KASIKORNTHAI

Annual Report 2019

Bank of Sustainability



ธนาคารกสิกรไทย
开泰银行 KASIKORNBANK

บริการทุกระดับประทับใจ

KASIKORNTHAI

ธนาคารกสิกรไทย
开泰银行 KASIKORNBANK

หลักทรัพย์จัดการกองทุนกสิกรไทย
开泰基金管理 KASIKORN ASSET MANAGEMENT

ศูนย์วิจัยกสิกรไทย
开泰研究中心 KASIKORN RESEARCH CENTER

หลักทรัพย์กสิกรไทย
开泰证券 KASIKORN SECURITIES

ลีสซิ่งกสิกรไทย
开泰租赁 KASIKORN LEASING

แฟคเตอรี แอนด์ อีควิปเมนท์ กสิกรไทย
开泰设备融资 KASIKORN FACTORY AND EQUIPMENT

กสิกร เทคโนโลยี กรุ๊ป เซเครเทเรียต
开泰技术集团管理 KASIKORN TECHNOLOGY GROUP SECRETARIAT

กสิกร แล็บส์
开泰研发 KASIKORN LABS

กสิกร ซอฟต์
开泰软件 KASIKORN SOFT

กสิกร โปร
开泰信息基础设施 KASIKORN PRO

กสิกร เซิร์ฟ
开泰服务 KASIKORN SERVE

กสิกร เอกซ์
开泰爱科思有限公司 KASIKORN X

Bank of Sustainability

KBank conducts business with the foundation of
Bank of Sustainability, with appropriate risk management
and good corporate governance principles. We strive to balance
economic, social, and environmental dimensions
to achieve goals and create sustainable long-term returns.
The philosophy of sustainable development is instilled in all our operations
as part of our Green DNA, ensuring maximum benefit for
all stakeholders and paving the way for sustainable growth.



CUSTOMER CENTRICITY



Vision

KASIKORNBANK aims to be the most innovative,
proactive, and customer centric financial institution,
delivering world class financial services
and sustainable value for all stakeholders
by harmoniously combining technology and talent.

Core Values

Customer at Heart | Agility | Collaboration | Innovativeness

Financial Highlights (Consolidated Financial Statements)

As of or for the years ended December 31,		2019	2018	2017	2016	2015
COMMON SHARE INFORMATION						
Per share (Baht)	• basic earnings	16.18	16.07	14.35	16.79	16.49
	• book value	169.79	157.23	145.67	134.44	119.42
	• dividends	5.00	4.00	4.00	4.00	4.00
Share price (Baht) [1]	• high	202.00	242.00	235.00	201.00	235.00
	• low	131.00	182.50	182.00	144.00	147.00
	• closing	151.00	185.00	232.00	177.50	150.50
Common shares outstanding	• average basic (Million shares)	2,393.26	2,393.26	2,393.26	2,393.26	2,393.26
	• end of year (Million shares)	2,393.26	2,393.26	2,393.26	2,393.26	2,393.26
Market capitalization (Million Baht)		361,382	442,753	555,236	424,804	360,186
VALUE MEASURES						
Price to earnings ratio (PER)		9.33	11.51	16.17	10.57	9.13
Price to book value ratio (PBV)		0.89	1.18	1.59	1.32	1.26
Dividend yield (based on closing share price)		3.31%	2.16%	1.72%	2.25%	2.66%
Dividend payout ratio [2]		34.43%[7]	29.40%	32.80%	26.96%	27.83%
Number of employees [2]		20,443	20,681	20,839	21,029	21,484
Number of domestic branches [2]		886	958	1,026	1,107	1,120
OPERATING RESULTS (Million Baht)						
Interest income - net		102,688	98,538	94,161	89,678	85,012
Non-interest income		57,803	56,945	62,695	63,725	62,503
Fees and service income - net		36,740	38,117	41,306	38,943	37,526
Net premiums earned - net		(164)	3,537	5,935	10,264	12,341
Other income		21,227	15,291	15,454	14,518	12,636
Total operating income - net		160,491	155,483	156,856	153,403	147,515
Total other operating expenses		72,729	68,348	66,372	63,854	66,656
Operating profit before provision expense [3] and income tax expense		87,762	87,135	90,484	89,549	80,859
Impairment loss on loans and debt securities		34,012	32,532	41,810	33,753	26,377
Net profit [4]		38,727	38,459	34,338	40,174	39,474
FINANCIAL POSITION STATEMENT INFORMATION (Million Baht)						
Loans [5]		2,001,956	1,914,072	1,802,783	1,697,581	1,609,887
Allowance for doubtful accounts and revaluation allowance for debt restructuring		124,879	119,485	103,435	85,212	64,317
Non-performing loans, gross (NPL gross)		84,038	74,400	69,674	65,087	49,490
Non-performing loans, net (NPL net) [6]		55,682	41,431	38,570	33,553	24,586
Total assets		3,293,889	3,155,091	2,900,841	2,843,278	2,555,305
Deposits		2,072,049	1,995,001	1,878,672	1,794,835	1,705,379
Total liabilities		2,840,174	2,737,269	2,513,019	2,489,367	2,243,092
Total equity [4]		406,358	376,298	348,625	321,746	285,800
Risk weighted assets - KASIKORNBANK FINANCIAL CONGLOMERATE		2,210,881	2,081,697	1,949,783	1,824,372	1,732,067

Note:

- Financial statements as at December 31, 2016 has been changed the presentation in the statement of financial position to comply with the Bank of Thailand (BOT) notification number SOR NOR SOR 21/2558, directive dated December 4, 2015, regarding the "Preparation and announcement of the financial statements of commercial banks and holding companies which are parent company of group of companies offering financial services". However, this change has not materially effect on total assets, total liabilities and total equity of the Bank and its subsidiaries.

[1] Local board / High - low share prices during the year

[2] Bank only

[3] Provision expense = Impairment loss on loans and debt securities

[4] Excluding non-controlling interests

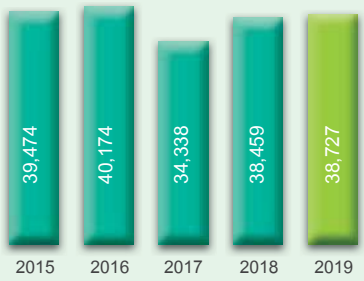
[5] Loans = Loans to customers less deferred revenue

[6] Non-performing loans, net = Non-performing loan less allowances for doubtful accounts

[7] Calculated from common shares outstanding at end of year less treasury shares in February 2020

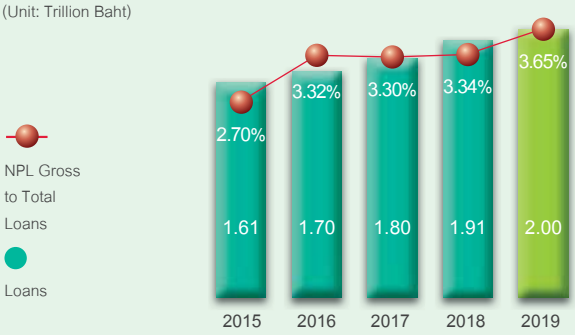
Net Profit

(Unit: Million Baht)



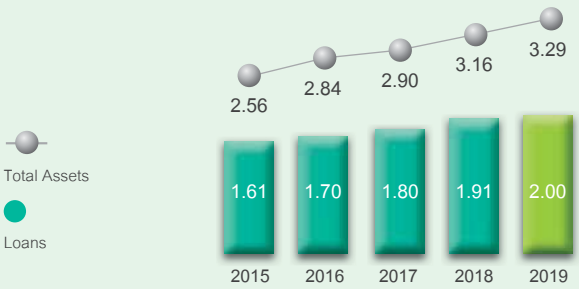
NPL Gross to Total Loans

(Unit: Trillion Baht)



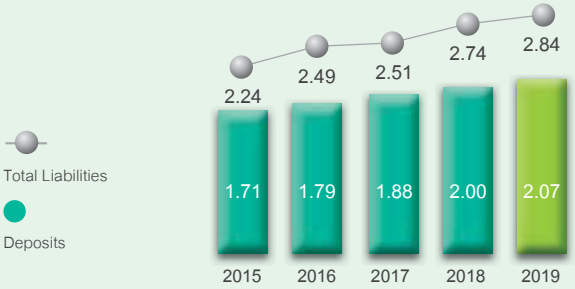
Total Assets

(Unit: Trillion Baht)



Total Liabilities

(Unit: Trillion Baht)



As of or for the years ended December 31,	2019	2018	2017	2016	2015
PERFORMANCE INDICATORS					
Return on average assets (ROA)	1.20%	1.27%	1.20%	1.49%	1.60%
Return on average equity (ROE)	9.90%	10.61%	10.24%	13.23%	14.54%
Net interest margin (NIM)	3.31%	3.39%	3.44%	3.52%	3.67%
Cost to income ratio	45.32%	43.96%	42.31%	41.63%	45.19%
ASSET QUALITY RATIOS / FINANCIAL POLICY RATIOS					
Loans to deposits ratio	96.62%	95.94%	95.96%	94.58%	94.40%
NPL net to total loans [8]	2.45%	1.89%	1.85%	1.74%	1.36%
NPL gross to total loans [9]	3.65%	3.34%	3.30%	3.32%	2.70%
Total allowance to loans [10]	6.24%	6.24%	5.74%	5.02%	4.00%
Total allowance to NPL gross (Coverage ratio) [10]	148.60%	160.60%	148.45%	130.92%	129.96%
Provision expense to average loans (Credit cost) [11]	1.74%	1.75%	2.39%	2.04%	1.68%
Capital adequacy ratio - KASIKORNBANK FINANCIAL CONGLOMERATE	19.62%	18.32%	17.96%	18.84%	18.00%
Tier 1 capital ratio - KASIKORNBANK FINANCIAL CONGLOMERATE	16.19%	15.90%	15.66%	15.16%	14.53%

Note:

- Financial statements as at December 31, 2016 has been changed the presentation in the statement of financial position to comply with the Bank of Thailand (BOT) notification number SOR NOR SOR 21/2558, directive dated December 4, 2015, regarding the "Preparation and announcement of the financial statements of commercial banks and holding companies which are parent company of group of companies offering financial services". However, this change has not materially effect on total assets, total liabilities and total equity of the Bank and its subsidiaries.

[8] Loans used in calculation are loans to customers and loans to financial institutions less allowance for doubtful account of non-performing loan.

[9] Loans used in calculation are loans to customers and loans to financial institutions.

[10] Allowance = Allowance for doubtful accounts and revaluation allowance for debt restructuring

[11] Provision expense = Impairment loss on loans and debt securities

KASIKORNBANK

A Bank of Sustainability



Over the past 70 years, we have developed into Thailand's leading and strong financial conglomerate in Thailand, based on sustainable development in the economy, society and environment. Sustainable development is our organizational culture and the foundation of all we do because sustainable development ensures the maximum benefit for all stakeholders and paves the way for the sustainable growth of Thailand.

Bloomberg Gender-Equality Index (GEI)
The first and only company in Thailand selected as a member of the Bloomberg Gender-Equality Index for two consecutive years (2019 - 2020)

Carbon Disclosure Project (CDP)
The first and only bank assigned A- (Leadership Level) (2019)

Dow Jones Sustainability Indices (DJSI)
The first and only bank in Thailand and ASEAN selected as a member of the DJSI for four consecutive years (2016 - 2019)

Sustainability Award, Bronze Class of the banking industry
for three consecutive years (2018 - 2020)

FTSE4 Good Emerging Index
Selected as a member of the FTSE4Good Emerging Index for four consecutive years (2016 - 2019)

MSCI ESG Ratings at "AA"
A leading company in the banking industry in emerging markets in ESG operations (2019)

Carbon Neutral Certification
The first commercial bank in Thailand granted this certification for two consecutive years (2018 - 2019)

The ESG 100 Certificate
One of 100 companies selected as having outstanding ESG performance for four consecutive years (2016 - 2019)

SET Sustainability Awards Outstanding Sustainability Awards
for two consecutive years (2018 - 2019)

Sustainability Disclosure Award
(2019)

Distinguished Awards Sustainable Development Excellence
(2019)

Thailand Sustainability Investment (THSI)
Included in THSI for four years (2015, 2017 - 2019)

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Statement of the Board of Directors

Through the past year, the global economy experienced a slowdown from the US-China trade dispute, changing consumer behaviors, and heightened competition. Additionally, climate change is a key challenge faced by communities worldwide, with its direct impacts on daily lives and future business undertakings. In Thailand, with recovery signals having not yet to emerge, business operations will likely face more challenges amid Thailand's economic recovery efforts that will require full cooperation from both the public and private sectors. Financial institutions will be a key mechanism driving the economic system and generating business growth. Rapid developments in the digital world also present new challenges to business operators.

KASIKORNBANK (KBank) conducts business with the foundation of a Bank of Sustainability, with good corporate governance principles and appropriate risk and cost management. We balance three key dimensions, namely the economy, society, and environment, to create sustainability for all stakeholders and to be consistent with the United Nations' Sustainable Development Goals (SDGs). KBank has been widely recognized as a leading financial institution taking responsibility towards society and the environment, and as a customer centric financial conglomerate. Guided by our commitment to deliver service excellence, we aim "To Empower Every Customer's Life and Business" with total service solutions through the synergy of cooperation among companies within KASIKORNBANK FINANCIAL CONGLOMERATE, startup businesses, and business partners. We also join with KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG) to innovate financial products and services, along with efficient risk management and digital security. Concurrently, KBank has upgraded strategic imperatives and capabilities to become the top regional financial service provider.

KBank strives for sustainability in all three dimensions. In the economic dimension, KBank introduced a wide range of products and services including cooperation with companies on e-Commerce platform, development of functions on K PLUS (a mobile banking platform) to offer best experiences anytime and anywhere, electronic letters of guarantee via blockchain, MADHUB – a comprehensive solutions center for online shops, promotion of efficient use of financial resources, and enhancement of service channels to meet the requirements of all customer segments. Also, KBank adheres to our strategy of becoming a Regional Digital Bank. Beyond the economic dimension, KBank conducts business as a decent citizen and has a social imperative to ignite changes that are significant to society and the environment. In the social dimension, KBank continues to provide financial knowledge to youth via the AFTERKLASS website. Through the Nan Cultivation of Wisdom project, we support new learning and teaching processes designed to develop systematic thinking skills in students and teachers. Other works include supporting a project to add value to organic waste in Nan, providing assistance after disasters, and encouraging staff members' CSR activities under the Tham Di Tham Dai (Employee Volunteer Hours) Project based on KBank's Green DNA resolution. KBank also places importance on human resource management, equal opportunities, respect for diversity, human rights, and a happy and healthy workplace environment.

In the environmental dimension, the issues of climate change and the careless disposal of hazardous waste impact our living conditions and business operations, now and in the future. Cooperation to ensure that we can pass on a clean world to the next generations is essential. KBank has adopted new policies related to the adaptation and mitigation of the impacts of climate change. We have also revised and clarified our policies related to environmentally friendly businesses, to bring them into compliance with KBank's key issues and global sustainability directions. We have created a goal to reduce greenhouse gas emissions by 20 percent by 2020 (relative to the base year of 2012), to do our part in the transformation to a low carbon society, with the aim of being part of a zero carbon society in the long-term. KBank also signed a memorandum of agreement on Sustainable Banking Guidelines – Responsible Lending in accordance with the Bank of Thailand's guidelines, and together with the community has supported the Rak Pa Nan (Care for Nan Forest) Project to preserve the watershed forest area in Nan province. In addition, KBank joined

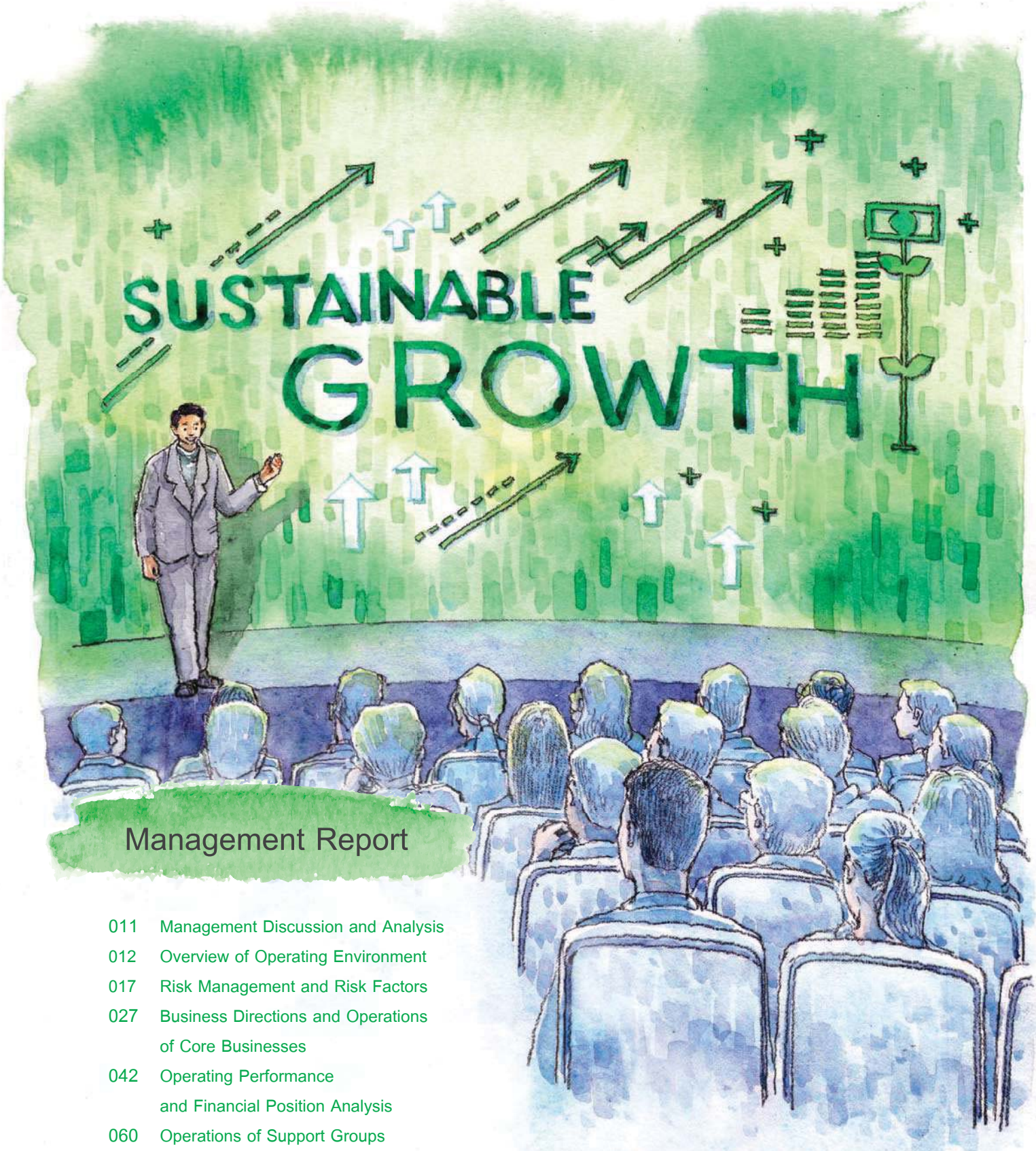
in the Nan Sandbox Project as a representative of the private sector. The project is a cooperation between the public sector, private sector, and citizens to solve the problem of natural resource depletion, based on the Pracharat (Civil Society) scheme involving collaboration from all parties, to serve as a prototype for other provinces of Thailand.

This constant striving towards balance is reflected in our successful operational results. In 2019, KBank and subsidiaries reported Baht 38,727 million in net profit, rising 0.70 percent over the previous year. Net operating income increased 3.22 percent over-year, and our allowance for impairment loss on loans was higher than the year before, in tune with the economic situation and prudent management by KBank. The capital adequacy ratio according to the Basel III Accord was 19.62 percent, while the Tier 1 capital ratio stood at 16.19 percent, higher than the Bank of Thailand's requirement and reflecting our robust capital position. Moreover, we have been recognized by domestic and international institutions. KBank is the first Thai and ASEAN bank to be selected as a component of the Dow Jones Sustainability Indices (DJSI) for the fourth consecutive year. It has also been included as a constituent of the FTSE4Good Emerging Index for a fourth consecutive year. Furthermore, KBank was granted an A- score in the assessment of climate change management under the 2019 Carbon Disclosure Project (CDP) and is the first and only Thai bank to earn a score at the Leadership level. In addition, KBank was included in the Thailand Sustainability Investment List 2019 of the Stock Exchange of Thailand for a fourth year. Our efforts were affirmed by many other accolades over the past year.

On behalf of the Board of Directors, executives, and employees, I would like to express our appreciation for your confidence and trust in our business. We are making an important change in our management structure, wherein Ms. Kattiya Indaravijaya has been appointed Chief Executive Officer in place of me, with the appointment effective the day after the General Meeting of Shareholders 2020. Given the Board of Directors' trust in Ms. Kattiya Indaravijaya's qualifications, skills, knowledge, capabilities, and vast experience in various key operations of KBank, it is our belief that KBank will be guided towards stable and sustainable growth through present and future challenges.



(Mr. Banthoon Lamsam)
Chairman of the Board and Chief Executive Officer



Management Report

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Management Discussion and Analysis

Executive Summary of Management Discussion and Analysis

For the Year Ending December 31, 2019

Thai economy in 2019 showed decelerating growth at 2.4 percent compared to 4.2 percent in the previous year. The slowdown could be attributed to exports which contracted further due to the stronger Baht and a global economic slowdown. In addition, the investment environment of both the public and private sector remained weak, and private consumption, albeit growing steadily, slowed during the second half of the year. Meanwhile, the Thai economy in 2020 is expected to grow at a slower pace, likely to fall below the lower end of the projection range of 2.5 - 3.0 percent, beset by the COVID-19 outbreak, the global economic slowdown, delay in the implementation of 2020 Budget Act and drought. Furthermore, domestic spending may be limited due to weakening purchasing power and hefty household debt.

Apart from economic woes, businesses face numerous other challenges that have risen abruptly, especially the rapid evolution of digital technology, intensified effects of climate change, and regulatory changes in the financial business. To cope with these issues, most businesses have felt compelled to seek new business opportunities.

KASIKORNBANK has established our business directions on the foundation of a Bank of Sustainability, accounting for the balance of three dimensions – economy, society and environment – under good corporate governance, appropriate risk management and effective cost management. Guided by the Customer Centricity strategy and our resolution of delivering an excellent customer experience in order to empower every customer's life and business, we prioritize the offering of attentive and inclusive services as a trustworthy service provider. We can deliver a positive customer experience anywhere, anytime through collaboration and synergy with other companies within KASIKORNBANK FINANCIAL CONGLOMERATE, startups and our business partners under the single brand of KASIKORNBANK.

In alignment with our business strategies for 2019, KBank and subsidiaries thus reported Baht 38,727 million in net profit, increasing Baht 268 million or 0.70 percent compared to the year before. Net interest income increased by Baht 4,150 million or 4.21 percent due mainly to interest income from loans and investments. Net interest margin (NIM) therefore stood at 3.31 percent. Non-interest income also increased by Baht 858 million or 1.51 percent, derived mainly from revenue from sales of securities, while net premiums earned-net and fees and service income decreased. Moreover, other operating expenses increased by Baht 4,381 million or 6.41 percent, especially from branding campaigns and marketing activities in line with KBank's business direction. As a result, the cost to income ratio stood at 45.32 percent. KBank has set aside higher allowance for impairment loss on loans from the preceding year, with prudent consideration on factors in line with uncertainties stemming from the continued economic slowdown.

At the end of 2019, our robust capital position was sufficient to cushion against risk, and greater than the Bank of Thailand's requirement. As evidenced, capital adequacy ratio (CAR) of KASIKORNBANK FINANCIAL CONGLOMERATE (the Conglomerate) according to the Basel III Accord was 19.62 percent, with a Tier 1 capital ratio of 16.19 percent.

The operating performance of the wholly-owned subsidiaries of KBank was also satisfactory in terms of quantity and quality due to the concerted efforts of all units involved. KASIKORN SECURITIES PCL has developed investment technologies plus varied functions in alignment with investor behavior in the digital era, driving the company to garner a greater market share. KASIKORN ASSET MANAGEMENT CO., LTD. remained at the top of the mutual fund business. KASIKORN LEASING CO., LTD. saw satisfactory lending business volume in line with the overall domestic automotive industry while also maintaining healthy asset quality. Meanwhile, KASIKORN FACTORY & EQUIPMENT CO., LTD. enjoyed continually high loan growth. In addition, Muang Thai Life Assurance PCL retained its leadership in the bancassurance business, holding the third-largest market share in total premiums.

To secure our status as a leading financial institution which can efficiently cope with potential economic uncertainties, KBank emphasizes predictive integrated risk management (IRM) through the establishment of comprehensive risk management principles and policies, a risk-aware culture Bank-wide, as well as good corporate governance. All of the above endeavors and satisfactory operating performance, together with sound corporate governance, allowed KBank and K Companies to meet business targets, while we also gained wide acceptance and recognition at home and abroad, as reflected in the numerous awards we received in 2019.

Overview of Operating Environment

1. Global and Thai Economy in 2019 and Outlook for 2020

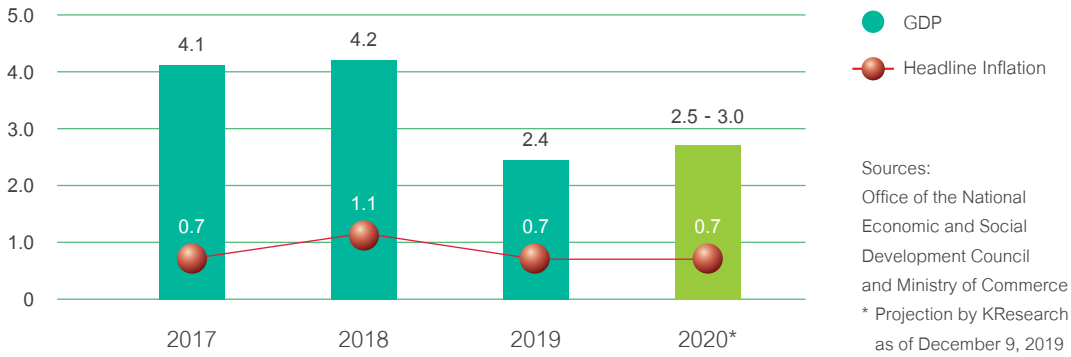
The global economy grew at a decelerating rate in 2019 amid uncertainty surrounding the US-China trade rift and concerns about Brexit which lingered throughout the year. The World Economic Outlook of the International Monetary Fund (IMF) thus revised downward its global economic growth projection for 2019 to 2.9 percent – the lowest level since the global economic and financial crisis in 2008 - 2009. For the 2020 outlook, any global economic recovery is expected to be feeble while close attention should be paid to several variables including the outbreak of the COVID-19, the Mid-east conflict and the US Presidential election slated in November 2020. Even though tension over the US-China situation eased somewhat after Phase One of a trade deal was reached in mid-January 2020, the details of any further negotiations are still uncertain, and much depends on how the Phase One trade deal develops. Meanwhile, IMF forecasts that the global economy may grow 3.3 percent, down from the previous projection of 3.4 percent.

Looking forward, any improvement in the global economy will mainly hinge on the above factors. As a result, several central banks are expected to maintain their accommodative stance. Even though the Federal Reserve has signaled that it could keep its policy rate unchanged throughout 2020, the US central bank is likely to adjust its monetary policy if the US economy remains on a downward trend. At the same time, the European Central Bank and the Bank of Japan may continue their monetary-easing stance. Likewise, many central banks in Asia may cut their policy rates to support their economic recovery.

For Thailand, the economy in 2020 is expected to see slower growth, likely to fall below the lower end of the projection range of 2.5 - 3.0 percent, plagued by the COVID-19 outbreak, the global economic slowdown, delay in the implementation of 2020 Budget Act and drought. Moreover, domestic spending remains limited amid weakening purchasing power and hefty household debt. Regarding inflation in 2020, headline inflation is expected to average 0.4 - 0.9 percent, lower than the 0.7 percent in 2019 while the Monetary Policy Committee (MPC) may signal a more accommodative stance if the Thai economy sees only a lackluster recovery after the policy rate was cut to 1.00 percent during the MPC meeting held on February 5, 2020.

Thailand
Economic Growth

Year-on-Year Change
(percent)



Sources:
Office of the National Economic and Social Development Council and Ministry of Commerce
* Projection by KResearch as of December 9, 2019

2. Banking Industry, Competition and Emerging Risks

Banking Industry and Competition

Commercial banks' overall performance in 2019 recorded an increase in net profit compared to 2018. The increase could be attributed to a rise in non-interest income, especially net profit from investment. Meanwhile, net interest income maintained its growth even though net interest margin (NIM) dropped as a result of impacts from interest rate reduction and a slowdown in loan in the banking system. Meanwhile, net fees and service income was stable, whereas fees from insurance, mutual fund and investment banking services helped offset the impact from cancellation of fees for funds transfer via digital channels. Most commercial banks remained cautious in setting aside allowance for impairment loss on loans as loan quality remained an issue needing close watch, especially amid the economic slowdown.

As of the end of 2019, net loans at 14 domestically-registered commercial banks totaled Baht 11.859 trillion, rising 1.94 percent over-year, decelerating from the growth of 5.17 percent at the end of 2018. Meanwhile, deposits equaled Baht 13.057 trillion, an increase of 3.81 percent, slightly decreasing from the growth of 3.96 percent at the end of 2018. This resulted in easing liquidity in the banking system. KBank ranked fourth in assets, deposits and net loans in the commercial banking system, with market shares of 13.56 percent, 14.72 percent, and 14.30 percent, respectively.

Market Shares in Assets, Deposits, and Net Loans within the Commercial Banking System

(Unit: Million Baht)

Bank	Assets	Market Share (%)	Deposits	Market Share (%)	Net Loans	Market Share (%)
Bangkok Bank	3,123,361	15.54	2,316,035	16.51	1,832,828	14.35
Siam Commercial Bank	2,952,447	14.69	2,156,489	15.37	1,995,248	15.62
Krung Thai Bank	2,908,358	14.47	2,158,460	15.38	1,879,541	14.71
KASIKORNBANK	2,724,055	13.56	2,065,669	14.72	1,826,520	14.30
Bank of Ayudhya	2,234,725	11.12	1,558,780	11.11	1,610,374	12.60
TMB Bank	1,045,343	5.20	663,559	4.73	646,194	5.06
Thanachart Bank	999,575	4.97	734,561	5.24	693,929	5.43
United Overseas Bank	566,212	2.82	456,411	3.25	404,342	3.16
CIMB Thai	385,109	1.92	199,132	1.42	222,002	1.74
Kiatnakin Bank	299,216	1.49	172,661	1.23	230,062	1.80
TISCO Bank	285,305	1.42	218,433	1.56	228,608	1.79
Land and Houses Bank	230,548	1.15	165,018	1.18	151,569	1.19
ICBC (Thai)	215,797	1.07	129,823	0.93	110,246	0.86
Standard Chartered Bank (Thai)	142,378	0.71	61,908	0.44	27,653	0.22
Sumitomo Mitsui Trust Bank (Thai)	81,785	0.41	19,133	0.14	52,014	0.41
Bank of China (Thai)	69,996	0.35	47,088	0.34	46,462	0.36
Thai Credit Retail Bank	56,635	0.28	47,325	0.34	48,204	0.38
ANZ Bank (Thai)	32,175	0.16	7,372	0.05	17,889	0.14
Mega International	25,555	0.13	13,237	0.09	19,917	0.16
Domestically-registered commercial banks	18,378,575	91.46	13,191,092	94.01	12,043,602	94.26
Foreign bank branches	1,716,190	8.54	839,789	5.99	732,772	5.74
All commercial banks	20,094,765	100.00	14,030,881	100.00	12,776,374	100.00

Source: C.B. 1.1 and C.B. 1.2 (Bank-only Financial Statements)

For the outlook of commercial banks in 2020, limited economic growth and the implementation of rules and regulations to supervise and ensure fair treatment for retail and SME customers will pose a heightened challenge to banking performance. To cope with these issues, commercial banks may have to fine-tune their strategies, especially through efficient cost management and expansion of their customer base and income from financial transactions and services via digital platforms. Close attention should be paid to the overall economic situation which could affect loan quality, provisioning and guidelines for debt restructuring as commercial banks must comply with the Thai Financial Reporting Standards (TFRS9): Financial Instruments which took effect on January 1, 2020.

Emerging Risks

KBank will brace for numerous challenges over the next five years. Aside from impacts on economic and business trends, they may affect the commercial banking business, directly and indirectly. In detail:

Emerging Risks	Description of Risks	Potential Business Impact of the Risks	Mitigating Actions
Hyperconnectedness Risk	**Businesses in the digital age are hyperconnected** within the ecosystem. On the plus side, KBank does not need to own all of the necessary expertise, but can instead link to other units or external organizations to maximize our strengths while ensuring cost-effectiveness, and to better serve customer needs that are ever more complex and varied. **However, connectivity of KBank to other businesses within the ecosystem** may bring about multiple risks that are more severe, more complex, and with a more wide-ranging potential impact, in particular, security and system stability risks.	**Given the hyperconnectedness of businesses within the ecosystem,** businesses may gain benefits but may also be exposed to risks that are incurred from the connectivity of operations. For instance, if the system of any one partner faces instability or a security problem, it may have a wide-ranging impact on customers all along the business chain. This could jeopardize the credibility and financial position of every business unit within the ecosystem, not to mention the heightened complexity of addressing the problem.	**KBank has in place measures to control risks across all processes,** from the stage prior to connectivity, during connectivity, and through to the process end. **We have assessed the respective credibility and risks of organizations that will link their systems to ours.** Duties and responsibilities are clearly defined in the contract entered into with those organizations, while risk-monitoring measures have been established to ensure that we can undertake proactive risk management in all facets of the relationship. Moreover, KBank can, if necessary, terminate services provided by certain partners to our customers.
Potential Emerging Technology Risk	**Amid the proliferation of innovative technologies,** new business formats have sprung up to accommodate changing customer lifestyles in the digital era. As technological innovations continue to be developed and adopted, tail-end risk remains unpredictable and potentially undiscovered. This may cause incorrect decisions that finally result in losses.	**The adoption of innovative technologies may expose KBank to unknown risk,** especially in overall service provision. Such risk may be incurred by related parties' lack of awareness with regard to emerging technology among service providers and users. Worse, technology risk may lead to credibility risk, security risk and system stability risk,	**KBank has established sandbox testing measures** to support innovative financial services that employ new technologies, to ensure that KBank can cope with potential problems and identify potential risks. **In sandbox testing,** we limit the numbers and groups of customers that can join a sandbox test, including the transaction volume and/or amount, with a scope based

Emerging Risks	Description of Risks	Potential Business Impact of the Risks	Mitigating Actions
		which could eventually harm the Bank's financial standing.	upon the product or service innovation, allowing us to develop the technology and identify relevant risks under a defined risk appetite.
Climate Change and Adaptation Risk	**Climate change directly impacts physical risk.** It may come in the form of natural disasters, namely storms, floods and drought, which have become more frequent and severe. Indirectly, it could lead to transition risk, wherein new rules and regulations are to be implemented to mitigate environmental problems over the long term, especially during the transition to a low-carbon economy for a climate-resilient future.	**Climate change-induced natural disasters** have become more frequent and intense. Aside from direct impacts on businesses, such extreme events have led to greater awareness in the society at all levels - from the community, to the national and global levels. To combat environmental issues over the long term, more stringent rules and regulations have been implemented. **In response to regulatory changes and introduction of climate change risk management guidelines,** businesses must bear increased costs in various forms, namely investment in additional equipment, indemnity expenses, delays in commercial operations, and forced cancellation of projects, not to mention indirect effects on the image of customers' and sponsors' businesses. Without proper and timely adjustment, competitiveness and debt servicing ability of the business sector may be jeopardized, which would eventually affect KBank's asset quality.	**KBank is aware of relevant risks and has a policy of supporting customers to adjust themselves to be prepared for said risks.** KBank has thus conducted a climate-related scenario analysis to assess its potential impacts upon businesses, including those from the goverment's policies under the Paris Agreement, which aims to reduce greenhouse gas emissions by 20 to 25 percent by 2030, and in accordance with the United Nations Sustainable Development Goals (SDGs) which are to be met in the same year. Moreover, KBank has managed its credit portfolio by establishing and fine-tuning credit policy to align with the set goals, taking climate change and adaptation risk into account.

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:

Rules for Foreign Exchange Control

The Bank of Thailand issued circular Ref. No. ForKorNgor. (21) Wor. 37/2562 (2019) Re: Notice of the Competent Officer of Foreign Exchange Control dated November 5, 2019 regarding Relaxed Rules on Foreign Exchange Control under the Foreign Exchange Rule Reform Program Phase 2 per Notification of the Ministry of Finance Re: Foreign Exchange Control (No. 8), Notification of the Ministry of Finance Re: Minister's Directive Given to Authorized Juristic Person (No. 12), and five Notices of the Competent Officer of Foreign Exchange Control, effective November 8, 2019, which contains the salient points as follows:

* Details related to other Significant Regulations and Rules related to Business Operations during 2019 can be found in the Management Discussion and Analysis (MD&A) reports for the quarters ending March 31, 2019, June 30, 2019, and September 30, 2019.

1. **Relaxed rules for income repatriation**: For instance, proceeds that are allowed to be kept abroad are increased to less than USD 200,000, compared to less than USD 50,000 previously.

2. **Relaxed rules for purchase or exchange of foreign currencies**: Outward funds transfers are allowed freely for any purpose, except for the purpose that requires permission from the competent officer of foreign exchange control. Moreover, outward funds transfer limit of retail investors is abolished, and criteria related to documentation have been streamlined to ensure greater flexibility, such as no documentary evidence required for purchase of foreign currencies of not more than USD 200,000.

3. **Relaxed rules related to foreign currency deposit (FCD)**: Types of FCD accounts are reduced to two, i.e., FCD account for general purpose and FCD account without obligation, for which the outstanding balance must not exceed USD 5 million. Moreover, cash deposit into an FCD account is increased from not more than USD 10,000 per day, to not more than USD 15,000 per day, or not exceeding the amount of foreign currencies brought in from other countries, or not exceeding the obligation per the conditions.

4. **Relaxed rules regarding investment in foreign securities**: For instance, retail investors are allowed to invest up to USD 200,000 per year in foreign securities without having to invest via an intermediary institution. Qualified investors who have investment/deposit of at least Baht 50 million receive leniency for investment requirements and are allowed to invest in additional products; there is no longer a restriction on countries that can be invested in, and they are allowed to invest in endowment life insurance products, unit-linked insurance policies or universal life insurance issued and sold in other countries. Other rules have also been relaxed; for example, investors are currently allowed to hedge against their investment including derivatives with underlying foreign assets and investment in life insurance products, while they are also allowed to unwind transactions for buying, selling or exchanging foreign currencies for investment.

Such relaxations will facilitate the private sector in conducting and managing foreign exchange transactions, together with providing Thai investors increased investment options with improved risk diversification. KBank has put in place relevant operational processes to accommodate these new regulations.

Regulations for Information Technology Risk of Financial Institutions

The Bank of Thailand issued Notification No. SorNorSor.21/2562 (2019) Re: Regulations for Supervising Information Technology Risk of Financial Institutions dated October 1, 2019, which was published in the Government Gazette on November 14, 2019, effective November 15, 2019, which stipulated that financial institutions can adopt technology or improve their systems or technology to accommodate their business models and in alignment with rapid technological change. Key points of the regulations can be summarized as follows:

1. Domestic Systemically Important Banks (D-SIBs) and financial institutions with a high level of cyber inherent risk must appoint a Chief Information Security Officer (CISO) within one year of the effective date of this Notification.

2. Commercial banks must prepare a report on significant information technology projects for submission to the Bank of Thailand on an annual basis. Prior approval is not to be sought from the Bank of Thailand before the significant adoption or change in technology.

3. Commercial banks must undertake third party risk management in accordance with the Third Party Risk Management Implementation Guideline in cases where there is use of services, connection or access to information by a third party.

KBank has put in place relevant processes in preparation for and in compliance with the new regulations.

International Financial Reporting Standards (IFRS)

In 2019, the IFRS Conversion Project continued to closely monitor regulatory criteria regarding the implementation of IFRS 9 Financial Instruments. The Project, as an operating team, provided opinions to ensure that the new regulation is appropriate for business operations in Thailand. In parallel, the Project developed a work system and improved relevant work processes and guidelines for mapping out a business plan that is consistent with IFRS 9, ensuring that we are ready to comply with the new accounting standard to be enforced in January 2020. Likewise, we have been well-prepared for the implementation of IFRS 16 Leases.

Risk Management and Risk Factors*

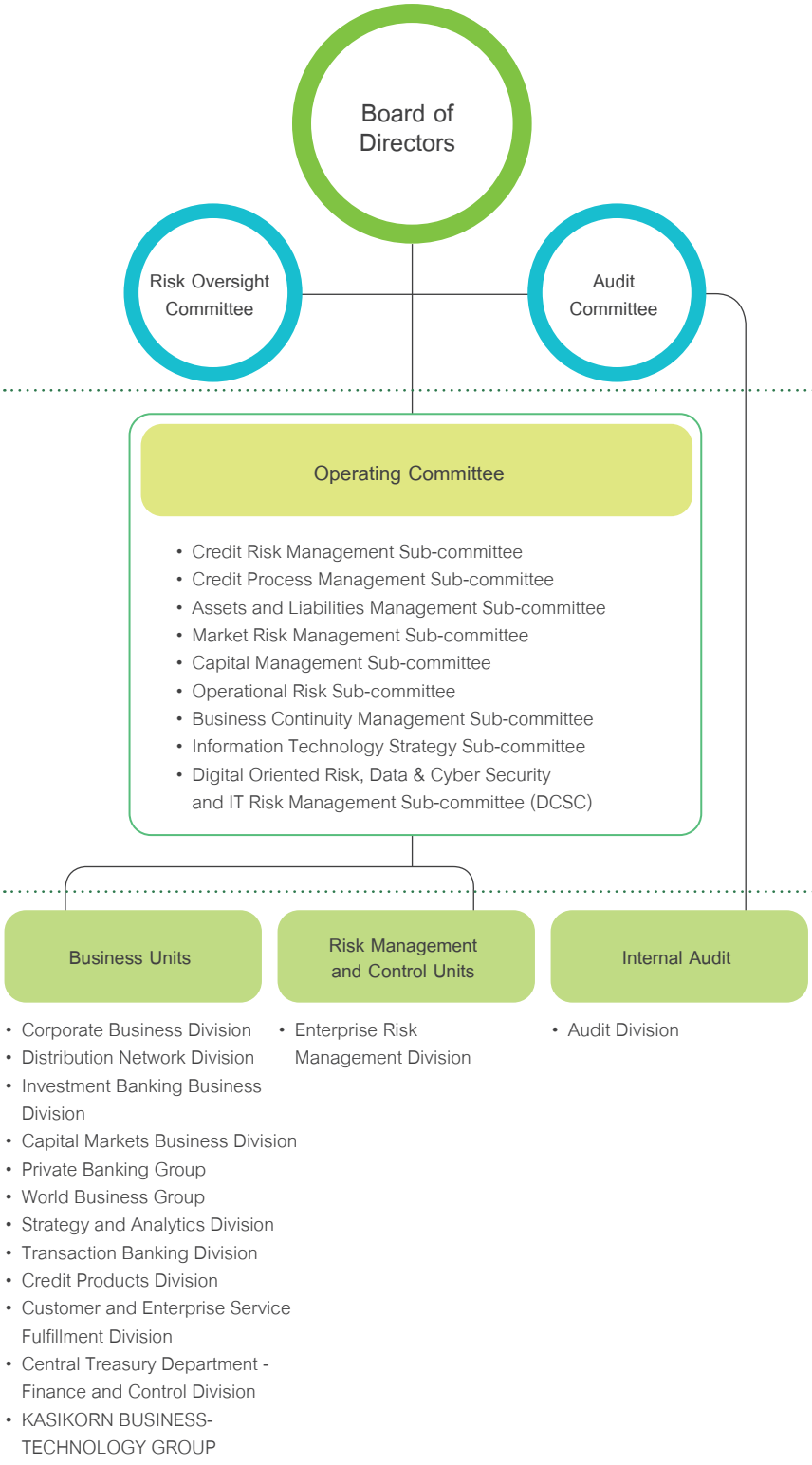
1. Overall Risk Management

Risk Management is an integral part of our organizational culture. We have established risk management policy and risk appetite, and risk management has taken into account when formulating our strategies and business undertakings to support business growth. This is to ensure sustainable profitability and maximize stakeholders' returns. KBank's risk management strategy has been established in line with international guidelines and principles, and applied throughout the Conglomerate. We engage in a consolidated risk management framework that emphasizes management of risks, e.g., credit, market, liquidity, operational, digital and strategic risks. KBank's risk management structure clearly determines duties and responsibilities of relevant units, including an independent risk management unit, while risk-adjusted performance measurement has been applied with each business unit.

KBank's risk, capital and liquidity management is under the supervision of the Board of Directors, which is responsible for ensuring the appropriate level of capital and liquidity to accommodate our present and future business operation. Meanwhile, KBank ensures that policies, processes and systems for controlling, monitoring and reporting risks, capital and liquidity are in place whereas segregation of duties and reporting lines are clearly defined in conformity with the good internal control principle. We also emphasize thorough, accurate and regular disclosures on risk, capital and liquidity management to the public.

* Details of various risk management and other related information, in accordance with the Bank of Thailand Pillar 3 requirement and disclosure principles, are shown in "the Basel III Pillar 3 Disclosure" section on KBank's website.

Risk Management Structure*



- Approve risk appetite and all risk management policies and guidelines.
- Oversee overall risk management of the Financial Conglomerate to ensure its effectiveness.

- Ensure effectiveness of overall risk management of the Financial Conglomerate
- Establish risk management policies and risk appetites. Set risk limits for the significant aspects of the various risks.
- Formulate strategy on the organization and resources to be used for risk management operations, in line with risk management policy. This strategy must enable effective analysis, assessment, evaluation and monitoring of risk management.
- Credit Risk Management Sub-committee and Corporate Governance Committee oversee project financing requests that could have adverse impacts on the environment and society.

- **Business units** are responsible for continuous and active management of all relevant risk exposure to be in line with its returns and risk appetite.
- **Risk management and control units** are responsible for providing independent and objective views on specific risk-bearing activities to safeguard the integrity of the entire risk process, as well as controlling risk levels to ensure that they are in line with our risk appetite.
- **Internal Audit** is independent and responsible for evaluation to add value and improve the effectiveness of risk management, internal control, and corporate governance processes.

* Data as of December 31, 2019

Key Developments to Strengthen Risk Management

KBank places great emphasis on effective and timely risk management. Risk management policies, tools and processes have been developed and are reviewed regularly to guard against rising risk trends in line with market volatility, and to ensure that they are appropriate for changes in regulatory requirements, including domestic and global economic policies. Relevant actions taken were as follows:

- **Continuous uplift of information security management to meet global standard:** KBank's information security management system has been awarded ISO 27001: 2013 certification for the sixth consecutive year. We were also awarded PCIDSS V3.2.1 for our credit card data security system, which covers Payment Gateway on Cloud available for card accepting merchants, and PCI PIN Security V2.0 for the security system for card use at ATMs.
- **Strengthening of customers' data protection and privacy management:** A working group was set up to study and progress action to comply with the personal data protection law which will come into force in May 2020. The actions include policy revision, process and technology update to support consent management and customers' exercising of rights. Progress reports have been reviewed and presented to KBank's executives on a regular basis.
- **Implementation of measures for controlling advanced threats** including advanced threat prevention, e.g. implementation of various cyber security solutions to prevent zero-day attack, proactive threat detection e.g., increase visibility to detect external threats, and timely and effective threat response, for enhanced capability in tackling digital risk and cyber security challenges while staying ahead of fast-changing cyber threats that are always becoming more diverse and more complicated.
- **Reinforcing a cyber risk-aware culture** that involves the Board of Directors, management, employees, customers and suppliers, through dissemination of knowledge in various media such as cyber awareness campaign for customers, e-Learning, security newsletter, cyber news alert, and infographics. Moreover, a phishing drill exercise was conducted to raise employees' awareness of the phishing threat.



KBank launched a cyber consciousness campaign to warn Thais of online scams.

- **Preparation for allowance for expected credit loss under the new accounting standard TFRS9:** Credit risk model, asset classification criteria, provisioning, capital calculation system and economic factor determination have been developed in accordance with the TFRS9 international standard. In addition, credit risk process has been revised to be consistent with asset classification and provisioning under TFRS9 so as to cope with and mitigate the impact that may arise from the implementation of the new accounting standard.
- **Enhancement of processes and econometric models for stress testing** to ensure that KBank's business growth is in line with our risk appetite while also improving efficiency in the Conglomerate's risk and reserve management as well as capital adequacy and liquidity position assessment for improvement of the Conglomerate's forward-looking and preventive portfolio management to comply with the Bank of Thailand's regulations and directions.

- **Reinforcing of Active Credit Portfolio Management (ACPM) concept:** KBank has applied ACPM concept to dynamically manage credit risk while setting the direction of credit portfolio and business targets at customer and product levels on a continual basis. ACPM facilitates proactive management of credit risks on potential customers impacted from credit events or changing economic circumstances. ACPM has been applied to strive for the highest capital efficiency while ensuring capital adequacy and to ensure that the Conglomerate's business can maintain healthy growth within appropriate risk limits under normal and stress scenarios.
- **Enhancement of End-to-End Product Management Framework** to ensure that all key products and services are managed efficiently, aligned with customers' need and controlled with acceptable risk level.
- **Establishment of Third-Party Risk Management Policy and Framework** which cover risk assessment, selection process, contract preparation, risk monitoring and termination of service with third party to ensure that risk management of service provision, system interface, or data access by third party is managed appropriately, accounting for customers' business operations and service provision.
- **Uplift of risk and compliance related functions to be more integrated and efficient** by setting up "Risk and Compliance Working Team" which comprise key members from related parties. The uplift is to ensure that the bank can provide various products/services to align with customers' need and increasing business growth in digital world more efficiently while key risks and compliance issues are defined and managed securely and appropriately.
- **Continual Enhancement of Fraud Management and Intelligent System** to ensure enhanced security for customers' transactions and increased efficiency in fraud detection via transaction fraud module for a broader coverage of transactions via various channels.
- **Enhancement of market conduct management** to ensure that customers receive fair service and treatment with complete and accurate information about products and services and align with good market conduct practice.

2. Risk Management

KBank has placed an emphasis on comprehensive risk management such as credit risk, market risk, liquidity risk, operational risk, digital risk and strategic risk, all of which are covered and properly managed.

Credit Risk Management

'Credit risk' refers to risk whereby a counterparty or borrower may default on contractual obligations or agreements, or have an intention not to abide by an agreement, resulting in losses to KBank. KBank thus places significance on credit risk management compatible with international standards and regulatory requirements, environmental impacts that may affect KBank business operations, as well as impacts of climate change, to ensure sustainable growth and reasonable returns to stakeholders.



KBank consistently promoted a market conduct culture via the Honest KBank People project.

In 2019, KBank focused on customer service and credit risk management for every customer segment. Customers' businesses were challenged by international protectionism that continued from the previous year, limited purchasing power at home, and a changing business landscape due to digital disruption. KBank thus put in place more stringent customer screening criteria, particularly for small and micro businesses as well as retail customers, while the Bank also sought to acquire customers with stronger financial status and sound debt servicing ability. KBank has also emphasized customers' early warning sign detection and behavior monitoring to ensure efficient monitoring, recovery and collection processes.

Credit Risk Management

Credit Risk Management Policy

To achieve sustainable growth, our credit strategy focuses on a balance between portfolio value creation and protection within our risk appetite. Portfolio management, credit policy and related credit procedures must comply with this strategy and must be in line with the Bank of Thailand's regulatory requirements, the government's policy adjustment and the plan that focuses on United Nations Sustainable Development Goals (SDGs), including how to cope with climate change, that may affect business operations in terms of risk and business opportunity.

KBank reviewed credit risk management policy, both in terms of credit risk and impacts on the environment and society, including the launch of new products and services in different circumstances, to ensure that our business operations are in compliance with relevant standards, accommodating changes in credit quality and sustainable growth of KBank. Such revisions were monitored for their impacts on portfolios, and updated for reference in KBank's database available to relevant users covering criteria for credit granting, management and credit risk management tools.

Credit Risk Management Process

A credit risk management process, from portfolio management to recovery and collection, has been established and continuously enhanced to appropriately reflect risk involved, as well as promote business capability.

- **Portfolio Management**

KBank emphasized active portfolio management corresponding to prevailing circumstances, particularly economic factors that could affect our customers and our portfolio quality. Via Active Credit Portfolio Management (ACPM) and stress testing, KBank ensured timely portfolio management towards any deviation against our planned targets. Meanwhile, KBank has also focused on portfolio management so as to control credit concentration within the established limits. Close monitoring of customer risk profile across industries was undertaken through the establishment of loan growth target in alignment with prevailing economic conditions, taking into account customer segments, product domains and industry outlooks, to maximize returns from each customer segment portfolio under defined risk appetite.

KBank adopted credit risk management mechanisms as follows:

- **Set up Credit Risk Management Sub-committee and Credit Process Management Sub-committee**. The committee managed a balance between credit risks and process efficiency to ensure effective risk management and consistency of relevant credit processes, thus allowing KBank to deliver a good customer experience.
- **Revise customer screening criteria on a regular basis to reflect customer risk profile.** Credit policy has been tailored for each customer segment. Industry pre-screening criteria, which can be used as a guideline for customer selection, have been established to classify customers based on sector risk levels.
- **Establish risk management mechanism in response to risk events which may affect our customers.** Early warning sign monitoring will trigger actions of responsible departments to assess impacts on affected customers and KBank by conducting in-depth analysis and stress testing. Thus, KBank shall be able to proactively prevent and solve any problems which may arise in a timely manner prior to deterioration of customers' debt servicing capability and overall credit quality of KBank.
- **Monitor customers' credit line utilization and customer status via early warning signs.** Guidance has been provided for Relationship Managers (RMs) to contact customers at an early stage when early warning signs are detected.
- **Manage credit concentration risk** in terms of borrower group concentration, sectoral concentration and country concentration. Credit exposures are maintained within predetermined limits, per the Bank of Thailand's guidelines.

- **Credit Underwriting and Approval**

KBank has formulated lending policy to ensure uniformity of good credit underwriting practices and comply with the Bank of Thailand's consolidated supervision guidelines. Guidelines for preferable and discouraged practices are also defined to ensure quality of credit extension.

KBank's credit risk management is based on current, transparent and qualified data. The credit approval processes and systems are designed to align with customers' characteristics. Medium and Large Business customers with sophisticated financial needs are served by Relationship Managers (RMs) with thorough understanding of customers' business and financial profiles. RMs are responsible for analyzing and proposing suitable credit products and services to match customer needs, presenting credit proposal to credit underwriters according to the defined approval authorities, and continual monitoring customer status.

For retail customers whose main products comprise home loans, credit cards and other types of financing, including loans for small and micro businesses, KBank deploys credit scoring as a credit approval tool, focusing on verification of income and liability information of each customer. KBank has also focused efforts on credit approval process improvement, while ensuring risk levels under a defined risk appetite.

Aside from the above practices, KBank realizes the importance of responsibility toward society and the environment in our credit underwriting. Guidelines and policies for environmental and social impacts have been established for project finance requests at home and abroad, including project monitoring throughout the credit term.

- **Post-Credit Approval Operations**

To achieve standardized and efficient credit operations, KBank has centralized credit operations covering legal and contract-related arrangement, preparation of collateral agreements, credit limit setup, credit disbursement, credit-related document storage and credit data support. KBank also set up processes to monitor customer credit-utilization behavior, business performance, compliance with contractual conditions as well as their debt servicing ability.

- **Allowance for Impairment Losses**

KBank has set aside allowance for impairment losses based on the Thai Financial Reporting Standards, taking into account indications of impairment and expected recovery value.

- **Debt Quality Monitoring**

KBank has developed risk indicators to monitor and control asset quality, as well as credit-utilization behavior, as early warning signals to prevent deterioration in credit quality. Credit bureau data is used to support credit limit renewals and credit quality management, thus achieving greater efficiency.

Regarding debt collection from large business customers, KBank assesses debt quality closely, using established indicators to ensure timely management prior to delinquency. KBank has also set up guidelines, such as those for credit review and limit suspensions, specific to each customer segment, according to segment risk characteristics.

Regarding small and micro business as well as retail customers, all likely to be affected by the slowing economy and mounting household debts, KBank has enhanced recovery and collection strategies to better respond to the varied risk levels of different customer groups. KBank managed customers in such a way as to prevent them from becoming NPLs, with a focus on swift and efficient management of recovery and collection.

- **Asset Quality Review**

KBank has conducted a review of credit policy and process including credit proposal presentation, credit underwriting, contract preparation and credit quality monitoring, to ensure credit policy and procedure consistency and efficiency. KBank also utilized information from the review to support our credit management standards.

Market Risk Management

Market risk may arise from changes in interest rate, foreign exchange, equity and commodity prices, as well as credit spreads. These changes affect KBank's and K Companies' present and future income, capital, the value of financial assets and liabilities as well as off-Statement of Financial Position transactions. KBank engages in a consolidated risk management framework through development of essential infrastructures and processes for timely and appropriate management of the market risk of financial products. In addition, we have established market risk management processes for new financial products, and improved related processes for existing products.

In 2019, global financial markets were quite volatile due mainly to the unresolved US-China trade war and Brexit. These two factors contributed to risk-off sentiment in financial markets. Investors therefore increased their holding of safe-haven assets. This led to greater capital inflows into Thailand thanks to its economic stability, as evidenced by an ongoing current account surplus – albeit at a decelerating rate amid the global trade slowdown, as well as the relentless rise of the Thai Baht. Meanwhile, major risk factors remained in the global market. As market sentiment was plagued by downbeat economic indicators of core economies, most investors focused mainly on debt instruments. Therefore, Thai bond and US Treasury yields saw a decline across all maturities. Regarding the outlook for 2020, the protracted US-China trade negotiations will remain a major concern, which may cause volatility in both money and capital markets at any time. This is despite the success of an agreement to "Phase One" of the trade deal, reached in January 2020.

Market Risk in Trading Book Activities

KBank's trading activities are exposed to risks of interest rate, foreign exchange, equity and credit spreads. Moreover, KBank has chosen not to retain any position when dealing with commodity prices by managing market risk through a back-to-back policy. Our equity risk stems from equity underwriting and non-directional trading business, which we undertake only for serving customer needs. KBank has processes in place to measure and control risks within the established limits, under the supervision and control of the Enterprise Risk Management Division.

Market Risk in Banking Book Activities

KBank is exposed to interest rate, equity price and foreign exchange risks in banking book transactions, i.e.:

Interest Rate Risk in Banking Book Activities

Interest rate risk refers to risk incurred from changes in interest rates of assets and liabilities, as well as off-Statement of Financial Position transactions that are susceptible to interest rate fluctuations. These may, therefore, have an adverse impact on net interest income and economic value of KBank.

KBank manages its financial position to increase net interest income and underlying economic value, based on adequacy of liquidity position. Therefore, KBank has established an interest rate risk management framework to ensure that our financial position is within the pre-specified risk appetite, and that the impact of interest rate changes on net interest income or underlying economic value of KBank is under control.

KBank continually monitors interest rate risk in banking book activities by assessing interest rate risk gap and net interest income sensitivity over the next 12 months, based on an assumption of a 1.00-percent change in interest rates on all types of assets and liabilities at their re-pricing periods.

The results of that risk assessment are shown below:

Net Interest Income Sensitivity to Interest Rate Change

(Unit: Million Baht)

For the Year Ending	Dec. 31, 2019
	+100 bps
THB	543
Foreign Currencies	(36)
Total Effect of Interest Rate Change	506

Equity Risk in Banking Book Activities

KBank has no policy to increase investments on equity that are not related to our financial business operations. Data analyses and close assessments of relevant events have been employed in order to managing equity investment to ensure maximum benefit of KBank.

Foreign Exchange Risk in Banking Book Activities

KBank is exposed to foreign exchange risk incurred from our overseas operations and investment. KBank has chosen not to retain foreign currency position stemming from such activities, except where there is market limitation of risk hedging, or for the purpose of appropriate cost management in risk hedging during certain periods. KBank has a monitoring process and control measures in place to ensure that risk is within an acceptable level. Foreign exchange risk management is under supervision of the Assets and Liabilities Management Sub-committee, with the goal of obtaining the highest returns under the risk limits approved by the Risk Oversight Committee and the Board of Directors.

Liquidity Risk Management

Liquidity risk is defined as the risk caused by a failure to obtain sufficient funds at appropriate costs to meet obligations when they come due, and/or an inability to convert assets into cash.

Liquidity in the banking system during 2019 was ample due to slower growth of net loan; in fact, deposits saw stronger growth than loans. Meanwhile, liquidity management at given periods may vary from bank to bank, depending on its liquidity position and management guidelines. KBank has been fully equipped with tools for appropriate liquidity management both in terms of foreign currencies and Thai Baht to protect ourselves against any potential liquidity shortage. Aside from efficient monitoring of liquidity risk in light of situations that may incur risk indirectly, we have also adopted a Business Continuity Plan to guard against disruptions to essential operations and systems, allowing us to fulfill our obligations in the event of an emergency.

To ensure that there is sufficient liquidity for business operations, KBank has assessed and conducted liquidity risk through liquidity gap analyses covering both normal and crisis situations, by employing liquidity stress tests covering three scenarios, i.e., liquidity crises that are either bank-specific, market-wide, or a combination of both circumstances. In addition, KBank applies world-class standards for liquidity risk indicators, such as the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), in our liquidity risk control and management.

KBank has also developed tools to assess and analyze liquidity risk that meet international standards. This allows us to devise an effective plan for overall liquidity management, including foreign currencies. Liquidity risk management processes have also been reviewed and enhanced together with our funding structure in response to changing market conditions and liquidity in the banking system, so that we are able to cope with the ever-changing global economy and volatility in financial markets.

We also monitor, analyze and manage foreign-currency liquidity risk, while seeking short- and medium-term liquidity to support present and future demand. We determine appropriate strategies to maintain a suitable level of foreign currency liquid assets, consistent with growth in foreign-currency deposits, and to guard against any heightened liquidity risk stemming from volatility in the global economy.

Closely monitored factors that could affect our liquidity and interest rate risks include:

- Global and Thai economic outlook over the short and medium terms, including impacts from the US-China trade war
- Key policy rate trend of the Bank of Thailand and major central banks
- Direct and indirect foreign capital movements triggered by internal and external risks
- Intensified competition among financial institutions in savings and investment products that may affect overall liquidity in the banking system
- Increasing demand for loans which could generate pressure on liquidity in the system.

Operational Risk Management

Operational risk refers to the risk of direct or indirect losses to a bank's revenue or capital resulting from incorrect or inadequate processes, personnel, operating and/or IT systems, or external events. KBank has thus placed importance on operational risk management through the development of policies and operational risk frameworks to enhance our operational risk management as a unified standard, prompting enhancements that allow us to assess risk and proactively seek preventive measures.

In 2019, KBank strengthened operational risk management in various key areas to assure that customers will receive fair service and treatment with appropriate risk management environment. Key focus areas cover the enhancement of product management throughout product cycle, development of the third party risk management, strenthening risk-related functions to be more integrated and efficient, and enhancement of market conduct management to ensure that customers receive fair service and treatment through efficient and practical process & management.

Digital Risk Management

Digital risk refers to risk that may arise from financial service provision via digital channels, data management, cyber threats and the use of IT to support business operations. It may come from internal or external factors, possibly having adverse impacts on, or causing monetary or non-monetary losses to, KBank and our customers, either directly or indirectly.

KBank aims to maintain our growth and our market leadership in digital banking services. To achieve this challenging goal, customer trust holds the key; customers must feel confident and secure when using our services. 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 for enhanced efficiency in work processes, control 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 2019, KBank conducted risk assessment and revised a plan for development of digital risk control system to be consistent with cyber threats and past performance. Significant risks include risk incurred from operations and IT that accommodate innovative financial services and products or new channels to respond to customers' needs, heightened risk in linkage with business partners, adoption of innovative technology to services, various types of cyber threats which have more severe impacts, as well as change in rules and regulations which become ever more stringent.

KBank has additionally revised risk policy and management framework to ensure that it brings tangible results in accordance with the set goals. For instance, the IT outsource risk management policy was upgraded to the third party risk management policy so as to cover all groups of external parties, development of sandbox policy to support innovative financial services that adopt new technology. Overall, risk management focuses on risk controls for prevention, detection, response, recovery and creation of an cyber hygiene culture. The risk controls covers four areas including governance, policies, processes and technology, and people and culture. Key performance can be summarized as follows.

- **Governance:** The Risk Oversight Committee is responsible for supervising risk management in alignment with risk management policy and strategy, and consistent with the established risk appetite.
- **Policies:** We have reviewed and revised relevant policies to be consistent with our organizational structure and KBank's Vision of maintaining our growth and leadership of Thailand's digital banking service market, regulatory requirements, as well as capability to efficiently cope with present and future threats.
- **Processes and technology:** We have been given priority to continuous improvement of our information security management to ensure that we can meet global standards for broader coverage of financial transactions and services. Along with this, we have implemented data leakage preventive measures while also bolstering the capacity to protect ourselves from advanced threats.
- **People and culture:** KBank has bolstered personnel capabilities in line with our business directions, new risks and threats. We have emphasized the creation of a cyber risk-aware culture which involves four personnel groups, i.e., the Board of Directors and management, employees, customers and suppliers of KBank, via communications in different formats to keep them abreast of cyber risks as well as provision of knowledge related to best practices. Notable endeavors included a phishing drill to test how employees respond to phishing emails and fraudulent websites to ensure that they can identify phishing threats and can properly cope with them for efficient prevention.

Strategic Risk Management

At KBank, strategic risk management has been highlighted and integrated into the organization's strategy formulation and implementation process. The process begins with systematic data collection and analysis for use in review and determination of appropriate Bank-wide strategies, which are then translated into those for business and support units, and key performance measurement. It also involves efficient resource allocation, organization-wide communication of strategic plans, establishment of clear operational plans and monitoring processes, as well as identification of problems and solutions. Strategic risk management refers to management of risks that arise from formulation and implementation of strategic and business plans that are unsuited to and inconsistent with internal factors and the external environment, which may affect earnings, capital fund or viability of the business. For 2019, material factors affecting strategic risk included local and global economic growth, technological advances which affected consumer behavior and demands, as well as government policies and new rules and regulations for financial institution supervision.

Our strategic risk management can be divided into two parts, as follows:

- **Strategic Risk Management for Strategic Content** is conducted by monitoring changes in external and internal environments which affect business operation, including expectation of changes for better preparedness, by setting up Key Risk Indicators (KRIs) for Strategic Content to enable us to regularly monitor and review Bank-wide strategies as well as business units' strategic plans in a timely and manner.
- **Strategic Risk Management for Strategy Execution** is conducted by:
  - Preparing monthly financial performance reports and biannual Balanced Scorecard (BSC) reports; we also arrange meetings regarding our strategies to address and manage specific issues, in order to achieve unified solutions.
  - Establishing KRIs for strategy execution which cover KBank infrastructure and resources.

Business Directions and Operations of Core Businesses

1. Sustainable Development and Corporate Governance

Sustainable Development in Action*

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

Sustainable Development Policy

In 2019, the Board of Directors reviewed the sustainable development policy and practical guidelines and approved the inclusion of the policy on adaptation and mitigation of the impact of climate change and revised the policy on financial support to environmentally-friendly businesses and environmentally friendly and reducing the environmental impacts of our own operations to be consistent with KBank's materiality and the global sustainability trend, as shown in the figure for sustainable development policy.



Goals

Sustainable Development Policy

Sustainable Profitability	Good Corporate Citizenship	Zero Carbon Society
Economic Aspect	Social Aspect	Environmental Aspect
• Business operations defined by good corporate governance practices • Adherence to a "Customer Centricity" philosophy and effective customer responsiveness • Efficient risk management • Sharing of financial knowledge with the general public • Customer data security and privacy • Product and service enhancements via value-added innovations	• Fairness of labor relations management and employee caring • Employee development • Promotion of occupational health and safety for employees • Youth education development and community and social development	• Adaptation and mitigation of the impact of climate change • Environmentally friendly and reducing the environmental impacts of our own operations • Financial support to environmentally-friendly businesses

* More details on Sustainable Development and Materiality for KBank can be found on page 247 - 251 of Annual Report 2019 and in Sustainability Report 2019 on KBank website.

Moreover, KBank's Board of Directors reviewed and improved the Human Rights Policy which has been applied across the operations of KBank and other companies in KASIKORNBANK FINANCIAL CONGLOMERATE as well as counterparties and joint ventures in conformity with key legal principles and international standards such as the United Nations Guiding Principles on Business and Human Rights (UNGPs), principles of humanity and rights in accordance with the International Labor Organization (ILO), and Principles of the United Nations Global Compact (UNGC).

KBank, in collaboration with the Thai Bankers' Association, has expressed our intention to elevate Thai financial institutions' business practices. To this end, responsible lending guidelines have been formulated as part of sustainable business operations which account for environmental, social and governance (ESG) criteria, in an effort to ease potential problems from lending and protect against adverse consequences, allowing financial institutions to embrace sustainable business practices.

We have prioritized communication to all stakeholders regarding sustainable development operations with the aim of transferring, sharing and exchanging relevant experiences to allow the continued growth of sustainable practices.



KBank adopted a no gift policy, refraining from accepting gifts regardless of festival or occasion. This is in order to promote good corporate governance, a foundation of a Bank of Sustainability.

Corporate Governance

KBank strongly 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. In 2019, we reviewed and developed policies and practical guidelines in conformity with international standards and kept them up-to-date and appropriate for KBank business, revised our Tax Policy and KBank Disclosure Policy. and reviewed our corporate governance practices to ensure compliance with the CG Code of 2017, Corporate Governance Report of Thai Listed Companies (CGR) and the ASEAN CG Scorecard.

In addition, a number of activities were undertaken continually to promote our good corporate governance practices. They included orientation sessions held for new directors, provision of news and information to directors via CG Journal and KBank Bulletin, training provided to executives and employees through various programs on the Code of Conduct and the Anti-Corruption Policy, risk management of modern organizations through Governance, Risk Management and Compliance (GRC), including online-based evaluation of employees' knowledge of compliance with the Code of Conduct. Moreover, a meeting was arranged to communicate to representatives of companies within KASIKORNBANK FINANCIAL CONGLOMERATE CG practices, requirements of government agencies, risk management and internal control. Along with this, we promoted our No Gift Policy, Anti-Corruption Policy, Supplier Code of Conduct and Human Rights Policy to encourage good governance practices. Meanwhile, we took part in a show of support to recognize International Anti-Corruption Day 2019.



KBank and 14 other commercial banks signed an agreement formulating practical guidelines for responsible lending based on environmental, social and governance (ESG) criteria in line with the Bank of Thailand's policy.



KBank unveiled its vision, "A Year of i", with the mission of forging a brand-new banking business.



KBank debuted the KATALYST project to equip entrepreneurs with business expertise and advice on applying technology for business expansion both at home and abroad.



KBank held the Beyond Agile by KBTG seminar to provide knowledge of the "Agile" methodology that can drive transformation in business and technology. Experts from world-renowned organizations were invited to share their experience.

2. Business Directions of KASIKORNBANK and the Wholly-owned Subsidiaries of KASIKORNBANK in 2019 and Outlook for the Next Five Years

KASIKORNBANK has established business directions on the foundation of a Bank of Sustainability, accounting for the balance of three dimensions – economy, society and environment – under good corporate governance, appropriate risk management and effective cost management. Guided by the Customer Centricity strategy and resolution of delivering an excellent customer experience in order to empower every customer's life and business, we prioritize the offering of attentive and inclusive services as a trustworthy service provider. We can deliver a positive customer experience anywhere, anytime through collaboration and synergy with other companies within KASIKORNBANK FINANCIAL CONGLOMERATE and our business partners under the single brand of KASIKORNBANK.

In 2019, KBank emphasized data analytics for predictive integrated risk management (IRM) through the establishment of comprehensive risk management principles and policies, efficient capital management and a risk-aware culture Bank-wide, as well as good corporate governance, in strict compliance with relevant rules, regulations and laws in order to efficiently cope with potential economic uncertainties as well as new policy guidelines and measures of the Bank of Thailand and other regulatory agencies.

KBank has established our strategic imperatives by embedding in select financially relevant ecosystems, lending successfully using data analytics and ensuring cyber security and data confidentiality. As a guideline for coping with impacts from digital disruption and fast-changing customer demands, we have emphasized strategic capabilities through the following eight transformation journeys.

- Ecosystem Orchestrator & Harmonized Channel: Orchestrating ecosystems with partners and providing excellent experiences throughout customer journeys
- Intelligent Lending: Levering customer data to offer personalized lending experience
- Proactive Risk & Compliance Management: Proactively identifying potential risk and establishing loss prevention and detection
- New Growth in Regional Market: Exploring new growth opportunities in other countries

The K-Strategy

KASIKORNBANK Guiding Foundation

- Remain a top tier size with strong brand, distribution, and capital base
- Acquire enduring customers and ensure excellent customer experience across all segments
- Be a digital-oriented AEC+3 Bank
- Be a data-driven bank and ensure data confidentiality
- Be a cost competitive operator
- Be a Bank of Sustainability

Purpose

To Empower Every Customer's Life and Business

Customer Promise

Total Solution | Attentive & Inclusive | Any Time & Any Where | Trustworthy

K-Culture

A PIONEER FOR THE BETTER, A STEP AHEAD FOREVER

Customer at Heart / Agility / Collaboration / Innovativeness

Strategic Imperatives



Lend successfully using data analytics

Embed in select financially relevant ecosystems

Ensure cyber security and data confidentiality

New Capabilities

8 TRANSFORMATION JOURNEYS

1 **Ecosystem Orchestrator & Harmonized Channel**
Orchestrating ecosystems with partners and providing excellent experiences throughout customer journeys

2 **Intelligent Lending**
Leveraging customer data to offer personalized lending experience and achieve fair risk-adjusted return

3 **Proactive Risk & Compliance Management**
Proactively identifying potential risk and establishing loss prevention and detection



4 **New Growth in Regional Market**
Exploring new growth by
- Regional Payment for All
- "Better Me" Finance

5 **Data Analytics**
Expanding data analytics capability to enhance business opportunity and operational efficiency

6 **Cyber Security & IT Resilience**
Enhancing comprehensive cyber security and IT capabilities

7 Performing Talent and Agile Organization

8 Modern World-Class Technology Capability

- Data Analytics: Expanding data analytics capability to enhance business opportunity and operational efficiency
- Cyber Security & IT Resilience: Enhancing comprehensive cyber security and IT capabilities
- Performing Talent and Agile Organization: Developing employee potential in the drive towards an agile organization
- Modern World-Class Technology Capability: Adopting modern world-class technology to make KBank the top regional financial service provider

In alignment with the above strategy, KBank prioritizes total solutions in order to fully meet the needs of all customer segments. Our endeavors for each business are as follows:

- **Retail Business:** KBank has focused on data analytics in order to deliver products and services that can meet each individual customer's needs via physical branches and digital channels for the best customer experience. Along with this, we have collaborated with our partners in various businesses to develop multiple products that accommodate every aspect of their lives for enhanced competitiveness and sustainable business operations over the long term. Focus has been placed on improvement of private banking service quality through the offering of advice, products and services of international standard so as to deliver excellent services that can comprehensively respond to High Net Worth Individual clients' needs, namely wealth planning, wealth creation, custodian service and family business succession plan through our advisory services for both domestic and foreign investment.
- **SME Business:** KBank aspires to become a Total Solution Provider for our SME customers. Through solid teamwork among our Relationship Managers (RMs), who are well-versed in KBank products, and branch officers who have in-depth understanding of our customers' businesses, we aim to efficiently expand our customer base. Along with this, we have deployed innovative digital technologies and data analytics for customers' enhanced business efficiency along with knowledge-based assistance and business networking, with emphasis given to asset quality management to ensure the sustainable business growth of both our customers and KBank.
- **Corporate Business:** KBank is determined to meet all of our corporate customers' business needs, especially through funding support, advisory services and multiple formats of fund mobilization, to ensure their cost effectiveness under appropriate risk management. Along with this, we have given staunch support to their transactions via all formats of electronic channels, while focusing on the offering of products and services responsive to all parties, including customers, suppliers, business owners and employees throughout the ecosystem, for increased competitiveness and effective business management in a comprehensive manner. These efforts are aimed at maintaining our status as customers' Main Operating Bank (MOB).

Meanwhile, KBank continues to gear up for being a Regional Digital Bank. To this end, we have expanded our financial services for the purpose of saving and investment, borrowing, transactions and risk prevention. In parallel, we have upgraded our digital capability for improved access to a large number of customers, by starting with the offering of transaction banking service in order to have better understanding of customer demands. Meanwhile, we act as a digital platform provider for both financial and non-financial services in order to meet customers' needs beyond the banking realm in a bid to broaden our customer base in the digital age, especially our SME and retail customers.

3. Customer Segments and Services

During 2019, KBank and K Companies continued to adhere to our "Customer Centricity" strategy, being attentive to the impact of domestic and global economic circumstances and rapid technological development. KBank remains committed to strengthening customers' capabilities in order to empower every customer's life and business and to ensure total solutions through the provision of attentive and inclusive services anytime and anywhere as a trustworthy service provider. These endeavors can be achieved through collaboration and synergy with other companies within KASIKORNBANK FINANCIAL CONGLOMERATE and our strategic partners in the dimensions of customers, products and service channels. Our key operations in eight customer segments are as follows:



1



2



3



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1. KBank joined with the Ministry of Digital Economy and Society, the Thai Chamber of Commerce, and the Board of Trade of Thailand to debut the Digital Tourism Platform on the TAGTHAi application, designed to be a one-stop solution for tourists visiting Thailand.
2. KBank worked with Sripatum University to advance the SPU Digital Campus project to develop and create innovative digital tools to elevate learning and teaching at the campus.
3. KBank joined forces with Samyan Mitrtown to encourage customers to go cashless via digital channels, in alignment with lifestyles for the new era.
4. KBank and KUMON (THAILAND) Co., Ltd. provided support to the opening of cramming schools under the Kumon franchise brand.
5. KBank worked with Lazada to innovate in lending via the Lazada Seller Center application, allowing customers to apply for a loan at their fingertips, with one-minute approval and loan credited into a KBank account linked to K PLUS.
6. KBank and the Provincial Electricity Authority (PEA) signed a memorandum of agreement to develop the PEA Solar Hero application to offer a pioneering one-stop service providing greater convenience for customers seeking to install solar rooftops.



5



6

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. 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 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 Chonburi Hospital to provide patients easier access to healthcare services. Moreover, we collaborated with the Provincial Electricity Authority to link our payment system to the PEA Solar Hero application to facilitate those interested in installing a solar rooftop. As part of our effort to forge cordial ties with this customer segment, KBank held various activities, such as a learning course on the economy and foreign exchange fluctuation.

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 2019, KBank assisted our clients in the construction material industry in their fundraising via capital markets. We also gave our customers financial advice tailored to their respective needs in order to efficiently cope with foreign exchange risk in the midst of the fluid global economic situation and impacts of the present international trade war.

Furthermore, we focused on the offering of products to enhance our customers' business efficiency beyond the financial realm. Of note, KBank signed a memorandum of cooperation with two universities to support co-learning spaces and applications tailored to each university that could also serve as a prototype in the move towards a cashless society. Moreover, we arranged numerous activities to enhance relationships with our clients.

Medium Business

We prioritized our support to Medium Business through total solutions. Focus was also on in-depth data analysis in order to gain insights about customers' business and personal needs. Along with this, we enhanced our personnel's skills to reinforce their in-depth knowledge and know-how on products and services. This is to ensure that we can provide accurate and swift services in alignment with our resolution of delivering an excellent customer experience.

In 2019, we applied data analytics to credit underwriting, allowing us to offer product solutions with accuracy and swiftness via both our RMs and digital channels. Multiple loans were developed to meet customers' needs, such as Revolving Loan for SMEs which features working capital with repayment and re-borrowing flexibility. Based on existing customer data, we have expanded the customer base within value chains, especially among businesses with brighter growth prospects, namely construction and construction materials, consumer products and communications. To provide funding support to our customers, KBank launched several loan programs including Portfolio Guarantee Scheme Phase 8 (PGS8) which features loans guaranteed by the Thai Credit Guarantee Corporation (TCG), assistance measures for disaster-affected SMEs in the south and a soft loan program for machinery replacement. We also continued to promote the "Do Good and Get Loan" program which features loans granted to SMEs under the SME Single Account scheme initiated by the government.

Furthermore, KBank developed "MyPromptQR" which is a new format of QR payment to facilitate Medium Business and larger segment customers with more options for bill payment. Another notable initiative is collaboration with KFC – KBank's business partner – to install the first self-ordering kiosk for accepting credit/debit card payment and QR code via KBank electronic data capture (EDC), at its Samyan Mitrtown location. We also worked with Big C Foodplace at Samyan Mitrtown to install self-service machines 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 online channels. We teamed with Shopee and Lazada to launch the online business loan – a financial solution that requires no documentation or collateral, offered via





1. KBank held “The Symbol of Your Vision” seminar to monitor the global economic situation and provide in-depth perspectives about the Thai economy in order to shed light on the global economic outlook for 2019.
2. KBank organized the “Get Started – Digital Transformation for Your Business” seminar to equip customers with useful guidance and knowledge on adjusting their business towards the digital era.
3. KBank debuted MADHUB – the solution hub for online traders offering knowledge, management guidance, and financial support to ensure they can grow like a pro in all dimensions.
4. KBank introduces a special 11-month fixed deposit campaign, offering a high interest rate of 1.6 percent, with monthly interest rate payments.
5. KBank, its business partners, and 20 sales channels jointly organized K SME MATCHING Day 2019 to match Thai businesses with their foreign counterparts in order to help boost sales volume. More than 800 companies participated in the event.
6. K-CHANGE Fund invest in global stock of companies operating businesses that have a positive impact on society.









K PLUS. Under the "Better Together" collaboration, KBank aims to join forces with business partners in order to leverage our status as a leading digital banking provider that is well-versed with financial solutions that can respond to the needs of customers across all segments in alignment with their lifestyles, especially online sellers, to cash in on the thriving e-commerce business.

Moreover, we are determined to offer comprehensive financial products to our customers via the MADHUB project – the solution hub for online traders which comprises six key services, i.e., MADCARD which offers privileges for Facebook advertising via debit card, MADFUND to provide financial support, MADDEAL that offers discounts for online business and transportation costs, MADCOURSE which involves learning courses, MADVISOR for giving advisory services, and MADSPACE which is designed to support online business growth in line with the e-commerce boom. Thanks to our in-depth understanding of SME clients and online business, KBank has initiated solutions that can assist such customers in gaining access to funding sources as well as knowledge, useful advice, learning courses and special deals specifically designed for online business.

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 using their physical card. Meanwhile, the K PLUS SHOP application has been continually enhanced for greater service efficiency and stability. Along with this, KBank has made preparations in order to accommodate payment of Chinese tourists via Alipay and WeChat Pay e-Wallets.

Moreover, we developed the e-Donation system via mobile banking application to facilitate customers who want to donate money to charitable organizations linked to the Revenue Department's e-Donation system for broader service coverage.

High Net Worth Individual

2019 was another challenging year for investors amid a volatile global market. KBank therefore worked with our business partner Lombard Odier in developing innovative products and services across all dimensions. Notable strategies and offerings in 2019 included:

1. Diversified investment: Aside from investing in mixed funds through the adoption of a risk-based allocation strategy, we focused on alternative assets such as gold and over-the-counter stocks in order to control risk for a balanced portfolio. To minimize overall risk, customers were recommended to adjust their portfolios via varied tactics, for instance, cutting their investment in emerging-market stocks while strengthening risk control mechanisms.

2. Introduction of products as alternatives for generating returns to customers: These innovative products include K Global Risk Allocation Fund Not for Retail Investors (K-GLAM), which has applied the latest risk limit, giving KBank more leeway in investment in mixed funds using three distict levels for risk; K Fixed-Dated High Yield 2023A Fund Not for Retail Investors (K-HY23A-UI) offering a fixed return that is higher than deposit interest rate amid the downward interest rate trend; K Positive Change Equity Fund (K-CHANGE) which invests in global stocks of companies operating businesses that have a positive impact on society, and Land Loan for Investment, which features an overdraft loan product that allows customers to use their land as collateral for their investment.

Affluent

With the aim of becoming Customers' Main Bank in this segment and increasing this customer group's share of wallet devoted to KBank, we 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. Along with this, focus was on upselling and cross-selling tactics for use with existing clients.

In 2019, 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, Life Insurance: Endowment 215 which offered attractive returns, and Life Insurance: Whole Life 85/5, for those wanting to leave an estate for their heirs. KBank also teamed with KASIKORN ASSET MANAGEMENT CO., LTD. to introduce '4D' strategies which focus on 'Diversification' of asset classes in order to cope with market volatility, 'Defensive' investment for generating constant income, appropriate 'Duration' of asset holding, and 'Disciplined' investment. Notable funds included K Guaranteed 5 Years B Fund (KGT5YB), K Global High Impact Thematic Equity Fund (K-HIT), K Fixed-Dated Asian Bond 2022A (KAB22A), K Property Infra Flexible Retirement Mutual Fund (KPROPIRMF) and K Multi-Strategy Bond Fund Not for Retail Investors (K-MBOND). Meanwhile, we recommended five top-performing funds based on Morningstar Rating as well as new funds focusing on thematic investing in line with megatrends, namely the K Positive Change Equity Fund (K-CHANGE). All of these funds met with an overwhelming response from 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 workshops on hairstyles and painting, namely "Discover the Beauty in You" and "Paint the Portrait with Khru Parn".













1. KBank recently presented certificates to employees trained to provide financial knowledge and build financial immunities to university students in Greater Bangkok under the Financial Literacy for New Generation program.
2. KBank partnered with YouTrip Thailand to debut the Multi-Currency Travel Wallet for spending in foreign currencies using a contactless smart card offering cheaper forex rates than those of money changers.
3. KBank joined with Electronics Extreme Co., Ltd. to debut a game top-up service to facilitate payment for online games, with credit cards & debit cards from every bank and the ability to make payment via QR Payment.
4. The JOURNEY debit card: For globetrotters! Better rates! No charge… for any currency!
5. KBank joined forces with Grand Prix International Pcl to launch a special campaign for KBank customers who purchase admission tickets for the Bangkok International Motor Show via K+ Market on K PLUS.
6. OnePlus 10/1 life insurance: Pay one time, pay for life with comfort.

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 have studied customer data, in both their financial and lifestyle needs, in order to develop products including savings products, loan solutions and financial investment advice that meet our new-generation customers' demands. In 2019, KBank developed a service for the opening of K-eSavings Account via K PLUS and facilitated customers seeking to open a deposit account at a KBank branch in filling out relevant information via tablet while waiting in line. Moreover, we offered bancassurance products tailored for specific groups of customers, namely the debut of life insurance with health rider designed for KBank Payroll customers, PA for kids covering seven common childhood diseases, and Takaful Life Insurance, designed for Muslim customers. Customers also had more options to apply for life insurance One Plus 10/1, travel insurance and personal accident (PA) coverage via K PLUS. Notable initiatives were the launch of JOURNEY Card – a lifestyle debit card, and YouTrip Card – a prepaid multi-currency card that offers distinctive forex benefits to travel enthusiasts.

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 major loan products. Along with this, we applied digital technologies for data analytics in order to enhance lending efficiency, streamline the credit underwriting process and minimize credit risk. Moreover, focus was on digital lending in order to reach out to payroll customers, SME operators and customers acquired through our business partnerships such as Grab drivers, and sellers of e-Commerce companies Shopee and Lazada. For major loan products, KBank introduced the following promotional campaign to expand our customer base.

1. K-Home Loan: Partnering with property developers, we conducted co-promotion activities in Bangkok and strategic provinces to provide home loans with special interest rates to customers seeking to purchase new homes, refinance their mortgage or apply for K-Home for Cash. We also granted support to the application development of a property developer which is our partner in order to facilitate homebuyers, especially through the offering of the best refinancing conditions. Moreover, we teamed with www.baania.com to conduct digital marketing to gain access to the target customers while also cooperating with Provincial Electricity Authority to launch a special interest loan via the PEA Solar Hero application to promote the installation of solar rooftops.

2. K-Credit Card: Aside from the offering of credit card loan via digital channel to KBank Payroll customers, KBank continued to expand our customer base in alignment with the "One Card for Use Every Day" strategy. We also launched a campaign to promote spending in all categories and meet all lifestyle needs for holders of KBank JCB Credit Card, OneSiam-KBank Credit Card and PTT Blue Credit Card. Other notable initiatives were the transfer of KBank Reward Points to loyalty programs of our business partners via K+ Market and promotion of spending at home and in foreign currencies via digital marketing campaign.

3. Personal Loan: We focused on digital lending to both existing and potential new clients. K-Express Cash was renamed Xpress Cash, while K-Personal Loan was changed to Xpress Loan, in order to increase product acceptance. Along with this, special interest rates were offered to customers who fully complied with the established conditions. We also added a channel for loan application via tablet at Bank branches, while customers can express their intention to apply for the loan via KBank's website. Additional information about the loan was made available via phone, and we also provided a service to pick up application forms and other documents from customers.

Mass

KBank prioritizes 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 with the aim of becoming Customers' Main Bank.

To reach out to new customers in 2019, we launched the KBank x BLACKPINK – Empower Your Belief campaign, which offered applicants a BLACKPINK-themed deposit passbook and debit card in order to familiarize them with the brand at the start of their use. Moreover, we tailored multiple services in response to the new generation's needs such as the opening of K-eSavings Account via K PLUS with no minimum deposit required, application for a debit card together with opening of a K-eSavings Account via K PLUS without going to a Bank branch, outward funds transfer via K PLUS, which is suitable for payment to students studying abroad, and top-up of RoV game on termgame.com via K PLUS to facilitate mobile gamers – a market that has seen rapid growth. We also aimed to acquire new customers at universities, both corporate and individual clients, through establishment of long-term relationships. To this end, we focused on promoting students' learning capabilities through development of educational applications, training sessions, and the continuous launch of projects in the drive towards a cashless society within the campus.



KBank and PTT Oil and Retail Business Pcl. launched the Blue CONNECT application to provide consumers greater convenience and speed in making payment, in support of the drive towards a cashless society.



KBank, in collaboration with the Royal Thai Embassy, Beijing, and the Ministry of Foreign Affairs, debuted the Thai e-Visa in the People's Republic of China.



KBank appointed Big C Supercenter Pcl. as a banking agent to provide KBank service and enhance capability in digital transactions. Big C Supercenter has more than 6,000 branches nationwide.

Moreover, we continued to offer multiple benefits on KBank products and services to KBank Payroll customers working in leading companies. Furthermore, we teamed with our business partners to develop products and services to facilitate payment for our customers. Notable efforts included the launch of an e-Wallet service via Blue CONNECT application for use at PTT Station and PTT Group retail stores; GrabPay Wallet that can be linked to and topped up via K PLUS, and the offer of a first-year fee discount for Grab Drivers who applied for K MAX PLUS Debit Card.

4. Service Channels

In 2019, KBank focused on providing seamless online and offline services of both KBank and our business partners to ensure a positive customer experience anywhere, anytime. We have orchestrated ecosystems with partners while also developing our core service channels for enhanced efficiency in accessing customers in order to deliver them excellent services with the greatest cost effectiveness.

1. **Branch Network:** Key initiatives for branch network management in 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 sales efficiency with the application of technology and big data, and thorough 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 2019, K PARK was expanded to five branches while new hybrid branches were opened, bringing the total number of KBank branches in this format to 10 in order to deliver a new customer experience through the use of self-service electronic machines. Moreover, we expanded the mini branch format to three branches – this branch format shares the space of our business partners to provide customers basic services. KBank also introduced two Happy Loan Centers by KBank to offer loan products and advisory services dedicated to retail clients. Meanwhile, KBank Service was expanded to post offices, Big C Supercenters, Café Amazon and Inthanin as well as



KBank and UnionPay International (UPI) signed an agreement under the Belt and Road Forum for International Cooperation program to upgrade payment acceptance service in Thailand and the region.

convenience stores including 7-Eleven outlets, FamilyMart and SPAR stores to allow customers to conduct deposit/withdrawal transactions, and opening of deposit account for individual customers, with different scopes of services available at each banking agent.

We also considered the appropriate management of foreign exchange booths, especially in viable areas, in order to maintain our market share. Along with this, we unveiled automated currency exchange machines at Airport Rail Link, Suvarnabhumi Station, which offer special foreign exchange rates to customers without a currency conversion fee, available 24 hours a day. To remain competitive, we revised our foreign exchange buying and selling rates. In parallel, other notable endeavors included joint promotional campaigns held with K-Credit Card and the use of redeemed points for discounts.

- **International Branch Network:** We have adhered to our strategy of becoming a “Regional Digital Bank” through the Three-Track Regional Digital Expansion. In detail:
  - **Conventional Expansion** – We have expanded our business network and 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 the People’s Republic of China, Lao People’s Democratic Republic, and 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 within 2020.
  - **Digital Expansion** – 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 the development of 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.
  - **Industry Solutions and Ecosystem Expansion, especially in target countries within CCLMVI*** – We have sought opportunities to foster collaboration with new tech partners, to allow Thai and local businesses to gain better access to financial services. In 2019, KBank teamed with an e-Commerce partner in the Republic of Indonesia to implement a pilot project that aims to push Thai businesses and products to compete in the regional arena.

* CCLMVI means People’s Republic of China, Kingdom of Cambodia, Lao People’s Democratic Republic, Republic of the Union of Myanmar, Socialist Republic of Vietnam and Republic of Indonesia.

Branches and Financial Service Offices/Centers

Domestic	Number of Locations	
	2019	2018
Branch Network [1]	886	958
Foreign Exchange Booth	137	137
THE WISDOM	97	102
SME Business Center [2]	135	121
International Trade Service Center	58	58
Cheque Direct Service	22	20

International	Number of Locations	
	2019	2018
Branches of Locally Incorporated Institution	6	6
KASIKORNTHAI BANK LIMITED (Lao PDR)	2	2
KASIKORNBANK (CHINA) CO., LTD.	4	4
Branches	3	3
Representative Offices	7	8

Electronic Banking Services	Number of Units	
	2019	2018
Self-Service Channel (K-ATM and K-CDM)	10,973	11,985
K-ATM (Automated Teller Machines)	8,168	9,369
K-CDM (Cash Deposit Machines)	2,805	2,616
K-PUM (Passbook Update Machines)	1,028	1,075
Automated Currency Exchange Machine	5	-

Notes:

[1] Excluding 8 branches, classified as other branch platforms per the Bank of Thailand's conditions.

[2] Excluding International Trade Service Centers. More than one SME Business Center may be located in a single branch.

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 to ensure optimum satisfaction. For the greater convenience of our foreign clients, the self-service machines offer prompts in multiple languages. To ensure broader service coverage, KBank and Government Savings Bank (GSB) jointly launched a pilot project for white-label ATMs, with no withdrawal fees and unlimited withdrawals, allowing customers to conduct the same transactions as those done at their own bank's ATM terminals. The project is being tested in five provinces, i.e., Sakon Nakhon, Nakhon Phanom, Pattani, Yala and Narathiwat, thus bringing the total number of shared ATM terminals of the two banks to nearly 400. 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 with easier access to banking service, allowing them to conduct financial transactions without leaving their cars.
- **Digital Banking Services**: To maintain our status as the number-one digital banking provider, 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 in 2019 included:
  1) **K PLUS**: We focused on development of K PLUS to ensure linkage with our business partners' platforms in order to make K PLUS a lifestyle platform fit for our customers' everyday use. We have also enhanced features to allow for 24-hour financial transactions on K PLUS, with new services available as follows:



KBank, Bangkok Bank, and Central JD FinTech Holding Co., Ltd. jointly introduced the Dolfin Wallet application designed to upgrade the lifestyles of Thai people and provide greater convenience along with the highest security for shopping enthusiasts.

- Linkage of K PLUS to our partners' applications: Notable endeavors were Register with K PLUS which allows customers to apply for an e-Wallet service with identity verification via K PLUS, and Pay with K PLUS which features a top-up of e-Wallets of our business partners such as PTT e-Wallet, GrabPay Wallet, YouTrip Card and Dolfin Wallet.
- QR payment in other countries: Customers simply scan their QR code at shops bearing the K PLUS and Smart Code logo in Japan or VIA in Singapore to make payment with no minimum amount required and without fee charged.
- Opening of K-eSavings Account and issuance of debit card for new customers who have no existing account with KBank.
- Cardless withdrawal at KBank branches or K-ATMs and convenience stores which are our banking agents nationwide.
- Outward funds transfer which covers six currencies in 24 countries worldwide with no fee charged and notification sent when the recipient's account is credited.
- Purchase/sale/switch of mutual funds of any type to meet the needs of all customer segments.

2) **K-Cyber**: We focused on maintaining the integrity of the K-Cyber system, giving our customers more confidence when conducting financial transactions via all digital banking channels.This allowed us to maintain our online customer base in a sustainable manner.
3) **K-Payment Gateway**: This service channel has been enhanced in conformity with the Payment Card Industry Data Security Standard (PCI-DSS). Focus was on development of capabilities in service links to meet the demands of online merchants, covering all types of businesses. We have also improved the work process system to ensure service stability.

- **K-Contact Center**: We are determined to deliver the best customer experience with enhanced services that can meet customer behavior in the digital era anywhere, anytime. KBank aims 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 four key dimensions, i.e.,
  1) **Non-Voice Channel & Self-Service**: The chatbot program has been improved and is presented in a user-friendly infographic format to provide relevant, interesting and easy-to-understand content, and menu options of available KBank products and services that meet customers' needs.
  2) **Empowerment**: We focused on employee empowerment to ensure comprehensive solutions, along with establishment of a Solution Hub to effectively tackle complicated problems, including collaboration with other commercial banks, to better meet all customers' needs.
  3) **Knowledge Management**: We have developed and implemented a knowledge management system for effective database searching so that our employees can swiftly and accurately answer customers' questions while also conducting self-learning at any convenient time.
  4) **Case Management**: KBank worked with the Thai Bankers' Association in implementing the Banking Industry-Wide Customer Incident Management Standard for handling customer complaints within the same day, while also preparing guidelines for communication with our customers to ensure the positive public image of the banking industry.

Operating Performance and Financial Position Analysis

1. Operating Performance

KBank's consolidated net profit for 2019 totaled Baht 38,727 million, increasing Baht 268 million or 0.70 percent. Net interest income increased by Baht 4,150 million or 4.21 percent due mainly to interest income from loans and investments. NIM therefore stood at 3.31 percent. Non-interest income also increased by Baht 858 million or 1.51 percent, derived mainly from revenue from sales of securities while net premiums earned – net decreased. Likewise, fees and service income fell due to a waiver of fees for funds transfers via digital channels. Moreover, other operating expenses increased by Baht 4,381 million or 6.41 percent due mainly to branding campaigns and marketing activities in line with KBank's business direction. As a result, the cost to income ratio stood at 45.32 percent. KBank has set aside higher allowance for impairment loss on loans from the preceding year, with prudent consideration on factors in line with uncertainties stemming from continued economic slowdown.

Operating Performance for 2019

(Unit: Million Baht)

	2019	2018	Change	
			Increase (Decrease)	Percent
Net Interest Income	102,688	98,538	4,150	4.21
Non-Interest Income	57,803	56,945	858	1.51
Total Operating Income – net	160,491	155,483	5,008	3.22
Total Other Operating Expenses	72,729	68,348	4,381	6.41
Impairment Loss on Loans and Debt Securities	34,012	32,532	1,480	4.55
Net Profit (attributable to equity holders of KBank)	38,727	38,459	268	0.70
Basic Earnings per Share (Baht)	16.18	16.07	0.11	0.70

Major financial ratios that reflected operating performance of KBank and our subsidiaries in 2019 and 2018 are as follows:

(Unit: Percent)

Financial Ratio	2019	2018	Change
Return on Assets (ROA)	1.20	1.27	(0.07)
Return on Equity (ROE)	9.90	10.61	(0.71)
Net Interest Margin (NIM)	3.31	3.39	(0.08)
Cost to Income Ratio	45.32	43.96	1.36

(Unit: Percent)

Financial Ratio	2019	2018	Change
Net NPLs to Total Loans	2.45	1.89	0.56
Gross NPLs to Total Loans	3.65	3.34	0.31
Coverage Ratio	148.60	160.60	(12.00)
Loans [1] to Deposits Ratio	96.62	95.94	0.68
Capital Adequacy Ratio [2]	19.62	18.32	1.30
Tier 1 Capital Ratio [2]	16.19	15.90	0.29

Notes:
[1] Loans refer to loans to customers less deferred revenue.
[2] KASIKORNBANK FINANCIAL CONGLOMERATE's Capital Adequacy Ratio (CAR)

Net Interest Income

KBank's consolidated net interest income for 2019 was Baht 102,688 million, increasing Baht 4,150 million or 4.21 percent over-year, due mainly to rising interest income from loan in line with average growth of loan and interest income from investments in line with an increase in average return and average investment. Meanwhile, interest expenses rose due to an increase in average deposit interest rates and average deposits. Our NIM for 2019 equaled 3.31 percent, lower than the previous year, which was in line with the set target even though the reference rate was lower than expected.

(Unit: Million Baht)

	2019	2018	Change	
			Increase (Decrease)	Percent
Interest Income				
Interbank and Money Market Items	6,390	7,197	(807)	(11.22)
Deposits	1,249	818	431	52.66
Loans without Repurchase Agreements	506	635	(129)	(20.26)
Repurchase Agreements	4,635	5,744	(1,109)	(19.31)
Investments	21,539	18,192	3,347	18.39
Trading Investments	395	244	151	61.80
Available-for-Sale Investments	4,707	2,822	1,885	66.79
Held-to-Maturity Investments	16,437	15,126	1,311	8.66
Loans	96,376	93,246	3,130	3.36
Hire Purchase and Finance Leases	5,859	5,273	586	11.12
Others	14	14	-	1.05
Total Interest Income	130,178	123,922	6,256	5.05
Total Interest Expenses	27,490	25,384	2,106	8.29
Total Interest Income – net	102,688	98,538	4,150	4.21
Yield on Earning Assets (percent)	4.19	4.27		(0.08)
Cost of Fund (percent)	1.23	1.19		0.04
Net Interest Margin (NIM) (percent)	3.31	3.39		(0.08)

Non-Interest Income

For 2019, KBank's consolidated non-interest income totaled Baht 57,803 million, increasing Baht 858 million, or 1.51 percent over-year, which was better than the set target. The increase was due mainly to revenue from sales of securities. Meanwhile, net premiums earned – net decreased as a result of declining premiums in line with the insurance business slowdown. Likewise, net fees and service income fell due mainly to an impact from a waiver of funds transfer fee via digital channels and a decrease in fee from card business.

(Unit: Million Baht)

	2019	2018	Change	
			Increase (Decrease)	Percent
Non-Interest Income				
Fees and Service Income	50,580	51,187	(607)	(1.19)
Fees and Service Expenses	13,840	13,070	770	5.89
Fees and Service Income – net	**36,740**	**38,117**	**(1,377)**	**(3.61)**
Gain on Trading and Foreign Exchange Transactions	8,362	9,003	(641)	(7.12)
Gain on Investments	8,412	2,652	5,760	217.17
Share of Profit from Investments using Equity Method	44	50	(6)	(11.02)
Dividend Income	2,817	2,118	699	33.00
Net Premiums Earned	80,489	91,434	(10,945)	(11.97)
Other Operating Income	1,592	1,468	124	8.43
Less Underwriting Expenses	80,653	87,897	(7,244)	(8.24)
Total Non-Interest Income	57,803	56,945	858	1.51

Other Operating Expenses

KBank's consolidated other operating expenses for 2019 was Baht 72,729 million, rising Baht 4,381 million, or 6.41 percent over-year. The increase was due mainly to branding campaigns and marketing activities in line with KBank's business direction and increased 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 of 2019 was thus equal to 45.32 percent, higher than 43.96 percent in the previous year, which was within the set target.

(Unit: Million Baht)

	2019	2018	Change	
			Increase (Decrease)	Percent
Employee Expenses	33,261	31,369	1,892	6.03
Directors' Remuneration	159	143	16	10.84
Premises and Equipment Expenses	12,910	12,649	261	2.06
Taxes and Duties	5,031	4,868	163	3.37
Others	21,368	19,319	2,049	10.61
Total Other Operating Expenses	72,729	68,348	4,381	6.41
Cost to Income Ratio (percent)	45.32	43.96		1.36

Impairment Loss on Loans and Debt Securities

Classified Loans, Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring

KBank classifies consolidated loans into six categories, in accordance with the Bank of Thailand's regulations. Minimum allowance for doubtful accounts is set according to the loan classification criteria, with period overdue being the key classification criterion. Maximum collateral value, used for calculation of allowance for doubtful accounts, depends on the type of collateral.

KBank's consolidated classified loans and allowance for doubtful accounts, as of December 31, 2019, are shown in the table below:

Classified Loans, Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring

(Unit: Million Baht)

	Loans and Accrued Interest Receivables	Allowance for Doubtful Accounts	
		Percent per BOT's Regulations	Total Provision
Normal	1,839,131	1	5,729
Special Mention	56,035	2	217
Sub-Standard	23,075	100	9,218
Doubtful	23,068	100	8,223
Doubtful of Loss	37,931	100	10,886
Total	1,979,240		34,273
Revaluation Allowance for Debt Restructuring			1,676
Total			35,949
Excess Allowance			88,654
Credit Balance Transaction	1,693		-
Loans from Life Insurance Business	23,853		276
Total	2,004,786		124,879

As of December 31, 2019, KBank's consolidated allowance for doubtful accounts, comprising allowance for doubtful accounts of customers and financial institutions of Baht 123,203 million and revaluation allowance for debt restructuring of Baht 1,676 million, totaled Baht 124,879 million. This amount was greater than the level required by the Bank of Thailand.

The setting of allowance for doubtful accounts is in accordance with the Bank of Thailand's criteria and requirements as well as our loan analysis and evaluation of each individual debtor's financial status, based on KBank's experience in risk and collateral value assessment.

Impairment Loss on Loans and Debt Securities

During 2019, KBank and our subsidiaries set aside impairment loss on loans and debt securities at Baht 34,012 million, an increase of Baht 1,480 million or 4.55 percent over-year in line with our improved asset quality, with prudent consideration on factors in line with uncertainties stemming from continued economic slowdown. Thus our credit cost for 2019 stood at 1.74 percent, slightly lower than 1.75 percent in the previous year.

Impairment Loss on Loans and Debt Securities

(Unit: Million Baht)

	2019	2018	Change	
			Increase (Decrease)	Percent
Impairment Loss on Loans and Debt Securities	34,012	32,532	1,480	4.55
Credit Cost (percent)	1.74	1.75		(0.01)

Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring

As of December 31, 2019, KBank's consolidated allowance for doubtful accounts and revaluation allowance for debt restructuring totaled Baht 124,879 million. This amount was equivalent to 347.38 percent of the level required by the Bank of Thailand.

Non-Performing Loans and Debt Restructuring

Non-Performing Loans

As of December 31, 2019, KBank's consolidated NPLs stood at Baht 84,038 million, 3.65 percent of the total outstanding credit, including that of financial institutions. Bank-only NPLs totaled Baht 81,814 million, 3.62 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 Year Ending	Dec. 31, 2019	Dec. 31, 2018
Consolidated NPLs	84,038	74,400
Percent of total outstanding credit, including that of financial institutions	3.65	3.34
Bank-only NPLs	81,814	72,346
Percent of total outstanding credit, including that of financial institutions	3.62	3.31

Net Non-Performing Loans

As of December 31, 2019, KBank's consolidated net NPLs stood at Baht 55,682 million or 2.45 percent of the total outstanding credit, including that of financial institutions. Bank-only net NPLs totaled Baht 55,079 million or 2.47 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 Year Ending	Dec. 31, 2019	Dec. 31, 2018
Consolidated net NPLs	55,682	41,431
Percent of total outstanding credit, including that of financial institutions	2.45	1.89
Bank-only net NPLs	55,079	40,769
Percent of total outstanding credit, including that of financial institutions	2.47	1.89

Debt Restructuring

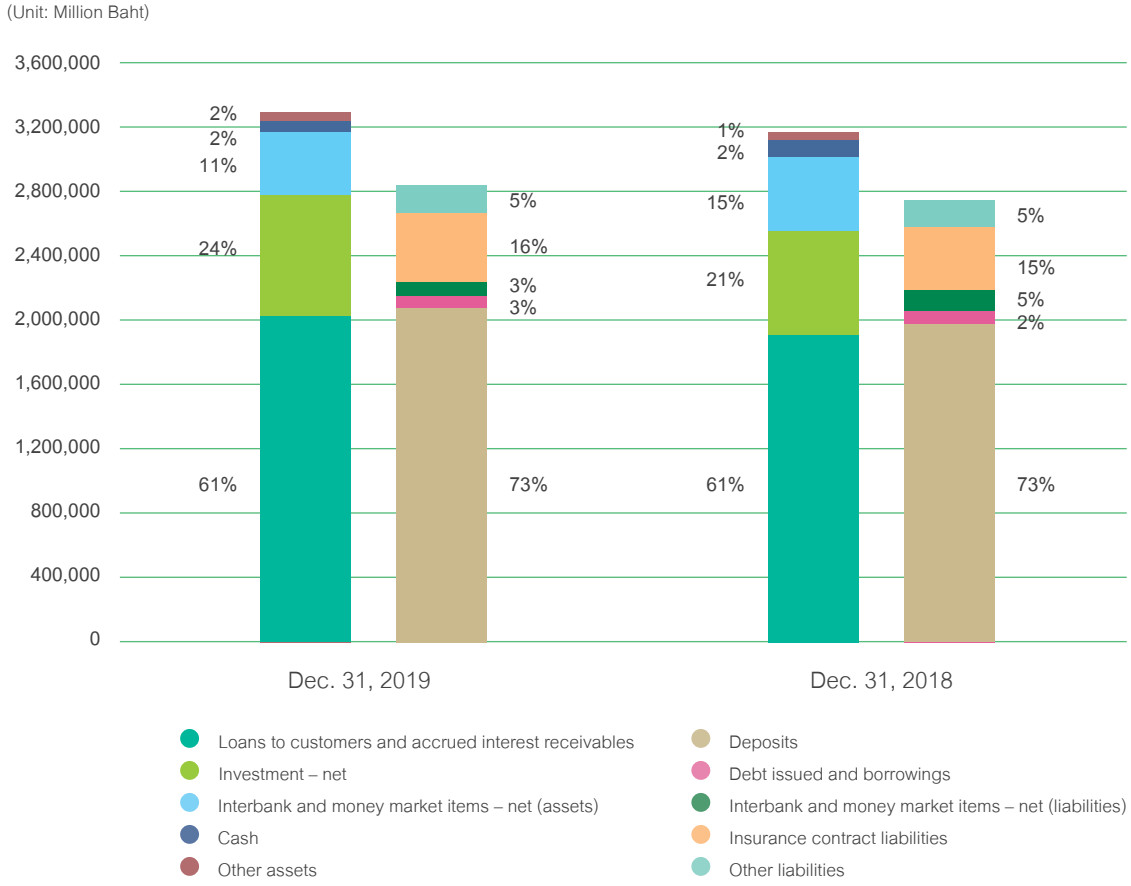
As of December 31, 2019, KBank's consolidated restructured debts which incurred losses totaled Baht 67,241 million, decreasing by Baht 2,364 million, or 3.40 percent when compared to 2018.

Foreclosed Properties

As of December 31, 2019, our consolidated foreclosed properties had a cost value of Baht 24,988 million, thus being 0.76 percent of total assets.

2. Financial Position Analysis

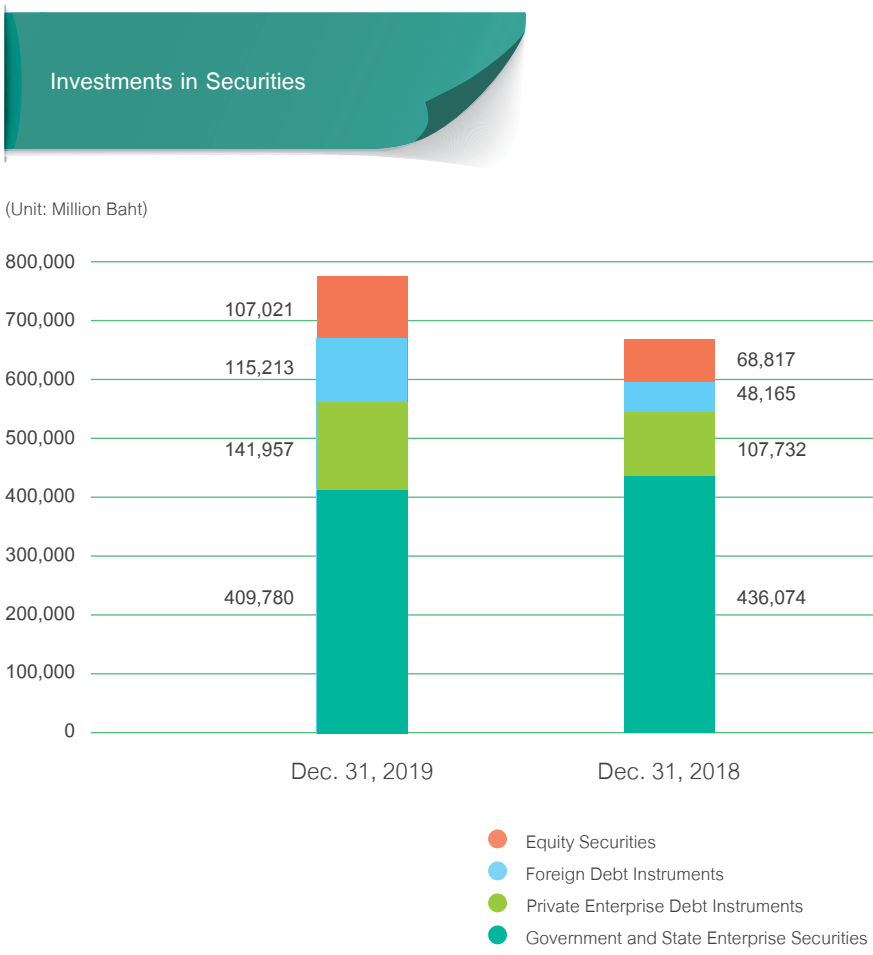
Assets and Liabilities Structure



Assets

At the end of 2019, KBank's consolidated assets totaled Baht 3,293,889 million, increasing Baht 138,798 million or 4.40 percent from the end of 2018. The rise was due mainly to increase in net investments and loans to customers. Key details are as follows:

- Net investments totaled Baht 774,640 million at the end of 2019, increasing by Baht 112,985 million or 17.08 percent from the end of 2018 due mainly to rising investment in debt instruments overseas and equity instruments.
- Our consolidated loans (less deferred revenue) at the end of 2019 amounted to Baht 2,001,956 million, increasing by Baht 87,884 million or 4.59 percent from the end of 2018. Loan growth was close to the set target. Most increases were seen in housing loan, working capital and commercial loan. Our consolidated loans were the fourth-largest among Thai commercial banks.
- Net interbank and money market items (assets) totaled Baht 385,940 million at the end of 2019, decreasing by Baht 76,047 million or 16.46 percent from the end of 2018, due mainly to KBank's liquidity management.



Liabilities and Equity

Our consolidated liabilities, at the end of 2019 amounted to Baht 2,840,174 million, which rose Baht 102,905 million or 3.76 percent from the end of 2018. The increase was mainly attributable to increased deposits, and insurance contract liabilities. Significant changes in our consolidated liabilities included:

- Deposits at the end of 2019 equaled Baht 2,072,049 million, increasing Baht 77,048 million or 3.86 percent from the end of 2018, mainly as a result of increase in fixed-term and savings deposits. KBank's deposits ranked the fourth-largest among Thai commercial banks.
- Interbank and money market items (liabilities) at the end of 2019 equaled Baht 81,628 million, decreasing Baht 46,375 million or 36.23 percent from the end of 2018, due largely to KBank's liquidity management.
- Insurance contract liabilities at the end of 2019 were Baht 446,095 million, an increase of Baht 35,347 million or 8.61 percent from the end of 2018, in line with the growth in life insurance business.

At the end of 2019, total equity attributable to equity holders of KBank amounted to Baht 406,358 million, rising by Baht 30,060 million or 7.99 percent from the end of 2018, largely driven by net operating profit for 2019.

Relationship between Sources and Uses of Funds

As of December 31, 2019, the funding structure as shown in the consolidated financial statement comprised Baht 2,840,174 million in liabilities and Baht 453,715 million in total equity, resulting in a debt-to-equity ratio of 6.26. The main source of funds on the liabilities side was deposits, which equaled Baht 2,072,049 million, or 62.91 percent of the total source of funds, as of December 31, 2019. Other sources of funds included interbank and money market items as well as debt issued and borrowings, which each accounted for 2.48 percent of the total.

KBank's and subsidiaries' major use of funds was loans less deferred revenue, which as of December 31, 2019, amounted to Baht 2,001,956 million, resulting in loan-to-deposit ratio and loan-to-deposit plus bills of exchange ratio of 96.62 percent. As for the remaining liquidity, KBank invested in various selections of liquid assets, such as interbank and money market items, and investments in securities.

KBank and Subsidiaries' Major Sources and Uses of Funds

(Unit: Million Baht)

Period	Deposits				Loans			
	Dec. 31, 2019	Percent	Dec. 31, 2018	Percent	Dec. 31, 2019	Percent	Dec. 31, 2018	Percent
≤ 1 Year	2,047,529	98.82	1,972,597	98.88	933,893	46.65	927,108	48.44
> 1 - 5 Years	24,520	1.18	22,404	1.12	392,169	19.59	420,292	21.96
> 5 Years	-	-	-	-	675,894	33.76	566,672	29.60
Total	2,072,049	100.00	1,995,001	100.00	2,001,956	100.00	1,914,072	100.00

As of December 31, 2019, 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, as they normally fund their lending or investments in long-term assets from short-term liabilities. However, since most deposits are renewed upon maturity, it is considered likely that they will remain with KBank longer than their stated contractual term, thereby helping to support funding for KBank's lending.

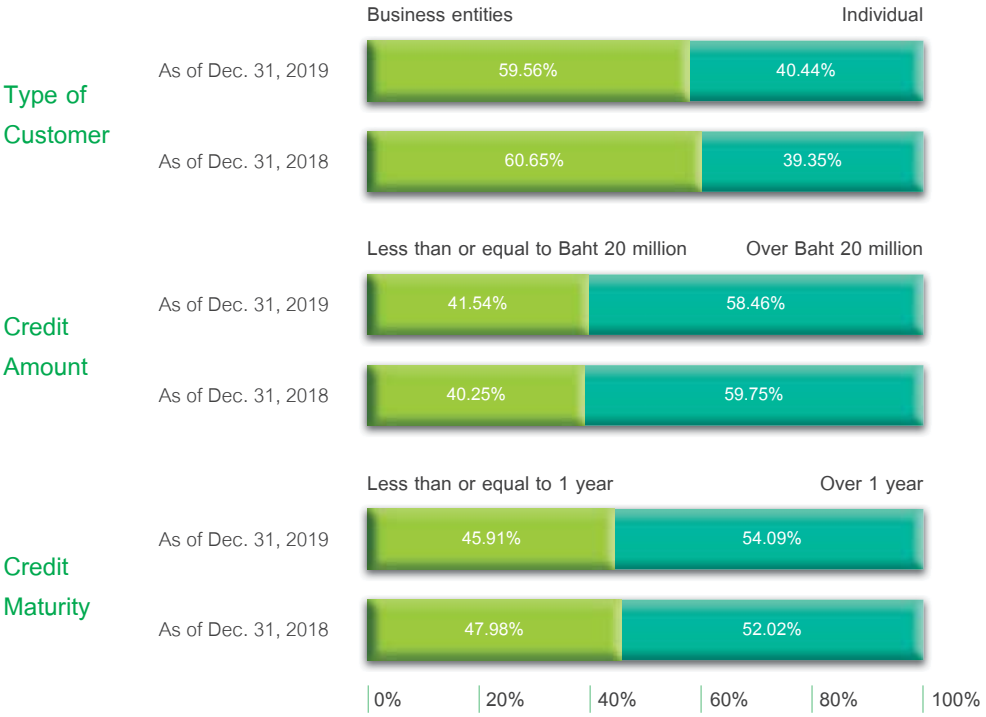
3. Loans and Deposits

Loans

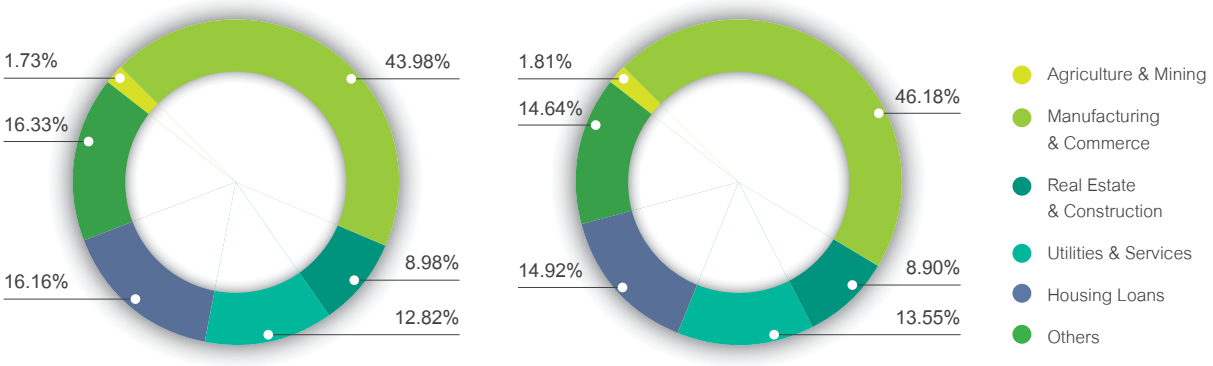
As of December 31, 2019, KBank's consolidated outstanding loans stood at Baht 2,001,956 million, increasing by Baht 87,884 million, or 4.59 percent, compared to Baht 1,914,072 million at the end of 2018.

As of December 31, 2019, 59.56 percent of KBank's outstanding loans were made to juristic persons or registered businesses. Loan account exceeding Baht 20 million totaled Baht 1,138,244 million, or 58.46 percent of the total; 41.54 percent were loans under Baht 20 million. As for maturities, credit with maturities of less than or equal to one year accounted for 45.91 percent of our total loans.

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



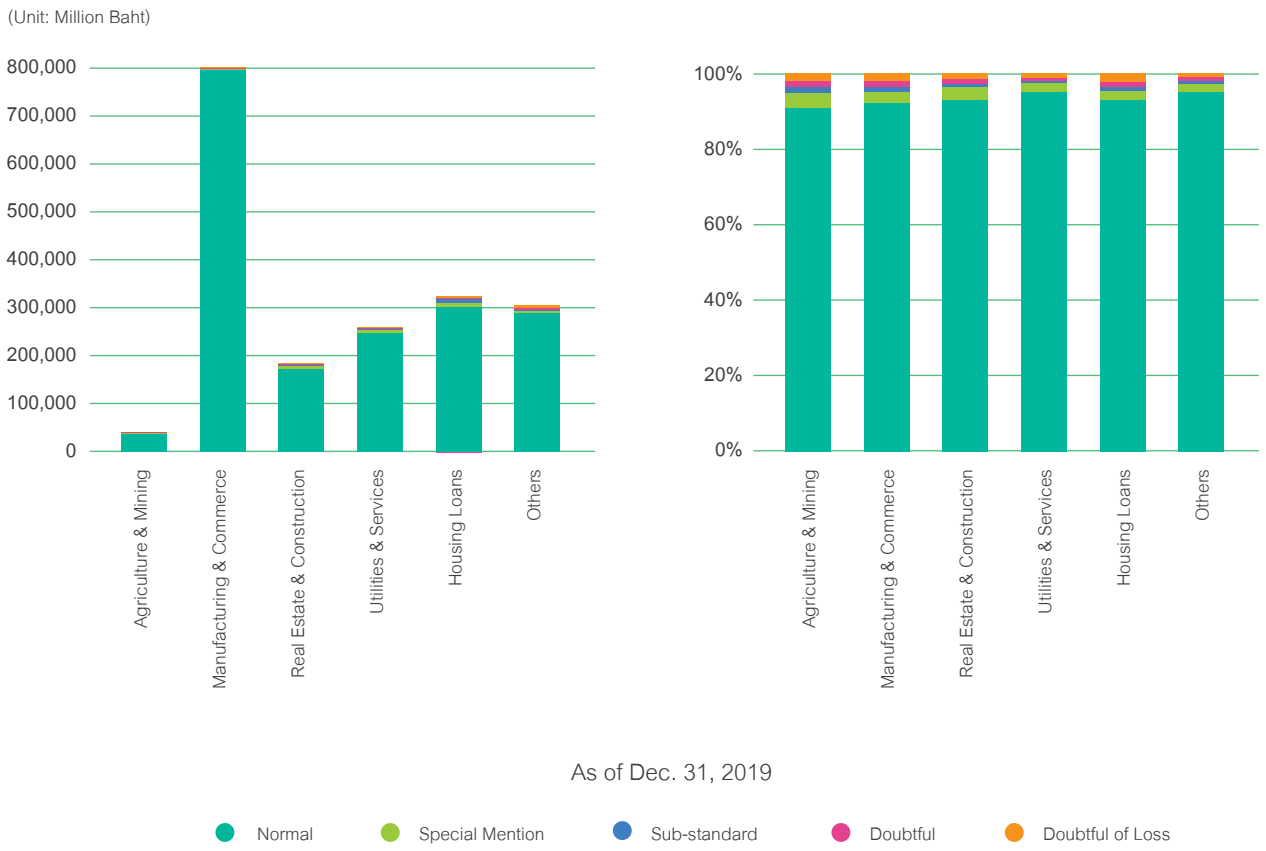
KBank's Consolidated Lending Portfolio



As of Dec. 31, 2019 As of Dec. 31, 2018

Consolidated Loans Classified by Type of Business and Loan Classification

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



Within KBank's consolidated lending portfolio, 92.92 percent were classified as "Normal" loans. When sub-divided by type of business, Manufacturing & Commerce represented the highest share of total consolidated lending at 43.98 percent; of that 91.61 percent were classified as "Normal" loans.

Loans Classified by Business

(Unit: Million Baht)

	Dec. 31, 2019		Dec. 31, 2018	
	Corporate Business [1]	Retail Business [2]	Corporate Business [1]	Retail Business [2]
Loans	1,363,221	555,451	1,344,381	487,632

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.

As of the end of 2019, our corporate business loans (Corporate and SME customers) had increased by Baht 18,840 million, or 1.40 percent, from the end of 2018. The increase was derived mainly from Corporate customers, especially those in the automotive, transportation, consumer goods, packaging and printing, and agro-processing industries that sought loans to accommodate their business expansion and for use as working capital. Meanwhile, our SME business loans rose slightly over-year amid an economic slowdown. Industries which still saw growth in outstanding loans were those related to hardware, services, hotels and real estate.

Our retail loans grew Baht 67,819 million, or 13.91 percent, over-year. The growth was quite satisfactory thanks to a well-considered credit policy so as to efficiently control hefty household debt and maintain our loan quality as well as our market leadership in loan products. In 2019, KBank adopted a risk management principle that accounted for affordability risk in addition to credit risk, in line with our policy of making KBank a Bank of Sustainability. The new approach is expected to ensure a balance in our retail lending for a high-quality and appropriate loan portfolio while also supporting consumers' improved access to essential funding sources on a continual basis.

Deposits

Deposits Classified by Type of Deposit Account

(Unit: Million Baht)

	Percent of Total Deposits	Deposits		Change	
		Dec. 31, 2019	Dec. 31, 2018	Increase (Decrease)	Percent
Total Deposits	100.00	2,072,049	1,995,001	77,048	3.86
Current accounts	5.72	118,550	116,957	1,593	1.36
Savings accounts	70.77	1,466,473	1,436,615	29,858	2.08
Fixed-term deposit accounts	23.51	487,026	441,429	45,597	10.33

At the end of 2019, total deposits of both Corporate Business and Retail Business had increased Baht 77,048 million, or 3.86 percent, compared to the end of 2018. This was in line with our policy for management of deposits, which must be kept at levels appropriate for loan demand and competition, accounting for the balance of deposits from each customer segment. We prioritized maintaining customer relationships along with the launch of alternative products to meet the needs of all customer groups. Notable initiatives included special fixed-term deposit products offering competitive interest rates over a suitable period of time, mutual fund products offering new investment opportunities, especially those focusing on megatrend-themed investment or adoption of a risk-based allocation strategy, as well as a myriad of life insurance products. In addition, we have adopted technology for our financial services, in particular the introduction of K-eSavings Account, in response to customers' lifestyles in the digital era. With a focus on the new-generation customers – those teenagers and newly employed aged 15 - 25, KBank debuted the KBank x BLACKPINK campaign that offers a BLACKPINK-themed savings passbook to applicants for a KBank x BLACKPINK Debit Card.

4. Treasury Operations

Treasury Operations

During 2019, average overnight interbank lending rates stood at 1.58 percent p.a. Those rates were influenced by the two policy rate cuts per the resolutions from the Monetary Policy Comittee (MPC) meetings held on August 7, 2019 and November 6, 2019 wherein the key policy rate was cut from 1.75 percent to 1.50 percent p.a., and from 1.50 percent to 1.25 percent, 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 2019, we continued to see increased returns on investments by focusing on investment in short-term bonds that offered higher returns than the policy rate, while reducing our holding of long-term bonds due to the significant decline 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	2019	2018	Change	
				Increase (Decrease)	Percent
Interest income [1]					
Interbank and money market items [2]	52.65	5,602	6,426	(824)	(12.82)
Investments	47.35	5,038	2,953	2,085	70.61
Total	100.00	10,640	9,379	1,261	13.44

Notes:
[1] Managerial figures
[2] Including loans

During 2019, total interest income stood at Baht 10,640 million, increasing Baht 1,261 million or 13.44 percent from the previous year, due mainly to adjustment of investment proportion despite falling interest rates in the market in line with the policy rate reduction of the Monetary Policy Committee during the second half of the year.

Liquid Asset Ratio

KBank maintains average fortnightly current deposits at not lower than 1.00 percent of total deposits and certain types of borrowings in accordance with the Bank of Thailand's regulations. As of December 31, 2019, our deposits at the Bank of Thailand and cash at cash center averaged Baht 27,548 million.

5. Operating Performance of K Companies and Muang Thai Life Assurance PCL

Operating Performance of K Companies [1] and Muang Thai Life Assurance PCL

(Unit: Million Baht)

	Performance Measurement	2019	2018	2017
KASIKORN ASSET MANAGEMENT CO., LTD. (KAsset)	Assets under Management	1,431,243	1,379,736	1,302,686
	Market Share (Percent)	18.50	19.23	18.72
KASIKORN SECURITIES PCL (KSecurities)	Trading Volume	683,036	739,327	811,883
	Market Share (Percent)	3.04	2.98	3.71
KASIKORN LEASING CO., LTD. (KLeasing)	Loans	114,769	108,081	97,055
KASIKORN FACTORY AND EQUIPMENT CO., LTD. (KF&E)	Loans	22,876	20,377	17,633
Muang Thai Life Assurance PCL (MTL)	Net Premiums Earned	83,840	94,467	102,681
	Market Share (Percent)	13.72	15.06	17.06

Notes:
[1] KResearch is not included, since this company does not engage in financial business.

During 2019, K Companies and Muang Thai Life Assurance PCL (MTL) attained satisfactory qualitative and quantitative operating performance, attributable to the close cooperation between KBank and K Companies, as well as MTL.

KAsset has maintained the number-one position in mutual funds, with a market share of 20.11 percent. Total market share of assets under management (AUM) was 18.50 percent. The excellent performance benefited from its synergy with KBank for product development to match consumers' needs. Notable efforts were the launches of new funds, including K Global Private Equity 19A Fund Not for Retail Investors (K-GPE19A-UI), the first private equity fund in Thailand; K Global High Impact Thematic Equity Fund (K-HIT), a global equity fund featuring a diversified portfolio of "megatrend" stocks to provide investors greater opportunity of return over the long-term; and K Fixed-Dated Asian Bond 2022A Fund (KAB22A), an option for investors interested in a portfolio of Asian fixed income instruments with auto-redemption policy and relatively decent expected returns in a low-yield environment. The company also continually developed K-My Funds – an electronic service channel via mobile application that provides customers greater convenience when doing transactions, while also allowing us to more effectively communicate with them, especially in giving advice on investment in funds designed to suit different risk appetites, plus a distinctive feature that clearly displays return on investment, as well as the My Message function, which provides increased efficiency in investment with information updates suited to each individual investor, so that they never miss an investment opportunity. Moreover, KAsset successfully launched an online mutual fund account opening service in August 2019, a first for Thailand.

Operating under business principles shared with KBank, KSecurities emphasizes development of excellent products and services, especially in research, which has been made more timely, in-depth and precise, with broad coverage of all industries, securities trading services and investment banking, to be more responsive to investor needs and lifestyles. Along with this, investment technologies plus varied functions have been introduced to correspond with investor behavior in the digital era. Recently, an online securities account opening system was developed to facilitate new investors in their transactions with a reduced documentation process. As a result, the number of new customers through the online channel increased significantly. For investment advisory, the quality of equity wealth managers

was one of the company's focal points. The company continued delivering various training programs to enhance equity wealth managers' potential and allocated customers for each equity wealth manager based on their investment behavior and preferences. Furthermore, an investment tool for equity wealth managers was developed to monitor customers' portfolios. Through these endeavors, KSecurities held a market share of 3.04 percent.

KLeasing's outstanding loans posted over-year growth of 6.19 percent, in line with the country's domestic auto sales growth. KLeasing enjoyed solid new loan growth, which was derived mainly from Auto Loan (Dealer Floorplan). Asset quality remained healthy with an NPL ratio of 1.26 percent, lower than the banking industry average. Moreover, KLeasing has continued to improve service quality and introduce new product campaigns to meet customers' needs while providing an excellent service experience to both retail and corporate customers for an enhanced service experience.

KF&E, which specializes in equipment leasing, reported over-year loan growth of 12.26 percent from the end of 2018, with high growth in the construction industry. The company focused on forging alliances with customers who are machinery dealers and those in new industries, including robotics and digital technologies and software. It has also been working closely with KBank RMs to achieve service excellence with the highest customer satisfaction level.

MTL retained its leading position in the life insurance business, with the number-three market share in total premiums at 13.72 percent. The company remained at the forefront in bancassurance with the number-one market share in total premium, thanks to close cooperation with KBank in developing insurance plans that are in line with customers' demands.

6. Capital Requirements

Placing great emphasis on capital regarded as valuable resource for business operation, KBank's and the Conglomerate's capital management frameworks are consistent with Basel III requirements. KBank's Capital Management Sub-committee is responsible for planning and overseeing capital adequacy, while the Risk Oversight Committee supervises capital management of the Conglomerate for enhanced efficiency. KBank has assessed our capital adequacy based on economic outlook, our business plans and regulatory changes while also regularly undertaking stress tests to ensure that we have adequate capital for operations under normal and crisis situations.

Overview of Capital Requirements

After the global financial crisis, the Basel Committee on Banking Supervision (BCBS) undertook a great effort to revise capital supervision framework (Basel III) to reinforce the stability of the global banking system. The framework is intended to increase financial institutions' ability to absorb losses that may be incurred. Financial institutions are required to have enhanced capital quality and quantity. The Bank of Thailand has adopted the reforms in Thailand. The capital requirements are summarized as follows:

Capital Requirements comprise two parts:

1. Minimum Capital Requirement: Total capital ratio must be maintained at not less than 8.50 percent, comprising Common Equity Tier-1 ratio (CET1 ratio) and Tier-1 ratio at not less than 4.50 percent and 6.00 percent of total risk weighted asset, respectively.
2. Capital Buffer: The Bank of Thailand requires that conservation buffer be maintained, with CET1 ratio of more than 2.50 percent of total risk weighted asset in addition to minimum capital ratio. Domestic Systematically Important Banks (DSIBs) are required to maintain the additional CET1 of 1.00 percent of total risk weighted assets. The ratio has been gradually phased-in 0.50 percent since January 1, 2019 and increased to 1.00 percent from January 1, 2020 onwards. KBank's and the Conglomerate's capital levels are above regulatory requirements.

As of the end of 2019, KASIKORNBANK FINANCIAL CONGLOMERATE, under the Basel III capital requirements, had capital funds of Baht 433,753 million, consisting of Baht 357,975 million in Tier-1 capital and Baht 75,778 million in Tier-2 capital. The capital adequacy ratio was 19.62 percent, which is above the Bank of Thailand's minimum requirement and buffer requirement of 11.50 percent. Details are shown in the following table.

Capital Adequacy Ratio [1]

- KASIKORNBANK FINANCIAL CONGLOMERATE [2]

(Unit: Percent)

Capital Adequacy Ratio	Basel III						
	Minimum Requirement & Buffer Requirement[3]	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Minimum Requirement & Buffer Requirement[3]	Dec. 31, 2018
Tier-1 Capital Ratio	9.00	16.19	16.76	16.19	15.73	7.875	15.90
Common Equity Tier-1 Ratio	7.50	16.19	16.76	16.19	15.73	6.375	15.90
Tier-2 Capital Ratio	-	3.43	2.34	2.36	2.39	-	2.42
Capital Adequacy Ratio	11.50	19.62	19.10	18.55	18.12	10.375	18.32

- The Bank

(Unit: Percent)

Capital Adequacy Ratio	Basel III						
	Minimum Requirement & Buffer Requirement[3]	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Minimum Requirement & Buffer Requirement[3]	Dec. 31, 2018
Tier-1 Capital Ratio	9.00	14.94	15.46	14.89	14.57	7.825	14.75
Common Equity Tier-1 Ratio	7.50	14.94	15.46	14.89	14.57	6.375	14.75
Tier-2 Capital Ratio	-	3.58	2.45	2.46	2.47	-	2.51
Capital Adequacy Ratio	11.50	18.52	17.91	17.35	17.04	10.375	17.26

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 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, and other subsidiaries within the permitted scope from the BOT's to be a financial conglomerate.

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

- Conservation buffer: Bank of Thailand required the bank to maintain an additional Common Equity Tier 1 on a phase-in basis at more than 0.625 percent per annum starting from January 1, 2016 until more than 2.50 percent in 2019.
- Domestic Systematically Important Banks Buffer (D-SIBs Buffer): Bank of Thailand required the D-SIBs to maintain an additional Common Equity Tier 1 at 1.00 percent per annum on a phase-in basis at 0.50 percent from January 1, 2019 and increase to be 1.00 percent from January 1, 2020 onwards.

Performance Measurements using Risk-Adjusted Return on Capital (RAROC) and Economic Profit (EP)

During 2019, we continued to implement Value-Based Management (VBM), which is a management practice comprising two main components, Corporate Value Creation and Corporate Governance. The VBM has been applied to business undertaking with the aim of achieving the highest value creation in accordance with our business strategies and goals. In achieving this objective, the Risk-Adjusted Return on Capital (RAROC) and Economic Profit (EP) – showing net profit after adjusting for both the risk charge and cost of capital – have been adopted as key measurements.

Moreover, we have developed guidelines for performance measurements consistent with various management aspects, including business direction, strategic and business planning that takes into consideration risk-adjusted returns, risk-based pricing and efficient resource management. In addition, we measure our business performance and analyze value-based profit, along with our "Customer Centricity" strategy to strengthen our competitive advantage in the dimension of customer segments and product domains, paying attention to the linkages between them while also monitoring risk via Active Credit Portfolio Management (ACPM) Dashboard and Stress Test Dashboard which are used by business units for decision making on analysis and management of at both bank-wide and each customer level. Meanwhile, related business units have adopted value-based analyses for their viability assessments on investment projects, allowing them to effectively adjust their business strategies in alignment with the changing economic conditions and attain the highest efficiency in value creation management.

7. Credit Ratings

At the end of 2019, the Bank's credit rating given by Standard & Poor's, and Fitch Ratings remained unchanged from the end of 2018. During the year, there was revision of the outlook for Thailand and KBank as follows:

Fitch Ratings

- In July 2019, Fitch Ratings changed the outlook for Thailand to positive from stable.
- In September 2019, Fitch Ratings assigned BBB rating to KBank's USD subordinated note.

Moody's Investors Service

- In July 2019, 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.
- In September 2019, Moody's Investors Service assigned Baa3 rating to KBank's USD subordinated note.

Standard & Poor's

- In December 2019, Standard & Poor's changed the outlook for Thailand to positive from stable.

Details are shown in the following table.

KASIKORNBANK's Credit Ratings

Credit Ratings Agency	Dec. 31, 2019	Dec. 31, 2018
Moody's Investors Service*		
Foreign Currency		
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
Domestic Currency		
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*		
Global Scale Ratings		
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*		
International Credit Ratings (Foreign Currency)		
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-
National Credit Ratings		
Outlook	Stable	Stable
Long-term	AA+(tha)	AA+(tha)
Short-term	F1+(tha)	F1+(tha)
Subordinated Debt (Basel III-compliant Tier 2 securities)	AA(tha)	AA(tha)

Note:

* 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.

Operations of Support Groups



Chief Executive Officer communicated with executives of KBank under the theme, “A Step Ahead Forever: For Tomorrow… The Best of Your Life”.



The K Capstone Year 2 project support students to broadening their horizons through our internship program wherein they propose a new project-based perspective for startup businesses.



KBTG held TechJam 2019 under the Deep Jam concept to seek tech gurus with the potential to join KBTG’s workforce.

1. Human Resource Management

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

Employer Branding

We recognize the importance of 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, wherein they were assigned to propose a new project-based perspective for startup businesses in order to cope with digital disruption. Students were equipped with knowledge of 21st century skills, namely product creation by startups, and agile-based collaborative work that focuses on initiatives, design thinking and pitching techniques.

2. Gamification via KASIKORN CAREER on the LINE application: A game-based initiative was designed to strengthen bonds with staff members and persons interested to work with KBank. A “finding yourself” game was introduced in addition to the career matching test, allowing job applicants to find the right career based on their respective personalities and interests, which also helps us to find the personnel who are best suited to the available jobs.

3. K Talent Engagement and Networking: The activity served as a forum for executives of KBank and KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG) to exchange perspectives with tech talents, business talents and Thai university students in the United States.

4. Believe Day: The activity aimed to encourage our employees to act as KBank ambassadors to communicate business ideas for the KBank x BLACKPINK debit card under the campaign “Empower Your Belief”, wherein employees wore black and pink attire to take part in promotional activities of the product.

Developing employee skills and abilities in alignment with the changing business world

KBank has focused on promoting and developing employees' skills in order to cope with business needs in the digital era via the following activities and projects.

1. Development of digital and data competency
   - ONE TWO...TEN Further the Future: To prepare our employees for rapid technological change, KBank held this learning activity – delivered by invited experts – to share their knowledge about digital skills in five areas, i.e., information and data literacy, communication and collaboration, responsibility and cyber security, digital content and its integration as well as technical problem solving.
   - Skills Loading Online Learning Challenge 2019: This campaign aimed to encourage all employees within a department to attend online learning courses for boosting their skills in the digital age.
   - Data Sciences Pathway: This learning course was jointly developed by KBank and CHULA MOOC Achieve online course provider in order to increase data analytic skills and promote the use of computer programs for data analytics among participating employees who can further apply the knowledge to their work.
2. Development of Digital Workplace
   - Online Community: Our employees are encouraged to use working tools as a communication channel within the organization through the setting up of an online community based on topics of their interest, namely statistical data, trading of products and sharing of tourism experience. The initiative is intended to improve employee engagement while also strengthening relations among staff members themselves.
   - Co-Working Space: We initiated a new common working area at KBank Digital Academy on the 4th floor of Rat Burana Building, and The Office Space in Samyan Mitrtown which is fully equipped with modern amenities to accommodate work and other activities in a relaxing atmosphere to promote workplace creativity.
3. Development of work to promote innovation and enhance efficiency
   - Possibility Award program: Employees were encouraged to showcase their creative ideas that can be further applied to KBank business operations. Distinctive initiatives from four projects which won first prize will be further developed for real-world use. They included development of services on K PLUS and other mobile banking applications that can meet the needs of our new customers.
   - Waste Management: We launched a campaign, "7 Wastes in Office Work", to communicate to our staff members how to stop wasteful practices and to promote their awareness in learning how to improve their way of work for enhanced efficiency.

Employee Development

KBank acknowledges the importance of employee development. Therefore, numerous activities and programs were arranged for both executives and staff members as follows:

1. Activities and programs for executives
   - A seminar was exclusively held for KBank executives under the theme, "A Step Ahead Forever: For Tomorrow… The Best of Your Life", to establish our business direction during the next one to three years.
   - K-Coaching Academy: This program intends to equip personnel from the level of team leaders to executives with global-standard coaching skills so that they can offer consultation to employees and maximize their potential, thus strengthening cordial relationships between managers and their teams.
2. Talent Development Program
   - Leadership and management skill: We organized multiple activities, namely "Leader on Screen" – a movie viewing activity held for employees to enable them to learn through the film content, "Leader on Tour" wherein executives took part in company visits and "Leader on Stage" and "Coffee Talk" in which experts from within and outside KBank were invited to share their experience with participating employees.
   - Work/life balance: We arranged a learning activity, "Leader in Balance", to promote mental development and emotional intelligence in order to maintain a healthy work/life balance by focusing on mindfulness, with practical guidelines provided by experts in this field.
3. Activities and programs for employees
   - "Seniors Want to Coach – Juniors Want to Talk" Season 3 was held as part of this program to allow all employees to talk with and to be coached by department heads and other executives of higher rank up to Senior Executive Vice President. Furthermore, we launched campaigns via various activities and media to promote a good coaching environment within the organization.
   - K-Style DIY: "Food Fit Firm": Nutritionists were invited to share their knowledge and experience to our employees to enhance their awareness of good food and good health.



1. KBank presented booths showcasing financial services and lifestyle of the future at the Bangkok FinTech Fair 2019 at the Bank of Thailand Learning Center.
2. KBank, Chulalongkorn University, and the National Electronic and Computer Technology Center (NECTEC) held a joint press conference on their cooperative efforts in the developing natural language processing technology for the Thai NLP program, allowing computers to understand texts that customers enter into the systems via a chatbot on social media.
3. KBank worked with CHULA MOOC Achieve to hold the Data Science Pathway Class 2 to enhance data analytics skills for its employees using a computer program.
4. KBank developed K CONNECT-LG, an electronic letter of guarantee service using blockchain technology, to provide greater convenience with world-class security to both beneficiary and issuer.
5. KBank held K-Spirit 2019 Green Culture to preserve Thai traditions and encourage employees to do good deeds across all regions, as part of its effort to strengthen ties among staff members.









- K-Spirit 2019 Green Culture: This year, the activity for strengthening relationships among employees was held under the theme "Thai Culture X Go Green" to conserve Thai culture and the environment. The GO GREEN TOGETHER activity is now being held, as part of our effort to encourage staff members to do good deeds that are beneficial to the economy, society and environment so that they earn points which will then be converted to donations for various foundations nationwide.

Employee relations and benefits

The fourth 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.

2. IT Management

In 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:

- KBank's mobile banking application (K PLUS): Major initiatives in the fourth quarter of 2019 included:
  1. K PLUS features were enhanced for the sake of user convenience. Notable efforts included QR payment via Smart Code in Japan and VIA in Singapore at shops bearing the MyPromptQR logo with special foreign exchange rates offered, display of memo on the account movement page, download of e-Slip that can be undertaken retroactively from Transaction History, and display of favorite transactions on the first page. VIZ Card can now be added to K PLUS, allowing customers to check their point history. In addition, loan payment feature plus payment history record is now available on K PLUS. Meanwhile, K-Smart Pay service has also been added to K PLUS, wherein customers can choose to make installment payment via K-Credit Card or Xpress Cash card.
  2. K PLUS system has been developed to allow cardless withdrawal with a daily limit of Baht 200,000 at Big C Supercenters and 7-Eleven outlets in addition to KBank branches, K-ATMs and banking agents nationwide.
  3. K PLUS system has been enhanced to support our business partners including Muang Thai Life Assurance Public Company Limited. Customers can purchase a life insurance policy within only one minute on K PLUS, where an insurance card feature plus policy details are also added. Moreover, KBank has joined with Total Access Communication Public Company Limited (DTAC) to add a channel for buying a DTAC supplementary package via K PLUS with a special offer granted.
- KBank mobile banking application for merchants (K PLUS SHOP): The application was continually upgraded to better meet business needs.
- Development of Application Programming Interface (API) Manager system: KBank is developing a new, more advanced API infrastructure that has been implemented to ensure increased efficiency. Meanwhile, an open API has been adopted to allow other developers to develop the linkage with KBank services and products.
- Development of machine learning technology: We have focused on development of technology and text analytics for Thai language for enhanced efficiency in service provision and for the benefit of the nation in staying on top of technological change over the long-term. In collaboration with Chulalongkorn University and the National Electronic and Computer Technology Center (NECTEC), KBank has developed natural language processing technology (NLP) for the Thai NLP program which can deal with language used in the banking and financial sector.
- Development of functions of blockchain for recording financial transaction data: To better meet business needs, we are further developing 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. KBank and four other large commercial banks jointly established BCI (Thailand) Co., Ltd. for management of blockchain infrastructure on which other functions have been developed to accommodate business needs.
- 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 will be rolled out in the future. 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.

KASIKORNBANK's Investments in Subsidiaries, Associated Companies and Joint Venture

Subsidiaries and Associated Companies

The definitions of subsidiaries and associated companies are in alignment with those specified in the Thai Financial Reporting Standards, which KBank discloses in the Notes to the Financial Statements.

Investment Policy

Our investment policy can be summarized as:

Strategic Investments

KBank invests in companies for strategic benefits. KBank and such companies collaborate in the review of business strategies and synergies through the sharing of various resources, equipment, tools and channels to efficiently meet the needs of customers, with minimal operational redundancies.

Outsourcing Investments

KBank invests in companies that support our operations. These are companies providing services in place of KBank units that are not our core business and are relatively inflexible. Our executives are appointed as directors of these companies to oversee their management and operating policies, with one director having control over each such firm's operations. This helps ensure that their operations are in accordance with the objectives with standardized service quality, and maximized efficiency, thus being beneficial to KBank.

In 2019, KBank expanded its investment in the following two companies which are part of KASIKORNBANK FINANCIAL CONGLOMERATE:

1. KASIKORN GLOBAL PAYMENT COMPANY LIMITED which operates payment service business to serve our business partners at the global and regional levels.
2. AI GEN Company Limited (under shareholding of Muang Thai Group Holding Company Limited) which operates business to develop and create AI-based innovations for enhanced business efficiency and serves as the center for personnel development in terms of AI technology.

Shareholder Risk Management

Investments in KBank shares may incur shareholder risk, as the returns on investment, which vary with KBank share prices, share liquidity and investment overall, may not meet shareholders' expectation. KBank dividend payments are also dependent upon KBank operating results. Therefore, shareholders may have returns that are higher or lower than their expectations.

Key risks and risk management practices employed by KBank are identified in this Management Discussion and Analysis. However, KBank may incur risks other than those specified therein; shareholders are urged to study all risk factors and cautiously deliberate upon any investment before making a decision. Shareholders must accept that KBank may not be able to prevent all risks that could arise, and that there are numerous factors that have the potential to affect KBank performance and dividend payments, e.g., domestic and international economic conditions, political situations, capital movements, changes in government policies, and other unpredictable incidents. Furthermore, the diversity among KBank shareholders, with its high incidence of foreign shareholding, could induce fluctuations in KBank share prices, particularly when there is incidental market concern towards the economic and political environment that could result in capital outflows.



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Report of the Board of Directors' Responsibilities for Financial Reports

The Board of Directors of KASIKORNBANK PUBLIC COMPANY LIMITED has reviewed the appropriateness and effectiveness of Governance, risk management, internal control, internal audit, and supervision, to be reasonably assured that the financial records are accurate, complete, and adequate to protect the Bank's assets and to prevent any significant operational risk. The Board of Directors has appointed an Audit Committee entirely comprised of independent directors responsible for the quality of the Bank's financial reporting and internal control systems, as well as complete and appropriate disclosure of connected transactions and other processes. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this Annual Report. The Board of Directors places importance on fulfilling its duties and responsibilities in supervising the business undertakings of the Bank in compliance with the Statement of Corporate Governance Principles. The Board is held accountable for the consolidated and Bank-only financial statements, including the financial data disclosed in the Annual Report. The financial statements for the year ending December 31, 2019 and the notes to the financial statements have been prepared in accordance with Thai Financial Reporting Standards. Proper accounting policies have been employed and consistently adhered to in the preparation of these financial statements, including careful consideration together with prudent and reasonable estimations. These are transparent and reasonable presentations that reflect a true and fair financial position and performance that is useful to shareholders, investors and analysts. Moreover, the financial statements have been audited by an independent certified public accountant whose unqualified opinions are stated therein.

The Board is of the view that the Bank has maintained an effective internal control system at an adequate and appropriate level of protection to assure the credibility of the consolidated and Bank-only financial statements presenting the financial positions as of December 31, 2019, as well as the financial performance for the year ending December 31, 2019, in accordance with Thai Financial Reporting Standards and relevant laws and regulations.



(Mr. Banthoon Lamsam)
Chairman of the Board and Chief Executive Officer



(Ms. Kattiya Indaravijaya)
President

Report of the Audit Committee

The Audit Committee of KASIKORNBANK PUBLIC COMPANY LIMITED comprises four independent directors in which Dr. Piyasvasti Amranand serves as Chairman and Ms. Puntip Surathin, Mr. Saravoot Yoovidhya and Ms. Suphajee Suthumpun serve as members.

In 2019, the Audit Committee held 12 meetings to fulfill its roles and responsibilities as stipulated in the Audit Committee Charter. The proceedings from each meeting were reported to the Board of Directors. Significant matters are summarized as follows:

- The reviews of quarterly, semi-annual and annual financial statements and taxation risk management were performed by considering financial reports, significant accounting policies and accounting estimates as well as disclosure of information in notes to financial statements. The Audit Committee has monitored the readiness of the Bank to comply with Thai Financial Reporting Standards No. 9, to be effective in 2020, and its impact on Bank's financial statement, and has emphasized on effective communication to investors. In addition, the Audit Committee held regular meetings with the external auditors, without the participation of the Bank's management, to acknowledge and discuss points of concern arising from their reviews and audits including changes in International Financial Reporting Standards and International Auditing and Assurance Standards.
- The Audit Committee reviewed risk management and monitored significant incidents and new threats arisen in Thailand and abroad. The Audit Committee received Risk Status report from the Risk Oversight Committee (ROC) meetings and discussed with the ROC as needed to ensure appropriate risk management. Thorough consideration was placed on topics related to credit risks, the adequacy of debt provision, and the credit approval process.
- The Audit Committee reviewed IT risk management, as well as actively monitored cyber threats and other risks that may affect security and stability of the Bank's information systems. The Audit Committee met with executives from IT Operations and Internal Audit Department to consider adequacy of IT risk management and timely and adequately implementation of action plan. The Audit Committee keeps abreast of changes in business and services of KASIKORNBANK FINANCIAL CONGLOMERATE in response to digital age and placed emphasis on preparation to prevent, detect and respond to any harmful cyber threats.
- The effectiveness of internal control was assessed and reported via significant audit results by internal auditors, the internal control assessment by management and relevant departments, as well as the results of the Bank of Thailand examinations and those of other regulators governing KASIKORNBANK FINANCIAL CONGLOMERATE. The Audit Committee also followed up on corrective actions towards significant issues and acknowledged reports on material operational loss events to consider the causes of such events and the appropriateness of measures to prevent future recurrences. The Audit Committee gave their comments and suggestions on various issues to the management to improve internal control system.
- The Audit Committee gave full support in the development of risk culture assessment and its pilot project to raise management's awareness of risks, hence more effective responses to such, to fundamentally strengthen risk governance. In 2019, Code of Conduct assessment was introduced and completed for KBank employee at all levels to ensure that they understood Code of Conduct and its principles.
- The Audit Committee considered the annual review of Internal Audit Charter, approved annual audit plan and adjustments to it during the year, as well as monitored the performance of Internal Audit Department versus the plan each quarter. The Audit Committee supports the development and improvement of internal audit activities vis-à-vis personnel, work efficiency and conformity with international standards to be in line with significant changes in digital age.

- The Audit Committee oversaw the Bank's operations in terms of compliance with relevant laws and regulatory requirements by regularly considering review results of Internal Audit, Bank of Thailand and External Auditor. The Audit Committee also acknowledged reports on regulatory changes, observations/notice from regulators, and compliance risk report and emphasized the importance of appropriate and timely action upon regulatory changes.
- The Audit Committee considered the annual loan review plan prior to submission to the Board of Director for approval and followed up the implementation of the plan and the review results of the Risk Asset Review Department. The Audit Committee placed emphasis on the review of the appropriateness of the debt restructuring and credit approval process. In addition, in 2019, the risk asset review activity was evaluated by external assessor, to enhance the effectiveness of operations and processes.
- The Audit Committee placed emphasis on transparent business operations of KASIKORNBANK FINANCIAL CONGLOMERATE. The Audit Committee acknowledged and reviewed complaints or whistle-blowing to ensure appropriate case management and fairness to all parties.
- The appointment of external auditors for the year 2020 was considered. The Audit Committee thereafter proposed reappointment of KPMG Phoomchai Audit Ltd. as the Bank's external auditor, based on its qualification and independence in accordance with the requirements of Bank of Thailand, Securities and Exchange Commission and international practices, as well as its audit quality in the past year. The Audit Committee also considered the proposed audit fees prior to recommending the external auditor appointment and reasonable audit fees to the Board of Directors for submission to the Annual General Meeting of Shareholders for approval. In addition, the Audit Committee prudently considered the independence of external auditor in providing non-audit services and monitored the changes in the accounting standards and practices including incidents related to independent auditor in Thailand and abroad, which may have impact on auditor's ability to fulfill its duties and independence.
- As for potential conflict of interest transactions, the Audit Committee placed importance on pursuance of the Bank's approval procedures that are in compliance with regulatory requirements and good corporate governance principles. There was no such transaction in 2019 that was subject to the Audit Committee consideration.
- The Audit Committee performed the annual review of Audit Committee Charter and self-assessment of its performance and reported the results to the Board of Directors.
- The Audit Committee oversees the independence of Internal Audit function, efficiency and effectiveness of internal audit, loan review, compliance with law and regulatory requirements, Anti-Corruption Policy, and appropriateness of line of command and resource adequacy to fulfill these activities.

According to duties and responsibilities specified in the Audit Committee Charter, the Audit Committee has performed them with due care, independence and transparency, provided comments and recommendations on risk management and internal control for the benefit of KASIKORNBANK FINANCIAL CONGLOMERATE.

The Audit Committee is confident that the consolidated and the bank-only financial statements are fairly presented in all material aspects, prepared in accordance with financial reporting standards and regulatory requirements and appropriately disclosed and that KASIKORNBANK FINANCIAL CONGLOMERATE has operated under appropriate risk management, internal controls and governance and in compliance with relevant laws and regulatory requirements.



(Dr. Piyasvasti Amranand)
Chairman of the Audit Committee

Independent Auditor's Report

To the Shareholders of KASIKORNBANK PUBLIC COMPANY LIMITED

Audit Report

Opinion

I have audited the consolidated and the Bank-only financial statements of KASIKORNBANK PUBLIC COMPANY LIMITED and its subsidiaries ("the Bank and its subsidiaries"), and of KASIKORNBANK PUBLIC COMPANY LIMITED ("the Bank"), respectively, which comprise the consolidated and the Bank-only statements of financial position as at 31 December 2019, the consolidated and the Bank-only statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and the Bank-only financial statements present fairly, in all material respects, the financial position of the Bank and its subsidiaries and of the Bank, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and the Bank-only Financial Statements* section of my report. I am independent of the Bank and its subsidiaries and of the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the consolidated and the Bank-only financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Allowance for doubtful accounts on loans to customers

For disclosures related to credit risk, loans to customers and allowance, refer to notes to consolidated and the Bank-only financial statements 3.6, 10, 12 and 41.

The Key Audit Matter

As at 31 December 2019, loans to customers represented 57.07% and 67.13% of consolidated and the Bank-only total assets respectively, against which an allowance for doubtful accounts of Baht 123,203 million and Baht 118,939 million respectively was provided.

The estimation of the allowance involves applying statistical methods and judgments. The allowance is determined based on the key factors such as historical loss, estimated loss, credit risk, collateral, economic conditions and management experience. Accordingly it is considered a Key Audit Matter.

There are two bases in estimating the allowance; individual basis and portfolio basis. The former involves a number of factors in determining the amount of allowance; for example, credit ratings, loan classifications, as well as types and values of collateral. The portfolio basis is applied to certain groups of customers with shared risk characteristics, e.g. customer behavior and loan classifications, and it involves factors like historical loss for specified groups of customers for estimation.

Management has established a control framework over the estimation process of the allowance for doubtful accounts which includes governance procedures, management review and approval, and controls to ensure the integrity of data used in the process and compliance with relevant the Bank's policies and regulations.

How the matter was addressed in my audit

In planning my audit procedures I performed a risk assessment by considering internal and external factors which could affect the performance of individual customers, industry sectors or customer segments, or which could influence the judgments and estimates.

My audit procedures included testing the design and operating effectiveness of selected controls surrounding the credit and impairment process.

I performed credit review procedures for a sample of loans, including a detailed review of the individual credit profile and other relevant information, from which I formed my own independent assessment. My sample included individually large exposures, loans subject to restructuring and reschedule as well as a selection of loans identified in my risk assessment.

I tested model assumptions & methodologies, where appropriate, including involvement of my own credit risk specialists, reconciliation of data to underlying systems and back-testing results.

Valuation of financial instruments in the statements of financial position

For disclosures related to financial instruments and fair values, refer to notes to consolidated and the Bank-only financial statements 3.31, 41 and 42.

The Key Audit Matter

As at 31 December 2019, financial instruments recorded at fair value in the consolidated financial statements amounted to Baht 390,189 million for assets and Baht 30,054 million for liabilities. In the Bank-only financial statements, these two accounts amounted to Baht 287,412 million and Baht 31,407 million respectively.

Of these amounts, as at 31 December 2019, financial assets and liabilities designated at level 2 fair value in the consolidated financial statements amounted to Baht 308,607 million and Baht 30,020 million respectively, and in the Bank-only financial statements, they amounted to Baht 264,698 million and Baht 31,407 million respectively, for which the fair value is based upon inputs other than quoted prices in active markets or valuation techniques incorporating those inputs. Therefore, judgment is applied in the estimation of fair values. This can lead to a higher risk that the amounts of financial instruments shown in the statement of financial position may be mispriced. Accordingly it is considered a Key Audit Matter.

How the matter was addressed in my audit

In planning my audit procedures I performed a risk assessment by considering the factors which could affect the fair value of financial instruments, both in terms of the inputs used for valuation and the appropriateness of valuation techniques applied.

For financial instruments I checked for a selection that pricing inputs, for example interest rate, foreign exchange rate, and equity price, used were externally sourced and were correctly input into pricing models. I used my own valuation specialists to assess that the models were appropriate and they valued a selection of the Bank and its subsidiaries' equity securities, debt securities, and derivative positions independently and compared their valuation to the Bank and its subsidiaries' valuation.

Valuation of life insurance policy reserves

For disclosures related to life insurance policy reserves, refer to notes to consolidated financial statements 3.18, 23 and 41.

The Key Audit Matter

As at 31 December 2019, insurance contract liabilities recorded in respect of a subsidiary in the consolidated financial statements amounted to Baht 446,095 million, mainly the long-term technical reserves (approximately 98.88% of insurance contract liabilities). The valuation of these reserves is based on actuarial methodologies and assumptions that involve significant complex judgments about future events which could materially affect the amount of the recorded liability and expense. Accordingly it is considered a Key Audit Matter.

How the matter was addressed in my audit

In planning my audit procedures I performed a risk assessment by considering factors which could affect the major valuation assumptions and controls framework. These major assumptions include economic assumptions such as investment returns and discount rates and non-economic assumptions such as mortality and persistency.

My audit procedures, with the assistance of my actuarial specialists, include assessments of the methodology and assumptions used in calculating the reserves and testing the significant inputs included evaluating the design, implementation and operating effectiveness of selected controls over the actuarial assumptions, data and the valuation process.

I considered, in particular, the validity of management's liability adequacy testing, including assessing the reasonableness of the discount rate adopted and projected cash flows, and of the assumptions adopted in the context of the subsidiary's experience, specific product features and industry practice. The discount rates adopted by management are consistent with market practice.

Estimation of the impact of TFRS9 accounting standard

For disclosures related to the adoption of new Financial Reporting Standard, refer to notes to consolidated and the Bank-only financial statements 43.

The Key Audit Matter

The Bank and its subsidiaries are adopting TFRS 9 "Financial Instruments" from 1 January 2020. This new Financial Reporting Standard will affect the classification and measurement of financial assets and liabilities, the impairment of financial assets and hedge accounting; such financial assets and liabilities comprise a substantial portion 95.44% and 80.54% of the total assets and liabilities of the Bank and its subsidiaries and 94.74% and 97.03% of the total assets and liabilities of the Bank.

Management have disclosed the estimation of the impact of TFRS 9, in particular the allowance for doubtful accounts on loans to customers which is based on expected credit losses, in note 43. Management's estimation of the expected credit losses on loans measured at amortised cost is based on new and complex credit models which are dependent on significant management judgements and estimates including forward economic looking factors and post model adjustments.

Due to the significance of the financial assets and liabilities affected by this new Financial Reporting Standard and significant judgements and estimates made by management, I consider this a Key Audit Matter.

How the matter was addressed in the audit

In planning my audit procedures, I performed the risk assessment and the model scoping by considering the size, complexity and credit risk characteristics of each portfolio.

I inspected of the Bank and its subsidiaries accounting policies to determine whether these have been set up in accordance with the requirements of TFRS 9, and the relevant Bank of Thailand notification and guidance.

My audit procedures included testing the design and operating effectiveness of selected controls over governance and model development.

Certain key technical decisions, assumptions and model methodologies were tested, where appropriate, including involvement of my own credit risk specialists to inspect model documentation and model validation reports.

I assessed the adequacy of the disclosure in accordance with relevant the TFRS and the Bank of Thailand notification and guidance.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and the Bank-only financial statements and my auditor's report thereon.

My opinion on the consolidated and the Bank-only financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and the Bank-only financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and the Bank-only financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

Responsibilities of Management and Those Charged with Governance for the Consolidated and the Bank-only Financial Statements

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

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

Those charged with governance are responsible for overseeing the Bank and its subsidiaries' and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and the Bank-only Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and the Bank-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and its subsidiaries' and of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and its subsidiaries' and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and the Bank-only financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bank and its subsidiaries and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank-only financial statements, including the disclosures, and whether the consolidated and the Bank-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank and its subsidiaries to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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



KPMG Phoomchai Audit Ltd.
Bangkok
27 February 2020

(Charoen Phosamritlert)
Certified Public Accountant
Registration No. 4068

Statements of Financial Position

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

	Note	Consolidated		The Bank	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
ASSETS					
Cash		61,384,882	66,739,598	61,350,977	66,702,497
Interbank and money market items - net	6	385,940,044	461,987,288	382,401,383	433,637,801
Derivative assets	7	41,779,104	26,195,493	38,108,237	25,253,216
Investments - net	8	774,640,434	661,655,219	270,321,656	224,815,062
Investments in subsidiaries, associates and joint venture - net	9	2,059,168	916,679	30,519,624	30,575,493
Loans to customers and accrued interest receivables - net	10 , 11				
Loans to customers		2,014,022,342	1,924,748,421	1,947,368,860	1,868,154,453
Accrued interest receivables		2,830,347	3,386,966	2,067,756	2,733,672
Total Loans to customers and accrued interest receivables		2,016,852,689	1,928,135,387	1,949,436,616	1,870,888,125
Less Deferred revenue		(12,066,732)	(10,675,722)	(241,136)	(190,963)
Less Allowance for doubtful accounts	12	(123,203,441)	(117,689,558)	(118,939,013)	(113,848,883)
Less Revaluation allowance for debt restructuring	13	(1,675,510)	(1,796,362)	(1,668,325)	(1,789,986)
Total Loans to customers and accrued interest receivables - net		1,879,907,006	1,797,973,745	1,828,588,142	1,755,058,293
Properties foreclosed - net	14	24,988,217	22,213,586	24,900,232	22,095,753
Premises and equipment - net	16	52,697,530	48,525,133	42,394,517	38,463,014
Goodwill and other intangible assets - net	17	23,477,175	24,089,024	17,304,093	18,208,983
Deferred tax assets	18	8,434,941	6,694,782	6,505,708	4,431,038
Other assets - net		38,580,488	38,100,262	21,660,876	21,908,381
Total Assets		3,293,888,989	3,155,090,809	2,724,055,445	2,641,149,531

The accompanying notes are an integral part of these financial statements.

Statements of Financial Position

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

	Note	Consolidated		The Bank	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
LIABILITIES AND EQUITY					
Deposits	19	2,072,048,888	1,995,000,637	2,065,668,929	1,991,422,958
Interbank and money market items	20	81,628,362	128,003,006	90,337,364	136,452,344
Liabilities payable on demand	24	21,678,948	25,488,433	21,678,948	25,488,433
Derivative liabilities	7	30,244,242	21,739,574	31,548,047	22,010,827
Debts issued and borrowings	21	81,824,302	70,566,887	81,666,443	70,446,196
Provisions	22	29,292,247	24,489,636	27,235,020	22,834,534
Deferred tax liabilities	18	1,512,456	1,615,016	-	-
Insurance contract liabilities	23	446,094,859	410,747,873	-	-
Other liabilities	24	75,849,966	59,617,825	42,960,783	34,366,203
Total Liabilities		2,840,174,270	2,737,268,887	2,361,095,534	2,303,021,495
Equity					
Share capital					
Authorized share capital					
3,048,614,697 common shares, Baht 10 par value		30,486,147	30,486,147	30,486,147	30,486,147
Issued and paid-up share capital					
2,393,260,193 common shares, Baht 10 par value		23,932,602	23,932,602	23,932,602	23,932,602
Premium on common shares		18,103,110	18,103,110	18,103,110	18,103,110
Other reserves		22,236,724	19,121,516	18,657,265	16,645,491
Retained earnings					
Appropriated					
Legal reserve	25	3,050,000	3,050,000	3,050,000	3,050,000
Unappropriated		339,035,179	312,090,325	299,216,934	276,396,833
Total Equity attributable to equity holders of the Bank		406,357,615	376,297,553	362,959,911	338,128,036
Non-controlling interests		47,357,104	41,524,369	-	-
Total Equity		453,714,719	417,821,922	362,959,911	338,128,036
Total Liabilities and Equity		3,293,888,989	3,155,090,809	2,724,055,445	2,641,149,531



(Mr. Banthoon Lamsam)

Chairman of the Board and Chief Executive Officer



(Ms. Kattiya Indaravijaya)

President

The accompanying notes are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

	Note	Consolidated For the year ended 31 December 2019	Consolidated For the year ended 31 December 2018	The Bank For the year ended 31 December 2019	The Bank For the year ended 31 December 2018
Interest income	33	130,177,756	123,921,919	107,766,846	103,099,060
Interest expenses	34	27,489,916	25,384,411	27,196,930	25,209,606
Interest income - net		**102,687,840**	**98,537,508**	**80,569,916**	**77,889,454**
Fees and service income		50,579,982	51,186,823	47,090,218	48,289,397
Fees and service expenses		13,839,796	13,069,478	13,581,783	12,751,251
Fees and service income - net	35	**36,740,186**	**38,117,345**	**33,508,435**	**35,538,146**
Gain on trading and foreign exchange transactions	36	8,361,986	9,003,084	8,620,243	8,845,731
Gain on investments	37	8,412,377	2,652,340	6,660,873	1,228,899
Share of profit from investments using equity method		44,079	49,539	-	-
Dividend income		2,816,764	2,117,832	5,706,898	3,877,313
Net premiums earned		80,489,512	91,434,083	-	-
Other operating income		1,591,716	1,468,024	3,044,293	2,748,994
Total operating income		**241,144,460**	**243,379,755**	**138,110,658**	**130,128,537**
Underwriting expenses		80,653,349	87,897,063	-	-
Total operating income - net		**160,491,111**	**155,482,692**	**138,110,658**	**130,128,537**
Other operating expenses					
Employee expenses		33,261,168	31,369,411	24,395,262	22,645,594
Directors' remuneration		158,743	143,221	101,628	87,951
Premises and equipment expenses		12,909,579	12,648,522	12,969,360	12,537,303
Taxes and duties		5,031,256	4,867,417	4,412,611	4,270,705
Others		21,368,500	19,319,098	21,210,678	19,203,638
Total other operating expenses		**72,729,246**	**68,347,669**	**63,089,539**	**58,745,191**
Impairment loss on loans and debt securities	38	34,011,648	32,532,200	33,437,174	31,864,830
Operating profit before income tax expense		53,750,217	54,602,823	41,583,945	39,518,516
Income tax expense	39	10,309,253	10,394,614	7,138,292	6,955,977
Net profit		**43,440,964**	**44,208,209**	**34,445,653**	**32,562,539**

The accompanying notes are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

	Note	Consolidated		The Bank	
		For the year ended 31 December		For the year ended 31 December	
		2019	2018	2019	2018
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Gain (Loss) on remeasurement of available-for-sale investments		2,600,266	(6,417,275)	(1,753,305)	(1,133,364)
Loss arising from translating the financial statements of a foreign operation	40	(198,573)	(353,479)	(16,260)	(5,094)
Income taxes relating to components of other comprehensive income	18	(502,173)	1,264,117	351,718	226,778
Items that will not be reclassified subsequently to profit or loss					
Changes in revaluation surplus	16	4,503,461	-	4,503,461	-
Actuarial (loss) gain on defined benefit plans	22	(2,979,080)	2,290,800	(2,784,279)	2,167,191
Income taxes relating to components of other comprehensive income	18	(326,508)	(454,466)	(343,836)	(433,438)
Total other comprehensive income		3,097,393	(3,670,303)	(42,501)	822,073
Total comprehensive income		46,538,357	40,537,906	34,403,152	33,384,612
Net profit attributable to:					
Equity holders of the Bank		38,726,742	38,459,116	34,445,653	32,562,539
Non-controlling interests		4,714,222	5,749,093	-	-
Total comprehensive income attributable to:					
Equity holders of the Bank		39,647,221	37,250,512	34,403,152	33,384,612
Non-controlling interests		6,891,136	3,287,394	-	-
Earnings per share of equity holders of the Bank					
Basic earnings per share (Baht)		16.18	16.07	14.39	13.61
Weighted average number of common shares (Thousand shares)		2,393,260	2,393,260	2,393,260	2,393,260



(Mr. Banthoon Lamsam)

Chairman of the Board and Chief Executive Officer



(Ms. Kattiya Indaravijaya)

President

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Equity

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

	Note	Consolidated										
		Equity Holders of the Bank									Non-controlling Interests	Total
				Other Reserves				Retained Earnings		Total Equity Attributable to Equity Holders of the Bank		
		Issued and Paid-up Share Capital	Premium on Share Capital	Appraisal Surplus on Asset Revaluation (Note 16)	Revaluation Surplus on Available-for-sale Investments (Note 8.2)	Foreign Currency Translation (Note 40)	Total Other Reserves	Appropriated Legal Reserve	Unappropriated			
Year ended 31 December 2018												
Balance at 1 January 2018		23,932,602	18,103,110	13,461,036	8,652,590	159,260	22,272,886	3,050,000	281,266,529	348,625,127	39,197,168	387,822,295
Dividend paid	26	-	-	-	-	-	-	-	(9,573,041)	(9,573,041)	(944,710)	(10,517,751)
Net profit		-	-	-	-	-	-	-	38,459,116	38,459,116	5,749,093	44,208,209
Other comprehensive income		-	-	-	(2,639,482)	(353,333)	(2,992,815)	-	1,784,211	(1,208,604)	(2,461,699)	(3,670,303)
Total comprehensive income		-	-	-	(2,639,482)	(353,333)	(2,992,815)	-	40,243,327	37,250,512	3,287,394	40,537,906
Transferred to retained earnings		-	-	(158,555)	-	-	(158,555)	-	158,555	-	-	-
Others		-	-	-	-	-	-	-	(5,045)	(5,045)	(15,483)	(20,528)
Balance at 31 December 2018		23,932,602	18,103,110	13,302,481	6,013,108	(194,073)	19,121,516	3,050,000	312,090,325	376,297,553	41,524,369	417,821,922
Year ended 31 December 2019												
Balance at 1 January 2019		23,932,602	18,103,110	13,302,481	6,013,108	(194,073)	19,121,516	3,050,000	312,090,325	376,297,553	41,524,369	417,821,922
Dividend paid	26	-	-	-	-	-	-	-	(9,573,041)	(9,573,041)	(1,221,466)	(10,794,507)
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	-	175,000	175,000
Net profit		-	-	-	-	-	-	-	38,726,742	38,726,742	4,714,222	43,440,964
Other comprehensive income		-	-	3,602,769	(109,059)	(191,458)	3,302,252	-	(2,381,773)	920,479	2,176,914	3,097,393
Total comprehensive income		-	-	3,602,769	(109,059)	(191,458)	3,302,252	-	36,344,969	39,647,221	6,891,136	46,538,357
Transferred to retained earnings		-	-	(188,808)	-	-	(188,808)	-	188,808	-	-	-
Others		-	-	1,764	-	-	1,764	-	(15,882)	(14,118)	(11,935)	(26,053)
Balance at 31 December 2019		23,932,602	18,103,110	16,718,206	5,904,049	(385,531)	22,236,724	3,050,000	339,035,179	406,357,615	47,357,104	453,714,719

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Equity

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

	Note	The Bank								
		Equity Holders of the Bank								
				Other Reserves				Retained Earnings		
		Issued and Paid-up Share Capital	Premium on Share Capital	Appraisal Surplus on Asset Revaluation (Note 16)	Revaluation Surplus on Available-for-sale Investments (Note 8.2)	Foreign Currency Translation (Note 40)	Total Other Reserves	Appropriated Legal Reserve	Unappropriated	Total
Year ended 31 December 2018										
Balance at 1 January 2018		23,932,602	18,103,110	12,505,313	5,170,677	25,841	17,701,831	3,050,000	251,530,477	314,318,020
Dividend paid	26	-	-	-	-	-	-	-	(9,573,041)	(9,573,041)
Net profit		-	-	-	-	-	-	-	32,562,539	32,562,539
Other comprehensive income		-	-	-	(906,692)	(4,988)	(911,680)	-	1,733,753	822,073
Total comprehensive income		-	-	-	(906,692)	(4,988)	(911,680)	-	34,296,292	33,384,612
Transferred to retained earnings		-	-	(144,660)	-	-	(144,660)	-	144,660	-
Others		-	-	-	-	-	-	-	(1,555)	(1,555)
Balance at 31 December 2018		23,932,602	18,103,110	12,360,653	4,263,985	20,853	16,645,491	3,050,000	276,396,833	338,128,036
Year ended 31 December 2019										
Balance at 1 January 2019		23,932,602	18,103,110	12,360,653	4,263,985	20,853	16,645,491	3,050,000	276,396,833	338,128,036
Dividend paid	26	-	-	-	-	-	-	-	(9,573,041)	(9,573,041)
Net profit		-	-	-	-	-	-	-	34,445,653	34,445,653
Other comprehensive income		-	-	3,602,769	(1,402,644)	(15,203)	2,184,922	-	(2,227,423)	(42,501)
Total comprehensive income		-	-	3,602,769	(1,402,644)	(15,203)	2,184,922	-	32,218,230	34,403,152
Transferred to retained earnings		-	-	(174,912)	-	-	(174,912)	-	174,912	-
Others		-	-	1,764	-	-	1,764	-	-	1,764
Balance at 31 December 2019		23,932,602	18,103,110	15,790,274	2,861,341	5,650	18,657,265	3,050,000	299,216,934	362,959,911



(Mr. Banthoon Lamsam)

Chairman of the Board and Chief Executive Officer



(Ms. Kattiya Indaravijaya)

President

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

	Note	Consolidated		The Bank	
		For the year ended 31 December		For the year ended 31 December	
		2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating profit before income tax expense		53,750,217	54,602,823	41,583,945	39,518,516
Adjustments for					
Depreciation and amortisation		7,558,646	7,393,400	6,656,414	6,568,869
Bad debt and doubtful accounts		33,693,567	31,408,842	33,003,193	30,610,080
Loss on debt restructuring		3,454,177	3,406,050	3,448,991	3,403,405
Interest income from amortisation of revaluation allowance for debt restructuring		(1,461,412)	(847,387)	(1,457,035)	(842,127)
(Gain) Loss on foreign exchange translation of long-term borrowings		(29,168)	92,612	(29,168)	92,612
(Gain) Loss on revaluation of trading investments		(18,518)	359,736	(9,056)	(7,114)
Reversal of loss on impairment of investments		-	-	(60,000)	(110,000)
Gain on disposal of investments in securities		(8,412,377)	(2,651,692)	(6,600,874)	(1,118,899)
Gain on disposal of investments in associated company		-	(648)	-	-
Loss on impairment of properties foreclosed		1,145,719	738,831	1,130,534	710,562
Loss on impairment of premises and equipment		81,218	131,456	81,218	131,456
Loss on impairment of other assets		147,663	-	147,663	-
Provision for other assets		252,918	221,330	252,918	221,330
(Gain) Loss on disposal of premises and equipment		(12,434)	4,669	3,302	12,186
Loss on write off of premises and equipment		9,866	18,828	8,575	18,125
Loss on write off of other assets		46,335	223,038	43,104	225,031
Reversal of loss on revaluation of premises	16	(39,748)	-	(39,748)	-
Share of profit from investments using equity method		(44,079)	(49,539)	-	-
		90,122,590	95,052,349	78,163,976	79,434,032
Interest income - net		(102,687,840)	(98,537,508)	(80,569,916)	(77,889,454)
Dividend income		(2,816,764)	(2,117,832)	(5,706,898)	(3,877,313)
Proceeds from interest		127,421,756	125,704,797	106,570,592	106,920,226
Interest paid		(26,536,168)	(24,186,416)	(26,361,248)	(24,089,413)
Proceeds from dividends		2,880,840	2,250,526	5,709,445	3,876,802
Income tax paid		(11,590,939)	(11,261,226)	(7,609,540)	(6,984,098)
Operating profit before changes in operating assets and liabilities		76,793,475	86,904,690	70,196,411	77,390,782
(Increase) Decrease in operating assets					
Interbank and money market items (assets)		70,082,444	(38,112,115)	46,867,465	(32,607,843)
Investments held for trading		2,913,148	4,164,079	3,523,515	3,388,136
Loans to customers		(123,618,491)	(135,333,394)	(114,334,525)	(128,834,086)
Properties foreclosed		3,651,381	3,176,627	3,165,080	2,678,610
Other assets		(17,956,383)	4,728,562	(13,558,188)	4,121,060
Increase (Decrease) in operating liabilities					
Deposits		78,005,771	116,821,809	74,355,701	115,728,952
Interbank and money market items (liabilities)		(44,756,951)	58,548,958	(45,052,160)	53,816,196
Liabilities payable on demand		(3,809,451)	4,240,449	(3,809,451)	4,240,449
Short-term debts issued and borrowings		37,168	(144,955)	-	-
Other accrued expenses		765,205	(511,571)	623,807	(445,504)
Provisions		1,823,531	1,380,546	1,616,207	1,055,329
Other liabilities		58,283,379	45,534,518	15,251,631	(1,929,634)
Net cash provided by operating activities		102,214,226	151,398,203	38,845,493	98,602,447

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Thousand Baht

	Note	Consolidated		The Bank	
		For the year ended 31 December		For the year ended 31 December	
		2019	2018	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of available-for-sale investments		335,211,340	210,040,286	225,172,980	193,795,582
Proceeds from redemption of held-to-maturity debt instruments		64,125,877	55,298,456	45,648,959	45,567,835
Proceeds from disposal of general investments		84,650	36,634	84,650	24,000
Proceeds from capital decrease in subsidiary		-	-	60,000	110,000
Proceeds from disposal of investments in associated companies		190	893	-	-
Purchase of available-for-sale investments		(393,390,086)	(313,382,932)	(259,204,232)	(285,813,904)
Purchase of held-to-maturity debt instruments		(109,657,086)	(87,825,080)	(54,963,389)	(38,572,648)
Purchase of general investments		(570,351)	(2,219,724)	(124,722)	(382,173)
Purchase of investments in subsidiaries		-	-	(999,773)	(2,502,500)
Purchase of investments in associated companies and joint venture		(1,186,957)	(136,415)	(160,962)	-
Proceeds from disposal of premises and equipment		32,354	26,158	9,703	11,348
Proceeds from disposal of intangible assets		104,111	-	104,111	-
Purchase of premises and equipment		(3,426,002)	(2,200,323)	(2,524,856)	(1,277,349)
Purchase of leasehold		(50,536)	(8,069)	(50,536)	(8,069)
Purchase of intangible assets		(2,740,371)	(2,533,873)	(2,192,364)	(2,006,088)
Net cash used in investing activities		(111,462,867)	(142,903,989)	(49,140,431)	(91,053,966)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from long-term debts issued and borrowings	5, 21	25,441,885	17,232,803	25,441,885	17,232,803
Repayment of long-term debts issued and borrowings	5, 21	(10,922,330)	(16,292,321)	(10,922,330)	(16,292,321)
Proceeds from acquisition of non-controlling interests		175,000	-	-	-
Dividend paid to shareholders	26	(9,573,041)	(9,573,041)	(9,573,041)	(9,573,041)
Dividend paid to non-controlling interests		(1,221,466)	(944,710)	-	-
Net cash provided by (used in) financing activities		3,900,048	(9,577,269)	4,946,514	(8,632,559)
Effect of exchange rate changes on balances held in foreign currencies at the end of the year		(6,123)	(1,975)	(3,096)	(805)
Net decrease in cash		(5,354,716)	(1,085,030)	(5,351,520)	(1,084,883)
Cash at the beginning of the year	5	66,739,598	67,824,628	66,702,497	67,787,380
Cash at the end of the year	5	61,384,882	66,739,598	61,350,977	66,702,497



(Mr. Banthoon Lamsam)

Chairman of the Board and Chief Executive Officer



(Ms. Kattiya Indaravijaya)

President

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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Notes to the Financial Statements

KASIKORNBANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEAR ENDED 31 DECEMBER 2019 AND 2018

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 27 February 2019.

1 GENERAL INFORMATION

KASIKORNBANK PUBLIC COMPANY LIMITED, ("the Bank"), is a registered public company located in the Kingdom of Thailand and listed on the Stock Exchange of Thailand on 9 February 1976. The registered office of the Bank is at 1 Soi Rat Burana 27/1, Rat Burana Road, Rat Burana Sub-District, Rat Burana District, Bangkok.

The principal activity of the Bank is commercial banking and the Bank conducts its businesses through a network of branches covering all parts of Thailand and certain major cities overseas.

Details of the Company's subsidiaries, associated companies and joint venture as at 31 December 2019 and 2018 are given in note 9.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards ("TFRS"); guidelines promulgated by the Thailand Federation of Accounting Professions, applicable rules and regulations of the Thai Securities and Exchange Commission ("SEC") and Stock Exchange of Thailand ("SET") and with the Bank of Thailand ("BOT") notification number SOR NOR SOR 21/2558, directive dated 4 December 2015, regarding the "Preparation and announcement of the financial statements of commercial banks and holding companies which are a parent company of a group of companies offering financial services", any other supplementary BOT notifications.

The new and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of the new and revised TFRS has resulted in changes in certain of accounting policies of the Bank and its subsidiaries. The primary change is that the Bank and its subsidiaries has initially adopted TFRS 15 Revenue from Contracts with Customers ("TFRS 15"), which replaced TAS 18 Revenue ("TAS 18") and related interpretations.

Under TFRS 15, the Bank and its subsidiaries recognises services revenue in an amount that reflects the consideration to which the Bank and its subsidiaries expects to be entitled to. In addition, judgement is required in determining the timing of service for revenue recognition - at a point in time or over time. Such changes in accounting policies have no material impacts on the financial statements.

In addition, the Bank and its subsidiaries has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Bank and its subsidiaries operations are disclosed in note 43.

b) **Basis of measurement**

The financial statements have been prepared on the historical cost basis except the following material items in the statements of financial position:

- derivatives held for trading are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- premises are measured at revalued amounts.
- employee retirement benefit have been measured at their present value

c) **Functional and presentation currencies**

The financial statements are prepared and presented in Thai Baht, which is the Bank's functional currency. All financial information is presented in Thai Baht and has been rounded in the financial statements to the nearest thousand and in the notes to the financial statements to the nearest million unless otherwise stated.

d) **Use of estimates and judgements**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future period affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 3 "significant accounting policies" and in the following notes:

Note	7	Derivatives
	8	Investments - net
	12	Allowance for doubtful accounts
	13	Revaluation allowance for debt restructuring
	23	Insurance contract liabilities
	42	Fair value of assets and liabilities

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiaries ("the Group") and the Group interests in associates and joint venture.

Business combinations

The Group apply the acquisition method for all business combinations when control is transferred to the Group, other than those with entities under common control.

Business combinations are accounted for under the acquisition method. The cost of an acquisition is measured at the fair value of the assets transferred, equity securities issued and identifiable liabilities assumed at the date of exchange.

Control is the power to govern the financial and operating policies of an entity that expose it to variable returns. In assessing control, the Bank and its subsidiaries take into consideration potential voting rights that currently are exercisable.

Goodwill in a business combination

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Bank's share of the identifiable net assets acquired, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognizes assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the Bank at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognized as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

Subsidiaries

Subsidiaries are entities controlled by the Bank and its subsidiaries. Control exists when the Bank and its subsidiaries is exposed to, or has rights to, variable returns from their involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Bank.

Non–controlling interest (NCI)

At the acquisition date, the Bank and its subsidiaries measures any non-controlling interest at its proportionate interest in the identifiable net asset of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The Bank holds less than half of the voting rights in Muang Thai Life Assurance PCL, a consolidated subsidiary. The company is consolidated on the basis of formal agreements in place which provide the Bank with the power to govern the financial and operating policies of the company that expose it to variable returns.

Associated companies and joint venture

Associated companies are those entities in which the Bank and its subsidiaries have significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in associated companies and joint venture are accounted for in the consolidated financial statements using the equity method and are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of the Item, until the date that significant influence or joint control ceases. When the Bank and its subsidiaries' share of losses exceeds its interest in an associate and joint venture, the Bank and its subsidiaries' carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Bank and its subsidiaries has incurred legal or constructive obligations or made payments on behalf of the associated company and joint venture.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Bank and its subsidiaries' interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The consolidated and the Bank only financial statements include the accounts of all branches; domestic and foreign. Interbranch transactions have been eliminated.

3.2 Cash

Cash represents cash in hand and cash on collection.

The Bank recognises and derecognises such items in these financial statements on the Settlement Date.

3.3 Investments

Investments in debt and equity securities

Debt securities and marketable equity securities held for trading are classified as trading investments and are stated at fair value, with any resultant gain or loss being recognised in profit or loss.

Debt securities for which the Bank and its subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less allowance for impairment. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are stated at fair value, and changes in fair value, are recognised directly in equity and other comprehensive income. If these investments are interest-bearing, their interests are calculated using the effective interest rate method and recognised in profit or loss.

Equity securities which are not marketable and classified as general investments are stated at cost less allowance for impairment.

Investments in marketable equity securities and listed unit trusts classified as trading investments and available-for-sale investments are stated at fair value based on the last bid prices of the Stock Exchange of Thailand (SET) or the closing price of the Stock Exchange they are listed as of the reporting date.

Investments in unit trusts considered to be inactive are stated at fair value based on the net asset value as of the reporting date.

Investments in government and state enterprises debt securities guaranteed by the government, classified as trading investments and available-for-sale investments, are stated at fair value based on the Thai Bond Market Association Government Bond Yield Curve as of the reporting date. State enterprises debt securities not guaranteed by the government and private debt instruments are stated at fair value based on bid prices from the Thai Bond

Market Association as of the reporting date. If not available, the Government Bond Yield for the same period is used, adjusted by an appropriate risk premium.

Investments in foreign bonds classified as available-for-sale investments are stated at fair value based on bid prices from Bloomberg. If not available, indicative prices from custodians are used.

Investments in receivables

Investments in receivables are initially recognised at fair value of the consideration transferred in exchange. Subsequent to initial recognition, investments in receivables are stated at amortised cost after deducting the allowance for impairment.

- Purchases or transfers of loans before 1 January 2013, were recognised as investments in receivables. When debt restructuring was required, the balance is recorded as a loan at fair value, The difference between book value and fair value was recognised as gain or loss on transfer of financial assets in profit or loss.
- Purchases or transfers of loans since 1 January 2013, are recognised as investments in receivables for items that are intended to be sold in the future or are not intended to be held to collect the contractual cash flows, in which case the items are recognised as loans.

Disposal of investments

Upon disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated gain or loss on revaluation that was reported in equity is recognised in profit or loss.

Upon disposal of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

3.4 Investments in subsidiaries, associates and joint venture

Investments in subsidiaries, associates and joint venture in the separate financial statements of the Bank are accounted for using cost method less allowance for impairment. Investments in associates and joint ventures in the consolidated financial statements are accounted for using equity method.

3.5 Loans

Except in the case of loans effected through overdraft agreements, loans are represented at their principal amounts. Unearned discounts received in advance are presented as a reduction in loans.

3.6 Allowance for doubtful accounts

The Bank and its subsidiaries which are credit institutions or asset management companies make allowances for doubtful accounts that are determined through methods based on the BOT's regulations and the Bank's estimated loan loss. The allowance for non-performing loans has been specifically determined by the nature of loans and the relevant factors such as payment ability, collateral, historical loss and estimated loss, etc. The allowance for performing loans has been assessed based upon relevant factors such as historical loss, credit risk, economic conditions and management experience, etc. For corporate loans, the allowance is determined on a case by case basis while the allowance for retail loans is determined on a portfolio basis for portfolios with similar risk characteristics.

Based on BOT's regulations, the Bank and its subsidiaries which are credit institutions or an asset management companies have classified their loan portfolios into six categories, primarily based on aging. For loans classified as pass and special-mention, the calculation of allowances for doubtful accounts is based on the regulatory minimum percentage requirement, taking into consideration the collateral value, where the collateral type and date of the latest appraisal are qualifying factors. For loans classified as sub-standard, doubtful and doubtful of loss, the allowances on these accounts will be set at 100 percent for the difference between the outstanding book value of the debt and the present value of future cash flows expected to be received or the expected proceeds from the disposal of collateral in accordance with the BOT's regulations.

Allowance for doubtful accounts established during the period and write-offs are recognised as expense in profit or loss. Bad debt recovery is recognised as income and is presented net of bad debt and doubtful accounts expense in profit or loss.

The life insurance subsidiary has allowance for doubtful accounts based on the estimated loss that may be incurred in collection of the premium due, determined by collection experience, review of premium due aging and value of collateral held against each receivable.

3.7 Troubled debt restructuring

The Bank and the asset management subsidiary record foreclosed assets acquired from troubled debt restructuring at fair value net of expected selling expense but limited to the loan amount up to the legal claim for the debt including interest receivable. Where troubled debt restructuring involves change of repayment conditions, the present value of the expected future cash collections is calculated by using discount rates equivalent to the market rates of interest at the time of restructuring. The difference between the present value of the future cash flows expected to be received that is less than the outstanding balances of investment in loans is recorded in the revaluation allowance for debt restructuring. This revaluation allowance for debt restructuring is amortised to profit or loss according to the amounts received over the remaining period of the debt-restructuring contracts.

Losses on debt restructuring from various forms i.e. reduction of principal and interest, transfer of assets, conversion of debt to equity and change of repayment condition is recognised as expense in profit or loss.

3.8 Properties foreclosed

Properties foreclosed are presented at the lower of cost or market value. The market value is estimated by using the latest appraisal value after deduction of estimated disposal expenses and holding cost.

The Bank and its subsidiaries regularly assess impairment of assets on a yearly basis.

Losses on impairment are charged to profit or loss. Gains or losses on disposal of properties foreclosed are recorded as other operating income or other expenses upon disposal.

3.9 Premises and equipment

Recognition and measurement

Owned assets

Land and buildings are stated at their revalued amounts. Revalued amount is fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Equipment is stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items of premises and equipment.

Gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised net in other income or other expense in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings and are not taken into account in calculating the gain or loss on disposal.

Revalued assets

Revaluation of land and buildings is performed by independent professional valuers according to the Bank of Thailand's criteria with sufficient regularity to ensure that the carrying amount of these assets do not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income as "appraisal surplus on asset revaluation" unless it offsets a previous decrease in value recognised loss in profit or loss in respect of the same asset.

A decrease in value is recognised in profit or loss to the extent that it exceeds an increase previously recognised in other comprehensive income in respect of the same asset.

The appraisal surplus cost on asset revaluation is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and transferred directly to retained earnings.

Leased assets

Leases in terms of which the Bank and its subsidiaries substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between interest expenses and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Interest expenses are charged directly to profit or loss.

Subsequent expenditure

Subsequent expenditure relating to an item of premises and equipment is added to the carrying amount of the asset when it is probable that the Bank and its subsidiaries will receive future economic benefits embodied within the asset and the cost of the item can be measured reliably. Other subsequent expenditures are recognised in expenses as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each item of premises and equipment.

Depreciation on buildings acquired before July 1996 is computed using the declining balance method. Depreciation on buildings acquired after July 1996 and on equipment is computed using the straight-line method. The estimated useful lives are as follows:

Buildings	10-50 years
Buildings on rented land	over rental contract
Equipment, furniture, fixtures, office equipment and vehicle	3-20 years

Depreciation methods, useful lives and residual values are reviewed each year and adjusted if appropriate.

3.10 Goodwill and intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in goodwill and intangible assets. The measurement of goodwill at initial recognition is described in note 3.1. Subsequent to initial recognition, goodwill is measured at cost less impairment losses. Impairment assessment of goodwill is described in note 3.14.

Other intangible assets

Other intangible assets that have finite useful lives are presented at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised as intangible assets only when it is highly probable that the Bank and its subsidiaries will receive future economic benefits related to the item and cost of the item can be measured reliably. Otherwise, it will be recognised as expense when incurred.

Amortisation

Amortisation is charged to profit or loss on a straight-line basis which closely reflects the pattern and period of time of future economic benefits expected to flow to the bank, excluding goodwill. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software licenses	5-15 years
Advisory fee licenses	10 years

Intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date.

Amortisation methods, useful lives and residual values are reviewed each year and adjusted if appropriate.

3.11 Deferred tax assets and Deferred tax liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Bank and its subsidiaries take into account the impact of uncertain tax positions in determining the amount of income tax. The Bank and its subsidiaries believe that its accruals for tax liabilities are adequate for all tax to be paid in the future based on its assessment of many factors, including interpretations of tax law, prior experiences and series of judgements about future events; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that they are no longer probable that the related tax benefit will be realised.

3.12 Leasehold

Leasehold is presented at cost net accumulated amortisation. The amortisation is calculated using the straight-line method over the lease periods and is recognised as expense in profit or loss.

3.13 Investment Property

Investment property which consists of buildings and areas for rent of the Bank and its subsidiaries is measured at cost on initial recognition and subsequently at fair value and is presented as part of other assets. Changes in fair value are recognised in profit or loss.

3.14 Impairment

The Bank and its subsidiaries' assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is

the difference between the carrying amount and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, calculated by the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost, the reversal is recognised in profit or loss. For available-for-sale financial assets, the reversal is recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.15 Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

3.16 Provisions

Provision is recognised when the Bank and its subsidiaries have a present legal or a constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. When the time value of money has significant impact to provisions, they are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions for commitments not recognised in the statements of financial position relate to credit risk transactions ie., Avals on bills, Acceptances, Letters of Indemnity - Borrowing, Other Guarantees and Letters of Credit, etc. Provision is recognised when the transactions related to loans that are classified as sub-standard, and below.

The Bank and its subsidiaries review provisions on a regular basis, and recognise changes in the provisions as increase or decrease in other operating expenses.

3.17 Employee benefits

Short-term employee benefits

Recognised amount expected to be paid as expense in profit or loss as the related service is provided.

Post-employment benefits : Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Bank and its subsidiaries pay fixed contributions into the provident fund, a separate entity, and will have no legal or constructive obligation to pay further amounts. Contributions paid by the Bank and its subsidiaries are recognised as expense in profit or loss in the periods during which services are rendered by employees.

Post-employment benefits : Defined benefit plans

Under the labor laws and the Bank and its subsidiaries' employment policy, all employees are entitled to severance pay upon retirement.

The Bank and its subsidiaries determine the net obligation in respect of defined retirement by using historical data in estimating the amount of future benefits that employees have earned in return for their services in the current and prior periods discounting to present value by using market yield of government bonds with a maturity consistent with the estimated term of the post-employment benefit obligations. The retirement benefit is calculated by actuary using Projected Unit Credit Method and presented as part of provision, and the Bank and its subsidiaries recognised all current service cost and interest cost related to provision for retirement benefits as personnel expenses in profit or loss.

All actuarial gains and losses are based on updated assumptions in other comprehensive income in the period in which they arise.

When the benefits of plan are changed or when a plan is curtailed, the resulting change in benefit that related to the past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Bank and its subsidiaries recognise gain and loss on the settlement of a defined benefit plan when the settlement occurs.

3.18 Insurance contract liabilities

(a) Classification of insurance and investment contracts

The subsidiary issues contracts that transfer insurance risk or both insurance risk and financial risk.

Insurance contracts are those contracts under which the subsidiary accepts significant insurance risk from the insured by agreeing to compensate the insured or other beneficiary if a specified uncertain future event adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

The subsidiary defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least significant level more than the benefits payable if the insured event did not occur.

Investment contracts are contracts that transfer financial risk with no significant insurance risk. The subsidiary issues only insurance contracts.

The subsidiary does not unbundle any insurance contracts as its accounting policy recognises all premium and underwriting expenses through the profit or loss.

(b) Recognition and measurement of insurance contract liabilities

Long-term technical reserves

Long-term technical reserves are liabilities for contractual benefits and claims that are expected to be incurred in the future. They are recorded when the premiums are recognised and are released when benefit and claims are incurred. Such reserves are measured using assumptions considered to be appropriate for the policies in force and calculated by internal actuary of the subsidiary using an actuarial method of “Net Level Premium Valuation” based on assumptions for mortality, morbidity and discounted interest rate. The change in long-term technical reserves is recognised under underwriting expenses.

Loss reserves and outstanding claims

Provision for loss reserves and outstanding claims is made for the estimated cost of all claims notified but not settled at the reporting date. Provision is also made for the cost of claims incurred, but not reported, based on the subsidiary’s experience and historical data. Differences between the provision for outstanding claims and subsequent revisions and settlements are included in profit or loss in later years.

Unearned premium reserve

Unearned premium reserve calculated based on a pro-rata basis of written premiums for short-term insurance contracts over the remaining period of coverage.

(c) Liability adequacy test

The liability of the subsidiary is tested for adequacy by comparing the aggregated best current estimate of future contractual cash flows using current assumptions with the aggregated carrying amount of gross insurance contract provisions.

An additional provision for liability inadequacy is made where the reserves calculated by other actuarial method of "Gross Premium Valuation" exceeds the liabilities calculated by Net Level Premium Valuation method. However, the liability adequacy test is performed based on aggregation of total insurance contract liabilities including loss reserves and outstanding claims and premium reserve for policies in force at the reporting date.

The assumptions used in the Gross Premium Valuation are in accordance with the Notification of the Office of Insurance Commission regarding Assessment of Assets and Liabilities of Life Insurance B.E. 2554 except for discounted interest rate which the subsidiary uses the adjusted current risk-free interest rate for purpose of liability adequacy test in accordance with industry practice.

3.19 Accounting for customer loyalty programmes

Income related to loyalty programme is partially allocated to deferred income based on value of obligation that customers will receive benefit in the future and will be recognised as income once this obligation is no longer valid.

3.20 Recognition of income

Interest and discount income on loans are recognised on an accrual basis, except when interest payments are in arrears for more than three months when, regardless of collateral, the cash basis is adopted.

In compliance with the BOT's regulation, the Bank reverses accrued interest receivables on loans for which repayments are more than three months in arrears.

Interest income from investments is recognised on an accrual basis by using the effective interest rate method. Dividend income from investment is recognised on an accrual basis at the date which the Bank earns the rights to receive the dividend.

The asset management subsidiary recognises interest income on investments in receivables and loans on a cash basis.

Fee and service income for the performance of service are recognised as the related service is rendered.

Income from factoring business is recognised on an accrual basis.

The lease income of subsidiaries is recognised as follows:

- Income under finance lease agreements is recognised on the basis of installment payments due by using effective interest rate method, calculated from the balance of net investment in each installment. When installment payments are in arrears for more than three months, the cash basis is adopted.
- Income under operating lease agreements is recognised on the basis of installment payments due. When installment payments are in arrears for more than three months, the cash basis is adopted.

3.21 Recognition of net premium earned

Short-term insurance contracts

Premium written is recognised on the inception date and presented gross of commissions and brokerage expenses.

Premium earned comprises of premium written and change in unearned premium reserves and is recognised as revenue proportionally over the period of coverage.

Long-term insurance contracts

First year premium written is recognised as revenue when premium is received and insurance policy is approved. Renewal premium income is recognised as revenue when premium is due and is estimated taking into account the historical lapse experience of the subsidiary. First year premium written and renewal premium income are presented gross of commissions and brokerage expenses.

Premium received in advance is not recognised as revenue until the due date.

3.22 Recognition of interest expense

Interest expense is recognised on an accrual basis.

3.23 Underwriting expenses

Commissions and brokerage expenses

Commissions and brokerage expenses are recognised as expenses when incurred.

Benefit payments and insurance claims

Benefit payments and insurance claims consist of benefits, claims and loss adjustment expenses during the years and changes in provision for short-term insurance claims. They are recognised as expenses when incurred or approved.

3.24 Income tax expense

Income tax expense for the period comprise of current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous periods.

3.25 Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Bank on ordinary shareholders of the Bank by the weighted average number of ordinary shares in issued during the period.

3.26 Derivatives

Trading Derivatives: Trading derivatives are carried at fair value which is determined based upon liquid (observable) market prices, reference to exchange traded prices, broker/dealer quotations, prices of other similar transactions or prices derived by using a valuation technique incorporating observable market data which is adjusted with counterparty credit risk and other risks. Realised and unrealised gains or losses are recognised in profit or loss as part of gain on trading and foreign exchange transactions against assets or liabilities in the statements of financial position so that the derivative assets/liabilities represent their fair value at the reporting date.

Hedging Derivatives: The Bank and its subsidiares manage its banking exposures to market rate movements through the use of derivatives such as interest rate swaps, interest rate futures and forward exchange contracts. Gains or losses resulting from the changes in fair values of contracts are recognised in accordance with the standard accounting treatment for income or expenses on hedged items as follows:

1. Where hedged items are measured at fair value, hedging instruments are measured at fair value consistently.
2. Where hedged items are measured on an accrual basis, hedging instruments are measured on an accrual basis consistently.

3.27 Hybrid Instruments for financial liabilities

Hybrid Instruments for financial liabilities: include a non-derivative host contract and an embedded derivative. The host contract shall be accounted for under the classification of the host contract. The embedded derivative shall be separated from the host contract and accounted for as a derivative which is carried at fair value, if and only if:

1. The economic characteristics and risks of the host contract and the embedded derivative are not closely related;
2. A separate instruments with the same terms as the embedded derivative would meet the definition of a stand-alone derivative; and
3. The hybrid instrument is not recognised at fair value through profit or loss.

If an embedded derivative is not separated, the hybrid instrument shall be accounted for under the classification of the host contract.

Changes in the fair value of separated embedded derivative are recognised in profit or loss.

Structured Notes: are hybrid instruments, which consist of borrowing (Host Contract) transaction and an embedded derivative. The Bank's management approach with regards to the accounting and assessment of fair value of borrowing transactions with embedded derivative (Structured Note) is consistent with those of International Financial Reporting Standard No. 9 (IFRS 9). The Bank has an option to classify the structured note as financial liabilities designated at fair value through profit or loss when

1. It eliminates or significantly reduces an inconsistency of measurement or recognition that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on a different basis; or
2. It is a management tool for risk management and investment, in accordance with
   - Documented risk management or investment strategy; and
   - Group of financial assets or financial liabilities managed and their performance evaluated on a fair value basis.
3. It relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments and meets the above criteria for separation of the embedded derivative from the host contract.

Changes in the fair value of financial liabilities designated at fair value through profit or loss are recognised in profit or loss as gain or loss on financial liabilities designated at fair value through profit or loss with the corresponding entry to liabilities in the statements of financial position. The fair value designation, once made, is irrevocable.

The Bank will comply with the requirements of hybrid instrument if the Bank does not choose the option of fair value through profit or loss or the criteria for fair value through profit or loss upon designation are not met.

Day One Profit or Loss: Gains or losses from trading derivatives are recognised at inception in profit or loss when the fair value of those derivatives are determined based upon observable market data or supported by comparison to other observable market transactions, or based upon a valuation technique incorporating observable market data.

The Bank amortises initial gains or losses on trading transactions on a straight-line basis or on an effective interest rate basis over the life of the contract when the fair value of those trading derivatives are based upon unobservable market data or when they gains or losses on hybrid instruments. The unamortised gains or losses are recognised in profit or loss when the market data becomes observable.

3.28 Assets and liabilities in foreign currencies

1. Foreign currency transactions

Assets and liabilities denominated in foreign currencies are translated into the currency of the primary economic environment in which the Bank, its foreign branches and its subsidiaries operate (the functional currency) at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the reference rates announced by the BOT on that date. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated into the functional currency using the exchange rate at the date of the initial transaction except for the non-monetary assets and liabilities designated as hedged item of fair value hedge in foreign exchange risk that are translated into the functional currency using the reference rate announced by the BOT.

Exchange gains or losses on translation are recognised in profit or loss or in the case of changes in fair value of available-for-sale investments denominated in a foreign currency, exchange gains or losses on transaction are directly recognised in equity and other comprehensive income.

2. Foreign operations

The statements of financial position of the Bank's foreign branches whose functional currency is not Thai Baht are translated into Thai Baht at the reference rates announced by the BOT on the reporting date. The statements of comprehensive income of the Bank's foreign branches are translated into Thai Baht at the reference rates announced by the BOT at the transaction date.

Exchange gains or losses on retranslation of financial statements of the Bank's foreign branches are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When a derivative or monetary item (non-derivative) is designated as a hedging instrument of a net investment in a foreign operation, the effective portion of the gain or loss derived from spot revaluation is recognised directly in equity and netted with the retranslation of financial statements of the Bank's foreign branches and subsidiaries in the foreign currency translation reserve in other comprehensive income. When the investment is disposed the relevant amount in the foreign currency translation reserve is transferred to profit or loss. Previously, all such transactions were recognised in profit or loss. Income or expense relating to forward point of a hedging instrument is recognised on an accrual basis in profit or loss.

3.29 Trade Date – Settlement Date policy

The Bank and its subsidiaries recognises and derecognises derivative transactions using Trade Date method. Trade Date policy means the Bank recognises and presents such items on financial statements on the date both counterparties decide to mutually commit on sale agreement, eliminates those items on financial statements when the sale agreement is matured or cancelled as well as recognises gain or loss from such agreement.

The Bank and its subsidiaries recognises and derecognises investment, loan, interest bearing liabilities and hybrid instruments for financial liabilities in these financial statements using the Settlement Date method. Settlement Date policy means that the Bank recognises or derecognises such items in financial statements on the date of asset delivery and recognises gain or loss from such agreement.

3.30 Segment information

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated transactions are not included in reporting segment operating results but shown in total.

Information about geographical areas is presented according to the domestic and overseas of the Bank and its subsidiaries transaction.

3.31 Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market at the measurement date. In the absence of a principal market, the most advantageous market would be considered if the Bank and its subsidiaries are able to access that market at the measurement date.

The Bank and its subsidiaries measure fair value of non-financial assets based on highest and best use assumption.

A transfer between the hierarchy occurs when the source or level of observability of input data in fair value measurement has changed.

The Bank and its subsidiaries measure fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable, either directly or indirectly. This category includes instruments valued using quoted prices in active markets for similar instruments, quoted prices for similar assets or liabilities in markets that are less than active, or other valuation techniques which are directly or indirectly observable from market data.

Level 3 Inputs that are unobservable. This category includes assets or liabilities for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant impact on the valuation.

4 CAPITAL REQUIREMENTS

The ratios of capital to assets (Capital Adequacy Ratio) of KASIKORNBANK FINANCIAL CONGLOMERATE and the Bank as at 31 December 2019 and 2018 are set out below. The Bank has chosen to adopt the Standardised Approach in accordance with BOT requirements, which is in line with the requirements of Basel III.

(Million Baht)

	KASIKORNBANK FINANCIAL CONGLOMERATE	
	2019	2018
Tier 1 Capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital, premium on common shares	42,036	42,036
Legal reserve	3,050	3,050
Net profit after appropriation	322,283	294,841
Other comprehensive income	22,127	18,940
Less Capital deduction items on CET1	(31,521)	(27,944)
Total Tier 1 Capital Base	357,975	330,923
Tier 2 Capital		
Tier 2 Capital instruments	52,508	28,000
General Provision	24,756	23,186
Less Capital deduction items on Tier 2	(1,486)	(770)
Total Tier 2 Capital Base	75,778	50,416
Total Capital Base	433,753	381,339
Total Risk-Weighted Assets	2,210,881	2,081,697

(Percentage)

	KASIKORNBANK FINANCIAL CONGLOMERATE			
Capital Adequacy Ratio	Minimum capital ratios & Buffer requirements*	2019	Minimum capital ratios & Buffer requirements*	2018
Tier 1 Capital ratio	9.00	16.19	7.875	15.90
Common Equity Tier 1 ratio	7.50	*16.19*	*6.375*	*15.90*
Tier 2 Capital ratio	-	3.43	-	2.42
Capital adequacy ratio	11.50	19.62	10.375	18.32

* Bank of Thailand (BOT) required the Bank to maintain 2 capital buffer as follows:

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

(Million Baht)

	The Bank	
	2019	2018
Tier 1 Capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital, premium on common shares	42,036	42,036
Legal reserves	3,050	3,050
Net profit after appropriation	285,322	262,119
Other comprehensive income	18,618	16,535
Less Capital deduction items on CET1	(29,495)	(26,464)
Total Tier 1 Capital Base	319,531	297,276
Tier 2 Capital		
Tier 2 Capital instruments	52,508	28,000
General Provision	23,992	22,486
Total Tier 2 Capital Base	76,500	50,486
Total Capital Base	396,031	347,762
Total Risk-Weighted Assets	2,138,259	2,014,943

(Percentage)

	The Bank			
	Minimum capital ratios		Minimum capital ratios	
Capital Adequacy Ratio	& Buffer requirements*	2019	& Buffer requirements*	2018
Tier 1 Capital ratio	9.00	14.94	7.875	14.75
Common Equity Tier 1 ratio	7.50	*14.94*	*6.375*	*14.75*
Tier 2 Capital ratio	-	3.58	-	2.51
Capital adequacy ratio	11.50	18.52	10.375	17.26

* Bank of Thailand (BOT) required the Bank to maintain 2 capital buffer as follows:

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

As at 31 December 2019 and 2018, the Bank and KASIKORNBANK FINANCIAL CONGLOMERATE have no add-on arising from Single Lending Limit.

In accordance with the BOT's directive number SOR NOR SOR 4/2556, dated 2 May 2013, titled "The Disclosure of Capital Requirements of Commercial Banks" and the BOT's directive number SOR NOR SOR 5/2556, dated 2 May 2013, titled "The Disclosure of Capital Requirements of Commercial Banks on Consolidated Basis", requires KASIKORNBANK FINANCIAL CONGLOMERATE to disclose the capital requirements, were as follows:

Location of disclosure	Through the website under the investor relations section Date of disclosure "https://www.kasikornbank.com/en/IR/FinanInfoReports/Pages/financial-reports.aspx"
Date of disclosure	Within 4 months after the period end date as indicated in the notification
Information as of	31 December 2019

5 SUPPLEMENTARY INFORMATION OF CASH FLOWS

Significant non-cash items for the years ended 31 December 2019 and 2018 are as follows:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Change in foreign exchange for long-term debts issued and borrowings*	(3,310)	(817)	(3,310)	(817)
Amortisation cost for long-term debts issued and borrowings	11	14	11	14

* The Bank and its subsidiaries manage its banking exposures through the use of derivatives

6 INTERBANK AND MONEY MARKET ITEMS - NET (ASSETS)

Interbank and money market items - net (assets) as of 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated					
	2019			2018		
	At call	Term	Total	At call	Term	Total
1. Domestic						
The BOT and FIDF	12,763	289,185	301,948	36,178	296,089	332,267
Commercial banks	1,095	21,764	22,859	1,208	30,306	31,514
Specialised financial institutions	45	864	909	101	2,828	2,929
Other financial institutions	1,047	625	1,672	1,680	150	1,830
Total	14,950	312,438	327,388	39,167	329,373	368,540
Add Accrued interest receivable	1	102	103	-	127	127
Less Deferred revenue	-	-	-	-	-	-
Allowance for doubtful accounts	(8)	(68)	(76)	(16)	(112)	(128)
Total Domestic	14,943	312,472	327,415	39,151	329,388	368,539
2. Foreign						
US Dollars	7,327	37,407	44,734	24,931	50,577	75,508
Japanese Yen	132	-	132	168	-	168
Euro	297	-	297	617	-	617
Other currencies	4,673	8,611	13,284	4,112	12,944	17,056
Total	12,429	46,018	58,447	29,828	63,521	93,349
Add Accrued interest receivable	-	202	202	8	231	239
Less Deferred revenue	-	-	-	-	(2)	(2)
Allowance for doubtful accounts	-	(124)	(124)	-	(138)	(138)
Total Foreign	12,429	46,096	58,525	29,836	63,612	93,448
Total Domestic and Foreign	27,372	358,568	385,940	68,987	393,000	461,987

(Million Baht)

	The Bank					
	2019			2018		
	At call	Term	Total	At call	Term	Total
1. Domestic						
The BOT and FIDF	12,763	289,185	301,948	36,178	296,089	332,267
Commercial banks	164	19,067	19,231	225	21,369	21,594
Specialised financial institutions	1	-	1	1	-	1
Other financial institutions	751	625	1,376	1,580	150	1,730
Total	13,679	308,877	322,556	37,984	317,608	355,592
Add Accrued interest receivable	-	90	90	-	111	111
Less Deferred revenue	-	-	-	-	-	-
Allowance for doubtful accounts	(8)	(37)	(45)	(16)	(81)	(97)
Total Domestic	13,671	308,930	322,601	37,968	317,638	355,606
2. Foreign						
US Dollars	5,738	36,065	41,803	23,763	50,170	73,933
Japanese Yen	132	-	132	168	-	168
Euro	295	-	295	617	-	617
Other currencies	1,167	16,187	17,354	2,024	1,120	3,144
Total	7,332	52,252	59,584	26,572	51,290	77,862
Add Accrued interest receivable	-	240	240	1	184	185
Less Deferred revenue	-	-	-	-	(2)	(2)
Allowance for doubtful accounts	-	(24)	(24)	-	(13)	(13)
Total Foreign	7,332	52,468	59,800	26,573	51,459	78,032
Total Domestic and Foreign	21,003	361,398	382,401	64,541	369,097	433,638

7 DERIVATIVES

Carrying amount and notional amount classified by type of risks as of 31 December 2019 and 2018 consisted of:

(Million Baht)

Consolidated										
	Carrying amount				Notional amount classified by maturity					
	Assets		Liabilities		Up to 1 year		Over 1 year		Total	
Type of risk	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Exchange rate	30,644	19,835	21,100	16,940	1,612,859	1,544,062	376,988	404,889	1,989,847	1,948,951
Interest rate	11,382	6,475	8,952	4,222	214,863	121,899	767,247	767,819	982,110	889,718
Others										
- Commodities	141	152	133	148	8,909	4,436	37	41	8,946	4,477
- Equities	181	270	59	412	3,358	4,063	926	905	4,284	4,968
- Debts	-	-	-	18	-	300	-	-	-	300
- Others	(569)	(537)	-	-	-	-	-	-	-	-
Total	41,779	26,195	30,244	21,740	1,839,989	1,674,760	1,145,198	1,173,654	2,985,187	2,848,414

(Million Baht)

The Bank										
	Carrying amount				Notional amount classified by maturity					
	Assets		Liabilities		Up to 1 year		Over 1 year		Total	
Type of risk	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Exchange rate	27,153	18,769	22,463	17,229	1,612,352	1,543,988	342,523	375,166	1,954,875	1,919,154
Interest rate	11,382	6,475	8,952	4,222	214,863	121,899	765,408	765,978	980,271	887,877
Others										
- Commodities	141	152	133	148	8,909	4,436	37	41	8,946	4,477
- Equities	1	394	-	394	-	827	5	-	5	827
- Debts	-	-	-	18	-	300	-	-	-	300
- Others	(569)	(537)	-	-	-	-	-	-	-	-
Total	38,108	25,253	31,548	22,011	1,836,124	1,671,450	1,107,973	1,141,185	2,944,097	2,812,635

The carrying amount of derivative assets and liabilities comprises of trading book derivatives measured at fair value and banking book derivatives are measured on an accrual basis in accordance with the accounting policy disclosed in note 3.26.

The proportion of the notional amount of derivative transactions classified by counterparties consisted of:

(Percentage)

	Consolidated		The Bank	
COUNTERPARTY	2019	2018	2019	2018
Financial institutions	69	69	69	69
Companies - other	31	31	31	31
Total	100	100	100	100

8 INVESTMENTS - NET

8.1 Type of investments

Investments as of 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
1. Trading investments - Fair Value				
1.1 Government and state enterprise securities	10,911	14,757	10,911	14,757
1.2 Private enterprise debt instruments	1,290	830	1,290	830
1.3 Marketable equity securities - domestic	4,309	3,689	22	23
Total	16,510	19,276	12,223	15,610
2. Available-for-sale investments - Fair Value				
2.1 Government and state enterprise securities	154,863	183,150	143,939	181,290
2.2 Private enterprise debt instruments	13,235	8,195	11,036	6,100
2.3 Foreign debt instruments	70,951	14,881	60,606	5,224
2.4 Marketable equity securities - domestic	57,060	44,703	1,930	3,247
2.5 Marketable equity securities - overseas	40,598	15,869	20,839	2,969
Total	336,707	266,798	238,350	198,830
3. Held-to-maturity debt instruments - Cost Value / Amortised Cost Value				
3.1 Government and state enterprise securities	244,006	238,167	5,027	4,938
3.2 Private enterprise debt instruments	127,448	99,175	11,603	2,626
3.3 Foreign debt instruments	44,262	33,284	-	-
3.4 Investments in receivables	670	872	669	867
Total	416,386	371,498	17,299	8,431
Less Allowance for impairment	(17)	(473)	-	(453)
Total	416,369	371,025	17,299	7,978
4. General investments - Cost Value				
4.1 Non-marketable equity securities - domestic	1,656	1,623	1,350	1,367
4.2 Non-marketable equity securities - overseas	3,647	3,224	1,221	1,193
Total	5,303	4,847	2,571	2,560
Less Allowance for impairment	(174)	(221)	(46)	(93)
Fair value hedge adjustments	(75)	(70)	(75)	(70)
Total	5,054	4,556	2,450	2,397
Total Investments - net	774,640	661,655	270,322	224,815

8.2 Revaluation surplus on available-for-sale investments

As of 31 December 2019 and 2018, revaluation surplus on available-for-sale investments consisted of:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Revaluation surplus on available-for-sale investments*				
Debt instruments	2,758	232	2,555	179
Equity securities	3,146	5,781	306	4,085
Total	5,904	6,013	2,861	4,264

* net of deferred tax

8.3 Investments in other companies having a going concern uncertainty

As of 31 December 2019 and 2018, investments held by the Bank and its subsidiaries in listed companies which meet SET's criteria for delisting, and are in default on debt instruments, or companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are the same as companies which meet SET's criteria for delisting or investments in receivables with uncertainty in settlement or in default, were as follows:

(Million Baht)

	Consolidated					
	2019			2018		
	Cost Value/ Book Value	Fair Value	Allowance for Impairment	Cost Value/ Book Value	Fair Value	Allowance for Impairment
1. Listed companies which meet SET's criteria for delisting, and are in default on debt instruments						
- Debt Instruments	-	-	-	46	-	(46)
2. Companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are the same as companies which meet SET's criteria for delisting						
- Equity Securities	23	-	(12)	34	-	(34)
- Debt Instruments	-	-	-	453	-	(453)
3. Investments in receivables with uncertainty in settlement or in default	1	-	(1)	5	-	(5)
Total	24	-	(13)	538	-	(538)

(Million Baht)

	The Bank					
	2019			2018		
	Cost Value/ Book Value	Fair Value	Allowance for Impairment	Cost Value/ Book Value	Fair Value	Allowance for Impairment
1. Listed companies which meet SET's criteria for delisting, and are in default on debt instruments						
- Debt Instruments	-	-	-	46	-	(46)
2. Companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are the same as companies which meet SET's criteria for delisting						
- Equity Securities	11	-	-	22	-	(22)
- Debt Instruments	-	-	-	453	-	(453)
Total	11	-	-	521	-	(521)

8.4 Investments over 10% held by the Bank and its subsidiaries

As of 31 December 2019 and 2018, investments held by the Bank and its subsidiaries, that were more than 10% of those companies' shares and were not investments in subsidiaries and associated companies, classified by industry were as follows:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Agriculture and mining	5	5	-	-
Property development and construction	2,536	2,202	441	473
Infrastructure and services	254	223	201	142
Others	6,764	1,828	46	110
Total	9,559	4,258	688	725

9 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES - NET

9.1 Type of investments in subsidiaries, associated companies and joint ventures

As of 31 December 2019 and 2018, investments in ordinary shares of subsidiaries, associated companies and joint ventures were as follows:

(Million Baht)

			Consolidated					
			% Shareholding					
		Type of	Direct and indirect		Cost method		Equity method	
	Type of Business	Share	2019	2018	2019	2018	2019	2018
Associated companies								
Processing Center Co., Ltd.	Service	Ordinary	30.00%	30.00%	15	15	286	326
National ITMX Co., Ltd.	Service	Ordinary	25.43%	22.76%	103	60	457	363
BCI (THAILAND) CO.,LTD.	Service	Ordinary	22.17%	-	118	-	110	-
Sovannaphum Life Assurance PLC[3]	Life Insurance	Ordinary	18.74%	18.74%	230	215	125	139
Goco Co., Ltd. [4]	Information and communication system development	Ordinary	22.65%	22.65%	4	4	-	-
Lawson-Marsh Events Co., Ltd. [4]	Professional conference organizer	Ordinary	35.71%	35.71%	5	5	-	-
O&H Honeycomb Paper Co., Ltd. [4]	Manufacture and sale of honeycomb paper	Ordinary	40.99%	40.99%	18	18	-	-
LD Restaurant Co., Ltd. [4]	Restaurant	Ordinary	35.30%	35.30%	4	4	-	-
Tee Entertainment Co., Ltd. [4]	Event organizer Restaurant and Sale of consumer goods	Ordinary	27.61%	27.61%	45	45	-	-
Joint ventures								
KASIKORN LINE CO., LTD. [5]	Lending service	Ordinary	50.00%	50.00%	1,100	89	1,081	89
Total Investments in Associated Companies and Joint Ventures					1,642	455	2,059	917
Less Allowance for impairment					(76)	(76)	-	-
Investments in Associated Companies and Joint Ventures - Net					1,566	379	2,059	917

(Million Baht)

			The Bank					
			% Shareholding					
		Type of	Direct and indirect		Cost method		Dividend income	
	Type of Business	Share	2019	2018	2019	2018	2019	2018
Direct subsidiaries								
KASIKORN ASSET MANAGEMENT CO., LTD.	Fund Management	Ordinary	100.00%	100.00%	2,003	2,003	2,810	2,627
KASIKORN RESEARCH CENTER CO., LTD.	Service	Ordinary	100.00%	100.00%	10	10	-	-
KASIKORN SECURITIES PCL ("KSecurities")	Securities Business	Ordinary	99.99%	99.99%	1,512	1,512	1,000	-
KASIKORN LEASING CO., LTD.	Auto Leasing	Ordinary	100.00%	100.00%	900	900	180	120
KASIKORN FACTORY & EQUIPMENT CO., LTD.	Equipment Leasing	Ordinary	100.00%	100.00%	237	237	-	-
KASIKORN TECHNOLOGY GROUP SECRETARIAT CO., LTD. [1]	Service	Ordinary	100.00%	100.00%	5	5	-	-
KASIKORN LABS CO., LTD. [1]	Service	Ordinary	100.00%	100.00%	5	5	-	-
KASIKORN SOFT CO., LTD. [1]	Service	Ordinary	100.00%	100.00%	5	5	-	-
KASIKORN PRO CO., LTD. [1]	Service	Ordinary	100.00%	100.00%	5	5	-	-
KASIKORN SERVE CO., LTD. [1]	Service	Ordinary	100.00%	100.00%	19	19	61	-
KASIKORN X CO., LTD. [1]	Service	Ordinary	100.00%	100.00%	5	5	-	-
Muang Thai Group Holding Co., Ltd. ("MTGH") [2]	Investment in other Companies	Ordinary	51.00%	51.00%	7,575	7,575	538	491
KASIKORNTHAI BANK Limited [6]	Commercial Banking	Ordinary	100.00%	100.00%	1,217	1,095	-	-
KASIKORNBANK (CHINA) COMPANY LIMITED	Commercial Banking	Ordinary	100.00%	100.00%	14,802	14,802	-	-
K-SME Venture Capital Co., Ltd.	Venture Capital	Ordinary	100.00%	100.00%	50	50	-	-
BEACON VENTURE CAPITAL COMPANY LIMITED	Venture Capital	Ordinary	100.00%	100.00%	2,310	2,150	-	-
KASIKORN VISION COMPANY LIMITED ("KVision")	Investment in other Companies	Ordinary	100.00%	100.00%	1,200	602	-	-
KASIKORN GLOBAL PAYMENT COMPANY LIMITED	Payment service provider	Ordinary	100.00%	-	120	-	-	-
Phethai Asset Management Co., Ltd.	Asset Management	Ordinary	100.00%	100.00%	1,480	1,540	-	-
PROGRESS PLUS CO., LTD.	Sales of inventories and service	Ordinary	100.00%	100.00%	1	1	-	-
PROGRESS APPRAISAL CO., LTD.	Service	Ordinary	100.00%	100.00%	5	5	10	10
PROGRESS GUNPAI SECURITY GUARD CO., LTD.	Service	Ordinary	100.00%	100.00%	21	21	130	130
PROGRESS MANAGEMENT CO., LTD.	Service	Ordinary	100.00%	100.00%	6	6	2	5
PROGRESS FACILITIES MANAGEMENT CO., LTD.	Service	Ordinary	100.00%	100.00%	5	5	22	20
PROGRESS SERVICE SECURITY GUARD CO., LTD.	Service	Ordinary	100.00%	100.00%	2	2	28	30

(Million Baht)

			The Bank					
			% Shareholding					
		Type of	Direct and indirect		Cost method		Dividend income	
	Type of Business	Share	2019	2018	2019	2018	2019	2018
Direct subsidiaries								
PROGRESS STORAGE CO., LTD.	Service	Ordinary	100.00%	100.00%	3	3	19	17
PROGRESS H R CO., LTD.	Service	Ordinary	100.00%	100.00%	1	1	10	10
PROGRESS SERVICE SUPPORT CO., LTD.	Service	Ordinary	100.00%	100.00%	4	4	15	-
PROGRESS COLLECTION CO., LTD.	Service	Ordinary	100.00%	100.00%	5	5	-	3
PROGRESS TRAINING CO., LTD.	Service	Ordinary	100.00%	100.00%	2	2	-	-
Indirect subsidiaries								
KHAO KLA Venture Capital Management Co., Ltd.	Venture Capital Management	Ordinary	100.00%	100.00%	-	-	-	-
Muang Thai Life Assurance PCL ("MTL") [2]	Life Insurance	Ordinary	38.25%	38.25%	-	-	-	-
Muang Thai Broker Co., Ltd. [2]	Insurance Broker	Ordinary	50.98%	50.98%	-	-	-	-
MT Insure Broker Co., Ltd. [3]	Insurance Broker	Ordinary	38.25%	38.25%	-	-	-	-
FUCHSIA VENTURE CAPITAL COMPANY LIMITED [2]	Venture Capital	Ordinary	38.25%	38.25%	-	-	-	-
AI GEN Company Limited [2]	Service	Ordinary	51.00%	-	-	-	-	-
BEACON INTERFACE COMPANY LIMITED	Service	Ordinary	100.00%	100.00%	-	-	-	-
PROGRESS MULTI INSURANCE BROKER CO., LTD.	Insurance Broker	Ordinary	100.00%	100.00%	-	-	-	-
Associated companies								
Processing Center Co., Ltd.	Service	Ordinary	30.00%	30.00%	15	15	60	109
National ITMX Co., Ltd.	Service	Ordinary	25.43%	22.76%	103	60	19	6
BCI (THAILAND) CO., LTD.	Service	Ordinary	22.17%	-	118	-	-	-
Total					33,751	32,650	4,904	3,578
Less Allowance for impairment					(1,480)	(1,540)	-	-
Fair value hedge adjustments					(1,751)	(535)	-	-
Investments in Subsidiaries and Associated Companies - Net					30,520	30,575	4,904	3,578

[1] Companies under Kasikorn Business-Technology Group.

[2] The Bank holds 51% of total issued shares of MTGH and MTGH holds 100% of total shares issued by AI GEN Company Limited and holds 99.97% of total shares issued by Muang Thai Broker Co., Ltd and holds 75% of total shares issued by MTL and FUCHSIA VENTURE CAPITAL COMPANY LIMITED.

[3] The Bank holds shares indirectly through MTL.

[4] The Bank holds shares indirectly through K-SME Venture Capital Co., Ltd.

[5] The Bank holds shares indirectly through KVision.

[6] KASIKORN ASSET MANAGEMENT CO., LTD. holds 10% of KASIKORNTHAI BANK Limited

The accounting for investments in associated companies and joint venture using the equity method in the consolidated financial statements is based on financial information obtained from unaudited or unreviewed financial statements.

Subsidiaries, associated companies and joint venture were incorporated in Thailand except for KASIKORNTHAI BANK Limited, KASIKORNBANK (CHINA) COMPANY LIMITED, and Sovannaphum Life Assurance PLC incorporated in Lao PDR, People's Republic of China and Kingdom of Cambodia, respectively.

On 2 January 2019, the Bank established a new subsidiary company under the name KASIKORN GLOBAL PAYMENT COMPANY LIMITED. The Company has Baht 200 million of authorised share capital of which Baht 120 million is paid-up, which 100% of shares are held by the Bank.

On 22 April 2019, Phethai Asset Management Co., Ltd., a subsidiary of the Bank reduced its authorised, issued and paid-up share capital by Baht 60 million.

On 24 May 2019 and 21 June 2019, the Bank has invested in BCI (THAILAND) Company Limited in the amount of Baht 118 million, in which the Bank holds 28.48% of shares. In September 2019, BCI (THAILAND) Company Limited increased its authorized share capital to other shareholders, as a result the Bank holds 22.17% of shares.

On 12 June 2019, FUCHSIA VENTURE CAPITAL COMPANY LIMITED, a subsidiary of the Bank increased its authorized and fully paid up share capital by Baht 700 million.

On 23 July 2019, KASIKORN VISION COMPANY LIMITED, a subsidiary of the Bank, additionally partially paid up capital of Baht 598 million, totaling paid up share capital by Baht 1,200 million.

On 25 July 2019, KASIKORN VISION COMPANY LIMITED, a subsidiary of the Bank, increased its investment in KASIKORN LINE COMPANY LIMITED by Baht 1,011 million, remaining the same share holding.

On 20 September 2019, the Bank established a new subsidiary company under the name AI GEN COMPANY LIMITED, of which 100% of shares are held by Muang Thai Group Holding Company Limited. The Company has Baht 5 million of authorized share capital. And on 8 November 2019, AI GEN COMPANY LIMITED. increased its authorized, issued, and paid-up share capital by Baht 295 million to fully paid-up share capital by Baht 300 million.

On 25 and 30 September 2019 and 26 November 2019, BEACON VENTURE CAPITAL COMPANY LIMITED, a subsidiary of the Bank, additionally partially paid up capital of Baht 160 million to Baht 2,310 million of the Baht 2,650 million authorized share capital.

On 30 December 2019, KASIKORNTHAI BANK Limited., a subsidiary of the Bank increased its authorized and fully paid up share capital by Baht 135 million.

9.2 Non-controlling interests in subsidiaries

The proportion of shareholding of non-controlling interests in subsidiaries that are material to the Bank is summarised as follows:

Companies in MTGH Group	31 December 2019
Muang Thai Group Holding Co., Ltd.	49.00%
Muang Thai Life Assurance PCL	61.75%
Muang Thai Broker Co., Ltd.	49.02%
MT Insure Broker Co., Ltd.	61.75%
FUCHSIA VENTURE CAPITAL COMPANY LIMITED	61.75%
AI GEN COMPANY LIMITED	49.00%

9.3 Financial positions, results of operations and cash flows of the Bank's subsidiaries and associated companies

9.3.1 The summarised financial information of the subsidiaries that have non-controlling interest that are material to the Bank is set out below:

(Million Baht)

	Statements of Financial Position					
	31 December 2019			31 December 2018		
	(Unaudited)					
	Total Assets	Total Liabilities	Total Equity	Total Assets	Total Liabilities	Total Equity
Companies in MTGH Group***	546,048	465,917	80,131	492,623	422,972	69,651

(Million Baht)

	Statements of Profit or Loss and Other Comprehensive Income					
	For the Year Ended 31 December					
	2019			2018		
	(Unaudited)					
	Operating Income - net	Expenses*	Net Profit	Operating Income - net	Expenses*	Net Profit
Companies in MTGH Group***	17,356**	7,498	9,858	18,546**	7,698	10,848

* Expenses comprise total other operating expenses, impairment loss on loans and debt securities and income tax expense.

** Including dividend income among the group for 2019 and 2018 amounting to Baht 2,114 million and Baht 1,418 million, respectively.

*** The majority is contributed by Muang Thai Life Assurance PCL.

(Million Baht)

	Statements of Cash Flows For the Year Ended 31 December 2019 (Unaudited)		
	Net Cash by Operating Activities	Net Cash by Investing Activities	Net Cash by Financing Activities
Companies in MTGH Group*	4,664	(1,146)	(3,518)

(Million Baht)

	Statements of Cash Flows For the Year Ended 31 December 2018 (Unaudited)		
	Net Cash by Operating Activities	Net Cash by Investing Activities	Net Cash by Financing Activities
Companies in MTGH Group*	4,118	(1,264)	(2,854)

* The majority is contributed by Muang Thai Life Assurance PCL.

9.3.2 The summarised financial information of the immaterial associated companies is set out below:

(Million Baht)

	Statements of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December (Unaudited)			
	2019		2018	
	Net Profit	Total Comprehensive Income	Net Profit	Total Comprehensive Income
Associated Companies	365	345	446	445

9.3.3 Disclosure of Statements of Cash Flows of Asset Management Company ("AMC")

Phethai Asset Management Company Limited

Statements of Cash Flows

For the Years Ended 31 December 2019 and 2018

	Million Baht	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax expense	7	26
Adjustments for		
Gain on sale of property foreclosed	(4)	-
Interest income - net	(2)	(15)
Proceeds from interest	2	15
Income tax received	(1)	2
Profit from operating before changes in operating assets and liabilities	2	28
Increase in operating assets		
Loans	1	1
Properties foreclosed	18	38
Other assets	(2)	16
Decrease in operating liabilities		
Other liabilities	(4)	(5)
Net cash provided by operating activities	15	78
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid for share capital decrease	(60)	(110)
Net cash used in financing activities	(60)	(110)
Net decrease in cash	(45)	(32)
Cash at the beginning of the year	65	97
Cash at the end of the year	20	65

9.4 Interest in unconsolidated structured entities arising in the normal course of business

The Bank and its subsidiaries transact with unconsolidated structured entities, through involvement in establishment process, acting as the trustee, as well as providing source of funds. These entities may take the form of funds, trusts and REITs.

The provision of funds is in the form of loans which are disbursed under normal business terms. These loans are managed in the same way as all other loans and receivables. The outstanding loans to these structured entities as of 31 December 2019 and 2018 amounted to Baht 4,795 million and Baht 7,268 million, respectively.

10 LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES - NET

As of 31 December 2019 and 2018, loans to customers and accrued interest receivables - net consisted of:

10.1 Classified by Type of Loans

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Overdrafts	294,606	297,691	294,580	297,660
Loans	1,010,784	957,249	1,090,813	1,038,751
Bills	447,077	431,799	456,364	437,425
Hire purchase receivables	112,308	104,416	-	-
Finance lease receivables	23,830	21,480	-	-
Others	125,417	112,113	105,612	94,318
Less Deferred revenue	(12,066)	(10,676)	(241)	(191)
Total loans to customers net of deferred revenue	2,001,956	1,914,072	1,947,128	1,867,963
Add Accrued interest receivables	2,830	3,387	2,068	2,734
Total loans to customers net of deferred revenue plus accrued interest receivables	2,004,786	1,917,459	1,949,196	1,870,697
Less Allowance for doubtful accounts				
1. Minimum reserve under BOT's Regulations	(34,273)	(38,472)	(33,629)	(38,037)
2. Excess allowance	(88,654)	(78,952)	(85,310)	(75,812)
3. Loan from life insurance business	(276)	(265)	-	-
Less Revaluation allowance for debt restructuring	(1,676)	(1,796)	(1,669)	(1,790)
Total Loans to customers and accrued interest receivables - net	1,879,907	1,797,974	1,828,588	1,755,058

10.2 Classified by Currencies and Residency of Borrowers

(Million Baht)

	Consolidated					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,896,515	18,806	1,915,321	1,794,114	18,095	1,812,209
US Dollars	49,271	13,145	62,416	64,683	13,424	78,107
Other currencies	8,055	16,164	24,219	14,606	9,150	23,756
Total	1,953,841	48,115	2,001,956	1,873,403	40,669	1,914,072

(Million Baht)

	The Bank					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,859,210	18,545	1,877,755	1,759,918	17,880	1,777,798
US Dollars	49,271	11,069	60,340	64,683	10,259	74,942
Other currencies	8,055	978	9,033	14,606	617	15,223
Total	1,916,536	30,592	1,947,128	1,839,207	28,756	1,867,963

10.3 Classified by Type of Business and Account Status

(Million Baht)

	Consolidated					
	2019					
	Pass	Special Mention	Sub-Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	31,212	1,535	576	446	778	34,547
Manufacturing and commerce	806,600	28,636	11,566	11,632	22,022	880,456
Property development and construction	166,944	6,107	1,933	1,998	2,841	179,823
Infrastructure and services	244,853	5,506	1,756	1,659	2,946	256,720
Housing loans	300,743	7,326	4,125	4,369	6,843	323,406
Others	286,821	6,767	3,086	2,964	2,498	302,136
Total	1,837,173	55,877	23,042	23,068	37,928	1,977,088
Credit balance transaction						1,693
Loans in life insurance business						23,175
Total						2,001,956

(Million Baht)

	Consolidated					
	2018					
	Pass	Special Mention	Sub-Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	32,855	495	276	276	762	34,664
Manufacturing and commerce	821,524	18,525	10,060	14,074	19,685	883,868
Property development and construction	163,422	2,580	1,009	1,205	2,082	170,298
Infrastructure and services	249,041	4,135	1,759	1,645	2,772	259,352
Housing loans	268,882	5,293	2,975	3,730	4,616	285,496
Others	244,663	5,273	2,509	2,810	2,155	257,410
Total	1,780,387	36,301	18,588	23,740	32,072	1,891,088
Credit balance transaction						2,104
Loans in life insurance business						20,880
Total						1,914,072

(Million Baht)

	The Bank					
	2019					
	Pass	Special Mention	Sub-Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	29,523	1,480	573	444	763	32,783
Manufacturing and commerce	769,748	28,368	11,505	11,560	21,488	842,669
Property development and construction	153,782	5,796	1,841	1,925	2,725	166,069
Infrastructure and services	214,716	5,082	1,723	1,593	2,766	225,880
Housing loans	300,743	7,325	4,125	4,369	6,798	323,360
Others	344,162	4,589	2,792	2,823	2,001	356,367
Total	1,812,674	52,640	22,559	22,714	36,541	1,947,128

(Million Baht)

	The Bank					
	2018					
	Pass	Special Mention	Sub-Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	31,260	494	274	274	733	33,035
Manufacturing and commerce	787,415	18,092	9,977	13,883	19,298	848,665
Property development and construction	155,500	2,426	977	1,168	2,016	162,087
Infrastructure and services	216,941	3,534	1,735	1,543	2,606	226,359
Housing loans	268,882	5,292	2,976	3,730	4,571	285,451
Others	302,252	3,529	2,282	2,689	1,614	312,366
Total	1,762,250	33,367	18,221	23,287	30,838	1,867,963

10.4 Classified by Account Status

(Million Baht)

	Consolidated			
	2019			
	Loans and Accrued Interest Receivables	Net amount used for setting the Allowance for Doubtful Accounts	% Used for setting the Allowance for Doubtful Accounts	Allowance for Doubtful Accounts
1. Minimum reserve under BOT's Regulations				
Pass	1,839,131	572,886	1	5,729
Special Mention	56,035	10,857	2	217
Sub-Standard	23,075	9,218	100	9,218
Doubtful	23,068	8,223	100	8,223
Doubtful of Loss	37,931	10,886	100	10,886
Total	1,979,240	612,070		34,273
2. Excess allowance				88,654
3. Credit balance transaction	1,693			-
4. Loans in life insurance business	23,853			276
Total	2,004,786			123,203

(Million Baht)

	Consolidated			
	2018			
	Loans and Accrued Interest Receivables	Net amount used for setting the Allowance for Doubtful Accounts	% Used for setting the Allowance for Doubtful Accounts	Allowance for Doubtful Accounts
1. Minimum reserve under BOT's Regulations				
Pass	1,783,072	574,273	1	5,743
Special Mention	36,396	7,556	2	151
Sub-Standard	18,614	8,093	100	8,093
Doubtful	23,740	10,418	100	10,418
Doubtful of Loss	32,075	14,067	100	14,067
Total	1,893,897	614,407		38,472
2. Excess allowance				78,952
3. Credit balance transaction	2,104			-
4. Loans in life insurance business	21,458			265
Total	1,917,459			117,689

(Million Baht)

	The Bank			
	2019			
	Loans and Accrued Interest Receivables	Net amount used for setting the Allowance for Doubtful Accounts	% Used for setting the Allowance for Doubtful Accounts	Allowance for Doubtful Accounts
1. Minimum reserve under BOT's Regulations				
Pass	1,814,551	671,086	1	6,711
Special Mention	52,797	10,642	2	213
Sub-Standard	22,593	9,040	100	9,040
Doubtful	22,714	8,070	100	8,070
Doubtful of Loss	36,541	9,595	100	9,595
Total	1,949,196	708,433		33,629
2. Excess allowance				85,310
Total				118,939

(Million Baht)

	The Bank			
	2018			
	Loans and Accrued Interest Receivables	Net amount used for setting the Allowance for Doubtful Accounts	% Used for setting the Allowance for Doubtful Accounts	Allowance for Doubtful Accounts
1. Minimum reserve under BOT's Regulations				
Pass	1,764,863	670,199	1	6,702
Special Mention	33,462	7,442	2	149
Sub-Standard	18,247	7,979	100	7,979
Doubtful	23,287	10,240	100	10,240
Doubtful of Loss	30,838	12,967	100	12,967
Total	1,870,697	708,827		38,037
2. Excess allowance				75,812
Total				113,849

10.5 Non-performing loans (NPL)

Non-performing loans (NPL gross) are defined as sub-standard quality loans, being outstanding loans of sub-standard, doubtful, doubtful of loss and loss loan accounts in accordance with the BOT's directive number SOR NOR SOR 5/2559, dated 10 June 2016, regarding the "Classification and provision criteria of financial institution".

Non-performing loans, net (NPL net) refers to the non-performing loan value, net of total allowances for doubtful accounts.

As of 31 December 2019 and 2018, the Bank and its subsidiaries showed non-performing loans (including financial institutions) to comply with BOT's regulations, summarised as follows:

(Million Baht)

	2019			
	KASIKORNBANK	Phethai Asset Management	Others	Consolidated
Non-performing loans, gross				
Non-performing loans[1]	81,814	89	2,135	84,038
Total loans used for NPL gross ratio calculation[1]	2,259,186	89	165,386	2,299,364[2]
Ratio of total loans (%)	3.62	100.00	1.29	3.65
Non-performing loans, net				
Non-performing loans[1]	55,079	71	532	55,682
Total loans used for NPL net ratio calculation[1]	2,232,451	71	163,783	2,271,008[2]
Ratio of total loans (%)	2.47	100.00	0.32	2.45

(Million Baht)

	2018			
	KASIKORNBANK	Phethai Asset Management	Others	Consolidated
Non-performing loans, gross				
Non-performing loans[1]	72,346	100	1,954	74,400
Total loans used for NPL gross ratio calculation[1]	2,188,430	100	153,145	2,224,329[2]
Ratio of total loans (%)	3.31	99.59	1.28	3.34
Non-performing loans, net				
Non-performing loans[1]	40,769	77	585	41,431
Total loans used for NPL net ratio calculation[1]	2,156,853	77	151,776	2,191,360[2]
Ratio of total loans (%)	1.89	99.47	0.39	1.89

[1] Excluding loans from KSecurities and MTL.

[2] Excluding loans to and from subsidiaries.

10.6 Non-accrual loans based on the accrual basis

As of 31 December 2019 and 2018, the Bank and its subsidiaries showed non-accrual loans, gross, (including financial institutions) based on the accrual basis to comply with BOT's regulations, summarised as follows:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Non-accrual loans[1]	186,537	176,293	184,185	174,133
Total loans used for ratio calculation[1]	2,299,364[2]	2,224,329[2]	2,259,186	2,188,430
Percentage of total loans (%)	8.11	7.93	8.15	7.96

[1] Excluding loans from KSecurities and MTL.

[2] Excluding loans to and from subsidiaries.

10.7 Listed companies that meet SET's criteria for delisting

As of 31 December 2019 and 2018, loans to listed companies that meet SET's criteria for delisting were as follows:

(Million Baht)

	Consolidated and The Bank					
	2019			2018		
	Loans and Accrued Interest Receivables	Collateral Value	Allowance for Doubtful Accounts	Loans and Accrued Interest Receivables	Collateral Value	Allowance for Doubtful Accounts
Listed companies which meet SET's criteria for delisting	336	336	-	566	478	1

10.8 Hire Purchase and Finance Lease Receivables

(Million Baht)

	Consolidated			
	2019			
	Portion due			
	Over 1 Year			
	Up to 1 year	to 5 Years	Over 5 Years	Total
Gross receivables from finance leases	46,172	86,027	3,939	136,138
Less Unearned interest income				(11,824)
Present value of minimum lease payments				124,314
Allowance for doubtful accounts				(3,328)
Total Finance Lease Receivables - net				120,986

(Million Baht)

	Consolidated			
	2018			
	Portion due			
	Over 1 Year			
	Up to 1 year	to 5 Years	Over 5 Years	Total
Gross receivables from finance leases	43,006	80,056	2,834	125,896
Less Unearned interest income				(10,485)
Present value of minimum lease payments				115,411
Allowance for doubtful accounts				(2,988)
Total Finance Lease Receivables - net				112,423

11 TROUBLED DEBT RESTRUCTURING

The Bank and its subsidiaries engaged in debt restructuring contracts that incurred losses during the years ended 31 December 2019 and 2018 as follows:

(Million Baht)

Consolidated											
			Outstanding Debt				Transferred Assets			Losses on	
			Before		After					Debt	
Types of Restructuring	Cases		Restructuring		Restructuring		Types	Fair Value		Restructuring	
	2019	2018	2019	2018	2019	2018		2019	2018	2019	2018
Transfers of assets	13,760	16,642	4,020	3,361	-	-	Cash, land, and premises	2,588	2,166	1,432	1,195
Changes of repayment conditions	7,162	7,327	55,617	61,273	55,533	61,117	-	-	-	1,971	2,113
Debt restructuring in various forms	27	28	1,725	579	1,063	264	Cash, land, and premises	628	234	51	98
Total	20,949	23,997	61,362	65,213	56,596	61,381		3,216	2,400	3,454	3,406

(Million Baht)

The Bank											
			Outstanding Debt				Transferred Assets			Losses on	
			Before		After					Debt	
Types of Restructuring	Cases		Restructuring		Restructuring		Types	Fair Value		Restructuring	
	2019	2018	2019	2018	2019	2018		2019	2018	2019	2018
Transfers of assets	13,760	16,642	4,020	3,361	-	-	Cash, land, and premises	2,588	2,166	1,432	1,195
Changes of repayment conditions	7,030	7,219	55,255	60,924	55,171	60,768	-	-	-	1,966	2,110
Debt restructuring in various forms	27	28	1,725	579	1,063	264	Cash, land, and premises	628	234	51	98
Total	20,817	23,889	61,000	64,864	56,234	61,032		3,216	2,400	3,449	3,403

The Bank and its subsidiaries measure the expected recoverable amounts of loans restructured by changing repayment conditions by using the present value of future cash flows discounted by the market rate.

The terms of debt restructuring agreements which were restructured by changing the repayment conditions and restructuring in various other forms and which resulted in losses on debt restructuring during the years ended 31 December 2019 and 2018 are as follows:

(Million Baht)

Consolidated								
			Outstanding Debt					
Terms of debt restructuring agreements	Cases		Before Restructuring		After Restructuring		End of Period	
	2019	2018	2019	2018	2019	2018	2019	2018
Less than 5 years	1,413	1,630	4,072	9,242	3,475	8,825	2,912	6,942
5 to 10 years	939	2,576	11,597	25,076	11,597	25,067	9,866	22,686
Over 10 years	4,837	3,149	41,673	27,534	41,524	27,489	38,749	26,302
Total	7,189	7,355	57,342	61,852	56,596	61,381	51,527	55,930

(Million Baht)

The Bank								
			Outstanding Debt					
Terms of debt restructuring agreements	Cases		Before Restructuring		After Restructuring		End of Period	
	2019	2018	2019	2018	2019	2018	2019	2018
Less than 5 years	1,281	1,524	3,710	8,898	3,113	8,481	2,555	6,608
5 to 10 years	939	2,574	11,597	25,071	11,597	25,062	9,866	22,681
Over 10 years	4,837	3,149	41,673	27,534	41,524	27,489	38,749	26,302
Total	7,057	7,247	56,980	61,503	56,234	61,032	51,170	55,591

The Bank and its subsidiaries recognised interest income from debt restructuring for the years ended 31 December 2019 and 2018 as follows:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Debt restructuring contracts that incurred losses	3,677	2,775	3,673	2,770

As of 31 December 2019 and 2018, the Bank had commitments to extend additional loans to these borrowers as follows:

(Million Baht)

	Consolidated and The Bank	
	2019	2018
Debt restructuring contracts that incurred losses	2,381	772

The Bank and its subsidiaries had outstanding balances on restructured loans that incurred losses during 2019 and 2018 as follows:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Debt restructuring contracts which were not classified as NPL	50,247	52,668	49,919	52,366
Debt restructuring contracts which were classified as NPL	1,280	3,262	1,251	3,225
Total	51,527	55,930	51,170	55,591

As of 31 December 2019 and 2018, the Bank and its subsidiaries had outstanding balances on restructured loans that incurred losses as follows:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Debt restructuring contracts which were not classified as NPL	65,880	66,585	65,475	66,190
Debt restructuring contracts which were classified as NPL	1,361	3,020	1,208	2,866
Total	67,241	69,605	66,683	69,056

12 ALLOWANCE FOR DOUBTFUL ACCOUNTS

The movements in the allowance for doubtful accounts during the year were as follows:

(Million Baht)

	Consolidated								
	2019								
	Pass	Special Mention	Sub-Standard	Doubtful	Doubtful of Loss	Excess Allowance	Allowance from Securities Business	Allowance from Insurance Business	Total
Balance at the beginning of the year	5,743	151	8,093	10,418	14,067	78,952	-	265	117,689
Doubtful accounts	29	66	1,125	(2,195)	25,024	9,702	-	8	33,759
Bad debt written off	-	-	-	-	(25,947)	-	-	-	(25,947)
Others	(43)	-	-	-	(2,258)	-	-	3	(2,298)
Balance at the end of the year	5,729	217	9,218	8,223	10,886	88,654	-	276	123,203

(Million Baht)

	Consolidated								
	2018								
	Pass	Special Mention	Sub-Standard	Doubtful	Doubtful of Loss	Excess Allowance	Allowance from Securities Business	Allowance from Insurance Business	Total
Balance at the beginning of the year	5,481	250	10,779	8,385	11,560	65,214	46	269	101,984
Doubtful accounts	283	(99)	(2,686)	2,033	18,174	13,738	(46)	(4)	31,393
Bad debt written off	-	-	-	-	(9,306)	-	-	-	(9,306)
Others	(21)	-	-	-	(6,361)	-	-	-	(6,382)
Balance at the end of the year	5,743	151	8,093	10,418	14,067	78,952	-	265	117,689

(Million Baht)

	The Bank						
	2019						
	Pass	Special Mention	Sub-Standard	Doubtful	Doubtful of Loss	Excess Allowance	Total
Balance at the beginning of the year	6,702	149	7,979	10,240	12,967	75,812	113,849
Doubtful accounts	9	64	1,061	(2,170)	24,582	9,498	33,044
Bad debt written off	-	-	-	-	(25,696)	-	(25,696)
Others	-	-	-	-	(2,258)	-	(2,258)
Balance at the end of the year	6,711	213	9,040	8,070	9,595	85,310	118,939

(Million Baht)

	The Bank						
	2018						
	Pass	Special Mention	Sub-Standard	Doubtful	Doubtful of Loss	Excess Allowance	Total
Balance at the beginning of the year	6,364	248	10,687	8,284	10,438	62,626	98,647
Doubtful accounts	338	(99)	(2,708)	1,956	17,937	13,186	30,610
Bad debt written off	-	-	-	-	(9,045)	-	(9,045)
Others	-	-	-	-	(6,363)	-	(6,363)
Balance at the end of the year	6,702	149	7,979	10,240	12,967	75,812	113,849

13 REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING

The movements in the revaluation allowance for debt restructuring during the year were as follows:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Balance at the beginning of the year	1,796	1,451	1,790	1,438
Increase	1,904	1,974	1,899	1,971
Bad debt written off	(1,274)	(1,395)	(1,274)	(1,395)
Amortisation to interest income	(1,461)	(847)	(1,457)	(842)
Others	711	613	711	618
Balance at the end of the year	1,676	1,796	1,669	1,790

14 PROPERTIES FORECLOSED – NET

Properties foreclosed as of 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated			
	2019			
Types of Properties Foreclosed	Beginning Balance	Addition	Disposal	Ending Balance
1. Assets acquired from debt repayment				
1.1 Immovable assets	24,589	7,408	(4,167)	27,830*
1.2 Movable assets	129	472	(473)	128
Total	24,718	7,880	(4,640)	27,958
2. Others	132	-	(29)	103
Total properties foreclosed	24,850	7,880	(4,669)	28,061
Less allowances for impairment	(2,637)	(1,181)	745	(3,073)
Total properties foreclosed - net	22,213	6,699	(3,924)	24,988

* As of 31 December 2019, the value of immovable assets acquired from debt repayment was appraised by external appraisers and internal appraisers in the amount of Baht 7,923 million and Baht 19,907 million, respectively.

(Million Baht)

	Consolidated			
	2018			
Types of Properties Foreclosed	Beginning Balance	Addition	Disposal	Ending Balance
1. Assets acquired from debt repayment				
1.1 Immovable assets	19,528	8,390	(3,329)	24,589**
1.2 Movable assets	49	524	(444)	129
Total	19,577	8,914	(3,773)	24,718
2. Others	53	120	(41)	132
Total properties foreclosed	19,630	9,034	(3,814)	24,850
Less allowances for impairment	(2,186)	(758)	307	(2,637)
Total properties foreclosed - net	17,444	8,276	(3,507)	22,213

** As of 31 December 2018, the value of immovable assets acquired from debt repayment was appraised by external appraisers and internal appraisers in the amount of Baht 7,965 million and Baht 16,624 million, respectively.

(Million Baht)

	The Bank			
	2019			
Types of Properties Foreclosed	Beginning Balance	Addition	Disposal	Ending Balance
1. Assets acquired from debt repayment				
1.1 Immovable assets	24,505	7,408	(4,153)	27,760*
1.2 Movable assets	24	-	-	24
Total	24,529	7,408	(4,153)	27,784
2. Others	132	-	(29)	103
Total properties foreclosed	24,661	7,408	(4,182)	27,887
Less allowances for impairment	(2,566)	(1,100)	679	(2,987)
Total properties foreclosed - net	22,095	6,308	(3,503)	24,900

* As of 31 December 2019, the value of immovable assets acquired from debt repayment was appraised by external appraisers and internal appraisers in the amount of Baht 7,853 million and Baht 19,907 million, respectively.

(Million Baht)

	The Bank			
	2018			
Types of Properties Foreclosed	Beginning Balance	Addition	Disposal	Ending Balance
1. Assets acquired from debt repayment				
1.1 Immovable assets	19,397	8,372	(3,264)	24,505**
1.2 Movable assets	24	-	-	24
Total	19,421	8,372	(3,264)	24,529
2. Others	53	120	(41)	132
Total properties foreclosed	19,474	8,492	(3,305)	24,661
Less allowances for impairment	(2,133)	(709)	276	(2,566)
Total properties foreclosed - net	17,341	7,783	(3,029)	22,095

** As of 31 December 2018, the value of immovable assets acquired from debt repayment was appraised by external appraisers and internal appraisers in the amount of Baht 7,881 million and Baht 16,624 million, respectively.

15 CLASSIFIED ASSETS

As of 31 December 2019 and 2018, classified assets of the Bank and its subsidiaries, consisted of investments, loans and accrued interest receivables (including financial institutions), properties foreclosed and other assets, were categorised by quality in compliance with the BOT's regulations, taking into account analyses of each loan and appraisal of the financial standing of each borrower, as follows:

(Million Baht)

	Consolidated				
	2019				
	Investments	Loans and Accrued Interest Receivables	Properties Foreclosed	Other Assets	Total
Pass	-	2,159,449	-	-	2,159,449
Special Mention	-	55,877	-	-	55,877
Sub-Standard	-	23,075	-	-	23,075
Doubtful	-	23,068	-	-	23,068
Doubtful of Loss	333	37,931	1,864	4,588	44,716
Total	333	2,299,400	1,864	4,588	2,306,185

(Million Baht)

	Consolidated				
	2018				
	Investments	Loans and Accrued Interest Receivables	Properties Foreclosed	Other Assets	Total
Pass	-	2,113,628	-	-	2,113,628
Special Mention	-	36,301	-	-	36,301
Sub-Standard	-	18,614	-	-	18,614
Doubtful	-	23,740	-	-	23,740
Doubtful of Loss	708	32,075	1,530	4,471	38,784
Total	708	2,224,358	1,530	4,471	2,231,067

(Million Baht)

	The Bank				
	2019				
	Investments	Loans and Accrued Interest Receivables	Properties Foreclosed	Other Assets	Total
Pass	-	2,124,732	-	-	2,124,732
Special Mention	-	52,640	-	-	52,640
Sub-Standard	-	22,593	-	-	22,593
Doubtful	-	22,714	-	-	22,714
Doubtful of Loss	1,800	36,541	1,779	4,588	44,708
Total	1,800	2,259,220	1,779	4,588	2,267,387

(Million Baht)

	The Bank				
	2018				
	Investments	Loans and Accrued Interest Receivables	Properties Foreclosed	Other Assets	Total
Pass	-	2,082,717	-	-	2,082,717
Special Mention	-	33,367	-	-	33,367
Sub-Standard	-	18,247	-	-	18,247
Doubtful	-	23,287	-	-	23,287
Doubtful of Loss	2,229	30,838	1,460	4,471	38,998
Total	2,229	2,188,456	1,460	4,471	2,196,616

16 PREMISES AND EQUIPMENT - NET

Changes in premises and equipment for the years ended 31 December 2019 and 2018 are summarised as follows:

(Million Baht)

	Consolidated														
	2019														
	Change of Cost					Change of Accumulated Depreciation					Impairment Allowance			Book Value	
	Beginning Balance	Additions/ Transfer in	Disposal/ Transfer out	Others	Ending Balance	Beginning Balance	Depreciation	Disposal/ Transfer out	Others	Ending Balance	Beginning Balance	Increase/ (Decrease)	Ending Balance	Beginning Balance	Ending Balance
Land															
Cost	3,976	6	-	-	3,982	-	-	-	-	-	-	-	-	3,976	3,982
Appraisal increase*	15,111	3,573	-	-	18,684	-	-	-	-	-	-	-	-	15,111	18,684
Appraisal decrease*	(169)	44	-	-	(125)	-	-	-	-	-	-	-	-	(169)	(125)
Building															
Cost	19,982	384	(23)	-	20,343	8,455	423	(9)	-	8,869	9	6	15	11,518	11,459
Appraisal increase*	11,961	1,119	-	-	13,080	5,909	460	-	-	6,369	-	-	-	6,052	6,711
Appraisal decrease*	(239)	(4)	-	-	(243)	(118)	(8)	-	-	(126)	-	-	-	(121)	(117)
Equipment	37,986	3,234	(2,592)	(17)	38,611	25,615	3,187	(2,347)	(9)	26,446	457	(137)	320	11,914	11,845
Others	244	331	(316)	-	259	-	-	-	-	-	-	-	-	244	259
Total	88,852	8,687	(2,931)	(17)	94,591	39,861	4,062	(2,356)	(9)	41,558	466	(131)	335	48,525	52,698

* Appraisal in year 2019 for bank.

(Million Baht)

	Consolidated														
	2018														
	Change of Cost					Change of Accumulated Depreciation					Impairment Allowance			Book Value	
	Beginning Balance	Additions/ Transfer in	Disposal/ Transfer out	Others	Ending Balance	Beginning Balance	Depreciation	Disposal/ Transfer out	Others	Ending Balance	Beginning Balance	Increase/ (Decrease)	Ending Balance	Beginning Balance	Ending Balance
Land															
Cost	4,043	-	(67)	-	3,976	-	-	-	-	-	-	-	-	4,043	3,976
Appraisal increase	15,127	-	(16)	-	15,111	-	-	-	-	-	-	-	-	15,127	15,111
Appraisal decrease	(180)	-	11	-	(169)	-	-	-	-	-	-	-	-	(180)	(169)
Building															
Cost	19,749	366	(133)	-	19,982	8,094	411	(50)	-	8,455	-	9	9	11,655	11,518
Appraisal increase	11,979	-	(18)	-	11,961	5,673	245	(9)	-	5,909	-	-	-	6,306	6,052
Appraisal decrease	(240)	-	1	-	(239)	(113)	(6)	1	-	(118)	-	-	-	(127)	(121)
Equipment	39,673	2,148	(3,827)	(8)	37,986	25,930	3,270	(3,582)	(3)	25,615	501	(44)	457	13,242	11,914
Others	71	201	(16)	(12)	244	-	-	-	-	-	-	-	-	71	244
Total	90,222	2,715	(4,065)	(20)	88,852	39,584	3,920	(3,640)	(3)	39,861	501	(35)	466	50,137	48,525

Depreciation presented in premises and equipment expenses in profit or loss of the Bank and its subsidiaries for the years ended 31 December 2019 and 2018 amounted to Baht 3,873 million and Baht 3,920 million, respectively. As of 31 December 2019 and 2018, premises and equipment with original costs of Baht 15,316 million and Baht 15,124 million, respectively, were fully depreciated but still in use.

(Million Baht)

	The Bank														
	2019														
	Change of Cost					Change of Accumulated Depreciation					Impairment Allowance			Book Value	
	Beginning Balance	Additions/ Transfer in	Disposal/ Transfer out	Others	Ending Balance	Beginning Balance	Depreciation	Disposal/ Transfer out	Others	Ending Balance	Beginning Balance	Increase/ (Decrease)	Ending Balance	Beginning Balance	Ending Balance
Land															
Cost	3,314	-	-	-	3,314	-	-	-	-	-	-	-	-	3,314	3,314
Appraisal increase*	11,304	3,573	-	-	14,877	-	-	-	-	-	-	-	-	11,304	14,877
Appraisal decrease*	(139)	44	-	-	(95)	-	-	-	-	-	-	-	-	(139)	(95)
Building															
Cost	16,890	338	(19)	-	17,209	7,091	349	(7)	-	7,433	9	6	15	9,790	9,761
Appraisal increase*	9,264	1,119	-	-	10,383	5,141	396	-	-	5,537	-	-	-	4,123	4,846
Appraisal decrease*	(124)	(4)	-	-	(128)	(113)	(7)	-	-	(120)	-	-	-	(11)	(8)
Equipment	32,341	2,326	(2,356)	(4)	32,307	22,000	2,652	(2,121)	(1)	22,530	457	(137)	320	9,884	9,457
Others	198	303	(258)	-	243	-	-	-	-	-	-	-	-	198	243
Total	73,048	7,699	(2,633)	(4)	78,110	34,119	3,390	(2,128)	(1)	35,380	466	(131)	335	38,463	42,395

* Appraisal in year 2019 for bank.

The fair values of premises are determined by using market comparision approach and replacement cost approach based on highest and best use assumption. The fair values are appraised by independent appraisers who are qualified as professionals and have appropriate experience. The fair values of premises as of 31 December 2019 and 2018 are categorised as Level 3 in the fair value hierarchy.

During the year of 2019, the bank completed the revaluation of its premises. The appraisal surplus on asset revaluation increased by Baht 4,503 million and the amount was presented in changes in revaluation surplus in other comprehensive income. There was also a reversal of loss on revaluation of premises of Baht 40 million. Such reversal was presented in premises and equipment expenses in profit or loss.

(Million Baht)

	The Bank												
	2018												
	Change of Cost				Change of Accumulated Depreciation				Impairment Allowance			Book Value	
	Beginning Balance	Additions/ Transfer in	Disposal/ Transfer out	Ending Balance	Beginning Balance	Depreciation	Disposal/ Transfer out	Ending Balance	Beginning Balance	Increase/ (Decrease)	Ending Balance	Beginning Balance	Ending Balance
Land													
Cost	3,381	-	(67)	3,314	-	-	-	-	-	-	-	3,381	3,314
Appraisal increase	11,320	-	(16)	11,304	-	-	-	-	-	-	-	11,320	11,304
Appraisal decrease	(150)	-	11	(139)	-	-	-	-	-	-	-	(150)	(139)
Building													
Cost	16,875	144	(129)	16,890	6,773	367	(49)	7,091	-	9	9	10,102	9,790
Appraisal increase	9,281	-	(17)	9,264	4,969	181	(9)	5,141	-	-	-	4,312	4,123
Appraisal decrease	(124)	-	-	(124)	(108)	(6)	1	(113)	-	-	-	(16)	(11)
Equipment	34,451	1,405	(3,515)	32,341	22,539	2,748	(3,287)	22,000	501	(44)	457	11,411	9,884
Others	23	188	(13)	198	-	-	-	-	-	-	-	23	198
Total	75,057	1,737	(3,746)	73,048	34,173	3,290	(3,344)	34,119	501	(35)	466	40,383	38,463

Depreciation presented in premises and equipment expenses in profit or loss of the Bank for the years ended 31 December 2019 and 2018 amounted to Baht 3,201 million and Baht 3,290 million, respectively. As of 31 December 2019 and 2018, premises and equipment with original costs of Baht 12,739 million and Baht 12,584 million, respectively, were fully depreciated but still in use.

17 GOODWILL AND OTHER INTANGIBLE ASSETS - NET

Changes in goodwill and other intangible assets for the years ended 31 December 2019 and 2018 are summarised as follows:

(Million Baht)

	Consolidated														
	2019														
	Change of Cost					Change of Accumulated Amortisation					Impairment Allowance			Book Value	
	Beginning Balance	Additions/ Transfer in	Disposal/ Transfer out	Others	Ending Balance	Beginning Balance	Amortisation	Disposal/ Transfer out	Others	Ending Balance	Beginning Balance	Increase	Ending Balance	Beginning Balance	Ending Balance
Application software*	38,282	4,152	(1,912)	(49)	40,473	18,115	3,027	(94)	(20)	21,028	110	121	231	20,057	19,214
Business purchased	270	-	-	-	270	270	-	-	-	270	-	-	-	-	-
Goodwill	3,824	-	-	-	3,824	-	-	-	-	-	-	-	-	3,824	3,824
Others	214	233	-	(1)	446	6	1	-	-	7	-	-	-	208	439
Total	42,590	4,385	(1,912)	(50)	45,013	18,391	3,028	(94)	(20)	21,305	110	121	231	24,089	23,477

(Million Baht)

	Consolidated														
	2018														
	Change of Cost					Change of Accumulated Amortisation					Impairment Allowance			Book Value	
	Beginning Balance	Additions/ Transfer in	Disposal/ Transfer out	Others	Ending Balance	Beginning Balance	Amortisation	Disposal/ Transfer out	Others	Ending Balance	Beginning Balance	Increase	Ending Balance	Beginning Balance	Ending Balance
Application software*	36,318	3,610	(1,632)	(14)	38,282	15,690	2,864	(431)	(8)	18,115	73	37	110	20,555	20,057
Business purchased	270	-	-	-	270	270	-	-	-	270	-	-	-	-	-
Goodwill	3,824	-	-	-	3,824	-	-	-	-	-	-	-	-	3,824	3,824
Others	214	-	-	-	214	4	2	-	-	6	-	-	-	210	208
Total	40,626	3,610	(1,632)	(14)	42,590	15,964	2,866	(431)	(8)	18,391	73	37	110	24,589	24,089

*As of 31 December 2019 and 2018, the amount under development is Baht 1,912 million and Baht 2,415 million, respectively.

Amortisation presented in others - other operating expenses in profit or loss of the Bank and its subsidiaries for the years ended 31 December 2019 and 2018 amounted to Baht 3,028 million and Baht 2,866 million, respectively. As of 31 December 2019 and 2018, intangible assets with original costs of Baht 6,819 million and Baht 5,230 million, respectively, were fully amortised but still in use.

(Million Baht)

	The Bank															
	2019															
	Change of Cost					Change of Accumulated Amortisation					Impairment Allowance			Book Value	
	Beginning Balance	Additions/ Transfer in	Disposal/ Transfer out	Other	Ending Balance	Beginning Balance	Amortisation	Disposal/ Transfer out	Other	Ending Balance	Beginning Balance	Increase	Ending Balance	Beginning Balance	Ending Balance
Application software*	34,995	3,571	(1,874)	(2)	36,690	16,860	2,807	(94)	(1)	19,572	110	121	231	18,025	16,887
Others	184	233	-	-	417	-	-	-	-	-	-	-	-	184	417
Total	35,179	3,804	(1,874)	(2)	37,107	16,860	2,807	(94)	(1)	19,572	110	121	231	18,209	17,304

(Million Baht)

	The Bank												
	2018												
	Change of Cost				Change of Accumulated Amortisation				Impairment Allowance			Book Value	
	Beginning Balance	Additions/ Transfer in	Disposal/ Transfer out	Ending Balance	Beginning Balance	Amortisation	Disposal/ Transfer out	Ending Balance	Beginning Balance	Increase	Ending Balance	Beginning Balance	Ending Balance
Application software*	33,545	3,048	(1,598)	34,995	14,615	2,680	(435)	16,860	73	37	110	18,857	18,025
Others	184	-	-	184	-	-	-	-	-	-	-	184	184
Total	33,729	3,048	(1,598)	35,179	14,615	2,680	(435)	16,860	73	37	110	19,041	18,209

*As of 31 December 2019 and 2018, the amount under development is Baht 1,426 million and Baht 1,458 million, respectively.

Amortisation presented in others - other operating expenses in profit or loss of the Bank for the years ended 31 December 2019 and 2018 amounted to Baht 2,807 million and Baht 2,680 million, respectively. As of 31 December 2019 and 2018, intangible assets with original costs of Baht 6,226 million and Baht 4,638 million, respectively, were fully amortised but still in use.

18 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities as of 31 December 2019 and 2018 are as follows:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Deferred tax assets	8,435	6,695	6,506	4,431
Deferred tax liabilities	(1,513)	(1,615)	-	-
Net	6,922	5,080	6,506	4,431

Movements in total deferred tax assets and liabilities during the year were as follows:

(Million Baht)

	Consolidated				
		Charged / credited to:			
	As of 1 January 2019	Profit or loss (Note 39)	Other comprehensive income (Note 39)	Others	As of 31 December 2019
Deferred tax assets					
Investments	140	(7)	-	-	133
Investments in subsidiaries and associates	307	(12)	-	-	295
Loans and accrued interest receivables	1,413	1,613	-	50	3,076
Properties foreclosed	551	102	2	-	655
Premises and equipment	41	1	-	1	43
Provisions	6,051	466	575	(3)	7,089
Life policy reserve	2,560	395	-	-	2,955
Others	1,887	77	14	(75)	1,903
Total	12,950	2,635	591	(27)	16,149
Deferred tax liabilities					
Investments	2,371	(26)	517	-	2,862
Premises and equipment	4,076	(40)	903	(3)	4,936
Others	1,423	6	-	-	1,429
Total	7,870	(60)	1,420	(3)	9,227
Net	5,080	2,695	(829)	(24)	6,922

(Million Baht)

	Consolidated				
		Charged / credited to:			
	As of 1 January 2018	Profit or loss (Note 39)	Other comprehensive income (Note 39)	Others	As of 31 December 2018
Deferred tax assets					
Investments	140	-	-	-	140
Investments in subsidiaries and associates	346	(39)	-	-	307
Loans and accrued interest receivables	1,312	101	-	-	1,413
Properties foreclosed	461	95	(5)	-	551
Premises and equipment	39	2	-	-	41
Provisions	6,178	328	(454)	(1)	6,051
Life policy reserve	2,138	422	-	-	2,560
Others	1,821	70	-	(4)	1,887
Total	12,435	979	(459)	(5)	12,950
Deferred tax liabilities					
Investments	3,664	(29)	(1,264)	-	2,371
Premises and equipment	4,139	(58)	(5)	-	4,076
Others	1,505	(59)	-	(23)	1,423
Total	9,308	(146)	(1,269)	(23)	7,870
Net	3,127	1,125	810	18	5,080

(Million Baht)

	The Bank			
		Charged / credited to:		
	As of 1 January 2019	Profit or loss (Note 39)	Other comprehensive income (Note 39)	As of 31 December 2019
Deferred tax assets				
Investments	114	(6)	-	108
Investments in subsidiaries and associated companies	305	(12)	-	293
Loans and accrued interest receivables	587	1,532	-	2,119
Properties foreclosed	508	84	2	594
Provisions	5,774	433	557	6,764
Others	1,091	(4)	1	1,088
Total	8,379	2,027	560	10,966
Deferred tax liabilities				
Investments	1,023	(8)	(351)	664
Premises and equipment	2,925	(30)	901	3,796
Total	3,948	(38)	550	4,460
Net	4,431	2,065	10	6,506

(Million Baht)

	The Bank			
		Charged / credited to:		
	As of 1 January 2018	Profit or loss (Note 39)	Other comprehensive income (Note 39)	As of 31 December 2018
Deferred tax assets				
Investments	114	-	-	114
Investments in subsidiaries and associated companies	344	(39)	-	305
Loans and accrued interest receivables	592	(5)	-	587
Properties foreclosed	427	86	(5)	508
Provisions	5,956	251	(433)	5,774
Others	1,091	-	-	1,091
Total	8,524	293	(438)	8,379
Deferred tax liabilities				
Investments	1,235	14	(226)	1,023
Premises and equipment	2,978	(48)	(5)	2,925
Total	4,213	(34)	(231)	3,948
Net	4,311	327	(207)	4,431

19 DEPOSITS

Deposits were classified as of 31 December 2019 and 2018 as follows:

19.1 Classified by Type of Deposits

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Current	118,550	116,957	116,917	117,056
Savings	1,466,473	1,436,615	1,470,412	1,440,155
Term				
- Less than 6 months	100,344	124,546	100,338	124,537
- 6 months and less than 1 year	159,275	112,373	159,160	112,329
- 1 year and over 1 year	227,407	204,510	218,842	197,346
Total	2,072,049	1,995,001	2,065,669	1,991,423

19.2 Classified by Currencies and Residency of Depositors

(Million Baht)

	Consolidated					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,909,195	90,276	1,999,471	1,828,796	88,809	1,917,605
US Dollars	44,588	9,206	53,794	60,580	3,712	64,292
Other currencies	12,440	6,344	18,784	9,632	3,472	13,104
Total	1,966,223	105,826	2,072,049	1,899,008	95,993	1,995,001

(Million Baht)

	The Bank					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,915,978	89,795	2,005,773	1,835,050	88,424	1,923,474
US Dollars	44,588	6,482	51,070	60,580	1,644	62,224
Other currencies	6,415	2,411	8,826	4,602	1,123	5,725
Total	1,966,981	98,688	2,065,669	1,900,232	91,191	1,991,423

20 INTERBANK AND MONEY MARKET ITEMS (LIABILITIES)

Interbank and money market items (liabilities) as of 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated					
	2019			2018		
	At call	Term	Total	At call	Term	Total
1. Domestic						
Commercial banks	3,143	52,611	55,754	2,880	77,725	80,605
Specialised financial institutions	913	-	913	556	20,900	21,456
Other financial institutions	10,115	407	10,522	7,563	643	8,206
Total Domestic	14,171	53,018	67,189	10,999	99,268	110,267
2. Foreign						
US Dollars	1,691	-	1,691	1,445	3,575	5,020
Japanese Yen	1	1,010	1,011	2	1,610	1,612
Euro	76	261	337	121	323	444
Other currencies	907	10,493	11,400	1,565	9,095	10,660
Total Foreign	2,675	11,764	14,439	3,133	14,603	17,736
Total Domestic and Foreign	16,846	64,782	81,628	14,132	113,871	128,003

(Million Baht)

	The Bank					
	2019			2018		
	At call	Term	Total	At call	Term	Total
1. Domestic						
Commercial banks	3,143	52,611	55,754	2,880	77,725	80,605
Specialised financial institutions	913	-	913	556	20,900	21,456
Other financial institutions	17,376	7,015	24,391	13,035	7,386	20,421
Total Domestic	21,432	59,626	81,058	16,471	106,011	122,482
2. Foreign						
US Dollars	1,946	604	2,550	1,653	3,899	5,552
Japanese Yen	1	1,010	1,011	2	1,610	1,612
Euro	76	261	337	121	323	444
Other currencies	955	4,426	5,381	1,620	4,742	6,362
Total Foreign	2,978	6,301	9,279	3,396	10,574	13,970
Total Domestic and Foreign	24,410	65,927	90,337	19,867	116,585	136,452

21 DEBTS ISSUED AND BORROWINGS

Debts issued and borrowings as of 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated										
	2019						2018				
	Currency	Maturity Date	Interest Rate	Domestic	Foreign	Total	Maturity Date	Interest Rate	Domestic	Foreign	Total
Tier II Subordinated Notes due 2031**	US Dollar	2031	3.343%	-	24,123	24,123	-	-	-	-	-
Unsubordinated and unsecured debentures	US Dollar	2021-2023	2.375%-3.256% Float*	-	27,882	27,882	2019-2023	2.375%-3.50% Float*	-	41,351	41,351
Subordinated Instruments intended to qualify as Tier 2 Capital of KASIKORNBANK PCL											
No.1/2014 due 2025**	Baht	2025	5.00%	14,000	-	14,000	2025	5.00%	14,000	-	14,000
No.1/2015 due 2026**	Baht	2026	3.95%	6,500	-	6,500	2026	3.95%	6,500	-	6,500
No.1/2016 due 2027**	Baht	2027	3.50%	7,500	-	7,500	2027	3.50%	7,500	-	7,500
Debt issued and borrowings with embedded derivative that are not designated at fair value through profit or loss	Baht	2020	1.33%-1.35%	158	-	158	2019	1.33%-1.35%	121	-	121
Others	Baht	2020-2024	0.00%	1,661	-	1,661	2019-2023	0.00%-0.50%	1,095	-	1,095
Total				29,819	52,005	81,824			29,216	41,351	70,567

(Million Baht)

	The Bank										
	2019						2018				
	Currency	Maturity Date	Interest Rate	Domestic	Foreign	Total	Maturity Date	Interest Rate	Domestic	Foreign	Total
Tier II Subordinated Notes due 2031**	US Dollar	2031	3.343%	-	24,123	24,123	-	-	-	-	-
Unsubordinated and unsecured debentures	US Dollar	2021-2023	2.375%-3.256% Float*	-	27,882	27,882	2019-2023	2.375%-3.50% Float*	-	41,351	41,351
Subordinated Instruments intended to qualify as Tier 2 Capital of KASIKORNBANK PCL											
No.1/2014 due 2025**	Baht	2025	5.00%	14,000	-	14,000	2025	5.00%	14,000	-	14,000
No.1/2015 due 2026**	Baht	2026	3.95%	6,500	-	6,500	2026	3.95%	6,500	-	6,500
No.1/2016 due 2027**	Baht	2027	3.50%	7,500	-	7,500	2027	3.50%	7,500	-	7,500
Others	Baht	2020-2025	0.00%	1,661	-	1,661	2019-2023	0.00%-0.50%	1,095	-	1,095
Total				29,661	52,005	81,666			29,095	41,351	70,446

* 3–Month London Interbank Offered Rate (LIBOR) plus 95-100 bps.

** Qualified as Tier 2 Capital in accordance with Basel III.

22 EMPLOYEE RETIREMENT BENEFITS

Employee retirement benefits as of 31 December 2019 and 2018 are as follows:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Balance at the beginning of the year	21,339	22,410	19,754	21,053
Current service cost	2,002	1,443	1,767	1,105
Interest cost	558	689	508	644
Actuarial loss (gain) from updated assumptions				
- Financial assumptions	2,951	(1,748)	2,756	(1,630)
- Demographic assumptions	28	(543)	28	(537)
Benefits paid	(1,302)	(912)	(1,229)	(881)
Balance at the end of the year	25,576	21,339	23,584	19,754

Actuarial (loss) gain from updated assumptions recognised in other comprehensive income for the years ended 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Included in retained earnings:				
At 1 January	(4,104)	(6,395)	(3,963)	(6,130)
Recognised during the year	(2,979)	2,291	(2,784)	2,167
At 31 December	(7,083)	(4,104)	(6,747)	(3,963)

Principle actuarial assumptions as of 31 December 2019 and 2018 consisted of:

	Consolidated and The Bank	
	2019	2018
Discount rate	1.19% – 3.12%	1.73% – 4.35%
Average salary increase	2% – 12%	2% – 12%
Average turnover	0% – 34%	0% – 34%
Normal retirement age	50 – 60 years	50 – 60 years

A sensitivity analysis for each significant actuarial assumption as of 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated	
	2019	2018
Effect on defined benefit obligations		
+1% on discount rate	(2,507)	(1,880)
-1% on discount rate	2,977	2,214
+1% on salary increase	2,761	2,064
-1% on salary increase	(2,390)	(1,797)

(Million Baht)

	The Bank	
	2019	2018
Effect on defined benefit obligations		
+1% on discount rate	(2,277)	(1,708)
-1% on discount rate	2,718	2,011
+1% on salary increase	2,514	1,876
-1% on salary increase	(2,167)	(1,635)

The historical information of long-term employee benefits is as follows:

(Million Baht)

	Consolidated				
	2019	2018	2017	2016	2015
Present value of long-term employee benefit obligations	25,576	21,339	22,410	20,354	19,900

(Million Baht)

	The Bank				
	2019	2018	2017	2016	2015
Present value of long-term employee benefit obligations	23,584	19,754	21,053	19,348	19,087

23 INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities as of 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated	
	2019	2018
Long-term technical reserves	441,079	405,978
Others	5,016	4,770
Total	446,095	410,748

Long-term technical reserves

(Million Baht)

	Consolidated	
	2019	2018
Balance at the beginning of the year	405,978	359,349
Reserve increase from new and inforce policies in the year	71,566	80,165
Reserve released for benefits payment, lapse and cancellation in the year	(36,465)	(33,536)
Balance at the end of the year	441,079	405,978

24 ADVANCES RECEIVED FROM ELECTRONIC TRANSACTIONS

The BOT Notification No. SOR NOR CHOR 7/2561, dated 16 April 2018, regarding the "Regulations on Service Business Relating to Electronic Money (e–Money) Services" requires the Bank to disclose advances received from e–Money Services. As of 31 December 2019 and 2018, the Bank had advances received from e-Money Services, presented as liabilities, amounting to Baht 769 million and Baht 465 million, respectively.

The BOT Notification No. SOR NOR CHOR 8/2561, dated 16 April 2018, regarding the "Regulations on Service Business Relating to Electronic Fund Transfer" requires the Bank to disclose advances received from electronic fund transfer transactions, which the Bank could not satisfy within the next day of transaction date (T+1). As of 31 December 2019 and 2018, the Bank had those advances received from electronic fund transfer transactions, presented as liabilities, amounting to Baht 7,415 million and Baht 5,251 million, respectively.

25 LEGAL RESERVE

Section 116 of the Public Companies Act B.E. 2535 requires that the Bank shall allocate not less than 5 percent of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10 percent of the registered authorised capital. In addition, the provisions of the Civil and Commercial Code of Thailand require that subsidiaries shall allocate not less than 5 percent of their annual net profit each time a dividend is declared, to a reserve account ("legal reserve") until the reserve reaches 10 percent of authorised share capital. The legal reserve is not available for dividend distribution.

26 DIVIDEND PAYMENTS

On 29 August 2019, the Board of Directors Meeting of the Bank approved to pay an interim dividend from the first six-month operating results of 2019 at the rate of Baht 0.50 per share, totaling Baht 1,197 million, which was paid on 27 September 2019.

On 4 April 2019, the Annual General Meeting of Shareholders of the Bank approved to pay a dividend from the operating results of 2018 at the rate of Baht 4.00 per share, totaling Baht 9,573 million. The interim dividend was paid at the rate of Baht 0.50 per share, totaling Baht 1,197 million, on 27 September 2018 and the remaining dividend was paid at the rate of Baht 3.50 per share, totaling Baht 8,376 million, on 30 April 2019.

On 30 August 2018, the Board of Directors Meeting of the Bank approved to pay an interim dividend from the first six-month operating results of 2018 at the rate of Baht 0.50 per share, totaling Baht 1,197 million, which was paid on 27 September 2018.

On 4 April 2018, the Annual General Meeting of Shareholders of the Bank approved to pay a dividend from the operating results of 2017 at the rate of Baht 4.00 per share, totaling Baht 9,573 million. The interim dividend was paid at the rate of Baht 0.50 per share, totaling Baht 1,197 million, on 28 September 2017 and the remaining dividend was paid at the rate of Baht 3.50 per share, totaling Baht 8,376 million, on 30 April 2018.

27 ASSETS PLEDGED AS COLLATERAL AND UNDER RESTRICTION

Assets pledged as collateral and under restriction as of 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Deposits	6,246	4,663	4,849	3,553
Government bonds	132,544	166,444	28,806	70,846
Total	138,790	171,107	33,655	74,399

The Bank and its subsidiaries has pledged these assets as collateral for derivatives, for electricity consumption, for court collateral, for repurchase agreements, reserve in accordance with foreign government agencies and pledged with the registrar as life assurance policy reserve in accordance with Section 24 of the Life Assurance Act B.E. 2535 and amendment Act (No. 2) B.E. 2551

28 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities and commitments as of 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Avals to bills	4,324	6,130	4,324	6,130
Guarantees of loans	9,116	8,157	9,116	8,157
Liability under unmatured import bills	37,407	33,729	37,407	33,729
Letters of credit	31,935	38,945	31,984	39,403
Other contingencies				
- Unused credit line of overdraft	251,176	231,874	251,484	232,182
- Other guarantees	360,494	362,340	358,780	359,902
- Others*	30,268	36,471	31,978	39,012
Total	724,720	717,646	725,073	718,515

*Including items contracted but not provided.

Under normal business operations, the Bank is a defendant in various litigations. These include cases of wrongful acts brought against the Bank, with total claims amounting to Baht 1,654 million and Baht 1,267 million as of 31 December 2019 and 2018, respectively. The Management believes that any liability resulting from these litigations will not be material to the Bank's financial position or the results of its operations.

29 RELATED PARTY TRANSACTIONS AND BALANCES

Relationships between the Bank and related persons or entities consisted of subsidiaries, associated companies, joint venture, key management personnel[1], any parties related to key management personnel and the entities of which key management personnel and any parties related have control and significant influence.

Arm's length transactions occurring between the Bank and related persons or entities are fairly charged at market price as normal business or the price as stipulated in the agreement.

Related party transactions and balances are as follows:

29.1 Assets, liabilities and contingencies between the Bank and related persons or entities as of 31 December 2019 and 2018 as follows:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Interbank and Money Market Items (Assets)				
Subsidiaries	-	-	17,362	3,916
Loans (Including financial institutions)				
Subsidiaries				
- KASIKORN LEASING CO., LTD.	-	-	105,150	99,459
- Others	-	-	20,147	17,893
Other Related Entities	1,416	2,844	1,416	2,844
Other Related Persons	276	162	270	160
Other Assets				
Subsidiaries	-	-	2,605	1,804
Associated companies and joint venture	94	44	94	44
Deposits (Including financial institutions)				
Subsidiaries	-	-	24,661	21,794
Associated companies and joint venture	2,767	427	2,767	427
Other Related Entities	9,135	14,797	9,135	14,797
Other Related Persons	20,144	18,097	20,015	17,975

[1] Key management means director, management who holds the title of at least First Senior Vice President including Department Head-Financial Accounting Management Department and Department Head-Financial Planning Department.

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Other Liabilities				
Subsidiaries	-	-	646	490
Associated Companies	25	22	25	22
Other Related Entities	5	6	5	6
Other Related Persons	18	13	18	12
Contingencies				
Subsidiaries	-	-	2,952	3,578
Other Related Entities	1,269	2,376	1,269	2,376
Other Related Persons	1	1	1	1
Derivatives (notional amount)				
Subsidiaries	-	-	5,976	8,254
Other Related Entities	3,250	8,676	3,250	8,676

Certain subsidiaries and joint venture have entered into 1-2 year building lease and service agreements with the Bank. Rentals are charged at cost plus an increment for additional administration and maintenance expenditures incurred. As of 31 December 2019 and 2018, the Bank and its related parties have rental agreements with remaining tenures amounting to Baht 43 million and Baht 53 million, respectively.

The Bank has entered into a 1 year Information Technology service agreement with Kasikorn Business-Technology Group and BEACON INTERFACE COMPANY LIMITED. As of 31 December 2019 and 2018, the Bank has commitment to pay total service fees amounting to Baht 1,651 million and Baht 1,445 million, respectively.

29.2 Revenue and expenses between the Bank and related persons or entities is summarised as follows:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Interest income				
Subsidiaries	-	-	3,067	2,707
Other income				
Subsidiaries	-	-	14,890	13,900
Associated companies and joint venture	90	129	90	129
Interest expenses				
Subsidiaries	-	-	152	145
Associated companies and joint venture	10	-	10	-
Other expenses				
Subsidiaries	-	-	7,533	6,483
Associated Companies	281	247	281	247

29.3 Key management personnel[1] compensation

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Short-term employee benefits	2,080	1,817	1,251	1,002
Post-employment benefits	131	91	70	63
Total	2,211	1,908	1,321	1,065

[1] Key management means director, management who holds the title of at least First Senior Vice President including Department Head-Financial Accounting Management Department and Department Head-Financial Planning Department.

30 BENEFITS OF DIRECTORS AND EXECUTIVES

The Bank and its subsidiaries have not paid other benefits to directors and executives except for the benefits that are normally paid such as directors' fee, directors' bonus (if any), executives' salary and bonus (if any).

31 LONG-TERM AGREEMENTS

31.1 Operating Lease

The Bank and its subsidiaries have entered into land,building lease agreements for offices and branches which the remaining period are 1 January 2020 to 31 December 2042 and vehicle lease agreements which the remaining period are 1 January 2020 to 15 December 2024. The Bank and its subsidiaries were committed to pay future rentals as of 31 December 2019 and 2018, which are summarised as follows:

(Million Baht)

	Consolidated		The Bank	
Period	2019	2018	2019	2018
Within 1 year	2	2	-	-
Later than 1 year but not later than 5 years	1,386	1,116	1,090	901
Later than 5 years	1,911	2,666	1,921	2,376
Total	3,299	3,784	3,011	3,277

31.2 Service Agreement

The Bank and its subsidiaries entered into an Information Technology Service, under which the service agreement will be provided until 31 December 2024, The Bank and its subsidiaries were commited to pay total service fees, which are summarized as follows:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Contracted but not provided for	2,801	1,313	4,425	2,705

32 SEGMENT INFORMATION

32.1 Information about reportable segments

The Bank and its subsidiaries ("the Group") has identified 4 main business groups for management reporting purposes. The business groups offer different customers different products and services, and the groups' performance is measured based on segment operating profit before impairment loss on loans and debt securities and income tax expense.

Corporate Business

The Group's Corporate Business Customers include registered companies and certain private individual business customers, government agencies, state enterprises, and financial institutions etc. The Group provides a variety of financial products and services to these customers such as Long Term Loans, Working Capital, Letter of Indemnity, Trade Finance Solutions, Syndicated Loans, Cash Management Solutions, and Value Chain Solutions.

Retail Business

The Group's Retail Business comprises individual customers who use the Group's products and services such as Deposit Account, Debit Card, Credit Card, Personal Loan, Housing Loan, Investment Product and Financial Advisory Services, and Transactional Banking Services.

Treasury and Capital Markets Business

The Treasury and Capital Markets Business comprises the Group's treasury and capital markets business with activities mainly including funding, centralised risk management, investing in liquid assets, and foreign currency exchange services. It also supervises the Group's business in overseas countries.

Muang Thai Group Holding Business

Muang Thai Group Holding Business includes a group of companies that operates insurance and brokerage businesses.

Others represent other items which are not directly attributable to the main business groups.

(Million Baht)

	Consolidated						
	For the Year Ended 31 December 2019						
	Corporate Business	Retail Business	Treasury and Capital Markets Business	Muang Thai Group Holding Business	Others	Elimination	Total
Interest income - net	45,054	29,338	11,136	17,749	(311)	(278)	102,688
Non-interest income	23,050	26,436	8,513	(400)[1]	14,386	(14,182)	57,803
Total operating income - net	68,104	55,774	19,649	17,349	14,075	(14,460)	160,491
Total other operating expenses	26,986	33,592	2,286	5,652	10,999	(6,786)	72,729
Operating profit before impairment loss on loans and debt securities and income tax expense	41,118	22,182	17,363	11,697	3,076	(7,674)	87,762
Impairment loss on loans and debt securities							34,012
Operating profit before income tax expense							53,750

(Million Baht)

	Consolidated						
	For the Year Ended 31 December 2018						
	Corporate Business	Retail Business	Treasury and Capital Markets Business	Muang Thai Group Holding Business	Others	Elimination	Total
Interest income - net	44,684	28,154	9,489	16,577	(89)	(277)	98,538
Non-interest income	22,730	28,560	2,859	1,966[1]	12,119	(11,289)	56,945
Total operating income - net	67,414	56,714	12,348	18,543	12,030	(11,566)	155,483
Total other operating expenses	24,567	32,493	2,478	5,467	9,559	(6,216)	68,348
Operating profit before impairment loss on loans and debt securities and income tax expense	42,847	24,221	9,870	13,076	2,471	(5,350)	87,135
Impairment loss on loans and debt securities							32,532
Operating profit before income tax expense							54,603

(Million Baht)

	Consolidated						
	31 December 2019						
	Corporate Business	Retail Business	Treasury and Capital Markets Business	Muang Thai Group Holding Business	Others	Elimination	Total
Reportable segment - Loans[2]	1,363,221	555,451	23,904	23,175	161,502	(125,297)	2,001,956
Unallocated assets							1,291,933
Total assets							3,293,889
Deposits and bills of exchange[3]	683,643	1,379,473	15,715	-	1	(6,783)	2,072,049

(Million Baht)

	Consolidated						
	31 December 2018						
	Corporate Business	Retail Business	Treasury and Capital Markets Business	Muang Thai Group Holding Business	Others	Elimination	Total
Reportable segment - Loans[2]	1,344,381	487,632	14,647	20,880	163,878	(117,346)	1,914,072
Unallocated assets							1,241,019
Total assets							3,155,091
Deposits and bills of exchange[3]	638,744	1,352,016	10,493	-	2	(6,254)	1,995,001

[1] Net of underwriting expenses

[2] Loans = Loans to customers less deferred revenue

[3] Excluding bills of exchange with embedded derivative

32.2 Information about geographical areas

(Million Baht)

	Consolidated			
	For the Year Ended 31 December 2019			
	Domestic	Overseas	Elimination	Total
Total operating income - net	159,310[1]	1,758	(577)	160,491
Total other operating expenses	72,336	970	(577)	72,729
Operating profit (loss) before income tax expense	53,034	716	-	53,750
Income tax expense	10,273	36	-	10,309

(Million Baht)

	Consolidated			
	For the Year Ended 31 December 2018			
	Domestic	Overseas	Elimination	Total
Total operating income - net	154,120[1]	1,384	(21)	155,483
Total other operating expenses	67,435	934	(21)	68,348
Operating profit (loss) before income tax expense	54,266	337	-	54,603
Income tax expense	10,328	67	-	10,395

(Million Baht)

	Consolidated			
	31 December 2019			
	Domestic	Overseas	Elimination	Total
Non - current assets[2]	104,632	614	-	105,246

(Million Baht)

	Consolidated			
	31 December 2018			
	Domestic	Overseas	Elimination	Total
Non - current assets[2]	98,821	647	-	99,468

[1] Net of underwriting expenses

[2] Non - current assets include investments in associates, properties foreclosed – net, premises and equipment – net, goodwill and other intangible assets – net, leasehold – net and investment property.

33 INTEREST INCOME

Interest income for the years ended 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Interbank and money market items	6,390	7,197	5,793	6,359
Investments and trading transactions	395	244	342	227
Investments in debt securities	21,144	17,948	5,180	3,105
Loans to customers	96,376	93,246	96,452	93,408
Hire purchase and financial lease	5,859	5,273	-	-
Others	14	14	-	-
Total	130,178	123,922	107,767	103,099

34 INTEREST EXPENSES

Interest expenses for the years ended 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Deposits	13,935	12,454	13,789	12,328
Interbank and money market items	1,603	1,497	1,598	1,580
Contributions to Financial Institutions Development Fund and Deposit Protection Agency	9,155	8,832	9,151	8,830
Debts issued				
- Subordinated debentures	1,219	1,220	1,219	1,220
- Others	1,442	1,256	1,440	1,252
Others	136	125	-	-
Total	27,490	25,384	27,197	25,210

35 FEES AND SERVICE INCOME - NET

Fees and service income - net for the years ended 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Fees and service income				
Acceptances, aval and guarantees	3,462	3,509	3,456	3,515
Others	47,118	47,678	43,634	44,774
Total Fees and service income	50,580	51,187	47,090	48,289
Fees and service expenses	13,840	13,070	13,582	12,751
Fees and service income - net	36,740	38,117	33,508	35,538

36 GAIN ON TRADING AND FOREIGN EXCHANGE TRANSACTIONS

Gain on trading and foreign exchange transactions for the years ended 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Gain (loss) on trading and foreign exchange transactions				
- Foreign currencies and foreign currency related derivatives	7,870	8,424	7,059	7,912
- Interest rate related derivatives	1,109	890	1,109	890
- Debt securities	(713)	(290)	422	33
- Equity securities	(65)	(241)	24	15
- Others	161	220	6	(4)
Total	8,362	9,003	8,620	8,846

37 GAIN ON INVESTMENTS

Gain on investments presented in the statements of profit or loss and other comprehensive income for the years ended 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Gain (loss) on disposal				
Available-for-sale investments	8,591	2,241	6,583	1,119
General investments	(197)	409	-	-
Held-to-maturity debt instruments	18	1	18	-
Investments in subsidiaries and associates	-	1	-	-
Total	8,412	2,652	6,601	1,119
Reversal on impairment investment				
Investments in subsidiaries and associates	-	-	60	110
Total	-	-	60	110
Total gain on investments	8,412	2,652	6,661	1,229

38 IMPAIRMENT LOSS ON LOANS AND DEBT SECURITIES

Impairment loss on loans and debt securities for the years ended 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Interbank and money market items	(41)	-	(41)	-
Loans to customers*	30,599	29,126	30,029	28,461
Loss on debt restructuring	3,454	3,406	3,449	3,403
Total	34,012	32,532	33,437	31,864

* Including reversal of doubtful accounts to loss on debt restructuring

39 INCOME TAX EXPENSE

39.1 Income tax recognised in profit or loss for the years ended 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Current tax expense				
Current period	13,004	11,520	9,203	7,283
Deferred tax expense				
Movements in temporary differences	(2,695)	(1,125)	(2,065)	(327)
Total income tax expense	10,309	10,395	7,138	6,956

39.2 Income tax recognised in other comprehensive income for the years ended 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Income taxes relating to components of other comprehensive income				
Movements in temporary differences	(829)	810	10	(207)

39.3 Reconciliation of effective tax rates consisted of:

(Million Baht)

	Consolidated			
	2019		2018	
	Rate (%)	Amount	Rate (%)	Amount
Operating profit before income tax expense		53,750		54,603
Income tax using the expected tax rate*	20.00%	10,750	20.02%	10,931
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(441)		(536)
Total	19.18%	10,309	19.04%	10,395

(Million Baht)

	The Bank			
	2019		2018	
	Rate (%)	Amount	Rate (%)	Amount
Operating profit before income tax expense		41,584		39,519
Income tax using the expected tax rate	20.00%	8,317	20.00%	7,904
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(1,179)		(948)
Total	17.17%	7,138	17.60%	6,956

* Expected average tax rate corresponds to the weighted average tax rates by operating profit before income tax expense in those countries where the Bank operates.

40 LOSS ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF A FOREIGN OPERATION

Loss arising from translating the financial statements of a foreign operation for the years ended 31 December 2019 and 2018 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Loss arising from translating the financial statements of a foreign operation	(1,703)	(942)	(306)	(40)
Gain from hedging instrument	1,505	589	290	35
Total	(198)	(353)	(16)	(5)

41 FINANCIAL RISK MANAGEMENT

Credit risk

Credit risk refers to the risk that a counterparty or a borrower may default on its contractual obligations and agreements. Such default may be caused by the counterparty's inability to pay due to financial encumbrances or their intention not to abide by the contractual agreements, resulting in a loss to the Bank.

The Bank determines the target of loan growth and its desirable credit portfolio composition that strives for the highest possible risk-adjusted return within acceptable risk levels under stress conditions, by taking into account economic outlook, potential market opportunities, and the Bank's strategic direction. In assessing medium and large corporate customers' credit risk level, the Bank utilizes credit risk rating tools to enhance the quality of loans granted decisions. Furthermore, the credit scoring has been employed to determine the credit risk level of retail customers to ensure uniformity of assessment results. To manage medium business and large corporate business portfolios following the approval process, the Bank annually reviews customers' credits rating based on updated qualitative and quantitative factors. Capital allocation strategy has been implemented at segment and sub-segment levels. Regarding management of the retail portfolio, behavior scoring has been adopted to assess customers' risk level resulting in the Bank's capability in determining risk-adjusted returns or interest rates. Moreover, the Bank has employed collection scoring to define risk-based collection strategies and optimize collection efficiency. In addition, the Bank has conducted the stress tests to assess potential impacts from trade wars and global economic slowdown resulting in deteriorated export in order to fine-tune credit policy and credit risk management.

In the credit approval process, the Bank considers the customer's ability to repay and the loan objectives as key factors in making credit decisions, and may obtain sufficient collateral or other securities, where appropriate, as a means of mitigating the risk of financial losses from default. To maximize the effectiveness of the credit approval process, credit underwriting and approval functions are separated from the business units responsible for maintaining customer relationship. The Bank has also setup the process for regularly customer credit reviewing and monitoring. For non-performing loans (NPL), the Bank has closely and continuously monitored, resolved and/or restructured them to retain maximum benefits for the Bank.

Market risk

Market risk is the risk due to changes in interest rates, foreign exchange rates, equity prices, commodity prices, and credit spreads which affects the Bank's operation and financial performance.

1. **Interest rate risk**

   Interest rate risk is the risk arising from changes in interest rates which may affect the value of the Bank's financial instruments, or may cause volatility in the Bank's earnings, capital, financial assets and liabilities, both in the current reporting period and in the future. The Bank has employed various tools to manage interest rate risk, such as interest rate gap, assessing net interest income sensitivity over the next 12 months and Value-at-Risk (VaR).

   An analysis of loans (including financial institutions) at fixed and floating interest rates (MLR, MOR and MRR) as of 31 December 2019 and 2018 is as follows:

(Million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Fixed interest rates	841,871	863,786	793,851	826,595
Floating interest rates	1,482,361	1,383,527	1,465,335	1,361,835
Total Loans (including financial institutions)	2,324,232	2,247,313	2,259,186	2,188,430

The average balances of the interest-bearing financial assets and liabilities of the Bank and its subsidiaries, calculated by using monthly average, and the average interest rates for the years ended 31 December 2019 and 2018 are as follows:

(Million Baht)

	Consolidated					
	2019			2018		
	Average Balance	Interest Income/ Expense	Average Rate (%)	Average Balance	Interest Income/ Expense	Average Rate (%)
Interest-bearing Financial Assets						
Interbank and money market items	389,672	6,390	1.64	462,957	7,197	1.55
Investments	653,294	21,539	3.30	530,382	18,192	3.43
Loans to customers	1,818,002	102,249	5.62	1,739,608	98,533	5.66
Total	2,860,968	130,178	4.55	2,732,947	123,922	4.53
Interest-bearing Financial Liabilities						
Deposits	1,993,768	13,935	0.70	1,932,031	12,454	0.64
Interbank and money market items	109,782	1,603	1.46	109,573	1,497	1.37
Debts issued and borrowings	72,260	2,661	3.68	70,411	2,476	3.52
Total	2,175,810	18,199	0.84	2,112,015	16,427	0.78

(Million Baht)

	The Bank					
	2019			2018		
	Average Balance	Interest Income/ Expense	Average Rate (%)	Average Balance	Interest Income/ Expense	Average Rate (%)
Interest-bearing Financial Assets						
Interbank and money market items	369,489	5,793	1.57	438,539	6,359	1.45
Investments	257,368	5,522	2.15	171,528	3,332	1.94
Loans to customers	1,773,098	96,452	5.44	1,701,035	93,408	5.49
Total	2,399,955	107,767	4.49	2,311,102	103,099	4.46
Interest-bearing Financial Liabilities						
Deposits	1,990,117	13,789	0.69	1,929,138	12,328	0.64
Interbank and money market items	117,246	1,598	1.36	119,595	1,580	1.32
Debts issued and borrowings	72,094	2,659	3.69	70,148	2,472	3.52
Total	2,179,457	18,046	0.83	2,118,881	16,380	0.77

Financial assets and liabilities, classified by maturity of interest repricing, as of 31 December 2019 and 2018 are shown below:

(Million Baht)

	Consolidated							
	2019							
	Immediate Repricing	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	Non-interest Bearing	Stop Accrued	Total
Financial Assets								
Cash	-	-	-	-	-	61,385	-	61,385
Interbank and money market items	25,366	347,448	11,008	-	-	2,318	-	386,140
Investments	-	114,621	30,559	157,751	360,783	97,286	-	761,000
Loans to customers	1,336,289	172,761	54,659	126,965	83,512	40,964	186,806	2,001,956
Accrued interest receivables	-	-	-	-	-	2,830	-	2,830
Total Financial Assets	1,361,655	634,830	96,226	284,716	444,295	204,783	186,806	3,213,311
Financial Liabilities								
Deposits	1,471,591	367,373	95,133	24,520	-	113,432	-	2,072,049
Interbank and money market items	9,359	47,875	5,194	11,269	444	7,487	-	81,628
Liabilities payable on demand	-	-	-	-	-	21,679	-	21,679
Debts issued and borrowings	-	3,927	-	24,113	52,123	1,661	-	81,824
Total Financial Liabilities	1,480,950	419,175	100,327	59,902	52,567	144,259	-	2,257,180
Items recognised on the statements of financial position	(119,295)	215,655	(4,101)	224,814	391,728	60,524	186,806	956,131

(Million Baht)

	Consolidated							
	2018							
	Immediate Repricing	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	Non-interest Bearing	Stop Accrued	Total
Financial Assets								
Cash	-	-	-	-	-	66,740	-	66,740
Interbank and money market items	29,156	382,271	10,814	1	-	40,011	-	462,253
Investments	-	117,787	17,657	113,484	343,370	59,620	5	651,923
Loans to customers	1,237,279	178,762	41,324	128,937	116,583	34,561	176,626	1,914,072
Accrued interest receivables	-	-	-	-	-	3,387	-	3,387
Total Financial Assets	1,266,435	678,820	69,795	242,422	459,953	204,319	176,631	3,098,375
Financial Liabilities								
Deposits	1,437,878	305,671	113,354	22,404	-	115,694	-	1,995,001
Interbank and money market items	9,657	96,313	372	14,788	2,398	4,475	-	128,003
Liabilities payable on demand	-	-	-	-	-	25,488	-	25,488
Debts issued and borrowings	-	4,180	11,350	25,945	28,000	1,092	-	70,567
Total Financial Liabilities	1,447,535	406,164	125,076	63,137	30,398	146,749	-	2,219,059
Items recognised on the statements of financial position	(181,100)	272,656	(55,281)	179,285	429,555	57,570	176,631	879,316

(Million Baht)

	The Bank							
	2019							
	Immediate Repricing	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	Non-interest Bearing	Stop Accrued	Total
Financial Assets								
Cash	-	-	-	-	-	61,351	-	61,351
Interbank and money market items	19,772	340,764	19,071	1,294	-	1,569	-	382,470
Investments	-	97,011	23,810	95,323	25,720	24,978	-	266,842
Loans to customers	1,328,383	153,155	14,606	123,146	102,689	40,964	184,185	1,947,128
Accrued interest receivables	-	-	-	-	-	2,068	-	2,068
Total Financial Assets	1,348,155	590,930	57,487	219,763	128,409	130,930	184,185	2,659,859
Financial Liabilities								
Deposits	1,472,461	363,377	90,644	24,319	-	114,868	-	2,065,669
Interbank and money market items	16,174	54,203	62	11,218	444	8,236	-	90,337
Liabilities payable on demand	-	-	-	-	-	21,679	-	21,679
Debts issued and borrowings	-	3,769	-	24,113	52,123	1,661	-	81,666
Total Financial Liabilities	1,488,635	421,349	90,706	59,650	52,567	146,444	-	2,259,351
Items recognised on the statements of financial position	(140,480)	169,581	(33,219)	160,113	75,842	(15,514)	184,185	400,508

(Million Baht)

	The Bank							
	2018							
	Immediate Repricing	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	Non-interest Bearing	Stop Accrued	Total
Financial Assets								
Cash	-	-	-	-	-	66,702	-	66,702
Interbank and money market items	25,670	367,464	1,627	-	-	38,987	-	433,748
Investments	-	112,133	12,892	71,783	19,131	4,995	-	220,934
Loans to customers	1,226,836	158,697	10,546	131,007	132,183	34,561	174,133	1,867,963
Accrued interest receivables	-	-	-	-	-	2,734	-	2,734
Total Financial Assets	1,252,506	638,294	25,065	202,790	151,314	147,979	174,133	2,592,081
Financial Liabilities								
Deposits	1,440,160	301,629	110,457	22,126	-	117,051	-	1,991,423
Interbank and money market items	14,517	99,068	380	14,739	2,398	5,350	-	136,452
Liabilities payable on demand	-	-	-	-	-	25,488	-	25,488
Debts issued and borrowings	-	4,059	11,350	25,945	28,000	1,092	-	70,446
Total Financial Liabilities	1,454,677	404,756	122,187	62,810	30,398	148,981	-	2,223,809
Items recognised on the statements of financial position	(202,171)	233,538	(97,122)	139,980	120,916	(1,002)	174,133	368,272

2. Foreign exchange rate risk

Foreign exchange rate risk is the risk that occurs from changes in exchange rates which may affect the value of the Bank's financial instruments or may cause volatility in the Bank's earnings, capital, financial assets and liabilities, both in the current reporting period and in the future. Example of the tools adopted for managing foreign exchange rate risk are, for instance, open position and VaR.

Foreign currency positions in Baht equivalent, as of 31 December 2019 and 2018 were as follows:

(Million Baht)

	Consolidated					
	2019					
	Currency					
	US Dollar	Yen	Pound	Euro	Others	Total
Assets						
Cash	1,102	276	101	379	485	2,343
Interbank and money market items - net	47,909	132	234	297	12,884	61,456
Investments - net	124,713	6,409	1,133	15,385	18,324	165,964
Loans to customer and accrued interest receivables - net	62,386	883	163	6,431	16,354	86,217
Other assets	3,751	30	4	264	542	4,591
Total	239,861	7,730	1,635	22,756	48,589	320,571
Liabilities						
Deposits	53,794	956	794	3,691	13,343	72,578
Interbank and money market items	1,691	1,011	-	337	10,584	13,623
Liabilities payable on demand	12,142	198	71	695	472	13,578
Debts issued and borrowings	52,005	-	-	-	-	52,005
Other liabilities	5,734	54	17	266	582	6,653
Total	125,366	2,219	882	4,989	24,981	158,437
Foreign currency position of items recognised on the statements of financial position - net	114,495	5,511	753	17,767	23,608	162,134
items not recognised on the statements of financial position* - net	(92,744)	(4,834)	407	(16,099)	(20,955)	(134,225)

* Forward exchange contracts, cross currency swaps and FX options

(Million Baht)

	Consolidated					
	2018					
	Currency					
	US Dollar	Yen	Pound	Euro	Others	Total
Assets						
Cash	1,083	305	79	433	488	2,388
Interbank and money market items - net	75,680	168	190	617	16,806	93,461
Investments - net	52,256	5,622	819	12,077	1,407	72,181
Loans to customer and accrued interest receivables - net	78,102	1,159	166	12,478	9,621	101,526
Other assets	2,974	15	95	226	777	4,087
Total	210,095	7,269	1,349	25,831	29,099	273,643
Liabilities						
Deposits	64,292	904	481	3,518	8,201	77,396
Interbank and money market items	5,020	1,612	-	444	9,097	16,173
Liabilities payable on demand	11,437	318	124	690	1,552	14,121
Debts issued and borrowings	41,351	-	-	-	-	41,351
Other liabilities	3,672	10	101	584	374	4,741
Total	125,772	2,844	706	5,236	19,224	153,782
Foreign currency position of items recognised on the statements of financial position - net	84,323	4,425	643	20,595	9,875	119,861
items not recognised on the statements of financial position* - net	(70,698)	(3,730)	244	(18,184)	(5,410)	(97,778)

* Forward exchange contracts, cross currency swaps and FX options

(Million Baht)

	The Bank					
	2019					
	Currency					
	US Dollar	Yen	Pound	Euro	Others	Total
Assets						
Cash	1,093	276	101	379	480	2,329
Interbank and money market items - net	44,995	132	234	295	17,231	62,887
Investments - net	77,573	3,480	-	1,623	659	83,335
Investments in subsidiaries and associates - net	2,166	-	-	-	13,852	16,018
Loans to customer and accrued interest receivables - net	60,332	883	163	6,431	1,554	69,363
Other assets	2,851	8	-	9	46	2,914
Total	189,010	4,779	498	8,737	33,822	236,846
Liabilities						
Deposits	51,070	956	794	3,691	3,385	59,896
Interbank and money market items	2,550	1,011	-	337	4,514	8,412
Liabilities payable on demand	12,142	198	71	695	472	13,578
Debts issued and borrowings	52,005	-	-	-	-	52,005
Other liabilities	5,270	40	13	255	99	5,677
Total	123,037	2,205	878	4,978	8,470	139,568
Foreign currency position of items recognised on the statements of financial position - net	65,973	2,574	(380)	3,759	25,352	97,278
items not recognised on the statements of financial position* - net	(60,934)	(2,530)	407	(3,800)	(20,943)	(87,800)

* Forward exchange contracts, cross currency swaps and FX options

(Million Baht)

	The Bank					
	2018					
	Currency					
	US Dollar	Yen	Pound	Euro	Others	Total
Assets						
Cash	1,067	305	79	433	480	2,364
Interbank and money market items - net	74,115	168	190	617	3,079	78,169
Investments - net	5,607	3,116	-	872	658	10,253
Investments in subsidiaries and associates - net	3,261	-	-	-	12,635	15,896
Loans to customer and accrued interest receivables - net	74,975	1,159	166	12,478	1,424	90,202
Other assets	1,928	4	1	12	42	1,987
Total	160,953	4,752	436	14,412	18,318	198,871
Liabilities						
Deposits	62,224	904	481	3,518	822	67,949
Interbank and money market items	5,552	1,612	-	444	4,741	12,349
Liabilities payable on demand	11,437	318	124	690	1,552	14,121
Debts issued and borrowings	41,351	-	-	-	-	41,351
Other liabilities	3,118	7	5	583	61	3,774
Total	123,682	2,841	610	5,235	7,176	139,544
Foreign currency position of items recognised on the statements of financial position - net	37,271	1,911	(174)	9,177	11,142	59,327
items not recognised on the statements of financial position* - net	(36,309)	(1,831)	244	(9,050)	(5,410)	(52,356)

* Forward exchange contracts, cross currency swaps and FX options

3. Equity price risk

Equity price risk is the risk arising from changes in the price of equities or common stocks that may affect the value of the Bank's financial instruments or may cause volatility in the Bank's earnings, capital, financial assets and liabilities, both in the current reporting period and in the future.

The Bank manages equity position mainly for supporting equity underwriting business and non-directional equity trading business to serve customers' demand, as well as investing in equity securities under relevant applicable regulations. However, the Bank has no policy to increase the size of equity investment, but manages to reduce investment holding in equities unrelated to the Bank's core business.

4. Commodity price risk

Commodity price risk is the risk arising from changes in the price of commodities that may affect the value of the Bank's financial instruments, or may cause volatility in the Bank's earnings, capital, financial assets and liabilities, both in the current reporting period and in the future.

The Bank has no policy to hold commodity position, but manages risk arising from commodity trading business mainly to serve customers' demand under back-to-back risk management and relevant applicable regulations.

5. Credit spread risk

Credit spread risk is the risk arising from changes in credit spreads which may affect the value of the Bank's financial instruments or may cause volatility in the Bank's earnings, capital, financial assets and liabilities, both in the current reporting period and in the future.

The Bank manages credit spread risk arising from bond underwriting, bond investment, and bond trading business mainly to serve customers' demand under relevant applicable regulations.

In addition, the Bank has closely monitored risk status and market situations in order to pursue prudent management and control risk under the limits.

Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its obligations as they fall due because of an inability to liquidate assets or obtain sufficient funding in a timely manner at an appropriate cost which could result in losses.

The Bank manages its liquidity risk under the Bank of Thailand's liquidity reserve regulations and other applicable regulations by sourcing for short-term and long-term funding, investing in highly liquid assets in both domestic and foreign currencies, maintaining Liquidity Coverage Ratio (LCR) in order to ensure that the Bank has sufficient liquidity to support net cash outflows under liquidity stress scenario, and setting up various tools and limits for risk measurement, monitoring and control, and reporting. The Bank also ensures that its liquidity position is suitable and sufficient for operations under both normal and critical situations.

In accordance with the BOT's directive number SOR NOR SOR 2/2561, dated 25 January 2018, titled "The Disclosure of Liquidity coverage ratio disclosure standards", requires KASIKORNBANK FINANCIAL CONGLOMERATE to disclose the liquidity requirements, were as follows:

Location of disclosure	Through the website under the investor relations section Date of disclosure https://www.kasikornbank.com/en/IR/FinanInfoReports/Pages/financial-reports.aspx
Date of disclosure	Within 4 months after the period end date as indicated in the notification
Information as of	31 December 2019

Financial assets and liabilities, classified by remaining contractual maturity analysis, as of 31 December 2019 and 2018 were as follows:

(Million Baht)

	Consolidated						
	2019						
	At call	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	No Maturity	Total
Financial Assets							
Cash	-	-	-	-	-	61,385	61,385
Interbank and money market items	27,380	344,668	11,077	-	3,015	-	386,140
Investments*	1	77,976	28,057	122,329	32,853	27,510	288,726
Loans to customers	291,669	506,331	135,893	392,169	675,894	-	2,001,956
Accrued interest receivables	193	1,954	672	8	3	-	2,830
Total Financial Assets	319,243	930,929	175,699	514,506	711,765	88,895	2,741,037
Financial Liabilities							
Deposits	1,585,023	367,373	95,133	24,520	-	-	2,072,049
Interbank and money market items	16,846	43,457	5,194	15,687	444	-	81,628
Liabilities payable on demand	21,679	-	-	-	-	-	21,679
Debts issued and borrowings	-	396	257	29,048	52,123	-	81,824
Total Financial Liabilities	1,623,548	411,226	100,584	69,255	52,567	-	2,257,180
Liquidity - net	(1,304,305)	519,703	75,115	445,251	659,198	88,895	483,857
Liquidity - cumulative net	(1,304,305)	(784,602)	(709,487)	(264,236)	394,962	483,857	483,857

*Investments of the life insurance subsidiary which are held primarily in relation to the insurance contract liabilities, are not presented in the table.

(Million Baht)

	Consolidated						
	2018						
	At call	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	No Maturity	Total
Financial Assets							
Cash	-	-	-	-	-	66,740	66,740
Interbank and money market items	69,003	378,900	14,349	1	-	-	462,253
Investments*	504	97,964	12,991	83,172	24,931	8,925	228,487
Loans to customers	297,792	491,641	137,675	420,292	566,672	-	1,914,072
Accrued interest receivables	124	2,659	584	12	8	-	3,387
Total Financial Assets	367,423	971,164	165,599	503,477	591,611	75,665	2,674,939
Financial Liabilities							
Deposits	1,553,572	305,671	113,354	22,404	-	-	1,995,001
Interbank and money market items	14,132	88,355	3,317	19,701	2,498	-	128,003
Liabilities payable on demand	25,488	-	-	-	-	-	25,488
Debts issued and borrowings	-	268	11,504	30,795	28,000	-	70,567
Total Financial Liabilities	1,593,192	394,294	128,175	72,900	30,498	-	2,219,059
Liquidity - net	(1,225,769)	576,870	37,424	430,577	561,113	75,665	455,880
Liquidity - cumulative net	(1,225,769)	(648,899)	(611,475)	(180,898)	380,215	455,880	455,880

*Investments of the life insurance subsidiary which are held primarily in relation to the insurance contract liabilities, are not presented in the table.

(Million Baht)

	The Bank						
	2019						
	At call	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	No Maturity	Total
Financial Assets							
Cash	-	-	-	-	-	61,351	61,351
Interbank and money market items	21,011	336,998	19,615	1,831	3,015	-	382,470
Investments	-	72,170	23,873	112,968	32,853	24,978	266,842
Loans to customers	277,806	507,299	108,842	380,779	672,402	-	1,947,128
Accrued interest receivables	191	1,877	-	-	-	-	2,068
Total Financial Assets	299,008	918,344	152,330	495,578	708,270	86,329	2,659,859
Financial Liabilities							
Deposits	1,587,329	363,377	90,644	24,319	-	-	2,065,669
Interbank and money market items	24,410	49,784	62	15,637	444	-	90,337
Liabilities payable on demand	21,679	-	-	-	-	-	21,679
Debts issued and borrowings	-	238	257	29,048	52,123	-	81,666
Total Financial Liabilities	1,633,418	413,399	90,963	69,004	52,567	-	2,259,351
Liquidity - net	(1,334,410)	504,945	61,367	426,574	655,703	86,329	400,508
Liquidity - cumulative net	(1,334,410)	(829,465)	(768,098)	(341,524)	314,179	400,508	400,508

(Million Baht)

	The Bank						
	2018						
	At call	Within 6 Months	Over 6 Months to 1 Year	Over 1 Year to 5 Years	Over 5 Years	No Maturity	Total
Financial Assets							
Cash	-	-	-	-	-	66,702	66,702
Interbank and money market items	64,557	365,215	2,613	1,119	244	-	433,748
Investments	499	96,717	12,958	81,333	24,931	4,496	220,934
Loans to customers	283,768	497,408	115,102	407,662	564,023	-	1,867,963
Accrued interest receivables	121	2,613	-	-	-	-	2,734
Total Financial Assets	348,945	961,953	130,673	490,114	589,198	71,198	2,592,081
Financial Liabilities							
Deposits	1,557,211	301,629	110,457	22,126	-	-	1,991,423
Interbank and money market items	19,867	91,110	3,325	19,652	2,498	-	136,452
Liabilities payable on demand	25,488	-	-	-	-	-	25,488
Debts issued and borrowings	-	147	11,504	30,795	28,000	-	70,446
Total Financial Liabilities	1,602,566	392,886	125,286	72,573	30,498	-	2,223,809
Liquidity - net	(1,253,621)	569,067	5,387	417,541	558,700	71,198	368,272
Liquidity - cumulative net	(1,253,621)	(684,554)	(679,167)	(261,626)	297,074	368,272	368,272

Operational Risk Management

"Operational risk" refers to the risk of direct or indirect losses in the Bank earnings and capital funds, resulting from failure or inadequate processes, personnel, operating and IT systems, or external events/factors.

The Bank's operational risk management has been implemented, through systematic and effective risk identification, assessment, management, and reporting the operational risk level of products and processes continuously. All units of the Bank are required to report their operational risk exposures, designed controls, and risk prevention initiatives. Meanwhile, many modern risk management tools – such as Key Risk Indicators (KRI), Risk Event Database (RED) and other IT systems – have been employed, in order to enhance the effectiveness for risk monitoring and prevention, and manage risks in a timely manner before damage occurs to the Bank and customers. Moreover, the Bank continues managing risk from fraud for the purpose of attaining customer satisfaction towards the Bank's products and services and also business continuity management (BCM).

Insurance Risk Management

Insurance risk is the risk arising from fluctuation of claim frequency, claim severity or time of claim occurrence that deviates from the pricing and reserving assumptions.

Pricing risk refers to the risk that the prices charged by the subsidiary for insurance contracts will ultimately be inadequate to support the future obligations arising from those contracts. The subsidiary manages the risk through the product approval process where products are regularly reviewed against pricing, design and profitability tests agreed by the product development sub-committee.

Reserving risk refers to risks that the provisions held in the subsidiary's financial statements for its policyholder obligations will be inadequate. The adequacy of the reserves is considered by the Board of Directors of the subsidiary at each reporting date based on advice from the subsidiary's actuaries and analysis of the sensitivity to key assumptions, in particular interest rate.

Additionally, to ensure that the subsidiary holds adequate reserves for future obligations, the control process on the quality of the in force policy data and the actuarial models are taken into consideration. The subsidiary's internal audit department verifies the correctness and completeness of the in force policy data at least twice a year.

Many of the subsidiary's contracts are life insurance non-par contracts with guaranteed benefits. The amount of risk to which the subsidiary is exposed depends on the level of guarantee inherent in the contracts and the current interest rate. The changes in interest rate will not cause a change to the amount of the liability, unless the change is material enough to trigger a liability adequacy test adjustment.

Concentration of insurance risk

Concentration of risk may arise where a particular event or a series of events could impact heavily upon the Company's insurance contract liabilities.

Most of the subsidiary's contracts are life insurance non-par contracts with guaranteed benefits. The amount of risk to which the subsidiary is exposed depends on the level of guarantees inherent in the contracts and the current interest rate. The changes in interest rate will not cause a change to the amount of the liability, unless the change is material enough to trigger a liability adequacy test adjustment.

As at 31 December 2019, the discount interest rates for the purpose of the liability adequacy test, in accordance with industry practice, are depending on the yield curve corresponding to the estimated timing of the net expected cash flows from insurance contracts. Management monitors the sensitivity to changes in rates on an ongoing basis. A decrease of 100 basis points from current market interest rates would not trigger a liability adequacy test adjustment.

42 FAIR VALUE OF ASSETS AND LIABILITIES

42.1 Financial assets, financial liabilities, and derivatives measured at fair value

The fair value hierarchy of financial instruments measured at fair value on a recurring basis as of 31 December 2019 and 2018 are as follows:

(Million Baht)

	Consolidated					
	2019			2018		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets						
- Exchange rate	-	25,879	25,879	-	17,957	17,957
- Interest rate	-	10,813	10,813	-	5,938	5,938
- Others	-	280	280	7	368	375
Trading investments	4,052	12,458	16,510	3,423	15,853	19,276
Available-for-sale investments	77,530	259,177	336,707	48,587	218,211	266,798
Total Financial Assets	81,582	308,607	390,189	52,017	258,327	310,344
Financial Liabilities						
Derivative liabilities						
- Exchange rate	-	20,910	20,910	-	16,269	16,269
- Interest rate	-	8,952	8,952	-	4,222	4,222
- Others	34	158	192	17	561	578
Total Financial Liabilities	34	30,020	30,054	17	21,052	21,069

(Million Baht)

	The Bank					
	2019			2018		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Derivative assets						
- Exchange rate	-	25,884	25,884	-	18,019	18,019
- Interest rate	-	10,813	10,813	-	5,938	5,938
- Others	-	142	142	-	546	546
Trading investments	-	12,223	12,223	-	15,610	15,610
Available-for-sale investments	22,714	215,636	238,350	6,138	192,692	198,830
Total Financial Assets	22,714	264,698	287,412	6,138	232,805	238,943
Financial Liabilities						
Derivative liabilities						
- Exchange rate	-	22,322	22,322	-	17,104	17,104
- Interest rate	-	8,952	8,952	-	4,222	4,222
- Others	-	133	133	-	560	560
Total Financial Liabilities	-	31,407	31,407	-	21,886	21,886

During the year ended 31 December 2019, due to changes in market conditions, there were transfers of financial assets measured at fair value of the Bank's subsidiaries from level 1 to level 2 amounting to Baht 165 million and from level 2 to level 1 amounting to Baht 408 million.

The valuation techniques for level 2 of recurring fair value measurements are as follows:

The fair values of derivatives and structure notes are determined based upon liquid (observable) market prices, reference to exchange traded prices, broker or dealer quotations, prices of other similar transactions or prices derived by using a valuation technique incorporating observable market data which is adjusted with counterparty credit risk (excluding own credit risk) and other risks to reflect true economic value.

Investments in marketable equity securities and listed unit trusts classified as trading investments and available-for-sale investments are stated at fair value based on the last bid prices of the Stock Exchange of Thailand (SET) or the closing price of the Stock Exchange they are listed as of the reporting date.

Investments in unit trusts considered to be inactive are stated at fair value based on the net asset value as of the reporting date.

Investments in government debt securities and state enterprises debt securities guaranteed by the government, classified as trading investments and available-for-sale investments, are stated at fair value based on the Thai Bond Market Association Government Bond Yield Curve as of the reporting date. State enterprises debt securities not guaranteed by the government and private debt instruments are stated at fair value based on bid prices from the Thai Bond Market Association as of the reporting date. If not available, the Government Bond Yield Curve for the same period is used, adjusted by an appropriate risk premium.

Investments in marketable foreign bonds classified as available-for-sale investments are stated at fair value based on bid prices from Bloomberg. If not available, indicative price from custodian is used.

The Bank and its subsidiaries measure the fair value of financial assets separately from financial liabilities. However, in cases where the Bank and its subsidiaries manage either market risk or credit risk on a portfolio basis, the Bank and its subsidiaries measure the fair value of those groups of financial instruments on a net basis.

42.2 Financial assets, financial liabilities and derivatives are not measured at fair value

Fair value hierarchy of financial instruments which are not measured at fair value and for which there is a significant difference with carring value as of 31 December 2019 and 2018 are as follows:

(Million Baht)

	Consolidated			
	2019		2018	
	Carrying Amount	Fair Value Level 2	Carrying Amount	Fair Value Level 2
Financial Assets				
Derivative assets (Banking book)				
- Exchange rate	4,765	9,078	1,878	3,816
- Interest rate	-	758	-	398
- Others	42	590	47	46
Held-to-maturity investments	416,369	516,641	371,025	392,999
Total Financial Assets	421,176	527,067	372,950	397,259
Financial Liabilities				
Derivative liabilities (Banking book)				
- Exchange rate	190	377	671	665
- Interest rate	-	2,206	-	668
- Others	-	-	-	5
Debts issued and borrowings	81,824	82,867	70,567	70,380
Total Financial Liabilities	82,014	85,450	71,238	71,718

(Million Baht)

	The Bank			
	2019		2018	
	Carrying	Fair Value	Carrying	Fair Value
Financial Assets	Amount	Level 2	Amount	Level 2
Derivative assets (Banking book)				
- Exchange rate	1,269	1,063	750	648
- Interest rate	-	743	-	391
Held-to-maturity investments	17,299	18,208	7,978	8,137
Total Financial Assets	18,568	20,014	8,728	9,176
Financial Liabilities				
Derivative liabilities (Banking book)				
- Exchange rate	141	377	125	538
- Interest rate	-	2,206	-	667
Debts issued and borrowings	81,666	82,709	70,446	70,259
Total Financial Liabilities	81,807	85,292	70,571	71,464

The following methods and assumptions are used by the Bank in estimating fair values of above financial assets and liabilities as disclosed herein:

Investments in government debt securities and state enterprises debt securities guaranteed by the government, classified as held-to-maturity investments, are stated at fair value based on the Thai Bond Market Association Government Bond Yield Curve as of the reporting date. State enterprises debt securities not guaranteed by the government and private debt instruments are stated at fair value based on bid prices from the Thai Bond Market Association as of the reporting date. If not available, the Government Bond Yield Curve for the same period is used, adjusted by an appropriate risk premium.

The fair values of debts issued and borrowings are the market value or the present value of cash flows with discounting rates that reflect current interest rate risk and the Bank's credit risk.

The fair values of loans to customers approximates carrying value including accrued interest receivables and net of deferred revenue, allowance for doubtful accounts and revaluation allowance for debt restructuring, as loans are at market rates of interest and the majority of fixed rate loans are short term. Furthermore, the allowance for doubtful accounts is predominately determined on an expected loss basis.

The carrying amount of the following financial assets: cash, interbank and money market items – net, and investments in receivables, and other assets which core item is accrued interest receivables and that of the following financial liabilities: deposits, interbank and money market items, liabilities on demand, and other liabilities which core item is accrued interest payables are a reasonable approximation of fair value because they are mostly short term in nature, referent to floating interest rates index.

43 THAI FINANCIAL REPORTING STANDARDS (TFRS) NOT YET ADOPTED

New and revised TFRS, which are relevant to the Bank and its subsidiaries operations, expected to have impact on the consolidated and the Bank only financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS - Financial instruments standards

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of TFRS – Financial instruments are as follows:

(i) Classification – Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

(ii) Measurement at amortised cost

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method.

(iii) Impairment – Financial assets and contract assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas currently the Bank estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

(iv) Classification – Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortised cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

Under TFRS 9, changes in fair value of financial liabilities classified as FVTPL are generally presented as follows:

- the amount of fair value that changes due to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- the remaining amount of fair value changed is presented in profit or loss.

If a presentation above results in significant accounting mismatch, a total fair value change will be presented in profit or loss.

(v) Hedge accounting

TFRS 9 introduces guidance on hedge accounting while current TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Bank is required to ensure that hedge relationships are aligned with the Bank and its subsidiaries risk management objectives and strategy and to apply a qualitative and forward-looking approach to assess hedge effectiveness.

Currently, the Bank had derivatives for currency exchange rate and interest rate risks which were recognised when the derivatives were exercised. However, TFRS 9 had an option to apply the hedge accounting for any transactions that meet the specific requirement of hedge accounting under TFRS 9 at date of initial application.

Based on the impact assessment of initial applying TFRS 9 – Financial instruments on the financial statements, the Bank and its subsidiaries estimate that the impact, which is less than 2% of total equity, is not material to the financial statements. The impact mainly results from (1) the fair value of general investments which are classified and measured as FVOCI or FVTPL; and (2) fair value recognition of derivatives previously classified under banking book, including impact from hedge accounting implementation.

Management has developed and tested a number of models to estimate the ECL allowance in accordance with TFRS9 and Bank of Thailand notification. Economic scenarios play a great part in ECL calculation, the Bank obtain economic forecasts from acceptable research centres, combining with management judgement to accommodate economic uncertainty, late breaking events and new laws and regulations. As a result, the management provide additional ECL as management overlay based on their assessment and judgement.

The Bank and its subsidiaries expect that there will be no additional allowance required to be recorded as of 1 January 2020, based on current results from the models and estimates of management overlay, compared to that recorded under the existing requirement as of 31 December 2019.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. A lessor continues to classify lease as either finance or operating leases. When this TFRS becomes effective, some accounting standards and interpretations which are currently effective will be cancelled.

The Bank and its subsidiaries will apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply TFRS 16 to all contracts entered into before 1 January 2020 and identified as leases in accordance with TAS 17 and TFRIC 4.

The Bank and its subsidiaries will initially adopt TFRS 16 on 1 January 2020, using the modified retrospective approach. Based on impact assessment from first time adoption of TFRS 16 on the financial statements, the Bank and its subsidiaries estimate that the impact from initial adoption of this accounting standard is immaterial to financial statement which assets and liabilities will increase by the amount insignificantly deviate from operating lease commitment disclosed in note to financial statement no.31 without any impact to retained earnings.

44 EVENTS AFTER THE REPORTING PERIOD

On 30 January 2020, the Board of Directors Meeting of the bank approves of the share repurchase project with the number of shares to be repurchased not exceeding 23,932,601 shares or equal to the amount of not exceeding 1% of the total paid-up capital of the Bank and the maximum amount not exceeding Baht 4,600 Million. The share repurchase will be conducted through the Stock Exchange of Thailand. The repurchase period will be from 14 - 27 February 2020. The period for the resale of shares is after 6 months from the completion date of share repurchase and not later than 3 years.

On 30 January 2020, the Board of Directors Meeting of the bank approved to propose for the shareholders' approval of the dividend payment from 2019 operating results, at the rate of Baht 5.00 per share, of which the Bank paid interim dividend at the rate of Baht 0.50 per share in September 2019 and will pay the remaining dividend at the rate of Baht 4.50 per share. This resolution will be proposes for approval by the Annual General Meeting of the Shareholders of the Bank on 2 April 2020.

On 12 February 2020, Bank of Thailand granted an approval for the Bank to redeem the whole amount of Subordinated Instruments intended to qualify as Tier 2 Capital KASIKORNBANK PCL No.1/2014 due 2025 with aggregate principal amount of Baht 14,000 million prior to the maturity date. The Bank will exercise the right to redeem the Subordinated Instruments on 3 April 2020.



Corporate Governance

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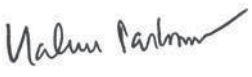
Report of the Corporate Governance Committee

The Corporate Governance Committee of KASIKORNBANK PUBLIC COMPANY LIMITED comprises four directors: Sqn.Ldr. Nalinee Paiboon, M.D. as Chairperson, Mr. Wiboon Khusakul, Mr. Sara Lamsam and Mr. Chanin Donavanik as members.

In 2019, the Corporate Governance Committee held five meetings in order to discharge the duties and responsibilities mandated by the Corporate Governance Committee Charter, with prudent and careful consideration, aiming for maximum benefit to the Bank, shareholders and all stakeholders. All meeting results were reported to the Board of Directors for acknowledgement, which in summary include:

- Approving action plans for sustainable development and corporate social responsibility activities, providing recommendations, and monitoring their implementation.
- Endorsing the revised Sustainable Development Policy in accordance with the Bank's business and the Sustainable Development Goals.
- Endorsing the materiality prioritization of the Bank.
- Providing recommendations on consideration of projects related to the environment and society to reaffirm the Bank's good corporate governance practices and proper risk management, and monitoring the implementation progress of the projects on a regular basis.
- Approving a strategic plan for good corporate governance activities to promote actions of directors, executives and employees in accordance with the good corporate governance principles, Code of Conduct and Anti-Corruption Policy, all of which have been communicated to companies within KASIKORNBANK FINANCIAL CONGLOMERATE to ensure shared practices.
- Reviewing the Bank's actions and information disclosure in accordance with the Corporate Governance Code established by the Office of the Securities and Exchange Commission.
- Reviewing charters, principles and policies as concern corporate governance and sustainable development to comply with the Bank's business, relevant laws and best practices.
- Recommending and endorsing the revised Human Rights Policy and KBank Tax Policy in compliance with the Bank's business and International Sustainability Standards.
- Reviewing the Performance Assessment Form of the Board of Directors, Independent Directors Committee and Board Committees to be used as a tool for their performance assessment.
- Reviewing the Bank's preparations for the General Meeting of Shareholders, in compliance with the laws, regulatory requirements, and best practices, including the granting of rights to shareholders to propose an issue for inclusion in the AGM agenda and a candidate for election to directorship, as well as the right to submit questions before the AGM.
- Approving guidelines of the Corporate Governance Report in the Annual Report and the Sustainability Report.

With its determination towards continuous adherence to the basis of corporate governance and sustainable development, the Bank has been selected as a component of the Dow Jones Sustainability Indices (DJSI) 2019 for the fourth consecutive year, becoming a part of both the DJSI World and DJSI Emerging Markets Indices. In addition, the Bank has received the Highly Commended in Sustainability Award and has been selected to be on the Thailand Sustainability Investment (THSI) list by the Stock Exchange of Thailand. The Bank also achieved the excellent assessment result under the Corporate Governance Report of Thai Listed Companies 2019 Project, organized by the Thai Institute of Directors Association.



(Sqn.Ldr. Nalinee Paiboon, M.D.)
Chairperson, Corporate Governance Committee

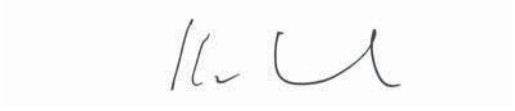
Report of the Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee of KASIKORNBANK PCL comprises three directors: Ms. Kobkarn Wattanavrangkul as Chairperson, Dr. Abhijai Chandrasen and Mr. Kalin Sarasin as members.

In 2019, the Human Resources and Remuneration Committee held 9 meetings on various matters in accordance with the duties and responsibilities mandated by the Human Resources and Remuneration Committee Charter. All meeting results were reported to the Board of Directors for acknowledgment, which in summary include:

- Revising the director nomination policy and process.
- Selecting, screening and nominating qualified candidates to fill up the positions of directors retiring by rotation and for replacement of vacant positions under nomination process, with focus on the appropriate composition, size, and diversity of the Board, as well as compliance with the Bank's business strategic directions for submission to the Board of Directors for consideration and submission to General Meeting of Shareholders for election.
- Nominating qualified candidates as Board Committees' members and reviewing their suitability.
- Reviewing the criteria of granting the rights to shareholders to nominate candidates for election as directors and the questionnaire on qualifications of the nominated persons.
- Reviewing the Human Resources and Remuneration Committee Charter and Performance Assessment Form so that they are up-to-date, consistent with Bank's business operations, and in compliance with regulatory requirements and best practices.
- Reviewing the remuneration rate for directors to ensure that it is commensurate with the scope of their duties and responsibilities, as well as industry-wide comparison.
- Providing advice on the Bank's direction under challenges and human capital strategy.
- Considering performance assessment of the Chief Executive Officer and Presidents compared to given targets and plans, and considering remuneration of the Chief Executive Officer and Presidents, which will be further proposed to the Board of Directors.
- Considering senior executive structure, appointment proposals, plus changes in their duties and responsibilities, in tandem with the Bank's business direction, and reviewing succession plans for senior executives.
- Considering procedure for the nomination and payment of remunerations in accordance with BOT regulations concerning the supervision of corporate governance of Financial Business Groups.
- Providing concurrence with executive and staff remuneration and bonuses, in connection with the Bank's operating results and individual performance, as against peers, current inflation and trends.

The Human Resources and Remuneration Committee has prudently and carefully performed their duties and responsibilities, with transparency, as specified in the Human Resources and Remuneration Committee Charter, aiming primarily for the maximum benefit to the Bank and its shareholders.



(Ms. Kobkarn Wattanavrangkul)
Chairperson, Human Resources and Remuneration Committee

Report of the Risk Oversight Committee

The Risk Oversight Committee of KASIKORNBANK PCL comprises eight directors of KBank and one executive as members, of which Ms. Kobkarn Wattanavrangkul as Chairperson.

In 2019, the Risk Oversight Committee held 4 meetings in accordance with the duties and responsibilities mandated by the Risk Oversight Committee Charter. The Charter stipulates that Committee hold at least one meeting a quarter. All meeting results were reported to the Board of Directors for acknowledgment. Main duties and responsibilities include the following:

- Conducting an annual review of KASIKORNBANK FINANCIAL CONGLOMERATE risk management policies and risk appetite to align with KBank's strategic and business plans for enhancing business capability through value-added risk efficiency and risk stability activities.
- Endorsing the annual review of key risk limits, e.g., industry concentration limit, country limit, large group and large exposure limit and trading risk framework.
- Endorsing the annual review of Compliance Risk Management Policy and approving annual compliance program, compliance department charter and annual compliance report as required by regulatory authorities.
- Supervising and monitoring the operation of Compliance Department in accordance with compliance program and being acknowledge of non-compliance issues and following up on corrective actions to resolve such issues in order to ensure compliance.
- Monitoring risk profile on various dimensions and ensuring impact analysis of changes in economic, social, political and regulatory changes in technology and cybersecurity factors on KASIKORNBANK FINANCIAL CONGLOMERATE, and providing guidance regarding approaches and implementation of stress testing program as well as formulating risk management strategy in anticipation of changing environment.
- Providing recommendation on formulation of IT and cybersecurity risk strategy to ensure alignment with business direction of digital financial services, with a focus on customer information security, stability of KBank system and changing behaviors of customers.
- Ensuring efficient risk management of KASIKORNBANK FINANCIAL CONGLOMERATE with concrete risk management assessment for K Companies to help prioritize key gaps and formulate consistent risk strategies. Emphasis has been placed on collaboration between KBank and K Companies in establishing risk management framework to be consistent with KBank standards. The Risk Oversight Committee has also emphasized the transparency of transactions within KASIKORNBANK FINANCIAL CONGLOMERATE to avoid conflicts of interest, and regularly given guidance on K Companies' risk management.

In the discharge of duties and responsibilities specified in the Risk Oversight Committee Charter, the Risk Oversight Committee has acted with care and prudence, aiming primarily for maximum benefit to KASIKORNBANK FINANCIAL CONGLOMERATE.



(Ms. Kobkarn Wattanavrangkul)
Chairperson, Risk Oversight Committee

Corporate Governance

The Board of Directors firmly believes that business operations, based on transparency, fairness and ethical value in conformity with the Statement of Corporate Governance Principles, are an important mechanism that will enable the Bank to become a "Bank of Sustainability" and fortify confidence of shareholders and all stakeholders. In 2019, the Bank complied with the good corporate governance principles, as follows:

1. Rights of Shareholders

In recognizing the importance and rights of all shareholders, and having specified relations with shareholders in the Statement of Corporate Governance Principles, the Bank makes every effort to ensure the basic equal legitimate rights of shareholders, including the right to participate in shareholders meeting, the right to appoint a proxy to participate in and vote at shareholders meeting, the right to vote for the appointment or removal of individual directors, the right to vote on the annual appointment of independent auditor and the fixing of annual audit fees, and the right to vote on other various businesses of the Bank. Shareholders rights also include eligibility to receive dividend payments, the right to give opinions and enquire into business matters of the Bank during shareholders meeting, and the right to receive sufficient information in a timely manner. Moreover, the Bank emphasizes the disclosure of accurate, complete, timely and transparent information to shareholders. The following measures were undertaken to promote the rights of shareholders:

1. All shareholders including institutional shareholders were encouraged to attend the 2019 General Meeting of Shareholders, held on April 4, 2019, by the following actions:

1.1 Procedures prior to the meeting date:

- The meeting notice and related documents, both Thai and English, were disseminated on website more than 30 days prior to the meeting date, with clear, complete and adequate information on the date, time, and venue of the meeting, a map of the meeting site, and the meeting agenda. In addition, proxy forms and a complete set of supporting documents for the meeting agenda, together with the Bank's Articles of Association related to the meeting, were sent to shareholders for their consideration more than 14 days prior to the meeting date. Along with the meeting notice, shareholders were sent sufficient information to allow them to vote on every agenda item, each of which was identified clearly as items for acknowledgment, for approval, or for consideration, together with sufficient and clear comments by the Board of Directors to help shareholders in their voting decisions. The meeting notice was published in a daily newspaper for 3 consecutive days, at least 3 days before the meeting date.
- Shareholders were given the opportunity to submit questions concerning meeting agenda items in advance before the shareholders meeting date. These criteria were disclosed on the Bank's website and via the information dissemination system of the Stock Exchange of Thailand at the same time as in the meeting notice.
- The Bank gave detailed information as to which documents were necessary for shareholders or proxies to present on the meeting date in order to



The General Meeting of Shareholders No. 107 was held on April 4, 2019 at KBank's Head Office.

confirm the right to attend the meeting, including a proxy form per the Ministry of Commerce designation. Also included was a list of independent directors, the Chairman of the Board and Chief Executive Officer, or any other persons whom the shareholders might wish to appoint as proxy, and to determine the voting directions.

1.2 Procedures on the meeting date:

- The meeting was held at KBank Head Office. For convenient access of shareholders, shuttle vans were available between Rat Burana Head Office and Phahon Yothin Building.
- The Bank arranged for shareholder registration to begin more than 2 hours prior to the meeting schedule. Preparation of the venue and an appropriate number of greeters were also arranged to assist shareholders.
- The number and proportion of shareholders participating in the meeting in person and through proxies, the voting and vote counting methods were clearly explained. Both voting and vote counting were carried out in a transparent manner. The Bank used a barcode system for shareholder registration, vote counting and presentation of voting results, allowing for a rapid and efficient meeting process.
- The Bank arranged for an independent legal advisory firm to supervise meeting transparency, in compliance with related laws and the Bank's Articles of Association, and examination of the accuracy of vote counts. Shareholder representatives were selected to witness the vote counting.
- The meeting proceeded according to the announced agenda; no additional agenda item was included without prior notice to the shareholders.
- All shareholders were offered an equal opportunity to give suggestions and ask questions within an appropriate timeframe, and directors in charge of topics clarified and provided complete information to shareholders. There were 16 directors in attendance, including Chairman of the Board and Chief Executive Officer, Lead Independent Director, Chairman of the Audit Committee, Chairperson of the Corporate Governance Committee, Chairperson of the Human Resources and Remuneration Committee, Chairperson of the Risk Oversight Committee, Presidents and directors, as well as senior executives and auditors.
- Ballots were used to vote on every agenda item. For each agenda item, the Bank collected only the ballots of shareholders opposing or abstaining. To comply with the best practices for shareholders meetings, the Bank requested shareholders and proxies present at the meeting to return the ballots after the meeting was adjourned, and kept them as evidence and for future reference.
- The Bank provided English simultaneous interpretation for foreign shareholders and recorded the meeting on video for further reference.
- Shareholders who entered the meeting room after it had commenced were allowed to vote for agenda items that were still under consideration, pending for voting.

1.3 Procedures after the meeting date:

- For shareholders' timely acknowledgment and examination of voting results, the Bank disclosed the resolution of each agenda item on our website and via the information dissemination system of the Stock Exchange of Thailand on the shareholders meeting date.
- Comprehensive meeting minutes were recorded. They included significant details for each agenda item, e.g., attendance of directors and executives, proportion of directors attending the meeting, meeting resolutions, voting results (divided into approve, disapprove, abstain, voided ballot, or not entitled to vote), questions, explanations and opinions expressed at the meeting. The minutes of the shareholders meeting were sent to regulatory agencies within 14 days from the meeting date, as well as being made available on the Bank's website.

2. The Bank discloses important information for shareholders on our website and via the information dissemination system of the Stock Exchange of Thailand, and has published the quarterly Shareholder Newsletter to provide information and news on website, such as the overall economy, investment in money and capital markets, and other information that may be beneficial to shareholders.

2. Equitable Treatment of Shareholders

Recognizing the importance of equitable treatment of shareholders, the Board of Directors has established a Corporate Governance Policy based on shareholders rights and the equal and fair treatment of all shareholders, and undertook the following tasks:

1. Provision of information prior to the General Meeting of Shareholders:
    - Shareholders were informed that 1 share equaled 1 vote; approval of a resolution was based on the majority of votes, except for certain resolutions which required the approval of no less than two-thirds of all votes of those attending the meeting, or three-fourths of all votes of those attending the meeting and having the right to vote. This practice is in line with the Bank's Articles of Association and related laws.
2. Protection of shareholders rights:
    - Under the specified criteria of the Board and relevant regulatory agencies, the Bank provided shareholders with the opportunity to propose matters for inclusion as agenda items, as well as the opportunity to propose qualified candidates having no prohibited characteristics for election as directors at the General Meeting of Shareholders, during September 1 - November 30, 2018. Guidelines on the proposing procedure and shareholders rights were provided to shareholders through the information dissemination system of the Stock Exchange of Thailand and disclosed on the Bank's website. Shareholders proposed no items to be included in the agenda, nor did they propose any candidates for election as directors.
    - The Bank arranged for the shareholders meeting to be conducted in a transparent and efficient manner, in line with the Bank's Articles of Association and related laws. The consideration of items and voting was conducted in accordance with the announced agenda. This included consideration of the election of directors individually and director remuneration, together with consideration of the annual appointment of independent auditor, fixing of the audit fees, and other agenda items as specified in the meeting notice.
3. The Bank has established policies and procedures to supervise the use of inside information. In essence:
    - All operational units must set up a process, manage their workplace, and maintain inside information to prevent disclosure to others. Inside information can be used and sent only by persons who need to know or use that information for their operations.
    - Directors and employees are prohibited from buying, selling, transferring or obtaining the transfer of securities and stock futures that may take advantage of outsiders by using inside information that may have a significant impact on the price of securities and has not been disclosed to the public or the Stock Exchange of Thailand. Though they may have become aware of such information in their capacity, either as directors or employees of the Bank, such actions are prohibited, whether to favor themselves or others, or to reveal such information to others to act upon it or receive benefit thereof.
    - The Bank has regulated that directors, officers in the position of Senior Executive Vice President or equivalent and higher, and staff in the position of Department Head or equivalent and higher in the Financial Accounting Management Department or Financial Planning Department under the Financial and Control Division, must report their ownership of securities issued by the Bank and stock futures with underlying KBank stock, including those under ownership of their spouses and minor children. Moreover, they must report every change in their holding of those securities, i.e. by any purchase, sale, transfer, or obtaining the transfer of securities and stock futures, as regulated by the Office of the Securities and Exchange Commission, and must have a copy of their ownership report of securities submitted to the Corporate Secretary, and such reports in 2019 were submitted to the Board of Directors Meeting.
    - Concerning the supervision of securities and stock futures trading and prevention of the use of inside information, the Bank has stipulated a silent period for securities and stock futures trading by directors and related staff, including their spouses and minor children, prohibiting trading of those securities starting one month prior to the Bank's disclosure of financial statements or quarterly performance, and lasting until the second day after the information has been disclosed. Internal regulations on the prevention of the use of inside information are disseminated at the beginning of each year and quarterly to directors and related staff through various operating channels of the Bank. Moreover, the Bank has defined a watch list and restricted list to prohibit related staff from trading on securities, while also monitoring such actions on a regular basis.

4. Concerning intra-group transactions among KASIKORNBANK FINANCIAL CONGLOMERATE and conflicts of interest prevention, KASIKORNBANK operates as a financial conglomerate under the Financial Institution Business Act as approved by the Bank of Thailand. To encourage actions in compliance with standards of good governance and to meet targets related to its implementation, the Bank has initiated guidelines to control and supervise intra-group transactions, as well as preventing transactions that may involve conflicts of interest or connected or related transactions. This is one of the key components of Corporate Governance Policy that the Board of Directors and the Bank's employees must strictly comply with to earn the trust of all stakeholders. Key criteria include:

- The Board of Directors has resolved to approve the policy of Intra-Group Transactions among KASIKORNBANK FINANCIAL CONGLOMERATE and the risk management policy of Intra-Group Transactions among KASIKORNBANK FINANCIAL CONGLOMERATE as operational guideline for the Bank and its subsidiaries in order to formulate systematic and precise intra-business transaction framework, under appropriate risk management and there should be review to ensure compliance with the laws, regulatory requirements and Consolidated Supervision Criteria of the Bank of Thailand for financial business groups.
- All types of business transactions within the financial conglomerate are based upon the Statement of Corporate Governance Principles. Attention is duly paid to the transaction conditions, all risks involved, internal control, reporting procedures and information disclosure, according to the Bank of Thailand's relevant policies. All intra-business transactions comply with the procedures and are under the terms and conditions applied to the normal course of business. The quantitative amount of intra-business transactions, both individually and cumulatively, comply with the Conflicts of Interest Prevention Policy.
- The Board of Directors has resolved to approve the Conflicts of Interest Prevention Policy, as well as guidelines to consider appropriateness in the conduct of transactions that shall be under scrutiny of the Audit Committee and ensure compliance with the criteria of the Office of the Securities and Exchange Commission, the Capital Market Supervisory Board, the Stock Exchange of Thailand, and the Bank of Thailand.
- The Board of Directors has established a principle for conducting connected transactions between the Bank's directors, executives, or related persons of the Bank or its subsidiaries. Such a transaction can be conducted if the transaction is under terms and conditions similar to those applied to general customers in the normal course of business of the Bank and its subsidiaries. Directors, executives, or employees with related interest in a transaction with the Bank or its subsidiaries must not participate in consideration or approval of such a transaction. The price of the transaction must be set appropriately, fairly, on an arm's length basis and in accordance with general commercial terms as applied to general customers.
- Connected transactions must be submitted to the Audit Committee for consideration, in case of such connected transactions being within the scope of consideration according to the Statement of Corporate Governance Principles and the criteria stipulated by the Office of the Securities and Exchange Commission.
- Directors, officers in the position of First Senior Vice President and higher, (and those in the position of Department Head or equivalent in the Financial Accounting Management Department or Financial Planning Department under the Finance and Control Division) and their related persons are required to disclose their shareholding information in business, their directorship or their authority to manage or control majority votes in the shareholders meeting, including the right to control the election and removal of directors or the assignment of any other person to be the nominee of their shareholding or management, or the authority to control businesses. The disclosure must be made in the Bank's database and information must be updated regularly so that related departments can use it to monitor credit extensions and investments in conformity with the relevant regulations. The Office of Corporate Secretary shall report information on the benefits of such persons to the Board of Directors when a transaction between the Bank and the person related to the Bank's directors and such persons is brought into consideration.

- The Bank has disclosed details of every related or connected transaction that may involve conflicts of interest according to the Office of the Securities and Exchange Commission and Capital Market Supervisory Board's criteria, in the Annual Reporting Form (56-1 Reporting Form), as well as in the Bank's Annual Report and other reports, as the case may be. This also includes disclosures of information on connected transactions to the Stock Exchange of Thailand according to the Stock Exchange of Thailand's regulations and to the Office of the Securities and Exchange Commission, as well as disclosure of related transactions of the Bank according to the recognized accounting standards and the rules of the Bank of Thailand. Disclosures of related transactions are shown in the Notes to the Financial Statements, under "Related Party Transactions". The Bank used general commercial conditions to consider connected transactions, in accordance with defined procedures necessary to support the Bank's business operations, and in a manner consistent with the Bank's strategies in the best interests of shareholders.

5. Directors and executives shall file the reports on their interests and related persons' interests to the Corporate Secretary for further submittal to the Chairman of the Board and Chairman of the Audit Committee. Such reports shall be submitted each time of the change, to comply with the Securities and Exchange Act. In 2019, there were no changes in vested transactions of directors and executives. Directors and executives appointed in 2019 have already submitted their reports to the Chairman of the Board and Chairman of the Audit Committee for acknowledgment.

3. Roles of Stakeholders

The Bank has placed emphasis on the rights of all stakeholders, and clearly defined the policies and operational guidelines towards different stakeholders in the Statement of Business Conduct and Code of Conduct for all employees, as well as the human rights and anti-corruption policies. Contact channels have been in place for all stakeholders.

Actions towards Stakeholders

Shareholders: The Bank is determined to achieve good operating performance, sustainable growth, and competitiveness, with due consideration given to both current and future risk factors, in order to maximize shareholders value over the long term. The Bank discloses all information in a fair and transparent manner, and makes every effort to protect the Bank's assets and uphold its reputation.

The Board of Directors: The Board of Directors has acknowledged and fully complied with the authority, duties and responsibilities of directors, as well as the rights of stakeholders, and undertakes measures to ensure that these legitimate rights are provided, and that all stakeholders are treated equally and fairly.

Employees: Employees are valuable assets of the Bank. The Bank continues to seek capable and experienced personnel in line with growth and demands of the organization. Compensation should be tied with short-and-long term performance, based on balanced scorecard, comparable to that of other leading companies. The Bank also ensures that compensation and performance evaluation criteria are appropriate with the current economic conditions and competition, and these are communicated to employees. Necessary training programs are continuously provided to enhance employees' capabilities. Good business culture and favorable atmosphere are promoted in the workplace, together with fair and equal treatment, and respect for the honor, dignity, and individual rights of all employees. The Bank recognizes the need for safety, occupational health and proper welfare for employees, and provides benefits such as provident funds, scholarships for employees and their children, annual medical check-ups, as well as safety procedures such as fire drills and the installation of disaster prevention systems, etc.

Customers: The Bank aims to promote customer satisfaction by offering diverse, complete, and high-quality financial products and services, in response to the needs of customers. The Bank gives due attention to and holds itself accountable to customers. The Board approved a Market Conduct Policy to ensure fair and transparent treatments to customers. The Board also approved a Customer Data Privacy Policy that gives high priority to the protection of their confidential information. Customers are provided with explanations of the risks related to the use of various financial services.

Counterparties: The Bank respects compliance with contracted terms and conditions in trade, in fair and acceptable competition, and refrains from all mala fide practices. For supplier selection, the Bank shall not enter into business matching with unlawful businesses, and suppliers should have the Corporate Social Responsibility policy, avoid causing any environmental

pollution and comply with the Bank's Supplier Code of Conduct. The Bank places emphasis on counterparties' transparent business operations, respect for human rights, fair treatment of labor and compliance with the standards related to safety, occupational health and environment. The Bank continuously organizes training to our suppliers, including monitoring, examining and assessing them.

Competitors: The Bank observes fairness in competition and does not practice any mala fide methods that are deleterious to competitors.

Creditors: The Bank abides by lending terms and conditions, including guarantee stipulations, and all legitimate duties to creditors, debenture holders and depositors. The Bank has in place the capital management directions that comply with related laws, regulatory requirements, and international guidelines and practices. In compliance with related laws, accurate and appropriate explanations have been given to creditors on all of the possible risks involved with non-deposit financial services. In case the Bank is unable to comply with any established conditions, advance notification will be made to related creditors in order to jointly resolve the problems.

Community, Envoronment and Society: Realizing its responsibilities towards the country in economic, social and environmental dimensions, the Bank has developed the Corporate Citizenship Strategy for 2019 - 2023 with a prime objective of advancing the society at large. The Bank has applied the London Benchmarking Group (LBG) Framework as a guideline for our operation. As a result, KBank has focused on supporting and implementing projects that help address problems and meet the needs of stakeholders so as to create real changes as well as positive impacts on the society through our expertise. These include budgetary support, donations, emergency assistance, employee volunteer activities, internal charitable activities, knowledge transfer via various activities in cooperation with our business partners, networks, customers and the Kasikorn Foundation. Those projects are monitored and evaluated to ensure that our social operations can help tackle problems and create positive changes in the society, which in turn help promote broad-based growth of the nation. Notable projects include the "Tham Di Tham Dai (Employee Volunteer Hours)" project, aimed at promoting our employees to persuade outsiders, their family members, customers and business partners to participate in volunteer activities in order to create benefits to the society. Our employees can take a one-day leave and select to participate in any volunteer activities of their choice, namely educational development, health promotion, environmental conservation and preservation of arts and culture. To create positive benefits to the society and serve as an example for sustainable development of the Thai educational system, KBank has implemented the "Nan: Cultivation of Wisdom" project, with the aim of reforming learning process of students and teachers so that they have rational understanding to address their own local problems more efficiently. "AFTERKLASS" project is an online platform, aimed at offering financial literacy to children and youths, including savings, finances, investment and how to start the business via www.AFTERKLASS.com. The "AFTERKLASS"



KBank and University of Phayao implemented the "Nan: Cultivation of Wisdom" project, with the aim of developing the learning processes and concepts of youth via research-based learning to promote greater local participation in Nan province.



KBank employees participated in the "Making Elastic Bands to Create Smiles" program, organized as part of the "Tham Di Tham Dai (Employee Volunteer Hours)" project. Plastic bands made by our employees were given to patients at Siriraj Hospital and senior citizens residing around the hospital.

project also offer skills training for youths via a diverse range of workshops throughout the year, namely recognizing skills via images, public speaking, online trading as well as fund and stock investment skills. The "Rak Pa Nan (Care for Nan Forest)" Project is aimed at conserving and protecting forests in Nan Province. As a major financial institution of the country, KBank has assisted in the implementation of the Nan Sandbox project aimed at revolutionizing the alleviation of headwater forest problems based on Phacharat (Civil Society) scheme, promoting community cooperation with the local communities, government agencies and related networks. The Nan Sandbox serves as a platform to experiment with new concepts and problem-solving methods, which will be replicated in other provinces across the country. This includes project to add value to organic waste via biosynthesis process that can be developed to sustainably deal with organic waste in the future. The Bank also implemented various projects in support of efficient resource utilization, for example electricity and lighting system improvements, wastewater recycling, carbon neutral program, and staff training sessions on environmental issues under the Bank's sustainability development courses. Officers were sent to attend training or seminars, including the Voluntary Reduction of Greenhouse Gas Emission Program, organized by Kasetsart University under the support of Thailand Greenhouse Gas Management Organization (Public Organization), for the sixth consecutive year. The Bank have also joined the Thailand Voluntary Emission Reduction Program (T-VER) and received Carbon Neutral Certification from Thailand Greenhouse Gas Management Organization (Public Organization). Details of implementations in economic, social and environmental dimensions in accordance with the Global Reporting Initiative Standards (GRI Standards) are included in **Sustainability Report 2019**.

The Bank also specified other procedural guidelines, as follows:

Fairness: The Bank demonstrates fairness to all parties having business relationships with the Bank, and does its best to avoid any bias or events that would lead to conflicts of interest.

Ethics: The Bank adheres to its Statement of Business Conduct and pursues every business endeavor with integrity.

Professionalism: The Bank maintains professional standards, aiming high for superb quality integrated with modern and sophisticated technology.

Responsiveness: The Bank has the readiness to respond to the needs of its customers and society, as well as changes in the economy and technology, both at present and in the future.

Discipline and Compliance: The Bank is committed to discipline in the operation of its business and ensures that all business decisions and actions comply with all applicable laws and regulations and to observe the Bank's ethical standards and the Code of Conduct.

Protection of Intellectual Property Right and Copyright: The Bank complies with laws related to intellectual property and has a stance to not support any operation that may violate intellectual property right, via establishment of a policy to ensure IT stability and safety; only copyrighted software is used in the Bank's information systems. Employees are prohibited from installing unauthorized software copies on the Bank's computer systems, and their software use is examined.

Human Rights Protection: The Bank is committed to operating businesses in compliance with the laws and major international standards, such as the United Nations Guiding Principles on Business and Human Rights (UNGPs), principles of humanity and rights in accordance with International Labor Organization (ILO) and Principles of the United Nations Global Compact (UNGC). The Bank established the Human Rights Policy related to employees, customers, suppliers and joint ventures, and incorporated respect of human rights in the Code of Conduct, with regard to support and respect of human rights by refraining from human rights violations. The Bank also provides related knowledge for employees for use in their operations, while arranging channels to receive information and complaints on human rights violations. The policy is reviewed annually, and in 2019 the policy was reviewed and there were no complaints on human rights violations.

Anti-Corruption

KASIKORNBANK is committed to conducting business with transparency, integrity and compliance with regulatory requirements as well as good corporate governance practices. The Bank acts against corruption in all its forms and it undertook the following tasks:

1. The Bank, KASIKORN ASSET MANAGEMENT CO., LTD. (KAsset), and KASIKORN SECURITIES PCL (KSecurities) have co-signed a declaration of the "Private Sector Collective Action Coalition Against Corruption" project jointly initiated by the Thai Institute of Directors Association (IOD), the Thai Chamber of Commerce, the Joint Foreign Chambers of Commerce in Thailand, the Thai Listed Companies Association, the Thai Bankers' Association, the Federation of Thai Capital Market Organizations and the Federation of Thai Industries. The Bank, KAsset and KSecurities have been recognized as certified companies of Thailand's Private Sector Collective Action Coalition Against Corruption by the Private Sector Collective Action Coalition Against Corruption Council or CAC, since 2013.



KBank joined forces with relevant agencies to establish anti-corruption policies and measures.

2. The Bank has established anti-corruption regulations on all fronts, with abstention from bribery and inappropriate incentives, as directed in the Code of Conduct, which is strictly observed by directors and employees. In addition, the Board of Directors approved the No Gift Policy and the Anti-Corruption Policy, which includes the issues of bribes and inducements, gifts and benefits, charitable contributions and financial sponsorships, as well as political contribution and activities. The policy is reviewed annually. In 2019, the annual review was already undertaken, and there was no donation for organization, unit, project or activity related to politics.

3. The Bank recognizes the importance of communications on the Anti-Corruption Policy for appropriate practices and actions within the organization as well as outside parties. In 2019, training courses have been organized for executives and employees to equip them with knowledge on Anti-Corruption Policy. Moreover, communications on the Anti-Corruption Policy have been made with all directors, executives and employees via the Bank's internal media including a Corporate Governance Journal, electronic network system and its website, and tests have been conducted to measure the related knowledge of relevant employees via electronic system. In 2019, there were no complaints regarding corrupt actions. With our strong commitment towards anti-corruption of all forms, as well as ensuring transparency in our business operations and good governance practices, communications on a No Gift Policy have been made with all employees of the Bank and companies within KASIKORNBANK FINANCIAL CONGLOMERATE.

4. The Bank's departments responsible for risk assessment, monitoring and evaluation of anti-corruption practices include the following:

- The Operational Risk Management Department is responsible for defining operational risk strategies and policy, as well as operational risk assessment and control, to ensure efficient prevention and mitigation of operational risks and mishandlings that may affect the Bank's financial position and reputation. The department is responsible for risk assessment, analysis, monitoring and control. It also compiles the overall risk position to remain within an appropriate risk appetite. The Bank is now equipped with analysis of fraud and operational risks in all departments, with annual assessment of high-risk departments. Reports of such analysis are submitted to the Operational Risk Management Sub-committee, Risk Oversight Committee and Board of Directors. Moreover, all responsible employees have been trained on operational risk management, while responsible employees have been assigned to attend operational risk management courses organized by government agencies and outside organizations on a regular basis.
- The Fraud Management Department is responsible for formulating fraud management plans, strategies, policies, guidelines and processes, managing and detecting suspected fraud cases with a likelihood of being fraudulent, as well as examining and collecting data or evidence, and coordinating work in order to mitigate losses.
- The Compliance Department acts as the center of compliance supervision, responsible for overseeing the Bank's business operations to be in compliance with the Bank's policies and regulations, as well as regulatory requirements. It is the Bank's policy to ensure full regulatory compliance of the KASIKORNBANK FINANCIAL CONGLOMERATE. The Compliance Risk Management Policy, approved by the Board of Directors, stipulates the duties and responsibilities related to compliance of the Board of Directors, the Risk Oversight Committee, executives, departments or units, and employees. Employee communications have been conducted to instill awareness of their duties and responsibilities in studying and understanding related laws and requirements, as well as Bank regulations, and in strict compliance with such regulations.

- The Internal Audit Department performing its functions with independence, relies upon risk-based auditing approach. Fraud and unethical conduct are among the concerned risks assessed and audited by the Internal Audit Department. In addition, recommendations on relevant internal control are proposed.
- The Corporate Governance Unit, Office of Corporate Secretary, has reviewed the Anti-Corruption Policy in consistence with the best practices and international standards, organized training and provided knowledge for directors, executives and employees. It also communicated regularly via the annual corporate governance activities, including mapping out concrete guidelines for monitoring and evaluation.

5. The Bank has extended its operational direction to suppliers, including:

- Communication with suppliers on the Code of Conduct related business ethics, human rights and labor, safety and occupational health, and environment for their acknowledgment and compliance.
- Establishment of guideline to inform to suppliers about the Bank's Code of Conduct before participating in the bidding processes.
- Communication with suppliers on business operations with no involvement with corruption and encouragement of suppliers to comply with anti-corruption policy and practices.
- Arrangement of supplier meetings on the Bank's procurement procedures and encouragement of suppliers to comply with anti-corruption policy and practices.
- Communication with customers and suppliers on No Gift Policy for all occasions and festive seasons.

Receiving Information, Complaints or Whistle-blowing

The Bank provides various communication channels for stakeholders, namely K-Contact Center, K-BIZ Contact Center, and branches, etc. A hotline is available as a center to receive and manage complaints. In addition, the Bank has established a written whistle-blowing policy, which provides a channel to whistle-blow improper conduct. Aside from encouraging companies within KASIKORNBANK FINANCIAL CONGLOMERATE to put whistle-blowing channels in place, the Bank has also communicated such policy to stakeholders of the Bank and companies within KASIKORNBANK FINANCIAL CONGLOMERATE via various channels so that they can whistle-blow inappropriate or improper conduct, including non-compliance with laws, regulations, Code of Conduct, the Bank's policies and procedures or internal control weaknesses that may result in losses. Whistle-blowers can directly notify the Board of Directors of any improper conduct in alignment with the specified criteria shown under the "Investors" tab on the Bank's website or the Internal Audit Department as an independent unit in written documents or electronic mails. The Bank has a procedure and measure to protect the rights of information providers, protection of confidential information – only authorized persons can have access to such information, and the Audit Committee is assigned to issue instructions and report to the Board of Directors on confidential information. Fair measures have been established for stakeholders to whom losses are incurred due to violation of their legal rights.

4. Disclosure and Transparency

Information Disclosure

The Bank has a well-defined KASIKORNBANK Disclosure Policy, approved by the Board of Directors, to ensure that disclosures of the Bank's financial and non-financial information to shareholders, investors, analysts, regulatory agencies, and the general public are accurate, complete, timely, equal, transparent, consistent, and in accordance with all applicable laws, regulatory requirements, and regulations. The Bank has authorized the Chief Executive Officer, Presidents, Chief Financial Officer, or Corporate Secretary who is responsible for Chief Investor Relations Officer function to consider and make decisions on the contents of significant information for public disclosure. Any one of these persons may disclose information by him/herself, or assign relevant parties to handle this task. Corporate Secretary who is responsible for Chief Investor Relations Officer function has the authority to hold press conferences or to disseminate significant information related to the Bank, and to answer questions raised by shareholders, investors, and securities analysts. The unit responsible for corporate communications activities should be assigned to coordinate with information owners in disseminating significant information related to the Bank.

In 2019, the Bank adequately disclosed important financial information in its financial statements and notes to the financial statements. The disclosures were in line with regulations of the Bank of Thailand, the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, and Financial

Reporting Standards. Such information was also disseminated via the SET Community Portal and the Bank's website. The financial statements were reviewed/audited by independent certified public accountants. The Board of Directors also disclosed its report of the responsibilities for financial reports in the annual report. Moreover, the Bank has published unreviewed/unaudited quarterly financial statements, reviewed/audited quarterly financial statements that were reviewed/audited by independent certified public accountants and Basel III Pillar 3 Disclosure, as well as other non-financial information such as the Management Discussion and Analysis (MD&A) and information on the Bank's corporate governance and sustainable development for the benefit of shareholders, investors and analysts. In addition, the Bank has periodically evaluated the effectiveness of its disclosure procedures. Over the 5 year-period (2015 - 2019), the Bank received 3 fines from the Office of Securities and Exchange Commission (SEC) in 2015, 2016 and 2019 due to the violation of section 113 and 114 of SEC Act. The fine amount was not significant and the Bank has already improved its operations.

The Bank has disseminated its information through various channels and mass media on a regular basis so that shareholders and stakeholders can receive information thoroughly. Information outlets include, for example, the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, the Ministry of Commerce, newspapers, magazines and journals, television, KBank IR/PR news, KBank website (www.kasikornbank.com), company visits, press conferences, and notice and meeting documents sent by mail to shareholders. In addition, the Bank provided information to shareholders and investors in various forms, e.g. Investor Presentation, Monthly Economic Information, quarterly Shareholder Newsletter and K-IR News which can be accessed via the Bank's website. In compliance with the Statement of Corporate Governance Principles, the Bank enforces a 7-day silent period before the quarterly operating results are reported to the Stock Exchange of Thailand. During this period, no information related to the Bank's performance is revealed to outsiders via all channels, such as one-on-one meetings, conference calls, group analyst meetings and replies to questions related to the Bank's operating results.

Investor Relations

In 1998, the Bank established the Investor Relations Unit under the Office of Corporate Secretary, as part of the Corporate Secretariat Division, to be responsible for investor relations management, preparation of annual investor relations plan and systemic disclosure of the Bank's information per regulatory requirements, for the benefits of shareholders, investors, analysts and credit rating agencies, both local and international. These included acknowledgment of opinion, recommendations and anticipations of shareholders, investors and securities analysts, in order to submit them to executives and the Board of Directors of the Bank (Two-way Communications), which will lead to the creation of consistent long-term targets. The Unit is also responsible for managing and supervising shareholders rights and benefits, in accordance with all applicable laws, as well as creating, maintaining and promoting cordial relationships with the Bank's shareholders. This will in turn enhance the Bank's image and credibility, thus creating higher value to shareholders in a sustainable manner over time. The Bank also conducts investor relations satisfaction survey on an annual basis. The survey results are analyzed to optimize the efficiency and effectiveness of the investor relations policies, functions and activities in accordance with international standards. In this regard, shareholders can contact ordinary shares registrar at the Thailand Securities Depository Company Limited. The Bank business operations place emphasis on actions in accordance with the Good Corporate Governance Principles and the Bank has devised an Investor Relations Code of Conduct to ensure that our investor relations function is accurate, complete, and transparent in compliance with the laws, regulatory requirements, and the Bank's regulations. In 2019, the Bank implemented the Investor Relations activities, wherein the Bank's executives and the Investor Relations Unit met with various groups to provide information through the following venues:

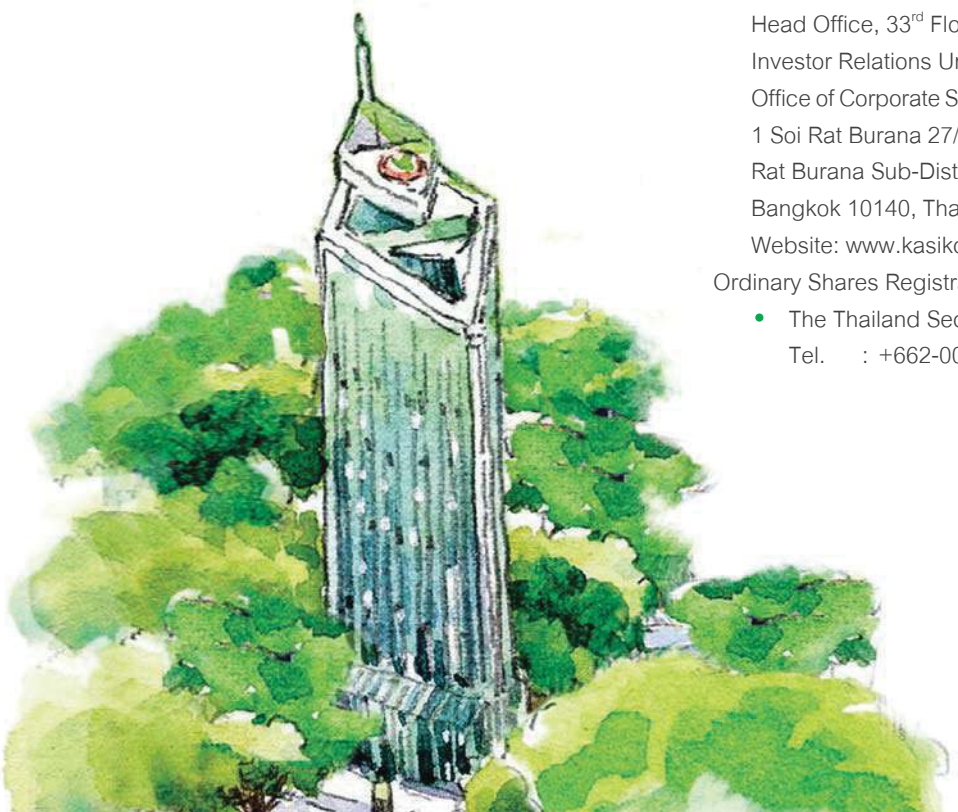


Chief Executive Officer met securities analysts and fund managers at KBank's Head Office.

Type of Meeting	No. of Events	No. of Companies	No. of Persons
One-on-One Meetings	98	155	256
Conference Calls	61	67	75
Group Analyst and Investor Meetings	7	295	369
Investor Conferences	19	304	408
Non-deal Roadshows	6	120	189
Site Visits	1	7	8
Total	192	948	1,305

There were 19 events, out of the above, wherein a total of 395 persons from 269 companies met with the Bank's Chief Executive Officer or Presidents. Some companies met with the Bank on more than one occasion in each type of meeting.

To create and support business with the foundation of Bank of Sustainability, the Investor Relations Unit has improved its operations towards a digital format by reducing the use of paper and delivering documents via digital channels. If printing of document or report is mandatory, environmental-friendly paper, printing ink and printing processes are chosen as to reduce greenhouse gas emissions.



Investors and shareholders may contact the Bank at:
Corporate Secretary who is responsible for Chief Investor Relations Officer function:

Tel. : +662-4702673 to 4
Fax : +662-4702680

Investor Relations Unit, Office of Corporate Secretary:

- Individual Investors and Shareholders
  E-mail : Shareholder_IR@kasikornbank.com
  Tel. : +662-4706116
  Fax : +662-4702690
- Institutional Investors and Shareholders
  E-mail : IR@kasikornbank.com
  Tel. : +662-4706900 to 1 and +662-4702660 to 1
  Fax : +662-4702690

Address:

KASIKORNBANK PUBLIC COMPANY LIMITED
Head Office, 33rd Floor,
Investor Relations Unit,
Office of Corporate Secretary, Corporate Secretariat Division,
1 Soi Rat Burana 27/1, Rat Burana Road,
Rat Burana Sub-District, Rat Burana District,
Bangkok 10140, Thailand
Website: www.kasikornbank.com

Ordinary Shares Registrar:

- The Thailand Securities Depository Company Limited
  Tel. : +662-0099999

Compliance with other Good Corporate Governance Principles

The Board of Directors considered applying the principles guidelines outlined in Corporate Governance Code for Listed Companies 2017 developed by the Office of the Securities and Exchange Commission into business operations. As the governing body of the company, all directors considered the Code thoroughly and understood the benefits and importance of adopting the CG Code for the company's sustainable value creation. The performance results in accordance with each practice guideline in the CG Code were assessed to ensure conformance with the guidelines that are suitable to business operations. For particular principles that are not used in the Bank's operations, the Board of Directors has considered and recorded as a board resolution.

The Bank recognizes the importance of and adheres to the good corporate governance principles, in conformance with the international standards which have been applied to the Bank's business operations based on transparency and suitability. In 2019, in comparison with the Corporate Governance Code of Office of the Securities and Exchange Commission and the Thai Institute of Directors Association, there remained some issues that the Bank has not yet complied with, including the following:

1. Chairman of the Board shall be independent and not be the same person as Chief Executive Officer. If not, the number of independent directors should be more than half of Board members.

Currently, Mr. Banthoon Lamsam is Chairman of the Board and Chief Executive Officer, so as to fulfill ongoing missions and create new generation of qualified leaders who can drive the organization towards stability and sustainability. The number of independent directors is more than half of all directors, i.e., 10 independent directors out of the total of 18 directors and the Board of Directors has appointed the Independent Directors Committee to maintain a check-and-balance between the Board and the management, and to protect the interests of all stakeholders. The Board of Directors Meeting No. 9/2019, held on September 26, 2019 passed a resolution in agreement with a recommendation by the Human Resources and Remuneration Committee to appoint Ms. Kattiya Indaravijaya, Director and President, as Director and Chief Executive Officer of the Bank to succeed Mr. Banthoon Lamsam, which shall take effect on the day after the General Meeting of Shareholders 2020.

2. The Board of Directors should comprise at least 5 but no more than 12 directors, appropriate for size, nature and complexity of business.

As of December 31, 2019, the Bank's Board of Directors was composed of 18 members – a number suitable for the Bank's business nature and the Board's diverse experiences and expertises can ensure complete oversight of the Bank's operation.

5. Responsibilities of the Board of Directors

5.1 Structure of the Board of Directors

Composition of the Board of Directors

The Bank's Board of Directors comprises qualified persons who possess knowledge, ability, and experience beneficial to the Bank. As of December 31, 2019, the Bank's Board of Directors included:

- 5 Executive Directors
- 3 Non-Executive Directors
- 10 Independent Directors (accounting for 56 percent of the total number of Board members)

The directors consist of 7 women and 11 men. Binding agreements of the Bank must be signed by two authorized directors and affixed with the Company's seal. The primary authorized directors with signatory authority on behalf of the Bank are Mr. Banthoon Lamsam, or Mr. Sara Lamsam, or Mr. Abhijai Chandrasen. Any of these persons must co-sign with Mr. Predee Daochai, or Ms. Kattiya Indaravijaya, or Mr. Pipit Aneaknithi, or Mr. Patchara Samalapa.

Corporate Secretary

The Board of Directors resolved to appoint Dr. Adit Laixuthai, Senior Executive Vice President, as Corporate Secretary and Secretary to the Board of Directors. The Office of Corporate Secretary, Corporate Secretariat Division, is a unit supporting the secretarial function of the Bank. The Corporate Secretary shall have basic knowledge in business, accounting, laws and regulations governing commercial banking business, or attended training courses concerning corporate secretarial practices; have knowledge and understanding about corporate governance principles and best practices; be independent and straightforward in the discharge of duties and provision of both recommendations and comments; and have experience in the secretarial function to the Board of Directors or other qualifications that contribute to effectiveness in the discharge of corporate secretarial functions. Details of qualifications and experience, and main duties and responsibilities of Corporate Secretary are disclosed on the Bank's website, under the tab "Investors", "Corporate Governance" and then "Roles and Responsibilities of the Board".

In 2019, the Corporate Secretary attended "Bangkok Sustainable Banking Forum 2019" organized by the Bank of Thailand, "the Education Transformative Change" organized by the Thailand Research Fund, and "The 3rd National Conference on Business and Human Rights" organized by Global Compact Network Thailand, Rights and Liberties Protection Department, Ministry of Justice and United Nations Development Programme.

Qualifications of Independent Directors

The Board of Directors has revised the definition of "Independent Director" in conformity with the requirements of the Bank of Thailand and Notification of the Capital Market Supervisory Board and Corporate Governance Principles, in order to maintain investor confidence and balance in good governance. The Independent Directors are independent of management and major shareholders. The qualifications set by the Bank for "Independent Director" have been defined more stringent than the criteria set by the Capital Market Supervisory Board and in accordance with the Bank of Thailand's criteria. They are as follows:

1. Holding not more than 0.5 percent of the Bank's shares with voting rights, or that of any subsidiary company, associated company, major shareholder or controlling person of the Bank, which shall be inclusive of the shares held by any related person of such an independent director;

2. Neither being nor having been a non-independent director, an executive director, a manager, an employee, a staff member, an adviser who receives a regular salary, or a controlling person of the Bank, company in KASIKORNBANK FINANCIAL CONGLOMERATE, subsidiary company, associated company, subsidiary company at the same level, major shareholder or controlling person of the Bank unless the foregoing status has ended for more than 2 years;

3. Not being a person related by blood or registration under law, such as father, mother, spouse, sibling, and child, including the spouse of a child, of other director, any executive, major shareholder, controlling person or person to be nominated as a director, an executive or a controlling person of the Bank or subsidiary company;

4. Neither holding nor having held a business relationship with the Bank, subsidiary company, associated company, major shareholder or controlling person in a manner which may interfere with his/her independent judgment, and neither being nor having been a substantial shareholder or a controlling person of any person having a business relationship with the Bank, subsidiary company, associated company, major shareholder or controlling person unless the foregoing relationship has ended for more than 2 years.

The aforementioned "business relationship" includes any normal business transaction, rental or lease of immovable property, transaction related to assets or services, or grant or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, including any other similar actions, which result in the Bank or counterparty being liable to indebtedness payable to the other party in the amount of 3 percent or more of the net tangible assets of the Bank or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for the value of connected transactions under the Notification of the Capital Market Supervisory Board concerning regulations in respect of an entering into connected transaction mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of 1 year prior to the date on which such a business relationship with the person commences;

5. Neither being nor having been an auditor of the Bank, subsidiary company, associated company, major shareholder or controlling person, and not being a substantial shareholder, controlling person, or partner of an audit firm which employs auditors of the Bank, subsidiary company, associated company, major shareholder or controlling person unless the foregoing relationship has ended for more than 2 years;

6. Neither being nor having been any professional adviser including legal adviser or financial adviser who receives an annual service fee exceeding Baht 2 million from the Bank, subsidiary company, associated company, major shareholder or controlling person, and not being a substantial shareholder, controlling person, or partner of the professional adviser, unless the foregoing relationship has ended for more than 2 years;

7. Not being a director who has been appointed as a representative of the Bank's director, major shareholder, or shareholder related to the major shareholder;

8. Not undertaking any business the nature of which is the same as that of the Bank or subsidiary company and which, in any material respect, is competitive with business of the Bank or subsidiary company, or not being a substantial partner in the partnership, a director who is involved in management, an employee, a staff member, an adviser who receives a regular salary, or a shareholder holding more than 1 percent of shares with voting rights of a company undertaking any business the nature of which is the same as that of the Bank or subsidiary company and which, in any material respect, is competitive with business of the Bank or subsidiary company;

9. Not having any characteristics that prohibit the expression of independent opinion towards the Bank's business undertakings.

The previous directorial records as an independent director to be brought up for consideration shall comply with the above criteria, except under exemption in accordance with the Notification of the Capital Market Supervisory Board.

Since 2019, no independent director has had a business relationship with, or has acted as a professional adviser for the Bank, a subsidiary company, an associated company, a major shareholder, or a controlling person.

Term of Office

The term of office for directors has been established clearly in the Articles of Association, Board of Directors Charter and the Corporate Governance Policy of the Bank. At each General Meeting of Shareholders, one-third of the directors – or the number nearest to one-third if the number is not a multiple of three – must retire from office. The directors who have been in office the longest retire first. If there is any disagreement as to who shall retire, it shall be decided by drawing lots. Retiring directors may be re-elected. The directors shall not exceed the age limit of 72 years old, and independent directors shall hold their positions for no more than 9 consecutive years.

The term of office of directors of the Board Committees, i.e., Audit Committee, Corporate Governance Committee, Human Resources and Remuneration Committee, and Risk Oversight Committee shall be in accordance with directorship term at the Bank.

Directorship of Directors, Chief Executive Officer, Presidents and Executives in Other Companies

The Board of Directors established guidelines that the Bank's directors, Chief Executive Officer, Presidents and executives may hold a directorship in no more than 5 listed companies. They shall not hold the position of chairman, executive director, or director with signatory authority in more than 3 other business groups, in conformity with the criteria of the Bank of Thailand and the Stock Exchange of Thailand. The reporting system for holding the position of director in other companies has been setup, whereby the Bank's directors are required to confirm information of being a director in other companies with the Office of Corporate Secretary at the end of every month for record. For high-ranking executives, they are required to directly report such information via the system at the end of every month. Details of directorships held by the Bank's directors, Chief Executive Officer, Presidents and executives in other companies are reported in the Annual Report under the heading: **Board of Directors and Executives, as well as Directorship of Directors and Executives in Subsidiaries, Associated Companies, Joint Venture and Related Companies.**

At present, no executive director holds a directorship in other listed companies. Neither director nor executive of the Bank holds a directorship in more than 3 listed companies. None is in the position of chairman, executive director or director with signatory authority in excess of 3 other business groups.

Holding of the Chairman of the Board and the Chief Executive Officer Positions

The Chairman of the Board can be either an executive or a non-executive director, and the Chairman of the Board and Chief Executive Officer can be one and the same person. The Chief Executive Officer and the President can also be one and the same person. The Board of Directors shall appoint the Independent Directors Committee, and an independent director as Lead Independent Director, under recommendation by independent directors, in order to maintain a check-and-balance between the Board and the management.

At present, Mr. Banthoon Lamsam is the Chairman of the Board and Chief Executive Officer. More than half of the members of Board of Directors are independent directors, and the Board of Directors has established the Independent Directors Committee, chaired by Lead Independent Director – Ms. Kobkarn Wattanavrangkul and engaged in delivering recommendations and opinions on important issues in order to maintain a balance between the Board of Directors and the management, and to protect the interests of all stakeholders.

The Board of Directors Meeting No. 9/2019, held on September 26, 2019 passed a resolution in agreement with a recommendation by the Human Resources and Remuneration Committee to appoint Ms. Kattiya Indaravijaya, Director and President, as Director and Chief Executive Officer of the Bank to succeed Mr. Banthoon Lamsam, which shall take effect on the day after the General Meeting of Shareholders 2020.

Roles and Responsibilities of the Chief Executive Officer and the President

The Chief Executive Officer and the President shall have the responsibility of managing and conducting the Bank's business as designated by the Board of Directors, manage the Bank's business according to set policies and plans, and under the authorization delegated by the Board of Directors as well as the Bank's delegated operating authority.

5.2 Board of Directors

Mr. Banyong Lamsam is Honorary Chairman of the Bank.

As of December 31, 2019, the Bank's Board of Directors had 18 members, as follows:

Name	Position	Director Type
1. Mr. Banthoon Lamsam	Chairman of the Board and Chief Executive Officer	Executive Director
2. Ms. Kobkarn Wattanavrangkul	Vice Chairperson and Lead Independent Director	Independent Director
3. Ms. Sujitpan Lamsam	Vice Chairperson	Non-Executive Director
4. Mr. Predee Daochai	President	Executive Director
5. Ms. Kattiya Indaravijaya	President	Executive Director
6. Mr. Pipit Aneaknithi	President	Executive Director
7. Mr. Patchara Samalapa	President	Executive Director
8. Dr. Abhijai Chandrasen	Director and Legal Adviser	Non-Executive Director
9. Sqn.Ldr. Nalinee Paiboon, M.D.	Director	Independent Director
10. Mr. Saravoot Yoovidhya	Director	Independent Director
11. Dr. Piyasvasti Amranand	Director	Independent Director
12. Mr. Kalin Sarasin	Director	Independent Director
13. Ms. Puntip Surathin	Director	Independent Director
14. Mr. Wiboon Khusakul	Director	Independent Director
15. Ms. Suphajee Suthumpun	Director	Independent Director
16. Mr. Sara Lamsam	Director	Non-Executive Director
17. Mr. Chanin Donavanik	Director	Independent Director
18. Ms. Jainnisa Kuvinichkul	Director	Independent Director

Authorities, Duties and Responsibilities of the Board of Directors

The Board of Directors is accountable to the Bank's shareholders. Each director represents all shareholders and takes part in supervisory and regulatory functions in the Bank's operations, in an independent and impartial manner, for the benefit of all shareholders and other stakeholders.

The Board has duties and responsibilities designated in the Board of Directors Charter as follows:

1. Supervising and managing the Bank so that it is in accordance with the law and the Bank's objectives, the Articles of Association and the resolutions of shareholders meetings.

2. Approving the Vision, Mission, Core Values, and Statement of Business Conduct.

3. Reviewing and discussing the management's proposed strategic options and approving major decisions with respect to KASIKORNBANK FINANCIAL CONGLOMERATE direction and policies. The Board also reviews and approves the Annual Business Plan, Capital Expenditure Budget, and performance goals proposed by the management.

4. Monitoring the Bank's performance and progress towards achieving set objectives, as well as compliance with the laws, regulations and related policies.

5. Supervising and reviewing the balance between the Bank's short-term and long-term objectives.

6. Ensuring that the Bank shall vest authority in the Chief Executive Officer or the President to initiate, commit and approve payments for expenditures approved in the Capital Expenditure Budget and other budgets approved by the Board for the purpose of the special projects. The Board shall also review and approve any credit proposal beyond the established limits of the delegated lending authority.

7. Reviewing and approving human resources policies, management development plans, and remuneration policies. The Board shall seek and nominate successors to the Chief Executive Officer and the President, appraise their performance and ensure that effective performance assessments are undertaken for Bank executives.

8. Ensuring the existence of an effective internal control system and appropriate risk management framework.

9. Ensuring an effective audit system executed by both internal and external auditors.

10. Approving quarterly, semi-annual and annual financial reports; ensuring that reports are prepared under generally accepted accounting standards.

11. Formulating or approving sound risk governance framework and overseeing the instillation of risk-based organizational culture.

12. Ensuring capital adequacy, including an appropriate capital assessment process, for present and future business.

13. Ensuring that the Bank has a proper system in place to communicate effectively with all stakeholders and the public.

The following activities require approval of the Board of Directors:

1. Issues related to the Bank policies.

2. Issues likely to cause significant changes in the Bank's business.

3. Issues involving regulatory compliance of the Board of Directors.

4. Issues involving the Bank's established regulations.

5. Issues considered by the Management Committee as appropriate for approval by the Board of Directors on a case-by-case basis, or under the criteria designated by the Board of Directors, such as credit underwriting, etc.

Authorities, Duties and Responsibilities of the Chairman of the Board:

1. Summoning the meetings of the Board of Directors and supervising the delivery of meeting notices and related documents so as to ensure that the Board of Directors acquire adequate and timely information;

2. Presiding over the Board of Directors meeting;

3. Promoting Corporate Governance standards of the Board of Directors;

4. Presiding over the Shareholders meeting and conducting the meeting in compliance with the Bank's Articles of Association and following the sequence of the agenda;

5. Supervising efficient communications between the directors and shareholders;

6. Performing the duty specified by law as the duty to be performed by the Chairman.

Nomination of Directors

The Bank established the Human Resources and Remuneration Committee to select and review candidates nominated to the position of director under director nomination policy, taking into consideration, appropriate composition and size, and diversity policy of the Board, i.e. gender, race, nationality, age, skills, knowledge, expertise, experience and independence (Board Skill Matrix), which must also conform to regulatory statutes, the Bank's Articles of Association, and the Statement of Corporate Governance Principles. Moreover, the Human Resources and Remuneration Committee revised the criteria and methods of director nomination on an annual basis, and took into consideration to seek directors in alignment with the Bank's strategies of business operations and sustainable development, using the information in the director pool database. Selection guidelines include:

1. Considering qualified persons, not having characteristics prohibiting them from holding a directorship in a financial institution, per the criteria of the Bank of Thailand, Office of the Securities and Exchange Commission, Capital Market Supervisory Board, and other related agencies.

2. Reviewing their qualifications based on the Qualifications of Financial Institution Directors questionnaire, and in accordance with related laws.

3. Ensuring that candidates have the qualifications, skills, knowledge, and experience defined by the Bank.

The Human Resources and Remuneration Committee shall consider performances of the directors who are due to retire by rotation, to be nominated for re-election as a director for another term.

The Bank gives shareholders the opportunity to propose candidates for consideration and election to such positions in the General Meeting of Shareholders, according to specified criteria and procedures. The Human Resources and Remuneration Committee may propose to the Board of Directors to set up an ad hoc committee comprising the Bank's Directors or external personnel to handle the director nomination procedure. If there is no suitable candidate, the nomination procedure will be resumed to find new qualified candidates. For the nomination of independent directors, the Human Resources and Remuneration Committee will consider qualified candidates who do not have characteristics prohibiting them from holding such positions as prescribed by the regulations of the Bank of Thailand and other regulatory agencies. Qualified candidates will be recommended to the Board of Directors for consideration and submitted for concurrence to the Bank of Thailand before being proposed to the General Meeting of Shareholders for individual election, in the case of election of director retiring by rotation and appointment of new director.

After the Board of Directors resolves to endorse the proposal, the Office of Corporate Secretary proceeds to ask for the Bank of Thailand's concurrence, in either electing a director retiring by rotation or a new director, or a director as replacement for a vacancy. If the Bank of Thailand does not concur with the proposal, the Human Resources and Remuneration Committee shall resume the nomination process.

After the shareholders meeting has passed a resolution to elect a director, in the case of appointment retiring by rotation or a new director or in the case of the Bank of Thailand concurring with a proposal to appoint a vacancy replacement before the end of a term, the Office of Corporate Secretary shall register the change of director and report to related official agencies within the defined period of time.

In 2019, the Human Resources and Remuneration Committee conducted director nomination, received the list of nominated persons and used the Director Pool as part of their consideration. Nomination was in line with the Bank's Customer Centricity strategy and in support of new business opportunities. Directors must possess experiences that are beneficial for the Bank's business undertaking and comply with the policy to promote diversity in the Board of Directors. Ms. Jainnisa Kuvinichkul was deemed as having excellent knowledge and experience in business management, and the General Meeting of Shareholders resolved to appoint Ms. Jainnisa Kuvinichkul as a director.

Appointment and Removal of Directors

1. The Bank's shareholders meeting shall appoint not less than 7 and not more than 18 directors; not fewer than half of all directors shall reside in the Kingdom of Thailand and not fewer than three-fourths of all directors shall be of Thai nationality. A director may or may not be a shareholder. Directors shall be elected by the meeting of shareholders in accordance with the following rules and procedures:
    1) Directors shall be elected individually.
    2) Each shareholder shall have one vote per share held.
    3) Each shareholder shall use all of his/her votes in the election of directors.
    4) Persons receiving the highest number of approving votes among all candidates are to be elected in respective order, not exceeding the number of positions to be filled at that meeting.
    5) In the event of a tied vote on the last in the order of director positions to be filled, the Chairman of the meeting shall have the deciding vote.
2. At each General Meeting of Shareholders, one-third of the directors – or the number nearest to one-third if the number is not a multiple of three – must retire from office. The directors who have been in office the longest shall retire first. If there is disagreement as to who should retire, it shall be decided by drawing lots. Retiring directors may be re-elected.
3. Any director who passes away, or tenders his/her resignation prior to completion of his/her term, or is resolved to be removed by a meeting, or is ordered by the Court to resign, or whose qualifications fall short of the criteria and prerequisites specified, shall be removed from office.
4. If a vacancy in the Board of Directors occurs for reasons other than the expiration of the director's term of office, the remaining Board members shall elect a person with the proper qualifications, and no prohibited characteristics, as a replacement director at the next meeting of the Board of Directors, unless the remaining term of office of said director is less than 2 months. Such a resolution by the Board of Directors shall require not less than three-fourths of the remaining directors' votes for approval. The replacement director shall hold office only for the remaining term of the director whom he or she is replacing.

Empowerment by the Board of Directors

The directors may approve the empowerment of executive authority to the Bank's Chief Executive Officer or Presidents to act legally on behalf of the Bank in conducting transactions up to the specified limit. Such executives may delegate this authority to a Bank employee to act on behalf of the Bank within the limits of each employee's responsibility. For transactions over the specified limit, the Board shall review and approve the limit of such transactions on a case-by-case basis.

Board of Directors Meetings

The Board of Directors holds monthly meetings and schedules the meeting dates and agenda items in advance at the beginning of each year. The meetings are normally scheduled for the last Thursday of every month. Additional meetings may be held as deemed appropriate. The Corporate Secretary arranges for notices of board meetings, agenda, and related documents containing complete information to be delivered to each director at least 7 days in advance, except in urgent cases, to allow sufficient time for the directors to study the matters at hand. Each director may ask for additional information or access to necessary information from the Corporate Secretary and is free to propose agenda items. The agenda for board meetings shall be categorized clearly and include agenda items designed to monitor the operating results of the Bank on a regular basis. The designation of the agenda must undergo the consideration of the Chairman of the Board and Chief Executive Officer and Presidents. All directors are expected to attend every meeting, or no less than 75 percent of the Board of Directors meetings held each year; except in extenuating circumstances, they should attend at least half of the board meetings held each year. The Board assigns the management to report the Bank's business operations to the Board of Directors for acknowledgment every month.

During the meeting, the Chairman will allocate sufficient time for discussion and allow directors to freely express their opinions, including corporate governance issues. Pertinent executives of the Bank shall be invited to attend the meeting to provide related information and to directly acknowledge related policies to ensure efficient implementation. As for directors unable to attend the meeting in person, the Bank has provided a telecommunication system, according to the criteria and methods as specified by the laws, and a presentation system via WebEx application. Each agenda item and its resolution are recorded in writing, and the minutes of the meeting which have been affirmed by the Board together with related documents are systematically filed for examination and reference by the Board, or others concerned. Directors may request independent professional advice, as appropriate, at the Bank's expense.

Moreover, the Board has established that non-executive directors shall conduct at least one meeting annually without the participation of the management, to offer them the opportunity to discuss problems related to the business of the Bank or any other concerns, and evaluate the performance of the Chief Executive Officer and Presidents. The outcome of such meetings shall be reported to the Chief Executive Officer and Presidents.

In 2019, the Board held a total of 12 board meetings; in addition, 1 non-executive directors meeting was held in August. Details of each director's attendance appear under the heading: **Meeting Attendance of the Board, Independent Directors Committee and Board Committees in 2019**.

Advisory Council to the Board of Directors

The Board of Directors appointed several qualified persons to act as Advisory Council to the Board of the Directors as of December 31, 2019, including:

1. Mr. Sukri Kaocharern
2. Mr. Somchai Bulsook
3. Ms. Elizabeth Sam
4. Mr. Hiroshi Ota
5. Professor Dr. Yongyuth Yuthavong
6. Professor Dr. Pairash Thajchayapong
7. Professor Khunying Suchada Kiranandana

Roles and Mission of the Advisory Council to the Board of Directors

Roles and responsibilities of the Advisory Council to the Board of Directors are to make recommendations to the Board of Directors in matters assigned by the Board of Directors.

5.3 Independent Directors Committee

The Board of Directors approved the appointment of the Independent Directors Committee on January 31, 2013. Its role is to oversee the Bank's overall interests, ensure fair benefits for each shareholder, maintain checks and balances between the Board of Directors and the management, and protect shareholders' rights by offering recommendations and views on significant matters beneficial to the Bank, investors and minor shareholders, with independence, transparency and freedom from involvement in any interest. This will assist the Board of Directors in performing with greater efficiency and effectiveness. Members shall have a term of office per their term as members of the Board of Directors. The Committee comprises all of the Bank's independent directors. As of December 31, 2019, the Committee had 10 independent directors, as follows:

1. Ms. Kobkarn Wattanavrangkul
   Lead Independent Director
2. Sqn.Ldr. Nalinee Paiboon, M.D.
   Member
3. Mr. Saravoot Yoovidhya
   Member
4. Dr. Piyasvasti Amranand
   Member
5. Mr. Kalin Sarasin
   Member
6. Ms. Puntip Surathin
   Member
7. Mr. Wiboon Khusakul
   Member
8. Ms. Suphajee Suthumpun
   Member
9. Mr. Chanin Donavanik
   Member
10. Ms. Jainnisa Kuvinichkul
    Member

The Independent Directors Committee holds meetings at least once a quarter. In 2019, the Committee held a total of 11 meetings and reported all meeting minutes to the Board of Directors.

Authorities, Duties and Responsibilities of the Independent Directors Committee

The Independent Directors Committee has duties and responsibilities mandated in the Independent Directors Committee Charter approved by the Board of Directors, as follows:

1. Expressing an opinion or providing notes or queries in the Board of Directors Meeting with independence and freedom from involvement in any interest, to ensure that any decision is for the Bank's benefit and does not affect the rights of shareholders, especially minor shareholders and other stakeholders.

In case independent directors have a different opinion or other remarks, independent directors shall request that their views be recorded in the meeting minutes. In case the independent directors cannot attend the meeting and disagree with any agenda, a letter of notification shall be submitted to the Chairman of the Board within 3 days from the date of the meeting.

2. Providing advice or commenting on important matters under the Board of Directors' authority including major investment projects, credit policy, information technology, credit underwriting and approval, and lending transactions authorized by the Bank.
3. Recommending agenda items wherein matters are crucial and in need of the Board of Directors' consideration, which have not yet been added to the Board of Directors Meeting agenda.
4. Performing other duties assigned by the Board of Directors.

Authorities, Duties and Responsibilities of the Lead Independent Director

1. Acting as Chairman of the Independent Directors Committee Meeting.
2. Acting as Chairman of the Non-Executive Directors Meeting held once a year.
3. Acting as the leader who integrates diverse opinions and notes made by the Independent Directors Committee for submission to the Board of Directors.
4. Coordinating communications between shareholders and the Independent Directors Committee.
5. Being responsible for specific operations needing to be conducted by the independent directors.

5.4 Board Committees

The Board of Directors has appointed directors who have suitable knowledge and skills to act as members of Board Committees, with the specific duty to study and pre-screen matters that need prudent attention prior to submission to the Board of Directors. Board Committees include the Audit Committee, Corporate Governance Committee, Human Resources and Remuneration Committee, and Risk Oversight Committee. The Board has also established a Management Committee to manage and operate the Bank's business as defined by the Board. In addition, directors may be appointed Advisers to the Management Committee, with the duty to provide expert consultation as deemed appropriate by the Board.

1. Audit Committee

The Board of Directors approved the appointment of the Audit Committee in 1998, with the Committee having at least 3 independent members and each member having a term of office in accordance with directorship term at the Bank. Each member is fully qualified in accordance with the qualifications prescribed by the Securities and Exchange Commission, the Capital Market Supervisory Board, and the Bank of Thailand. As of December 31, 2019, the Committee had 4 independent directors as follows:

1. Dr. Piyasvasti Amranand
   Chairman
2. Ms. Puntip Surathin
   Member
3. Mr. Saravoot Yoovidhya
   Member
4. Ms. Suphajee Suthumpun
   Member

Ms. Puntip Surathin and Ms. Suphajee Suthumpun have adequate expertise and experience to audit the credibility of the financial statements.

The Audit Committee holds at least 6 meetings per year and reviews operations regularly per its charter. In 2019, the Committee held a total of 12 meetings and reported all meeting minutes to the Board of Directors.

Authorities of the Audit Committee

The Audit Committee shall have authority to obtain independent professional opinions or advices for the matters related to its duties and responsibilities, as necessary, at the Bank's expense.

The Audit Committee shall also have authority to access to any information it requires and to request a meeting with management, employees or external parties, as appropriate.

Duties and Responsibilities of the Audit Committee

The Audit Committee has duties and responsibilities mandated in the Audit Committee Charter and approved by the Board of Directors, as follows:

1. Reviewing financial reports on a quarterly, semi-annual, and annual basis, including taxation risk management with management and the external auditor of the Bank in order to ensure that the financial reports are accurate, sufficient and reliable, and in compliance with financial reporting standards and regulatory requirements.

2. Reviewing the effectiveness and appropriateness of risk management processes with the Risk Management Unit, in consultation with internal and external auditors.

3. Overseeing the effectiveness and independence of risk asset review function.

4. Reviewing the Bank's operations to see that they are in compliance with Securities and Exchange Acts, SET regulations and standards or laws and regulations pertaining to commercial banking business.

5. Reviewing reports of the internal auditors on the effectiveness and efficiency of risk management, internal control system and governance; discussing with the internal auditors about audit findings; and reviewing the implementation per recommendations of the internal auditors, external auditor, and regulators.

6. Reviewing the effectiveness of the internal audit function by reviewing and approving Internal Audit Charter, annual audit plan and significant changes of the approved plan; considering its independence and sufficiency of necessary resources; and concurring in the appointment, transfer, dismissal as well as evaluating performance of the Internal Audit Head.

7. Considering the qualifications, independence, performance and proposed audit fee of the external auditor and recommending the appointment and termination of the external auditor, including audit fee arrangement to the Board of Directors; and holding at least one meeting a year with the external auditor without the presence of management.

8. Considering the Bank's policy and procedures in relation to non-audit services provided by the audit firm of the external auditor and giving consent to the engagement of such service to ensure that it will not impair the independence of the external auditor.

9. Evaluating the connected transactions, or transactions with possible conflicts of interest in relation to compliance with the laws and regulatory requirements, in order to ensure transparency of those transactions.

10. Considering the disclosure of information on connected transactions, conflicts of interest or certain Bank operations that can produce significant effects to ensure transparency and appropriateness.

11. Ensuring that preliminary investigation is carried out after receiving the external auditor's report on suspicious of fraud or violation of laws by the Bank's board members and management. The Audit Committee shall report the results of such investigation to the Securities and Exchange Commission and the external auditor within 30 days from the date they are notified by the external auditor.

12. Overseeing and receiving complaint or information submitted directly by stakeholders for attention of the Board of Directors and the whistle-blowing through Internal Audit channel.

13. Reviewing the effectiveness of the internal control system and reviewing the validity of self-assessment results in compliance with the anti-corruption policy.

14. Reporting to the Board of Directors when there is information about the material weaknesses of internal control and overseeing immediate remediation of internal control weaknesses.

15. Submitting minutes of each Audit Committee Meeting to the Board of Directors, and preparing the annual Audit Committee Report, signed by the Audit Committee Chairman, summarizing the year's activities and giving information or data specified by the Stock Exchange of Thailand for disclosure in the annual report of the Bank.

16. Reviewing the Audit Committee Charter at least once a year to appropriately cover its duties and responsibilities and proposing any necessary amendments to the Board of Directors for consideration.

17. Annually conducting its performance assessment relatively to the Audit Committee's purpose, duties and responsibilities and reporting the performance assessment to the Board of Directors.

18. Performing other duties per regulatory requirements or assignment of the Board of Directors, as agreed by the Audit Committee.

2. Corporate Governance Committee

The Board of Directors approved the appointment of the Corporate Governance Committee in 2002, with the Committee having not less than 3 members and each member having a term of office in accordance with directorship term at the Bank. As of December 31, 2019, the Committee had 4 members, comprising 3 independent directors and 1 non-executive director, as follows:

1. Sqn.Ldr. Nalinee Paiboon, M.D.
   Chairperson
2. Mr. Wiboon Khusakul
   Member
3. Mr. Sara Lamsam
   Member
4. Mr. Chanin Donavanik
   Member

The Corporate Governance Committee holds at least 4 meetings each year. In 2019, the Committee held 5 meetings and reported all meeting minutes to the Board of Directors.

Authorities, Duties and Responsibilities of the Corporate Governance Committee

The Corporate Governance Committee has duties and responsibilities mandated in the Corporate Governance Committee Charter and approved by the Board of Directors, as follows:

1. Establishing the principles and best practices for effective corporate governance appropriate to the Bank.
2. Developing and disseminating the principles and best practices of good corporate governance.
3. Formulating the Statement of Business Conduct and the Code of Conduct of the Bank's employees, and disseminating these codes as practical guidelines to all concerned.
4. Developing and formulating plans for review of corporate governance compliance.
5. Reviewing announcements concerning good corporate governance to summarize and present in the Bank's reports.
6. Recommending the Code of Best Practices for the Board of Directors or proposing guidelines for the Board of Directors Charter and all other Board Committee Charters.
7. Recommending the Statement of Business Conduct and the Code of Conduct of management and Bank personnel.
8. Reviewing corporate governance guidelines and corporate governance practice to ensure consistency and compatibility with the Bank's business.
9. Reviewing and proposing public announcements related to corporate governance issues.
10. Supervising the Bank's sustainable development undertakings.
11. Reviewing and reporting to the Board of Directors matters related to corporate governance and sustainable development of the Bank, giving opinions on practical guidelines and recommending amendments as deemed appropriate.
12. Ensuring effective practice of corporate governance principles and sustainable development in the Bank.
13. Overseeing the good corporate governance of KASIKORNBANK FINANCIAL CONGLOMERATE.

3. Human Resources and Remuneration Committee

The Board of Directors approved the appointment of the Human Resources and Remuneration Committee in 2002, with each member having a term of office in accordance with directorship term at the Bank. The Committee comprises at least 3 independent or non-executive directors. As of December 31, 2019, the Committee had 3 members, comprising 2 independent directors and 1 non-executive director, as follows:

1. Ms. Kobkarn Wattanavrangkul
   Chairperson
2. Dr. Abhijai Chandrasen
   Member
3. Mr. Kalin Sarasin
   Member

The Human Resources and Remuneration Committee holds at least 3 meetings each year. In 2019, the Committee held 9 meetings and reported all meeting minutes to the Board of Directors.

Authorities, Duties and Responsibilities of the Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee has duties and responsibilities mandated by the Human Resources and Remuneration Committee Charter and approved by the Board of Directors, as follows:

1. Reviewing and making recommendations on the proposals of the Chief Executive Officer and/or the President relating to human resources policies for the Board of Directors' approval, to ensure that proposals are aligned with the Bank's business strategies.
2. Ensuring a succession plan for senior management in important positions and occasionally reviewing a list of candidates entitled to consideration.
3. Reviewing the remuneration strategy and proposing improvements for the Board's endorsement, in order to retain highly qualified personnel, as well as reviewing the salaries and benefits to senior management.

4. Establishing terms and conditions of employment contracts of the Chief Executive Officer and the President, including their remuneration, as well as seeking and recommending qualified successors to the Board for the positions of Chief Executive Officer and President, when considered necessary.

5. Reviewing the composition, size, diversity, and remuneration of the Board of Directors on a regular basis, as well as making recommendations on the selection of candidates with proper qualifications for the position of director prior to submission to the General Meeting of Shareholders for approval.

6. Overseeing the formulation of policy, criteria and procedure for the nomination and payment of remunerations and benefits to directors and senior management of companies within financial business group.

7. Discussing with the Risk Oversight Committee about a remuneration policy that reflects major risks of financial institutions.

Nomination of Management

The Human Resources and Remuneration Committee is responsible for nominating, selecting and reviewing qualified candidates. In cooperation with the Chief Executive Officer or the Presidents, the Human Resources and Remuneration Committee is also tasked with considering such criteria to be proposed to the Board of Directors for endorsement before submitting to the Bank of Thailand for concurrence for appointments to the Bank's management at the level of First Senior Vice President and above, or an equivalent position under a different name. For the appointment of executives ranked below First Senior Vice President, Division Heads and the Human Resource Management Department shall prepare a list of qualified candidates to be nominated before submission for further consideration and approval by the Chief Executive Officer or the Presidents.



4. Risk Oversight Committee

The Board of Directors approved the establishment of the Risk Oversight Committee on September 27, 2018. Each member who is a Bank director has a term of office in accordance with directorship term at the Bank. For member who is an executive, his/her term of office is subject to the Board of Directors' resolution. The Committee must comprise at least 3 members. As of December 31, 2019, the Committee had 9 members, comprising 5 independent directors, 1 non-executive director, 2 executive directors and 1 executive, namely:

1. Ms. Kobkarn Wattanavrangkul
   Chairperson
2. Ms. Sujitpan Lamsam
   Member
3. Dr. Piyasvasti Amranand
   Member
4. Ms. Puntip Surathin
   Member
5. Ms. Suphajee Suthumpun
   Member
6. Ms. Jainnisa Kuvinichkul
   Member
7. Mr. Predee Daochai
   Member
8. Mr. Pipit Aneaknithi
   Member
9. Mr. Ruangroj Poonpol
   Member

The Risk Oversight Committee meets at least once each quarter. In 2019, the Committee held 4 meetings and reported all meeting minutes to the Board of Directors.

Authorities, Duties and Responsibilities of the Risk Oversight Committee

The Risk Oversight Committee has duties and responsibilities as mandated in the Risk Oversight Committee Charter and approved by the Board of Directors, as follows:

1. Providing advice for the Bank's Board of Directors related to the risk governance framework of the Financial Conglomerate.

2. Ensuring that the high-ranking executives and head of risk management function adhere to the risk management policies and strategies, as well as risk appetites.

3. Ensuring that the strategies for capital and liquidity management are consistent with the approved risk appetites.

4. Reviewing and examining the adequacy and effectiveness of the overall risk management policies and strategies, including the risk appetites as well as compliance with laws and regulations at least once a year or upon significant changes. Conducting consultation and exchange of opinions with the Audit Committee to assess whether the overall risk management policies and strategies cover all risk types and emerging risks, and to ensure that the overall policies and strategies of risk management and compliance with laws and regulations have been implemented efficiently and effectively.

5. Reporting to the Bank's Board of Directors on risk positions, risk management efficiency, risk culture assessments and significant matters, as well as corrective actions to address any risk policies or risk strategies compliance issues.

6. Participating in the evaluation of the head of risk management and compliance function performance.

7. Performing other duties as determined by the authorities or the Bank's Board of Directors.

5. Advisers to the Management Committee

The Board of Directors may appoint Advisers to the Management Committee, with the duty to give recommendations to the Management Committee, as the Board of Directors deems appropriate, and to ensure efficiency in the Bank's management and operations.

6. Management Committee

The Board of Directors and the 88th General Meeting of Shareholders, on April 4, 2000, approved the appointment of the Management Committee. The Committee consists of the Chief Executive Officer, Presidents, officials and persons that the Board of Directors deems appropriate. As of December 31, 2019, the Committee comprised 6 members, namely:

1. Mr. Banthoon Lamsam
   Chairman
2. Mr. Predee Daochai
   Member
3. Ms. Kattiya Indaravijaya
   Member
4. Mr. Pipit Aneaknithi
   Member
5. Mr. Patchara Samalapa
   Member
6. Mr. Ruangroj Poonpol
   Member

The Management Committee shall hold at least one meeting a month, except when there is compelling reason or when there is no required meeting agenda or other justifiable reason. In 2019, the Management Committee held 11 meetings and reported all meeting minutes to the Board of Directors every month.

Authorities, Duties and Responsibilities of the Management Committee

The Management Committee has duties and responsibilities as mandated in the Management Committee Charter and approved by the Board of Directors, as follows:

1. Managing and conducting the Bank's business as designated by the Board of Directors, or under specific assignment by the Board of Directors.

2. Managing the Bank's business according to set policies and plans, and under the authorization delegated by the Board of Directors as well as the Bank's delegated operating authority, to ensure that the Bank's business management can achieve the set target.

3. Considering and approving the roles and duties of the Operating Committee and change in constituents of the Operating Committee.

4. The Management Committee Chairman or persons, assigned by the Chairman, shall report business activities undertaken by the Management Committee to the Board of Directors for acknowledgment. However, policy-related issues of the Bank, or issues likely to cause significant changes in the Bank's business, or certain issues requiring action by the Board of Directors of the Bank in compliance with laws, or the Bank's rules and regulations, or issues the Management Committee considers appropriate for approval by the Board of Directors on a case by case basis, or under the criteria designated by the Board of Directors. Such activities require prior approval by the Board of Directors.

Meeting Attendance of the Board, Independent Directors Committee and Board Committees in 2019

(Number of Meetings)

Board Members	Board of Directors (Total 12 meetings)	Non-Executive Directors (Total 1 meeting)	Independent Directors Committee (Total 11 meetings)	Audit Committee (Total 12 meetings)	Corporate Governance Committee (Total 5 meetings)	Human Resources and Remuneration Committee (Total 9 meetings)	Risk Oversight Committee (Total 4 meetings)
Mr. Banthoon Lamsam	12/12						
Ms. Kobkarn Wattanavrangkul	12/12	1/1	11/11			9/9	4/4
Ms. Sujitpan Lamsam	11/12	1/1					3/4
Mr. Predee Daochai [1]	12/12						1/1
Ms. Kattiya Indaravijaya	12/12						
Mr. Pipit Aneaknithi	12/12						4/4
Mr. Patchara Samalapa [2]	10/12						3/3
Dr. Abhijai Chandrasen	12/12	1/1				9/9	
Sqn.Ldr. Nalinee Paiboon, M.D.	12/12	1/1	10/11		5/5		
Mr. Saravoot Yoovidhya	12/12	1/1	11/11	11/12			
Dr. Piyasvasti Amranand	12/12	1/1	10/11	12/12			4/4
Mr. Kalin Sarasin	12/12	1/1	10/11			9/9	
Ms. Puntip Surathin	11/12	1/1	11/11	12/12			4/4
Mr. Wiboon Khusakul	12/12	1/1	10/11		4/5		
Ms. Suphajee Suthumpun	10/12	1/1	10/11	12/12			3/4
Mr. Sara Lamsam	12/12	1/1			5/5		
Mr. Chanin Donavanik	11/12	1/1	9/11		4/5		
Ms. Jainnisa Kuvinichkul [3]	9/9	1/1	8/8				3/3

Remarks:

[1] Mr. Predee Daochai was appointed a member of the Risk Oversight Committee on November 1, 2019.

[2] Mr. Patchara Samalapa vacated office as a member of the Risk Oversight Committee on November 1, 2019.

[3] Ms. Jainnisa Kuvinichkul was appointed a director on April 4, 2019 and a member of the Risk Oversight Committee on May 1, 2019.

- **Number of members on the Board, Independent Directors Committee and Board Committees (As of December 31, 2019):**

The Board of Directors	18	members
Independent Directors Committee	10	members
Audit Committee	4	members
Corporate Governance Committee	4	members
Human Resources and Remuneration Committee	3	members
Risk Oversight Committee	9	members
(8 Board members inclusive)		

- **Details of meeting attendance through teleconferencing to the Board, Independent Directors Committee and Board Committees:**

The Board of Directors	Ms. Kobkarn Wattanavrangkul	1 meeting
	Ms. Sujitpan Lamsam	4 meetings
	Mr. Saravoot Yoovidhya	1 meeting
	Mr. Wiboon Khusakul	1 meeting
Non-Executive Directors	Mr. Saravoot Yoovidhya	1 meeting
Independent Directors Committee	Mr. Kalin Sarasin	2 meetings
Audit Committee	Mr. Saravoot Yoovidhya	1 meeting
Corporate Governance Committee	Mr. Sara Lamsam	1 meeting
Risk Oversight Committee	Mr. Patchara Samalapa	2 meetings

5.5 Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors comprises persons who have knowledge, ability and working experience beneficial to the Bank, and are independent in their decision making. Every year the Board reviews and approves the Vision, Mission, Core Values and strategies. In 2019, the revised Vision and Core Values were approved to ensure that all matters are up-to-date and comply with the Bank's long-term business directions. Also on a yearly basis, the Board of Directors approves strategic directions and policies of KASIKORNBANK FINANCIAL CONGLOMERATE, reviews the annual business plan and budget, and monitors and oversees management in effectively carrying out actions that are in line with the designated policies, corporate strategy and business plans and are in accordance with the rules and regulatory requirements of related government agencies and the resolutions of shareholders meeting. The Board of Directors has assigned the management to report the Bank's operational results to its meetings on a quarterly basis.

Moreover, the Board of Directors ensures the existence of an effective internal control system and appropriate risk management framework, and cooperates with the Bank's management in business undertakings in order to attain the best results. Current and future risks are taken into consideration, in conformity with the Bank's Vision, Statement of Business Conduct, and Statement of Corporate Governance Principles.

Supervision of Subsidiary and Associated Companies

Nomination of directors or executives for K Companies is under the responsibility of Bank units that oversee respective K Companies. Such nomination of Bank executives of the First Senior Vice President level and higher must be approved by the Human Resources and Remuneration Committee and reported to the Board of Directors for acknowledgment. As for Bank executives of lower levels, their nomination must be submitted to the Bank Presidents and approved by the Bank Chief Executive Officer. After approval, the respective companies will be notified for other related proceedings, such as submittal to their board of directors for approval and filing for registration at the Ministry of Commerce. Companies' directors are assigned for drawing up business strategies and policies, supervising the management's operations to attain maximum benefits for the companies, and monitoring the companies' administration to ensure efficient implementation of the companies' strategies and policies, in line with the established goals and plans. In addition, companies' directors must ensure compliance with corporate governance principles and regulations of the Bank, as well as regulatory requirements of the Bank of Thailand, the Securities and Exchange Commission and other related agencies. Before casting any votes on important issues, companies' directors must obtain approval from the companies' board of directors. Besides, the companies have been required by the Bank to set up the regulation in respect of connected transactions corresponding to the Bank, compile and record data of related transactions with the Bank to be incorporated in the financial statements on a timely basis.

Annual audit and review are conducted in accordance with the established plan by the Bank to ensure regulatory compliance of K Companies.

Corporate Governance Policy

KASIKORNBANK places great importance on good corporate governance, believing it to be essential to sustain the Bank's business. The Statement of Corporate Governance Principles has been revised and approved by the Board of Directors. The same principles have been applied to companies within KASIKORNBANK FINANCIAL CONGLOMERATE, as well. The principles are aimed primarily at communicating to all employees, shareholders, and other stakeholders the ultimate goal of the Board of Directors, to act in accordance with the 7 major components of corporate governance:

- Integrity
- Transparency
- Independence
- Responsibility
- Accountability
- Fairness
- Social Responsibility

The content of the Bank's Statement of Corporate Governance Principles covers the structure, composition, roles, duties, and responsibilities of the Board of Directors, Independent Directors Committee and all Board Committees, as well as matters of risk management, internal control systems, supervision for the use of inside information policies, and issues that are likely to involve conflicts of interest and shareholder relationships. Details of the Statement of Corporate Governance Principles can be found under the "Investors" tab on the Bank's website.

The Corporate Governance Policy covers the Bank's Vision, Core Values, Statement of Business Conduct, and the Code of Conduct. This includes the protection of the legitimate rights of shareholders in all groups, who are encouraged to exercise their rights, as reflected in operational guidelines and directions adopted internally that ensure that the Bank has adequately followed the best practices in corporate governance.

In 2019, the Bank assessed operations results according to the Corporate Governance Policy and the review of such policy was proposed to the Board of Directors for consideration so as to ensure compliance with regulatory requirements and best practices.

The Bank encourages everyone in the organization to realize the importance of acting in compliance with the Statement of Corporate Governance Principles by organizing activities to promote continuing and sustainable corporate governance. Emphasis is placed on the maintenance and development of corporate governance, and the promotion of corporate governance as an organizational culture. In 2019, the Bank's activities to promote Corporate Governance were as follows:

- The Bank circulated the Code of Conduct to employees for their acknowledgment.
- The Statement of Corporate Governance Principles, Code of Conduct and Anti-Corruption Policy were three main issues in an orientation class for a new director and executives and through e-Learning activities for new employees.
- Criteria for supervising the use of inside information related to securities and stock futures trading, the KASIKORNBANK Disclosure Policy concerning the prohibition of operating result disclosure were disseminated to directors and employees.
- A no gift policy has been communicated to employees at KBank and companies within KASIKORNBANK FINANCIAL CONGLOMERATE.
- Meetings were held to enhance correct understanding concerning risk management and fraud prevention, internal control, practices in compliance with corporate governance principles, anti-corruption policy and regulatory requirements to companies within KASIKORNBANK FINANCIAL CONGLOMERATE.
- Training course on Corporate Governance, Risk Management and Compliance (GRC) was organized for executives.
- Actions in compliance with the Code of Conduct, Anti-Corruption Policy and the Statement of Corporate Governance Principles were disseminated to employees through a Corporate Governance database set in the electronic network, including bulletin, Corporate Governance Journal and the Bank's closed circuit TV network.
- Communications were conducted on compliance with the Bank's regulations and requirements, and whistle-blowing policy, via the Bank's closed circuit TV network and electronic network.
- Operational guidelines based on "Responsibility, Transparency and Fairness" were communicated by executives for employees' adherence in their performance, based on market conduct that serves as a foundation for sustainable growth and enabling corporate culture cultivation. The communication included (1) Responsibility: Understand requirements and regulations and treat customers fairly, based on market conduct. (2) Transparency: Disclose complete and accurate information regarding benefits, restrictive conditions, exemptions, fees, interest rates, and rights that customers should understand clearly while also presenting options for customers. (3) Fairness: Equitable treatment of all stakeholders and non-exploitation of authority or duty for one's own benefits, while sales must not be attached to any condition.
- The CG Visit Project was implemented for secretaries to the Audit Committee, Human Resources and Remuneration Committee and Risk Oversight Committee to offer consultation, recommendations, and review of compliance with the Statement of Corporate Governance Principles.
- A training course related to the Code of Conduct and Anti-Corruption Policy was organized via KBank e-Learning system to enhance correct understanding and observance among executives and employees in the discharge of their duties. Employees were required to pass an evaluation of their knowledge and understanding after the training.
- Recommendations and knowledge concerning legal issues, regulations, requirements and operational procedures related to corporate governance were provided to directors, executives, department staff and employees of companies within KASIKORNBANK FINANCIAL CONGLOMERATE, while responses were given to all their inquiries.
- The Bank participated in the Anti-Corruption Day (Thailand) 2019.

Statement of Business Conduct and Code of Conduct

The Board of Directors has promoted the establishment of a Statement of Business Conduct and a Code of Conduct for directors and employees. All directors, executives, and employees share common goals in carrying out their designated duties and responsibilities to the Bank and its stakeholders. They perform their duties with integrity, in compliance with the law and the Bank's rules and regulations, based on professional standards and a business approach that is transparent, honest, and fair, for the development of the organization towards attaining international standards. The Statement of Business Conduct and the Code of Conduct have been disseminated via the Bank's website and database.

The Bank adheres to the Statement of Business Conduct, as follows:

1. Aiming to satisfy customers by offering quality products and excellent services.
2. Continually striving for superior performance.
3. Attracting and recruiting people with skills and experience, continually developing human resources, and offering salaries and benefits comparable to other leading companies.
4. Performing as a good corporate citizen, conducting business with impartiality and contributing to social development and environmental preservation.
5. Ensuring fairness for all.
6. Believing in strong ethical standards and carrying out our business with integrity and honesty.
7. Protecting customer confidentiality using professional standards.
8 Being dedicated to carrying out responsibilities in a professional manner.
9. Being responsive to customers' needs.
10. Being committed to discipline in business execution, conforming to related laws and regulations.

Salient points of the Code of Conduct include: (1) principles and guidelines of KBank code of conduct; (2) observance of laws and Bank policies; (3) relations with customers; (4) relations with counterparties; (5) relations with creditors; (6) relations with competitors; (7) relations with communities; (8) relations with employees; (9) advertising and promotion policies; (10) confidentiality; (11) integrity and accuracy of Bank records; (12) avoidance of the use of inside information in securities trading; (13) prevention of conflicts of interest; (14) abstention from bribery and inappropriate incentives; (15) non-involvement in political activities; (16) avoidance of accepting or offering inappropriate gifts and/or benefits; and (17) reporting breaches.

In this Code of Conduct, the Bank has designated the basic principles concerning the execution of duties and compliance with professional standards by directors and employees. Details of the Code of Conduct can be viewed on the Bank's website.

The Bank has identified important rules and practical guidelines that are in accordance with the Code of Conduct, which are detailed and disseminated to employees, and supported the implementation of the Code of Conduct throughout K Companies and P Companies. Operational procedures have been prepared and reviewed in accordance with business and regulatory requirements.

The Corporate Governance Unit, Office of the Corporate Secretary, has reviewed the Code of Conduct in consistence with the best practices, and launched activities to promote ethical behaviors within a culture of good corporate governance. Best practices and actions in line with the Code of Conduct are regularly and efficiently disseminated to all employees. These activities are also reported to the Corporate Governance Committee for acknowledgment.

In addition, the Bank has assigned the Compliance Department to supervise staff compliance with the Code of Conduct to assess effectiveness of operations.

In 2019, the Internal Audit Department conducted an assessment on an understanding of the Code of Conduct with executives and employees at all levels to ensure that they fully understand the intended Code of Conduct and promote sustainable business operations.

Internal Control and Auditing Systems

The Board of Directors and the Bank's management have placed particular emphasis on an efficient internal control system and promotion of an appropriate business culture, recognizing the importance of risk management and the internal control system in every business undertaking of the Bank and companies within KASIKORNBANK FINANCIAL CONGLOMERATE. Internal Control Policy, in compliance with Internal Control – Integrated Framework recently revised by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), was introduced requiring all units to comply with the policy for all business operations and employees' practices to ensure that the goals and objectives of the Bank and companies within KASIKORNBANK FINANCIAL CONGLOMERATE will be met and the operations will be effective and efficient to achieve long-term profitability including maintaining reliable financial and managerial reporting. Such a system can also help to ensure compliance with laws and regulations as well as policies, plans, and internal rules and procedures, and prevent the risk of unexpected losses or damage to assets and reputation of the KASIKORNBANK FINANCIAL CONGLOMERATE.

The Bank demonstrates a commitment to integrity and ethical values to create awareness on the importance of risk management and internal control system. To create an appropriate control environment, executives and employees at all levels have the roles, duties and responsibilities for internal control. In order to achieve so, the Bank established written policies and operational procedures. The Bank's sales and services are based on Market Conduct per the established policies and regulations. Market Conduct Policy and Procedure were implemented to ensure that all staff understand related roles and responsibilities, and there are operational guidelines in place, while also having

an appropriate end-to-end process that meets the regulatory requirements and customers' needs. Moreover, the Bank continued to attach importance to personal data protection. In so doing, an integrated data management was introduced, covering from data collection, access, and usage to disclosure, with the aim of ensuring that data is appropriately protected and consistent with the best practice guidelines and criteria. The Bank has also upgraded our cybersecurity on a regular basis.

The Bank shall ensure the adequacy of staff. Also, training and orientation programs are provided for skill enhancement, accurate practices, and efficient and effective performance are established in a consistence with the business structure and competition in current environment. An operational manual with information on rules and regulations, a professional Code of Conduct, and penalties against disciplinary actions and gross offenses have also been provided to ensure common understanding as well as capabilities that will lead to efficient, transparent and fair operations for the benefit of customers, suppliers and other stakeholders. In addition, in order to strengthen the supervision aspect and to promote a control culture that is consistent at all levels of the organization, the Bank organized a course entitled "Governance, Risk Management and Compliance", which has been incorporated into the executive training course, and e-Learning on "Internal Control" is developed for all staff.

The Bank identifies and analyzes risks to the achievement of its objectives across the Bank, companies within KASIKORNBANK FINANCIAL CONGLOMERATE, departments and functions. Risk Management unit and a clear risk management policy are set up.

Control activities are an integral part of day-to-day operations. Appropriate segregation of duties is embedded to create a proper "check-and-balance" system for operating staff, supervisors, and performance assessment. Any possible conflict of interest is identified and subject to careful monitoring, in accordance with regulatory requirements and the Bank's regulations.

Information systems have continuously been upgraded to provide accurate, up-to-date, and adequate information for timely decision-making by the management and the Board of Directors. Information systems include the financial data, as well as operational and compliance data, to monitor the effectiveness of the internal control system for prompt corrective action against significant deficiencies. The Bank also provides varied and effective communication channels to ensure that all executives and employees understand and adhere to the policies and procedures affecting their duties and responsibilities and to receive useful information for business undertaking or recommendations from external stakeholders such as customers, counterparties and regulators.

The Bank establishes monitoring activities, both ongoing monitoring and separate evaluations, to ascertain whether the internal control is present and functioning as designed that contributes to the mitigation of risks at different periods. The internal control deficiencies will be communicated to responsible persons and serious matters will be reported to the Board of Directors, Audit Committee and/or executives in a timely manner.

Recognizing the importance of its roles and responsibilities towards Corporate Governance, the Board oversees that the Bank is equipped with appropriate and effective systems of risk management, internal control, internal auditing and governance. The Audit Committee, comprising independent directors, has been assigned to review the effectiveness and appropriateness of such processes, and to consider important audit results of the Internal Audit Department, the Bank of Thailand and other regulatory agencies, as well as acknowledging risk reports including emerging risk and new threats in Thailand and other countries, and action against those risks. The Bank's management is responsible for managing tasks and activities, and monitoring the operations of employees at all levels with regard to risk management, including the effectiveness of internal control system, and compliance with laws, regulations and related policies. The Board is of the view that the Bank has maintained an effective internal control system at an adequate and appropriate level of protection.

Internal auditing is conducted by the Internal Audit Department which is independent in its tasks and reports directly to the Audit Committee. The audit is risk-based and aimed at assessing the adequacy and effectiveness of the risk management and internal control system, the efficiency of resource management, the accuracy and reliability of information, and compliance with regulatory requirements, the Bank's operational procedures, and the Statement of Business Conduct. Audit plan is continuously reviewed and revised so as to appropriately respond to emerging risks, such as cyber risk. The Internal Audit Department has steadily applied the principles of Continuous Audit, Integrated Audit and Data Analytics in its operations. In addition, preparations have been made to audit new technologies, such as blockchain, biometrics and AI/ML by developing audit guideline for those particular technologies. Internal auditors have been encouraged to acquire new knowledge and skills in areas of technology and financial innovation to brace for the digital banking age. Moreover, the Internal Audit Department provides consulting services to the audited units, in accordance with the nature and scope of task

as agreed upon by both parties, with the objective of increasing the value and improving the operations of the KASIKORNBANK FINANCIAL CONGLOMERATE. In 2019, the Internal Audit Department developed methods to assess Risk Culture, as part of the effort to improve the Bank's supervision process. An assessment on an understanding about the Code of Conduct was also conducted on executives and employees at all levels to ensure that they understand the intended Code of Conduct. The Internal Audit Department acts in conformance with the International Standards for the Professional Practice of Internal Auditing. The Department constantly evaluates and improves the quality of its work as measured against the generally accepted international auditing standards. In addition, there is an external assessment by independent auditors every 5 years.

The Internal Audit Department, which is an independent unit, has also been assigned as another whistle-blowing reporting channel. This ensures that the Bank has a transparent and fair whistle-blowing process and complies with good corporate governance standards. The Audit Committee resolved to appoint Mr. Surasak Dudsdeemaytha as Internal Audit Head, in view of his suitable knowledge, qualifications and experience to perform this function.

The Compliance Department is tasked with ensuring that our operations are in compliance with the regulatory requirements and regulations of KBank. It is also required to devise policies and procedures in alignment with the regulatory requirements, communicate regulatory requirements to the relevant employees, provide consultation concerning the regulatory requirements, monitor and review regulatory compliance, and report it to high-level executives, the Risk Oversight Committee or the Board of Directors. Mr. Phaisarn Vorasetsiri is the Compliance Head.

Risk Management

The Risk Oversight Committee is responsible for overseeing the overall risk management of the KASIKORNBANK FINANCIAL CONGLOMERATE, reviewing and examining the adequacy and effectiveness of policies, strategies and risk appetites. The Bank has outlined the risk management process, key steps of which include risk identification, assessment, monitoring and control, and reporting. Moreover, the Bank emphasizes early warning indicators, monitoring of key risk exposures and concentration. Details of risk management are disclosed in the section entitled **Risk Management and Risk Factors**.

Appointment of External Auditor and Consideration of Audit Fees

The Audit Committee considers the qualifications and performance of external auditors for recommendation to the Board of Directors for their annual appointment, and the proposed audit fees for further consideration and approval by the General Meeting of Shareholders. The list of external auditors to be proposed as the Bank's auditors must also be endorsed by the Bank of Thailand.

In 2019, the remuneration for external auditors included:

1. **Audit Fees:**

The Bank and subsidiary companies have paid audit fees to:

- Auditors of the Bank, totaling Baht 11,335,000 in the past accounting year.
- The respective audit company including individuals or business entities related to the auditors and the respective audit company, totaling Baht 18,029,600 in the past accounting year.

2. **Non-Audit Fees:**

The Bank has established criteria and approval process for engaging external auditors in non-audit services to ensure that the services do not impair its independence under the Audit Committee's oversight.

The Bank and subsidiary companies have paid non-regular audit fees, i.e., special purpose audit, legal and tax service, and engagements to perform agreed-upon procedures to:

- Auditors of the Bank totaling Baht 1,900,000 over the past accounting year, together with future payments of Baht 2,450,000, due to incomplete work in the past accounting year.
- The respective audit companies or their independent contracted auditors, including individuals or business entities related to the auditors and their respective audit companies, totaling Baht 6,429,600 over the past accounting year, together with future payment of Baht 8,980,700, due on incomplete work in the past accounting year.

5.6 Self-Assessment by the Board of Directors

The Bank has established an annual self-assessment plan for the Bank's Board of Directors, which is conducted in 2 ways: the overall performance assessment of the Board consisting of 6 topics: (1) Structure and characteristics of the Board; (2) Roles and responsibilities of the Board; (3) Board meetings; (4) Discharge of duties of the Board; (5) Relationship with the Bank's management; and (6) Self-development of directors and executive development, and the performance assessment of an individual director evaluating their own performance and other directors' performance (cross assessment) consist of 2 topics: (1) Board meetings; and (2) Responsibilities of the Board. The Board of Directors has set the criteria on performance assessment of the Board. The Corporate Governance Committee reviews the performance assessment form of the Board of Directors on an annual basis, in compliance with good corporate governance practices, so that the Board of Directors may take a review of their performances and obstacles over the past year in order to enhance their efficiency, and to consider the appropriate composition of the Board. In 2019, the Corporate Governance Committee reviewed the self-assessment form of directors and the Corporate Secretary forwarded it to every member of the Board of Directors. The summarized assessment results and recommendations were submitted to the Board of Directors for acknowledgment, including the report on the cross-performance assessment results and recommendations, submitted to individual directors. In addition, the Internal Audit Department and Office of Corporate Secretary arranged for the review of guidelines and issues concerning the performance assessment of the Board of Directors to improve efficiency of the assessment every 2 years.

The self-assessment process was also applied to the Independent Directors Committee and all Board Committees, namely Audit, Corporate Governance, Human Resources and Remuneration, and Risk Oversight. The Independent Directors Committee and all Board Committees conduct self-assessment every year, based on the assessment criteria with respect to the efficiency of Independent Directors Committee and Board Committees. The Board of Directors designated the Corporate Governance Committee to review the performance assessment form every year. In 2019, the Corporate Governance Committee reviewed the self-assessment form and the Secretaries to the Independent Directors Committee and Board Committees forwarded the self-assessment form to every Committee member. The summarized assessment results and recommendations were already presented to the Board of Directors.

The performance assessments of the Board of Directors, Independent Directors Committee and all Board Committees are based on the rating scales of one point to five points or substantial improvement needed to excellent. Their average performance assessment results for 2019 were "good" to "excellent", or in other words the performance results of the Board of Directors, Independent Directors Committee and all Board Committees were in line with or above the set targets.

The Chief Executive Officer and the Presidents also undergo an annual assessment in order to compare their actual performances with the Bank's targets and the annual business plan. The Board of Directors, excluding Executive Directors, approved the performance assessment criteria, which is in alignment with the Bank's long-term business operations and strategies and communicated it to the Chief Executive Officer and the Presidents in advance. The Human Resources and Remuneration Committee is responsible for submitting the assessment results to the Board of Directors for consideration. The assessment of the Chief Executive Officer and the Presidents are specified as part of their performance assessment in the Board of Directors' Charter. The Chairman of the Human Resources and Remuneration Committee then informs the Board's assessment results, together with their opinion, to the Chief Executive Officer and the Presidents for acknowledgment prior to approving the annual remuneration.

5.7 Remuneration to Directors and Executives

The Bank has established a set of well-defined and transparent remuneration policies for directors. The Human Resources and Remuneration Committee is responsible for reviewing these policies, taking into consideration the appropriateness of remuneration with respect to the scope of responsibilities of each director, long-term strategies and targets to ensure that the Bank's remuneration is comparable to that of other commercial banks.

The General Meeting of Shareholders No. 107, on April 4, 2019, approved the increase in remuneration rate for directors for the Board of Directors Meeting, the payment of remuneration for Risk Oversight Committee members appointed to replace the Risk Management Committee members following the dissolution of Risk Management Committee, effective October 1, 2018 onwards, and the remuneration for Independent Directors, Audit Committee members, Corporate Governance Committee members, Human Resources and Remuneration Committee members, the Legal Adviser and Directors' Bonus for 2019, to remain at the same rate as that of 2018, which shall remain effective until a General

Meeting of Shareholders determines otherwise. A director who is also a member of other Board Committees shall receive additional remuneration in accordance with the increased responsibilities, except that the executive directors receive no remuneration for their membership in a Board Committee, as follows:

(Baht)

1. Remuneration for directors for the Board of Directors Meeting
   - Chairman of the Board 250,000 per person/month
   - Vice Chairperson 200,000 per person/month
   - Director 150,000 per person/month
2. Remuneration for Independent Directors
   - Lead Independent Director 100,000 per person/month
   - Member 70,000 per person/month
3. Remuneration for Board Committees
   3.1 The Audit Committee
      - Chairman 90,000 per person/month
      - Member 60,000 per person/month
   3.2 The Corporate Governance Committee
      - Chairperson 50,000 per person/month
      - Member 36,000 per person/month
   3.3 The Human Resources and Remuneration Committee
      - Chairperson 50,000 per person/month
      - Member 36,000 per person/month
   3.4 The Risk Oversight Committee
      - Chairperson 50,000 per person/month
      - Member 36,000 per person/month
4. Remuneration for the Legal Adviser 330,000 per person/month
5. Bonus for directors at the rate of 0.5 percent of dividend payments.

The Human Resources and Remuneration Committee shall propose remuneration of executives to the Board of Directors for consideration and approval in accordance with the Bank policies. Remuneration for executives, including that for Chief Executive Officer and Presidents are tied directly to short-and-long term performance of the Bank, which reflects our status as being a sustainable bank, relative to four key performance indicators as specified in the Balance Scorecard, regarding finance, customers, development of operational process and risk management, and human capital development, plus indicators for being a sustainable banks on the economy, society and the environment. Such indicators include ROA, ROE, net interest margin, non-interest income growth, cost to income ratio, loan growth, customer satisfaction, growth in environmental project financing, reduction of GHG emissions, and feedback from employee engagement survey, plus operating results against our peers in all dimensions, e.g., totalshareholder return, ranking in most preferred platform digital banking service, enhanced competitiveness and sustainable business operations over the long run. Such indicators will ensure sustainable success of the Bank under transparent regulations and scopes of responsibility, that reflect related risks, as well as the competitiveness of the Bank vis-à-vis other leading financial institutions in Thailand.

Details of remuneration to directors and executives are shown as follows:

1. Remuneration

1) Remuneration for directors: In 2019, directors received remuneration as directors, Independent Directors and members of the Audit Committee, Corporate Governance Committee, Human Resources and Remuneration Committee, Risk Management Committee, and as Legal Adviser, together with a bonus at the rate of 0.5 percent of the dividend payments, totaling Baht 101,628,203. These amounts included remuneration for members of the Risk Oversight Committee paid from October to December 2018 totaling Baht 582,000.
2) Remuneration for executives: In 2019, executives in the position of First Senior Vice President or equivalent and higher, totaling 87 persons, received remuneration including salaries, living expenses, special contributions, and bonuses from the Bank, totaling Baht 1,035,245,074, while executives in the position of Senior Executive Vice President or equivalent and higher, totaling 13 persons, received remuneration including salaries, living expenses, special contributions, and bonuses from the Bank, totaling Baht 332,003,598.

Remuneration for Directors in 2019

Mr. Banthoon Lamsam	Received remuneration as Chairman of the Board, totaling Baht 2,712,000, and a bonus of Baht 5,075,182.
Professor Khunying Suchada Kiranandana [1]	Received a bonus of Baht 747,893.
Ms. Kobkarn Wattanavrangkul [2]	Received remuneration as Vice Chairperson, totaling Baht 2,146,500; as Lead Independent Director, totaling Baht 1,200,000; as Chairperson of the Human Resources and Remuneration Committee, totaling Baht 600,000; and as Chairperson of the Risk Oversight Committee, amounting to Baht 750,000, and a bonus of Baht 3,058,495.
Ms. Sujitpan Lamsam [3]	Received remuneration as Vice Chairperson, totaling Baht 2,146,500; and as a member of the Risk Oversight Committee, amounting to Baht 540,000, and a bonus of Baht 3,806,387.
Mr. Predee Daochai	Received remuneration as a director, totaling Baht 1,650,000, and a bonus of Baht 2,537,590.
Ms. Kattiya Indaravijaya	Received remuneration as a director, totaling Baht 1,650,000, and a bonus of Baht 2,537,590.
Mr. Pipit Aneaknithi	Received remuneration as a director, totaling Baht 1,650,000, and a bonus of Baht 2,537,590.
Mr. Patchara Samalapa	Received remuneration as a director, totaling Baht 1,650,000, and a bonus of Baht 2,038,996.
Dr. Abhijai Chandrasen	Received remuneration as a director and Legal Adviser, totaling Baht 5,610,000; and as a member of the Human Resources and Remuneration Committee, amounting to Baht 432,000, and a bonus of Baht 2,537,590.
Sqn.Ldr. Nalinee Paiboon, M.D.	Received remuneration as a director, totaling Baht 1,650,000; as Independent Director, totaling Baht 840,000; and as Chairperson of the Corporate Governance Committee, amounting to Baht 600,000, and a bonus of Baht 2,537,590.
Mr. Saravoot Yoovidhya	Received remuneration as a director, totaling Baht 1,650,000; as Independent Director, totaling Baht 840,000; and as a member of the Audit Committee, amounting to Baht 720,000, and a bonus of Baht 2,537,590.

Dr. Piyasvasti Amranand [4]	Received remuneration as a director, totaling Baht 1,650,000; as Independent Director, totaling Baht 840,000; as Chairman of the Audit Committee, totaling Baht 1,080,000; and as a member of the Risk Oversight Committee, amounting to Baht 540,000, and a bonus of Baht 2,537,590.
Mr. Kalin Sarasin	Received remuneration as a director, totaling Baht 1,650,000; as Independent Director, totaling Baht 840,000; and as a member of the Human Resources and Remuneration Committee, amounting to Baht 432,000, and a bonus of Baht 2,537,590.
Ms. Puntip Surathin [5]	Received remuneration as a director, totaling Baht 1,650,000; as Independent Director, totaling Baht 840,000; as a member of the Audit Committee, totaling Baht 720,000; and as a member of the Risk Oversight Committee, amounting to Baht 540,000, and a bonus of Baht 2,537,590.
Mr. Wiboon Khusakul	Received remuneration as a director, totaling Baht 1,650,000; as Independent Director, totaling Baht 840,000; and as a member of the Corporate Governance Committee, amounting to Baht 432,000, and a bonus of Baht 2,537,590.
Ms. Suphajee Suthumpun [6]	Received remuneration as a director, totaling Baht 1,650,000; as Independent Director, totaling Baht 840,000; as a member of the Audit Committee, totaling Baht 720,000; and as a member of the Risk Oversight Committee, amounting to Baht 540,000, and a bonus of Baht 2,537,590.
Mr. Sara Lamsam	Received remuneration as a director, totaling Baht 1,650,000; and as a member of the Corporate Governance Committee, amounting to Baht 432,000, and a bonus of Baht 2,537,590.
Mr. Chanin Donavanik	Received remuneration as a director, totaling Baht 1,650,000; as Independent Director, totaling Baht 840,000; and as a member of the Corporate Governance Committee, amounting to Baht 432,000, and a bonus of Baht 2,537,590.
Ms. Jainnisa Kuvinichkul [7]	Received remuneration as a director, totaling Baht 1,350,000; as Independent Director, totaling Baht 630,000; and as a member of the Risk Oversight Committee, amounting to Baht 288,000, and a bonus of Baht 149,580.

Remarks:

[1] Professor Khunying Suchada Kiranandana received a bonus from dividend payment for the 2H18 operating results, prorated by her term of office.

[2] Ms. Kobkarn Wattanavrangkul received remuneration for chairperson of the Risk Oversight Committee paid from October to December 2018 totaling Baht 150,000.

[3] Ms. Sujitpan Lamsam received remuneration for a member of the Risk Oversight Committee paid from October to December 2018 totaling Baht 108,000.

[4] Dr. Piyasvasti Amranand received remuneration for a member of the Risk Oversight Committee paid from October to December 2018 totaling Baht 108,000.

[5] Ms. Puntip Surathin received remuneration for a member of the Risk Oversight Committee paid from October to December 2018 totaling Baht 108,000.

[6] Ms. Suphajee Suthumpun received remuneration for a member of the Risk Oversight Committee paid from October to December 2018 totaling Baht 108,000.

[7] Ms. Jainnisa Kuvinichkul was appointed a director on April 4, 2019 and a member of the Risk Oversight Committee on May 1, 2019.

2. Other Remuneration

1) Remuneration for directors: none
2) Remuneration for executives: In 2019, executives in the position of First Senior Vice President or equivalent and higher, totaling 87 persons, received the Bank's contributions to their provident funds, totaling Baht 29,181,295, while executives in the position of Senior Executive Vice President or equivalent and higher, totaling 13 persons, received the Bank's contributions to their provident funds, totaling Baht 8,277,205. In addition, the Bank's executives received benefits and other welfares under the Bank's regulations, similar to other employees, such as healthcare and medical checkup expenses, and loan welfares.

5.8 Professional Development for Directors and Executives

The Bank has organized orientations for new directors, to provide them with information on their roles and responsibilities, as well as information related to the Bank, for instance, good corporate governance practices, strategic direction for the Bank business, human resources, information technology, risk management of KASIKORNBANK FINANCIAL CONGLOMERATE, plus clarifications on legal obligations, regulations related to the directorship of listed companies, regulations related to the Board and Board Committee's charters, the Bank's core policies, and the manual for directors of financial institutions and securities companies, as an overall process to promote understanding among directors about their roles and the Bank's business operations. Information on the business operations of the Bank has also been continuously provided in the forms of documents and presentations in meetings. An orientation session was arranged for a new director in 2019, namely Ms. Jainnisa Kuvinichkul.

In addition, to enhance the operational efficiency of the Board of Directors, the Bank continued to implement a policy of supporting directors, executives and staff performing duties related to corporate secretary, compliance, internal control, accounting and financial, investor relations and corporate governance, in attending seminars and training courses at the Thai Institute of Directors Association (IOD), the Stock Exchange of Thailand, and other independent institutions, in accordance with the established plan and budget.

All board members attended training programs regarding the discharge of their duties, and, in 2019 received continued education programs on corporate governance and regulatory requirements concerning directorship via electronic network. All directors expanded their knowledge horizons by participating in training programs, attending and delivering address in seminars, or, as follows:





Chairman of the Board and Chief Executive Officer was invited to present KBank's vision, policies, and future plans on the topic of "Bank of Sustainability: The New Identity of Financial Services", organized as part of the "19th MFA CEO Forum" by the Department of International Economic Affairs, Ministry of Foreign Affairs.

Board Members	Seminars/Training Programs
1. Mr. Banthoon Lamsam	• Seminar on the "19th MFA CEO Forum", the Department of International Economic Affairs, Ministry of Foreign Affairs • Seminar on "Chinese Economy in Next Decade and Impact on ASEAN", Young Thai Entrepreneurs Association • Seminar on "Asia-Pacific Agri-Food Innovation Week", Singapore
2. Ms. Kobkarn Wattanavrangkul	• "Top Executive Program on China Business Insights and Network Class 1", University of the Thai Chamber of Commerce • Seminar on "Cyber Resilience for Directors of Financial Institutions", Bank of Thailand • Seminar on "AustCham's Women in Leadership event: Ready to Lead: Women, Rise to the Top", Australian-Thai Chamber of Commerce
3. Ms. Sujitpan Lamsam	• Seminar on "Cyber Resilience for Directors of Financial Institutions", Bank of Thailand • Seminar on "Bangkok Sustainable Banking Forum 2019: An Industry Wake-up Call", Bank of Thailand • Seminar on "Digital Transformation Workshop with Microsoft", Microsoft • Seminar on "Dreamforce Executive VIP Program", Salesforce, San Francisco, USA • Seminar on "Thailand CEO Roundtable", McKinsey & Company
4. Mr. Predee Daochai	• Seminar on "Cyber Resilience for Directors of Financial Institutions", Bank of Thailand • Seminar on "Bangkok Sustainable Banking Forum 2019: An Industry Wake-up Call", Bank of Thailand • Seminar on "Royal Initiative Guidelines, Social Immunity – Sustainable Business Vaccine", Prachachat Turakij Newspaper • Seminar on "Roadmap 5G Bolsters Thailand as Leader in ASEAN", Matichon Newspaper
5. Ms. Kattiya Indaravijaya	• Seminar on "Global Summit of Women", the GlobeWomen Research and Education Institute, a non-profit organization based in Washington, DC, USA • Seminar on "Essential IT for Non IT Executives", Massachusetts Institute of Technology • Seminar on "Bangkok Sustainable Banking Forum 2019: An Industry Wake-up Call", Bank of Thailand
6. Mr. Pipit Aneaknithi	• "The National Defence Course Class 61", National Defence College • Seminar on "Cyber Resilience for Directors of Financial Institutions", Bank of Thailand • Seminar on "Game Changer, New Game, New Future", Prachachat Turakij Newspaper
7. Mr. Patchara Samalapa	• "Advance Management Program (AMP196)", Harvard Business School • Seminar on "Google Zeitgeist 2019", Google • Seminar on "ASEAN Business and Investment Summit (ABIS) 2019", Thai Bankers Association • Seminar on the "2nd Indo-Pacific Business Forum", Thai Chamber of Commerce
8. Dr. Abhijai Chandrasen	• Seminar on "Bangkok Sustainable Banking Forum 2019: An Industry Wake-up Call", Bank of Thailand
9. Sqn.Ldr. Nalinee Paiboon, M.D.	• "Top Executive Program in Creative & Amazing Thai Services Class 1", University of the Thai Chamber of Commerce • "Certificate in Senior Executive Program Class 29", Capital Market Academy • Seminar on "Microsoft Envision Summit 2019", Microsoft (Thailand) Ltd. • Seminar on "Bangkok Sustainable Banking Forum 2019: An Industry Wake-up Call", Bank of Thailand

Board Members	Seminars/Training Programs
10. Mr. Saravoot Yoovidhya	• Seminar on "Cyber Resilience for Directors of Financial Institutions", Bank of Thailand
11. Dr. Piyasvasti Amranand	• "The Executive Program of Energy Literacy for a Sustainable Future Class 13", Thailand Energy Academy • "Expertise Building Program for Administrative Cases on Public Economic Law", the Administrative Court of Thailand • "New Executive Development and Preparations for Higher Positions Program", Energy Regulatory Commission
12. Mr. Kalin Sarasin	• Seminar on "E President Training", Thai Chamber of Commerce and Board of Trade of Thailand • Seminar on the "37th National Chambers of Commerce" Seminar, Thai Chamber of Commerce • Seminar on "ASEAN Business and Investment Summit 2019 (ABIS 2019)", ASEAN Business Advisory Council, Ministry of Foreign Affairs, Ministry of Commerce and Joint Standing Committee on Commerce, Industry and Banking
13. Ms. Puntip Surathin	• Seminar on "Bangkok Sustainable Banking Forum 2019: An Industry Wake-up Call", Bank of Thailand
14. Mr. Wiboon Khusakul	• Seminar on "Bangkok Sustainable Banking Forum 2019: An Industry Wake-up Call", Bank of Thailand
15. Ms. Suphajee Suthumpun	• Seminar on "National Director Conference 2019:", Thai Institute of Directors Association • Seminar on "Cyber Resilience for Directors of Financial Institutions", Bank of Thailand • Seminar on "ASEAN Women CEOs Summit", the ASEAN Women Entrepreneurs Network
16. Mr. Sara Lamsam	• "Executive Development Program", Royal Thai Police • Seminar on "The Future of Health Insurance in Digital Age", Thai Life Assurance Association, Thai General Insurance Association and Office of Insurance Commission • Seminar on "The Board Forum 2019", Office of Insurance Commission
17. Mr. Chanin Donavanik	• Seminar on "National Director Conference 2019", Thai Institute of Directors Association
18. Ms. Jainnisa Kuvinichkul	• "Director Certification Program (DCP), Class 278/2019, Thai Institute of Directors Association • Seminar on "Cyber Resilience for Directors of Financial Institutions", Bank of Thailand

In addition, the Human Resources and Remuneration Committee has considered executive development and succession plans for the positions of Chief Executive Officer, Presidents, and other senior executives, in compliance with the Bank's business strategies, taking into account different factors, e.g. the qualification, knowledge, competencies and experiences required for each position, such as performance results under Balanced Scorecard, strategic planning, risk management and control, and leadership. The performance of potential executives is evaluated in order to formulate individual development plans; and rotation of responsibilities is undertaken to ensure that they will gain greater understanding and hands-on experience, preparing them for organization-level management. Criteria and a list of persons qualified for these positions are reviewed regularly and reported to the Board of Directors. In addition, the Bank put in place short- and long-term development plans for individual employees, and continuously implemented the Management Development Program (MDP) for executives of the Bank and K Companies.

Dividend Policy

The Bank's Dividend Policy

In determining dividend payments, the Bank will take into consideration its operating results as well as long-term returns to shareholders. Dividend payments will be in accordance with Article 32 of the Bank's Articles of Association, stating that no dividend shall be paid out of any money, other than profits. In the event that the Bank has an accumulated loss, no dividend shall be paid.

Dividend shall be paid equally, according to the number of shares. Payment of dividend shall be subject to shareholders approval. The Board of Directors may pay to the shareholders the interim dividend from time to time, if there is sufficient profit for such payments, and shall report the same to the shareholders at the next shareholders meeting. Dividend payments must also be in compliance with statutory and regulatory requirements.

The Dividend Policies of Subsidiaries

The Bank has not fixed a dividend payout ratio for subsidiaries.

Dividend payments of subsidiaries to the Bank must be in accordance with each company's regulations on dividend payments that must be approved by a resolution of their General Meeting of Shareholders. The Board of Directors may pay the shareholders the interim dividend from time to time if there is sufficient profit for such payments. If there is an operating loss, dividend payments are barred until such losses are recovered. In addition, at least one-twentieth (1/20) of net profit after accumulated loss must be set aside as reserves until the reserves reach one-tenth (1/10) of a company's authorized share capital. Dividend payments must also be in compliance with statutory and regulatory requirements.

Factors Affecting Investment Decisions

Legal Disputes

The Bank and its subsidiaries is not a litigant or a concerning party in the following particular cases:

1. Cases that may cause any negative impact to assets of the Bank and its subsidiaries (cases which have litigation sum greater than 5 percent of the Bank's or its subsidiaries' shareholder equity as the case may be as of the latest fiscal year-end);
2. Cases that may have a material adverse effect on business operation; but unable to estimate the exact amount;
3. Cases that are not caused by the ordinary course of business.

In part of the Bank, there are 189 pending cases in the ordinary course of the Bank's business, with the total litigation sum of approximately Baht 1,654 million. In those cases, there are 43 cases for which the Court of First Instance has awarded judgment in favor of the Bank but are still pending in higher courts, having an aggregate litigation sum of approximately Baht 495 million. The Bank views that, given the present status of the Bank, such total litigation sum of all the aforementioned lawsuits would have no material impact on the Bank's business operations.

Sustainable Development

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MEMBER OF Dow Jones Sustainability Indices In collaboration with SAM

SAM Sustainability Award Bronze Class 2020

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Sustainable Development*

KBank operates our business on the foundation of a Bank of Sustainability under appropriate risk management and good corporate governance. In this regard, we strive to create a balance between the economy, society and the environment in order to offer maximum benefits to all stakeholders and meet the United Nations Sustainable Development Goals (SDGs).

In 2019, the Corporate Governance Committee proposed that the Board of Directors consider reviewing our sustainable development policy so that it is in agreement with our material topics and global sustainability trends. In so doing, a policy concerning adaptation and mitigation of the impact of climate change was incorporated into our sustainable development policy while policies on financial support to environmentally-friendly businesses and environmentally-friendly operations were made more explicit.

KBank Sustainability Framework, Goal and Policies

KBank Sustainability Framework



KBank is giving particular attention to nine United Nations Sustainable Development Goals (SDGs) as being in perfect agreement with our material topics, while providing full support for the other eight goals, to help us generate sustainable value to all stakeholders.



Goals

Sustainable Development Policy

Sustainable Profitability

Economic Aspect

- Business operations defined by good corporate governance practices
- Adherence to a "Customer Centricity" philosophy and effective customer responsiveness
- Efficient risk management
- Sharing of financial knowledge with the general public
- Customer data security and privacy
- Product and service enhancements via value-added innovations

Good Corporate Citizenship

Social Aspect

- Fairness of labor relations management and employee caring
- Employee development
- Promotion of occupational health and safety for employees
- Youth education development and community and social development

Zero Carbon Society

Environmental Aspect

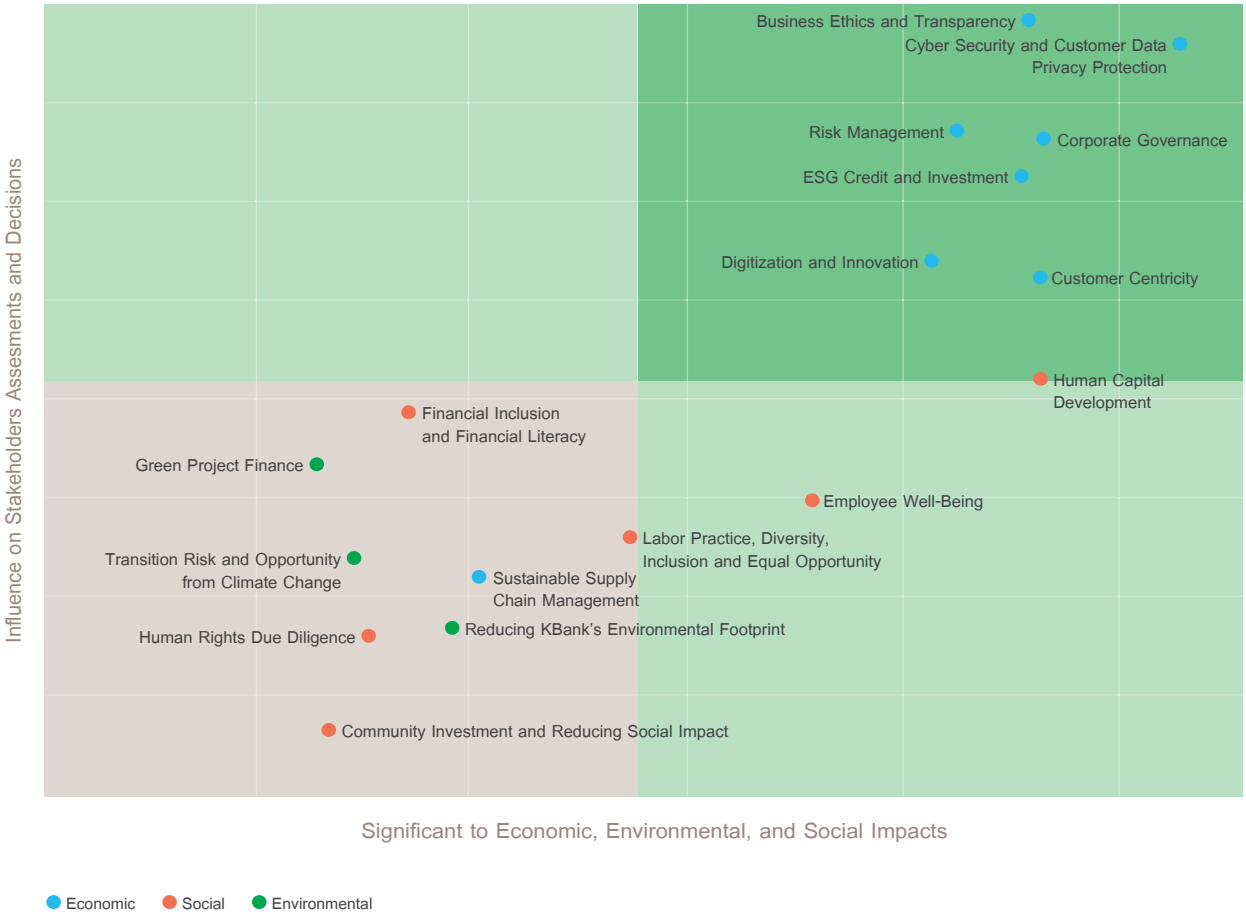
- Adaptation and mitigation of the impact of climate change
- Environmentally friendly and reducing the environmental impacts of our own operations
- Financial support to environmentally-friendly businesses

* More details on Sustainable Development of KBank can be found in Sustainability Report 2019 on KBank's website.

Material Topics and Boundaries

KBank has compiled and prioritized material topics that affect the economy, society and environment and those influencing stakeholders' decisions against global sustainability standards and important issues adopted by the leading global banks. We have also considered our material topics in 2018, along with present and future risks, based on the opinions of all stakeholders, including shareholders, Board of Directors, employees, customers, counterparties/business partners, competitors, creditors, regulatory agencies, communities, environment and society via participation processes, such as surveys and in-depth interviews. These viewpoints were then analyzed, prioritized, concluded and then written into operational guidelines that respond to stakeholders' concerns. In 2019, KBank prioritized material topics, as follows:

Prioritization of Material Topics

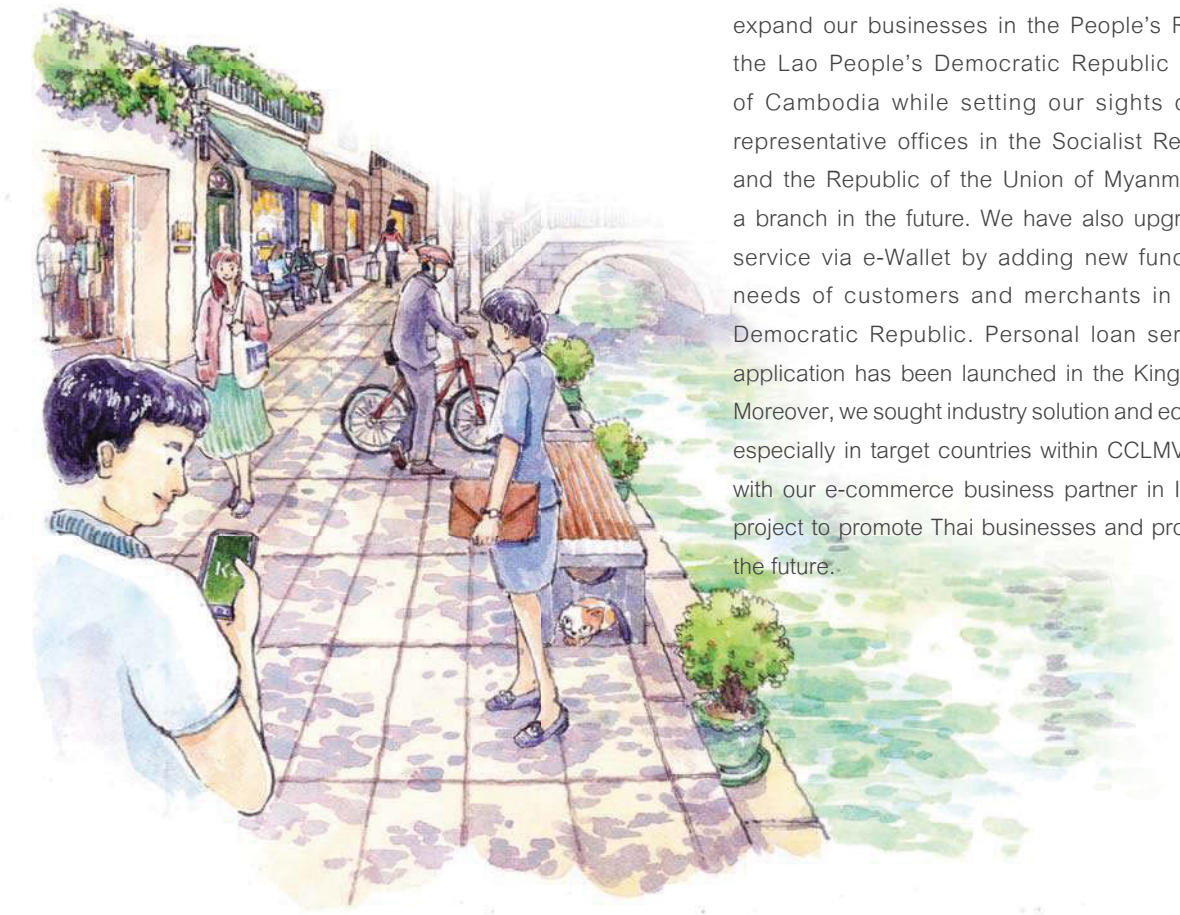


Changes in Material Topics

In this report, there are 17 material topics per the GRI Standards: Core Option, compared to 20 material topics in the Sustainability Report 2018. In detail:

1. The topics of "Customer Data Security and Privacy" and "Cyber Risk Management" in the Sustainability Report 2018 were included as part of the issue concerning "Cyber Security and Customer Data Privacy Protection" in the Sustainability Report 2019.
2. The topics of "Financial Inclusion" and "Financial Literacy" in the Sustainability Report 2018 were included as part of the topic concerning "Financial Inclusion and Financial Literacy" in the Sustainability Report 2019.
3. The topics of "Impact Measurement and Valuation" in the Sustainability Report 2018 was not considered as a material topics in the Sustainability Report 2019.

In addition, KBank communicated our operations on sustainable development to all stakeholders so that they can share, exchange experience and promote sustainable development within the entire system throughout the year.



Sustainable Development in Actions

Economic Dimension

KBank's strategies are intended to empower our customers' life and businesses. These include our collaboration with Shopee and Lazada in extending digital loans to their sellers. Such loans can be approved in one minute via the K PLUS mobile application. We have also improved the cash withdrawal function by QR Code via K PLUS at branches and K-ATMs while continuing to offer "KBank Service" at Thailand Post, Big C Supercenter and Counterservice@7-11. Electronic letters of guarantee (e-LG) via blockchain was introduced to accommodate large businesses. In response to booming e-commerce, KBank launched MADHUB to offer complete solutions for online traders who dare to dream. We have also collaborated with the Government Savings Bank (GSB) in the White Label ATM model with an aim of enhancing convenience in using ATM service and maximizing the efficient use of financial resources of the two banks while also improving service channels to meet the needs of all customer segments.

On the international front, KBank adheres to our strategy of becoming a Regional Digital Bank. In response to business expansion of our customers in ASEAN, KBank plans to expand our businesses in the People's Republic of China, the Lao People's Democratic Republic and the Kingdom of Cambodia while setting our sights on upgrading the representative offices in the Socialist Republic of Vietnam and the Republic of the Union of Myanmar to the status of a branch in the future. We have also upgraded our payment service via e-Wallet by adding new functions to meet the needs of customers and merchants in the Lao People's Democratic Republic. Personal loan service via a mobile application has been launched in the Kingdom of Cambodia. Moreover, we sought industry solution and ecosystem expansion especially in target countries within CCLMVI and collaborated with our e-commerce business partner in Indonesia in a pilot project to promote Thai businesses and products in ASEAN in the future.









1. Her Royal Highness Princess Maha Chakri Sirindhorn presided over the "4th Rakpanan Academic Seminar" and delivered a keynote address on "Rehabilitate Forests, Generate Income". Executives from public and private sector agencies as well as community leaders were present at the seminar held at the Center for Learning and Academic Services, the Network of Chulalongkorn University, Nan province.
2. KBank employees participated in the Thai Red Cross Society's "Virtual Run 10,000,000 Km." to raise funds for purchase life-saving automated external defibrillators (AED) for needy organizations.
3. KBank appointed Counter Service Co., Ltd. as a banking agent to accept deposits into KBank accounts around the clock via 7-Eleven Counter Service locations nationwide.
4. Executives and employees participated in a campaign to promote greater use of cotton bags instead of plastic bags to reduce waste.
5. KBank encourages employees to take a paid day off, to do volunteer work as part of the "Tham Di Tham Dai (Employee Volunteer Hours)" project.





Social Dimension

The Board of Directors has revised our Human Rights Policy so that it covers operations of both KBank and its wholly-owned subsidiaries, as well as counterparties and joint venture, and in conformity with important international laws and standards. The revised Human Rights Policy includes the UN Guiding Principles on Business and Human Rights, Principles of Humanity and Rights of the International Labor Organization (ILO), and Principles of the United Nations Global Compact (UNGC). In addition, KBank has collaborated with communities, public and private sector agencies, and networks to undertake social operations. Among these are the program to offer financial literacy to youth via our AFTERKLASS website, the Nan Cultivation of Wisdom Project, with an aim of reforming thinking processes and learning of students and teachers in Nan province. Also there is the project to add value to organic waste via biosynthesis process in Nan province, budgetary support, in-kind donations, emergency assistance, and the effort to promote our employees participation in the "Tham Di Tham Dai (Employee Volunteer Hours)" project and other volunteer activities, based on KBank's Green DNA resolution. Regarding human resource management, KBank attaches importance to the respect of diversity and equality in terms of gender, age, education, nationality, race, color, religion, citizenship, sexual orientation and disability, beginning from employee recruitment, employee retention, employee development program, occupational safety and health, and workplace environment, to employee engagement, for the alignment with future successive employees to ensure that they can grow with the organization in the future.

Environmental Dimension

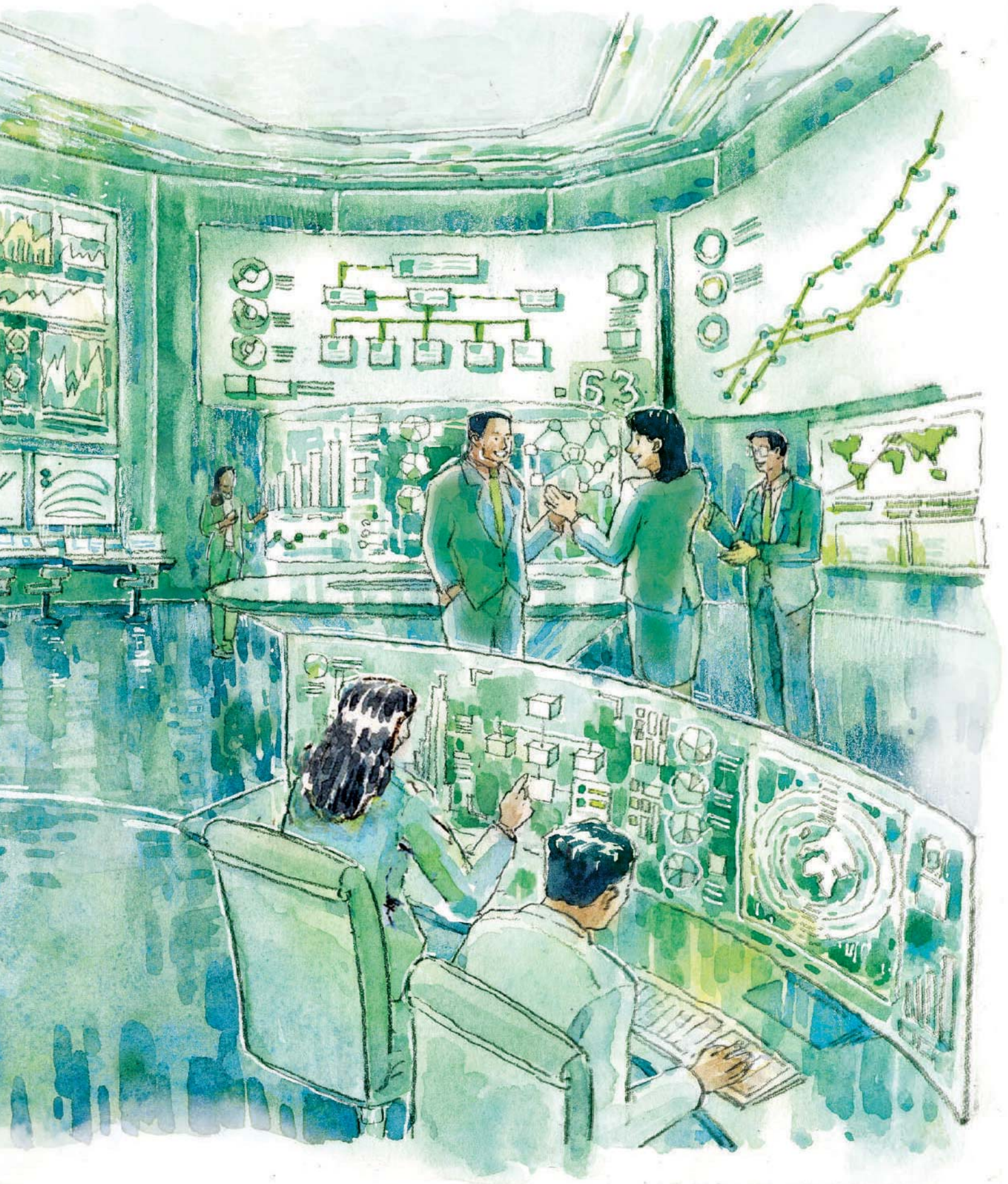
KBank's Board of Directors has assigned the Chief Executive Officer the role of Chief Environmental Officer to lead KBank's environmental operations and incorporated a new policy on adaptation and mitigation of the impacts of climate change into the sustainable development policy of KBank. In this regard, KBank has set a long-term target to reduce greenhouse gas emissions by 20 percent (from the 2012 base) within 2020. In 2019, KBank was able to cut greenhouse gas emissions by 15.70 percent (from the 2012 base). In addition, KBank carried out a number of environment operations, such as becoming the first Thai commercial bank to achieve the status of "Carbon Neutral" for the second consecutive year, signing the agreement to establish responsible lending guidelines with other member banks of the Thai Bankers' Association per the Bank of Thailand's sustainable business operation guidelines, based on environmental, social and governance (ESG) criteria, encouraging the business sector to carry out environmentally friendly operations through financial support to renewable energy and energy and environmental conservation businesses, and working with communities by providing support to the "Rak Pa Nan (Care for Nan Forest)" project. These efforts, being part of our strategy to preserve and rehabilitate Nan's forest resources, functioned by building cooperative networks with communities in Nan, public and private sectors, enhancing the sense of responsibility and consciousness of children and youth towards natural resource conservation, plus developing and promoting alternative career options so that people can cohabitate with the forest in a sustainable manner. KBank joined in the Nan Sandbox Project as a representative of the private sector. The project is a cooperation between the public sector, private sector, and citizens to solve the problem, to serve as a prototype for other provinces of Thailand.



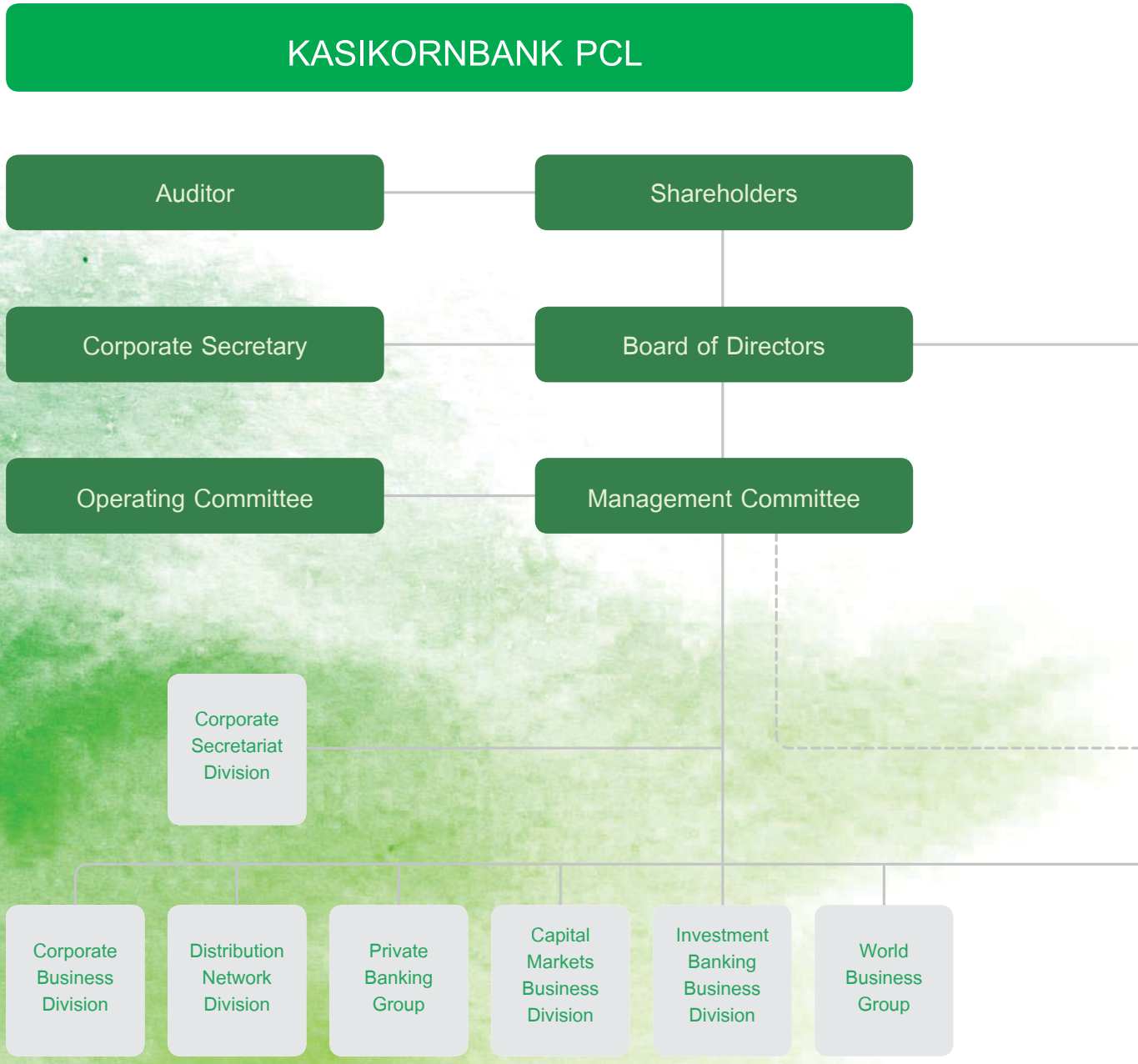
Structure

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Organization Chart





Effective Date: December 31, 2019

Honorary Chairman Mr. Banyong Lamsam



Chairman of the Board and Chief Executive Officer
Mr. Banthoon Lamsam

"KBank conducts business with the foundation of a Bank of Sustainability, balancing three dimensions – economy, society and environment – under good corporate governance and appropriate risk management.



Board of Directors



















1.	Mr. Banthoon Lamsam	Chairman of the Board and Chief Executive Officer
2.	Ms. Kobkarn Wattanavrangkul	Vice Chairperson
3.	Ms. Sujitpan Lamsam	Vice Chairperson
4.	Mr. Predee Daochai	President
5.	Ms. Kattiya Indaravijaya	President
6.	Mr. Pipit Aneaknithi	President
7.	Mr. Patchara Samalapa	President
8.	Dr. Abhijai Chandrasen	Director and Legal Adviser
9.	Sqn.Ldr. Nalinee Paiboon, M.D.	Independent Director



















10.	Mr. Saravoot Yoovidhya	Independent Director
11.	Dr. Piyasvasti Amranand	Independent Director
12.	Mr. Kalin Sarasin	Independent Director
13.	Ms. Puntip Surathin	Independent Director
14.	Mr. Wiboon Khusakul	Independent Director
15.	Ms. Suphajee Suthumpun	Independent Director
16.	Mr. Sara Lamsam	Director
17.	Mr. Chanin Donavanik	Independent Director
18.	Ms. Jainnisa Kuvinichkul	Independent Director

Corporate Secretary
Secretary to the Board of Directors and
Secretary to the Independent Directors Committee
Dr. Adit Laixuthai

Assistant Secretaries to the Board of Directors
Ms. Prayoonsri Katanyutanon
Ms. Nuchsran Polwit
Mr. Pornpipat Klinpongsiri

Board of Directors and Executives

As of December 31, 2019

1. Mr. Banthoon Lamsam

Chairman of the Board and Chief Executive Officer
(Authorized Signature)
Age 67
Date of Appointment
January 1, 1992
Education
- Master's Degree (Business Administration), Harvard University, USA
- Bachelor's Degree (Chemical Engineering), Princeton University, USA
- Honorary Doctorate Degree in Business Administration, Prince of Songkla University
- Honorary Doctorate Degree in Business Administration, Kasetsart University
- Honorary Doctorate Degree in Business Administration, University of the Thai Chamber of Commerce
- Honorary Doctorate Degree in Business Administration (Management), Sripatum University
- Honorary Doctorate Degree in Business Administration (Banking and Finance), Chulalongkorn University
- Honorary Doctorate Degree in Business Administration, Thammasat University
- Honorary Doctorate Degree in Philosophy (Financial Management), Mahasarakham University
- Honorary Doctorate Degree in Arts (Community Development), Chiang Mai Rajabhat University

Training Program
- Director Certification Program (DCP) Class 2/2000, Thai Institute of Directors Association
- The Joint State - Private Sector Course Class 5, National Defence College
- Private Executive Education Class, National University of Singapore Business School

Experience over Past 5 Years

2013 - Present	Chairman of the Board and Chief Executive Officer, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - 2018	Member of the University Council, Chulalongkorn University

Positions in Other Listed Companies None
Positions in Non-listed Companies

Sep. 2019 - Present	Director, Patala Company Limited
2016 - Present	Director, PUKHA TRADE COMPANY LIMITED
2014 - Present	Director, PUKHA FARM COMPANY LIMITED
2009 - Present	Director, ALLPUKHA COMPANY LIMITED
2009 - Present	Director, PUKHA REALTY COMPANY LIMITED
2009 - Present	Director, PUKHA GO COMPANY LIMITED
2009 - Present	Director, PUKHA NANFA HOTEL COMPANY LIMITED
1997 - Present	Director, SANTI KASET COMPANY LIMITED

Other Affiliations
- Chairman and Manager, Mahamakuta Rajavidyalaya Foundation Under Royal Patronage
- Chairman of the Property Asset Management Committee, Property Asset Management Office, The Thai Red Cross Society
- Member of the National Tourism Policy Committee
- Member of the National Strategy Committee
- Member of the State Enterprise Policy Commission
- Member of the National Reform Sub-committee on State Administration
- Member of the Reform Steering Committee on the Thailand 4.0 Policy
- Member of the National Academic Center of Geriatric Medicine, Faculty of Medicine Siriraj Hospital, Mahidol University
- Member of the Council, The Thai Red Cross Society
- Member of the Committee, Sai Jai Thai Foundation
- Member of the Board, The Queen Savang Vadhana Foundation
- Member of the Advisory Board, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Advisor to the National Reform Preparation Committee
- Advisor to the Nan Hospital Development Committee
- Treasurer, Wat Bowonniwet Vihara and Wat Yanasangvararam

Family Relationship
- Nephew of Ms. Sujitpan Lamsam
- Cousin of Mr. Sara Lamsam

2. Ms. Kobkarn Wattanavrangkul

Vice Chairperson
Lead Independent Director
Chairperson of the Human Resources and Remuneration Committee
Chairperson of the Risk Oversight Committee
Age 59
Date of Appointment
April 4, 2018

Education

- Bachelor's Degree (Architecture), Rhode Island School of Design, USA
- Honorary Doctorate Degree in Arts (Management), Sripatum University
- Honorary Doctorate Degree in Philosophy (Human Resource Development), Ramkhamhaeng University

Training Program

- Board Nomination and Compensation Program (BNCP) Class 4/2018, Thai Institute of Directors Association
- Role of the Chairman Program (RCP) Class 11/2005, Thai Institute of Directors Association
- Director Certification Program (DCP) Class 1/2000, Thai Institute of Directors Association
- The Joint State - Private Sector Course Class 19, National Defence College
- Capital Market Academy Leader Program Class 5/2015, Capital Market Academy
- The Executive Creative Economy Training Program (EXCET 1), Office of Knowledge Management and Development (Public Organization)
- Top Executive Program in Commerce and Trade (TEPCoT 4), Commerce Academy
- The Executive Program of Energy Literacy for a Sustainable Future Class 2, Thailand Energy Academy
- Executive Development Program Class 2, Office of the Royal Development Projects Board
- Top Executive Program in Industrial Development and Investment Class 1, Institute of Business and Industrial Development
- Top Executive Program on China Business Insights and Network Class 1, University of the Thai Chamber of Commerce

Experience over Past 5 Years

2018 - Present	Chairperson of the Risk Oversight Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2018 - Present	Vice Chairperson, KASIKORNBANK PUBLIC COMPANY LIMITED
2018 - Present	Lead Independent Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2018 - Present	Chairperson of the Human Resources and Remuneration Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2018 - 2019	Chairman of the Board, Pinkanakorn Development Agency (Public Organization)
2018 - 2019	Member of Special Advisory Committee for the Prime Minister
2018	Director and Member of the Audit Committee, Minor International Public Company Limited
2014 - 2017	Minister of Tourism and Sports
2014	Member of the National Legislative Assembly
2011 - 2014	Director and Member of the Human Resources and Remuneration Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2014	Director, Control Component Company Limited
2010 - 2014	Director, Vichaiyut Company Limited
2008 - 2014	Director, B.Grimm BIP Power Limited
2004 - 2014	Chairperson, Toshiba Thailand Company Limited
2004 - 2014	Chairperson, Thai Toshiba Electric Industries Company Limited
2004 - 2014	Chairperson, Thai Toshiba Lighting Company Limited
2004 - 2014	Chairperson, Thai Toshiba Fluorescent Lamp Company Limited
2004 - 2014	Chairperson, Bangkadi Industrial Park Company Limited
2004 - 2014	Director, Mitkorn Development Company Limited
2001 - 2014	Director, Toshiba Lighting Components (Thailand) Company Limited
2001 - 2014	Director, Superlite N.K.S. Holding Company Limited
1999 - 2014	Director, Thai Electric Industries Company Limited
1991 - 2014	Director, Nikornkij and Sons Company Limited
1990 - 2014	Director, B.I.P.-1990 Company Limited
1989 - 2014	Director, T.T.H. Company Limited
1968 - 2014	Managing Partner, Superlite Trading Limited Partnership

Positions in Other Listed Companies None

Positions in Non-listed Companies

2018 - Present	Director, Superlite Real Estate Company Limited
2018 - Present	Director and Advisor, Toshiba Thailand Company Limited
2018 - Present	Director, Thai Toshiba Lighting Company Limited
2018 - Present	Director, Thai Toshiba Electric Industries Company Limited
2018 - Present	Advisor, Bangkadi Industrial Park Company Limited

Other Affiliations
- President, Dr.Korn-Thanpuying Niramol Suriyasat Foundation
- Honorary President, Thai-Japanese Association
- Member of the Board of Trustees, Sirindhorn International Institute of Technology
- Member of the Council, The Thai Red Cross Society
- Member of the Committee, Foundation for a Clean and Transparent Thailand
- Member of the Board, The Paralympic Committee of Thailand
- Advisor, The Thai Chamber of Commerce
- Advisor to President, The Federation of Business and Professional Woman's Associations of Thailand

Family Relationship None

3. Ms. Sujitpan Lamsam

Vice Chairperson
Member of the Risk Oversight Committee
Age 61
Date of Appointment
April 30, 1998
Education
- Master's Degree (Management), Massachusetts Institute of Technology, USA
- Master's Degree (Honors) (Economics), Cambridge University, UK
- Bachelor's Degree (Honors) (Economics), Cambridge University, UK

Training Program
- Director Accreditation Program (DAP) Class 21/2004, Thai Institute of Directors Association
- Stanford Executive Program, Stanford Graduate School of Business, Stanford University

Experience over Past 5 Years

2018 - Present	Member of the Risk Oversight Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - Present	Vice Chairperson, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - 2018	Chairperson of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2008 - Feb. 2019	Chairman of the Executive Committee, Muang Thai Insurance Public Company Limited
2004 - 2016	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED

Positions in Other Listed Companies

Mar. 2019 - Present	Vice Chairman, Muang Thai Insurance Public Company Limited
2008 - Present	Member of the Risk Management Committee, Muang Thai Insurance Public Company Limited
2008 - Present	Director, Muang Thai Insurance Public Company Limited

Positions in Non-listed Companies

2017 - Present	Director, Fuchsia Venture Capital Company Limited
2009 - Present	Chairman of the Executive Committee, Muang Thai Life Assurance Public Company Limited
2009 - Present	Director, Muang Thai Holding Company Limited
2009 - Present	Director, Muang Thai Asset Company Limited
2007 - Present	Director, Muang Thai Group Holding Company Limited
2005 - Present	Member of the Risk Management Committee, Muang Thai Life Assurance Public Company Limited
1999 - Present	Director, Muang Thai Life Assurance Public Company Limited

Family Relationship
- Aunt of Mr. Banthoon Lamsam and Mr. Sara Lamsam

4. Mr. Predee Daochai

Director
President
Member of the Risk Oversight Committee
(Authorized Signature)
Age 61
Date of Appointment
March 1, 2013
Education
- Master's Degree (MCL), University of Illinois at Urbana - Champaign, USA
- Barrister-at-Law, Thailand
- Bachelor's Degree (Honors) (Law), Thammasat University

Training Program
- Corporate Governance for Capital Market Intermediaries (CGI) Class 11/2016, Thai Institute of Directors Association
- Ethical Leadership Program (ELP) Class 1/2015, Thai Institute of Directors Association
- Financial Institutions Governance Program (FGP) Class 1/2010, Thai Institute of Directors Association
- Director Certification Program (DCP) Class 56/2005, Thai Institute of Directors Association
- The Joint State - Private Sector Course Class 24, National Defence College
- Capital Market Academy Leader Program Class 20/2015, Capital Market Academy
- Advanced Management Program (AMP 187), Harvard Business School
- The Executive Program of Energy Literacy for a Sustainable Future Class 8/2016, Thailand Energy Academy

Experience over Past 5 Years

Nov. 2019 - Present	Member of the Risk Oversight Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - Present	President, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - May 2019	Member of the National Legislative Assembly
2016 - 2017	Chairman, KASIKORN LEASING COMPANY LIMITED
2015 - Oct. 2019	Director, Dole Thailand Company Limited
2014 - 2016	Chairman, KASIKORN ASSET MANAGEMENT COMPANY LIMITED
2013 - 2016	Chairman, KASIKORN RESEARCH CENTER COMPANY LIMITED
2012 - 2014	Chairman, KASIKORN LEASING COMPANY LIMITED
2003 - 2018	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED

Positions in Other Listed Companies None

Positions in Non-listed Companies

2017 - Present	Chairman, National ITMX Company Limited
2016 - Present	Chairman, KASIKORN SECURITIES PUBLIC COMPANY LIMITED
2013 - Present	Chairman, KASIKORN FACTORY AND EQUIPMENT COMPANY LIMITED
2010 - Present	Director, Muang Thai Group Holding Company Limited

Other Affiliations

- Chairman, The Thai Bankers' Association
- Vice Chairman and Chairman of the Corporate Governance Committee, Thai Institute of Directors Association
- Member of the National Strategy Committee
- Member of the Joint State and Private Investment Policy Committee
- Member of the Eastern Economic Corridor Policy Committee
- Member of the Payment Systems Committee
- Member of the Board of Investment
- Director, ASEAN Bankers Association
- Member of the Committee, Anti-Corruption Organization of Thailand Foundation
- Member of the Bangkok Patana School Foundation Board

Family Relationship None

5. Ms. Kattiya Indaravijaya

Director

President

(Authorized Signature)

Age 54

Date of Appointment

January 1, 2016

Education

- Master's Degree (Business Administration - Finance and Investment), The University of Texas at Austin, USA
- Bachelor's Degree (Business Administration - Marketing), Chulalongkorn University

Training Program

- Director Certification Program (DCP - Diploma) Class 52/2016, Thai Institute of Directors Association
- Director Certification Program (DCP) Class 224/2016, Thai Institute of Directors Association
- The National Defence Course Class 60, National Defence College
- Capital Market Academy Leader Program Class 22/2016, Capital Market Academy
- Stanford Executive Program, Stanford Graduate School of Business, Stanford University
- Essential IT for Non-IT Executives, MIT Sloan School of Management

Experience over Past 5 Years

2016 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - Present	President, KASIKORNBANK PUBLIC COMPANY LIMITED
2014 - 2015	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - Sep. 2019	Director, Muang Thai Group Holding Company Limited
2010 - 2018	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2014	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2009 - 2015	Director, KASIKORN LEASING COMPANY LIMITED

Positions in Other Listed Companies None

Positions in Non-listed Companies

2017 - Present	Director, BEACON VENTURE CAPITAL COMPANY LIMITED
2016 - Present	Chairperson, KASIKORN ASSET MANAGEMENT COMPANY LIMITED
2016 - Present	Chairperson, KASIKORN RESEARCH CENTER COMPANY LIMITED

Family Relationship None

6. Mr. Pipit Aneaknithi

Director

President

Member of the Risk Oversight Committee

(Authorized Signature)

Age 52

Date of Appointment

January 1, 2017

Education

- Master's Degree (Business Administration), Fachhochschule Pforzheim, Germany
- Master's Degree (Business Administration), University of Brighton, UK
- Bachelor's Degree (Pharmacy), Chiang Mai University

Training Program

- Role of the Chairman Program (RCP) Class 41/2017, Thai Institute of Directors Association
- Director Certification Program (DCP) Class 231/2016, Thai Institute of Directors Association
- Director Accreditation Program (DAP) Class 120/2015, Thai Institute of Directors Association
- The National Defence Course Class 61, National Defence College
- Executive Program, Singularity University, USA
- Executive Leadership Program, Cambridge University, UK
- Senior Executive Program, Harvard Business School, USA
- Senior Executive Program, Tsinghua University, China
- Senior Executive Program, China European International Business School, China

Experience over Past 5 Years

2018 - Present	Member of the Risk Oversight Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2017 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2017 - Present	President, KASIKORNBANK PUBLIC COMPANY LIMITED
2017 - 2018	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - 2016	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - 2015	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED

Positions in Other Listed Companies None

Positions in Non-listed Companies

Sep. 2019 - Present	Director, BEACON VENTURE CAPITAL COMPANY LIMITED
2017 - Present	Director, Muang Thai Group Holding Company Limited
2017 - Present	Chairman, KASIKORNBANK (CHINA) COMPANY LIMITED
2017 - Present	Chairman, KASIKORN LEASING COMPANY LIMITED

Family Relationship None

7. Mr. Patchara Samalapa

Director

President

(Authorized Signature)

Age 49

Date of Appointment

April 4, 2018

Education

- Master's Degree (Business Administration), Massachusetts Institute of Technology, USA
- Bachelor's Degree (Industrial Management), Carnegie Mellon University, USA

Training Program

- Director Certification Program (DCP) Class 253/2018, Thai Institute of Directors Association
- Capital Market Academy Leader Program Class 13/2011, Capital Market Academy
- Advanced Management Program (AMP 196), Harvard Business School

Experience over Past 5 Years

2018 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2018 - Present	President, KASIKORNBANK PUBLIC COMPANY LIMITED
2018 - Nov. 2019	Member of the Risk Oversight Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2018	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2017 - 2018	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - 2018	Director, KASIKORN SECURITIES PUBLIC COMPANY LIMITED
2015 - 2018	Director, K-SME Venture Capital Company Limited
2013 - Aug. 2019	Director, Muang Thai Life Assurance Public Company Limited
2012 - 2016	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED

Positions in Other Listed Companies None

Positions in Non-listed Companies

2018 - Present Chairman, KASIKORN LINE COMPANY LIMITED

2013 - Present Director, Thai Eastern Property Company Limited

Family Relationship None

8. Dr. Abhijai Chandrasen

Director and Legal Adviser

Member of the Human Resources and Remuneration Committee

(Authorized Signature)

Age 71

Date of Appointment

April 4, 2000

Education

- Docteur en Droit (Honors), Paris University (Sorbonne), France
- Barrister-at-Law, Thailand
- Bachelor's Degree (Honors) (Law), Chulalongkorn University

Training Program

- Board Nomination and Compensation Program (BNCP) Class 3/2018, Thai Institute of Directors Association
- Audit Committee Program (ACP) Class 24/2008, Thai Institute of Directors Association
- Role of the Compensation Committee (RCC) Class 2/2007, Thai Institute of Directors Association
- Developing Corporate Governance Policy, 2006, Thai Institute of Directors Association
- Finance for Non-Finance Director Class 11/2004, Thai Institute of Directors Association
- Director Accreditation Program (DAP) Class 5/2003, Thai Institute of Directors Association

Experience over Past 5 Years

2011 - Present Member of the Human Resources and Remuneration Committee, KASIKORNBANK PUBLIC COMPANY LIMITED

2000 - Present Director and Legal Adviser, KASIKORNBANK PUBLIC COMPANY LIMITED

2008 - 2015 Eminent Director, The National Commission on the Elderly, Office of the Prime Minister

1994 - 2019 Legal Adviser, The Chaipattana Foundation

Positions in Other Listed Companies

2016 - Present Director and Member of the Audit Committee, TPI Polene Power Public Company Limited

Positions in Non-listed Companies

2005 - Present Director, Siam Motors Company Limited

Other Affiliations

- Eminent Director, The National Commission on the Elderly, Office of the Prime Minister
- Expert Committee, The Property Management Committee, Chulalongkorn University
- Member of the Council, The Thai Red Cross Society
- Member of the Committee, The Chaipattana Foundation

Family Relationship None

9. Sqn.Ldr. Nalinee Paiboon, M.D.

Independent Director

Chairperson of the Corporate Governance Committee

Age 61

Date of Appointment

August 22, 2012

Education

- Bachelor's Degree (Doctor of Medicine), Chulalongkorn University
- Diplomate Thai Board of Obstetrics and Gynaecology, Bhumibol Adulyadej Hospital
- Honorary Doctorate Degree in Philosophy (Technology Management), Phranakorn Rajabhat University
- Honorary Doctorate Degree in Philosophy (Business Administration), Ramkhamhaeng University

Training Program

- Director Accreditation Program (DAP) Class 100/2013, Thai Institute of Directors Association
- Capital Market Academy Leader Program Class 29/2019, Capital Market Academy
- TLCA Exclusive Development Program Class 14/2014, Capital Market Academy
- Top Executive in Industrial Development and Investment Class 4, Institute of Business and Industrial Development
- Top Executive Program in Commerce and Trade (TEPCoT 11), Commerce Academy
- Joint Government-Private Sector Administration of Society's Peace and Order Course Class 6, Royal Thai Police
- Top Executive Program for Creative and Amazing Thai Services (ToPCATS 1), University of the Thai Chamber of Commerce

Experience over Past 5 Years

2017 - Present Chairperson of the Corporate Governance Committee, KASIKORNBANK PUBLIC COMPANY LIMITED

2012 - Present Director, KASIKORNBANK PUBLIC COMPANY LIMITED

2013 - 2017 Member of the Corporate Governance Committee, KASIKORNBANK PUBLIC COMPANY LIMITED

Positions in Other Listed Companies None

Positions in Non-listed Companies

2013 - Present	Managing Director, Giffarine Beauty and Health Medical Clinic Company Limited
2012 - Present	Director, Happy Gift Company Limited
2001 - Present	President and Managing Director, Giffarine Skyline Unity Company Limited
2001 - Present	President, Giffarine Skyline Laboratory and Health Care Company Limited
1997 - Present	President, Skyline Health Care Company Limited
1995 - Present	President, Skyline Laboratory Company Limited

Other Affiliations

- Member of the Cosmetic Committee, Ministry of Public Health

Family Relationship None

10. Mr. Saravoot Yoovidhya

Independent Director

Member of the Audit Committee

Age 49

Date of Appointment

October 2, 2012

Education

- Master's Degree (Industrial Engineering), Oregon State University, USA
- Bachelor's Degree (Computer Engineering), King Mongkut's Institute of Technology Ladkrabang

Training Program

- Advanced Audit Committee Program (AACP) Class 20/2015, Thai Institute of Directors Association
- Director Accreditation Program (DAP) Class 100/2013, Thai Institute of Directors Association

Experience over Past 5 Years

2015 - Present	Member of the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2012 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - 2015	Member of the Corporate Governance Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2012 - 2017	Director, Phutthathum Insurance Public Company Limited
2011 - 2017	Chairman, DURBELL Company Limited
2010 - 2016	Director, Super Lookthung Beverage Company Limited
1996 - 2019	Director, Wonderland Adventure Park Company Limited
1996 - 2017	Managing Director, T.G. Vending and Showcase Industries Company Limited
1994 - 2015	Managing Director, T.C. Pharmaceutical Industries Company Limited
1994 - 2015	Managing Director, The Red Bull Beverage Company Limited

Positions in Other Listed Companies None

Positions in Non-listed Companies

Jul. 2019 - Present	Director, Healthven Company Limited
Jun. 2019 - Present	Director, TCP Incubator Company Limited
Jan. 2019 - Present	Director, Crown TCP Beverage Cans Company Limited
2018 - Present	Director, StormBreaker Venture Company Limited
2017 - Present	Director, Pitak Land Company Limited
2017 - Present	Director, Kanabana Company Limited
2017 - Present	Chief Executive Officer, T.G. Vending and Showcase Industries Company Limited
2017 - Present	Chief Executive Officer, DURBELL Company Limited
2015 - Present	Chief Executive Officer, T.C. Pharmaceutical Industries Company Limited
2015 - Present	Chief Executive Officer, The Red Bull Beverage Company Limited
2015 - Present	Director, The Red Bull Excellence Center Company Limited
2014 - Present	Director, STR Property Development Company Limited
2011 - Present	Director, KTD Property Development Limited
2007 - Present	Director, Prachinburi Glass Industry Company Limited
1999 - Present	Director, Burapha Golf Public Company Limited
1996 - Present	Director, The Red Bull Company Limited
1995 - Present	Director, Ban Sang Opening Zoo Company Limited
1995 - Present	Director, T.C. Pinklao Properties Company Limited
1995 - Present	Director, Red Bull Vitamin Drink (Thailand) Company Limited
1994 - Present	Director, Samutsongkram Supermarket and Food Center Company Limited
1994 - Present	Director, Thai Krajeab Company Limited
1994 - Present	Director, Circure Herbal Med Company Limited
1994 - Present	Director, Tomato Juice Product (Thailand) Company Limited
1994 - Present	Director, Bangbon Fruit Company Limited
1994 - Present	Director, Bangbon Food Production Company Limited
1994 - Present	Director, Bangpakong Fruit Company Limited
1994 - Present	Director, Bangpakong Food Production Company Limited
1994 - Present	Director, Paed Riu Fruit Company Limited
1994 - Present	Director, Paed Riu Food Production Company Limited
1994 - Present	Director, Thai Fruit Product Company Limited

1994 - Present	Director, Mahachai Food Production Company Limited
1994 - Present	Director, Somthakhoy Company Limited
1994 - Present	Director, Samutsakorn Fruit Company Limited
1994 - Present	Director, Nongchok Food Production Company Limited
1994 - Present	Director, Inter Sauce Product Company Limited
1994 - Present	Director, Hi-Gear Company Limited
1994 - Present	Director, Kaerai Golf Company Limited
1994 - Present	Director, Central Golf Company Limited
1994 - Present	Director, Thajeen Golf Company Limited
1994 - Present	Director, Nakhonchaisri Golf Company Limited
1994 - Present	Director, Salaya Golf Company Limited
1994 - Present	Director, Suwinthawong Golf Company Limited
1994 - Present	Director, Nhongplataphien Golf Company Limited
1994 - Present	Director, Nongpho Golf Company Limited
1994 - Present	Director, Taladnoi Chaophraya View Properties Company Limited
1994 - Present	Director, T.C. Condo and Department Store Company Limited
1994 - Present	Director, T C - Bangkok Condo Company Limited
1994 - Present	Director, TC-Trading & Leasing Company Limited
1994 - Present	Director, T.C. Paknam Condo Company Limited
1994 - Present	Director, T.C. Romglao Condo Company Limited
1994 - Present	Director, T.C. Samutprakan Condo Company Limited
1994 - Present	Director, T C Sathon Condo Company Limited

Other Affiliations

- Vice Chairman, The Thai Chamber of Commerce
- Advisor to the University Council, University of the Thai Chamber of Commerce

Family Relationship None

11. Dr. Piyasvasti Amranand

Independent Director

Chairman of the Audit Committee

Member of the Risk Oversight Committee

Age 66

Date of Appointment

April 3, 2013

Education

- Ph.D. (Economics), London School of Economics and Political Science, University of London, UK
- Master's Degree (Economics), London School of Economics and Political Science, University of London, UK
- Bachelor's Degree (First Class Honors) (Mathematics), University of Oxford, UK

Training Program

- Director Accreditation Program (DAP) Class 35/2005, Thai Institute of Directors Association

Experience over Past 5 Years

2018 - Present	Member of the Risk Oversight Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Present	Chairman of the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2014 - 2018	Chairman, PTT Public Company Limited
2014 - 2018	Director and Chairman of the Audit Committee, Pruksa Real Estate Public Company Limited
2013 - 2015	Member of the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED

Positions in Other Listed Companies

2018 - Present	Chairman, PTT Global Chemical Public Company Limited
2016 - Present	Director and Chairman of the Audit Committee, Pruksa Holding Public Company Limited

Positions in Non-listed Companies

2018 - Present	Director, Kiroro Resort Holdings Company Limited
2015 - Present	Director, Energy for Environment Development Company Limited

Other Affiliations

- Chairman, Energy for Environment Foundation
- Member of the National Reform Sub-committee on Energy

Family Relationship None

12. Mr. Kalin Sarasin

Independent Director

Member of the Human Resources and Remuneration Committee

Age 58

Date of Appointment

April 3, 2013

Education

- Master's Degree (Business Administration), University of Notre Dame, USA
- Bachelor's Degree (Industrial Engineering), Lehigh University, USA

Training Program

- Director Accreditation Program (DAP) Class 105/2013, Thai Institute of Directors Association
- The National Defence Course Class 57, National Defence College
- Capital Market Academy Leader Program Class 17/2013, Capital Market Academy
- Advanced Management Program (AMP 171), Harvard Business School

Experience over Past 5 Years

2013 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - Present	Member of the Human Resources and Remuneration Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - 2017	Member of the National Reform Steering Assembly
2015 - 2017	Vice Chairman, The Thai Chamber of Commerce and Board of Trade of Thailand
2014 - 2018	Chairman, Tourism Authority of Thailand
2014 - 2017	Member of the National Innovation Board, National Innovation Agency
2014 - 2017	Director, O Nature Group Company Limited
2014 - 2017	Member of the University Council, University of the Thai Chamber of Commerce
2013 - 2015	Member of the Examination and Evaluation Committee, Ministry of Finance
2013 - 2015	Secretary General, The Thai Chamber of Commerce and Board of Trade of Thailand
2013 - 2014	Director, JTB (Thailand) Company Limited
1995 - 2018	Director, Pan Rayong Glass Packaging Company Limited

Positions in Other Listed Companies

2013 - Present	Director-Government Liaison and Public Affairs, The Siam Cement Public Company Limited

Positions in Non-listed Companies

Apr. 2019 - Present	Director, Toppan (Thailand) Company Limited
Mar. 2019 - Present	Chairman, Suvarnabhumi Airport Hotel Company Limited
2017 - Present	Director, Toyota Motor Thailand Company Limited
2013 - Present	Director, SCG International Corporation Company Limited
2004 - Present	Director, Sarasin Company Limited
2004 - Present	Director, Seatran Port Company Limited

Other Affiliations

- Chairman, The Thai Chamber of Commerce and Board of Trade of Thailand
- Chairman, Pol. Gen, Pow Sarasin Foundation
- Chairman of the Organ Donation Promoting Committee, The Thai Red Cross Organ Donation Center
- Chairman of the University Council, University of the Thai Chamber of Commerce
- President, Thai-Japanese Association
- Member of the Council and Chairman of the Audit Committee, The Thai Red Cross Society
- Executive Director of the Plasma Fractionation Center, National Blood Center, The Thai Red Cross Society
- Director, Police General Hospital Foundation under the Royal Patronage of Her Majesty the Queen
- Member of the Committee, Anti-Corruption Organization of Thailand Foundation
- Specialist Member of the National Geo-Informatics Board
- Member of the National Intellectual Property Policy Committee
- Specialist on Business Administration of the National Digital Economy and Society Committee
- Member of the State Enterprise Director Nomination Sub-committee
- Specialist, Industrial Sector, National Research Council of Thailand
- Member of the Tourism & MICE Promotion Working Group (D3) and Head of Private Sector Team of the SMEs & Productivity Promotion Working Group (D2) under the Public-Private Collaborative Committee

Family Relationship None

13. Ms. Puntip Surathin

Independent Director

Member of the Audit Committee

Member of the Risk Oversight Committee

Age 71

Date of Appointment

April 4, 2014

Education

- Master's Degree (Business Administration), Fort Hays Kansas State College, USA
- Bachelor's Degree (Honors) (Accounting), Chulalongkorn University

Training Program

- Advanced Audit Committee Program (AACP) Class 23/2016, Thai Institute of Directors Association
- Audit Committee Program (ACP) Class 27/2009, Thai Institute of Directors Association
- Director Certification Program (DCP) Class 5/2001, Thai Institute of Directors Association
- The National Defence Course Class 40, National Defence College
- Capital Market Academy Leader Program Class 3/2006, Capital Market Academy

Experience over Past 5 Years

2018 - Present	Member of the Risk Oversight Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2014 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2014 - Present	Member of the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED

2012 - 2016 Member of the Consideration of Rules Concerning Issuance and Offering of Equities and Management of Securities Issuing Companies Sub-committee, Office of the Securities and Exchange Commission
2011 - 2017 Member of the Board and Chairperson of the Audit and Evaluation Sub-committee, Defence Technology Institute (Public Organization), Ministry of Defence
2009 - 2014 Director and Member of the Audit Committee, Nomination Committee and Remuneration Committee, Thanachart Capital Public Company Limited

Positions in Other Listed Companies None

Positions in Non-listed Companies

Nov. 2019 - Present Director, Relationship Republic Company Limited
2013 - Present Director and Member of the Audit Committee, TRIS Rating Company Limited
2013 - Present Director and Member of the Audit Committee, TRIS Corporation Limited
2009 - Present Director and Chairperson of the Audit Committee, YLG Bullion & Futures Company Limited

Other Affiliations

- Chairperson of the Examination and Evaluation Committee, Ministry of Finance
- Member of the Property Asset Management Committee and Chairperson of the Corporate Governance Sub-committee, Property Asset Management Office, The Thai Red Cross Society
- Member of the Property Asset Management Committee, The Chaipattana Foundation
- Member of the Board of Trustees, Fiscal Policy Research Institute Foundation

Family Relationship None

14. Mr. Wiboon Khusakul

Independent Director

Member of the Corporate Governance Committee

Age 65

Date of Appointment

April 2, 2015

Education

- Master's Degree (International Public Policy), Johns Hopkins University, USA
- Master's Degree (Political Science - International Relations), Thammasat University
- Bachelor's Degree (Political Science - International Relations), Chulalongkorn University

Training Program

- Director Certification Program (DCP) Class 211/2015, Thai Institute of Directors Association
- Civil Service Executive Program, Office of the Civil Service Commission

Experience over Past 5 Years

2015 - Present Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Present Member of the Corporate Governance Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2017 - Jan. 2019 Director and Member of the Audit Committee, Thai Smile Airways Company Limited
2012 - 2014 Ambassador to the People's Republic of China, Republic of Mongolia and Democratic People's Republic of Korea, Royal Thai Embassy, Beijing

Positions in Other Listed Companies

2015 - Present Director, City Sports and Recreation Public Company Limited

Positions in Non-listed Companies

2015 - Present Advisor, Charoen Pokphand Group Company Limited

Other Affiliations

- Chairman of the National Public Relations Sub-committee on Foreign Affairs, The Government Public Relations Department
- Member of the Committee for Preparation of National Strategies on Building Competitiveness
- Member of the International Advisory Committee, Fudan University, Shanghai

Family Relationship None

15. Ms. Suphajee Suthumpun

Independent Director

Member of the Audit Committee

Member of the Risk Oversight Committee

Age 55

Date of Appointment

October 6, 2015

Education

- Master's Degree (Business Administration - International Finance and International Accounting), Northrop University, USA
- Bachelor's Degree (Sociology and Anthropology), Thammasat University

Training Program

- Advanced Audit Committee Program (AACP) Class 23/2016, Thai Institute of Directors Association
- Director Certification Program (DCP) Class 89/2007, Thai Institute of Directors Association
- Capital Market Academy Leader Program Class 16/2013, Capital Market Academy
- The Programme for Senior Executives on Justice Administration Class 19, National Justice Academy
- Thammasat Leadership Program Class 1, Thammasat University

Experience over Past 5 Years

2018 - Present	Member of the Risk Oversight Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Present	Member of the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
Jan. - Jun. 2019	Director, Dusit Hospitality Services Company Limited
2017 - 2018	Member of the Corporate Governance Committee, Nok Airlines Public Company Limited
2016 - Sep. 2019	Director, Suanlum Property Company Limited
2016 - Sep. 2019	Director, Phraram 4 Development Company Limited
2016 - Jun. 2019	Director, Dusit Worldwide Company Limited
2016 - 2018	Director and Member of the Audit Committee, Nok Airlines Public Company Limited
2016 - 2017	Member of the Investment Committee, Dusit Thani Freehold and Leasehold Property Fund
2016 - 2017	Director, Saladang Property Management Company Limited
2015 - Jun. 2019	Director, Dusit Excellence Company Limited
2015	Adviser to the Chief Executive Officer, Thaicom Public Company Limited
2012 - 2015	Director, TC Broadcasting Company Limited
2011 - 2015	Director, Chairman of the Executive Committee and Chief Executive Officer, Thaicom Public Company Limited
2011 - 2015	Member of the Executive Committee and Chairman of the Management Committee - Media & New Business, Intouch Holding Public Company Limited
2011 - 2015	Chairman of the Board and the Executive Committee, Shenington Investments Pte
2011 - 2015	Director and Chairman of the Executive Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee, CS LoxInfo Public Company Limited
2011 - 2015	Member of the Executive Committee, Advanced Info Service Public Company Limited

Positions in Other Listed Companies

2016 - Present	Group Chief Executive Officer, Dusit Thani Public Company Limited
2015 - Present	Director, Dusit Thani Public Company Limited

Positions in Non-listed Companies

Jul. 2019 - Present	Director, Dusit Real Foods Company Limited
Mar. 2019 - Present	Director, Dusit Thani Properties REIT Company Limited
Jan. 2019 - Present	Director, Epicure Catering Company Limited
2018 - Present	Director, LVM Holdings Pte. Ltd.
2018 - Present	Director, Dusit Gourmet Company Limited
2018 - Present	Director, Dusit Foods Company Limited
2018 - Present	Director, NR Instant Produce Public Company Limited
2017 - Present	Director, Asai Holdings Company Limited
2017 - Present	Director, Dusit Colours Company Limited
2016 - Present	Director, Vimarn Suriya Company Limited
2016 - Present	Director, Dusit Thani Properties Company Limited
2016 - Present	Director, Le Cordon Bleu Dusit Company Limited
2016 - Present	Director, Dusit Management Company Limited
2016 - Present	Director, Dusit China Capital Company Limited
2016 - Present	Director, Dusit Overseas Company Limited
2016 - Present	Director, Dusit Hospitality Education Philippines, Inc.
2016 - Present	Director, Dusit Thani Philippines, Inc.
2016 - Present	Director, DMS Property Investment Private Limited
2015 - Present	Director, Dusit Thai Properties Public Company Limited

Other Affiliations

- Honorary Member of the University Council, Thammasat University
- Honorary Member of the University Council, Navamindradhiraj University
- Member of the Council, Dusit Thani College
- Member of the International Advisory Board, Ecole Hoteliere de Lausanne
- Member of the National Enterprise Corporation Establishment Preparation Sub-committee
- Councilor, Thailand Management Association

Family Relationship None

16. Mr. Sara Lamsam

Director

Member of the Corporate Governance Committee

(Authorized Signature)

Age 50

Date of Appointment

January 1, 2016

Education

- Master's Degree (Administration), Boston University, USA
- Bachelor's Degree (Business Administration), Northeastern University, USA

Training Program

- Director Certification Program (DCP) Class 4/2000, Thai Institute of Directors Association
- Capital Market Academy Leader Program Class 4/2007, Capital Market Academy

- Advanced Management Program (AMP 186), Harvard Business School
- Executive Courses in Applied Psychology Administration Class 97, Applied Psychology Institute
- Thailand Insurance Leadership Program Class 1, OIC Advanced Insurance Institute
- Metropolitan Development Training Course for the Top Executives (Mahanakorn) Class 1, Urban Green Development Institute Bangkok
- The Program of Senior Executive on Justice Administration Class 17, Judicial Training Institute
- Executive Management with Business Development Class 1, Institute of Business and Industrial Development
- Top Executive Program in Commerce and Trade (TEPCoT 8), Commerce Academy
- Global Business Leaders Program (GBL 1), LEAD Business Institute, a Partner of Cornell University
- Business Revolution and Innovation Network (BRAIN 2), The Federation of Thai Industries
- Advanced Master of Management Program (AMM 2), National Institute of Development Administration

Experience over Past 5 Years

2018 - Present	Member of the Corporate Governance Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - Present	Director, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - 2018	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - 2017	Chairman, The Federation of Thai Insurance Organizations
2015 - 2016	Advisor, Board of Trade of Thailand
2012 - 2016	President, The Thai Life Assurance Association
2009 - 2016	Director, Thai Reinsurance Public Company Limited
2009 - 2015	Director, Board of Trade of Thailand
2007 - 2019	Member of the Remuneration and Selection Committee, Phatra Leasing Public Company Limited

Positions in Other Listed Companies

2016 - Present	Independent Director, Thai Reinsurance Public Company Limited
2009 - Present	Advisor to the President, Muang Thai Insurance Public Company Limited
2009 - Present	Member of the Risk Management Committee, Phatra Leasing Public Company Limited
2008 - Present	Director and Executive Director, Muang Thai Insurance Public Company Limited
2007 - Present	Chairman of the Executive Committee, Phatra Leasing Public Company Limited
2004 - Present	Director, Phatra Leasing Public Company Limited

Positions in Non-listed Companies

2017 - Present	Director, Fuchsia Venture Capital Company Limited
2016 - Present	Director and Chairman of the Risk Management Committee, MB Ageas Life Insurance Company Limited
2015 - Present	Vice Chairman, Sovannaphum Life Assurance PLC
2012 - Present	Director, Yupong Company Limited
2010 - Present	President and Chief Executive Officer, Muang Thai Life Assurance Public Company Limited
2009 - Present	Director, Muang Thai Asset Company Limited
2009 - Present	Chief Executive Officer and Director, Muang Thai Group Holding Company Limited
2009 - Present	Chief Executive Officer and Director, Muang Thai Holding Company Limited
2008 - Present	Director, Muang Thai Group Service Company Limited
2007 - Present	Director, Muang Thai Real Estate Public Company Limited
2007 - Present	Director, T.I.I. Company Limited
1998 - Present	Director, Yupayong Company Limited

Other Affiliations

- Chairman, The Financial Planners Association
- Vice President (Marketing), The Thai Life Assurance Association
- Director, The Federation of Thai Insurance Organizations
- Advisor, The Thai Chamber of Commerce
- Advisor, The Society of Actuaries of Thailand

Family Relationship

- Nephew of Ms. Sujitpan Lamsam
- Cousin of Mr. Banthoon Lamsam

17. Mr. Chanin Donavanik

Independent Director

Member of the Corporate Governance Committee

Age 62

Date of Appointment

April 3, 2017

Education

- Master's Degree (Business Administration), Boston University, USA

Training Program

- Director Certification Program (DCP) Class 72/2006, Thai Institute of Directors Association
- Director Accreditation Program (DAP) Class 10/2004, Thai Institute of Directors Association

Experience over Past 5 Years

2017 - Present Director,
KASIKORNBANK PUBLIC COMPANY LIMITED
2017 - Present Member of the Corporate Governance Committee,
KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - 2017 Director,
Saladang Property Management Company Limited
2016 - 2017 Director,
Phraram 4 Development Company Limited
2016 - 2017 Director, Suanlum Property Company Limited
2014 - Jun. 2019 Director, Dusit Excellence Company Limited
2012 - Sep. 2019 Director, Dusit USA Management Inc.
2011 - 2018 Director, Dusit Bird Hotels Private Limited
2010 - Jun. 2019 Director, Dusit Management Company Limited
2010 - 2016 Member of Investment Committee,
Dusit Thani Freehold and Leasehold Property Fund
2008 - Jun. 2019 Director, Dusit Worldwide Company Limited
2006 - Jan. 2019 Director, Le Cordon Bleu Dusit Company Limited
2006 - 2015 Managing Director and Chief Executive Officer,
Dusit Thani Public Company Limited
2000 - Jun. 2019 Director, Devarana Spa Company Limited

Positions in Other Listed Companies

2016 - Present Vice Chairman
and Chairman of the Executive Committee,
Dusit Thani Public Company Limited

Positions in Non-listed Companies

2018 - Present Director, Dusit Foods Company Limited
2017 - Present Chairman,
Dusit Thani Properties REIT Company Limited
2017 - Present Director, Dusit Colours Company Limited
2016 - Present Director, Vimarn Suriya Company Limited
2015 - Present Chairman,
Dusit Hospitality Education Philippines, Inc.
2015 - Present Director, Piyasiri Company Limited
2014 - Present Director,
Dusit Fudu Hotel Management (Shanghai)
Company Limited
2013 - Present Director, JTB (Thailand) Company Limited
2013 - Present Director, Dusit China Capital Company Limited
2011 - Present Director, DMS Property Investment Private Limited
2010 - Present Director, Chanut and Children Company Limited
2009 - Present Director,
Dusit Thai Properties Public Company Limited
2008 - Present Director, Dusit Overseas Company Limited
1995 - Present Chairman, Dusit Thani Philippines, Inc.
1990 - Present Director, Dusit Thani Properties Company Limited
1989 - Present Director, Thai-Japan Gas Company Limited
1988 - Present Director, Thana Jirang Company Limited

Other Affiliations

- Director and Chairman of Tourism and Service Business Committee, The Thai Chamber of Commerce
- Vice Chairman, Dusit Thani College
- Head of Private Sector Team of the Tourism & MICE Promotion Working Group (D3) under the Public-Private Collaborative Committee

Family Relationship None

18. Ms. Jainnisa Kuvinichkul

Independent Director

Member of the Risk Oversight Committee

Age 40

Date of Appointment

April 4, 2019

Education

- Master's Degree (Business Administration), Harvard University, USA
- Bachelor's Degree (Business Administration), Chulalongkorn University

Training Program

- Director Certification Program (DCP) Class 278/2019, Thai Institute of Directors Association
- Capital Market Academy Leader Program Class 13/2011, Capital Market Academy

Experience over Past 5 Years

May 2019 - Present Member of the Risk Oversight Committee,
KASIKORNBANK PUBLIC COMPANY LIMITED
Apr. 2019 - Present Director,
KASIKORNBANK PUBLIC COMPANY LIMITED
2008 - Jan. 2019 Executive Director, Alumet Company Limited

Positions in Other Listed Companies None

Positions in Non-listed Companies

Apr. 2019 - Present Director, Alumet Company Limited
2017 - Present Director, Tanara Company Limited
2016 - Present Chief Executive Officer,
Candy Crepe Company Limited
2010 - Present Director, Metta Group Company Limited
2010 - Present Chief Executive Officer,
M Essentials Company Limited

Family Relationship None

19. Dr. Adit Laixuthai

Corporate Secretary
Senior Executive Vice President
Corporate Secretariat Division Head
Age 55

Education
- Ph.D. (Public Health Sciences - Health Economics), University of Illinois at Chicago, USA
- Master's Degree (Health Economics), University of Illinois at Chicago, USA
- Master's Degree (Policy Economics), University of Illinois at Urbana - Champaign, USA
- Bachelor's Degree (International Economics), Chulalongkorn University

Training Program
- Company Secretary Program (CSP) Class 53/2013, Thai Institute of Directors Association
- Director Certification Program (DCP - Diploma) Class 25/2009, Thai Institute of Directors Association
- Director Certification Program (DCP) Class 115/2009, Thai Institute of Directors Association

Experience over Past 5 Years

2018 - Present	Secretary to the Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Present	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - Present	Corporate Secretary and Secretary to the Board of Directors, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - Present	Secretary to the Independent Directors Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2008 - Present	Secretary to the Corporate Governance Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
1999 - Present	Chief Investor Relations Officer, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - 2018	Member of the University Council, Nation University
2015 - 2017	Director, Muang Thai Group Holding Company Limited
2010 - 2015	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies
- Director, KASIKORN RESEARCH CENTER COMPANY LIMITED
- Director, KASIKORNTHAI FOUNDATION
- Member of the Council, Vidyasirimedhi Institute of Science and Technology (VISTEC)

Family Relationship None

20. Mr. Wirawat Panthawangkun

Senior Executive Vice President
Strategy and Analytics Division Head
Age 47

Education
- Master's Degree (Business Administration - Financial Engineering), Sloan School of Management, Massachusetts Institute of Technology, USA

Training Program
- Director Certification Program (DCP) Class 143/2011, Thai Institute of Directors Association

Experience over Past 5 Years

2015 - Present	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2019	Director, KASIKORN GLOBAL PAYMENT COMPANY LIMITED
2010 - 2018	Member and Secretary to the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2012 - 2016	Director, KASIKORN LEASING COMPANY LIMITED
2011 - 2016	Director, Thanyathanathavee Company Limited
2011 - 2016	Director, Thanyathamrongkij Company Limited
2010 - 2015	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies
- Director, KASIKORN LINE COMPANY LIMITED
- Director, Muang Thai Group Holding Company Limited
- Director, National Credit Bureau Company Limited
- Supervisor, KASIKORNBANK (CHINA) COMPANY LIMITED

Family Relationship None

21. Mr. Krit Jitjang

Senior Executive Vice President
Enterprise Risk Management Division Head
Age 48

Education
- Master's Degree (Business Administration), Sloan School of Management, Massachusetts Institute of Technology, USA

Training Program
- Director Certification Program (DCP) Class 140/2010, Thai Institute of Directors Association
- Leading in a Disruptive World, SEAC at Stanford Center for Professional Development

- Executive Coaching Certification Program 2016, Berkeley Executive Coaching Institute
- Advanced Human Resource Executive Program, University of Michigan's Ross School of Business

Experience over Past 5 Years

2018 - Present	Secretary to the Risk Oversight Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - Present	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2018	Member and Secretary to the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - 2018	Director, KASIKORN TECHNOLOGY GROUP SECRETARIAT COMPANY LIMITED
2015 - 2018	Director, KASIKORN LABS COMPANY LIMITED
2015 - 2018	Director, KASIKORN SOFT COMPANY LIMITED
2015 - 2018	Director, KASIKORN PRO COMPANY LIMITED
2015 - 2018	Director, KASIKORN SERVE COMPANY LIMITED
2014 - 2018	Secretary to the Human Resources and Remuneration Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - 2018	Chairman, PROGRESS SERVICE SECURITY GUARD COMPANY LIMITED
2013 - 2018	Chairman, PROGRESS PLUS COMPANY LIMITED
2013 - 2018	Chairman, PROGRESS APPRAISAL COMPANY LIMITED
2013 - 2018	Chairman, PROGRESS FACILITIES MANAGEMENT COMPANY LIMITED
2013 - 2018	Chairman, PROGRESS STORAGE COMPANY LIMITED
2013 - 2018	Chairman, PROGRESS H R COMPANY LIMITED
2013 - 2018	Chairman, PROGRESS SERVICE SUPPORT COMPANY LIMITED
2013 - 2018	Chairman, PROGRESS TRAINING COMPANY LIMITED
2010 - 2015	Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies

- Chairman, PROGRESS MANAGEMENT COMPANY LIMITED
- Chairman, PROGRESS COLLECTION COMPANY LIMITED
- Director, KASIKORN SECURITIES PUBLIC COMPANY LIMITED
- Director, KASIKORN X COMPANY LIMITED

Family Relationship None

22. Mr. Thiti Tantikulanan

Capital Markets Business Division Head*

Age 50

Education

- Bachelor's Degree (Business Administration), University of Washington, USA

Training Program

- Corporate Governance for Capital Market Intermediaries (CGI) Class 15/2016, Thai Institute of Directors Association
- Capital Market Academy Leader Program Class 19/2014, Capital Market Academy
- Thailand Insurance Leadership Program Class 2/2012, OIC Advanced Insurance Institute

Experience over Past 5 Years

2008 - Present	Capital Markets Business Division Head, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - Apr. 2019	Director and Member of the Audit Committee, The Thai Bond Market Association
2008 - 2018	Member of the Risk Management Committee, KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies

- Executive Chairman, KASIKORN SECURITIES PUBLIC COMPANY LIMITED
- Governor, The Stock Exchange of Thailand
- Director, Association of Thai Securities Companies
- Director, ASCO Business Promotion Company Limited
- Director, TRIS Corporation Limited

Family Relationship None

** This position is equivalent to Senior Executive Vice President.*

23. Dr. Pipatpong Poshyanonda

Senior Executive Vice President

Customer and Enterprise Service Fulfillment Division Head

Age 51

Education

- Ph.D. (Engineering Management), University of Missouri-Rolla, USA

Training Program

- Director Certification Program (DCP) Class 231/2016, Thai Institute of Directors Association

Experience over Past 5 Years

2017 - Present	Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - 2018	Director, PROGRESS PLUS COMPANY LIMITED
2013 - 2018	Director, PROGRESS APPRAISAL COMPANY LIMITED
2013 - 2018	Director, PROGRESS STORAGE COMPANY LIMITED

2013 - 2018 Director,
PROGRESS SERVICE SUPPORT
COMPANY LIMITED
2010 - 2017 Executive Vice President,
KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies

- Chairman, PROGRESS PLUS COMPANY LIMITED
- Chairman, PROGRESS APPRAISAL COMPANY LIMITED
- Chairman, PROGRESS FACILITIES MANAGEMENT COMPANY LIMITED
- Chairman, PROGRESS SERVICE SECURITY GUARD COMPANY LIMITED
- Chairman, PROGRESS STORAGE COMPANY LIMITED
- Chairman, PROGRESS SERVICE SUPPORT COMPANY LIMITED

Family Relationship None

24. Mr. Jirawat Supornpaibul

Private Banking Group Head*

Age 51

Education

- Master's Degree (Business Administration),
  Sasin Graduate Institute of Business Administration

Experience over Past 5 Years

2018 - Present Private Banking Group Head,
KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - 2018 Private Banking Business Division Head,
KASIKORNBANK PUBLIC COMPANY LIMITED
2013 - 2015 Private Banking Business Head,
KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies

- Director, Crystal Football Club Company Limited

Family Relationship None

** This position is equivalent to Senior Executive Vice President.*

25. Mr. Chongrak Rattanapian

Senior Executive Vice President

Finance and Control Division Head and Chief Financial Officer

Age 51

Education

- Master's Degree (Business Administration - Finance),
  William Paterson University of New Jersey, USA
- Bachelor's Degree (Economics), Thammasat University

Training Program

- Board Nomination and Compensation Program (BNCP)
  Class 3/2018, Thai Institute of Directors Association
- Director Certification Program (DCP) Class 190/2014,
  Thai Institute of Directors Association
- Corporate Governance for Capital Market Intermediaries (CGI)
  (Exclusive Class), Thai Institute of Directors Association
- Driving Company Success with IT Governance (ITG),
  Thai Institute of Directors Association
- Summary of Significant Change for TFRS (Revised 2018)
  Class 1/2019, Federation of Accounting Professions
  Under the Royal Patronage of His Majesty the King

Experience over Past 5 Years

Jan. 2019 - Present Senior Executive Vice President,
KASIKORNBANK PUBLIC COMPANY LIMITED
2017 - Feb. 2019 Director, KASIKORN LEASING COMPANY LIMITED
2016 - 2018 Member of the Risk Management Committee,
KASIKORNBANK PUBLIC COMPANY LIMITED
2015 Director,
KASIKORN SECURITIES
PUBLIC COMPANY LIMITED
2013 - 2014 Executive Chairman,
KASIKORN ASSET MANAGEMENT
COMPANY LIMITED
2012 - 2018 Executive Vice President,
KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies

- Director,
  KASIKORN TECHNOLOGY GROUP SECRETARIAT
  COMPANY LIMITED
- Director, KASIKORN LABS COMPANY LIMITED
- Director, KASIKORN SOFT COMPANY LIMITED
- Director, KASIKORN PRO COMPANY LIMITED
- Director, KASIKORN SERVE COMPANY LIMITED
- Director, KASIKORN X COMPANY LIMITED
- Director, BEACON VENTURE CAPITAL COMPANY LIMITED
- Director, Muang Thai Group Holding Company Limited
- Director, SUPERNAP (Thailand) Company Limited

Family Relationship None

26. Mr. Silawat Santivisat

Senior Executive Vice President

Transaction Banking Division Head

Age 56

Education

- Master's Degree (Chemical Engineering),
  The University of Texas at Austin, USA
- Master's Degree (Business Administration),
  Sasin Graduate Institute of Business Administration

Training Program

- Anti-Corruption: The Practical Guide (ACPG) Class 18/2015, Thai Institute of Directors Association
- Corporate Governance for Capital Market Intermediaries (CGI) Class 4/2015, Thai Institute of Directors Association

Experience over Past 5 Years

Jan. 2019 - Present Senior Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2016 - 2018 Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2012 - 2015 Senior Executive Vice President, CIMB Thai Bank Public Company Limited

Directorship in Other Companies

- Chairman, BCI (Thailand) Company Limited
- Vice Chairman, Processing Center Company Limited
- Director, Thai Digital ID Company Limited
- Distinguished Member of the Steering Committee, Sasin Graduate Institute of Business Administration

Family Relationship None

27. Mr. Surasak Dudsdeemaytha

Executive Vice President
Audit Division Head
Internal Audit Head
Age 54

Education

- Master's Degree (Business Administration), Sasin Graduate Institute of Business Administration
- Bachelor's Degree (Economics), Kasetsart University

Training Program

- Advanced Audit Committee Program (AACP) Class 24/2016, Thai Institute of Directors Association
- Role of the Compensation Committee (RCC) Class 16/2013, Thai Institute of Directors Association
- Director Certification Program (DCP) Class 131/2010, Thai Institute of Directors Association
- Securities Business Regarding Compliance Function for Head of Compliance 2019, The Thai Bankers' Association
- Advanced Management Strategies for Drug Prevention and Suppression Class 1/2018, Office of the Narcotics Control Board
- Standards on Anti-Money Laundering and Combating the Financing of Terrorism for Reporting Entities under Section 13 and Section 16 Class 1/2017, Anti Money Laundering Office
- Audit Committee Seminar - Get Ready for the Year End 2015, Federation of Accounting Professions, Office of the Securities and Exchange Commission, The Stock Exchange of Thailand, Thai Institute of Directors Association and Thai Listed Companies Association

Experience over Past 5 Years

2014 - Present Secretary to the Audit Committee, KASIKORNBANK PUBLIC COMPANY LIMITED
2010 - Present Executive Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies None

Family Relationship None

28. Ms. Wasana Surakit

First Senior Vice President
Age 52

Education

- Master's Degree (Accounting), Thammasat University

Training Program

- Analysis of Financial Data for Management Decisions, NYC Management Company Limited
- Fraud Prevention in the Organization Class 17 (2nd Course), Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
- Be Aware of All the New Laws in 2019 and Trends in 2020, NYC Management Company Limited

Experience over Past 5 Years

2017 - Present First Senior Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED
2008 - 2016 Senior Vice President, Financial Accounting Management Department, KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies

- Director, PROGRESS PLUS COMPANY LIMITED

Family Relationship None

29. Ms. Natcha Argasreog

First Senior Vice President
Age 44

Education

- Master's Degree (Business Administration), Chulalongkorn University

Experience over Past 5 Years

Jan. 2019 - Present First Senior Vice President, KASIKORNBANK PUBLIC COMPANY LIMITED

2016 - 2018 Senior Vice President,
Financial Planning Department,
KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - 2016 First Vice President,
Financial Planning Department,
KASIKORNBANK PUBLIC COMPANY LIMITED
2014 - 2015 First Vice President, China Business Network,
KASIKORNBANK PUBLIC COMPANY LIMITED
2014 First Vice President,
World Business Strategy Management Department,
KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies None

Family Relationship None

30. Mr. Phaisarn Vorasetsiri

First Senior Vice President

Compliance Head

Age 46

Education

- Master's Degree (Business Administration - Accounting), University of Illinois at Urbana - Champaign, USA
- Graduate Diploma in Auditing, Thammasat University
- Bachelor's Degree (Honors) (Law), Thammasat University
- Bachelor's Degree (Accounting), Thammasat University

Training Program

- Director Certification Program (DCP) Class 215/2016, Thai Institute of Directors Association
- Securities Business Regarding Compliance Function for Head of Compliance 2019, The Thai Bankers' Association
- Specialist in Financial Technology: The Best Practice, The Thai Institute of Banking and Finance Association

Experience over Past 5 Years

Jan. 2019 - Present First Senior Vice President,
KASIKORNBANK PUBLIC COMPANY LIMITED
2015 - 2018 Senior Vice President, Compliance Department,
KASIKORNBANK PUBLIC COMPANY LIMITED
2012 - 2015 First Vice President, Compliance Department,
KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies None

Family Relationship None

31. Ms. Manasikan Pakdeesrisantikul

First Vice President

Financial Accounting Management Department Head

Age 45

Education

- Master's Degree (Accounting), Chulalongkorn University

Training Program

- TFAC Conference 2019: Future of Finance - Digital Disruption, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
- e-Filing of Financial Statement, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King

Experience over Past 5 Years

2013 - Present First Vice President,
Financial Accounting Management Department,
KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies None

Family Relationship None

32. Ms. Khajarin Maintaka

First Vice President

Financial Planning Co-Department Head

Age 40

Education

- Master's Degree (Business Administration), International University of Japan

Training Program

- Advanced Audit Committee Program (AACP) Class 32/2019, Thai Institute of Directors Association
- Director Certification Program (DCP) Class 254/2018, Thai Institute of Directors Association
- Director Accreditation Program (DAP) Class 137/2017, Thai Institute of Directors Association

Experience over Past 5 Years

2015 - Present First Vice President, Financial Planning Department,
KASIKORNBANK PUBLIC COMPANY LIMITED
2012 - 2015 Vice President, Financial Planning Department,
KASIKORNBANK PUBLIC COMPANY LIMITED

Directorship in Other Companies

- Director, KASIKORNBANK (CHINA) COMPANY LIMITED

Family Relationship None

Directorship of Directors and Executives in Subsidiaries, Associated Companies, Joint Venture and Related Companies

As of December 31, 2019

| | Name | Position | | |

| | Name | Position | | |

| | Name | Position | | |

| | Name | Position | | |

Changes in KASIKORNBANK Shares Held by Directors and Executives in 2019

As of December 31, 2019

No.	Name	Position	KBank Shares Held as of December 31, 2018	KBank Shares Held as of December 31, 2019	Increase/ (Decrease) in KBank Shares Held in 2019	Percentage of Shares Held (%)
1	Mr. Banthoon Lamsam	Chairman of the Board and Chief Executive Officer	50,000	50,000	0	0.002
	Spouse and minor children		20,000	20,000	0	0.000
2	Ms. Kobkarn Wattanavrangkul	Vice Chairperson	1,200	1,200	0	0.000
	Spouse and minor children		-	-	-	-
3	Ms. Sujitpan Lamsam	Vice Chairperson	3,000,000	3,000,000	0	0.125
	Spouse and minor children		-	-	-	-
4	Mr. Predee Daochai	President	-	-	-	-
	Spouse and minor children		-	-	-	-
5	Ms. Kattiya Indaravijaya	President	-	-	-	-
	Spouse and minor children		-	-	-	-
6	Mr. Pipit Aneaknithi	President	-	-	-	-
	Spouse and minor children		-	-	-	-
7	Mr. Patchara Samalapa	President	-	-	-	-
	Spouse and minor children		-	-	-	-
8	Dr. Abhijai Chandrasen	Director and Legal Adviser	10,000	10,000	0	0.000
	Spouse and minor children		-	-	-	-
9	Sqn.Ldr. Nalinee Paiboon, M.D.	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
10	Mr. Saravoot Yoovidhya	Independent Director	975,800	975,800	0	0.041
	Spouse and minor children		-	-	-	-
11	Dr. Piyasvasti Amranand	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
12	Mr. Kalin Sarasin	Independent Director	1,200	1,200	0	0.000
	Spouse and minor children		260	260	0	0.000
13	Ms. Puntip Surathin	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
14	Mr. Wiboon Khusakul	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
15	Ms. Suphajee Suthumpun	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
16	Mr. Sara Lamsam	Director	721,240	721,240	0	0.030
	Spouse and minor children		-	-	-	-

No.	Name	Position	KBank Shares Held as of December 31, 2018	KBank Shares Held as of December 31, 2019	Increase/ (Decrease) in KBank Shares Held in 2019	Percentage of Shares Held (%)
17	Mr. Chanin Donavanik	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
18	Ms. Jainnisa Kuvinichkul	Independent Director	N/A	-	N/A	-
	Spouse and minor children		N/A	-	N/A	-
19	Dr. Adit Laixuthai	Senior Executive Vice President	284	284	0	0.000
	Spouse and minor children		-	-	-	-
20	Mr. Wirawat Panthawangkun	Senior Executive Vice President	10,380	10,380	0	0.000
	Spouse and minor children		-	-	-	-
21	Mr. Krit Jitjang	Senior Executive Vice President	920	920	0	0.000
	Spouse and minor children		-	-	-	-
22	Mr. Thiti Tantikulanan	Capital Markets Business Division Head	-	-	-	-
	Spouse and minor children		-	-	-	-
23	Dr. Pipatpong Poshyanonda	Senior Executive Vice President	35	35	0	0.000
	Spouse and minor children		-	-	-	-
24	Mr. Jirawat Supornpaibul	Private Banking Group Head	-	-	-	-
	Spouse and minor children		-	-	-	-
25	Mr. Chongrak Rattanapian	Senior Executive Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-
26	Mr. Silawat Santivisat	Senior Executive Vice President	N/A	-	N/A	-
	Spouse and minor children		N/A	-	N/A	-
27	Ms. Wasana Surakit	First Senior Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-
28	Ms. Natcha Argasreog	First Senior Vice President	220	220	0	0.000
	Spouse and minor children		-	-	-	-
29	Ms. Manasikan Pakdeesrisantikul	Financial Accounting Management Department Head	480	480	0	0.000
	Spouse and minor children		-	-	-	-
30	Ms. Khajarin Maintaka	Financial Planning Co-Department Head	N/A	-	N/A	-
	Spouse and minor children		N/A	-	N/A	-

Remarks: N/A

- Ms. Jainnisa Kuvinichkul was appointed as Director on April 4, 2019. Hence, number of shares held as of December 31, 2018 are not applicable for comparison.
- Mr. Silawat Santivisat was appointed as Senior Executive Vice President on January 1, 2019. Hence, number of shares held as of December 31, 2018 are not applicable for comparison.
- Ms. Khajarin Maintaka was appointed as Financial Planning Co-Department Head on April 1, 2019. Hence, number of shares held as of December 31, 2018 are not applicable for comparison.

Other Information

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Awards and Commendations

KASIKORNBANK PUBLIC COMPANY LIMITED

In Recognition of Management

S&P Dow Jones Indices and RobecoSAM

- Selected as a member of the Dow Jones Sustainability Indices (DJSI), including the DJSI World and DJSI Emerging Markets, for the fourth consecutive year

Robeco SAM

- The Bronze class of the banking industry group for the third consecutive year

FTSE and Russell

- Selected as a member of the FTSE4Good Emerging Index, based on operational assessment on environment, social and governance (ESG) factors, for the fourth consecutive year

World Wide Fund for Nature (WWF)

- Selected as a leader in sustainable development in Thailand, based an assessment on ASEAN banks' environmental, social and governance (ESG) integration in products and services

MSCI

- Assigned "AA" rating, meaning that KBank is a leader in its industry in emerging markets in environmental, social and governance (ESG) operations

Brandon Hall Group

- Best Recruitment Marketing and Employer Branding Program - Silver
- Best Learning Program Supporting a Change Transformation Business Strategy - Bronze

Bloomberg

- Selected as a member of 2020 Bloomberg Gender-Equality Index (GEI)

The Asset magazine

- The Asset ESG Corporate Awards - Platinum Award

Institutional Investor magazine

- ASEAN Most Honored Companies
- ASEAN Overall Best ESG/SRI Reporting
- Best CFO-Thailand

Business Media International

- HR Asia Best Companies to Work for in Asia™ 2019 (Thailand Edition)

The Federation of Business and Professional Women of Thailand under the Royal Patronage of Her Majesty the Queen and Ministry of Social Development and Human Security

- Outstanding Women Leaders for Green Growth Award

Thailand Management Association and Sasin Graduate Institute of Business Administration of Chulalongkorn University

- Product / Service Excellence Award
- Human Resources Management Excellence Award
- Leadership Excellence Award
- Sustainability Development Excellence Award

The Stock Exchange of Thailand

- Selected to be on the Thailand Sustainability Investment (THSI) list

The Stock Exchange of Thailand and Money & Banking journal

- SET Award - Outstanding Innovation: Machine Lending
- SET Award - Outstanding Sustainability Awards

Thaipat Institute

- Selected as one of 100 listed companies that has outstanding environmental, social and governance (ESG) performance for the fourth consecutive year
- Sustainability Disclosure Award

The Stock Exchange of Thailand and University of the Thai Chamber of Commerce

- "The Most Popular Stock" award in the financial business sector

Thai Institute of Directors Association

- "Excellence", based on the Corporate Governance Report of Thai Listed Companies

Thai Investors Association, the Office of the Securities and Exchange Commission and Thai Listed Companies Association

- "Excellence", based on the AGM Assessment Program

Thailand Greenhouse Gas Management Organization (Public Organization)

- Carbon Neutral Certification for the second consecutive year

Carbon Disclosure Project (CDP)

- "Level A- (Leadership)", based on the Climate Change Program

Campaign Asia Pacific magazine

- Southeast Asia Brand of the Year from K PLUS Friendshit campaign

Faculty of Commerce and Accounting, Chulalongkorn University

- Thailand's Top Corporate Brand Values for the third consecutive year

Ministry of Labour

- Excellent Labour Relations and Welfare Award for the 14th consecutive year

In Recognition of Service

Professional Wealth Management of the Financial Times Group

- Best Private Bank for Digital Culture in Asia
- Best Private Bank for Digitally Empowering Relationship Managers in Asia

Global Finance magazine

- Best Trade Finance Provider in Thailand
- Best Foreign Exchange Providers – Thailand

Euromoney magazine

- Best Private Bank for Asset Management in Thailand

Asian Private Banker magazine

- Best Private Bank - Thailand Domestic

Retail Banker International magazine

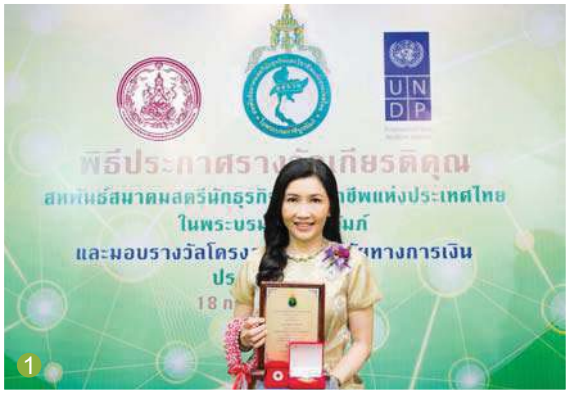
- Highly Commended: Excellence in Service Innovation
- Highly Commended: Best Staff Training and Development Programme
- Winner: Best Debit Card Initiative

The DIGITAL BANKER journal

- Winner: Excellence in Next-Gen Customer Experience
- Highly Acclaimed: Best Product or Service Innovation
- Highly Acclaimed: Best Customer Insight & Feedback Initiative
- Best Private Bank in ASEAN
- Best Private Bank in Thailand
- 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
- Highly Acclaimed: Outstanding Staff Training, Learning & Development Program

The Asian Banker journal

- Best Retail Bank in Thailand for the 10th consecutive year
- Best Digital Brand Initiative, Application or Programme
- Best Frictionless Customer Relationship Management
- Best Wealth Management Services in Thailand: Private Banking Digitalisation
- Best Data Analytics Initiative, Application or Programme
- Best Service Provider Cash Management, Thailand
- Best Cash Management Bank in Thailand
- Best Service Provider: E-Solutions Partner, Thailand
- Best E-Commerce Proposition from K+ Market Feature in K PLUS



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3

1. KBank received the “Outstanding Women Leaders for Green Growth Award” from the Federation of Business and Professional Women of Thailand under the Royal Patronage of Her Majesty the Queen and Ministry of Social Development and Human Security.
2. KBank won “Thailand’s Top Corporate Brand Values” award from the Faculty of Commerce and Accounting, Chulalongkorn University.
3. KBank was presented with “The Most Popular Stock” award in the financial business sector from the Stock Exchange of Thailand and University of the Thai Chamber of Commerce.
4. KBank won the “Best Private Bank for Asset Management in Thailand” award from Euromoney magazine and “Best Private Bank - Thailand Domestic” award from Asian Private Banker magazine.
5. KBank was presented with the “ASEAN Most Honored Companies”, “ASEAN Overall Best ESG/SRI Reporting”, and “Best CFO-Thailand” awards from Institutional Investor magazine.


4



5

Global Wealth and Society Awards Program of The Asian Banker

- The Best Private Bank in Thailand

The Asset magazine

- Best IPO, Thailand: Gulf Energy Development Public Company Limited
- Best Service Provider Cash Management, Thailand
- Best Service Provider: E-Solutions Partner, Thailand
- Best Private Banker - HNWIs Thailand
- Best Private Bank Thailand
- Project Finance House of the Year, Thailand for the fifth consecutive year
- Renewable Energy Deal of the Year, Thailand
- The Region's Best Local Currency Bond Individuals in Research in Thailand (First place)
- The Region's Best Local Currency Bond Individuals in Sales, Highly Commended in Thailand
- Top Arranger Investors' Choice for Primary Issuers - Government Bonds Thailand (First place)
- Top Sellside Firm in Secondary Market Government Bonds Thailand (First place)
- Top Arranger Investors' Choice for Primary Issues - Corporate Bonds Thailand (First place)
- Top Sellside Firm in Research Thailand (First place)
- Top Sellside Firm in Secondary Market Corporate Bonds Thailand (Fourth place)

Alpha Southeast Asia magazine

- Best Cash Management Bank in Thailand for the eighth consecutive year
- Best Bond House in Thailand
- Best Local Bond Deal in Thailand
- Most Improved Bond House
- Best FX Bank for Corporates & 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)
- Best Corporate Treasury Sales and Structuring
- Best Refinancing Deal in Southeast Asia
- Top 5 Bookrunners of Southeast Asia Local Currency Bonds (Third place)

FinanceAsia magazine

- Best DCM House in Thailand for the third consecutive year
- Best Private Bank in Thailand

Asian Banking & Finance journal

- Domestic Retail Bank of the Year for the sixth consecutive year
- Thailand Domestic Cash Management Bank of the Year for the third consecutive year
- Advertising Campaign of the Year - Thailand, from K PLUS Friendshit commercial

The Bank of Thailand

- Best Repo Primary Dealer

BrandAge magazine

- Thailand's Most Admired Brand & Why We Buy from "K-Credit Card"
- Thailand's Most Admired Brand & Why We Buy from "Bank for SMEs"

Thai Bond Market Association

- Most Prominent Fund House in Corporate Bond Market
- Best Bond House
- Top Underwriting Bank

Video Research International (Thailand) Co., Ltd. and Marketeer magazine

- No. 1 Brand Thailand 2018 - 2019 in the credit card category for the sixth consecutive year
- No. 1 Brand Thailand 2018 - 2019 in the debit/ATM card category for the fifth consecutive year
- No. 1 Brand Thailand 2018 - 2019 in the savings deposit category for the fourth consecutive year
- No. 1 Brand Thailand 2018 - 2019 in the bank for SMEs category for the fourth consecutive year

The Contact Center Associations of Asia Pacific (CC-APAC)

- The Best Asia Pacific Contact Center Innovation Award - Gold



1. KBank received the “Best Retail Bank in Thailand” award from The Asian Banker journal.
2. KBank won the “Best DCM House in Thailand” award from FinanceAsia magazine.
3. KBank won “The Best Asia Pacific Contact Center Innovation Award” - Gold Medal from the Contact Center Associations of Asia Pacific (CC-APAC) and 13 other awards from the Thai Contact Center Trade Association.
4. KBank received the “Best Cash Management Bank in Thailand” award from Alpha Southeast Asia magazine.
5. KBank won the “Outstanding Sustainability” award while KAsset garnered the “Best Asset Management Company” award and KSecurities received the “Outstanding Securities Company” award from the Stock Exchange of Thailand and Money & Banking journal.









Thai Contact Center Trade Association

- The Best Contact Center of the Year (Over 100 seats)
- The Best Professional Management Contact Center (Over 100 seats) - Gold
- The Best Social Media Contact Center (Over 100 seats) - Gold
- The Best Corporate Social Responsibility Contact Center (Over 100 seats) - Gold
- The Best Facility Contact Center (Over 100 seats) - Gold
- The Best Effective Technology Contact Center (Over 100 seats) - Gold
- The Best Work Flow Contact Center (Over 100 seats) - Gold
- The Best Customer Satisfaction Center (Over 100 seats) - Silver
- The Best Human Care Contact Center (Over 100 seats) - Silver
- The Best Contact Center Supervisor of the Year (Tele-Service)
- The Best Contact Center Social Media Customer Care - Outstanding Award
- The Best Contact Center IT Support Professional - Outstanding Award
- The Best Contact Center Agent of the Year (Tele-Service) - Outstanding Award

KASIKORN ASSET MANAGEMENT COMPANY LIMITED

The Asset magazine

- Top Investment House Asian Currency Bonds, Thailand, for the sixth consecutive year
- Most Astute Investors in Thailand (Second place)
- Most Astute Investors in Thailand (Third place)
- Most Astute Investors in Thailand (Fourth place)

Asia Asset Management magazine

- Best Pension Fund Manager (Thailand) for the fourth consecutive year
- Best Fund House (Thailand) for the second consecutive year
- Fund Launch of the Year (Thailand) for the second consecutive year
- Best Investor Education (Thailand)

Money & Banking journal

- Best Mutual Fund of the Year in the global equity category, namely K-GHEALTH

The Stock Exchange of Thailand and Money & Banking journal

- SET Award - Best Asset Management Company for the second consecutive year

Thai Bond Market Association

- Most Prominent Fund House in Corporate Bond Market for the second consecutive year

Video Research International (Thailand) Co., Ltd. and Marketeer magazine

- No. 1 Brand Thailand 2018 - 2019 in the mutual fund category for the sixth consecutive year

KASIKORN SECURITIES PUBLIC COMPANY LIMITED

Alpha Southeast Asia magazine

- Best Financial Institution Awards - Best Retail Broker in Thailand
- Best Equity Deal/IPO in Thailand

FinanceAsia magazine

- Country Deal Awards, Thailand - Asset World
- Best Thailand Deal

International Finance magazine

- Best Brokerage House
- Best Research House

International Financing Review (IFR) magazine

- Asia-Pacific IPO

International Financing Review Asia (IFR Asia) magazine

- Thailand Capital Market Deal

The Stock Exchange of Thailand and Money & Banking journal

- SET Award - Outstanding Securities Company - Retail Investors

Reference Information

KASIKORNBANK PUBLIC COMPANY LIMITED conducts commercial banking business, securities business, and other related business under the Financial Institution Business Act, Securities and Exchange Act and other related regulations.

Head Office	:	1 Soi Rat Burana 27/1, Rat Burana Road, Rat Burana Sub-District, Rat Burana District, Bangkok 10140, Thailand
Company Registration Number	:	0107536000315
Telephone	:	+662-2220000
Fax	:	+662-4701144 to 5
K-Contact Center (Personal)	:	+662-8888888 Press 1 Thai Press 2 English Press 877 Japanese Press 878 Mandarin Press 879 Burmese
K-BIZ Contact Center (Business)	:	+662-8888822 Press 1 Thai Press 2 English Press 3 Mandarin Press 4 Japanese
SWIFT	:	KASITHBK
E-mail	:	info@kasikornbank.com
Website	:	www.kasikornbank.com



Names, Offices, Telephone and Fax Numbers of Referenced Entities

Registrar

- Ordinary Shares	:	The Thailand Securities Depository Company Limited 93 Ratchadaphisek Road, Dindaeng Sub-District, Dindaeng District, Bangkok 10400, Thailand Tel.: +662-0099000 Fax: +662-0099991 SET Contact Center: +662-0099999 E-mail: SETContactCenter@set.or.th Website: www.set.or.th/tsd
- Subordinated Instrument intended to qualify as Tier 2 Capital of KASIKORNBANK PCL No. 1/2014 due 2025 - Subordinated Instrument intended to qualify as Tier 2 Capital of KASIKORNBANK PCL No. 1/2015 due 2026 - Subordinated Instrument intended to qualify as Tier 2 Capital of KASIKORNBANK PCL No. 1/2016 due 2027	:	Registrar and Account Administration Unit Securities Services Department KASIKORNBANK PCL Head Office, 19th Floor, 1 Soi Rat Burana 27/1, Rat Burana Road, Rat Burana Sub-District, Rat Burana District, Bangkok 10140, Thailand Tel.: +662-4701987 and +662-4701994 Fax: +662-2732279
- Floating Rate Notes due 2021 - Senior Unsecured Notes due 2022 - Senior Unsecured Notes due 2023 - Floating Rate Notes due 2023 (Sustainability Bond) - Floating Rate Notes due 2023 - Tier II Subordinated Note due 2031	:	The Bank of New York Mellon SA/NV, Luxembourg Branch Vertigo Building - Polaris 2-4 rue Eugène Ruppert, L-2453, Luxembourg
Auditors	:	Mr. Charoen Phosamritlert, CPA No. 4068 Ms. Wilai Buranakittisopon, CPA No. 3920 Mr. Chanchai Sakulkoedsin, CPA No. 6827 KPMG Phoomchai Audit Limited Empire Tower, 50th - 51st Floor, 1 South Sathorn Road, Yannawa Sub-District, Sathorn District, Bangkok 10120, Thailand Tel.: +662-6772000 Fax: +662-6772222
Legal Adviser	:	Dr. Abhijai Chandrasen 22 Soi Soonthornsaratoon (On Nut 21/1), Sukhumvit 77, On Nut Sub-District, Suan Luang District, Bangkok 10250, Thailand Tel.: +662-7306969 to 76 Fax: +662-7306967

Shareholder Structure

List of the First 10 Major KASIKORNBANK Shareholders*

The Bank has set the record date on September 12, 2019 to determine the shareholders who have the right to entitled receive dividend payment on September 27, 2019.

Rank	Name	Number of Common Shares	Percentage of Common Shares
1	THAI NVDR CO., LTD.	517,148,180	21.609
2	STATE STREET EUROPE LIMITED	205,664,918	8.594
3	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	140,753,059	5.881
4	STATE STREET BANK AND TRUST COMPANY	84,795,058	3.543
5	SOCIAL SECURITY OFFICE	69,043,300	2.885
6	BNY MELLON NOMINEES LIMITED	58,437,157	2.442
7	THE BANK OF NEW YORK MELLON	50,780,228	2.122
8	GIC PRIVATE LIMITED	44,720,900	1.869
9	SOUTH EAST ASIA UK (TYPE A) NOMINEES LIMITED	38,996,948	1.629
10	THE BANK OF NEW YORK (NOMINEES) LIMITED	30,797,300	1.287
	OTHERS	1,152,123,145	48.140
	Total paid-up capital	2,393,260,193	100.000
	THAI SHAREHOLDERS	1,221,041,351	51.020
	FOREIGN SHAREHOLDERS	1,172,218,842	48.980

Note: * The Top 10 Shareholder are ranked by Thailand Securities Depository Co., Ltd.

KASIKORNBANK's common shares at September 12, 2019

Registered capital : 3,048,614,697 shares, at Baht 10 per share, totaling Baht 30,486,146,970

Paid-up capital : 2,393,260,193 shares, at Baht 10 per share, totaling Baht 23,932,601,930

Investments of KASIKORNBANK in Other Companies

As of December 31, 2019

The following is a list of companies in which KASIKORNBANK made investments, in the form of shareholding of 10 percent or more of the total number of shares issued.

No.	Name of Company	Location of Corporate Headquarters	Type of Business	Registered Capital (Million Baht)	Paid-up Capital (Million Baht)	Total Number of Paid-up Shares [1]	Total Number of Shares Held [1]	Proportion of Total Shares Held (%)	Type of Share
1	KASIKORN ASSET MANAGEMENT CO., LTD. Tel. +662-6733888 Fax +662-6733988	Bangkok	Fund Management	135.77	135.77	27,154,274	27,154,274	100.00	Common Share
2	KASIKORN RESEARCH CENTER CO., LTD. Tel. +662-2731144 Fax +662-2701218	Bangkok	Service	10.00	10.00	100,000	100,000	100.00	Common Share
3	KASIKORN SECURITIES PCL Tel. +662-6960000 Fax +662-6960099	Bangkok	Securities Business	501.00	500.01	100,001,877	99,996,096	99.99	Common Share
4	KASIKORN LEASING CO., LTD. Tel. +662-6969999 Fax +662-6969966	Bangkok	Auto Leasing	900.00	900.00	90,000,000	90,000,000	100.00	Common Share
5	KASIKORN FACTORY & EQUIPMENT CO., LTD. Tel. +662-2902900 Fax +662-2903000	Bangkok	Equipment Leasing	160.00	160.00	1,600,000	1,600,000	100.00	Common Share
6	KASIKORN TECHNOLOGY GROUP SECRETARIAT CO., LTD. Tel. +662-0081000	Nonthaburi	Service	5.00	5.00	50,000	50,000	100.00	Common Share
7	KASIKORN LABS CO., LTD. Tel. +662-0081100	Nonthaburi	Service	5.00	5.00	50,000	50,000	100.00	Common Share
8	KASIKORN SOFT CO., LTD. Tel. +662-0082000	Nonthaburi	Service	5.00	5.00	50,000	50,000	100.00	Common Share
9	KASIKORN PRO CO., LTD. Tel. +662-0081500	Nonthaburi	Service	5.00	5.00	50,000	50,000	100.00	Common Share
10	KASIKORN SERVE CO., LTD. Tel. +662-0083700	Nonthaburi	Service	10.00	10.00	100,000	100,000	100.00	Common Share
11	KASIKORN X CO., LTD. Tel. +662-2220000	Nonthaburi	Service	5.00	5.00	50,000	50,000	100.00	Common Share
12	KASIKORN VISION CO., LTD. Tel. +662-5628918	Bangkok	Investment in other Companies	1,200.00	1,200.00	120,000,000	120,000,000	100.00	Common Share
13	KASIKORN GLOBAL PAYMENT COMPANY LIMITED Tel. +662-0088820	Bangkok	Service	200.00	120.00	2,000,000	2,000,000	100.00	Common Share
14	Muangthai Group Holding Co., Ltd. Tel. +662-2764859 Fax +662-2764859	Bangkok	Investment in other Companies	458.66	458.66	45,865,949	23,391,635	51.00	Common Share
15	KASIKORNTHAI BANK LIMITED Tel. (856) 21 410 888 Fax (856) 21 410 889	Lao PDR	Banking	1,352.35	1,352.35	34,000,000	30,600,000	90.00	Common Share
16	KASIKORNBANK (CHINA) CO., LTD. [2] Tel. (86) (755) 8229 1298 Fax (86) (755) 8828 6897	China	Banking	14,765.73	14,765.73	-	-	100.00	Common Share
17	K-SME Venture Capital Co., Ltd. Tel. +662-4702044	Bangkok	Venture Capital	50.00	50.00	5,000,000	5,000,000	100.00	Common Share
18	BEACON VENTURE CAPITAL COMPANY LIMITED Tel. +662-2220000	Nonthaburi	Venture Capital	2,650.00	2,310.00	265,000,000	265,000,000	100.00	Common Share
19	Phethai Asset Management Co., Ltd. Tel. +662-5626401-25 Fax +662-2733171	Bangkok	Asset Management	1,480.00	1,480.00	148,000,000	148,000,000	100.00	Common Share

No.	Name of Company	Location of Corporate Headquarters	Type of Business	Registered Capital (Million Baht)	Paid-up Capital (Million Baht)	Total Number of Paid-up Shares [1]	Total Number of Shares Held [1]	Proportion of Total Shares Held (%)	Type of Share
20	PROGRESS PLUS CO., LTD. Tel. +662-2252020 Fax +662-2252021	Bangkok	Service	6.00	6.00	60,000	60,000	100.00	Common Share
21	PROGRESS APPRAISAL CO., LTD. Tel. +662-2706900 Fax +662-2785035	Bangkok	Service	5.00	5.00	5,000	5,000	100.00	Common Share
22	PROGRESS GUNPAI SECURITY GUARD CO., LTD. Tel. +662-2733900 Fax +662-9806265	Bangkok	Service	20.00	20.00	200,000	200,000	100.00	Common Share
23	PROGRESS MANAGEMENT CO., LTD. Tel. +662-2751880 Fax +662-2751889-91	Bangkok	Service	20.00	6.00	60,000	60,000	100.00	Common Share
24	PROGRESS FACILITIES MANAGEMENT CO., LTD. Tel. +662-2733288-91 Fax +662-2733292	Bangkok	Service	5.00	5.00	50,000	50,000	100.00	Common Share
25	PROGRESS SERVICE SECURITY GUARD CO., LTD. Tel. +662-2733293-4 Fax +662-2733292	Bangkok	Service	2.00	2.00	20,000	20,000	100.00	Common Share
26	PROGRESS STORAGE CO., LTD. Tel. +662-2733833 Fax +662-2714784	Bangkok	Service	3.00	3.00	30,000	30,000	100.00	Common Share
27	PROGRESS H R CO., LTD. Tel. +662-2701070-8 Fax +662-2701068-9	Bangkok	Service	1.00	1.00	10,000	10,000	100.00	Common Share
28	PROGRESS SERVICE SUPPORT CO., LTD. Tel. +662-4705420 Fax +662-8888882	Nonthaburi	Service	4.00	4.00	40,000	40,000	100.00	Common Share
29	PROGRESS COLLECTION CO., LTD. Tel. +662-4705284 Fax +662-4705288	Bangkok	Service	5.00	5.00	50,000	50,000	100.00	Common Share
30	PROGRESS TRAINING CO., LTD. Tel. +662-4706273 Fax +662-4703198	Bangkok	Service	1.70	1.70	17,000	17,000	100.00	Common Share
31	Processing Center Co., Ltd. Tel. +662-0290290 Fax +662-0290292	Bangkok	Service	50.00	50.00	500,000	150,000	30.00	Common Share
32	National ITMX Co., Ltd. Tel. +662-5587555	Nonthaburi	Service	50.00	50.00	500,000	127,150	25.43	Common Share
33	BCI (THAILAND) CO., LTD. Tel. +662-0290200	Nonthaburi	Service	530.00	530.00	53,000,000	11,750,000	22.17	Common Share
34	Muangthai Holding Co., Ltd. Tel. +662-6932729	Bangkok	Investment in other Companies	456.00	456.00	45,600,000	4,560,000	10.00	Common Share
35	SUPERNAP (Thailand) Company Limited Tel. +662-2648000 Fax +662-6572222	Bangkok	Service	2,000.00	2,000.00	200,000,000	20,000,000	10.00	Common Share
36	Unitas Co., Ltd. Tel. +662-2626000 Fax +662-2626354	Bangkok	Land Rental	11.05	5.53	110,532	11,053	10.00	Common Share
37	Zin Suapah Co., Ltd. Tel. +662-2212841 Fax +662-2215895	Bangkok	Service	6.00	3.00	6,000	600	10.00	Common Share

Note:

[1] Total number of paid-up shares and total number of shares held include common shares and preferred shares.

[2] KASIKORNBANK (CHINA) COMPANY LIMITED does not specify the amount of shares.

Service Network

Domestic Service Network

Branch Network	886	Branches
(Excluding 8 branches, classified as other branch platforms per the Bank of Thailand's conditions)		
• Bangkok Branch	244	Branches
• Upcountry Branch	642	Branches
Foreign Exchange Booth	137	Branches
THE WISDOM Center and Cornor	97	Branches
SME Business Center	135	Centers
(Excluding International Trade Service Centers. More than one SME Business Center may be located in a single branch)		
International Trade Service Center	58	Centers

Overseas Service Network

Locally Incorporated Institution		
• KASIKORNTHAI BANK LIMITED (Lao PDR)	2	Branches
• KASIKORNBANK (CHINA) COMPANY LIMITED	4	Branches
Overseas Branch	3	Branches
Representative Office	7	Offices

K Companies

11 Companies

Name and Location of Domestic Service Network

Name and Location of Service Network can be found at:

- KASIKORNBANK website, “Contact Us”, and click on the “Branches and Service Channels” or
- QR Code scanning

Service Channels in Overseas

Locally Incorporated Institution, Branch, Sub-Branch and Representative Office

People's Republic of China
Shenzhen (LII)

The locally incorporated institution offering full-scale financial services with:

- Branches: Shenzhen, Chengdu, Shanghai, Hong Kong and Longgang (Sub-Branch)
- Representative Offices: Beijing and Kunming



Japan
Tokyo Representative Office

Myanmar
Yangon Representative Office

Vietnam
Hanoi and Ho Chi Minh City Representative Offices

Lao PDR
Vientiane (LII)

The first Thai locally incorporated institution offering full-scale financial services with 2 branches;

- Lane Xang Head Office
- Ban Ponesinuan Branch

Cambodia
Phnom Penh Branch

Indonesia
Jakarta Representative Office

and strategic partnership with BANK MASPION

- 46 locations across the country.

Lao People's Democratic Republic

KASIKORNTHAI BANK LIMITED

Locally Incorporated Institution in Lao PDR

Head Office

Unit 12, Lane Xang Avenue, Xiangngeun Village, Chanthaboury District, Vientiane Capital, Lao People's Democratic Republic

Ponesinuan Branch

Ban Ponesinuan, Unit 14, Sysattanak, Vientiane Capital, Lao People's Democratic Republic

People's Republic of China

KASIKORNBANK PUBLIC COMPANY LIMITED

Branch and Representative Office

Hong Kong Branch

Suite 3316, 33/F, China Merchants Tower, Shun Tak Centre, No. 168-200, Connaught Road Central, Hong Kong

Beijing Representative Office

Suite 22-C, CITIC Building, 19 Jianguomenwai Dajie, Beijing 100004, People's Republic of China

Kunming Representative Office

Suite 2708, Expo Building, 45 Tuodong Road, Kunming, Yunnan 650011, People's Republic of China

KASIKORNBANK (CHINA) COMPANY LIMITED

Locally Incorporated Institution in People's Republic of China

Head Office

Unit 1, 59/F, Tower A, Kingkey 100 Building, 5016, Shennan East Road, Guiyuan Sub-District, Luohu District, Shenzhen 518001, People's Republic of China

Branch and Sub-Branch

Shenzhen Branch

Unit 2, 59/F, Tower A, Kingkey 100 Building, 5016, Shennan East Road, Guiyuan Sub-District, Luohu District, Shenzhen 518001, People's Republic of China

Chengdu Branch

Unit 1801-1803, 18th Floor, Baiyang Building, No. 18 Dongyu Street, Chengdu 610016, People's Republic of China

Shanghai Branch

Unit 1402, 14th Floor, Jin Mao Tower, No. 88, Century Avenue, Pudong New Area, Shanghai 200120, People's Republic of China

Shenzhen, Longgang Sub-Branch

Unit 03, 05, and 06, Mezzanine, Genzon Times Squares, Longcheng Road No. 99, Longgang CBD Area, Longgang District, Shenzhen 518172, People's Republic of China

Kingdom of Cambodia

Phnom Penh Branch

No. 45, Preah Sihanouk Boulevard, Corner of Street 59, Chaktomuk Sub-District, Daun Penh District, Phnom Penh, Kingdom of Cambodia

Japan

Tokyo Representative Office

Room 1807, 18th Floor, Toranomon Hills Mori Tower, 1-23-1 Toranomon, Minato-Ku, Tokyo, Japan

The Republic of the Union of Myanmar

Yangon Representative Office

313/315, U Wisara Road, Sanchaung Township, Yangon, The Republic of the Union of Myanmar

The Socialist Republic of Vietnam

Hanoi Representative Office

Unit V807, 8th Floor, Pacific Place Building, 83B, Ly Thuong Kiet Street, HoanKiem District, Hanoi, The Socialist Republic of Vietnam

Ho Chi Minh City Representative Office

14th Floor, AB Tower, 76A, Le Lai Street, Ben Thanh Ward, District 1, Ho Chi Minh City, The Socialist Republic of Vietnam

Republic of Indonesia

Jakarta Representative Office

Office No. 126, Level 23 Revenue Tower, Jalan Jend. Sudirman Kavling 52-53, Lot 2, Senayan District, Kebayoran Baru Sub-District, Jakarta 12190, Republic of Indonesia

Cayman Islands

Cayman Islands Branch

5th Floor, Harbour Place, 103 South Church Street, P.O. Box 1353, George Town, Grand Cayman KY1-1108, Cayman Islands

Name and Location of Service Channels in Overseas

Name and Location of Service Network can be found at:

- KASIKORNBANK website, “Contact Us”, and click on the “Channels in Overseas” or
- QR Code scanning

K Companies*

KASIKORN ASSET MANAGEMENT COMPANY LIMITED

Head Office

Company Address : 400/22 KASIKORNBANK Building, 6th and 12th Floor, Phahon Yothin Road, Samsen Nai Sub-District, Phaya Thai District, Bangkok 10400, Thailand

KAsset Contact Center : +662-6733888

KASIKORN RESEARCH CENTER COMPANY LIMITED

Head Office

Company Address : 400/22 KASIKORNBANK Building, 3rd Floor, Phahon Yothin Road, Samsen Nai Sub-District, Phaya Thai District, Bangkok 10400, Thailand

KResearch Contact Center : +662-2731144

KASIKORN SECURITIES PUBLIC COMPANY LIMITED

Head Office

Company Address : 400/22 KASIKORNBANK Building, 1st, 3rd, 11th and 19th Floor, Phahon Yothin Road, Samsen Nai Sub-District, Phaya Thai District, Bangkok 10400, Thailand

KSecurities Contact Center : +662-6960011

KASIKORN LEASING COMPANY LIMITED

Head Office

Company Address : 400/22 KASIKORNBANK Building, 17th Floor, Phahon Yothin Road, Samsen Nai Sub-District, Phaya Thai District, Bangkok 10400, Thailand

KLeasing Contact Center : +662-6969999

KASIKORN FACTORY & EQUIPMENT COMPANY LIMITED

Head Office

Company Address : 400/22 KASIKORNBANK Building, 7th Floor, Phahon Yothin Road, Samsen Nai Sub-District, Phaya Thai District, Bangkok 10400, Thailand

KF&E Contact Center : +662-2902900

* K Companies mean the wholly-owned subsidiaries of KBank.

KASIKORN TECHNOLOGY GROUP SECRETARIAT COMPANY LIMITED

Head Office

Company Address : 46/6 Popular Road, Ban Mai Sub-District, Pak Kret District, Nonthaburi 11120, Thailand

Tel. : +662-0081000

KASIKORN LABS COMPANY LIMITED

Head Office

Company Address : 46/6 Popular Road, Ban Mai Sub-District, Pak Kret District, Nonthaburi 11120, Thailand

Tel. : +662-0081100

KASIKORN SOFT COMPANY LIMITED

Head Office

Company Address : 46/6 Popular Road, Ban Mai Sub-District, Pak Kret District, Nonthaburi 11120, Thailand

Tel. : +662-0082000

KASIKORN PRO COMPANY LIMITED

Head Office

Company Address : 46/6 Popular Road, Ban Mai Sub-District, Pak Kret District, Nonthaburi 11120, Thailand

Tel. : +662-0081500

KASIKORN SERVE COMPANY LIMITED

Head Office

Company Address : 46/6 Popular Road, Ban Mai Sub-District, Pak Kret District, Nonthaburi 11120, Thailand

Tel. : +662-0083700

KASIKORN X COMPANY LIMITED

Head Office

Company Address : 46/6 Popular Road, Ban Mai Sub-District, Pak Kret District, Nonthaburi 11120, Thailand

Tel. : +662-2220000

Summary of Specified Items per Form 56-2

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Note: Investors can study further information from the Bank's 56-1 Form which appear on www.sec.or.th or the Bank's website (www.kasikornbank.com).


GREEN MARKET



Certain statements shown in this report are forward-looking statements in respect of the financial position or the performance of KASIKORNBANK PUBLIC COMPANY LIMITED ("KBank"). KBank has prepared such forward-looking statements based on several assumptions, and has relied on financial and other information available from public sources as of the date such statements were made. Statements containing words such as "expect", "believe", "estimate", etc. and other similar expressions, are considered as forward-looking statements which involve uncertainties and are subject to changes at any time due to future events, including but not limited to, changes in global/national economic, political and regulatory environment. Accordingly, the readers or the recipients of information shall carefully review this report and make their own independent decision as well as thoroughly evaluate such fact or information which may have changed prior to making any investment or entering into any transaction.

KASIKORNBANK PUBLIC COMPANY LIMITED

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SWIFT: KASITHBK
E-mail: info@kasikornbank.com
Website: www.kasikornbank.com

In adherence to our “Green DNA” resolution, this report is printed
on paper made from trees grown in sustainably managed forests
and processed with concern for the environment. The use of soy-based ink
reduces greenhouse gas emissions and is environmentally friendly.

ธนาคารกสิกรไทย

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