	-
Cash paid for investment properties	(155)	-	-	-
Proceeds from reduction of the capital in subsidiaries	-	-	371,103	999
Dividend received and profit sharing from subsidiaries	-	-	1,051,319	1,462,433
Cash paid for investment in subsidiaries	-	-	-	(137,562)
Cash paid for building improvement and equipment	(741,547)	(913,094)	(158,455)	(203,935)
Proceeds from sales of equipment	37,565	10,452	22,887	10,452
Purchases of intangible assets	(182,530)	(215,443)	(149,279)	(169,072)
Net cash from investing activities	(1,329,286)	(5,360,112)	604,149	(2,823,557)
<b>Cash flows from financing activities</b>				
Proceeds from issuance of debentures	24,626,855	72,728,124	23,017,770	62,888,575
Cash paid for redemption of debentures	(51,809,127)	(66,283,690)	(48,605,549)	(56,759,579)
Cash paid for redemption of financial liabilities designated at fair value through profit or loss	(2,601,796)	-	-	-
Proceeds from issuance of financial liabilities designated at fair value through profit or loss	-	2,305,558	-	-
Cash paid for lease liabilities	(133,014)	-	(180,000)	-
Dividend paid	(2,328,522)	(3,810,316)	(2,328,522)	(3,810,316)
Dividend paid to non-controlling interest	(533)	(5,437)	-	-
Decrease in share capital of non-controlling interest in subsidiaries	(20,613)	(589)	-	-
Payments to non-controlling interest	-	(137,562)	-	-
Net cash from financing activities	(32,266,750)	4,796,088	(28,096,301)	2,318,680
Exchange gains (losses) on cash and cash equivalents	-	12,655	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	380,968	(238,665)	381,626	(226,197)
Cash and cash equivalents as at 1 January	1,109,658	1,335,668	1,108,781	1,334,978
<b>Cash and cash equivalents as at 31 December</b>	<b>1,490,626</b>	<b>1,109,658</b>	<b>1,490,407</b>	<b>1,108,781</b>

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

**Kiatnakin Phatra Bank Public Company Limited and Subsidiaries**  
**Statement of Cash Flows (Cont'd)**  
**For the year ended 31 December 2020**

Supplementary information for cash flows:

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Increase (decrease) in account payables from land, premises and equipment purchased	4,828	(18,160)	4,797	(13,952)
Transfer of assets for loan settlement	4,483,943	5,206,192	3,993,355	5,177,866
Increase (decrease) in lease liabilities	20,171	-	255,426	-
Increase (decrease) in right-of-use assets	18,010	-	250,653	-
Increase (decrease) in fair value reserves on investments in receivables	-	5,625	-	(14,344)
Decrease in fair value reserves on available-for-sale securities	-	(390,120)	-	(183,135)
Increase in fair value of investment in debt designated at fair value through other comprehensive income	115,368	-	115,368	-
Increase in fair value of investment in equity designated at fair value through other comprehensive income	85,557	-	6,334	-
Pay-in-kind properties foreclosed for reduction and distribution of the capital of the subsidiaries	-	-	29,512	17,938
Profit sharing in form of pay-in-kind	-	-	-	5,830
Transfer of work in progress to land, premises and equipment	(303,100)	(515,850)	(36,780)	(29,006)
Transfer of work in progress to other intangible assets	(221,422)	(194,326)	(192,658)	(176,263)



(Mr. Aphinant Klewpatinond)  
Chief Executive Officer



(Mr. Philip Chen Chong Tan)  
President



## 1 General

Kiatnakin Phatra Bank Public Company Limited (“the Bank”) was incorporated in Thailand. Its head office is located at 209 KKP Tower, Sukhumvit 21 (Asoke) Road, Khlong Toey Nua, Wattana, Bangkok. The Bank provides banking business through its branches network in Thailand. As at 31 December 2020 and 2019, has 10 and 11 subsidiaries and funds (“subsidiaries”), respectively.

On 7 August 2020, the 2020 Annual General Meeting of Shareholders approved the resolution regarding the change of the Bank’s name from Kiatnakin Bank Public Company Limited to Kiatnakin Phatra Bank Public Company Limited.

This consolidated and separate financial statements have been approved for issued by the Board of Directors on 25 February 2021.

## 2 Significant events during the current period

As a result of the COVID-19 outbreak, the Bank has been assisting customers through various relief measures both from the Bank own measures and those arising from the Bank of Thailand (“BOT”). The relief measures that the Bank has already implemented including loan payment delay for principal/ interest, soft loan as part of BOT liquidity measures for SME customers, the reduction in lending rates for MLR, MOR, MRR, loan term extension and other assistance as appropriate. Additionally, the Bank has continued to communicate with customers in order to provide appropriate financial solutions for the customers post the end of the relief measures.

For the Bank’s customers whose financial relief measures had ended during 2020, the proportion of customers able to resume payment including those with terms modifications has overall been slightly higher than anticipated. For retail customers, all customers participating in the relief programs have exited the relief period at the end of 2020 with approximately more than 75% of customers able to service payments post relief period. For commercial lending customers which are mostly loans with collateral, a small portion of these customers have exited the relief programs during the last quarter of 2020 with approximately 75% of these customers able to continue with their payments while the remaining 25% have term modifications and will likely be able to continue with payments. The remaining commercial lending customers will exit the relief programs during 2021. As of end of December 2020, customers who are still under the relief period have reduced to approximately 11% of the Bank’s total loan outstanding.

Although the COVID-19 outbreak situation for Thailand has improved with majority of lock down measures being lifted. However, many aspects of uncertainties remain notably the pace of economic recovery, the on-going spread of the virus in other countries of a second outbreak in Thailand. The Bank has been monitoring the situation closely and prudently assessing the portfolio quality while continuing to provide assistance to customers.

## 3 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below.



### 3.1 Basis of preparation

The consolidated and separate financial statements (“the financial statements”) are prepared in accordance with Thai financial reporting standards under the Accounting Act B.E. 2543, being those Thai financial reporting standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission (“SEC”). The primary financial statements (i.e. statements of financial position, profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows) are prepared in the full format as required by the Notification of the Bank of Thailand (“BOT”), no. SorNorSor 21/2561. The preparation and Format of the Financial Statements of Commercial Bank and Holding Parent Company of Financial Group dated on 13 December 2018 and the circular letter of BOT no. TorPorTor ForNorSor (23) Wor 276/2563 directive dated on 28 February 2020, regarding to “The relief programs for customers affected by Thai economic situations.”

The consolidated and separate financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with the Thai financial reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements, are disclosed in note 7 to the financial statements.

An English-language version of the financial statements has been prepared from the statutory financial statements that are in Thai-language version. In the event of a conflict or a difference in interpretation between the two languages, the Thai language financial statements shall prevail.

### 3.2 Basis for Preparation of the consolidated Financial Statements

The consolidated financial statements include the accounts of the head office and all branches of the Bank and its subsidiaries (collectively known as “the Group”) where the Bank has a controlling interest. Significant related party transactions and balances have been eliminated. The list of subsidiaries is as below:

	Type of business	Ownership Interest (%)	
		2020	2019
KKP Capital Public Company Limited (Formerly “Phatra Capital PCL.”)	Holding Company	99.98	99.98
Kiatnakin Phatra Securities Public Company Limited (Formerly “Phatra Securities PCL.”)	Securities	99.95 <sup>(1)</sup>	99.95 <sup>(1)</sup>
Kiatnakin Phatra Asset Management Co., Ltd (Formerly “Phatra Asset Management Co., Ltd.”)	Fund Management	99.97 <sup>(2)</sup>	99.97 <sup>(2)</sup>
Asia Recovery 1 Fund	Investments	99.95	99.95
Asia Recovery 2 Fund	Investments	99.59	99.59
Asia Recovery 3 Fund	Investments	99.97	99.97
Thai Restructuring Fund	Investments	98.91	98.91
Bangkok Capital Fund	Investments	95.72	95.72



	Type of business	Ownership Interest (%)	
		2020	2019
Gamma Capital Fund	Investments	94.03	94.03
KKP Tower Co., Ltd.	Real estate	91.34	91.34
Phatra Asset Management (Cayman) Limited	Fund Management	– <sup>(4)</sup>	99.98 <sup>(3)</sup>

<sup>(1)</sup> Indirectly holding via KKP Capital Public Company Limited of 99.97%

<sup>(2)</sup> Indirectly holding via KKP Capital Public Company Limited of 99.99%

<sup>(3)</sup> Indirectly holding via KKP Capital Public Company Limited of 100.00%

<sup>(4)</sup> On 1 April 2020, to completion of oversea subsidiaries' dissolution Phatra Asset Management (Cayman) Limited in the Cayman Islands.

### 3.3 New and amended financial reporting standards

#### 3.3.1 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2020 which have significant impacts and are relevant to the Group:

##### 3.3.1.1 Financial instruments

The new financial reporting standards relate to financial instruments are:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The new financial reporting standards related to financial instruments introduce new classification and measurement requirements for financial instruments as well as provide derecognition guidance on financial assets and financial liabilities. The new guidance also provides an option for the Group to apply hedge accounting to reduce accounting mismatch between hedged item and hedging instrument. In addition, the new rule provides detailed guidance on financial instruments issued by the Group whether it is a liability or an equity. Among other things, they require extensive disclosure on financial instruments and related risks.

The new classification requirements of financial assets require the Group to assess both i) business model for holding the financial assets; and ii) cash flow characteristics of the asset whether the contractual cash flows represent solely payments of principal and interest (SPPI). The classification affects the financial assets' measurement. The new guidance requires assessment of impairment of financial assets as well as contract assets and recognition of expected credit loss from initial recognition.

On 1 January 2020, the Group has adopted the financial reporting standards related to financial instruments in its financial statements. The impact from the first-time adoption has been disclosed in Note 4.

**3.3.1.2 TFRS 16 Leases**

TFRS 16 will result in almost all leases where the Group is a lessee being recognised on the statement of financial position as the distinction between operating and finance lease is removed. An asset (the right to use the leased item) and financial liability to pay rentals are recognised, with exception on short-term and low-value leases.

On 1 January 2020, the Group applied TFRS 16. The impact from this standard is disclosed in Note 4.

**3.3.1.3 Other new/ amended standards**

The new and amended financial reporting standards which are relevant to the Group are:

TAS 12	Income tax
TAS 19	Employee benefits
TAS 28	Investments in associates and joint ventures
TFRIC 23	Uncertainty over income tax treatments

Amendment to TAS 12, Income tax - clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement) - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.

Amendment to TAS 28, Investments in associates and joint ventures (long-term interests in associates and joint ventures) - clarified the accounting for long-term interests in an associate or joint venture, which is in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under TFRS 9, Financial instruments before applying the loss allocation and impairment requirements in TAS 28, Investments in associates and joint ventures.

TFRIC 23, Uncertainty over income tax treatments - explained how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- that the Group should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored.
- that the Group should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.
- That the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

Management has already assessed that those accounting standards have no significant impact to the Group.



### **3.3.2 Amended financial reporting standards that are effective for accounting period beginning or after 1 January 2021 and are relevant to the Group**

The Group is currently assessing the impact of the amended financial reporting standards that are not mandatory for current reporting period.

a) **Revised Conceptual Framework for Financial Reporting** added the following key principals and guidance:

- Measurement basis, including factors in considering difference measurement basis
- Presentation and disclosure, including classification of income and expenses in other comprehensive income
- Definition of a reporting entity, which maybe a legal entity, or a portion of an entity
- Derecognition of assets and liabilities

The amendment also includes the revision to the definition of an asset and liability in the financial statements, and clarification to the prominence of stewardship in the objective of financial reporting.

b) **Amendment to TFRS 9, Financial instruments and TFRS 7, Financial instruments: disclosures** amended to provide relief from applying specific hedge accounting requirements to the uncertainty arising from interest rate benchmark reform such as IBOR. The amendment also requires disclosure of hedging relationships directly affected by the uncertainty.

### **3.3.3 Amended financial reporting standards that are effective for accounting period beginning or after 1 January 2022 and are relevant to the Group**

The Group is currently assessing the impact of this amendment that are not mandatory for current reporting period.

a) **Amendment to TFRS 16, Leases** amended to include a practical expedient for leases that are modified as a direct consequence of IBOR reform (e.g. replacement of THBFIX as a benchmark interest rate due to the cancellation of LIBOR) for lessee to remeasure the lease liability by discounting the revised lease payments using a discount rate that reflects the change in the interest rate. An early application of the amendment is permitted.

Management has already assessed that this amendment has no significant impact to the Group.

## **3.4 Accounting policies for the year ended 31 December 2020**

### **3.4.1 Group Accounting - Investments in subsidiaries and associates and interests in joint ventures**

#### **(A) Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group until the date that control ceases.

In the separate financial statements, investments in subsidiaries are accounted for using cost method with consideration for impairment of asset (if any).

**(B) Transactions and non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in owners' equity.

**(C) Disposal of subsidiaries**

When the Group ceases to have control it shall ceased to consolidate its subsidiaries. Any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

**(D) Business combination under common control**

The Group accounts for business combination under common control by measuring acquired assets and liabilities of the acquiree in the proportion of interests under common control at the carrying values of the acquiree presented in the highest level of the consolidation prior to the business combination under common control at the acquisition date. The Group retrospectively adjusted the business combination under common control transactions as if the combination occurred from the beginning of period of which the interim financial statements in the previous period are comparatively presented in accordance with the guidance of business combination under common control as issued by the Federation of Accounting Professions.

Costs of business combination under common control are the aggregated amount of fair value of assets transferred, liabilities incurred and equity instruments issued by the acquirer at the date of which the exchange in control occurs. Other costs directly attribute to business combination under common control, such as professional fees of legal advisors and other advisors, registration fees, and costs relating to preparation of information for shareholders, are capitalised as an investment in the separate financial statements while immediately recognised as expenses in the consolidated financial statements in the period of which the business combination occurs.

The differences between costs of business combination under common control and the acquirer's interests in the carrying value of the acquiree is presented as "Surplus arising from business combination under common control" in equity and is derecognised when the investment is disposed (transfer to retained earnings).

**(E) Intercompany transactions on consolidation**

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated in the same manner unless the transaction provides evidence of an impairment of the asset transferred.



**(F) Separate financial statement**

In the separate financial statements, investments in subsidiaries and associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

A list of the subsidiaries is set out in Note 3.2

### **3.4.2 Foreign currency translation**

**(A) Functional and presentation currency**

The financial statements are presented in Baht which is the Group's functional and the Group's presentation currency.

**(B) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

**(C) Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflation economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows;

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates, and
- All resulting exchange differences are recognised in other comprehensive income.

### **3.4.3 Cash**

Cash includes cash on hand according to the BOT's Notification.



### 3.4.4 Financial instruments

#### (A) Classification of financial assets

From 1 January 2020, the Group classifies its financial assets as follows:

- those to be measured subsequently at fair value either through profit or loss (FVPL) or through other comprehensive income (FVOCI)
- those to be measured at amortised cost

#### (B) Recognition and derecognition

Regular way purchases, acquires and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### (C) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows are solely payment of principal and interest.

#### (D) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories:

- Amortised cost

Financial assets that are held for collection of contractual cash flows that represent solely payments of principal and interest (SPPI) are measured at amortised cost. Interest income is included in finance income using the effective interest method. Any gain or loss on derecognition is presented in other gains/ (losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item.

- Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows that represent SPPI and for selling the financial assets are measured at FVOCI. Movements in the carrying amount are taken through OCI, except impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit. Interest revenue is included in finance income. Impairment losses are presented as separate line item.



- Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on subsequent measurement is presented in other gains/ (losses).

The Group reclassifies debt instruments only when its business model for managing those assets changes.

The Group classifies financial asset as purchased or originated financial asset (POCI) when the financial asset that are credit-impaired on initial recognition.

#### **(E) Equity instruments**

The Group measures all equity investments at fair value. Where the Group has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as dividend income and profit sharing when the right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in gain or loss on financial instrument measured at fair value through profit or loss in the profit or loss.

The Group presents its investments in infrastructure fund units which the fund established and registered in Thailand as equity investments and measures them at FVPL following the TFAC's clarification, "Interpretation of investments in property fund unit trusts, Real Estate Investment Trust units, infrastructure fund units, and infrastructure trust units established and registered in Thailand" dated 25 June 2020. The fund is required to distribute benefits of not less than 90% of its adjusted net profit.

#### **(F) Derivatives**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting period. The changes in the fair value is recognised to gain (loss) on financial instruments measured at fair value through profit or loss. The Group presents fair value of future contracts as the part of other assets.

#### **(G) Modification**

The Group sometimes renegotiates or otherwise modifies the contractual cashflow. When this happens, the Group assesses whether the new terms are substantially different to the original terms or not. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/ equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not financial difficulty.
- Significant change in the interest rate
- Change in the currency the loan is denominated in.

- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial assets and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Group will monitor debt restructuring without derecognition if the debtors can to repay in accordance with the debt restructuring contract for three consecutive months or three instalment payment periods, whichever period is longer. In which, it reflects that the status of debtors does not meet criteria for significant increase in credit risk. Eventually, the Group will consider reclassifying debtors' staging to 1 stage better. For example, the stage will be reclassified from Stage 2 to Stage 1.

However, regarding the debt restructuring for debtors in Stage 3; the monitoring repayment period will increase to be at least 9 months consecutively with no remaining principal and accrued interest due. After debtors have met the repayment criteria, it reflects the status of debtors does not meet criteria for significant increase in credit risk and can be reclassified as Stage 1 immediately.

The Group applies staging guideline to debtors, who make debt restructuring contract as a result from being affected by the situation impacting the Thai economy, from BoT circular letter number TorPorTor ForNorSor (23) Wor 276/2563 directive dated 28 February 2020, regarding to "The relief programs for customers affected by Thai economic situations." with effective date from 1 January 2020 until 31 December 2021 as following detail:

- The Group will classify debt restructuring for debtors without non-performing loans (non-NPL) as Stage 1 immediately. If analysing the status and business of debtors and it's clear that the debtors can comply with debt restructuring agreements without waiting for the results of debt restructuring compliance conditions, it will be considered as pre-emptive debt restructuring and not troubled debt restructuring (TDR).
- The Group will classify debt restructuring for debtors with non-performing loans (NPL) as Stage 1 if the debtors can repay in accordance with the debt restructuring contract for three consecutive months or three instalment payment periods, whichever period is longer.

If the terms are substantially different, the Group derecognises the original financial assets and recognises a new asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Difference in the carrying amount are also recognised in profit or loss as gain or loss on derecognition.



## Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either

- The Group transfers substantially all the risks and rewards of ownership, or
- The Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flow from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

- Has no obligation to make payments unless it collects equivalent amounts from assets;
- Is prohibited from selling or pledging the assets; or
- Has an obligation to remit any cash it collections from the assets without material delay.

## (H) Impairment

From 1 January 2020, the Group assesses expected credit loss on a forward-looking basis for its financial assets classified as debt instrument carried at FVOCI and at amortised cost and loan commitments and financial guarantee contracts. The impairment methodology applied depends on whether there has been a significant increase in credit risk, except trade receivables and lease receivables which the Group applies the simplified approach in determining its expected credit loss and purchased or originated credit-impaired financial assets.

The Group measures expected credit losses using the following approaches:

### A. Simplified approach

The Group applies simplified approach to measure expected credit losses which uses a lifetime expected credit loss for other assets apart from loans to customers.

### B. General approach

At each reporting date, the Group applies general approach to measure expected credit losses on debt instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income, loan commitments, and financial guarantee contracts except for those that are under simplified approach. The Group always accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. In which, the three-stage expected credit loss impairment will be as the following stages:

- Stage 1 - from initial recognition of a financial assets to the date on which the credit risk of the asset has not increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months.
- Stage 2 - following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset.

- Stage 3 - when a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised.

Under the three-stage expected credit loss impairment model except for significant exposures in loans to customer, the impairment will be assessed by using collective approach model with forward looking information adjustment. The impairment of some significant exposures in loans to customer will be assessed by using individual assessment approach.

#### **Significant increase in credit risk**

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available increases in credit risk since initial recognition.

TFRS 9 contains a rebuttable presumption that the risk of financial assets is deemed to have increased significantly when more than 30 days past due. The Group uses this 30-day backstop for all its products. In addition, the Group considers a range of qualitative and quantitative events to assess whether a significant increase in credit risk since initial recognition has occurred. These events include for example, changes in credit risk ratings, payment delinquency, past payment patterns, behavioral scores, and watch-lists. Exposures with significant increase in credit risk are transferred from Stage 1 to Stage 2. Exposures will move back to Stage 1 once they no longer meet the criteria.

#### **Definition of default and credit-impaired financial assets**

The Group defines a financial instrument as default or credit-impaired which is considered to have occurred when there is evidence that the customer is experiencing financial difficulty which is likely to significantly affect the ability to repay. Exposures are credit-impaired if they are past due for 90 days or more or possesses signs indicating weaknesses which are likely to impact ability to meet future financial obligations. The default definition is consistent with that used for risk management purposes. Exposures that are credit-impaired are classified as Stage 3 and could be upgraded to Stage 2 if the customer no longer meet credit impaired definition, and exposures are classified as Stage 1 if significant increase in credit risk since initial recognition is no longer significant.

#### **Surplus reserve**

The Group measures the surplus reserve on the date of adoption for new financial reporting standards related to financial instruments by comparing the difference between allowance for expected credit losses according to requirement under new financial reporting standards related to financial instruments and total reserves that the Group had on 31 December 2019. In which, the Group will amortised the surplus reverse using straight-line method by 5 years consecutively in accordance with notification to utilise surplus reserve from Bank of Thailand dated on 6 November 2019.

For purchased or originated credit-impaired financial asset, the Group recognised the financial assets by discounted expected cash flows by considering all contractual terms of the financial asset, expected credit loss, all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts with presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably using credit-adjusted effective interest rate determined at initial recognition.

## (I) **Classification and measurement of financial liabilities and equity**

Financial instruments issued by the Group must be classified as financial liabilities or equity securities by considering contractual obligations.

- Where the Group has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Group's own equity instruments.
- Where the Group has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

At initial recognition, the Group measures financial liabilities at fair value. The Group reclassifies all financial liabilities as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss

This classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Financial liabilities designated at fair value through profit or loss when and only the Group demonstrates that it falls within one (or more) of following three criteria;

- a) When such designation eliminates or significantly reduces a measurement or recognition inconsistency ("accounting mismatch") that would otherwise arise,
- b) When a group of financial liabilities or both is managed and its performance is evaluated on fair value basis, in accordance with a documented risk management or investment strategy, and
- c) When an instrument contains an embedded derivative that meets particular conditions.

Gain or losses on financial liabilities designated at fair value through profit or loss are presented gain or losses on financial instruments measured at fair value through profit or loss.

- Financial guarantee contracts and loan commitments

### Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished or when the obligation specified in the contract is discharged, cancelled, or expired.

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new term including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.



If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any cost or fees incurred are recognised as part of gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjusted the carrying amount of the liability and are amortised over remaining term of modified liability.

**(J) Financial guarantee contract and loan commitment**

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of a) the amount of expected credit loss determined; and b) the amount initially recognised less the cumulative amount of income recognised. Loan commitments provided by the Group are measured at the amount of loss allowance. The Group has not provided any commitment to provide loan at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For the loan commitments and financial guarantee contract, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit loss are recognised as a provision.

The Group applies expected credit losses provisioning for unused credit lines of debtors, who are affected by the situation impacting the Thai economy, from BOT circular letter number TorPorTor ForNorSor (23) Wor 276/2563, regarding to "The relief programs for customers affected by Thai economic situations." with effective date from 1 January 2020 until 31 December 2021 by provisioning the expected credit losses only from outstanding loans which have been drawn down.

**(K) Interest income and interest expense recognition**

From 1 January 2020, there will be no longer reversal concept for accrued interest income on loan when its principal or interest payment has become over three months past due.

Interest income is calculated by applying the effective interest rate to the gross carrying is applied to the amortised cost of the financial asset, except for:

- Purchased or originated credit-impaired financial asset (POCI), for which the original credit-adjusted effective interest rate is applied to the amortised cost of financial asset.
- Financial assets that are not (POCI) but have subsequently becomes credit-impaired (a stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (net of the expected credit loss provision).

**(L) Offset**

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right of set-off and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Cash collateral on exchange traded derivative transactions is presented gross unless the collateral cash flows are always settled net with the derivative cash flows.



In certain situations, even though master netting agreements exist, the lack of management intention to settle on a net basis results in the financial assets and liabilities being reported gross on the statement of financial position.

### **3.4.5 Valuation of investments in property**

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. After initial recognition, investment is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Land is not depreciated. Depreciation on other investment properties is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives which are around 40 - 60 years.

The Group recognises the difference between the net disposal proceeds and carrying amount as income or expenses to profit or loss when there is disposal of an investment property.

### **3.4.6 Loans**

Overdrafts are stated at the principal amounts including interest. Other loans are stated at the principal amount. Unearned discounts received in advance are presented as deduction from the loans.

Hire-purchase and finance lease receivables are stated at the contract value of the hire-purchase and finance lease receivables net of unearned income.

### **3.4.7 Properties foreclosed**

Properties foreclosed include land and/ or construction, leasehold, condominium and repossessed vehicles.

The Group states land and/ or construction, leasehold and condominium at the lower of the outstanding loan principal including accrued interest or fair value.

Repossessed vehicles are stated at the lower of cost or fair value at the transferred date. Fair value is calculated by using market value (Red book).

Gains (losses) on disposal of properties foreclosed are recorded as income or expenses in profit or loss when the disposal is made. Impairment loss (if any) is recognised as expense in profit or loss.

### **3.4.8 Land, premises and equipment**

The Group states land at historical cost, while premises and equipment are stated at historical cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis to write off the cost of each asset, except for land, to its residual value over its estimated useful life as follows;

Premises and building improvement	5 - 60 years
Equipment	3 - 5 years
Furniture and fixtures	3 - 5 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/ gains - net' in profit or loss.

### 3.4.9 Goodwill in a business combination

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liability of the acquired subsidiary and the fair value of the non-controlling interest in the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

For excess of net fair value of the identifiable net assets over purchase cost as at the date of acquisition, the Group recognises that excess as revenue recorded in profit or loss.

### 3.4.10 Intangible assets

#### 3.4.10.1 Computer software

Acquired computer software licenses are capitalised when the Group uses the specific software. These costs are amortised over their estimated useful lives of not exceeding 10 years.

#### 3.4.10.2 Deferred license fee

The subsidiaries amortise deferred license fee on a systematic basis over the useful economic useful life of 5 years.

### 3.4.11 Impairment of assets

Assets that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is recognised in the profit or loss.

### 3.4.12 Receivables from Clearing House and Broker-dealers

Receivables from Clearing House and Broker-dealers comprise of net receivable of the followings:

- (1) Net receivables from Thailand Clearing House (TCH) for settlement of equity securities trading made through the Stock Exchange of Thailand, included cash collateral pledged with TCH for equity trading,
- (2) Net receivables from TCH from derivatives trading made through TCH, included cash collateral pledged with TCH for derivatives trading,
- (3) Net receivables from foreign equity securities or derivatives trading settled overseas through foreign securities companies, included cash collateral pledged with foreign securities companies for equity or derivatives trading, and
- (4) Net receivables from local equity securities or derivatives trading settled domestically through local securities companies, included cash collateral pledged with local securities companies for equity or derivatives trading.

### 3.4.13 Securities and derivatives business receivables

Securities and derivatives business receivables comprise the net securities business receivables and derivatives business receivables, after deducting allowance for doubtful accounts and adding related accrued interest receivables.

In addition, securities business receivables comprise the net receivable balances of cash accounts, securities borrowing receivables and other receivables such as overdue cash customers' accounts and receivables which are subject to legal proceedings, are undergoing restructuring or are settling in installments.

Derivatives business receivables include other receivables which are derivatives business receivable subjected to legal proceeding, are undergoing restructuring or are being settled in installments.

### 3.4.14 Payables to Clearing House and Broker-dealers

Payables to Clearing House and Broker-dealers comprise net payables of the followings

- (1) Net payables to Thailand Clearing House (TCH) for settlement of equity securities trading made through the Stock Exchange of Thailand,

- (2) Net payables to TCH from derivatives trading made through TCH,
- (3) Net payables from foreign equity securities or derivatives trading settled overseas through foreign securities companies, and
- (4) Net payables from local equity securities or derivatives trading settled domestically through local securities companies.

### 3.4.15 Securities and derivatives business payables

Securities and derivatives business payables are the obligation of the Group in respect to securities and derivatives business with outside parties, such as the net payables of cash accounts, obligation to deliver securities as a result of short sales or securities borrowing and obligation to return assets held by the Group as customers' collateral for securities lending, etc.

### 3.4.16 Structured notes

The Group's structured notes are offered to customers or business associates of the Group, which are institutional investors or high net worth investors, through private placements. The notes are issued under conditions approved by the Office of the Securities and Exchange Commission, and the underlying assets are securities listed on the Stock Exchange of Thailand.

Structured notes comprise of 2 parts which are a note and a put or a call option. If the economic characteristics and risks of an embedded derivative are not closely related to the economic characteristic and risk of host contract, the Group will separately account the embedded derivative from the host contract and measure the embedded derivative under "derivatives assets/ liabilities" in the statement of financial position. The host contract will be accounted for under the related accounting standards. On the other hand, if the economic characteristics and risks of an embedded derivative are closely related to the economic characteristics and risks of the host contract, the Group will not separately account the embedded derivative from the host contract and classify the host contract under the related accounting standards. The Group is able to designate the structured notes to measure at fair value through profit or loss if those structured notes are met the criteria as disclosed in Note 3.4.4.

The initial recognition of structured notes comprises of notes and options. The cost of notes is recorded at amortised cost. The discount is amortised by the effective interest rate method. For an option-based note, it is calculated from selling prices of structured notes less the cost of notes. The balances of structured notes are subsequently measured at fair value. Changes in fair value are reflected in profit or loss. The value of the option part is calculated from the general accepted valuation model or technique such as Black-Scholes model and Monte Carlo Simulation. The input variables used in this model are derived from observable market variables and conditions that include market prices of the underlying asset, volatility of the underlying asset, time to maturity of option, risk free rate, strike price, dividends and correlations between the underlying assets.

### 3.4.17 Employment benefit

#### Provident fund

The Group operates a provident fund that is a defined contribution plan, the assets of which are held separately from the Group and managed by an external authorised fund manager in accordance with the provident fund Act. B.E. 2530. The provident fund is funded by payments from employees and by the Group. The Group has no further payment obligations once the contributions have been paid. Contributions to the provident fund are recognised as employee benefit expense when they are due.

The Group is required to make contributions at the same rates as follows;

Service periods	Contribution rate (%)
Less than 5 years	5
Over 5 years	8 - 10

#### Post-employment benefit obligation

Legal severance payment plan

All employees will receive severance payment upon retirement in accordance with the Labor Protection Act.

The obligation of this plan is considered as an unfunded defined benefit obligation under TAS 19 Employee benefits and is separately measured by an actuary using the projected unit credit method to determine the present value of employee benefit cash flows to be paid in the future. Under this method, the obligation is based on an actuarial calculation including the employee's expected salary, employees' turnover rate, salary increase rate, mortality rate, discount rate, years of service and other factors.

Remeasurements of post-employment benefit obligations arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise and are included in retained earnings in the statements of changes in equity.

Past-service costs are recognised immediately in profit or loss.

The Group recognises the post-employment benefit obligation as a provision in the statement of financial position and personnel expenses.

#### Benefit from carried forward leave

The Group recognises the benefit from employees' cumulative carried forward leave as a provision in the statement of financial position and personnel expenses.

### 3.4.18 Provisions

Provisions for legal claims are recognised when: The Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.



Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### **3.4.19 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### **3.4.20 Recognition and amortisation customers' deposits**

Cash collateral received from customers for trading in securities of cash balance accounts and placed as margin for derivatives trading is recorded as assets and liabilities of the subsidiary for internal control purposes. As at the end of reporting period, the subsidiary excludes these amounts from both the assets and liabilities and presents only the assets which belong to the subsidiary.

### **3.4.21 Securities borrowing and lending**

The Group is engaged in securities borrowing and lending, whereby the Group acts as a principal of the borrowers and lenders of securities.

The Group records its obligations to return borrowed securities which it has been sold as short selling or lent as “Securities borrowing and lending payables” recognised as Securities and derivatives business payables, net in the statements of financial position, and securities lent to customers as “Securities borrowing and lending receivables” recognised as Securities and derivatives business receivables in the statement of financial position. The balance of securities borrowing and lending receivables and payables are subsequently measured at fair value. The fair value is based on last offer price quoted on the Stock Exchange of Thailand of the last business day on the statement of financial position date. Unrealised gains or losses resulting from securities borrowing and lending receivables and payables are included in gain (loss) on financial instruments measured at fair value through profit or loss, net. Moreover, the Group records cash paid as collateral for securities borrowing as “Collateral receivables” and cash received as collateral for securities lending as “Collateral payables”. Fees from borrowing are charged to expenses, and fees from lending are recognised as revenue. They are recognised on an accrual basis over the term of the borrowing and lending.

### 3.4.22 Accounting for lease

The Group leases various offices which the rental contracts are typically made for fixed periods of 1 to 20 years but may have extension options. Before 2020 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Since 1 January 2020, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payment to be made under reasonably certain extension options are also included in the measurement of the liabilities.

The lease payments are discounted using the lessee’s incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment.

### **3.4.23 Fees and services income**

The Group recognises fees and services income when diverse range of services have been rendered to its customers.

Fee and commission income is generally recognised on the completion of a transaction. Such fees include brokerage fees, insurance commission fee, underwriting fee, financial advisory fees, unit trust trading fee, and other fees related to the completion of corporate finance transactions.

For a service that is provided over a period of time, fee and commission income is recognised over the period during which the related service is provided or credit risk is undertaken. Such fees include the income from issuance of acceptance, avals and guarantees, tailing fees, securities lending fee, fund management and registrar fee, investment advisory fees, and bancassurance service fees from insurance company.

### **3.4.24 Recognition of expenses**

The Group recognises expenses on an accrual basis.

### **3.4.25 Earnings per share**

The Group computes basic earnings per share by dividing the net profit for the period by the weighted-average number of issued and paid-up ordinary shares during the period. The diluted earnings per share are computed by dividing the net profit for the period adjusted by expense (after tax effect) saved from the conversion of dilutive potential ordinary shares, by the weighted-average number of ordinary shares (included potentially dilutive shares).

### **3.4.26 Dividend distribution**

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

### **3.4.27 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

## 3.5 Accounting policies for the year ended 31 December 2019

### 3.5.1 Investments in securities

#### 3.5.1.1 Basis of investment classification

Investments other than investments in subsidiaries are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments.
2. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity.
3. Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale.
4. Investments in non-marketable equity securities are classified as general investments.

All categories of investments are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investments.

#### 3.5.1.2 Trading and available-for-sale investments

The Group states trading and available-for-sale investments at fair value in the statements of financial position. The fair value of investments is calculated under the following methods:

- The fair value of government securities is based on the average bidding yields of the Thai Bond Market Association at the reporting date.
- The fair value of private's sector debt securities is based on the mark-to-market yield of the Thai Bond Market Association at the reporting date.
- The fair value of domestic and foreign marketable equity securities is based on the last bid prices and closing prices published by Stock Exchange respectively.
- The fair value of unlisted unit trusts is based on net assets value (NAV) per unit published by asset management companies at the reporting date.
- The fair value of listed unit trusts is based on the last bid prices published by the Stock Exchange of Thailand at the reporting date.

Unrealised gain or loss resulting from changes in fair value of trading investments and gain or loss on disposals are reported as gain on trading and foreign exchange transaction recognised in profit or loss.

Unrealised gain or loss resulting from changes in fair value of available-for-sale investments are reported as a component of equity through other comprehensive income until realised, after which gain or loss on disposal of the investments will be recognised as net gain (loss) on investments.

### 3.5.1.3 Held-to-maturity investments

The Group states held-to-maturity investments at amortised cost using the effective yield method less allowance for impairment (if any) in the statements of financial position.

### 3.5.1.4 General investments

The Group states general investments at cost less allowance for impairment in value, (if any) in the statements of financial position.

### 3.5.1.5 Impairment of investments in securities

Investments in securities of the Group are tested for impairment when there is a factor indicating that an investment in securities might be impaired. If the carrying amount of the investments in securities is higher than its recoverable amount, impairment loss is charged to profit or loss.

### 3.5.1.6 Gain (loss) from disposal of investments in securities

The Group recognises income of investments in securities when there is disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

When a particular investment is partly disposed of, the carrying amount of disposed part is determined by the weighted average method of the carrying amount of the total holding of such investment.

## 3.5.2 Valuation of investments in receivables

The investments in receivables are the investments in commercial loans with or without collateral. These commercial and hire-purchase loans have no readily ascertainable market values available and, therefore, are reported at the estimated fair value. Fair value of investments in receivables is determined by the net present value of estimated future cash flows from sales of collateral.

Changes in fair value of investments in receivables is reported in a separate component of equity, except where the Group disposes such investments, the realised gain or loss will be recognised in profit or loss.

Investments in receivables of the Group are tested for impairment when there is a factor indicating that an investment in receivables might be impaired. If the carrying value of the investments in receivables is higher than its present value amount of expected cash flow, impairment loss is charged to profit or loss.

Where there is a change in terms or contracts through debt restructuring agreements, the investments in receivables will be transferred to loans account to comply through debt restructuring agreements, with the BOT's Notification No. Sor Nor Sor. 20/2558 Re: Accounting procedures for financial institution. The Bank will record the transfer at the fair value on the day the transfer occurred. The difference between book value and fair value will be recognised immediately in profit or loss. In case where there is a gain, the Bank will take into consideration of the probability of future cash flow to be received.

## 3.5.3 Allowance for doubtful accounts

The Bank classifies its loan portfolios into categories and sets allowance for doubtful accounts for loans in accordance with the BOT's Notification dated 29 June 2016 and with the management estimation over the allowance for doubtful accounts from the ending balance of loans. The period of time that a loan is past due and the ability to repay the debt are the principal criteria utilised in classifying a loan. The value



of collateral used depends on each type of collateral. The Bank categorises their loan portfolios into six categories and determines allowance for doubtful accounts subject to different levels of provisioning.

The Bank sets allowance on loan receivables and fleet car hire-purchase receivables classified as substandard, doubtful and doubtful of loss, at the rate of 100% of the difference between outstanding loan value and present value of expected cash flow from receivables or present value of expected cash flow from disposal of the collateralised assets. The discount rate and expected collateral disposal duration is referenced from the BOT's guideline. For receivables classified as normal and special mention, the Bank sets allowance for doubtful account at the rate of 1% and 2% of outstanding loan value net of collateralised assets.

The Bank provides allowance for doubtful accounts on hire-purchase receivables by using the collective approach method which considers from the historical loss suffered by calculating using the probability of default and the percentage of loss given default. Inclusively, the Bank adjusted historical loss data for key domestic and international economic factors which may influence repayment abilities of the receivables. The Bank also sets additional allowance for doubtful accounts from the collective approach to certain classes of receivables in order to be conservative.

For increase or decrease in allowance for doubtful accounts, the Group are recorded as an expense or decrease in expenses during the accounting period.

Bad debts are written off during the period in which they are identified. Bad debts recovery is recorded by reducing bad debts and doubtful accounts expenses in profit or loss.

### **3.5.4 Troubled debt restructuring**

The Bank accounts for troubled debt restructuring in accordance with guidelines approved by BOT. The Bank records the assets or equity securities transferred to the Bank for debt settlements at the lower of fair values of the assets or equity securities, less estimated selling expenses, or the amount of investments in receivables (including non-accrued interest income at the restructuring date).

In cases where the debt restructuring involves modifications to terms of receivables as accepted by the Bank, the fair value of investments in receivables after restructuring is based on the net present value of expected future cash flows discounted using the original effective interest rate for hire-purchase receivables and using the Minimum Lending Rates (MLR) for other loan types prevailing at the restructuring date.

The Bank recognises losses arising from debt restructuring by the waiver of loan principal or recorded accrued interest receivables, less recorded allowance, in profit or loss when incurred.

The Bank recalculates the fair value of restructured debts based on the aforementioned discount interest rate as of the date of the monthly financial statements and adjust the valuation on debt restructured for any change, in accordance with the BOT's criteria. The valuation adjustment on restructured debt shall not cause the book value of restructured debt to exceed the investment value on restructured debt.

Restructured debt with assets or equity securities transferred for debt repayment either in whole or in part are recorded at the fair value, net of estimated selling expenses, not to exceed the investment value on such debt and the right-to-claim interest income.



For investments in receivables purchased and subsequently restructured, the Bank calculates the fair value of restructured debt as of the restructuring date and recognises the difference between book value and fair value in profit or loss for the period and classified investments in receivables as loans in accordance with the BOT's criteria.

Legal fees and other direct costs incurred as a result of the debt restructuring are expensed when incurred.

### **3.5.5 Securities and derivatives business receivables and allowance for doubtful accounts**

Allowance for doubtful accounts is determined based on the announcement of the Office of the Securities and Exchange Commission's Notification dated 15 February 2001, regarding the accounting for sub-standard loans. The announcement requires the Group categorize its loan portfolio into 3 categories subject to different minimum levels of provisioning. The announcement also imposes policies regarding collateral valuation for the purpose of setting allowance for doubtful accounts.

In the case that the Group received money from its receivables which written off as bad debts, the Group will record such items as bad debt recoveries which are presented as other income in profit or loss.

### **3.5.6 Derivatives**

Recognition of derivatives is as follows;

- 3.5.6.1 Derivatives for trading are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. The Group presents fair value of future contracts as the part of other assets.
- 3.5.6.2 Derivatives for hedging of transactions which are measured on an accrual basis are recorded as off-financial reporting items and income and expense are recognised on an accrual basis equivalent to that used for the underlying transactions.

### **3.5.7 Financial assets and financial liabilities designated at fair value through profit or loss**

The Group designated some financial assets or financial liabilities upon initial recognition as financial assets or liabilities as at fair value through profit or loss (fair value option) when and only the Group demonstrates that it falls within one (or more) of following three criteria;

- a) When such designation eliminates or significantly reduces a measurement or recognition inconsistency ("accounting mismatch") that would otherwise arise,
- b) When a group of financial assets, financial liabilities or both is managed and its performance is evaluated on fair value basis, in accordance with a documented risk management or investment strategy, and
- c) When an instrument contains an embedded derivatives that meets particular conditions.

Fair value changes relating to financial assets and financial liabilities designated at fair value through profit or loss are recognised in profit or loss.

### **3.5.8 Accounting for lease**

Leases of premises or equipment which substantially all the risks and rewards of ownership are transferred



to the lessee are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance lease balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period. Assets acquired from financial lease will be depreciated throughout the assets lifetime or the period of contracts, whichever is the lower.

Leases which a significant portion of the risks and rewards of ownership retained with the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which such termination takes place.

### **3.5.9 Interest income on loans and deposits**

Interest income on loans and deposits are recognised as income on an accrual basis, except in the case of interest on loans which is over three months past due from the due date where interest is recognised on collection basis. The Bank reverses accrued interest income on loan when its principal or interest payment has become over three months past due to comply with the BOT's Notification dated on 29 June 2016. The Bank will recognise income only when cash is received, and the Bank continues its income recognition on the accrual basis when the entire amount of the principal and overdue interest has been paid.

### **3.5.10 Hire-purchase and finance lease income**

Interest income from hire-purchase contracts is recognised based on the effective interest method.

Interest income on hire-purchase is recognised on an accrual basis. The Bank reverses accrued interest income on hire-purchase when its principal or interest payment has become over three months past due to comply with the BOT's Notification dated on 29 June 2016. The Bank will recognise income only when cash is received, and the Bank continues its income recognition on the accrual basis when the entire amount of the principal and overdue interest has been paid.

The Group recognises income from finance lease contracts on the effective interest method over the period of contracts.

### **3.5.11 Interest and dividend income from investment in securities**

Interest income on investment in securities is recognised as income by applying effective interest method except in the case of interest on debt securities which is over three months past due where interest is recognised on cash basis. Dividend income is recognised when dividend is declared.

### **3.5.12 Income from investments in receivables**

The Group recognises interest income from investments in receivables on the cash basis based on the outstanding loans multiplied by the effective yield according to contract or new agreement.

#### 4. Adoption of new financial reporting standards and changes in accounting policies

The Group has adopted financial reporting standards relating to financial instruments (TAS 32, TFRS 7 and TFRS 9) and leases standard (TFRS 16) retrospectively from 1 January 2020, but has not restated comparatives for the 2019 reporting period, as permitted in the standards. The reclassifications and adjustments arising from the new requirements are therefore recognised in the opening statement of financial position on 1 January 2020.

The following tables show the adjustments made to the amounts recognised in each line item in the statement of financial position upon adoption of the financial reporting standards relate to financial instruments (TAS 32 and TFRS 9) and leases standard (TFRS 16):

	Consolidated									
	TAS 32 and TFRS 9					TFRS 16				
	As at 31 December 2019 Previously reported Thousand Baht	Adjustments from reclassification of financial instrument Thousand Baht	Adjustments remeasurement of financial instrument Thousand Baht	Adjustments from allowance for expected credit losses Thousand Baht	Total adjustments of financial instruments Thousand Baht	Adjustments from reclassification of leases Thousand Baht	Adjustments from remeasurement of leases Thousand Baht	Total adjustments of leases Thousand Baht	As at 1 January 2020 Restated Thousand Baht	
<b>Assets</b>										
Interbank and money market items, net	11,981,838	(8,019)	-	39,502	31,483	-	-	-	-	12,013,321
Financial assets measured at fair value through profit or loss	-	17,102,874	-	-	17,102,874	-	-	-	-	17,102,874
Derivatives assets	4,298,538	-	42,385	-	42,385	-	-	-	-	4,340,923
Investments, net	39,201,003	(17,102,874)	247,162	-	(16,855,712)	-	-	-	-	22,345,291
Investments in receivables, net	1,619,449	(916,449)	(703,000)	-	(1,619,449)	-	-	-	-	-
Loans to customers and accrued interest receivables, net	227,677,310	862,328	(195,551)	344,951	1,011,728	-	-	-	-	228,689,038
Right-of-use assets	-	-	-	-	-	50,831	296,540	347,371	347,371	
Deferred tax assets	1,846,295	-	(28,019)	(52)	(28,071)	-	-	-	-	1,818,224
Other assets, net	4,416,176	(198,938)	217,642	1,329	20,033	(50,831)	-	(50,831)	(50,831)	4,385,378
<b>Total assets</b>	<b>311,690,006</b>	<b>(261,078)</b>	<b>(419,381)</b>	<b>385,730</b>	<b>(294,729)</b>	<b>-</b>	<b>296,540</b>	<b>296,540</b>	<b>296,540</b>	<b>311,691,817</b>



	Consolidated									
	TAS 32 and TFRS 9					TFRS 16				
	As at 31 December 2019 Previously reported	Adjustments from reclassification of financial instrument	Adjustments remeasurement of financial instrument	Adjustments from allowance for expected credit losses	Total adjustments of financial instruments	Adjustments from reclassification of leases	Adjustments from remeasurement of leases	Total adjustments of leases	As at 1 January 2020 Restated	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Liabilities and equity</b>										
<b>Liabilities</b>										
Lease liabilities	-	-	-	-	-	-	296,540	296,540	296,540	296,540
Provisions	844,037	-	-	436,033	436,033	-	-	-	1,280,070	1,280,070
Deferred tax liabilities	26,703	-	1,788	-	1,788	-	-	-	28,491	28,491
Other liabilities	5,035,881	(261,078)	-	-	(261,078)	-	-	-	4,774,803	4,774,803
<b>Total Liabilities</b>	<b>267,678,747</b>	<b>(261,078)</b>	<b>1,788</b>	<b>436,033</b>	<b>176,743</b>	<b>-</b>	<b>296,540</b>	<b>296,540</b>	<b>268,152,030</b>	<b>268,152,030</b>
<b>Equity</b>										
Other components of equity	186,602	(2,836)	(477,694)	369	(480,161)	-	-	-	(293,559)	(293,559)
Retained earnings										
Unappropriated	25,039,042	2,836	55,984	(50,672)	8,148	-	-	-	25,047,190	25,047,190
Non-controlling interests	109,154	-	541	-	541	-	-	-	109,695	109,695
<b>Total equity</b>	<b>44,011,259</b>	<b>-</b>	<b>(421,169)</b>	<b>(50,303)</b>	<b>(471,472)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,539,787</b>	<b>43,539,787</b>

	Separate									
	TAS 32 and TFRS 9					TFRS 16				
	As at 31 December 2019 Previously reported Thousand Baht	Adjustments from reclassification of financial instrument Thousand Baht	Adjustments from remeasurement of financial instrument Thousand Baht	Adjustments from allowance for expected credit losses Thousand Baht	Total adjustments of financial instruments Thousand Baht	Adjustments from reclassification of leases Thousand Baht	Adjustments from remeasurement of leases Thousand Baht	Total adjustments of leases Thousand Baht	As at 1 January 2020 Restated Thousand Baht	
<b>Assets</b>										
Interbank and money market items, net	13,275,187	(8,019)	-	67,721	59,702	-	-	-	13,334,889	
Financial assets measured at fair value through profit or loss	-	7,771,843	-	-	7,771,843	-	-	-	7,771,843	
Derivatives assets	4,234,450	-	42,385	-	42,385	-	-	-	4,276,835	
Investments, net	26,973,203	(7,771,843)	208,873	-	(7,562,970)	-	-	-	19,410,233	
Investments in receivables, net	363,319	(229,622)	(133,697)	-	(363,319)	-	-	-	-	
Loans to customers and accrued interest receivables, net	231,195,924	164,060	(75,689)	368,249	456,620	-	-	-	231,652,544	
Right-of-use assets	-	-	-	-	-	63,138	744,780	807,918	807,918	
Deferred tax assets	1,603,603	-	(22,151)	(52)	(22,203)	-	-	-	1,581,400	
Other assets, net	3,542,764	(198,938)	68,880	1,329	(128,729)	(63,138)	-	(63,138)	3,350,897	
<b>Total assets</b>	<b>299,215,604</b>	<b>(272,519)</b>	<b>88,601</b>	<b>437,247</b>	<b>253,329</b>	<b>-</b>	<b>744,780</b>	<b>744,780</b>	<b>300,213,713</b>	



		Separate						
		TAS 32 and TFRS 9				TFRS 16		
		As at 31 December 2019 Previously reported Thousand Baht	Adjustments from reclassification of financial instrument Thousand Baht	Adjustments remeasurement of financial instrument Thousand Baht	Adjustments from allowance for expected credit losses Thousand Baht	Total adjustments of financial instruments Thousand Baht	Adjustments from remeasurement of leases Thousand Baht	Adjustments from reclassification of leases Thousand Baht
<b>Liabilities and equity</b>								
<b>Liabilities</b>								
Lease liabilities	-	-	-	-	-	-	744,780	744,780
Provisions	556,724	-	-	437,038	437,038	437,038	-	-
Other liabilities	4,346,026	(272,519)	-	-	(272,519)	-	-	-
<b>Total Liabilities</b>	256,651,472	(272,519)	-	437,038	164,519	744,780	744,780	257,560,771
<b>Equity</b>								
Other components of equity	243,194	(2,836)	60,140	369	57,673	-	-	300,867
Retained earnings Unappropriated	23,644,477	2,836	28,461	(160)	31,137	-	-	23,675,614
<b>Total equity</b>	42,564,132	-	88,601	209	88,810	-	-	42,652,942



## 4.1 Financial reporting standards related to financial instruments

The total impact on the retained earnings as at 1 January 2020 is as follows:

	Consolidated Thousand Baht	Separate Thousand Baht
Unappropriated retained earnings as at 31 December 2019 (Audited)	25,039,042	23,644,477
Change in fair value of derivative products under former banking book	42,385	42,385
(Increase) Decrease in allowance for available-for-sale securities	3,544	3,544
(Increase) Decrease in allowance for expected credit losses of interbank and money market items	39,502	67,721
(Increase) Decrease in allowance for expected credit losses of debt securities	(461)	(461)
(Increase) Decrease in allowance for expected credit losses of loans to customers	(1,003,049)	(979,751)
(Increase) Decrease in allowance for expected credit losses of other assets	1,329	1,329
(Increase) Decrease in allowance for expected credit losses of loan commitments and financial guarantee contracts	(436,033)	(437,038)
(Increase) Decrease in general reserves	1,348,000	1,348,000
Increase in impairment of purchased or originated credit-impaired loan	(137,124)	(17,261)
Increase in accrued interest receivables which had been stopped recognising according to the classification of qualitative criteria	10,453	10,453
Decrease in deferred tax assets	(7,784)	(7,784)
Increase in other assets	148,762	-
Increase in Non-controlling interests	(1,376)	-
Adjustment to unappropriated retained earnings from adoption of TFRS 9 on 1 January 2020	8,148	31,137
Unappropriated retained earnings as at 1 January 2020 - TFRS 9 before restatement of TFRS 16	25,047,190	23,675,614

## 4.2 Financial reporting standards related to leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2020. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2020 was 1.75% - 3.47%.



For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of TFRS 16 are only applied after that date.

	Consolidated Thousand Baht	Separate Thousand Baht
Operating lease commitments disclosed as at 31 December 2019	500,597	684,936
(Less) discounted using the lessee's incremental borrowing rate of at the date of initial application	(36,408)	(107,757)
(Less) short-term leases recognised on a straight-line basis as expense	(597)	-
(Less) low-value leases recognised on a straight-line basis as expense	(2,141)	-
(Less) contracts reassessed as service agreements/ service portion included in leases	(158,714)	(281,410)
(Less) adjustments as a result of a different treatment of extension and termination options	(6,197)	449,011
<b>Lease liability recognised as at 1 January 2020</b>	<b>296,540</b>	<b>744,780</b>

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	Consolidated		Separate	
	31 December 2020	1 January 2020	31 December 2020	1 January 2020
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Vehicle	524	713	-	-
Properties	229,311	346,658	877,100	807,918
<b>Total right-of-use assets</b>	<b>229,835</b>	<b>347,371</b>	<b>877,100</b>	<b>807,918</b>

In applying TFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2020 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and
- elect not to reassess whether a contract is, or contains a lease as defined under TFRS 16 at the date of initial application but relied on its assessment made applying TAS 17 and TFRIC 4 Determining whether an Arrangement contains a Lease.

## 5 Capital risk management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt obligations.

Moreover, the Bank is required to manage its capital funds in accordance with the Act on Undertaking of Banking Business B.E. 2551. The Bank's capital fund is presented in Note 34 to the financial statements.

## 6 Risk management

The risk management policy of the Group is emphasised on managing overall risks as a Group wide in order to ensure the appropriateness and effectiveness of the enterprise wide risk management. While each related business and department unit is required to sufficiently understand and effectively manage its risks incurred under the centralised framework and risk management policy of the Group, risk management department also plays important roles to control and review each business line and unit to ensure the sufficient risk management and control system.

Significant financial assets carried on the statement of financial position include cash, interbank and money market items, financial assets measured at fair value through profit or loss, derivative assets, investments in securities, investment in subsidiaries, investments in receivables, hire-purchase receivables, loans to customers and accrued interest receivables, account receivable from clearing house and broker - dealers and securities and derivative business receivables. Significant financial liabilities carried on the statement of financial position include deposits, interbank and money market items, liabilities payable on demand, financial liabilities designated at fair value through profit or loss, derivative liabilities, debt issued and borrowings, lease liabilities, accounts payable to clearing house and broker - dealers, securities and derivative business payable, accrued interest expenses, other account payables.

Risks relating to significant financial instruments held by the Group are summarised below:

### 6.1 Credit risk

Credit risk refers to risk arising from the failure of either debtors to repay principal and interest as agreed, or of counterparties to comply with conditions or contracts. Credit risk covers all types of financial products: transactions on-financial reporting such as loans, overdrafts, bills of exchange, and other types of debts; and those off-financial reporting such as derivatives trading and letters of guarantee.

The Group has constantly improved its process of credit risk management to appropriately reflect its managed credit risk. Details of such improvement measures are as follows;

#### 6.1.1 Credit Policy Adjustment

The Bank focuses on adjusting its main credit policy, business loan policy and personal loan policy to an adequate level of conservativeness and suitability to current environment. Counterparty credit policy and country credit policy have also been added to accommodate the Bank's extended reach to financial institution and corporation counterparties.



### 6.1.2 Development of Credit Approval Aid

The Bank aims to consistently develop and improve its tools for assisting the credit approval process. Set up Product Program for Retail Banking, which covers 2 dimensions, customer profile and collateral class. In addition, Behavior-Score usage, which applied for acquired existing customer with different credit granted from risk level. For new customer, the Bank started implementing Bureau Score which will ensure to a better risk assessment and select a customer group in accordance with the Bank's goals and strategy. In addition to that, Bank introduced the alternative score base for Thin customer profile who just newly to credit to help Bank to precise underwriting process for business target expansion which is the major segment for Hire Purchase business. Furthermore, Bank has re-developed the Acquisition score which are inclusive both credit profile and demographic profile for Thick customer profile for New Car Hire Purchase, Used Car Hire Purchase, CarQuickCash (CQC), Personal Loan to well-differentiate and segregate risk profile.

### 6.1.3 Loan portfolio Management

The Bank focuses on giving credit to businesses which the Bank has expertise. The Bank will manage its loan portfolio to maximise profit with an acceptable level of Risk Appetite of each portfolio as well as early warning indicator for monitoring of loan portfolio position with a systematic information reporting, in-depth analysis for the identification of risks and solution planning. A concentration risk limit is also utilised to lessen the volatility in the Group's performance. Examples of concentration limits include the Single Lending Limit and the Large Borrower Concentration Limit.

The Bank has introduced Risk Mitigation function which will be responsible for Retail Collection Strategies. The customer will be graded as High, Medium and Low upon each Individual payment behavior and collection treatment will be differentiated according to their grade. In addition, the Bank implemented has done in-depth cost-benefit analysis for each collection activity, especially when comparing to debt outstanding balance to ensure each collection activities must be cost-effectiveness. During the Covid-19 situation, Bank has introduced the risk segmentation for phone collection dunning (Before NPL) by CHAID for forbearance and normal account. This is to give the right offer help program to customer during crisis. In addition, Bank performed portfolio scrub or credit review to manage the risk of existing customer and to offer the right re-structuring program if we found significant shift in behavior of customer performance.

In the case of recognised financial assets, the carrying amount of the assets recorded in the statement of financial position, net of a portion of allowance for expected credit losses, represents the maximum exposure to credit risk.

The Group considers that there is no significant concentration of credit risk due to a large number of customers and counterparties in different industries.

Credit risk also arises from the possibility that the counterparty to off-statement of financial position financial instruments will not adhere to the terms of the contract when settlement becomes due.

The Group is exposed to credit risk in case where the counterparty fails to comply with terms in accordance with off-statement of financial position financial instruments such as commitments to extend credit, standby letters of credit, and financial guarantees. Risk of aforementioned instruments equals the contractual notional amount of applicable instruments. The Group use the same credit policy in making commitments

and conditional obligations as they do for on-statement of financial position financial instruments. For interest rate swap and forward foreign exchange contracts, the contract or notional amount does not represent the Group exposure to potential credit loss. The Group controls credit risk on financial instruments through prudent credit approvals, limits, and strict monitoring procedures.

The Group has policies in place to ensure that loans are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the credit line of loan transaction to any client or financial institution.

As at 31 December 2020 and 2019, concentrations of credit risk relative to the loans and receivables summarised by type of industry are as follows;

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Agriculture and mining	674,033	309,144	674,033	309,144
Manufacturing and commerce	23,485,428	20,334,693	23,485,428	20,334,693
Real estate and constructions	37,485,119	40,249,947	39,824,344	42,017,639
Public utilities and services	21,608,735	16,638,018	21,608,735	16,638,018
Housing loans	23,314,771	19,754,219	23,314,771	19,754,219
Hire-purchase loans	129,507,903	113,292,678	129,507,903	113,292,678
Finance lease loans	359,109	390,484	359,109	390,484
Others	28,337,864	26,169,564	29,858,873	27,939,564
Total loans and receivables	264,772,962	237,138,747	268,633,196	240,676,439

#### 6.1.4 Expected credit loss measurement

Further explanation is also provided of how the Group determines appropriate grouping when expected credit loss is measured on a collective basis.

The expected credit loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit loss is the discounted product of the probability of default (PD), exposure at default (EAD), and loss given default (LGD), defined as follows:

- Probability of default (PD) represents the likelihood of a borrower defaulting on its financial obligation (as per definition of default and credit-impaired), either over the next 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.
- Exposure at default (EAD) is based on the amounts that the Group expects to be owed at the time of default, over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD)
- Loss given default (LGD) represents the Group's expectation of the extent of the loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The expected credit loss is determined by projecting the PD, LGD, and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together. This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a credit conversion factor which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by the product type and current limit utilisation band, based on analysis of the Group's recent default data.

Forward-looking economic information is also included in determining the 12-month and lifetime.

### Forward-looking information incorporated in the ECL models

The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

### Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2020 are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

		2020	2021	2022
GDP at current market prices (%YoY)	Base	-10.10%	5.70%	4.70%
	Upside	-7.70%	6.40%	5.10%
	Downside	-13.50%	8.30%	5.10%
Unemployment Rate	Base	5.58%	2.91%	1.57%
	Upside	4.38%	2.50%	1.57%
	Downside	7.90%	3.68%	1.56%
Inflation	Base	0.10%	0.20%	0.60%
	Upside	0.20%	0.30%	0.70%
	Downside	0.00%	0.10%	0.60%
Automotive sales (%YoY)	Base	-35.43%	16.35%	9.09%
	Upside	-22.13%	20.58%	10.90%
	Downside	-53.55%	30.86%	11.52%

The weightings assigned to each economic scenario at 31 December 2020 were as follows:

	Base	Upside	Downside
Retail	60%	25%	15%
Non-retail	60%	25%	15%

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a semi-annually basis.



For the year ended 31 December 2020, the management considered to provision the additional expected credit losses as management overlay due to the Bank cautionary measure after assessing the various conditions and economic uncertainties arising from the COVID-19 situation which could result in asset quality deterioration in the coming periods. Furthermore, the relief measures currently in place provided for the temporary suspension of loans staging and therefore limiting complete assessment of the asset quality and expected credit losses.

### Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Group has considered benchmarking internal/ external supplementary data to use for modelling purposes.

## 6.1.5 Credit risk exposure

### 6.1.5.1 Maximum exposure to credit risk

The maximum credit risk exposure of the Group in the event of other parties failing to perform their obligation is detailed below. No account taken of any collateral held and the maximum exposure to loss is considered to be the statement of financial position carrying amount or, for non-derivative off-statement of financial position transaction and financial guarantee, their contractual nominal amounts. The exposure to credit risk of the Group equals their carrying amount in the statement of financial position as at reporting date, except for the followings:

	Consolidated	Separate
	2020	2020
	Maximum exposure Thousand Baht	Maximum exposure Thousand Baht
Credit risk exposures of on-statement of financial position assets:		
Financial assets measured at fair value		
through profit or loss	5,392,064	5,236,136
Investments, net	19,341,380	19,179,500
	24,733,444	24,415,636
Credit risk exposure of off-statement of financial position items:		
Financial guarantees	2,630,369	2,630,369
Loan commitments	43,663,041	45,437,566
	46,293,410	48,067,935

### 6.1.5.2 Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Group prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The main collateral type accepted and given value by the Group are:

- Mortgage over residential;
- Charges over commercial real estate or movable assets financed
- Charges over business assets such as properties, equipment, fixed deposit, debentures, personal guarantees and corporate guarantees; and
- Charges over financial instruments such as marketable securities
- Others

Term loan financing and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

	Consolidated			
	2020			
	Gross carrying amount	Expected credit losses	Net carrying amount	Fair value of collateral held
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Retail lending</b>				
Auto hire purchase loan	1,503,503	710,492	793,011	-
Personal loan	117,816	89,045	28,771	-
Micro SME loan	934,089	539,035	395,054	795,016
Housing loan	374,081	130,657	243,425	373,604
<b>Commercial lending</b>				
Real estate development loan	3,203,934	1,108,990	2,094,944	3,792,856
SME loan	1,660,922	364,389	1,296,533	1,589,676
Special Asset Management Loan	1,241,269	160,397	1,080,872	2,681,713
<b>Total credit-impaired assets</b>	<b>9,035,614</b>	<b>3,103,005</b>	<b>5,932,610</b>	<b>9,232,865</b>

	Separate			
	2020			
	Gross carrying amount	Expected credit losses	Net carrying amount	Fair value of collateral held
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Retail lending</b>				
Auto hire purchase loan	1,503,503	710,492	793,011	-
Personal loan	117,816	89,045	28,771	-
Micro SME loan	934,089	539,035	395,054	795,016
Housing loan	374,081	130,657	243,425	373,604
<b>Commercial lending</b>				
Real estate development loan	3,203,934	1,108,990	2,094,944	3,792,856
SME loan	1,660,922	364,389	1,296,533	1,589,676
Special Asset Management Loan	757,569	159,602	597,967	788,934
<b>Total credit-impaired assets</b>	<b>8,551,914</b>	<b>3,102,210</b>	<b>5,449,705</b>	<b>7,340,086</b>

#### Collateral for financial assets at fair value through profit or loss

	Consolidated	Separate
	2020	2020
	Thousand Baht	Thousand Baht
Derivatives	1,398,011	1,398,011

The Group mitigates the credit risk of derivatives by entering into master netting agreements and holding collateral in the form of cash.

#### Credit related commitments

Commitment to extend credit represents unutilised portion of approved credit in the form of loans financing, guarantees or letters of credit. In terms of credit risk, the Group is potentially exposed to loss in an amount equal to the total unutilised commitments. However, the potential amount of loss is less than the total unutilised commitments, as most commitments to extend credit are contingent upon customers maintaining specific minimum credit standards. The Group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than short-term commitments.

#### Total loans to customers - credit quality

All loans to customers are categorised into 'neither past due nor impaired', 'past due but not impaired' and 'impaired'.

Past due loans financing refers to loans, advances and financing that are overdue by one day or more. Loans to customers are classified impaired when they fulfil any of the following criteria:

- the principal or interest both is past due more than 90 days or 3 months from the first day of default;
- where the account is in arrears for less than 90 days or 3 months, there is evidence of impairment to indicate that the borrower customer is 'unlikely to repay' its credit obligations; or
- the loans to customers are classified as rescheduled and restructured



## Distribution of loans, advances and financing by credit quality

Consolidated					
2020					
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or originated credit-impaired financial assets	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Neither past due nor impaired	234,911,698	3,454,846	-	-	238,366,544
Past due but not impaired	12,577,274	11,971,347	-	-	24,548,621
Impaired	-	-	8,255,609	780,005	9,035,614
Gross carrying amount	247,488,972	15,426,193	8,255,609	780,005	271,950,779
Less: Expected credit losses	(5,468,900)	(3,023,260)	(3,080,190)	(22,815)	(11,595,165)
Net carrying amount	242,020,072	12,402,933	5,175,419	757,190	260,355,614
Separate					
2020					
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or originated credit-impaired financial assets	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Neither past due nor impaired	239,194,642	3,454,846	-	-	242,649,488
Past due but not impaired	12,577,273	11,971,347	-	-	24,548,620
Impaired	-	-	8,255,609	296,305	8,551,914
Gross carrying amount	251,771,915	15,426,193	8,255,609	296,305	275,750,022
Less: Expected credit losses	(5,471,841)	(3,023,260)	(3,080,190)	(22,020)	(11,597,311)
Net carrying amount	246,300,074	12,402,933	5,175,419	274,285	264,152,711

The table below presents credit quality of Interbank asset items, financial assets measured at fair value through profit or loss, investments, and derivatives that neither past due nor impaired, past due but not impaired and impaired, analysed by rating:

	Consolidated			
	2020			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Interbank asset items</b>				
Sovereigns	-	-	-	-
AAA	7,421,519	-	-	7,421,519
AA- to AA+	1,691,001	-	-	1,691,001
A- to A+	2,626,048	-	-	2,626,048
Lower than A-	20,350,990	-	-	20,350,990
Unrated	692,380	-	-	692,380
Less: Expected credit losses	(11,395)	-	-	(11,395)
	32,770,543	-	-	32,770,543
<b>Financial assets measured at fair value through profit or loss</b>				
Sovereigns	1,137,504	-	-	1,137,504
AAA	232,980	-	-	232,980
AA- to AA+	1,646,006	-	-	1,646,006
A- to A+	2,037,602	-	-	2,037,602
Lower than A-	126,481	-	-	126,481
Unrated	285,495	-	-	285,495
	5,466,068	-	-	5,466,068
<b>Investment</b>				
Sovereigns	19,521,489	-	-	19,521,489
AAA	30,087	-	-	30,087
AA- to AA+	128,279	-	-	128,279
A- to A+	237,593	-	-	237,593
Lower than A-	51,806	-	-	51,806
Unrated	179,338	-	-	179,338
	20,148,592	-	-	20,148,592
<b>Derivative assets</b>				
Sovereigns	1,672,748	-	-	1,672,748
AAA	69,417	-	-	69,417
AA- to AA+	215,671	-	-	215,671
A- to A+	3,156,453	-	-	3,156,453
Lower than A-	3,245,319	-	-	3,245,319
Unrated	1,891,243	-	-	1,891,243
	10,250,851	-	-	10,250,851



	Separate			
	2020			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Interbank asset items</b>				
Sovereigns	-	-	-	-
AAA	7,402,939	-	-	7,402,939
AA- to AA+	1,636,541	-	-	1,636,541
A- to A+	2,183,151	-	-	2,183,151
Lower than A-	18,954,170	-	-	18,954,170
Unrated	692,380	-	-	692,380
Less: Expected credit losses	(11,395)	-	-	(11,395)
	30,857,786	-	-	30,857,786
<b>Financial assets measured at fair value through profit or loss</b>				
Sovereigns	1,137,504	-	-	1,137,504
AAA	232,980	-	-	232,980
AA- to AA+	1,646,006	-	-	1,646,006
A- to A+	2,037,602	-	-	2,037,602
Lower than A-	126,481	-	-	126,481
Unrated	129,566	-	-	129,566
	5,310,139	-	-	5,310,139
<b>Investment</b>				
Sovereigns	19,359,738	-	-	19,359,738
AAA	30,087	-	-	30,087
AA- to AA+	128,279	-	-	128,279
A- to A+	237,593	-	-	237,593
Lower than A-	51,806	-	-	51,806
Unrated	179,338	-	-	179,338
	19,986,841	-	-	19,986,841
<b>Derivative assets</b>				
Sovereigns	1,672,748	-	-	1,672,748
AAA	69,417	-	-	69,417
AA- to AA+	215,671	-	-	215,671
A- to A+	3,156,718	-	-	3,156,718
Lower than A-	3,245,319	-	-	3,245,319
Unrated	1,891,243	-	-	1,891,243
	10,251,116	-	-	10,251,116



## Other financial assets - credit quality

Other financial assets of the Group are neither past due nor impaired, past due but not impaired and impaired are summarised as below:

	Consolidated			
	2020			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Accounts receivable from clearing house and broker - dealers	1,334,267	-	-	1,334,267
Securities and derivative business receivables	6,837,597	-	-	6,837,597
Other assets	2,126,967	37,705	26,607	2,191,279
<u>Less:</u> Expected credit losses	(1,156)	(4,435)	(18,922)	(24,513)
	10,297,675	33,270	7,685	10,338,630

	Separate			
	2020			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Other assets	2,148,485	37,705	26,607	2,212,797
<u>Less:</u> Expected credit losses	(1,156)	(4,435)	(18,922)	(24,513)
	2,147,329	33,270	7,685	2,188,284

Loan commitments and financial guarantees below represent the ECL being recognised.

	Consolidated			
	2020			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Loans financing commitments and financial guarantees	126,327	3,139	-	129,466

	Separate			
	2020			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Loans financing commitments and financial guarantees	127,523	3,139	-	130,662



## 6.2 Market risk

Presently, the Bank performs many transactions in financial market products for both trading and banking books. Five major transaction types are 1) fixed income trading and fixed income derivatives, 2) foreign exchange trading and foreign exchange derivatives, 3) interest rate derivatives, 4) common equity, property fund, infrastructure fund, and Real Estate Investment Trust (REIT) which registered in the Stock Exchange of Thailand (SET) and equity derivatives, and 5) option contract which refers equity price, ETF price or mutual fund performance as underlying asset. Furthermore, the capital market business invests in common equity traded in the SET and foreign stock markets as well as futures contract in Thailand Futures Exchange (TFEX) and equity derivatives.

The trading book market risk management focuses on transactions with interest rate risk and foreign exchange risk. In highly volatile market, these risks arise from internal and external uncontrollable factors and adversely affect trading book. Therefore, the Bank determines acceptable risk limit on interest rate risk and foreign exchange risk for trading book transactions and allows equity transaction to expose zero market risk in equity price.

The banking book market risk management emphasizes on transactions with interest rate risk. The Bank determines acceptable interest rate risk limit and fully hedges foreign exchange risk or hedge to insignificant level. However, the Bank may invest in common equity, property fund, infrastructure fund, and REIT which registered in the SET. This will be a long-term investment which required the related committee approval, on a case-by-case basis.

The Bank has consistently developed comprehensive and systematic market risk management procedures, ranging from identifying, measuring, monitoring and controlling risks resulted from trading and banking book transactions. These processes cover related and significant market risk factors. Meanwhile, the financial market group and treasury department are major units to manage market risk in trading and banking books respectively. The Market Risk Management together with the Liquidity Risk Management and ALM departments identify risk indicator and propose risk limit for an approval from Risk Oversight Committee to assess and monitor market risk. The internationally accepted risk indicator tools such as Value at Risk (VaR), Present Value of a Basis Point (PV01), Net Open Position in Foreign Currency (NOP), and Economic Value of Equity (EVE) are utilised to cover changes in the market. In case of any irregularity or beyond acceptable market risk limit, the Market Risk Management and Liquidity Risk Management and ALM departments will report to relevant units.

The capital market risk management department focuses on the investment in common equity, in the SET and foreign stock markets, futures contract in TFEX, and equity derivatives. The key market risk factors consist of equity prices, liquidity and equity volatility. The capital market business short-term investment strategy gives rise to minimal risks resulted from risk hedging. On the other hand, the long-term investment in common equity in the country or in the foreign countries by the Direct Investment Department of KKP Capital PCL. is not hedged and directional, hence highly volatile market risk still exists. In the event that the price of invested securities drops, or the exchange rate changes, such events will adversely impact the Group's performance and profitability. Nevertheless, the Group is aware of the risks arising from these investment strategies. The Group has limited investment risk under acceptable level. The Risk Management department of the Capital Market Business is responsible for setting risk limits, for example, maximum loss at a determined confident level and maximum position held which determined by daily volume. In case of any irregularity or beyond acceptable trading book risk limit, the Risk Management department of the Capital Market Business will report to relevant units.

### 6.2.1 Interest rate risk

The Bank manages interest rate risk in trading book by limiting portfolio's sensitivity to interest rate change, including relevant foreign interest rates, to be in line with the risk appetite.

Interest rate risk management in banking book is to reduce negative impact arising from interest rate volatility. The Bank manages risk of the gap between asset and liability structures, which sensitive to interest rate change, both on statement of financial position, and off-statement of financial position. The Bank specifies to regularly evaluate the impacts on net interest income (Earning perspective), and economic value of equity (Economic value perspective), under supervision of the Assets and Liabilities Management Committee (ALCO). The treasury department is mainly responsible for managing the structure of assets and liabilities to be at an appropriate level, while the risk management group monitors and controls the risk, and reports to the Risk Management Committee and the Bank's Board of Directors on a regular basis.

As at 31 December 2020 and 2019, the loan information classified by fixed and floating rates is summarised as follows:

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Loans and receivables with fixed interest rate	208,575,451	234,567,748	209,525,451	234,567,748
Loans and receivables with floating interest rate	56,197,511	2,570,999	59,107,745	6,108,691
Total loans and receivables	264,772,962	237,138,747	268,633,196	240,676,439



The Group has summarised financial assets and liabilities classified on maturity of interest re-pricing years as at 31 December 2020 and 2019 as follows:

	Consolidated						
	2020						
	0 - 3 months	Over 3 - 12 months	Over 1 - 5 years	Over 5 years	Non-performing loans	Non-interest bearing	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Financial assets							
Interbank and money market items	22,335,575	6,193,096	-	-	-	4,252,750	32,781,421
Financial assets measured at fair value through profit or loss	2,408,870	228,522	2,279,662	549,014	-	5,823,530	11,289,598
Derivatives assets	1,667,762	2,201,310	-	-	-	6,407,009	10,276,081
Investments in securities, net	183,252	3,172,598	12,237,933	4,798,654	-	2,920,505	23,312,942
Loans	107,249,994	30,830,537	106,316,118	10,118,904	2,557,114	7,700,295	264,772,962
Account receivables from clearing house and broker - dealers	-	-	-	-	-	1,334,267	1,334,267
Securities and derivative business receivables	-	-	-	-	-	6,837,597	6,837,597
Financial liabilities							
Deposits	159,932,270	79,893,337	11,073,823	-	-	626,444	251,525,874
Interbank and money market items	5,609,390	2,503,632	1,067,226	-	-	1,083,622	10,263,870
Liabilities payables on demand	-	-	-	-	-	392,712	392,712
Financial liabilities designated at fair value through profit or loss	-	896,906	-	-	-	-	896,906
Derivatives liabilities	1,919,711	1,423,314	32,783	-	-	5,348,877	8,724,685
Debt issued and borrowings	5,944,300	14,009,200	-	8,390,000	-	-	28,343,500
Lease liabilities	1,392	47,518	57,600	77,187	-	-	183,697
Payable to clearing house and broker - dealers	-	-	-	-	-	588,026	588,026
Securities and derivative business payables	-	-	-	-	-	5,539,391	5,539,391

	Consolidated						
	2019						
	0 - 3 months	Over 3 - 12 months	Over 1 - 5 years	Over 5 years	Non-performing loans	Non-interest bearing	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Financial assets</b>							
Interbank and money market items	7,221,645	1,005,134	-	-	-	3,792,280	12,019,059
Financial assets measured at fair value through profit or loss	1,230,702	932,941	16,719	-	-	2,118,176	4,298,538
Derivatives assets	438,672	8,133,840	14,354,381	1,655,218	-	14,618,892	39,201,003
Investments in securities, net	-	145,328	217,991	-	1,256,130	-	1,619,449
Loans	78,841,773	27,609,738	111,634,468	6,191,840	9,559,889	3,301,039	237,138,747
Account receivables from clearing house and broker - dealers	-	-	-	-	-	4,056,938	4,056,938
Securities and derivative business receivables	-	-	-	-	-	4,620,082	4,620,082
<b>Financial liabilities</b>							
Deposits	94,065,034	57,824,163	17,437,955	2,144,020	-	702,387	172,173,559
Interbank and money market items	12,772,263	1,886,080	330,588	-	-	2,350,180	17,339,111
Liabilities payables on demand	-	-	-	-	-	377,326	377,326
Financial liabilities designated at fair value through profit or loss	-	3,498,702	-	-	-	-	3,498,702
Derivatives liabilities	1,302,594	1,307,509	31,648	-	-	1,396,521	4,038,272
Debt issued and borrowings	11,010,301	28,145,358	7,969,774	8,290,000	-	-	55,415,433
Payable to clearing house and broker - dealers	-	-	-	-	-	614,271	614,271
Securities and derivative business payables	-	-	-	-	-	3,868,461	3,868,461



Separate							
2020							
	0 - 3 months	Over 3 - 12 months	Over 1 - 5 years	Over 5 years	Non- performing loans	Non- interest bearing	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Financial assets</b>							
Interbank and money market items	21,706,892	6,193,096	-	-	-	2,968,732	30,868,720
Financial assets measured at fair value through profit or loss	2,408,870	228,522	2,123,734	549,014	-	1,442,498	6,752,638
Derivatives assets	1,667,762	2,201,310	-	-	-	6,382,044	10,251,116
Investments in securities, net	156,263	3,030,150	12,001,774	4,798,654	-	236,292	20,223,133
Loans	107,249,994	35,119,762	106,316,118	10,118,904	2,128,123	7,700,295	268,633,196
<b>Financial liabilities</b>							
Deposits	160,472,958	79,893,337	11,073,823	-	-	626,444	252,066,562
Interbank and money market items	6,575,785	1,503,632	1,067,226	-	-	1,083,622	10,230,265
Liabilities payables on demand	-	-	-	-	-	392,712	392,712
Derivatives liabilities	1,919,711	1,423,314	32,783	-	-	5,298,381	8,674,189
Debt issued and borrowings	5,944,300	13,423,581	-	8,390,000	-	-	27,757,881
Lease liabilities	1,392	45,203	56,760	716,851	-	-	820,206

Separate							
2019							
	0 - 3 months	Over 3 - 12 months	Over 1 - 5 years	Over 5 years	Non- performing loans	Non- interest bearing	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Financial assets</b>							
Interbank and money market items	9,360,000	1,005,132	-	-	-	2,976,573	13,341,705
Derivatives assets	1,230,702	932,941	16,719	-	-	2,054,088	4,234,450
Investments in securities, net	398,753	7,954,800	14,354,381	1,655,218	-	2,610,051	26,973,203
Investments in receivables, net	-	145,328	217,991	-	-	-	363,319
Loans	78,841,773	31,147,430	111,634,468	6,191,840	9,559,889	3,301,039	240,676,439
<b>Financial liabilities</b>							
Deposits	94,552,777	57,824,163	17,437,955	2,144,020	-	702,388	172,661,303
Interbank and money market items	13,992,675	616,080	330,588	-	-	2,350,180	17,289,523
Liabilities payables on demand	-	-	-	-	-	377,326	377,326
Derivatives liabilities	1,302,594	1,307,509	31,648	-	-	1,369,438	4,011,189
Debt issued and borrowings	11,010,300	25,965,250	7,969,774	8,290,000	-	-	53,235,324



The average balances of significant performing financial assets and financial liabilities, including the average interest are summarised as follows;

Consolidated			
2020			
	Average outstanding balances	Interest and dividend income	Average rate
	Thousand Baht	Thousand Baht	%
<b>Significant performing financial assets</b>			
Interbank and money market items, net	41,907,603	324,280	0.77
Investments in securities	34,822,851	477,783	1.37
Loans	252,418,150	18,767,026	7.43
	329,148,604	19,569,089	5.95
<b>Significant financial liabilities</b>			
Deposits	233,727,762	3,184,969	1.36
Interbank and money market items, net	14,087,653	133,415	0.95
Debt issued and borrowings	39,886,097	911,967	2.29
	287,701,512	4,230,351	1.47

Consolidated			
2019			
	Average outstanding balances	Interest and dividend income	Average rate
	Thousand Baht	Thousand Baht	%
<b>Significant performing financial assets</b>			
Interbank and money market items, net	15,313,885	269,693	1.76
Investments in securities	41,426,751	620,365	1.50
Investments in receivables	1,608,553	539,744	33.55
Loans	233,144,032	16,585,701	7.11
	291,493,221	18,015,503	6.18
<b>Significant financial liabilities</b>			
Deposits	178,341,505	3,203,977	1.80
Interbank and money market items, net	15,161,129	253,851	1.67
Debt issued and borrowings	50,138,435	1,156,976	2.31
	243,641,069	4,614,804	1.89



Separate			
2020			
	Average outstanding balances	Interest and dividend income	Average rate
	Thousand Baht	Thousand Baht	%
<b>Significant performing financial assets</b>			
Interbank and money market items, net	38,363,925	307,466	0.80
Investments in securities	27,983,393	433,499	1.55
Loans	255,297,561	18,613,898	7.29
	321,644,879	19,354,863	6.02
<b>Significant financial liabilities</b>			
Deposits	234,269,841	3,185,279	1.36
Interbank and money market items, net	14,626,971	136,858	0.94
Debt issued and borrowings	38,532,138	897,800	2.33
	287,428,950	4,219,937	1.47

Separate			
2019			
	Average outstanding balances	Interest and dividend income	Average rate
	Thousand Baht	Thousand Baht	%
<b>Significant performing financial assets</b>			
Interbank and money market items, net	12,444,875	217,603	1.75
Investments in securities	27,616,052	546,500	1.98
Investments in receivables	835,043	212,305	25.42
Loans	236,279,091	16,758,904	7.09
	277,175,061	17,735,312	6.40
<b>Significant financial liabilities</b>			
Deposits	178,808,327	3,204,634	1.79
Interbank and money market items, net	15,492,596	254,391	1.64
Debt issued and borrowings	48,540,755	1,131,639	2.33
	242,841,678	4,590,664	1.89

## Interest/ profit rate sensitivity

The table below shows the interest/ profit sensitivity for the financial assets and financial liabilities held as at reporting date.

	Consolidated		Separate	
	2020		2020	
	+ 1 basis point Thousand Baht	- 1 basis point Thousand Baht	+ 1 basis point Thousand Baht	- 1 basis point Thousand Baht
Impact on profit after taxation	19,082	(19,082)	19,177	(19,177)
Impact on equity	12,023	(12,023)	12,118	(12,118)

### 6.2.2 Foreign exchange rate risk

Foreign exchange rate risk refers to the loss affecting income and/ or equity from exchange rate fluctuations that affect foreign currency transactions and foreign currency assets and liabilities.

The Bank sets and controls the risk of trading intent transactions that exposed to foreign exchange rate risk to be within an acceptable level. The transactions include foreign currency bonds, FX spot, FX derivatives, and cross currency swap. For other assets and liabilities, the Bank regularly hedges against the foreign exchange rate risk by using forward and swap contracts. Therefore, the Bank's overall foreign exchange rate risk is relatively low.

The subsidiaries have strategies, which invest abroad and do not intent to expose to foreign exchange rate risk. As such, the subsidiaries also use forward and swap contracts to hedge the risk. However, the foreign exchange rate risk may remain for some investment strategies, since the amount of these investment strategies is considered as very small or the investments are exposed to foreign exchange rate risk in low liquidity currencies, and unable to hedge. Although, the remaining foreign exchange rate risk is considered as minimal, and not significant to the subsidiaries.

The balances of financial assets and liabilities denominated in foreign currencies other than the functional currency as at 31 December 2020 and 31 December 2019 are summarised as follows:

	Consolidated						
	2020						
	US Dollar	Hong Kong Dollar	Yen	Yuan	Vietnamese Dong	Others	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Financial assets</b>							
Interbank and money market items, net	2,268,254	4,583	5,297	936	414,412	19,047	2,712,529
Financial assets measured at fair value through profit or loss	194	-	-	-	-	-	194
Investments in securities, net	-	-	-	-	1,083,366	882,473	1,965,839
Loans to customers and accrued interest receivables	5,940,760	-	-	-	-	-	5,940,760
Account receivables from clearing house and broker - dealers	99,501	7,958	-	-	-	6	107,465
Securities and derivative business Receivables	331,154	7,132	-	-	-	-	338,286
<b>Total financial assets</b>	<b>8,639,863</b>	<b>19,673</b>	<b>5,297</b>	<b>936</b>	<b>1,497,778</b>	<b>901,526</b>	<b>11,065,073</b>
<b>Financial liabilities</b>							
Deposits	172,974	-	-	-	-	-	172,974
Interbank and money market items, net	3,007,036	-	-	-	-	-	3,007,036
Financial liabilities measured at fair value through profit or loss	12,710	-	-	-	-	-	12,710
Debt issued and borrowings	-	-	-	-	-	1,032,538	1,032,538
Lease liabilities	-	-	-	-	-	-	-
Account receivables from clearing house and broker - dealers	312,926	6,675	-	-	-	-	319,601
Securities and derivative business Payables	37,859	457	-	-	-	-	38,316
<b>Total financial liabilities</b>	<b>3,543,505</b>	<b>7,132</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,032,538</b>	<b>4,583,175</b>
Foreign currency position of items recognised on the statements of financial position - net	5,096,358	12,541	5,297	936	1,497,778	(131,012)	6,481,898
Items not recognised off the statements of financial position - net (Forward exchange contracts and cross currency swaps)	(5,549,828)	800	(3,690)	-	-	1,047,892	(4,504,826)

	Consolidated						
	2019						
	US Dollar	Hong Kong Dollar	Yen	Yuan	Vietnamese Dong	Others	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Financial assets</b>							
Interbank and money market items, net	1,403,428	13,840	6,488	722	-	35,480	1,459,958
Investments in securities, net	7,313	-	-	-	1,359,197	1,033,765	2,400,275
Loans to customers and accrued interest receivables	5,899,246	-	-	-	-	-	5,899,246
Account receivables from clearing house and broker - dealers	185,501	7,926	-	-	-	9	193,436
Securities and derivative business Receivables	177,965	326	-	-	-	-	178,291
<b>Total financial assets</b>	<b>7,673,453</b>	<b>22,092</b>	<b>6,488</b>	<b>722</b>	<b>1,359,197</b>	<b>1,069,254</b>	<b>10,131,206</b>
<b>Financial liabilities</b>							
Deposits	-	-	-	-	-	-	-
Interbank and money market items, net	2,424,145	-	-	-	-	-	2,424,145
Debt issued and borrowings	-	-	-	-	-	-	-
Account payable to clearing house and broker - dealers	170,417	326	-	-	-	-	170,743
Securities and derivative business Payables	137,815	-	-	-	-	-	137,815
<b>Total financial liabilities</b>	<b>2,732,377</b>	<b>326</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,732,703</b>
Foreign currency position of items recognised on the statements of financial position – net	4,941,076	21,766	6,488	722	1,359,197	1,069,254	7,398,503
Items not recognised off the statements of financial position – net (Forward exchange contracts and cross currency swaps)	(5,021,413)	(244)	340	(3,847)	-	(10,809)	(5,035,973)

	Separate				
	2020				
	US Dollar	Yen	Yuan	Others	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Financial assets</b>					
Interbank and money market items, net	2,226,074	5,297	936	21,806	2,254,113
Investments in securities, net	-	-	-	-	-
Loans to customers and accrued interest receivables	5,940,760	-	-	-	5,940,760
<b>Total financial assets</b>	<b>8,166,834</b>	<b>5,297</b>	<b>936</b>	<b>21,806</b>	<b>8,194,873</b>
<b>Financial liabilities</b>					
Deposits	172,974	-	-	-	172,974
Interbank and money market items, net	3,007,036	-	-	-	3,007,036
Lease liabilities	-	-	-	1,032,538	1,032,538
Debt issued and borrowings	-	-	-	-	-
<b>Total financial liabilities</b>	<b>3,180,010</b>	<b>-</b>	<b>-</b>	<b>1,032,538</b>	<b>4,212,548</b>
Foreign currency position of items recognised on the statements of financial position, net	4,986,824	5,297	936	(1,010,732)	3,982,325
Items not recognised off the statements of financial position, net (Forward exchange contracts and cross currency swaps)	(5,549,828)	(3,690)	-	1,048,692	(4,504,826)



	Separate				
	2019				
	US Dollar Thousand	Yen	Yuan	Others	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Financial assets</b>					
Interbank and money market items, net	1,345,967	6,488	722	42,368	1,395,545
Investments in securities, net	-	-	-	-	-
Loans to customers and accrued interest receivables	5,899,246	-	-	-	5,899,246
Total financial assets	7,245,213	6,488	722	42,368	7,294,791
<b>Financial liabilities</b>					
Deposits	-	-	-	-	-
Interbank and money market items, net	2,424,145	-	-	-	2,424,145
Debt issued and borrowings	-	-	-	-	-
Total financial liabilities	2,424,145	-	-	-	2,424,145
Foreign currency position of items recognised on the statements of financial position, net	4,821,068	6,488	722	42,368	4,870,646
Items not recognised off the statements of financial position, net (Forward exchange contracts and cross currency swaps)	(5,021,413)	340	(3,847)	(11,051)	(5,035,971)

### Foreign exchange risk sensitivity analysis

The following table sets out the analysis of the exposure to assess the impact of a 1% change in exchange rate to the profit after taxation and share's holder equity.

	Consolidated	Separate
	2020	2020
	Thousand Baht	Thousand Baht
<b>+ 1%</b>		
US Dollar	50,918	59,428
Yen	(1)	(1)
Dong	14,978	-
Others	8,828	3
	74,723	59,430
<b>- 1%</b>		
US Dollar	(50,918)	(59,428)
Yen	1	1
Dong	(14,978)	-
Others	(8,828)	(3)
	(74,723)	(59,430)



### 6.2.3 Equity price risk

Equity price risk refers to the loss affecting income and/ or equity from a movement in equity price.

The Bank assesses the potential of securities issuer companies and has a policy to buy/ sell equity securities mainly for medium-term and long-term investments. For trading book, the bank can invest in equity securities and/ or equity derivative. In managing equity position risk, which is held, according to initial intention, as long-term, the Bank monitors and regularly reports the equity price risk.

The majority of Bank's equity position is in the subsidiaries, and unit trusts, which manage the Bank's assets. The remaining portion consists of equities listed in The Stock Exchange of Thailand, and those obtained from debt restructuring.

The equity position in the banking book of the capital market business is managed by the direct investment department of KKP Capital PCL., which focuses on a long-term investment based on the business intrinsic value by employing value-based investment approach. In a search for investment opportunities, the direct investment department performs in-depth analysis, and covers essential aspects related to sustainable growth of the business opportunity, such as, attractiveness, industry's trend, business model, sustainable competitiveness, talent and transparency of executives, including the structure that encourages good governance. However, every transaction of the direct investment department must be approved from the Investment Committee (IC) before investing and be controlled and monitored transactions under the framework which approved by the risk management department.

#### Equity price risk sensitivity analysis

The table below summarises the impact of increases/ decreases of these equity indices on the group's equity and post-tax profit for the period. The analysis is based on the assumption that the equity prices had increased by 1% respectively or decreased by 1% with all other variables held constant.

	Consolidated	
	2020	
	equity prices increase by 1%	equity prices decreased by 1%
	Thousand Baht	Thousand Baht
Impact on profit after taxation	42	298
Impact on equity	19,063	(18,723)

### 6.3 Liquidity risk

Liquidity risk is the risk of the Bank not being able to fulfill its obligation of repayment as it is unable to promptly convert its assets into cash, unable to raise sufficient funds in time or able to at a high cost which may affect the Bank's income and capital.

The Bank has established the Money Desk Sub-Committee to analysed and track cash inflows and outflows as well as closely monitor the Bank's liquidity to comply with the Bank's risk limits. The committee will regularly



convene at least once every two weeks under the supervision of the Asset and Liability Management Committee (ALCO). The treasury department plays a key role in the implementation of the Bank's liquidity management to maintain an appropriate level of liquidity. Additionally, the risk management department monitors and controls the position of liquidity risk and regularly reports to the Risk Oversight Committee (ROC) and the Board of Directors.

The Bank also sets liquidity risk management policy and procedure in accordance with the Bank's strategy and the BOT's financial institution liquidity management framework. The main policies are as follows;

- Maintenance of liquidity ratio under both Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) regulated by BOT and at an appropriate level
- Control of liabilities and assets maturity mismatch at an acceptable level
- Diversification of liability types
- Expansion of deposit base while considering customer concentration in each type of deposit and maturity
- Provision of contingent liquidity reserves

Significant assets and liabilities of the Group analysed by relevant maturity groupings are as follows;

	Consolidated					
	2020					
	On demand	Within 1 year	Over 1 - 5 years	Over 5 years	No maturity	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Financial assets</b>						
Cash	-	-	-	-	1,490,626	1,490,626
Interbank and money market items	6,475,655	-	26,310,598	-	5,835	32,792,088
Financial assets measured at fair value through profit or loss	-	11,133,670	155,928	-	-	11,289,598
Derivatives assets	-	6,457,822	3,332,615	485,644	-	10,276,081
Investments in securities, net	-	3,355,850	12,001,774	4,798,654	3,156,664	23,312,942
Hire-purchase receivables	23,321	79,656,848	1,412,734	48,415,001	-	129,507,904
Finance lease receivables	45,709	55,951	257,449	-	-	359,109
Loans and receivables	2,832,444	19,618,220	56,725,875	55,300,419	428,991	134,905,949
Accounts receivable from clearing house and broker - dealers	-	1,334,267	-	-	-	1,334,267
Securities and derivative business receivables	-	6,837,597	-	-	-	6,837,597
Total financial assets	9,377,129	128,450,225	100,196,973	108,999,718	5,082,116	352,106,161
<b>Financial liabilities</b>						
Deposits	132,032,579	108,419,472	11,073,823	-	-	251,525,874
Interbank and money market items	4,363,880	4,398,135	1,501,855	-	-	10,263,870
Liabilities payable on demand	392,712	-	-	-	-	392,712
Financial liabilities designated at fair value through profit or loss	-	896,906	-	-	-	896,906
Derivatives liabilities	-	5,777,245	2,431,598	515,842	-	8,724,685
Debt issued and borrowings	-	19,953,500	-	8,390,000	-	28,343,500
Lease liabilities	1,392	47,518	57,600	77,187	-	183,697
Accounts payable to clearing house and broker - dealers	-	588,026	-	-	-	588,026
Securities and derivative business payables	-	5,539,391	-	-	-	5,539,391
Total financial liabilities	136,790,563	145,620,193	15,064,876	8,983,029	-	306,458,661

	Consolidated					
	2019					
	On demand	Within 1 year	Over 1 - 5 years	Over 5 years	No maturity	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Financial assets</b>						
Cash	-	-	-	-	1,109,658	1,109,658
Interbank and money market items	4,868,389	6,141,388	1,010,878	-	5,834	12,026,489
Derivatives assets	-	2,165,347	1,410,133	723,058	-	4,298,538
Investments in securities, net	39,919	17,565,066	14,254,186	1,655,218	5,686,614	39,201,003
Investments in receivables, net	-	-	1,619,449	-	-	1,619,449
Hire-purchase receivables	25,671	2,513,995	81,306,450	29,446,561	-	113,292,677
Finance lease receivables	34,656	74,237	281,592	-	-	390,485
Loans and receivables	1,982,451	22,855,641	47,477,658	51,139,835	-	123,455,585
Accounts receivable from clearing house and broker - dealers	-	4,056,938	-	-	-	4,056,938
Securities and derivative business receivables	-	4,620,082	-	-	-	4,620,082
Total financial assets	6,951,086	59,992,694	147,360,346	82,964,672	6,802,106	304,070,904
<b>Financial liabilities</b>						
Deposits	64,628,377	87,963,207	17,437,955	2,144,020	-	172,173,559
Interbank and money market items	3,419,342	11,808,989	2,110,780	-	-	17,339,111
Liabilities payable on demand	377,326	-	-	-	-	377,326
through profit or loss	-	3,498,702	-	-	-	3,498,702
Derivatives liabilities	-	1,725,958	1,815,877	496,437	-	4,038,272
Debt issued and borrowings	-	39,042,229	8,083,204	8,290,000	-	55,415,433
Accounts payable to clearing house and broker - dealers	-	614,271	-	-	-	614,271
Securities and derivative business payables	-	3,868,461	-	-	-	3,868,461
Total financial liabilities	68,425,045	148,521,817	29,447,816	10,930,457	-	257,325,135



	Separate					
	2020					
	On demand	Within 1 year	Over 1 - 5 years	Over 5 years	No maturity	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Financial assets						
Cash	-	-	-	-	1,490,407	1,490,407
Interbank and money market items	4,568,733	-	26,310,598	-	-	30,879,331
Financial assets measured at fair value through profit or loss	-	6,752,638	-	-	-	6,752,638
Derivatives assets	-	6,432,858	3,332,615	485,643	-	10,251,116
Investments in securities, net	-	3,186,413	12,001,774	4,798,654	236,292	20,223,133
Hire-purchase receivables	23,321	79,656,848	1,412,734	48,415,001	-	129,507,904
Finance lease receivables	45,709	55,951	257,449	-	-	359,109
Loans and receivables	2,832,444	23,907,445	56,725,875	55,300,419	-	138,766,183
Total financial assets	7,470,207	119,992,153	100,041,045	108,999,717	1,726,699	338,229,821
Financial liabilities						
Deposits	132,573,267	108,419,472	11,073,823	-	-	252,066,562
Interbank and money market items	5,268,410	3,460,000	1,501,855	-	-	10,230,265
Liabilities payable on demand	392,712	-	-	-	-	392,712
Derivatives liabilities	-	5,726,749	2,431,598	515,842	-	8,674,189
Debt issued and borrowings	-	19,367,881	-	8,390,000	-	27,757,881
Lease liabilities	1,392	45,203	56,760	716,851	-	820,206
Total financial liabilities	138,235,781	137,019,305	15,064,036	9,622,693	-	299,941,815

	Separate					
	2019					
	On demand	Within 1 year	Over 1 - 5 years	Over 5 years	No maturity	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Financial assets						
Cash	-	-	-	-	1,108,781	1,108,781
Interbank and money market items	6,196,572	6,141,388	1,010,878	-	-	13,348,838
Derivatives assets	-	2,101,259	1,410,133	723,058	-	4,234,450
Investments in securities, net	-	8,054,996	14,254,186	1,655,218	3,008,803	26,973,203
Investments in receivables, net	-	-	363,319	-	-	363,319
Hire-purchase receivables	25,671	2,513,995	81,306,450	29,446,561	-	113,292,677
Finance lease receivables	34,656	74,237	281,592	-	-	390,485
Loans and receivables	1,982,451	26,393,333	47,477,658	51,139,835	-	126,993,277
Total financial assets	8,239,350	45,279,208	146,104,216	82,964,672	4,117,584	286,705,030
Financial liabilities						
Deposits	65,116,121	87,963,207	17,437,955	2,144,020	-	172,661,303
Interbank and money market items	4,604,203	10,574,540	2,110,780	-	-	17,289,523
Liabilities payable on demand	377,326	-	-	-	-	377,326
Derivatives liabilities	-	1,698,875	1,815,877	496,437	-	4,011,189
Debt issued and borrowings	-	36,862,120	8,083,204	8,290,000	-	53,235,324
Total financial liabilities	70,097,650	137,098,742	29,447,816	10,930,457	-	247,574,666

## 6.4 Fair value

The methodology of fair value measurement is depended on the characteristics of the financial instrument. For those financial instruments which are regarded as being traded in an active market, fair value is determined by reference to the market price of the financial instrument. If, however the appropriate quoted market price cannot be determined, the fair value is determined by using an appropriate valuation technique and complied with related authorities' regulations.

The Group holds derivatives for trading intent, and servicing customers, including for a purpose of managing the Bank and subsidiaries' assets and liabilities. This includes interest rate swaps, cross currency swaps, FX derivatives, and equity derivatives.

Additionally, the Group does not control only the market risk of the derivatives to be within an acceptable level, but also the counterparty credit risks by setting-up and controlling transaction limits based on the normal lending procedures.

## 7 Estimates and assumptions

Preparation of the financial statements in conformity with the Thai Financial Reporting Standards requires management to make estimates and assumptions in certain circumstances, affecting reported amounts of revenue, expenses, assets and liabilities, the disclosure of contingent assets and liabilities. Actual results could differ from these estimates. The significant areas requiring management to make judgments and estimates that affect reported amounts and disclosures are as follows:

### 7.1 Estimates and assumptions which were effective for year ended 31 December 2020

#### 7.1.1 Measurement allowance of expected credit loss

Expected credit losses are a probability-weighted estimate of credit losses over the expected life of the financial instrument. A cash shortfall is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive discounted at the original effective interest rate for the financial assets that are not purchased or originated credit-impaired financial assets or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets. The Group estimates cash flows by considering all contractual terms of the financial assets through the expected life of that financial assets.

For a financial asset that is credit-impaired at the reporting date, but that is not a purchased or originated credit-impaired financial asset, the Group measures the expected credit losses as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.



The cash flows that are considered shall include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. There is a presumption that the expected life of a financial assets can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the expected life of a financial assets, the Group uses the remaining contractual term of the financial assets.

For loan commitments, a credit loss is the present value of the difference between the contractual cash flows that are due to the entity if the holder of the loan commitment draws down the loan and the cash flows that the entity expects to receive if the loan is drawn down. The Group's estimate of expected credit losses on loan commitments shall be consistent with its expectations of drawdowns on that loan commitment and the expected portion of the loan commitment that will be drawn down over the expected life of the loan commitment when estimating lifetime expected credit losses.

For a financial guarantee contract, the entity is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, cash shortfalls are the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the entity expects to receive from the holder, the debtor or any other party. If the asset is fully guaranteed, the estimation of cash shortfalls for a financial guarantee contract would be consistent with the estimations of cash shortfalls for the asset subject to the guarantee.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### **7.1.2 Valuation of investments in properties**

Fair value of investments in properties is calculated from the appraisal value, appraised by an internal appraiser. The fair value of investment properties is based on Market Approach by surveying the comparative market data in the vicinity to perform a comparative analysis by means of data modification (Grid-Adjustment).

### **7.1.3 Valuation of properties foreclosed**

Fair value of properties foreclosed-immovable assets is calculated from the appraisal value, appraised by an external independent valuer or internal valuer of the Bank every year, less estimated selling expenses, and the appraisal value is discounted according to the holding period.

The Bank calculates allowance for impairment of repossessed vehicles and movable foreclosed assets in accordance with the BOT's Notification.

#### 7.1.4 Goodwill

Goodwill is tested for impairment using a fair value method of present value of dividend discount model on an annual basis.

#### 7.1.5 Fair value of financial derivative instruments

In determining the fair value of financial derivative instruments, the management has made judgement by using a variant of acceptable valuation techniques. The input parameter to the models used is taken from observable market, and includes consideration of maturity, interest rate, correlation and volatility, etc. The counterparty risk from derivative transactions is taken into account when reporting the fair value of derivative positions.

#### 7.1.6 Provision for post-retirement benefits and pension fund

The present value of the retirement benefit obligations depends on a number of assumptions. The Key assumptions used and impacts from possible changes in key assumptions are disclosed in note 30.

#### 7.1.7 Lease contracts

##### Determination of lease terms

Critical judgement in determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the most relevant factors are historical lease durations, the costs and conditions of leased assets.

Most extension options on offices have not been included in the lease liability, because the Group considers i) the underlying asset condition and/ or ii) insignificant cost to replace the leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstance affecting this assessment occur, and that it is within the control of the Group.

##### Determination of discount rate applied to leases

The Group determines the incremental borrowing rate as follows:

- Where possible, use recent third-party financing received by the individual lessee as a starting point, adjusting to reflect changes in its financing conditions.
- Make adjustments specific to the lease, e.g. term etc.



## 7.2 Estimates and assumptions which were effective for the year ended 31 December 2019

### 7.2.1 Allowance for doubtful accounts

#### 7.2.1.1 Loans

The Bank classifies its loan portfolios into categories and sets allowance for doubtful accounts for loans in accordance with the BOT's Notification and with the management's estimation over the allowance for doubtful accounts from the outstanding balance of loans at the period end date. The period of time that a loan is past due and the ability to repay the debt are the principal criteria utilised in classifying a loan. The collateral value used in calculating the required allowance for doubtful accounts is based on the type of collateral. Revaluation is performed every 3 years in accordance to the BOT's guideline. The Bank provided the allowance for doubtful accounts on substandard, doubtful and doubtful loss at the rate of 100% of the difference between the carrying amount and net present value of estimated future cash flows to be received from debtors or from sales of collateral. Discount rate and holding periods used is in compliance with the Bank of Thailand's guideline. For the normal and special mentioned debts, the Bank provided the allowance for doubtful accounts at the rates of 1% and 2%, respectively.

#### 7.2.1.2 Fleet car hire-purchase receivables

The Bank sets allowance for doubtful account of fleet car hire-purchase receivables by considering the loan classification, the value of collaterals and loss rate according to the BOT's guidelines.

#### 7.2.1.3 Hire-purchase receivables

The Bank provides allowance for doubtful accounts on hire-purchase loans by using the collective approach method which considers historical loss suffered and is calculated using the probability of default and the percentage of loss given default. Inclusively the Bank adjusted historical loss suffered data for key domestic and international economic factors which may influence repayment abilities of the receivables. Allowance for doubtful hire-purchase receivables made under the collective approach is in line with the BOT's guideline regarding the Classification and Provision Criteria of Financial Institution.

The Bank sets additional allowance for doubtful accounts from the collective approach to certain classes of receivables in order to be conservative. Formerly, the Bank provides allowance for doubtful accounts for hire-purchase receivables based on the collective approach and additional allowance on hire-purchase receivables was made by considering the difference between outstanding loan value and present value of expected cash flows from receivables or present value of expected cash flows from disposal of the collateralised assets per the BOT's notification.

#### 7.2.1.4 Allowance for doubtful accounts of securities business receivables

Allowance for doubtful accounts of securities business receivables are intended to adjust the values of receivables for probable credit losses. In determining an allowance for doubtful accounts of securities business receivables, the management needs to make judgments and estimates based upon, among other things, past collection history, the value of the securities collateral, aging profile of outstanding debts and the prevailing economic conditions.

#### 7.2.1.5 Impairment of long-term deposit at financial institution

The subsidiaries will treat long-term deposit at financial institution as impaired when such financial institution is facing going concern problems and has default on payment. The subsidiaries' management uses judgment to estimate the loss reserve for deposit at financial institution, based on considering repayment ability and the financial institution plan to restructure its debts.

#### 7.2.2 Valuation of investments in receivables

Fair value of investments in receivables is determined by the net present value of estimated future cash flows from selling of collateral, appraised by an external independent valuer or internal valuer according to the Bank of Thailand's guideline, discounted by interest rate at 7% per annum with the expected selling period of 4 - 5 years but not exceeding the balance in the original contract. The fair values assigned to the investment portfolio are based upon available information and assumptions which do not necessarily represent amounts which might ultimately be realised because of the uncertainty of economics' circumstance which is the significant factor to determine the fair value.

The subsidiaries which are mutual funds that invest in the investments in receivables measured the fair values of the investments in restructured commercial loans based upon net present value of estimated future cash flows (interest rate as identified in restructuring agreements). Fair value of the investments in non-restructured commercial loans is based upon the net present value of estimated future cash flows from sales of collateral, appraised by an external independent valuer or internal valuer according to the Bank of Thailand's guideline, discounted by interest rate at 7% per annum with the expected selling period of 4 - 5 years but not exceeding the balance in the original contract.

For Bangkok Capital Fund and Gamma Capital Fund, fair value of investments in receivables is calculated based upon the net present value of estimated future cash flows from sales of collateral, appraised by an external independent valuer or internal valuer according to the Bank of Thailand's guideline, discounted by yield rate at 18% per annum with the expected selling period of 2.4 - 8.4 years but not exceeding the balance in the original contract.



## 8 Interbank and money market items, net (assets)

	Consolidated	Separate
	2020	2020
	Thousand Baht	Thousand Baht
<b>Domestic</b>		
The Bank of Thailand and FIDF	7,858,385	7,858,385
Commercial Banks	14,298,607	12,841,002
Special purpose financial institutions	6,000,891	6,000,891
Other financial institutions	2,100,000	2,100,000
Total	30,257,883	28,800,278
<u>Add</u> Accrued interest receivables and undue interest receivable	6,156	6,100
<u>Less</u> Expected credit losses	(2,676)	(2,676)
Total domestic items	30,261,363	28,803,702
<b>Foreign</b>		
US Dollar	2,080,199	2,041,340
Euro	9,351	7,541
Total	433,988	19,561
Other currencies	2,523,538	2,068,442
<u>Add</u> Accrued interest receivables and undue interest receivable	(5,639)	(5,639)
<u>Less</u> Expected credit losses	(8,719)	(8,719)
Total foreign items	2,509,180	2,054,084
Total	32,770,543	30,857,786

	Consolidated			Separate		
	2019			2019		
	On demand	Term	Total	On demand	Term	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Domestic</b>						
The Bank of Thailand and FIDF	2,283,055	-	2,283,055	2,283,055	-	2,283,055
Commercial Banks	1,826,963	6,145,965	7,972,928	308,181	6,140,000	6,448,181
Special purpose financial institutions	1,392	-	1,392	1,392	-	1,392
Other financial institutions	320,000	-	320,000	3,220,000	-	3,220,000
Total	4,431,410	6,145,965	10,577,375	5,812,628	6,140,000	11,952,628
<u>Add</u> Accrued interest receivables	297	1,388	1,685	-	1,388	1,388
<u>Less</u> Allowance for doubtful accounts	(3,200)	(31,400)	(34,600)	(32,200)	(31,400)	(63,600)
Total domestic items	4,428,507	6,115,953	10,544,460	5,780,428	6,109,988	11,890,416
<b>Foreign</b>						
US Dollar	380,743	1,005,133	1,385,876	335,089	1,005,133	1,340,222
Euro	1,886	-	1,886	1,576	-	1,576
Other currencies	53,922	-	53,922	47,279	-	47,279
Total	436,551	1,005,133	1,441,684	383,944	1,005,133	1,389,077
<u>Add</u> Accrued interest receivables	-	5,745	5,745	-	5,745	5,745
<u>Less</u> Allowance for doubtful accounts	-	(10,051)	(10,051)	-	(10,051)	(10,051)
Total foreign items	436,551	1,000,827	1,437,378	383,944	1,000,827	1,384,771
Total	4,865,058	7,116,780	11,981,838	6,164,372	7,110,815	13,275,187

## 9 Derivatives

### 9.1 Derivatives for trading

Derivatives for trading as at 31 December 2020 and 2019 are as follows;

Type of risk	Consolidated					
	2020			2019		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	Thousand Baht	Thousand Baht		Thousand Baht	Thousand Baht	
Exchange rate	7,229,581	6,634,325	454,967,398	2,575,712	2,605,911	299,892,506
Interest rate	1,858,516	2,000,103	212,668,094	1,220,966	1,345,014	184,743,902
Equity price	1,187,892	90,141	9,246,034	274,437	38,659	8,813,875
Debt securities	-	-	450,556	42,598	44,990	4,615,638
Others	92	116	28,484	2,885	3,698	267,412
Total	10,276,081	8,724,685	677,360,566	4,116,598	4,038,272	498,333,333

Type of risk	Separate					
	2020			2019		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	Thousand Baht	Thousand Baht		Thousand Baht	Thousand Baht	
Exchange rate	7,229,846	6,671,617	455,959,598	2,575,712	2,605,910	299,892,506
Interest rate	1,858,516	2,000,103	212,668,094	1,220,966	1,345,014	184,743,902
Equity price	1,162,662	2,353	2,592,422	210,349	11,577	4,612,984
Debt securities	-	-	450,556	42,598	44,990	4,615,639
Others	92	116	28,484	2,885	3,698	267,412
Total	10,251,116	8,674,189	671,699,154	4,052,510	4,011,189	494,132,443

As at 31 December 2020 and 2019, the proportion, determined based on the notional amount, of derivatives for trading transactions divided by type of counterparty are as follows;

	Consolidated	
	2020	2019
	%	%
Financial institutions	75.50	76.59
Third parties	24.50	23.41
Total	100.00	100.00
	Separate	
	2020	2019
	%	%
Financial institutions	76.09	77.22
Third parties	23.76	22.73
Subsidiaries	0.15	0.05
Total	100.00	100.00



## 9.2 Derivatives for hedging

Derivatives for hedging as at 31 December 2019 are as follows;

Type Risk	Consolidated and separate		
	2019		
	Fair value		Notional amount
	Assets	Liabilities	
	Thousand Baht	Thousand Baht	Thousand Baht
Exchange rate	181,940	-	4,302,632
Total	181,940	-	4,302,632

## 10 Financial assets measured at fair value through profit or loss

	Consolidated	Separate
	Fair value	Fair value
	2020	2020
	Thousand Baht	Thousand Baht
Government and state enterprise securities	1,137,504	1,137,504
Private sector's debt securities	4,328,564	4,172,635
Domestic marketable equity securities	5,823,336	1,442,498
Foreign marketable equity securities	194	-
Total	11,289,598	6,752,638

## 11 Investments, net

### 11.1 Classification of investments

	Consolidated	Separate
	Amortised cost	Amortised cost
	2020	2020
	Thousand Baht	Thousand Baht
<b>Investments in debt instruments measured at amortised cost</b>		
Government and state enterprise securities	1,162,647	1,000,896
Total	1,162,647	1,000,896
<u>Less</u> Allowance for expected credit losses	-	-
Total	1,162,647	1,000,896

**Investments in debt instruments measured  
at fair value through other comprehensive income**

	Consolidated	Separate
	Amortised cost	Amortised cost
	2020	2020
	Thousand Baht	Thousand Baht
Government and state enterprise securities	18,358,842	18,358,842
Private sector's debt securities	627,103	627,103
Total	18,985,945	18,985,945
Allowance for expected credit losses	(600)	(600)

**Investments in equity instruments  
designated at fair value through other  
comprehensive income**

	Consolidated		Separate	
	2020		2020	
	Fair value	Dividend Income	Fair value	Dividend Income
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Domestic marketable equity securities	507,567	-	16,838	-
Foreign marketable equity securities	1,721,828	-	-	-
Domestic non-marketable equity security	690,943	-	219,454	-
Foreign non-marketable equity security	244,012	-	-	-
Total	3,164,350	-	236,292	-
Total investment, net	23,312,942	-	20,223,133	-

During the year ended 31 December 2020, the Group has derecognised investments in equity instruments designated at fair value through other comprehensive income as following detail:

	Consolidated			
	2020			
	Fair value at the date of the derecognition	Dividends received	Retained earnings or losses due to the derecognition	Explanation for the derecognition
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Investments that are derecognised</b>				
Domestic marketable equity securities	50,952	15	20,181	Sell according to the Investment policy of the Investment committee
Foreign marketable equity securities	994,315	1,101	144,015	Sell according to the Investment policy of the Investment committee
Total	1,045,267	1,116	164,196	



	Consolidated	Separate
	Fair value	Fair value
	2019	2019
	Thousand Baht	Thousand Baht
<b>Trading securities</b>		
Government and state enterprise securities	3,714,651	3,714,651
Private sector's debt securities	1,468,027	1,468,027
Domestic marketable equity securities	9,323,718	-
Foreign marketable equity securities	7,313	-
Total trading securities	14,513,709	5,182,678
<b>Securities designated at fair value through profit or loss*</b>		
Domestic marketable equity securities	2,589,165	2,589,165
Total securities designated at fair value through profit or loss	2,589,165	2,589,165
<b>Available-for-sale securities</b>		
Government and state enterprise securities	17,162,997	17,162,997
Private sector's debt securities	1,015,812	1,015,812
Domestic marketable equity securities	278,674	5,416
Foreign marketable equity securities	2,243,622	-
Total available-for-sale securities	20,701,105	18,184,225

\* The Bank classifies investments which have specific intention to manage the risk in trading derivatives portfolio as investment designated at fair value through profit or loss (Fair Value Option) to help the Bank reduce the accounting mismatch on measurement or recognition between investments and trading derivatives transactions.

	Consolidated	Separate
	Cost/ Amortised cost	Cost/ Amortised cost
	2019	2019
	Thousand Baht	Thousand Baht
<b>Held-to-maturity debt securities</b>		
Government and state enterprise securities	1,220,624	1,001,666
Total held-to-maturity debt securities	1,220,624	1,001,666
<b>General investments</b>		
Domestic non-marketable equity securities	30,604	19,012
Foreign non-marketable equity securities	149,340	-
<u>Less</u> Allowance for impairment	(3,544)	(3,543)
Total general investments	176,400	15,469
<b>Total investments in securities, net</b>	<b>39,201,003</b>	<b>26,973,203</b>



## 11.2 Investments in securities with holdings of 10% upwards

Investments in securities in which the Group hold 10% upwards of the paid-up capital in each entity, classified by industry are as follows:

Consolidated					
2020			2020		
		Investment amount at fair value	Holding	Investment amount at cost	Holding
Business type		Baht	%	Baht	%
<u>Other companies</u>					
ICHX TECH PTE. LTD.	Digital Asset Business	244,012,476	12.74	149,340,026	10.44
BOT Lease (Thailand) Co., Ltd.	Leasing	57,265,777	10.00	3,085,200	10.00

Separate					
2020			2020		
		Investment amount at fair value	Holding	Investment amount at fair value	Holding
Business type		Baht	%	Baht	%
<u>Other companies</u>					
BOT Lease (Thailand) Co., Ltd.	Leasing	57,265,777	10.00	3,085,200	10.00

## 11.3 Recognition of transaction in profit or loss and other comprehensive income for debt instruments measured at fair value through other comprehensive income and available-for-sales investments

Recognition of transaction in profit or loss and other comprehensive income for debt instruments measured at fair value through other comprehensive income and available-for-sales investments for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Gain (loss) from changes in value of investments in debt instruments measured at FVOCI	164,923	-	164,923	-
Loss (gain) realised from sale of investments in debt instruments measured at FVOCI	(49,555)	-	(49,555)	-
Changes in value of available-for-sale investments	-	186,149	-	448,502
Realised (gain) loss from sale of available-for-sale investments transferred to profit or loss	-	(576,269)	-	(631,637)
	115,368	(390,120)	115,368	(183,135)

## 12 Investments in subsidiaries, net

As at 31 December 2020 and 2019, the Bank has investments in subsidiaries as follows:

		Separate				
		2020				
	Business type	Securities investment type	Cost method			Dividend received and profit sharing Thousand Baht
			Cost Thousand Baht	Impairment Thousand Baht	Net balance Thousand Baht	Holding Thousand Baht
KKP Capital Public Company Limited	Holding Company	Ordinary shareholder	7,170,617	-	7,170,617	99.98
Asia Recovery 1 Fund	Investments*	Unit trust	192,037	-	192,037	99.95
Asia Recovery 2 Fund	Investments*	Unit trust	359,849	-	359,849	99.59
Asia Recovery 3 Fund	Investments*	Unit trust	579,820	-	579,820	99.97
Thai Restructuring Fund	Investments*	Unit trust	165,528	-	165,528	98.91
Bangkok Capital Fund	Investments*	Unit trust	1,546,079	(658,147)	887,032	95.72
Gamma Capital Fund	Investments*	Unit trust	1,065,847	-	1,065,847	94.03
KKP Tower Co., Ltd.	Real estate	Ordinary shareholder	206,398	-	206,398	91.34
			11,286,175	(658,147)	10,628,028	1,051,319

\* Investments in commercial loans auctioned from Financial Restructuring Authority (FRA).



	Business type	Securities investment type	Separate				Dividend received and profit sharing Thousand Baht
			2019				
			Cost method			Holding Thousand Baht	
			Cost Thousand Baht	Impairment Thousand Baht	Net balance Thousand Baht		
Phatra Capital PCL.	Holding Company	Ordinary shareholder	7,170,617	-	7,170,617	99.98	1,366,715
Asia Recovery 1 Fund	Investments*	Unit trust	192,037	(7,744)	184,293	99.95	-
Asia Recovery 2 Fund	Investments*	Unit trust	359,849	-	359,849	99.59	-
Asia Recovery 3 Fund	Investments*	Unit trust	579,822	-	579,822	99.97	-
Thai Restructuring Fund	Investments*	Unit trust	166,200	-	166,200	98.91	-
Bangkok Capital Fund	Investments*	Unit trust	1,801,113	(1,107,278)	693,835	95.72	95,718
Gamma Capital Fund	Investments*	Unit trust	1,210,754	(268,961)	941,793	94.03	5,830
KKP Tower Co., Ltd.	Real estate	Ordinary shareholder	206,398	-	206,398	91.34	-
			11,686,790	(1,383,983)	10,302,807		1,468,263

\* Investments in commercial loans auctioned from Financial Restructuring Authority (FRA).

### The liquidation of the capital of the mutual funds

According to the Notifications of the Capital Market Supervisory Board No. Thor Nor. 21/2552 Thor Nor. 22/2552, and Thor Nor. 23/2552: Rules, Conditions and Procedures for Establishment and Management of Mutual Funds for Solving Financial Institutions Problems, it specified that the maturity date of the scheme to be no later than 31 August 2015. Therefore, Asia Recovery Fund 1, Asia Recovery Fund 2, Asia Recovery Fund 3, Thai Restructuring Fund, Bangkok Capital Fund and Gamma Capital Fund are required to be liquidated in accordance with these notifications. The remaining funds are in the process of liquidation.

During the year ended 31 December 2020, the Bank has received capital distribution for liquidation from Asia Recovery 3 Fund, Thai Restructuring Fund, Bangkok Capital Fund, and Gamma Capital Fund in the amount of Baht 401 million (31 December 2019: Baht 17.94 million).

## 13 Investments in receivables, net

As at 31 December 2019, the details of investments in receivables auctioned from the Financial Restructuring Authority ("FRA"), the Legal Execution Department ("LED") and other companies are as follows:

Purchase date	Consolidated and Separate			
	2019			
	Number of debtors	Outstanding balance per original and renewed agreements	Cost	Fair value
		Thousand Baht	Thousand Baht	Thousand Baht
<u>Kiatnakin Bank Public Company Limited</u>				
Receivables auctioned from FRA				
30 September 1999	297	2,053,445	122,499	28,157
15 December 1999	106	377,770	4,314	5,108
Receivables purchased				
January 2009 - December 2019	3	110,687	51,080	12,592
Receivables auctioned from LED	933	11,174,336	628,212	317,462
	1,339	13,716,238	806,105	363,319
<u>Subsidiaries (Fund)</u>	2,103	47,980,268	737,204	1,256,130
Total	3,442	61,696,506	1,543,309	1,619,449

## 14 Investment property, net

	Consolidated	
	2020	2020
	Thousand Baht	Thousand Baht
Cost	26,784	26,629
<u>Less</u> Accumulated depreciation	(5,023)	(4,759)
Net book amount	21,761	21,870
Opening net book amount	21,870	22,132
Additions	155	-
Transferred-in (out)	-	-
Depreciation	(264)	(262)
Closing net book amount	21,761	21,870
Fair value	68,000	68,000

The Group's investment properties were revalued at 31 December 2018 by internal appraiser. The fair value of investment properties is based on Market Approach by surveying the comparative market data in the vicinity to perform a comparative analysis by means of data modification (Grid-Adjustment). The fair values are within level 3 of the fair value hierarchy.

Amount recognised in profit or loss that are related to investment property are as follows;

	Consolidated	
	2020	2019
	Thousand Baht	Thousand Baht
Rental income	-	2,770
Direct operating expense arise from investment property that generated rental income	393	298



## 15 Loans to customers and accrued interest receivables, net

### 15.1 Classified by product

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<u>Loans</u>				
Overdrafts	1,184,783	1,032,079	1,184,783	1,032,079
Loans	133,671,532	122,429,129	136,581,766	125,466,821
Bills	49,634	50,000	999,634	550,000
Hire-purchase receivables	129,507,904	135,135,970	129,507,904	135,135,970
Finance lease receivables	359,109	429,135	359,109	429,135
Total loans	264,772,962	259,076,313	268,633,196	262,614,005
<u>Less</u> Deferred revenue*	-	(21,937,566)	-	(21,937,566)
Total loans net of deferred revenue	264,772,962	237,138,747	268,633,196	240,676,439
<u>Add</u> Accrued interest receivables and undue interest receivable	7,177,817	1,128,035	7,116,826	1,134,334
Total loans and accrued interest receivables net	271,950,779	238,266,782	275,750,022	241,810,773
<u>Less</u> Allowance for doubtful accounts				
1.1. Minimum allowance per BOT guideline				
- Individual Approach	-	(2,598,307)	-	(2,623,684)
- Collective Approach	-	(3,579,215)	-	(3,579,215)
1.2. Surplus reserve	-	(4,411,414)	-	(4,411,414)
<u>Less</u> Allowance for expected credit losses	(13,104,765)	-	(13,106,910)	-
<u>Less</u> Allowance for troubled debt restructuring	-	(536)	-	(536)
Net loans to customers and accrued interest receivables	258,846,014	227,677,310	262,643,112	231,195,924

\* Deferred revenue consists of deferred interest revenue of hire-purchase and finance lease contracts stated net of commissions and direct expenses incurred at the initiation of the contracts. In 2020, the deferred revenue was reclassified to offset with gross carrying loan amount and accrued interest receivables and undue interest receivable following the Notification of the Bank of Thailand ("BOT"), no. SorNorSor 21/2561 - The preparation and Format of the Financial Statements of Commercial Bank and Holding Parent Company of Financial Group.

However, if the Group reclassifies deferred revenue in 2019, it should have been reclassified into gross carrying loan amount by Baht 23,384 million and accrued interest receivables and undue interest receivable by Baht 1,446 million.

### 15.2 Classified by currency and residence of customers

	Consolidated		Consolidated	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Domestic</b>				
Baht	256,852,772	229,248,209	260,713,006	232,785,901
US Dollar	3,003,710	3,114,026	3,003,710	3,114,026
<b>Foreign</b>				
Baht	1,996,264	2,017,039	1,996,264	2,017,039
US Dollar	2,920,216	2,759,473	2,920,216	2,759,473
Total loans	264,772,962	237,138,747	268,633,196	240,676,439

## 15.3 Classified by business type and loans classification

	Consolidated						Separate					
	2019						2019					
	Normal Thousand Baht	Special mention Thousand Baht	Substandard Thousand Baht	Doubtful Thousand Baht	Doubtful loss Thousand Baht	Total Thousand Baht	Normal Thousand Baht	Special mention Thousand Baht	Substandard Thousand Baht	Doubtful Thousand Baht	Doubtful loss Thousand Baht	Total Thousand Baht
Agriculture and mining	307,803	-	-	-	1,341	309,144	307,803	-	-	-	1,341	309,144
Manufacturing and commerce	18,820,881	313,700	127,234	195,186	877,692	20,334,693	18,820,881	313,700	127,234	195,186	877,692	20,334,693
Property development and construction	34,615,093	1,023,738	1,509,282	104,196	2,997,638	40,249,947	36,382,785	1,023,738	1,509,282	104,196	2,997,638	42,017,639
Public utilities and services	16,110,670	92,103	306,505	34,987	93,753	16,638,018	16,110,670	92,103	306,505	34,987	93,753	16,638,018
Housing loans	19,343,540	85,859	24,796	105,682	194,342	19,754,219	19,343,540	85,859	24,796	105,682	194,342	19,754,219
Hire-purchase loans	100,367,593	10,189,375	1,160,088	752,268	823,354	113,292,678	100,367,593	10,189,375	1,160,088	752,268	823,354	113,292,678
Leasing loans	296,703	17,268	-	50,702	25,811	390,484	296,703	17,268	-	50,702	25,811	390,484
Others	25,643,363	351,168	111,123	19,314	44,596	26,169,564	27,413,363	351,168	111,123	19,314	44,596	27,939,564
Total loans	215,505,646	12,073,211	3,239,028	1,262,335	5,058,527	237,138,747	219,043,338	12,073,211	3,239,028	1,262,335	5,058,527	240,676,439
Accrued interest receivables	913,542	214,493	-	-	-	1,128,035	919,842	214,492	-	-	-	1,134,334
<b>Total</b>	<b>216,419,188</b>	<b>12,287,704</b>	<b>3,239,028</b>	<b>1,262,335</b>	<b>5,058,527</b>	<b>238,266,782</b>	<b>219,963,180</b>	<b>12,287,703</b>	<b>3,239,028</b>	<b>1,262,335</b>	<b>5,058,527</b>	<b>241,810,773</b>





## 15.4 Classification by loans classification

	Consolidated		Separate	
	2020		2020	
	Loans outstanding and interest receivables		Loans outstanding and interest receivables	
Loans classification	Thousand Baht		Thousand Baht	
Financial assets with an insignificant increase in credit risk (Performing financial assets)	247,488,972		251,771,915	
Financial assets with a significant increase in credit risk (Under-performing financial assets)	15,426,193		15,426,193	
Credit-impaired financial assets (Non-performing financial assets)	8,255,609		8,255,609	
Purchased or originated credit-impaired financial assets	780,005		296,305	
Total loans and accrued interest receivables	271,950,779		275,750,022	

Consolidated				
2019				
	Loans outstanding and interest receivables	Net balance used for allowance	Rate used for allowance	Allowance for doubtful accounts
Loans classification	Thousand Baht	Thousand Baht	%	Thousand Baht
<b>Normal</b>				
Loans <sup>(1)</sup>	115,518,305	36,861,020	1.00	368,599
Other hire-purchase receivables <sup>(2)</sup>	6,571,569	4,597,386	1.00	45,975
Hire-purchase receivables	94,329,314	93,827,670	1.56	1,459,449
<b>Special mention</b>				
Loans <sup>(1)</sup>	1,917,624	478,902	2.00	9,556
Other hire-purchase receivables <sup>(2)</sup>	175,963	161,426	2.00	3,228
Hire-purchase receivables	10,194,117	10,015,943	11.47	1,148,583
<b>Substandard</b>				
Loans	2,078,940	358,844	100.00	358,844
Other hire-purchase receivables <sup>(2)</sup>	43,497	42,652	100.00	42,652
Hire-purchase receivables	1,116,591	1,116,591	36.90	411,975
<b>Doubtful</b>				
Loans	510,067	146,404	100.00	146,404
Other hire-purchase receivables <sup>(2)</sup>	34,079	21,701	100.00	21,701
Hire-purchase receivables	718,189	718,189	37.02	265,909
<b>Doubtful loss</b>				
Loans	4,235,173	1,577,455	100.00	1,577,455
Other hire-purchase receivables <sup>(2)</sup>	27,150	23,893	100.00	23,893
Hire-purchase receivables	796,204	796,204	36.84	293,299
Total loans and accrued interest receivables	238,266,782	150,744,280		6,177,522
Additional allowance for some doubtful accounts				511,414
General reserve				3,900,000
Total				10,588,936

<sup>(1)</sup> Allowance for doubtful accounts on troubled debt restructured receivables have been wholly presented in allowance for troubled debt restructuring.

<sup>(2)</sup> Hire-purchase receivables - fleet, car 3x and motorbike

Loans classification	Separate			
	2019			
	Loans outstanding and interest receivables Thousand Baht	Net balance used for allowance Thousand Baht	Rate used for allowance %	Allowance for doubtful accounts Thousand Baht
<b>Normal</b>				
Loans <sup>(1)</sup>	119,062,297	39,398,712	1.00	393,976
Other hire-purchase receivables <sup>(2)</sup>	6,571,569	4,597,386	1.00	45,975
Hire-purchase receivables	94,329,314	93,827,670	1.56	1,459,449
<b>Special mention</b>				
Loans <sup>(1)</sup>	1,917,623	478,902	2.00	9,556
Other hire-purchase receivables <sup>(2)</sup>	175,963	161,426	2.00	3,228
Hire-purchase receivables	10,194,117	10,015,943	11.47	1,148,583
<b>Substandard</b>				
Loans	2,078,940	358,844	100.00	358,844
Other hire-purchase receivables <sup>(2)</sup>	43,497	42,652	100.00	42,652
Hire-purchase receivables	1,116,591	1,116,591	36.90	411,975
<b>Doubtful</b>				
Loans	510,067	146,404	100.00	146,404
Other hire-purchase receivables <sup>(2)</sup>	34,079	21,701	100.00	21,701
Hire-purchase receivables	718,189	718,189	37.02	265,909
<b>Doubtful loss</b>				
Loans	4,235,173	1,577,455	100.00	1,577,455
Other hire-purchase receivables <sup>(2)</sup>	27,150	23,893	100.00	23,893
Hire-purchase receivables	796,204	796,204	36.84	293,299
Total loans and accrued interest receivables	241,810,773	153,281,972		6,202,899
Additional allowance for some doubtful accounts				511,414
General reserve				3,900,000
Total				10,614,313

<sup>(1)</sup> Allowance for doubtful accounts on troubled debt restructured receivables have been wholly presented in allowance for troubled debt restructuring.

<sup>(2)</sup> Hire-purchase receivables - fleet, car 3x and motorbike

## 15.5 Non-performing loans

The Group has non-performing loans, defined according to the BOT's Notification as loan classified as credit-impaired or purchased or originated credit-impaired financial assets (2019: substandard, doubtful, and doubtful loss), including interbank and money market items, but excluding accrued interest receivables, as follows;

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Non-performing loans (excluding accrued interest receivables)	8,456,206	9,559,890	8,027,215	9,559,890
Percentage of non-performing loans to total loans (including loans to financial institutions)	2.87	3.91	2.69	3.81

## 15.6 Movement in the gross carrying amount of loans that contributed to changes in the ECL

	Consolidated				
	2020				
	Financial assets with an insignificant increase in credit risk	Financial assets with a significant increase in credit risk	Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
As of 1 January 2020	215,155,202	14,015,234	8,923,871	839,251	238,933,558
Change due to reclassification	(8,391,249)	3,380,931	5,010,318	-	-
Change due to new estimation of credit loss	(43,558,969)	(1,823,673)	(3,361,188)	(59,246)	(48,803,076)
Newly acquired or purchased financial assets	94,808,492	111,807	9,390	-	94,929,689
Derecognised financial assets	(10,054,619)	(240,949)	(1,035,784)	-	(11,331,352)
Write-off	(196,315)	(17,157)	(1,290,998)	-	(1,504,470)
Others	(273,570)	-	-	-	(273,570)
As of 31 December 2020	247,488,972	15,426,193	8,255,609	780,005	271,950,779

	Separate				
	2020				
	Financial assets with an insignificant increase in credit risk	Financial assets with a significant increase in credit risk	Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
As of 1 January 2020	218,687,753	14,015,234	8,923,871	272,286	241,899,144
Change due to reclassification	(8,391,249)	3,380,931	5,010,318	-	-
Change due to new estimation of credit loss	(42,808,577)	(1,823,673)	(3,361,188)	24,019	(47,969,419)
Newly acquired or purchased financial assets	94,808,492	111,807	9,390	-	94,929,689
Derecognised financial assets	(10,054,619)	(240,949)	(1,035,784)	-	(11,331,352)
Write-off	(196,315)	(17,157)	(1,290,998)	-	(1,504,470)
Others	(273,570)	-	-	-	(273,570)
As of 31 December 2020	251,771,915	15,426,193	8,255,609	296,305	275,750,022

## 16 Hire-purchase and finance lease receivables

Receivables of the Group under hire-purchase and finance lease agreements and mostly comprise hire-purchase agreements for cars, machine and equipment for business operation. The terms of the agreements are generally between 1 to 7 years and under most agreements, interest is charged at a fixed rate as specified in agreements.

	Consolidated and Separate			
	2020			
	Amount due under lease agreements			
	Less than 1 year	Within 1-5 years	Over 5 years	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Gross investment in the agreements	2,350,297	93,304,444	63,114,576	158,769,317
<u>Less</u> Unearned income				(28,902,304)
Present value of minimum lease payment per agreement				129,867,013
<u>Less</u> Allowance for expected credit losses				(6,502,385)
Hire-purchase and finance lease receivables, net				123,364,628

	Consolidated and Separate			
	2019			
	Amount due under lease agreements			
	Less than 1 year	Within 1-5 years	Over 5 years	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Gross investment in the agreements	2,678,043	95,124,117	37,762,945	135,565,105
<u>Less</u> Unearned income*				(21,881,943)
Present value of minimum lease payment per agreement				113,683,162
<u>Less</u> Allowance for expected credit losses				(3,838,269)
Hire-purchase and finance lease receivables, net				109,844,893

\* Net of commission and direct expenses incurred at the initiation of hire-purchase.

## 17 Allowance for expected credit losses

	Consolidated					
	2020					
	Financial assets with an insignificant increase in credit risk	Financial assets with a significant increase in credit risk	Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Surplus reserve	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Interbank and money market items						
At beginning of year	5,150	-	-	-	-	5,150
Change due to new estimation of credit loss	(859)	-	-	-	-	(859)
Newly acquired or purchased financial assets	22,830	-	-	-	-	22,830
Derecognised financial assets	(17,248)	-	-	-	-	(17,248)
Others *	1,522	-	-	-	-	1,522
At end of year	11,395	-	-	-	-	11,395
Loans						
At beginning of year	2,607,958	1,901,560	3,183,003	-	2,552,000	10,244,521
Change due to reclassification	607,730	(1,618,375)	1,010,645	-	-	-
Change due to new estimation of credit loss	147,633	2,896,518	1,379,859	22,815	-	4,446,825
Newly acquired or purchased financial assets	2,386,079	41,773	27,709	-	-	2,455,561
Derecognised financial assets	(277,306)	(185,883)	(1,168,684)	-	-	(1,631,873)
Write-off	(1,672)	(12,333)	(1,352,342)	-	-	(1,366,347)
Amortisation of surplus reserve	-	-	-	-	(377,400)	(377,400)
Others *	(1,522)	-	-	-	(665,000)	(666,522)
At end of year	5,468,900	3,023,260	3,080,190	22,815	1,509,600	13,104,765

\* The Group has partially released as additional provision for the impairment from revaluation of foreclosed assets.

	Separate					
	2020					
	Financial assets with an insignificant increase in credit risk	Financial assets with a significant increase in credit risk	Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Surplus reserve	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Interbank and money market items						
At beginning of year	5,930	-	-	-	-	5,930
Change due to new estimation of credit loss	(1,639)	-	-	-	-	(1,639)
Newly acquired or purchased financial assets	22,830	-	-	-	-	22,830
Derecognised financial assets	(17,248)	-	-	-	-	(17,248)
Others *	1,522	-	-	-	-	1,522
At end of year	11,395	-	-	-	-	11,395
Loans						
At beginning of year	2,610,037	1,901,560	3,183,003	-	2,552,000	10,246,600
Change due to reclassification	607,730	(1,618,375)	1,010,645	-	-	-
Change due to new estimation of credit loss	148,494	2,896,518	1,379,859	22,020	-	4,446,891
Newly acquired or purchased financial assets	2,386,079	41,773	27,709	-	-	2,455,561
Derecognised financial assets	(277,306)	(185,883)	(1,168,684)	-	-	(1,631,873)
Write-off	(1,672)	(12,333)	(1,352,342)	-	-	(1,366,347)
Amortisation of surplus reserve	-	-	-	-	(377,400)	(377,400)
Others*	(1,522)	-	-	-	(665,000)	(666,522)
At end of year	5,471,840	3,023,260	3,080,190	22,020	1,509,600	13,106,910

\* The Group has partially released as additional provision for the impairment from revaluation of foreclosed assets.

	Consolidated and Separate					
	2020					
	Financial assets with an insignificant increase in credit risk	Financial assets with a significant increase in credit risk	Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Surplus reserve	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Other loans						
At beginning of year	1,173	5,129	13,977	-	-	20,279
Change due to reclassification	2,679	(3,738)	1,059	-	-	-
Change due to new estimation of credit loss	(3,317)	6,952	(1,938)	-	-	1,697
Newly acquired or purchased financial assets	2,978	761	39,146	-	-	42,885
Derecognised financial assets	(2,357)	(4,669)	(33,322)	-	-	(40,348)
At end of year	1,156	4,435	18,922	-	-	24,513

## 18 Allowance for doubtful accounts

	Consolidated						
	2019						
	Normal	Special mention	Substandard	Doubtful	Doubtful loss	General reserve	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
At beginning of year	2,121,319	1,173,294	1,312,089	470,680	1,181,961	4,500,000	10,759,343
Add Doubtful accounts (reversal)	(156,450)	(7,311)	(353,212)	(31,075)	3,945,254	(600,000)	2,797,206
Less Bad debt written-off	-	-	-	-	(2,967,613)	-	(2,967,613)
At end of year	1,964,869	1,165,983	958,877	439,605	2,159,602	3,900,000	10,588,936

	Separate						
	2019						
	Normal	Special mention	Substandard	Doubtful	Doubtful loss	General reserve	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
At beginning of year	2,141,757	1,173,294	1,312,089	470,680	1,181,961	4,500,000	10,779,781
Add Doubtful accounts (reversal)	(151,511)	(7,311)	(353,212)	(31,075)	3,945,254	(600,000)	2,802,145
Less Bad debt written-off	-	-	-	-	(2,967,613)	-	(2,967,613)
At end of year	1,990,246	1,165,983	958,877	439,605	2,159,602	3,900,000	10,614,313

## 19 Allowance for troubled debt restructuring

	Consolidated and Separate
	2019
	Thousand Baht
At beginning of year	432
Add/ (Less) during year	104
At end of year	536

## 20 Properties foreclosed, net

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Properties foreclosed	5,916,362	5,716,169	6,573,151	6,849,221
<u>Less</u> Provision for diminution in value	(2,979,202)	(2,130,639)	(2,933,814)	(2,128,960)
Net properties foreclosed	2,937,160	3,585,530	3,639,337	4,720,261

The Group acquired properties foreclosed by transferring assets, auction and repossession for the debt settlement.

	Consolidated		
	2020		
	Immovable assets	Movable assets	Total
	Thousand Baht	Thousand Baht	Thousand Baht
At beginning of year	5,043,691	672,478	5,716,169
Additions	909,696	3,707,763	4,617,459
Disposals	(557,606)	(3,859,660)	(4,417,266)
At end of year	5,395,781	520,581	5,916,362
<u>Less</u> Provision for diminution in value	(2,951,282)	(27,920)	(2,979,202)
Net properties foreclosed	2,444,499	492,661	2,937,160

	Consolidated		
	2019		
	Immovable assets	Movable assets	Total
	Thousand Baht	Thousand Baht	Thousand Baht
At beginning of year	5,255,690	475,844	5,731,534
Additions	506,954	4,699,238	5,206,192
Disposals	(718,953)	(4,502,604)	(5,221,557)
At end of year	5,043,691	672,478	5,716,169
<u>Less</u> Provision for diminution in value	(2,072,916)	(57,723)	(2,130,639)
Net properties foreclosed	2,970,775	614,755	3,585,530

	Separate		
	2020		
	Immovable assets	Movable assets	Total
	Thousand Baht	Thousand Baht	Thousand Baht
At beginning of year	6,176,743	672,478	6,849,221
Additions	315,103	3,707,763	4,022,866
Disposals	(439,276)	(3,859,660)	(4,298,936)
At end of year	6,052,570	520,581	6,573,151
<u>Less</u> Provision for diminution in value	(2,905,894)	(27,920)	(2,933,814)
Net properties foreclosed	3,146,676	492,661	3,639,337



## At beginning of year

Additions

Disposals

At end of year

Less Provision for diminution in value

Net properties foreclosed

Separate		
2019		
Immovable assets	Movable assets	Total
Thousand Baht	Thousand Baht	Thousand Baht
6,734,746	475,844	7,210,590
502,397	4,699,238	5,201,635
(1,060,400)	(4,502,604)	(5,563,004)
6,176,743	672,478	6,849,221
(2,071,237)	(57,723)	(2,128,960)
4,105,506	614,755	4,720,261

Immovable properties foreclosed classified by external and internal appraisers as at 31 December 2020 and 2019 are as follows:

## Immovable properties foreclosed

Appraised by external appraisers

Appraised by internal appraisers

Total

Consolidated		Separate	
2020	2019	2020	2019
Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
5,360,536	4,975,780	6,017,325	6,108,832
35,245	67,911	35,245	67,911
5,395,781	5,043,691	6,052,570	6,176,743

As of 31 December 2020, the Bank had repossessed cars which were still under the redemption option by guarantor in amount of Baht 189 million.

## 21 Land, premises and equipment, net

	Consolidated								
	2020								
	Cost				Accumulated depreciation				Land, Premises and Equipment, net
	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Land	557,370	-	-	557,370	-	-	-	-	557,370
Premises and building and building improvement	3,059,060	222,585	(324,221)	2,957,424	(1,583,788)	(154,585)	318,368	(1,420,005)	1,537,419
Equipment	1,447,523	121,806	(50,087)	1,519,242	(1,054,699)	(161,821)	47,597	(1,168,923)	350,319
Furniture and fixtures	901,259	42,251	(124,401)	819,109	(636,148)	(101,946)	111,077	(627,017)	192,092
Vehicles	315,766	38,965	(70,380)	284,351	(206,533)	(48,361)	70,380	(184,514)	99,837
Work in progress	238,433	612,094	(303,100)	547,427	-	-	-	-	547,427
Total	6,519,411	1,037,701	(872,189)	6,684,923	(3,481,168)	(466,713)	547,422	(3,400,459)	3,284,464



	Consolidated								
	2019								
	Cost				Accumulated depreciation				Land, Premises and Equipment, net
	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Land	557,370	-	-	557,370	-	-	-	-	557,370
Premises and building and building improvement	2,838,985	454,223	(234,148)	3,059,060	(1,500,119)	(317,601)	233,932	(1,583,788)	1,475,272
Equipment	1,437,141	117,131	(106,749)	1,447,523	(1,002,659)	(158,026)	105,986	(1,054,699)	392,824
Furniture and fixtures	917,703	114,212	(130,656)	901,259	(658,258)	(97,613)	119,723	(636,148)	265,111
Vehicles	321,984	18,814	(25,032)	315,766	(187,512)	(44,053)	25,032	(206,533)	109,233
Work in progress	47,879	706,404	(515,850)	238,433	-	-	-	-	238,433
Total	6,121,062	1,410,784	(1,012,435)	6,519,411	(3,348,548)	(617,293)	484,673	(3,481,168)	3,038,243
	Separate								
	2020								
	Cost				Accumulated depreciation				Land, Premises and Equipment, net
	Separate	Additions	Disposals/ Transfers	Ending Balance	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Land	94,968	-	-	94,968	-	-	-	-	94,968
Premises and building and building improvement	125,971	-	(18,678)	107,293	(65,435)	(4,497)	12,823	(57,109)	50,184
Equipment	1,141,712	54,812	(43,023)	1,153,501	(848,523)	(115,174)	42,539	(921,158)	232,343
Furniture and fixtures	802,274	40,467	(124,309)	718,432	(556,066)	(94,780)	110,986	(539,860)	178,572
Vehicles	288,030	38,966	(67,340)	259,656	(183,989)	(46,312)	67,340	(162,961)	96,695
Work in progress	24,808	65,787	(36,780)	53,815	-	-	-	-	53,815
Total	2,477,763	200,032	(290,130)	2,387,665	(1,654,013)	(260,763)	233,688	(1,681,088)	706,577
	Separate								
	2019								
	Cost				Accumulated depreciation				Land, Premises and Equipment, net
	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Land	94,968	-	-	94,968	-	-	-	-	94,968
Premises and building and building improvement	125,971	-	-	125,971	(60,837)	(4,598)	-	(65,435)	60,536
Equipment	1,163,700	53,380	(75,368)	1,141,712	(808,136)	(115,058)	74,671	(848,523)	293,189
Furniture and fixtures	828,381	101,670	(127,777)	802,274	(582,700)	(90,210)	116,844	(556,066)	246,208
Vehicles	295,921	17,141	(25,032)	288,030	(167,566)	(41,455)	25,032	(183,989)	104,041
Work in progress	7,016	46,798	(29,006)	24,808	-	-	-	-	24,808
Total	2,515,957	218,989	(257,183)	2,477,763	(1,619,239)	(251,321)	216,547	(1,654,013)	823,750

## 22 Right-of-use assets, net and Lease liabilities, net

The statement of financial position included following transactions relating to leases.

	Consolidated	Separate
	2020	2020
	Thousand Baht	Thousand Baht
<b>Right-of-use assets, net</b>		
Building and building improvements, net	229,311	877,100
Vehicles	524	-
Total right-of-use assets, net	229,835	877,100
<b>Lease liabilities, net</b>		
Current portion of lease liabilities	83,229	140,017
Non-current portion of lease liabilities	100,468	680,189
Total lease liabilities, net	183,697	820,206

During the year ended 31 December 2020, additions to the right-of-use assets of the Group and the Company were Baht 35 million and Baht 692 million, respectively.

The statement of profit or loss and other comprehensive income included following transactions related to leases.

	Consolidated	Separate
	Thousand Baht	Thousand Baht
<b>For the year ended 31 December 2020</b>		
<b>depreciation charge of right-of-use assets</b>		
Building and building improvements	135,357	181,470
Vehicles	189	-
Total right-of-use assets	135,546	181,470
Finance cost relating to leases	3,124	13,596
Expenses relating to short-term leases		
(included in premises and equipment expenses)	734	11,173
Expenses relating to leases of low value assets that are not shown above as short-term leases		
(included in premises and equipment expenses)	5,058	3,795

The total cash outflow for leases of the Group and the Bank in 2020 were Baht 139 million and Baht 195 million, respectively.

## 23 Other intangible assets, net and goodwill

### 23.1 Other intangible assets, net

	Consolidated								
	2020								
	Cost				Accumulated amortisation				Other Intangible Assets, net
	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance	Beginning Balance	Additions	Disposals/ Transfers	Ending balance	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Software	2,235,440	207,501	(13,287)	2,429,654	(1,151,431)	(195,466)	3,740	(1,343,157)	1,086,497
License fee	6,688	500	-	7,188	(6,667)	(70)	-	(6,737)	451
Work in progress	67,011	195,951	(221,422)	41,540	-	-	-	-	41,540
Total	2,309,139	403,952	(234,709)	2,478,382	(1,158,098)	(195,536)	3,740	(1,349,894)	1,128,488

	Consolidated								
	2019								
	Cost				Accumulated amortisation				Other Intangible Assets, net
	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance	Beginning Balance	Additions	Disposals/ Transfers	Ending balance	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Software	2,041,197	201,854	(7,611)	2,235,440	(981,116)	(177,926)	7,611	(1,151,431)	1,084,009
License fee	6,688	-	-	6,688	(2,302)	(4,365)	-	(6,667)	21
Work in progress	53,422	207,915	(194,326)	67,011	-	-	-	-	67,011
Total	2,101,307	409,769	(201,937)	2,309,139	(983,418)	(182,291)	7,611	(1,158,098)	1,151,041

	Separate								
	2020								
	Cost				Accumulated amortisation				Other Intangible Assets, net
	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance	Beginning Balance	Additions	Disposals/ Transfers	Ending balance	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Software	1,922,861	176,971	(12,972)	2,086,860	(909,028)	(165,703)	3,425	(1,071,306)	1,015,554
Work in progress	57,722	164,966	(192,658)	30,030	-	-	-	-	30,030
Total	1,980,583	341,937	(205,630)	2,116,890	(909,028)	(165,703)	3,425	(1,071,306)	1,045,584

	Separate								
	2019								
	Cost				Accumulated amortisation				Other Intangible Assets, net
	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance	Beginning Balance	Additions	Disposals/ Transfers	Ending balance	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Software	1,763,155	159,706	-	1,922,861	(760,432)	(148,596)	-	(909,028)	1,013,833
Work in progress	48,356	185,629	(176,263)	57,722	-	-	-	-	57,722
Total	1,811,511	345,335	(176,263)	1,980,583	(760,432)	(148,596)	-	(909,028)	1,071,555

## 23.2 Goodwill

Consolidated				
2020				
Cost				
Beginning balance	Additions	Disposals/ transfers	Disposals/ transfers	
Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Goodwill	3,066,035	-	-	3,066,035
Total	3,066,035	-	-	3,066,035

Consolidated				
2019				
Cost				
Beginning balance	Additions	Disposals/ transfers	Disposals/ transfers	
Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Goodwill	3,066,035	-	-	3,066,035
Total	3,066,035	-	-	3,066,035

Goodwill arised from the Capital Market segment which was identified as the cash-generating unit (CGUs).

The recoverable amount of this CGU is determined by the Dividend Discount Model. This calculation used the dividend received projection based on financial budgets covering a ten-year period which are referred from the past operating results together with the estimated growth rates of market and the subsidiaries which management believes that ten years period can reflect their business plan. Dividend beyond the ten-year extrapolation uses the estimated dividend growth rate of 4% (31 December 2019: 4%) and the discount rate of 12% per annum (31 December 2019: 12%).

The recoverable amount using this Dividend Discount Model is greater than the book value amount of Baht 445 million (31 December 2019: Baht 434 million). A reduction in dividend growth rate to 3.20% (31 December 2019: 3.28%) or a rise in discount rate to 12.42% (31 December 2019: 12.39%) would remove the remaining headroom.

## 24 Deferred income tax, net

Deferred tax assets and deferred tax liabilities as at 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Deferred tax assets	1,338,682	1,846,295	1,091,945	1,603,603
Deferred tax liabilities	(13,556)	(26,703)	-	-
Deferred income tax, net	1,325,126	1,819,592	1,091,945	1,603,603

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

	Consolidated				Balance as at 31 December 2020
	Balance as at 1 January 2020	Impact of new accounting standards	Items as recognised into profit or loss	Items as recognised into other comprehensive income	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
<b>Deferred tax assets</b>					
Allowance for doubtful accounts	784,473	(1,627,801)	1,150,254	-	306,926
Allowance for impairment of investments	394,275	(7)	(261,052)	(120)	133,096
Allowance for expected credit losses	-	1,630,585	(1,604,397)	-	26,188
Allowance for impairment of properties foreclosed	426,832	-	160,767	-	587,599
Provisions	165,981	-	18,625	-	184,606
Income received in advance	209,421	-	(23,924)	-	185,497
Non-accrued interest income	78,879	(2,090)	(13,586)	-	63,203
Depreciation of assets	45,527	-	(12,786)	-	32,741
Loss on remeasuring securities measured at FVOCI	133,079	(5,869)	(16,954)	(20,260)	89,996
Unrealised gain on remeasuring FVPL securities	3,535	7	227,915	-	231,457
Unrealised gain on remeasuring securities borrowing and lending	1,755	-	947	-	2,702
Unused tax losses	49,079	-	61,627	(28,333)	82,373
Others	5,633	-	5,627	-	11,260
<b>Total</b>	<b>2,298,469</b>	<b>(5,175)</b>	<b>(306,937)</b>	<b>(48,713)</b>	<b>1,937,644</b>
<b>Deferred tax liabilities</b>					
Premise appraisal surplus	17,011	-	(3,455)	-	13,556
Prepaid hire-purchase commission	289,211	-	(115,588)	-	173,623
Gain on remeasuring securities measured at FVOCI	60,799	16,207	-	23,935	100,941
Unrealised gain on remeasuring FVPL securities	12,112	-	(7,139)	-	4,973
Unrealised gain on remeasuring derivatives	58,849	8,477	229,523	-	296,849
Others	40,895	-	(18,319)	-	22,576
<b>Total</b>	<b>478,877</b>	<b>24,684</b>	<b>85,022</b>	<b>23,935</b>	<b>612,518</b>
<b>Deferred income tax, net</b>	<b>1,819,592</b>	<b>(29,859)</b>	<b>(391,959)</b>	<b>(72,648)</b>	<b>1,325,126</b>

	Consolidated			
	Balance as at 1 January 2019	Items as recognised into profit or loss	Items as recognised into other comprehensive income	Balance as at 31 December 2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	904,192	(119,719)	-	784,473
Allowance for impairment of investments	430,452	(36,177)	-	394,275
Allowance for impairment of properties foreclosed	402,238	24,594	-	426,832
Provisions	153,070	(5,634)	18,545	165,981
Income received in advance	199,121	10,300	-	209,421
Non-accrued interest income	61,350	17,529	-	78,879
Depreciation of assets	18,920	26,607	-	45,527
Loss on remeasuring available-for-sale securities	90,305	1,377	41,397	133,079
Unrealised gain on remeasuring trading securities	-	3,535	-	3,535
Unrealised gain on remeasuring securities borrowing and lending	59,224	(57,469)	-	1,755
Unused tax losses	6,641	42,438	-	49,079
Unrealised loss on remeasuring derivatives	3,916	(3,916)	-	-
Others	5,018	615	-	5,633
<b>Total</b>	<b>2,334,447</b>	<b>(95,920)</b>	<b>59,942</b>	<b>2,298,469</b>
<b>Deferred tax liabilities</b>				
Premise appraisal surplus	20,457	(3,446)	-	17,011
Prepaid hire-purchase commission	273,045	16,166	-	289,211
Gain on remeasuring available-for-sale securities	100,294	-	(39,495)	60,799
Unrealised gain on remeasuring trading securities	28,224	(16,112)	-	12,112
Unrealised gain on remeasuring securities borrowing and lending	5,039	(5,039)	-	-
Unrealised gain on remeasuring derivatives	33,420	25,429	-	58,849
Others	32,685	8,210	-	40,895
<b>Total</b>	<b>493,164</b>	<b>25,208</b>	<b>(39,495)</b>	<b>478,877</b>
<b>Deferred income tax, net</b>	<b>1,841,283</b>	<b>(121,128)</b>	<b>99,437</b>	<b>1,819,592</b>



	Separate				
	Balance as at 1 January 2020	Impact of new accounting standards	Items as recognised into profit or loss	Items as recognised into other comprehensive Income	Balance as at 31 December 2020
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Deferred tax assets</b>					
Allowance for doubtful accounts	784,473	(1,627,801)	1,150,254	-	306,926
Allowance for impairment of investments	392,808	(7)	(261,052)	(120)	131,629
Allowance for expected credit losses	-	1,630,585	(1,604,397)	-	26,188
Allowance for impairment of properties foreclosed	425,792	-	160,971	-	586,763
Provisions	110,578	-	15,553	-	126,131
Depreciation of assets	-	-	1,863	-	1,863
Income received in advance	206,959	-	(23,785)	-	183,174
Non-accrued interest income	78,880	(2,091)	(13,586)	-	63,203
Unrealised loss on remeasuring FVPL securities	3,535	7	227,915	-	231,457
Others	4,014	-	5,819	-	9,833
<b>Total</b>	<b>2,007,039</b>	<b>693</b>	<b>(340,445)</b>	<b>(120)</b>	<b>1,667,167</b>
<b>Deferred tax liabilities</b>					
Prepaid hire-purchase commission	289,210	-	(115,588)	-	173,622
Gain on remeasuring securities measured At FVOCI	60,798	14,419	-	24,220	99,437
Unrealised gain on remeasuring derivatives	13,182	8,477	258,522	-	280,181
Others	40,246	-	(18,264)	-	21,982
<b>Total</b>	<b>403,436</b>	<b>22,896</b>	<b>124,670</b>	<b>24,220</b>	<b>575,222</b>
<b>Deferred income tax, net</b>	<b>1,603,603</b>	<b>(22,203)</b>	<b>(465,115)</b>	<b>(24,340)</b>	<b>1,091,945</b>

	Separate			
	Balance as at 1 January 2019	Items as recognised into profit or loss	Items as recognised into other comprehensive Income	Balance as at 31 December 2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	904,192	(119,719)	-	784,473
Allowance for impairment of investments	428,985	(36,177)	-	392,808
Allowance for impairment of properties foreclosed	400,994	24,798	-	425,792
Provisions	109,166	(11,139)	12,551	110,578
Income received in advance	196,520	10,439	-	206,959
Non-accrued interest income	61,351	17,529	-	78,880
Unrealised loss on remeasuring trading securities	-	3,535	-	3,535
Unrealised loss on remeasuring derivatives	3,916	(3,916)	-	-
Others	3,206	808	-	4,014
<b>Total</b>	<b>2,108,330</b>	<b>(113,842)</b>	<b>12,551</b>	<b>2,007,039</b>
<b>Deferred tax liabilities</b>				
Prepaid hire-purchase commission	273,044	16,166	-	289,210
Gain on remeasuring available-for-sale securities	100,294	-	(39,496)	60,798
Unrealised gain on remeasuring trading securities	13,622	(13,622)	-	-
Unrealised gain on remeasuring derivatives	-	13,182	-	13,182
Others	31,982	8,264	-	40,246
<b>Total</b>	<b>418,942</b>	<b>23,990</b>	<b>(39,496)</b>	<b>403,436</b>
<b>Deferred income tax, net</b>	<b>1,689,388</b>	<b>(137,832)</b>	<b>52,047</b>	<b>1,603,603</b>

Accordingly, the Group used a tax rate of 20% for calculation of deferred income tax for the years ended 31 December 2020 and 2019.

## 25 Other assets, net

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Interest and dividend income receivables	44,701	85,062	37,092	53,413
Other income receivables	325,513	327,821	124,294	184,820
Prepaid expenses and deferred expenses	101,713	320,300	69,801	286,997
Prepaid output tax for hire-purchase receivables*	56,194	70,993	56,194	70,993
Other receivables, net*	2,875,913	1,430,853	2,751,167	1,362,618
Receivables from trading securities	462,209	1,051,192	462,209	1,052,207
Refundable deposit	88,104	96,577	134,713	130,028
Withholding income tax	24,288	18,492	-	-
Input VAT - pending tax invoice	521,909	328,675	461,991	285,649
Prepayment for leasehold right	-	42,867	-	55,173
Others*	746,379	643,344	164,074	60,866
Total other assets	5,246,923	4,416,176	4,261,535	3,542,764

\* As at 31 December 2020 these transactions are shown net of total doubtful accounts of Baht 24.51 million in the consolidated and the separate financial statements (31 December 2019: Baht 21.61 million).

## 26 Deposits

### 26.1 Classified by type of deposit

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Current accounts	693,044	535,015	1,128,036	987,206
Savings accounts	131,339,535	64,093,362	131,445,231	64,128,915
Term deposits	119,237,952	107,049,290	119,237,952	107,049,290
NCD	255,343	495,892	255,343	495,892
Total	251,525,874	172,173,559	252,066,562	172,661,303

### 26.2 Classified by currency and residence of depositors

	Consolidated					
	2020			2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Thai Baht	250,153,207	1,199,693	251,352,900	171,228,923	944,636	172,173,559
USD	172,974	-	172,974	-	-	-
Total	250,326,181	1,199,693	251,525,874	171,228,923	944,636	172,173,559

	Separate					
	2020			2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Thai Baht	250,693,895	1,199,693	251,893,588	171,716,667	944,636	172,661,303
USD	172,974	-	172,974	-	-	-
Total	250,866,869	1,199,693	252,066,562	171,716,667	944,636	172,661,303

## 27 Interbank and money market items, net (liabilities)

	Consolidated	Separate
	2020	2020
	Thousand Baht	Thousand Baht
Bank of Thailand and Financial Institution Development Fund	398,489	398,489
Commercial banks	3,868,535	3,501,855
Specific Financial Institution	2,406,014	2,406,014
Other financial institutions	2,088,977	2,422,052
	8,762,015	8,728,410
<b>Foreign</b>		
USD	1,501,855	1,501,855
<b>Total</b>	<b>10,263,870</b>	<b>10,230,265</b>

	Consolidated			Separate		
	2019			2019		
	On demand	Term	Total	On demand	Term	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Domestic</b>						
Commercial banks	358,193	6,353,080	6,711,273	-	6,353,080	6,353,080
Specific Financial Institution	-	5,441,958	5,441,958	-	5,441,958	5,441,958
Other financial institutions	3,655,180	23,000	3,678,180	3,963,785	23,000	3,986,785
	4,013,373	11,818,038	15,831,411	3,963,785	11,818,038	15,781,823
<b>Foreign</b>						
USD	-	1,507,700	1,507,700	-	1,507,700	1,507,700
<b>Total</b>	<b>4,013,373</b>	<b>13,325,738</b>	<b>17,339,111</b>	<b>3,963,785</b>	<b>13,325,738</b>	<b>17,289,523</b>

## 28 Financial liabilities designated at fair value through profit or loss

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Structured debentures	896,906	3,498,702	-	-
<b>Total</b>	<b>896,906</b>	<b>3,498,702</b>	<b>-</b>	<b>-</b>

Proportion of transactions being classified by type of counterparties

	Consolidated		Separate	
	2020	2019	2020	2019
	%	%	%	%
Third parties	100	100	-	-
<b>Total</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>-</b>

## 29 Debt issued and borrowings

				Consolidated	
				2020	2019
	Currency	Interest rate %	Maturity	Thousand Baht	Thousand Baht
Senior securities	THB	0.68 - 1.99	2021	17,498,617	42,209,919
Subordinated bond	THB	3.50 - 4.75	2026 - 2030	8,390,000	8,290,000
Structured debentures not designated at fair value	THB	0.25 - 1.84 and linked to equity, fund or, set index price	2021	2,454,883	4,915,514
Total				28,343,500	55,415,433

				Separate	
				2020	2019
	Currency	Interest rate %	Maturity	Thousand Baht	Thousand Baht
Senior securities	THB	0.68 - 1.99	2021	17,498,617	42,209,919
Subordinated bond	THB	3.50 - 4.75	2026 - 2030	8,390,000	8,290,000
Structured debentures not designated at fair value	THB	0.25 - 1.84 and linked to equity, fund or, set index price	2021	1,869,264	2,735,405
Total				27,757,881	53,235,324

## 30 Provisions

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Expected credit loss of financial guarantee contracts and loan commitments	129,466	-	130,662	-
Post-employment benefits obligation	889,267	801,022	586,590	513,709
Others	47,522	43,015	47,522	43,015
Total	1,066,255	844,037	764,774	556,724



### Post-employment benefits obligation

The Group has post-employment benefits plan under the Thai Labor Protection Act, which is considered as unfunded defined benefit plans.

Movements in the present value of the defined benefit obligation for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Beginning defined benefit obligation	801,022	637,293	513,709	407,479
<u>Recognised within Statement of Profit or Loss:</u>				
Current service cost	99,669	82,207	73,267	59,780
Interest cost	13,231	16,228	8,729	10,331
Previous service cost	-	(17,987)	-	(17,987)
<u>Recognised within Other comprehensive income:</u>				
Remeasurements:				
Loss from change in demographic assumptions	-	(768)	-	-
Loss (gain) from change in financial assumptions	-	78,680	-	53,466
Experience (gain) loss	-	14,817	-	9,288
<u>Other:</u>				
Defined benefit obligation transferred from subsidiary company	-	-	(3)	-
Benefits paid	(24,655)	(9,448)	(9,112)	(8,648)
Ending defined benefit obligation	889,267	801,022	586,590	513,709

The principal actuarial assumptions used to calculate the obligation under the defined benefit plans as at 31 December 2020 and 2019 are as follows:

	2020	2019
Financial assumptions		
Discount rate	1.31% - 2.46%	1.31% - 2.46%
Expected rate of salary increase	3.0% - 8.0%	3.0% - 8.0%
Turnover rate	0.0% - 25.0%	0.0% - 25.0%
Retirement age	55 years and 60 years	55 years and 60 years

Sensitivity analysis on key assumption changes are as follows:

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Discount rate -1.0%	985,299	890,573	652,371	574,152
Discount rate (base)	889,267	801,022	586,590	513,709
Discount rate +1.0%	807,021	724,491	530,294	462,120
Expected rate of salary increase -1.0%	800,728	725,775	526,075	462,902
Expected rate of salary increase (base)	889,267	801,022	586,590	513,709
Expected rate of salary increase +1.0%	990,801	887,016	656,071	571,857
Turnover rate -20.0%	964,529	862,919	643,361	560,197
Turnover rate (base)	889,267	801,022	586,590	513,709
Turnover rate +20.0%	828,252	750,546	541,115	476,289

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the post-employment benefits liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

## Maturity profile of defined benefit obligation

	Consolidated		Separate	
	2020	2019	2020	2019
Maturity duration of the post-employment benefits (Years)	12 - 16	12 - 16	16	16
Maturity analysis of benefits expected to be paid				
Benefits expected to be paid within 12 months	20,241	27,730	5,440	7,787
Benefits expected to be paid between 1 and 2 years	42,659	20,241	27,592	5,440
Benefits expected to be paid between 2 and 5 years	230,875	164,128	151,134	102,794
Benefits expected to be paid in more than 5 years	2,458,420	2,567,827	1,743,946	1,819,880

## Allowance for expected credit loss of financial guarantee contracts and loan commitments

	Consolidated			
	2020			
	Financial assets with an insignificant increase in credit risk	Financial assets with a significant increase in credit risk	Credit-impaired financial assets	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
As of 1 January 2020	338,604	97,430	-	436,034
Change due to reclassification	305	(305)	-	-
Change due to new estimation of credit loss	(169,994)	(59,873)	-	(229,867)
Newly acquired or purchased financial assets	632,730	26,728	-	659,458
Derecognised financial assets	(675,318)	(60,841)	-	(736,159)
As of 31 December 2020	126,327	3,139	-	129,466

	Separate			
	2020			
	Financial assets with an insignificant increase in credit risk	Financial assets with a significant increase in credit risk	Credit-impaired financial assets	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
As of 1 January 2020	339,608	97,430	-	437,038
Change due to reclassification	305	(305)	-	-
Change due to new estimation of credit loss	(169,802)	(59,873)	-	(229,675)
Newly acquired or purchased financial assets	632,730	26,728	-	659,458
Derecognised financial assets	(675,318)	(60,841)	-	(736,159)
As of 31 December 2020	127,523	3,139	-	130,662

### 31 Other accounts payable

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Margin payables	1,447,660	492,229	1,447,660	492,229
Insurance premium payables	182,191	234,974	182,191	234,974
Dealer payables	757,397	776,454	757,397	776,454
Other refund payables to customers	10,388	10,054	10,388	10,054
Securities payables	439,204	1,054,053	439,204	1,054,053
Others	1,086,215	574,179	966,184	434,760
Total	3,923,055	3,141,943	3,803,024	3,002,524

### 32 Other liabilities

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Accrued bonus	1,491,024	1,558,260	754,000	865,000
Accrued expenses	1,038,732	1,080,360	826,959	1,049,477
Front-end fees	44,891	264,720	44,891	276,161
Other income received in advance	1,370,060	1,534,358	1,450,007	1,615,467
Deposits	178,043	161,348	177,248	160,446
Value added tax payable	54,577	174,117	35,690	152,821
Others	279,147	262,718	249,327	226,654
Total other liabilities	4,456,474	5,035,881	3,538,122	4,346,026

### 33 Legal reserve

Under the Public Companies Act, the Bank which is the public company is required to set aside as legal reserve at least 5% of its net profit, net of accumulated deficit brought forward (if any), until the reserve is not less than 10% of the registered capital.

### 34 Capital fund

The minimum capital requirement under the regulation of the Bank of Thailand shows as follows:

Capital funds	Minimum capital requirement ratio (%)	Capital buffer ratio (%)	Minimum capital requirement and capital buffer ratio (%)
Common equity tier 1 capital to risk-weighted assets	4.50	2.50	7.00
Tier 1 capital to risk-weighted assets	6.00	2.50	8.50
Capital funds to risk-weighted assets	8.50	2.50	11.00

The Bank thus conducts the internal capital adequacy assessment process in accordance with the supervisory review process of the Bank of Thailand and monitors on a regular basis to ensure that the current and future capital requirements are aligned with the risk appetite in the Bank.



The Group and the Bank maintain its capital funds in accordance with the criteria, methodologies and conditions prescribed by the Bank of Thailand. As at 31 December 2020 and 2019, total capital funds can be categorised as follows:

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Tier 1 capital				
Issued and paid-up capital	8,467,511	8,467,511	8,467,511	8,467,511
Share premium	9,356,233	9,356,233	9,356,233	9,356,233
Legal reserve	852,337	852,337	852,337	852,337
General reserve	-	380	-	380
Retained earnings after appropriation	28,383,969	24,245,896	24,448,307	20,494,200
Other reserve and other provisions	(138,998)	(488,814)	397,629	136,236
Capital deduction items on CET1	(5,601,557)	(6,057,029)	(5,281,488)	(5,830,561)
Total tier 1 capital	41,319,495	36,376,514	38,240,529	33,476,336
Tier 2 capital				
Subordinated debt	8,390,000	8,290,000	8,390,000	8,290,000
Allowance for classified assets of "normal" category	3,004,810	1,308,278	3,060,030	1,362,655
Total tier 2 capital	11,394,810	9,598,278	11,450,030	9,652,655
Total capital fund	52,714,305	45,974,792	49,690,559	43,128,991

As at 31 December 2020 and 2019, capital adequacy ratios maintained by the Bank in accordance with the Notification of the BOT are as follows:

	Capital funds			
	Consolidated		Separate	
	2020 (%)	2019 (%)	2020 (%)	2019 (%)
Common equity tier 1 capital to risk-weighted assets	14.33	13.61	13.38	12.88
Tier 1 capital to risk-weighted assets	14.33	13.61	13.38	12.88
Capital funds to risk-weighted assets	18.28	17.20	17.39	16.60

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Capital funds less capital add-ons				
Capital funds to risk-weighted assets	52,714,305	45,974,792	49,690,559	43,128,991
Rate of capital funds to risk-weighted assets	18.28	17.20	17.39	16.60

Disclosure of Capital Maintenance information under the Notification of the Bank of Thailand Re: Public Disclosure of Capital Maintenance for Commercial Banks.

Location of disclosure	: <a href="https://ir.kkpfng.com/th/updates/pillar-disclosure">https://ir.kkpfng.com/th/updates/pillar-disclosure</a>
Date of disclosure	: Within April 2021
Information as at	: 31 December 2020

Moreover, the Group has disclosed information related to Liquidity Coverage Ratio as at 31 December 2020 under the Notification of Bank of Thailand, no. Sor Nor Sor 2/2561, as the above location and date of disclosure.

## 35 Dividend paid

On 23 April 2019, the Annual General Meeting of the Bank's shareholders for the year 2019 approved the resolution regarding the payment of dividend for the year 2018 at the rate of Baht 5.00 per ordinary share, a part of which had been paid as dividend at the rate of Baht 2.00 per share on 21 September 2018, amounting to Baht 1,693,474,218 and the remaining amount will be paid on 21 May 2019 at the rate of Baht 3.00 per share, amounting to Baht 2,540,220,627.

On 22 August 2019, the Board of directors Meeting of the Bank No. 8/2562 approved the resolution regarding the payment of interim dividend from six-month period operating performance at the rate of Baht 1.50 per ordinary share. The dividend was paid on 20 September 2019 amounting to Baht 1,270,095,763.

On 30 March 2020, the Board of directors Meeting of the Bank No. 4/2563 approved the resolution regarding the payment of interim dividend from six-month period operating performance at the rate of Baht 2.75 per ordinary share. The dividend was paid on 28 April 2020 amounting to Baht 2,328,521,825.

## 36 Other components of equity

286

2020 Annual Registration Statement/ Annual Report (Form 56-1 One Report)  
Kiatnakin Phatra Bank

Other components of equity for the for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated							
	Attributable to owners of the components of the Components of equity parent							
	Revaluation surplus (deficit) on investments in debt instruments measured at fair value through other comprehensive income	Revaluation surplus (deficit) on securities available-for-sale	Revaluation surplus (deficit) on investments in equity instruments designated at fair value through other comprehensive income	Deferred tax relating to components other comprehensive income	Translating financial statements	Deficit from change in the ownership interest in subsidiaries	Thousand Baht	Thousand Baht
Opening balances as at 1 January 2019	695,222	(29,962)	-	(18,064)	(12,652)	(65,662)		
Total comprehensive income (expenses)	6,934	(390,075)	-	80,884	12,652	-		
Net decrease in non-controlling interest from change in investment in subsidiary	-	-	-	-	-	(92,675)		
Closing balances as at 31 December 2019	702,156	(420,037)	-	62,820	-	(158,337)		
Opening balances as at 1 January 2020	702,156	(420,037)	-	62,820	-	(158,337)		
Impact of first-time adoption of new accounting standards	(702,156)	420,037	170,756	(346,724)	(22,074)	-		
Opening balance as at 1 January 2020 restated	-	-	170,756	(346,724)	40,746	(158,337)		
Total comprehensive income (expenses)	-	-	115,368	249,613	(72,637)	-		
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	(164,160)	28,327	-		
Closing balances as at 31 December 2020	-	-	286,124	(261,271)	(3,564)	(158,337)		



Separate						
Other components of equity						
Revaluation surplus (deficit) on investments in receivables	Revaluation surplus (deficit) available-for-sale securities	Revaluation surplus (deficit) on investments in debt instruments measured at fair value through other comprehensive income	Revaluation surplus (deficit) on investment in equity instruments designated at fair value through other comprehensive income	Deferred tax relating to components of other comprehensive income (expense)		
Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
148,041	353,430	-	-	-	(100,294)	
(14,344)	(183,135)	-	-	-	39,496	
133,697	170,295	-	-	-	(60,798)	
133,697	170,295	-	-	-	(60,798)	
(133,697)	(170,295)	170,756	205,328	(14,419)		
-	-	170,756	205,328	(75,217)		
-	-	115,368	6,335	(24,340)		
-	-	286,124	211,663	(99,557)		

Opening balances as at 1 January 2019  
 Total comprehensive income (expenses)  
 Closing balances as at 31 December 2019  
 Opening balances as at 1 January 2020  
 Impact of first-time adoption of new accounting standards  
 Opening balance as at 1 January 2020 restated  
 Total comprehensive income (expenses)  
 Closing balances as at 31 December 2020

## 37 Assets with obligations and restrictions

As 31 December 2020, the Group and the Bank have investments in government securities which are pledged as collaterals for repurchase agreement with fair value of Baht 2,996.28 million (31 December 2019: Baht 1,549.80 million).

## 38 Advance received from electronic transactions

The BOT Notification No. SOR NOR CHOR 7/2561, dated 16 April 2018, regarding the “Regulations on Service Business Relating to Electronic Money (e-Money) Services” requires the Bank to disclose advances received from e-Money Services. As of 31 December 2020, the Bank had no advances received from e-Money Services (31 December 2019: Nil).

## 39 Commitments and contingent liabilities

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Aval to bills of exchange	933,533	1,933,090	933,533	1,933,090
Other contingencies				
- Unused overdraft credit facilities	9,992,136	7,843,509	11,492,136	9,073,509
- Other guarantee	11,048,064	9,341,578	11,048,064	9,341,578
Total	21,973,733	19,118,177	23,473,733	20,348,177

As at 31 December 2020, the Group has other commitments in the form of various agreements relating to computer system and software development and construction agreement of the office building. The Group is obligated to pay a further Baht 343.17 million (31 December 2019: Baht 947.21 million).

## 40 Earnings per share

Earnings per share in the consolidated and the separate financial statements for the years ended 31 December 2020 and 2019 are calculated as follows:

	Consolidated					
	For the year ended 31 December					
	Weighted average number of					
	Profit for the periods		ordinary shares		Earnings per share	
	2020	2019	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Shares	Thousand Shares	Baht	Baht
Basic earnings per share						
Net profit available to ordinary shareholders	5,123,266	5,988,444	846,751	846,751	6.05	7.07



Separate						
For the year ended 31 December						
Weighted average number of						
Profit for the periods		ordinary shares		Earnings per share		
2020	2019	2020	2019	2020	2019	
Thousand Baht	Thousand Baht	Thousand Shares	Thousand Shares	Baht	Baht	
Basic earnings per share						
Net profit available to ordinary shareholders						
5,270,527	6,156,789	846,751	846,751	6.22	7.27	

There are no dilutive ordinary shares in issue for the years ended 31 December 2020 and 2019.

## 41 Information on quality of assets

### 41.1 Investments in securities

The Bank has investments in debt instruments in companies which were ordered to discontinue their operations and defaulted their debts as at 31 December 2020 and 2019 as follows:

Consolidated and Separate					
2020					
Type of investment	Numbers	Cost Million Baht	Market value Million Baht	Provision Million Baht	
Company which has defaulted on interest payment	Senior securities	1	0.04	-	0.04
Listed company being subject to delisting	Common stocks	2	5.42	16.62	-
		3	5.46	16.62	0.04
Consolidated and Separate					
2019					
Type of investment	Numbers	Cost Million Baht	Market value Million Baht	Provision Million Baht	
Company which has defaulted on interest payment	Senior securities	1	0.04	-	0.04
Listed company being subject to delisting	Common stocks	2	5.42	5.42	-
		3	5.46	5.42	0.04

### 41.2 Loans and accrued interest receivables

The Group had given loans and accrued interest receivables to companies which faced the financial operational difficulties and provided related allowance for expected credit losses in the consolidated and the separate

financial statements as follows:

Consolidated				
2020				
		Total debts	Collateral	Allowance for expected credit losses
	Numbers	Thousand Baht	Thousand Baht	Thousand Baht
Companies which are under default problem	303	5,867,411	10,043,321	1,686,271
	303	5,867,411	10,043,321	1,686,271
Separate				
2020				
		Total debts	Collateral	Allowance for expected credit losses
	Numbers	Thousand Baht	Thousand Baht	Thousand Baht
Companies which are under default problem	280	5,400,698	8,217,134	1,685,792
	280	5,400,698	8,217,134	1,685,792
Consolidated and Separate				
2019				
		Total debts	Collateral	Allowance for expected credit losses
	Numbers	Thousand Baht	Thousand Baht	Thousand Baht
Companies which are under default problem	220	5,273,609	8,512,011	1,881,294
	220	5,273,609	8,512,011	1,881,294

## 42 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Bank, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Bank. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Bank that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Bank and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship rather than the legal form.

According to the BOT's Notification Sor Nor Sor. 6/2553 regarding the Guideline on Consolidated Supervision dated on 18 June 2010, the Bank is required to disclose the Inter-Group Transactions in the Financial Business Group Policy and the Risk Management for Inter-Group Transactions in the Financial Business Group Policy as follows:

### The Inter-Group Transactions in the Financial Business Group Policy

The inter-group transactions shall be the same conditions or criteria, including interest rate or service fee charged, as applied when the Bank enters into the transactions with general customers with the same risk.





### The Risk Management for Inter-Group Transactions in the Financial Business Group Policy

To manage the operation and consolidated supervision, the Board of Directors assigned the Risk Management Committee to take the policy into action, control and monitor business and supporting unit to conform with the Financial Business Group Policy. Moreover, the Board of Directors shall be informed of the significant risk of the Financial Business Group on a regularly basis.

Furthermore, the Risk Management Committee of each company in the Financial Business Group is responsible to perform the risk assessment according to its policy and report the results to the Bank's Risk Management Committee on a regularly basis. In case there is any significant change or any circumstance that will impact the current business operation, the Risk Management Committee shall report such matters immediately.

The following transactions were carried out with related parties.

## 42.1 Income

	Consolidated		Separate	
	2020	2019	2020	2019
	Million Baht	Million Baht	Million Baht	Million Baht
<b>Interest, dividend income and profit sharing</b>				
Subsidiaries				
KKP Capital PCL.	-	-	1,112	1,455
Kiatnakin Phatra Securities PCL.	-	-	-	6
KKP Tower Co., Ltd.	-	-	204	70
Bangkok Capital Fund	-	-	-	96
Gamma Capital Fund	-	-	-	6
	-	-	1,316	1,633
<b>Fees and services income</b>				
Subsidiaries				
KKP Capital PCL.	-	-	8	20
Kiatnakin Phatra Securities PCL.	-	-	98	89
Kiatnakin Phatra Asset Management Co., Ltd.	-	-	35	33
Asia Recovery 2 Fund	-	-	1	1
Asia Recovery 3 Fund	-	-	2	2
Thai Restructuring Fund	-	-	5	5
Bangkok Capital Fund	-	-	5	5
Gamma Capital Fund	-	-	6	6
Directors and management at the position of department head and above including their related persons who have control or significant influence	11	14	-	-
	11	14	160	161
<b>Other service expenses</b>				
Subsidiaries				
KKP Capital PCL.	-	-	21	-
Kiatnakin Phatra Securities PCL.	-	-	36	18
Bangkok Capital Fund	-	-	1	1
Gamma Capital Fund	-	-	-	1
	-	-	58	20

## 42.2 Expenses

	Consolidated		Separate	
	2020	2019	2020	2019
	Million Baht	Million Baht	Million Baht	Million Baht
<b>Interest and discounts on borrowings</b>				
Subsidiaries				
Kiatnakin Phatra Securities PCL.	-	-	7	7
KKP Tower Co., Ltd.	-	-	11	1
Directors and management at the position of department head and above including their related persons who have control or significant influence	35	33	35	33
	35	33	53	41
<b>Other service expenses</b>				
Subsidiaries				
KKP Capital PCL.	-	-	212	210
Kiatnakin Phatra Securities PCL.	-	-	170	121
KKP Tower Co., Ltd.	-	-	201	196
Other related parties	93	102	93	102
	93	102	676	629

## 42.3 Outstanding balances

	Consolidated		Separate	
	2020	2019	2020	2019
	Million Baht	Million Baht	Million Baht	Million Baht
<b>Loans to financial institutions/ Loans</b>				
Subsidiaries				
KKP Capital PCL.	-	-	1,950	1,770
Kiatnakin Phatra Securities PCL.	-	-	-	2,900
KKP Tower Co., Ltd.	-	-	2,339	1,768
<u>Less</u> Allowance of expected credit losses	-	-	(3)	(54)
Directors and management at the position of department head and above including their related persons who have control or significant influence	8	9	8	9
	8	9	4,294	6,393
<b>Accrued interest receivables and undue interest receivable</b>				
Subsidiaries				
KKP Capital PCL.	-	-	(4)	6
KKP Tower Co., Ltd.	-	-	(2)	-
	-	-	(6)	6

**Other accounts receivables**

## Subsidiaries

KKP Capital PCL.

Kiatnakin Phatra Securities PCL.

Kiatnakin Phatra Asset Management Co., Ltd.

**Derivative assets**

## Subsidiaries

Kiatnakin Phatra Securities Co., Ltd.

**Other assets**

## Subsidiaries

KKP Tower Co., Ltd.

## Other related parties

**Deposits**

## Subsidiaries

KKP Capital PCL.

Kiatnakin Phatra Securities PCL.

Kiatnakin Phatra Asset Management Co., Ltd.

Bangkok Capital Fund

Gamma Capital Fund

KKP Tower Co., Ltd.

Directors and management at the position of department  
head and above including their related persons  
who have control or significant influence

**Borrowings**

## Subsidiaries

Directors and management at the position of department head  
and above including their related persons who have control  
or significant influences and other related party

**Accrued interest expenses**

Directors and management at the position of department head  
and above including their related persons who have control  
or significant influences and other related party

**Derivatives liabilities**

## Subsidiaries

KKP Capital PCL.

**Other liabilities**

## Subsidiaries

KKP Capital PCL.

Kiatnakin Phatra Securities PCL.

KKP Tower Co., Ltd.

## Other related parties

	Consolidated		Separate	
	2020	2019	2020	2019
	Million Baht	Million Baht	Million Baht	Million Baht
<b>Other accounts receivables</b>				
Subsidiaries				
KKP Capital PCL.	-	-	4	4
Kiatnakin Phatra Securities PCL.	-	-	62	56
Kiatnakin Phatra Asset Management Co., Ltd.	-	-	6	5
	-	-	72	65
<b>Derivative assets</b>				
Subsidiaries				
Kiatnakin Phatra Securities Co., Ltd.	-	-	2	4
	-	-	2	4
<b>Other assets</b>				
Subsidiaries				
KKP Tower Co., Ltd.	-	-	700	50
Other related parties	-	1	-	1
	-	1	700	51
<b>Deposits</b>				
Subsidiaries				
KKP Capital PCL.	-	-	44	73
Kiatnakin Phatra Securities PCL.	-	-	320	316
Kiatnakin Phatra Asset Management Co., Ltd.	-	-	18	5
Bangkok Capital Fund	-	-	60	40
Gamma Capital Fund	-	-	331	340
KKP Tower Co., Ltd.	-	-	106	34
Directors and management at the position of department head and above including their related persons who have control or significant influence	1,165	932	1,165	932
	1,165	932	2,044	1,740
<b>Borrowings</b>				
Subsidiaries				
Directors and management at the position of department head and above including their related persons who have control or significant influences and other related party	400	533	400	533
	400	533	400	533
<b>Accrued interest expenses</b>				
Directors and management at the position of department head and above including their related persons who have control or significant influences and other related party	3	3	3	3
	3	3	3	3
<b>Derivatives liabilities</b>				
Subsidiaries				
KKP Capital PCL.	-	-	37	-
	-	-	37	-
<b>Other liabilities</b>				
Subsidiaries				
KKP Capital PCL.	-	-	135	145
Kiatnakin Phatra Securities PCL.	-	-	102	70
KKP Tower Co., Ltd.	-	-	645	7
Other related parties	3	4	3	4
	3	4	885	226

## 42.4 Directors and key management compensations

For the years ended 31 December 2020 and 2019, compensations paid to directors and key management personnel are as follows:

	Consolidated		Separate	
	2020	2019	2020	2019
	Million Baht	Million Baht	Million Baht	Million Baht
Short-term employee benefits	508,810	473,385	305,731	290,132
Post-employment benefits	10,437	11,582	5,629	5,392
Total	519,247	484,967	311,360	295,524

## 43 Benefits paid to directors and executives

The Group has no special benefits given to the directors and executives beyond the general benefits provided such as directors' remuneration, executives' salary and bonus (if any).

## 44 Commitments

As at 31 December 2019, the Group has commitments in respect of vehicles, office space, computer software and maintenance, and office equipment expenses from the statements of financial position dates as follows:

	Consolidated			
	2019			
	Vehicle rental expenses	Office rental expenses	Computer software and office equipment expenses	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Within the first year	1,212	184,667	23,969	209,848
Within the second year	1,052	127,582	11,453	140,087
Over three years	-	150,662	-	150,662
Total	2,264	462,911	35,422	500,597

	Separate		
	2019		
	Office rental expenses	Computer software expenses	Total
	Thousand Baht	Thousand Baht	Thousand Baht
Within the first year	325,211	-	325,211
Within the second year	209,063	-	209,063
Over three years	150,662	-	150,662
Total	684,936	-	684,936

## 45 Operating segments

The Group discloses operating segments information in accordance with the Thai Financial Reporting Standard No.8 “Operating Segments” and under the same basis as internal management reports presented to the Bank’s chief operating decision maker for resources allocation to and performance evaluation of various segments. Accordingly, the Bank has divided reportable segments in accordance with the new structure of the Kiatnakin Phatra Financial Group and characteristics of segments operating in significantly diverse environment. These operating segments are; Commercial Banking Business, Capital Market Business, and the Debt Restructuring Segment under the Commercial Banking Business. Details of each operating segment are as follows:

- Commercial banking business consists of all commercial banking business and KKP Tower Co., Ltd. except for the Debt restructuring segment
- Capital market business consists of KKP Capital PCL., Kiatnakin Phatra Securities PCL., Kiatnakin Phatra Asset Management Co., Ltd., and Phatra Asset Management (Cayman) Limited
- The Debt restructuring segment

Assessing the performance of, operating segments is measured in accordance with Thai Financial Reporting Standard as adjusted in accordance with internal management accounting rules and practices. Amounts for each business segment are shown after the allocation of certain centralized costs and income between segments. Transactions between segments are eliminated on consolidation.

### 45.1 Operation result

Operation result classified by Commercial Banking Business, Capital Market Business and The Debt Restructuring Segment for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated			
	2020			
	Commercial banking business	Capital market business	Debt restructuring segment	Total
	Million Baht	Million Baht	Million Baht	Million Baht
Income from external clients				
Interest income, net	14,009	122	548	14,679
Fees and services income, net	1,849	2,487	-	4,336
Other operating income, net	769	1,436	13	2,218
Total income from operating	16,627	4,045	561	21,233
Income between segments	1,329	389	-	1,718
Depreciation and amortisation	522	112	12	646
Other expenses	7,237	2,262	507	10,006
Total other operating expenses	7,759	2,374	519	10,652
Expected credit loss (reversal)	4,468	-	(374)	4,094
Profit from operating				
before income tax expenses	4,400	1,671	416	6,487
Income tax expenses	992	340	12	1,344
Net Income	3,408	1,331	404	5,143

## Income from external clients

Interest income, net

Fees and services income, net

Other operating income, net

Total income from operating

Income between segments

Depreciation and amortisation

Other expenses

Total other operating expenses

Impairment loss of loans and debt securities

Profit from operating

before income tax expenses

Income tax expenses

Net Income

Consolidated			
2019			
Commercial banking business	Capital market business	Debt restructuring segment	Total
Million Baht	Million Baht	Million Baht	Million Baht
11,723	(27)	620	12,316
2,065	2,537	2	4,604
1,268	982	(2)	2,248
15,056	3,492	620	19,168
1,813	338	-	2,151
657	116	12	785
7,391	2,117	(99)	9,409
8,048	2,233	(87)	10,194
1,667	-	10	1,677
5,341	1,259	697	7,297
1,018	251	38	1,307
4,323	1,008	659	5,990

Revenue transactions under TFRS 15 classified by timing of revenue recognition and operating segments of Commercial Banking Business, Capital Market Business and The Debt Restructuring Segment for the years ended 31 December 2020 and 2019 are as follows:

## Timing of revenue recognition

At a point in time

Over time

Consolidated			
2020			
Commercial banking business	Capital market business	Debt restructuring segment	Total
Million Baht	Million Baht	Million Baht	Million Baht
2,118	2,484	13	4,615
298	671	-	969

## Timing of revenue recognition

At a point in time

Over time

Consolidated			
2019			
Commercial banking business	Capital market business	Debt restructuring segment	Total
Million Baht	Million Baht	Million Baht	Million Baht
1,999	2,149	2	4,150
273	916	-	1,189

Total assets classified by Commercial Banking Business, Capital Market Business and The Debt Restructuring Segment

	Commercial banking business	Capital market business	Debt restructuring segment	Total
	Million Baht	Million Baht	Million Baht	Million Baht
As at 31 December 2020	342,198	18,695	2,518	363,411
As at 31 December 2019	283,512	24,170	4,008	311,690

## 45.2 Reconciliation operating segments information

Reconciliation between consolidated income from all segments and income and reconciliation between consolidated profit from all segments and profit from operating before income tax expenses for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated 2020	2019
	Million Baht	Million Baht
Income		
Consolidated income from all segments	22,951	21,319
Elimination of inter-segment income	(1,718)	(2,151)
Total income	21,233	19,168
Profit		
Consolidated profit from all segments	6,487	7,297
Elimination of inter-segment profit	-	-
Profit from operating before income tax expenses	6,487	7,297

Reconciliation between consolidated assets from all segments and total assets as at 31 December 2020 and 31 December 2019 are as follows:

	Consolidated 2020	2019
	Million Baht	Million Baht
Assets		
Consolidated assets from all segments	363,411	311,690
Elimination of inter-segment assets	-	-
Total assets	363,411	311,690

During the years ended 31 December 2020 and 2019, there is no revenue from transactions with a single external customer or counter party amounted to 10% or more of the Bank's total revenue.

The Bank and its subsidiaries operate in Thailand mainly. Only Phatra Asset Management (Cayman) Limited and Phatra Equity Market Neutral Asia Pacific Fund operate in Cayman. However, the transactions from both entities are immaterial to the consolidated financial statement. As a result, all the revenues, profits and assets as reflected in these interim financial statements pertain to the aforementioned geographical reportable.



## 46 Important positions and performance classified by type of domestic or foreign transactions

### 46.1 Position classified by type of transaction

	Consolidated					
	2020			2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Total assets	351,946,938	11,464,078	363,411,016	302,505,663	9,184,343	311,690,006
Interbank and money market items, net (Assets)	30,261,363	2,509,180	32,770,543	10,544,460	1,437,378	11,981,838
Financial assets measured at fair value through profit or loss	11,289,404	194	11,289,598	-	-	-
Investments	21,347,102	1,965,840	23,312,942	36,800,728	2,400,275	39,201,003
Loan to customer and accrued interest receivables, net	253,747,482	5,098,532	258,846,014	222,924,649	4,752,661	227,677,310
Deposits	251,525,874	-	251,525,874	172,173,559	-	172,173,559
Interbank and money market items (Liabilities)	8,762,015	1,501,855	10,263,870	15,831,411	1,507,700	17,339,111
Debt issued and borrowings	28,343,500	-	28,343,500	55,415,433	-	55,415,433

	Separate					
	2020			2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Total assets	345,940,542	8,527,756	354,468,298	292,864,410	6,351,194	299,215,604
Interbank and money market items, net (Assets)	28,803,702	2,054,084	30,857,786	11,890,416	1,384,771	13,275,187
Financial assets measured at fair value through profit or loss	6,752,638	-	6,752,638	-	-	-
Investments	20,223,133	-	20,223,133	26,973,203	-	26,973,203
Loan to customer and accrued interest receivables, net	257,544,580	5,098,532	262,643,112	226,443,263	4,752,661	231,195,924
Deposit	252,066,562	-	252,066,562	172,661,303	-	172,661,303
Interbank and money market items (Liabilities)	8,728,410	1,501,855	10,230,265	15,781,823	1,507,700	17,289,523
Debt issued and borrowings	27,757,881	-	27,757,881	53,235,324	-	53,235,324

## 46.2 Performance classified by type of transaction

	Consolidated					
	2020			2019		
	Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht	Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht
Interest income	19,261,628	322,513	19,584,141	17,684,201	352,007	18,036,208
Interest expenses	4,904,154	800	4,904,954	5,717,006	2,956	5,719,962
Net interest income	14,357,474	321,713	14,679,187	11,967,195	349,051	12,316,246
Net fee and service income	3,586,753	749,503	4,336,256	4,227,431	376,603	4,604,034
Other operating income	3,300,974	(1,083,003)	2,217,971	1,855,787	391,904	2,247,691
Other operating expenses	10,645,760	6,176	10,651,936	11,850,928	19,823	11,870,751
Profit (loss) from continuing operation before expected credit losses and income tax expenses	10,599,441	(17,963)	10,581,478	6,199,485	1,097,735	7,297,220

	Separate					
	2020			2019		
	Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht	Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht
Interest income	19,041,638	322,420	19,364,058	17,399,705	349,214	17,748,919
Interest expenses	4,946,334	800	4,947,134	5,693,757	1,320	5,695,077
Net interest income	14,095,304	321,620	14,416,924	11,705,948	347,894	12,053,842
Net fee and service income	1,932,536	-	1,932,536	2,147,493	-	2,147,493
Other operating income	4,039,403	(1,119,223)	2,920,180	2,962,789	293,235	3,256,024
Other operating expenses	8,863,105	2,454	8,865,559	10,202,624	3,577	10,206,201
Profit (loss) from continuing operation before income tax expenses	11,204,138	(800,057)	10,404,081	6,613,606	637,552	7,251,158

## 47 Interest income

Interest income for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Interbank and money market items	324,280	269,693	307,466	217,603
Investment in debt securities	477,783	620,365	433,499	546,500
Investment in receivables	-	539,744	-	212,305
Loans	8,186,718	7,352,497	8,339,943	7,525,700
Hire-purchase and financial leases	10,112,380	9,233,204	10,112,380	9,233,204
POCI loans	467,928	-	161,574	-
Others	15,052	20,705	9,196	13,607
Total interest income	19,584,141	18,036,208	19,364,058	17,748,919

## 48 Interest expenses

Interest expenses for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Deposits	3,184,969	3,203,977	3,185,279	3,204,634
Interbank and money market items	133,415	253,851	136,858	254,391
Contributions to Financial Institution Development Fund and Deposit Protection Agency	626,362	1,043,392	626,362	1,043,392
Debt issued				
- Senior securities	512,474	760,877	512,474	760,877
- Subordinated bond	385,326	365,850	385,326	365,850
- Others	14,167	30,249	-	4,912
Fees and charges on borrowings	9,288	11,256	85,287	48,671
Others	38,953	50,510	15,548	12,350
Total interest expenses	4,904,954	5,719,962	4,947,134	5,695,077

## 49 Fees and services income, net

Fees and services income, net for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Fees and services income				
- Brokerage fees	1,657,439	1,378,245	-	-
- Bancassurance fees	942,574	937,515	942,574	937,515
- Acceptance, avals and guarantees	147,741	118,833	147,741	118,833
- Others	2,359,559	2,767,106	1,029,805	1,236,773
Total fees and services income	5,107,313	5,201,699	2,120,120	2,293,121
Fees and services expenses				
- Security management fees	501,239	355,265	-	-
- Others	269,818	242,400	187,584	145,628
Total fees and services expenses	771,057	597,665	187,584	145,628
Fees and services income, net	4,336,256	4,604,034	1,932,536	2,147,493



## 50 Gain on financial instruments measured at fair value through profit or loss, net

Gain (Loss) on financial instruments measured at fair value through profit or loss, net for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Gain (loss) on trading and foreign exchange transactions				
- Foreign exchange	(293,921)	(130,508)	(293,490)	(130,045)
- Debt securities	53,865	226,413	35,518	221,591
- Equity securities	(3,606,767)	(817,245)	(1,133,641)	(88,863)
- Derivatives	4,131,167	997,921	1,720,867	231,085
Total	284,344	276,581	329,254	233,768
Gain (loss) on financial liabilities designated at fair value through profit or loss				
- Changes in fair value	(163,528)	116,862	-	-
- Gain (loss) on redemption and interest expense paid	958,117	169,075	-	-
Total	794,589	285,937	-	-
Grand total	1,078,933	562,518	329,254	233,768

## 51 Gain on investments, net

Gain on investments, net for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Gain (loss) on sale of				
Investment measured at fair value				
through other comprehensive income	49,555	-	49,555	-
- Available-for-sale investments	-	576,269	-	631,637
- General investments	-	10,000	-	(4,950)
- Investments in subsidiaries	-	(18,011)	1,164	7,413
Total	49,555	568,258	50,719	634,100
Reversal (loss) on impairment of				
- General investments	-	(190)	-	(190)
- Investments in subsidiaries	-	-	725,836	212,681
Total	-	(190)	725,836	212,491
Total gain (loss) on investments, net	49,555	568,068	776,555	846,591

The Group recognised loss on impairment due to the carrying value less than the fair value.

## 52 Other operating income

Other operating income for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Penalty income	153,854	213,075	153,854	213,075
Profit from sales of fixed assets	23,075	10,355	22,877	10,397
Other income	523,394	317,410	493,162	295,248
Total other operating income	700,323	540,840	669,893	518,720

## 53 Other expenses

Other expenses for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	2020 Thousand	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Repossessed cars expenses	343,662	316,552	343,662	316,552
Properties foreclosed expenses	52,112	57,512	52,112	57,512
Transportation expenses	125,593	159,966	116,197	145,655
Advertising and promotion expenses	143,207	392,262	123,007	367,173
Management fee of Mutual funds	6,232	11,999	-	-
Other intangible assets expenses	206,279	179,630	179,918	148,596
Other expenses	702,172	761,253	528,667	610,772
Total other expenses	1,579,257	1,879,174	1,343,563	1,646,260

## 54 Expected credit losses

Expected credit losses for the years ended 31 December 2020 are as follows:

	Consolidated	Consolidated
	2020 Thousand Baht	2019 Thousand Baht
Interbank and money market items	6,245	5,465
Loans	4,394,811	4,395,461
Investment in debt instrument measured at fair value through other comprehensive income	139	139
Loan commitments and financial guarantees	(306,568)	(306,376)
Total	4,094,627	4,094,689

During the year ended 31 December 2020, the recoverable amount of receivables which were already written-off for the period are Baht 1,355 million.

## 55 Impairment loss on loans and debt securities

Impairment loss on loans and debt securities for the year ended 31 December 2019 are as follows:

	Consolidated	Separate
	2020	2019
	Thousand Baht	Thousand Baht
Interbank and money market items	11,447	40,447
Loans	2,797,310	2,802,249
Loss for restructuring	16,862	16,862
Loss on revaluation and impairment of investments in receivables	34,036	34,738
	2,859,655	2,894,296
<u>Less</u> Bad debts recovered from loans and hire purchase receivables	(1,180,674)	(1,180,674)
Bad debts recovered from investments in receivables	(2,553)	(2,553)
Total	1,676,428	1,711,069

## 56 Income tax expenses

Income tax expenses for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Current income tax for the period	946,365	1,184,624	570,382	955,180
Adjustment in respect of current income tax of previous period	5,398	1,733	3,368	1,357
Deferred tax	391,959	121,128	465,115	137,832
Total income tax expenses	1,343,722	1,307,485	1,038,865	1,094,369

Reconciliation of effective tax rate for the years ended 31 December 2020 and 2019.

	Consolidated	
	2020	2019
	Thousand Baht	Thousand Baht
Profit before income tax expenses	6,486,851	7,297,220
Tax calculated at a tax rate of 20%	1,297,370	1,459,444
Adjustment in respect of current income tax of previous period	5,398	1,733
Income not subjected to tax	(125,265)	(243,151)
Expenses not deductible for tax purpose	166,219	89,459
Income tax expenses as statements of profit or loss and other comprehensive income	1,343,722	1,307,485

	Separate	
	2020	2019
	Thousand Baht	Thousand Baht
Profit before income tax expenses	6,309,392	7,251,158
Tax calculated at a tax rate of 20%	1,261,878	1,450,232
Adjustment in respect of current income tax of previous period	3,368	1,357
Income not subjected to tax	(240,304)	(441,130)
Expenses not deductible for tax purpose	13,923	83,910
Income tax expenses as statements of profit or loss and other comprehensive income	1,038,865	1,094,369

The weighted average income tax rate for the period ended 31 December 2020 was 20.71% and 16.47% in the consolidated and the separate financial statements, respectively (2019: 16.60% and 14.22%, respectively).

The weighted average income tax rate for the consolidated and separate financial statements changed from dividend received transactions.

## 57 Income tax relating to components of other comprehensive income (loss)

Income tax relating to components of other comprehensive income (loss) for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated					
	2020			2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Gain (loss) on debt instruments classified at fair value through other comprehensive income	115,368	(23,074)	92,294	-	-	-
Gain (loss) on remeasuring investments in receivables	-	-	-	5,625	2,869	8,494
Gain (loss) on remeasuring available-for-sale securities	-	-	-	(390,120)	78,023	(312,097)
Gain (loss) on currency translation differences	-	-	-	12,655	-	12,655
Gain (loss) on equity instruments designated at fair value through other comprehensive income	249,753	(49,574)	200,179	-	-	-
Remeasurements of post-employment benefit obligations	-	-	-	(92,729)	18,545	(74,184)
Other comprehensive income (loss)	365,121	(72,648)	292,473	(464,569)	99,437	(365,132)





	Separate					
	2020			2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Gain (loss) on debt instruments classified at fair value through other comprehensive income	115,368	(23,074)	92,294	-	-	-
Gain (loss) on remeasuring investments in receivables	-	-	-	(14,344)	2,869	(11,475)
Gain (loss) on remeasuring available-for-sale securities	-	-	-	(183,135)	36,627	(146,508)
Gain (loss) on equity instruments designated at fair value through other comprehensive income	6,335	(1,266)	5,069	-	-	-
Remeasurements of post-employment benefit obligations	-	-	-	(62,754)	12,551	(50,203)
Other comprehensive income (loss)	121,703	(24,340)	97,363	(260,233)	52,047	(208,186)

## 58 Financial instruments

### Measurement basis of financial assets and liabilities

The accounting policies in Note 3 describe how different classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of the financial assets and liabilities by category and by statement of financial position heading.

	Consolidated					
	2020					
	At fair value through profit or loss	Designated at fair value through profit or loss	At fair value through other comprehensive income	Designated at fair value through other comprehensive income	Held at Amortised cost	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Financial assets</b>						
Cash	-	-	-	-	1,490,626	1,490,626
Interbank and money market items, net	-	-	-	-	32,770,543	32,770,543
Financial assets measured at fair value through profit or loss	9,847,100	1,442,498	-	-	-	11,289,598
Derivatives assets	10,276,081	-	-	-	-	10,276,081
Investments, net	-	-	18,985,945	3,164,350	1,162,647	23,312,942
Loans to customers and accrued interest receivables, net	-	-	-	-	258,846,014	258,846,014
Accounts receivable from clearing house and broker - dealers	-	-	-	-	1,334,267	1,334,267
Securities and derivative business receivables	-	-	-	-	6,837,597	6,837,597
<b>Total financial assets</b>	20,123,181	1,442,498	18,985,945	3,164,350	302,441,694	346,157,668

	Consolidated					
	2020					
	At fair value through profit or loss	Designated at fair value through profit or loss	At fair value through other comprehensive income	Designated at fair value through other comprehensive income	Held at Amortised cost	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Financial liabilities</b>						
Deposits	-	-	-	-	251,525,874	251,525,874
Interbank and money market items, net	-	-	-	-	10,263,870	10,263,870
Liabilities payable on demand	-	-	-	-	392,712	392,712
Financial liabilities measured at fair value through profit or loss	-	896,906	-	-	-	896,906
Derivatives liabilities	8,724,685	-	-	-	-	8,724,685
Debt issued and borrowings	-	-	-	-	28,343,500	28,343,500
Lease liabilities	-	-	-	-	183,697	183,697
Accounts payable to clearing house and broker - dealers	-	-	-	-	588,026	588,026
Securities and derivative business payables	-	-	-	-	5,539,391	5,539,391
<b>Total financial liabilities</b>	<b>8,724,685</b>	<b>896,906</b>	<b>-</b>	<b>-</b>	<b>296,837,070</b>	<b>306,458,661</b>
	Separate					
	2020					
	At fair value through profit or loss	Designated at fair value through profit or loss	At fair value through other comprehensive income	Designated at fair value through other comprehensive income	Held at Amortised cost	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Financial assets</b>						
Cash	-	-	-	-	1,490,407	1,490,407
Interbank and money market items, net	-	-	-	-	30,857,786	30,857,786
Financial assets measured at fair value through profit or loss	5,310,140	1,442,498	-	-	-	6,752,638
Derivatives assets	10,251,116	-	-	-	-	10,251,116
Investments, net	-	-	18,985,945	236,292	1,000,896	20,223,133
Loans to customers and accrued interest receivables, net	-	-	-	-	262,643,112	262,643,112
<b>Total financial assets</b>	<b>15,561,256</b>	<b>1,442,498</b>	<b>18,985,945</b>	<b>236,292</b>	<b>295,992,201</b>	<b>332,218,192</b>
<b>Financial liabilities</b>						
Deposits	-	-	-	-	252,066,562	252,066,562
Interbank and money market items, net	-	-	-	-	10,230,265	10,230,265
Liabilities payable on demand	-	-	-	-	392,712	392,712
Derivatives liabilities	8,674,189	-	-	-	-	8,674,189
Debt issued and borrowings	-	-	-	-	27,757,881	27,757,881
Lease liabilities	-	-	-	-	820,206	820,206
<b>Total financial liabilities</b>	<b>8,674,189</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>291,267,626</b>	<b>299,941,815</b>

## 59 Offsetting of financial assets and liabilities

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset. The column 'net amount' shows the impact on the Group's statement of financial position if all set-off rights were exercised.

	Consolidated and Separate					
	2020					
	Effects of offsetting on the financial position			Related amounts not offset		
	Gross amounts	Gross amounts set off in the financial position	Net amounts presented in the financial position	Cash collateral	Non-cash Collateral *	Net amounts
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Financial assets</b>						
Reverse repurchase agreement	16,076,338	-	16,076,338	(49,649)	(16,026,689)	-
Derivatives assets	10,251,116	-	10,251,116	(1,398,011)	-	8,853,105
<b>Total financial assets</b>	<b>26,327,454</b>	<b>-</b>	<b>26,327,454</b>	<b>(1,447,660)</b>	<b>(16,026,689)</b>	<b>8,853,105</b>
<b>Financial liabilities</b>						
Repurchase agreement	2,704,772	-	2,704,772	(5,722)	(2,699,050)	-
Derivatives liabilities	8,674,189	-	8,674,189	(1,571,896)	-	7,102,293
<b>Total financial liabilities</b>	<b>11,378,961</b>	<b>-</b>	<b>11,378,961</b>	<b>(1,577,618)</b>	<b>(2,699,050)</b>	<b>7,102,293</b>

\* Amount of non-cash collateral is presented less than or equal to offsetting amount of 'net amounts presented in the financial position' and 'amount of cash collateral'.

## 60 Fair value

### 60.1 Fair value estimation

The fair value of financial instruments are defined into the following three different levels by valuation method as follows:

#### (a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market prices used for financial assets held by the Group are the last bid prices from the Stock Exchange of Thailand, the closing price from the Stock Exchange in overseas and settlement prices from Futures Exchange. These instruments are included in level 1.

#### (b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (over-the-counter) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

#### (c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the financial assets and liabilities that are measured at fair value at 31 December 2020 and 2019.

	Consolidated				
	2020				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Level 4
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Assets</b>					
Derivatives assets	10,276,081	-	10,276,081	-	10,276,081
Financial assets measured at fair value through profit or loss					
Government and state enterprise securities	1,137,504	-	1,137,504	-	1,137,504
Private sector's debt securities	4,328,564	-	4,172,636	155,928	4,328,564
Domestic marketable equity securities	5,823,336	5,823,336	-	-	5,823,336
Foreign marketable equity securities	194	194	-	-	194
Investment, net					
Government and state enterprise securities	18,358,842	-	18,358,842	-	18,358,842
Private sector's debt securities	627,103	-	627,103	-	627,103
Domestic marketable equity securities	507,567	507,567	-	-	507,567
Foreign marketable equity security	1,721,828	1,721,828	-	-	1,721,828
Domestic non-marketable equity securities	690,943	-	11,091	679,852	690,943
Foreign non-marketable equity security	244,012	-	-	244,012	244,012
Securities borrowing and lending receivables	1,597,907	1,597,907	-	-	1,597,907
<b>Total assets</b>	<b>45,313,881</b>	<b>9,650,832</b>	<b>34,583,257</b>	<b>1,079,792</b>	<b>45,313,881</b>
<b>Liabilities</b>					
Financial liabilities designated at fair value through profit or loss	896,906	-	896,906	-	896,906
Derivatives liabilities	8,724,685	-	8,724,685	-	8,724,685
Securities borrowing and lending payables	2,354,990	2,354,990	-	-	2,354,990
<b>Total liabilities</b>	<b>11,976,581</b>	<b>2,354,990</b>	<b>9,621,591</b>	<b>-</b>	<b>11,976,581</b>

During the year, the Group transferred fair value hierarchy level of derivative warrants from level 1 into level 2 to better reflect the value of the instruments at the end of reporting date.

Consolidated					
2019					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Level 4
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Assets</b>					
Derivatives assets	4,121,421	-	4,121,421	-	4,121,421
Trading securities and securities designated at fair value through profit or loss					
Government and state enterprise securities	3,714,651	-	3,714,651	-	3,714,651
Private sector's debt securities	1,468,027	-	1,468,027	-	1,468,027
Domestic marketable equity securities	11,912,883	11,912,883	-	-	11,912,883
Foreign marketable equity securities	7,313	7,313	-	-	7,313
Available-for-sale securities					
Government and state enterprise securities	17,162,997	-	17,162,997	-	17,162,997
Private sector's debt securities	1,015,812	-	1,015,812	-	1,015,812
Domestic marketable equity securities	278,674	278,674	-	-	278,674
Foreign marketable equity security	2,243,622	2,243,622	-	-	2,243,622
Investments in receivables, net	1,619,449	-	-	1,619,449	1,619,449
<b>Total assets</b>	<b>43,544,849</b>	<b>14,442,492</b>	<b>27,482,908</b>	<b>1,619,449</b>	<b>43,544,849</b>
<b>Liabilities</b>					
Financial liabilities designated at fair value through profit or loss	3,498,702	-	3,498,702	-	3,498,702
Derivatives liabilities	4,038,272	-	4,038,272	-	4,038,272
<b>Total liabilities</b>	<b>7,536,974</b>	<b>-</b>	<b>7,536,974</b>	<b>-</b>	<b>7,536,974</b>
Separate					
2020					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Level 4
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Assets</b>					
Derivatives assets	10,251,116	-	10,251,116	-	10,251,116
Financial assets measured at fair value through profit or loss					
Government and state enterprise securities	1,137,504	-	1,137,504	-	1,137,504
Private sector's debt securities	4,172,635	-	4,172,635	-	4,172,635
Domestic marketable equity securities					
Investments, net	1,442,498	1,442,498	-	-	1,442,498
Government and state enterprise securities	18,358,842	-	18,358,842	-	18,358,842
Private sector's debt securities	627,103	-	627,103	-	627,103
Domestic marketable equity securities	16,838	16,838	-	-	16,838
Domestic non-marketable equity	219,454	-	-	219,454	219,454
<b>Total assets</b>	<b>36,225,990</b>	<b>1,459,336</b>	<b>34,547,200</b>	<b>219,454</b>	<b>36,225,990</b>
<b>Liabilities</b>					
Derivatives liabilities	8,674,189	-	8,674,189	-	8,674,189
<b>Total liabilities</b>	<b>8,674,189</b>	<b>-</b>	<b>8,674,189</b>	<b>-</b>	<b>8,674,189</b>

Separate					
2019					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Level 4
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Assets</b>					
Derivatives assets	4,057,333	-	4,057,333	-	4,057,333
Trading securities and securities designated at fair value through profit or loss					
Government and state enterprise securities	3,714,651	-	3,714,651	-	3,714,651
Private sector's debt securities	1,468,027	-	1,468,027	-	1,468,027
Domestic marketable equity securities	2,589,165	2,589,165	-	-	2,589,165
Available-for-sale securities					
Government and state enterprise securities	17,162,997	-	17,162,997	-	17,162,997
Private sector's debt securities	1,015,812	-	1,015,812	-	1,015,812
Domestic marketable equity securities	5,416	5,416	-	-	5,416
Investments in receivables, net	363,319	-	-	363,319	363,319
<b>Total assets</b>	<b>30,376,720</b>	<b>2,594,581</b>	<b>27,418,820</b>	<b>363,319</b>	<b>30,376,720</b>
<b>Liabilities</b>					
Derivatives liabilities	4,011,189	-	4,011,189	-	4,011,189
<b>Total liabilities</b>	<b>4,011,189</b>	<b>-</b>	<b>4,011,189</b>	<b>-</b>	<b>4,011,189</b>

There were no transfers between Levels 1 and 2 during the year.

The following table presents the financial assets and liabilities that are not measured at fair value at 31 December 2020 and 2019.

Consolidated					
2020					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Level 4
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Assets</b>					
Interbank and money market items, net	32,770,543	32,770,543	-	-	32,770,543
Loans to customers and accrued interest receivables, net	258,846,014	-	257,850,809	-	257,850,809
Investments measured at amortised cost	1,162,647	-	1,193,157	-	1,193,157
Account receivable from clearing house and broker - dealers	1,334,267	-	1,334,267	-	1,334,267
Securities and derivative business receivables	5,239,690	-	5,239,690	-	5,239,690
<b>Total assets</b>	<b>299,353,161</b>	<b>32,770,543</b>	<b>265,617,923</b>	<b>-</b>	<b>298,388,466</b>
<b>Liabilities</b>					
Deposits	251,525,874	-	251,624,441	-	251,624,441
Interbank and money market items, net	10,263,870	10,263,870	-	-	10,263,870
Liabilities payable on demands	392,712	-	392,712	-	392,712
Debt issued and borrowings	28,343,500	-	26,023,426	2,455,830	28,479,256
Accounts payable to clearing house and broker - dealers	588,026	-	588,026	-	588,026
Securities and derivative business payables	3,184,401	-	3,184,401	-	3,184,401
Accrued interest payable	467,833	-	467,833	-	467,833
<b>Total liabilities</b>	<b>294,766,216</b>	<b>10,263,870</b>	<b>282,280,839</b>	<b>2,455,830</b>	<b>295,000,539</b>



Consolidated					
2019					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Level 4
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Assets</b>					
Interbank and money market items, net	11,981,838	11,981,838	-	-	11,981,838
Derivative assets*	177,117	-	219,531	-	219,531
Loans to customers and accrued interest receivables, net	227,677,310	-	226,376,123	-	226,376,123
Held-to-maturity securities	1,220,624	-	1,266,411	-	1,266,411
General investments	176,400	-	-	385,273	385,273
Account receivable from clearing house	4,056,938	-	4,056,938	-	4,056,938
Securities and derivative business receivables	4,620,082	-	4,620,082	-	4,620,082
<b>Total assets</b>	<b>249,910,309</b>	<b>11,981,838</b>	<b>236,539,085</b>	<b>385,273</b>	<b>248,906,196</b>
<b>Liabilities</b>					
Deposits	172,173,559	-	171,733,144	-	171,733,144
Interbank and money market items, net	17,339,111	17,339,111	-	-	17,339,111
Liabilities payable on demands	377,326	-	377,326	-	377,326
Derivative liabilities*	4,038,272	-	4,038,272	-	4,038,272
Debt issued and borrowings	55,415,433	-	52,905,832	2,742,880	55,648,712
Accounts payable to clearing house	614,271	-	614,271	-	614,271
Securities and derivative business payables	3,868,461	-	3,868,461	-	3,868,461
Accrued interest payable	745,793	-	745,793	-	745,793
<b>Total liabilities</b>	<b>254,572,226</b>	<b>17,339,111</b>	<b>234,283,099</b>	<b>2,742,880</b>	<b>254,365,090</b>

\* Derivatives for hedging of transactions

Separate					
2020					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Level 4
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Assets</b>					
Interbank and money market items, net	30,857,786	30,857,786	-	-	30,857,786
Loans to customers and accrued interest receivables, net	262,643,112	-	259,151,040	-	259,151,040
Investments measured at amortised cost	1,000,896	-	1,031,406	-	1,031,406
<b>Total assets</b>	<b>294,501,794</b>	<b>30,857,786</b>	<b>260,182,446</b>	<b>-</b>	<b>291,040,232</b>
<b>Liabilities</b>					
Deposits	252,066,562	-	252,165,129	-	252,165,129
Interbank and money market items, net	10,230,265	10,230,265	-	-	10,230,265
Liabilities payable on demands	392,712	-	392,712	-	392,712
Debt issued and borrowings	27,757,881	-	26,023,426	1,870,212	27,893,638
Accrued interest payable	467,833	-	467,833	-	467,833
<b>Total liabilities</b>	<b>290,915,253</b>	<b>10,230,265</b>	<b>279,049,100</b>	<b>1,870,212</b>	<b>291,149,577</b>



	Separate				
	2019				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Level 4
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Assets</b>					
Interbank and money market items, net	13,275,187	13,275,187	-	-	13,275,187
Derivative assets	177,117	-	219,531	-	219,531
Loans to customers and accrued interest receivables, net	231,195,924	-	229,894,738	-	229,894,738
Held-to-maturity securities	1,001,666	-	1,047,453	-	1,047,453
General investment	15,469	-	-	224,342	224,342
<b>Total assets</b>	<b>245,665,363</b>	<b>13,275,187</b>	<b>231,161,722</b>	<b>224,342</b>	<b>244,661,251</b>
<b>Liabilities</b>					
Deposits	172,661,303	-	172,220,857	-	172,220,857
Interbank and money market items, net	17,289,523	17,289,523	-	-	17,289,523
Liabilities payable on demands	377,326	-	377,326	-	377,326
Debt issued and borrowings	53,235,324	-	50,725,723	2,742,880	53,468,603
Accrued interest payable	745,793	-	745,793	-	745,793
<b>Total liabilities</b>	<b>244,309,269</b>	<b>17,289,523</b>	<b>224,069,699</b>	<b>2,742,880</b>	<b>244,102,102</b>

\* Derivatives for hedging of transactions

There were no transfers between Levels 1 and 2 during the year.

Other financial instruments not carried at fair value are typically short-term in nature and reprice to current market rate frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. This includes saving deposits and current deposits presented as both interbank and money market assets and liabilities items, account receivable from clearing house and broker-dealers, securities and derivative business receivables, liabilities payable on demand, account payable to cleaning house and broker-dealers and securities and derivative business payables.

Fair value of the following assets and liabilities is estimated for the purpose of disclosure as described below;

#### Loans to customers and accrued interest receivable, net

For floating rate loans, the fair value is equal to the carrying amount.

For fixed rate loans which are not classified as credit-impaired loans, the fair value is equal to the present value of future cash flows discounted by the effective interest of loans with similar features.

For non-performing fixed rate loans, the fair value is equal to the carrying amount.

#### Interbank and money market items

The interbank and money market items (assets) are loans to financial institutions which are short-term or at call. Accordingly, their carrying amount is a reasonable approximation of fair value.

The interbank and money market items (liabilities) are borrowing and fixed deposits which are short-term. Accordingly, their carrying amount is a reasonable approximation of fair value.



### **Deposits**

For saving and current deposits, the fair value is estimated by using carrying amount.

For fixed deposits and certificate of deposit, the fair value is estimated by using discounted cash flow applying current rates offered for fixed deposits of similar remaining maturities.

### **Debt issued and borrowings**

The fair value of debt issued, and borrowings is estimated by using quoted prices or yields of the Thai Bond Association at the statement of financial positions. In case of there is no active market price or borrowing portion of structured notes, the fair value is estimated by using present value of cash flows discounted by interest rate which reflects the Bank credit risk.

### **Accrued interest payable**

The carrying amount of accrued interest payable in the statement of financial positions approximates to fair value.

### **Investments measured at amortised cost**

The fair value of investments measured at amortised cost is of government securities and private's sector debt securities is estimated by using the average bidding yields and mark-to-market yield of the Thai Bond Association at the statement of financial positions.

### **General investments (Only for 2019)**

The fair value of general investments, where quoted market prices at the statement of financial positions date are not available, is determined by applying net asset-based valuation method.

## **60.2 Valuation techniques used to derive Level 2 fair values**

Level 2 trading and hedging derivatives comprise of ;

- Forward foreign exchange contracts and foreign exchange swaps which are fair valued based on forward rate of foreign currency against Thai Baht and discounted with Thai Baht interest rate.
- Interest rate swap and cross currency swap are fair valued based on the cash flows from contract rate (for fixed interest rate) or forward rate (for floating rate) and discounted with interest rate in each currency which can be obtained from observable market.
- Equity linked swap is fair valued based on each component in contracts. For equity component, the fair value is measured by using the last bid price quoted by the Stock Exchange of Thailand. For accrued dividend payable or receivable, the fair value is measured based on the expected cash inflow or outflow. For interest component, the fair value measurement is calculated the same method with interest rate swap contracts.
- The fair value of the option that is embedded with the structured note is calculated by using internal valuation model which valuation inputs are mainly observable.

The counterparty risk from derivative transactions is taken into account when reporting the fair value of derivative positions. The adjustment to the fair value is known as the credit value adjustment ('CVA').

Level 2 debt investments of marketable securities are fair valued based on the average bidding yields or mark-to-market yield of the Thai Bond Market Association under discounted cash flow model.

Level 2 investments in mutual funds are fair valued based on unit prices published by asset management companies.

### 60.3 Fair value measurements using significant unobservable inputs (Level 3)

#### Non-marketable equity securities

	Consolidated	Separate
	2020	2019
	Thousand Baht	Thousand Baht
Opening balance	176,400	15,469
Impact of first-time adoption of new accounting standard	247,162	208,873
Purchased	522,226	-
Gain (loss) recognised in other comprehensive income	(10,833)	(4,888)
Closing balance	934,955	219,454

There was no changes in fair value basis and estimation during the period.

#### Convertible Bond

	Consolidated
	2020
	Thousand Baht
Purchased	150,000
Gain (loss) recognised in profit and loss	5,928
Closing balance	155,928

#### Investment in loan

	Consolidated	Separate
	2020	2019
	Thousand Baht	Thousand Baht
Opening balance	1,769,505	472,574
Transfer out or repayment	(124,776)	(63,303)
Loss recognised in profit and loss	(30,905)	(31,607)
Gain (loss) recognised in other comprehensive income	5,625	(14,345)
Closing balance	1,619,449	363,319



## 60.4 Group's valuation processes

### Non-marketable equity securities

The Group using 2 methods to measure the fair value of non-marketable equities security as follows:

- a) Dividend Discount Model for non-marketable equity securities and the Group expects to receive a return from the investment.
- b) Reference price from net asset value for non-marketable equity securities and the Group does not expect to receive a return from the investment.

The recoverable amount of this equity investment is determined by the Dividend Discount Model. This calculation used the dividend received projection based on financial budgets covering a ten-year period which are referred from the future business plan of the company together with the estimated growth rates of market and the company which management believes that it can reflect their business plan. For the dividend and cash flow forecast beyond 10 years, the Group estimates the terminal growth rate of 1 - 2 percent per year and the discount rate of 12.5 - 14 percent per year.

The change in dividend discount rate and dividend growth rate increased by 1% or decreased by 1% can affect on profit or loss in the consolidated and the separate financial information as follows:

	Consolidated	
	2020	
	Discount Rate	Dividend Discount Rate
	Million Baht	Million Baht
Rate increased 1%	(76.29)	38.02
Rate decreased 1%	91.05	(32.00)

### Convertible Bond

Convertible bond value is equivalent to the higher value of bond component (bond floor) or conversion value. The valuation concept of bond floor and conversion value could be summarised as follows:

- Bond Floor is calculated by discounting all cash flows received which consist of coupon and principal at the end of maturity. Discount rate, which could not be observed from the market, would be calculated by using the combination of credit spread on issued date and government bond yield. For each valuation date, government bond yield component would be varied based on market while credit spread would be the same on issued date. Bond floor value is 152.21 MTHB.
- Conversion Value: is calculated by multiplying convertible shares with price per share which determined by the Discounted Cash Flows Model. This calculation used the projection based on financial budgets covering a ten-year period which are referred from the future business plan of the company together with the estimated growth rates of market and the company which management believes that ten years period can reflect their business plan. The discount rate uses are 12.5% and cash flows beyond the ten-year extrapolation uses the estimated growth rate of 1.0%. The conversion value is 155.93 MTHB.

Convertible bond value is Baht 155.93 million which is the higher of conversion value (Baht 155.93 million) and bond floor (Baht 152.21 million)

The sensitivity analysis of fair value based on the increase and decrease by 1 percent in cash flow growth rate beyond 10 years and discount rate to profit and loss which recognised in statement of profit or loss and other comprehensive incomes is as follows;

	Consolidated	
	2020	
	Discount Rate Million Baht	Dividend Discount Rate Million Baht
Rate increased 1%	(3.72)	9.81
Rate decreased 1%	21.42	(3.72)

Convertible bond sensitivity would be determined by sensitivity of conversion value and bond floor. The above table shows sensitivity of convertible bond value, which is determined by conversion value in this case, with respect to change in discount rate and terminal growth rate. Any value less than bond floor would be floored at Baht 152.21 million.

The following table presents the summary of quantitative information that significant unobservable in Level 3.

Measurement		Consolidated Fair value	Separate Fair value	Unobservable information
		2020	2020	
		Thousand Baht	Thousand Baht	
Financial assets measurement at fair value through profit or loss				
- Debt securities	The higher value of bond component (bond floor) or conversion value	155,928	-	Discount rate and cash flow growth rate
Investment in security	Dividend Discount Model	244,012	-	Dividend discount rate and dividend growth rate
- Non-marketable equity securities	Reference price from net asset value	690,943	219,454	No significant unobservable information
		1,090,883	219,454	



### Investment in loan

The main Level 3 input used by the Group pertains to the estimated discounted cash flow projections of expected cash receive from debtor and selling of collateral with the expected selling period but not exceeding the balance in the original contract. The discount rate is estimated based on current market asments of the time value of money, risk adjusted and in line with the related BOT's notification which are at the rates between 7% to 18% per annum.

If the change in the discount rate shifted +1 or -1%, the impact on profit or loss in the consolidated and the separate interim financial information will be as follows:

	Consolidated	Separate
	2019	2019
	Million Baht	Million Baht
Discount rate increased 1%	(47)	(12)
Discount rate decreased 1%	39	13

The Group reviews fair value of assets at the end of each month by using fair value of collaterals. The collaterals are appraised every 3 years and uses the discount rate announced by the BOT regulations.

## 61 Subsequent events

On 25 February 2021, the Board of directors Meeting of the Bank No.2/2021 approved the resolution regarding the payment of dividend for the year of 2020 at the rate of Baht 2.25 per share and the remaining amount will be paid on 20 May 2021.

On 22 February 2021, the Board of directors Meeting of KKP Capital Public Company Limited ("the subsidiary") approved the resolution regarding the payment of dividend for the year of 2020 at the rate of Baht 4.50 per share, a part of which had been paid as interim dividend at the rate of Baht 2.00 per share and the remaining amount will be paid on 30 April 2021 at the rate of Baht 2.50 per share.

On 22 February 2021, the Board of directors Meeting of Kiatnakin Phatra Securities Public Company Limited, a subsidiary company of KKP Capital Public Company Limited, approved the resolution regarding the payment of dividend for the year of 2020 at the rate of Baht 4.50 per share, a part of which had been paid as interim dividend at the rate of Baht 2.00 per share and the remaining amount will be paid on 28 April 2021 at the rate of Baht 2.50 per share.

On 22 February 2021, the Board of directors Meeting of Kiatnakin Phatra Asset Management Company Limited, a subsidiary company of KKP Capital Public Company Limited, approved the resolution regarding the payment of dividend for the year of 2020 at the rate of Baht 13.00 per share, a part of which had been paid as interim dividend at the rate of Baht 7.00 per share and the remaining amount will be paid on 28 April 2021 at the rate of Baht 6.00 per share.

# Attachment



## **Profiles of the Directors, Executives, Controlling Persons, Chief Financial Officer, Accounting Head and Corporate Secretary**

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Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
1. Mr. Supol Wattanavekin	65	<ul style="list-style-type: none"> <li>Master of Business Administration (Executive) Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>Bachelor of Laws Ramkhamhaeng University</li> </ul>	Ms.Thitinan Wattanavekin's brother	13,676,850 (1.62)	<b>Kiatnakin Phatra Financial Group</b>		Kiatnakin Phatra Bank Public Company Limited
<ul style="list-style-type: none"> <li>Chairman of the Board of Directors<sup>†1</sup></li> <li>Chairman of the Risk Oversight Committee</li> </ul>					2011 - present	Chairman of the Board of Directors	
					May 2019 - present	Chairman of the Risk Oversight Committee	
					2012 - present	Advisor of the Executive Committee	
					2003 - May 2019	Chairman of the Risk Management Committee	
					<b>Other Listed Companies</b>		
					2004 - present	Director	The Erawan Group Public Company Limited
					<b>Non-Listed Companies</b>		
					Apr 2019 - present	Director	WeEat Company Limited
					2017 - present	Director	Eastern Sugar Company Limited
					2015 - present	Director	Ruamwanthana Company Limited
					1990 - present	Chairman of the Board of Directors	BOT Lease (Thailand) Company Limited

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years	
					Period	Position  Organization/ Company Name
		<ul style="list-style-type: none"> <li>Chairman Forum 2/2013</li> <li>Role of the Chairman's business code of conduct</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Financial Institution Governance Program (FGP 2/2011)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Financial sector Restructuring in Thailand:</li> <li>From present to the future (Special Seminar 1/2010)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>The 5<sup>th</sup> SEACEN / ABAC / ABA / PECC Public Private Dialogue for the Asia Pacific Region (2009)</li> <li>The South East Asia Central Bank Research and Training Center, Malaysia</li> <li>Corporate Governance Report of Thai Listed Companies (2007)</li> <li>Thai Listed Companies Association</li> <li>Leadership, Strategic Growth and Change (2006)</li> <li>Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>Organizing and Managing Strategic Alliances for Success and Profit (2006)</li> <li>Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>Director Certification Program (DCP 76/2006)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Director Accreditation Program (DAP 56/2006)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Orchestrating Winning Performance (2005)</li> <li>IMD International, Switzerland</li> <li>Board &amp; CEO Assessment (2003),</li> <li>Thai Institute of Directors Association (IOD)</li> <li>The Role of the Chairman Program (RCP 1/2000)</li> <li>Thai Institute of Directors Association (IOD)</li> </ul>				

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
2. Mrs. Dayana Bunnag <sup>1</sup>	68	<ul style="list-style-type: none"> <li>Master of Business Administration University of Texas, Austin, U.S.A.</li> <li>Bachelor of Economics (2<sup>nd</sup> Class Honors) Chulalongkorn University</li> </ul>	None	None	Kiatnakin Phatra Financial Group		
					2012 - present	Independent Director Chairperson of the Audit Committee	Kiatnakin Phatra Bank Public Company Limited
<sup>1</sup> Appointed effective on April 23, 2015		<b>Training Programs:</b> <ul style="list-style-type: none"> <li>Risk Management Program for Corporate Leaders (RCL 17/2019)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>IT Governance and Cyber Resilience Program (ITG 10/2019)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Bangkok Sustainable Banking Forum 2019: An Industry Wake-up Call Bank of Thailand (BOT)</li> <li>Audit Committee Forum "Upcoming Financial Reporting Standards (TFRS 9, 15 and 16): Major Changes of Financial Reporting" (2018) KPMG In Thailand</li> <li>Bangkok Fin Tech Fair 2018: SME and Consumer Financial Solutions Bank of Thailand (BOT)</li> <li>Seminar: Cyber Resilience Leadership (2017) Bank of Thailand (BOT)</li> <li>Independent Director Forum 2017 "Updated COSO Enterprise Risk Management : Integrating with Strategy and Performance"</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Advance Audit Committee Program (AACP 25/2017)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Director Certification Program Update (DCPU 5/2015)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Corporate Governance for Capital Market Intermediaries (CGI 4/2015)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Role of the Nomination and Governance Committee (RNG 4/2013)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Capital Market Academy Leadership Program (CMA11/2011) Capital Market Academy</li> <li>Role of the Compensation Committee (RCC 11/2010)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Director Certification Program (DCP 2/2000)</li> <li>Thai Institute of Directors Association (IOD)</li> </ul>	None	None	Other Listed Companies		
					None		
					Non-Listed Companies		
					Aug 2020 - July 2021	Advisor to the Risk Management Committee of the University, 2020 Member of the Human Resources Steering Committee	Bangkok University
					2012 - present	Advisor to the President Vice Chairperson of the Executive Committee	
					2018 - present	Director	Eduvision Company Limited
					2014 - present	Chairperson of the Compliance and Audit Committee	Ocean Life Insurance Public Company Limited
					2012 - present	Independent Director	
					2005 - present	Director	Buranburi Security Guard Company Limited
					2015 - 2018	Member of the Investment Sub -Committee	National Savings Fund
					2012 - 2017	Member of Committee on Consideration of Guidelines for Investment of Insurance Companies in Other Businesses	Office of Insurance Commission

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
3. Mr. Chet Pattrakornkul  • Independent Director <sup>1/</sup> • Chairman of the Compliance and Governance Committee  • Member of the Audit Committee  • Member of the Nomination and Remuneration Committee  <sup>1/</sup> Appointed effective on April 7, 2005	72	<ul style="list-style-type: none"><li>• Fund Manager Course<ul style="list-style-type: none"><li>- Course 1/1996</li><li>- Refresher Course 7/2005</li><li>- Refresher Course 11 (2/2007)</li><li>- Refresher Course 15 (2/2009)</li></ul></li><li>• Association of Investment Management Companies</li></ul>			2012 - 2017	Member of Committee on Consideration of Draft Insurance Commission Declarations	Office of Insurance Commission
					Feb - Apr 2016	Director of the Pension Integration Committee	Ministry of Finance
					2015 - 2016	Director Member of the Audit Committee	Metropolitan Electronic Authority
					Jul - Nov 2014	Director Member of the Audit Committee	
	<b>Kiatnakin Phatra Financial Group</b>						
				50,000 (0.01)	2011 - present	Chairman of the Compliance and Governance Committee	Kiatnakin Phatra Bank Public Company Limited
					2007 - present	Member of the Audit Committee	
					2006 - present	Member of the Nomination and Remuneration Committee	
					2006 - present	Independent Director	
					2005 - 2006	Director	
<b>Other Listed Companies</b>							
None							
<b>Non-Listed Companies</b>							
				2005 - present	Advisor	Thai Hire - Purchase Association	



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
		<ul style="list-style-type: none"><li>Independent Director Forum 2017</li><li>"Update COSO Enterprise Risk Management : Integrating with strategy and performance"</li><li>Thai Institute of Directors Association (IOD)</li><li>Boards that Make a Difference (BMD 5/2017)</li><li>Thai Institute of Directors Association (IOD)</li><li>Forum for director: Nomination Committee Best Practice Guideline (1/2017)</li><li>Thai Institute of Director Association (IOD)</li><li>Audit Committee Forum: The Audit Committee's Role in Compliance and Ethical Culture Oversight (1/2017)</li><li>Thai Institute of Directors Association (IOD)</li><li>Forum for director: Corporate Governance Code (2016)</li><li>Thai Institute of Directors Association (IOD)</li><li>Corporate Governance for Capital Market Intermediaries (CGI 10/2015)</li><li>Thai Institute of Directors Association (IOD)</li><li>CG Forum 1/2015 "CG in Substance Corporate Culture and CG Principles"</li><li>The Stock Exchange of Thailand (SET)</li><li>Director Certification Program Update (DCPU 1/2014)</li><li>Thai Institute of Directors Association (IOD)</li><li>Financial Institutions Governance Program (FGP 2013)</li><li>Thai Institute of Directors Association (IOD)</li><li>CG Forum 4/2013 "The Updated COSO 's 2013 Integrated Internal Control: what the Board and Managements should do"</li><li>Thai Institute of Directors Association (IOD)</li><li>The 2<sup>nd</sup> National Director Conference 2013</li><li>"Board Leadership Evolution"</li><li>Thai Institute of Directors Association (IOD)</li><li>Role of the Nomination and Governance Committee (RNG 1/2011)</li><li>Thai Institute of Directors Association (IOD)</li><li>Financial Institutes Reform in Thailand from Present to the Future (2010)</li><li>Thai Institute of Directors Association (IOD)</li><li>Economy After the Crisis (2010)</li><li>Thai Institute of Director Association (IOD)</li><li>The Board 's Role on Fraud Prevention and Detection (2010)</li><li>Thai Institute of Directors Association (IOD)</li><li>Monitoring the System of Internal Control and Risk Management (MIR 5/2009)</li><li>Thai Institute of Directors Association (IOD)</li></ul>					

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
4. Mr. Pongtep Polanun Independent Director <sup>†1</sup>	66	<ul style="list-style-type: none"> <li>Monitoring of the Quality of Financial Reporting (MFR 7/2009)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Monitoring Fraud Risk Management (MFM 1/2009)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Board and Director Performance Evaluation (R-WS workshop 2/2008)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Corporate Governance Report of Thai Listed Companies (2007)</li> <li>Thai Listed Companies Association</li> <li>Monitoring the Internal Audit Function (MIA 1/2007)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Audit Committee Program (ACP 17/2007)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Role of the Compensation Committee (RCC 1/2006)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>DCP Refresher Course (DCP 3/2006)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Director Certification Program DCP 9/2001</li> <li>Thai Institute of Directors Association (IOD)</li> </ul>	None	488 (0.00)	Kiatnakin Phatra Financial Group		
					2012 - present	Independent Director	Kiatnakin Phatra Bank Public Company Limited
					2010 - 2012	Independent Director Member of the Audit Committee	Phatra Capital Public Company Limited
					2003 - 2012	Independent Director Member of the Audit Committee	Phatra Securities Public Company Limited
					Other Listed Companies		
					2016 - present	Chairman of the Nomination and Remuneration Committee	Advanced Information Technology Public Company Limited
					2003 - present	Vice Chairman of the Board of Directors Independent Director Member of the Audit Committee	
					Training Programs:		
					<ul style="list-style-type: none"> <li>Seminar: Director Briefing 1/2018</li> <li>"Start Less, Finish More: Building Strategic Agility with Objectives and Key Results"</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Seminar: Cyber Resilience Leadership (2017)</li> <li>Bank of Thailand (BOT)</li> <li>Director Accreditation Program (DAP 36/2005)</li> <li>Thai Institute of Directors Association (IOD)</li> </ul>		
					<sup>†1</sup> Appointed effective on April 26, 2012		

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
5. Mr. Veravat Chuticheipong <sup>†</sup> • Independent Director <sup>†</sup> • Member of the Audit Committee • Chairman of the Nomination and Remuneration committee  <sup>†</sup> Appointed effective on November 30, 2016	60	<ul style="list-style-type: none"> <li>Master of Business Administration (Finance) New York University, U.S.A.</li> <li>Bachelor of Engineering (Civil Engineering) Chulalongkorn University</li> </ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"> <li>Seminar: Cyber Resilience Leadership (2017) Bank of Thailand (BOT)</li> <li>Corporate Governance for Capital Market Intermediaries (CGI 15/2016)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Director Accreditation Program (DAP 40/2005)</li> <li>Thai Institute of Directors Association (IOD)</li> </ul>	None	629,739 (0.07)	2013 - 2014	Advisor to Managing Director	Muang Thai Insurance Public Company Limited
					2010 - 2011	Advisor to Managing Director	
					2010 - 2011	Director	Krung Thai Bank Public Company Limited
					2000 - 2012	Advisor to Managing Director	The Royal Ceramic Industry Public Company Limited
					<b>Non-Listed Companies</b>		
					2007 - present	Director	K S P Square Company Limited
					2010 - 2012	Chairman of the Board of Directors	Krung Thai IBJ Leasing Company Limited
					<b>Kiatnakin Phatra Financial Group</b>		
					2017 - present	Chairman of the Nomination and Remuneration Committee	Kiatnakin Phatra Bank Public Company Limited
					2016 - present	Member of the Audit Committee	
					2012 - 2013	Independent Director	
					2010 - 2016	Director	Phatra Capital Public Company Limited
					2011 - 2016	Chairman of the Audit Committee	Phatra Securities Public Company Limited
					2003 - 2016	Director	
					<b>Other Listed Companies</b>		
					2016 - present	Independent Director	Central Pattana Public Company Limited
					2016 - present	Member of the Audit Committee	

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
6. Mr. Suvit Mapaisansin  • Director <sup>1/</sup> • Member of the Nomination and Remuneration Committee • Member of the Compliance and Governance Committee  <sup>1/</sup> Appointed effective on September 12, 2012	61	• Master of Business Administration (Finance & international Business) Sasin Graduate Institute of Business Administration of Chulalongkorn University • Bachelor of Economics Chulalongkorn University  <b>Training Programs:</b> • Seminar Cyber Resilience Leadership Workshop "Mission in Action" (2019) Bank of Thailand (BOT) • Seminar: Director Briefing 1/2018 "Start Less, Finish More: Building Strategic Agility with Objectives and Key Results" Thai Institute of Directors Association (IOD) • Seminar: Cyber Resilience Leadership (2017) Bank of Thailand (BOT) • Corporate Governance for Capital Market Intermediaries (CGI 5/2015) Thai Institute of Directors Association (IOD) • Audit Committee Program (ACP 37/2011) Thai Institute of Directors Association (IOD) • Director Certification Program (DCP 12/2001) Thai Institute of Directors Association (IOD)	None	779,406 (0.09)	Non-Listed Companies		
					2014 - present		
					Chairman of the Board of Directors		
					Aksorn Education Public Company Limited		
					2010 - present		
					Director		
					Alpha Absolute Company Limited		
					Kiatnakin Phatra Financial Group		
					May 2019 - present		
					Member of the Compliance and Governance Committee		
					Kiatnakin Phatra Bank Public Company Limited		
					2016 - present		
					Member of the Nomination and Remuneration Committee		
					2012 - present		
					Director		
2012 - 2016							
Member of the Executive Committee							
2010 - present							
Director							
KKP Capital Public Company Limited							
2010 - 2012							
Executive Director							
2003 - present							
Director							
Kiatnakin Phatra Securities Public Company Limited							
2017 - 2018							
Chairman of the Audit Committee							
2012 - 2017							
Member of the Audit Committee							
2009 - 2012							
Executive Director							
2012 - 2015							
Chairman of the Board of Directors							
Phatra Asset Management Company Limited							
Other Listed Companies							
2015 - present							
Independent Director							
GMM Grammy Public Company Limited							
Member of the Audit Committee							

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
					2011 - 2017	Independent Director Member of the Audit Committee	Golden Lime Public Company Limited
					2011 - 2012	Chairman of the Audit Committee	Krungthai Card Public Company Limited
					2009 - 2012	Independent Director	
Non-Listed Companies							
					2018 - present	Director	Alpha Absolute Company Limited
					2015 - 2019	Director	Techcare International Company Limited
					2012 - 2015	Chairman of the Board of Directors	KKTRADE Securities Company Limited
					2009 - 2019	Director	RPIC Pte. Ltd.
					2008 -2019	Director	Ruamphon Phatra International Corp.

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
7. Prof.Dr. Anya Khanthavit  • Director <sup>†</sup> • Member of the Risk Oversight Committee  <sup>†</sup> Appointed effective on April 24, 2017	58	<ul style="list-style-type: none"> <li>Ph.D., International Business and Finance, New York University, U.S.A.</li> <li>M.Phil. (Alpha Gamma Sigma), International Business and Finance, (Honors) New York University, U.S.A.</li> <li>M.Sc. Transportation Management, (Honors) State University of New York Maritime College, U.S.A.</li> <li>Bachelor of Accounting Thammasat University</li> </ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"> <li>Leading Your Business through Uncertainties (2020)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Bangkok Sustainable Banking Forum 2019: An Industry Wake-up Call Bank of Thailand (BOT)</li> <li>Cyber Resilience Leadership Workshop "Mission in Action" Bank of Thailand (BOT)</li> <li>Audit Committee Forum: Strategic Audit Committee: Beyond Figure and Compliance" (2019)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>IT Governance and Cyber Resilience Program (ITG 10/2019)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Strategic Board Master Class (SBM 5/2018)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Study trip for the development and planning energy at Germany, Kingdom of Spain and the French Republic (2018)</li> <li>The Electricity Generating Authority of Thailand</li> <li>Value Creation and Enhancement for Listed Companies with the New COSO 2017 Enterprise Risk Management (ERM) Faculty of Commerce and Accountancy Thammasat University with the Stock Exchange of Thailand</li> <li>Capital Market Academy Leadership Program (CMA 23/2016)</li> <li>Capital Market Academy</li> <li>Advance Audit Committee Program (AACP 19/2015)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Director Certification Program (DCP 99/2008)</li> <li>Thai Institute of Directors Association (IOD)</li> </ul>	None	None	<b>Kiatnakin Phatra Financial Group</b>		
					2017- present	Director	Kiatnakin Phatra Bank Public Company Limited
					May 2019 - present	Member of the Risk Oversight Committee	
					2012 - May 2019	Member of the Risk Management	
					2012 - 2017	Risk Management Advisor	
					2008 - 2012	Director	Phatra Securities Public Company Limited
					2008 - 2012	Advisor	
					2008 - 2012	Director	Phatra Capital Public Company Limited
					<b>Other Listed Companies</b>		
					Sep 2019 - present	Chairman of the Risk Oversight Committee	The Electricity Generating Public Company Limited
					2017- present	Independent Director Member of Audit Committee	
					<b>Non-Listed Companies</b>		
					2018 - present	Director	Tobacco Authority of Thailand
					2017 - present	Member of Appeal Committee	Thailand Futures Exchange Public Company Limited (TFEX)
					2015 - present	Member of the Thailand Quality Award Committee	Thailand Quality Award
					2012 - present	Member of the Public Science Subsidiary Board	Ministry of Finance

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
					2008 - present	Member of the Risk Management Sub-committee	The Stock Exchange of Thailand
					2005 - present	Distinguished Professor of Finance and Banking Faculty of Commerce and Accountancy	Thammasat University
					2002 - present	Member of the Performance Assessment Committee for State Enterprises	Ministry of Finance
					2001 - present	Director	The Professor Sangvian Indaravijaya Foundation
					2014 - 2018	Director	Thailand Tobacco Monopoly, Ministry of Finance
					2012 - 2018	Expert Board Member of the Policy and Public Management Committee	Ministry of Finance
					2016 - 2017	Member of the Sub-committee on the Monitoring of Co-operative Financial Problems	Office of the National and Anti-Corruption Commission
					2014 - 2017	Director	Government Pharmaceutical Organization
					1999 - 2017	Academic consultants and arbitrators to settle disputes from trading transactions bond	Thai Bond Market Association

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment			Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
							Period	Position	Organization/ Company Name
8. Mrs. Patchanee Limapichat  • Director <sup>/1</sup> • Member of the Compliance and Governance Committee  <sup>/1</sup> Appointed effective on August 7, 2020	58	<ul style="list-style-type: none"><li>• Master of Business Administration California State University at Sacramento, U.S.A.</li><li>• Bachelor in Political Science Chulalongkorn University</li></ul> <b>Director Training Programs:</b> <ul style="list-style-type: none"><li>• Corporate Governance for Capital Market Intermediaries (CGI 7/2015) Thai Institute of Directors Association (IOD)</li><li>• Director Accreditation Program (DAP 36/2005) Thai Institute of Directors Association (IOD)</li></ul>	None	None	Kiatnakin Phatra Financial Group				
					Aug 2020 - present	Director	Kiatnakin Phatra Bank Public Company Limited		
					2016 - Jan 2020	Member of the Compliance and Governance Committee			
					2016 - Jan 2020	Member of the Executive Committee			
					2010 - present	Director	KKP Capital Public Company Limited		
					Jan 2020 - present	Advisor to Kiatnakin Phatra Financial Group	Kiatnakin Phatra Securities Public Company Limited		
					2004 - present	Director			
					2016 - 2018	President			
					2004 - 2016	Managing Director			
					Other Listed Companies				
None									
Non-Listed Companies									
None									

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment			Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
							Period	Position	Organization/ Company Name
9. Mr. Banyong Pongpanich	<ul style="list-style-type: none"><li>• Director<sup>†1</sup> (Authorized director)</li><li>• Chairman of the Executive Committee</li><li>• Advisor of the Risk Oversight Committee</li></ul>	66	<ul style="list-style-type: none"><li>• Master of Business Administration (Finance &amp; International Business) Sasin Graduate Institute of Business Administration of Chulalongkorn University</li><li>• Bachelor of Economics Chulalongkorn University</li></ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"><li>• BOT Symposium 2019: Competitive Thailand Bank of Thailand</li><li>• Corporate Governance for Capital Market Intermediaries (OGI 15/2016)</li><li>• Thai Institute of Directors Association (IOD)</li><li>• Anti-Corruption for Executive Program (ACEP 2/2012) Thai Institute of Directors Association (IOD)</li><li>• Director Accreditation Program (DAP 36/2005) Thai Institute of Directors Association (IOD)</li><li>• The Role of the Chairman Program (RCP 5/2001) Thai Institute of Directors Association (IOD)</li></ul>	None	1,000,046 (0.12)	Kiatnakin Phatra Financial Group			
						2012 - present	Director	Kiatnakin Phatra Bank Public Company Limited	
						May 2019 - present	Chairman of the Executive Committee		
						2012 - May 2019	Advisor of the Risk Oversight Committee		
						2012 - May 2019	Member of the Risk Management Committee		
						2012 - 2015	Chief Executive Officer		
						2010 - present	Chairman of the Board of Directors	KKP Capital Public Company Limited	
						2003 - present	Chairman of the Board of Directors	Kiatnakin Phatra Securities Public Company Limited	
						Other Listed Companies			
						2004 - present	Independent Director	The Erawan Group Public Company Limited	
2010 - 2017	Chairman of the Nomination and Remuneration Committee	Muang Thai Insurance Public Company Limited							
2008 - 2017	Independent Director								
2008 - 2012	Member of the Audit Committee								
2009 - 2011	Director	Thai Airways International Public Company Limited							
Non-Listed Companies									
Oct 2019 - present	Vice Chairman	Snoh Unakul Foundation							
2017 - present	Director	Vajiravudh College							
2012 - present	Director	Thailand Development Research Institute (TDRI)							
2011 - present	Executive Director	Buddhadasa Indapanno Archives							
	Executive Director								

<sup>†1</sup> Appointed effective on April 26, 2012

<sup>1/</sup> Appointed effective on April 26, 2012

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
10. Ms. Thitinan Wattanavekin	63	<ul style="list-style-type: none"> <li>Master of Management (Management) Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>Bachelor of Science (Public Affairs) University of Southern California, U.S.A.</li> </ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"> <li>Boards That Make a Difference (BMD 10/2020) Thai Institute of Directors Association (IOD)</li> <li>Seminar: Cyber Resilience Leadership Workshop "Mission in Action" (2019)</li> <li>Bank of Thailand (BOT)</li> <li>Bangkok Fin Tech Fair 2019: Collaboration for the Future of Finance Bank of Thailand (BOT)</li> </ul>	Mr. Supol Wattanavekin's sister	35,532,761 (4.20)	2007 - present	Independent Director Chairman of the Nomination and Remuneration Committee	Don Muang Tollway Public Company Limited
					2002 - present	Director	Squirrel (Thailand) Company Limited
					2002 - present	Director	Mae Fah Luang Foundation under Royal Patronage
					2002 - present	Executive Director Member of Advisory Council	Sasin Graduate Institute of Business Administration of Chulalongkorn University
					2009 - 2019	Director	RPIC Plc. Ltd
					2008 - 2019	Director	Ruamphon Phatra International Corp.
					2002 - 2018	Director	Cellennium (Thailand) Company Limited
					2015 - 2016	Director	National Anti-Corruption Committee
					2014 - 2016	Director	State Enterprise Policy Office
					2014 - 2016	Prime Minister's Advisor	Prime Minister's Office
					<b>Kiattakin Phatra Financial Group</b>		
					2011 - present	Director	Kiattakin Phatra Bank Public Company Limited
					2005 - present	Member of the Executive Committee	
					2012 - 2015	First Executive Vice President	
					2011 - 2014	Head of Priority Banking Group	
					2005 - 2012	Member of the Risk Management Committee	
					2012 - present	Director	KKP Capital Public Company Limited
					2012 - 2016	Director	Phatra Securities Public Company Limited

<sup>/1</sup> Appointed effective on January 1, 2011

\*KKP shareholding is included share numbers of spouse and minor children





Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
<ul style="list-style-type: none"> <li>Bangkok Fin Tech Fair 2018:</li> <li>SME and Consumer Financial Solutions Bank of Thailand (BOT)</li> <li>Seminar: Cyber Resilience Leadership (2017)</li> <li>Bank of Thailand (BOT)</li> <li>Anti-Corruption: The Practical Guide (ACPG 33/2016)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Director Certification Program Update (DCPU 5/2015)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Corporate Governance for Capital Market Intermediaries (CGI 8/2015)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Role of the Nomination and Governance Committee Program (RNG 6/2014)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Financial Institutions Governance Program (FGP 5/2012)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Financial Planning for Executive (2012)</li> <li>Thai Financial Planners Association</li> <li>Corporate Governance and Social Responsibility (CSR 1/2007)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Capital Market Academy Leadership Program (CMA 2/2006)</li> <li>Capital Market Academy</li> <li>Directors Certification Program (DCP 1/2000)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Diploma in the Joint State Private Course (NDC Class 2549)</li> <li>Thailand National Defence College</li> </ul>					Other Listed Companies		
					None		
					Non-Listed Companies		
					1999 - 2013	Director	KKTRADE Securities Company Limited
					2006 - 2011	Director	Chai Talay Hotel Company Limited

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
11. Mr. Aphinart Kiewpatinond  • Director <sup>1</sup> (Authorized director) • Chief Executive Officer <sup>2</sup> • Acting Head of Commercial Lending Group • Member of the Executive Committee • Member of the Risk Oversight Committee	51	<ul style="list-style-type: none"> <li>Master of Science</li> <li>University of Maryland at College Park, U.S.A.</li> <li>Master of Business Administration (Finance)</li> <li>University of Maryland at College Park, U.S.A.</li> <li>Bachelor of Accountancy</li> <li>Chulalongkorn University</li> </ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"> <li>CEO CLUB 2018 "Start Less Finish More: Building Agility and Engagement with Objective and Key Results (OKRs)" The Stock Exchange of Thailand (SET)</li> <li>Corporate Governance for Capital Market Intermediaries (CGI 15/2016)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Directors Accreditation Program (DAP 82/2010)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Capital Market Academy Leadership Program (CMA 10/2010)</li> <li>Capital Market Academy</li> </ul>	None	750,000 (0.09)	Kiatnakin Phatra Financial Group		
					Feb 2021 - present	Acting Head of Commercial Lending Group	Kiatnakin Phatra Bank Public Company Limited
					2016 - present	Chief Executive Officer	
					2012 - present	Director	
						Member of the Executive Committee	
					May 2019 - present	Member of the Risk Oversight Committee	
					2012 - May 2019	Member of the Risk Management Committee	
					2012 - 2018	President	
					2013 - 2016	Chairman of Commercial Banking Business	
					2012 - 2013	Chairman of Capital Market Business	
					2016 - present	Chief Executive Office Committee	KKP Capital Public Company Limited
					2010 - present	Director	
					2010 - 2012	Chief Executive Officer	
					2016 - present	Chief Executive Officer	Kiatnakin Phatra Securities Public Company Limited
					2010 - present	Director	
					2009 - 2012	Chief Executive Officer	
					2015 - present	Chairman of the Board of Directors	Kiatnakin Phatra Asset Management Company Limited
						Chairman of the Audit Committee	
					2012 - present	Director	
					2018 - present	Director	KKP Tower Company Limited

<sup>1</sup> Appointed effective on September 12, 2012<sup>2</sup> Appointed effective on January 1, 2016

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years			
						Period	Position	Organization/ Company Name
Other Listed Companies								
12. Mr. Philip Chen Chong Tan	55	<ul style="list-style-type: none"><li>Master of Management (Management)</li><li>Sasin Graduate Institute of Business Administration of Chulalongkorn University</li><li>Bachelor of Science Electrical Engineering University of Maryland, U.S.A.</li></ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"><li>Strategic Board Master Class (SBM 6/2019)</li><li>Thai Institute of Directors Association (IOD)</li><li>Capital Market Academy Leadership Program (CMA 23/2016)</li></ul> <p>Capital Market Academy</p> <ul style="list-style-type: none"><li>Director Certification Program (DCP 175/2013)</li><li>Thai Institute of Directors Association (IOD)</li><li>GE Six Sigma Quality Leader Certification -BMC 2011</li><li>-LIG II 2007</li><li>-MDC 2006</li><li>GE Crotonville Courses</li></ul>	None	None	Other Listed Companies			
					Non-Listed Companies			
					Nov 2019 - present	Director	Chino Italian Company Limited	
					2009 - 2019	Director	RPIC Pte. Ltd.	
					2014 - 2018	Director	The Thai Bankers' Association	
					2015 - 2017	Director	Thai Listed Companies Association	
					2015 - 2016	Chairman of the Board of Directors	KKTRADE Securities Company Limited	
					2012 - 2015	Director		
					Kiatnakin Phatra Financial Group			
					Sep 2020 - present	Acting Head of Retail Business Strategy and Innovation	Kiatnakin Phatra Bank Public Company Limited	
May 2019 - present	Director							
	Member of the Risk Oversight Committee							
2018 - present	President							
	Member of the Executive Committee							
Other Listed Companies								
2016 - 2017	Director	Intouch Holdings Public Company Limited						
2015 - 2016	President							
2016 - 2017	Director							
	Member of the Executive Committee	Advance Info Service Public Company Limited						
2016 - 2017	Director							
	Member of the Executive Committee	Thaicom Public Company Limited						

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years	
					Period	Position Organization/ Company Name
					Jul - Oct 2015	Senior Executive Vice President Bank of Ayudhya Public Company Limited
					Jan - Jun 2015	Head of Retail and Consumer Banking Acting Head of Krungsri Consumer Group
					2014 - 2015	Executive Committee member
					2013 - 2015	Director Acting Head of Krungsri Auto Group President Risk Management Committee member Advisor to the Compliance Review Committee
Other Listed Companies						
					2013 - 2014	Acting Head of E-Business Bank of Ayudhya Public Company Limited
					2013	Deputy Chairman of the Executive Committee Advisor to the Credit Committee
Non-Listed Companies						
					2018 - present	Independent Director Lao Telecommunication Public Company
					2014 - present	Member of the Advisory Board Sasin Graduate Institute of Business Administration of Chulalongkorn University
					2011 - present	Emeritus Board University of Maryland, Clack School of Engineering
					2015 - 2017	Director I.T. Applications and Service Company Limited
					2015 - 2017	Director Touch TV company Limited
					2015 - 2017	Director Intouch Media Company Limited
					2015 - 2017	Chairman HIGH Shopping Company Limited

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years	
					Period	Position Organization/ Company Name
13. Mrs. Kulnan Tsanthawo	56	<ul style="list-style-type: none"> <li>Master of Science in Computer Information System (MSCIS)</li> <li>New Hampshire College, U.S.A.</li> <li>Master of Business Administration</li> <li>Sasin Graduate Institute of Business</li> <li>Administration of Chulalongkorn University</li> <li>Bachelor of Political Science</li> <li>Chulalongkorn University</li> </ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"> <li>IT Governance and Cyber Resilience Program (ITG 10/2019)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Family Business Governance (FBG 9/2017)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>IOD Special Event 6/2016: Family Business Club Dinner: The Professional Management Succession of Family Business</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Corporate Governance for Capital Market Intermediaries (CGI 8/2015)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Corporate Governance for Executives (CGE 3/2015)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Director Accreditation Program (DAP 3/2005)</li> <li>Thai Institute of Directors Association (IOD)</li> </ul>	None	None	Kiatnakin Phatra Financial Group	Kiatnakin Phatra Bank Public Company Limited
<ul style="list-style-type: none"> <li>First Executive Vice President</li> <li>Head of Priority Banking Group<sup>/1</sup></li> <li>Acting Head of Sales and Distribution Group</li> <li>Acting Department Head of Performance Management and Sale force Effectiveness</li> <li>Acting Department Head of Lombard Loan</li> <li>Acting Department Head of Investment Support &amp; Services</li> <li>Acting Department Head of Marketing Support</li> <li>Member of the Executive Committee</li> </ul>					<ul style="list-style-type: none"> <li>Oct 2020 - present</li> <li>Acting Head of Sales and Distribution Group</li> <li>Acting Department Head of Performance Management and Sale force Effectiveness</li> <li>Member of the Executive Committee</li> <li>2018 - present</li> <li>Acting Department Head of Investment Support &amp; Services</li> <li>2017 - present</li> <li>Acting Department Head of Lombard Loan</li> <li>2014 - present</li> <li>First Executive Vice President</li> <li>Head of Priority Banking Group</li> <li>Acting Department Head of Marketing Support</li> <li>Aug 2020 - present</li> <li>Director</li> <li>Aug 2020 - present</li> <li>Director</li> <li>Jan 2020 - present</li> <li>Managing Director</li> <li>2012 - 2018</li> <li>Managing Director</li> <li>Head of Private Client Group</li> <li>2017 - present</li> <li>Director</li> <li>Member of the Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>Kiatnakin Phatra Bank Public Company Limited</li> <li>KKP Capital Public Company Limited</li> <li>Kiatnakin Phatra Securities Public Company Limited</li> <li>Kiatnakin Phatra Asset Management Public Company Limited</li> </ul>
					Other Listed Companies	
					None	
					Non-Listed Companies	
					2013 - present	Director Princess Magg Foundation
					2012 - 2016	Director Member of the Audit Committee KKTRADE Securities Company Limited

<sup>/1</sup> Appointed effective on June 1, 2014

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
14. Mr. Trairak Tengthirak	52	<ul style="list-style-type: none"> <li>Master of Business Administration (Finance) Seattle University, U.S.A.</li> <li>Bachelor of Business Administration (Marketing) Chulalongkorn University</li> </ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"> <li>Analysis and valuation of the Company's shares in leasing and hire purchase and construction business.(2017)</li> <li>Association of That Securities Companies</li> <li>The impact of accounting changes and the new auditor's report (2017)</li> <li>Association of That Securities Companies</li> <li>Guideline using of the quality Due Diligence (2016)</li> <li>Association of That Securities Companies</li> <li>REIT/ IFF: Criteria and Taxes Related (2016)</li> <li>Association of That Securities Companies</li> <li>Executive Program in Energy Science (8/2016)</li> <li>PTT Public Company Limited</li> <li>Internal control system for IPO companies (2015)</li> <li>Association of That Securities Companies</li> <li>Update and Impact: New Accounting Standard (2015)</li> <li>Association of That Securities Companies</li> <li>Corporate Governance for Capital Market Intermediaries (CGI 7/2015)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Financial Advisor Course: Securities Listing (2015)</li> <li>Association of That Securities Companies</li> <li>Financial Advisor Course: Due Diligence Guideline for Financial Advisors (2015)</li> <li>Association of That Securities Companies</li> <li>Financial Advisor Course: Issuance and Offering of Securities - Bond (2015)</li> <li>Association of That Securities Companies</li> <li>Financial Advisor Course: Acquisition of Securities for business Take - Overs (2015)</li> <li>Association of That Securities Companies</li> <li>TLCA Leadership Development Program (LDP 2/2015)</li> <li>Thai Listed Companies Association</li> <li>Advance Audit Committee Program (AACP 15/2014)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Capital Market Academy Leadership Program (CMA 11/2011)</li> <li>Capital Market Academy</li> </ul>	None	None	Kiatnakin Phatra Financial Group		Kiatnakin Phatra Bank Public Company Limited
<ul style="list-style-type: none"> <li>First Executive Vice President</li> <li>Head of Corporate Banking Group<sup>1/</sup></li> <li>Member of the Executive Committee</li> </ul>					Jan 2020 - present  2018 - present  2018 - May 2019  2014 - present	Member of the Executive Committee  First Executive Vice President Head of Corporate Banking Group  Member of the Risk Management Committee  Director	
					Jan 2020 - present  2014 - present  2010 - present	Head of Wholesale and Investment Banking Business  Director  Managing Director Head of Investment Banking and Capital Markets Group	KKP Capital Public Company Limited  Kiatnakin Phatra Securities Public Company Limited
<b>Other Listed Companies</b>							
					2017 - present	Independent Director Member of the Audit Committee	Veranda Resort Public Company Limited
					2013 - present	Independent Director Member of the Audit Committee	Siracha Construction Public Company Limited
<b>Non-Listed Companies</b>							
					Feb 2019-present	Director	Kruem Company Limited
					2008 - present	Director	Crystal Football Club Company Limited
					2017 - 2019	Director	RPIC Pte.Ltd.

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
15. Mr. Pracha Chumnarnkitkosol <ul style="list-style-type: none"><li>First Executive Vice President</li><li>Head of Special Asset Management Group <sup>/1</sup></li><li>Member of the Executive Committee</li></ul> <sup>/1</sup> Appointed effective on October 1, 2012	58	<ul style="list-style-type: none"><li>Master of Business Administration (Finance) University of Texas, U.S.A.</li><li>Bachelor of Engineering Chulalongkorn University</li></ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"><li>Director Certification Program Update (DCPU 5/2015)</li><li>Thal Institute of Directors Association (IOD)</li><li>Corporate Governance for Capital Market Intermediaries (CGI 7/2015)</li><li>Thal Institute of Directors Association (IOD)</li><li>TLCA Executive Development Program (EDP 8/2011)</li><li>Thal Listed Companies Associations</li><li>Senior Executive Program (SEP 22/2008)</li><li>Sasin Graduate Institute of Business Administration of Chulalongkorn University</li><li>Overview of Current Macro Economic Condition and Prudential Regulation-Impact to Thai Corporation (2007)</li><li>The Thal Banker's Association</li><li>Blue Ocean Strategy (2007)</li><li>Business Development Center</li><li>EVA Managing for Value Creation (2006)</li><li>Sasin Graduate Institute of Business Administration of Chulalongkorn University</li><li>Director Certification Program (DCP 75/2006)</li><li>Thal Institute of Directors Association (IOD)</li><li>Risk Management (2005)</li><li>The Thal Institute of Banking and Finance Association</li></ul>	None	None	Kiatnakin Phatra Financial Group		
		2012 - present			First Executive Vice President Head of Special Asset Management Group	Kiatnakin Phatra Bank Public Company Limited	
		2011 - present			Member of the Executive Committee		
		2013 - 2016			Director		
		2006 - 2015			Member of the Risk Management Committee		
		2006 - 2012			Director	Phatra Capital Public Company Limited	
		2012 - 2015			Director	Phatra Securities Public Company Limited	
		Other Listed Companies					
		None					
		Non-Listed Companies					
		None					

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
16. Dr. Anuchit Anuchitanukul  • First Executive Vice President <sup>1/</sup> • Advisor to Chief Executive Officer <sup>2/</sup> • Member of the Executive Committee	49	<ul style="list-style-type: none"> <li>Ph.D. (Computer Science) Stanford University, U.S.A.</li> <li>Master of Engineering (Computer Science) Stanford University, U.S.A.</li> <li>Master of Business Administration (Finance) Chulalongkorn University</li> <li>Bachelor of Engineering (1<sup>st</sup> Class Honors) Chulalongkorn University</li> </ul>	None	None	Kiatnakin Phatra Financial Group		
					Sep 2020 - Present	Advisor to Chief Executive Officer	Kiatnakin Phatra Bank Public Company Limited
					2016 - present	Member of the Executive Committee	
					2013 - present	First Executive Vice President	
					Jan 2020 - Aug 2020	Head of Retail Business Strategy and Innovation Group	
		<b>Training Programs:</b> <ul style="list-style-type: none"> <li>Thailand Insurance Super Leadership Program (1/2020)</li> <li>Office of Insurance Commission (OIC)</li> <li>Capital Market Academy Leadership Program (CMA 28/2019)</li> <li>Capital Market Academy</li> <li>Strategy and Innovation for Businesses in Asia (SIBA 2012)</li> <li>Massachusetts Institute of Technology (MIT)</li> <li>College of Management Mahidol University (CMMU)</li> <li>OIC Advanced Insurance Institute (OIC AI 2012)</li> <li>Office of Insurance Commission (OIC)</li> <li>Top Executive Program in Commerce and Trade (TEPCoT 2011)</li> <li>University of the Thai Chamber of Commerce</li> <li>TLCA Executive Development Program (EDP 2009)</li> <li>Thai Listed Companies Association</li> <li>Director Certification Program (DCP 93/2007)</li> <li>Thai Institute of Directors Association (IOD)</li> </ul>			2013 - 2019	Head of Process and Product Improvement and Alternative Channels Group	
					<b>Other Listed Companies</b>		
					Apr 2020 - present	Director	I.C.C. International Public Company Limited
					2018 - present	Director	Bangchak Corporation Public Company Limited
					2014 - present	Director	Aksorn Education Public Company Limited
					2010 - 2013	First Executive Vice President	Krungsri Bank Public Company Limited
					2010 - 2013	Director	Krungsri AXA Life Insurance Public Company Limited
					2009 - 2013	Director	Krungsri Panich Insurance Public Company Limited
					<b>Non-Listed Companies</b>		
					Mar 2020 - present	Chairman of the Audit Committee	Arkitektura Company Limited
					Nov 2020 - present	Director	
					Oct 2020 - present	Strategy and Promotion Sub-commissioner of the Electronic Transactions Commission	Ministry of Digital Economy and Society

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Period	Experiences in the Past 5 Years Position	Organization/ Company Name
					Oct 2020 - present	Standard and Regulation Sub-commissioner of the Electronic Transactions Commission	Ministry of Digital Economy and Society
					Aug 2020 - Present	Expert Committee in computer science, electronic Transactions Commission	
					Jun 2020 - present	Advisor to the Working Group to promote liquidity in doing business with electronic tax documents	The Revenue Department
					May 2020 - present	Advisor	Digital Council of Thailand
					2020 - present	Advisor	The Securities and Exchange Commission
					2019 - present	State Enterprise Development Assessment Subcommittee for Digital transformation and Knowledge and Innovation management	State Enterprise Policy Office (SEPO)
					2019 - Present	Expert Member of the Capital Market Development Fund Committee	The Stock Exchange of Thailand
					2018 - present	Director in the Revenue Department drive the committee into digital revenue	The Revenue Department
					2018 - present	Member of the Big Data Driven Board	Ministry of Finance
					2018 - present	Expert Board Member of the Committee for the Protection of Credit Information	Committee for the Protection of credit Information
					2017 - present	Qualified Member of the Commission policy on private participation in state affairs	State Enterprise Policy Office (SEPO)
					2018 - 2019	Director Member of the Audit Sub-Committee	The Stock Exchange of Thailand
					2017 - 2019	Advisor of the Identity provider (IDP) Committee	Ministry of Digital Economy and Society

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
17. Mr. Supachoke Supabundit	44	<ul style="list-style-type: none"><li>Master of Business Administration (Finance and Strategy) Sasin Graduate Institute of Business Administration of Chulalongkorn University</li><li>Bachelor of Arts (Economics) Boston University, U.S.A.</li></ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"><li>Director Accreditation Program (170/2020) Thai Institute of Directors Association (IOD)</li><li>New Merger Control Regulations (2019) Association of Thai Securities Companies</li><li>Capital Market Academy Leadership Program (CMA 26/2019) Capital Market Academy</li><li>Crypto Currency and ICOs: Opportunities &amp; Challenges (2019) Association of Thai Securities Companies</li><li>The impact of changes in accounting (2018) Association of Thai Securities Companies</li><li>Corporate Governance for Business Sustainability (2018) Association of Thai Securities Companies</li><li>Internal Control System for IPO (2018) Association of Thai Securities Companies</li></ul>	None	None	2016 - 2019	Member of the National e-Payment Committee	Prime Minister's Office
					2009 - 2013	Director	National ITMX Company Limited
					Kiatnakin Phatra Financial Group		
					Mar 2020 - present	Member of the Executive Committee	Kiatnakin Phatra Bank Public Company Limited
					Aug 2020 - present	Director	KKP Capital Public Company Limited
					Jan - Dec 2020	President	
					Aug 2020 - present	Director	Kiatnakin Phatra Securities Public Company Limited
					Jan 2020 - present	President	
					2016 - 2019	Managing Director Investment Banking & Capital Markets Group	
					2010 - 2016	Assistant Managing Director Investment Banking & Capital Markets Group	
Other Listed Companies							
None							
Non-Listed Companies							
Aug 2020 - present					Director	Asco Business Promotion Company Limited	
Jul 2020 - present					Director	Association of Securities Companies	
2001 - present					Director	Phuket Suite Pavilion Company Limited	
2001 - present					Director	Pahol Yothin Suite Company Limited	
2000 - present					Director	Sub Supabundit Company Limited	

<sup>1</sup> Appointed effective on March 1, 2020

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment		Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
						Period	Position  Organization/ Company Name	
18. Ms. Kusumamm Lowsalaraks	<ul style="list-style-type: none"><li>First Executive Vice President<sup>/1</sup></li><li>Head of Auto Finance Group<sup>/2</sup></li><li>Acting Department Head of Auto Finance Performance Management and Saleforce Effectiveness</li><li>Acting Department Head of Auto Inventory Finance</li></ul>	49	<ul style="list-style-type: none"><li>Master of Business Administration (Management) Kellogg Graduate School of Management Northwestern University, U.S.A.</li><li>Bachelor of Economics Osaka University, Japan</li></ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"><li>Strategic Formulation and Execution of Strategy (2004) Thai Institute of Directors Association (IOD)</li></ul>	None	None	Kiatnakin Phatra Financial Group		
						Jan 2021 - present	Acting Department Head of Auto Inventory Finance	Kiatnakin Phatra Bank Public Company Limited
						Jan 2020 - present	First Executive Vice President Head of Auto Finance Group	
							Acting Department Head of Auto Finance Performance Management and Saleforce Effectiveness	
						Nov 2019 - Dec 2019	First Executive Vice President Executive Office	
Other Listed Companies								
						2015 - 2018	Executive Vice President, (Head of Marketing Division)	Bank of Ayudhya Public Company Limited
						2013 - 2015	Chief Marketing Officer	Ayudhya Capital Auto Lease Public Company Limited
						2008 - 2012	Chief Risk Officer	
None Listed Companies								
None								
19. Mr. Therapong Vachirapong	<ul style="list-style-type: none"><li>First Executive Vice President</li><li>Head of Corporate Strategy<sup>/1</sup></li></ul>	55	<ul style="list-style-type: none"><li>Master of Business Administration (Finance) Western International University at Arizona, U.S.A.</li><li>Bachelor in Accounting Thammasat University</li></ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"><li>Bangkok Fin Tech Fair 2018: SME and Consumer Financial Solutions Bank of Thailand (BOT)</li></ul>	None	580 (0.00)	Kiatnakin Phatra Financial Group		
						2016 - present	First Executive Vice President Head of Corporate Strategy	Kiatnakin Phatra Bank Public Company Limited
						2018 - present	Head of Research Group	Kiatnakin Phatra Securities Public Company Limited
						2009 - present	Managing Director Head of Equity Research Department	
						Other Listed Companies		
None								
Non-Listed Companies								
None								

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
20. Mr. Preecha Techarungchaikul	50	<ul style="list-style-type: none"> <li>Master of Science (Finance) University of Colorado, U.S.A.</li> <li>Bachelor of Business Administration (Industrial Management) Thammasat University</li> </ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"> <li>Analyze the present and know the future through financial statements. (7 hours) NYC Management Company Limited</li> <li>TLCA CFO Professional Development Program (TLCA CFO CPD) 2020 no. 1/2563 topic "Update on IFRS9 and other new standards" (2 hours) Thai Listed Companies Association</li> </ul> <p>Total hours of continuing professional development on professional accounting have contents related to accounting in the number of 9 hours for the year of 2020</p> <ul style="list-style-type: none"> <li>Treasury Dealer Certification Course (Refresher course 2019) Thai Financial Market (TFMC)</li> <li>TLCA CFO Professional Development Program (TLCA CFO CPD) 4/2019 Thai Listed Companies Association</li> <li>TFAC Conference 2019: Future of Finance-Digital Disruption (6 hours) Federation of Accounting Professions Under the Royal Patronage of His Majesty the King</li> </ul> <p>Total hours of continuing professional development on professional accounting have contents related to accounting in the number of 6 hours for the year of 2019</p> <ul style="list-style-type: none"> <li>Bond Trader's Refresher Course (2018) The Thai Bond Market Association</li> <li>CFO Focus (2018) (3 hours) Federation of Accounting Professions Under The Royal Patronage of His Majesty The King</li> <li>Bangkok Fin Tech Fair 2018: SME and Consumer Financial Solutions Bank of Thailand (BOT)</li> </ul>	None	None	Kiatnakin Phatra Financial Group		Kiatnakin Phatra Bank Public Company Limited
<ul style="list-style-type: none"> <li>First Executive Vice President</li> <li>Head of Financial Markets Group<sup>1/</sup></li> <li>Head of Finance and Budgeting Group<sup>2/</sup></li> <li>Acting Department Head of Investor Relations and Business Planning</li> <li>The person who is assigned the highest responsibility in the accounting and financial field</li> </ul>					May 2019 - present	Head of Finance and Budgeting Group	
					Jan 2019 - present	Acting Department Head of Investor Relations and Business Planning	
					2013 - present	First Executive Vice President Head of Financial Markets Group	
					Jan - May 2019	Acting as a Head of Finance and Budgeting Group	
					2013 - May 2019	Member of the Risk Management Committee	
					<b>Other Listed Companies</b>		
					None		
					<b>Non-Listed Companies</b>		
					2011 - 2013	Head of Markets	Royal Bank of Scotland, Bangkok Branch

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Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
<b>21. Mr. Panya Vechbanyongratana</b> <ul style="list-style-type: none"> <li>First Executive Vice President</li> <li>Head of Information Technology Group<sup>1)</sup></li> <li>Acting Department Head of Sales and Support System</li> <li>Acting Department Head of IT Operations</li> </ul>	46	<ul style="list-style-type: none"> <li>Master of Business Administration University of Colorado at Boulder, U.S.A.</li> <li>Bachelor of Science in Computer Information Systems (Honors) Regis University, Denver, U.S.A.</li> </ul> <b>Training Programs:</b> <ul style="list-style-type: none"> <li>Advance Certificate for Political in Democracy System (2018) King Prajadhipok's institute</li> <li>Advance Management Program (2016) London Business School (LBS)</li> <li>Advance Certificate Course in Public Administration and Law for Executives (2013) King Prajadhipok's Institute</li> </ul>	None	None	Kiatnakin Phatra Financial Group		Kiatnakin Phatra Bank Public Company Limited
					2019 - present	First Executive Vice President Head of Information Technology Group Acting Department Head of Sales and Support System Acting Department Head of IT Operations	
					<b>Other Listed Companies</b>		
					2018 - Jan 2019	Executive Vice President Chief Marketing Officer, Head of Marketing Group	Total Access Communication Public Company Limited
					2017 - 2018	Executive Vice President Chief Marketing Officer, Head of Commercial Group	
					2016 - 2017	Executive Vice President Chief Sale Officer, Head of Sales Group	
					2015 - 2016	Senior Vice President Postpaid Branded Retail Sales	
					2014 - 2015	Senior Vice President Regional Business Head	
					2013 - 2014	Senior Vice President Head of Network Operations Division	
					<b>Non-Listed Companies</b>		
					2017 - present	Director	Lerve Company Limited

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
22. Dr. Popanit Poommarapan  • First Executive Vice President • Head of Risk Management Group <sup>1)</sup> • Acting Department Head of Operational Risk Management	58	<ul style="list-style-type: none"> <li>• Ph.D. (Engineering Management) Missouri University of Science and Technology, U.S.A.</li> <li>• Operations Research Wichita State University, KS, U.S.A.</li> <li>• Master of Science (Engineering Management) University of Louisiana at Lafayette, U.S.A.</li> <li>• Bachelor of Engineering Chulalongkorn University</li> </ul> <b>Training Programs:</b> <ul style="list-style-type: none"> <li>• 3<sup>rd</sup> Edition Practical Guide to Excellence in Operation Risk (2018)</li> <li>• Marcus Evans, Singapore</li> <li>• Risk Management Committee Program (RMP 1/2013) Thai Institute of Directors Association (IOD)</li> </ul>	None	None	Kiatnakin Phatra Financial Group		
					2018 - present	Acting Department Head of Operational Risk Management	Kiatnakin Phatra Bank Public Company Limited
					2012 - present	First Executive Vice President Head of Risk Management Group	
					2016 - Apr 2020	Director	Phatra Equity Market Neutral Asia Pacific Fund
					2016 - Apr 2020	Director	Phatra Asset Management (Cayman) Limited
					2008 - 2012	Assistant Managing Director	Phatra Securities Public Company Limited
					Other Listed Companies		
					None		
					Non-Listed Companies		
					None		

\*KKP shareholding is included share numbers of spouse and minor children





Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
23. Mrs. Penroong Suwannakudt	57	<ul style="list-style-type: none"> <li>Human Resource Management</li> <li>Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>Bachelor of Social Work Program</li> <li>Thammasat University</li> </ul>	None	None	Kiatnakin Phatra Financial Group		
					2018 - present	First Executive Vice President Head of Human Resource Management Group	Kiatnakin Phatra Bank Public Company Limited
					Other Listed Companies		
					2013 - 2018	First Executive Vice President Chief Human Resources Officer	Allianz Ayudhya Public Company Limited
					2008 - 2013	Executive Vice President Human Resource Division	Thoresen Thai Agencies Public Company Limited
					Non-Listed Companies		
					None		
24. Mr. Pattarapong Raktabutr	53	<ul style="list-style-type: none"> <li>Master of Business Administration</li> <li>University of Louisville, U.S.A.</li> <li>Bachelor of Political Science (Public Administrations)</li> <li>Thammasat University</li> </ul>	None	None	Kiatnakin Phatra Financial Group		
					Jan 2021 - present	Acting Department Head of Planning & Analytics	Kiatnakin Phatra Bank Public Company Limited
					Oct 2020 - present	Acting Head of Sales and Distribution Group	
					2015 - present	First Executive Vice President Head of Consumer Finance Group	
					Other Listed Companies		
					2004 - 2015	Executive Vice President (Head of Client Acquisition)	Standard Chartered Bank (Thai) Public Company Limited
					Non-Listed Companies		
					None		

<sup>†1</sup> Appointed effective on May 1, 2018

<sup>†1</sup> Appointed effective on December 1, 2015

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
25. Mr. Worakrit Jaruwongpak <ul style="list-style-type: none"><li>First Executive Vice President</li><li>Head of Operations Group<sup>1/</sup></li></ul> <sup>1/</sup> Appointed effective on January 16, 2014	59	<ul style="list-style-type: none"><li>Doctor of Business Administration Western University</li><li>Master of Business Administration (Management) National Institute of Development Administration</li><li>Bachelor of Economics Chiangmai University</li></ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"><li>Bangkok Fin Tech Fair 2018: SME and Consumer Financial Solutions Bank of Thailand (BOT)</li><li>Director Certification Program (DCP 179/2013) Thai Institute of Directors Association (IOD)</li><li>Financial Institutions Governance Program (FGP 5/2012) Thai Institute of Directors Association (IOD)</li></ul>	None	None	Kiatnakin Phatra Financial Group		
					2014 - present	First Executive Vice President	Kiatnakin Phatra Bank Public Company Limited
					2015 - present	Chairman of the Board of Directors	KKP Tower Company Limited
					<b>Other Listed Companies</b>		
					2010 - 2014	Executive Vice President	Bank of Ayudhya Public Company Limited
					<b>Non-Listed Companies</b>		
					2017 - present	Director	Playing Cards Factory, Excise Department
					Chairman of the Audit Committee		
					May - Jun 2016	Director	Erawan Law Office Company Limited
					2009 - 2013	Director	National ITMX Company Limited
26. Mr. Somkiat Jompratchaya <ul style="list-style-type: none"><li>First Executive Vice President<sup>1/</sup></li><li>Head of Retail Credit and Collection<sup>2/</sup> Group</li></ul> <sup>1/</sup> Appointed effective on March 1, 2020 <sup>2/</sup> Appointed effective on January 1, 2020	44	<ul style="list-style-type: none"><li>Master of Business Administration Assumption University</li><li>Bachelor of Business Administration (Finance and Banking) Assumption University</li></ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"><li>Effective Debt Collection &amp; Recovery Master Class (2019)</li><li>Johannesburg, Bricaevents Executive Development Program (2018)</li><li>Thai Listed Companies Association</li><li>Risk Management Program for Leadership (2017)</li><li>Thai Institutes of Directors Association (IOD)</li><li>Credit lab module and Collection lab Module (2014) Banker lab</li><li>Risk Management Plan (2013)</li><li>Thai Institutes of Directors Association (IOD)</li><li>Reinventing Your Business Strategy Sasin Graduate Institute of Business</li><li>Administration of Chulalongkorn University</li><li>Enterprise Risk Management (ERM) KPMG</li></ul>	None	None	Kiatnakin Phatra Financial Group		
					Mar 2020 - present	First Executive Vice President	Kiatnakin Phatra Bank Public Company Limited
					Head of Retail Credit and Collection Group		
					Jan 2020 - Mar 2020	Executive Vice President	
					Head of Retail Credit and Collection Group		
					2015 - 2019	Executive Vice President	
					Department Head of Retail Credit Risk Management		
					2018 - 2019	Acting Head of Collection Office	
					<b>Other Listed Companies</b>		
					Oct 2014 - Dec 2014	Senior Vice President	Bank of Ayudhya Public Company Limited
2003 - Sep 2014	Senior Vice President	Ayudhya Capital Auto Lease Public Company Limited					
<b>Non-Listed Companies</b>							
None							

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years	
					Period	Position Organization/ Company Name
27. Mr. Sammit Sakulwira  • First Executive Vice President <sup>1</sup> • Advisor to Chief Executive Officer <sup>2</sup>	53	<ul style="list-style-type: none"> <li>Master of Business Administration (Finance) University of Wisconsin - Whitewater, U.S.A.</li> <li>Bachelor of Science (Packaging and Material Technology) Kasetsart University</li> </ul>	None	None	Kiatnakin Phatra Financial Group	Kiatnakin Phatra Bank Public Company Limited
					2017 - present	First Executive Vice President
					2017 - Jan 2021	Head of Commercial Lending Group
					<b>Other Listed Companies</b>	
					2010 - 2017	First Senior Vice President (Corporate Business Division) Kasikorn Bank Public Company Limited
		<b>Training Programs:</b> <ul style="list-style-type: none"> <li>Director Certification Program (DCP 261/2018)</li> <li>Thai Institute of Directors Association (IOD)</li> <li>Governance Risk Management and Compliance (CRG 2009)</li> <li>Internal class Kasikorn Bank Public Company Limited</li> <li>The Seven Habits of Highly Effective People (2004)</li> <li>Internal class Kasikorn Bank Public Company Limited</li> <li>Financial Executive Program (FINEX 10/2000)</li> <li>Thai Institute of Banking and Finance Association</li> </ul>			<b>Non-Listed Companies</b>	
					None	
28. Mr. Anuwat Ruamsuke  • First Executive Vice President • Head of Capital Market Group <sup>n</sup>	47	<ul style="list-style-type: none"> <li>Bachelor of Science in Statistics Chulalongkorn University</li> </ul> <b>Training Programs:</b> <ul style="list-style-type: none"> <li>CMA GMS Class of 2018 Capital Market Academy</li> <li>TLCA Leadership Development Program (LDP 6/2018)</li> <li>Thai Listed Companies Association (TCLA)</li> <li>The effect of new financial reporting standards and accounting effects on the acquisition (2016)</li> <li>Thai Listed Companies Association (TCLA)</li> <li>Capital Market Academy Leadership Program (CMA 22/2016)</li> <li>Capital Market Academy</li> </ul>	None	None	Kiatnakin Phatra Financial Group	Kiatnakin Phatra Bank Public Company Limited
					May 2020 - present	First Executive Vice President Head of Capital Market Group
					2016 - May 2020	Executive Vice President Department Head of Debt Capital Market
					2016 - present	Managing Director Head of Capital Markets Department
					2010 - 2017	Deputy Managing Director
					2008 - 2010	Senior Vice President
					<b>Other Listed Companies</b>	
					None	
					<b>Non-Listed Companies</b>	
					Apr 2020 - present	External Funding Management Subcommittee to promote and develop innovation National Innovation Agency (Public Organization)
					2019 - present	Vice Chairman of Investment Banking Club Association of Thai Securities Companies
					2019 - present	Subcommittee on Consideration of Issuance and Offering of Equity Securities The Securities and Exchange Commission

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
29. Mr. Aphichart Chongsanguanpradab	46	<ul style="list-style-type: none"> <li>Master of Business Administration With Finance Concentration</li> <li>Eastern Michigan University, U.S.A</li> <li>Bachelor of Accountancy</li> <li>Chulalongkorn University</li> </ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"> <li>Thailand - EU Seminar on E-Commerce and GDPR (2019)</li> <li>Royal Thai Embassy Brussels and Ministry of Digital Economy and Society</li> <li>ASEAN Banking Cybersecurity Conference (2019)</li> <li>The Thai Bankers' Association (TBA)</li> <li>E - KYC for Digital Financial No. 1 (2019)</li> <li>Thai Institute of Banking and Finance Association (TIBFA)</li> <li>Electronics Law Program No. 4 (2019)</li> <li>Thai Institute of Banking and Finance Association (TIBFA)</li> <li>Personal Data Protection Act B.E. 2562 Process and Practice No. 3 (2019)</li> <li>Dharmniti</li> <li>Seminar on Latest Debt Collection Act, Announcement of Office of the Consumer Protection Board 2018 and Hire Purchase and Leasing Guidelines (2019)</li> <li>Thai Hire-Purchase Association</li> <li>The Business Law of New Financial Institution Class 1 (2018)</li> <li>Thai Institute of Banking and Finance Association (TIBFA)</li> <li>The Law of the Office of the Consumer Protection Board in 2018 and Market Conduct (2018)</li> <li>Bank of Thailand (BOT)</li> <li>The Practices of the Hire Purchase and Leasing (2018)</li> <li>Thai Hire-Purchase Association</li> <li>Anti-Money Laundering and Counter Financing of Terrorist (AML/CFT) Training for Transaction Reports under section 13 and section 16 Course 1, Class 2 (2018)</li> <li>Anti-Money Laundering Office (AMLO)</li> <li>The Information Technology Risk</li> <li>Supervision of Financial Institute (2018)</li> <li>Compliance Club of the Thai Bankers' Association</li> <li>Anti-Corruption Working Paper Program No. 3/2018</li> <li>Federation of Accounting Professions under The Royal Patronage of His Majesty the King</li> </ul>	None	None	2018 - 2019	Director of Investment Banking Club	Association of Thai Securities Companies
					<b>Kiatnakin Phatra Financial Group</b>		
					Mar 2020 - present	First Executive Vice President Head of Legal and Compliance Group Acting Department head of Law and Regulatory Compliance Acting Department head of Legal and Regulatory Monitoring	Kiatnakin Phatra Bank Public Company Limited
					Jul 2019 - Mar 2020	Executive Vice President Head of Legal and Compliance Group	
					2014 - Jul 2019	Executive Vice President Office of Compliance	Phatra Securities Public Company Limited
					2011 - 2014	Head of Operations Department	
					2004 - 2011	Head of Compliance	
					<b>Other Listed Companies</b>		
					1997 - 1999	Internal Auditor	Bangkok Bank Public Company Limited
					<b>Non-Listed Companies</b>		
					2010 - 2011	Compliance Officer	Credit Suisse (Thailand) Securities Company Limited
					2003 - 2004	Compliance Officer	Merrill Lynch International Bank Limited (Merchant Bank) (Singapore Branch)
					1999 - 2003	Compliance Officer	Merrill Lynch Phatra Securities Company Limited

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Period	Position	Experiences in the Past 5 Years	Organization/ Company Name
30. Ms. Niliwan Treetkijamroon  • Senior Vice President • Head of Accounting Department <sup>/1/2</sup> • The person who is assigned in the supervision of accounting	47	<ul style="list-style-type: none"><li>Workshop for Customer's Risk Management Framework (2018)</li><li>Securities and Exchange Commission (SEC)</li><li>Compliance and Compliance Audit Auditing 7.0 CPE Credits (2018)</li><li>Institute of Internal Auditors of Thailand (IIA)</li><li>Roundtable Discussion 2018: Driving Business Value &amp; Sustainability through Active (2018)</li><li>Securities and Exchange Commission (SEC)</li><li>Discussion on the Privacy protection, Big Data and GDPR in the Digital Economy Development (2018)</li><li>Bank of Thailand and The College of Local Administration, Khonkaen University</li><li>Seminar: The Financial Instruments: TFRS 9 (2018)</li><li>Department of Business Development, Ministry of Commerce</li><li>Seminar: Insurance Expo 2018: Converging Insurance Business Model with Insurance in Digital Disruption (2018)</li><li>Office of Insurance Commission (OIC)</li><li>Seminar: Re-Inventing Business Model Through Technological Lens (2018)</li><li>SEC and Business Software Alliance (BSA)</li></ul>	None	None	Kiatnakin Phatra Financial Group	Senior Vice President Head of Accounting Department	Kiatnakin Phatra Bank Public Company Limited	
		<ul style="list-style-type: none"><li>Master of Arts (Applied Finance) Kasetsart University</li><li>Bachelor of Accountancy Bangkok University</li><li>Certified Public Accountant Registration No. 8140</li></ul>						
		Training Programs:						
		<ul style="list-style-type: none"><li>Understanding TFRS for property, plant and equipment and non-current assets<sup>/4</sup> (2020) Department of Business Development, Ministry of Commerce</li><li>Discussion on the direction of Thai Financial Reporting Standards (TFRSs / TFRS for NPAs)<sup>/4</sup> (2020) Chulalongkorn business school<sup>/4</sup></li></ul>						
		<sup>/4</sup> Continuing professional development in accounting contents (External trainings), total 14 hours						
		<sup>/1</sup> Appointed effective on January 1, 2015						
		<sup>/2</sup> Bookkeeper processing such qualifications and requirements of bookkeepers as prescribed by Notification of the Department of Business Development.						
					Other Listed Companies			
					None			
					Non-Listed Companies			
					2013 - 2014			Powerbuy Company Limited, a group company of Central Retail Corporation Limited
					Vice President Accounting Department			Merrill Lynch Phatra Securities Company Limited

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Period	Experiences in the Past 5 Years Position	Organization/ Company Name
<ul style="list-style-type: none"> <li>PwC Thailand's 2019 Symposium: "Connecting the dots: Managing corporate challenges in 2020 and beyond" - Financial Reporting Update<sup>3</sup> (6:30 hours)</li> <li>PricewaterhouseCoopers ABAS Ltd.</li> <li>Thai Financial Reporting Standard 16 Leases<sup>3</sup> (4:30 hours)</li> <li>EY Office Ltd.</li> <li>Accounting practices related to foreign exchange rates<sup>3</sup> (6 hours)</li> <li>Dharmniti Seminar and Training Co., Ltd.</li> </ul> <p><sup>3</sup>Continuing professional development in accounting contents (External trainings) total 17 hours.</p>							
<b>31. Mrs. Kessara Liengchayet</b>	50	<ul style="list-style-type: none"> <li>Master of Business Administration</li> <li>University of Wisconsin - Madison, U.S.A.</li> <li>Bachelor of Business and Ministration</li> <li>Chulalongkorn University</li> </ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"> <li>Refresher Course for Bond Traders (2019)</li> <li>Thai Bond Market Association</li> <li>FATCA overview and due diligence process (2005)</li> <li>Phatra Securities Public Company Limited</li> </ul>	None	None	Kiatnakin Phatra Financial Group		
<ul style="list-style-type: none"> <li>Executive Vice President<sup>1/</sup></li> <li>Department Head of Sales</li> </ul>					2015 - present	Executive Vice President	Kiatnakin Phatra Bank
<p><sup>1/</sup> Appointed effective on July 18, 2015</p>							
<p><b>Other Listed Companies</b></p>							
None							
<p><b>Non-Listed Companies</b></p>							
None							
<b>32. Mr. Jakrawarn Jakrawarnwibul</b>	50	<ul style="list-style-type: none"> <li>Master of Business Administration (Accounting)</li> <li>Thammasat University</li> <li>Bachelor of Business Administration (Finance)</li> <li>Thammasat University</li> </ul>	None	None	Kiatnakin Phatra Financial Group		
<ul style="list-style-type: none"> <li>Executive Vice President<sup>1/</sup></li> <li>Department Head of Trading</li> </ul>					2015 - present	Executive Vice President	Kiatnakin Phatra Bank
<p><sup>1/</sup> Appointed effective on August 20, 2015</p>							
<p><b>Other Listed Companies</b></p>							
None							
<p><b>Non-Listed Companies</b></p>							
<p>1985 - present      Director      Neo-Sac Company Limited</p>							

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
33. Mr. Chainarong Rojanasintu  • Executive Vice President <sup>†1</sup> • Department Head of Corporate Lending	52	<ul style="list-style-type: none"> <li>Master of Business Administration Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>Bachelor of Business Administration Chulalongkorn University</li> </ul>	None	82 (0.00)	Kiatnakin Phatra Financial Group		
					2013 - present	Executive Vice President Department Head of Corporate Lending	Kiatnakin Phatra Bank Public Company Limited
					Other Listed Companies		
					None		
					Non-Listed Companies		
34. Dr. Narong Preedanani  • Executive Vice President <sup>†1</sup> • Head of Office of Internal Audit	58	<p><b>Training Programs:</b></p> <ul style="list-style-type: none"> <li>Business combinations, accounting and tax issues Common in practice (2013)</li> <li>Association of Thai Securities Companies Internal Control (2012)</li> <li>Association of Thai Securities Companies</li> <li>Doctor of Business Administration (DBA) University of South Australia, Australia</li> <li>Master of Business Administration University of Leicester, UK</li> <li>Bachelor of Accountancy Chulalongkorn University</li> </ul>	None	None	Kiatnakin Phatra Financial Group		
					2012 - present	Executive Vice President Head of Office of Internal Audit	Kiatnakin Phatra Bank Public Company Limited
					Other Listed Companies		
					None		
					Non-Listed Companies		
<sup>†1</sup> Appointed effective on June 13, 2013		<p><b>Training Programs:</b></p> <ul style="list-style-type: none"> <li>Privacy &amp; Security Summit 2020 Ministry of Digital Economy and Society in Collaboration with the Thai Digital User Association</li> <li>Risk and Compliance under a Digital Transformation (2020) Thomson Reuters</li> <li>Chief Audit Executive (CAE) Forum: Mobile Banking and Digital Bank Audit organized (2020) The Bank and Financial Institution Internal Auditors Club</li> <li>The Study of Audit Adjustments by Research Institute for Policy Evaluation &amp; Design, University of the Thai Chamber of Commerce</li> <li>Securities and Exchange Commission</li> <li>CAE Forum: Robotic Internal Control and Audit (2018) The Bank and Financial Institution Internal Auditors Club</li> <li>Value Creation and Enhancement for Listed Companies with the New COSO 2017 Enterprise Risk Management (ERM)</li> <li>Thammasat University and the SET</li> <li>Director Certification Program (DCP) Thai Institute of Directors Association (IOD)</li> <li>Director Accreditation Program (DAP) Thai Institute of Directors Association (IOD)</li> </ul>					
<sup>†1</sup> Appointed effective on January 11, 2012							

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Period	Position	Experiences in the Past 5 Years	Organization/ Company Name
<b>35. Ms. Natjakorn Chainit</b>	41	<ul style="list-style-type: none"> <li>Master of Laws Northwestern University, School of Law</li> <li>Bachelor of Laws Chulalongkorn University</li> </ul> <b>Training Programs:</b> <ul style="list-style-type: none"> <li>Tax Law Course (1/2020) Thammasat University</li> <li>Precision Contract Drafting (2018) Marcus Evans Professional Training</li> <li>Presentation Advantage (2016) PacRim Group</li> </ul>	None	5,500 (0.00)	Kiatnakin Phatra Financial Group			Kiatnakin Phatra Bank Public Company Limited
<ul style="list-style-type: none"> <li>Executive Vice President<sup>†1</sup></li> <li>Deputy Head of Legal and Compliance Group</li> <li>Acting Department Head of Commercial Banking Business Legal</li> </ul>					Aug 2020 - present	Executive Vice President Deputy Head of Legal and Compliance Group Acting Department Head of Commercial Banking Business Legal		
<ul style="list-style-type: none"> <li>Appointed effective on August 1, 2020</li> </ul>					2014 - Jul 2020	Senior Vice President Department Head of Commercial Banking Business Legal		
<b>Other Listed Companies</b>								
					2011 - 2013	Vice President Legal advisor		CIMB Thai Bank Public Company Limited
<b>Non-Listed Companies</b>								
					2010 - 2011	Legal advisor		Hunton & Williams (Thailand) Co., Ltd.
<b>36. Ms. Nithivadee Tantipoj</b>	39	<ul style="list-style-type: none"> <li>Master of Business Administration in Management University of California at Los Angeles, U.S.A.</li> <li>Bachelor of Business Administration (B.B.A.) (International Program) Chulalongkorn University</li> </ul> <b>Training Programs:</b> <ul style="list-style-type: none"> <li>Fundamental of Commercial Bank (2016) Kiatnakin Bank Public Company Limited</li> <li>Fintech Certificate Course: Future Commerce (2016) Get Smart Online</li> <li>Roles and responsibilities of financial institutions in preventing money laundering and preventing terrorist financing (2015) Kiatnakin Bank Public Company Limited</li> </ul>	None	18,000 (0.00)	Kiatnakin Phatra Financial Group			Kiatnakin Phatra Bank Public Company Limited
<ul style="list-style-type: none"> <li>Executive Vice President<sup>†1</sup></li> <li>Department Head of Business Development</li> </ul>					Aug 2020 - present	Executive Vice President Department Head of Business Development		
<ul style="list-style-type: none"> <li>Appointed effective on August 20, 2020</li> </ul>					2014 - Aug 2020	Senior Vice President Department Head of Business Development		
					2015 - 2017	Acting Department Head of Lombard Loan		
					2013 - 2017	Vice President Department Head of Business Development		
					2017 - present	Executive Vice President Sales-Private Wealth Management		Kiatnakin Phatra Securities Public Company Limited
					2016 - 2017	Senior Vice President Sales-Private Wealth Management		

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years	
					Period	Position Organization/ Company Name
37. Ms. Pattanai Luangtrakul  • Executive Vice President <sup>/1</sup> • Head of Corporate and Marketing Communication Office	49	<ul style="list-style-type: none"> <li>Master of Business Administration Chulalongkorn University</li> <li>Bachelor of Business Administration (Marketing) Assumption University</li> </ul> <b>Training Programs:</b> <ul style="list-style-type: none"> <li>Everyday Coaching/Nestlé' Leadership Program (2017) Nestlé Group</li> <li>Issue &amp; Crisis Management (2016) ABM Group (Co-developer)</li> <li>Overseas Mission Assignment-Digital and Communication (Switzerland HQ) (2013) Nestlé Group</li> </ul>	None	None	2014 - 2016	Senior Vice President Capital Market Executive Office Phatra Capital Public Company Limited
					2012 - 2014	Vice President Capital Market Executive Office
					2009 - 2012	Assistant Vice President Capital Market Executive Office
					Other Listed Companies	
					None	
					Non-Listed Companies	
					None	
					Kiathakin Phatra Financial Group	
					2019 - present	Executive Vice President Head of Corporate and Marketing Communication Office Kiathakin Phatra Bank Public Company Limited
					Other Listed Companies	
					None	
					Non-Listed Companies	
					2015 -2019	Corporate Communication & PR Group Manager Nestlé (Thai) Ltd.
					2013 - 2015	Senior Marketing Manager - Coffee Mixes

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
38. Mrs. Pichaya Sotangkur  • Executive Vice President <sup>†1</sup> • Department Head of Commercial Credit Analysis	50	<ul style="list-style-type: none"> <li>• Master of Business Administration University of Colorado at Denver, U.S.A.</li> <li>• Bachelor of Engineering (Mechanical Engineering) Chulalongkorn University</li> </ul>	None	None	Kiatnakin Phatra Financial Group		
					Jan 2020 - present	Executive Vice President Department Head of Commercial Credit Analysis- Risk Management Group	Kiatnakin Phatra Bank Public Company Limited
					2014 - 2019	Executive Vice President Department Head of Commercial Credit Analysis	
					Other Listed Companies		
					None		
39. Mr. Romsai Tandakoseya  • Executive Vice President <sup>†1</sup> • Department Head of Commercial and Financial Institutions Credit Risk Management	44	<ul style="list-style-type: none"> <li>• Master of Management College of Management Mahidol University</li> <li>• Master of Business (Marketing) University of Technology Sydney</li> <li>• Bachelor of Commerce (Finance) Deakin University, Melbourne, Australia</li> </ul>	None	None	Kiatnakin Phatra Financial Group		
					2017 - Present	Executive Vice President Department Head of Commercial and Financial Institutions Credit Risk Management	Kiatnakin Phatra Bank Public Company Limited
					Other Listed Companies		
					2016 - 2017	Executive Vice President Credit Risk Management	Standard Chartered Bank (Vietnam) Plc.
					2013 - 2016	Senior Vice President Credit Risk Management	Standard Chartered Bank (Thai) Public Company Limited
					Non-Listed Companies		
					None		

## Training Programs:

- Business Goal Management (2016)  
Kiatnakin Bank Public Company Limited

<sup>†1</sup> Appointed effective  
on May 8, 2014

<sup>†1</sup> Appointed effective  
on November 1, 2017

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
40. Mr. Wanakan Kanjanasoon  • Executive Vice President <sup>1/</sup> • Department Head of Retail Business Strategy  <sup>1/</sup> Appointed effective on March 1, 2018	43	<ul style="list-style-type: none"> <li>Master of science in computer information systems (MSCIS) Assumption University</li> <li>Master of Business Administration (Finance) National Institute of Development Administration</li> <li>Bachelor of Engineering King Mongkut's Institute of Technology Ladkrabang</li> </ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"> <li>Successful Formulation &amp; Execution the Strategy (2009) Thai Institute of Directors Association (IOD)</li> </ul>	None	56,500 (0.01)	Kiatnakin Phatra Financial Group		
					Jan 2020 - Present	Department Head of Retail Business Strategy	Kiatnakin Phatra Bank Public Company Limited
					2018 - Dec 2019	Executive Vice President Department Head of Marketing and Strategy	
					2016 - 2018	Senior Vice President Department Head of Marketing and Strategy  Acting Head of Hire Purchase Business Development	
					Other Listed Companies		
					None		
					Non-Listed Companies		
					None		
41. Ms. Sirilak Anantasuphakul  • Executive Vice President <sup>1/</sup> • Department Head of Deposit and Bancassurance Product Development  <sup>1/</sup> Appointed effective on Aug 1, 2020	50	<ul style="list-style-type: none"> <li>Master of Business Administration (Financial Management) Western Michigan University, U.S.A.</li> <li>Bachelor of Business Administrator (Marketing) Assumption University</li> </ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"> <li>Executive Essentials to Agile &amp; SCRUM (2019) Kiatnakin Phatra Bank Public Company Limited</li> <li>Strategic Thinking and Formulation (2019) Kiatnakin Phatra Bank Public Company Limited</li> <li>Bancassurance Masterclass (2018) Equip Global</li> <li>Insurance information and Ratemaking Forum of Asia-ILRFA (2017)</li> <li>The Insurance Premium Rating Bureau (IPRB) Ultimate Leadership Series</li> <li>UOB - CBS (Chulalongkorn Business School)</li> </ul>	None	2,000 (0.00)	Kiatnakin Phatra Financial Group		
					Aug 2020 - present	Executive Vice President Department Head of Deposit and Bancassurance Product Development	Kiatnakin Phatra Bank Public Company Limited
					2015 - Jul 2020	Senior Vice President Department Head of Deposit and Bancassurance Product Development	
					Other Listed Companies		
					2012 - 2015	Head of Bancassurance Products and Business Insurance  Senior Vice President and Chief Marketing Officer Marketing and Product Group	United Overseas Bank (Thai) Public Company Limited  SCB Life Assurance Public Company Limited

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Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
42. Mrs. Suwannee Wattanavekin • Executive Vice President <sup>/1</sup> • Department Head of Foreclosed Property Management	58	<ul style="list-style-type: none"> <li>• Master of Business Administration New Hampshire College, U.S.A.</li> <li>• Bachelor in Management Northeastern University, Boston, U.S.A.</li> </ul> <b>Training Programs:</b> <ul style="list-style-type: none"> <li>• Top Executive Program in Industrial Development and Investment (2019) Institute of Business and Industrial Development (IBID)</li> </ul>	None	10,232,621 (1.21)	2008 - 2010	Vice President, Corporate Communication Vice President, Business & Channel Development	Bank of Ayudhya Public Company Limited
					Non-Listed Companies		
					None		
					Kiatnakin Phatra Financial Group		
					2009 - Present	Executive Vice President Department Head of Foreclosed Property Management	Kiatnakin Phatra Bank Public Company Limited
					2006 - 2009	Senior Vice President Department of Foreclosed Property Management	
					2001 - 2006	Vice President Department of Property Management	
					Other Listed Companies		
					None		
					Non-Listed Companies		
					None		

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Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
<b>43. Mr. Hirunrooj Loutheeravong</b>  • Executive Vice President <sup>†1</sup> • Deputy Head of Consumer Finance Group • Acting Department Head of Personal Acquiring 1 • Acting Department Head of Telemarketing & Cross Sale	55	• Master of Finance Concentration Mercer University, Georgia, U.S.A. • Bachelor of Laws Thammasat University  <b>Training Programs:</b> • Debt Collection Act (2015) • Kiatnakin Bank Public Company Limited • Sales Compensation Management (2015) • Kiatnakin Bank Public Company Limited • Fundamental of Commercial Bank (2015) • Kiatnakin Bank Public Company Limited • Bancassurance Leadership WS (2015) • Kiatnakin Bank Public Company Limited	None	None	Kiatnakin Phatra Financial Group		
					Jan 2021 - Present	Acting Department Head of Personal Acquiring 1	Kiatnakin Phatra Bank Public Company Limited
					Jan 2020 - Present	Acting Department Head of Telemarketing & Cross Sale	
						Executive Vice President	
						Deputy Head of Consumer Finance Group	
					2015 - 2020	Acting Department Head of Sale and Distribution Channel	
					2015 - 2019	Deputy Head of Sales and Distribution Group	
					2015 - 2015	Executive Vice President Assistant Head of Sales and Distribution Group	
					<b>Other Listed Companies</b>		
					None		
<b>44. Mrs. Ketsuda Uththayee</b>  • Senior Vice President <sup>†1</sup> • Deputy Head of Operations Group • Acting Department Head of Operations Strategy and Quality Management	47	• Master of Business Administration Assumption University • Bachelor of Economics Thammasat University  <b>Training Programs:</b> • TLCA Executive Development Program (2019) • Thal Listed Companies Association • Strategic CFO in Capital Market Program (2017) • The Stock Exchange of Thailand • CFO in Practice Certificate Program (2017) • Federation of Accounting Professions • Under the Royal Patronage of His Majesty the King	None	None	Kiatnakin Phatra Financial Group		
					Mar 2020 - present	Senior Vice President Deputy Head of Operations Group	Kiatnakin Phatra Bank Public Company Limited
						Acting Department Head of Operations Strategy and Quality Management	
					2018 - 2020	Department Head of Operations Strategy and Quality Management	
					<b>Non-Listed Companies</b>		
					None		
					<b>Other Listed Companies</b>		
					None		
					<b>Non-Listed Companies</b>		
					None		

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
45. Mr. Thaworn Chuengoen  Senior Vice President <sup>/1</sup> Deputy Head of Sales and Distribution Group Acting Regional Director - Commercial Bank Business Province  <sup>/1</sup> Appointed effective on November 15, 2018	56	<ul style="list-style-type: none"><li>Master of Public Administration Burapha University</li></ul> <b>Training Programs:</b> <ul style="list-style-type: none"><li>Unit Linked - by OIC (2018) Kiathakin Bank Public Company Limited</li><li>Renewal of investment advisor license (2017) Kiathakin Bank Public Company Limited</li><li>Cross Selling (2017) Kiathakin Bank Public Company Limited</li><li>Internal regulations and control (2016) Kiathakin Bank Public Company Limited</li></ul>	None	30,000 (0.00)	Other Listed Companies		
					None		
					Non-Listed Companies		
					2017 - 2018	Vice President After-sales service development department	The Stock Exchange of Thailand
					2016 - 2017	Acting Head of Accounting Department	
					2013 - 2017	Vice President Investment Management Supervise and control investment	
					Kiathakin Phatra Financial Group		
					Jan 2020 - Present	Senior Vice President Deputy Head of Sales and Distribution Group	Kiathakin Phatra Bank Public Company Limited
					2015 - present	Acting Regional Director- Commercial Bank Business	
					2017 - 2019	Acting Regional Director- Commercial Bank Business Province 1 Acting Regional Director- Commercial Bank Business Province 2	
2015 - 2017	Senior Vice President Regional Director-Commercial Bank Province 2						
2014 - 2015	Head of Eastern Sales Office						
Other Listed Companies							
None							
Non-Listed Companies							
None							

\*KKP shareholding is included share numbers of spouse and minor children





Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
46. Ms. Naranont Lewchalemwongs  • Senior Vice President <sup>†1</sup> • Deputy Head of Retail Credit and Collection Group  <sup>†1</sup> Appointed effective on March 1, 2020	42	<ul style="list-style-type: none"> <li>• Master of Information System University of Tasmania</li> <li>• Bachelor of Arts Program in Sociology and Anthropology Thammasat University</li> </ul> <b>Training Programs:</b> <ul style="list-style-type: none"> <li>• Collection Management Course (2557) United Overseas Bank (Thai) Public Company Limited</li> </ul>	None	None	Kiatnakin Phatra Financial Group		
					Nov 2020 - present	Senior Vice President Deputy Head of Retail Credit and Collection Group	Kiatnakin Phatra Bank Public Company Limited
					2018 - 2020	Senior Vice President Department Head of Outsourced Collection Management Acting Department Head of Home Loan & SME Collection	
					2017 - 2018	Senior Vice President Department Head of Home Loan & SME Collection	
					<b>Other Listed Companies</b>		
					2012 - 2017	Recovery Management Head	United Overseas Bank (Thai) Public Company Limited
					<b>Non-Listed Companies</b>		
					None		
47. Mr. Partsakorn Boonyaprasit  • Senior Vice President <sup>†1</sup> • Deputy Head of Information Technology Group  <sup>†1</sup> Appointed effective on November 6, 2017	43	<ul style="list-style-type: none"> <li>• Master of Business Administration Kasetsart University</li> <li>• Bachelor of Science Rangsit University</li> </ul> <b>Training Programs:</b> <ul style="list-style-type: none"> <li>• Fundamental of Commercial Bank (2016) Kiatnakin Bank Public Company Limited</li> </ul>	None	5,500 (0.00)	Kiatnakin Phatra Financial Group		
					Jan 2020 - Present	Senior Vice President Deputy Head of Information Technology Group	Kiatnakin Phatra Bank Public Company Limited
					2018 - 2020	Acting Department Head of Core Banking System	
					2015 - 2017	Senior Vice President Department Head of Services and Support System Development Acting Department Head of Services and Support System Development	
					<b>Other Listed Companies</b>		
					2014 - 2015	First Vice President	Kasikorn Bank Public Company Limited
					<b>Non-Listed Companies</b>		
					None		

\*KKP shareholding is included share numbers of spouse and minor children

Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Period	Experiences in the Past 5 Years Position	Organization/ Company Name
<b>48. Mr. Varanyu Thirapathanan</b>	49	<ul style="list-style-type: none"> <li>Bachelor of Arts Chandrasekhar Rajabhat University</li> </ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"> <li>Improve Skill for MKT Captive (2018) Kiatnakin Bank Public Company Limited</li> <li>Regulations and Insurance Product (2018) General Insurance (Thailand) Public Company Limited.</li> <li>Seminar on growth or direction of new and used cars market (2018) Association of Used Car Thailand</li> <li>Knowledge of CQC and C2C products and leasing workflow (2016) Kiatnakin Bank Public Company Limited</li> </ul>	None	2,100 (0.00)	Kiatnakin Phatra Financial Group		
<ul style="list-style-type: none"> <li>Senior Vice President<sup>1)</sup></li> <li>Deputy Head of Auto Finance Group</li> </ul>					May 2020 - present	Senior Vice President Deputy Head of Auto Finance Group	Kiatnakin Phatra Bank Public Company Limited
<sup>1)</sup> Appointed effective on May 1, 2020					Jul 2020 - Dec 2020	Acting Regional Director-Auto Finance Business Province 3	
					2015 - 2020	Senior Vice President Regional Director-Auto Finance Business BKK	
					2011 - 2015	Vice President Assistant Head of Regional Office - Regional Office-BKK1	
					<b>Other Listed Companies</b>		
					None		
					<b>Non-Listed Companies</b>		
					None		
<b>49. Ms. Sanikorn Suparp</b>	50	<ul style="list-style-type: none"> <li>Bachelor of Business Administration The University of the Thai Chamber of Commerce</li> </ul> <p><b>Training Programs:</b></p> <ul style="list-style-type: none"> <li>KKPEdge: Project Presentation (2016) Kiatnakin Bank Public Company Limited</li> <li>KKPEdge: Leader Strengths Finder (2015) Kiatnakin Bank Public Company Limited</li> <li>KKPEdge: Maximizing your Talent (2015) Kiatnakin Bank Public Company Limited</li> <li>KKPEdge: Economics and banks (2015) Kiatnakin Bank Public Company Limited</li> </ul>	None	None	Kiatnakin Phatra Financial Group		
<ul style="list-style-type: none"> <li>Senior Vice President<sup>1)</sup></li> <li>Department Head of Wealth Management</li> </ul>					Jan 2021 - Present	Senior Vice President Department Head of Wealth Management	Kiatnakin Phatra Bank Public Company Limited
<sup>1)</sup> Appointed effective on July 26, 2016					2016 - Dec 2020	Deputy Head of Priority Banking Group	
					2014 - 2016	Senior Vice President Assistant Head of Sales and Distribution Group Acting Department Head Priority Banking 2 Acting Department Head Regional Priority Banking	
					<b>Other Listed Companies</b>		
					None		
					<b>Non-Listed Companies</b>		
					None		

\*KKP shareholding is included share numbers of spouse and minor children



Name - Surname/ Present Position/ Date of Appointment	Age:	Education/ Training Programs	Family Relationship with the Executive	KKP shareholding*	Experiences in the Past 5 Years		
					Period	Position	Organization/ Company Name
50. Ms. Pornip Chuprakhun	52	<ul style="list-style-type: none"><li>Master of Business Administration Assumption University</li><li>Bachelor of Arts (Political Science) Kasetsart University</li></ul>	None	59,001 (0.01)	Kiatnakin Phatra Financial Group		
<ul style="list-style-type: none"><li>Corporate Secretary <sup>/1</sup></li><li>Senior Vice President</li><li>Head of Corporate Secretariat Department</li></ul>					2011 - present	Senior Vice President Head of Corporate Secretariat Department	Kiatnakin Phatra Bank Public Company Limited
					2010 - present	Corporate Secretary	
					Other Listed Companies		
					None		
					Non-Listed Companies		
					None		
<b>Training Programs:</b>							
<ul style="list-style-type: none"><li>Online Seminar: Topic: Appointment, Change and Retirement by rotation of a Director, Independence Director and audit member (2020)</li></ul>							
Thal Listed Companies Association							
		<ul style="list-style-type: none"><li>Legal Duties of Directors and Civil and Criminal Liability under Thai Laws (2019) Tilleke &amp; Gibbins International Ltd.</li></ul>					
		<ul style="list-style-type: none"><li>Workshop for Professional Development in Forum "Beyond Regulation: The Evolution of the Company Secretary Role" (2018)</li></ul>					
		Thal Listed Companies Association					
		<ul style="list-style-type: none"><li>ASEAN Corporate Secretaries Professional Exchange Programme (PEP 2016)</li></ul>					
		The Hong Kong Institute of Chartered Secretaries					
		<ul style="list-style-type: none"><li>Thal Intelligent Investors Program (TIIP - 13/2559)</li></ul>					
		Thal Investor Association					
		<ul style="list-style-type: none"><li>Compliance Officer (7/2014)</li></ul>					
		Faculty of Law, Chulalongkorn University					
		<ul style="list-style-type: none"><li>Fundamental Practice for Corporate Secretary (FPCS 23/2011)</li></ul>					
		Thal Listed Companies Association					
		<ul style="list-style-type: none"><li>Board Reporting Program (BRP 1/2009)</li></ul>					
		Thal Institute of Directors Association (IOD)					
		<ul style="list-style-type: none"><li>Company Secretary Program (CSP 17/ 2006)</li></ul>					
		Thal Institute of Directors Association (IOD)					
		<ul style="list-style-type: none"><li>Effective Minute Taking (EMT 2/2006)</li></ul>					
		Thal Institute of Directors Association (IOD)					
		<ul style="list-style-type: none"><li>Corporate Secretary Development Program (11/2005)</li></ul>					
		Faculty of Commerce and Accountancy, Chulalongkorn University					

Remark :

No. 1 - 29, 31 - 49 executives are defined according to the notice of the Bank of Thailand.  
No. 13 - 16, 18 - 30 executives are defined according to the notice of the Securities and Exchange Commission.

\*KKP shareholding is included share numbers of spouse and minor children

## Duties and Responsibilities of Corporate Secretary

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The Corporate Secretary has duties to facilitate the work of the Board of Directors' with respect to regulations, the Board of Directors' meetings and shareholders' meetings. The responsibilities and duties of the Corporate Secretary include the following:

1. Advise directors on basic laws and regulations which they need to know in order to administer the functions of the Board of Directors.
2. Organize and manage the meetings of shareholders, Board of Directors and committees in accordance with laws, the Bank's Articles of Association, good practices and charter of each committee. The Corporate Secretary is also responsible for ensuring and monitoring compliance with resolution of the shareholders' and Board of Directors' meetings as well as laws and relevant regulations.
3. Prepare and maintain key corporate documents and records, current registration of directors, notices and minutes of the shareholders' meetings, annual report and notices and minutes of the Board of Directors' meetings.
4. Ensure that directors and the management prepare reports of interest of themselves and related persons in accordance with the law; keep a record of such report and send a copy of such report to the Chairman of the Board and the Chairperson of Audit Committee as stipulated by the law.
5. Manage the disclosure of information according to the regulations of the relevant agencies overseeing the Bank.
6. Process all matters concerning the share registration, i.e. the payment of dividend and increase of registered capital, etc.
7. Perform any other act as prescribed by the Capital Market Supervisory Board and Board of Directors.

[illegible]

[illegible]

[illegible]



Name*		Kiahnakin Phatra Bank Public Company Limited										Subsidiaries & Associated Companies										Position										Related Companies									
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36				
47	Mr. Partsakorn Boonyaprasit	Senior Vice President Deputy Head of Information Technology Group																																							
48	Mr. Varanyu Thirapathanan	Senior Vice President Deputy Head of Auto Finance Group																																							
49	Ms. Sanikorn Suparp	Senior Vice President Department Head of Wealth Management																																							

Remark : No. 1 - 29, 31 - 49 are executives according to the definition of the Bank of Thailand.  
No. 13 - 16 and 18 - 30 are executives according to the definition of the SEC.

1. X = Chairman / = Director // = Executive Director \* = Authorized Director

2. Related Company means Party entity definition may conflict under the SEC

1	KKP Capital Public Company Limited	11	The Erawan Group Public Company Limited	21	Phuket Suite Pavilion Company Limited	31	Arkitektura Company Limited
2	Kianrakin Phatra Securities Public Company Limited	12	Sub Supabundit Company Limited	22	Ruanwanthana Company Limited	32	Eduvision Company Limited
3	Kianrakin Phatra Asset Management Company Limited	13	Don Muang Tollway Public Company Limited	23	Buranburi Security Guard Company Limited	33	Advanced Information Technology Public Company Limited
4	KKP Tower Company Limited	14	Ocean life Insurance Public Company Limited	24	Lerve Company Limited	34	ASCO Business Promotion Company Limited
5	Crystal Football Club Company Limited	15	Eastern Sugar Company Limited	25	Veranda Resort Public Company Limited	35	I.C.C. International Public Company Limited
6	Kruem Company Limited	16	Neo - Sac Company Limited	26	WeEat Company Limited	36	Lao Telecommunication Public Company
7	K S P Square Company Limited	17	Bangchak Corporation Public Company Limited	27	Siracha Construction Public Company Limited		
8	GMM Grammy Public Company Limited	18	BOT Lease (Thailand) Company Limited	28	Squirrel (Thailand) Company Limited		
9	Chino Italian Company Limited	19	Electricity Generating Public Company Limited	29	Aksorn Education Public Company Limited		
10	Central Pattana Public Company Limited	20	Paholyothin Suite Company Limited	30	Alpha Absolute Company Limited		

## Information on Directors of Subsidiaries

Name and Surname	KKP Capital Public Company Limited	Kiatnakin Phatra Securities Public Company Limited
1. Mr. Banyong Pongpanich	X	X
2. Mr. Suvit Mapaisansin	/ *	/ *
3. Dr. Supavud Saicheua	/	/
4. Mr. Aphinant Klewpatinond	/ *	/ *
5. Mrs. Patchanee Limapichat	/ *	/ *
6. Mr. Norachet Sangruji	/ *	/ *
7. Ms. Thitinan Wattanavekin	/	-
8. Mr. Chavalit Chindavanig	/	/
9. Mrs. Patraporn Milindasuta	/	/
10. Mr. Krittiya Veeraburus	/ *	/ *
11. Mr. Trairak Tengtrirat	/ *	/ *
12. Mrs. Kulnan Tsanhaiwo	/ *	/ *
13. Mr. Supachoke Supabundit	/ *	/ *

Remark:

1. X = Chairman / = Director // = Executive Director \* = Authorized Director
2. Subsidiary means a subsidiary with a significant revenue of more than 10% of the consolidated total income of the financial year.
3. Information as of December 31, 2020

# Information on Internal Audit Head and Compliance Head

## 1. Internal Audit Head

### Name and Position

Dr. Narong Preedanana, Executive Vice President,  
Office of Internal Audit

### Education

- Doctor of Business Administration (DBA),  
University of South Australia, Australia
- Master of Business Administration,  
University of Leicester, UK
- Bachelor of Accountancy,  
Chulalongkorn University

### Professional Certificates

- CFSA (Certified Financial Service Auditor, IIA)
- CCSA (Certification in Control Self Assessment, IIA)
- CRISC (Certified in Risk and Information System  
Control, ISACA)

### Work Experiences

2012 - Present Executive Vice President, Head of  
Office of Internal Audit, Kiatnakin  
Phatra Bank Public Company Limited

2004 - 2011 Senior Vice President, Group Audit,  
TMB Bank Public Company Limited

2001 - 2003 Vice President, Financial Markets  
Audit, DBS Thai Dhanu Bank Public  
Company Limited

1997 - 2000 Vice President, Head of Internal  
Audit, Thailand Securities Finance  
Cooperation (TSFC) Securities  
Company Limited

1992 - 1996 Senior Manager, Finance One Public  
Company Limited

1991 - 1992 Management Internal Control,  
the Chase Manhattan Bank N.A.

1987 - 1990 Audit Officer, Siam Commercial Bank  
Public Company Limited

### Training Programs

- Privacy & Security Summit 2020 organized by  
the Ministry of Digital Economy and Society and  
Thai Digital Technology User Group Association
- Risk and Compliance under a Digital Transformation  
organized by Thomson Reuters

- Chief Audit Executive (CAE) Forum: Mobile Banking  
and Digital Bank Audit organized by the Bank  
and Financial Institution Internal Auditors Club
- The Study of Audit Adjustments by Research  
Institute for Policy Evaluation & Design, University  
of the Thai Chamber of Commerce, organized by  
the SET
- Compliance Risk & Internal Control organized by  
OmegaWorldClass
- Value Creation and Enhancement for Listed  
Companies with the New COSO 2017 Enterprise  
Risk Management (ERM) organized by the Faculty  
of Commerce and Accountancy, Thammasat  
University, and the SET
- Chief Audit Executive (CAE) Forum: Robotic  
Internal Control and Audit organized by the Bank  
and Financial Institution Internal Auditors Club
- PwC Forensics Seminar on Increase Business  
Efficiency and Reduce Costs with GRC organized  
by PricewaterhouseCoopers ABAS Ltd.
- PwC Forensics Seminar on Cybercrime organized  
by PricewaterhouseCoopers ABAS Ltd.
- Global and Thailand Economic Outlook and How  
Disruptive Innovations Affect Your Competitive  
Landscape organized by Deloitte Touche Tohmatsu  
Jaiyos Advisory Co., Ltd.
- Chief Audit Executive (CAE) Forum: Behavior and  
Culture (B&C) organized by the Bank and Financial  
Institution Internal Auditors Club
- Enterprise Risk Management Workshop organized  
by PricewaterhouseCoopers ABAS Ltd.
- Fighting Fraud with Big Data and Analytic  
organized by ACL Services Ltd.
- Preparing for Basel III Implementation organized  
by Regulatory Intellect Ltd.
- Practical 'FRAUD' Prevention, Detection &  
Litigation organized by OmegaWorldClass
- New Transfer Pricing Legislation organized by  
PricewaterhouseCoopers ABAS Ltd.



- Workshop for Practical Issues in Thai Financial Reporting Standards organized by Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd.
- Final FATCA Regulations Workshop organized by Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd.
- TFRS & IFRS Excellence organized by Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd.
- Director Certification Program (DCP) organized by the Thai Institute of Directors Association
- Director Accreditation Program (DAP) organized by the Thai Institute of Directors Association
- Knowledge relating to internal audit profession, banking and financial markets; e.g. Internal Audit Workshop (London), Derivatives (DBS Bank/ Singapore), New Financial Instruments: Accounting & Taxation (Euromoney/ Hong Kong), Fundamental of Financial Derivatives, Treasury System (Australia), Bond/ Debenture (Euromoney), Credit Training Programme, Asset Liability Management, Enterprise Risk Management (COSO ERM)

## 2. Compliance Head

### Name and Position

Mr. Aphichart Chongsanguanpradab, First Executive Vice President, Legal and Compliance Group

### Education

- Master of Business Administration with Finance Concentration, Eastern Michigan University, U.S.A.
- Bachelor of Accountancy, Chulalongkorn University

### Professional Certificates

- Operational Supervision for Head of Compliance in 2019 organized by the Thai Bankers' Association
- ASCO Compliance Training Program in 2019 organized by the ASCO
- Taxation Law No. 1 organized by Thammasat University
- Compliance Professional Standards in 2018 organized by the ASCO
- Supervision of Insurance Business No. 1/2017 organized by Chula Unisearch, Chulalongkorn University
- Compliance Officer of Commercial Bank organized by the Bank of Thailand together with the Faculty of Law, Chulalongkorn University and the Thai Bankers' Association
- Bond Regulatory Update organized by the Thai Bond Market Association
- Audit Program Development organized by the Institute of Internal Auditors of Thailand (IIA)

### Work Experiences

- 2020 - Present First Executive Vice President, Head of Legal and Compliance Group, Kiatnakin Phatra Bank Public Company Limited
- 2019 - 2020 Executive Vice President, Head of Legal and Compliance Group, Kiatnakin Phatra Bank Public Company Limited
- 2014 - 2019 Executive Vice President, Office of Compliance, Kiatnakin Bank Public Company Limited
- 2011 - 2014 Head of Operation Department, Phatra Securities Public Company Limited
- 2010 - 2011 Compliance Officer, Credit Suisse (Thailand) Securities Company Limited
- 2004 - 2010 Head of Compliance, Phatra Securities Public Company Limited
- 2003 - 2004 Compliance Officer, Merrill Lynch International Bank Limited (Merchant Bank) (Singapore Branch)
- 1999 - 2003 Compliance Officer, Merrill Lynch Phatra Securities Company Limited
- 1997 - 1999 Internal Auditor, Bangkok Bank Public Company Limited

## Training Programs

- Diploma in Taxation Law No. 1 organized by the Faculty of Law, Thammasat University
- Thailand - EU Seminar on E-Commerce and GDPR organized by Royal Thai Embassy Brussels and Ministry of Digital Economy and Society
- ASEAN Banking Cybersecurity Conference 2019 organized by Thailand Banking Sector CERT (TB-CERT), the Thai Bankers' Association
- E - KYC for Digital Financial No. 1 organized by Thai Institute of Banking and Finance Association
- Electronics Law Program No. 4 organized by Thai Institute of Banking and Finance Association
- Personal Data Protection Act B.E. 2562 Process and Practice No. 3 organized by Dharmniti
- Seminar on Latest Debt Collection Act, Announcement of Office of the Consumer Protection Board 2018 and Hire Purchase and Leasing Guidelines organized by Thai Hire-Purchase Association
- The Business Law of New Financial Institution Class 1 organized by the TIBFA
- The Law of the Office of the Consumer Protection Board in 2018, Market Conduct of the Bank of Thailand and the Practices of the Hire Purchase and Leasing organized by the Thai Hire-Purchase Association
- Anti-Money Laundering and Counter Financing of Terrorist (AML/CFT) Training for Transaction Reports under Section 13 and Section 16 Course 1, Class 2 organized by the AMLO
- The Information Technology Risk Supervision of Financial Institute organized by Compliance Club of the Thai Bankers' Association
- Compliance Professional Standards in 2018 organized by the ASCO
- Anti-Corruption Working Paper Program No. 3/2018 organized by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Workshop for Customer's Risk Management Framework organized by the SEC
- Compliance and Compliance Audit Auditing 7.0 CPE Credits organized by the IIA
- Roundtable Discussion 2018: Driving Business Value & Sustainability through Active by the SEC
- Discussion on the Privacy Protection, Big Data and GDPR in the Digital Economy Development organized by the Bank of Thailand and the College of Local Administration, Khonkaen University
- The Financial Instruments: TFRS 9 organized by the Department of Business Development, Ministry of Commerce
- Insurance Expo 2018: Converging Insurance Business Model with Insurance in Digital Disruption organized by the OIC
- Re-Inventing Business Model Through Technological Lens organized by the SEC and Business Software Alliance (BSA)
- Financial Advisor' Code of Conduct and Working Procedures under Code of Conduct (Amended) organized by Investment Banking Club, the ASCO
- Guideline for the Registration of Secured Transaction Contract of Department of Business Development organized by Department of Business Development, Ministry of Commerce.
- Review of Guidelines for the reporting entity to be in compliance with the AMLO
- The focus group : The industry utilizes information technology to enhance regulatory processes (RegTech) organized by the SEC
- The Standardization of AML/CFT organized by the AMLO
- The Annual Seminar : Future Banking Evolution or Revolution organized by the Human Development Club, the Thai Bankers' Association
- The Preparation for the Financial Sector Assessment Program (FSAP) organized by the SEC
- Risk and Compliance organized by Wells Fargo Bank and the Thai Bankers' Association
- The Market Conduct Guideline for Commercial Bank organized by the Compliance Club, the Thai Bankers' Association

## Roles and Responsibilities

1. Provide Legal and Compliance Group's strategic plan (business, budget, resource plans) consistent with organization direction and strategy.



2. Determine Legal and Compliance Group's goals and objectives which are appropriate with organizational direction as well as their benchmarks with the management.
3. Prepare performance evaluation, monitoring, following up on guidelines and performing assessments as such.
4. Determine and approve compliance policies.
5. Develop conclusive compliance system/ process and update relevant laws as well as distribute notices, guidelines, policies, manual, including KM distribution.
6. Advise and provide training in relation to policies, process or other matters with respect to relevant laws, rules and other guidelines, especially those in connection with new products or financial transactions to directors, management and employees.
7. Assess the process sufficiency and effectiveness and provide solutions to other parties to improve processes which are in connection with compliance matters.
8. Determine guidelines for record retention of agreements between the Bank and clients, e.g. hire purchase agreements, loan agreements, etc.
9. Determine and evaluate guidelines for compliance surveillance program with relevant laws and regulations enforced on financial institutions and report any potential regulatory risks.
10. Determine guidelines for compliance surveillance program with the Bank's policies, notices, processes and work manuals.
11. Determine guidelines with other parties to improve work process which is in relation to regulatory compliance.
12. Monitor, analyze and investigate transactions for any potentially suspicious transactions as well as report to the AMLO and collectively consider a mutual resolution.

## Assets for Business Operation

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Details on the assets for business operation are shown in section 1.2 in Form 56-1 One Report.



# Corporate Governance Policy

## Kiatnakin Phatra Bank Public Company Limited

### Introduction

Realizing its responsibility towards all stakeholders, the Board of Directors of Kiatnakin Phatra Bank Public Company Limited has continually run the business in line with corporate governance principles.

The Board of Directors therefore has reviewed and approved the revision of the Bank's Corporate Governance Policy on November 12, 2020 in order to maintain practical guidelines in the business operation and improve the standard of the Group's corporate governance to be more comparable with international standards. The Bank's Corporate Governance Policy is comprised of five sections as follows:

- Section 1: Rights of Shareholders
- Section 2: Equitable Treatment of Shareholders
- Section 3: Role of Stakeholders
- Section 4: Disclosure and Transparency
- Section 5: Board Responsibilities

The Board of Directors strongly believes that good corporate governance will enable the Bank and the Group companies to have a proper management system with efficiency, transparency, accountability and fairness to all related parties and allow the Group to build trust and increase competitiveness under a system of good ethics and social responsibility. This will build strong stability and a long-term foundation for the Group. For that reason, the practice of Corporate Governance Policy is one of the prime missions of the Board of Directors, management and employees in order to benefit the Bank, the Group, shareholders, clients, stakeholders, the community and the overall society.

### Section 1: Rights of Shareholders

The Board of Directors has realized and emphasized the importance of rights of shareholders. The statutory rights of shareholders embrace the right to attend and vote in the shareholders' meeting, the right to appoint a third party as a proxy for attending and voting in the shareholders' meeting on his/ her behalf, the right to vote on the election or removal of each individual director, the right to vote on directors' remuneration annually, the right to appoint external auditors and vote on the fixing of annual audit fees and the right to obtain adequate information, participate and vote in the shareholders' meeting if there are any significant corporate changes - capital structure, controlling authority or major asset transfer. In addition, the Bank provides shareholders the right to express their opinions and raise questions during the shareholders' meeting, the right to perceive regulations and procedures of the shareholders' meeting, the right to propose agenda items for the shareholders' meeting, the right to nominate directors, the right to be involved in improving the Bank's business performance, the right to share in the Bank's profit and the right to receive sufficient and up-to-date information in a timely manner. Meanwhile, the Board of Directors aims to encourage all shareholders to fully exercise their rights. The Bank will not execute any tort affecting or derogating the rights of shareholders.

#### Practical Guidelines

In order to facilitate the exercise of shareholders' rights, the Board of Directors establishes the practical guidelines as follows:

#### 1. Shareholders' meeting

##### 1.1 Meeting schedule and venue

- The Annual General Meeting of Shareholders ("AGM") is held within four months from the end of the Bank's fiscal year or as stipulated by law.
- An Extraordinary General Meeting of Shareholders ("EGM") may be called to consider

a special agenda item by the Board of Directors. On the other hand, shareholders have the right to submit the joint letter to the Board of Directors to call an EGM at any time as prescribed by the Bank's Articles of Association. In this case, the Board of Directors will call the meeting within forty-five days from the joint letter submission date.

- The Board of Directors fully facilitates all shareholders, including institutional shareholders, to attend the AGM, which is not held on a commercial bank holiday. The AGM is set up at the Bank's office or any other place, which offers convenience in transportation for shareholders.

#### 1.2 Notice of shareholders' meeting

- The notice of shareholders' meeting shall clearly indicate the meeting date, time, venue and agendas, the fact and reason. Moreover, the proposed agendas are clearly identified as either for acknowledgement, approval or consideration (case by case). The Board of Director's opinion is fully presented together with the criteria and procedures for attending the meeting and voting in each agenda.
- The Bank fully endeavors to deliver the notice of shareholders' meeting by post to shareholders at least twenty-eight days prior to the shareholders' meeting date. In addition, the Bank tries to disclose the information on AGM on its website at least thirty days prior to the shareholders' meeting date in order for shareholders to have enough time to consider on the meeting information in advance prior to receiving the notice of shareholders' meeting in a hard copy format.
- The notice of shareholders' meeting is publicized in daily newspapers no less than three days prior to the shareholders' meeting date for three consecutive days.
- The Bank also prepares the notice of shareholders' meeting in English version and published at the same time as the Thai version to facilitate foreign shareholders.

#### 1.3 Granting proxy to attend the shareholders' meeting and vote

- The Bank allows shareholders who are unable to attend the shareholders' meeting to appoint a third party as their proxies and vote on their behalf.
- The Bank encourages shareholders to use the proxy form on which shareholders are able to specify their votes by providing such proxy form together with the notice of shareholders' meeting. Shareholders can also download such proxy form from the Bank's website
- The notice of shareholders' meeting clearly informs shareholders of all necessary documents for granting proxy. The Bank avoids requiring any condition which makes proxy granting be complicated.
- The Bank proposes at least one independent director as an option for shareholders, who cannot attend the shareholders' meeting in person, to appoint as their proxies.

#### 1.4 Rights of shareholders in AGM

- The Bank allows shareholders to submit questions in advance prior to the AGM date and discloses the criteria for submission of questions in advance on its website.
- The Bank facilitates shareholders and proxies in attending the shareholders' meeting. On the meeting date, the registration will be open not less than two hours before the meeting commences. The Bank gives shareholders and proxies, who show up after the meeting has started, the chance to vote on agenda items still under deliberation.
- The Bank arranges sufficient staffs and technology to review each shareholder's document and facilitate the exercise of shareholders' right in participating the meeting and voting.
- Before the meeting commences, shareholders will be informed about the number and ratio of meeting attendants, meeting rules, and voting and vote-counting procedures.
- Voting cards are used in all voting agendas.

Vote-counting in each agenda item shall be open and within an appropriate time by counting one share for one vote. The majority vote or a vote required by law for that agenda is the resolution. The voting cards will be kept for later inspection for an appropriate period of time.

- The Bank allows an independent person to jointly examine the voting in AGM with the Bank's staff.
- In the shareholders' meeting, the Chairman of the meeting will run the meeting in accordance with the agenda items prescribed in the notice of meeting without adding any other agenda item which is not notified to shareholders in advance.
- The Bank allows shareholders to vote for director election individually.
- The Bank allows shareholders to consider and approve the directors' remuneration, both in the form of monetary remuneration and other benefits, as well as presents the policy and guidelines for directors' remuneration for shareholders' consideration.
- During the meeting, the Chairman of the meeting will allow shareholders to express their opinions and make inquiries within an appropriate time and request relevant directors or executives to clarify and provide complete information to shareholders.

#### **1.5 Agenda proposal for the shareholders' meeting and director nomination**

- The Bank provides opportunity for shareholders to propose agenda items, which are considered important, for the AGM and nominate qualified candidates to be elected as the Bank's directors to the Nomination and Remuneration Committee and the Board of Directors for consideration.
- The Bank discloses details, criteria and procedures for proposing the shareholders' meeting agendas and nominating directors, including required qualifications of directors and Independent directors, on its website in

order to ensure that shareholders are equitably treated.

- The Bank announces via the SET's channels and its website in advance for three months prior to the end of its fiscal year the opportunity to propose the agenda items and nominate directors for the next AGM.

#### **1.6 Participation of directors and executives in the shareholders' meeting**

- The Board of Directors gives the importance on the shareholders' meeting. Thus, it encourages directors, Chairman and members of the sub-committees, executives, related head departments, and auditor to attend the shareholders' meeting to answer questions to shareholders.

#### **1.7 Resolution and minute of the shareholders' meeting**

- Comprehensive minute of the shareholders' meeting is recorded. It includes names of directors in attendance, proportion of attendance and non-attendance directors, voting and vote-counting procedures, key discussion issues, questions raised, clarifications, comments, resolution results and complete voting results (for approve/ against/ abstaining and voided cards) of each agenda item.
- The Bank discloses the resolutions of the shareholders' meeting with voting results within the following business day of the shareholders' meeting date through the SET's channel and on its website.
- The Bank ensures that minute of shareholders' meeting is submitted to regulators within specified period of time and encourages the disclosure of the minute of shareholders' meeting on its website within fourteen days from the meeting date so that shareholders can review.

## **2. Dividend payment**

- The Board of Directors establishes the dividend payment policy by considering on its financial

position, business trend, industry outlook, and demand for capital usage. Dividend will be paid out from the net profit after deducting all capital reserves. Dividend payment policy includes the annual dividend and interim dividend and can be changed upon the capital plan or other necessities and appropriation in the future.

- For the dividend agenda, the Bank will present to shareholders its dividend payment policy, proposed dividend amount, supporting reasons and other information for consideration. In the case the dividend is proposed to be omitted, the Bank shall also disclose the reasons and information for consideration.
- The Bank will rapidly notify the resolution of the shareholders' meeting or the Board of Directors' meeting to shareholders regarding a dividend payment through the SET's channel and on its website and make a dividend payment within thirty days from the date on which the shareholders or the Board of Directors have approved.

### 3. Appointment of auditor

- The shareholders' meeting appoints auditors and approves their remuneration annually. The auditors and auditors' remuneration, proposed to the shareholders' meeting for approval, must be pre-approved by the Audit Committee and the Board of Directors.
- The Bank shall disclose complete details of proposed auditors, such as names, audit firm and background as well as their audit and non-audit fees in order for shareholders to consider their competency and appropriateness.

### 4. Request for the Bank's information

- The Bank provides channels for shareholders to contact and request for the Bank's information directly from the Bank's corporate secretary or investor relations officer.

### 5. Share repurchase

- The Bank will comply with related regulations on share repurchase and conduct the share repurchase (if any) in a transparent manner.

### 6. Communications among shareholders

- The Bank will not be obstruct or block any communications among shareholders.

## Section 2: Equitable Treatment of Shareholders

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The Board of Directors respects and values the importance of equitable treatment of shareholders.

### Practical Guidelines

To ensure that shareholders are equally treated and protected for their basic rights, the Board of Directors establishes the practical guidelines as the follows:

1. The Bank treats shareholders equitably for participating in the shareholders' meeting, receiving information and voting by one share for one vote. Shareholders who have a business stake-holding in any agenda item have no right to vote on such agenda item.
2. The Bank facilitates shareholders by allocating appropriate time and opportunity to express their opinions and raise questions during the meeting.

## Section 3: Role of Stakeholders

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The Board of Directors is beholden to shareholders. Each director is considered a representative of shareholders in the administration of the Bank and the Group by being independent and free from bias, ensuring the benefits of shareholders. In its operations, there are many stakeholders, namely the shareholders, clients, employees, counterparties, competitors, creditors, as well as community, society and environment. Every group of stakeholders shall be justly treated and fairly receive treatments according to their statutory rights and agreements.

### Practical Guidelines

1. The Bank's and the Group's website have been developed so that they can become channels through which the stakeholders can participate to enhance the operation of the Bank and the Group. Stakeholders can make suggestions and give advice through the websites. This promotes

cooperation among the Bank, the Group and its stakeholders to create wealth, financial stability and sustainability of the business.

2. The Bank has arranged for reporting channels for whistleblower, e.g. the report on the inaccuracy of financial reports, deficient internal controls or any illegal or unethical activities or any suspected corruption or improper behavior of all employees. Employees and other stakeholders can communicate these actions to the Bank through various channels, e.g. electronic email to independent directors or KKP Contact Center. Moreover, employees can directly contact the Chairman of the Board, the Chairperson of the Audit Committee, the Chief Executive Officer (CEO), the President or the Head of the Office of Internal Audit to file complaints on such wrongdoing.

The Bank has set the whistleblower protection process and will not commit any unfair treatment to all employees, temporary staff or contract staff who report any suspected acts. The Bank realizes the importance of keeping reported information and evidence confidential. The whistleblowing information will be acknowledged only among the responsible parties or only be disclosed by law as stipulated. In addition, the whistleblowers can submit a complaint confidentially. The Bank will handle complaints according to the Bank's whistleblowing process as well as investigation and disciplinary regulation.

3. To ensure all stakeholders are well and fairly treated according to their statutory rights and agreements, the Board of Directors has defined treatment guidelines for various stakeholder groups as follows:

#### 3.1 Role, practice and responsibilities of the Group towards shareholders

The Group strives to conduct business in a careful and cautious manner so as to obtain a good performance, competitive capability and steady and sustainable growth and takes into account the current and future risks in order to add value to shareholders in the long term. The Group has duties to operate businesses, disclose information transparently and fairly to all shareholders for the utmost benefit of shareholders as a whole and try its best to

protect the assets and reputation of the Group.

#### 3.2 Role, practice and responsibilities of the Group towards employees

All employees are valued resources and a key success factor in the business operation. Therefore, the Board of Directors has defined guidelines for employee treatment as follows:

- Trainings are continually provided on a regular basis throughout the organization to encourage the development of knowledge, skills and working capabilities of employees. The Group also supports employees to partake in external trainings and seminars arranged by specialists.
- The Group arranges for a system of remunerations and benefits accordingly and equivalent to standards of other firms in the same industry and also provides retirement compensation adequate for a secure life.
- The Group has in place a system of appointment, transfer as well as rewards and punishments based on the knowledge, capability and suitability of employees.
- The Group respects the rights of every employee by respecting the rights of each employee and individual and maintaining secrecy on personal information. The Group does not tolerate discrimination on the grounds of race, nationality, religion, gender, age, disability, sexual orientation and any other forms of illegal maltreatments.
- The Group supervises, manages and justly treats all employees with kindness, politeness and respect and provides working opportunities for employees at every level. Also, the Group strives to develop a positive corporate culture and working atmosphere.
- In terms of safety and health, the Group sets up a working environment taking into account safety, health and environment suitable for employees to work. The Group provides all employees with medical care and yearly health check-up with accident and medical insurance coverage.

- The Group sets up the Guidelines for Business Conduct prescribing the framework for employees in business dealings so as to obtain the best value as required by the Group and set standard of behaviors with a sense of honest. The Group arranges for the dissemination of the Guidelines for Business Conduct Policy to be used in conjunction with the employees' rules and regulations of which the compliance is to be reviewed periodically. The Group communicates with employees on its objectives, goals, culture and strategies so that they have the same target in creating corporate value.
- The Group sets up regulations and procedures in connection with complaints from employees.

### 3.3 Role, practice and responsibilities of the Group towards clients

The Board of Directors realizes that clients' satisfaction and trust in the Bank and the Group are essential; therefore, the Board of Directors has defined guidelines for client treatments as follows:

- The Group strives to initiate innovation in product and service development including process improvement to provide best-quality products and services to clients by keeping in mind their needs and benefits.
- The Group provides complete and accurate information about products and services without any distortion of fact, bearing in mind the clients' benefits.
- The Group does advertising and public relation activities responsibly without misrepresentation or exploitation of clients' misunderstanding to avoid promoting undesirable behavior.
- The Group implements market conduct without any practice which is unjust and ensures that clients are consistently treated in accordance to the terms agreed with care and honesty.
- The Group respects clients' information privacy and does not release clients' information to third parties, except upon clients' authorization or when permitted or required by law. The Group will not sell or rent clients' personal information. Employees do not discuss on their clients with any other employees not relating to the matter. Furthermore, the Group abides by all legal regulations and additional rules in regard to clients' information. In the event of doubt, employees must consult with their direct supervisors or the Legal and Compliance Group.
- The Group carries out client satisfaction surveys, monitors its result, and welcomes clients' complaints on products and services. Upon receipt, such complaints are investigated and remedial actions are provided promptly.

### 3.4 Role, practice and responsibilities of the Group towards counterparties

- The Group treats all counterparties equally and justly in all transactions.
- The Group shall strictly adhere to all terms of any agreement. In the event that the Bank or any Group company fails to do so, the counterparties will be informed immediately in order to find a reasonable and mutually-acceptable solution.
- The Bank and the Group companies have their procurement policy and implemented a procurement system in which the selection process for seller, counterparties and consultants must be based on the premise that the Bank/ the Group will receive maximum benefit. This is done in a transparent manner, free from any bias and able to be audited. Employees are not allowed to receive any benefit from parties entering the bidding process. If there is evidence of dishonest request or benefit receipt, counterparties will be informed so the problem will be fairly solved in a timely manner.





- The Group has in place an audit system which will not permit the disclosure of any information of counterparties or the use of such information for conducting business in any illegal manner.
- The Group uses a proper form of agreement for each case. This is to be administered and reviewed to ensure that all conditions of the agreement have been met.
- The Group does not cooperate or encourage any person or entity related with illegal conduct or threat to society and the security of the nation or any activity connected with corruption.

### 3.5 Role, practice and responsibilities of the Group towards competitors

The Bank and the Group companies conduct the business ethically and in accordance with rules and regulations. The Bank and the Group companies avoid any search for confidential information of business competitors by dishonest or improper means and refrains from tarnishing competitors' reputation without truth.

### 3.6 Role, practice and responsibilities of the Group towards creditors including with creditor guarantees

- The Bank and the Group companies strictly abide by all terms and conditions as stipulated in agreements with creditors and creditor guarantees in respect to the purpose and utilization of loan, repayment and proper maintenance of collateral in compliance with related laws and regulations.
- The Bank and the Group companies provide correct and honest status and financial reports to creditors periodically and in the event that the Bank or any Group company is unable to comply with any conditions of agreement, the Bank or such Group company will immediately inform the creditor so as to find a reasonable and mutually-acceptable solution. The Bank and the Group companies strive to maintain good relationships and mutual trust with creditors.

- The Group has established a strategy in the treasury function to promote security and strength in capital management to prevent the Group from experiencing difficulties in repaying creditors. There is also a liquidity management on debt repayment to meet the maturity in a timely manner.
- The Risk Oversight Committee is responsible for planning, monitoring and controlling the Group's capital to ensure its sufficiency while considering the Group's position and business activities. In doing so, the Group has an appropriate Internal Capital Adequacy Assessment Process (ICAAP) which is able to cover the Group's significant risks under normal circumstances or crisis and is in accordance with the capital management standards under Pillar II of the Bank of Thailand (BOT).

### 3.7 Role, practice and responsibilities of the Group towards the community, society and the environment

The Board of Directors places importance on the responsibility for the community, society and environment; therefore, the following guidelines are defined.

- The Group acts as a responsible citizen, supporting democracy under the democracy system and remains unbiased in politics. Employees are permitted to exercise their rights and political freedom, which is an individual right, but are not permitted to do so under the name of the Bank or the Group.
- The Bank and the Group companies strictly conduct the business under relevant laws and regulations.
- The Bank discloses its Anti-corruption Policy to the public and will not cooperate or support any person or entity which is illegal, is connected with corruption or poses a threat to society and the security of the nation.
- The Group will not take part in any activity which causes harm to the community,



society or the environment and will not partake of any profit which can arise from burdening society.

- The Group stands firm in its commitment to the synergy of the benefit of organization, clients and shareholders with economic development and financial market of Thailand. The Group strives to keep growing together with the financial and capital markets.
- The Group tries to assist the financial and capital and securities markets to steadily grow.
- The Group supports the use of knowledge and expertise of the Bank, the Group companies and its employees on different fields, such as management, financial and investment management, systems implementation, law, etc. for the benefit of society and the community.
- The Group supports employees at every level in developing their skills with periodic training seminars to instill a sense of responsibility towards the community, society and the environment. The Group promotes and creates awareness among employees of the need for natural resources and energy conservation and how to use them wisely.
- The Group supports and encourages employees to volunteer and participate in social activities and charity works.
- The Group sets aside an appropriate budget for community, social and charity works without being limited to projects which can be used for tax reduction purpose only.
- The Group supports projects which help maintain culture and traditions as well as promotes religious activities.
- The Group supports the strengthening of the community in which it is located as well as other communities so that they can become self-reliant, help each other, improve the quality of life and live with happiness.

4. The Bank and the Group companies have implemented internal policies and guidelines ensuring stakeholders and society, in which the Bank and the Group companies are conducting businesses, are fairly treated, such as:

- 4.1 Prevention of the use of internal information of the Bank for illegal purposes or for their own personal gain or others

- The Bank has issued a written directive forbidding the use of internal information for personal or others' gain, which will be taking advantage of others. The Bank forbids directors, executives, employees and related persons including spouse, children and adopted children who are under the legal age to use any undisclosed information which can affect the change in the value of the shares or for securities trading of the Bank.
- The Bank forbids any directors, executives and employees, who are aware of the important information and financial statements, to trade the Bank's shares seven days prior to the end of quarter until at least one trading session has elapsed after the Bank's financial statements have been made available to the public.
- The directors, executives and employees, who can access such undisclosed information, must ask for approval prior to trading shares of the Bank at least one day and the approval is valid from the next business day until the end of the third business day.
- Reports of the directors' and executives' shareholding are presented to the Board of Directors' meetings at least quarterly.
- The Bank continually provides information on the practices of the usage of internal information among directors, executives and employees at all levels throughout the entire organization, so that they are aware of the duties and responsibilities as set out in the Bank's regulations.

#### 4.2 Protection against conflict of interest

- “Conflict of interest” occurs when an individual’s private interest interferes in anyway or even appears to interfere with the interest of the Group as a whole.
- Directors, executives and employees of the Group must avoid activities, interests or associations which may interfere with the independent exercise of their judgement or the best interests of the Group, its clients, its shareholders or the public or activities which are unethical or can damage the Group’s good reputation.
- The Group puts in place measures to protect against any conflict of interest which may arise by creating awareness so that directors, executives and employees of the Bank and the Group companies avoid any contacts with individuals who may cause a conflict of Interest with the Group. However, the Group may not be able to foresee all circumstances and in the event that incidents do occur, the matter shall be conducted with ethics and responsibility.

#### 4.3 Connected transactions

- The Group does not encourage any transactions entered into between the Group and directors, executives, major shareholders or related persons. This is to avoid any potential conflict of interest. However, in the course of doing business, it may be necessary for the Group to enter into such transactions. This is to be done within the procedures and framework of regulations of such matters.
- The Group has established the guidelines relating to connected transactions and transactions which may lead to a conflict of interest. In order for the Group to enter into any connected transaction and where there is the possibility of a conflict of interest, this transaction must go through a rigorous process of consideration, which must be clear, free from bias and within the boundaries of good ethic practices, keeping in mind

the importance of its being beneficial to both the Group and overall shareholders.

- Directors and executives, who have an interest in any transaction or matter affecting the Bank or the Group, are required to report such interest and not participate in the decision-making process on such issue for the utmost benefit of the Group.
- The Bank’s Audit Committee has an authority in considering and disclosing the connected transactions or transctions which may lead to a conflict of interest to ensure that they are in compliance with the laws and the SET’s regulations, reasonable and for the highest benefit of the Group.

#### 4.4 Securities trading by directors and executives

- Directors and executives have to maintain their securities trading accounts with the securities companies in the Group, unless they are exempted under the Bank’s regulations. These securities trading transactions with directors and executives must be on an arm’s-length basis without taking unfair advantage of anyone through unethical or illegal means. The transactions must be entered into in the ordinary course of business on substantially the same terms as those prevailing at the time for comparable transactions with other similarly situated clients.

#### 4.5 Engaging in business outside the Bank or the Group companies

- Directors, executives and employees of the Bank and the Group companies may engage in any outside business of the Bank or the Group companies. Outside business activities and interests include serving as a partner or shareholder in another business, an officer in a family-owned corporation or an outside director of another company. The appropriateness of engaging in these and other types of outside business activities depends on several factors, such as the nature and extent of the outside

interest, the relationship between the Bank or the Group companies and the outside entities and the duties involved.

- Prior to taking up a post as director or executive in any other business, directors, executives and employees of the Bank and the Group companies must receive written approval from the unit assigned by the Bank and be in accordance with the Bank's regulations.
- Directors, executives and employees of the Bank and the Group companies must strictly abide by the policy and regulations governing outside interests, such as reporting all of their outside business dealings, including partnerships or shareholdings in other companies, to the Bank or the Group companies in order to consider for any conflict of interest that may arise.

#### 4.6 Respect intellectual property

- The Bank and the Group companies respect the intellectual property of other parties and comply with the intellectual property laws.
- The unauthorized use of another party's patented, trademarked or copyrighted (audio, video, text) materials is strictly prohibited; regardless of their sources. In addition, the Bank and the Group companies do not permit the use of software or other devices whose primary purpose is the circumvention or violation of another's intellectual property rights.

#### 4.7 Anti-corruption and anti-bribery

- The Group intends and is committed to taking a stand against corruption in any form by adhering to the Anti-corruption Policy and regulations according to Thai laws on anti-corruption. The Group will not cooperate or support any illegal activities, which involve corruption or threat to society and nation security.
- The Group communicates its Anti-corruption Policy and regulations with employees and regularly arranges training courses for

directors, executives and employees.

- The Group arranges for reporting channels for complaints and whistleblowing on any suspected corruption or improper behavior of employees of the Bank and the Group companies. The Group also sets the whistleblower protection process and realizes the importance of keeping reported information and evidences confidential.

## Section 4: Disclosure and Transparency

The Board of Directors realizes the importance of important information disclosure, both financial and non-financial. The information disclosure must be conducted properly, accurately, transparently and promptly through the channels that are easily accessible and trustworthy and under the regulations of the SEC, the SET and the BOT.

### Practical Guidelines

In order to ensure that important information will be disclosed completely, with transparency and promptly, the Board of Directors has defined the following guidelines:

1. All important information, both financial and non-financial, is disclosed correctly, accurately, on a timely basis and in a transparent manner through the SET's channel, the annual report/ the annual registration statement (Form 56-1 One Report), the website in both Thai and English as well as through public media (in some circumstances) so that shareholders can equally receive information.
2. The information disclosure will not cause damage to the relationship between clients and the Bank/ the Group or in any way infringe on the right to secrecy of the clients, shareholders and other stakeholders.
3. In discharging duty in respect to communications of confidential information, every employee must follow the regulations.
4. The Bank publicizes the Corporate Governance Policy and the guidelines and policies on conducting business with social responsibility including its practices through various channels, such as the Form 56-1 One Report, website, etc.
5. The Bank discloses the responsibility of the Board of Directors to the financial report, which is signed

by the Chairman of the Board and the CEO, together with a report from the auditor, in the Form 56-1 One Report .

6. The Bank ensures that its Form 56-1 One Report and management discussion and analysis (MD&A) reflect its financial status and performance adequately and encourages the disclosure of MD&A on a quarterly basis together with the disclosure of financial statements.
7. The Bank discloses the duties and responsibilities of the Board of Directors and sub-committees, number of meetings, attendant record, opinion in performing duties, as well as reports of sub-committees.
8. The Bank discloses the process, criteria and result of the Board of Directors' and sub-committees' performance evaluation in the Form 56-1 One Report.
9. If any advisor to the Nomination and Remuneration Committee is appointed, its independency will be disclosed in the Form 56-1 One Report.
10. The Bank discloses in its Form 56-1 One Report the remuneration policy and guidelines for the Board of Directors and executives which reflects their duties and responsibilities, directors' remuneration structure, the directors' remuneration received from holding directorship at subsidiaries, audit and non-audit fees, related party transactions, shareholding structure of the Group, guidelines and process on selecting directors and executives and other information of directors and executives, such as direct and indirect shareholding, directorship in other listed companies, trainings, etc.
11. The Bank discloses the duties, responsibilities and experiences of the Bank's corporate secretary in the Form 56-1 One Report.
12. The Bank discloses the important information relating to corporate governance to shareholders and the public to promote and demonstrate that the Bank is committed to good corporate governance.
13. All disclosed Information, as well as that made public to shareholders and investors, is disseminated through websites of the Bank and the Group, which are upgraded, regularly updated and made bilingual to benefit shareholders.

14. The CEO, the President and any other personnel that have been assigned as investor relations officer will be responsible for the relationship with investors and providing information to shareholders, securities analysts and others with interest in shares of the Bank. This is another channel through which investors and shareholders may communicate with the Bank. The Bank and the Group companies have set proper protocol for information disclosure, which must be followed in both normal and urgent circumstances.
15. The CEO, the President and any other personnel, who have been authorized by the CEO or the President, have the authority to issue press release or publicize important information about the Bank or the Group. However, the CEO or the President may assign executives of each business group to disclose the information relevant to its particular business.
16. The Group ensures that its staffs, who are responsible for arranging and disclosing information of the Bank and the Group, such as high level executive of accountancy and finance, investor relations officer and corporate secretary, possess proper knowledge and are sufficient in number.

## Section 5: Board Responsibilities

The Board of Directors has an important role in administering and governing operations of the Bank and the Group Companies. The proper structure and the well-defined duties of the Board of Directors are essential to their performance quality. The appointed directors of the Bank must be faithful to their duties, visionary, skillful and willing to devote their time so as to perform their duties to the fullest extent. They must also be independent and free to make their decisions in order to benefit the Bank, the Group and the shareholders. Furthermore, to obtain the best performance of the Board of Directors, the Bank has set up sub-committees to assist in administering, studying and scrutinizing the work as needed.

## Practical Guidelines

The structure of the Board of Directors must be appropriate for conducting businesses of the Bank and the framework of the authority, duties and responsibilities of the Board of Directors needs to be clearly defined, making benefit to its performance. Therefore, the Board of Directors has defined the following guidelines:

### 1. Board structure

#### 1.1 Board composition

- The Bank's Board of Directors is comprised of no less than five directors and no less than half must have a domicile in Thailand.
- The ratio of independent directors to the total number of directors on the Board should be at least 1:3 with no less than three independent directors. Also, at least half of the Board members must be independent directors or non-executive directors.
- The Chairman of the Board must be an independent director or non-executive director, unless approved otherwise by the BOT.
- The Board members must be varied in skills, specialized experiences, gender, age, etc., which commensurate with size, complexity, business nature, risks and strategies of the Group. There must be at least one non-executive director who has experience in main business of the Bank and at least one director on the Board who has knowledge or experience in IT field.

#### 1.2 Director qualification

- The directors need to be knowledgeable, skilled and experienced in conducting a business, understand the business obstacles that can arise, be capable in performing their duties proficiently and in consistent with both short- and long-term business strategies, as well as able to offer a different perspective relating to important risks. These factors will benefit the Bank and the Group and create competitive advantage in the industry.

- The directors must be honest, truthful and have ethics.
- All directors must have these above-mentioned attributes and none of the characters considered to be illegible under the regulations governing listed companies as well as government agencies. In the case of independent directors, they must have qualifications that meet those of the Bank, the BOT and those set by the Capital Market Supervisory Board.
- The directors must devote time and prepare to attend all meetings of the Bank.

#### 1.3 Term of directorship

- At every AGM, at least one-third (1/3) of the directors shall be retired from their positions. Should the number of directors not be divisible into three equal parts, the nearest number to one-third shall retire from office. Directors retiring by rotation can be re-elected as directors.
- Independent directors can hold their positions for no more than nine consecutive years. For any independent directors who has held the position for nine years and wants to be re-appointed as an independent director, such director must have been discharged from the position at least two years before the day the appointment request is submitted to the BOT (effective on May 2, 2022).
- For any independent director who has held the position for less than nine years, if he/ she has been discharged from the position, such independent director may be re-appointed as an independent director. Yet, the term of directorship of such independent director must all be counted.

#### 1.4 Director nomination

- Through the Bank's website, the Bank allows shareholders to nominate persons to be elected as the Bank's directors to the Nomination and Remuneration Committee and discloses the required qualifications for the Bank's directors and independent directors so shareholders can propose

candidates with complete qualifications as specified.

- The Nomination and Remuneration Committee is responsible for selecting and determining appropriate persons with experiences, knowledge and competencies beneficial to the Bank and the Group to be nominated as the Bank's directors, independent directors or Audit Committee members and to be proposed to the Board of Directors' meeting or shareholders' meeting in accordance with the Bank's Articles of Association.
- In case the Nomination and Remuneration Committee nominates the existing director to be re-elected, the previous performance of such director should be also considered.
- For nominating new directors, the Bank prepares the board skill matrix or may use a consultancy firm or a director pool to determine qualifications of new directors by considering competencies, skills and experiences, which are necessary but still lacking for the Board of Directors and in line with the Bank's and the Group's business strategy .
- When the term of an independent director of the Bank is complete or there is a need for a new appointment, the Nomination and Remuneration Committee will recruit the appropriate candidate based on experiences, knowledge, and competencies beneficial to the Bank and the Bank's required qualifications and propose to the Board of Directors' meeting or shareholders' meeting for consideration and appointment in accordance with the Bank's Articles of Association.
- In the event that any directorship becomes vacant prior to the completion of the term and the remaining term is no less than two months, the Nomination and Remuneration Committee may nominate a candidate with required qualifications and without any legal provisions to the Board of Directors' meeting for consideration. The resolution to appoint a director requires the votes of not less than

three-fourths of the remaining number of directors and such director will be in the post for the remaining term of the directorship that is vacated.

#### 1.5 Directorship in other companies of directors

- The Bank is well aware of the value of the experience the directors will gain by being directors of other agencies. Nevertheless, in order to allow executive directors to have sufficient time to perform their duties to the fullest extent, the position held at other agencies must be under the condition that they will not have an adverse effect on the performance of their duties as directors of the Bank.
- The directors of the Bank may hold the position of Chairman of the Board, executive director or authorized director at no more than three business groups. If the company in which a director holds a title is a single company, then it will be counted as one group. If the company is acquired through debt restructuring, it will be considered as the company in the same group of the Bank.
- The directors of the Bank can serve as directors of other listed companies on the SET and overseas stock exchanges for no more than four companies, excluding listed companies on the SET acquired through debt restructuring.
- The executive directors of the Bank shall be director of no more than two listed companies outside the Group.
- The directors of the Bank may not hold shares in any private or public company which operates in the same industry and is considered in direct competition with the Bank, unless the shareholders' meeting has been informed prior to being appointed.
- Prior to taking up the post of director, officer or employee in any other business, a director must receive approval from the Bank. If an executive director wishes to take up a post of director in a listed company in Thailand or overseas, he/ she must receive



approval from the Executive Committee of the Bank. This is in order to prevent any conflict of interest which may arise.

- All newly appointed directors must disclose all activities and interests outside the Bank or the Group and all directors are duty-bound to disclose any changes to the status of the interests outside the Bank or the Group to the Bank.

## 2. Roles, duties and responsibilities of the Board of Directors

- 2.1 Determine short and long-term business directions and strategic goals of the Group for both financial and non-financial aspects and efficiently allocate significant resources within the Group to ensure objectives and goals are achieved. The Board shall consider and approve the Group's business plans, proposed by the Executive Committee, by taking into account all changes to the Group's ecosystem and factors; define and approve policies which are required by laws and regulators and oversee and monitor the implementation of those policies through the Executive Committee to ensure that they are carried out efficiently and effectively in order to protect the benefits of the Group and its shareholders and for business sustainability.
- 2.2 Oversee to ensure adequate and efficient allocation of significant resources, for instance, capital Investment, personnel, technology, etc. and promote the utilization of innovation to create business opportunities, improve business operation and risk management and enable the Bank to achieve key business objectives and goals. The Board of Directors shall also define the proper remuneration structure to incentivize employees to fully perform their duties with honesty and consistent with its risk culture. The Board of Directors may delegate the authority to other committees or designated persons to carry out and report the result to the Board of Directors as appropriate.
- 2.3 Ensure that the Bank's Guidelines for Business Conduct, including business ethics and ethics for directors, controlling persons and employees, are in place. These principles are to be adopted as practice guidelines for management and employees in the organization.
- 2.4 Define or approve the effective risk governance framework to support business operations in accordance with the specified directions and objectives under the rapidly changing business environment. The Board of Directors shall define the appropriate risk appetite level for the Bank's business operation, monitor the business so it is operated within such specified risk appetite level, ensure that the Bank has a system and risk management process which can address the overall and significant risks (Comprehensive Risk Management Policy and Process) and ensure that the Bank, through the Risk Oversight Committee, establishes policies, procedures and controls relating to risk management. These policies, procedures and controls, at the minimum, shall include credit risk, market risk, investment risk, liquidity risk, operational risk, reputational risk, legal risk, strategic risk and information technology risk, as well as risks which may arise from the launch of new products and certain significant business changes. The Board of Directors shall approve such policies and review them regularly or immediately after any significant changes. Furthermore, the Board of Directors has the duty to oversee the Group's risks, ensure that the Group's business is operated within specified risk management policies and strategies, support the building of risk culture, as well as ensure the communication of such policies and strategies throughout the organization.
- 2.5 Ensure that the Bank and the Group companies have effective control, oversight and audit mechanism; adequate and proper internal control and internal audit systems, as well as the organizational structure which promotes independent and effective control, oversight



- audit functions (three lines of defense) to make certain that transactions are made efficiently and in accordance with the specified policy and system and relevant laws and regulations.
- 2.6 Study and understand the shareholder structure and relationship, which may affect business management and operation, and oversee that the checks and balances of power between the management and/ or major shareholders is suitable. This should be done with emphasis on creating a good proportion of independent directors among Board members.
  - 2.7 Appoint and specify roles and duties of committees as appropriate to support its oversight responsibility, such as the Audit Committee, Nomination and Remuneration Committee, Risk Oversight Committee, Compliance and Governance Committee and Executive Committee. The review of committees' roles and responsibilities should be regularly conducted at least once a year.
  - 2.8 Ensure that committees require the management to define and implement a system for the Bank's corporate governance in accordance with applicable laws and business nature. Consider and approve the corporate governance system including monitoring the effectiveness of the Bank's corporate governance system and give advice on further improvement.
  - 2.9 Ensure that the management inform and update the Board of Directors on any important matters so that the Board of Directors has sufficient information to be able to perform its roles and carry out its duties and responsibilities efficiently.
  - 2.10 Approve the Bank's annual financial reports, which are audited by an external auditor and reviewed by the Executive Committee and Audit Committee, prior to proposing to the shareholders' meeting for approval. In addition, the Board of Directors shall receive recommendations through the Management Letter provided by the external auditor and recommendations provided by the Executive Committee.
  - 2.11 Define policy for risk assessment, capital adequacy and liquidity of the Bank and strategy and guideline to maintain the Bank's capital consistent with the approved risk appetite level. Define the stress test policy which is in line with the Bank's transactions and material risks.
  - 2.12 Appoint the CEO nominated by the Nomination and Remuneration Committee and determine the performance evaluation criteria for the CEO which aligns with the business performance. Perform or delegate authority to the Nomination and Remuneration Committee to perform the annual performance evaluation of the CEO and approve the remuneration according to the pre-determined criteria. Such remuneration should incentivize competency to perform duties to achieve the Group's long-term key objectives and goals.
  - 2.13 Appoint and establish the scope and authority of executives of the Bank and the highest-level executive of KKP Capital Public Company Limited as recommended by the Nomination and Remuneration Committee.
  - 2.14 Ensure that the Bank has in place policies on loans and investment with related parties.
  - 2.15 Review and approve through committees the management's proposal relating to the authorization on lending, investments, commitments or any transactions with loan-like characteristics, as well as purchasing and management expenditures. This is for the benefit of the Bank and in compliance with related laws and regulations.
  - 2.16 Regularly review the Board of Directors' roles and responsibilities at least once a year to be in line with the changing business environment, industry, relevant factors, regulations and laws as well as enable the Bank to adapt in an appropriate and timely manner. Perform an annual performance evaluation of the Board of Directors.

2.17 Oversee that the Bank discloses important corporate governance information at the shareholders' meeting and to the public.

2.18 Ensure that each individual director participates in no less than 75% of all Board of Directors' meetings held in a year, unless with reasonable grounds or necessity.

Furthermore, the Board of Directors may seek further professional opinion from external consultants on the operations of the Bank and the Group companies with the expenses borne by the Bank or the Group companies.

In order to separate out the responsibilities and duties of the Board of Directors and that of the management, the Chairman of the Board and the CEO will not be the same individual.

The Board of Directors provides recommendations in relation to planning, proposing strategies and providing oversight of the administration of the management, ensuring that the appropriate policies and procedures are being used in a proficient manner. Its duties also include administering the performance of the management to be due care and honest, providing the best benefits for the Bank and stakeholders, and increasing the economic value of the Bank and the Group companies.

The Chairman of the Board of Directors is responsible for leading the Board. The Chairman's duties shall at least cover the following aspects:

- (1) Oversee, monitor, and ensure that the Bank's Board of Directors efficiently carries out its duties to achieve its objectives and main goal;
- (2) Ensure that all directors contribute to the Bank's ethical culture and good corporate governance;
- (3) Set the Board meeting agendas by discussing with the CEO and ensure that important matters are included;
- (4) Allocate sufficient time for management to propose topics and for directors to debate on important matters thoroughly. Encourage directors to exercise independent judgement for the best interest of the Bank; and
- (5) Promote a culture of openness and debate through ensuring constructive relations between executives and non-executive directors and between the Board and management.

The management under the supervision of the CEO has the duties and responsibilities to manage the day-to-day operations of the Bank and the Group companies. The Board of Directors will not interfere in the performance of these duties. The relationship between the Board of Directors and the management is one of collaboration.

The Executive Committee of the Bank is responsible for presenting the direction and the overall strategic goals of the Bank and the Group companies to the Board of Directors for approval. The Executive Committee reviews the policies and plan as proposed by the CEO prior to proposing to the Board of Directors and oversees that the performance of the CEO is efficient and according to the approved policies.

### 3. Leadership and Vision

The Board of Directors shall be ethical and performs for the benefit of the Bank and the Group by considering on stakeholders and impact to society and environment. The directors should be independent in making decisions and expressing opinions and understand and aware of their duties and responsibilities as the leaders of organization in order to manage the sustainable business of the Bank and the Group and appropriately adapt to changes, which will create value for the Bank, the Group and the shareholders in long term.

### 4. Board meeting

- Each year the Bank schedules regular meeting dates and agendas for the Board of Directors' meetings in advance and the corporate secretary will inform the Board members of those meeting schedules and agendas for the coming year. Each director must have at least 75% attendance of all Board meetings held in a year, unless with reasonable ground or necessity.
- The number of Board meetings shall be consistent with the duties and responsibilities of the Board of Directors and no less than six times per year. In the event that there is no monthly meeting, non-executive directors may request a monthly performance report from the management or the corporate secretary so that they can monitor the performance of the management continually



and promptly.

- In case any director is not able to attend a meeting, the corporate secretary is to be notified of the reason for not attending prior to the meeting so that minutes of the meeting may be forwarded to the absent director.
- The Chairman of the Board and the CEO will jointly be responsible for compiling the important and necessary agendas to be discussed during the meeting. However, any director may freely request to add any agenda item for discussion.
- The directors of the Bank will receive advance notice of the meeting to be held along with documents pertaining to the agendas so that they will have ample time to review them in detail.
- In order to make the most benefit from the Board meetings, the meeting agendas are prioritized as matters to be followed through (sequel), matters for consideration and finally matters to be acknowledged. The Chairman of the Board will arrange for ample time so that directors may use it at their discretion and debate the important problems cautiously. Directors are able to exchange their ideas and independently arrive at their decisions.
- The quorum of the meeting of the Board of Directors, while making the decision at the meeting, must consist of no less than two-thirds of the total number of directors of the Bank. The meeting's resolutions must be passed by a majority vote of the Board members attending the meeting and the Chairman of the Board of Directors does not have the casting vote.
- The Board of Directors encourages the CEO to invite senior executives to attend the Board meetings to present additional information and get acquainted with the Board members so that they can use it when considering a succession plan.
- The directors may meet with management of the Bank and the Group companies as deemed appropriate, request for information and reports directly or ask the corporate secretary to coordinate or contact the persons concerned. Furthermore, the directors may seek further professional opinion from independent consultants with the expenses

borne by the Bank or the Group companies.

- In the event that any director has a conflict of interest in any matter, directly or indirectly, he/ she must disclose it to the Board of Directors before that matter is considered and must not take part in the decision-making process of such matter and it will be recorded in the minutes of the meeting.
- The non-executive directors may meet at least once a year or as deemed appropriate, to discuss among themselves on matters relating to the management of the Bank and the Group companies without the presence of the management and report the results of the meeting to the Board of Directors.
- The corporate secretary is responsible for recording the minutes of the meeting, which encompasses queries, answers and opinions, in a clear manner. Especially for the case where any director is not in agreement with the decision of the meeting, such director may request the corporate secretary to record his/ her objection in the minutes of the meeting.

## 5. Reports of the Board of Directors

The Board of Directors is well aware of its duties and responsibilities to arrange for the annual financial statements to be presented to the shareholders' meeting, accompanied with the report from the auditor, so that stakeholders can assure that the financial reports are in accordance with the regulations of the SET and relevant laws.

The Board of Directors has assigned the Audit Committee to oversee the accuracy and adequacy of its financial reports and correctly disclose any connected transactions or transactions which may have any conflict of interest.

## 6. Performance evaluation of the Board and sub-committees

- The Bank arranges for a performance evaluation of the Board of Directors, as a whole and individually, and sub-committees once every year. The results will be reported to the Board of Directors and used for their self-improvement.

- The Bank is in agreement with the use of the performance evaluation form as collated by the Nomination and Remuneration Committee for the Board of Directors and sub-committees. This can be done for the committees as a whole or as individual committees.
- The Board of Directors encourages for its self-assessment as an individual by both self-evaluation and cross-evaluation.
- The Nomination and Remuneration Committee may use the services of external consultants to provide guidelines and point out certain criteria in the performance evaluation of the Board of Directors and sub-committees as deemed appropriate.

## 7. Remuneration of directors and executives

- The Nomination and Remuneration Committee has the duty to initially review the remuneration packages of directors prior to proposing to the Board of Directors for consideration and to the AGM for approval. The directors' remuneration is reviewed by considering on the duties, responsibilities, related risks and performance of the directors and financial status of the Bank and shall be comparable with that of other companies in the same industry.
- The Nomination and Remuneration Committee has the duty to review the remuneration and benefits of the CEO and present it to the Board of Directors. Also, the Nomination and Remuneration Committee shall define the remuneration policy for other senior executives, from the level of Executive Vice President and above, to be a guideline for the Human Resource Management Committee to determine the executives' remuneration and benefits.

## 8. Development of directors and executives and succession plan

- The Bank encourages its directors and executives to participate in seminars and training courses relating to their duties so that they will continuously improve their performance.

- Upon taking up position as a director of the Bank, each director will be briefed on important information related to the Bank's and the Group's business, the framework of authorities, duties and responsibilities of the Board of Directors of the Bank. The directors will receive advice on legal issues, regulations and other conditions in being a director of a listed company in the SET as well as information on the Group's businesses.
- The Nomination and Remuneration Committee has been assigned with the duty of succession planning and recruiting candidates for the position of Executive Vice President and above for proposing to the Board of Directors.
- The management development and succession plan is periodically reported to the Board of Directors as deemed appropriate.

## 9. Director protection

- To enhance the performance quality of directors, the Bank offers them protection so long as they act in good faith without any misconduct and undue negligence.

## 10. Directorship in other companies of executives

- The Bank is well aware of the value of the experiences the CEO and the President of the Bank will gain by being directors of other agencies. Nevertheless, the positions held at other agencies must be under the condition that they will not have an adverse effect on the performance of their duties. The CEO and the President of the Bank must not serve as a full-time employee of other organizations, unless the BOT considers that it does not affect the effectiveness of their duties at the Bank.
- The CEO and the President of the Bank may hold the position of Chairman of the Board, executive director or authorized director at no more than three business groups. If the company in which they hold title is a single company, then it will be counted as one group. If the company is acquired through debt restructuring, it will be considered as the company in the same group of the Bank.

- The CEO and the President of the Bank can serve as directors of other listed companies on the SET and overseas stock exchanges for no more than four companies, excluding listed companies on the SET acquired through debt restructuring.
- The CEO and the President of the Bank may not hold shares or be a director in any private or public company which operates in the same industry and is considered in direct competition with the Bank.
- Prior to taking up the post of director, officer or employee of any other business, the CEO and the President of the Bank must receive written approval from the Legal and Compliance Group. In the case where the CEO or the President of the Bank takes up the post of director in a listed company in Thailand or overseas, he/ she must be pre-approved by the Executive Committee of the Bank in order to avoid any conflict of interest which may arise.
- Upon entering employment with the Bank, all senior executives must disclose all activities and interests outside the Bank and are duty-bound to inform the Bank of any changes in status of interests outside the Bank.

## 11. Executive performance evaluation

- The Bank conducts a performance evaluation of the CEO at least once a year and the result will be

taken into account in determining the remuneration of the CEO and served as feedback to the CEO reflecting the needs to review strategies, policies and management approaches to improve the management effectiveness and efficiency.

- The evaluation result shall be shared with the CEO by the Chairman of the Board to establish mutual understanding on expectations of the Board of Directors.

## 12. Corporate secretary

- The Bank has appointed the corporate secretary to facilitate the work of the Board of Directors with respect to laws and regulations that they need to know and ensure that the resolutions of the Board of Directors have been carried out.
- The corporate secretary must have appropriate qualifications and experiences to perform his/ her duties. He/ she may have a degree in law or accountancy or have undergone a training course for corporate secretary. Such qualifications and experiences of the corporate secretary shall be revealed in the Form 56-1 One Report of the Bank.
- The Bank encourages the corporate secretary to continually undergo further trainings in law, accountancy or duties of the corporate secretary.

# Guidelines for Business Conduct Policy

## Kiatnakin Phatra Financial Group

### Introduction

Kiatnakin Phatra Financial Group (“the Group”) realizes the importance of our good reputation. Maintaining our tradition of trust with clients, colleagues, shareholders, regulators and the general public is the obligation of every director, management, officer and employee. We must comply with laws, rules and regulations and policies that govern or apply to our businesses, adhere to high professional standards of integrity, ability, prudence and discretion and to key principles of business conduct in the performance of our duties. This is because our business is predicated on trust and respect of clients and general public.

These guidelines set key principles for the performance of our duties. We recognize that no set of policies and procedures, however, can be all encompassing, and employees are encouraged to consult compliance or senior management for advice. Nevertheless, in many instances, you must rely on your own personal ethical standards in assessing difficult situations. Consider the following questions:

- Is the proposed action legal?
- Does it endanger anyone’s financial stability, life, health or safety?
- Is it consistent with the Group’s policy?
- Will it enhance the Group’s reputation?
- Would we lose clients if this action were known to them?
- Would you like to see it become a general industry or public practice?
- Would you be embarrassed if all the details were known by your manager, peers, subordinates, family or friends, or if they were published in a newspaper?
- Could this action in any way be interpreted as, or appear to be, inappropriate behavior?
- What would you think of your manager, peers or subordinates if any of them behaved similarly?

- Does the action you are considering make you feel uncomfortable? Are you compromising your own personal ethics in any way?

Honest mistakes made in the course of business may occur, but the Group will not tolerate violations of law or regulation or lapses in ethics or integrity since the improper behavior is just as damaging to the trust and respect of our clients.

All of us should always recognize that by adhering to exemplary standards and conducting our business with excellence and integrity, we enhance our good reputation and cultivate the sustainable growth of our business.

### Conflicts of Interest

The Group’s directors and employees must avoid engaging in any outside business or other activities that might create a conflict of interest, create a perception of impropriety or jeopardize the Group’s integrity or reputation. Every director and employee must avoid activities, interests or associations that might interfere or even appear to interfere with the independent exercise of good judgment in the conduct of his or her duties or with the best interests of the group, clients, shareholders or the public. Also, all directors and employees must be sensitive to potential conflicts and avoid them where possible.

### Business Activities; Ownership of Securities

All employees and directors of the Group must strictly comply with the Outside Interest Policy. For instance, they must report all outside business activities, including ownership of privately held stock and limited partnership interests, to the Group so a review for potential conflicts of interest can be conducted. Outside business activities and interests include serving as a partner or a stockholder in another business, as an officer in a family-owned corporation or as an outside director of another company. The appropriateness of engaging in these and other types



of outside business activities, interests or investment opportunities depends on many factors, including the nature and extent of the outside interest, the potential for conflicts of interest, and the relationship between the Group and the outside entities and the duties involved.

Service as a director or employee of any other corporation or business running for a political office or taking on a formal role in someone else's campaign for political office must not be on behalf of the Group and must be authorized in writing by the Group. Unless approved in writing by the Group, no employee or director may serve as a director of a publicly traded company.

### Transactions with Related Persons

The Group does not encourage any transaction entered into between the Group and any member of the Board, management, major shareholders or its related persons ("Related Transaction"). This is to avoid any potential conflict of interest among the Group and those persons. However, from time to time, to the extent permitted by relevant laws and regulations and in connection with operation of the Group's business, the Group may need to engage in any Related Transaction.

## Corporate Opportunities

Every director and employee owes a duty to the Group to advance the Group's legitimate interests to the best of their abilities whenever the opportunity arises and must not take for themselves personally opportunities they discover through the use of the Group's property, information or position in violation of the Group's policies. In addition, the Group's property, information or position must not be used for personal gain. No director or employee may compete with the Group.

## Confidentiality Obligations

### Nonpublic Information

The Group's directors and employees must maintain the confidentiality of information entrusted to them by the Group and provided by our clients and vendors. In the conduct of its business, the Group receives a great deal of nonpublic information. Much of this information may

be sensitive, with the potential to affect market conditions, negotiations, strategic positioning and relationships with clients, competitors or vendors. The Group's directors and employees must exercise care not to misuse nonpublic information obtained during their employment, including disclose such information to other persons, either directly or indirectly and by any means, to exploit such information for trading securities, either for the benefit of oneself or other persons. The obligation to maintain the confidentiality of information may be subject to legal or regulatory requirements to disclose that information.

### Media, Publishing and Public Appearances

The Group's directors and employees must not provide nonpublic corporate information to persons outside the Group, including the media, unless authorized to do so. In all cases, directors and employees must refer media inquiries to the Group Corporate Communication. Only designated spokespersons of the Group may provide comments to the media.

Before publishing, making speeches or giving interviews, employees must get pre-approval from their managers. If a publication, speech, interview or appearance may be of public interest and may reflect on the Group, employees must receive pre-approval from the Group Corporate Communications. In addition, if such publication, speech or interview involve or appear to involve regulatory issue, pre-approval from the compliance is required.

### Client Information Privacy

The Group protects the confidentiality and security of client information. The Group does not sell or rent clients' personal information or release client information to third parties, except upon a client's authorization or when permitted or required by law. Employees of the Group may not discuss the business affairs of any client with any other person, except on a strict need-to-know basis. Third-party service providers and vendors with access to client information are required to keep client information confidential and use it only to provide services to or for the Group.



## Fair Dealing

### Providing Suitable Products and Services to Clients

The Group emphasizes the provision of suitable products and services to meet clients' demand and capability. Product and service information of the Group including any relevant conditions and risks shall be disclosed to ensure that our clients obtain sufficient data to make their decisions. In addition, advertising and publication must be communicated transparently and clearly without misleading phrases.

### Unethical Behavior; Relationships with Competitors, Clients and Partners

The Group seeks to excel and outperform our competitors honestly and fairly. Competitive advantage must result from superior performance, not unethical or illegal business dealings.

The Group fairly treats all partners with business ethics and strictly complies with agreements or conditions mutually agreed upon. In case of non-compliance with any conditions, the Group will notify partners immediately to jointly seek solutions on a rationality basis.

Every employee must deal fairly with the Group's clients, vendors, competitors and fellow employees. No employee may take unfair advantage of anyone through unethical or illegal measures, such as manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practices, such as setting purchasing and selling prices or conditions on services that are unfair to clients. It is improper, and may be illegal, to hire competitors' employees for the purpose of obtaining trade secrets or other proprietary information. In addition, the Group shall handle dispute solution or mediation in appropriate manners.

It is also against the Group's policy to seek increased sales by disparaging the products and services of other banks or companies. Our goal is to increase business by offering superior products and services. Accordingly, all advertisings of the Group must be truthful, not deceptive and in full compliance with applicable laws, regulations and the Bank's policies. The Group shall not obstruct our clients from switching to use other competitors' services.

### Gifts, Gratuities and Other Payments Related to the Group's Business

No director, employee or member of their families may, directly or indirectly, accept or receive gifts, frequent or excessive entertainment, or any similar form of consideration that is of more than nominal value from any person or entity with which the Group does, or seeks to do, business.

The Group's policy forbids bribes, payoffs or payments of any kind to any person, government official or entity for the purpose of improperly obtaining or retaining business or influencing consideration of any business activity. This policy covers all types of payments that may or may not be considered legal under the circumstances. Special rules may apply to payments or gifts (including entertainment) to officers, directors, employees or other affiliates of government owned or controlled entities.

### Customer Complaints

Complaints or disagreement with clients must be reported promptly to Compliant Handling Center or responsible business units as designated by each company within the Group so that necessary investigations can be conducted, remedial actions are taken and regulatory reporting obligations are met. The complaints must be dealt with fairly and promptly.

## Respect for the Individual

The Group strives, on a personal level, to treat each individual with dignity, consideration and respect. All directors and employees of the Group should be honest and fair with others, share the credit when credit is due, avoid public criticism of one another and encourage an atmosphere in which openness, cooperation and consultation are the norms. Internal relationships with fellow employees should be based on the same high standards of integrity and ethical responsibility that are observed with the Group's clients, shareholders and the public.

The Group is committed to promoting diversity within our workforce; achieving it is an important competitive advantage in the marketplace. The Group has a strict policy of equal opportunity in hiring, developing, promoting and compensating employees. The Group

seeks to attract, retain and reward employees who perform their works to the highest standards, basing promotions on qualification and merit.

Discrimination is not tolerated on the grounds of race, national origin, religion, gender, age, disability and sexual orientation as the Group does not tolerate illegal discrimination in any form and at any level of the Group. Employees who experience or observe work-related discrimination, harassment or similar problems are urged to report it to their department manager, human resources or relevant compliance unit(s) of each company within the Group so that further investigations and disciplinary actions shall be conducted.

Indebtedness between employees should be best avoided and must not reach a level that may compromise the objectivity essential in manager-employee relationships or in the discharge of job-related responsibilities.

## **Safeguarding the Group's Information, Assets and Property**

### **Business Use**

The Group's assets include our capital, facilities, equipment, proprietary information, technology, business plans, ideas for new products and services, trade secrets, inventions, copyrightable materials and client lists. Employees must protect the Group's assets and ensure their efficient uses. Employees may only use the Group's property for legitimate business purposes. Any suspected fraud or theft of the Group's property must be reported for investigation immediately.

### **Proprietary Information and Intellectual Property**

The obligation to protect the Group's assets applies to our Group's proprietary information. Proprietary information includes business, marketing and service plans, unpublished financial data and reports, databases, client information and salary and bonus information as well as intellectual property such as trade secrets, patents, trademarks and copyrights. Unauthorized use or distribution of this material is a violation of the Group's policy. It may also be illegal and result in civil and criminal penalties.

Intellectual property refers to the Group's intangible assets, such as the Group's business methods, inventions, trademarks and publications. All inventions and copyrightable materials conceived by an employee within the scope of his or her employment are the exclusive property of the Group.

It is the responsibility of every employee to protect the Group's intellectual property. In the meantime, the Group also respects the intellectual property of other parties. The unauthorized use of another party's patented, trademarked or copyrighted (audio, video, text) materials is strictly prohibited, regardless of their sources. In addition, the Group does not permit the use of software or other devices whose primary purpose is the circumvention or violation of another's intellectual property rights.

### **Compliance with Internal Controls**

The Group maintains a system of internal controls to safeguard and preserve the information and assets of our Group, clients and shareholders. These controls are designed to ensure that business transactions are properly authorized and carried out, and that all reporting is truthful and accurate.

All business transactions require authorization at an appropriate management level. Any director or employee who is responsible for the acquisition or disposition of assets for the Group, or who is authorized to incur liabilities on the Group's behalf, must act prudently in exercising this authority and must be careful not to exceed his or her authority. Equally important, every director and employee must help ensure that all business transactions are executed as authorized.

Transactions must be properly reflected on the Group's books and records. It is important that all reporting be done honestly and accurately and that employees cooperate fully with both internal and independent audits.

## **The Group's Written and Electronic Communications**

### **Access to the Internet**

The Group has strict policies on Internet access. Only authorized connections are permitted and access to the Internet must be accomplished via an approved security gateway. Furthermore, employees are not permitted to

link to the Internet from the Group's office via modem dial-up services or other external service providers without the Group's approval. Employees of the Group are reminded to be sure that their system passwords are secure. Additionally, employees should exercise good judgment when using the Internet during business hours for personal, non-business purposes.

### Written and E-Mail Communications

Electronic communications should be treated with the same care as any other business communication. Any communication relating to the Group's business must be of an appropriate nature and must not violate the legal rights of the Group, any employee or third party. All written communications, including those electronically delivered, should be clear, concise and professional in tone and content.

### Communications Monitoring

All electronic communications relating to the Group's business must be made through the Group's network unless the Group has expressly authorized another means. Electronic communications, including e-mails and connections to Internet using the Group's computing or network resources, are the property of the Group and are subject to monitoring and surveillance to the extent permissible by applicable laws and regulations.

## Compliance with Law

The Group actively promotes compliance with the laws, rules and regulations that govern our Group's business. Obeying both the letter and spirit of the law is one of the foundations of the Group's ethical standards. While no one is expected to be an expert on every detail of all the laws that govern our business, employees are expected to understand the laws and regulations applicable to their duties at the Group and to understand the regulatory environment within which the Group operates well enough to know when to seek advice from the manager or from compliance.

These guidelines have been written to promote compliance with law. However, should compliance with the guidelines bring you into conflict with applicable law, you must obey the law and notify your manager of the conflict as soon as possible. When you have questions or

concerns about practices or policies that might violate the guidelines or if at any time you find yourself in a situation you believe is or may be a violation of the Group's policies, you must bring them to the attention of your manager, compliance or senior management, as appropriate.

### Compliance with Investigations

It is our policy to cooperate with government investigators and law enforcement officials. Every employee must also cooperate with investigations by non-governmental regulators with oversight of our business as well as with our internal investigations.

### Specific Policies and Regulations Affecting the Group

The Group actively promotes compliance with the laws, rules and regulations that govern our business. We will take appropriate disciplinary action, including termination of employment against an employee for any violations of laws and regulations governing our business.

Certain significant policies and regulations are highlighted below. This is not meant to be an exhaustive review of these policies and regulations. Nor does it constitute a complete listing of the laws, rules, regulations and policies that must be adhered to by every employee in the conduct of his or her duties at the Group.

- **Employee Accounts and Insider Trading**

In order to supervise and prevent our directors, executives and employees who may access to inside information or material non-public information derived from their positions, duties or works for personal gain or other benefits from exploiting such inside information, directors, executives and employees must comply with relevant policies or rules as designated by the Group.

Our policy prohibits every person from acting upon material non-public information to benefit themselves or others. Information is "material" if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision, or it could reasonably be expected to affect the price of an issuer's securities.

Those having access to confidential or nonpublic information must not use or share that information except in connection with the legitimate conduct of our business. We strive to prevent the misuse of material non-public information by, among other things, limiting access to confidential information and limiting and monitoring communications between some areas. In addition to civil and criminal penalties, misuse of confidential information or engaging in insider trading will result in disciplinary action, including termination.

- **Money Laundering: Anti-terrorism Laws**

We comply fully with Anti-Money Laundering Act B.E. 2542 (1999) (as amended), (the “AML Act”) and Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Act B.E. 2559 (2016) (as amended), the processing of Know Your Customer (KYC) and Customer Due Diligence, screening customer information using sanctions lists and watch lists that are announced or provided by AMLO, as well as using other sanctions lists or additional lists under the AML/CFT Act and relevant laws, or lists that are announced or provided by AMLO in the future to determine client risk levels on money laundering and terrorism financing prior to any transactions and continuous review customer information and transaction. Any suspicious transaction by customer in accordance with AML/CFT laws shall be reported to the Anti Money Laundering Office.

- **Improper and Corrupt Payments; Anti-Bribery Law Violations**

The Group comply strictly with the Thai anti-bribery laws. If you suspect that any activity you are involved in may violate the anti-corruption laws, or if you become aware of such activity by any persons, you must notify relevant compliance unit(s) immediately.

In addition, the capital market business group of the Group is committed to full compliance with the U.S. Foreign Corrupt Practices Act (FCPA) which prohibits providing money or anything else of value to government officials, political parties or

public employees for the purpose of improperly influencing their actions in order to obtain or retain business.

- **Proper Record-Keeping and Disclosure Requirements**

We require honest and accurate accounting and recording of financial and other information in order to make responsible business decisions and provide an accurate account of our performance to shareholders and regulators. It is a violation of law and the Group’s policy for any person to attempt to improperly influence or mislead any accountant engaged in preparing our audit. We are committed to full compliance with all requirements applicable to our disclosures. We require that our financial and other reporting fairly present the financial condition, results of operations and cash flow of the Group and that we comply in all respects with applicable law, rules and regulations, including generally accepted accounting principles (GAAP) and applicable rules of the SEC .

- **Document Retention and Destruction**

Without exception, all employees must fully comply with the Group’s relevant Record Retention Guidelines. Destruction of documents may result in legal regulatory sanction. If you are aware of litigation or potential litigation or a regulatory inquiry related to a client’s assets/ transactions or other relevant information that the Group may possess, documents related to such client must not be destroyed until after the litigation or inquiry is completely settled. Relevant compliance unit(s) must be consulted in these circumstances. Failure to comply with this policy, as well as industry regulations and laws, is subject to termination and may also face criminal or civil prosecution, with possible fines and prison terms.

## **Commitment to Promoting Ethical Conduct**

Protecting the Group’s reputation is everyone’s duty. Every director and employee has an obligation to question situations that may violate the Group’s

standards of business conduct and report violations of law, rules, regulations and the code of ethics through each company's channel immediately. Waivers of any provision of the guidelines will only be given when deemed absolutely appropriate under the circumstances and then strictly in accordance with the procedures established by the guidelines and other policies of the Group. The Group shall not tolerate retaliation against those reporting violation or possible violation of guidelines in good faith. Relevant reports and evidences are deemed confidential. The group shall investigate

allegations of potential wrongdoing in accordance with complaint procedures. Disciplinary actions may be taken against employees who breach laws, rules and regulations on the extent of their wrongdoing and on a fair basis. Furthermore, the Group shall conduct periodic audits of compliance with the guidelines.



## Summary of Anti-corruption Policy

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### Purpose

The Bank intends and is committed to taking a stand against corruption in any form by adhering to the Guidelines for Business Conduct Policy of Kiatnakin Phatra Financial Group, the Corporate Governance Policy and regulations according to the laws on anti-corruption which is to be strictly followed. The Bank has implemented the Anti-corruption Policy to be used by the Board of Directors, executives and employees as a guideline to perform their duties in a transparent manner, paving the way to building a sustainable organization.

The Bank will not demote or take disciplinary action against anybody who refuses to be involved in a corruption scheme even though it may have made the Bank lose a business opportunity.

### Principle

The Bank's policy forbids bribes, payoffs or payments of any kind to any person, government official or entity for the purpose of improperly obtaining or retaining business or influencing consideration of any business activity. This policy covers all types of payments that may or may not be considered legal under the circumstances. Special rules may apply to payments or gifts (including entertainment) to officers, directors, employees or other affiliates of government owned or controlled entities.

The Bank will not cooperate with or support any illegal activities which involve corruption or are a threat to society and national security.

Furthermore, no director, employee or member of their families may, directly or indirectly, accept or receive gifts, frequent or excessive entertainment, or any similar form of consideration that is of more than nominal value from any person or entity with which the Bank does, or seeks to do, business.

### Political Contributions

Assistance in any form, namely cash or other means of political support, directly or indirectly, to any political party, party member, candidates, organizations or individuals related to political parties must be done with transparency and within the confines of the law.

### Charitable Contributions and Sponsorships

Any charitable contributions and sponsorships provided by the Bank must be done with transparency and under the law.

**Charitable Contributions** The Bank supports and promotes the development of communities, society and the environment such as providing educational scholarships, promoting the development of culture and social immunity, aiding relief and public charities which are clearly aimed at benefiting the society as a whole.

The Bank has set aside a suitable budget for social and charitable works without limiting them to tax-deductible projects. The use of funds in this manner must be clear and be supported with documentation and duly recorded in accordance with the specified procedures that have been laid down by the Bank.

**Sponsorships** is the giving of money or gifts of the Bank under written agreement with the purpose of facilitating business, brand name or for the reputation of the Bank. It should be appropriate in consideration to those offered by the host. The Bank is forbidden to enter into any agreement or entertaining other kinds of offers that could give the Bank an undue advantage over competitors by any illegal means. It is also forbidden to support any activities arranged by individuals or any organizations with any purpose that is not in conjecture with the guidelines of conducting business of the Bank or that may result in a negative impact on the good name of the Bank. Any provisions of financial support must be done according to the procedures in relation to seeking approval and authorization as regulated by the Bank.



## Receiving and Giving of Gifts, Entertainment and Other Benefits

The giving of gifts, arranging official entertainment or incurring any expenses within the law, to help in building relationships between the Bank and its clients/ those involved in doing business with the Bank, must be done with care and caution so that the activity of receiving and giving is done in an adequate way and valued appropriately without leading to corruption.

The Bank forbids its employees to offer, promise, offer assurances, solicit, receive benefits or other items of value, either directly or indirectly, from/ to clients, government officials or third parties so as to improperly influence the performance of their duties, or to receive inappropriate benefits which would cause the recipient to be unable to make an unbiased decision.

The benefits given or received does not refer to only gifts, hosting meals or entertaining events but also payments on behalf of, facilitating procurement and providing business opportunities.

## Procurement of Goods and Services

The Bank has implemented regulations on the procurement of goods and services for sellers, contracted parties or consultants so that the Bank obtains highest benefits in a system that is transparent, honest and free from bias and auditable. The Bank forbids any employee from receiving benefits from selected bidders. In the event that there is any information involving solicitation, receiving or payment of any benefits that are not proper, a full disclosure must be made to trading partners and cooperation must be sought to find a fair solution in a timely manner. The Bank will inform sellers, contracting parties or the consultants from whom the Bank procures goods and services of its policy on anti-corruption. The contracting parties must comply with the laws of the Kingdom of Thailand and abide by the Anti-corruption Policy as stated by the Bank.

## Human Resources Management

The Bank has implemented procedures for human resources management which reflects the Bank's commitment to anti-corruption. This includes the structure of a transparent and efficient organization, a division of responsibilities, procedures for work, a clear chain of command to provide the appropriate balance of power, the recruitment of employees, advancement, training, employee assessment and remunerations, a process for taking disciplinary action against employees for not following the policy, an internal communications to directors, management and employees of the Bank of the policy and encouraging the management to promote understanding of the policy among employees.

## Communications and Channels for Complaints

### Communications

The Bank arranges for the distribution of information on the Anti-corruption Policy which is an important aspect on the ethics of doing business to all employees to be used as a guideline for performing their duties together with the rules and regulations of the Bank.

The Bank communicates the Anti-corruption Policy through many channels, such as the intranet, orientation training, reviewing for directors, management and employees annually through e-Learning, together with an assessment form for understanding by employees. Furthermore, the Bank also distributes information on the Anti-corruption Policy to companies within the Group as well as companies with authority over other business representatives, to the general public, trading partners and other stakeholders through channels, such as E-mail, the Bank's website, annual reports, reports on corporate social responsibility and other publications of the Bank.

### Channels for Complaints

The Bank has arranged for channels to be used for complaints or reporting for stakeholders such as shareholders, clients, employees and trading partners so as to build a trust that all stakeholders will be treated honestly, in accordance with the rights and agreements that they have with the Bank. The Bank has guidelines for acting on complaints through arranging procedures for dealing with complaints from employees.





Employees and other stakeholders may contact the Bank through various channels, such as E-mail to independent directors as published on the Bank's website or through the Center for Complaints by phone or by using the online form on the Bank's website, including fax, mail or direct contact. Furthermore, employees may approach the Chairman of the Board, the CEO or the President directly so as to report complaints about any activities which are illegal, unethical or could involve corruption or misconduct of individuals within the organization. The Bank has mechanisms to protect the person who reports such activity and places importance on maintaining secrecy on the complainants, reports and documents. Furthermore, the complainant may choose not to disclose his/ her identity to assure them of confidentiality. The Bank will process the complaint and investigate the matter and take disciplinary action as stated by the Bank.

## **Internal Control and Risk Assessment**

### **Internal Controls**

The Bank has arranged for internal controls that cover money, accounts and record-keeping of information as well as other procedures that are related to the guidelines for anti-corruption. These are collated so that the Bank has a system for internal control and internal audit which is appropriate and efficient.

### **Risk Assessment**

The Bank has a department responsible for operational risk management, which designs and develops tools for assessing risks which are used by all departments within the Bank and the Group companies. This is so that they may follow-up and control the risks of operations effectively. They also review and submit policies, rules and regulations in relation to operational risk management to manage the risk of corruption for the Bank.

# Board of Directors Charter

## Kiatnakin Phatra Bank Public Company Limited

### Roles, Duties and Responsibilities

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As the representative of shareholders, the Board of Directors has roles, duties and responsibilities to conduct business with integrity to achieve stability and good returns. The Board of Directors should refrain from having any conflict of interest. The scope of authorities and duties of the Board of Directors are as follows:

1. Determine short and long-term business directions and strategic goals of the Group for both financial and non-financial aspects and efficiently allocate significant resources within the Group to ensure objectives and goals are achieved. The Board shall consider and approve the Group's business plans, proposed by the Executive Committee, by taking into account all changes to the Group's ecosystem and factors; define and approve policies which are required by laws and regulators and oversee and monitor the implementation of those policies through the Executive Committee to ensure that they are carried out efficiently and effectively in order to protect the benefits of the Group and its shareholders and for business sustainability.
2. Oversee to ensure adequate and efficient allocation of significant resources, for instance, capital investment, personnel, technology, etc. and promote the utilization of innovation to create business opportunities, improve business operation and risk management and enable the Bank to achieve key business objectives and goals. The Board of Directors shall also define the proper remuneration structure to incentivize employees to fully perform their duties with honesty and consistent with its risk culture. The Board of Directors may delegate the authority to other committees or designated persons to carry out and report the result to the Board of Directors as appropriate.
3. Ensure that the Bank's Guidelines for Business Conduct, including business ethics and ethics for directors, controlling persons and employees, are in place. These principles are to be adopted as practice guidelines for management and employees in the organization.
4. Define or approve the effective risk governance framework to support business operations in accordance with the specified directions and objectives under the rapidly changing business environment. The Board of Directors shall define the appropriate risk appetite level for the Bank's business operation, monitor the business so it is operated within such specified risk appetite level, ensure that the Bank has a system and risk management process which can address the overall and significant risks (Comprehensive Risk Management Policy and Process) and ensure that the Bank, through the Risk Oversight Committee, establishes policies, procedures and controls relating to risk management. These policies, procedures and controls, at the minimum, shall include credit risk, market risk, investment risk, liquidity risk, operational risk, reputational risk, legal risk, strategic risk and information technology risk, as well as risks which may arise from the launch of new products and certain significant business changes. The Board of Directors shall approve such policies and review them regularly or immediately after any significant changes. Furthermore, the Board of Directors has the duty to oversee the Group's risks, ensure that the Group's business is operated within specified risk management policies and strategies, support the building of risk culture as well as ensure the communication of such policies and strategies throughout the organization.

5. Ensure that the Bank and Group companies have effective control, oversight and audit mechanism, adequate and proper internal control and internal audit systems as well as the organizational structure which promotes independent and effective control, oversight and audit functions (three lines of defense) to make certain that transactions are made efficiently and in accordance with the specified policy and system and relevant laws and regulations.
6. Study and understand the shareholder structure and relationship, which may affect business management and operation, and oversee that the checks and balances of power between the management and/ or major shareholders is suitable. This should be done with emphasis on creating a good proportion of independent directors among Board members.
7. Appoint and specify roles and duties of committees as appropriate to support its oversight responsibility, such as the Audit Committee, Nomination and Remuneration Committee, Risk Oversight Committee, Compliance and Governance Committee and Executive Committee. The review of committees' roles and responsibilities should be regularly conducted at least once a year.
8. Ensure that committees require the management to define and implement a system for the Bank's corporate governance in accordance with applicable laws and business nature. Consider and approve the corporate governance system including monitoring the effectiveness of the Bank's corporate governance system and advice on further improvement.
9. Ensure that the management inform and update the Board of Directors on any important matters so that the Board of Directors has sufficient information to be able to perform its roles and carry out its duties and responsibilities efficiently.
10. Approve the Bank's annual financial reports, which are audited by an external auditor and reviewed by the Executive Committee and Audit Committee, prior to proposing to the shareholders' meeting for approval. In addition, the Board of Directors shall receive recommendations through the Management Letter provided by the external auditor and recommendations provided by the Executive Committee.
11. Define policy for risk assessment, capital adequacy and liquidity of the Bank and strategy and guideline to maintain the Bank's capital consistent with the approved risk appetite level. Define the stress test policy which is in line with the Bank's transactions and material risks.
12. Appoint the CEO nominated by the Nomination and Remuneration Committee and determine the performance evaluation criteria for the CEO which aligns with the business performance. Perform or delegate authority to the Nomination and Remuneration Committee to perform the annual performance evaluation of the CEO and approve the remuneration according to the pre-determined criteria. Such remuneration should incentivize competency to perform duties to achieve the Group's long-term key objectives and goals.
13. Appoint and establish the scope and authority of executives of the Bank and the highest-level executive of KKP CAP as recommended by the Nomination and Remuneration Committee.
14. Ensure that the Bank has in place policies on loans and investment with related parties.
15. Review and approve, through committees, the management's proposal relating to the authorization on lending, investments, commitments or any transactions with loan-like characteristics as well as purchasing and management expenditures. This is for the benefit of the Bank and in compliance with related laws and regulations.
16. Regularly review the Board of Directors' roles and responsibilities at least once a year to be in line with the changing business environment, industry, relevant factors, regulations and laws as well as enable the Bank to adapt in

an appropriate and timely manner. Perform an annual performance evaluation of the Board of Directors.

17. Oversee that the Bank discloses important corporate governance information at the shareholders' meeting and to the public.
18. Ensure that each individual director participates in no less than 75% of all Board of Directors' meetings held in a year, unless with reasonable grounds or necessity.

Furthermore, the Board of Directors may seek further professional opinion from external consultants on the operation of the Bank and the Group companies with the expenses borne by the Bank or the Group companies.

The Chairman of the Board of Directors must be an independent director or non-executive director. The number of Board meetings should be consistent with the duties and responsibilities of the Board of Directors and no less than six times per year. The quorum of the Board of Directors' meetings must consist of at least two-thirds of the Board members. The meeting's resolution must be passed by a majority vote of the Board members attending the meeting. The Chairman of the Board of Directors does not have the casting vote.

### Matters under the Authority of the Board of Directors of the Bank

The Board of Directors of the Bank has responsibility for the administration of all activities of the Bank and is empowered to proceed under the provision of law, the Bank's Articles of Association and resolution of the shareholders' meeting. These matters, which are under the authority of the Bank's Board of Directors, consist of the following:

1. To determine business direction and overall strategic goal of the Bank.
2. To approve the Bank's business plan and annual budget as proposed by the Executive Committee.
3. To review and approve the Bank's policies as required by laws or regulatory agencies including the main policies for operating business, for example, the overall risk management policy for the Bank and the Group companies, the credit policy, etc.
4. To approve the Corporate Governance Policy and Guidelines for Business Conduct Policy for the Bank and the Group companies as proposed by the Compliance and Governance Committee.
5. To appoint, remove and delegate authority and duty to the committees under the supervision of the Bank's Board of Directors including the executive officers from the Executive Vice President level and higher.
6. To approve the remuneration and other benefits for high level executives of the Bank.
7. To appoint and remove the Corporate Secretary.
8. To approve the payment and omission of the interim dividend for shareholders.
9. To propose an increase or reduction in capital or change of share value and the amendment or alteration of the Memorandum of Association, Articles of Association and/or objectives of the Bank to shareholders.
10. To approve or cancel loans, credit guarantees or credit limits in excess of the Executive Committee's authorized limit.
11. To approve the granting of loans or credit guarantees for companies which have a business relationship with the Bank as shareholders.
12. To approve the incorporation, merger or termination of subsidiary companies.
13. To approve the modification, demolition and writing off of fixed assets and intangible assets, which deteriorate or are decommissioned, out of order, lost, damaged or outdated and no longer usable, with book values exceeding the Executive Committee's authorized limit.
14. To sell or mortgage any immovable property of the Bank or any rental of immovable property of the Bank for a period exceeding three years.
15. To approve the acquisition or disposal of assets and connected transactions in accordance with the notifications of Capital Market Supervisory Board.

# Audit Committee Charter

## Kiatnakin Phatra Bank Public Company Limited

### Roles, Duties and Responsibilities

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The Audit Committee has roles, duties and responsibilities as assigned by the Board of Directors as follows:

1. Review the Group's financial reporting to ensure its accuracy and adequacy and receive information about improper transactions in financial statements or other issues from employees.
2. Review the Group's internal control, including information technology security and control, to ensure that they are suitable and effective.
3. Determine the internal audit unit's independence; review the Group's internal audit to ensure that it is suitable and efficient and approve the appointment, transfer and dismissal as well as appraise the performance efficiency and effectiveness of the chief of the internal audit unit or any other unit in charge of an internal audit.
4. Consider, select and nominate an independent person to be the Group's auditor; propose remuneration for the auditor as well as attend a non-management meeting with the auditor at least once a year.
5. Consider the Group's policy relating to non-audit services provided by the auditor and review to ensure that the use of such services does not interfere with the auditor's independency.
6. Review the connected transactions or transactions which may lead to a conflict of interest, and the disclosure thereof, to ensure that they are in compliance with the laws and the SET's regulations and are reasonable and for the highest benefit.
7. Prepare and disclose the following information in the Group's annual report and the Audit Committee's report, which must be signed by the Audit Committee's Chairperson:
  - (a) opinion on the accuracy, completeness and credibility of the Group's financial report;
  - (b) opinion on the adequacy of the Group's internal control system;
  - (c) opinion on compliance with the law on securities and exchange, the SET's regulations and laws relating to the Group's businesses;
  - (d) opinion on the suitability of the auditor;
  - (e) opinion on the transactions which may lead to a conflict of interest;
  - (f) the number of the Audit Committee's meetings and the attendance of such meetings by each committee member;
  - (g) opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter; and
  - (h) other transactions which, according to the Audit Committee's opinion, should be known to shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Bank's Board of Directors.
8. Report to the Bank's Board of Directors in order that remedial action can be taken within the timeframe which the Audit Committee deems appropriate in case the Audit Committee finds or suspects any misconduct as follows:
  - (a) Any transaction which causes a conflict of interest;
  - (b) Any fraud, irregularity or material defect in an internal control system; or
  - (c) Any violation of the laws pertaining to financial institutions, the law on securities and exchange, the SET's regulations, the Bank of Thailand's regulations, other laws and regulations related to the banking and securities businesses and any other laws.

If the Bank's Board of Directors or the management fails to rectify the matter within the period specified by the Audit Committee, the Audit Committee shall disclose such transaction or act in the annual report and report to the Bank of Thailand, the SEC or the SET accordingly.

9. Investigate immediately when receiving information of suspected misconduct from the auditor and report the preliminary investigation result to the SEC and auditor within thirty days from the notification date.
10. Inspect or question any relevant personnel regarding any related issues of the Group. The Audit Committee is authorized to hire or bring in specialists to assist with the auditing process, as deemed appropriate.
11. If necessary, the Audit Committee may invite the management or any relevant person(s) to join the meeting to give additional information related to the matter being audited.
12. Review to ensure that the Group companies follow the Group's policies.
13. Consult and exchange views with the Risk Oversight Committee in order to assess if the risk management policies and strategies cover all existing and emerging risks and if the implementations of such policies and strategies are effective and efficient.

14. Review the accuracy of the Anti-corruption Self-evaluation Report and reference documents which are prepared and audited by the Legal and Compliance Group and the Office of Internal Audit, respectively, in accordance with the review period as prescribed by the CAC.

15. Perform any other act as assigned by the Bank's Board of Directors and accepted by the Audit Committee.

16. Perform any other act as the law prescribes on the authority of the Audit Committee.

17. Report on the committee's performance to the Bank's Board of Directors at least every quarter.

The Audit Committee shall meet at least once every quarter or as it deems appropriate and also meet with the Audit Committee of the Group companies at least twice a year. The quorum of the Audit committee's meetings must consist of no less than half of the Audit Committee members. The meeting resolution is passed by a majority vote of the committee members attending the meeting. The Audit Committee may adopt a resolution without holding a meeting if all committee members sign their names on a copy of the text of such resolution and such resolution shall be in the same force and effective as if it has been adopted at a duly convened meeting of the Audit Committee. The Chairperson of the Audit Committee or the committee member who has been assigned to act as the Chairperson of the meeting has the casting vote.

# Nomination and Remuneration Committee Charter

## Kiatnakin Phatra Bank Public Company Limited

### Roles, Duties and Responsibilities

The Nomination and Remuneration Committee has roles, duties and responsibilities as assigned by the Board of Directors as follows:

1. Establish policy, criteria and process in nominating directors and persons with management authority for the Bank and the Group companies in order to propose to the Bank's Board of Directors; select and propose qualified persons to be Board members, members of sub-committees directly reporting to the Board of Directors, persons with management authority, advisors of the Bank and the highest-level executive of KKP CAP to the Bank's Board of Directors for consideration as well as give consent on the directors and persons with management authority of the Group companies prior to being proposed for appointment.
2. Consider the size and composition of the Board of Directors of the Bank and the Group companies which are appropriate with the changing circumstances. Oversee that the Group has a mechanism or tool to support the process for selecting and nominating director candidates to ensure that the Board of Directors of the Bank and the Group companies consist of qualified individuals with a wide range of knowledge, capabilities and experiences favorable to long-term business growth and directions and strategies of the Group, such as developing a skill matrix which is necessary for the Bank's Board of Directors, etc.
3. Ensure that Board members and persons with management authority of the Bank and the Group companies receive remuneration and benefits which are commensurate with their duties and

responsibilities. Consider the remuneration and other benefits for Board members and the CEO of the Bank which reflect the objectives, duties and responsibilities and relevant risks<sup>1</sup> prior to proposing to the Board of Directors. In addition, the committee shall establish a transparent payment policy of the remuneration and other benefits for other persons with management authority as a guideline for consideration by the Human Resource Management Committee/ Capital Market Human Resources Management Committee. The committee may also consult with the Risk Oversight Committee to ensure that the remuneration can reflect important risks.

4. Consider and establish guidelines for the performance evaluation of the Board members and the CEO of the Bank to propose for the Board of Directors' consideration. The evaluation of the Board members should be in the form of self-evaluation and cross-evaluation or third-party evaluation. The committee shall also establish guidelines for the performance evaluation of the persons with management authority for the Human Resource Management Committee. These guidelines will assist the Human Resource Management Committee in considering the annual remuneration by taking into account the roles and responsibilities, the related risks, the management of business in accordance with the organization's goal and strategies and the increasing value of shareholders' proportion in the long term.
5. Oversee the disclosure of the policy and process for the selection of directors and persons with management authority of the Bank and the

<sup>1</sup> The remuneration should not relate, too much, to short-term profits or targets and must not create incentives for entering into too risky transactions which can affect the Group's stability.



remuneration policy and various forms of benefits as well as prepare the committee's report in the Bank's annual report.

6. Oversee that the Bank has a succession plan for executives in place to ensure planning and preparation for critical positions.
7. Report on the committee's performance to the Board of Directors at least once a year.

The Nomination and Remuneration Committee shall meet at least twice a year or as it deems appropriate. The quorum of the Nomination and Remuneration Committee's meetings consists of no less than half of the Nomination and Remuneration Committee members.

The meeting resolution is passed by a majority vote of the committee members attending the meeting. The Nomination and Remuneration Committee may adopt a resolution without holding a meeting if all committee members sign their names on a copy of the text of such resolution and such resolution shall be in the same force and effective as if it has been adopted at a duly convened meeting of the Nomination and Remuneration Committee. The Chairman of the Nomination and Remuneration Committee or the committee member who has been assigned to act as the Chairperson of the meeting has the casting vote.



# Compliance and Governance Committee Charter

## Kiatnakin Phatra Bank Public Company Limited

### Roles, Duties and Responsibilities

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The Compliance and Governance Committee has roles, duties and responsibilities as assigned by the Board of Directors as follows:

1. Through the Compliance unit, oversee that the Bank and the Group companies conduct business in compliance with laws, regulations, rules, standards, ethics, corporate governance principles and compliance policy.
2. Ensure that the Bank and the Group companies have an efficient and independent compliance system and corporate governance practice.
3. Oversee that the Bank and the Group companies establish the process to take corrective actions for issues raised by regulatory agencies, the external auditor, the internal auditor and the compliance unit.
4. Approve the Annual Compliance Plan of the compliance unit and monitor the performance of the compliance unit to ensure that it completes tasks and achieves targets according to the plan.
5. Provide an opinion on the Annual Compliance Report and report to the Board of Directors.
6. Develop the Guidelines for Business Conduct to be used as a performance framework for the Board members, executives and employees of the Bank and the Group companies and propose to the Board of Directors for consideration.
7. Regularly review the corporate governance principles of the Bank and the Group companies and their compliance with international standards and suggestions of regulators; consider the assessment result of the Bank's and the Group companies' corporate governance carried out by external entities and recommend the development of the Bank's Corporate Governance Policy to the Board of Directors for approval.
8. Approve the appointment, transfer and performance evaluation of the highest executive of the compliance unit.
9. Report on the committee's performance to the Board of Directors at least once a year and immediately in case there is any significant incompliance with rules of the regulators or the Bank and the Group companies.
10. Review the Compliance Policy and any policies and guidelines in relation to good corporate governance as well as the performance of the compliance unit. Endorse and/ or approve any amendments which are non-significant matters and report to the Board of Directors once a year.

The Compliance and Governance Committee shall meet at least once every quarter or as it deems appropriate. The quorum of the Compliance and Governance Committee's meetings consists of no less than half of the Compliance and Governance Committee members. The meeting resolution is passed by a majority vote of the committee members attending the meeting. The Compliance and Governance Committee may adopt a resolution without holding a meeting if all committee members sign their names on a copy of the text of such resolution and such resolution shall be in the same force and effective as if it has been adopted at a duly convened meeting of the Compliance and Governance Committee. The Chairman of the Compliance and Governance Committee or the committee member who has been assigned to act as the Chairperson of the meeting has the casting vote.

# Executive Committee Charter

## Kiatnakin Phatra Bank Public Company Limited

### Roles, Duties and Responsibilities

The Executive Committee has roles, duties and responsibilities as assigned by the Board of Directors as follows:

1. Determine short and long-term business directions and strategic goals of the Group for both financial and non-financial aspects by analyzing the ecosystem and factors prior to proposing to the Board of Directors for consideration.
2. Consider the policy and operating plan of the Bank and the Group companies, as proposed by the CEO, prior to proposing to the Board of Directors for consideration by emphasizing on adequate and efficient allocation of key resources and ensure that the CEO operates the business in accordance with the approved policy effectively and efficiently.
3. Consider and approve policies, guidelines and working rules of the Bank and the Group companies.
4. Oversee the business operation of the Bank and the the Group companies in order to carry out business in accordance with the laws and approved policies as well as assign operating matters of the Bank and the Group companies to the CEO and sub-committees in order to propose to the Board of Directors for consideration.
5. Establish the overall organizational structure in accordance with the business directions and goals as well as give consent to any revision on the Bank's organizational structure at the group level (in case of setting up a new business or dismissal of any business) prior to proposing to the Board of Directors for consideration. Meanwhile, the CEO and President are authorized to approve the revision on the organizational structure at the department level or group level (excluding setting up a new business or dismissal of any business) according to line authority as deemed appropriate.
6. Supervise the performance and establish the roles and responsibilities of the CEO, sub-committees and executives, who are assigned by the Executive Committee to be responsible for a specific matter.
7. Consider and approve loans, restructuring loans and sales of main foreclosed property; set the asset price to be purchased from auctions; exercise the right to object in accordance with the specified limit; approve the legal expenses and litigation against debtors and approve the securities underwriting and securities commitment of the Bank or the Group companies within the specified limit and propose to the Board of Directors for acknowledgement.
8. Approve the unreviewed/ unaudited financial statements in order to disclose to the SET and relevant supervisory agencies and consider the reviewed/ audited financial statements before proposing to the Board of Directors for approval.

The Executive Committee shall meet at least once a month or as it deems appropriate. The quorum of the Executive Committee's meetings consists of no less than half of the Executive Committee members. The meeting resolution is passed by a majority vote of the committee members attending the meeting. In cases where unanimity is not reached, the committee member may propose such agenda to the Board of Directors for consideration. The Executive Committee may adopt a resolution without holding a meeting if all committee members sign their names on a copy of the text of such resolution and such resolution shall be in the same force and effective as if it has been adopted at a duly convened meeting of the Executive Committee.



# Risk Oversight Committee Charter

## Kiatnakin Phatra Bank Public Company Limited

### Roles, Duties and Responsibilities

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The Risk Oversight Committee has roles, duties and responsibilities as assigned by the Board of Directors as follows:

1. Set up the overall policy on risk management for the Bank and the Group companies and propose to the Board of Directors for consideration. This includes major policies on credit risk, market risk, liquidity risk, operational risk including IT risk, risk appetite and any risk which could adversely affect the Bank and the Group companies' reputation.
2. Develop strategies which are consistent with the Bank's risk management policy. The strategies should enable the committee to assess, monitor and control risks to be at acceptable levels. Additionally, it is the responsibility of the committee to set up criteria in considering reserve for asset classification.
3. Consider and approve criteria relating to lending, commitments and any transactions with loan-like characteristics which are within the risk management framework set by a regulatory agency or the Bank. It is the committee's responsibility to consider and establish credit policies in order to propose to the Board of Directors for approval.
4. Oversee the risk management of the Bank and the Group companies and report to the Board of Directors.
5. Give suggestions to the Board of Directors about the financial institution's risk management framework.
6. Report to the Audit Committee and/ or the Compliance and Governance Committee to acknowledge the issues that need to be improved to be in consistent with the risk management policies and guidelines.
7. Oversee that senior executives including the Head of Risk Management Group comply with the risk management policies and strategies as well as the specified risk appetite.
8. Oversee that strategies on capital and liquidity management for absorbing various types of risks of financial institution are in line with the approved risk appetite.
9. Revisit and review the sufficiency and effectiveness of the overall risk management policies and strategies as well as risk appetite at least once a year or when there is any significant change, where the Risk Oversight Committee should consult and exchange views with the Audit Committee in order to assess if the risk management policies and strategies cover all existing and new types of risks and if the implementation of such policies and strategies are effective and efficient.
10. Report the committee's performance to the Board of Directors at least once a year. And also report the following to the Board of Directors: risk exposures, effectiveness of risk management, progress on the implementation of risk culture, as well as important factors and problems, and the required revisions to meet the risk management policies and strategies. Review the adequacy of the risk management policies and systems as well as the effectiveness of such systems and implementation according to specified policies.
11. Express an opinion or take part in the evaluation of the effectiveness and efficiency of the Head of Risk Management Group.

The Risk Oversight Committee shall meet at least once every quarter or as it deems appropriate. The quorum of the Risk Oversight Committee's meetings consists of no less than half of the Risk Oversight Committee

members. The meeting resolution is passed by a majority vote of the committee members attending the meeting. The Risk Oversight Committee may adopt a resolution without holding a meeting if all committee members sign their names on a copy of the text of such resolution and such resolution shall be in the same force and effective as if it has been adopted at a duly convened

meeting of the Risk Oversight Committee. The Chairman of the Risk Oversight Committee has the casting vote.

The Chairman of the Risk Oversight Committee must be an independent director or non-executive director. At least half of the committee members must be independent directors or non-executive directors.



## Report of the Audit Committee

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The Audit Committee of Kiatnakin Phatra Bank Public Company Limited (the “Committee”) comprises the following three independent directors, each of whom possesses extensive knowledge and experience in finance, accounting, economic and organization management.

- |                              |                              |
|------------------------------|------------------------------|
| 1. Mrs. Dayana Bunnag        | Chairperson of the Committee |
| 2. Mr. Chet Pattrakornkul    | Member of the Committee      |
| 3. Mr. Veravat Chutichetpong | Member of the Committee      |

In 2020, the Committee had twelve meetings, with the attendance record of each committee member reported under the Meeting Attendance of Directors section in the Form 56-1 One Report, to perform duties in accordance with the role set forth in the Committee's charter, in summary:

- In each quarter, the Committee reviewed the financial reports through a meeting with executives of the Finance and Budgeting Group and external auditors to consider all comments made from the auditing and reviewing of financial statements. The Committee acknowledged guidelines for temporary relief measures in the situation of COVID-19 issued by the Bank of Thailand and the Federation of Accounting Professions, and discussed with auditors and management about the appropriateness of expected credit loss allowance. In addition, on a half-yearly basis, the Committee and external auditors had meetings arranged without the attendance of the executives.
- By working together with the internal auditor and external auditor, the Committee reviewed the internal control system, including information technology security and control as well as cyber security, to assess the efficiency and sufficiency of these systems. The Committee supported the

internal auditor's initiatives on improving efficiency by adopting data analytics and dynamic auditing, in response to emerging risks. Moreover, in 2020, the Bank's management was engaged in assessing the adequacy of internal control, using the SEC's checklist which was developed under the COSO 2013 framework. The assessment results were reviewed by the Committee and the Board of Directors in order to exchange views and develop a mutual understanding over the state of internal controls so that appropriate actions could be further determined.

- The Committee reviewed and approved the Annual Internal Audit Plan, determined the independence of the internal audit function and reviewed the annual performance of the Internal Audit Head.
- The Committee reviewed the Group's risk management system and measures as reported by the risk management function. These include the key risk factors and management response to address those risks, in line with the Group's policies, strategies and plans. In addition, the Committee had a meeting with the Risk Oversight Committee to consult and exchange views so as to assess whether the risk management policies and strategies covered all existing and emerging risks and if the implementations of such policies and strategies were effective and efficient.
- The Committee reviewed related-party transactions or transactions that may lead to conflict of interest, including the disclosure thereon, to ensure that they were in compliance with the laws and regulations imposed by the SET and were reasonable and for the highest benefit of the Group.
- On a quarterly basis, the Committee reviewed the internal audit's report to assess whether disclosure and appropriate surveillance and monitoring programs were in place to ensure compliance with

the laws and regulations relating to the Group's business, including those imposed by the Bank of Thailand, the SEC, the OIC, the AMLO, etc.

- The Committee reviewed the performance of the Bank's external auditors on their duties over the year. The Committee is of the opinion that the auditors of PricewaterhouseCoopers ABAS Ltd. are independent, possess great skill and knowledge about international auditing standards, and have sufficient resources. In addition, the auditors demonstrated a high level of proficiency in auditing banking and capital markets businesses. As a result, the Committee considered and re-nominated PricewaterhouseCoopers ABAS Ltd. as the auditors of the Bank for the year 2021. The Committee has submitted its recommendation on the appointment and remuneration of the Bank's external auditor to the Board of Directors, to be proposed to the shareholders' meeting for approval.
- The Committee considered the Group's policy on non-audit services to be provided by the Bank's external auditor and reviewed its services, aiming to ensure that non-audit engagement does not impair the independence of the Bank's external auditor.
- The Committee has arranged meetings with other Audit Committees within the Group to exchange

views and opinions regarding the role of the Audit Committee, in accordance with the good Governance, Risk and Control (GRC) framework, so as to allow all committee members to be able to assess the overall picture of the Group's internal control.

According to a self-assessment carried out in 2020, the results suggested that the Committee has satisfactorily discharged its duties in accordance with the requirements set out in the Committee's charter.

In summary, the Committee has performed its duties independently and has been open in expressing its opinions for the best benefit of the Bank. The Committee is of the opinion that the Bank has an appropriate and efficient risk management and sound internal controls in place to undertake related party transactions, monitor compliance with the rules and policies, and for other Bank operations. The financial statements of the Bank are reliable and have been constructed with sufficient control systems and in accordance with Thai Financial Reporting Standards.

The Committee has recommended to the Board of Directors so that communications shall be continuously made to all staff that the Group emphasizes the importance of corporate culture in which unethical and fraudulent behavior is unacceptable (Zero Tolerance to Fraud policy).

As of January 12, 2021

On behalf of the Audit Committee



(Mrs. Dayana Bunnag)

Chairperson of the Audit Committee







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