



KASIKORNTHAI

# Management Discussion and Analysis (MD&A)

For the Quarter Ending June 30, 2022

ธนาคารกสิกรไทย  
开泰银行 KASIKORNBANK



บริการทุกระดับประทับใจ

## Executive Summary of Management Discussion and Analysis

### For the Quarter Ending June 30, 2022

The Thai economy continued to grow in the second quarter of 2022. Private consumption, investment, and exports increased along with rising international tourist arrivals following the relaxation of international travel restrictions. However, the manufacturing sector remained subdued amid elevated production and energy costs, as well as multiple parts shortages. Looking into the remainder of 2022, the soaring inflation should be closely monitored as it may affect household spending and prompt the Thai policy rate to be on an upward cycle.

Amid the turbulent economic environment, KBank operated its business in line with the principles of a Bank of Sustainability, accounting for the balance of three dimensions – economic, social and environmental – along with appropriate risk management and effective cost management in order to empower every customer's life and business. We prioritized the offering of total solutions, with attentive and inclusive services anywhere, anytime, in adherence with the Customer Centricity strategy and the resolve to deliver an excellent customer experience. Guided by a proactive strategy of adopting new technologies and processes while fostering synergy with our commercial partners, we were determined to broaden opportunity among the general public for their improved access to banking services. KBank aimed to provide assistance and support to all parties within our ecosystem through funding sources and liquidity enhancement as well as the utilization of products and services.

KBank and its subsidiaries reported net profit for the second quarter of 2022 amounting to Baht 10,794 million, a decrease from the preceding quarter of Baht 417 million or 3.72 percent. Net interest income increased by Baht 261 million or 0.82 percent in line with loan growth. Net Interest Margin (NIM) therefore stood at 3.21 percent. In addition, non-interest income increased by Baht 637 million or 7.17 percent, derived mainly from increased net premiums earned-net, whereas the mark to market of financial assets, fees from fund management and brokerage fees decreased in line with market conditions.

Other operating expenses increased by Baht 680 million or 3.90 percent due mainly to marketing expenses and premises and equipment expenses. As a result, the cost to income ratio stood at 43.53 percent. Moreover, KBank and its subsidiaries set aside higher expected credit loss from the preceding quarter by Baht 516 million or 5.53 percent in line with loan growth and various economic factors. Coverage ratio as of June 30, 2022, was equal to 144.61 percent.

With regard to our capital position, capital adequacy ratio (CAR) of KASIKORNBANK FINANCIAL CONGLOMERATE according to the Basel III Accord was 18.37 percent; with a Tier 1 capital ratio of 16.39 percent and Common Equity Tier-1 Ratio of 15.38 percent, all of which were greater than the Bank of Thailand's requirement, reflecting our robust capital position which is adequate for continuously operating our

business under both normal and stressed situations. Through its efficient capital management, KBank could conduct business with optimal capital structure and effective capital management.

The operating performance of KBank and K Companies for the second quarter of 2022 gained wide acceptance and recognition at home and abroad and met our business targets as expected in line with the economic conditions. All of our endeavors were undertaken with prudence and in step with the ever-changing environment, together with awareness of the economic uncertainty that persists. We also assessed the prevailing circumstances, allowing us to devise plans to cope with any potential impacts on our business while also giving our customers support in an efficient and timely manner.

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# 1. Overview of Operating Environment

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## 1.1 Global and Thai Economy in the Second Quarter of 2022

The global economy faced rising inflationary pressures in the second quarter of 2022. This was mainly due to soaring energy and food prices amid supply constraints of global commodity markets and the Russia-Ukraine conflict. Inflation in many countries rose to its highest level in decades. As a result, several central banks were compelled to accelerate their policy rate hikes though such action will affect their economic activity. As evidenced, the US economy shrank for the second consecutive quarter and tends to grow within a limited range over the second half of this year. This is because the US Federal Reserve has adopted a tightening stance via increasing its policy rate along with continual balance sheet reduction to tackle soaring inflation. Likewise, the European Central Bank may need to raise interest rates in an effort to tame inflation, although the Eurozone economy tends to slow down and has been greatly affected by energy shortages as a consequence of sanctions against Russia.

Meanwhile, China's economy might grow less than its government's growth target due to the zero-COVID policy which resulted in prolonged lockdown measures, as well as the fragile property sector. Given the multiple challenges faced by the global economy, the International Monetary Fund (IMF) has cut its 2022-2023 global economic projections to 3.2 percent and 2.9 percent, respectively, compared to growth of 6.1 percent in 2021. Advanced economies are set to see a marked slowdown with growth projected a 2.5 percent in 2022 and 1.4 percent in 2023. Meanwhile, economic growth in emerging-market countries and developing countries will likely decelerate in 2022 in line with the overall global economy.

The Thai economy continued to grow in the second quarter of 2022. Private consumption, investment, and exports increased along with positive signs in the tourism sector, showing that international tourist arrivals rose following the country's reopening and the relaxation of international travel restrictions. However, industrial production remained subdued amid elevated production and energy costs, as well as multiple parts shortages. Looking into the remainder of 2022, the Thai economy will grow further, but the soaring inflation should be closely monitored as it may affect household spending, and prompt the Thai policy rate to be on an upward trend, after being maintained at 0.50 percent since May 2020.

## 1.2 Banking Industry and Competition

Thai commercial banks' overall performance in the second quarter of 2022 continued to record net profit from the previous quarter. However, non-interest income remained beset by the fragile state of economic activity, impacts of capital market volatility on investment portfolio, change in financial asset value in line with market prices and fee income related to capital markets. Meanwhile, net interest income and net interest margin (NIM) edged up in line with loan growth and rising yield on loans in addition to commercial banks' ongoing focus on deposit cost management. Meanwhile, non-performing loans (NPLs) to total loans were

almost on par with the level seen in the previous quarter due to commercial banks' acceleration of customers' debt restructuring, writing off bad debt and proactive asset quality management.

At the end of the second quarter of 2022, loans to customers and accrued interest receivables-net at 18 domestically registered commercial banks rose 2.19 percent from the end of 2021 and 5.64 percent over-year, due mainly to an increase in business loans for both investment and working capital, especially those granted to large corporate customers. Meanwhile, outstanding deposits saw increases of 2.19 percent and 4.59 percent, compared to the end of 2021 and the same period of last year, respectively. The increases were derived mainly from savings deposit.

Looking ahead, the banking industry is set to be bolstered by signs of Thailand's ongoing economic recovery, which could be a boon to loan disbursements while also easing pressures on income from core businesses during the second half of 2022 despite limited growth in fee income. Meanwhile, more time is needed for commercial banks to expand their income from new businesses, especially from customers via online channels and digital platforms which remain in the initial stage. Moreover, commercial banks will remain compelled to monitor their asset quality resolution and focus on debt restructuring management among various groups of customers who are still in the post-pandemic transition period and have yet to fully realize the benefits of the improving economic activity.

### 1.3 Significant Regulations and Rules related to Business Operations

Significant regulations and rules that may have affected KBank's and K Companies' business operations included:

- **Regulations on Tax Exemption for Debt Restructuring**

Notification of the Director-General of the Revenue Department (No. 40) Re: Rules, Methods and Conditions for Debts Required to Undergo Restructuring and Notification of the Director-General of the Revenue Department (No. 41) Re: Rules, Methods and Conditions for Exemption from Income Tax, Specific Business Tax and Stamp Duty for Transfer of Immovable Properties, issued in accordance with the Royal Decree under the Revenue Code Governing Exemption from Revenue Taxes (No. 742) B.E. 2565 (2022), which were published in Government Gazette on May 23, 2022, contain salient points that can be summarized as follows:

1. The debts must be under debt restructuring measures or criteria of financial institutions, as prescribed by the Bank of Thailand.
2. Creditors that are financial institutions, other creditors and debtors shall jointly prepare debt certificate in accordance with the established guidelines.
3. The debtor, creditor and recipient of the transferred immovable property shall jointly prepare a property transfer certificate per the established guidelines in order to repay the debt to the creditor with the income derived from the immovable property transfer.

4. Income eligible for exemption from taxes (income tax, specific business tax and stamp duty) on the transfer of said property shall be the specific sum which must not exceed the outstanding debt held with the creditor, or it shall have no obligation under the debt guarantee contract entered into with the creditor; the income shall also be the amount to be repaid to the creditor in accordance with the debt restructuring criteria of financial institutions, as prescribed by the Bank of Thailand.
5. To be eligible for exemption from taxes, the debtor shall provide said certificate to the local land officer who executes the registration of rights and juristic acts, and shall also give notice of this to the Director-General of Revenue Department via the Area Revenue Office located in the debtor's domicile or business establishment or where the property is situated. This will allow the assessment officer to undertake the examination.

● **Regulations on Practices regarding Interest, Service Charges and Penalties**

The Bank of Thailand issued Notification No. SorKorSor.2. 7/2565 (2022) Re: Regulations on Practices and Disclosure of Information regarding Interest, Service Charges and Penalties for Financial Products and Services, dated March 3, 2022, effective April 1, 2022. Its salient points can be summarized as follows:

1. Guiding principles:
  - 1.1 The collection of interest, service charges, and penalties from the customers must be appropriate, fair and corresponding to actual costs incurred, and must not be redundant.
  - 1.2 The service charge and penalty calculation base must be reasonable and consistent with the factors incurring the costs.
  - 1.3 In case of early service cancellation, service charges which have been collected in advance shall be refunded to customers proportionate to the duration that the service has not been provided.
  - 1.4 Service providers must not put an excessive burden on the customers and must consider their debt servicing ability.
  - 1.5 The disclosure of interest, service charges, and penalties must be complete, transparent, and immediate.
  - 1.6 Service providers must ensure that business partners and business facilitators shall determine service charges with fairness, and completely disclose relevant information.
2. Regulation on practices regarding deposit accepting
  - 2.1 Notification on each type of interest rate, including special interest rates, must contain clear conditions.
  - 2.2 Arrangement of marketing campaigns for taking deposit must clearly disclose conditions and information of annual interest rates; lucky draws or other sweepstake-type contests are prohibited.
  - 2.3 Service charges must be appropriately collected. Customers must be informed of service charges upon the new account opening and every time in advance of the collection.

### 3. Regulation on practices regarding lending

- 3.1 Announcement on interest rates and their ceilings must be made, classified by type of loan.
- 3.2 Service charges on consumer loans: The calculation of service charges on consumer loans shall be included in interest rates to be collected. In case service charges incur higher operating cost, they shall not be treated as interest and shall be separately collected.
- 3.3 Service charges on commercial loans: Collection must be made separately from interest, with clear announcement on their rates and conditions. Retail customers shall be subject to the guidelines applied to consumer loans.
- 3.4 Penalties related to consumer loans: Only penalties on home loan for refinancing can be collected during the first three years from the contract date.
- 3.5 Penalties related to business loans: Collection of penalties related to business loans must be made separately from interest, with clear announcement thereof.

KBank is presently taking actions to be in compliance with the Bank of Thailand's regulations.

#### ● Regulations on Foreign Exchange Control

The Bank of Thailand issued a circular on the Notification of Ministry of Finance Re: Ministerial Directive given to Authorized Juristic Persons (No. 15) and Notice of Competent Officer of Foreign Exchange Control regarding Rules and Practical Methods Related to Foreign Exchange (No. 32) dated April 18, 2022, effective May 13, 2022. This circular aimed to relax the regulations on foreign exchange control, ensuring more balanced criteria of capital inflows and outflows while allowing business operators to hedge foreign exchange risk with greater flexibility and reduced transaction costs. Salient points of the circular can be summarized as follows:

##### 1. Relaxation of rules on foreign currency purchase

- 1.1 Cancellation of outward remittance limit: This shall apply to remittance of funds for lending to non-affiliated business entities and purchase of immovable properties abroad. Moreover, objectives of outward funds transfer requiring the Bank of Thailand's permission are reduced, while objectives of outward funds transfer which may incur key risks remain intact. They include payment related to purchase or sale of foreign currency against the Thai Baht with foreign counterparties, and payment related to digital assets.
- 1.2 Relaxation on purchase of foreign currencies for domestic settlement: Such purchase must correspond to customers' business operation and necessity with foreign linkage, except for objectives requiring the Bank of Thailand's permission such as payment of foreign currency in cash and payment related to digital assets.
- 1.3 Relaxation on payment of contingent liabilities on behalf of affiliated business entities within the country: The definition of affiliated business entities has been expanded to include those



in which the same individual person holds at least 10 percent of shares, or those having the same set of directors who are authorized signatories.

2. Relaxation of foreign exchange risk management

2.1 Expansion of scope for forward purchase of foreign currencies to include domestic hedging transactions such as payment for goods in the country, trade transactions between domestic companies quoted in foreign currency with payment in Baht (FX-linked), balance sheet hedging, cross currency swap contracts to be consistent with income, and deposit into foreign currency deposit (FCD) account opened with domestic banks.

2.2 Foreign exchange hedging contract can be based on forecasts with no duration limit, and operators are allowed to enter into such contract on behalf of affiliated business entities, for any purpose other than payment for gold.

2.3 Renewal or unwinding of transactions, for any purpose other than payment for gold, can be made freely with a bank which is the existing or new counterparty.

3. Relaxation of documents required for foreign currency transactions

3.1 Cancellation of documents required from Thai customers who have passed the Know Your Business (KYB) process for purchase of foreign currency, including lending or withdrawal of foreign currency, exemption related to repatriation of foreign currency and deposit of Thai Baht into non-resident Baht account. Customers who have not passed the KYB process are required to provide documents for a transaction valued at not less than USD 200,000 in accordance with the existing criteria.

3.2 Cancellation of documents required for foreign currency transactions such as an Acknowledgement Form of Intention to Invest or Lend in the amount of USD 10 million and higher to business entities abroad, debt settlement with multiple counterparties and representation on Baht-linked derivative transactions.

3.3 Cancellation of documents required for withdrawal of Thai Baht from non-resident Baht account (NRBA)

Such relaxation on documentation shall not include transactions under the negative list wherein permission must be sought from the Bank of Thailand in advance.

4. Relaxation of other criteria

4.1 Relaxation of criteria for investment in foreign securities: These shall include products for investment in foreign currencies such as foreign investment fund (FIF), life insurance products for investment in foreign currencies sold domestically and venture capital in other countries. Moreover, Thai investors are allowed to pay for foreign instruments issued and sold in the countries sharing a border with Thailand and Vietnam to non-residents through deposit into non-resident Baht account. Customers are also allowed to borrow from a bank for investment in foreign securities.

4.2 Persons who earn income from other countries are allowed to conduct multilateral netting with no need to repatriate the funds into the country, whereas types of income and expenses eligible for such netting have been expanded.

4.3 Relaxation of derivative and structured products with embedded derivatives linked to foreign variables: For instance, structured products with embedded derivatives wherein pay-off linked to foreign exchange rates against Baht can be conducted with unlimited amount.

KBank has revised related operational procedures to accommodate the relaxation of regulations on foreign exchange control and is now ready to provide services to our customers.

- **Public Company Limited Act (No. 4) B.E. 2565 (2022)**

This Act, effective May 24, 2022, contains salient points which stipulate that a public company limited can hold a board of directors' meeting and shareholders' meeting, submit letters or documents as well as appoint a proxy to attend a shareholders' meeting by electronic means. This stipulation aims to reduce burdens while facilitating the operation of a public company in order to bolster its competitive capabilities.

- **Regulations on Supervision of Businesses related to Digital Assets**

The Bank of Thailand revised Q&A guidelines in the annex to the BOT Notification No. SorNorSor. 8/2564 (2021) Re: Regulations on the Structure and Scope of Businesses of Commercial Banks' Financial Business Groups and the circular No. BOT. ForNorSor. (23) c. 1759/2561 (2018) Re: Guidelines for Digital Asset Business Operation of Financial Institutions and Companies within Financial Business Groups of Financial Institutions, effective May 9, 2022. Salient points can be summarized as follows:

1. If a financial business group engages in business related to digital assets, the parent company must ask for permission from the Bank of Thailand, on a case-by-case basis, for consideration of the financial business group's preparedness.
  - 1.1 Structure of a financial business group must be changed to accommodate the digital asset business operation.
  - 1.2 Scope of business operations of companies within the financial business group, including those under supervision of specific regulatory agencies, must be changed to allow them to operate business related to digital assets.
  - 1.3 Banks or companies within a financial business group which are not under the supervision of any specific regulatory agency are allowed to issue or invest in digital assets with the purpose of financial innovation development. They may be required to participate in the Bank of Thailand's regulatory sandbox or may be required to comply with other additional conditions.

- 1.4 If banks or companies within a financial business group operate a business or conduct transactions related to the Metaverse in connection with digital assets, they may be required to participate in the Bank of Thailand's regulatory sandbox or may be required to comply with other additional conditions.

Moreover, banks must adopt ring-fencing practices in order to separate their work system of business related to digital assets from the core banking system.

2. Communication, use of reputation or logos or channels of banks which may mislead the general public into the false understanding that they are providers or supporters of digital asset-related services is prohibited.

KBank has acknowledged the regulations which are adopted as guidelines for taking relevant actions in accordance with the established criteria.

- **Regulations on Services of Digital Asset Business Operators**

The Office of the Securities and Exchange Commission issued the SEC Notification No. KorThor. 5/2565 (2022) Re: Rules, Conditions and Methods for Services of Digital Asset Business Operators in the Manner that Must Not Support the Use of Digital Assets as a Means of Payment for Goods or Services, dated March 18, 2022, coming into effect April 1, 2022. The Notification aims to prevent risk that may be incurred to financial system stability and the overall economic system as well as risk to the general public and businesses. Major points of this Notification are as follows:

1. Digital asset business operators are prohibited from providing services or undertaking any activities that encourage or promote the use of digital assets as a means of payment, which shall also include:
  - 1.1 Using advertisement to attempt to persuade any customer that the business operator will accept payment for goods or services using digital assets;
  - 1.2 Establishing a system or tool facilitating the use of digital assets to pay for goods or services;
  - 1.3 Providing e-wallets for the purpose of using digital assets as a means of payment;
  - 1.4 Providing a service for transferring Baht-denominated funds from a customer's account to third-party accounts;
  - 1.5 Providing a service for transferring digital assets from a customer's account to third-party accounts in order to pay for goods or services; and
  - 1.6 Providing any other services in a manner that supports the use of digital assets to pay for goods or services.
2. Business operators shall give warnings to customers who have been found using a digital asset trading account to pay for goods or services with digital assets. If they fail to comply therewith, services shall be suspended or terminated, or any other similar actions must be taken.

3. Business operators failing to comply with said regulations are subject to a fine of up to Baht 300,000 and an additional fine not exceeding Baht 10,000 per day during the period of non-compliance.

KBank has acknowledged the regulations which are adopted as guidelines for taking relevant actions in accordance with the established criteria.

## 2. Risk Management and Risk Factors

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### 2.1 Credit Risk Management

In the second quarter of 2022, the easing COVID-19 situation prompted the government to relax its control measures, which was a boon to the economy. However, the Russia-Ukraine conflict impacted exports and imports throughout supply chains while also elevating households' cost of living. Under these circumstances, borrowers' debt servicing ability was deteriorating.

KBank assessed and kept close watch on adjustment of businesses in each industry. We also closely monitored quality of loan portfolios via various indicators under appropriate risk management guidelines, including risk identification, risk-based customer classification and prioritization of customer assistance in alignment with the sustainable relief measures under government and KBank policy, including efficient NPL management through NPL sale as an option for asset quality management, .

Regarding guidelines for credit extension for retail customers, KBank focused on increasing their opportunity to access loans appropriately to avoid overleveraged situations in alignment with responsible lending principles. We thus developed tools for examining and assessing our customers' income and debt obligations to ensure accuracy, completeness and recentness of data. We also established appropriate debt service ratio, ensuring that our customers still have sufficient income for living after monthly installments are made. Customers' net income after debt repayment has been reviewed on a regular basis to ensure the appropriate level in line with the cost of living, which is trending higher amid soaring inflation.

KBank prioritized the development of new credit products targeting various customer groups. KBank focused on the improvement of loan approval guidelines, risk indicators, customers' early warning sign detection and behavior monitoring to ensure efficient credit risk management and monitoring processes. Our officers have worked with borrowers to promptly provide them advice and consultation, ensuring that appropriate debt resolution packages are offered to each customer group in a timely manner, thus mitigating potential losses for both borrowers and KBank. These efforts will ensure that customers can regain their footing and continue their businesses with improved financial standing and debt servicing ability under the new conditions for debt repayment.

Meanwhile, KBank has dynamic provisioning management to appropriately set aside expected credit loss which is in line with our prudent business operations amid ongoing economic uncertainties. KBank has also focused on portfolio management to control credit concentration within the established limits. Loan growth targets have also been established in alignment with prevailing economic conditions in order to maximize returns under risk appetite.

## 2.2 Market Risk Management

The improvement of the COVID-19 situation was a boon to a gradual global economic recovery. Unfortunately, the Russia-Ukraine war posed a new risk to money and capital markets worldwide, which were on a volatile course. The situation also prompted the inflation rate in many countries to rise sharply. As a result, central banks across the globe opted to implement tightening monetary policy. As evidenced, the Federal Reserve hiked its policy rate twice in this quarter, from 0.25-0.50 percent to 1.50-1.75 percent at the end of June, while also signaling further increases throughout the remainder of this year. Meanwhile, the Bank of Thailand is set to raise its policy rate during the second half of this year. Amid the relatively low Thai interest rates, capital outflows may occur, which could further weaken the Thai Baht in line with other regional currencies.

Amid volatile money and capital markets, KBank is closely monitoring the surrounding circumstances while continuously analyzing and assessing possible impacts of changes in market rates to ensure that effective actions are appropriately taken in a timely manner to cope with such volatility. KBank has also placed importance on efficient risk management under the supervision of the Risk Oversight Committee, Market Risk Management Sub-committee and Enterprise Risk Management Division, to maintain risk within specified, prudent limits.

## 2.3 Liquidity Risk Management

Thailand's economy was on the road to recovery. As evidenced, economic activity was gradually returning to normalcy following the government's relaxation of its COVID-19 prevention and control measures. This development was positive to consumption and private investment as well as tourism. Demand for loans thus increased in line with deposit growth. Overall, KBank's liquidity remained ample, being almost unchanged from the end of the previous quarter.

However, the accelerating inflation triggered consumer concerns towards the soaring cost of living, while also prompting volatility in the money and capital markets. After the Federal Reserve hiked its policy rate and signaled more rate increases during the rest of this year, investors sold off their bonds. Given this, KBank might see its asset value depreciating. Furthermore, close attention should be paid to uncertainty surrounding the Russia-Ukraine conflict, which could pose a threat to overall global and Thai economic recovery.

KBank remains vigilant while closely monitoring and analyzing related developments. We have prepared and considered options appropriate for management of Baht and foreign currency liquidity to prevent any potential liquidity constraints. Subject to our regular reviews and improvements in liquidity risk management processes at KBank, these actions are consistent with economic circumstances and rapid changes in financial asset prices. We continue to emphasize proactive risk management via the supervision of the Risk Oversight Committee, Assets and Liabilities Management Sub-committee and Enterprise Risk Management Division to maintain risk within specified limits. In addition, we are watchful for any potential

impacts on our loan level, deposits and liquidity, both short- and long-term, to ensure that we adopt appropriate fund-raising strategies.

## 2.4 Digital Risk Management

Guided by the strategy of being at the forefront as a digital banking service provider in Thailand, KBank prioritizes customer confidence and service security so as to achieve its challenging business goals. Recognizing the importance of digital risk management, we have put in place measures for managing relevant risks under an operational risk management framework, and established additional IT risk management policies and framework to ensure standardized management that allows us to stay ahead of, and efficiently and effectively cope with, sophisticated risk situations for enhanced efficiency in work processes, controls, and systematic risk management in line with related international standards such as ISO 27001 and ISO 31000, in accordance with the Bank of Thailand's policies and best practices.

In the second quarter of 2022, KBank expanded the scope for risk supervision and control at international branch network for greater efficiency. Along with this, we enhanced risk management process to be better suited to new businesses which require high flexibility in alignment with the expansion of businesses, digital businesses, and response to cyber threats. Significant risks include risk incurred from operations and IT that accommodate innovative financial services and products, heightened risk in linkage with business partners, various types of cyber threats which have become more sophisticated in their use of emerging technology, as well as changes in rules and regulations which are becoming ever more stringent.

Overall, risk management focuses on risk control for identification, prevention, detection, response, recovery and creation of a cyber hygiene culture. The risk control covers four areas as follows:

- **Governance:** The Risk Oversight Committee is responsible for supervising risk management in alignment with risk management policy and strategy within the risk appetite.
- **Policies:** We have reviewed and revised risk management frameworks to be consistent with our organizational structure, our business vision that aims to be at the forefront as a digital banking service provider in Thailand, regulatory requirements, as well as the capability to efficiently cope with present and future threats.
- **Processes and technology:** We have upgraded cyber security measures for timely and effective prevention and detection of emerging cyber threats that are becoming more diverse and sophisticated, while also focusing on continuous improvement of system efficiency. These efforts aim to appropriately manage information security for KBank's digital banking services and transactions.
- **People and culture:** KBank has promoted a cyber hygiene culture to be in step with current threats, along with rules and regulations, especially practical guidelines for customer data management under the Personal Data Protection Act (PDPA). We have undertaken communications in different formats to the Board of Directors and senior management,

employees of KBank and subsidiaries, customers and third party, along with conducting phishing drill exercises to ensure that phishing threats can be identified and effectively countered for efficient prevention.



### 3. Business Directions and Operations of Core Businesses

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#### 3.1 Sustainable Development and Corporate Governance

The Corporate Governance Committee of KBank approved a sustainable development plan for 2022-2025 which consists of 47 Objective Key Results (OKRs) across three dimensions, i.e., environmental, social and governance, in order to advance our sustainable development policy in a tangible manner. The Committee also granted approval for KBank to be a member of the United Nations Global Compact (UNGC) with the aim of uplifting our business operations to be in alignment with internationally recognized principles, covering four key areas, i.e., human rights, labour, environment and anti-corruption.

Moreover, the Sustainable Development Sub-committee approved the net zero transition plan in alignment with KBank's Net Zero Commitment in order to drive organizational operations towards the sustainable development goals. Details can be summarized as follows:

1. Business plan and projected investments to achieve net zero in our own operations (Scope 1 and 2) by 2030 with the following details:
  - Plan to replace KBank's vehicles with electric vehicles
  - Plan to replace our fuels with low-carbon-fuels
  - Plan to install solar panels on office buildings
  - Plan to replace our electrical appliances with energy-saving appliances
  - Plan to buy carbon credits and Renewable Energy Certificates (RECs)
2. Sector Strategy for power generation industry in order to achieve net zero in our financed portfolio (Scope 3) in line with Thailand's aspiration with the following details:
  - Stop financing projects of new coal-fired power generation, unless there is a strategy to add or change to other low-carbon energy sources.
  - Gradually reduce the amount of outstanding loans to coal-fired power plants to zero by 2030.
  - Pioneer financing projects of power generation from low-carbon energy sources with regular assessment and review of strategic plan for the electricity generation sector in order to achieve our net zero emissions goal in line with Thailand's aspirations.
  - Implement a customer engagement plan in the power generation industry, with particular focus on the leading power plants in the market. To this end, discussions were held with our customers, while the opinions and views obtained were adopted as guidelines for establishing directions and a roadmap for controlling greenhouse gas (GHG) emissions of projects receiving financing from KBank.

Furthermore, KBank collaborated with Thailand Greenhouse Gas Management Organization (Public Organization) to organize training sessions to equip the Climate Pillar working group and related employees

with knowledge of greenhouse gas management to ensure understanding on the climate change adaptation and mitigation.

Meanwhile, KBank is determined to continuously operate our business in line with good corporate governance principles. We emphasize corporate governance practices which encompass transparency, accountability and business ethics, taking all stakeholders into account. Our major Corporate Governance operations included:

- Reviewing the Occupational Safety and Health, and Workplace Environment Policy so that it is appropriate, up-to-date and consistent with international standards and the Dow Jones Sustainability Indices (DJSI);
- Organizing orientation for a new director and communicating with directors on relevant knowledge, encouraging them to attend training sessions or seminars on the discharge of directors' duties, corporate governance, cyber threats and related regulatory requirements as well as providing important information via CG Journal and KBank Bulletin;
- Communicating with directors, executives and employees on the Statement of Corporate Governance Principles, the Code of Conduct and the Anti-Corruption Policy, the silent period for securities and stock futures trading and disclosing information related to the Bank's operating results as well as the prevention of the use of inside information;
- Organizing training courses on Governance, Risk Management and Compliance (GRC) for executives and employees via Microsoft Teams;
- Arranging for employees and executives to sign in acknowledgement of compliance with the Code of Conduct for 2022 via electronic system and LINE KONNECT+ and reviewing their knowledge and understanding of compliance with the Code of Conduct and the Anti-Corruption Policy;
- Participating in corporate governance assessment arranged by external organizations such as the Thai Investors Association, the Thai Institute of Directors Association and the Stock Exchange of Thailand.

### **3.2 Business Directions of KASIKORNBANK and the Wholly-owned Subsidiaries of KASIKORNBANK**

KASIKORNBANK has established business directions and strategic plans in accordance with the principles of a Bank of Sustainability, accounting for the balance of three dimensions – economic, social and environmental – under good corporate governance, appropriate risk and cost management. In order to empower every customer's life and business, we prioritize offering total solutions, with attentive and inclusive services anywhere, anytime, responsive to the needs of customers and society as a trustworthy service provider under the single brand of KASIKORNBANK. Our endeavors are achieved through collaboration and synergy with other companies within KASIKORNBANK FINANCIAL CONGLOMERATE, startup firms and our business partners.

In the second quarter of 2022, KBank still focused on development of competitive capabilities in a technology-driven business world that goes beyond banking and innovation. In parallel, we continued to build upon our traditional banking business in order to improve customer responsiveness and strengthen our service experience in sync with the ever-evolving technology, consumer behavior and environment. All of these endeavors were carried out in order to foster a sustainable bank in alignment with the K-Strategy. Our strategic imperatives that aim to meet the needs of our customers both at home and within the AEC+3 region are as follows:

- **Dominate digital payment across all platforms with the aim of embedding in customers' ecosystems:** Focus is on development of payment innovations with enhanced security and reliability to comprehensively meet the needs of business and retail customers.
- **Reimagine commercial and consumer lending:** Our focus is on the offering of digital lending with the aim of expanding low-income retail customers. We have conducted data analytics based on financial transaction data of our customers and counterparties within business chains in order to acquire customers with sound debt servicing ability who are interested in borrowing, while also considering risk-based pricing to ensure cost effectiveness and enhanced risk management efficiency.
- **Democratize investment and insurance, targeting previously inaccessible groups:** We provided advisory services with collaboration within KASIKORNBANK FINANCIAL CONGLOMERATE and our business partners. Along with this, KBank has developed investment platforms to facilitate our customers in making their own informed investment decisions.
- **Penetrate regional market to access customers in other AEC+3 countries:** We have adopted three strategic plays: Aggressive Play in order to expand our loan products to corporate customers by leveraging our strong customer relationships; Mass Acquisition Play that aims to expand our customer base via collaboration with our partners in the People's Republic of China; and Disruptive Play through development of technological infrastructure to accommodate our venture into the digital lending space, especially by processing customer data based on their use of transactional banking services via digital channels.
- **Strengthen harmonized sales and service experience:** By seamlessly integrating all service channels of KBank into those of our partners, customers can conduct transactions anywhere, anytime, with our sales and service formats that are tailored to each customer's demands.

Meanwhile, we focused on enhancement of end-to-end work efficiency in order to improve value-based productivity by optimizing human resources, data, financial and technological capabilities with the aim of elevating our long-term competitiveness. These endeavors were undertaken in parallel with the creation of a strong brand meeting all stakeholders' expectations and demands. As a leading financial institution, KBank always prioritizes good corporate governance, strict compliance with related rules and regulations, and efficient capital management – accounting for proactive integrated risk management – as well as a risk-aware

culture Bank-wide. All in all, we have operated our business in alignment with the policy guidelines and measures of the Bank of Thailand and other regulatory agencies, ensuring that our business undertakings are efficient and in line with standards.

### 3.3 Customer Segments and Services

In the second quarter of 2022, KBank and K Companies continued to prioritize the Customer Centricity strategy. We monitored the uncertain economic circumstances following the further relaxation of COVID-19 restrictions, and geopolitical conflicts which have impacted the economic stability of various countries worldwide to different degrees. These factors may have varied impacts on each customer segment and may trigger changes in consumer behaviors and demands. With that in mind, we focused on the development of products and services that respond to customer needs and society amid the changing contexts, to maintain our status as a trustworthy service provider and as the main operating bank of customers.

#### ■ Retail Business

KBank prioritizes the use of data and data analytics to gain customer insights, allowing us to offer products and services that meet their needs. Major initiatives were as follows:

**High Net Worth Individual:** KBank worked with Lombard Odier in launching innovative investment in mutual funds under the K-ALLROAD Series theme. Given their distinctive features, 'self-driving' funds under the K-ALLROAD Series resemble self-driving on all roads as they can generate appropriate returns regardless of circumstances, allowing investors to achieve their set goals with confidence.

KBank also teamed with multiple business partners to hold online seminars under various topics to allow investors to keep abreast of major developments in the global market. Notable forums included 'Healthcare: As Important as Ever' and 'Midyear Economic Outlook: Taking Stock of the Impact of Tighter Monetary Policy' which respectively provided a market overview during the first half of 2022 and investment strategy for the second half of 2022. In collaboration with our business partners, we also organized 'Swiss Education: Exclusive Virtual Seminar' – an online event for providing consultations to our valued customers' children and sharing experiences of studying in Switzerland. Moreover, our customers were provided news and knowledge via easily accessible online channels, including KBank Private Banking updates via YouTube Channel, LINE Official Account and a Facebook Group, as well as other media of financial influencers.

In this quarter, KBank and Lombard Odier also jointly held a training course and field trip for our employees at Lombard Odier's headquarters, in Geneva, Switzerland, as part of our effort to upgrade KBank Private Banking services to be on par with international standards.

**Affluent, Middle Income and Mass:** We launched new products and services as follows:

- The 'GO GREEN Together' project: KBank continued the 'GREEN Zero' loan program for retail customers, which was launched in the first quarter, as part of our efforts to encourage all Thais to

take collaborative action to create a 'green' society in order to achieve Thailand's net zero goals. Notable products under this loan program were as follows:

- (1) Home loan for solar panel installation: KBank worked with The Siam Cement Public Company Limited in offering interest-free loan for three months with loan amount up to 90 percent of collateral value while also teaming with Huawei Technologies (Thailand) Company Limited in offering interest-free loan for three months and loan term of up to 30 years.
  - (2) 'EV Loan for Grab Driver-Partners' program: KASIKORN LEASING Company Limited and MG Sales (Thailand) Company Limited introduced loan for EV Grab drivers with no guarantors required plus worry-free 90-day free drive.
- Home loan products: KBank launched a pre-owned home campaign titled "One Price at Baht 1.99 Million" offering the full loan amount with zero interest rate for six months and transfer fee waived up to Baht 300,000.
  - Car loan products: KBank partnered with Carsome (Thailand) Company Limited in launching the 'Rainy Season Super Promo' campaign to offer buyers of pre-owned cars via Carsome a maximum loan limit of 100 percent with an interest rate starting at 2.79 percent per annum and repayment period of up to 84 months.
  - Deposit account link with LINE BK: The service offers greater convenience to customers who have a KBank deposit account on K PLUS, allowing them to link it with LINE BK on the LINE application with no need to open a new account.
  - Offering of DESTINY TOKEN: KBank teamed with Kubix Digital Asset Company Limited in offering digital tokens for investment in the production of the 'DESTINY 2' film to interested persons with investment starting at Baht 5,559, wherein token holders will receive a base return of 2.99 percent per year throughout the investment period of up to two years.
  - Life insurance products: KBank introduced mGrow 615 – a unit-linked life insurance product which features a 15-year insurance plan with premium payment for only six years, offering a loyalty bonus of two percent in the seventh year plus additional return from investment in mutual funds. Customers are also offered recommendations on portfolio adjustment and automatic fund rebalancing (AFR) by fund managers who also help them invest in mutual funds best suited to their acceptable risk appetite.

We also offered 'Elite Health Plus' – a health rider that comes with insurance coverage of Baht 20-100 million per year plus extra coverage for a single inpatient room of standard type based on actual payment as well as outpatient department (OPD) medical coverage, starting at Baht 20,000 per year. The insurance also covers hemodialysis, cancer treatment with chemotherapy and targeted therapy. Moreover, customers were allowed to buy a health rider on any insurance plan as desired, such as Well-Being Plus, health checkup, vaccination, dentistry, and eyesight, as well as maternity coverage under Maternity Plus.

- Promotion of YouTrip Multi-Currency Card – a digital wallet for travel that accommodates multiple currencies: As part of our effort to continually launch promotional campaigns, KBank introduced ‘Just Trippin’ – Just Spend and Get Cashback!’. Along with this, we focused on pricing strategy through waivers of application and annual fees, fee for cash withdrawal at ATM in other countries and conversion fee of 2.5 percent. We also offered attractive and competitive foreign exchange rates to customers.
- Debit Card Inactive campaign: To promote the use of debit card, especially among cardholders who were inactive for more than three months, KBank unveiled promotions via K PLUS Feeds, such as offering of Baht 30 cash back per campaign or up to 300 K Points to customers with spending per the established conditions.

#### ■ SME Business

KBank is determined to support our customers beyond banking solutions in order to bolster their competitiveness. Major initiatives in the second quarter of 2022 were as follows:

- The ‘GO GREEN Together’ project: We introduced loan programs for business customers, i.e. business loan for solar rooftop installation that offers interest-free installment payment for three months, with loan term of up to eight years, and loan that offers a special interest rate for contractors who install solar systems for buildings and sell electricity to building owners over long-term periods.
- Development of K BIZ: An upgraded digital banking platform, K BIZ helps customers reduce management costs with an annual fee waiver and multiple features which provide greater work flexibility while also accommodating financial transactions, including international funds transfer, with enhanced security.
- Relief measures for SME customers: We offered loans for liquidity enhancement and relief measures such as suspension of principal repayment and payment of interest only. Customers could request assistance by contacting their Relationship Manager or calling the K-BIZ Contact Center.
- Promotion of K-Merchant: We conducted PR campaigns on new services to promote the use of electronic payments (e-Payment). Notable initiatives included improvement of K-Merchant that allows merchants to activate and accept payments with QR Credit Card and mPOS card accepting machine by themselves. Moreover, we provided Xpress Loan and many more benefits via our collaboration with business partners such as BentoWeb, an online shop system; FoodStory, a restaurant management system program; StoreHub, an all-in-one POS system for store management; and Zort, an order and inventory management platform – all of these initiatives aimed to continually respond to the needs of target merchants.

Meanwhile, we introduced Open API service to business management system developers to facilitate them in accepting payment via website and application. In this quarter, we offered 4,000 electronic data capture (EDC) machines to Bangchak Green Net Company Limited, the operator of Bangchak petrol stations. In addition, we provided PIN pads, a peripheral device used for PIN encryption, as part of our effort to upgrade EDC service (Android EDC Migration) for large merchants including SF Cinema, CJ Express, Boots Thailand, MINISO and Bangkok Hospital Group, while also allocating the PIN pads from these merchants to use with traditional EDCs, in support of branch expansion for general merchants.

#### ■ Corporate Business

KBank prioritized the offering of products and services that comprehensively meet the needs of customers in terms of their business operations, suppliers, owners and employees. We aimed to enhance their competitive capability and business management efficiency while also maintaining our status as their Main Operating Bank.

We aimed to develop transactional banking services via electronic channels through the launch of innovations for greater customer convenience, allowing them to use services with no interruption regardless of circumstance. One notable service in this quarter was Payment Link catered to merchants selling IT equipment and computers, wherein buyers who make payment with credit card can choose to pay in installments by themselves via the link sent by merchants via social media channels such as Facebook, LINE and SMS.

Focusing on financing for sustainable development, we introduced business loan for energy conservation under K-Energy Saving Guarantee Program, wherein borrowers are required to implement energy saving solutions guaranteed by Energy Service Company (ESCO). This loan program offered zero interest rate for three months. At the end of the program in June 2022, total loans extended had met the target set by KBank.

### 3.4 Service Channels

To ensure a positive customer experience anywhere, anytime, KBank focused on providing seamless online and offline services of both KBank and our business partners. We have orchestrated ecosystems with our partners while also developing our core service channels for enhanced efficiency in accessing customers to deliver impressive services with the greatest cost effectiveness.

**1. Branch Network:** Key initiatives for branch network management in the second quarter of 2022 included:

- **Domestic branch network:** KBank recognizes the importance of ever-evolving customer behavior and the increased use of digital technology for financial services. We thus focused on development of multiple service channels to ensure improved customer accessibility while also offering our clients various options in

using services anywhere, anytime, in alignment with their daily routine and lifestyle. Meanwhile, we expanded service channels and adjusted branch models to align with customers' needs in each area nationwide. Along with this, we continued to focus on consolidating branches to reduce redundancy, especially those with relatively low traffic. KBank also supported the use of technology for development of services and branches' internal processes for enhanced efficiency under appropriate cost management.

In this quarter, there were 15 hybrid branches which offer customers self-service electronic machines, five K PARK locations, and two mini-branches which share the space of our business partners to provide basic services. To ensure broader service coverage of KBank Service at targeted areas in each province across the country, there were more than 220,000 KBank Service locations via banking agents and machine agents, namely Boonterm, Term Sabai and Term Dee kiosks to provide cash deposit/withdrawal, bill payment and identity verification for electronic account opening as well as other services available by different agents. We continually conducted PR campaigns and marketing activities via various media to promote brand awareness.

Following the easing COVID-19 situation and Thailand's reopening to international tourists, service at 14 more of KBank's foreign exchange booths was gradually resumed at airport terminals, Airport Rail Link Suvarnabhumi Station, including foreign exchange booths in other areas where the number of foreign tourists has increased significantly – totaling 39 locations, as well as at branches nationwide. Moreover, eight automated currency exchange machines are now available. KBank is also developing new foreign exchange service channels – now available in promising locations on a trial basis. Along with this, other novel services are being developed to be aligned with spending behavior and comprehensively meet the needs of foreign travelers now and in the future.

- **International Branch Network:** KBank has set our sights on becoming the Regional Digital Bank. Major initiatives in this quarter were as follows:

- Increase of our shareholding proportion in Bank Maspion, Republic of Indonesia, to 67.50 percent, which is expected to be approved by related agencies and finalized by the end of 2022
- Launch of Letter of Guarantee for submission to government agencies of the Kingdom of Cambodia: KBank is the first and only Thai bank that has been granted approval to offer this service. Moreover, it is the largest bank in terms of assets, with the lowest NPL ratio among Thai commercial banks in the country.
- Introduction of Electronic Data Capture (EDC) service in the Socialist Republic of Vietnam: The EDC can accept payment via debit card and Prompt Card of any bank, covering services offered to local small SME customers. Meanwhile, KBank continued to focus on retail customers based on our business plan, with the aim of increasing the number of customers using the K PLUS Vietnam application.

Currently, KBank has an overseas branch network of 16 branches in eight countries, namely the People's Republic of China, Lao People's Democratic Republic, Kingdom of Cambodia, Socialist Republic of



Vietnam, the Republic of Indonesia, the Republic of the Union of Myanmar, Japan and the Cayman Islands (United Kingdom Overseas Territory). Moreover, we have fostered partnerships with other financial institutions within and outside the AEC+3 region, totaling 82 partnerships across 16 countries.

#### Branches and Financial Service Network

Domestic	Number of Locations		International	Number of Locations	
	Jun. 2022	Mar. 2022		Jun. 2022	Mar. 2022
Branch Network <sup>1)</sup>	830	832	Branches of Locally Incorporated Institutions	6	6
Foreign Exchange Booth	73	74	KASIKORNTHAI BANK LIMITED (Lao PDR)	2	2
THE WISDOM	79	95	KASIKORNBANK (CHINA) CO., LTD.	4	4
SME Business Center <sup>2)</sup>	179	156	Branches	4	4
International Trade Service Center	58	58	Representative Offices	6	7
Cheque Direct Service	15	21			

Note: <sup>1)</sup> Excluding seven branches classified as other branch platforms per the Bank of Thailand's conditions

<sup>2)</sup> More than one SME Business Center may be located in a single branch.

## 2. Electronic Network:

- **K-ATMs and K-CDMs:** Location of machines has been a major focus with sufficient service points to ensure broader coverage. Along with this, we teamed with our business partners in developing functions on these electronic machines for enhanced customer responsiveness. Currently, identity verification function is available for the opening of K-eSavings account and application for various services, namely LINE BK, K PAY LATER, opening of a fund account and activation of Blue CONNECT e-wallet. In addition, we plan to add more languages for conducting transactions with these machines to accommodate the anticipated increase in the number of inbound tourists from various countries.

#### Electronic Banking Services

Electronic Banking Services	Number of Units	
	Jun. 2022	Mar. 2022
Self-Service Channel (K-ATM and K-CDM)	11,016	10,972
K-ATM (Automated Teller Machines)	9,073	9,022
K-CDM (Cash Deposit Machines)	1,943	1,950
K-PUM (Passbook Update Machines)	964	969
Automated Currency Exchange Machines	8	8

- **Digital Banking Services:** We have continually developed our banking platform with the aim of expanding the number of users while maintaining our leadership in digital banking services – now the most-used platform in Thailand. Focus was on increased linkage of platforms with our business partners across all ecosystems and development of innovations to accommodate changing lifestyles. Major initiatives included:

- 1) **K PLUS:** We focused on making K PLUS an open banking platform that can connect with KBank business partners to ensure complete linkage within a digital lifestyle ecosystem and delivery of the best customer experience anywhere, anytime, through the launch of new boundless services and technology-driven innovations. Major initiatives were as follows:
- **QR UnionPay:** We developed the QR UnionPay feature that allows scanning via K PLUS for payment at stores displaying the UnionPay or Cloud QuickPass (Yun Shan Fu) sign in China and 40 other countries worldwide.
  - **MAKE by KBank on K PLUS:** A menu was added on the first page of K PLUS to link to the MAKE by KBank application to provide greater convenience to customers in alternately using K PLUS and MAKE for funds transfer and financial management.
  - **K PAY LATER:** We have streamlined the application process for the K PAY LATER service which offers credit line for making installment payments for goods and services. Customers simply scan QR code via K PLUS to make payment with participating merchants, and K PLUS will display an option for payment with K PAY LATER while allowing them to sign up for the service immediately with no need to request credit line in advance.
  - **LINE BK:** LINE BK account can be linked with K PLUS to allow K PLUS customers to conduct financial transactions on the LINE application with no need to open a new account, free of charge. Features of such linkage include funds transfer to LINE friends and notification of account movements via LINE.
  - **Request for dStatement from other banks:** Currently, five other banks, including Bangkok Bank, Krung Thai Bank, Bank of Ayudhya, Kiatnakin Phatra Bank and Government Savings Bank, have joined KBank in offering this service. The dStatement can be used for application for KBank's commercial loan with no original account statement required.
  - **Introduction of co-promotions with business partners:** Notable campaigns included "Game Top-up with Razor and Coda" and "Co-Payment via QR Code in the Northeast" when purchasing goods at Big C and participating TookDee shops in the Northeastern region.
- 2) **K BIZ:** Developed from the former K-Cyber and K-Cyber for SME, K BIZ is a digital banking platform designed for business clients to accommodate financial transactions for a total business solution. K BIZ can be used via various devices, with multiple features available for small privately owned businesses, juristic persons and limited companies.
- 3) **K-Payment Gateway:** We have developed the service for online stores of all business types, regardless of their manner of connectivity, including mobile phones, tablets and computers, in conformity with the Payment Card Industry Data Security Standard (PCI-DSS). Focus was also on service efficiency enhancement to accommodate the surging volume of online payment transactions via multiple platforms and websites of merchants, especially in e-commerce,

marketplace platform and food delivery service. Payment can be made in various forms, including debit card, credit card, QR code, the Alipay and WeChat Pay e-wallets, Pay with K PLUS, and Payment Link – a new service whereby merchants can share payment links via chat and get paid immediately.

Meanwhile, we collaborated with a business partner in offering 'BentoWeb', an e-commerce solution, to online retail stores which have limited technological capability or do not want to connect with K-Payment Gateway by themselves.

**4) KBank Live (Facebook, Twitter, Instagram, YouTube, LINE, TikTok, Blockdit, and Clubhouse):**

We have developed communication channels to ensure greater customer convenience in using financial services in their daily lives, including:

- Notification of card spending and loan amounts via KBank Live on the LINE application
- Search and inquiry of products/services, promotions and financial knowledge as well as KBank news and information such as loans (Home Loan for Solar Rooftop Installation, LINE BK Loan, Dolfon Money by KBank Loan), card promotions, marketing campaigns, the "SATI" campaign to build awareness of cyber and non-cyber threats, as well as interesting articles of K WEALTH Tips & Trends.

**5) Other Platforms:** We have developed financial platforms for KBank partners as channels for offering products and services, and for conducting financial transactions. Such platforms can be adopted by many different businesses. Notable platforms are:

- KBank Open API: This service channel allows KBank partners to access, study, test and apply for API service of KBank in order to increase their service capabilities and conduct transactions with the target customers. KBank aims to provide greater convenience to our partners in linking to KBank's available services including QR payment, inward remittance, information sharing, slip verification, and the newly launched KGP Merchant Payment API.
- National Digital ID (NDID) Service: This service features digital-based identity verification for customers applying for services of the public and private sectors. Another development is dStatement service – the transmission of account statements between banks via NDID Platform. The two services are currently under the Bank of Thailand's regulatory sandbox.
- RP (Relying Party) Proxy: This platform connects to the National Digital ID (NDID) platform for identity verification. It is also under the Bank of Thailand's regulatory sandbox.
- Face API: This service platform featuring facial recognition aims to aid KBank partners in conducting transactions, including identity verification for service application, building entry/exit and other activities as appropriate.

- **K-Contact Center:** KBank has elevated our service capabilities to ensure total solutions in alignment with customer behaviors and their increased use of digital channels. We aim to become a Customer Engagement Center which orchestrates a seamless customer experience across all service channels, thus becoming their main operating bank. Major operations are as follows:

- 1) Chatbot development: We expanded the scope of providing information about KBank products and services for broader coverage, greater accuracy and enhanced efficiency.
- 2) Launch of Internet Voice Call via K PLUS: Equipped with high-security system for identity verification via K PLUS, this new contact channel provides customers more convenience and speed in using our services, with reduced expense burdens through reduction of service fees for customers residing abroad.
- 3) Development of Knowledge Management Smart Agent Portal: This effort is aimed at bolstering K-Contact Center capabilities for enhanced service efficiency.
- 4) Development of Case and Incident Management: We prioritized clear and swift solutions to complaints of both online and offline customers to help alleviate any potential impacts upon them, while also curbing panic and negative rumors in order to maintain the public image of the banking industry and financial system stability.
- 5) Development of Service Process: We identified and solved problems for customers to ensure resolution within the first call. Through streamlined and effortless processes, customers can be assured of prompt service delivery.

### 3.5 Awards and Commendation

KBank and K Companies have achieved good business performance, earning the recognition of various organizations at home and abroad, proven by many awards granted during the second quarter of 2022, notably:

#### Awards to KBank and K Companies

- Eight awards from the Retail Banker International Asia Trailblazer Awards 2022, organized by Retail Banker International journal :
  - Best Strategic Partnership
  - Best In-Person (or virtual) Customer Event
  - Most Dynamic Third-Party Collaboration
  - Highly Commended- Best App for Customer Experience
  - Highly Commended- Best Content Marketing Program
  - Highly Commended- Excellence in SME Banking
  - Highly Commended- Excellence in Omni-Channel Integration (K CHECK ID)
  - Highly Commended- Trailblazing Use of AI or Machine Learning in Financial Services (Digital Commercial Loan for Shopee project)
- Eight awards granted by The Asset magazine:
  - Four awards from The Asset Triple A Sustainable Infrastructure Deals of the Year: **Project Finance House of the Year**

## Awards to KBank and K Companies

(Thailand), Renewable Energy Deal of the Year (Thailand), Digital Infrastructure Deal of the Year (Thailand) and Renewable Energy Deal of the Year – Solar (Vietnam)

- Two awards from The Asset Triple A Sustainable Capital Markets Country & Regional Awards 2021: **Best Local Currency Bond in Thailand** and **Best Sustainability-linked Bond in Thailand**
- Two awards from the Digital Awards 2022: **Best Data Analytics Project** and **Digital Private Bank of the Year**
- Three awards: **Best Fund House** for the fourth consecutive year, **Best Pension Fund Manager** for the sixth consecutive year and **Best ESG Manager** from Asia Asset Management magazine
- Three awards: **Best Bond House**, **Top Underwriting Bank** and **Deal of the Year (Corporate Bond - PTT)** from The Thai Bond Market Association (ThaiBMA)
- Two awards: **Best Retail Bank for Digital CX - Thailand** and **Best Private Bank for Digital CX - Thailand** from the Digital CX Awards 2022, organized by The Digital Banker journal
- Two awards: **Most Selected Main Retail Bank in Thailand** and **8th in Asia Pacific** and **Best Retail Bank in Thailand** for the 13<sup>th</sup> consecutive year from The Asian Banker journal
- Two awards: **2022 Thailand's Most Admired Brand (K PLUS)** in the category of Banking and Finance – Mobile Banking and **2022 Thailand's Most Admired Brand (K-Credit Card)** in the category of Credit Cards from BrandAge magazine
- **Best Bond House in Thailand** from Alpha Southeast Asia magazine
- **Best for Mass Affluence/HNW in Thailand 2022** from Asian Private Banking journal
- **Best Private Bank for Digital Marketing & Communication, Asia** from 'PWM's fifth annual Wealth Tech Awards

### Awards to KASIKORN LINE Co., Ltd.

- Three awards: **Highly Commended- Trailblazing Use of AI or Machine Learning in Financial Services**, **Highly Commended- Best Use of Big Data in Customer Strategy** and **Highly Commended- Excellence in Loan Origination Process** from Retail Banker International journal
- **Best Digital CX in Banking - Social Channels** from The Digital Banker journal
- **Best Digital Collaboration** from The Asset magazine

## 4. Operating Performance and Financial Position Analysis

### 4.1 Operating Performance

KBank and its subsidiaries reported net profit for the second quarter of 2022 amounting to Baht 10,794 million, a decrease from the preceding quarter of Baht 417 million or 3.72 percent. Net interest income increased by Baht 261 million or 0.82 percent due mainly to an increase in interest income from loans to customers in line with loan growth. Net Interest Margin (NIM) stood at 3.21 percent. In addition, non - interest income increased by Baht 637 million or 7.17 percent, derived mainly from increased net premiums earned – net whereas the mark to market of financial assets, fees from fund management and brokerage fees decreased in line with market condition.

Other operating expenses increased by Baht 680 million or 3.90 percent due mainly to marketing expenses and premises and equipment expenses. As a result, the cost to income ratio stood at 43.53 percent in this quarter. Moreover, KBank and its subsidiaries set aside higher expected credit loss from the preceding quarter by Baht 516 million or 5.53 percent in line with loan growth and various economic factors.

#### Operating Performance for the Second Quarter of 2022

(Unit: Million Baht)

	Q2-2022	Q1-2022	Change		First half of 2022	First half of 2021	Change	
			Increase (Decrease)	Percent			Increase (Decrease)	Percent
Net Interest Income	32,012	31,751	261	0.82	63,763	57,850	5,913	10.22
Non-Interest Income	9,499	8,862	637	7.17	18,361	23,032	(4,671)	(20.28)
Total Operating Income - net	41,511	40,613	898	2.21	82,124	80,882	1,242	1.53
Total Other Operating Expenses	18,070	17,390	680	3.90	35,460	33,600	1,860	5.53
Expected Credit Loss	9,852	9,336	516	5.53	19,188	19,457	(269)	(1.38)
Net Profit (attributable to equity holders of the Bank)	10,794	11,211	(417)	(3.72)	22,005	19,521	2,484	12.72
Basic Earnings per Share (Baht) <sup>1)</sup>	4.56	4.58	(0.02)	(0.44)	9.14	8.10	1.04	12.84

<sup>1)</sup> Basic Earnings per Share = Net profit (attributable to equity holders of the Bank) deduct dividend from other equity instruments after income tax divided by weighted average number of common shares

When compared to the same period of last year, KBank and its subsidiaries reported net profit of Baht 22,005 million, an increase of Baht 2,484 million or 12.72 percent. The increase could be attributed to net interest income which rose by Baht 5,913 million or 10.22 percent, which was derived from interest income from loans to customers in line with new loan growth in alignment with KBank's business direction and lending to support customers to resume their normal operations. Meanwhile, non-interest income fell Baht 4,671 million or 20.28 percent due mainly to the mark to market of financial assets in line with the market condition of

financial assets, representing normal investment business of subsidiaries, as well as a decrease in net premiums earned – net and fees from fund management.

Other operating expenses increased by Baht 1,860 million or 5.53 percent, which came mainly from marketing and employee expenses. Moreover, KBank and its subsidiaries set aside expected credit loss at the level close to the same period of last year as we continued to adopt a prudent approach and careful consideration of various factors. Our allowance for expected credit loss to non-performing loan (coverage ratio) as of June 30, 2022, was equal to 144.61 percent.

Major financial ratios that reflected operating performance of KBank and our subsidiaries in the second quarter of 2022 compared to the previous quarter and the same period of last year included:

(Unit: Percent)

Financial Ratio	Q2-2022	Q1-2022	Increase (Decrease)	First half of 2022	First half of 2021	Increase (Decrease)
Return on Assets (ROA) <sup>1)</sup>	1.04	1.09	(0.05)	1.06	1.03	0.03
Return on Equity (ROE) <sup>2)</sup>	9.13	9.30	(0.17)	9.27	8.87	0.40
Net Interest Margin (NIM) <sup>1)</sup>	3.21	3.19	0.02	3.21	3.20	0.01
Cost to Income Ratio	43.53	42.82	0.71	43.18	41.54	1.64

<sup>1)</sup> Annualized

<sup>2)</sup> Return on average equity (ROE) = Net profit (attributable to equity holders of the Bank) deduct dividend from other equity instruments after income tax calculated on an annualized basis divided by average equity of equity excluded other equity instruments at the beginning of the quarter / period / year and equity at the end of the quarter / period / year

(Unit: Percent)

Financial Ratio	Jun. 30, 2022	Mar. 31, 2022	Increase (Decrease)	Dec. 31, 2021	Increase (Decrease)
Significant increase in credit risk loans <sup>3)</sup>					
to total loans <sup>4)</sup>	6.54	7.22	(0.68)	7.27	(0.73)
Significant increase in credit risk loans and					
credit impaired loans <sup>5)</sup> to total loans <sup>4)</sup>	10.34	11.03	(0.69)	11.09	(0.75)
NPLs gross <sup>6)</sup> to total loans <sup>7)</sup>	3.80	3.78	0.02	3.76	0.04
Total allowance to NPL gross (Coverage Ratio) <sup>8)</sup>	144.61	158.33	(13.72)	159.08	(14.47)
Loans <sup>9)</sup> to Deposits Ratio	93.18	93.31	(0.13)	93.20	(0.02)
Capital Adequacy Ratio <sup>10)</sup>	18.37	18.34	0.03	18.77	(0.40)
Tier 1 Capital Ratio <sup>10)</sup>	16.39	16.35	0.04	16.49	(0.10)

<sup>3)</sup> Significant increase in credit risk loans used in calculation are loans to customers and loans to financial institutions which credit risk has increased significantly

<sup>4)</sup> Loans used in calculation are loans to customers and loans to financial institutions and accrued interest receivables and undue interest receivables

<sup>5)</sup> Credit impaired loans used in calculation are loans to customers and loans to financial institutions which credit risk has impaired

<sup>6)</sup> NPL gross used in calculation are loans to customers and loans to financial institutions which are non-performing loans, excluding loans for credit balance and life insurance business

<sup>7)</sup> Loans used in calculation are loans to customers and loans to financial institutions

<sup>8)</sup> Included allowance for expected credit loss of loan commitment and financial guarantee, deposit to financial institutions, investments and other financial assets

<sup>9)</sup> Loans = Loans to customers

<sup>10)</sup> KASIKORNBANK FINANCIAL CONGLOMERATE's Capital Adequacy Ratio (CAR)

## □ Net Interest Income

KBank's consolidated net interest income for the second quarter of 2022 was Baht 32,012 million, increasing Baht 261 million, or 0.82 percent over-quarter. The increase was derived mainly from interest income from loans to customers which rose Baht 316 million, or 1.15 percent in line with increase in average loan volume. Moreover, interest income from interbank and money market items rose Baht 202 million or 25.34 percent due in part to increase in average transaction volume and average yield. Meanwhile, interest expenses from debt issued and borrowings rose Baht 114 million or 21.20 percent, which came mainly from subordinated debentures of subsidiaries. Therefore, our NIM for the second quarter of 2022 was equal to 3.21 percent, higher than 3.19 percent in the previous quarter.

When compared to the same period of the previous year, net interest income increased by Baht 5,913 million or 10.22 percent, which came mainly from an increase of Baht 4,860 million in interest income from loans to customers, or 9.61 percent in line with rising average yield on loan and loan growth. Moreover, interest income from interbank and market items rose Baht 794 million or 78.87 percent due to rising average yield. At the same time, interest expenses from debt issued and borrowings increased Baht 388 million or 48.36 percent, which came mainly from the issuance of subordinated debentures of subsidiaries. Our NIM for the first half of 2022 therefore stood at 3.21 percent.



(Unit: Million Baht)

	Q2-2022	Q1-2022	Change		First half of 2022	First half of 2021	Change	
			Increase (Decrease)	Percent			Increase (Decrease)	Percent
<b>Interest Income</b>	<b>36,367</b>	<b>35,925</b>	<b>442</b>	<b>1.23</b>	<b>72,291</b>	<b>65,577</b>	<b>6,714</b>	<b>10.24</b>
Interbank and money market items	1,001	799	202	25.34	1,800	1,006	794	78.87
Investments	5,768	5,904	(136)	(2.30)	11,671	11,003	668	6.07
Loans to customers	27,877	27,561	316	1.15	55,438	50,578	4,860	9.61
Hire purchase and finance leases	1,721	1,661	60	3.62	3,382	2,985	397	13.28
Others	-	-	-	-	-	5	(5)	(100.00)
<b>Interest expenses</b>	<b>4,355</b>	<b>4,174</b>	<b>181</b>	<b>4.34</b>	<b>8,528</b>	<b>7,727</b>	<b>801</b>	<b>10.37</b>
Deposits from customers	1,802	1,815	(13)	(0.72)	3,616	3,666	(50)	(1.35)
Interbank and money market items	299	260	39	15.05	559	373	186	49.70
Contributions to Financial Institutions Development								
Fund and Deposit Protection Agency	1,581	1,538	43	2.79	3,120	2,842	278	9.77
Debts issued and borrowings	652	538	114	21.20	1,190	802	388	48.36
Others	21	23	(2)	(8.81)	43	44	(1)	(0.66)
<b>Total Interest Income – net</b>	<b>32,012</b>	<b>31,751</b>	<b>261</b>	<b>0.82</b>	<b>63,763</b>	<b>57,850</b>	<b>5,913</b>	<b>10.22</b>
Yield on Earning Assets (percent)	3.64	3.61		0.03	3.64	3.62		0.02
Cost of Fund (percent)	0.59	0.57		0.02	0.58	0.59		(0.01)
<b>Net Interest Margin (NIM) (percent)</b>	<b>3.21</b>	<b>3.19</b>		<b>0.02</b>	<b>3.21</b>	<b>3.20</b>		<b>0.01</b>

## □ Non-Interest Income

KBank's consolidated non-interest income in the second quarter of 2022 totaled Baht 9,499 million, increasing by Baht 637 million, or 7.17 percent over-quarter. The increase came mainly from net premiums earned – net which rose by Baht 2,046 million or 108.44 percent due to decreased underwriting expenses. Meanwhile, gain (loss) on financial instruments measured at fair value through profit or loss fell Baht 1,138 million or 165.85 percent due to the mark to market of financial assets in line with market condition, and a decrease of Baht 685 million or 7.76 percent in net fees and service income, due mainly to a decrease in fees from fund management, brokerage fees and loan-related fee income.

When compared to the same period of last year, non-interest income decreased by Baht 4,671 million or 20.28 percent due mainly to the mark to market of financial assets, which was the normal investment business of subsidiaries, falling Baht 2,779 million or 92.22 percent in line with the market condition of financial assets. Moreover, net premiums earned – net dropped by Baht 1,142 million or 194.79 percent in line with life insurance business condition, and net fees and service income which decreased by Baht 1,029 million or 5.71 percent due mainly to a decrease in fees from fund management and brokerage fees.

(Unit: Million Baht)

	Q2-2022	Q1-2022	Change		First half of 2022	First half of 2021	Change	
			Increase (Decrease)	Percent			Increase (Decrease)	Percent
<b>Non-Interest Income</b>								
Fees and Service Income	11,683	12,367	(684)	(5.53)	24,049	24,455	(406)	(1.66)
Fees and Service Expenses	3,536	3,535	1	0.03	7,071	6,448	623	9.67
<b>Fees and Service Income - net</b>	<b>8,147</b>	<b>8,832</b>	<b>(685)</b>	<b>(7.76)</b>	<b>16,978</b>	<b>18,007</b>	<b>(1,029)</b>	<b>(5.71)</b>
Gain (Loss) on Financial Instrument Measured at Fair Value through Profit or Loss	(452)	686	(1,138)	(165.85)	235	3,014	(2,779)	(92.22)
Gain (Loss) on Investments	(135)	(17)	(118)	(717.54)	(151)	446	(597)	(133.97)
Share of Profit (Loss) from Investments using Equity Method	152	(50)	202	400.46	101	(214)	315	147.20
Dividend Income	1,222	871	351	40.22	2,093	1,691	402	23.74
Net Premiums Earned	14,393	15,718	(1,325)	(8.43)	30,111	33,950	(3,839)	(11.31)
Other Operating Income	406	427	(21)	(4.89)	833	674	159	23.57
<u>Less</u> Underwriting Expenses	14,234	17,605	(3,371)	(19.14)	31,839	34,536	(2,697)	(7.81)
<b>Total Non-Interest Income</b>	<b>9,499</b>	<b>8,862</b>	<b>637</b>	<b>7.17</b>	<b>18,361</b>	<b>23,032</b>	<b>(4,671)</b>	<b>(20.28)</b>

#### □ Other Operating Expenses

KBank's consolidated other operating expenses for the second quarter of 2022 were Baht 18,070 million, an over-quarter increase of Baht 680 million, or 3.90 percent due mainly to an increase in marketing expenses under collaboration with business partners and premises and equipment expenses. Therefore, our cost to income ratio during the second quarter of this year rose slightly to 43.53, compared to 42.82 percent in the previous quarter.

When compared to the same period of last year, other operating expenses increased by Baht 1,860 million or 5.53 percent due partly to an increase in marketing expenses under collaboration with business partners, employee expenses in line with KBank's financial innovation strategy and IT-related expenses to accommodate customers' needs. As a result, our cost to income ratio of the first half of 2022 was 43.18 percent.

(Unit: Million Baht)

	Q2-2022	Q1-2022	Change		First half of 2022	First half Of 2021	Change	
			Increase (Decrease)	Percent			Increase (Decrease)	Percent
Employee Expenses	8,750	8,687	63	0.72	17,437	16,944	493	2.91
Directors' Remuneration	80	23	57	244.93	103	95	8	7.70
Premises and Equipment Expenses	2,904	2,742	162	5.89	5,646	5,552	94	1.71
Taxes and Duties	1,491	1,476	15	1.08	2,967	2,695	272	10.08
Others	4,845	4,462	383	8.58	9,307	8,314	993	11.95
<b>Total Other Operating Expenses</b>	<b>18,070</b>	<b>17,390</b>	<b>680</b>	<b>3.90</b>	<b>35,460</b>	<b>33,600</b>	<b>1,860</b>	<b>5.53</b>
<b>Cost to Income Ratio (percent)</b>	<b>43.53</b>	<b>42.82</b>		<b>0.71</b>	<b>43.18</b>	<b>41.54</b>		<b>1.64</b>

## □ Classified Loans and Expected Credit Loss

### ● Classified Loans

KBank classified loans into three levels per TFRS 9. The classified loans in stage 2 include the loans with significantly increasing credit risk since initial recognition but without credit impaired. As of June 30, 2022, KBank and its subsidiaries had a total of Baht 2,903,111 million in loans to customers and financial institutions. Meanwhile, loans to customers, excluding financial institutions (including accrued interest receivables and undue interest receivables) totaled Baht 2,505,549 million while allowance for expected credit loss totaled Baht 140,891 million. Classified loans consist of:

(Unit: Million Baht)

	Jun. 30, 2022		Mar. 31, 2022	
	Loans and accrued interest receivables <sup>1)</sup>	Allowance for expected credit loss	Loans and accrued interest receivables <sup>1)</sup>	Allowance for expected credit loss
Stage 1 Performing	2,205,263	46,630	2,163,473	48,883
Stage 2 Underperforming	189,959	46,289	204,567	52,256
Stage 3 Non-performing	110,327	47,972	107,901	47,193
Total	2,505,549	140,891	2,475,941	148,332

<sup>1)</sup> including loans to customers and accrued interest receivables and undue interest receivables

Underperforming loans (Stage 2) to total loans were equal to 6.54 percent, and underperforming loans and non-performing loans (Stage 2 and 3) to total loans were equal to 10.34 percent, decreasing from 7.22 percent and 11.03 percent as of March 31, 2022, respectively.

### ● Modified Loans

KBank and its subsidiaries engaged in modification contracts which were classified as NPL and non-NPL that incurred losses, but not included customers under the Bank of Thailand's relief measures. In the first half of 2022, there were loans before modification amounting to Baht 9,538 million and incurred losses amounting to Baht 181 million.

### ● Expected Credit Loss

KBank and its subsidiaries set aside expected credit loss of Baht 9,852 million for the second quarter of 2022, an increase of Baht 516 million or 5.53 percent over-quarter. We continued to adopt a prudent approach, taking into account various economic factors in setting aside expected credit loss which was in line with loan growth. As a result, our expected credit loss to average loans for the second quarter of 2022 stood at 1.59 percent, increasing from 1.53 percent in the previous quarter.

When compared to the same period of the previous year, our expected credit loss totaled Baht 19,188 million for the first half of 2022, slightly decreasing by Baht 269 million or 1.38 percent. The figure was almost on par with that of the same period last year. Therefore, our expected credit loss to average loans for

the first half of 2022 was 1.56 percent, decreasing from 1.68 percent during the same period of last year. Meanwhile, our coverage ratio as of June 30, 2022 stood at 144.61 percent.

### Expected Credit Loss

(Unit: Million Baht)

	Q2-2022	Q1-2022	Change		First half of 2022	First half of 2021	Change	
			Increase (Decrease)	Percent			Increase (Decrease)	Percent
Expected Credit Loss	9,852	9,336	516	5.53	19,188	19,457	(269)	(1.38)
Expected Credit Loss to								
Average Loans (percent)	1.59	1.53		0.06	1.56	1.68		(0.12)

### Allowance for Expected Credit Loss

As of June 30, 2022, our consolidated allowance for expected credit loss totaled Baht 140,891 million.

### — Non-Performing Loans and Properties Foreclosed

#### *Non-Performing Loans*

As of June 30, 2022, KBank's consolidated NPLs stood at Baht 109,972 million, 3.80 percent of the total outstanding credit, including financial institutions. Bank-only NPLs totaled Baht 106,192 million, 3.82 percent of the total outstanding credit, including financial institutions. The NPLs data is shown in the table below:

### Non-Performing Loans

(Unit: Million Baht)

For the Quarter Ending	Jun. 30, 2022	Mar. 31 2022
KBank's consolidated NPLs	109,972	106,482
Percent of total outstanding credit, including financial institutions	3.80	3.78
KBank NPLs	106,192	103,442
Percent of total outstanding credit, including financial institutions	3.82	3.81

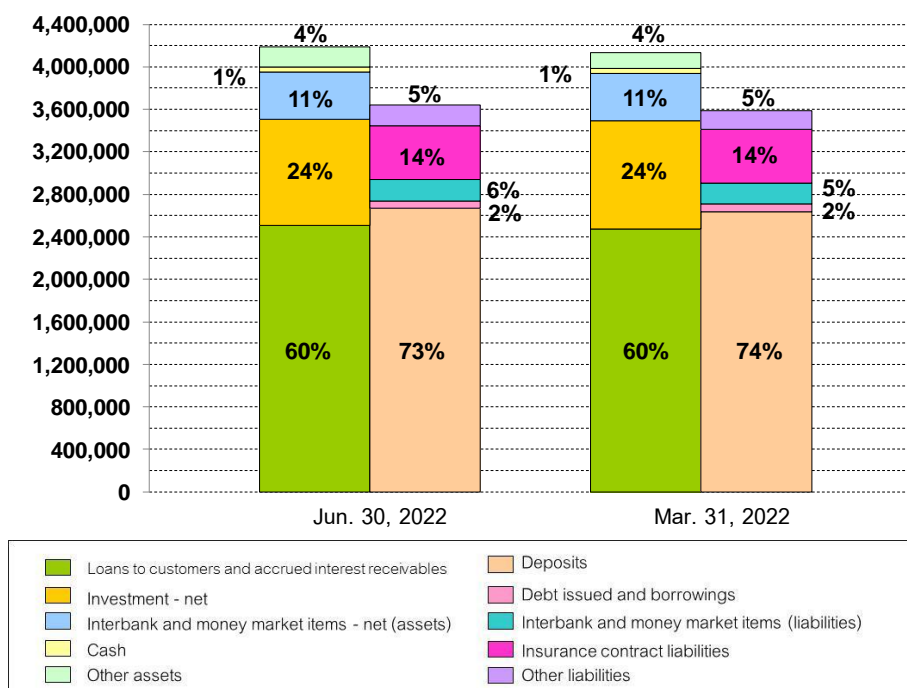
#### *Properties Foreclosed*

As of June 30, 2022, our consolidated properties foreclosed had a net value of Baht 43,551 million, thus being 1.04 percent of total assets.

## 4.2 Financial Position Analysis

### Assets and Liabilities Structure

(Unit: Million Baht)

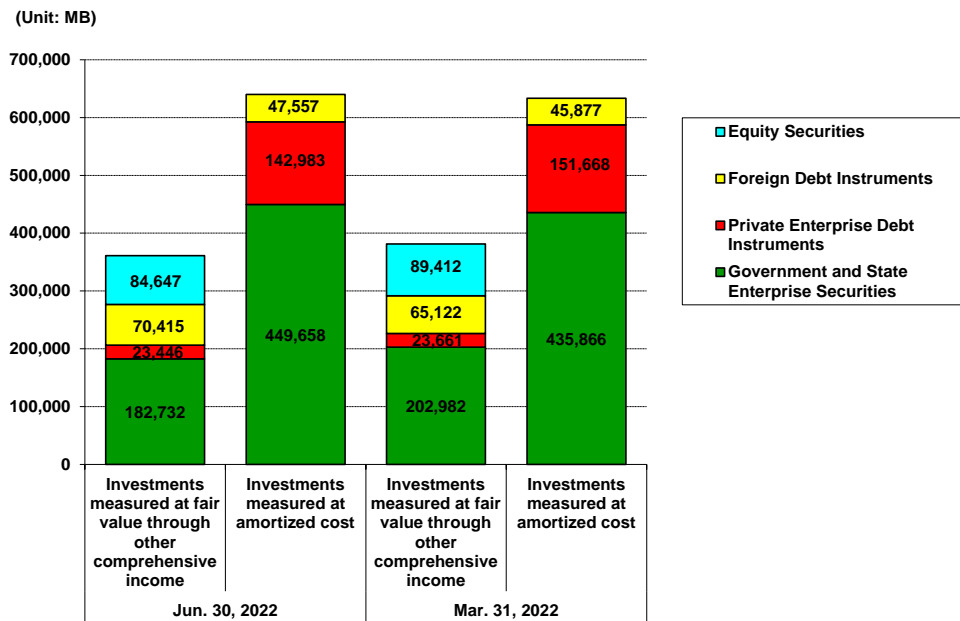


#### □ Assets

At the end of the second quarter of 2022, KBank's consolidated assets totaled Baht 4,187,779 million, increasing by Baht 54,531 million or 1.32 percent from the end of the previous quarter. The rise was due mainly to an increase in loans to customers. Meanwhile, financial assets measured at fair value through profit or loss decreased. Key details are as follows:

- Loans to customers at the end of the second quarter of 2022 totaled Baht 2,489,420 million, increasing by Baht 31,157 million or 1.27 percent, from the end of the previous quarter due mainly to an increase in trade finance and commercial loans.
- Financial assets measured at fair value through profit or loss at the end of the second quarter of 2022 totaled Baht 39,292 million, decreasing by Baht 22,147 million, or 36.05 percent from the end of the previous quarter due mainly to sale of government bonds.

## Investment in Securities



### □ Liabilities and Equity

KBank's consolidated liabilities at the end of the second quarter of 2022 amounted to Baht 3,642,814 million, which rose by Baht 56,949 million or 1.59 percent from the end of the previous quarter. The increase was mainly attributable to increased deposits. Meanwhile, debt issued and borrowings decreased. Significant changes in our consolidated liabilities included:

- Deposits at the end of the second quarter of 2022 equaled Baht 2,671,536 million, increasing by Baht 37,127 million or 1.41 percent from the end of the previous quarter, mainly as a result of an increase in savings deposits. Meanwhile, fixed-term deposits decreased.
- Debt issued and borrowings at the end of the second quarter of 2022 equaled Baht 66,807 million, decreasing by Baht 11,295 million or 14.46 percent from the end of the previous quarter mainly as a result of redemption of unsubordinated and unsecured debentures.

Equity (attributable to equity holders of the Bank) at the end of the second quarter of 2022 amounted to Baht 488,963 million, increasing by Baht 771 million or 0.16 percent from the end of the previous quarter, derived mainly from net operating profit in the second quarter of 2022 which totaled Baht 10,794 million. Meanwhile, KBank approved payment of dividend from net profit for 2021 totalling Baht 6,516 million in April 2022.

### □ Relationship between Sources and Uses of Funds

As of June 30, 2022, the funding structure as shown in the consolidated financial statement comprised Baht 3,642,814 million in liabilities and Baht 544,965 million in equity – of which Baht 488,963 million was equity (attributable to equity holders of the Bank), resulting in a debt-to-equity ratio of 7.45. As of

June 30, 2022, the main source of funds on the liabilities side was deposits, which equaled Baht 2,671,536 million, or 63.79 percent of the total sources of funds. Meanwhile, interbank and money market items as well as debt issued and borrowings accounted for 4.83 percent and 1.60 percent of the total source of funds, respectively.

As of June 30, 2022, KBank and subsidiaries' major use of funds was loans which amounted to Baht 2,489,420 million, resulting in loan-to-deposit ratio of 93.18 percent. As for the remaining liquidity, KBank invested in various selections of liquid assets, such as interbank and money market items, financial assets measured at fair value through profit or loss and investments in securities.

### KBank and Subsidiaries' Major Sources and Uses of Funds

(Unit: Million Baht)

Period	Deposits				Loans			
	Jun. 30, 2022	Percent	Dec. 31, 2021	Percent	Jun. 30, 2022	Percent	Dec. 31, 2021	Percent
≤ 1 Year	2,647,123	99.09	2,581,587	99.34	1,057,539	42.21	980,901	40.23
> 1 - 5 Years	24,413	0.91	17,043	0.66	551,393	22.01	529,714	21.72
> 5 Years	-	-	-	-	896,617	35.79	927,797	38.05
<b>Total</b>	<b>2,671,536</b>	<b>100.00</b>	<b>2,598,630</b>	<b>100.00</b>	<b>2,505,549</b>	<b>100.00</b>	<b>2,438,412</b>	<b>100.00</b>

<sup>1)</sup> Including loan to customers and accrued interest and undue interest receivables

Deposits with maturities within 1 year were larger than loans with remaining maturities within 1 year. This is considered normal for commercial banks in Thailand. Most deposits are likely remain with KBank longer than their stated contractual term, thereby helping to support funding for KBank's lending.

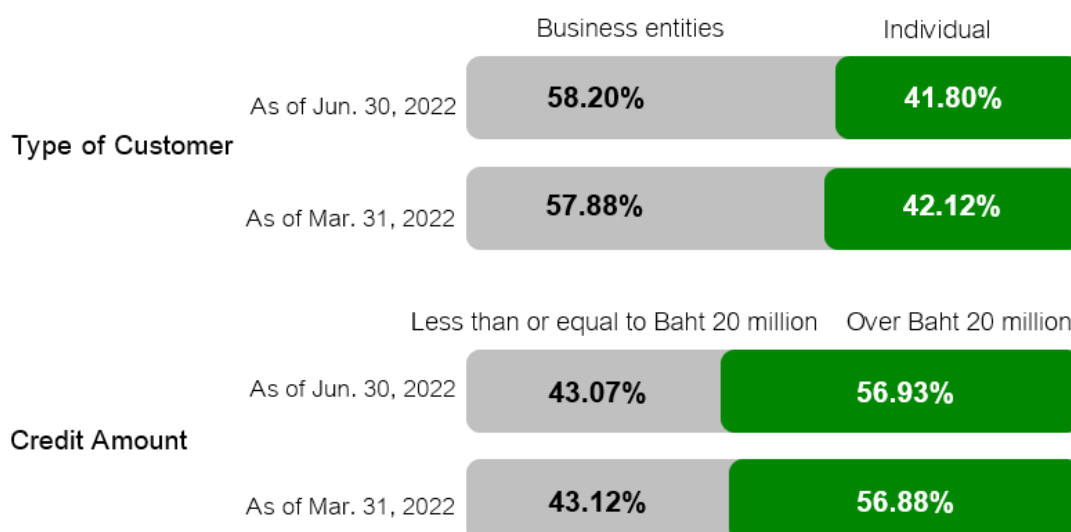
## 4.3 Loans and Deposits

### □ Loans

As of June 30, 2022, KBank's consolidated outstanding loans stood at Baht 2,489,420 million, increasing by Baht 31,157 million or 1.27 percent, compared to Baht 2,458,263 million as of March 31, 2022.

As of June 30, 2022, the majority, or 58.20 percent of KBank's outstanding loans were made to juristic persons or registered businesses. Loan accounts exceeding Baht 20 million accounted for 56.93 percent of the total.

### Loan Portfolio by Type of Customer and Credit Amount



### Loans Classified by Business

(Unit: Million Baht)

	Jun. 30, 2022		Mar. 31, 2022	
	Corporate Business <sup>1)</sup>	Retail Business <sup>2)</sup>	Corporate Business <sup>1)</sup>	Retail Business <sup>2)</sup>
Loans	1,675,407	698,614	1,645,944	701,769

Notes: <sup>1)</sup> "Corporate Business" refers to registered companies, certain private individual business customers, government agencies, state enterprises, as well as financial institutions, etc. KBank provides a variety of financial products and services to them, e.g., long-term and working capital loans, letter of guarantee, trade finance solutions, syndicated loans, cash management solutions and value chain solutions.

<sup>2)</sup> "Retail Business" refers to private individual customers using KBank products and services, e.g., deposit accounts, debit cards, credit cards, personal loans, housing loans, financial advisory services, investment products and other transactional services.

As of the end of the second quarter of 2022, our corporate business loans (Corporate and SME customers) increased by Baht 29,463 million or 1.79 percent from the previous quarter. The increase came mainly from corporate loans, mostly working capital, offered to customers in petroleum and petrochemicals, chemicals, and food and beverage industry. Meanwhile, KBank focused on the offering of multiple products to small business customers in order to completely meet their needs under our risk-adjusted pricing strategy while also adding a digital channel for loan application to ensure greater convenience in their access to loans. KBank also used financial transaction data to assess customers' debt servicing ability. This method allowed customers with potential but having financial restrictions, especially online/offline merchants, restaurant owners, small-sized construction contractors and agricultural product sellers, to gain improved access to funding sources. Moreover, we started to extend loans to business customers in the manufacturing and service sectors to capitalize on the more broad-based economic recovery.



Our retail loans at the end of the second quarter of 2022 decreased by Baht 3,155 million or 0.45 percent, compared to the previous quarter. The decrease came mainly from home loan which decelerated in line with a decrease in new loans amid intense market competition. Meanwhile, credit card loan grew thanks to increased spending in the tourism, shopping and restaurant categories. Personal loan also enjoyed ongoing growth following the introduction of a self-application channel via K PLUS and the use of data analytics for analyzing customer status across all dimensions. These efforts allowed KBank to appropriately offer loan products to customers, thus reaching out to a larger number of potential customers.

## □ Deposits

### Deposits Classified by Type of Deposit Account

(Unit: Million Baht)

	Percent of Total Deposits	Deposits		Change	
		Jun. 30, 2022	Mar. 31, 2022	Increase (Decrease)	Percent
<b>Total Deposits</b>	<b>100.00</b>	<b>2,671,536</b>	<b>2,634,409</b>	<b>37,127</b>	<b>1.41</b>
Current accounts	5.46	145,963	146,262	(299)	(0.20)
Savings accounts	77.90	2,081,059	2,024,079	56,980	2.82
Fixed-term deposit accounts	16.64	444,514	464,068	(19,554)	(4.21)

Competition in the deposit market in the second quarter of 2022 remained limited. Commercial banks' liquidity was sufficient to accommodate loan growth. KBank focused on maintaining deposit costs at an appropriate level in order to remain competitive in the market while ensuring a balanced distribution of deposits in each customer segment, accounting for customer behaviors, lifestyles and needs across all age groups. These endeavors were in alignment with the strategies of a Bank of Sustainability and Customer Centricity. However, the anticipated upward trend of the policy rate during the second half of 2022 may prompt the deposit market competition to intensify.

In this quarter, KBank continually focused on promoting awareness of K-eSavings among Gen Z customers, who are 12-20 years old, through marketing campaigns via social media such as Twitter and LINE. This effort aimed to increase customer accessibility while also encouraging these new-generation customers to use K-eSavings as their main account that can accommodate their daily lives, such as e-wallet and game top-up as well as saving. To promote greater use of KBank deposit accounts via other digital channels, KBank increased connections with LINE BK service use on the LINE application, by allowing linkage of KBank deposit accounts on K PLUS with LINE BK on the LINE application. Previously only LINE BK accounts could be linked with the LINE application. This initiative aimed to provide greater convenience to customers in transferring money with no account number required while they also receive incoming-outgoing funds transfer notification via LINE BK.

Given that domestic investment has been hampered by volatility in the money and capital markets and heightened global economic risks, KBank introduced fixed-income products as an alternative investment vehicle, allowing investors to park their money in low-risk assets. Notable funds launched included K SF Fund (K-SF) and K Corporate Bond Fund-A (K-CBOND-A). We also recommended long-term investment products with high growth potential as well as those focusing on ESG priorities that account for sustainable growth. They include K Positive Change Equity Fund-A(A) (K-CHANGE-A(A)) and K Climate Transition Fund (K-CLIMATE). Another distinctive fund introduced was K VIETNAM Equity Retirement Mutual Fund (K-VIETNAM-RMF) – a newly launched RMF which focuses on companies benefiting from Vietnam’s flourishing economic growth, as another investment option to capitalize on the brighter prospects of this emerging economy.

#### 4.4 Treasury Operations

During the second quarter of 2022, average overnight interbank lending rates stood at 0.47 percent per annum, close to the average rate of 0.46 percent per annum in the previous quarter, in line with the resolutions from the Monetary Policy Committee (MPC) meetings held on June 8, 2022, wherein the key policy rate was kept unchanged at 0.50 percent per annum.

KBank’s guideline for investment portfolio is to prioritize the maintenance of liquidity in order to accommodate any future change in business conditions. In addition, investment strategy has been established in line with changes in economic conditions, as well as movements of money and capital markets both at home and abroad. During this time, KBank focused on selling short-term Thai government bonds when their yields were lower than the expected policy rate, while looking for an opportunity to reduce duration of the existing bonds held when attaining an appropriate level.

#### Treasury Operations Income

(Unit: Million Baht)

Income Structure of Treasury Operations (Banking Book)	Percent of Total Income	Q2-2022	Q1-2022	Change	
				Increase (Decrease)	Percent
<b>Interest income<sup>1)</sup></b>					
Interbank and money market items <sup>2)</sup>	25.01	479	450	29	6.44
Investments	74.99	1,436	1,390	46	3.31
<b>Total</b>	<b>100.00</b>	<b>1,915</b>	<b>1,840</b>	<b>75</b>	<b>4.08</b>

Note: <sup>1)</sup> Managerial figures

<sup>2)</sup> Including loans

Total interest income in the second quarter of 2022 stood at Baht 1,915 million, increasing Baht 75 million or 4.08 percent over-quarter, attributed mainly to rising liquidity compared to the previous quarter.

## □ Liquid Asset Ratio

KBank maintains average fortnightly current deposits at not less than 1.00 percent of total deposits and certain types of borrowings in accordance with the Bank of Thailand's regulations. As of June 30, 2022, our deposits at the Bank of Thailand and cash at cash center averaged Baht 31,858 million.

## 4.5 Operating Performance of K Companies and Muang Thai Life Assurance PCL

### Operating Performance of K Companies<sup>1)</sup> and Muang Thai Life Assurance PCL

(Unit: Million Baht)

	Performance Measurement	First Half of 2022	First Half of 2021	2021
KASIKORN ASSET MANAGEMENT CO., LTD. (KAsset)	Assets under Management	1,458,634	1,567,839	1,575,362
	Market Share (Percent)	17.92	18.15	18.00
KASIKORN SECURITIES PCL (KSecurities)	Trading Volume	609,149	818,895	1,517,385
	Market Share (Percent)	3.18	3.90	3.70
KASIKORN LEASING CO., LTD. (KLeasing)	Outstanding Loans	127,907	114,856	121,166
KASIKORN FACTORY AND EQUIPMENT CO., LTD. (KF&E)	Outstanding Loans	23,600	25,259	25,149
Muang Thai Life Assurance PCL (MTL)	Net Premiums Earned	32,131	35,971	72,977
	Market Share (Percent)	11.11	12.20	11.88

Note: <sup>1)</sup> KResearch is not included, since this company does not engage in financial business.

During the first half of 2022, K Companies and Muang Thai Life Assurance PCL (MTL) attained satisfactory qualitative and quantitative operating performance. This achievement was attributable to the close cooperation between KBank and K Companies, as well as MTL.

■ **KASIKORN ASSET MANAGEMENT CO., LTD. (KAsset):** KAsset maintained the number-one position in the mutual fund business as gauged by assets under management in this category, with a market share of 21.53 percent. Total market share of assets under management (AUM) was 17.92 percent. This excellent performance was due in part to its synergy with KBank in developing products to match consumers' needs. To maintain customer confidence during the COVID-19 resurgence, KAsset introduced a wide variety of mutual funds to provide greater investment options for all customer segments. Notable funds included K Vietnam Equity RMF (K-VIETNAM-RMF), which invests in Vietnamese shares, suitable for retirement plans offering tax benefits; and K All Roads Enhanced Fund Not for Retail Investors (K-ALLENHANCE-UI) focusing on equity instruments, fixed-income instruments and commodities in various countries, with appropriate investment allocation methodology to control overall portfolio risks.

Meanwhile, KAsset worked with KBank in enhancing sales channel efficiency in compliance with the regulations of the Office of the Securities and Exchange Commission (SEC). Focus was on competency of fund sales officers and development of services via digital channels that are easily accessible to customers. The company also prioritized the provision of information and recommendations on investments via its website, online media, K PLUS and K-My Funds applications. Another notable initiative was after-sales service that customers can process by themselves for enhanced convenience and responsiveness.

■ **KASIKORN SECURITIES PCL (KSecurities):** The company held a market share of 3.18 percent with securities trading volume of more than Baht 600 billion. It emphasizes the development of services via online channels in sync with investor behavior, such as opening of online accounts and online account-related services that allow investors to conduct transactions by themselves. Focus was also on provision of quality information via multiple online channels to keep investors abreast of the latest situation. In addition, KSecurities is developing a comprehensive investment tool, serving as a source of investment data and a one-stop platform for trading multiple products.

■ **KASIKORN LEASING CO., LTD. (KLeasing):** Overall, the company held a market share of 5.10 percent. In the new car market, especially the target brands, it garnered a market share of 7.70 percent. The company's operating performance was in accordance with the target, as evidenced by the volume of outstanding loan – which rose 11.36 percent over-year – and improved service quality. KLeasing implemented assistance measures for pandemic-stricken customers in line with the Bank of Thailand's sustainable debt relief guidelines. Meanwhile, the company participated in the 'GO GREEN Together' Project initiated by KBank to support Thailand's net zero emissions policy. To this end, a battery electric vehicle (BEV) loan program was introduced. With its market share of 21.00 percent in xEV under the target brands, KLeasing set a plan to team with new EV brands joining the fray in the Thai market.

KLeasing, as the leader in the used car market via online platform, aims to further expand its presence in this market. In collaboration with various units and subsidiaries of KBank, the company launched special campaigns designed for customers of KBank and its business partners. Meanwhile, it pioneered the launch of 'Self-Declared Car Registration Loan' to meet the needs of prospective customers with no proof of income who seek to use their car as collateral for loan application. Moreover, the company has developed 'Top Up On-Spot' – an innovative service to accommodate car loan refinancing with no need to submit proof of income, while also streamlining internal processes to ensure faster service delivery.

■ **KASIKORN FACTORY AND EQUIPMENT CO., LTD. (KF&E):** The company collaborated with KBank in offering 'Green Energy' loans to clean energy and/or renewable energy projects, i.e., K-Energy Saving Guarantee Program (Solar Rooftop), and EV Charging Loan. Meanwhile, KF&E continually maintained relationship with its partners who are machinery dealers in other industries, while also implementing sustainable debt relief measures to assist customers affected by the COVID-19 situation.

■ **Muang Thai Life Assurance PCL (MTL):** The market share of the company's total premiums in bancassurance business was 15.18 percent, ranked second in the life insurance industry. This achievement

reflected its cooperation with KBank in developing multiple life and health insurance products, while also offering options with coverage that corresponds to individual customer needs across all segments. Notable products were life and health insurance plans like “Elite Health Plus”, “D Health Plus” and “Worry-Free Insurance” for customers seeking inpatient department (IPD) medical benefits, including “Life Insurance Endowment 3/2”, “Life Insurance Endowment 315 Participating (Global)” and “UNRP 615mGrow”, which is a unit-linked insurance plan, to provide premium payment options for customers – whether single premium payment, medium-term payment or long-term payment. Also, certain insurance plans were offered on K PLUS, i.e. “OnePlus 10/1” life insurance, and “Pay when Sick” – an affordable life and health insurance program (IPD+OPD).

In addition, MTL has further developed a digital face-to-face sales process and K Payment Link service to provide enhanced convenience to customers when making payment. Unit-Linked Portfolio Review has also been developed to equip our customers with useful information and knowledge on investment, while they are also offered MTL Portfolio Management Service. In addition, insurance policy renewal notification and insurance premium payment services are available on K PLUS, while MTL Click – a self-service application – allows customers to conduct policy-related transactions by themselves.

## 4.6 Capital Requirements

As of the end of the second quarter of 2022, KASIKORNBANK FINANCIAL CONGLOMERATE under the Basel III capital requirements, had capital funds of Baht 494,026 million, consisting of Baht 413,581 million in Common Equity Tier-1 capital, Baht 440,898 million in Tier-1 capital and Baht 53,128 million in Tier-2 capital. The capital adequacy ratio was 18.37 percent, which was above the BOT’s minimum requirement and buffer requirement of 12.00 percent. Details of the capital adequacy ratio are shown in the following table:

### Capital Adequacy Ratio<sup>1)</sup>

- KASIKORN FINANCIAL CONGLOMERATE<sup>2)</sup>

(Unit: Percent)

Capital Adquacy Ratio	Basel III					
	Minimum Requirements including Buffer Requirement <sup>3)</sup>	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021
Tier-1 Capital Ratio	9.50	16.39	16.35	16.49	16.53	15.86
<i>Common Equity Tier-1 Ratio</i>	8.00	15.38	15.31	15.46	15.49	15.25
Tier-2 Capital Ratio	-	1.98	1.99	2.28	2.29	2.33
<b>Capital Adequacy Ratio</b>	<b>12.00</b>	<b>18.37</b>	<b>18.34</b>	<b>18.77</b>	<b>18.82</b>	<b>18.19</b>

● The Bank

(Unit: Percent)

Capital Adquacy Ratio	Basel III					
	Minimum Requirements including Buffer Requirement <sup>3)</sup>	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021
Tier-1 Capital Ratio	9.50	15.26	15.33	15.42	15.37	14.68
<i>Common Equity Tier-1 Ratio</i>	8.00	14.20	14.24	14.32	14.28	14.03
Tier-2 Capital Ratio	-	2.08	2.11	2.41	2.42	2.45
<b>Capital Adequacy Ratio</b>	<b>12.00</b>	<b>17.34</b>	<b>17.44</b>	<b>17.83</b>	<b>17.79</b>	<b>17.13</b>

Note: <sup>1)</sup> Excluding net profit of each period, which under the Bank of Thailand's regulations, net profit in the first half-year period is to be counted as capital after approval by the Board of Directors per KBank's regulations. Net profit in the second half-year period is counted as capital after approval of the General Meeting of Shareholders. However, whenever a net loss occurs, the capital must be immediately reduced at the end of period.

<sup>2)</sup> KASIKORNBANK FINANCIAL CONGLOMERATE means the company under the Notification of the Bank of Thailand Re: Consolidated Supervision, consisting of KASIKORNBANK, K Companies and subsidiaries operating in support of KBank, Phetai Asset Management Co., Ltd. and other subsidiaries within the permitted scope from the BOT's to be a financial conglomerate.

<sup>3)</sup> Bank of Thailand required the Bank to maintain 2 capital buffers as follows:

- Conservation buffer: BOT required KBank to maintain an additional Common Equity Tier-1 at more than 2.50 percent.
- Domestic Systemically Important Banks Buffer (D-SIBs Buffer): BOT required KBank, as a D-SIB, to maintain an additional Common Equity Tier-1 at 1.00 percent.

## 4.7 Credit Ratings

At the end of June 2022, the Bank's credit rating given by Moody's Investors Service, Standard & Poor's, and Fitch Ratings remained unchanged from the end of March 2022.

Details are shown in the following table.

### KASIKORNBANK's Credit Ratings

Credit Ratings Agency	Jun. 30, 2022
<b>Moody's Investors Service <sup>1)</sup></b>	
<b><u>Foreign Currency</u></b>	
Outlook	Stable
Long-term - Senior Unsecured Notes	Baa1
- Deposit	Baa1
- Counterparty Risk	A3
- Subordinated Debt	Baa3
Short-term - Debt/Deposit	P-2
- Counterparty Risk	P-2
Baseline Credit Assessment	baa1

Domestic Currency

Outlook	Stable
Long-term - Deposit	Baa1
- Counterparty Risk	A3
Short-term - Debt/Deposit	P-2
- Counterparty Risk	P-2

Standard & Poor's<sup>1)</sup>Global Scale Ratings

Outlook	Stable
Long-term Counterparty Credit Rating	BBB
Long-term Certificate of Deposit	BBB
Short-term Counterparty Credit Rating	A-2
Short-term Certificate of Deposit	A-2
Senior Unsecured Notes (Foreign Currency)	BBB

Fitch Ratings<sup>1)</sup>International Credit Ratings (Foreign Currency)

Outlook	Stable
Long-term Issuer Default Rating	BBB
Short-term Issuer Default Rating	F2
Senior Unsecured Notes	BBB
Viability	bbb
Subordinated Debt (Basel III-compliant Tier 2 securities)	BB+
Government Support	bbb

National Credit Ratings

Outlook	Stable
Long-term	AA+(tha)
Short-term	F1+(tha)
Subordinated Debt (Basel III-compliant Tier 2 securities)	AA-(tha)

Note: <sup>1)</sup> The base levels for investment grade on long-term credit ratings for Moody's Investors Service, Standard & Poor's, and Fitch Ratings are Baa3, BBB- and BBB-, respectively. For short-term credit ratings, the base levels for investment grade as viewed by these three agencies are P-3, A-3, and F3, respectively.

## 5. Operations of Support Groups

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### 5.1 Human Resource Management

In the second quarter of 2022, KBank focused on human resource management to be in step with the ever-changing business environment and in alignment with K-Strategy amid the challenges of the competitive labor market, in order to recruit capable personnel as we aspire to be the Best Place to Work, Learn and Lead and a leading customer empowerment organization via innovation. To this end, we have implemented five strategic operational guidelines as follows:

- **Adjust work format from 'FIX' to 'FITS' – a work style that can be designed to fit the job:**  
The hybrid work format, "FITS", prioritizes flexibility at work to ensure a work-life harmony for employees, focusing on four major areas, i.e.,
  - **Flexible:** Focus is on flexible work arrangements, in terms of working hours and workplaces, taking into account effective time management along with maintenance of KBank's image and professionalism.
  - **Impact:** Employees can deliver outcomes that meet both the Bank's and the customer's expectations, while an output target must be clearly set with continual monitoring.
  - **Trust:** Employees and managers work together with trust that is the basis for healthy relationships and employee engagement which will lead to a spirit of teamwork and deliverables.
  - **Security:** Data and work system security must be prioritized within an appropriate risk level, in strict compliance with relevant operating procedures and regulations.
- **Provide additional support to employees in their work:** To support our employees to work under the new 'FITS' work format, KBank has launched the following initiatives:
  - **FITS Support:** KBank has offered each employee interest-free loan amounting to Baht 50,000 with three-year repayment period, including discounts for purchase of office equipment and accessories, as part of our effort to help reduce their expense burdens.
  - **FITS for Health:** We have offered physical and mental health consultations to employees via telemedicine service. Meanwhile, employees who fell ill, including those infected with COVID-19, received diagnosis and treatment advice from specialist physicians via video conference, and medicine was delivered to their home. We also arranged for our staff members in need of mental support to consult with psychiatrists via an "OOCA" application.
  - **FITS for Work:** We have arranged learning courses for our employees across all levels via KBank Academy to ensure their preparedness in adjusting to the new work format.
- **Develop employee skills and knowledge:** KBank focused on fostering three specialized skills among our employees as follows:



- **Future Skills:** Our employees, from the senior level up to department heads, have been equipped with skills that are important for the future of work, focusing on three main areas, namely, adaptability and resilience, dealing with complexity, and interpersonal mastery.
  - **Product Manager Learning:** Five learning courses were designed to hone employee skills for product design, use case creation, persuasion and problem solving.
  - **Data Talent Learning:** An online learning course titled “Loan in the Digital Era – Shop Now, Pay Later with K Pay Later” was arranged to share data for product management via MS Teams.
- **Human resource management during the COVID-19 pandemic:** KBank provided assistance and moral support to all employees, both our operational and back office staff. In addition, KBank arranged for provision of an alternative vaccine as a booster dose against COVID-19 to bolster our employees’ immunity.
- **Employee relations and benefits:** We organized meetings of the KASIKORNBANK Labour Union, KASIKORNBANK Officer Labour Union and KBank executives. We also held a meeting of the Employee Committee via online channel under the COVID-19 prevention measures. These meetings allowed for consultations and problem-solving discussions between employees and KBank, to strengthen our relationship.

## 5.2 IT Management

In the second quarter of 2022, KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG) prioritized the study and development of new financial technology in response to the transition to a cashless society using the new era’s technological infrastructure, and the search for innovations in line with KBank’s strategic direction. These endeavors were undertaken with efficient work processes under international standards and the highest cyber security control system. An effective management regime has also been put in place to cope with short-, medium- and long-term impacts during the transition, to achieve KBank’s strategy of maintaining our competitiveness and becoming the trusted regional leader in the technological realm. Major initiatives can be summarized as follows:

1. **Development of products and services** to be consistent with ever-evolving consumer behavior and technological innovation
  - **Developed and improved K PLUS application:** To enhance service efficiency and deliver a positive experience to 18 million K PLUS users, we launched the following initiatives:
    - (1) Collaboration with Microsoft (Thailand) Limited to capitalize on the Microsoft platform for K PLUS development. The synergy aims to enhance the efficiency of the K PLUS application in order to accommodate the anticipated increase in users and expansion of customer base across all of the AEC+3 countries, with world-class cyber security standards.
    - (2) Addition of features to better meet customers’ needs. They included:

- K PAY LATER which offers a credit line for bill payment, allowing customers to pay via QR code scan on K PLUS, with installment payments of up to five months.
  - Request for Digital Bank Statement (dStatement) from other banks on K PLUS: This new feature provides greater convenience to customers seeking to use account statements as evidence for their transactions such as application for Xpress Loan. KBank can send the statement directly to other financial institutions per the request of and consent given by the customer.
  - Payment via QR code scan on K PLUS with stores displaying the UnionPay or Yun Shan Fu sign in more than 40 countries worldwide, with no fee.
- **Developed and improved MAKE by KBank application:** We aimed to increase the efficiency of the application, which serves as a financial assistant for more than 400,000 users who have thus far generated more than 1 million cloud pockets on the application for effective management of their savings and monthly expenses, thus fostering financial discipline among customers. MAKE by KBank application received a score of 4.9 out of 5 in terms of customer satisfaction on the App Store and Play Store, thanks to development of new functions that better meet customers' needs. They are, for instance:
  - Expense Summary which allows users to efficiently set their financial plan for the following month
  - Transfer-in from K PLUS which helps accommodate the top-up of cloud pockets on the MAKE by KBank application
  - Request for statement via the application
  - Improvement of technology infrastructure for enhanced stability in funds transfer with an increase of the number of funds transfer accepting banks including Government Housing Bank; Bank for Agriculture and Agricultural Cooperatives; Standard Chartered Bank (Thai) PCL; Mizuho Bank, Bangkok Branch; and The Hongkong and Shanghai Banking Corporation Limited.
- **Developed and improved KhunThong social chatbot:** To accommodate the high volume of payments made via various channels on the KhunThong social chatbot – now topping 300,000 transactions per month – we have developed a LINE chatbot function to help manage payment collection among LINE group friends, especially bill splitting for food bills and monthly payment such as Netflix bills, Internet fees and dormitory rental. The KhunThong social chatbot has various outstanding features; users just Add Friend for KhunThong and specify the destination account and they will be able to create bills for collecting payment from their LINE group friends immediately, with no need to download any application. Customers can also link their income/expense account with K PLUS.

- **Offering of 'DESTINY TOKEN' – digital tokens for investment in the production of the 'DESTINY 2' film:** Kubix Digital Asset Co., Ltd., a company under KASIKORNBANK FINANCIAL CONGLOMERATE, teamed with GDH 559 Co., Ltd. and Broadcast Thai Television Co., Ltd. in offering digital tokens to support investment in the 'DESTINY 2' blockbuster project which includes the film's post-production, marketing and distribution channels. The project period is not more than two years. Investors are entitled to multiple benefits, memorabilia and many more privileges based on the types of digital tokens they have subscribed to.
- **Launch of Bigfin platform:** Initiated by KASIKORN X Co., Ltd., Bigfin is a platform for analysis and management of cryptocurrency and digital asset investment. Key features include running balance for viewing overall portfolio value, profit and loss report, and transaction history. Users are also able to record their cost by themselves.
- **Developed Coral – an NFT marketplace platform:** KASIKORN X Co., Ltd. expanded the scope of business collaboration with the aim of upgrading Coral – a non-fungible token (NFT) marketplace platform. Major initiatives included:
  - Collaborative effort with Department of Intellectual Property in launching the “© Informed to DIP” badge on Coral – an NFT marketplace platform at Thailand Digital Arts Festival 2022 (TDAF 2022) held at ICONSIAM. The “© Informed to DIP” badge represents the registration of copyright of an NFT art piece's owner with the Department of Intellectual Property. Aside from protection of the artists' copyrights, it will assure digital art collectors that their purchased art items are copyrighted and verifiable.
  - Collaboration with Ookbee – a user-generated content (UGC) platform provider in Thailand and Southeast Asia that supports artists, writers and musicians from UGC platforms in making their debut at Coral, an NFT marketplace, allowing them to showcase their works in the digital world and earn a novel form of income.

**2. Business expansion within the region:** In alignment with KBank's strategies, we have focused on developing products and services as follows:

- **Developed and improved K PLUS Vietnam application:** We launched several services with enhanced efficiency as follows:
  - Funds transfer and receipt with enhanced security. The service is available free of charge 24/7 via VeitQR
  - Real-time account movement notification via K PLUS, free of charge
  - Addition, deletion and arrangement of KBank accounts with greater convenience and speed

**Disclaimer**

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Certain statements shown in this document are forward-looking statements in respect of financial position or performance of KASIKORNBANK Public Company Limited ("KBank"). KBank has prepared such statements based on several assumptions, and has relied on the financial and other information made available from public sources as of the date these statements were made. Statements with words such as "expect", "believe", "estimate", etc., are types of forward-looking statements involving uncertainties and subject to change at any time due to future events, including but not limited to, changes in the global/national economic, political and regulatory environment. KBank is under no obligation to update these forward-looking statements to correspond to the current situation. Thus, recipients shall carefully review these statements and make an independent decision prior to investing or entering into any transaction.

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