



KASIKORNTHAI

Management Discussion and Analysis (MD&A)

For the Quarter Ending September 30, 2019

ธนาคารกสิกรไทย
开泰银行 KASIKORNBANK



บริการทุกระดับประทับใจ

Executive Summary
Management Discussion and Analysis
For the Quarter Ending September 30, 2019

Thai economic activity in the third quarter of 2019 continued to see limited support, after growing by 2.30 percent in the second quarter. The Thai economy did show some signs of strength in the third quarter, due mostly to the low base effect of the same period last year, especially in the tourism sector. However, exports and private investment – two major economic drivers – continued to slow in line with the sluggish global economy and trade volume amid the protracted US-China trade negotiations and concerns over Brexit risks. For the final quarter of this year, a brighter outlook seems to be in store for the Thai economy, thanks to the government's stimulus measures.

Against this backdrop, KBank has established its business direction primarily by considering the balance of three dimensions – economy, society and environment – under good corporate governance, appropriate risk management and effective cost management. At the same time, we have focused on collaboration and synergy with other companies within KASIKORNBANK FINANCIAL CONGLOMERATE, Muang Thai Life Assurance Public Company Limited and our business partners, for service quality improvements in order to deliver an excellent customer experience. In keeping with changing customer expectations, we introduced customized financial services and innovations that provide greater customer convenience, speed and reliability with ever-greater consideration of consumer protection and customer privacy.

Being aligned with our business strategies, KBank and subsidiaries thus reported net profit for the third quarter of 2019 totaling Baht 9,951 million, a slight increase of Baht 22 million or 0.23 percent from the previous quarter. The improvement could be attributed to net interest income which increased by Baht 326 million or 1.27 percent. Net interest margin (NIM) stood at 3.34 percent. Non-interest income also increased by Baht 2,139 million or 15.68 percent due largely to rising revenue from the sale of securities. Moreover, other operating expenses were close to the level seen in the previous quarter, resulting in a decrease in the cost-to-income ratio, which stood at 42.52 percent. KBank has set aside higher allowance for impairment loss on loans, in line with uncertainties from the ongoing economic slowdown.

As of September 30, 2019, KBank and subsidiaries had total assets worth Baht 3,240,134 million, rising Baht 85,043 million or 2.70 percent from the end of 2018. The increase came mainly from rising net investments and loans. Meanwhile, NPL to total loans stood at 3.53 percent, while coverage ratio was equal to 153.58 percent. At the same time, capital adequacy ratio (CAR) of KASIKORNBANK FINANCIAL CONGLOMERATE (the Conglomerate) according to the Basel III Accord was 19.10 percent, with a Tier 1 capital ratio of 16.76 percent, remaining a sufficient cushion against risk, and greater than the Bank of Thailand's requirements of 11.50 percent and 9.00 percent, respectively.

All of the above endeavors and satisfactory operating performance allowed KBank and K Companies to meet business targets while also gaining wide acceptance and recognition at home and abroad, as reflected in the numerous awards we received in this quarter.

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1. Overview of Operating Environment

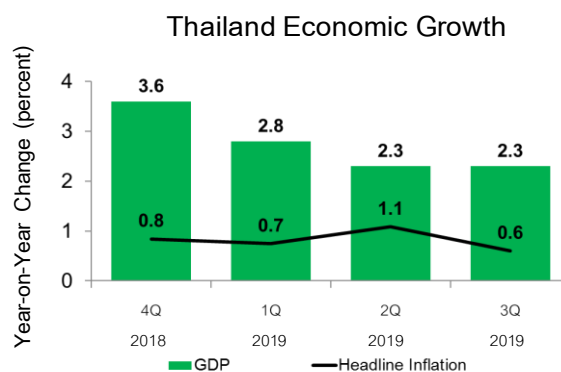
1.1 Global and Thai Economy in the Third Quarter of 2019

The global economy remained in the doldrums, as evidenced by slowdowns in both advanced and emerging economies. Negative factors included the persistent US-China trade rift and concerns about a no-deal Brexit. Worse, the Chinese economic slowdown, resulting from its economic reforms, also hampered other economies, especially its major trade partners in Asia which had relied largely on China's strength. The World Economic Outlook of the International Monetary Fund for October 2019 cut this year's global economic growth projection to 3.0 percent from the previous forecast of 3.2 percent. The figure is the lowest growth seen since the global economic and financial crises of 2008-2009.

With regard to the monetary policy of major central banks worldwide, the Federal Reserve, the European Central Bank (ECB) and several Asian central banks gradually signaled a more accommodative stance while also cutting their policy rates. Such moves were meant to forestall downside risks amid global economic headwinds while also jumpstarting economic growth. The US central bank slashed its policy rate for the second time this year during its September meeting, and may make another rate cut during the remainder of 2019. Meanwhile, the ECB resolved to hold its policy rate steady at zero percent. However, the ECB lowered its interest rate on the deposit facility, putting it more deeply into negative territory, while it also planned to restart its asset purchase program in November of this year.

In Thailand, most economic indicators in the third quarter pointed to continued slowdown as had been seen in the previous quarter. As evidenced, private consumption, private investment and public spending were all on the wane. Moreover, exports were still in contraction, beset by the weakening economies of Thailand's trade partners and tumbling global trade volume. Moreover, the Thai export sector's competitiveness was eroded by the stronger

Baht compared to trade partners' and competitors' currencies. Broadly speaking, the Thai economy in the fourth quarter of this year may see limited growth. Meanwhile, the Monetary Policy Committee (MPC) may need to closely monitor developments in the Thai economy in order to gauge the suitability of adopting a more accommodative stance to shore up the economic recovery, in the wake of its policy rate reduction to 1.50 percent in the August 7, 2019 meeting.



Sources: Office of the National Economic and Social Development Council and Ministry of Commerce

1.2 Banking Industry and Competition

Commercial banks' overall performance in the third quarter of 2019 recorded an increase in net profit over-quarter and over-year. Compared to the same period of last year, the improved performance was attributed to increased non-interest income, derived mainly from an extraordinary item from the sale of a bank subsidiary. Meanwhile, net interest income enjoyed ongoing growth, albeit at a decelerating rate, due in part to a reduction in lending rates in line with the Thai policy rate during this quarter. Nonetheless, net interest margin (NIM) edged up slightly. Net fees and service income also rose over-year, due to a low-base effect. NPLs to total loans edged up in this quarter. Several commercial banks set aside higher allowance for impairment loss on loans compared to preceding quarters.

As of the end of the third quarter of 2019, net loans at 14 domestically-registered commercial banks grew 0.37 percent over-quarter and 3.92 percent over-year, figures that were stable compared to the growth of 3.88 percent at the end of the second quarter. Meanwhile, deposits grew 1.36 percent over-quarter and 4.84 percent over-year, compared to growth of 3.03 percent at the end of the second quarter of 2019. This reflected consistently high liquidity in the banking system.

For the outlook of commercial banks during the remainder of 2019, a major challenge could lie in the delayed recovery of economic activity in several sectors, which may in turn affect demand for loans – especially business loans – which would likely put pressure on asset quality. Moreover, commercial banks may focus on customer base expansion and income earned from financial transaction services to offset reduced income after the waiver of fees for funds transfer via digital channels. By the end of the fourth quarter, banks should be prepared for new rules and regulations which will take effect in 2020, especially the Thai Financial Reporting Standards (TFRS9), and capital requirements, as well as other additional measures intended to mitigate the household debt problem.

1.3 Significant Regulations and Rules related to Business Operations

Significant regulations and rules in the third quarter of 2019 that may have affected KBank's and K Companies' business operations included:

- **Notification of Committee Overseeing Debt Collection Practices**

Notification of Committee Overseeing Debt Collection Practices Re: Number of Contacts for Debt Collection, which was published in the Government Gazette dated August 23, 2019, effective November 21, 2019, stipulated that a debt collector or the person specified by the debtor as a debt collector is restricted to contacting the debtor no more than once a day.

KBank has thus communicated to our collection officers to ensure that they perform in compliance with this notification, while also arranging preparations for timely debt collection in order to maintain our asset quality management efficiency.

- **Regulations on Permission Given to Commercial Banks to Operate Information Technology-Related Services to Support Digital Banking Business**

The Bank of Thailand issued Notification of the BOT No. SorNorSor. 18/2562 (2019) Re: Permission Given to Commercial Banks to Operate Information Technology-Related Services to Support Digital Banking Business, effective on August 29, 2019, which established criteria for service provision as follows:

1. Eligible banks must have readiness based on their expertise and must prioritize risk management, work system and data security in compliance with law and international standards, as well as appropriate user protection.
2. Eligible banks must have investment and income ratio of IT-related services in line with IT-related service policy and acceptable risk appetite.

KBank is in the process of establishing relevant policies and operational procedures as well as investment and income ratio of IT-related services in order to accommodate the new regulation.

- **Rules on Know Your Customer for Deposit Account Opening of Financial Institutions**

The Bank of Thailand issued Notification of the BOT No. SorNorSor. 19/2562 (2019) Re: Rules on Know Your Customer (KYC) for Deposit Account Opening of Financial Institutions, effective on September 3, 2019. The legislation aims to prevent fraud from forgery or unauthorized use of another person's information for conducting transactions, as well as to prevent money laundering, along with financing of terrorism and proliferation of weapons of mass destruction. Major points of the criteria can be summarized as follows:

- Banks are allowed to conduct customer identity verification either in-person or remotely via the National Digital ID Platform (NDID).
- To verify customer identity, banks must perform the following actions:
 - (1) Face-to-face identity verification: Banks must use data from reliable sources. For instance, they must check data from a smart card reader or check national ID card validity via the electronic system of the Department of Provincial Administration (DOPA).
 - (2) Non-face-to-face identity verification: Banks must apply biometric comparison technology along with liveness detection in order to confirm customer identity.

KBank is in the process of reviewing KYC-related policies and operational procedures to be in alignment with the above-mentioned rules.

- **Rules for Funds Transfer through BAHTNET System for Bank Customers**

The Bank of Thailand issued Circular No. ForChorPhor. Wor 34/2562 (2019) Re: Rules for Funds Transfer through Bank of Thailand Automated High-value Transfer Network (BAHTNET) for Bank Customers, dated August 23, 2019, which came into effect September 2, 2019. The new rules aim to increase security and efficiency in providing funds transfer service through the BAHTNET system for bank customers, in order to prevent an erroneous

account credit caused by cybercrime which involves business email impersonation to spoof a recipient's account. In essence, this legislation stipulates that a receiving bank must carefully check the account number and account name of the recipient to ensure their accuracy. If any suspicion of misconduct arises, or the information related to the recipient's account number or account name is found to be inaccurate, the receiving bank may contact the sending bank to request confirmation of the recipient's information, or the receiving bank may transfer the funds back by sending a general message via the BAHTNET system or any other means. In this case, the sending bank must cooperate with the receiving bank.

KBank has adjusted the relevant system and has put in place procedures to accommodate the new rules.

2. Risk Management and Risk Factors

2.1 Credit Risk Management

The Thai economy in the third quarter recorded slower growth from the same period of last year. The weakness was mainly attributed to dwindling exports hampered by the US-China trade war, the Thai Baht's appreciation and global economic slowdown. All of these prompted private investment to grow at a decelerating pace in tandem. Meanwhile, hefty household debt put a cap on private consumption, and income and employment, especially in export-oriented production were on the ebb. Furthermore, digital disruption continued to negatively impact certain business operators' income and operating costs.

Under these circumstances, KBank put in place more stringent customer approval criteria for commercial lending policies vis-à-vis small and micro businesses. We continued to prioritize risk assessment through prudent screening and close monitoring of borrowers, and remained vigilant on risks. Meanwhile, we mainly targeted borrowers with good track records or existing low-risk customers, while giving greater weight to digital lending.

2.2 Market Risk Management

Overall, movements in foreign exchange continued to see the Thai Baht strengthen in the third quarter of 2019 compared to the preceding quarter. The creeping trade protectionism adopted by the US and China weakened international trade and increased the risk of the global economy being driven into recession. Given these circumstances, investors resorted to increasing their holdings of safe-haven assets. Aside from government bonds of core economies, they raised their holdings of Thai assets thanks to Thailand's healthier fundamentals when compared with regional peers. The Thai Baht therefore strengthened on the back of funds inflow. However, signs of concern over the Thai economic slowdown and additional measures of the Bank of Thailand to manage international capital movements somewhat curbed the Thai Baht's rise.

Meanwhile, domestic interest rates dropped across all maturities. The Monetary Policy Committee (MPC) resolved to slash the policy rate by 25 basis points in its August 2019 meeting. Still, funds continued to flow into Thailand as investors sought shelter in safe-haven assets amid heightened global risks. Moreover, they saw brighter prospects in Thai bonds following the policy rate reduction, which thus prompted funds to flow into the Thai bond market, especially long-term bonds.

Regarding US interest rates, they fell at both the beginning and the middle of this quarter against the backdrop of protracted trade tensions and increased risk that no common trade deal would be reached by the US and China. Furthermore, concerns over an impending recession were elevated, as evidenced by a yield curve inversion and the downgrade of global economic growth projections. However, US bond yields swung back to rise at the end of the quarter due to easing global trade tensions after the US and China announced delays of their planned hikes of import tariffs on certain products.

To cope with domestic and international economic and political uncertainties as well as abrupt changes in capital movements, KBank is closely monitoring the situation and assessing possible impacts, placing 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 risks within prudent limits.

2.3 Liquidity Risk Management

Overall liquidity in the Thai banking system in this quarter eased from earlier this year due to higher growth of deposits than that of net loans. This was due to ebbing demand for both business and retail loans in line with an economic slowdown. Broadly speaking, deposits rose early in the quarter following the launch of special fixed deposit campaigns by large commercial banks and certain mid-sized banks. Looking at the remainder of this year, overall loan growth is expected to slow due to a Thai economic recovery that is forecast to remain weak, and heightened internal and external risks.

We are therefore closely monitoring and analyzing related developments. Subject to our regular reviews and improvements in liquidity risk management processes at KBank and K Companies, these actions are consistent with economic circumstances and rapid changes in financial asset prices. We continue to emphasize predictive risk controls via the supervision of the Risk Oversight Committee, Assets and Liabilities Management Sub-committee and Enterprise Risk Management Division. We are also watchful for any potential impacts on our deposits and liquidity, both short-term and long-term, to ensure that we continue to adopt proper fund-raising strategies.

3. Business Directions and Operations of Core Businesses

3.1 Sustainable Development and Corporate Governance

KBank has conducted our business on the foundation of a Bank of Sustainability in economic, social and environmental dimensions with appropriate risk management and good corporate governance practices for the optimum benefit of all stakeholders and in line with the United Nations Sustainable Development Goals (SDGs).

In the third quarter of 2019, KBank, in collaboration with the Thai Bankers' Association, expressed our intention to elevate Thai financial institutions' business practices. To this end, responsible lending guidelines were formulated as part of sustainable business operation which accounts for environmental, social and governance (ESG) criteria. The guidelines, which will serve as protection against adverse consequences, and thus ease potential problems from lending, comprise four major elements, namely leadership and responsible lending commitment, stakeholder engagement, internal implementation mechanisms, and transparency. The new lending policy will be put in place within the end of next year.

Furthermore, we communicated to stakeholders our experiences in the drive towards a Bank of Sustainability through the seminar entitled "Embracing Sustainability: No Turning Back". Along with this, we took part in an exhibition which coincided with the Bangkok Sustainable Banking Forum 2019 held at the Bank of Thailand. Meanwhile, KBank gave a lecture entitled "Key Developments in the Financial Sector to Integrate ESG plus Human Rights Performance into Their Business Evaluations" session under the 3rd National Dialogue on Business and Human Rights "Sustainable Financing: What Companies Need to Know?" seminar, organized by the Ministry of Justice in collaboration with Global Compact Network Thailand (GCNT) and the United Nations Development Program (UNDP). Moreover, we shared our experiences in sustainable development efforts to executives and employees of other banks.

KBank believes that good corporate governance is essential for sustainable business operations. Aside from creating confidence among all shareholders and stakeholders, it is instrumental in making KBank a Bank of Sustainability. KBank thus organized a number of activities with a focus on promoting good corporate governance. They included:

- Giving shareholders the opportunity to nominate a person to be elected as director and submit agenda items of the General Meeting of Shareholders
- Organizing training and evaluation of employees' knowledge of compliance with the Code of Conduct and Anti-Corruption Policy via the KBank e-Learning system
- Holding a lecture on Governance, Risk Management and Compliance (GRC) for executives
- Communicating the Anti-Corruption Policy and prohibition of insider trading to directors and employees via KBank internal communication channels

- Providing comments and recommendations on compliance with the Statement of Corporate Governance Principles and government regulations to departments within KBank, K Companies and P Companies
- Participating in the National Anti-Corruption Day 2019.

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

KASIKORNBANK has established business direction primarily by considering the balance of three dimensions – economy, society and environment – under good corporate governance, appropriate risk management and effective cost management. At the same time, we have focused on collaboration and synergy with other companies within KASIKORNBANK FINANCIAL CONGLOMERATE, Muang Thai Life Assurance Public Company Limited and our business partners, for service quality improvements in order to deliver an excellent customer experience, along with the development of technological solutions, all with the aim of becoming “Customers’ Life Platform of Choice”.

In the third quarter of 2019, KBank continued to prioritize upgrades of our capability in data compilation and analytics. This will allow us to understand and anticipate each individual customer’s needs under the “Segment of One” while also creating innovative products and comprehensive services for an excellent experience among all customer groups. In keeping with changing customer expectations, we tailored financial services that provide greater customer convenience, speed and reliability with ever-greater consideration of consumer protection and customer privacy.

To secure our status as a leading financial institution which can cope with potential economic uncertainties in a timely and efficient manner, KBank emphasizes big data analytics for predictive integrated risk management (IRM) through the establishment of comprehensive risk management principles and policies, effective capital management and a risk-aware culture Bank-wide. Meanwhile, we have put in place relevant procedures in preparation for the implementation of policy guidelines and measures by the Bank of Thailand and other regulatory agencies to ensure that KBank will be able to efficiently comply with regulatory standards.

3.3 Customer Segments and Services

During the third quarter of 2019, KBank continued to adhere to our “Customer Centricity” strategy, being attentive to the uncertainties of the domestic and global economy, sustaining our customers’ business and financial standing, as well as supporting their growth and opportunities. Along with that, we developed our business in various dimensions – customers, product domains and service channels – so that customers’ financial service needs are efficiently met by our solutions. Our key operations in eight customer segments are as follows:

■ Multi-Corporate Business

Focusing on our customers' sustainable growth, KBank has provided them support through advice on funding sources via both conventional methods and capital markets through financial innovations, as well as the offering of risk management products suited to each customer's needs. To maintain our leadership in digital service development, we have also enhanced transaction banking products and services in alignment with the fast-paced digital era to aid our customers in their business operations.

In the third quarter of 2019, KBank granted support to customers in food and beverages, real estate and leasing businesses through their issuance of debentures. Another notable initiative was development of the CBH PLUS application of Chon Buri Hospital, which links to the database of the National Health Security Office (NHSO) to allow patients to check their own medical benefits so that they can have easier access to healthcare services. KBank envisages that CBH PLUS will soon be connected with all of the hospitals in Chon Buri.

Moreover, we have developed online payment solutions to accommodate the thriving e-sports industry in Thailand, with priority given to convenience, speed and accuracy of payments.

■ Large Corporate Business

KBank always focuses on personnel development to ensure that our employees gain knowledge and understanding of the overall industry picture vis-à-vis customers' businesses. Equipped with in-depth knowledge on products and services, our staff members can offer customers advisory services along with products suited to their needs for increased business efficiency. In this quarter, we assisted our clients in the building material industry in their fundraising via capital markets, so that they can expand their business and bolster their competitiveness.

In response to the fluid global economic situation and impacts of the present international trade war, we equipped our clients with an effective tool for forex risk mitigation, together with financial advice tailored to their respective needs.

■ Medium Business

KBank prioritized enhancement of customer care and service efficiency in order to deliver an excellent customer experience. Through the One Team project, our personnel are equipped with knowledge and know-how on products and services so that they can completely respond to customers' business and personal needs at any given time.

In response to the government's SME assistance measures through funding support, we launched several projects including (1) Portfolio Guarantee Scheme Phase 8 (PGS8) which features loans guaranteed by the Thai Credit Guarantee Corporation (TCG); (2) Assistance measures for disaster-affected SMEs in the south with a 2-year waiver of loan guarantee fee; (3) A soft loan program for machinery replacement for SME entrepreneurs in 10 S-curve industries; (4) The "Do Good and Get Loan" program which features a loan with special conditions offered to SMEs who use their financial statements submitted

to the Revenue Department for income tax filing as a support document when applying for loan; and (5) A product offering a special credit line to SME customers for tax payment to government agencies via K-Cash Connect Plus and K-Corporate Payment Card (Tax Smart Card).

Furthermore, KBank developed “MyPromptQR” which is a new format of QR payment to facilitate Medium Business and larger-segment customers. Another notable initiative is collaboration with KFC – KBank’s business partner – to install a self-ordering kiosk for accepting credit card payment at KFC’s Samyan Mitrtown branch, for the first time. We also worked with Big C Foodplace, Samyan Mitrtown branch, to install an electronic data capture (EDC) to accommodate payment with credit/debit card and QR code as well as via Alipay and WeChat Pay applications and Big C Wallet.

■ Small and Micro Business

KBank has supported our customers by providing them funding, bolstering their competitive capabilities and promoting business opportunities via every channel. To this end, we introduced the multi-purpose SME loan program with simplified approval process to customers, with only collateral required, to assist small cash-based operators to better access funding sources. Moreover, KBank worked with TGIF Market to help shop owners sell their products at booths in front of CentralWorld shopping complex and via the K PLUS Market platform, while also helping them manage their stores via K PLUS SHOP. Special privileges including discounts and cash back were also offered to merchants who accept QR payment on K PLUS SHOP and via EDC.

To cash in on the thriving e-commerce business, KBank debuted the MADHUB project – the solution hub for online traders, which comprises six key services, i.e., MADVISOR for giving advisory services, MADCOURSE which involves learning courses, MADFUND to provide financial support, MADDEAL which offers privileges for Facebook advertising and transportation costs, MADSPACE to offer co-working space service, and MADCARD that offers a debit card.

For card-accepting merchants, KBank has developed the QR Credit Card as another channel for accepting QR payment; cardholders may make payment via QR code rather than swiping their card. Meanwhile, the K PLUS SHOP application has been continually enhanced for greater service efficiency and stability. Another notable campaign designed to promote greater spending included the “Shop and Pay via QR code! Get Cash Back” promotion. During Buddhist Lent, we encouraged the general public to make merit and donate money via e-Donation by using QR code on K PLUS. Meanwhile, KBank has made preparations in order to accommodate payment of Chinese tourists via Alipay and WeChat Pay e-Wallets.

■ High Net Worth Individual

Through our KBank Private Banking service, we were determined to act as a well-versed advisor for High Net Worth Individual clients in matters of saving and investment. Focus was on an asset allocation strategy for long-term investment that offers consistent returns in spite of a highly volatile environment. We are aware that diversification holds the key to highly efficient portfolio management. Therefore, KBank

worked with KASIKORN ASSET MANAGEMENT Co., Ltd. and Lombard Odier to launch K Global Risk Allocation Fund Not for Retail Investors (K-GLAM-UI), which focuses on risk-based asset allocation and leveraging. The Fund is a new fund with optimal risk management offered by KBank that aims to provide investors greater opportunity to gain higher returns under a balanced portfolio. It is one of the core-port products recommended by KASIKORN ASSET MANAGEMENT Co., Ltd., in addition to K Strategic Global Multi-Asset Fund (K-SGM) and K Global Risk-Enhanced Allocation Fund (K-GREAT).

Other notable funds included K Global High Impact Thematic Equity Fund (K-HIT) with a diversified portfolio that focuses on megatrends, namely eco-friendly industries, technologies and innovations as well as health and food, and K Complex Return 1 Year A Fund (KCR1YA) as a medium-term alternative investment. Moreover, our customers can access new funds under management of other asset management companies via our open architecture platform.

■ **Affluent**

KBank prioritized expansion of new potential customers who reside in strategic provinces across the country through the introduction of products and services based on big data analytics with the aim of becoming Customers' Main Bank in this segment and increasing this customer group's share of wallet devoted to KBank. Along with this, focus was on upselling and cross-selling tactics for use with existing clients.

In this quarter, KBank focused on the launch of alternative saving and investment products. Notable products were special 8-month and 11-month fixed-term deposits with monthly interest payment at the rates of 1.9 and 1.6 percent p.a., respectively. KBank also teamed with KASIKORN ASSET MANAGEMENT Co., Ltd. to introduce '4D' strategies (Diversification, Defensive, Duration and Discipline) in order to cope with market volatility through diversification of asset classes, focusing on defensive investment for generating constant income with appropriate duration of asset holding and disciplined investment. Notable funds included K Global High Impact Thematic Equity Fund (K-HIT), K Complex Return 1 Year A Fund (KCR1YA) and K Fixed Income Proactive Fund (K-FIXEDPRO). Meanwhile, we recommended five top-performing funds based on Morningstar Rating in each fund category as investment alternatives for our customers.

To elevate THE WISDOM brand and maintain our leadership status, we delivered a superior experience with exclusive privileges for optimum customer satisfaction. Among the highlights were "Snap the Moment with Style" featuring a photography workshop and "The Art of Baking" activity, events which were specifically tailored to our customers.

■ **Middle Income**

In adherence to our Customer Centricity strategy, KBank aims to maintain THE PREMIER as the top-of-mind brand, as well as our status of Customers' Main Bank. To this end, we focused on the launch of products that meet all of our new-generation customers' needs, whether those are savings products, loan solutions or financial investment advice. In this quarter, KBank introduced special fixed-term

deposit and bancassurance products which were offered via branches in order to meet the needs of specific groups of customers. These included PA for kids covering seven common childhood diseases, and Takaful Life Insurance: Endowment (410 and 1520) and Whole Life (95/20), designed for our Muslim customers. Currently, these types of life insurance products are offered by Islamic Bank of Thailand and KBank.

Regarding loan products, KBank prioritized customer screening per our prudent credit policy which must be consistent with economic circumstances, in order to maintain overall portfolio quality of the three major loan products, i.e., K-Home Loan, K-Credit Card and K-Personal Loan. For K-Home Loan, we focused on new loans, especially post-finance granted to homebuyers of property developers that received pre-finance assistance from KBank, in Bangkok and other strategic provinces. Along with this, campaigns were introduced to promote home refinance and K-Home for Cash with the offering of special interest rates. To assist our retail customers even further, KBank added another channel for them to apply for K-Home Loan via the website, www.ddproperty.com.

For K-Credit Card, aside from continual digital lending for our KBank Payroll clients to ensure comprehensive services, KBank still focused on customer base expansion, targeting both new and existing clients who are travel enthusiasts. Notable initiatives were numerous promotional campaigns tailored to KBank JCB Credit Card, for card activation, transfer of accumulated points to our business partners' loyalty programs, redemption of KBank Reward Points via K PLUS Market, and other marketing activities via digital channels to promote greater spending at home and in foreign currencies.

Regarding K-Personal Loan, KBank continued to focus on digital lending to both existing and potential new customers while also offering a new feature of K-Express Cash that allows customers to make installment payments via stores bearing the UnionPay logo and with KBank's EDC. In this quarter, K-Express Cash was renamed Xpress Cash in alignment with customers' lifestyles, while special privileges are being granted to those applying for Xpress Cash within this year.

■ Mass

KBank prioritized the expansion of its new customer base. Along with this, we have explored opportunities to work with our business partners in order to develop user-friendly products and services to match customers' financial and lifestyle needs. In this quarter, we expanded our customer base to reach out to tech-savvy millennials. One notable initiative was the opening of K-eSavings via K PLUS wherein customers may verify their identity at K CHECK ID now available at KBank branches, Big C Supercenter and post offices. For greater customer convenience, those who open K-eSavings and apply for a debit card do not need to pick up their card at a Bank branch. Moreover, we joined hands with Grab to introduce a daily discount campaign to promote greater spending via K-Debit Card, while also offering the linking of customer accounts to GrabPay Wallet for topping up on K PLUS that can be used for payment of Grab service fees. In collaboration with our business partner, we introduced an e-Wallet service via the Blue

CONNECT application that allows customers to make payment faster and with greater convenience at PTT Station and PTT Group retail stores.

3.4 Service Channels

KBank maintained our commitment to developing efficiency in all our core service channels for enhanced cost effectiveness, in order to raise our capacity to reach our customers and deliver them excellent service.

(1) **Branch Network:** Key initiatives for branch network management in the third quarter of 2019 included:

- **Domestic branch network:** We are determined to maintain our leadership status over the long-term amid changing consumer behavior, as evidenced by the increased use of digital banking services. Our focus was on the development of new branch formats to accommodate service use of customers in relevant areas and to create a novel brand perception. We also enhanced service and sale efficiency with the application of technology and big data, and through linkage of all service channels including digital channels, physical and electronic branches as well as services outside of branches. At the same time, KBank continued to consolidate branches to reduce redundancy, especially those with relatively low traffic.

In the third quarter, KBank introduced Happy Loan Center at two locations, which is a new branch format to offer loan products and advisory services on personal loan to retail customers. We also opened new hybrid branches, bringing the total number of KBank branches in this format to seven in the Bangkok Metropolitan Region, in order to deliver a new customer experience through the use of self-service electronic machines. Moreover, K PARK has been expanded to four branches in total. To better reach out to our customers, we have expanded our KBank Service to offer cash withdrawal service at 7-Eleven convenience stores. What's more, K CHECK ID is now available at post offices and certain locations of Big C Supercenter to allow customers to verify their identity for opening K-eSavings.

We also took into account the appropriate management of foreign exchange booths, especially in viable areas, in order to maintain our market share. To remain competitive, we revised our foreign exchange buying and selling rates. In addition, joint promotional campaigns were organized to promote the use of K-Credit Card, especially the use of redeemed points for a discount.

- **International branch network:** Adhering to our strategy of expanding business operations in other AEC+3 countries, we aim to become "The Regional Digital Bank" through our three-pronged initiative as follows:

- 1) **Conventional Track:** We remained committed to expanding our business network and upgrading services within the AEC+3 region. In response to customers seeking to venture into other Asian countries, we set our sights on expanding business operations in People's Republic of China, Lao People's Democratic Republic, and the Kingdom of Cambodia, as

well as upgrading the representative offices in the Socialist Republic of Vietnam and the Republic of the Union of Myanmar to the status of a branch.

- 2) **Transactional & Digital Banking Track:** KBank prioritized development of regional electronic payment systems, allowing us to build a database of customers' financial transactions within the region which can be further applied in our loan services and investment. One notable initiative was development of the QR KBank – an e-wallet application which can be used for top-up, funds transfer and QR payment, available in Lao People's Democratic Republic. Aside from not requiring a bank account, this e-wallet also helps ease customers' burden of carrying cash.
- 3) **Industry Solution & Ecosystem Track:** We aim to broaden our customer base in the digital age, with our focus on users of online media and digital platforms. To start with, we serve as a digital platform provider for non-financial services, reinforcing our potential to become the Regional Life Platform of Choice.

Branches and Financial Service Network

Domestic	Number of Locations		International	Number of Locations	
	Sep. 2019	Jun. 2019		Sep. 2019	Jun. 2019
Branch Network ¹⁾	885	882	Branches of Locally Incorporated Institution	6	6
Foreign Exchange Booth	135	138	KASIKORNTHAI BANK LIMITED (Lao PDR)	2	2
THE WISDOM	101	101	KASIKORNBANK (CHINA) CO., LTD.	4	4
SME Business Center	143	147	Branches	3	3
International Trade Service Center	58	58	Representative Offices	7	7
Cheque Direct Service	20	20			

Note: ¹⁾ Excluding 8 branches, classified as other branch platforms per the Bank of Thailand's conditions

(2) Electronic Network:

- **K-ATMs and K-CDMs:** Service efficiency enhancement has been a major focus to accommodate secure, 'round-the-clock financial transactions, in alignment with customer behavior. For the greater convenience of our foreign clients, the self-service machines offer prompts in multiple languages. In addition, we launched our first KBank ATM Drive Thru at a PTT station on inbound Borommaratchachonnani Road to create a brand-new customer experience as users can conduct the same financial transactions as those available at a standard ATM, without leaving their car.

Electronic Banking Services

Electronic Banking Services	Number of Units	
	Sep. 2019	Jun. 2019
Self-Service Channel (K-ATM and K-CDM)	11,055	11,643
K-ATM (Automated Teller Machines)	8,268	8,840
K-CDM (Cash Deposit Machines)	2,787	2,803
K-PUM (Passbook Update Machines)	1,019	1,005

- **Digital Banking Services:** We have prioritized the development of our digital service channels for service enhancement in order to accommodate changing lifestyles and completely meet customers' needs. Major initiatives included:

- 1) **K PLUS:** We have enhanced features to allow for 24-hour financial transactions on K PLUS as follows:
 - Opening of K-eSavings and issuance of debit card for new customers who have no account with KBank
 - Cardless withdrawal at KBank branches, K-ATM and convenience stores which are our banking agents nationwide
 - Purchase/sale/switch of mutual funds of any type in addition to long-term equity fund (LTF) and retirement mutual fund (RMF) previously offered, to meet the needs of all customer segments
 - Point exchange/point redemption service to allow customers to transfer their accumulated points to the loyalty programs of KBank's business partners via K PLUS. Notably, we offered extra points to customers through the "K PLUS: Transfer Points Fast, Get Extra Points!" promotional campaign.
 - Addition of the Boonthavorn Family Card to K PLUS, which brings the total number of member cards offered by our partners on K PLUS to 12. In addition, a promotion was introduced to gamers to top up the ROV game via K PLUS.
- 2) **K-Cyber:** We focused on maintaining the integrity of the K-Cyber system. Data security is ensured through implementation of ISO 27001:2013, the highest global standard, giving our customers more confidence when conducting financial transactions via all digital banking channels.
- 3) **K-Payment Gateway:** This service channel has been enhanced for greater service efficiency and stability in conformity with the Payment Card Industry Data Security standard (PCI-DSS).

- **K-Contact Center:** We aim to be the "Smart Customer Solution Center" through our services available via the K-Contact Center – the major channel that interacts with our customers in order to provide service information, banking news and complaint handling. We emphasized development of services in two key dimensions, i.e.,

- 1) **Smart People:** We focused on employee empowerment to ensure comprehensive solutions, along with establishment of a solution hub to effectively tackle complicated problems. In parallel with this, we have streamlined service processes and available service hours, including collaboration with other commercial banks, to better meet all customers' needs.
- 2) **Smart Innovative Technology:** We have developed and implemented a knowledge management system for effective database searching so that our employees can answer

customers' questions with accuracy and timeliness. The innovative system also serves as a self-study knowledge platform, allowing our staff members to learn at any time, by themselves.

3.5 Awards and Commendation

Through these efforts, 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 third quarter of 2019, notably:

Awards to KBank and K Companies
<p>Awards to KBank</p> <ul style="list-style-type: none"> ● Selected for inclusion in Dow Jones Sustainability Indices (DJSI) 2019 - both the DJSI World and DJSI Emerging Markets indices for the fourth consecutive year ● Named the Leading Thai Bank in Sustainable Development based on an assessment of Environment, Social and Governance (ESG) integration performance among Southeast Asian banks in the Sustainable Banking Assessment (SUSBA) of the World Wildlife Fund (WWF) ● Selected for inclusion in the FTSE4Good Emerging Index 2019 for the fourth year running ● Granted Carbon Neutral Certification by the Thailand Greenhouse Gas Management Organization (Public Organization) for the second consecutive year ● Three awards from Asian Banking & Finance magazine: Domestic Retail Bank of the Year – Thailand (for six years running), Advertising Campaign of the Year – Thailand and Thailand Domestic Cash Management Bank of the Year (for the third consecutive year) ● Eight awards from The DIGITAL BANKER journal: The Winner: Best Retail Bank Thailand, Highly Acclaimed: Outstanding Digital Innovation in SME Banking, Highly Acclaimed: Best Customer Centric Business Model, Highly Acclaimed: Outstanding Innovation Program, Highly Acclaimed: Best App for Customer Experience, Highly Acclaimed: Best Customer Relations & Brand Engagement Initiative, Highly Acclaimed: Outstanding Personalized 1:1 Marketing Initiative and Highly Acclaimed: Outstanding Staff Training, Learning & Development Program ● Four awards from Alpha Southeast Asia magazine: Best FX Bank for Corporates and FIs in Thailand, Best FX Bank for Structured Products: Commodities, Credit, Equity, FX and Multi-Assets, Best FX Bank for CCS, IRS, Forward & Options Hedging (Corporates, FIs & SMEs) and Best Corporate Treasury Sales and Structuring Team ● Two awards from The Asset magazine: Best Private Banker – HNWIs Thailand and Best Private Bank Thailand ● The Best Private Bank in Thailand from Global Wealth and Society under The Asian Banker ● 14 awards from Thai Contact Center Trade Association (TCCTA): The Best Contact Center in Thailand 2019 and other excellent awards including eight awards in the corporate category (six gold medals and two silver medals) and five awards in the individual category ● Gold Award in The Best Asia Pacific Contact Center Innovation Award 2019 from The Contact Center Associations of Asia Pacific (CC-APAC) ● Two awards from Brandon Hall Group: Silver Medal in Best Recruitment Marketing and Employer Branding Program and Bronze Medal in Best Learning Program Supporting a Change Transformation Business Strategy ● Excellence Labour Relations and Welfare Award, granted by the Department of Labour Protection and Welfare, Ministry of

Awards to KBank and K Companies

Labour) for the 14th consecutive year

Awards to K Companies

- **Best Mutual Fund of the Year 2019** in the category of Global Equity for K Global Healthcare Equity Unhedged Fund (K-GHEALTH (UH)) in Money & Banking Awards 2019

4. Operating Performance and Financial Position Analysis

4.1 Operating Performance

KBank's consolidated net profit for the third quarter of 2019 totaled Baht 9,951 million, slightly increasing Baht 22 million or 0.23 percent over-quarter. The increase could be attributed to net interest income which increased Baht 326 million or 1.27 percent, derived mainly from interest income from loans and investments. Net interest margin (NIM) was thus equal to at 3.34 percent. Moreover, non-interest income increased by Baht 2,139 Million or 15.68 percent due largely to an increase in revenue from sale of securities. Other operating expenses were close to the level seen in the previous quarter, resulting in a decrease in the cost to income ratio from the prior quarter to 42.52 percent. KBank has set aside higher allowance for impairment loss on loans from the preceding quarter, with prudent consideration on factors in line with uncertainties from continued economic slowdown.

Operating Performance for the Third Quarter of 2019

(Unit: Million Baht)

	Q3-2019	Q2-2019	Change		Q3-2018	Change	
			Million Baht	Percent		Million Baht	Percent
Net Interest Income	26,096	25,770	326	1.27	25,004	1,092	4.37
Non-Interest Income	15,772	13,633	2,139	15.68	13,050	2,722	20.85
Total Operating Income - net	41,868	39,403	2,465	6.25	38,054	3,814	10.02
Total Other Operating Expenses	17,802	17,741	61	0.34	16,204	1,598	9.86
Impairment Loss on Loans and Debt Securities	10,060	7,547	2,513	33.30	8,211	1,849	22.52
Net Profit (attributable to equity							
holders of KBank)	9,951	9,929	22	0.23	9,744	207	2.12
Basic Earnings per Share (Baht)	4.16	4.15	0.01	0.23	4.07	0.09	2.12

When compared to the same quarter of the previous year, an increase of Baht 207 million in our consolidated net profit, or 2.12 percent, came from a rise of Baht 2,722 million or 20.85 percent in non-interest income, which was due mainly to an increase in revenue from sale of securities and net premiums earned – net. Furthermore, net interest income increased Baht 1,092 million or 4.37 percent, derived mainly from interest income from loans and investments. Meanwhile, other operating expenses increased by Baht 1,598 million, or 9.86 percent,

Major financial ratios that reflected operating performance of KBank and our subsidiaries in the third quarter of 2019 compared to the previous quarter and the same period of last year included:

(Unit: Percent)

Financial Ratio	Q3-2019	Q2-2019	Change	Q3-2018	Change
Return on Assets (ROA) ¹⁾	1.23	1.24	(0.01)	1.28	(0.05)
Return on Equity (ROE) ¹⁾	9.99	10.08	(0.09)	10.65	(0.66)
Net Interest Margin (NIM) ¹⁾	3.34	3.34	-	3.43	(0.09)
Cost to Income Ratio	42.52	45.02	(2.50)	42.58	(0.06)

¹⁾ Annualized

(Unit: Percent)

Financial Ratio	Sep. 30, 2019	Jun. 30, 2019	Change	Sep. 30, 2018	Change
Net NPLs to Total Loans	2.34	2.15	0.19	1.89	0.45
Gross NPLs to Total Loans	3.53	3.40	0.13	3.30	0.23
Coverage Ratio	153.58	157.95	(4.37)	155.95	(2.37)
Loans ²⁾ to Deposits Ratio	97.48	96.42	1.06	96.22	1.26
Capital Adequacy Ratio ³⁾	19.10	18.55	0.55	18.96	0.14
Tier 1 Capital Ratio ³⁾	16.76	16.19	0.57	16.50	0.26

²⁾ Loans = Loans to customers less deferred revenue³⁾ KASIKORNBANK FINANCIAL CONGLOMERATE's Capital Adequacy Ratio (CAR)

□ Net Interest Income

KBank's consolidated net interest income for the third quarter of 2019 was Baht 26,096 million, increasing Baht 326 million, or 1.27 percent over-quarter due mainly to increased interest income from loans in line with an increase in number of days and increased interest income from investments in line with rising average investment. Meanwhile, interest income from interbank and money market items decreased due to a decrease in average repurchase agreement transactions. Our NIM for the third quarter of 2019, therefore, equaled 3.34 percent, equal to the previous quarter, and remained within the set target range of 3.30-3.50 percent.

Compared to the same quarter of the previous year, net interest income rose Baht 1,092 million, or 4.37 percent, which came mainly from rising interest income from loans and investments. However, our NIM in this quarter was lower than the same period of 2018 in line with falling interest rates.

(Unit: Million Baht)

	Q3-2019	Q2-2019	Change		Q3-2018	Change	
			Million Baht	Percent		Million Baht	Percent
Interest Income							
Interbank and Money Market Items	1,389	1,744	(355)	(20.35)	1,529	(140)	(9.13)
Deposits	300	343	(43)	(12.42)	162	138	86.01
Loans without Repurchase Agreements	111	115	(4)	(3.89)	147	(36)	(24.61)
Repurchase Agreements	978	1,286	(308)	(23.94)	1,220	(242)	(19.87)
Investments	5,707	5,406	301	5.58	4,877	830	17.01
Trading Investments	118	111	7	6.81	62	56	90.09
Available-for-Sale Investments	1,358	1,241	117	9.43	912	446	48.93
Held-to-Maturity Investments	4,231	4,054	177	4.36	3,903	328	8.39
Loans	24,440	24,016	424	1.77	23,567	873	3.71
Hire Purchase and Finance leases	1,484	1,453	31	2.12	1,314	170	12.91
Others	4	3	1	3.30	3	1	3.16
Total Interest Income	33,024	32,622	402	1.23	31,290	1,734	5.54
Total Interest Expenses	6,928	6,852	76	1.10	6,286	642	10.21
Total Interest Income – net	26,096	25,770	326	1.27	25,004	1,092	4.37
Yield on Earning Assets (percent)	4.22	4.23		(0.01)	4.29		(0.07)
Cost of Fund (percent)	1.24	1.24		-	1.18		0.06
Net Interest Margin (NIM) (percent)	3.34	3.34		-	3.43		(0.09)

□ Non-Interest Income

For the third quarter of 2019, KBank's consolidated non-interest income totaled Baht 15,772 million, increasing Baht 2,139 million, or 15.68 percent over-quarter. The increase came mainly from a rise in revenue from sale of securities and net fees and service income from loans including bill acceptance, aval and guarantee. Meanwhile, net premiums earned – net decreased due to reduced insurance premiums in line with a slowdown in life insurance business. In the third and second quarter of 2019, non-interest income ratio of KBank and our subsidiaries accounted for 37.67 percent and 34.60 percent, respectively.

When compared to the same quarter of last year, consolidated non-interest income for the third quarter of 2019 increased Baht 2,722 million, or 20.85 percent due mainly to an increase in sale of securities and net premium earned – net.

(Unit: Million Baht)

	Q3-2019	Q2-2019	Change		Q3-2018	Change	
			Million Baht	Percent		Million Baht	Percent
Non-Interest Income							
Fees and Service Income	12,973	12,432	541	4.35	12,716	257	2.02
Fees and Service Expenses	3,516	3,286	230	7.02	3,364	152	4.52
Fees and Service Income - net	9,457	9,146	311	3.40	9,352	105	1.12
Gain on Trading and Foreign Exchange Transactions	1,979	2,173	(194)	(8.94)	2,242	(263)	(11.74)
Gain on Investments	2,934	463	2,471	532.95	724	2,210	305.39
Share of Profit (loss) from Investments using Equity							
Method	(1)	46	(47)	(101.45)	15	(16)	(104.50)
Dividend Income	716	895	(179)	(19.95)	501	215	43.04
Net Premiums Earned	19,533	20,370	(837)	(4.11)	18,613	920	4.94
Other Operating Income	285	348	(63)	(18.18)	297	(12)	(4.00)
Less Underwriting Expenses	19,131	19,808	(677)	(3.42)	18,694	437	2.34
Total Non-Interest Income	15,772	13,633	2,139	15.68	13,050	2,722	20.85
Non-Interest Income to Average Assets (percent)	1.94	1.70		0.24	1.72		0.22
Non-Interest Income Ratio (percent)	37.67	34.60		3.07	34.29		3.38
Net Fee Income to Net Total Operating Income Ratio							
(percent)	22.59	23.21		(0.62)	24.58		(1.99)

□ Other Operating Expenses

KBank's consolidated other operating expenses for the third quarter of 2019 was Baht 17,802 million, rising Baht 61 million, or 0.34 percent over-quarter. The increase could be attributed mainly to rising premises and equipment expenses. In the preceding quarter, KBank had to set aside retirement reserve from the change in defined benefit plan according to our employment policy which is not related to labor law. Our cost to income ratio was equal to 42.52 percent, down from 45.02 percent in the previous quarter. The figure remained within the set target.

When compared to the same period of the previous year, other operating expenses increased by Baht 1,598 million, or 9.86 percent due mainly to an increase in other expenses and retirement reserve. Therefore, our cost to income ratio of the third quarter of 2019 was slightly lower than the 42.58 percent in the same quarter of last year.

(Unit: Million Baht)

	Q3-2019	Q2-2019	Change		Q3-2018	Change	
			Million Baht	Percent		Million Baht	Percent
Employee Expenses	8,301	8,543	(242)	(2.84)	7,721	580	7.51
Directors' Remuneration	28	91	(63)	(69.65)	24	4	17.62
Premises and Equipment Expenses	3,240	3,025	215	7.12	3,117	123	3.95
Taxes and Duties	1,280	1,268	12	1.01	1,210	70	5.83
Others	4,953	4,814	139	2.88	4,132	821	19.86
Total Other Operating Expenses	17,802	17,741	61	0.34	16,204	1,598	9.86
Cost to Income Ratio (percent)	42.52	45.02		(2.50)	42.58		(0.06)

□ Impairment Loss on Loans and Debt Securities

During the third quarter of 2019, KBank and our subsidiaries had Baht 10,060 million of impairment loss on loans and debt securities, an increase of Baht 2,513 million or 33.30 percent, over-quarter, and an increase of Baht 1,849 million or 22.52 percent, over-year. Thus, our credit cost in the third quarter of 2019 stood at 2.07 percent, higher than 1.57 percent in the previous quarter and 1.78 percent in the same quarter of last year, with prudent consideration on factors in line with uncertainties from continued economic slowdown.

Impairment Loss on Loans and Debt Securities

(Unit: Million Baht)

	Q3-2019	Q2-2019	Change		Q3-2018	Change	
			Million Baht	Percent		Million Baht	Percent
Impairment Loss on Loans and Debt Securities	10,060	7,547	2,513	33.30	8,211	1,849	22.52
Credit Cost (percent)	2.07	1.57		0.50	1.78		0.29

Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring

As of September 30, 2019, KBank's consolidated allowance for doubtful accounts and revaluation allowance for debt restructuring totaled Baht 121,895 million. This amount was equivalent to 349.09 percent of the level required by the Bank of Thailand.

— Non-Performing Loans and Debt Restructuring

Non-Performing Loans

As of September 30, 2019, KBank's consolidated NPLs stood at Baht 79,368 million, or 3.53 percent of the total outstanding credit, including that of financial institutions. Bank-only NPLs totaled Baht 77,170 million, accounting for 3.49 percent of the total outstanding credit, including that of financial institutions. The NPL data is shown in the table below:

Non-Performing Loans

(Unit: Million Baht)

For the Quarter Ending	Sep. 30, 2019	Jun. 30, 2019
Consolidated NPLs	79,368	76,370
Percent of total outstanding credit, including that of financial institutions	3.53	3.40
Bank-only NPLs	77,170	74,329
Percent of total outstanding credit, including that of financial institutions	3.49	3.36

Net Non-Performing Loans

As of September 30, 2019, KBank's consolidated net NPLs stood at Baht 51,882 million – 2.34 percent of the total outstanding credit, including that of financial institutions. Bank-only net NPLs totaled Baht 51,301 million – 2.35 percent of the total outstanding credit, including that of financial institutions. The NPL data is shown in the table below:

Net Non-Performing Loans

(Unit: Million Baht)

For the Quarter Ending	Sep. 30, 2019	Jun. 30, 2019
Consolidated net NPLs	51,882	47,664
Percent of total outstanding credit, including that of financial institutions	2.34	2.15
Bank-only net NPLs	51,301	47,121
Percent of total outstanding credit, including that of financial institutions	2.35	2.16

Debt Restructuring

As of September 30, 2019, KBank's consolidated restructured debts which incurred losses, totaled Baht 68,942 million, increasing by Baht 1,019 million, or 1.50 percent when compared to the second quarter of 2019.

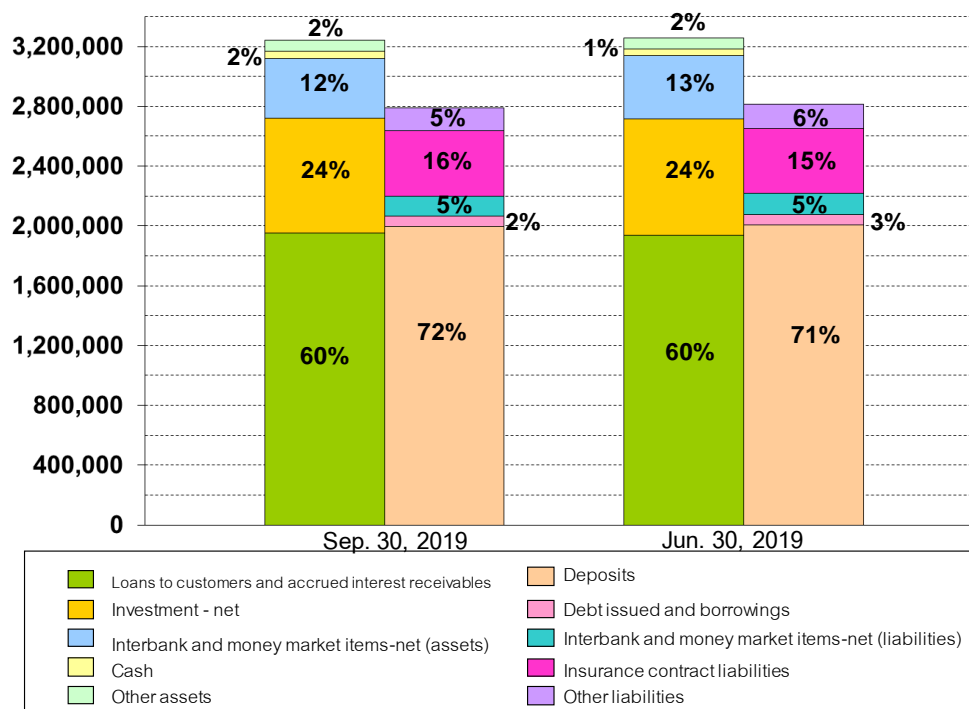
Foreclosed Properties

As of September 30, 2019, our consolidated properties foreclosed had a net value of Baht 24,446 million, thus being 0.75 percent of total assets.

4.2 Financial Position Analysis

Assets and Liabilities Structure

(Unit: Million Baht)



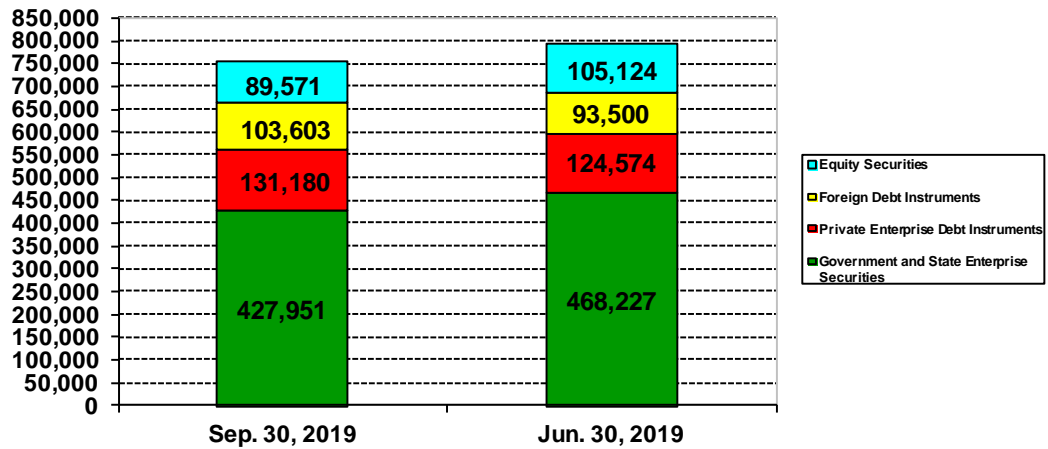
□ Assets

At the end of the third quarter of 2019, KBank's consolidated assets totaled Baht 3,240,134 million, decreasing Baht 16,160 million or 0.50 percent from the end of the second quarter of 2019. The decrease was due mainly to a decline in net interbank and money market items (assets) and net investment. In detail:

- Net interbank and money market items (assets) totaled Baht 398,969 million, decreasing Baht 25,200 million or 5.94 percent from the previous quarter, due mainly to KBank's liquidity management.
- Net investment totaled Baht 768,551 million, decreasing by Baht 8,077 million or 1.04 percent from the previous quarter, due mainly to less investment in government bonds.
- Loans to customers less deferred revenue totaled Baht 1,948,492 million, increasing by Baht 15,260 million or 0.79 percent from the previous quarter, due mainly to an increase in housing loan and commercial loan.

Investments in Securities

(Unit: Million Baht)



□ Liabilities and Equity

Our consolidated liabilities, at the end of the third quarter of 2019, amounted to Baht 2,791,551 million, decreasing Baht 22,218 million or 0.79 percent, from the end of the second quarter. The decrease was mainly attributable to a decline in net interbank and money market items (liabilities) and deposits. Significant changes in our consolidated liabilities included:

- Net interbank and money market items (liabilities) as of the end of the third quarter of 2019 totaled Baht 133,473 million, decreasing Baht 13,515 million or 9.19 percent from the end of the previous quarter, due mainly to KBank's liquidity management.
- Deposits totaled Baht 1,998,886 million, decreasing Baht 6,067 million or 0.30 percent from the prior quarter. The decrease came mainly from savings deposit whereas fixed-term deposit rose.

At the end of this quarter, total equity attributable to equity holders of KBank amounted to Baht 401,045 million, increasing Baht 5,204 million or 1.31 percent from the previous quarter, driven by net operating profit for the third quarter of 2019.

□ Relationship between Sources and Uses of Funds

As of September 30, 2019, the funding structure as shown in the consolidated financial statement comprised Baht 2,791,551 million in liabilities and Baht 401,045 million in total equity, resulting in a debt-to-equity ratio of 6.96. The main source of funds on the liabilities side was deposits, which equaled Baht 1,998,886 million, or 61.69 percent of the total, as of September 30, 2019. Other sources of funds included interbank and money market items as well as debt issued and borrowings, which accounted for 4.12 percent and 2.11 percent of the total, respectively.

As of September 30, 2019, KBank's and subsidiaries' major use of funds was loans less deferred revenue, amounted to Baht 1,948,492 million, resulting in loan-to-deposit ratio of 97.48 percent. As for remaining liquidity, KBank invested in various selections of liquid assets, such as interbank and money market items, and investments in securities.

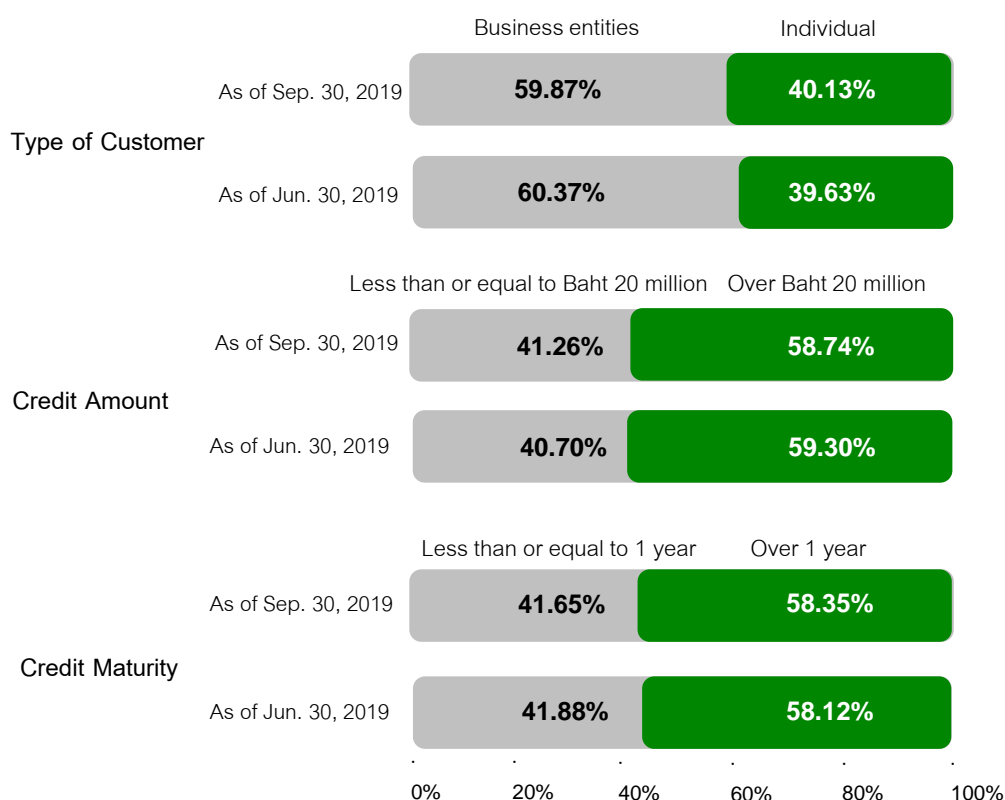
4.3 Loans and Deposits

□ Loans

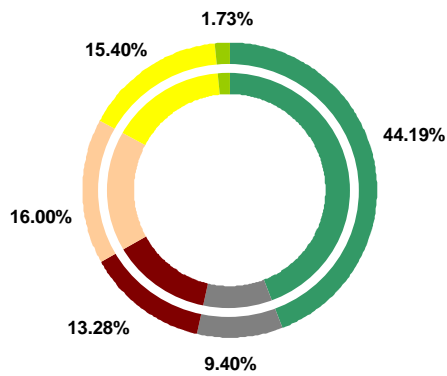
As of September 30, 2019, KBank's consolidated outstanding loans stood at Baht 1,948,492 million, increasing by Baht 15,260 million, or 0.79 percent, compared to Baht 1,933,232 million as of June 30, 2019.

As of September 30, 2019, 59.87 percent of KBank's outstanding loans were made to juristic persons or registered businesses. Loan account exceeding Baht 20 million totaled Baht 1,114,909 million, or 58.74 percent of the total; 41.26 percent were loans under Baht 20 million. As for maturities, credit with maturities of less than or equal to one year accounted for 41.65 percent of our total loans.

Loan Portfolio by Type of Customer, Credit Amount, and Credit Maturity

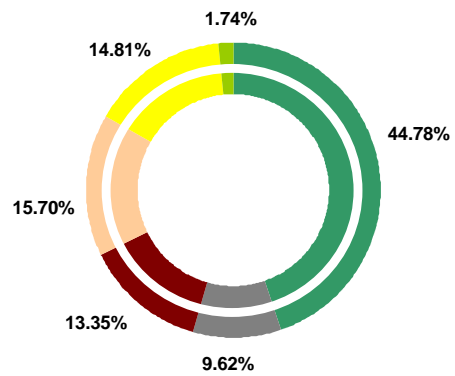


KBank's Consolidated Lending Portfolio



As of Sep. 30, 2019

- Agriculture & Mining
- Manufacturing & Commerce
- Real Estate & Construction
- Utilities & Services
- Housing Loans
- Others

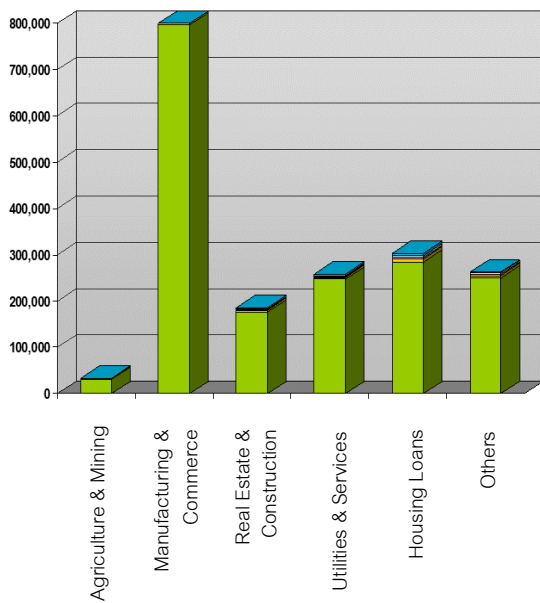


As of Jun. 30, 2019

- Agriculture & Mining
- Manufacturing & Commerce
- Real Estate & Construction
- Utilities & Services
- Housing Loans
- Others

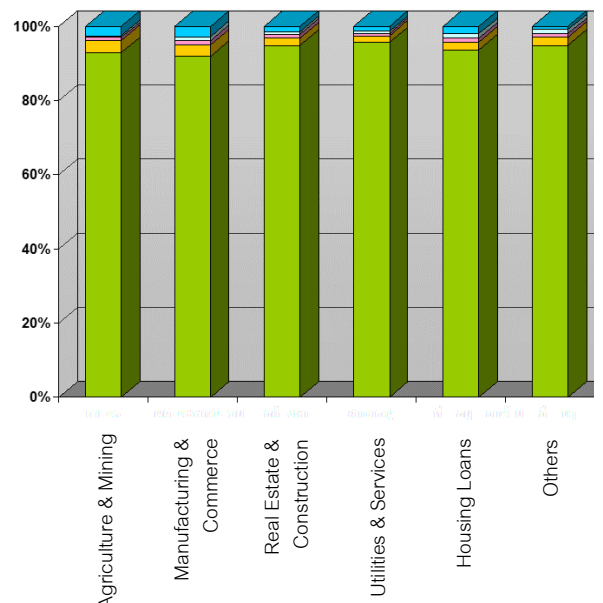
Consolidated Loans Classified by Type of Business and Loan Classification

Unit: Million Baht



- Normal
- Special Mention
- Sub-standard

Percent of Consolidated Loans Classified by Type of Business and Loan Classification



- Doubtful
- Doubtful of Loss

Within KBank’s consolidated lending portfolio, 93.50 percent were classified as “Normal” loans. When sub-divided by type of business, Manufacturing & Commerce represented the highest share of total consolidated lending at 44.19 percent; of that 92.05 percent were classified as “Normal” loans.

Loans Classified by Business

(Unit: Million Baht)

	Sep. 30, 2019		Jun. 30, 2019	
	Corporate Business ¹⁾	Retail Business ²⁾	Corporate Business ¹⁾	Retail Business ²⁾
Loans	1,345,800	526,501	1,347,687	509,074

Notes: ¹⁾ “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.

²⁾ “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.

At the end of the third quarter of 2019, our Corporate Business loans (Corporate and SME customers) saw slight growth over-quarter due to loans extended to our corporate customers. However, higher demand for loans was seen from our corporate customers in the industries which benefited from public sector construction and the government’s policy to promote domestic consumption whereas clients in agro-processing industry, consumer goods and transportation sectors sought loan to accommodate their business expansion and for use as working capital. Meanwhile, our SME business loans showed signs of a gradual recovery in line with the modest economic growth in this quarter. Industries which still saw growth in outstanding loans were those related to consumer goods, services and communications, while agro-processing industry recorded a slight contraction in loans.

For retail loans, KBank maintained a cautious growth policy in alignment with the market and economic conditions. We focused on loan quality along with retaining our market leadership in major loan products. In this quarter, our retail loans experienced healthy growth across all products. Notably, home loans received a boost from ongoing marketing activities and the launch of comprehensive loan products to meet the needs of all customer groups, namely Home Loan Refinance and K-Home for Cash, to offset the slowdown in new home loans after the Bank of Thailand’s implementation of more stringent loan-to-value measures. Moreover, credit card loan saw an increase thanks to the offering of credit cards and ongoing promotional campaigns suited to cardholders’ lifestyle needs. Likewise, K-Personal Loan enjoyed satisfactory growth thanks to the continual launch of special interest rate promotions for both K-Personal Loan and K-Express Cash, enhanced customer convenience in loan application through K PLUS and

LINE@ KBank Live, as well as data-driven analyses to acquire low-risk clients, all part of our effort to attract new customers.

□ Deposits

Deposits Classified by Type of Deposit Account

(Unit: Million Baht)

	Percent of Total Deposits	Deposits		Deposits	
		Sep. 30, 2019	Jun. 30, 2019	Million Baht	Percent
Total Deposits	100.00	1,998,886	2,004,953	(6,067)	(0.30)
Current accounts	5.88	117,481	113,412	4,069	3.59
Savings accounts	69.86	1,396,445	1,446,830	(50,385)	(3.48)
Fixed-term deposit accounts	24.26	484,960	444,711	40,249	9.05

At the end of the third quarter of 2019, total deposits of Corporate Business and Retail Business decreased by Baht 6,067 million, or 0.30 percent, from the end of the second quarter due mainly to a decline in savings accounts. KBank maintained sufficient liquidity to accommodate loan growth. Along with this, we remained committed to our policy for management of deposits, which must be kept at levels appropriate for business operation and competition, taking into account the balance of deposits from each customer segment. Aside from the launch of special fixed-term deposit products with various maturities in this quarter, we added a channel for opening of K-eSavings Account via K PLUS to facilitate new customers who have never had a KBank account. KBank also introduced mutual funds with numerous investment policies to cope with a volatile market environment as well as life insurance products as alternatives for our customers, as part of our effort to promote savings and investment discipline among our customers for effective management of their daily spending – all offering attractive returns with acceptable risk appetite.

4.4 Treasury Operations

□ Treasury Operations

During the third quarter of 2019, average overnight interbank lending rates stood at 1.57 percent p.a., down from 1.72 percent in the previous quarter. Those rates were influenced by the resolutions from the MPC meetings held on August 7 and September 25, 2019, wherein the key policy rate was cut by 25 basis points to 1.50 percent p.a., and was kept intact, respectively.

KBank's liquidity position and investment portfolios were managed primarily to cope with future changes in business conditions and in line with the domestic economy, as well as money and capital markets both at home and abroad. In the third quarter of 2019, our liquidity position was appropriately managed and suited to changes in businesses and financial markets, and we were able to maintain returns on investments by reducing our holding of short-term bonds of which returns were lower than the policy

rate, as well as long-term bonds due to a significant decrease in long-term interest rates. In addition, KBank invested in top-rated foreign bonds when their returns were more attractive than those of their Thai counterparts, to generate returns within an appropriate risk appetite.

Treasury Operations Income

(Unit: Million Baht)

Income Structure of Treasury Operations (Banking Book)	Percent of Total Income	Q3-2019	Q2-2019	Change	
				Million Baht	Percent
Interest income¹⁾					
Interbank and money market items ²⁾	44.69	1,200	1,547	(347)	(22.43)
Investments	55.31	1,485	1,365	120	8.79
Total	100.00	2,685	2,912	(227)	(7.80)

Note: ¹⁾ Managerial figure

²⁾ Including loans

During the third quarter of 2019, total interest income stood at Baht 2,685 million, decreasing Baht 227 million or 7.80 percent from the previous quarter, due mainly to falling interest rates in the market in line with the the policy rate reduction of the Monetary Policy Committee on August 7, 2019.

4.5 Capital Requirements

As of the end of the third quarter of 2019, KBank, under the Basel III capital requirements, had capital funds of Baht 376,490 million, consisting of Baht 324,936 million in Tier-1 capital and Baht 51,554 million in Tier-2 capital. The capital adequacy ratio of KBank was 17.91 percent, above the Bank of Thailand's minimum requirement and conservative buffer of 11.50 percent. Details of the capital adequacy ratio of KBank are shown in the following table:

Capital Adequacy Ratio¹⁾

- KASIKORNBANK FINANCIAL CONGLOMERATE²⁾

(Unit: Percent)

Capital Adequacy Ratio	Basel III						
	Minimum Requirement & Conservation Buffer ³⁾	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Minimum Requirement & Conservation Buffer ³⁾	Dec. 31, 2018	Sep. 30, 2018
Tier-1 Capital Ratio	9.00	16.76	16.19	15.73	7.875	15.90	16.50
<i>Common Equity Tier-1 Ratio</i>	7.50	16.76	16.19	15.73	6.375	15.90	16.50
Tier-2 Capital Ratio	-	2.34	2.36	2.39	-	2.42	2.46
Capital Adequacy Ratio	11.50	19.10	18.55	18.12	10.375	18.32	18.96

● The Bank

(Unit: Percent)

Capital Adequacy Ratio	Basel III						
	Minimum Requirement & Conservation Buffer ³	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Minimum Requirement & Conservation Buffer ³⁾	Dec. 31, 2018	Sep. 30, 2018
Tier-1 Capital Ratio	9.00	15.46	14.89	14.57	7.875	14.75	15.26
<i>Common Equity Tier-1 Ratio</i>	7.50	15.46	14.89	14.57	6.375	14.75	15.26
Tier-2 Capital Ratio	-	2.45	2.46	2.47	-	2.51	2.55
Capital Adequacy Ratio	11.50	17.91	17.35	17.04	10.375	17.26	17.81

Notes: ¹⁾ Excluding net profit of each period, which under the Bank of Thailand's regulations, net profit in the first period is to be counted as capital after approval by the Board of Directors per KBank's regulations. Net profit in the second period is also 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.

²⁾ 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, Phethai Asset Management Co., Ltd. and other subsidiaries within the permitted scope from the Bank of Thailand's to be a financial conglomerate.

³⁾ Bank of Thailand required the Bank to maintain two capital buffers as follows:

- Conservation buffer: The Bank is required to maintain an additional Common Equity Tier 1 on a phase-in basis of more than 0.625 percent per annum starting from 1 January 2016 until reaching more than 2.50 percent in 2019.
- Domestic Systematically Important Banks Buffer (D-SIBs Buffer): The D-SIBs are required to maintain an additional Common Equity Tier 1 at 1 percent per annum on a phase-in basis at 0.50 percent from 1 January 2019 and increase to be 1 percent from 1 January 2020 onwards.

4.6 Credit Ratings

At the end of September 2019, the Bank's credit rating given by Standard & Poor's, and Fitch Ratings remained unchanged from the end of June 2019.

During the quarter, there were changing the outlook for Thailand and KBank, thus.

- Fitch Ratings: In July 2019, Fitch Ratings changed the outlook for Thailand to positive from stable.
- Moody's: Moody's Investors Service changed the outlook for Thailand to positive from stable. Moody's also changed the outlook on nine Thai banks, including KBank, to positive from stable, and upgraded the Baseline Credit Assessments (BCA) and adjusted BCA of KBank, BBL and SCB to baa1 from baa2, and the long-term counterparty risk ratings of these banks to A3 from Baa1, as these banks maintained good financial fundamentals, despite the still challenging credit cycle in Thailand.

Moreover, in September 2019, Moody's and Fitch Ratings assigned Baa3 and BBB ratings, respectively, to KBank's USD subordinated note.

Details are shown in the following table.

KASIKORNBANK's Credit Ratings

Credit Ratings Agency	Sep. 30, 2019	Jun. 30, 2019
Moody's Investors Service ¹⁾		
<u>Foreign Currency</u>		
Outlook	Positive	Stable
Long-term - Senior Unsecured Notes	Baa1	Baa1
- Deposit	Baa1	Baa1
- Counterparty Risk	A3	Baa1
- Subordinated Debt	Baa3	n.a.
Short-term - Debt/Deposit	P-2	P-2
- Counterparty Risk	P-2	P-2
Baseline Credit Assessment	Baa1	Baa2
<u>Domestic Currency</u>		
Outlook	Positive	Stable
Long-term - Deposit	Baa1	Baa1
- Counterparty Risk	A3	Baa1
Short-term - Debt/Deposit	P-2	P-2
- Counterparty Risk	P-2	P-2
Standard & Poor's ¹⁾		
<u>Global Scale Ratings</u>		
Outlook	Stable	Stable
Long-term Counterparty Credit Rating	BBB+	BBB+
Long-term Certificate of Deposit	BBB+	BBB+
Short-term Counterparty Credit Rating	A-2	A-2
Short-term Certificate of Deposit	A-2	A-2
Senior Unsecured Notes (Foreign Currency)	BBB+	BBB+
Fitch Ratings ¹⁾		
<u>International Credit Ratings (Foreign Currency)</u>		
Outlook	Stable	Stable
Long-term Issuer Default Rating	BBB+	BBB+
Short-term Issuer Default Rating	F2	F2
Senior Unsecured Notes	BBB+	BBB+
Viability	bbb+	bbb+
Subordinated Debt (Basel III-compliant Tier 2 securities)	BBB	n.a.
Support	2	2
Support Rating Floor	BBB-	BBB-

Credit Ratings Agency	Sep. 30, 2019	Jun. 30, 2019
<u>National Credit Ratings</u>		
Outlook	Stable	Stable
Long-term	AA+(tha)	AA+(tha)
Short-term	F1+(tha)	F1+(tha)
Subordinated Debt (Basel III-compliant Tier 2 securities)	AA(th)	AA(th)

Note: ¹⁾ 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

5.1 Human Resource Management

KBank has focused on providing support to our human resource management operations in major areas. Four key initiatives in the third quarter of 2019 were as follows:

1. **Employer Branding:** We continued to prioritize communications to showcase KBank's work and culture, which meet the needs of the target groups in the digital era, in order to attract them to join our workforce. To achieve this, distinguishing activities were conducted as follows:
 - (1) K-Capstone Year 2: The project aims to support students from universities both in Thailand and abroad to broaden their horizons in our internship program for startup businesses wherein they were assigned to create a new business perspective via a tangible communication platform. The champion was the Share-mily Team, which developed a sharing platform that assists online buyers in teaming with other buyers who also seek to purchase promotional products of leading brands, in line with the "collaborative consumption" trend of the new generation's lifestyle.
 - (2) Career Matching Gamification: A career matching game was developed as a simulation platform via KASIKORN CAREER on the LINE application without any fees or conditions attached, allowing job applicants to find the right career based on their preferences, interests and abilities. The initiative represents a new experience for KBank in applying a game to the personnel recruitment process, which will help us to find the personnel who are best suited to the available jobs.
 - (3) Support granted to Machine Learning Research School (MLRS) 2019: This activity was intended to equip university students and the general public who are interested in machine learning R&D with relevant expertise. We also conducted PR campaigns to advertise job vacancies at KBank and KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG) among the target groups participating in the activity.
2. **Developing employee skills and abilities in alignment with the changing business world:** Highlights included the following activities and programs:
 - (1) Development of digital competency: We organized the "Content Creation for Everyone" training course under the FLIP program, which was designed to hone our employees' skills in creating quality content via online media and digital channels.
 - (2) Development of work concept to maximize efficiency: Of note was the "Designing Your Life by Bill Burnett" workshop, which aimed to promote our staff members' design thinking skills, which can be applied to both their work and life.

- (3) Creation of changemaker: KBank assigned 130 staff members across all divisions to act as changemakers to enable change within the organization through internal influencers, by developing their change management and design thinking process to ensure that they have better understanding and can efficiently find creative solutions for relevant units.
 - (4) Efficiency enhancement through digital working tools: We have promoted the use of digital media as working tools for internal communications, teamwork and a positive employee experience under the data security standard of KBank. Prominent efforts included allowing employees to present use cases that can build up working collaboration and create an online community within the organization. To this end, we gave support to our staff members to conduct PR campaigns for their initiatives via our internal media.
 - (5) Support for initiatives under the Possibility Award program: Employees were allowed to showcase their ideas for tangibly strengthening our organizational strategies. Select staff members with distinctive initiatives had the chance to attend an idea development and pitching bootcamp, while the prototype that won first prize will be further developed for real-world use.
3. **Leadership Development:** We arranged numerous activities and programs to promote leadership among executives and high-potential employees. They were as follows:
- o Programs for executives
 - (1) High Potential VP Development Program: The program was designed specifically for high-caliber executives at the Vice President (VP) level who have high potential through case studies and business simulations in order to enhance their understanding of KBank business operations vis-à-vis current and future challenges.
 - (2) The AVP Retreat 2019 under the theme, “Exponential Thinking Towards Exponential Growth”: To strengthen relationships and collaboration among executives at the Assistant Vice President level or executives of equivalent positions of KBank and K Companies, the program featured volunteer activities to promote K-Culture in accordance with KBank’s four Core Values, namely customer centricity, organization-wide teamwork, professionalism and innovation, and working in an “agile” way.
 - o Talent Development Program
 - (1) Leader on Screen: We organized a movie viewing activity for employees to enable them to learn KBank strategies and directions through the film content in a new learning experience while also promoting interaction among participants, thus strengthening collaboration and work efficiency.

- (2) **Leader on Stage:** Successful, high-profile businesspersons were invited to share their experiences to participating employees so that they could further apply the knowledge gained to their own work and their work team.
 - (3) **Leader on Tour:** KBank organized a company visit at leading organizations which were recognized for their outstanding innovations and employee management, to broaden our staff members' horizons and to encourage them to apply what they learned to their work team and unit.
 - (4) **Mindfulness program:** The activity aimed to promote mindfulness and concentration practices among our staff members, with Buddhist teachings and dhamma viewed from a business perspective so that they can apply them to their daily lives.
4. **Employee relations and benefits:** The third Employees' Committee meeting for 2019 was held to allow consultations and problem-solving discussions between KBank executives and the Employees' Committee, deepening our bond with the workforce. In collaboration with the KASIKORNBANK Labour Union and KASIKORNBANK Officer Labour Union, KBank took remedial actions towards employees performing in violation of regulatory requirements. These efforts were instrumental in maintaining the high level of service our employees give to our customers, and in minimizing operational risks. We also established practical guidelines on various key issues in compliance with labour laws of AEC countries and the People's Republic of China, so that our employees abroad can perform their work correctly.

5.2 IT Management

In the third quarter of 2019, KASIKORN BUSINESS-TECHNOLOGY GROUP conducted studies in technological development, in alignment with our strategy of maintaining KBank's competitiveness together with our position as the number-one digital banking provider, to cope with fast-changing consumer behaviors in this highly competitive, technology-driven marketplace. Our key initiatives can be summarized as follows:

- **Development of KBank's mobile banking application (K PLUS):**
 - 1. K PLUS features were enhanced for the sake of user convenience. Notable efforts included addition of a quick shortcut icon for making funds transfer/withdrawal/payment transactions via QR code, account balance check with no need to log in to K PLUS, inquiry of transaction history up to 100 transactions, as well as 24-hour service for purchase/sale/switching of long-term equity fund (LTF) and retirement mutual fund (RMF)
 - 2. K PLUS system has been developed to enable cardless withdrawal at KBank branches, K-ATMs, convenience stores and via banking agents nationwide
 - 3. New customers can open K-eSavings Account and issue a debit card via K PLUS
- **Development of KBank mobile banking application for merchants (K PLUS Shop):** K-Credit Cardholders are allowed to redeem their points for cash back and/or to convert their points to

The 1 Card points. A noteworthy added function allows users to send a gift to their friends via K PLUS Market. Moreover, more membership cards have been added whereas users can check accumulated points of various cards such as Kagonoya Card, Banana Leaf Card, Milch Card, Boonthaworn Family Card and GYU-YA Card.

- **K PLUS Beacon:** KBank terminated K PLUS Beacon (mobile banking application for the visually impaired) on October 8, 2019. We plan to integrate existing features of K PLUS Beacon that are designed to facilitate transactions for visually impaired persons into the K PLUS application so that they do not need to use a separate mobile banking application. Based on volunteers' trial use of K PLUS Beacon, it was found most of the visually impaired preferred to use the standard K PLUS application.
- **Development of Application Programming Interface (API) Manager system:** KBank is now in search of a new, more advanced API infrastructure system. We have also adopted an open API which can be linked to other mobile applications in order to expand our scope of services.
- **Development of machine learning technology:** We have continually developed biometric technology to accommodate the Face Pay system. Optical Character Recognition (OCR) has also been developed for customer data verification with no typed-in confirmation required. The technological development has accommodated the offering of products and services suited to customer needs, with enhanced security.
- **Development of functions of blockchain for recording financial transaction data:** We are now developing other functions to better meet business needs, after further development of the Hyperledger blockchain platform for letter of guarantee issuance on blockchain, which is being provided to more Multi-Corporate Business customers. KBank and eight other commercial banks have worked together to offer a letter of guarantee service within a common platform. We have also worked with other large commercial banks to establish BCI (Thailand) Co., Ltd. for management of blockchain infrastructure.
- **Development of Electronic Know-Your-Customer (National Digital Identity: NDID):** KBank has employed facial recognition biometrics for account opening at branches nationwide. Currently, we are developing the K PLUS application to accommodate the National Digital Identity (NDID) system which is expected to be rolled out in the fourth quarter of this year. The initiative has been built upon our cooperative effort with the Electronic Transactions Development Agency (Public Organization) and other commercial banks in developing formats for sharing data via a Digital Identity Platform as a common standard for electronic transactions.

Disclaimer

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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