KASIKORNBANK

Investor Presentation as of 2Q17

August 2017

For further information, please contact the Investor Relations Unit or visit our website at www.kasikornbank.com

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KASIKORNBANK at a Glance



- Established on June 8, 1945 with registered capital of Bt5mn (USD 0.14mn)
- Listed on the Stock Exchange of Thailand (SET) since 1976

Consolidated (as of June 2017)		
Assets	Bt2,853bn (USD84.0bn)	Ranked #4 with 15.1% market share**
Loans*	Bt1,752bn (USD51.6bn)	Ranked #4 with 15.2% market share**
Deposits	Bt1,839bn (USD54.1bn)	Ranked #4 with 15.8% market share**
CAR	17.63% ***	
ROE (1H17)	11.68%	
ROA (1H17)	1.34%	
Number of Branches	1,056	
Number of ATMs	9,026	
Number of Employees	20,760	

Share Information		
SET Symbol	KBANK, KBANK-F	
Share Capital:		
Authorized	Bt30.5bn (USD0.9bn)	
Issued and Paid-up	Bt23.9bn (USD0.7bn)	
Number of Shares	2.4bn shares	
Market Capitalization	Bt475bn (USD14.0bn)	Ranked #2 in Thai banking sector
2Q17 Avg. Share Price:		
KBANK	Bt190.43 (USD5.60)	
KBANK-F	Bt191.07 (USD5.62)	
EPS (1H17)	Bt8 (USD0.24)	
BVPS	Bt139.62 (USD4.11)	

Notes:
* Loans = Loans to customers less Deferred revenue
** Assets, loans and deposits market share is based on C.B.1.1 (Monthly statement of assets and liabilities) of 14 Thai commercial banks as of June 2017
*** Capital Adequacy Ratio (CAR) has been reported in accordance with Basel III Capital Requirement from 1 January 2013 onwards. CAR is based on KASIKORNBANK FINANCIAL CONGLOMERATE. KASIKORNBANK FINANCIAL CONGLOMERATE means the company under the Notification of the Bank of Thailand re: Consolidated Supervision, consisted of KBank, K Companies and subsidiaries operating in supporting KBank, Phethai Asset Management Co., Ltd. and other subsidiaries within the permitted scope from the BOT's to be financial conglomerate

Exchange rate at the end of June 2017 (Mid Rate) was Bt33.98 per USD (Source: Bank of Thailand)

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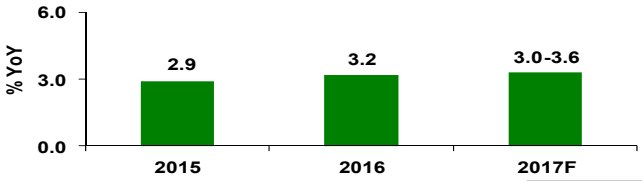
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Operating Environment: Economic Outlook for 2017

Key GDP Forecasts and Assumptions



% YoY	2015	2016	2017F* (Previous)	2017F*	
			Base Case	Range	Base Case
GDP	2.9	3.2	3.3	3.0-3.6	3.4 ▲
Private Consumption	2.2	3.1	2.2	2.3-3.3	2.7 ▲
Government Consumption	3.0	1.6	3.2	3.0-3.4	3.2
Total Investment	4.4	2.8	3.0	1.7-3.9	2.7 ▼
- Public investment	29.3	9.9	8.5	6.5-10.5	8.5
- Private investment	-2.2	0.4	1.5	0.0-1.5	0.5 ▼
Gov't Budget Deficit (% of GDP)	-2.9	-2.8	-2.6	-3.0 to -2.5	-2.6
Exports (Customs Basis)	-5.8	0.5	2.0	3.5-4.5	3.8 ▲
Imports (Customs Basis)	-11.0	-3.9	5.0	6.0-12.0	8.2 ▲
Current Account (USD bn)	32.1	46.4	33.3	25.0-35.0	31.8 ▼
Headline Inflation	-0.9	0.2	1.5	0.5-1.5	0.8 ▼
Policy Interest Rate**	1.50	1.50	1.50	1.50	

Notes: MPC's policy rate is at 1.50% (as of July 5, 2017)
Source: * KResearch (as of July 6, 2017 vs forecast in March 2017)
** KBank Capital Markets Research (as of December 6, 2016)

Key Points:

- Projected base case for 2017 GDP growth is 3.4% (range 3.0-3.6%), due largely to better than expected GDP in 1H17 driven by household spending on durable goods and exports
- Public spending and the tourism sector remain key growth drivers of the Thai economy
- Improving exports contribute additional growth to the Thai economy this year

Risk Factors:

- Downward pressure on domestic demand from possible farm income slowdown in 2H17 and sluggish private investment
- Declining trend in price of oil
- Volatile funds flows due to Fed funds rate hike

Operating Environment: Economic Outlook for 2H17

	Outlook	Possible Impacts to Thai Economy
■ Global Economy	■ Global economy: recovery is picking up amid heightened political risk ■ US: economic recovery continues; Fed will gradually hike rate. US protectionism policy is an imminent risk ■ Eurozone: moderate economic recovery, but repercussions from BREXIT may pose risk ■ China: decreasing economic growth foreseeable, but a hard-landing situation can be avoided. US trade protectionism, if it becomes reality, will be a calamity ■ ASEAN economies: a pick up in commodity and global growth will keep the economy buoyant amid the risk of a China-US trade situation	■ Export growth will rise, due to a moderate pick up in global demand amid a strain in China-US trade relations ■ A stall in reflation trade will become a challenge for Thai exports ■ Repercussions from BREXIT and US economic policy may lead to more fragility in global financial and capital markets; thus, Thailand may encounter some volatility
■ Government Stimulus Plan (App. pages 108-121)	■ Accelerating investment in transport infrastructure projects and initiative in Eastern Economic Corridor (EEC); this will be a key driver paving the way for the new S-curve	■ Possible pick up in growth momentum ■ Improvement in private consumption and investment stimuli
■ Inflation (App. pages 129 and 131)	■ Inflation remains subdued, due to weak oil price as well as a lukewarm consumer spending	■ Policy rate is expected to remain accommodative to economic growth throughout 2017
■ Exports and Tourism (App. pages 129, 132-134)	■ Positive export performance, due to an upward cycle in electronics and high oil price, will dissipate somewhat amid challenges from US trade policy, which may pose a risk to China's economy (one of Thailand's major trading partners); non-tariff measures by trade partners and structural issues ■ Due to a high base effect and ongoing impact of zero-dollar tour crackdown, growth in the number of tourist arrivals could see a mild pick up from the 2016 level	■ Export sector still contributes to economic growth ■ Tourism remains one of the key drivers of the Thai economy
■ Fed Policy Normalization (App. pages 141)	■ In their recent meeting, the Fed elaborated further on implementing its balance sheet reduction plan ■ Fed expected to remain cautious about tightening monetary policy; for this year, no further hikes expected as the Fed will likely focus on its balance sheet normalization plan	■ A gradual pace in monetary tightening will likely mean rates will gradually rise. As such, there won't be a huge outflow from emerging markets (EM) ■ Thai MPC is not expected to follow the Fed in raising rates in 2017, as inflation remains low
■ Baht (App. pages 128)	■ Gradual policy rate normalization should allow periodic foreign funds inflows into broad emerging markets ■ The narrowing gap between Thai and US rates could lead to upsides for the USD/THB; while upside is expected, this will be gradual given Thailand's large current account surplus	■ Large current account surplus will help cushion Thai Baht from depreciating at a fast pace against USD ■ Gradual rate hike from the Fed will slow foreign outflows from emerging markets

Source: KResearch and KBank Capital Markets Research (as of August 2, 2017)

2Q17 Performance

Consolidated	1Q17 Actual	2Q17 Actual	2017 Targets	Key Message
ROE	12.44%	10.78%	N/A	Dropped QoQ from higher provisioning expenses, to cope with economic uncertainties, while EBPT maintained from previous quarter
ROA	1.43%	1.26%	N/A	
NIM	3.41%	3.43%	3.3-3.5%	Within target range and slightly higher QoQ attributed to improved yield on investment, while yield on loan dropped QoQ; in line with interest rate trend (Page 15)
Loan Growth	0.24% YTD 5.46% YoY	3.22% YTD 5.30% YoY	4-6%	Moderate growth; mainly from corporate business (Page 9 and 61-63)
Non-Interest Income Growth*	-11.59% YoY 2.40% QoQ	2.70% YoY 2.90% QoQ	Up to 5%	Non-interest income growth QoQ reflected large base effect; in line with the economic slowdown especially in insurance business. Non-interest income ratio maintained from previous quarter and in line with target (Page 10 and 55-59)
Non-Interest Income Ratio	40.19%	40.62%	About 40%	
Cost to Income Ratio**	39.44%	40.32%	Mid-40s	Slightly increased QoQ as a result of cost increased (Page 16)
Credit Cost (bps)	215 bps	246 bps	200-225 bps	Prudent credit cost to cope with economic uncertainties. NPL ratio stabilize and move within a narrow range in 2017 (Page 11, 45 and 64-65)
NPL Ratio (Gross)***	3.31%	3.31%	3.3-3.4%	

Note: * Non-Interest Income includes Net Premium Earned - net (Net Premium Earned less Underwriting Expenses) from Muang Thai Life Assurance PCL (MTL); KBank has a 38.25% economic interest in MTL; on the consolidated basis, Bancassurance fees are not included in net fee income, due to the elimination of inter-company transactions (the accounting treatment from the Muang Thai Group Holding consolidation); Non-Interest Income = Total Operating Income – net less Interest Income – net

** Cost to Income Ratio = Total Other Operating Expenses to Total Operating Income – net (Total Operating income less Underwriting Expenses)

*** NPL Ratio (Gross) = NPL (gross) to total loans; NPL (gross) used in the calculation are loans to general customers and loans to financial institutions that are non-performing loans; total loans used in the calculation are loans to general customers and loans to financial institutions

2017 Financial Targets

Consolidated	2016 Actual	1H17 Actual	2017 Targets	Notes
ROE	13.23%	11.68%	N/A	
ROA	1.49%	1.34%	N/A	
NIM	3.52%	3.42%	3.3-3.5%	Ranking maintained among four large commercial banks (Page 15)
Loan Growth	5.45% YoY	3.22% YTD 5.30% YoY	4-6%	Decent and sustainable loan growth; in line with economic growth; depending on success of government measures (Page 9 and 61-63)
Non-Interest Income Growth*	1.96% YoY	-4.88% YoY	Up to 5%	Sensible growth from fee-driven businesses, reflects large base effect; in line with the economy and uncertainty factors, e.g. national e-payment (Page 10 and 55-59)
Non-Interest Income Ratio	41.54%	40.41%	About 40%	
Cost to Income Ratio**	41.63%	39.88%	Mid-40s	Focus on cost management under pressure from income slowdown (Page 16)
Credit Cost per year (bps)	204 bps	229 bps	200-225 bps	Prudent credit cost to cope with economic uncertainties. NPL ratio stabilize and move within a narrow range in 2017 (Page 11, 45 and 64-65)
NPL Ratio (Gross)***	3.32%	3.31%	3.3-3.4%	

Note: * Non-Interest Income includes Net Premium Earned - net (Net Premium Earned less Underwriting Expenses) from Muang Thai Life Assurance PCL (MTL); KBank has a 38.25% economic interest in MTL; on the consolidated basis, Bancassurance fees are not included in net fee income, due to the elimination of inter-company transactions (the accounting treatment from the Muang Thai Group Holding consolidation); Non-Interest Income = Total Operating Income – net less Interest Income – net

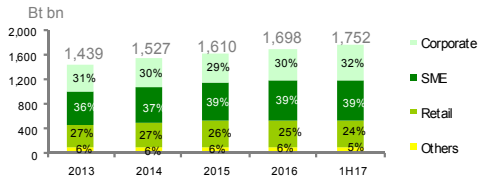
** Cost to Income Ratio = Total Other Operating Expenses to Total Operating Income – net (Total Operating income less Underwriting Expenses)

*** NPL Ratio (Gross) = NPL (gross) to total loans; NPL (gross) used in the calculation are loans to general customers and loans to financial institutions that are non-performing loans; total loans used in the calculation are loans to general customers and loans to financial institutions

Composition of Growth: Loans by Business

- Moderate loan growth momentum in line with full-year target

Loan Portfolio Structure



Loan Portfolio

Consolidated	Amount (Bt bn) Dec16	Amount (Bt bn) 1H17	1H17 Loan Growth (%YTD)	1H17 Yield Range (%)	2017 Loan Growth Target (%)
Corporate Loans	512	557	8.6%	3-5%	4-6%
SME Loans	657	679	3.3%	5-7%	4-6%
Retail Loans	429	423	(1.3%)	5-7%	5-7%
Other Loans	99	93	(5.9%)		
Total Loans	1,698	1,752	3.2%	5.5%	4-6%

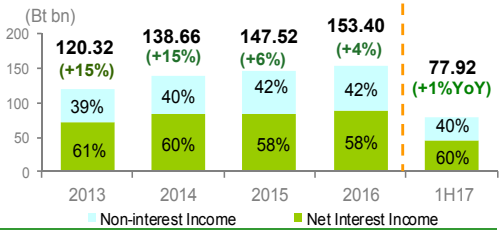
	1H17	2017 Outlook
Corporate Loans	▪ Mainly from long-term loans in real estate and services and short-term loans in industrial agriculture	▪ Growth target from large public/private investment projects; focus on industrial agriculture, renewable energy, construction related ▪ Focus on industries related to domestic consumption and tourism
SME Loans	▪ Mainly from both short-term and long-term domestic credits from digital and technology, construction, and industrial agriculture	▪ Growth target reflects domestic consumption demand, government stimulus measures, and AEC international trade benefits ▪ Focus industries: construction, construction materials, hardware, tourism and healthcare services, and ICT services
Retail Loans	▪ Mainly from mortgage loans; selecting high potential customers, building strong relationships with strategic partners, and proactively monitoring loan portfolio quality led to steady growth	▪ Sustainable growth target in line with industry; maintain lead market position in key products ▪ Focus on potential target customers with acceptable risk; proactively monitor and strictly control loan portfolio quality

Loan Definition (more details on loans can be found in App. page 61-63)
Corporate Loans: Loans of KBank and KBank's Subsidiaries in Corporate Segments (annual sales turnover > Bt400mn)
SME Loans: Loans of KBank and KBank's Subsidiaries in SME Segments (annual sales turnover ≤ Bt400mn)
Retail Loans: Loans of KBank and KBank's Subsidiaries in Retail Segments
Other Loans: Loans in Enterprise Risk Management Division (NPL + Performing Restructured Loans) and other loan types
Note: Since 1Q13, as per the Bank of Thailand's requirement, the Bank has complied with TFRS 8 (Operating Segments) to present operating results for each key segment in financial reports

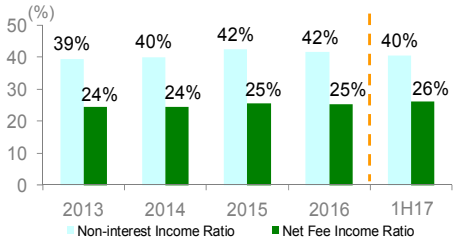
Composition of Growth: Net Fees and Non-interest Income

June 2017 (Consolidated)

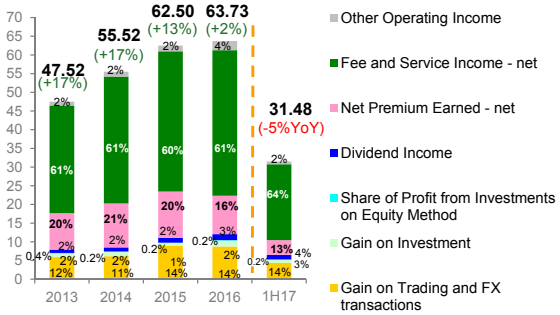
Total Operating Income - net



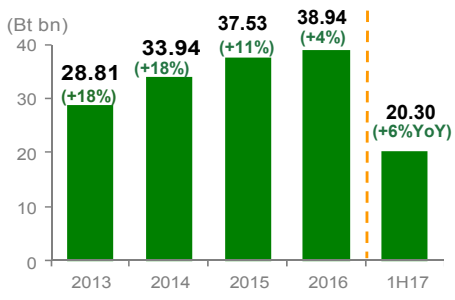
Non-interest Income Ratio and Net Fee Income Ratio



Non-interest Income



Net Fee Income



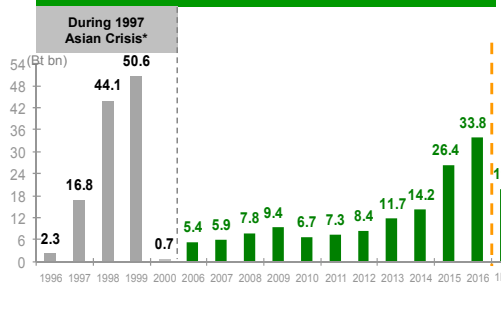
- Non-interest income growth continues to be a main driver helping to achieve long-term sustainable profitability, mainly from net fee income as a result of customer-centric strategy
- 1H17 non-interest income accounted for 40% of total net operating income and net fee income accounted for 26%; non-interest income decreased 5% YoY, mainly from net insurance premiums and revenue from capital market products
- Net fee income rose 6% YoY, mainly due to fees from transaction service and mutual fund
- 2017 non-interest income growth will be sensible, from fee-driven businesses, reflecting a large base effect, in line with the economy and uncertainty factors e.g. national e-payment

Note: - Non-interest Income Ratio = Non-interest Income/Total Operating Income - net
- Net Fee Income Ratio = Net Fee Income / Total Operating Income - net
- Net Premium Earned - net = Net Premium Earned less Underwriting Expense
- The Bank and its subsidiaries have adopted TFRIC13: Customer Loyalty Programmes since January 1, 2014 onwards and restated the comparative financial statements and financial ratios. There is no effect on net profit of the Bank and its subsidiaries

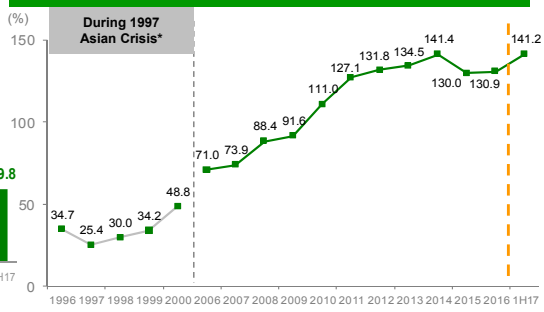
Asset Quality and Impairment Loss of Loans and Debt Securities (Provision)

June 2017 (Consolidated)

Provision

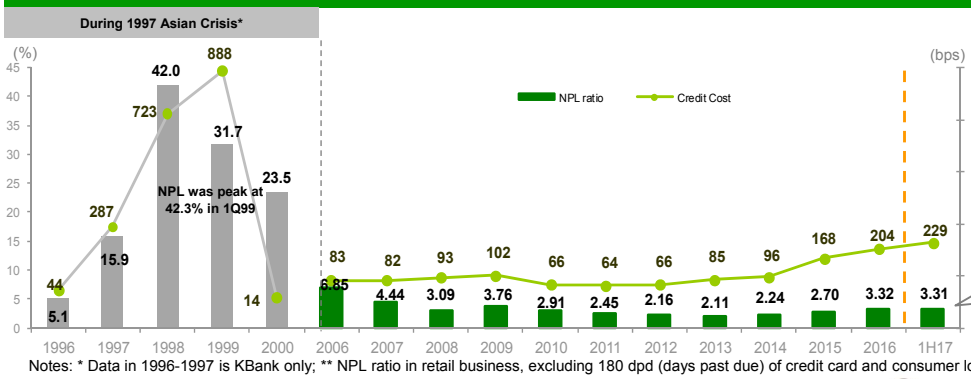


Coverage Ratio



- Asset quality remains manageable
- NPL ratio in 1H17 was at 3.31%, with a coverage ratio of 141.17%
- 1H17 credit cost was 229 bps, prudent and aligned with the macro environment and credit cycle
- NPL ratio will stabilize and move within a narrow range in 2017; credit cost is prudent to cope with economic uncertainties

NPL Ratio and Credit Cost



NPL Ratio by Business	2014	2015	2016	1H17
Corporate Business	<2%	<2%	<2%	<2%
SME Business	<3%	~3%	~5%	~5%
Retail Business**	<2%	~2%	~4%	~4%

Notes: * Data in 1996-1997 is KBank only; ** NPL ratio in retail business, excluding 180 dpd (days past due) of credit card and consumer loans for peer comparison

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The K-Strategy

Long-Term Risk-Adjusted Sustainable Profitability

Customer Centricity

Customer Strategy

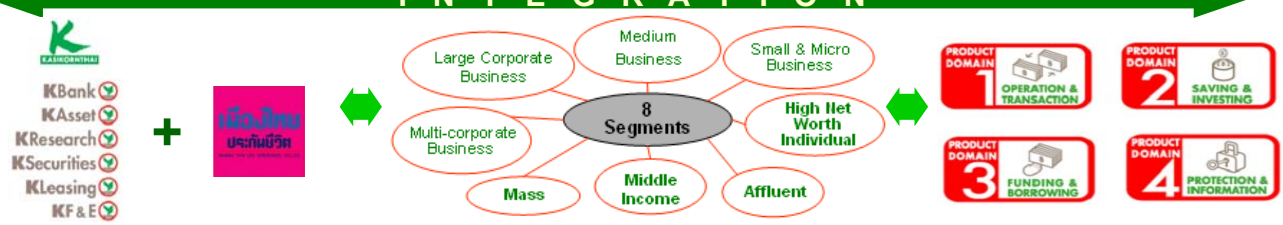
TO BE CUSTOMERS' MAIN BANK

- **PRODUCT & SOLUTION** — Innovate & be responsive
- **BRANDING & MARKETING** — Clear & consistent communication
- **SERVICE QUALITY** — Excellent customer experience at all channels

The Way We Work

- KASIKORNBANK, its wholly-owned subsidiaries, and its strategic ownership
- 8 Customer Segments*
- 4 Product Domains

I N T E G R A T I O N



Strategic Capabilities

- Understanding Customer Needs
- Innovation & Product Management
- Sales & Service Excellence
- Proactive Risk Management

Note: * The definition of the eight customer segments can be found in App. page 32

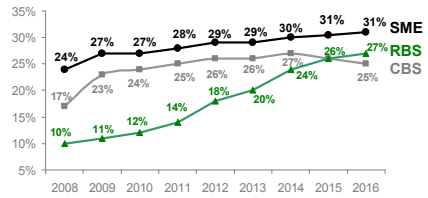
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Segment Performance Highlights

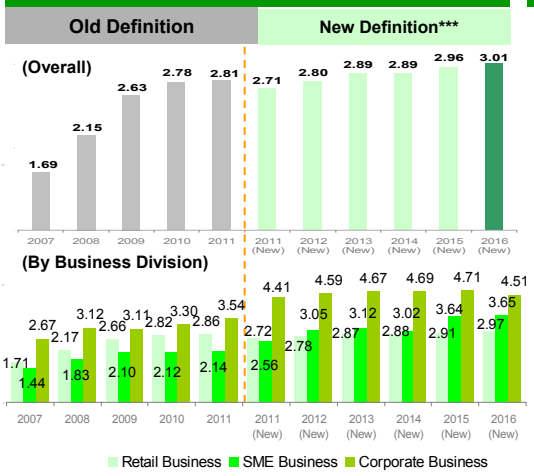
Performance improvement driven by the success of our customer-centric strategy and new IT capabilities

- Main Bank Status and Market Penetration on track with our customer segment aspirations
- Average product holdings per customer increasing as a result of enhanced cross-selling capabilities
- Overall average product holding rose to 3.01 in 2016, from 2.71 in 2011
- Branch Customer Satisfaction was at 91% in Y2016
- No. of customers, as of 2Q17, rose to 14.6mn from 14.0mn in Y2016, growing 4% YTD

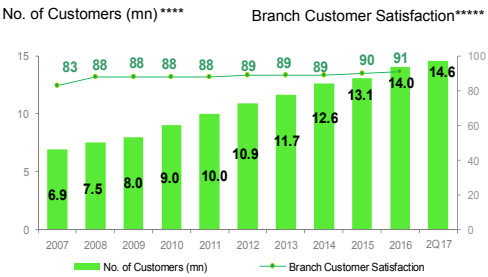
Main Bank Status*



Average Product Holdings per Customer



Branch Customer Satisfaction



* Main Bank Status = % of customers in the market who use KBank and its wholly-owned subsidiaries as their main operating bank and/or main savings and investment bank and/or main borrowing bank; the Main Bank Status of Retail Business from 2013 to 2016 includes two out of four retail customer segments (Middle Income and Mass), which account for 99% of retail customers

** Since 2014, Corporate and SME Business's main bank status is reported on every two years

*** In 2012, the Average Product Holding calculation is adjusted in all eight customer segments to align with our better understanding of customer behavior; 2011 numbers were restated for comparison purposes

**** Customers in Retail Business account for 94%, SME Business 6%, and Corporate Business less than 1% of customer portfolio

***** Branch Customer Satisfaction Index by Nielsen (Retail Business 90%, SME Business 10% and Corporate Business less than 1%).

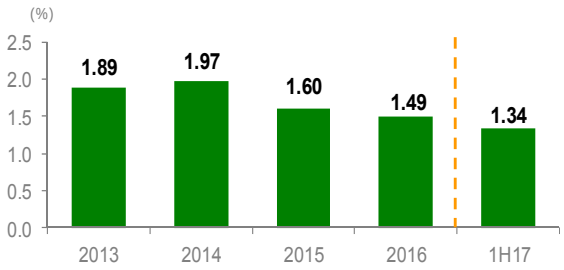
Note: Branch Customer Satisfaction in 2016 was at 91%, ranking in the top percentile at a global level for all industry and financial industry

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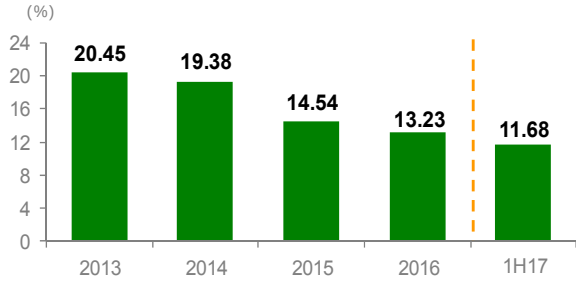
ROA and ROE

June 2017 (Consolidated)

ROA



ROE



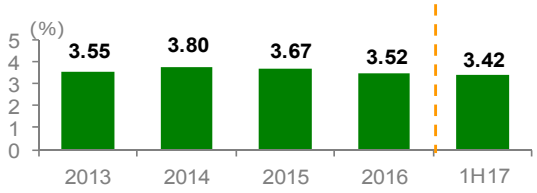
	2013	2014	2015	2016	1H16	1H17	1Q17	2Q17
ROA (%)	1.89	1.97	1.60	1.49	1.45	1.34	1.43	1.26
ROE (%)	20.45	19.38	14.54	13.23	13.02	11.68	12.44	10.78

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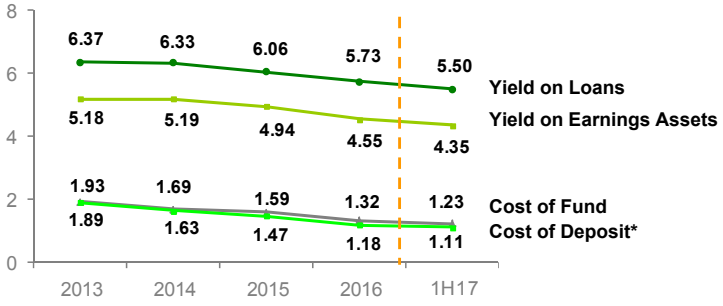
Net Interest Margin

June 2017 (Consolidated)

NIM



Yield on Earnings Assets and Cost of Fund



- NIM was 3.42% in 1H17, remaining the highest level among four large commercial banks
- High portion of CASA (78%) helped support low cost of fund

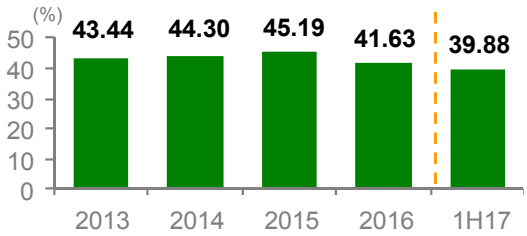
	2013	2014	2015	2016	1H16	1H17	1Q17	2Q17
NIM (%)	3.55	3.80	3.67	3.52	3.57	3.42	3.41	3.43
Yield on Earnings Assets (%)	5.18	5.19	4.94	4.55	4.62	4.35	4.34	4.36
Yield on Loans (%)	6.37	6.33	6.06	5.73	5.80	5.50	5.58	5.50
Cost of Fund (%)	1.93	1.69	1.59	1.32	1.35	1.23	1.22	1.25
Cost of Deposit (%), incl DPA	1.89	1.63	1.47	1.18	1.21	1.11	1.11	1.13

Note: * Cost of deposits including contributions to the Financial Institutions Development Fund (FIDF) and Deposit Protection Agency (DPA)

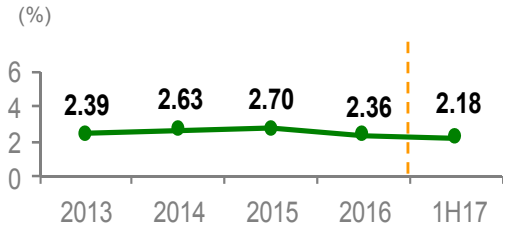
Cost to Income Ratio

June 2017 (Consolidated)

Cost to Income Ratio



Cost to Average Assets Ratio



- 1H17 cost to income ratio was 39.88%
- Cost to income ratio below 40% from seasonally low in 1H; focus on cost effectiveness; cost to income ratio will be seasonally higher in 2H
- 2017 cost to income ratio will be in mid-40% with focus on cost management under pressure from income slowdown

	2013*	2014	2015	2016	1H16	1H17	1Q17	2Q17
Cost to Income Ratio (%)	43.44	44.30	45.19	41.63	39.32	39.88	39.44	40.32
Cost to Average Assets Ratio (%)	2.39	2.63	2.70	2.36	2.31	2.18	2.14	2.22

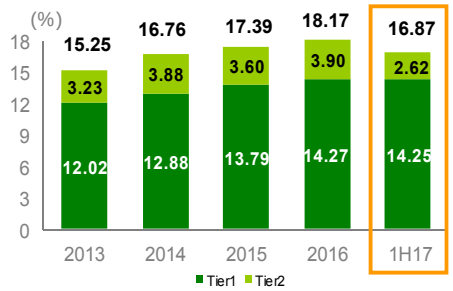
Note: * The Bank and its subsidiaries have adopted TFRIC 13: Customer Loyalty Programmes since January 1, 2014 onwards and restated the comparative financial statements and financial ratios. There is no effect on net profit of the Bank and its subsidiaries

Capital (Reported Number: Excluding Net Profit of Each Period)

June 2017 (Consolidated)

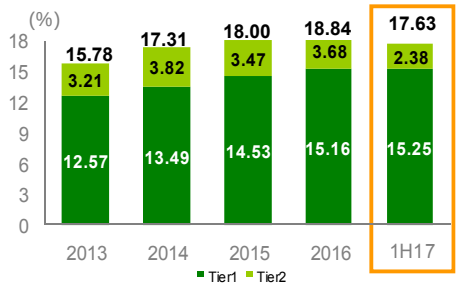
Bank only

Basel III



KASIKORNBANK FINANCIAL CONGLOMERATE*

Basel III



- Capital adequacy remains sufficient to support business growth; maintained adequate Tier 1 ratio, as required under the Basel III

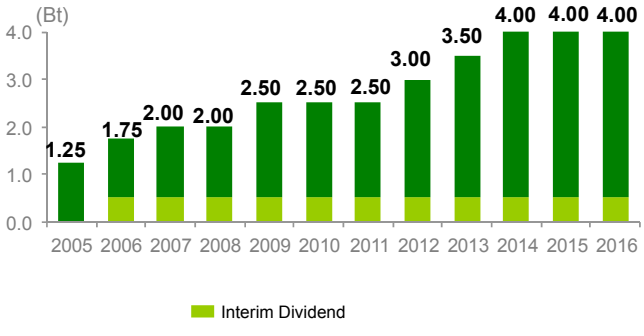
	Basel III				
	2013	2014	2015	2016	1H17
Bank only					
CAR (%), excluding net profit of each period	15.25	16.76	17.39	18.17	16.87
Tier 1 (%), excluding net profit of each period	12.02	12.88	13.79	14.27	14.25
KASIKORNBANK FINANCIAL CONGLOMERATE*					
CAR (%), excluding net profit of each period	15.78	17.31	18.00	18.84	17.63
Tier 1 (%), excluding net profit of each period	12.57	13.49	14.53	15.16	15.25

Note: * KASIKORNBANK FINANCIAL CONGLOMERATE means the company under the Notification of the Bank of Thailand re: Consolidated Supervision, consisted of KBank, K Companies and subsidiaries operating in supporting KBank, Phethai Asset Management Co., Ltd. and other subsidiaries within the permitted scope from the BOT's to be financial conglomerate.
Under Bank of Thailand regulations, net profit in the first half of the year is to be counted as capital after approval by the Board of Directors as per the Bank's regulations. Net profit in the second half of the year is also counted as capital after approval of the General Meeting of Shareholders. However, whenever a net loss occurs, the capital must be immediately reduced accordingly.

** The details on Basel III regulations can be found in App. Page 103-104

Dividend

Dividend Per Share



Dividend Payout Ratio



- Dividend policy: both operating results and long-term returns to shareholders are taken into consideration in determining dividend payments
- Dividend payout ratio ranges 20-25%, in order to ensure a sustainable and adequate capital level through the changing economic environment and the ongoing adoption of Basel III

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Dividend Per Share (Bt)	1.75	2.00	2.00	2.50	2.50	2.50	3.00	3.50	4.00	4.00	4.00
Dividend Payout Ratio (%)	30.55	31.88	32.33	42.49	32.14	27.00	22.12	22.32	22.51	27.83	26.96

Summary

- **Customer Centricity Strategy Effectively Executed:** data-mining, analytic campaign management, multi-channel sales and services, and digital technology platforms have enhanced our capability to quickly acquire new customers; the result is a top-notch total customer experience, strong market position, and sustainable business performance
- **Balanced Growth:** loans to grow carefully in line with economic conditions; appropriate liquidity maintained; manageable asset quality supported by strong risk management capabilities; appropriate loan loss reserves; sensible non-interest income growth; manageable cost to income ratio; appropriate ROE maintained
- **Adequate Capital:** maintained adequate Tier 1 ratio, as required under Basel III
- **Sustainable Development:** embraced as an integral part of business operations, with the belief that corporate strength and sustainable development can be achieved through responsibility to the economy, society, and environment

Appendix

KBank: Strategic Issues

Cost Effectiveness

- High cost growth period incurred from investing in new IT business capabilities and channel infrastructure is passed; K-Transformation project was completed in July 2015; channel expansion has reached coverage satisfaction
- Cost and productivity management will be addressed in:

Cost Management	Productivity Management
1) Fixed Asset Investment ▪ Improve asset utilization (e.g. office space, IT equipment) ▪ Tighten approval process for new assets **2) Other Expenses** ▪ Focus on strategic sourcing ▪ Align marketing communication activities to ensure marketing effectiveness	**1) Human Resources Optimization** ▪ Redeploy and digitize work processes between front and back office ▪ Improve revenue per head **2) Branch Profitability** ▪ Revisit branch & ATM optimization and profitability, including account planning, area planning, and branch relocation ▪ Migration to digital channel

Establishment of KASIKORN BUSINESS – TECHNOLOGY GROUP



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

- A Bridge between KBank and KASIKORN BUSINESS – TECHNOLOGY GROUP
- Group's Control Structure

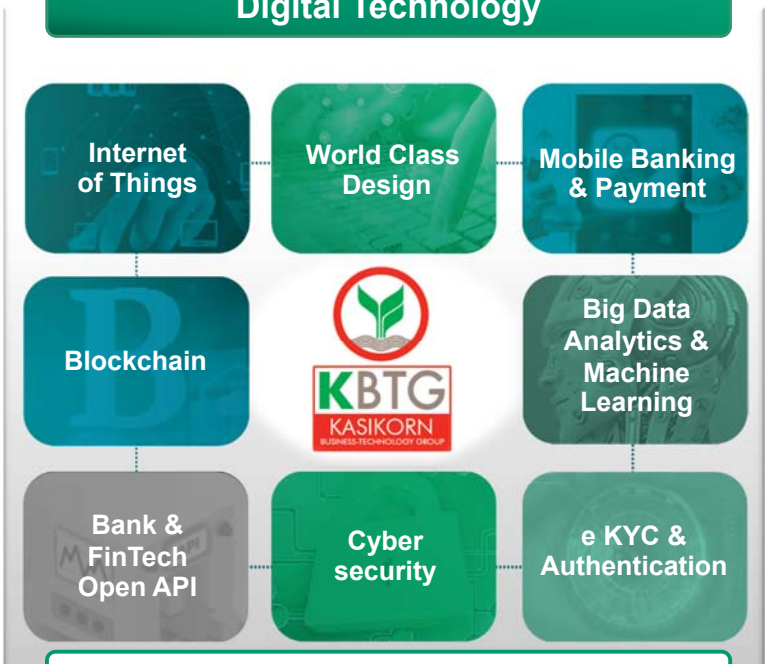
Enable Seamless Integration

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
▪ Idea Creation	▪ Software Development to Support Innovation and Business Requirements	▪ Control Infrastructure Resources for the Change, the Run, and the Gone	▪ Center of Excellence for Technical Resource Pool and Service*
Create the Future	**Generate Business Value**	**Ensure Service Continuity**	**Deliver Service Excellence**

Note:
- KASIKORN BUSINESS – TECHNOLOGY GROUP established with 5 companies, as a wholly-owned subsidiary of KASIKORNBANK; included in the KASIKORNBANK FINANICIAL CONGLOMERATE, as approved by the BOT in October 2015
- Registered capital in each company at Bt5mn, except for KASIKORN SERVE at Bt10mn
- KASIKORN SERVE changed names from PROGRESS SOFTWARE COMPANY LIMITED; established in March 1993

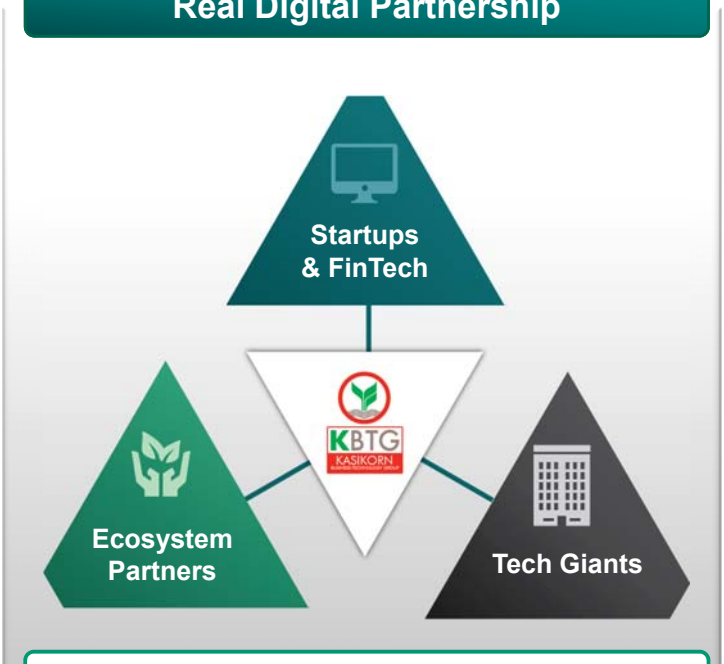
Digital Technology and Partnership

Digital Technology



KBTG's strengths and core capabilities

Real Digital Partnership



Collaborating to co-innovate

Note: API = Application Programming Interface; e KYC = Electronic Know Your Customer

Digital Technology and Partnership: Progress

Blockchain Technology for Document Certification

Document Certification for Letters of guarantee (L/G)
- Using Blockchain technology for "OriginCert" document certification on L/G, including request, issuing, and notice of expiration
- Providing customers assurance of a document's accuracy and the ability to reference data more easily
- Pilot application for business customers in 1Q17, launched in July 2017

World Class UI/UX Design for Mobile Application

Innovative mobile application for the visually impaired
- Support Thai startup Beacon Interface in developing an innovative mobile app enabling the visually impaired to conduct financial transactions with ease and security
- Plan to roll out in 2017

Enhance user-friendly digital interfaces for customers
- Continue to utilize World Class UI/UX Design concepts

KBank & FinTech Open API

Open API access to support FinTech and startups
- API access to customer databases for the development of services, business suggestions for banking, and information on regulations and technology as well as financing

Cyber Security
- Strengthen existing technologies especially on cyber security involving its immune system to external cyber threats, with development of tools for inspection, detection, and prevention of data leakage

---

KBank's Investment for FinTech
- KBank set up Beacon Venture Capital, a wholly-owned subsidiary of KBank, with a budget of Bt1bn to invest in local FinTech startups and global Venture Capital firms to quickly develop innovative products and access world-class innovative concepts:
  May 2017: KBank and AIS joined hands to introduce "Food Solution" – FoodStory and FlowAccount - Thailand's first comprehensive system of restaurant management, providing a service to link all matters related to restaurant management, from storefront service to the back of restaurant, automatic data connection to the accounting system, and payment via online application, all aimed at enhancing restaurant business efficiency

Note: API = Application Programming Interface; IoT = Internet of Things; UI = User Interface; UX = User Experience

Collaboration with FinTech and Startups

KBank View
- Positive influence in financial industry
- Partnership to integrate with KBank's products/services
- Customers will have more innovative products/services

KBank Approach
- Proactively scanning innovation by FinTech and tech startups
- Reaching out to collaborate
- Collaboration in term of business and technology, and growing together

KBank & FinTech/ Startups are the Perfect Combination

	FinTech/ Startups	KBank
Strengths	• Keep pace with innovation • Enhanced efficiency • Improved speed to market • Innovative image • Culture • UI/UX	• Trust • Branding & PR • Market reach • Large customer base • Deep domain knowledge • Established infrastructure • Regulatory compliance • Funding & exit strategy
Weaknesses	• Lack of large customer base • Not proficient in regulatory compliance • Trust issues	• Slow to develop & implement • Not proficient in UI/UX • Requires operational process improvement

FinTech is filling the gap between bank offerings and customer preferences

Note: UI = User Interface; UX = User Experience

KBTG: K-Stadium and Innovation Center







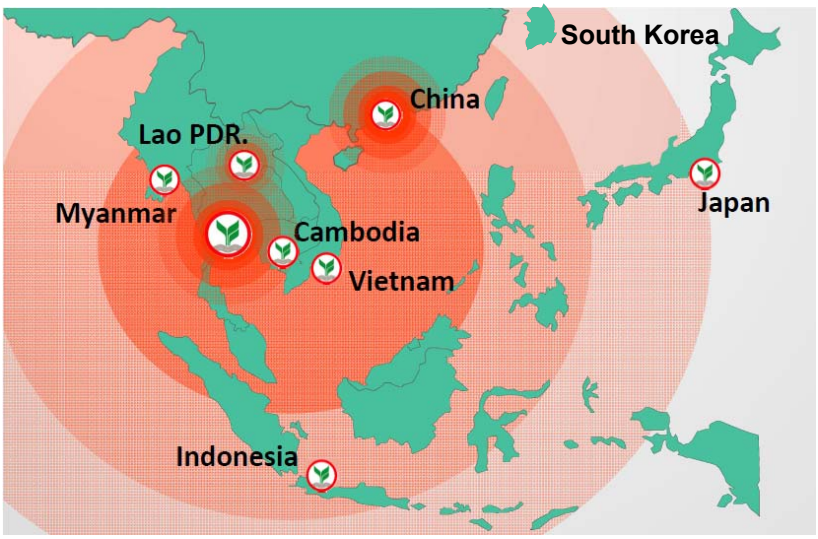




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Asset-light Regional Expansion into AEC+3

Strategically focusing on AEC+3 markets, KBank pursues an integrated regional operating model: physical footprint, digital platform, and regional partnerships



Physical Footprint

Lao PDR. Cambodia Myanmar Vietnam Indonesia | Japan China

Digital Platform

- X-Border Multi-Currency Settlement
- X-Border THB Direct Settlement
- X-Border Retail Payment

Partnership

AEC

CB BANK VietinBank AYA Bank KBZ BANK BCA Maybank

Hana Bank 八十二銀行 静岡銀行 中国民生銀行 CHUGOKU BANK 愛知銀行 百十四銀行

...and others

Note:

- One subsidiary bank: KASIKORNTHAI BANK Limited, commercial banking business in Lao PDR
- Five international branches: Cayman Islands, Hong Kong, Shenzhen, Chengdu and Phnom Penh
- One international sub-branch: Longgang (Longgang District, Shenzhen)
- Nine representative offices: Los Angeles, Beijing, Shanghai, Kunming, Tokyo, Yangon, Ho Chi Minh, Hanoi, and Jakarta
- Global partners with 75 banks in 13 countries: 51 Japanese partner banks; 2 Korean partner banks; 4 European regional banks (in Germany, Italy and Russia); 7 ASEAN partner banks (in Lao PDR, Vietnam, Cambodia, Indonesia, Malaysia, and Philippines); 10 Chinese partner banks and 1 Indian Bank (as of Jun, 2017)

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Five Strategic Capabilities: The Bedrock of KBank Regionalization

Most of KBank presences in AEC+ will be upgraded to LII or FBB based on regulatory requirements and economic value. For other countries, KBank will leverage partnerships to capture business opportunities.

Digitalization

Frontier	Strategic Direction
Channels	I Channel Expansion
	II ROC (Regional Operating Center)
1. Host Country	III Host Country
2. Thai Direct Investment	IV Regional Investment
3. Foreign Direct Investment	
4. Trade Finance	V Regional Settlement
5. Border Trade	
6. Retail Business	

Countries	Y2013 to Y2015	Y2016	Y2017 Physical	Y2017 Physical	Y2017 Digital	Y2018 to Y2019
China	FBB Multi-Branch	LII Preparation	LII Multi-Branch	Regional Operating Center (ROC)	Digital for Transactional Business	AEC+ Connectivity through Digitization
Laos	LII	LII Multi-Branch	Process Improvement			
Cambodia	Rep. Office	Branch	Business Acquisition		Alternative Financial Service (i.e. mobile money)	
Indonesia	Rep. Office		Branch Expansion		X-Border Retail Digital Payment	
Vietnam	Rep. Office					
Myanmar	Rep. Office					
Japan	Rep. Office & Partner Banks					
Korea & Other Counties	Partner Banks					

Note: - Regional Operating Center (ROC) is established to handle the higher degree of operational complexity to create cost efficiency in long term as KBank expands its regional business
- FBB = Foreign Bank Branch; LII = Locally Incorporates Institution

KBank: Strategy and Segment Highlights

KBank Digital Strategy

KBank Digital Strategy

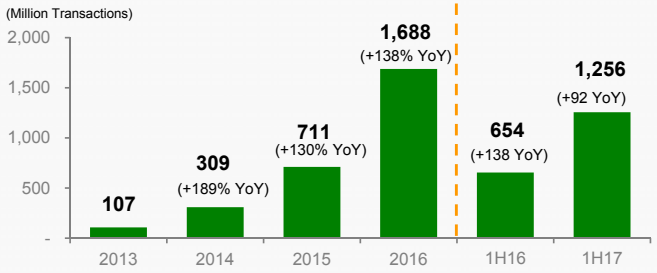
To use Digital Technology and Data to enhance business performance by transforming:

Customer Experience
- Customer Understanding
- Customer Offering & Interaction
- Sales & Service Channels

Operational Processes
- Process Digitization
- Worker Enablement
- Data-driven Execution

Business Model
- Digitally-enabled Product & Services
- New Digital Business

KBank Mobile Banking Application: Number of Transactions



KBank Market Position in Digital Banking

Retail Customers
- #1 Digital Banking Top of Mind Brand perception rating (Nielsen, 2016)
- Mobile Banking Initiative of the Year -Thailand (2017): Asian Banking & Finance
- Best Mobile Banking Product in Thailand (2016): The Asian Banker
- #1 Top Mobile Banking Application in Thailand with highest number of application downloads
  (Data collection from Google Play Store and Apple App Store)

Corporate & SME Customers
- Best Service Provider-Cash Management from The Asset
- Best Cash Management Solution, Thailand for Thai Union from The Asset
- Best DCM House in Thailand from Financeasia Country Awards 2017
- Best Deal of South East Asia from The Asset Country Award for BCPG IPO Deal
- Best IPO Deal of the Year 2016 in South East Asia from Alpha South East Asia for Banpu Power
- Thailand Capital Markets Deal of the Year from IFR Asia Awards for Banpu Power

Eight Customer Segments

Corporate Business	Multi-Corporate Business	Company with annual sales >Bt5,000mn
	Large Corporate Business	Company with annual sales >Bt400mn to Bt5,000mn
SME Business	Medium Business	Individual or company with annual sales >Bt50mn to Bt400mn
	Small & Micro Business	Individual or company with annual sales ≤ Bt50mn, and with commercial credit limit ≤ Bt15mn
Retail Business	High Net Worth Individual	Individual wealth with KBank and its wholly-owned subsidiaries* ≥ Bt50mn
	Affluent	Individual wealth with KBank and its wholly-owned subsidiaries* ≥ Bt10mn to < Bt50mn
	Middle Income	Individual wealth with KBank and its wholly-owned subsidiaries* ≥ Bt15,000 to < Bt10mn
	Mass	Individual wealth with KBank and its wholly-owned subsidiaries* < Bt15,000

- **Customer-centric strategy: offering a full array of financial solutions and a satisfying experience to our customers**
  - Synergistic portfolio management by monitoring eight customer segments
  - Offer financial solutions from among KBank, its wholly-owned subsidiaries, and the insurance company
  - Make significant progress towards long-term aspirations; performance on track

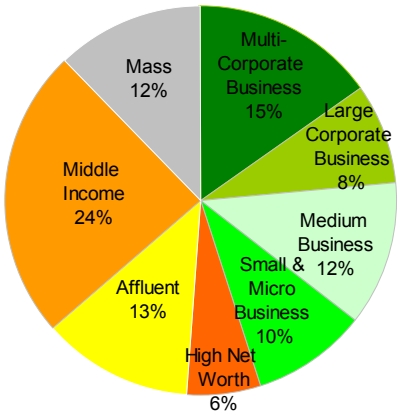
Note: * Wealth with KBank and its wholly-owned subsidiaries is defined as savings and investments, such as deposit products with KBank, mutual funds with KAsset; or the monthly income of an individual customer

Revenue by Eight Customer Segments

June 2017 (Consolidated)

	Loan Portion	Average Loan Yield (%)
Multi-Corporate Business	18.4%	3.8%
Large Corporate Business	14.6%	4.0%
Medium Business	23.4%	5.7%
Small & Micro Business	18.9%	7.4%
High Net Worth Individual	0.3%	3.5%
Affluent	3.9%	5.3%
Middle Income	20.1%	7.1%
Mass	0.4%	9.9%

Non-interest income *



* Non-interest income excludes capital market business, treasury business and others

Note: - Loan portion and loan yield of each customer segment includes loans from the Enterprise Risk Management Division (NPL + Performing Restructured Loans); figures are not comparable with loan data in other pages

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Business Direction in 2017

- **Strategy**
  - To attain Main Bank status for all customer segments with strong brand positioning
  - To maintain leadership position in digital banking
  - To affirm our commitment to service excellence in business operations and to enhance our market position
  - To become "AEC+3 Bank" to capture AEC growth opportunities plus China, Japan, and South Korea

Corporate Business	SME Business	Retail Business
▪ Become the best bank of corporate customers ▪ Become the best funding solution provider at the best cost ▪ Secure position as the best transaction banking provider, using digital technology and innovation for AEC+3 and other major currencies	▪ Maintain leading position in SME business by offering total solution for SMEs to support their sustainable growth ▪ Use value chain to provide total solution and enhance funding access to new potential customers ▪ Enhance digital strategy to deliver service excellence	▪ Become the world best-in-class for retail bank ▪ Strive towards the best mobile banking provider by offering full-service digital financial innovations ▪ Enhance branch services to best experience and advisory with international standard ▪ Capture new business opportunity through collaboration with partners

World Business	Private Banking Business
▪ Become the regional settlement bank by building infrastructure, using digital technology and FinTech collaboration to support international transaction and settlement ▪ Become regional investment bank by supporting cross-border value chain in CLMVI, infrastructure investment in CLMVI, and M&A activities for Thailand and AEC+3	▪ Cooperate with Lombard Odier to raise private banking service standards to international levels ▪ Increase service range to cover both domestic and overseas investment ▪ Enhance use of technology to improve client experience ▪ Provide integrated wealth planning services, advising families on wealth management, continuity, and growth

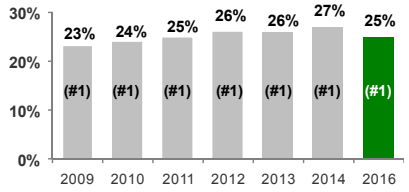
Note: * CLMVI = Cambodia, Laos, Myanmar, Vietnam, and Indonesia

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Corporate Business: Performance and Market Position

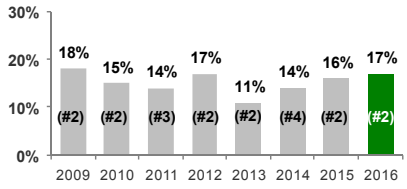
Multi-Corporate Business	Large Corporate Business	Medium Business	Small and Micro Business	High Net Worth Individual	Affluent	Middle Income	Mass

Main Bank Status*



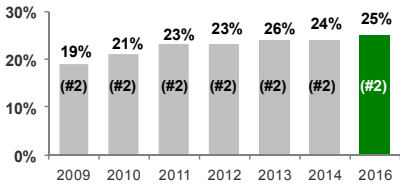
Source: KBank Customer Survey

Corporate Bond Underwriting



Source: The Thai Bond Market Association (ThaiBMA)

Cash Management Services



Source: KBank Customer Survey

Performance and Market Position

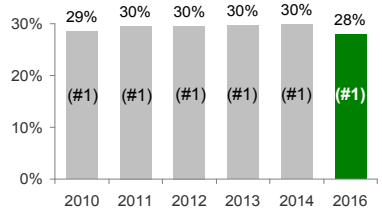
- **Main Bank Status:** maintained #1 ranking in 2016
- **Trusted Partner Bank:** aim to be #1 main bank through comprehensive & proper financial solutions, best-in-class transaction platform among domestic banks, and value chain solutions
- **Corporate Bond Underwriting:** ranked **#2** with 17.75% market share in 2Q17
- **Transaction Services:** top player in transactional banking services
  - **Security Services (MFS):** #1 ranking with 38% market share, as of March 2017
  - **Cash Management Services:** 25% market share in 2016 **(#2)**
  - **Trade Finance:** 28% market share in 2016 (#1)
- **Industrial Expertise:** leverage capability in utility, real estate, transportation, communication, and commerce
- **Knowledge-based Organization:** strive to be a knowledge-based organization for family businesses (KFAM Club)

Note: * Since 2014, Corporate and SME Business main bank status is reported on every two years
Main Bank Status = % of customers in the market who use KBank and its wholly-owned subsidiaries as their main operating bank and/or main savings and investment bank and/or main borrowing bank

SME Business: Performance and Market Position

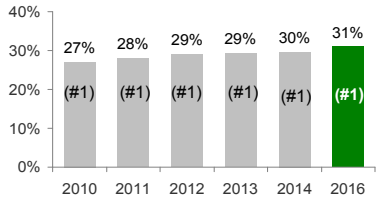
Multi-Corporate Business	Large Corporate Business	Medium Business	Small and Micro Business	High Net Worth Individual	Affluent	Middle Income	Mass

#1 in Market Share by Value*



Source: KBank Customer Survey

#1 in Main Bank Status*



Source: KBank Customer Survey

Performance and Market Position

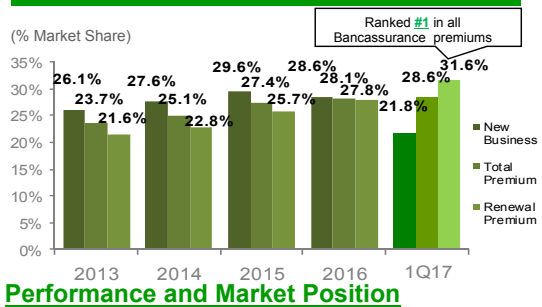
- **Main Bank Status:** improved main bank status and strengthened #1 position
- **Market Share:** 28% market share; maintained #1 position
- **Market Position:** strengthened #1 position in SME market – "Bank for SMEs"; targeted to be SME market leader in all areas
  - Only bank to offer comprehensive solutions to SMEs through K SME program (launched in 2006, with a total of 20 classes and about 12,000 participants so far) and K SME Knowledge Center (established in 2009)

Note: - SME Business in Thailand accounts for 39.6% of Thailand's GDP, or Bt5.21trn (as of December 2014); supported by the government to become a key factor in economic and social growth (Source: The Office of Small and Medium Enterprises Promotion or OSMEP)
- Market Share by Value = share of revenue (derived from both credit and non-credit products) that each bank gains from the market
- Main Bank Status = % of customers in the market who use KBank and its wholly-owned subsidiaries as their main operating bank and/or main savings and investment bank and/or main borrowing bank
* Since 2014, Corporate and SME Business main bank status and market share are reported every two years
Market Share by Value and Main Bank Status in 2016 may not be comparable with those in previous years, due to a new SME population base covering more SMEs with better data availability

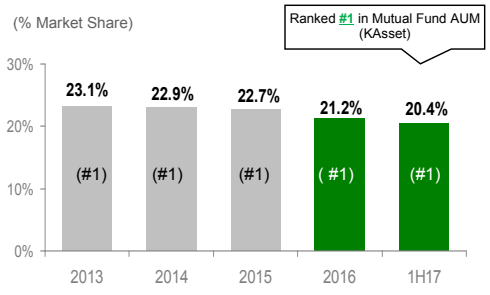
Retail Business: Performance and Market Position

Multi-Corporate Business	Large Corporate Business	Medium Business	Small and Micro Business	High Net Worth Individual	Affluent	Middle Income	Mass

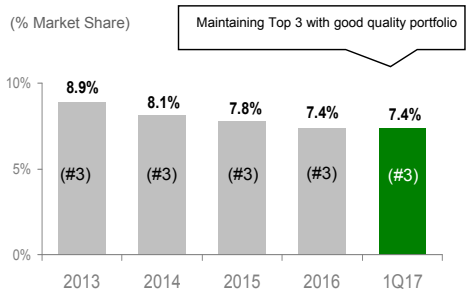
Bancassurance*
(New Business, Total and Renewal Premium)



#1 in Mutual Fund (KAsset)



Mortgage Loan



Performance and Market Position

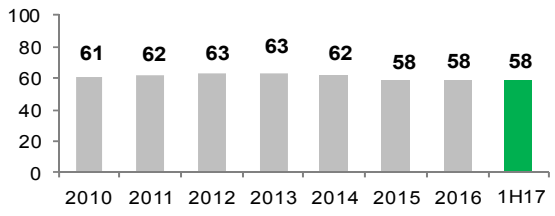
- **Market Penetration**:** strong market penetration to affluent customers and maintaining top tier market penetration to middle income customers
- **Bancassurance:** MTL ranked #1 in all Bancassurance premiums, with 21.8% market share in new business premium, 28.6% market share in total premium, and 31.6% market share in renewal premium for 1Q17; moreover, MTL is focused on balancing First Year Premium and Single Premium to create a sustainable portfolio
- **Fund Management Service:**
  - **Mutual Funds:** KAsset maintaining #1 position since 2010, with highest market share at 20.4% in 1H17; received awards this quarter from AsianInvestor, Fund House of the Year (Thailand) for second successive year; received No.1 Brand Thailand 2016-2017 Award in the category of Mutual Fund for the fourth consecutive year from Marketeer magazine
  - **Mutual Funds and Provident Funds:** ranked #1 with market share of 20.4% and 16.1%, respectively; KAsset total AUM ranked **#2** with market share of 19.1% in 1H17
- **Mortgage Loans:** ranked in top 3, with 7.4% market share in 1Q17; conservative growth and maintaining good quality portfolio
- **Credit Cards:**
  - **Total spending:** ranked #1, with 21.8% market share in 5M17
  - **Number of cards:** ranked **#2**, with 13.0% market share in 5M17
  - **Card-accepting merchant services** (Online & Offline Platforms): ranked #1, with 37.2% market share by sales volume in 5M17
- **Debit Cards:**
  - #1 in total debit card spending; maintaining top position by providing functions, features, security and benefits to match customer lifestyles; offering a variety of cards and applying debit cards via new channel (K PLUS), together with marketing campaign, to stimulate card spending related to National e-Payment Project

Note: * Total Premium = New Business Premium (NBP) + Renewal Premium; New Business Premium = First Year Premium (FYP) + Single Premium (SP)
** Market penetration = % of customers in the market who use at least one of the products of KBank and its wholly-owned subsidiaries

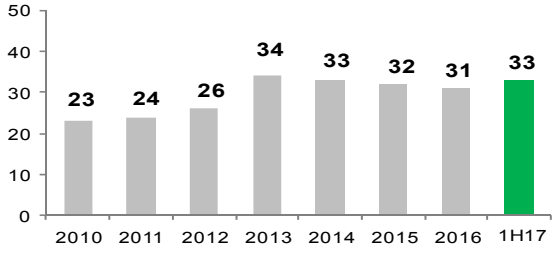
Channels: Corporate and SME Business

- Customer facilitation in areas with good potential via opening financial service centers and cheque points

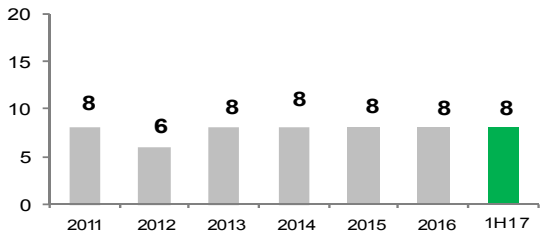
International Trade Service Center *



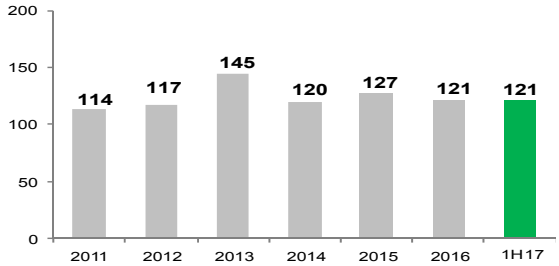
Cheque Direct Service



Corporate Business Center



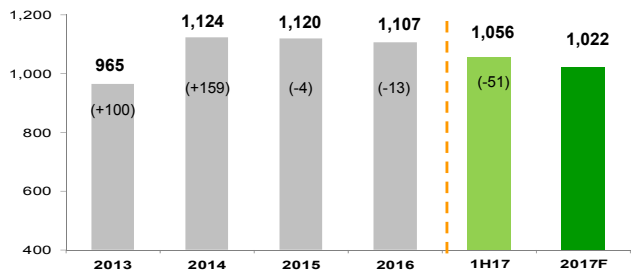
SME Business Center**



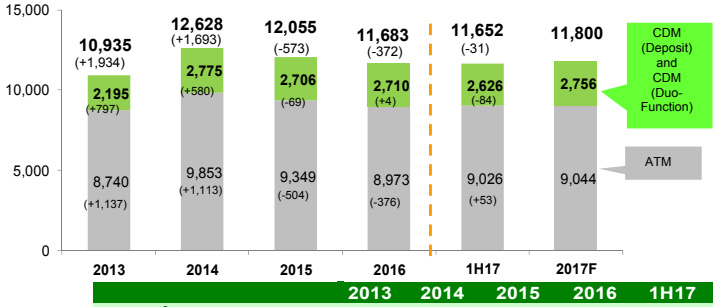
Note: Reduction in the number of centers was a result of consolidation of some centers
* Name changed from Corporate & SME Service Center to International Trade Service Center
** Excluding International Trade Service Centers; there could be more than one SME Business Center per branch

Channels: Retail Business

Branch



Self-Service Channel (ATM + CDM) [1]



Key Strategies in Channel Expansion

- **Branch:**
  - Focus on improving branch efficiency through technology integration and cost opportunities
  - Maintain competitive number of branches while migrating branch footprints to e-channel
  - Enhance staff skills/ knowledge to provide better financial consulting services at branches
- **Self-Service Channel:**
  - Total number of self-service channels is expected to be no more than 11,800 at the end of 2017, after removal of outdated and low transaction machines. Despite an increase in number of transactions, this is sufficient to meet customer need
  - Relocate some channels to higher potential areas in order to improve efficiency and service availability
  - Enhance self-service channels to support debit chip card
- **Digital Banking:**
  - #1 Digital Banking Top of Mind Brand perception rating (Nielsen, 2016)
  - Mobile Banking Initiative of the Year -Thailand (2017): Asian Banking & Finance
  - Best Mobile Banking Product in Thailand (2016): The Asian Banker
  - #1 Top Mobile Banking Application in Thailand with highest number of application downloads *(Data collection from Google Play Store and Apple App Store)*
- **THE WISDOM Corner, Center, Lounge, and Lounge@:**
  - THE WISDOM Channels strengthen top positioning, available in all key flagship department stores, iconic locations, and Thailand's Suvarnabhumi international airport

	2013	2014	2015	2016	1H17
Branch [2]	965	1,124	1,120	1,107	1,056
- Bangkok and Metro	42%	39%	38%	38%	39%
- Upcountry	58%	61%	62%	62%	61%
ATM	8,740	9,853	9,349	8,973	9,026
- Bangkok and Metro	48%	44%	44%	45%	45%
- Upcountry	52%	56%	56%	55%	55%
CDM	2,195	2,775	2,706	2,710	2,626
- CDM (Deposit)	52%	46%	47%	46%	33%
- CDM (Duo-Function)	48%	54%	53%	54%	67%
K-Lobby [3]	185	238	238	238	239
THE WISDOM Corner, Center, Lounge and Lounge@	75	100	105	105	105

Note:

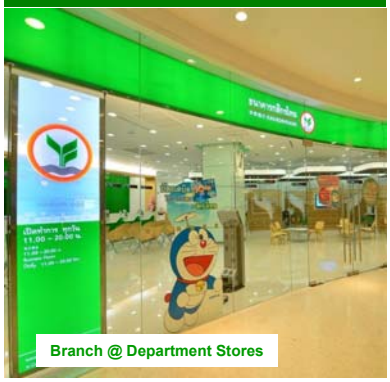
[1] **Self-Service Channels** include ATMs and all types of CDM machines providing 24 hour cash deposit, withdrawal, or money transfer services throughout the country

[2] **Branch**: Excludes 9 THE WISDOM channel models and 1 K-Express Credit Center which BOT's adjusted definition now defines as branches, as they are physically located separately from regular branches

[3] **K-Lobby** is an electronic banking service with multiple functions such as K-ATM, K-CDM (Cash Deposit Machines), and K-PUM (Passbook Update Machine). K-Lobby is available to serve customers both outside of branch offices and as stand-alone machines in areas without branches

Sample of Channels

Branch



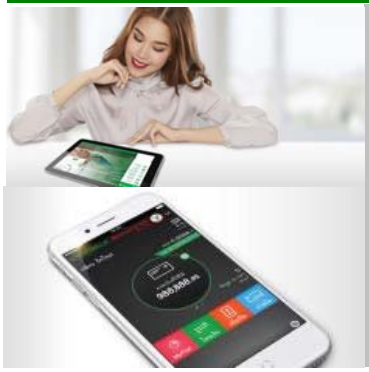
Branch @ Department Stores

K-Lobby



An electronic banking service with multiple functions such as K-ATM, K-CDM (Cash Deposit Machines), and K-PUM (Passbook Update Machine). K-Lobby is available to serve customers both outside of branch offices and as stand-alone machines in areas without branches

Digital Banking



Digital Banking includes:

- K-Mobile Banking
- K-Cyber Service (K-Cyber, K-Cyber Trade and K-Cyber Invest)
- K-Payment Gateway
- K-PowerP@y (mPOS)

THE WISDOM Corner, Center and Lounge



THE WISDOM Lounge @ Suvarnabhumi Airport

An exclusive center providing a full range of services and facilities to High Net Worth Individual and Affluent segments

Thematic Branch



Thematic Branch @ Central East Ville

The thematic branch is designed to blend with the local architecture and culture of each area

KBank: Risk and Credit Management

KBank Risk Management Structure

- **The Bank's organization is structured to facilitate all aspects of risk management; each business unit's responsibilities and segregation of duties are clearly identified in accordance with good internal-control practices**

Board of Directors

Audit Committee

- Approve risk appetite and all risk management policies and guidelines
- Ensure the effectiveness of risk management system and capital adequacy to facilitate current and future business undertakings both in normal and stress situations

Risk Management Committee

Credit Risk Management Sub-committee
Credit Process Management Sub-committee
Asset and Liabilities Management Sub-committee
Market Risk Management Sub-committee
Capital Management Sub-committee
Operational Risk Sub-committee
Business Continuity Management Sub-committee
Information Technology Strategy Sub-committee
Digital Oriented Risk, Data and Cyber Security - and IT Risk Management Sub-committee

- Establish risk management policies and risk appetites. Set risk limits for significant aspects of the various risks
- Formulate strategy for the organization and resources to be used for the risk management operation, in line with the risk management policy. This strategy must enable the effective analysis, assessment, evaluation, and monitoring of the risk management system
- 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	**Risk Management and Control Function**	**Internal Audit**
CBS/ SME/ RBS/ CMB/ CSP/ WBG/ TS	ERM/ CSF/ KBTG	IA - CAT

- 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 is responsible for providing independent and objective views on specific risk-bearing activities to safeguard the integrity of the entire risk process. Control units are set to ensure that risk levels 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, control, and governance processes of the Bank and its subsidiaries

CBS = Corporate Business Division, SME = SME Business Division, RBS = Retail Business Division, CMB = Capital Markets Business Division, CSP = Corporate and SME Products Division, WBG = World Business Group, TS = Central Treasury Department, ERM = Enterprise Risk Management Division, CSF=Customer Service Fulfillment Division, KTBG = KASIKORN BUSINESS - TECHNOLOGY GROUP, including only IT risk management, IA = Internal Audit Department, CAT=Compliance and Audit Division

KBank Credit Risk Management Process

- The Bank continues to enhance credit risk management processes to promote risk strategies with justified risk-return tradeoff within the rapidly changing economic environment

Portfolio Management

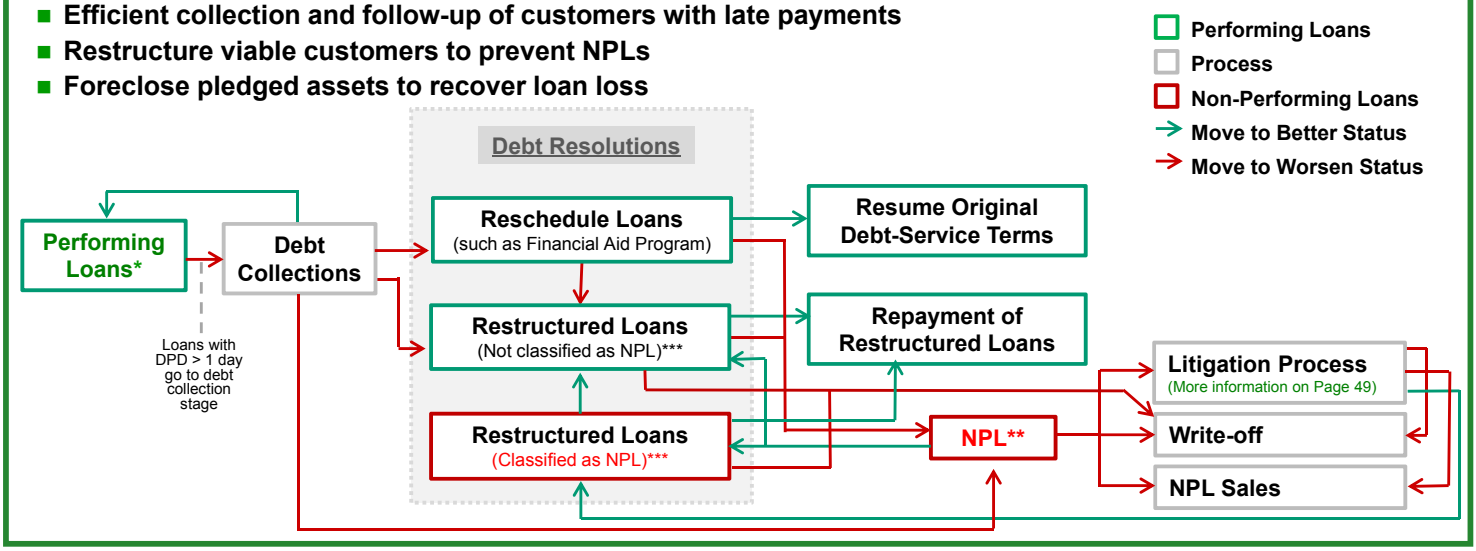
- Determine portfolio-by-design i.e., portfolio target setting by key credit concentration dimensions (Country, Industry, Large Customer Group) and other sub portfolio dimensions based on value-based analysis
- Manage portfolio according to the Bank's risk appetite and concentration
- Perform stress testing to identify portfolio weaknesses and proactively prepare appropriate management actions

Origination	Monitoring	Collection & Recovery
■ Enhance decision making/support tools for more efficient return and risk evaluation ■ Setup specific prescreening criteria for potential industries ■ Enhance customer income validation process	■ Monitor customer behavior and detect early warning signs ■ Leverage National Credit Bureau information for effective credit monitoring ■ Ensure credit condition compliance (e.g. insurance, capital injection, project progress) ■ Take prompt action to prevent credit deterioration	■ Efficient collection and follow-up of customers with late payments ■ Restructure viable customers to prevent NPLs ■ Foreclose pledged assets to recover loan loss

KBank Credit Risk Management Process: Collection and Recovery

Collection & Recovery Flow

- Efficient collection and follow-up of customers with late payments
- Restructure viable customers to prevent NPLs
- Foreclose pledged assets to recover loan loss



Note:
* Performing loans = Pass loans (loans passing the due date less than 1 month) and Special Mention Loans (loans passing the due date by more than 1 month but not over 3 months)
** NPLs = Non-performing loans = loans passing the due date more than 3 months = Sub-standard Loans, Doubtful Loans, and Doubtful of Loss Loans
*** Restructured loans (both not classified as NPL and classified as NPL) can be engaged in debt restructuring contracts more than once

KBank Credit Cost Calculation

Credit Cost

- **Credit Cost**
  = Provisioning Expense / Average Loans
- **Provisioning Expense**
  = f(**Probability of Default (PD)**, Loss Given Default (LGD), Exposure at Default (EAD))
- **Provisioning expense largely depends on PD, which is driven by the stage of the economy**

Probability of Default (PD) Model Calibration

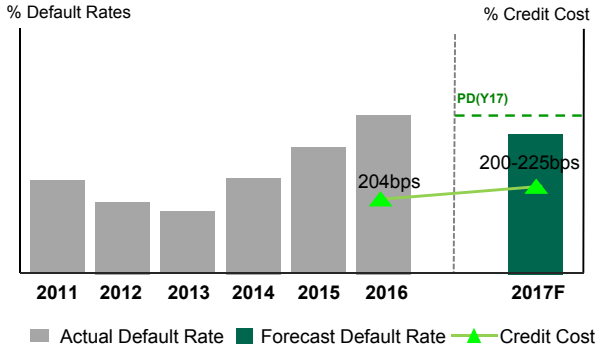
■ High historical default rate in bad year → higher provision in following year

1) Observe Historical Default Rates: Historical default rates over business cycle are observed

2) Calibrate PD Model The PDs are calibrated based on historical default rates

3) Apply PDs to Calculate Provisioning Expense Provisioning Expense = f (PD, LGD, EAD)

$PD_T = f$ (Historical Default Rates (DR_{T-1} , DR_{T-2} , … , DR_{T-N}), Other Factors)



KBank Credit Approval Process

	Corporate	SME (Medium)	SME (Small & Micro)	Retails (Housing and Unsecured Loans)
Approval Process	Credit Underwriting Dept.	SME Credit and Housing Loan Approval Dept.		Unsecured Credit and Merchant Product Service Fulfillment Dept.
	Policy Lending • Sufficiency of cash flow • Growth trends and ability to compete • Management experience and depth • Leverage, Liquidity, and Asset Quality • Credit Risk Mitigation • Facilities Structure	**Formula Lending** • Application Score • FICO Score • Bureau information/Credit history • Debt service capacity • LTV		**Formula Lending** • Application Score • FICO Score • Bureau information/Credit history • Debt service capacity • LTV (only housing loan/secured consumer)
Post Approval	Credit Service Fulfillment Dept.			Unsecured Credit and Merchant Product Service Fulfillment Dept.
	• Legal document • Limit set up			• Legal document • Limit set up
	Bank-wide Risk Asset Review			
	• Customer Review by Relationship Manager (RM) • Credit Portfolio Monitoring Unit to facilitate RM in customer monitoring • Credit Clinic	Asset Quality Management Operation Dept. • Automated collection system • Efficiently utilize available behavior scoring and collection tools i.e. SMS, automated letter generation, phone		

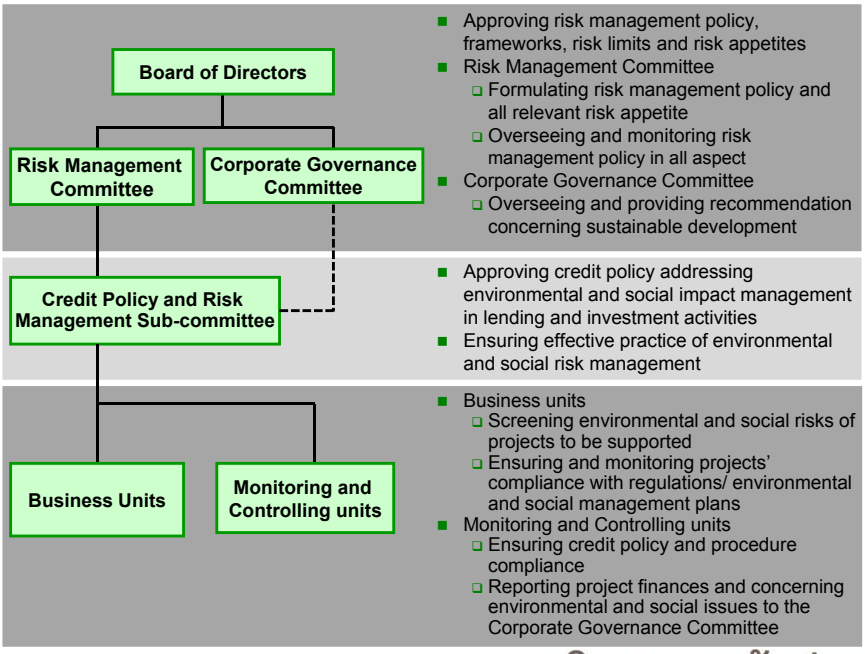
Note: FICO = Fair Isaac Corporation

Environmental, Social and Governance Risk Management

- **KBank has integrated ESG considerations into the risk management framework, with particular attention given to risks related to lending, investment, products, and services**

At the management level

Lending activities are structured so as to demonstrate environmental and social responsibility as follow



- Approving risk management policy, frameworks, risk limits and risk appetites
- Risk Management Committee
  - Formulating risk management policy and all relevant risk appetite
  - Overseeing and monitoring risk management policy in all aspect
- Corporate Governance Committee
  - Overseeing and providing recommendation concerning sustainable development
- Approving credit policy addressing environmental and social impact management in lending and investment activities
- Ensuring effective practice of environmental and social risk management
- Business units
  - Screening environmental and social risks of projects to be supported
  - Ensuring and monitoring projects' compliance with regulations/ environmental and social management plans
- Monitoring and Controlling units
  - Ensuring credit policy and procedure compliance
  - Reporting project finances and concerning environmental and social issues to the Corporate Governance Committee

At the transaction level

The Bank ensures that lending transactions violate neither the law nor social ethics



Environmental and Social Assessment

- Classify project finance type and conduct environmental and social impact assessment (ESIA)
- Request Management approval to conduct project feasibility study (If not approved, the project is terminated)
- Consider all details and initiate negotiations on environmental and social issues as well as on credit possibility
- Approve/reject application within delegated lending authority along with designating environmental and social impact conditions

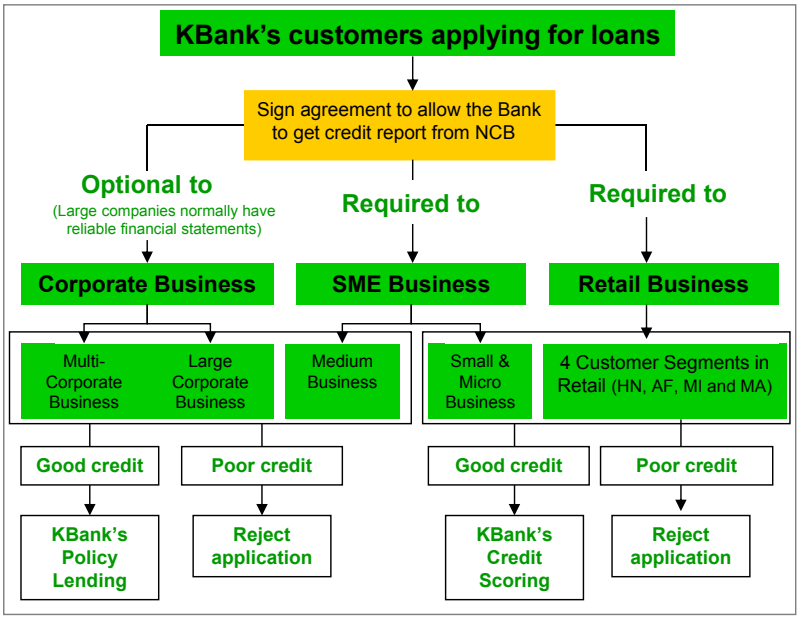
บริการทุกระดับประทับใจ

Credit Bureau Summary

National Credit Bureau (NCB)*

- **Two Types of Credit Reports Offered by NCB:**
  - **Consumer credit report for individuals**
  - **Commercial credit report for businesses**
- **Credit report (monthly reported by members)**
  - **Customer information** (Name, address, identification number, birth date, occupation, etc.)
  - **Credit information** (History of application, approval history, loan payment history, etc.)
- **Data Record of Credit Report**
  - **Individuals:** Credit report remains on file for 3 years
  - **Businesses:** Credit report remains on file for 3 years
- **Members:** Financial institutions including commercial banks, specialized financial institutions (SFIs), non-bank financial institutions, finance companies, securities companies, insurance companies, etc.

KBank Practice



Note: * The concept of a credit bureau started in 1961 and central credit registration started in 1964. The Central Information Service was established in 1999 and its name was changed to Central Credit Information Service in 2000 and to the National Credit Bureau in 2005

บริการทุกระดับประทับใจ

Litigation Process

- Litigation process in Thailand takes about 2-3 years

Litigation Process		Period
Under Negotiation	Negotiate, await approval, document preparation & lawyer process	Approximately 2 months
Pre-court (Notice)	Issue notice & court filing	Approximately 2 months
In Court	Trial / wait for court ruling	Approximately 9-18 months
Execution	Collect payment ruled by court or foreclose	Approximately 3 months
Public Auction	Liquidation process	Approximately 6-9 months

KBank: Financial Performance

1H17 Performance Highlights

Consolidated	2015	2016	1Q17	2Q17	1H17
Net Profit (Bt bn)	**39.47**	**40.17**	**10.17**	**9.00**	**19.16**
Profitability					
- NIM	3.67%	3.52%	3.41%	3.43%	3.42%
- ROE	14.54%	13.23%	12.44%	10.78%	11.68%
- ROA	1.60%	1.49%	1.43%	1.26%	1.34%
- YTD Loan growth	5.42%	5.45%	0.24%	3.22%	3.22%
- YoY Loan growth	5.42%	5.45%	5.46%	5.30%	5.30%
- YoY Net fee income growth	10.55%	3.78%	3.74%	8.55%	6.10%
- YoY Non-interest income growth	12.57%	1.96%	(11.59%)	2.70%	(4.88%)
Cost control					
- Cost to income	45.19%	41.63%	39.44%	40.32%	39.88%
Asset quality					
- NPL ratio	2.70%	3.32%	3.31%	3.31%	3.31%
- Credit Cost	1.68%	2.04%	2.15%	2.46%	2.29%
- Coverage ratio	129.96%	130.92%	134.94%	141.17%	141.17%
Loans to Deposits	94.40%	94.58%	94.80%	95.28%	95.28%
Tier 1 Ratio	14.53%	15.16%	15.03%	15.25%	15.25%
CAR	18.00%	18.84%	17.51%	17.63%	17.63%

Note: - Under Bank of Thailand regulations, net profit in the first half of the year is counted as capital after approval by the Board of Directors as per Bank regulations. Net profit in the second half of the year is counted as capital after approval of the General Meeting of Shareholders. However, when a net loss occurs, the capital must be reduced immediately
- Capital Adequacy Ratio (CAR) has been reported in accordance with Basel III Capital Requirement from January 1, 2013 onwards. CAR is based on KASIKORNBANK FINANCIAL CONGLOMERATE. KASIKORNBANK FINANCIAL CONGLOMERATE means the company under the Notification of the Bank of Thailand re: Consolidated Supervision, consisting of KBank, K Companies, and subsidiaries operating in supporting KBank, Phethai Asset Management Co., Ltd., and other subsidiaries within the permitted scope of the BOT's definition to be a financial conglomerate
- The Bank and its subsidiaries have adopted TFRIC 13: Customer Loyalty Programmes from January 1, 2014 onwards

- **1H17 net profit rose 0.44% YoY, because of lower provisioning expense**
- **Loans grew 5.30% YoY, mainly from corporate business**
- **NIM was 3.42% in 1H17**
- **Net fee income continued to grow due to customer-centric strategy, capturing digital banking, and recurring transactional fees with strong cross-selling capabilities**
- **1H17 cost to income ratio was at 39.88%; cost to income ratio in 2017 will be in mid-40s**
- **NPL ratio was at 3.31% with 141.17% coverage ratio**
- **Capital base maintained**

Consolidated Financial Statements

Statements of Comprehensive Income (Bt mn)

	2015	2016	2Q16	3Q16	4Q16	1Q17	2Q17	1H17
Interest income	114,354	115,873	28,613	28,940	29,533	29,371	29,727	59,098
Interest expenses	29,341	26,195	6,490	6,589	6,529	6,283	6,384	12,667
Interest income - net	**85,013**	**89,678**	**22,123**	**22,351**	**23,004**	**23,088**	**23,343**	**46,431**
Fee and service income	46,413	48,631	11,814	12,305	12,425	12,604	12,705	25,309
Fee and service expenses	8,887	9,688	2,403	2,382	2,537	2,519	2,490	5,009
Fee and service income - net	**37,526**	**38,943**	**9,411**	**9,923**	**9,888**	**10,085**	**10,215**	**20,300**
Total operating income	**220,555**	**237,584**	**58,149**	**56,580**	**60,289**	**62,891**	**67,242**	**130,133**
Underwriting expenses	73,040	84,181	20,479	18,756	22,132	24,286	27,932	52,218
Total operating income - net	**147,515**	**153,403**	**37,670**	**37,824**	**38,157**	**38,605**	**39,310**	**77,915**
Total other operating expenses	**66,656**	**63,854**	**15,647**	**15,808**	**17,606**	**15,224**	**15,851**	**31,075**
Impairment loss of loans and debt securities	26,377	33,753	8,721	6,868	6,871	9,133	10,626	19,759
Operating profit before income tax expenses	54,482	55,796	13,302	15,149	13,680	14,248	12,833	27,081
Income tax expenses	10,527	10,456	2,439	2,958	2,342	2,717	2,455	5,172
Net profit attributable:								
Equity holders of the Bank	**39,474**	**40,174**	**9,428**	**10,856**	**10,244**	**10,171**	**8,986**	**19,157**
Non-controlling interest	4,481	5,166	1,435	1,335	1,094	1,360	1,392	2,752

Statements of Financial Position (Bt mn)

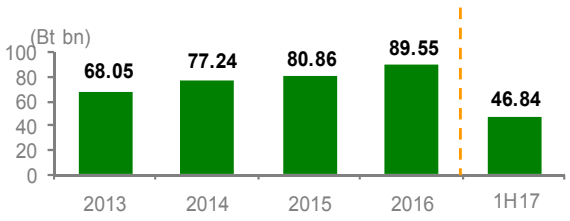
	2015	2016	2Q16	3Q16	4Q16	1Q17	2Q17	1H17
Loans to customers (less deferred revenue)	1,609,887	1,697,581	1,663,968	1,671,545	1,697,581	1,701,675	1,752,227	1,752,227
Total Assets	2,555,305	2,845,868	2,705,154	2,742,207	2,845,868	2,847,204	2,853,339	2,853,339
Deposits	1,705,379	1,794,835	1,742,114	1,774,377	1,794,835	1,795,072	1,839,067	1,839,067
Total Liabilities	2,243,092	2,491,956	2,375,345	2,400,372	2,491,956	2,480,723	2,484,352	2,484,352
Total Equity attributable to equity holders of the Bank	285,800	321,746	300,031	310,579	321,746	332,631	334,158	334,158

Notes: - KBank acquired additional ordinary shares in MTGH, to hold a 51% stake valued at Bt7,529mn; the MTGH Acquisition was completed on November 30, 2009. As the MTGH acquisition was completed on November 30, 2009, the Bank's consolidated financial statements from 2010 include the performance of companies in the MTGH Group for the whole year.
- In accordance with the corporate income tax rate reduction from 30% of taxable profit to 23% in 2012 and 20% in 2013, KBank recognized a one-time Bt1.9bn impact to the 4Q11 income statement due to deferred tax item adjustments; there was no effect on the business undertakings, profitability, or capital fund of the Bank and its subsidiaries
- The Bank and its subsidiaries have adopted TFRIC 13: Customer Loyalty Programmes since January 1, 2014 onwards

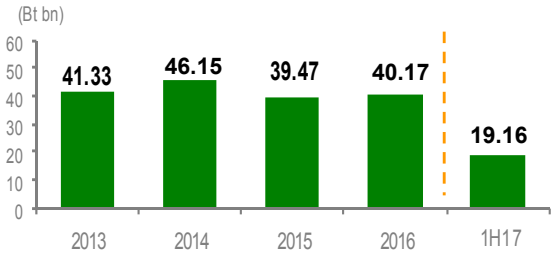
Earnings Before Provision and Tax (EBPT) and Net Profit

June 2017 (Consolidated)

EBPT



Net Profit



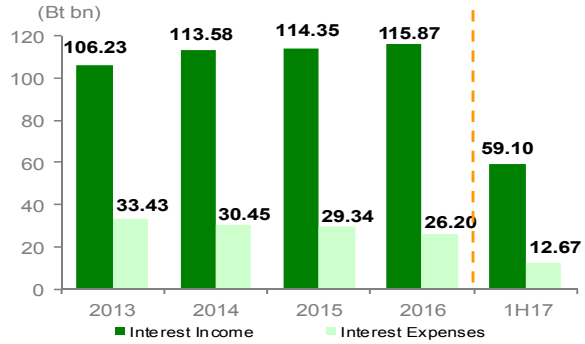
- 1H17 net profit rose 0.44% YoY, because of lower provisioning expense

	2013	2014	2015	2016	1H16	1H17	1Q17	2Q17
EBPT (Bt bn)	68.05	77.24	80.86	89.55	46.98	46.84	23.38	23.46
EBPT Growth (% YoY)	18.61%	13.50%	4.69%	10.75%	10.15%	(0.30%)	(6.32%)	6.52%
Net Profit (Bt bn)	41.33	46.15	39.47	40.17	19.07	19.16	10.17	9.00
Net Profit Growth (% YoY)	17.20%	11.68%	(14.47%)	1.77%	(20.13%)	0.44%	5.45%	(4.68%)

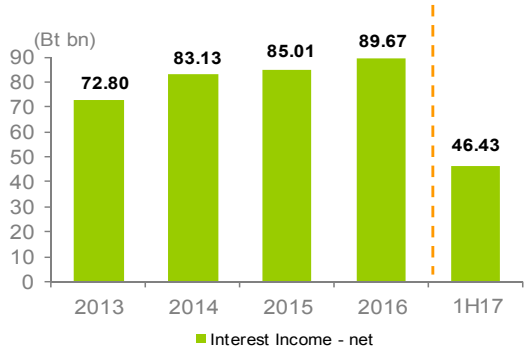
Interest Income - net

June 2017 (Consolidated)

Interest Income and Interest Expenses



Interest Income - net



- 1H17 net interest income grew 4.76% YoY

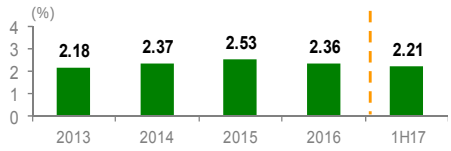
	2013	2014	2015	2016	1H16	1H17	1Q17	2Q17
Interest Income (Bt bn)	106.23	113.58	114.35	115.87	57.40	59.10	29.37	29.73
Interest Expenses (Bt bn)	33.43	30.45	29.34	26.20	13.08	12.67	6.28	6.38
Interest Income - net (Bt bn)	72.80	83.13	85.01	89.67	44.32	46.43	23.09	23.34
Interest Income - net (% Growth YoY)	14.50%	14.20%	2.26%	5.49%	5.29%	4.76%	4.00%	5.52%

Note: KBank acquired additional ordinary shares in MTGH, to hold a 51% stake valued at Bt7,529mn; the MTGH Acquisition was completed on November 30, 2009. As the MTGH acquisition was completed on November 30, 2009, the Bank's consolidated financial statements from 2010 include the performance of companies in the MTGH Group for the whole year

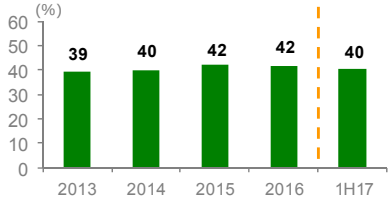
Non-interest Income and Structure

June 2017 (Consolidated)

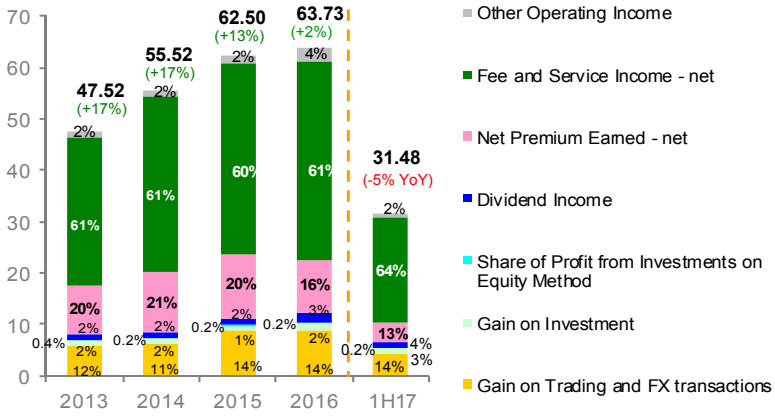
Non-interest Income to Average Assets



Non-interest Income Ratio



Non-interest Income Structure



- 1H17 non-interest income decreased 4.88% YoY, mainly from net insurance premiums and revenue from capital market products

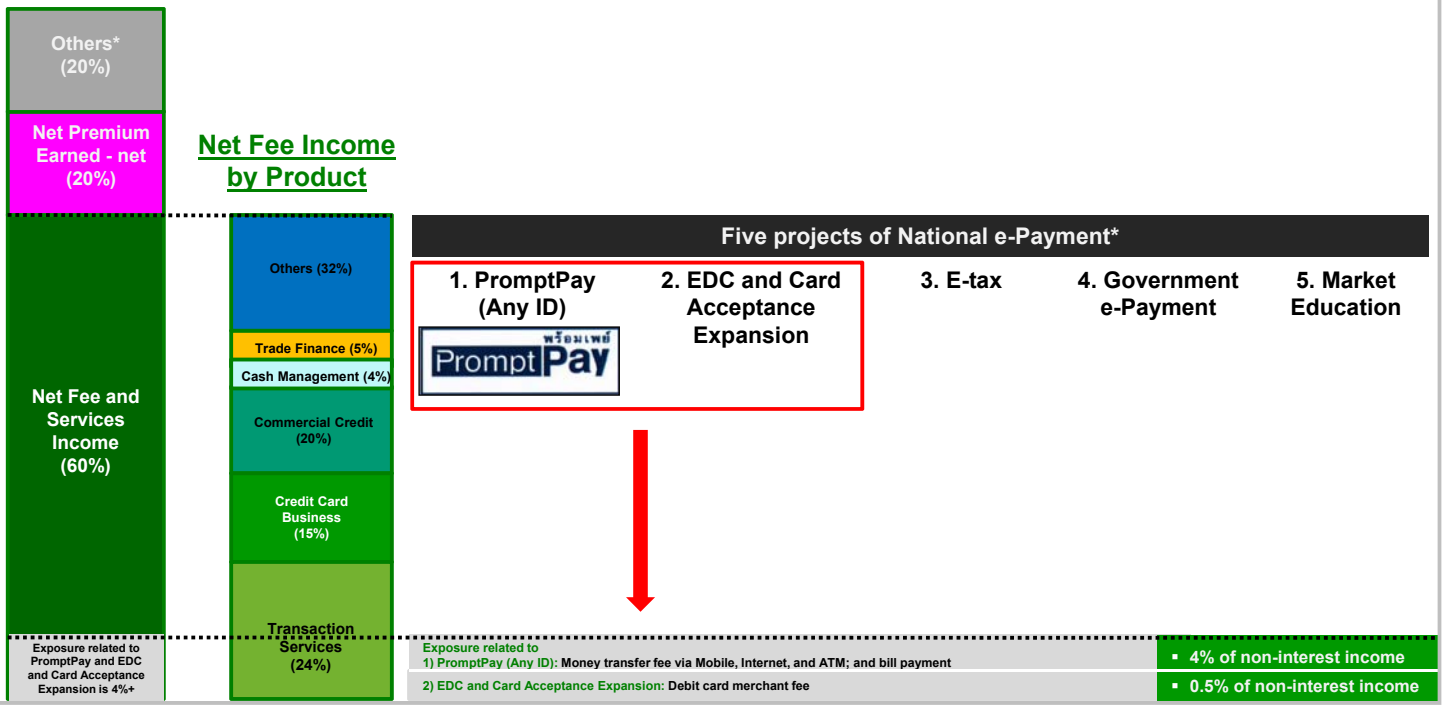
	2013	2014	2015	2016	1H16	1H17	1Q17	2Q17
Non-interest Income (Bt bn)	47.52	55.52	62.50	63.73	33.10	31.48	15.52	15.97
Non-interest Income Growth (%YoY)	16.69%	16.84%	12.57%	1.96%	3.69%	(4.88%)	(11.59%)	2.70%
Non-interest Income Ratio (%)	39.50	40.04	42.37	41.54	42.75	40.41	40.19	40.62

Note: - Non-interest Income Ratio = Non-interest Income/Total Operating Income - net
- Net Premium Earned - net = Net Premium Earned less Underwriting Expense
- The Bank and its subsidiaries have adopted TFRIC 13: Customer Loyalty Programmes since January 1, 2014 onwards

Exposure related to PromptPay and EDC and Card Acceptance Expansion

Y2015 (Consolidated)

Non-interest Income

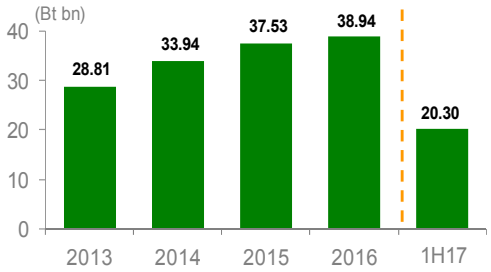


Note: * More details of National e-Payment can be found on Page 123-126

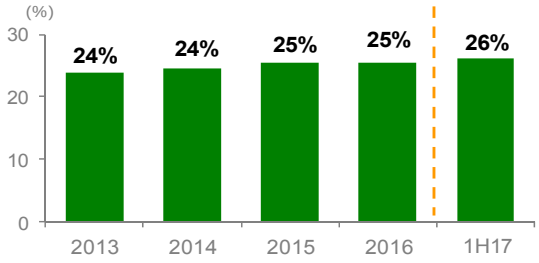
Net Fee Income

June 2017 (Consolidated)

Net Fee Income



Net Fee Income to Net Total Operating Income



- 1H17 net fee income grew 6.10% YoY, mainly due to fees from transaction service and mutual fund
- Net fee income growth will continue to be helped by the cross-selling capabilities of the customer-centric strategy
- Net fee income to net total operating income was 26.05% in 1H17

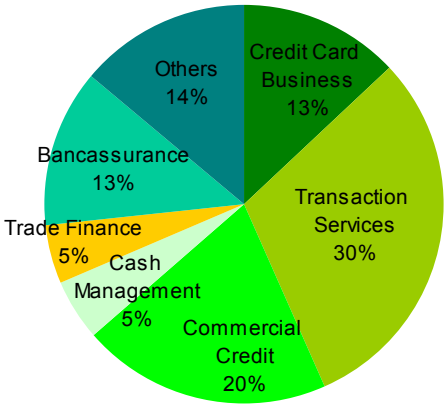
	2013	2014	2015	2016	1H16	1H17	1Q17	2Q17
Fee Income (Bt bn)	36.61	42.69	46.41	48.63	23.90	25.31	12.60	12.71
Fee Income-net (Bt bn)	28.81	33.94	37.53	38.94	19.13	20.30	10.09	10.22
Fee Income Growth (%YoY)	16.50%	16.60%	8.72%	4.78%	4.56%	5.89%	4.27%	7.54%
Net Fee Income Growth (%YoY)	17.75%	17.82%	10.55%	3.78%	2.97%	6.10%	3.74%	8.55%
Net Fee Income to Net Operating Income Ratio (%)	23.95	24.48	25.44	25.39	24.71	26.05	26.12	25.99

Note:
- On the consolidated basis, Bancassurance fees are not included in net fee income since November 30, 2009, due to the elimination of inter-company transactions (the accounting treatment from the Muang Thai Group Holding consolidation)
- The Bank and its subsidiaries have adopted TFRIC 13: Customer Loyalty Programmes since January 1, 2014 onwards and restated the comparative financial statements and financial ratios. There is no effect on net profit of the Bank and its subsidiaries

Net Fee Income Structure (Bank only)

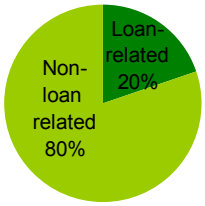
June 2017

Net Fee Income by Product



- **Credit Card Business** (mainly from credit card merchant fees)
- **Transaction Services** (such as ATM & debit cards, bill payments, money transfers, etc.)
- **Commercial Credit** (mainly from commercial credit related fees)
- **Cash Management** (such as fees from payroll accounts)
- **Trade Finance**
- **Bancassurance** (fee income obtained from selling Bancassurance products)
- **Others** (such as mutual funds, securities services, capital market business, etc.)

Loan Related and Non-loan Related Fees - net

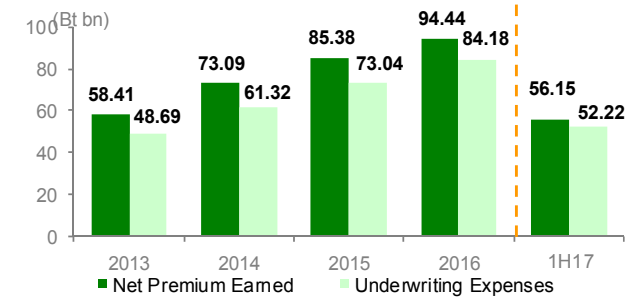


Note:
- On the consolidated basis, Bancassurance fees are not included, due to the elimination of inter-company transactions (the accounting treatment from the Muang Thai Group Holding consolidation)
- On the consolidated basis, Net Premium Earned - net (Net Premium Earned Less Underwriting Expenses) from Muang Thai Life Assurance (MTL) is reported as a part of non-Interest Income; KBank has a 38.25% economic interest in MTL

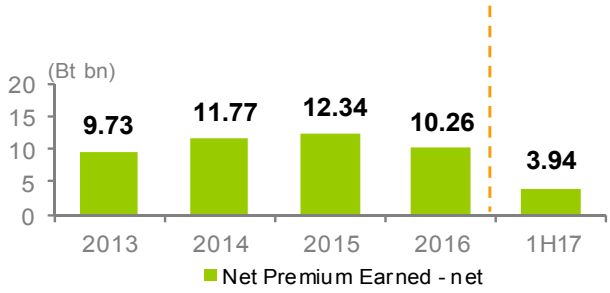
Net Premium Earned - net

June 2017 (Consolidated)

Net Premium Earned and Underwriting Expenses



Net Premium Earned – net



Net Premium Earned - net = Net Premium Earned less Underwriting Expense

- Net premium earned-net dropped, in line with pace of the economy and outgrown underwriting expenses

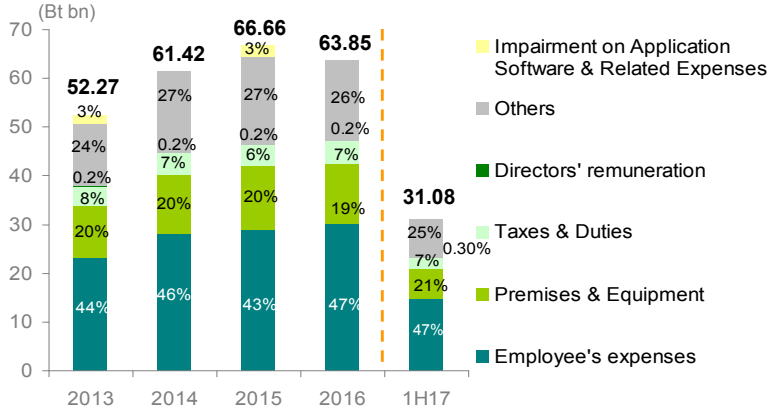
	2013	2014	2015	2016	1H16	1H17	1Q17	2Q17
Net Premium Earned (Bt bn)	58.41	73.09	85.38	94.44	50.02	56.15	26.43	29.73
Underwriting Expenses (Bt bn)	48.69	61.32	73.04	84.18	43.29	52.22	24.29	27.93
Net Premium Earned - net (Bt bn)	9.73	11.77	12.34	10.26	6.73	3.94	2.14	1.80
Net Premium Earned (%Growth YoY)	22.93%	25.12%	16.82%	10.62%	11.70%	12.26%	8.36%	24.92%
Underwriting Expenses (%Growth YoY)	21.14%	25.95%	19.11%	15.26%	14.47%	20.61%	13.97%	36.39%
Net Premium Earned - net (%Growth YoY)	32.79%	20.96%	4.86%	(16.83%)	(3.36%)	(41.51%)	(37.24%)	(45.90%)

Note:KBank acquired additional ordinary shares in MTGH, to hold a 51% stake valued at Bt7,529mn. As the MTGH Acquisition was completed on November 30, 2009. As the MTGH acquisition was completed on November 30, 2009, the Bank's consolidated financial statements from 2010 include the performance of companies in the MTGH Group for the whole year.

Other Operating Expenses

June 2017 (Consolidated)

Other Operating Expenses Structure



- 1H17 other operating expenses increased 2.09% YoY, resulting from an increase in employee expenses and premises and equipment expenses

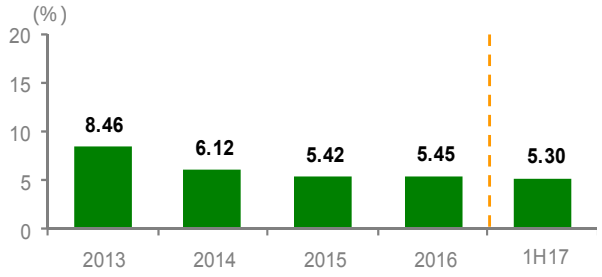
	2013	2014	2015	2016	1H16	1H17	1Q17	2Q17
Other Operating Expenses (Bt bn)	52.27	61.42	66.66	63.85	30.44	31.08	15.22	15.85
Other Operating Expenses Growth (%YoY)	11.37%	17.50%	8.53%	(4.20%)	(2.95%)	2.09%	2.91%	1.31%

Note: The Bank and its subsidiaries have adopted TFRIC 13: Customer Loyalty Programmes since January 1, 2014 onwards

Loan Growth

June 2017 (Consolidated)

Loan Growth (% YoY)



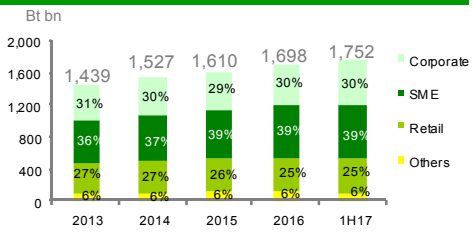
- Loans grew sensibly at 3.22% YTD and 5.30% YoY, mainly driven by corporate business

	2013	2014	2015	2016	1H16	1H17	1Q17	2Q17
Loans (Bt bn)	1,439	1,527	1,610	1,698	1,664	1,752	1,702	1,752
Loan Growth (% YoY)	8.46%	6.12%	5.42%	5.45%	6.21%	5.30%	5.46%	5.30%
Loan Growth (% YTD)	8.46%	6.12%	5.42%	5.45%	3.36%	3.22%	0.24%	3.22%

Loan Structure and Loan Growth Targets

June 2017 (Consolidated, TFRS 8: Operating Segments*)

Loan Portfolio Structure



Loan Structure, Loan Yield and Loan Growth Targets

(Amount in Bt bn)	Dec-16	2016 Loan Growth (%)	1H17	1H17 Loan Growth (% YTD)	1H17 Yield Range (%)	2017 Loan Growth Target (%)
1) Corporate	512	9.5	557	8.6	3-5%	4-6%
Multi-Corporate Business	286	20.3	316	10.1		
Large Corporate Business	226	(1.8)	241	6.8		
2) SME	657	6.4	679	3.3	5-7%	4-6%
Medium Business	363	10.3	377	4.0		
Small and Micro Business	291	3.5	299	2.6		
3) Retail	429	1.5	423	(1.3)	5-7%	5-7%
4) Others	99	(2.5)	93	(5.9)		
Total Loans	1,698	5.4	1,752	3.2	5.5%	4-6%

Loan Definition (TFRS 8: Operating Segments)
Corporate Loans: Loans of KBank and KBank's Subsidiaries in Corporate Segments (Annual sales turnover > Bt400mn)
SME Loans: Loans of KBank and KBank's Subsidiaries in SME Segments (Annual sales turnover ≤ Bt400mn)
Retail Loans: Loans of KBank and KBank's Subsidiaries in Retail Segments
Other Loans: Loans in Enterprise Risk Management Division (NPL + Performing Restructured Loans), and other loan types

Note: * Since 1Q13, as per the Bank of Thailand's requirement, the Bank has complied with TFRS 8 (Operating Segments) to present operating results for each key segment in financial reports
Y2016 Loan Growth Target (%): Corporate 4-6%, SME 5-7%, Retail 5-7%, Total Loans: 6-7%
Y2015 Loan Growth Target (%): Corporate 3-5%, SME 6-8%, Retail 5-7%, Total Loans: around 6%

Loan by Retail Products (All Segments)

June 2017 (Consolidated, TFRS 8: Operating Segments*)

Loan by Retail Products					
(Amount in Bt bn)	Dec16	Y2016 Loan Growth (%)	Jun17	1H17 Loan Growth (%)	% Portion to Total Loan
Housing Loans	238	1.8	243	2.2	13.9
Credit Cards	83	2.2	72	(13.3)	4.1
Consumer Loans	53	(0.1)	53	(0.2)	3.0
KLeasing	91	2.3	93	2.5	5.3

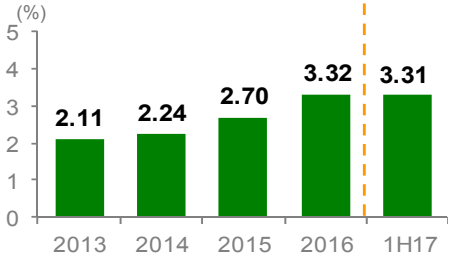
Loan Definition (TFRS 8: Operating Segments)
Housing Loans: KBank's housing loans to retail customer segments
Credit Cards: KBank's credit card loans to all eight customer segments
Consumer Loans: KBank's consumer loans to retail customer segments
KLeasing: KLeasing's loans to all eight customer segments

Note: * Since 1Q13, as per the Bank of Thailand's requirement, the Bank has complied with TFRS 8 (Operating Segments) to present operating results for each key segment in financial reports

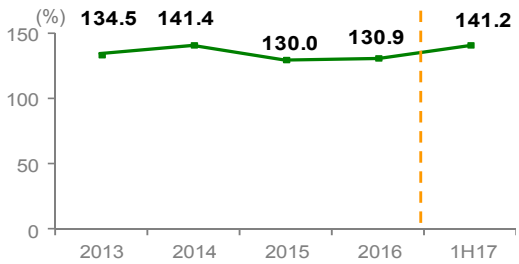
Asset Quality

June 2017 (Consolidated)

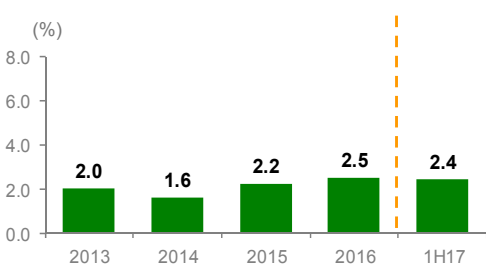
NPL Ratio



Coverage Ratio



SML* to Total Loans



- NPL ratio in 1H17 was at 3.31%
- Coverage ratio was 141.17%; this ratio has been maintained above 100% since 2Q10

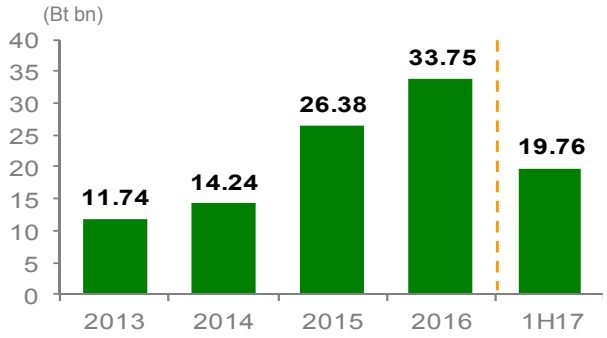
	2013	2014	2015	2016	1H16	1H17	1Q17	2Q17
NPL Ratio (%)	2.11	2.24	2.70	3.32	2.89	3.31	3.31	3.31
Coverage Ratio (%)	134.52	141.38	129.96	130.92	136.21	141.17	134.94	141.17
SML to Total Loans Ratio (%)	2.0	1.6	2.2	2.5	1.7	2.4	2.5	2.4

Note: * SML = Special Mention Loans are loans passing the due date by more than 1 month but not more than 3 months

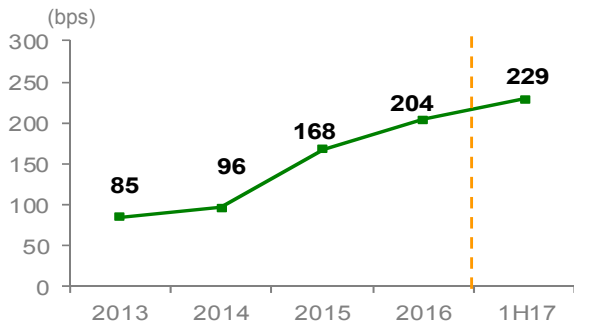
Impairment Loss of Loans and Debt Securities (Provision) and Credit Cost

June 2017 (Consolidated)

Impairment Loss of Loans and Debt Securities



Credit Cost



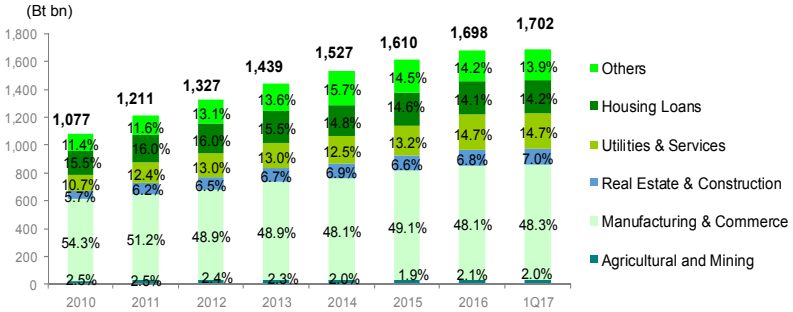
- 1H17 credit cost was 229 bps, to be prudent and aligned with macro environment and credit cycle
- 2017 credit cost expected to be 200-225 bps

	2013	2014	2015	2016	1H16	1H17	1Q17	2Q17
Impairment Loss of Loans and Debt Securities (Bt bn)	11.74	14.24	26.38	33.75	20.01	19.76	9.13	10.63
Credit Cost (bps)	85	96	168	204	245	229	215	246

Loan Portfolio Breakdown by Industry, Currencies, and Interest Rate

December 2016 (Consolidated)

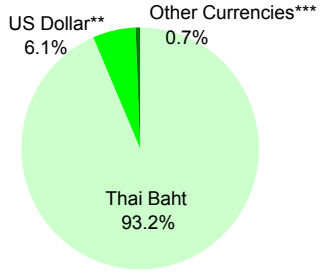
Loan Portfolio by Industry (March 2017)*



Definition of Loans

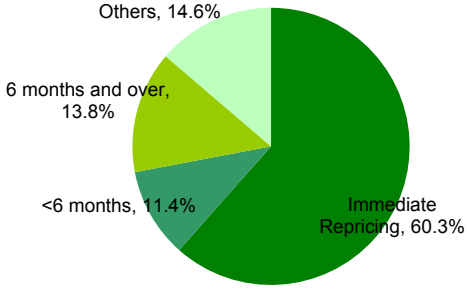
1) by industry = Gross loans = Loans to customers less deferred revenue
2) by currency = Loans to customers and AIR - net
3) by maturity of interest repricing = Loans to customers less deferred revenue

By Currencies (December 2016)**



*** Mainly trade finance products

By Maturity of Interest Repricing (December 2016)**



Loans by Bangkok and Metropolitan vs. Upcountry

Proportion of KBank's Outstanding Loans	2012	2013	2014	2015	2016	1H17
Bangkok and Metropolitan	65%	65%	64%	64%	63%	63%
Upcountry	35%	35%	36%	36%	37%	37%

Note: * The data as of June 2017 is not available until the release of the audited financial statements
** The information on loans breakdown by currencies and maturity of interest repricing are disclosed on half year basis

Proactive risk management to counter economic slowdown and high household debt

- Continue to deploy proactive credit portfolio/ risk management/ asset quality management to mitigate an adverse impact from prolonged economic recovery and high household debt

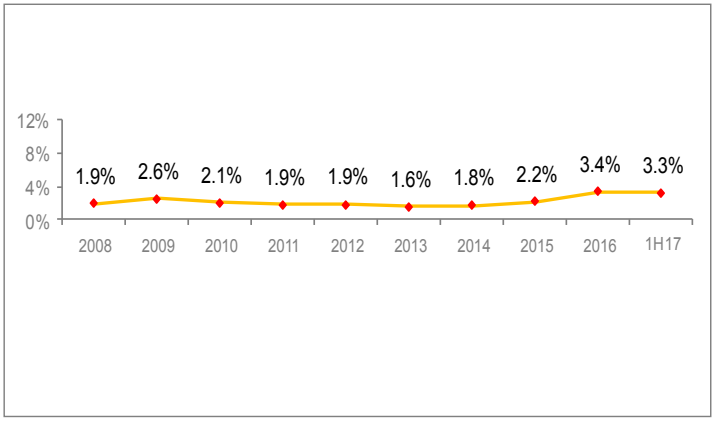
Corporate Business	SME Business	Retail Business
■ Focus on high potential industries less impacted by economic slowdown ■ Closely monitor customers in high risk industries and supply chains ➢ Actively monitor early warning signs ➢ Promptly respond to adverse events	■ Selective on quality of customers ■ Proactive risk management by visiting customers; raise productivity of sales teams and relationship managers ■ Efficient collection process	■ Shift toward customers that are less sensitive to high household debt (high income customers) ■ Proactive and efficient collection process ■ Analyze behavior regularly to identify weak spots ■ Slow growth with focus on high-income customers

Restructured Loans Incurred Losses

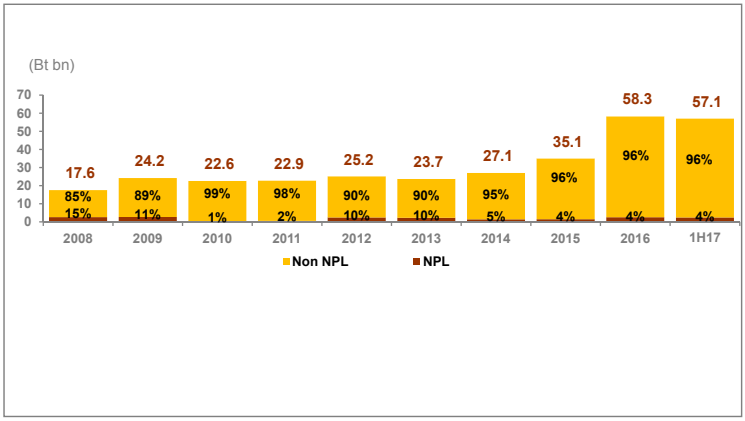
June 2017 (Consolidated)

- Restructured loans that incurred losses determine from the loan that present value of expected future cash flow to be received is less than the outstanding balance, where the present value is discounted by market rates; debt restructuring includes various forms i.e. reduction of principal and interest, transfer of assets, and change of repayment conditions

% of Restructured Loans that Incurred Losses to Total Loans



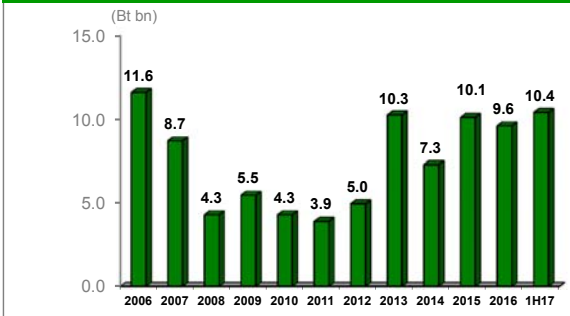
Restructured Loans that Incurred Losses Breakdown by NPL and Non-NPL



Bad Assets Resolution

June 2017 (Consolidated)

Write-offs



NPL Portfolio Sales

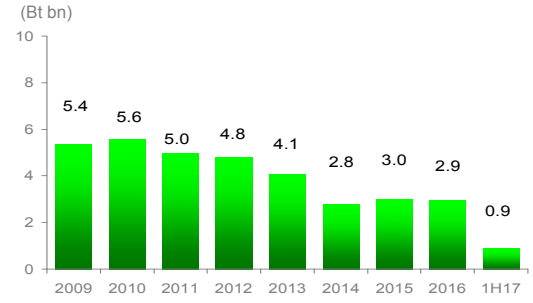
- 2001-2004: KBank sold NPLs totaling Bt14.6bn to TAMC*
- 2007: KBank and Phethai AMC sold NPLs totaling Bt11.4bn to Standard Bank Asia Limited and Morgan Stanley Emerging Markets Inc. at Bt7.6bn and Bt3.8bn, respectively
- 2008-1Q16: NPLs continued to decline without bulk NPL sales
- 2016: KBank sold NPLs worth Bt6.4bn to JMT Network Services PCL

Note: * On September 11, 2013, the Bank was formally notified of its final loss sharing portion under the asset transfer agreement with TAMC established in October 2001. This amounted to Bt206mn. An amount of Bt1,159mn relating to the provision for losses recorded in prior years has been reversed through profit or loss in 2013

Outstanding Foreclosed Properties



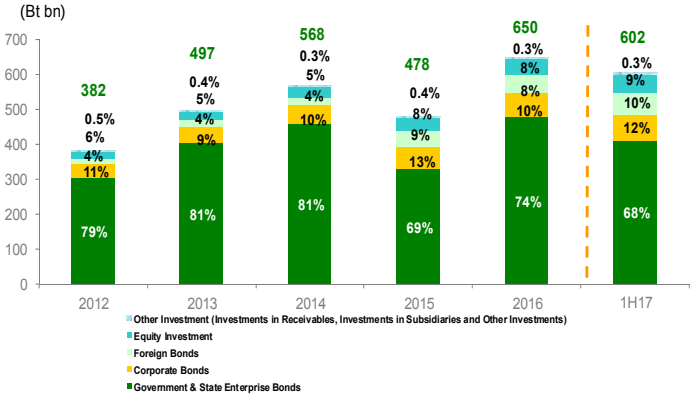
Sales of Foreclosed Properties



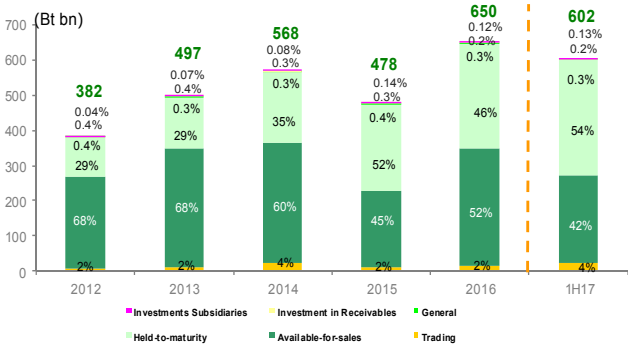
Investment in Securities Portfolio and Structure

June 2017 (Consolidated)

Instrument Type



Holding Type



Note: Accounting for investments 1) **Trading**: Stated at fair value (FV). Unrealized gains or losses arising from changes in FV are recognized in the income statement
2) **AFS**: Stated at FV. Unrealized gains or losses arising from revaluation are reflected in the equity
3) **HTM**: Stated at amortized cost, after deduction of any allowance for impairment

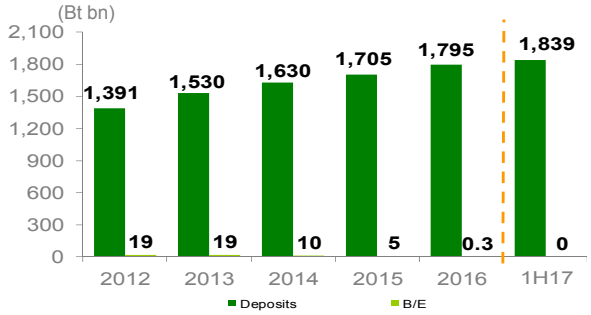
- KBank continues to manage its investment portfolio by focusing on ensuring sufficient liquidity at all times and adjusting investment position according to interest rate trend to enhance risk-adjusted return

	2013	2014	2015	2016	1H16	1H17	1Q17	2Q17
Investment Portfolio (Bt bn)	497	568	478	650	524	602	652	602
Investment Portfolio (% Growth YoY)	29.97%	14.24%	(15.83%)	36.10%	(7.25%)	14.94%	35.07%	14.94%

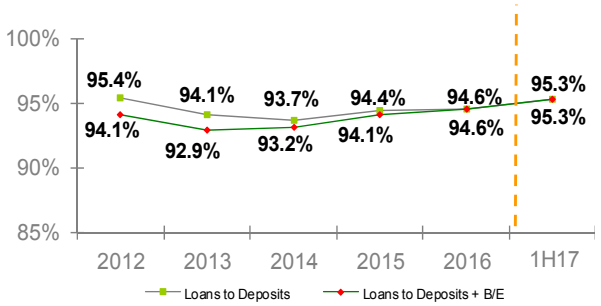
Deposits Growth and Loans to Deposits Ratio

June 2017 (Consolidated)

Deposits & B/E



Loans to Deposits Ratio



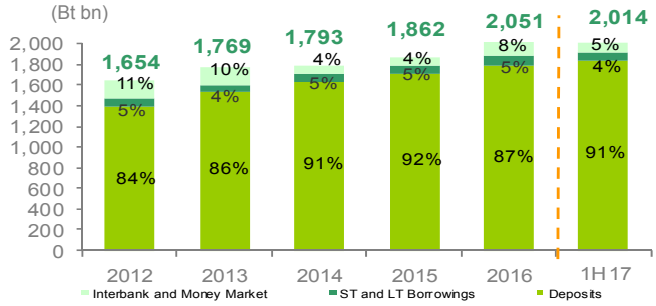
- Deposits and Loans to Deposits Ratio maintained at stable level

	2012	2013	2014	2015	2016	1H16	1H17	1Q17	2Q17
Deposits (Bt bn)	1,391	1,530	1,630	1,705	1,795	1,742	1,839	1,795	1,839
Deposits (% YoY)	12.0%	10.0%	6.5%	4.6%	5.2%	4.4%	5.6%	2.7%	5.6%
Deposits (% YTD)	12.0%	10.0%	6.5%	4.6%	5.2%	2.2%	2.5%	0.0%	2.5%
Loans to Deposits Ratio (%)	95.4	94.1	93.7	94.4	94.6%	95.5%	95.3%	94.8%	95.3%

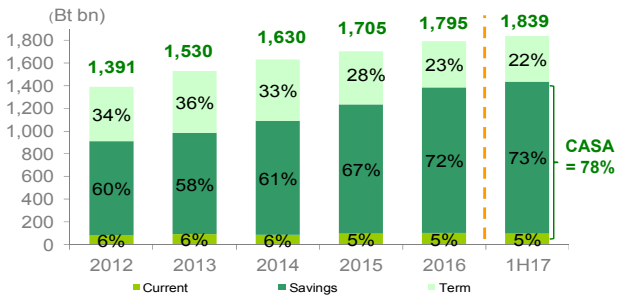
Funding Structure and Interest Rate Movement

June 2017 (Consolidated)

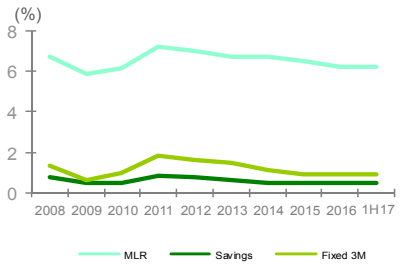
Funding Structure



Deposit Structure



KBank Interest Rate Movement (Retail customers)



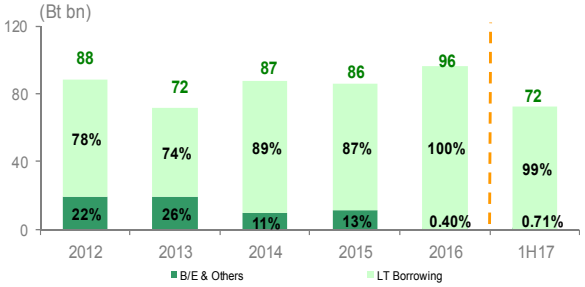
Deposit Rates (July 20, 2017)

Savings	0.50
Fixed 3M-12M	0.90-1.30
Fixed 24M-36M	1.45-1.60

Lending rates (May 16, 2017)

MLR	6.25%
MOR	7.12%
MRR	7.12%

ST and LT Borrowings



Long-term Senior/Subordinated Debentures

Issue Date	Name	Type	Embedded Option	Amount	Maturity Years	Call Date	Interest Rate (Per annum)	PP/PO	Interest Payment period	Credit Rating
Thai Currency Long-term Senior/Subordinated Debentures										
14/07/2016	Subordinated debentures of KASIKORNBANK PCL No. 1/2016 (Basel III-complaint Tier 2)	Unsecured	Callable after 5.5 years	Bt7,500mn	10.5 years (14/01/2027)	First Call date : 14/01/2022 (then can call every interest payment date)	3.50%	PP	Quarterly	AA (tha) by Fitch Ratings
09/10/2015	Subordinated debentures of KASIKORNBANK PCL No. 1/2015 (Basel III-complaint Tier 2)	Unsecured	Callable after 5.5 years	Bt6,500mn	10.5 years (09/04/2026)	First Call date : 09/04/2021 (then can call every interest payment date)	3.95%	PP	Quarterly	AA (tha) by Fitch Ratings
03/10/2014	Subordinated debentures of KASIKORNBANK PCL No. 1/2014 (Basel III-complaint Tier 2)	Unsecured	Callable after 5.5 years	Bt14,000mn	10.5 years (03/04/2025)	First Call date : 03/04/2020 (then can call every interest payment date)	5.0%	PP	Quarterly	AA (tha) by Fitch Ratings
Foreign Currency Long-term Senior/Subordinated Debentures*										
06/10/2016	Senior Unsecured Debentures of KASIKORNBANK PCL**	Unsecured	-	USD400mn	5.5 Years (06/04/2022)	-	2.375%	N/A	Semi-annually	Baa1 by Moody's BBB+ by S&P BBB+ by Fitch Ratings
26/08/2015	Senior Unsecured Debentures of KASIKORNBANK PCL**	Unsecured	-	USD26mn	5.5 Years (26/02/2021)	-	3m Libor+1.00%	N/A	Quarterly	-
25/04/2014	Senior Unsecured Debentures of KASIKORNBANK PCL**	Unsecured	-	USD350mn	5.5 Years (25/10/2019)	-	3.5%	N/A	Semi-annually	Baa1 by Moody's BBB+ by S&P BBB+ by Fitch Ratings
20/09/2012	Senior Unsecured Debentures of KASIKORNBANK PCL**	Unsecured	-	USD500mn	5.5 Years (20/03/2018)	-	3.0%	N/A	Semi-annually	Baa1 by Moody's BBB+ by S&P BBB+ by Fitch Ratings

Note: ** The issued notes are drawn from the Bank's USD2.5bn Euro Medium Term Note Programme (EMTN)

KBank: The wholly-owned subsidiaries, and Muang Thai Life Assurance

The wholly-owned subsidiaries of KBank: Business Profile and Aspiration

June 2017

	KAsset EST. 1992	KResearch EST. 1995	KSecurities EST. Jul 2005	KLeasing EST. Aug 2005	KF&E EST.1990
Company Name	KASIKORN ASSET MANAGEMENT CO., LTD.	KASIKORN RESEARCH CENTER CO., LTD.	KASIKORN SECURITIES PCL	KASIKORN LEASING CO., LTD.	KASIKORN FACTORY AND EQUIPMENT CO., LTD.
Company Profile	A leader in fund management business (i.e. mutual funds, provident funds, and private funds)	■ Professional in providing knowledge in economics, business, money, and banking ■ Only research house which is an affiliate of a bank	Professional in providing a complete range of professional and excellent financial solutions and services, including investment banking, securities underwriting, and securities brokerage	Professional in providing three core products: hire purchase, financial lease, and floor plan	Professional in providing a complete range of machinery and equipment leasing services
Asset Size	Bt 2.33bn	Bt 0.09bn	Bt 22.00bn	Bt 92.86bn	Bt 17.43bn
Market Share	19.08%	N/A	3.87% (#9)	8%*	N/A
2017 Targets	Maintain Top Tier position	Top of mind research house for media and for the clients of KBank and its wholly-owned subsidiaries	Maintain leading position in securities business under local bank parent	Maintain a good asset quality portfolio	4-6% YoY growth on outstanding loans
3-year Aspiration	Maintain Top Tier position	Top of mind Research house	Top of mind securities firm	Provide complete range of financial solutions and maintain good asset quality	Maintain leading position in equipment leasing industry

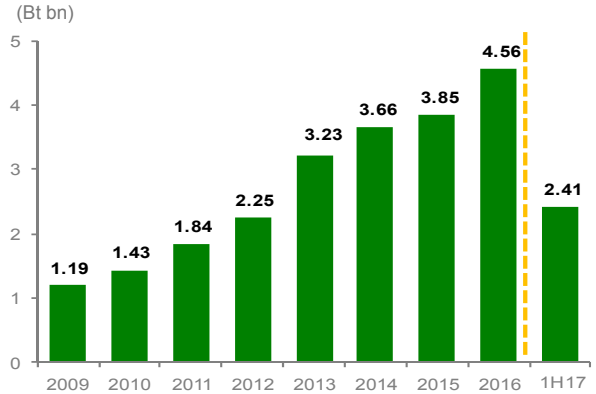
* Data as of 1Q17

The wholly-owned subsidiaries of KBank: 1H17 Key Operating Performance

June 2017

	KAsset EST. 1992	KResearch EST. 1995	KSecurities EST. Jul 2005	KLeasing EST. Aug 2005	KF&E EST.1990
1H17 Key Operating Performance	Assets Under Management (AUM): Bt1.26trn (+2.60% YoY)	Most quoted research house in the media	- Trading volume: Bt394bn - Number of customers grew 15% YoY	Outstanding loans: Bt92.99bn (+4.08 % YoY)	Outstanding loans: Bt16.63bn (+21.24% YoY)

The wholly-owned subsidiaries of KBank: Net Profit



■ Net profit continues to rise, along with synergy among KBank and its wholly-owned subsidiaries

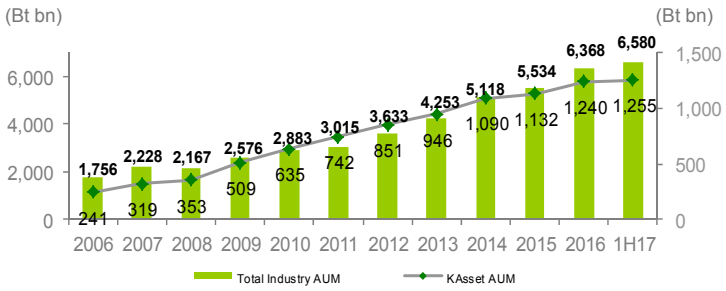
Note: Since January 1, 2011, financial statements have been reclassified per the Bank of Thailand's requirements; the 2010 financial statements were restated and adjusted for comparison purposes; in 4Q10, KBank early adopted TAS 19 (Employee Benefits) and TAS 12 (Income Taxes) to align with international practices and standards; 2009 financial statements were restated for comparison purposes

KAsset Highlights in 1H17

June 2017

หลักทรัพย์จัดการกองทุนกสิกรไทย
开泰基金管理 KASIKORN ASSET MANAGEMENT

AUM (KAsset vs. Industry)



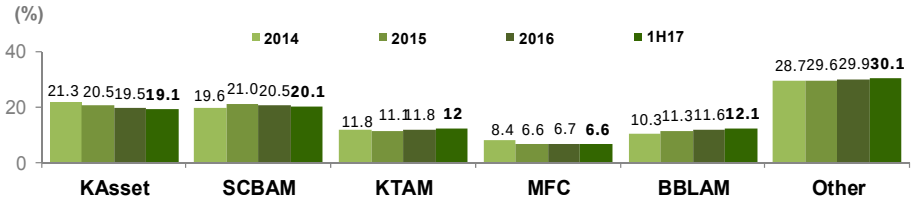
Industry Outlook:

- 1H17 industry AUM at Bt6.58trn, growing 8.71% YoY
- KAsset AUM at Bt1.26trn, growing 2.60% YoY

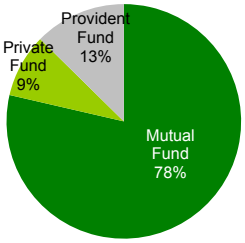
KAsset Highlights:

- Ranked **#1 in Mutual Fund and Provident Fund** with market share of 20.4% and 16.1%, respectively
- Ranked **#2** in total AUM with market share of 19.1%
- Mutual fund accounts for 78% of KAsset AUM

Market Share by AUM



KAsset AUM Breakdown by Type



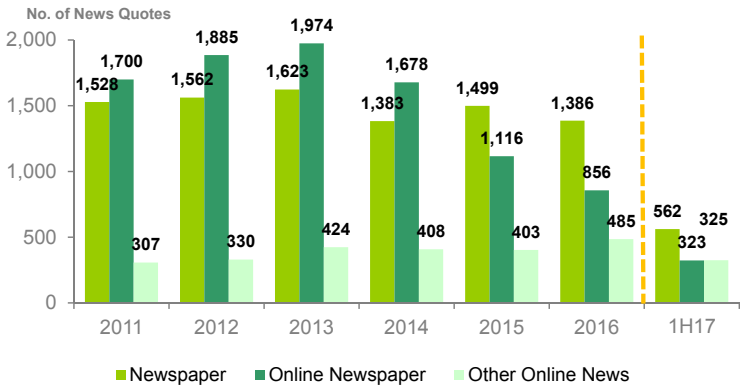
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KResearch Highlights in 1H17

June 2017

ศูนย์วิจัยกสิกรไทย
开泰研究中心 KASIKORN RESEARCH CENTER

Number of News Quotes



Industry Outlook:

- The only bank affiliated research house providing knowledge in economics, business, money, and banking

KResearch Highlights:

- Most quoted research house in the media. Top of mind research house for the media and for clients of KBank and its wholly-owned subsidiaries

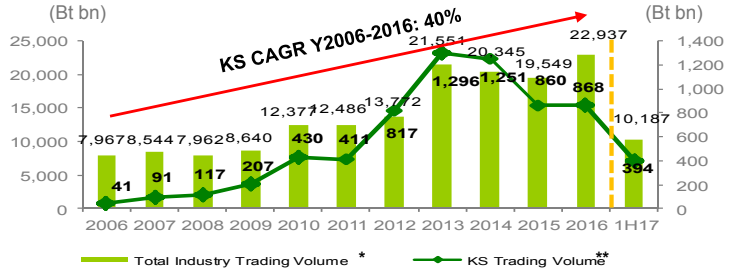
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KSecurities Highlights in 1H17

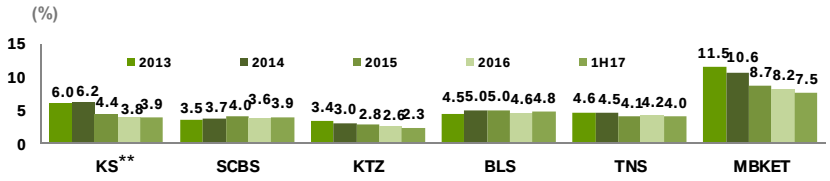
June 2017

หลักทรัพย์กสิกรไทย 开泰证券 KASIKORN SECURITIES

Trading Volume (KSecurities vs. Industry)



Market Share by Trading Volume



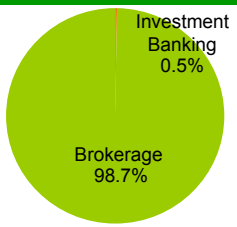
Industry Outlook:

- 1H17 industry trading volume* was Bt10.19trn, increasing 2% YoY
- KS trading volume was Bt394bn

KSecurities Highlights:

- KS ranked #9, with 3.87% market share; maintaining position as one of the leading local bank-based securities firms
- Majority of revenue came from brokerage
- Number of customers account grew 15% YoY, to 116,258 customers in 1H17

KSecurities Revenue by Business



Note: * Industry trading volume excluding proprietary trades

** In February 2012, KBank and Macquarie signed an Exclusive Strategic Alliance (ESA) covering a range of investment banking and securities operations; KSecurities and Macquarie Securities (Thailand) are traded under a new ticket, KSMACQ. The exclusive strategic alliance agreement ended in February 2015; KS trading volume in 2015 includes one month of MACQ volume

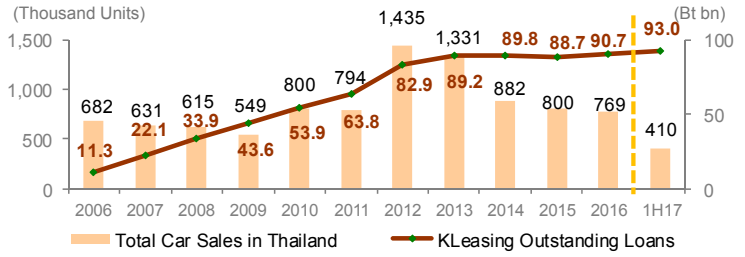
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KLeasing Highlights in 1H17

June 2017

ลีสซิ่งกสิกรไทย 开泰租赁 KASIKORN LEASING

KLeasing vs. Industry



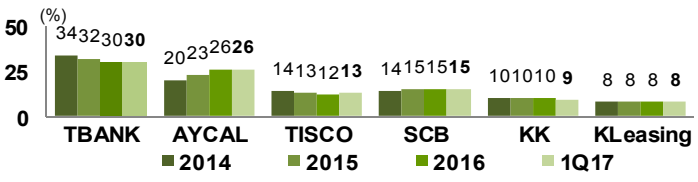
Industry Outlook:

- 1H17 industry car sales totaled 409,980 units, increasing 11.22% YoY

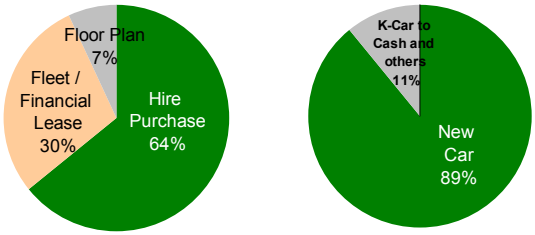
KLeasing Highlights:

- 1H17 KLeasing loans totaled Bt92.99bn, increasing 4.08% YoY
- 1H17 KLeasing NPL ratio was 1.50%, lower than the Thai commercial bank average ratio

Market Share by Total Outstanding Loans (%)*



KLeasing Outstanding Loans Breakdown**



Note: * Excluding captive and non-bank leasing; data as of 1Q17

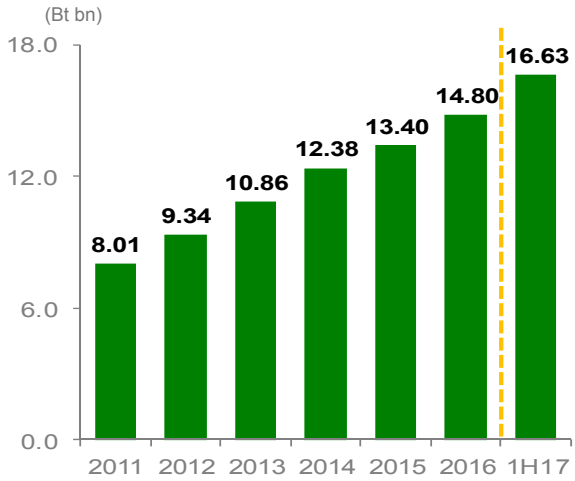
** Definition of loan type: Hire Purchase = car loans to retail customers; Fleet = a bulk of car loans to corporate and SME customers; Floor Plan = a bulk of car loans to car dealers

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KF&E Highlights in 1H17

June 2017

KF&E Outstanding Loans



Industry Outlook:

- Growth in Equipment Leasing (EQL) business forecasted using numerous factors including total import volume of machinery and equipment, direction of government policy, domestic and international business growth opportunities, and Capital Investment Index

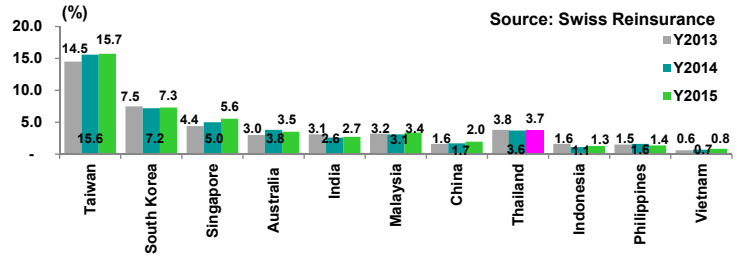
KF&E Highlights:

- KF&E outstanding loans were Bt16.63bn, rising 21.24% YoY
- KF&E currently ranked #1; maintaining lead position in equipment leasing industry

Note: In 2010, KASIKORN FACTORING (KFactoring) was renamed KASIKORN FACTORY AND EQUIPMENT (KF&E) to better reflect their business, focusing on offering leasing services for machinery and equipment; the factoring business operation of KFactoring was transferred to KBank

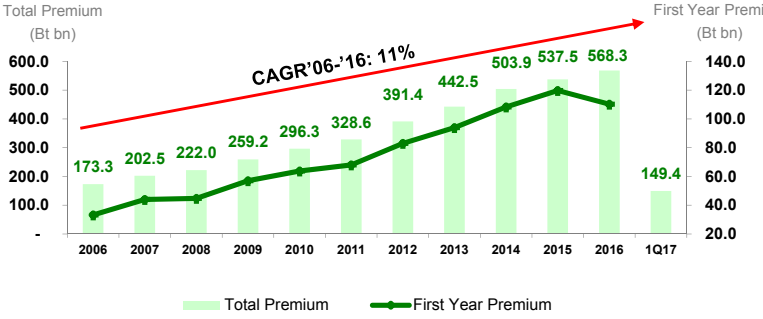
Life Insurance Industry in Thailand

Premium per % GDP by Country



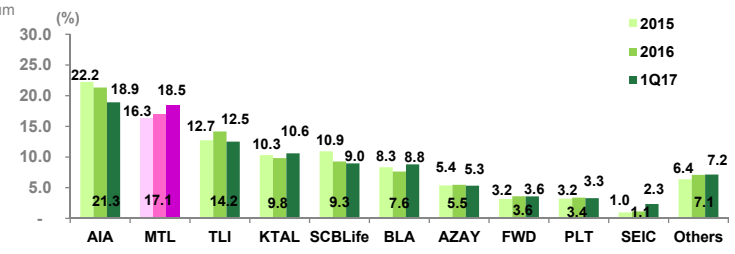
- **In 2015, low penetration rate of 3.7% in Thailand with a high opportunity for growth**
- **Muang Thai Life Assurance (MTL) ranked #2 in life insurance industry in Thailand in 1Q17**
  - **#2** in total premium with 18.5% market share and 2% growth
  - **#1** in new business premium with 18.4% market share

Size of Market by Premium(%)



* First Year Premium in 1Q17 = Bt 26.153 bn

Market Share by Total Premium in Life Insurance (%)



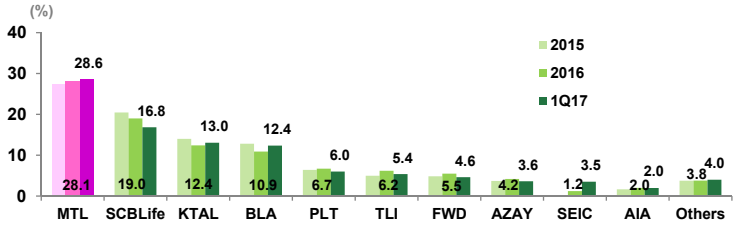
Source: The Thai Life Assurance Association

Source: The Thai Life Assurance Association

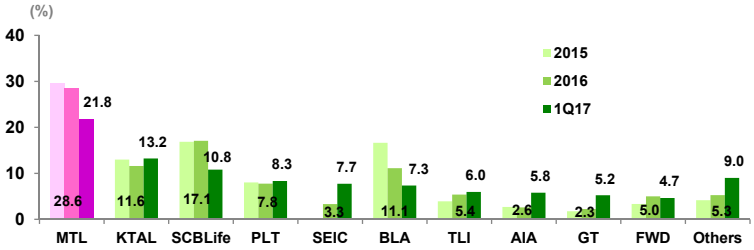
Note: Total Premium = New Business Premium + Renewal Premium; New Business Premium = First Year Premium + Single Premium

Bancassurance Highlights in 1Q17

Bancassurance Market Share by Total Premium (%)



Bancassurance Market Share by New Business Premium (%)

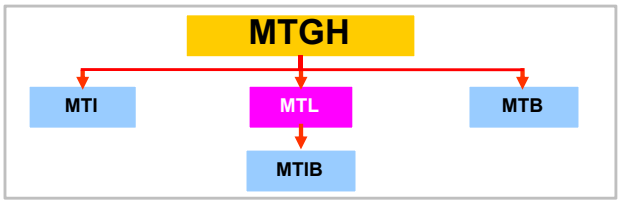


- The Bancassurance Life industry: total premium improved 7% YoY
- MTL ranked #1 in Bancassurance market
  - #1 in Bancassurance total premium with 28.6% market share and 2% growth
  - #1 in Bancassurance new business premium with 21.8% market share

Source: Muang Thai Life Assurance (MTL)

Note: Bancassurance premium includes all bank partners' premiums of MTL

KBank's Strategic Acquisition in Muangthai Group Holding (MTGH)



Current KBank Economic Interests	
Muangthai Group Holding Co., Ltd. (MTGH)	51.0%
Muang Thai Life Assurance PCL. (MTL)	38.3%
Muang Thai Insurance PCL. (MTI)	10.1%
Muangthai Broker Co., Ltd. (MTB)	50.5%
MT Insure Broker Co., Ltd. (MTIB)	38.2%

Note: OIC = The Office of Insurance Commission

- Established April 6, 1951
- First life insurance company to be granted Royal Patronage (since 1959)
- Joined hands with Ageas in 2004 (formerly known as Fortis Insurance International N.V.) and joined hands with KBank in 2005
- Credit Ratings:
  - BBB+/Stable and axA+ (ASEAN) from S&P's,
  - BBB+/Stable and AAA(tha)/Stable from Fitch Ratings
- Life Insurance Company with Outstanding Management Award from OIC nine years in a row
- Life Insurance Company of the Year 2014 Award from Asia Insurance Industry Awards 2014
- Ageas holds 7.8% in MTGH and holds 25.0% in MTL

Muang Thai Life Assurance (MTL) Information Summary

- Strong fundamentals and revenue generation, helped by process efficiency and service quality enhancements; platform and synergy alignment between MTL and KBank
- Risk-Based Capital (RBC) remains strong, sufficient to support business growth and much higher than OIC minimum requirement

Statements of Comprehensive Income (Bt bn)	2015	2016	1Q17
Net premiums earned	85.4	94.4	26.4
Net investment income	11.7	14.2	3.7
Total revenues	**97.2**	**108.7**	**30.2**
Life policy reserve increase from the previous period	48.4	54.1	15.7
Net benefit payments and insurance claims	19.8	25.4	7.6
Commissions and brokerages	14.4	13.3	2.8
Other underwriting expenses	1.0	0.9	0.2
Operating expenses & Other	4.6	4.7	1.2
Total Expenses	**88.1**	**98.3**	**27.5**
Profit before income tax expense	9.0	10.3	2.7
Income tax expense	1.7	2.0	0.5
Net profit (loss)	**7.2**	**8.3**	**2.2**

Statements of Financial Position (Bt bn)	2015	2016	1Q17
Total Assets	296.0	362.3	382.6
Total Liabilities	260.4	317.8	335.3
Total Equities	35.6	44.6	47.3

Strategy in 2017

MTL is committed to grow its business sustainably, with proactive strategies that focus on innovation and customer centricity. The company will continue to deliver new solutions that will elevate customer experience and engagement. At the same time, we will strengthen our business in ASEAN to reinforce our mission to be the leading regional life insurer.

2017 Key Financial Targets

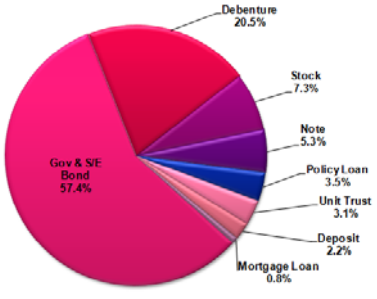
Bt bn	2012	2013	2014	2015	2016	2017T
Total Premium (after refund)	48.9	60.2	75.2	87.9	97.0	>=Industry growth
% Growth	29%	23%	25%	17%	10%	

	2015	2016	1Q17
ROE (%)	21.6%	20.8%	19.0%
ROA (%)	2.7%	2.5%	2.3%
Risk-Based Capital (RBC)	449.4%	408.1%	429.2%

Source: Muang Thai Life Assurance, data based on book value except for RBC
Note: OIC = Office of Insurance Commission

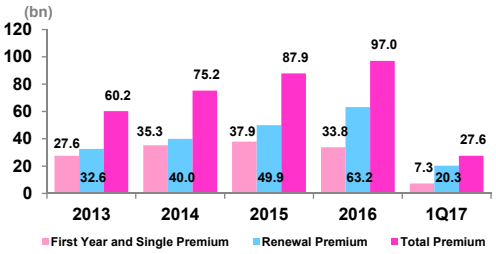
MTL Investment Portfolio and Insurance Premium

MTL Investment Portfolio: Fixed Income accounted for around 80%



Assets Under Management (AUM)* (1Q17): Bt 366.1 bn

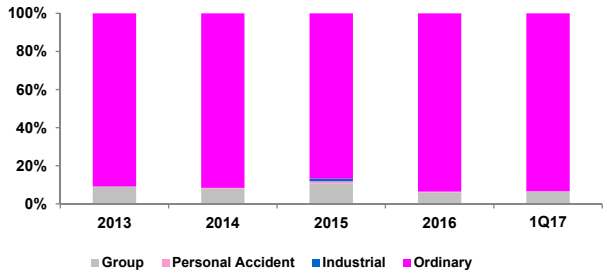
MTL Total Premium: Growth continues to outpace the industry



Total Premium Growth	MTL	Industry
(%YOY)		
Y2012	29%	19%
Y2013	23%	13%
Y2014	25%	14%
Y2015	17%	7%
Y2016	10%	6%
1Q17	2%	6%

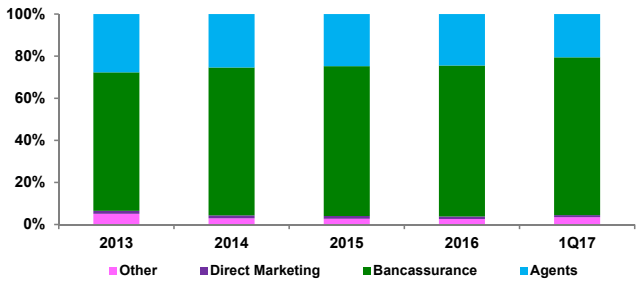
Source: The Thai Life Assurance Association

Total Premium by Products: Ordinary product accounted for around 90%



*Remark: Invested Assets + Investment Property

Total Premium by Channels: Bancassurance accounted for about 74% in 1Q17



MTL International Business Expansion



MTL Current International Business Project (On-going)				
	Cambodia	**Lao PDR**	**Vietnam**	**Myanmar**
Company Name	Sovannaphum Life Assurance Plc.	ST-Muang Thai Insurance Co., Ltd.	MB Ageas Life Insurance Co., Ltd.	-
Entry Strategy	Joint Venture with Canadia Investment Holding Plc.	Joint Venture with ST Group Co., Ltd	Joint Venture with Military Bank and Ageas	-
Ownership by MTL	49%	10%	10%	-
Year of Establishment	2015	2016	2016	2014
Business Operation	Life Insurance	Composite Insurance (Life & Non-Life)	Life Insurance	Representative Office

MTL's Life Insurance Product Profile

Four Major Types of Life Insurance Product

- **Ordinary Life Insurance Products:** Provide life protection for a fixed amount to an insured person
  Can be further classified into four sub-categories;
  - **Endowment Life Insurance:** Savings type product; insured person receives an amount at the certain period of time or a designated beneficiary receives death benefits upon the death of the insured person within the insured period (e.g. Pro Saving products)
  - **Term Life Insurance:** Provides temporary protection with no savings component. Claim can be made upon death within the stated term period (e.g. MRTA products)
  - **Whole Life Insurance:** Provides life time protection (to the age of 90 or 99) with the death benefit paid to the beneficiary upon the death of the insured (e.g. Pro Life products)
  - **Rider:** Additional coverage desired by the insured (sample of additional coverage: medical expense, accident)
- **Group Life Insurance Products:** Term insurance covering a group of people, usually employees of a company or members of a union or association
- **Industrial Insurance Products:** Life insurance with a modest amount of coverage, low premium, and no health check requirement
- **Personal Accident :** A limited life insurance designed to cover the insured in case of personal accident

Sample of K-Bancassurance and MTL Products

K-Bancassurance Products[1]

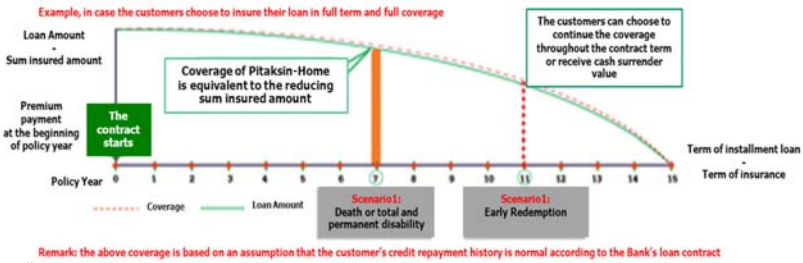
Endowment Life Insurance

Pro-Savings 615
Life insurance with a premium payment of only 6 years, but the coverage continues for 15 years



Term Life Insurance

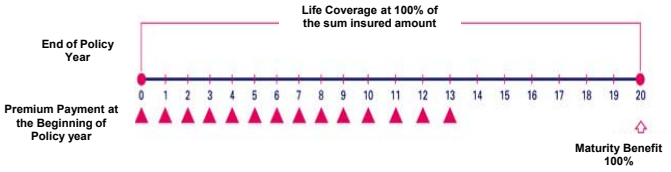
MRTA-Home (Mortgage Reducing Term Assurance)



Muang Thai Life Assurance Products[2]

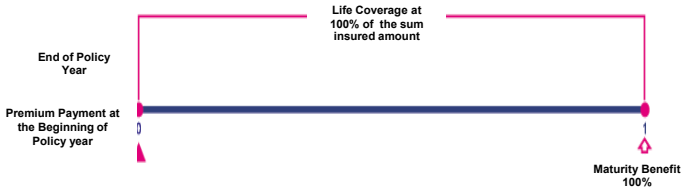
Endowment Life Insurance

Ormsap 20/14
Pay premium for only 14 years, but the coverage continues for 20 years



Term Life Insurance

Healthy Value
1 year coverage period, covered medical expenses up to Bt2mn



[1] K-Bancassurance products are MTL's life insurance products selling through KBank
[2] Muang Thai Life Assurance products are MTL's life insurance products selling through MTL sales agents, and/or other channels

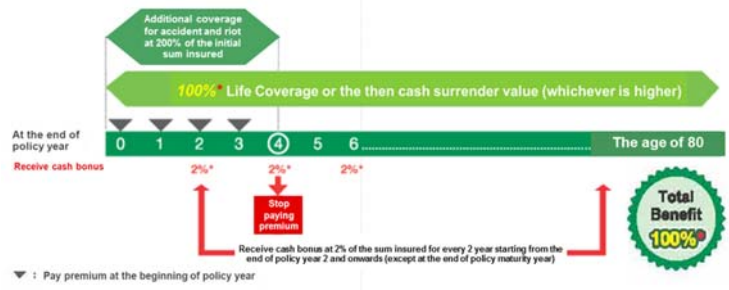
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Sample of K-Bancassurance and MTL Products

K-Bancassurance Products[1]

Whole Life Insurance

Pro Life 80/4
Life insurance that provides coverage up to the age of 80 with term of premium payment only 4 years while receiving cash bonus every 2 year from the end of policy year 2 and onwards as well as life coverage at 100% of the sum insured throughout the contract



Rider

PA Plus
Accident coverage



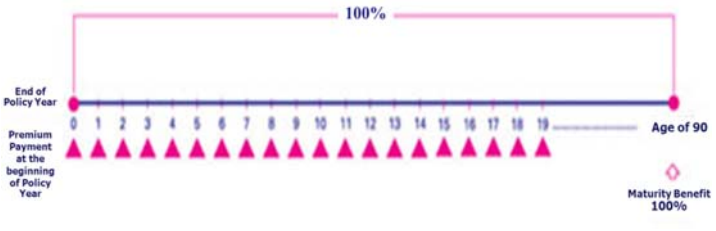
Health Care Plus
Hospital and surgery benefit rider



Muang Thai Life Assurance Products[2]

Whole Life Insurance

Kumkrong Talodcheep
Saving plan with whole life coverage: pay premium for only 20 years and get coverage to the age of 99



Rider

Pure Cancer
Additional cancer insurance which provides cash benefits up to Bt1mn

[1] K-Bancassurance products are MTL's life insurance products selling through KBank
[2] Muang Thai Life Assurance products are MTL's life insurance products selling through MTL sales agents, and/or other channels

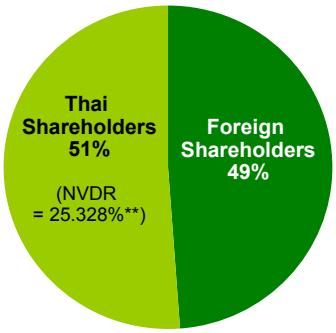
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KBank: Other Information

Shareholder Structure

April 12, 2017 (Closing Registration Date)

Shareholder Structure



Note:

Thai Shareholding Limit	51%
Foreign Shareholding Limit	49%

Top 10 Shareholders*

		%
1.	THAI NVDR CO., LTD**	25.328
2.	STATE STREET BANK EUROPE LIMITED	10.581
3.	CHASE NOMINEES LIMITED	7.745
4.	STATE STREET BANK AND TRUST COMPANY	5.513
5.	NORTRUST NOMINEES LIMITED-NT0 SEC LENDING THAILAND CL AC	2.006
6.	GIC PRIVATE LIMITED	1.712
7.	SOCIAL SECURITY OFFICE	1.678
8.	LITTLEDOWN NOMINEES LIMITED	1.563
9.	THE BANK OF NEW YORK MELLON	1.184
10.	NORBAX, INC.	0.953
	Other Shareholders	41.736
	Total	100.000

Note: * The Top 10 Shareholders are based on individual accounts

** Thai NVDR Co., Ltd (Thai NVDR) is responsible for issuing and selling Non-Voting Depository Receipts (NVDRs) to investors. The Stock Exchange of Thailand (SET) is the major shareholder, holding 99.99% of the total shares, of Thai NVDR. The NVDR limit for KBank is 35%.

*** Thailand Securities Depository Company Limited (TSD), a subsidiary of the Stock Exchange of Thailand, provides three types of securities post trade services: securities depository services, securities registration services, and provident fund registration services; the shareholders booked under TSD are those who are not eligible for dividend payments as their investment is not aligned with their citizenship (i.e. foreign investors buying KBank shares on the local board or Thai investors buying KBank shares on the foreign board)

Source: Thailand Securities Depository Company Limited (TSD), the Stock Exchange of Thailand website (www.set.or.th), and KBank

Credit Ratings

As of August 1, 2017

	KBank						Thailand		
	Foreign Currency			Local Currency/ National		Outlook	Government		Outlook
	Long-term *	Senior Unsecured Notes	Subordinated Debts	Long-term	Subordinated Debts		Foreign Currency	Local Currency	
Moody's	Baa1	Baa1	Baa3	Baa1	N/A	Stable	Baa1	Baa1	Stable
S&P's	BBB+	BBB+	BBB	N/A	N/A	Stable	BBB+	A-	Stable
Fitch	BBB+	BBB+	N/A	AA+ (tha) ***	AA (tha) ***	Stable	BBB+	BBB+**	Stable

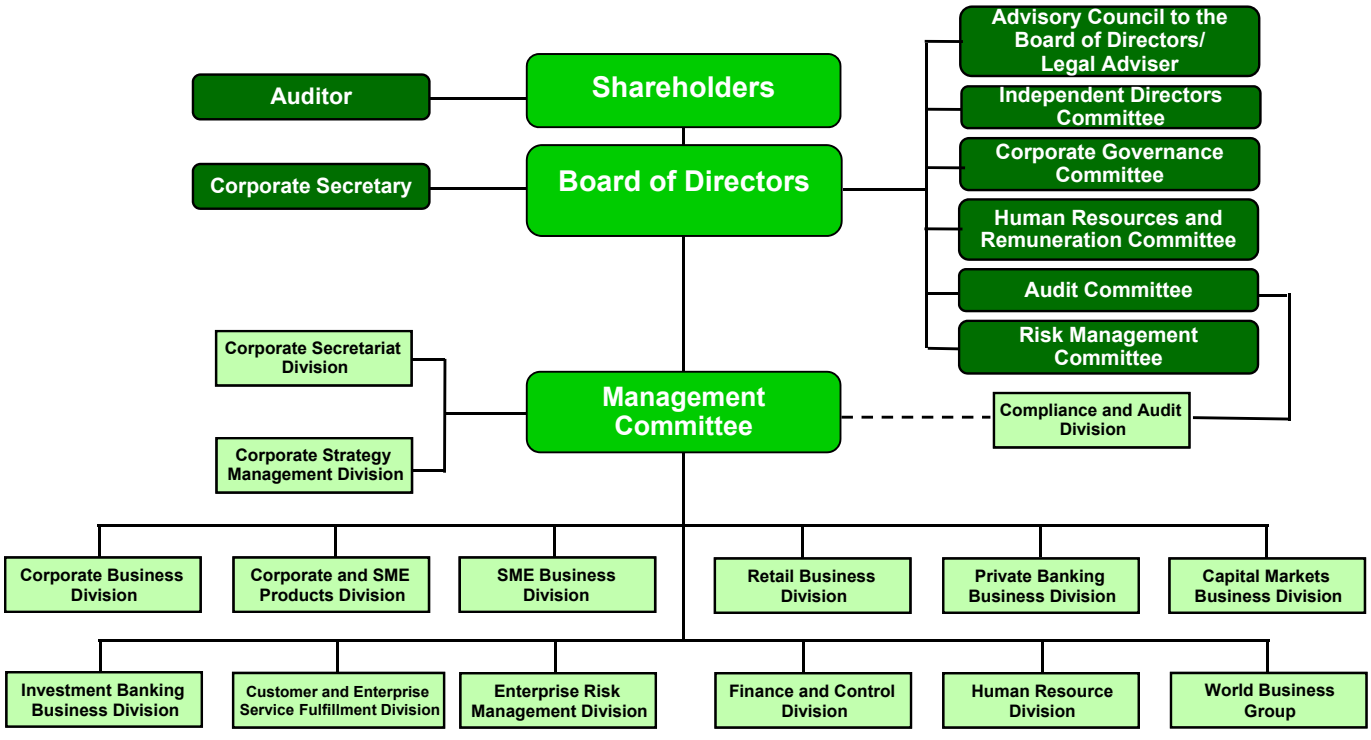
Note:

* Moody's: Foreign Currency Long-term Deposit Rating; S&P's: Long-term Counterparty Credit Rating; Fitch Ratings: Foreign Currency Long-term Issuer Default Rating

** July 22, 2016: Fitch downgraded Thailand's Long-Term Local Currency Issuer Default Rating (LTLC IDR) to 'BBB+' from 'A-,' in line with updated guidance contained in Fitch's revised Sovereign Rating Criteria dated July 18, 2016; Fitch concluded that Thailand's credit profile no longer supports a notching up of the LTLC IDR above the LTFC IDR

*** August 2, 2016: Fitch upgraded the National Long-Term Ratings of nine financial institutions in Thailand (including KBank); KBank's National Rating of KBank reflects its standalone credit strengths; the standalone profile has remained unchanged despite the Thai sovereign rating action, which has led to a narrowing of the gap relative to the sovereign on the national scale ratings

Organization Chart



Board of Directors Structure

- **16 board members: 9 Independent Directors, 4 Executive Directors, and 3 Non-Executive Directors**
- **Director age limit is 72 years old**
- **Term limit of directorship for Independent directors is not more than three consecutive terms of directorship, effective after the General Meeting of Shareholders in 2013**
- **Lead Independent Director and Independent Directors Committee were appointed in order to ensure proper checks and balances**

Executive Directors (4)	Non-Executive Directors (3)	Independent Directors (9)
• **Mr. Banthoon Lamsam** (Chairman of the Board and Chief Executive Officer)	• **Ms. Sujitpan Lamsam** (Vice Chairperson and Chairperson of the Risk Management Committee)	• **Prof. Khunying Suchada Kiranandana** (Vice Chairperson, Lead Independent Director and Chairperson of the Human Resources and Remuneration Committee)
• **Mr. Predee Daochai** (President)	• **Dr. Abhijai Chandrasen** (Legal Adviser)	• **Sqn.Ldr. Nalinee Paiboon, M.D.** (Chairperson of the Corporate Governance Committee)
• **Ms. Kattiya Indaravijaya** (President)	• **Mr. Sara Lamsam**	• **Mr. Saravoot Yoovidhya**
• **Mr. Pipit Aneaknithi** (President)		• **Dr. Piyasvasti Amranand** (Chairman of the Audit Committee)
		• **Mr. Kalin Sarasin**
		• **Ms. Puntip Surathin**
		• **Mr. Wiboon Khusakul**
		• **Ms. Suphajee Suthumpun**
		• **Mr. Chanin Donavanik**

Note: More information on the Board of Directors biographies can be found on our website https://www.kasikornbank.com/EN/about/Pages/board-of-directors.aspx

Sustainable Development

KASIKORNBANK embraces sustainable development in the economy, society and environment as the foundation of our operations. This guiding concept enhances our business innovation and ensures the maximum benefit to all stakeholders, thus paving the way towards being a "Bank of Sustainability" for our society and nation.

Economic Aspect

- Corporate Governance
- Customer Centricity
- Innovation
- Professionalism
- Financial Knowledge
- Risk Management

Social Aspect

- Labor Relations Management and Employee Caring
- Employee Development
- Occupational Health and Safety
- Youth Development
- Community and Social Development

Environmental Aspect

- Environmentally Friendly Business Operation
- Environmental Management Policies i.e. Water, Energy, and Climate Change (3R)
- Cultural of Environmental Awareness and Protection

Bank of Sustainability



PRIDE OF KBank 2016

KASIKORNBANK is the first commercial bank in Thailand and ASEAN that has been selected as a member of the DJSI World Index and DJSI Emerging Markets Index

KASIKORNBANK is a constituent of the FSTE4Good Emerging Index following its launch in December 2016. The FTSE4Good Index Series is designed to help investors integrate environmental, social and governance (ESG) factors into their investment decisions.

SUSTAINABILITY IN ACTION

- **Environmental and Energy Conservation Policy:** Given our adherence to efforts to mitigate the impacts of climate change, we are committed to reducing greenhouse gas (GHG) emissions, and to innovate products and services that are environmentally-friendly for businesses and projects via the integration of environmental and energy management practices in all our operations.
- **KBank Diversity Management Statement:** KBank realizes and places great importance on the value of organizational diversity. We value, accept and understand the difference of all employee groups by providing equitable opportunities throughout Human Resources Management Process based on the equal basic rights of all employee groups, both at operational and executive levels.
- **Contribution for Partnerships:** KBank aims to create partnerships with all organizations and parties, at home and abroad, to ensure business achievement and ultimate benefit for all stakeholders.
- **ESG 100 company 2017 (Certified by Thaipat)**

Note: More information on our Sustainable Development can be found on our website and KBank's Sustainability Development Report 2016

Key Corporate Governance Highlights

- Reviewing KBank practices under Thai IOD, ASEAN CG Scorecard, and Dow Jones Sustainability Indices (DJSI) CG criteria, e.g.,
  - Dissemination of KASIKORNBANK Safety, Occupational Health, and Working Environment Policy
  - Dissemination of KASIKORNBANK Investor Relations Code of Conduct
- Implementing a strategic plan for CG activities to enhance compliance by directors, executives, and staff with CG principles, Code of Conduct, and Anti-Corruption Policy through
  - Organization of training courses
  - Continual dissemination of knowledge on the Code of Conduct and Anti-Corruption Policy via e-Learning system
  - Production of video presentation focusing on integrity under "Honest KBank People" campaign
- Reviewing information management and control guidelines to enhance greater efficiency
- Reviewing Vision, Mission and Core Values, CG Policy, and related Charters; keeping them up-to-date in accordance with
  - Ongoing business operations and Bank Sustainability
  - Compliance with the laws, international practices, and best practices as prescribed by regulatory agencies and competent agencies

Anti-corruption

- KBank, KAsset, and KSecurities co-signed a declaration of the "Private Sector Collective Action Coalition Against Corruption (CAC)" project and have been recognized as CAC certified companies since 2013; CAC approval has been received for recertification in 2016
- BOD approved the Anti-Corruption Policy, including issues such as bribes and inducements, gifts and benefits, charitable contributions and sponsorships, and political participation. The policy is reviewed annually
- KBank recognizes the importance of communications on the Anti-Corruption Policy for proper practices and actions within the organization
  - Organize training courses for executives and employees to equip them with knowledge on the Anti-Corruption Policy
  - Communicate the Anti-Corruption Policy with all directors, executives, and employees via KBank electronic networks and website
- KBank has extended its operational direction to all suppliers, including
  - Communication with suppliers on the guidelines related to business ethics, human rights, labor, occupational health and safety, and environment for their acknowledgement and compliance
  - Establishment of guidelines to inform suppliers about the Bank's Code of Conduct before participating in the bidding process
  - Arrangement of supplier meetings on the Bank's procurement procedures and encouragement of suppliers to comply with anti-corruption policy and practices; preparation of the operations manual for suppliers
  - Communication with suppliers to refrain from offering gifts or other benefits to Bank employees in the Procurement Management Department, including for any festive seasons or occasions, in order to enhance transparent business operations and fair treatment of all stakeholders

Public Recognition Highlight: 2015 – 1H17

2016

- An index component of the Dow Jones Sustainability Indices (DJSI) 2016, including the DJSI World Index and the DJSI Emerging Markets Index

- Selected as a constituent of the FTSE4Good Emerging Index based on operational assessment on environmental, social and governance (ESG) factors

- The Gold level of the 2016 Global Top 50 (Rank 18th)
- Best Overall Investor Relations (large cap)
- Best Investor Relations in Financial sector
- Best Use of Technology
- Best Investor Relations in Thailand
- Best Sustainability Practice
- Best Investor Relations Officer

- Best Retail Bank in Thailand 2016
- Best CEO in Thailand
- Best Management Bank in Thailand
- Best Cash Management Bank in Thailand
- Best Transaction in Thailand
- Best Mobile Banking Product in Thailand
- Best Credit Card Product in Thailand

- Asia's Best CEO (Investor Relations)
- Best Investor Relations Company
- Best Investor Relations Professional
- Best Bank in Thailand 2016

- Best Loyalty Program
- Best Marketing Campaign-Overall
- Best Card Offering-Southeast Asia
- Best Domestic Bank in Thailand
- Best Domestic Debt House in Thailand

- Platinum Awards in Financial Performance, Corporate Governance, Social Responsibility, Environment Responsibility and Investor Relations
- Triple A Best Cash Management
- Triple A Editor's Triple Star PTT Fill & Go
- Triple A Best Cash Management Solution: Thep Sombat

- Domestic Retail Bank of the Year in Thailand
- Digital Banking Initiative of the Year in Thailand

- Best FX Bank for Corporates and FIs in Thailand
- Best Cash Management Bank in Thailand

- Best Investor Relations Award
- Outstanding Investor Relations Award
- Outstanding Innovative Company Award
- Best Asset Management Company Award

1H17

- Best Service Provider
- Cash Management,Thailand
- Best Cash Management Solution, Thailand for Thai Union

- Excellence in Mass Affluent Banking
- Best Social Media Marketing Campaign

- Best Retail Bank in Thailand

- Best Private Bank for Ultra High Net Worth Clients in Thailand 2017

2015

- Platinum Awards in Financial Performance, Corporate Governance, Social Responsibility, Environment Responsibility and Investor Relations
- Project Finance Bank of the Year, Thailand
- Project Finance Deal of the Year / Best Power Deal, Thailand
- Best Energy / Renewable Energy Deal, Thailand
- Best Service Providers Cash Management, Thailand
- Best Service Providers Trade Finance, Thailand
- Deal of the Year 2015

ThaiBMA Best Bond Awards
- Best Bond House
- Best Bond Dealer
- Deal of the Year

- Best Payment Service Provider

- Asia's Best CEO (Investor Relations)
- Best Investor Relations Professional (Thailand)
- Best Investor Relations Company (Thailand)

- Thailand Domestic Retail Bank of the Year
- Thailand Online Banking Initiative of the Year
- Thailand Domestic Cash Management Bank of the Year
- Best Branch Innovation of the Year
- Best Retail Bank of The Year 2015

- Best Bank in Thailand

- Best Disclosure and Transparency in Thailand
- Best for Investor Relations in Thailand

- Excellent ESCO Financial Supporting Awards

- The Best Service Strategy Contact Center
- The Best Effective Software Contact Center

- ASEAN Corporate Governance Awards:
- Top 50 Publicly Listed Companies for ASEAN

- Thailand ICT Excellence Awards 2015: Innovations Project

- Best Retail Bank in Thailand
- Best Cash Management Bank in Thailand

- Best Bank in Thailand
- Best Debt Capital Market House in Thailand
- Best Card Design Asia-Pacific
- Highly Commended: Best Credit Card Offering-Thailand

- Best Cash Management in Thailand

- Best Cash Management Bank
- Best Bank in Thailand

- KBank's corporate governance rated "excellent" by the Thai Institute of Directors Association

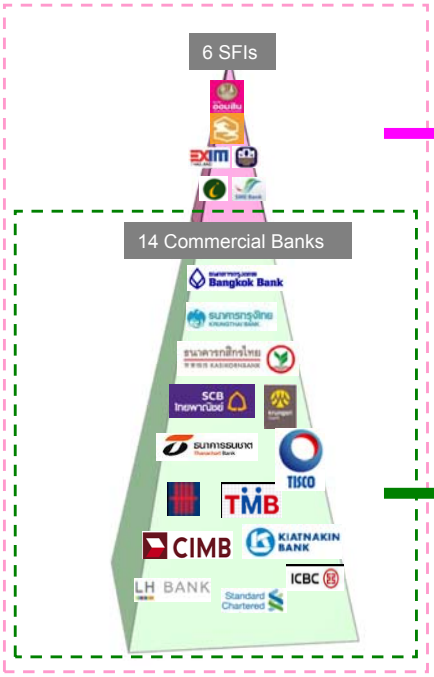
- IR Magazine Global Top 50
- Best Investor Relations by a Thai Company 2015

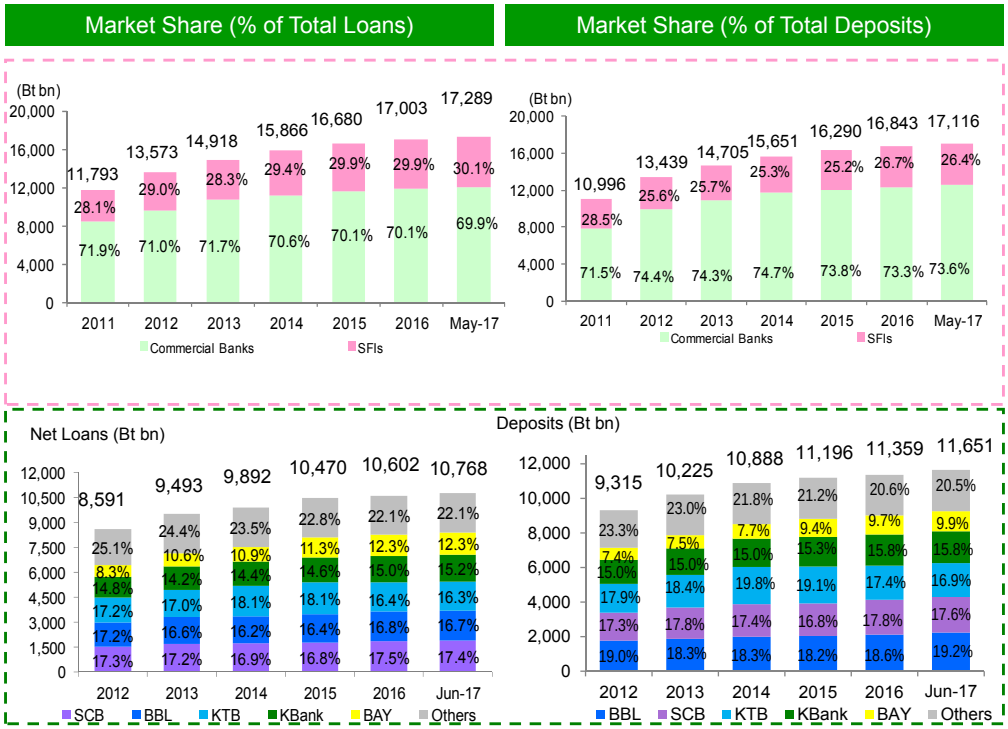
- Best CEO Award
- Outstanding Company Performance Award
- Outstanding Investor Relations Award
- Thailand Sustainability Investment
- Banker for Equity Fund

- Best Local Trade Finance Bank in Thailand

Banking System and Regulations Update

Thai Commercial Banks and Specialized Financial Institutions (SFIs)





Note: 6 SFIs include Government Saving Bank (GSB), Government Housing Bank (GHB), Export-Import Bank of Thailand (EXIM Bank), Bank for Agriculture and Agricultural Co-operatives (BAAC), Small and Medium Enterprise Development Bank of Thailand (SME Bank), and Islamic Bank of Thailand (IBank)

Regulations Update

Capital (Basel III)

- Year 2016: **Liquidity Coverage Ratio (LCR) has been implemented on a phase-in basis, from 60% to 100% over 5 years**
  - Expected impact on Thai banks and KBank: Manageable impacts expected
- **BCBS is in the process of revising the requirements on risk weighted asset (RWA) calculation including credit risk and operational risk.** The main objectives of the revision are to reduce variability in RWA across banks and jurisdictions and to balance simplicity and risk sensitivity of capital requirements; market risk has been finalized by BCBS since January 2016

Financial Sector Master Plan II (FSMP II)

- Year 2010 - 2014: **BOT's FSMP II consists of three key policies:** 1) Reducing system-wide operating costs; 2) Promoting competition and access to financial services; and 3) Strengthening financial infrastructure, including market liberalization, increased access by foreign financial institutions via granting licenses in some business areas, and permission for an increased number of branches and ATMs
- Year 2014-2015: **BOT established a licensing framework for new types of business operations for specific underserved markets, i.e. Nano-finance**

Financial Sector Master Plan III (FSMP III)

- 22 Mar 2016: **The cabinets approved FSMP III (2016 – 2020),** with aims to establish strategic framework for continuous financial sector development and to ensure that challenges arising from the changing environment will be effectively managed
- Overall: FSMP III comprises four main initiatives: 1) Promote electronic financial and payment services as well as enhance efficiency of Thai financial system; 2) Support regional trade and investments linkage; 3) Promote financial access; and 4) Develop relevant infrastructure
- 1Q17: **BOT adopted the 'regulatory sandbox' which allowed regulatory flexibilities to be granted to financial institutions and FinTech companies to experiment with FinTech businesses with plans to grant a new license for P2P lending players**
  - Expected impacts on Thai banks: Move toward further liberalization and digitalization, along with enhanced competition from FinTech and non-bank companies
  - Expected impacts on KBank: Ability to maintain competitiveness over both existing and new players, helped by an effective customer-centric strategy and preparation for a changing environment

Thai and International Financial Reporting Standards (TFRSs / IFRSs)

- Year 2016 onwards: **Time frame is specified by the Federation of Accounting Professions (FAP); new and revised TFRSs have been implemented since January 2016 including TFRS 4: Insurance Contracts; full IFRS conversion is expected in 2019 (1 year after the IFRS9 is in effect in the EU)**
  - Expected impacts on Thai banks: More logical and transparent presentation and disclosure, with different impacts on each bank
  - Expected impacts on KBank: Manageable impacts expected, as early adopted some IASs and IFRSs and preparing for full implementation

Source: The Bank of Thailand, KResearch

Basel III: BOT minimum capital requirement

Transitional Arrangement for Capital Requirement								
All dates are as of 1 January	2013	2014	2015	2016	2017	2018	2019	2020
Conservation Buffer*	-	-	-	0.625%	1.25%	1.875%	2.5%	
CET1: Min. Common Equity Tier 1 Ratio (after conservation buffer)	4.5%	4.5%	4.5%	5.125% (4.5%+0.625%)	5.75% (4.5%+1.25%)	6.375% (4.5%+1.875%)	7.0% (4.5%+2.5%)	
Tier 1: Min. Tier 1 Ratio (after conservation buffer)	6.0%	6.0%	6.0%	6.625% (6.0%+0.625%)	7.25% (6.0%+1.25%)	7.875% (6.0%+1.875%)	8.5% (6.0%+2.5%)	
CAR: Min. Total Capital Ratio (after conservation buffer)	8.5%	8.5%	8.5%	9.125% (8.5%+0.625%)	9.75% (8.5%+1.25%)	10.375% (8.5%+1.875%)	11.0% (8.5%+2.5%)	
Countercyclical Buffer (Subject to the BOT consideration)**	-	-	-	0.0-2.5%	0.0-2.5%	0.0-2.5%	0.0-2.5%	
Leverage Ratio *(Tier 1 / Exposure) ≥ 3%*	Parallel run period					Effective in 2018 (Tentative)		
Liquidity Coverage Ratio (LCR) *(Liquid Assets / Net Cash Outflows within 30 days) ≥ 100%*				LCR ≥ 60%	LCR ≥ 70%	Effective (Phase-in) LCR ≥ 80%	LCR ≥ 90%	LCR ≥ 100%
Net Stable Funding Ratio (NSFR) *(Available Stable Funding / Required Stable Funding) ≥ 100%*						Effective in 2018 (Tentative)		

* Conservation Buffer is to ensure adequate capital to absorb losses during periods of financial and economic stress. Banks with a CET1 ratio less than the required conservation buffer (i.e. 2.5% CET1) will face various degrees of constraint on distribution of dividends and bonuses

** In periods of excess aggregate credit growth, the BOT may require banks to set a Countercyclical Buffer up to 2.5% to achieve the broader macroprudential goal of protecting the banking sector

Source: Bank of Thailand (BOT)

Capital Definition Change (Consolidated)

	Basel II		Basel III	
Tier 1 capital	**Tier 1**		**Common Equity Tier 1**	
	• Issued and paid-up share capital		• Issued and paid-up share capital	
	• Premium on ordinary shares		• Premium on ordinary shares	
	• Legal reserve and Retained earnings		• Legal reserve and Retained earnings	
			1 • Other comprehensive income (OCI) e.g. surplus on AFS bond and equity (100%), surplus on land & premises (100%)	
			Additional Tier 1	
	• Hybrid Tier 1 (<15% of total Tier 1)		• Hybrid Tier 1 with loss absorbency feature*	
	• Minority interest, Preferred stock		• Minority interest, Preferred stock*	
	Deduction of Tier 1		**Deduction of Common Equity Tier 1**	
	• Goodwill, Treasury stock, Deferred tax asset		• Goodwill, Treasury stock*, Deferred tax asset	
	• Investment in insurance (50% Tier 1 and 50% Tier 2)		2 • Intangible assets (new item: gradually deduct CET1, since 2014) • Investment in insurance (Threshold Deduction) - Amount ≤ 10% of CET1, %RW = 250% (KBank's Case) - Amount > 10% of CET1, deduct CET1	
Tier 2 capital	• Long-term subordinated debt		3 • Long-term sub-debt with loss absorbency feature**	
	• Hybrid Tier 1 (exceeds from Tier 1 limit)			
	• General Provision		• General Provision	
	• Surplus on AFS equity (45%)	1		
	• Surplus on land & premises (70% and 50%)			

* Currently, KBank has no Hybrid Tier 1, Preferred Stock, or Treasury Stock

** Long-term subordinated debentures must have loss absorbency feature, if issued since 1 January 2013

Financial Sector Master Plan (FSMP) Implementation Stages

FSMP I (Y2004-2009)	FSMP II (Y2010-2014) Looking forward to liberalization	FSMP III (Y2016-2020) competitive, inclusive, connected, and sustainable
▪ **Increase efficiency of the financial institutions system** - 'One Presence' policy - Expand scope of business: 'Universal Banking' - New licenses for retail banks and foreign bank subsidiaries ▪ **Promote financial inclusion** - Strengthen financial institutions (FIs) by promoting voluntary mergers ▪ **Protect customers**	**Reducing system-wide operating costs** ▪ **Streamlining regulations** ▪ **Tackling remaining NPLs and NPAs** **Promoting competition and access to financial services** ▪ **Promote competition** ▪ **Promote financial access** **Strengthening financial infrastructure** ▪ **Promote development of financial products that help support risk management** ▪ **Enhance information systems for risk management** ▪ **Push for draft/review of necessary financial laws to support risk management and an expedited resolution to NPLs** ▪ **Promote information technology utilization** ▪ **Develop human resources in the financial sector**	**1) Promote electronic financial and payment services, as well as enhance efficiency of the financial system** ▪ **Promote the adoption of digital banking & electronic payment services in the government, business, and retail sectors** ▪ **Enhance operational efficiency of financial institutions and other service providers** ▪ **Evaluate future financial landscape to promote operational efficiency of financial institutions and other service providers** **2) Support regional trade and investment linkages** ▪ **Facilitating and reducing obstacles for banks' international expansion, including** ▪ The establishment of Qualified ASEAN Bank (QAB) ▪ The development of cross-border financial infrastructures ▪ The creation of suitable financial environments among neighboring countries to foster international trade and investment in the GMS **3) Promote financial access** ▪ **For households:** encouraging development of financial products and services appropriate for changing customer demands ▪ **For SMEs:** improving necessary SME database within the financial institution system and supporting credit extension to SMEs ▪ **For Corporate:** promoting and facilitating suitable environment for private sector's raising of capital **4) Develop relevant infrastructure (Enablers)** ▪ Developing key infrastructures in the financial system ▪ Strengthening regulations and supervision in line with international standards to ensure stability of the overall financial system

Source: BOT and KResearch

Note: There are four types of Commercial banks in Thailand; Full service banks; Foreign bank branches; Retail banks; and Subsidiaries
GMS = Greater Mekong Subregion = Cambodia, China, Lao PDR, Myanmar, Thailand, and Vietnam

TFRS and IFRS Implementation*

4Q10 — 31 Dec 2010: TAS Implementation

TAS 19: Employee Benefits
(KBank early adopted in 4Q10; the formal effective date is January 1, 2011)
➢Use actuarial techniques to determine retirement reserve for eligible staff

TAS 12: Income Taxes (KBank early adopted)
(KBank early adopted in 4Q10; the formal effective date is January 1, 2013)
➢Use deferred income tax concept to record tax asset/ liability

1 Jan 2011: New financial statement presentation

BOT's New Financial Statement Presentation/Convention
➢ New and reclassified presentation lines in financial statement in order to align with revised TAS

2013 — TAS/TFRS Implementation

TAS 21: Effects of Changes in Foreign Exchange Rates
➢Translate 'Functional Currency' to 'Presentation Currency'

TFRS 8: Operating Segments
➢Disclose operating results for each key segment

2014 — TFRS Conversion

TFRIC 13: Customer Loyalty Programmes
➢Deferred portion of income for reward credit granted

2015 — TFRS Conversion

TFRS 13: Fair value Measurement
➢Clear required factors and disclosure about fair valuation

2016 — TFRS Conversion

TFRS 4: Insurance Contracts
➢Measure insurance liability based on cash flow estimation
➢Additional disclosure regarding risk exposure

2019 (Tentative) — Full IFRS Conversion

IFRS 9 (IAS 39), IFRS 7 & IAS 32: Financial Instruments
➢Thai banks have implemented a new provisioning rule under IAS 39, since December 2006
➢Thai banks have complied with IAS 39 when reporting embedded derivatives, since 2008

Note: TAS = Thai Accounting Standard; TFRS = Thai Financial Reporting Standard; TFRIC = Thai Financial Reporting Interpretations Committee
* Only financial and disclosure impact to Thai Banks

Updates on the Deposit Protection Agency (DPA)

DPA Objectives and Missions

- Enhanced understanding of the deposit protection scheme
- Close cooperation with related authorities to maintain stability of the financial institution system
- Establishment of an appropriate system for premium collection and sound management of the Deposit Protection Fund
- Development of an effective information system to ensure fairness of the deposit protection scheme, with accurate and rapid reimbursement
- Management according to Good Governance Principles and in compliance with international standards established by the International Association of Deposit Insurers

Amount of Insured Deposits

- Insured deposits include deposits and accrued interest denominated in Thai Baht accounts, excluding non-resident Thai Baht accounts
- Blanket guarantee will be gradually phased-out to a limited coverage of Bt1mn per depositor per institution Until 2011, Thai banks paid 0.40% per year of the daily average deposit amount (paid in June and December), excluding deposits in foreign currencies and deposits from financial institutions not insured by the DPA
- Since January 27, 2012, the contribution rate has increased from 0.40% to 0.47%, of which 0.46% is paid to the BOT to manage FIDF debts* and 0.01% is paid to the DPA
- Royal Decree on an extension of deposit protection coverage was announced in the Royal Gazette on September 24, 2012
- The Cabinet approved an amendment to the Deposit Protection Agency Act to reduce the deposit insurance scheme in 4 steps, from Bt25 million to Bt1 million in August 2020

Insured Deposit Under the amending the Deposit Protection Agency Act

11 August 2012 – 10 August 2015	Up to Bt50mn
11 August 2015 – 10 August 2016	Up to Bt25mn
11 August 2016 - 10 August 2018	Up to Bt15mn
11 August 2018 - 10 August 2019	Up to Bt10mn
11 August 2019 - 10 August 2020	Up to Bt5mn
11 August 2020, onwards	Up to Bt1mn

Deposit Accounts in Thailand (as of May 2017)

Deposits (Corporate and Retail Deposits)	**# of Accounts**	**%**	**Amount (Bt mn)**	**%**
Less than Bt1mn	89,687,149	98.44%	2,808,680	23.86%
More than Bt1mn, but less than Bt10mn	1,306,000	1.43%	3,287,610	27.93%
More than Bt10mn, but less than Bt25mn	75,506	0.08%	1,123,894	9.55%
More than Bt25mn, but less than Bt50mn	21,169	0.02%	743,585	6.32%
More than Bt50mn	17,653	0.02%	3,807,404	32.35%
Total	**91,107,477**	**100%**	**11,771,173**	**100.0%**

Source: Deposit Protection Agency (DPA), Bank of Thailand (BOT), KBank, KResearch

* According to the BOT announcement in the Royal Gazette, per the authority of the emergency decree dated May 11, 2012, financial institutions are required to pay 0.46% of the average deposit amount, B/Es, debt instrument (excluding the amount counted as capital), borrowings, and securities transactions under repurchase agreements, beginning January 27, 2012

Government Policy

Sources and Uses of Public Funds

FY2018 Budget

Budget Planning

Tax Revenue + Non-Tax Revenue (Bt2.45trn)

+

Borrowing under FY2018 Budget Act (Bt450bn)

→ **FY2018 Budget (Bt2.90trn) = General Budget (Bt2.15trn or 74%) + Investment Budget (Bt0.66trn or 23%) + Principal Repayments (Bt0.09trn or 3%)**

Budget Execution

Budget Disbursement (96% target disbursement rate + carry-over)

- **General Administration (Bt1,01trn or 35%)**
  - Defense
  - Debt services
- **Economic Affairs (Bt624bn or 21%)**
  - Development of the country's competiveness
  - Subsidize SOEs (e.g. Infrastructure project, free bus and train service policy)
  - Infrastructure/Agricultural Development
- **Social and Community Services (Bt1.27trn or 44%)**
  - Education
  - Universal Healthcare

Extra-Budget Borrowing

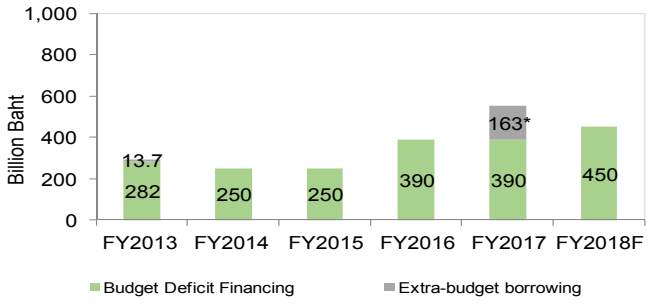
Extra-Budget Borrowing under Special Act/Decree → **Government has no policy for using extra-budget borrowing to finance investment projects; however, the PPP and IFF are preferable choices for funding**

Quasi-Fiscal Instrument

SFIs taking deposits, borrowing, as well as government subsidy → **Quasi-fiscal activities (e.g Soft Loan Program)**

Notes: Thai government's fiscal year (FY) begins on 1 October and ends on 30 September of the following year.
IFF = Infrastructure Fund, PPP = PPP = Public-Private Partnership, SFIs = Specialized Financial Institutions

Government Fiscal Budget



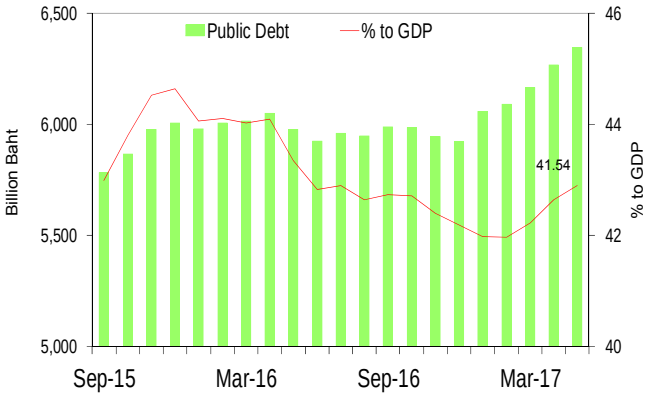
- **NLA passed draft of FY2018 budget worth Bt2.90tn**
- **Government plans to use PPP as an alternative funding source for infrastructure projects to offload fiscal burden**
- **In addition to growth in commercial bank loans, government funding activities may affect system liquidity**

Economic Policies	Key Points	Implementation Process	Possible Impacts/ Expected Budget
■ 2017 Budget Act	■ FY2017 budget at Bt2.73trn with a deficit of Bt390bn	FY2017 ■ Effective date: October 1, 2017	■ Government spending will help maintain economic momentum ■ Fiscal sustainability to remain manageable in the near-term; however, continued debt creation, both from budget deficit and other borrowings, may impact long-term fiscal sustainability
■ 2017 Additional Budget Act	■ An additional central budget of Bt190bn	An additional central budget for FY2017 ■ Effective date: March 2017	
■ 2018 Budget Act	■ FY2017 budget at Bt2.90trn with a deficit of Bt450bn	FY2018 ■ Effective date: Expected October 1, 2018	

* The government expects to borrow around Bt163bn for an additional budget worth Bt190bn as Treasury Cash Balance is ample to cover disbursements
Note: - FY2013, FY2014, FY2015, FY2016, FY2017 and FY2018 budget deficits are based on budget documentation, whereas extra-budget borrowing is projected by KResearch
- Thai government's fiscal year (FY) begins on 1 October and ends on 30 September of the following year
- NLA = National Legislative Assembly; PPP = Public-Private Partnership
Sources: MOF, KResearch (as of August 2, 2017)

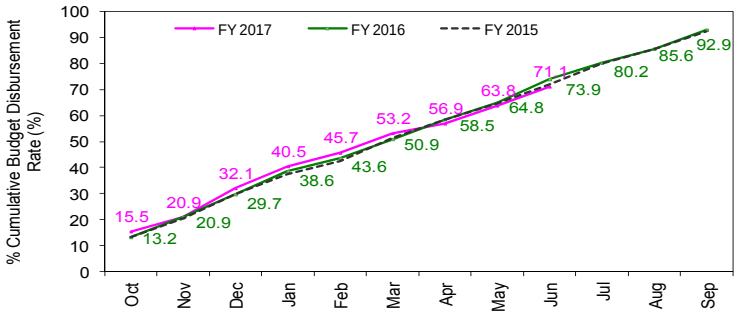
Public Debt to GDP and Fiscal Budget

Public Debt



- Public debt to GDP ratio was 41.54% as of May 2017, still under the 60% limit set under the fiscal sustainability framework
- Thai government is committed to keep the ratio of public debt to GDP under 50%

Budget Disbursement Rate



FY17 Budget	FY17 target	8M FY17 actual	Unused FY17 Budget
Total Budget Bt2.92trn	Bt2.81trn (96%)	Bt2.08rn (71%)	Bt0.84rn (29%)
- General Budget Bt2.32trn	Bt2.29trn (99%)	Bt1.80rn (78%)	Bt0.52trn (22%)
- Investment Budget Bt0.61trn	Bt0.53trn (87%)	Bt0.27trn (45%)	Bt0.34trn (55%)

- Government budget disbursement rate for 9MFY2017 is 71.1%, slightly decline from the 73.9% in 9MFY2016
- FY2017 budget disbursement target is 96%, unchanged from FY2016

Note: Public Debt to GDP has declined since January 2015, due to a change in GDP computation
The Bt190bn extra-budget has been included in FY2017 budget since April 2017
Source: Ministry of Finance (MOF), Fiscal Policy Office (FPO), and Public Debt Management Office (PDMO)

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Government Policy: Long-term and Short-term Policies

Long-term Policies

- **Transport Infrastructure Development Plan:**
  - Project will reduce logistical costs, increase transportation speed of goods and people, as well as connect Thailand to neighbors along the East-West and North-South Economic Corridors
  - Transport Action Plan Year 2016, worth Bt1.796trn, approved by the Cabinet in November 2015; Transport Action Plan Year 2017, worth Bt896bn, approved by the Cabinet in December 2016
- **Digital Economy:**
  - Cabinet approved the National e-Payment Master Plan; Bt15bn to be spent on the expansion of broadband internet access
  - NBTC awarded 4G licenses in 1800 MHz and 900 MHz
- **BOI Measures for Supporting Private Investment:** Cabinet approved tax and non-tax incentive measures to support private investment, such as Special Economic Zones (SEZs) and ten targeted industries as new engines of growth
- **EEC:** Area for facilitating and attracting investment in 10 innovative target industries to transform Thailand into Thailand 4.0
- **Promote the establishment of an international headquarters (IHQ) and an international trading center (ITC) in Thailand:** to help Thailand become a key trading nation in the region
- **Join the Regional Comprehensive Economic Partnership (RCEP):** to deepen economic cooperation among sixteen countries and promote export sector
- **Energy Policy:** reform petroleum concessions and energy price structures, including an LPG subsidy
- **Tax Reform:** reform tax collection, generate sufficient revenue for the government, and boost competitiveness for local businesses, especially SMEs
- **Legislation overhaul:** support social justice, consumer protection, human-trafficking, and business and financial law

Note: NBTC = National Broadcasting and Telecommunications Commission
Sources: Newspaper and KResearch (as of August 2, 2017)

Short-term Policies

- **Government Budget:**
  - Bt390bn fiscal budget deficit in FY2017 and an additional central budget of Bt190bn for FY2017: provide money to support Thai economy
  - Fiscal budget deficit in FY2018: deficit of Bt450bn in FY2018: provide money to support Thai economy
- **Short-term Stimuli:**
  - Provide financial support and tax incentives for SMEs: special loan rate, lower credit guarantee fee, and venture capital for SMEs
  - Bt93bn softloan via BAAC: help ease the burden of drought-affected farmers
  - Bt70bn Ban Pracharat (civil state) project: help low income earners buy first home with cheap housing loans below Bt1.5mn
  - Farmer's aid for 2016/17 crop cycle: provide money to farmers, up to Bt10,000 per farmer, to help with crop costs; provide low-interest loans at 4.0% with a grace period on debt payment of up to 3 years
  - Local investment stimulus: provide Bt9.9bn from the annual central budget to local authorities; allow 1.5 times the tax deduction for investment expense in 2017
  - Farmers' aid measures: provide Bt6.5bn to ease the financial constraints of small-scale farmers through cash handouts and debt restructuring
  - FY2017 Villager Fund (Bt18.8bn): allocate a budget for development in 74,665 villages nationwide under the Pracharat approach; each village will be granted 250,000 baht
  - Measures to support private consumption and tourism (Nov - Dec 2016): give Bt1,500-3,000 to people who earn less than Bt100,000 annually; fee for single-entry tourist visas will be waived from Dec 2016 - Aug 2017
  - Measures to enhance SMEs competitiveness toward Thailand 4.0 (Bt15bn): provide soft loan of up to 7 years with interest rate of 3%
  - Measures to improve farmer productivity (Bt23bn): target 4.5 million farmers in 1,901 local communities to improve their productivity in areas such as crop production, livestock breeding, organic fertilizer production, and fishery

Note: EEC = Eastern Economic Corridor (EEC), SOE = State Owned Enterprise; GSB = Government Saving Bank

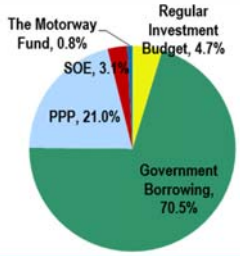
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Transport Infrastructure Development Plan

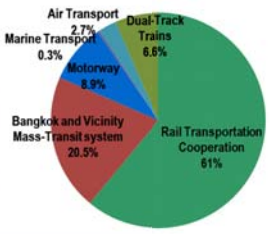
- **The Transport Infrastructure Development Plan aimed at facilitating social stability and economic growth**
  - The Transport Action Plan Year 2016, worth Bt1.796trn*, approved by the Cabinet in November 2015
  - The Transport Action Plan Year 2017, worth Bt896bn, approved by the Cabinet in December 2016

Transport Action Plan Year 2016 (Bt1.796trn)

Source of Fund



Type of Projects



Project Details



1. **Bangkok and Vicinity Mass-Transit System** (Bt368bn)



4. **Rail Transportation Cooperation** (Bt1,096bn)



2 **Motorway** (Bt160bn)



5. **Air Transport** (Bt49bn)



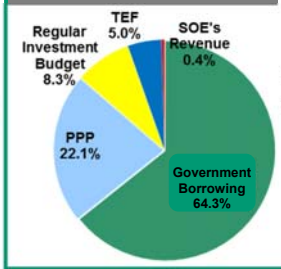
3. **Dual-Track Trains** (Bt118bn)



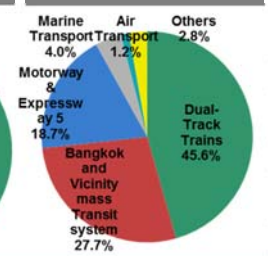
6. **Marine Transport** (Bt5bn)

Transport Action Plan Year 2017 (Bt896bn)

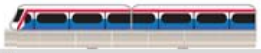
Source of Fund



Type of Projects



Project Details



1. **Bangkok and Vicinity Mass-Transit System** (Bt248bn)



4. **Air Transport** (Bt11bn)



2 **Motorway & Expressway** (Bt167bn)



5. **Marine Transport** (Bt36bn)



3. **Dual-Track Trains** (Bt409bn)



7. **Others** (Bt25bn)

* The total investment may be reduced due to cutting the scope of works, especially Rail Transportation Cooperation projects

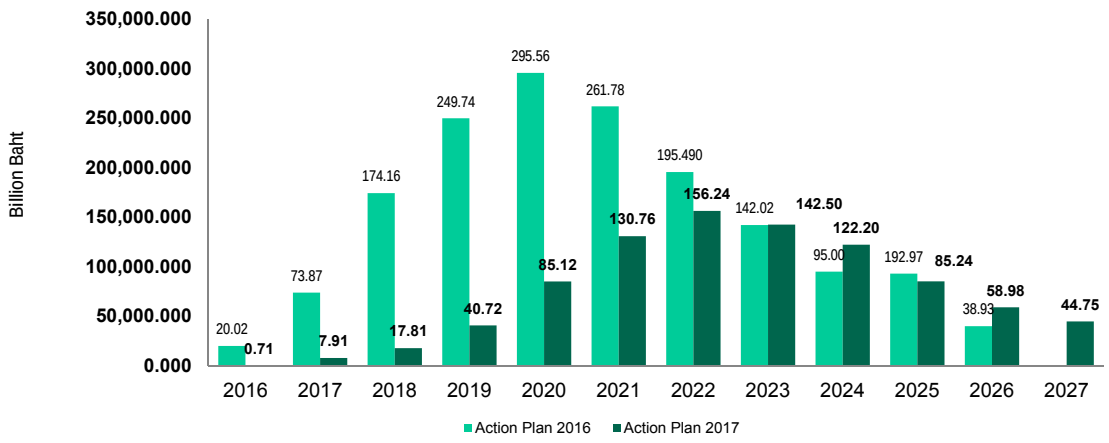
Notes: PPP = Public-Private Partnership; SOE = State of Enterprise; MRTA = Mass Rapid Transit Authority of Thailand; SRT = State Railway of Thailand

Source : Office of Transport and Traffic Policy and Planning, Newspaper, KResearch (as of July, 2017)

Transport Action Plan Year 2016 and 2017: Budget Disbursement

- **In 2016, budget disbursement was only 1.1% of total investment value, but it will gradually increase as construction on many projects is expected to start in 2H17; larger disbursement on transport investment projects is expected in 2017**

Budget Disbursement Schedule (FY2016-2027)*

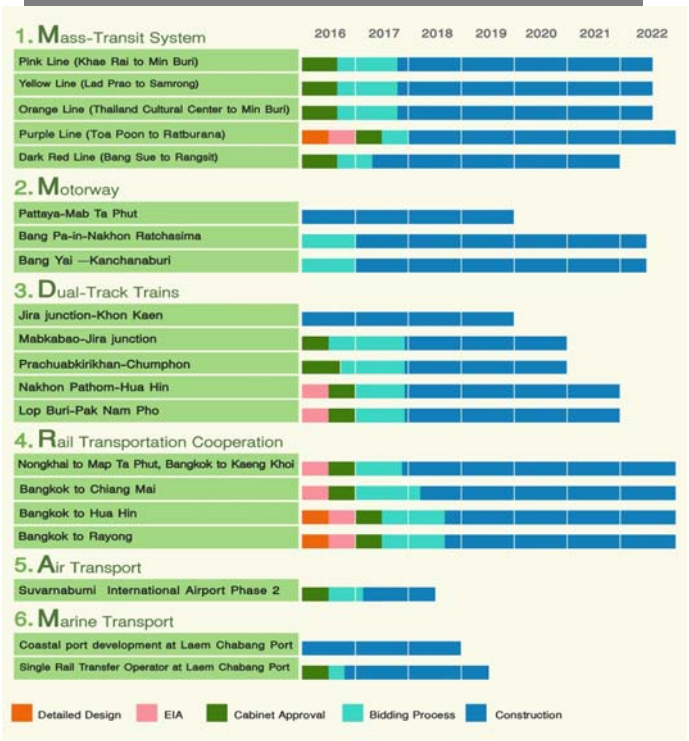


Notes:
- Thai government's fiscal year (FY) begins on 1 October and ends on 30 September of the following year
- Included 4 high speed train lines

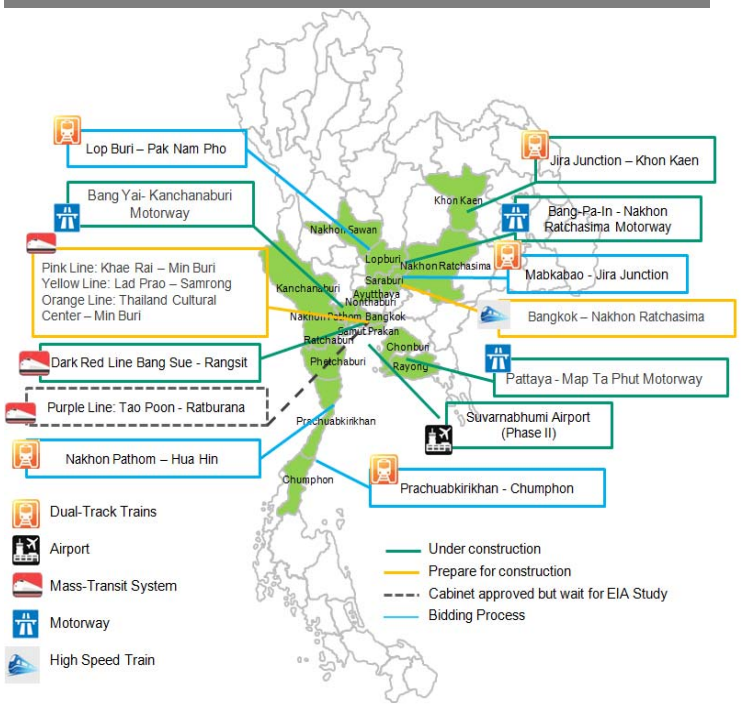
Source : Office of Transport and Traffic Policy and Planning
* KResearch Projected (as of July, 2017)

Transport Action Plan Year 2016: Progress

Timeline of Transport Action Plan Year 2016



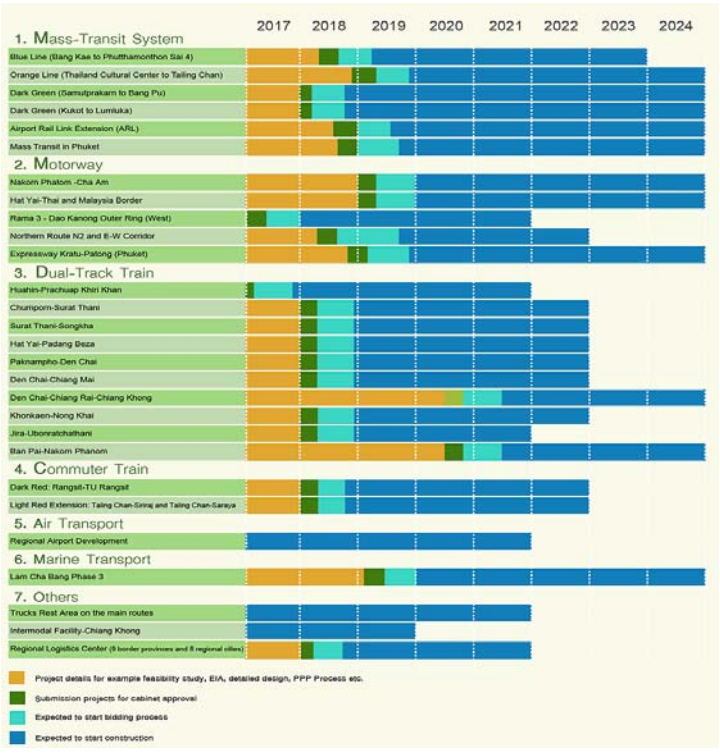
Projects Status in 2017



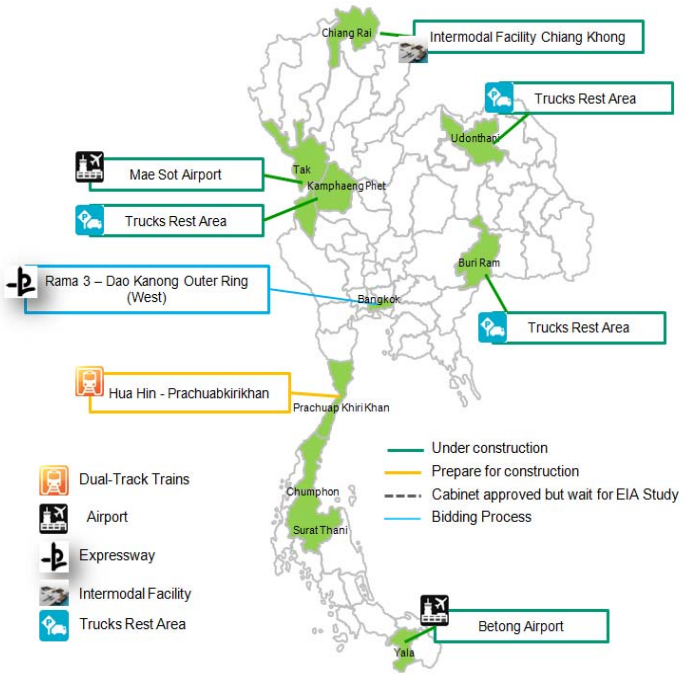
Notes: EIA = Environmental Impact Assessment
Source: Office of Transport and Traffic Policy and Planning, Newspaper, KResearch (as of July, 2017)

Transport Action Plan Year 2017: Progress

Timeline of Transport Action Plan Year 2017



Projects status in 2017

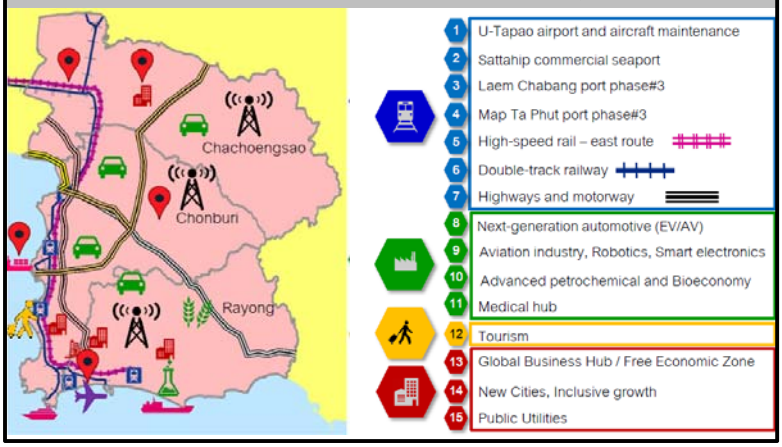


Notes: EIA = Environmental Impact Assessment
Source: Office of Transport and Traffic Policy and Planning, Newspaper, KResearch (as of July, 2017)

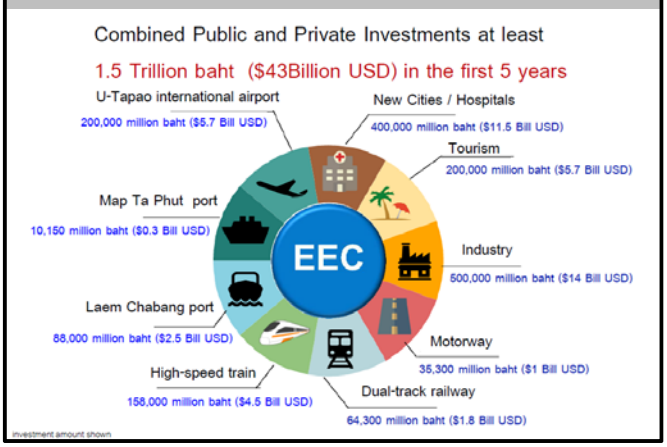
Eastern Economic Corridor (EEC): *three eastern provinces: Chachoengsao, Chonburi, and Rayong*

- **Objectives:** To facilitate and attract investment in 10 innovative target industries to transform Thailand into Thailand 4.0, an innovation driven society (those 10 industries are Next-Generation Automotive, Smart Electronics, Medical and Wellness Tourism, Food for the Future, Robotics, Aviation, Agriculture & Biotechnology, Biofuels & Bio Chemicals, Digital, and Medical Hub)
- **Key Development Plan**: An expansion of existing transportation facilities, plus new investment in logistic systems to transform the EEC area (13,266 square kilometer) into a regional center for trade, investment, and tourism
- **Investment Amount:** Bt1.5trn in the first 5 years from Government and Private (around 2/3 from Private Sector); High priority projects to start in 2017 are U-Tapao Airport, High Speed Railways from Bangkok to Rayong, and Third Phrase of Laem Chabang Port
- **Investment Incentive, and others:** BOI standard package (8 years corporate income tax (CIT) exemption) plus 50% CIT reduction for another 5 years; projects matching grant under Thailand Competitiveness Fund (investments in R&D) would receive CIT exemption for a period of up to 15 years; 17% personal income tax (PIT) for experts/specialists, long-tern land lease (up to 99 Years), exemption from import duties on machinery and raw materials

4 Core areas - 15 Crucial Investment projects*



Investment Amount



Note: * Some projects are projects of Transport Action Plan Year 2016-2017; Source : BOI and KResearch Projected (as of August 2017)

BOI Measures for Supporting Private Investment

- **Cabinet approved measures for supporting private investment**

Special economic zones (SEZs) (January 19, 2015)	
Targeted provinces	▪ Launched a pilot project to set up 6 special economic zones in 5 provinces, namely Tak, Mukdahan, Sa Kaeo, Songkhla, and Trat ▪ Second phase of special economic zones to be established in 5 additional provinces – Chiang Rai, Kanchanaburi, Nong Khai, Nakhon Phanom, and Narathiwat
Incentives	▪ Projects in special economic zones: tax exemption for first 8 years and 50% tax reduction in following 5 years
10 targeted industries for new engines of growth (November 17, 2015)	
10 targeted industries	▪ First S-Curve (to enhance efficiency of existing production, boosting short and medium-term economic growth) consists of Next Generation Automotive, Smart Electronics, Affluent Medical and Wellness Tourism, Agriculture and Biotechnology, and Food for the Future ▪ New S-Curve (for new growth) consists of Robotics, Aviation and Logistics, Biofuels and Biochemicals, Digital, and Medical Hub
Incentives	▪ Up to 15 years for tax exemption; personal income tax exemption for international qualified expertise ▪ Tax deduction will be granted up to 3 times for expenses relating to technology R&D from 2015-2019
Additional Incentives under Revised Investment Promotion Act (February 14, 2017)	
Competitiveness Enhancement Act	▪ Promote investment in line with Thailand 4.0, especially new technology and high-impact investment ▪ Targeted Core Technologies consist of Biotechnology, Nanotechnology, Advanced Materials Technology, and Digital Technology
Incentives	▪ Corporate income tax exemption for up to 13 years for businesses using advanced technology and R&D ▪ 50% corporate income tax reduction for up to 10 years ▪ Import duty exemption for machinery and raw materials for exports ▪ Non-tax incentives such as up to 99 years ownership of land and imports of skilled-labor and foreigner specialists ▪ Bt10bn grants for investment projects engaged in R&D, innovation, or human resource development in specific areas

Source : Newspaper, KResearch (as of August 2, 2017)

Short-term Stimuli

■ **Cabinet approved economic packages to stimulate the economy: village / district levels, SMEs, and property**

Measures to help SMEs (September 8, 2015, July 25, 2017, and August 1, 2017)	
Loans guaranteed by TCG *(Bt100bn) (B19bn used as of July 17)*	▪ TCG will absorb the first 30% of NPLs as a loss ▪ Guarantee fee will drop to 0% in 1st year, 0.5% in 2nd year, 1.5% in 3rd, and 1.75% in remaining years
Tax deduction on expenses	▪ Two-fold corporate tax deduction on expenses for SMEs investing in computer programs in their management and accounting (maximum Bt100,000); tax measure will last until December 2019
Venture capital fund for SMEs	▪ GSB, KTB, and SME banks will provide Bt6bn in venture capital funding for start-up SMEs with insufficient capital
Measures to alleviate impact from the drought as well as promote enterprise in local communities (Feb 25, 2016)	
BAAC softloan *(Bt93bn)*	▪ Low-interest loans to 500,000 farmers affected or to be affected by drought (Bt6bn) ▪ Soft loans to help strengthen small or medium-sized enterprises in each Tambon, with 4% interest per annum for 1st 7 years (Bt72bn) and soft loans to farmers in 26 drought-stricken provinces for a one-year term at 0.01% interest
Measures to support consumer spending (Mar 22, 2016)	
Ban Pracharat *(Bt70bn)*	▪ Provide cheap housing loans for either new or second-hand houses valued at no more than Bt1.5mn, as well as low interest loans for home refurbishment worth Bt40bn via GHB and GSB ▪ Remaining Bt30bn will be provided to private property developers who join the scheme
Measures to uplift farmer livelihood (Jun 21, 2016)	
Farmer's aid for 2016/17 crop cycle by BAAC *(Bt45bn)*	▪ Provide Bt1,000 per rai to farmers, up to Bt10,000 per farmer, to help with crop costs ▪ Low-interest loans at 4% with a debt payment grace period of up to 3 years
Measures to support low income families under Pracha Rat scheme (Aug 2, 2016)	
Soft loan for urban low-income families (Bt20bn)	▪ Provide low-interest loans to urban low income families, interest-free for the 1st year and 1% in the 2nd to 5th year, up to Bt50,000 per person ▪ 3-year debt suspension on principal, up to Bt200,000, for current GSB customers

Source : Newspaper, KResearch (as of August 2, 2017)
Note: GSB = Government Savings Bank; BACC = Bank of Agriculture and Agricultural Cooperatives; TCG = Thai Credit Guarantee Corporation; GHB = Government Housing Bank

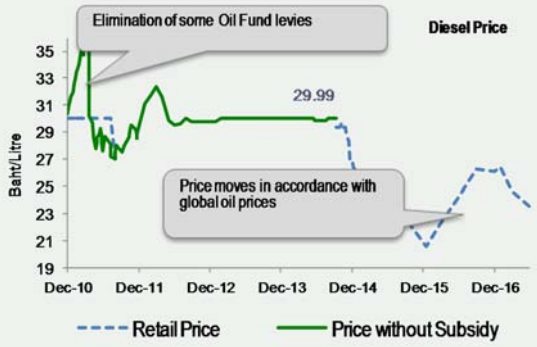
Short-term Stimuli (Con't)

■ **Cabinet approved economic packages to stimulate the economy: village / district levels, SMEs, and property**

Measures to promote local investment (Sep 13, 2016)	
Stimulus funds for local investments (Bt9.9bn)	▪ Government to allocate Bt9.9bn from the annual central budget to match funds to 7,851 local administrative organizations planning to invest in local projects such as road development, drinking water development, water development for agricultural purposes, and infrastructure projects to support tourism
Measures to support farmers for FY2017 (Sep 27, 2016)	
FY2017 Farmers' aid measures (Bt6.5bn)	▪ Bt1,500-3,000 for farmers who have a maximum income not greater than Bt150,000 per year ▪ Farmer's heirs will be entitled to a two-year grace period for the principal payment and extended 50% of the loan's existing principal for another five years with a minimum retail rate (MRR) of 7% BAAC
Measures to support villages under Pracharat program for FY2017 (Oct 25, 2016)	
FY2017 Villager Fund (Bt18.8bn)	▪ Allocate a budget to support development in 74,665 villages nationwide under the Pracharat approach; each village will be granted 250,000 baht
Measures to support economy (Nov 2016 - Apr 2017)	
Private consumption	▪ Individuals earning less than Bt30,000 annually will be eligible to receive a transfer of Bt3,000 while those earning between Bt30,001-100,000 annually will receive Bt1,500 ▪ Bt15,000 tax deduction for individuals expenses during Dec 14, 2016 - Dec 31, 2016
Tourism	▪ Fee for single-entry tourist visas will be waived from Dec 2016 - Aug 2017
Measures to enhance SMEs competiveness toward Thailand 4.0 (Mar 21, 2017)	
SMEs Transformation Loan (Bt15bn)	▪ Up to Bt15bn soft loan with 3% interest rate per annum via SME bank ▪ Collateral waiver as Thai Credit Guarantee Corporation (TCG) will act as guarantor
Measures to improve farmer productivity (Jul 4, 2017)	
Enhance farmer productivity scheme (Bt23bn)	▪ Target 4.5 million farmers in 1,901 local communities to improve their productivity in areas such as crop production, livestock breeding, organic fertilizer production and fishery; each community will be granted Bt2.5mn

Source : Newspaper, KResearch (as of August 2, 2017)
Note: GSB = Government Savings Bank; BACC = Bank of Agriculture and Agricultural Cooperatives; TCG = Thai Credit Guarantee Corporation; GHB = Government Housing Bank

Ongoing Government Measures to Assist Cost of Living

Measures	Details
Household Assistance	**Train and Bus Fares**: A subsidized fare for buses and trains; some buses and trains provided for free **Electricity**: A full subsidy on electricity bills for households using less than 50 units of electricity per month
Energy Prices	 **Diesel Fuel**: Government intends to restructure diesel fuel prices to reflect global prices **NGV and LPG Price**: Government lowered the NGV and LPG subsidy, allowing retail selling prices to reflect global market prices ■ NGV price declined to Bt12.55/kg since June 2016, align with global price ■ LPG prices are as follows: ➢ Household sector: refrained from subsidizing general households. Current household LPG price is Bt20.49/kg. However, the government is exempting the oil fund levy for low income households; LPG price for low income households is Bt18.13/kg ➢ Transport sector: adjusted to market price at Bt20.49/kg ➢ Industrial sector: adjusted in line with relevant production costs, currently at Bt20.96/kg **FT Rate**: Fuel Adjustment Tariff (FT) Rate for electricity is set to increase by less than the actual cost (from May-August 2017, FT rate at Bt-0.2477/unit)
Value-added-tax (VAT) Rate	On August 15, 2017, the Government announced the following VAT Rates: ■ Maintain the 7% value-added-tax (VAT) rate until September 30, 2018 ■ After September 30, 2018, the VAT rate will be increased to 10%

Source: KResearch

The Constitution and Election Roadmap

7 Aug 2016

National Referendum approved the constitution draft and the extra question*

6 Apr 2017

The King endorses to enforce the constitution

- CDC amends the constitution draft by adding provisional clauses in line with the extra question*
- Constitutional Court considers the adjusted constitution draft
- Amendments to the constitution (regarding King's royal powers) made by a special 11-member committee in line with observations from the Office of His Majesty's Principal Private Secretary

Aug 2017

- CDC drafts organic laws regarding election

4Q17

Organic laws endorsed

- The Election Commission prepares to arrange the General Election

2H18

General Election

Notes: *If the Parliament - comprising 250 appointed Senators and 500 elected members of the House of Representatives - cannot select the Prime Minister from the list submitted by the political parties of the House of Representatives in the first round, the Constitution allows the Parliament to consider a qualified person to be appointed as the Prime Minister for the first five years after the Parliament is set up per the Constitution

CDC = Constitution Drafting Committee

National e-Payment: Scope and Objectives

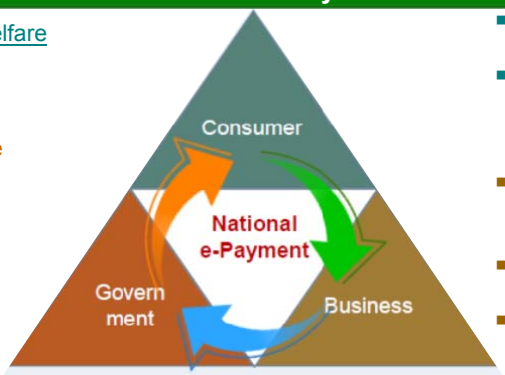
- **Scope:** Create an integrated e-payment infrastructure in Thailand for funds transfer and payment for consumer, business, and government, with an integration of tax and social security disbursement systems
- **Objectives and Benefits:**
  - Aim for payment infrastructure development, e-tax system, e-social welfare, financial inclusion, and cashless society
  - Reduce cash usage and payment costs throughout the system; save Bt75bn a year or 0.8% of GDP in printing and transporting banknotes & cheques
- **Five Projects under National e-Payment Master Plan:**

  1) PromptPay (Any ID), 2) EDC and Card Acceptance Expansion, 3) E-Tax, 4) Government e-Payment, 5) Market Education

Benefits of the National e-Payment Master Plan

- Lower income population receives social welfare faster and more accurately, reducing wealth disparities
- More accurate identification of lower income population, hence greater reach to support citizens in need
- More transparent social welfare disbursement, lowering corruption
- More efficient and higher tax coverage expansion for revenue department

Source: National e-Payment Master Plan



- Greater access to money transfer at more reasonable cost
- Rural consumers can use card for purchases, less need to carry cash – more convenient and safe
- More efficient to accept non-cash payment at reasonable lower cost, enhancing customer service
- Reduction of time, administrative labor, and paper usage costs for business
- Shorten execution time frame of invoicing and payment settlement transactions

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National e-Payment: Overview of Five Projects

	1. PromptPay (Any ID)	2. EDC and Card Acceptance Expansion	3. E-tax	4. Government e-Payment	5. Market Education
Objective	▪ More convenient money transfer	▪ Expand card acceptance network ▪ Promote cashless payment transaction	▪ Integrate tax filing system ▪ More accurate sales records ▪ Expand tax coverage	▪ More transparent and accurate ▪ More convenient ▪ Promote cashless society	▪ Promote e-payment nationwide along with many benefits
Principle	▪ Use registered ID (e.g. national ID, mobile number for individual and Tax ID for juristic) as a virtual bank account number	▪ Reduce merchant fee to encourage usage and participating merchants ▪ Set up new local switching network	▪ Electronic tax system ▪ E-tax invoice system	▪ Register citizen income ▪ Manage social welfare database ▪ Direct social welfare payment through PromptPay (Any ID)	
Timeline	▪ 1st Phase (P2P) ➢ 1 Jul 16: pre-register ➢ 15 Jul 16: register ➢ 27 Jan 17: launch ▪ 2nd Phase (B2C and B2B) ➢ 27 Jan 17 : register ➢ 1 Mar 17 : launch ▪ Next Phase : ➢ 19 Aug 17 (tentative): e-Wallet Service Provider ➢ 18 Nov 17 (tentative): Request to Pay & Cross-bank Bill Payment	▪ 1Q17: two groups (seven banks) won bid to install 550,000 EDCs nation-wide by 1Q18	▪ 2016: gradually implement; will launch by 1Q18 ▪ 19 Jul 17 : e-Tax invoice (Voluntary) is launched	▪ Sep16: pilot project with selected organizations	▪ 4Q15 – 1Q17: synchronized with other projects
Key Changes	New fee structure	New merchant fee structure	▪ Change paper based tax document to e-tax document and info ▪ Migrate cash and cheque tax payment to e-Payment	▪ Change government payment to e-Payment ▪ Integrate database for government social payments	Educate and communicate to public

Source: National e-Payment Master Plan, KBank

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1) PromptPay (Any ID) Project :

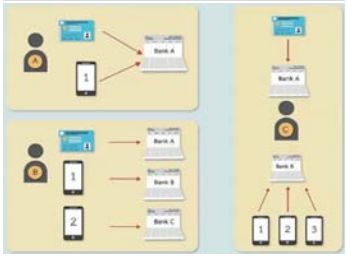
- **1.1 Individual : To develop more convenient money transfer using registered ID (e.g. National ID and mobile number) to replace bank account number**
  - **Registration;**
    Channel: Internet banking, mobile banking, ATM, bank branches
    Date: from July 15, 2016 (pre-registration starts July 1, 2016)
  - **Implementation**
    Channel: Mobile banking, internet banking, ATM
    Date: January 27, 2017

New Money Transfer Fee via Electronic Channels* (Internet and Mobile Banking)

Transaction Value	PromptPay Fees
≤ Bt5,000	Free
> Bt5,000 to Bt30,000	< Bt2 per Transaction
> Bt30,000 to Bt100,000	< Bt5 per Transaction
> Bt100,000 to a maximum amount set by each bank	< Bt10 per Transaction

Note : these fees apply for K+ , K-Cyber Banking and ATM

Samples of Linking ID Cards and Mobile Phones with Bank Account



- **1.2 Juristic : To develop more convenient money transfer using Tax ID to replace bank account number**
  - **Registration**
    Channel: Relationship Manager and bank branches
    Date: from January 27, 2017
  - **Implementation**
    Channel: Bulk payment, mobile banking, internet banking
    Date: Mar 1, 2017 for Bulk payment
    May 25, 2017 for Mobile banking
    Jun 23, 2017 for Internet banking

Transaction Value	PromptPay Fees
≤ Bt100,000	< Bt10 per Transaction
> Bt100,000 to a maximum amount set by each bank	< Bt15 per Transaction

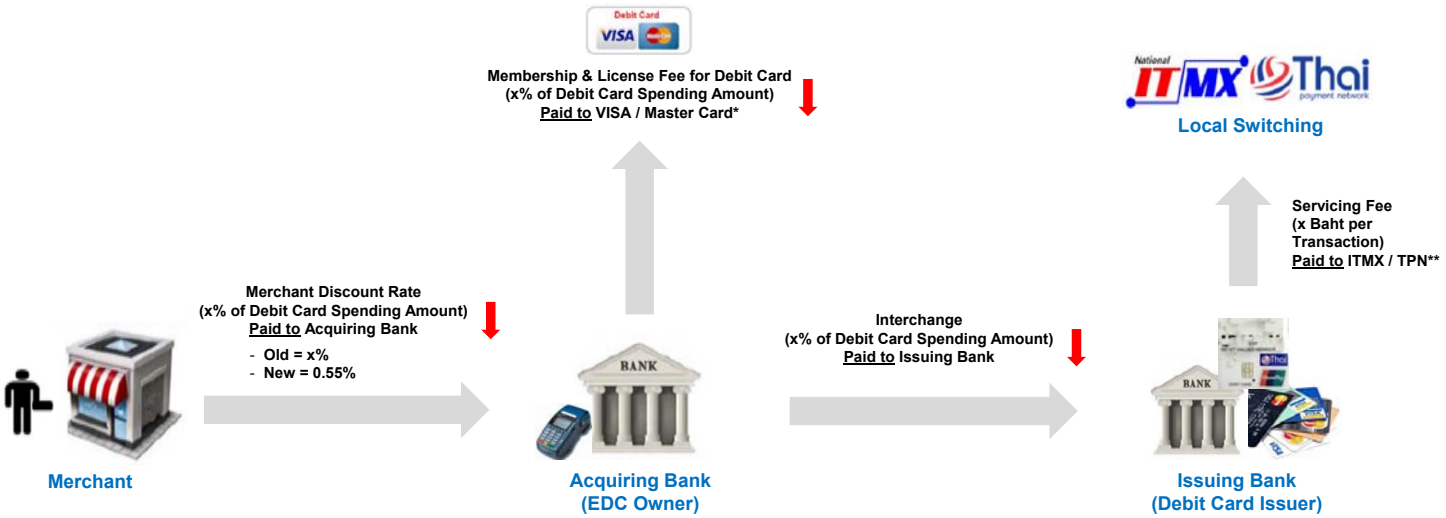
Note : these fees apply for Bulk payment, K+ SME and K-Cyber for SME

Note: * The new money transfer fee will be based on transaction value, regardless of whether the money is being transferred to the same or different banks, to the same or cross-clearing zone
Source: Bank of Thailand, InfoQuest Limited

2) EDC and Card Acceptance Expansion Project: EDC

- **To expand card acceptance network and promote card adoption/usage**

Local Switching for Debit Card Spending: National ITMX and Thai Payment Network (TPN)
(For Debit Card Issued by Local Banks)

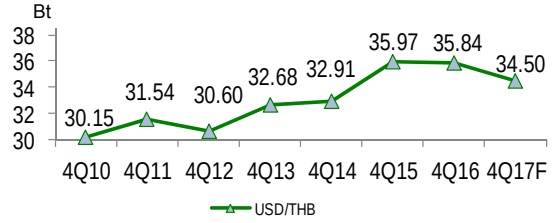


Note:
* For VISA/Master Card only
** ITMX = local switching for VISA and Master Card; TPN = local switching for TPN card

Thailand Economic Figures

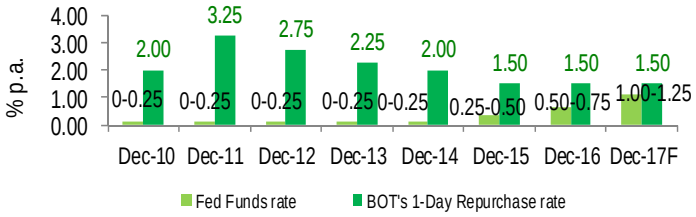
Currency and Interest Rate Outlook

USD/THB: End Period



- Fed increased its policy rate at June meeting to 1.00-1.25%
- Fed expected to stall interest rate normalization process and shift policy to "gradual" balance sheet reduction, which could start at the end of 3Q17
- Fed rate hikes and gradual approach in unwinding the balance sheet would result in limited capital outflow from Thailand. Thailand's high current account surplus and label as a "safe haven" in Southeast Asia will help appreciate USD/THB to close at 34.50 by 2017 year-end

Interest Rate Trend



- Thailand economic growth has continued to be supported by external sectors like exports and tourism, while domestic economy has yet to recover
- BOT expected to hold policy rate at 1.50% throughout 2017, in order to accommodate the domestic recovery. A gradual Fed hike should give the MPC flexibility to remain on hold
- BOT not expected to cut policy rate as BOT is still concerned with "search-for yield" behavior that could lead to underpricing of risks

Note: F is estimated by KBank Capital Markets Research (as of August 2, 2017)

Monthly Economic Conditions: June - July 2017

Units: YoY %, or indicated otherwise	2015	2016	2017							YTD 2017
			Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	
Private Consumption Index (PCI)	1.2	3.4	1.6	3.7	2.4	1.5	1.8	3.0		2.3
· Non-durables Index	3.1	2.1	-0.6	-2.2	0.3	-1.2	-2.2	1.9		-0.7
· Durables Index	-6.7	-1.2	3.8	17.0	12.5	11.9	3.8	3.0		8.4
· Service Index	6.8	7.3	6.3	5.6	3.4	5.2	6.3	7.4		5.6
· Passenger Car Sales	-19.1	-6.5	23.5	49.8	40.9	23.2	4.4	15.6		25
· Motorcycle Sales	-3.7	6.0	-8.3	14.3	1.3	16.6	14.0	-4.7		4.3
Private Investment Index (PII)	1.0	0.0	-2.0	-1.3	-0.8	-0.4	-0.1	-0.2		-0.8
· Domestic Sales Volume of Cement	-0.9	-1.6	0.4	-6.1	-4.3	-4.9	-10.6	-4.5		-5.1
· Domestic Machinery Sales at constant prices	10.7	4.8	0.0	-2.0	0.4	-1.1	-1.4	-1.9		-1.0
· Imports of Capital Goods at constant prices	-0.9	-2.1	-3.2	0.0	-1.0	1.9	5.2	5.1		1.2
· Commercial Car Sales	-2.3	-2.3	4.5	6.3	5.0	10.1	-1.7	-0.5		3.8
Manufacturing Production Index	0	1.6	2.2	-1.1	0.0	-1.8	1.6	-0.2		0.15
· Capacity Utilization	60.0	60.0	60.7	60.0	67.0	53.7	62.2	61.0		61
Agriculture Production Index	-4.4	-1.9	-6.4	3.9	20.2	32.9	7.9	12.4		9.7
· Agriculture Price Index	-5.9	3.6	15.7	12.7	8.3	2.8	-2.9	-5.5		4.9
No. of Tourists	20.6	8.9	6.5	-3.2	2	7.0	4.6	11.4		4.4
Exports (Custom basis)	-5.8	0.5	9	-2.7	9	8	12.7	11.7		7.8
Price	-4.1	-0.4	3.7	4.2	3.3	3.3	2.7	2.3		3.3
Volume	-1.8	0.9	5.1	-6.7	5.4	4.6	9.8	9.2		4.4
Imports (Custom basis)	-11	-4.2	5.1	20.4	19.2	13.4	18.4	13.7		15
Price	-10.8	-3.2	8.3	8.9	7	6.2	4.4	3		6.3
Volume	-0.2	-1	-3	10.5	11.4	6.7	13.3	10.5		8.2
Trade Balance ($ millions) (Custom basis)	11,657	21,190	826	1,610	1,617	57	944	1917		6,791
Current Account ($ millions)	32,106	47,685	5,416	6,142	3,645	2,906	1,130	4,283		23,522
Headline CPI	-0.9	0.2	1.55	1.44	0.76	0.38	-0.04	-0.05	0.17	0.6

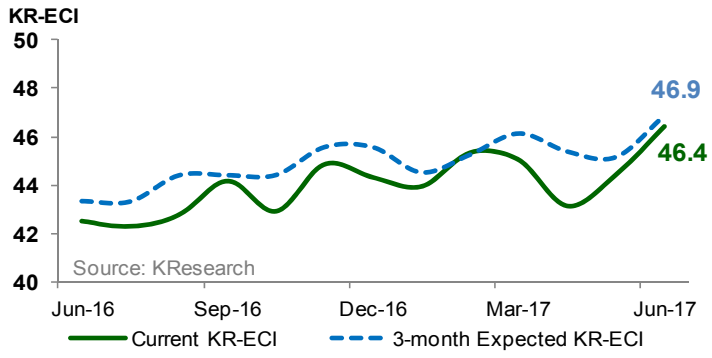
- **Key figures for the Thai economy in June 2017 suggest uneven growth**
- **Private consumption inched up, supported by both durable goods and service sectors, while private investment remained sluggish**
- **Exports performed very well, in both price and quantity terms; exports value expanded to all major destinations**
- **Current account surplus surged due to a widening trade balance as well as rising revenue from tourist sector**
- **July 2017 headline inflation was positive, supported by rising energy prices**

Sources: Bank of Thailand (BOT), Ministry of Commerce (MOC), Office of Industrial Economics (OIE), and Office of Agricultural Economics (OAE)

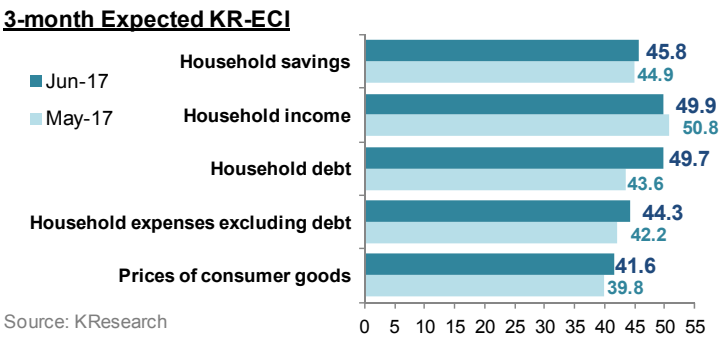
KR Household Economic Condition Index (KR-ECI)

- The 3-month expected KR-ECI unusually gained for June 2017 due to positive view towards economic conditions and no factors will likely undermine household confidence.

KR Household Economic Condition Index (KR-ECI)



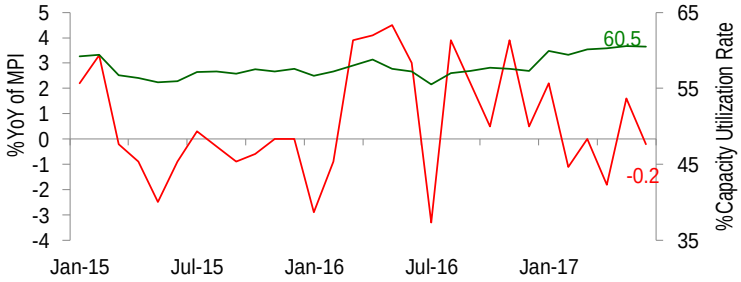
Components of 3-month Expected KR-ECI



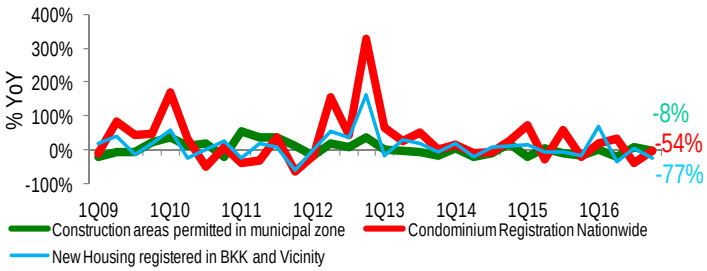
Notes: - The KR Household Economic Condition Index (KR-ECI) has been devised by KResearch to monitor household sentiment toward economic conditions at the current level and over the next three months. Any reading above 50 reflects positive sentiment and below 50 negative sentiment.
- Research sample includes households in Bangkok and Metropolitan Area (BMA).
- Components of KR-ECI are household savings, household income, household debt, household expenses excluding debt, and prices of consumer goods.

Economic Condition Highlights: June - July 2017

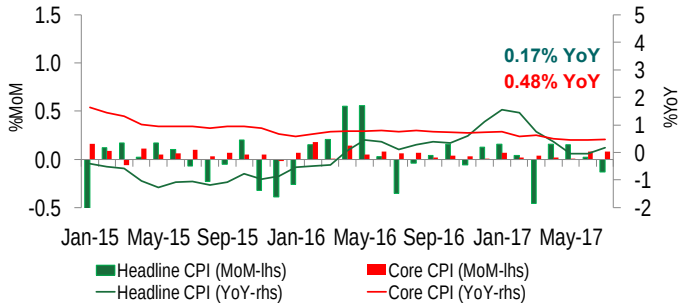
Jun17 MPI and CapU declined slightly, due to cool domestic demand



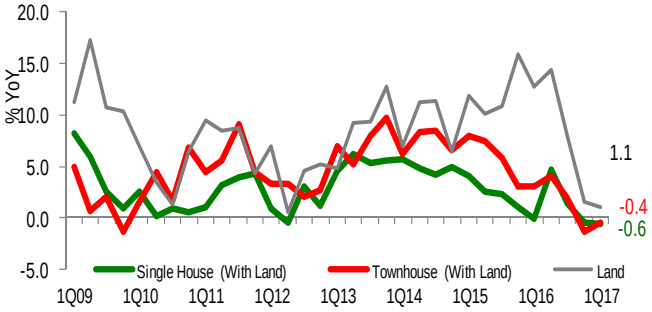
Activity in the property market plummeted in 1Q17, due to subdued economic activity and a high-base effect



Jul17 headline inflation turned positive, thanks to a rise in energy prices



Property price growth was slow in 1Q17, as the market lacked new catalysts

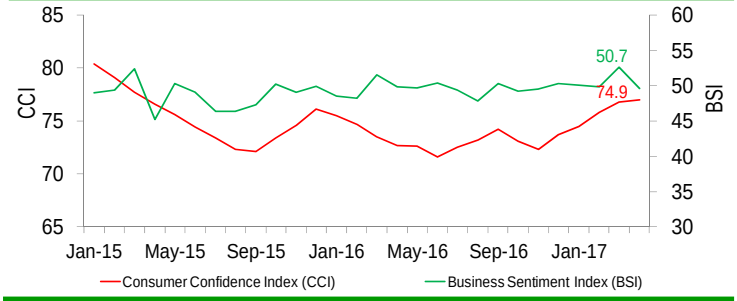


Sources: BOT, MOC, OIE, and REIC (Real Estate Information Center)

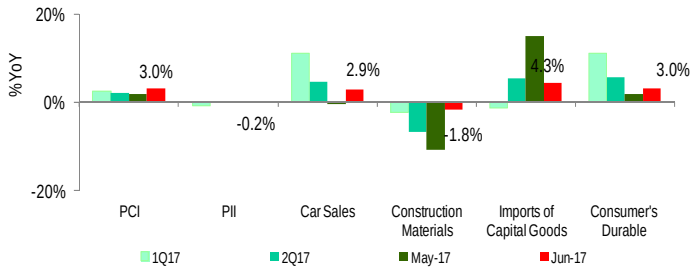
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Economic Condition Highlights: June - July 2017

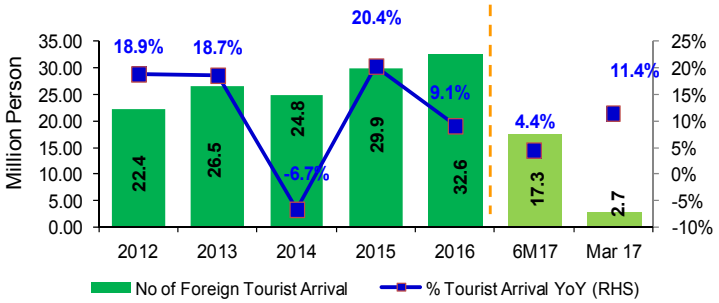
Jun17 BSI and CCI declined, amid concern over economic uncertainties



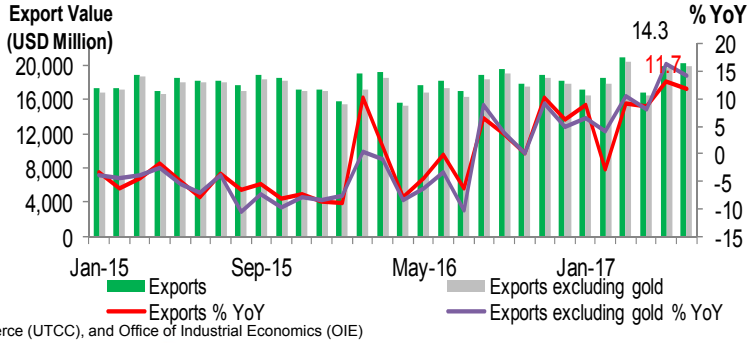
Jun17 private consumption edged up, supported by durable goods; private investment remained bleak



Jun17 foreign arrivals continued to rise, amid a moderate increase in Chinese visitors



Jun17 exports maintained double-digit growth for 2-consecutive months, thanks to a surge in electronics demand

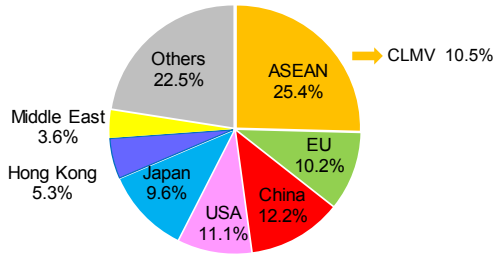


Sources: Bank of Thailand (BOT), Ministry of Commerce (MOC), University of the Thai Chamber of Commerce (UTCC), and Office of Industrial Economics (OIE)

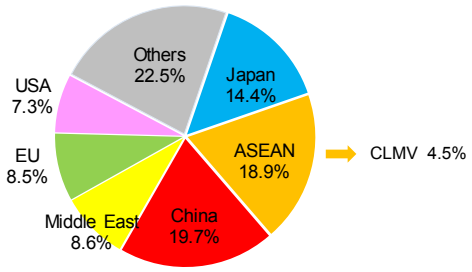
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Exports and Imports: 6M17

Exports by Country



Imports by Country



Top 10 Exports by Product (BOP Basis)

Exports, Custom Basis	6M17		
	USD Millions	Weight	%YoY
Total Exports,	**113,547**	**100.0%**	**7.8%**
Electronic machines	17,000	15.0%	12.4%
Motor cars, motor vehicles, parts	16,203	14.3%	1.4%
Electrical equipment	11,910	10.5%	9.8%
Precious stones and jewellery	6,296	5.5%	-23.0%
Rubber products	4,906	4.3%	56.1%
Polymers of ethylene, propylene,	4,197	3.7%	11.7%
Chemical products	3,540	3.1%	18.5%
Machinery and parts thereof	3,528	3.1%	4.9%
Other industrial products	3,310	2.9%	4.2%
Textiles	3,272	2.9%	2.0%

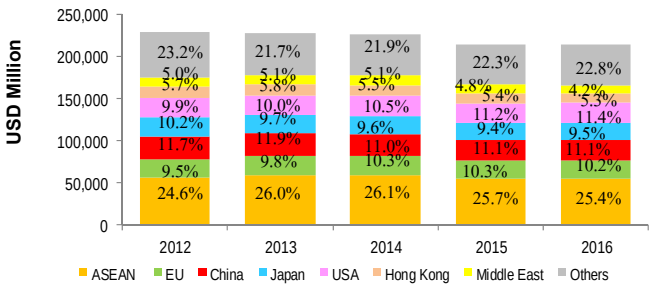
Top 10 Imports by Product (BOP Basis)

Import, Custom Basis	6M17		
	USD Millions	Weight	%YoY
Total Imports,	**106,576**	**100.0%**	**15.0%**
Machinery and parts	9,215	8.6%	-1.1%
Crude oil	9,119	8.6%	42.3%
Electrical machinery and parts	8,177	7.7%	4.6%
Chemicals	7,325	6.9%	15.8%
Electrical, electronic equipment and parts thereof	7,163	6.7%	19.7%
Jewellery including silver bars and gold	6,036	5.7%	90.9%
Iron, steel and products	5,646	5.3%	10.8%
Parts and accessories of vehicles	5,297	5.0%	9.3%
Other metal ores, metal waste scrap, and products	4,160	3.9%	23.5%
Electrical household appliances	3,592	3.4%	5.0%

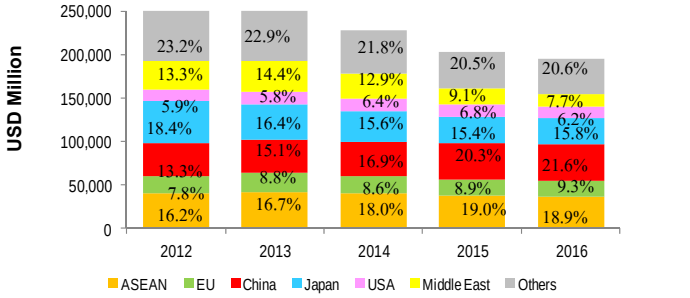
Source: Ministry of Commerce

Export and Import Data: 2012 – 2016

Exports by Country



Imports by Country



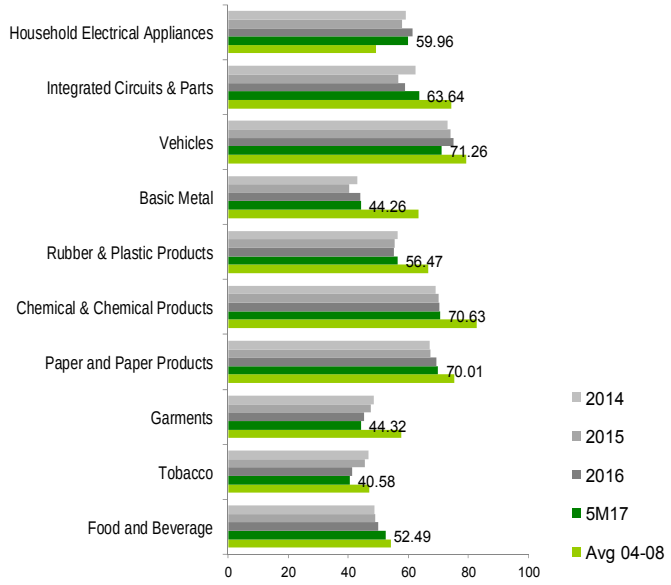
Export, Custom Basis	2016		
	USD Millions	Weight	%YoY
Total Exports,	**215,388**	**100.0%**	**0.5%**
Motor cars, motor vehicles, parts and accessories	32,511	15.1%	4%
Electronic machines	32,329	15.0%	-1%
Electrical equipment	22,072	10.2%	-1%
Precious stones and jewellery	14,248	6.6%	30%
Polymers of ethylene, propylene, etc in primary forms	7,717	3.6%	-7%
Machinery and parts thereof	6,954	3.2%	-2%
Other industrial products	6,821	3.2%	19%
Rubber products	6,580	3.1%	-4%
Textiles	6,451	3.0%	-6%
Chemical products	6,096	2.8%	-5%

Import, Custom Basis	2016		
	USD Millions	Weight	%YoY
Total Imports,	**194,198**	**100.0%**	**-4.2%**
Machinery and parts	19,044	9.8%	-2.6%
Electrical machinery and parts	16,402	8.4%	3.7%
Crude oil	14,704	7.6%	-24.7%
Electrical, electronic equipment and parts thereof	13,144	6.8%	0.0%
Chemicals	12,973	6.7%	-1.0%
Parts and accessories of vehicles	10,604	5.5%	6.0%
Iron, steel and products	10,430	5.4%	-1.2%
Jewellery including silver bars and gold	7,985	4.1%	-14.4%
Other metal ores, metal waste scrap, and products	6,976	3.6%	-0.9%
Electrical household appliances	6,725	3.5%	-1.2%

Source: Ministry of Commerce

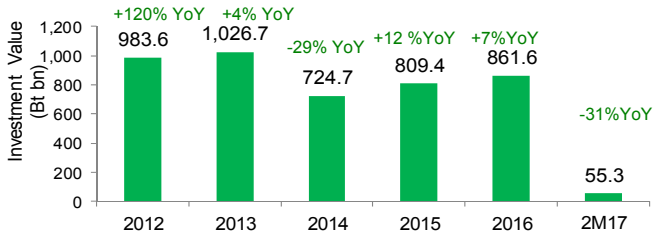
Economic Condition Highlights: CAPEX and Investment Cycle

Capacity Utilization by Key Industries

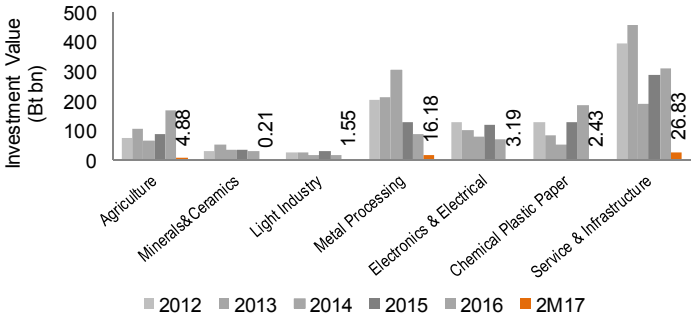


Source: The Bank of Thailand (BOT), The Ministry of Commerce (MOC), and Office of Industrial Economics (OIE)
(Data as of June2017)

Investment value of BOI-approved applications (Total)*



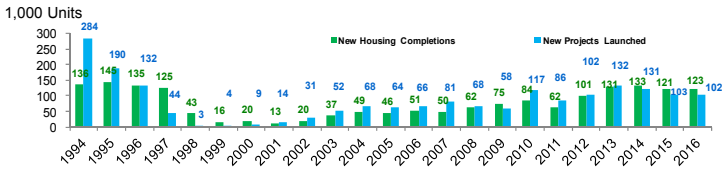
Investment value of BOI-approved applications (by Industry)*



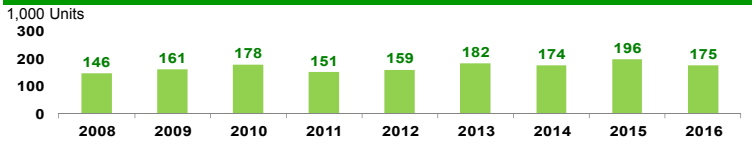
Source: The Board of Investment of Thailand (BOI)
Note: *Figures above indicate investments of approved projects requesting investment promotion benefits from BOI

Property Market: Cool down in 2H16 after stimulus program ended

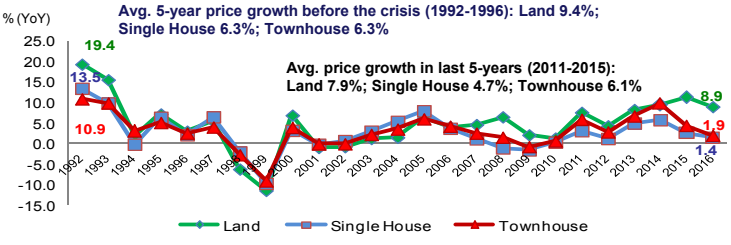
Supply Side: New Housing Completions and New Projects Launched in BMR*



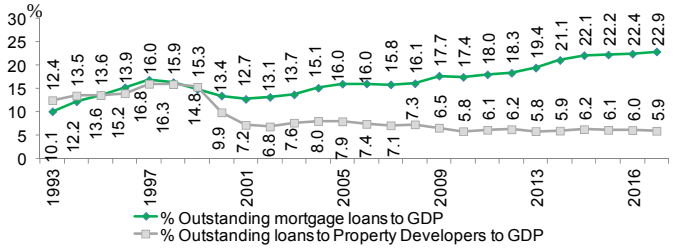
Demand Side: Transferred Properties in BMR*



Price Growth of Properties



Outstanding Mortgage Loans to Individuals and Property Developers to GDP

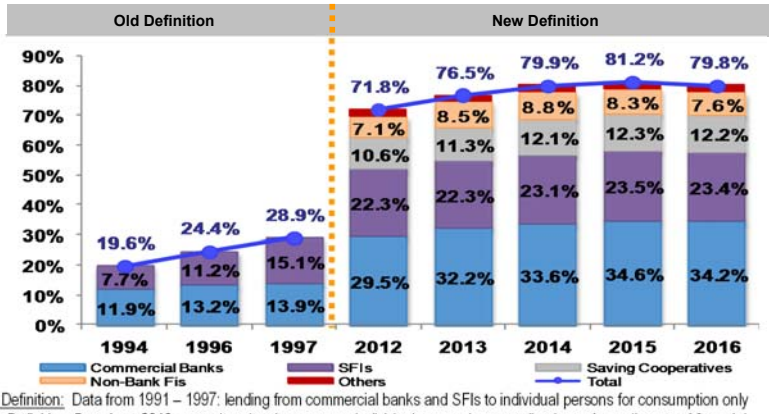


- Mortgage loans to GDP is higher than pre-crisis level, due to several factors such as changes in consumer behavior, intense competition among banks, and a more accessible credit market
- Outstanding loans granted to property developers (including contractors) to GDP was 5.9% in Q1/2017, still lower than pre-crisis level
- Supply Side: in 2016, new housing projects declined due to economic slowdown
- Demand Side: property stimulus measures boosted the number of transferring properties in 1Q16; however, property market slowed down after property stimulus measures ended in 2H16**
- Prices: property price growth was slow due to slow growth in the property market; land price growth was lower due to slow demand in the housing sector
- Mortgage loan NPLs among Thai commercial banks remained low, even with increase in 2016 to 2.93% compared with 2.44% in 2015

Sources : National Economic and Social Development Board (NESDB), BOT, Real Estate Information Center (REIC), Agency for Real Estate Affairs (AREA), and KResearch
Note: * Including Condominium, Single House and Townhouse; BMR = Bangkok and Metropolitan Area
** Measures to support Property sector during October 2015 – April 2016, such as, cutting transfer fee and mortgage fee , and tax deduction for the first five years

Household Borrowing

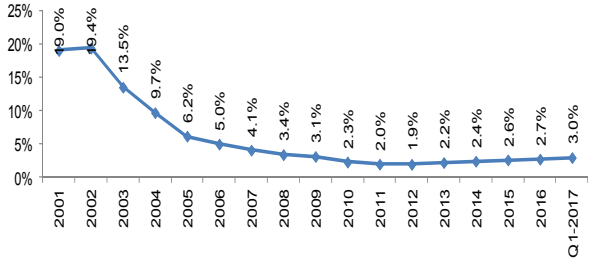
Household Borrowing to GDP



Old Definition: Data from 1991 – 1997: lending from commercial banks and SFIs to individual persons for consumption only

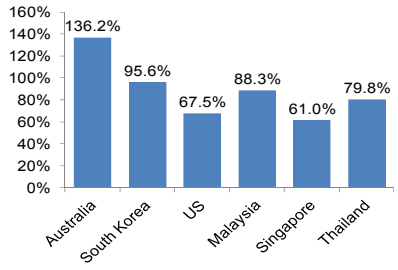
New Definition: Data from 2010 onwards: takes into account individual persons' outstanding loans from all types of financial institutions, including savings Co-ops and non-banks

% NPL for Consumption Loans of Thai Commercial Banks

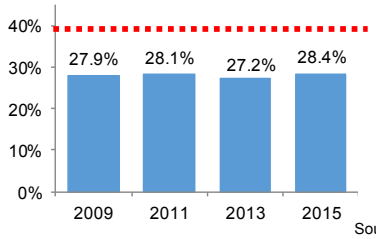


- **Household borrowing to GDP declined to 79.8% at the end of 2016. For 2017, we expect it will decrease to 78.0 - 79.0% at the end of 2017**
- **Household borrowing to GDP is higher than pre-crisis level, due to several factors such as changes in consumer behavior, intense competition among banks, and a more accessible credit market**
- **Thailand's household debt to GDP is comparable to other countries*; debt service ratio of Thai households is still well below 40%**, indicating the household debt situation is unlikely to trigger any problems in the foreseeable future**
- **NPL ratio for consumption loans of commercial banks was slightly higher to 2.95% in Q2/2017**

Cross-Country Comparison of Household Debt*



Debt Service Ratio of Thai households**



Source: BOT, Bank for International Settlements (BIS), National Statistical Office (NSO), CEIC and KResearch

Key Regulations for Mortgage Loans

- The BOT has taken preventive actions and closely monitored risk in the property market
  - Risk weights for mortgage loans dropped from 50% to 35% under Basel II since 2008
  - However, the BOT announced revised criteria in 2009-2010 on mortgage loan risk weights with a different effective date

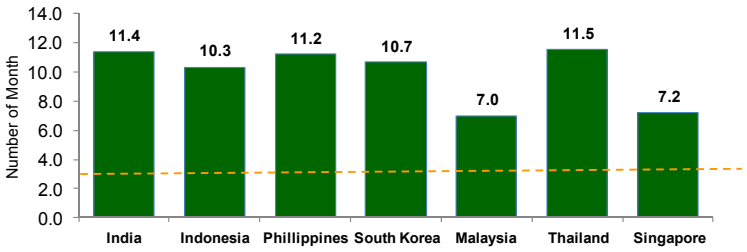
Price	Condominium	House	Loan to Value (LTV)	Risk Weights	Effective Date
≥ Bt10mn	✓	✓	> 80%	75%	March 2009
< Bt10mn	✓		> 90%		January 2011
< Bt10mn		✓	> 95%		January 2013*
≥ Bt10mn	✓	✓	≤ 80%	35%	March 2009
< Bt10mn	✓		≤ 90%		January 2011
< Bt10mn		✓	≤ 95%		January 2013*

Note: * The effective date is postponed from January 2012, due to the severe floods in 2011

Source: The Bank of Thailand

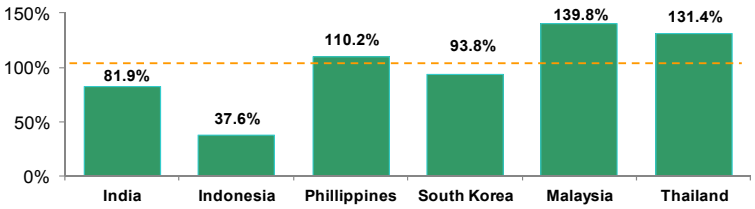
Thailand's external balances remain relatively strong compared to peers

High international reserve / Imports (Import Coverage)



Source: Bloomberg, KResearch (data as of March 2017)

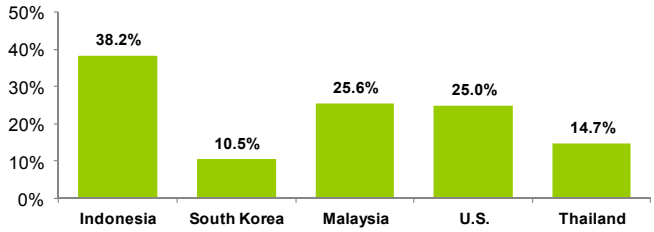
High international reserve ratio / External debts



Source: Bloomberg, KResearch (data as of December 2016)

Notes: 1) Thailand's international reserve were USD186bn in June 2017 and USD164bn in December 2016
2) Foreign investor holdings:
- Thai bonds: Bt664bn or 6.4% of the total Bt10.3trn in Thai bond market size in December 2016
- Thai bonds: Bt705bn or 6.2% of the total Bt11.2trn in Thai bond market size in June 2017

Low foreign holding ratio in Thai government bonds



Note: Retrieved from Asia Bond Monitor (Volume June 2017), based on March 2017 data
Source: Asian Development Bank

- **Thailand's economy and financial markets are able to withstand impacts from QE tapering and its aftermath due to:**
  - **High import coverage (international reserves/monthly imports) compared with the IMF's three month import coverage guideline**
  - **More than 100% of external debt covered by international reserves**
  - **Low portion of foreign holdings in Thai government bonds compared with other countries**

Challenges: Trade Protectionism of the US and BREXIT Implementation

US Policy

US policy impacts on global trade and investment, especially in China and Mexico

China may experience a slowdown in trade as well as investment

China may lose USD55bn in export value, equivalent to 2.4% of total exports

2017 China GDP growth may dip to 6%-6.2% from 6.4% (Base Case)

Impact to Thai Economy will be transmitted through high trade linkages between Thailand and China

2017 Thailand export growth to China may contract to (-0.5% to -1.0%) from 1.6% (Base Case)

- Highly reliant on China as an upstream part of the supply chain: Textiles, electrical appliances, and electronics
- Most affected items: Textiles, Hard Disk Drive (HDD), Integrated Circuit (IC), and Automotive

BREXIT

The impact of economic and political changes in the EU will become clearer within one year

Fragility in European banking sector and elections scheduled soon in many EU nations

Hard BREXIT may lead to relocation of many UK business entities

To pose impediments to EU economic recovery

2017 EU GDP Growth: 1.0%-1.6% from 1.6 (Base Case)

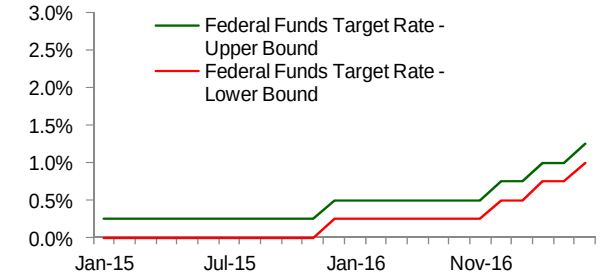
A forecast of 2017 Thailand Exports to EU is maintained to grow 1% (range 0.0%-2.0%) due to limited impacts as Thailand Exports to UK is only around 1% of Thai exports

- Thai businesses should pursue include preparations vis-à-vis changing economic landscape in the EU

Source: KResearch

Challenges: Fed Policy Normalization

Fed has raised interest rates for the forth time in since Dec-15

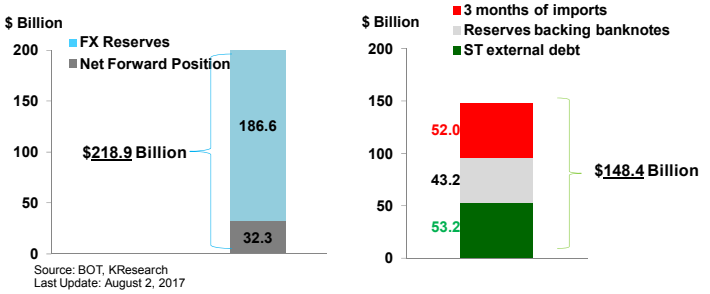


Source: KResearch and *FOMC (Jul 17)

- **Fed tapered QE program in January 2014; program concluded in October 2014**
- **Fed has raised the interest rate four times since December 2015, from 0.0-0.25% to 1.00-1.25%**
- **In instances where QE tantrum results in drastic fund outflows, Thailand's external stability will likely be maintained; FX reserves should be more than enough to meet all obligations**
- **Thai banking system excess liquidity slightly increased due to managing financial costs; CAR and NPL ratios were rather good (17.4% and 3.0% as of 4Q16, respectively), with net profit of Bt188bn in 2016**

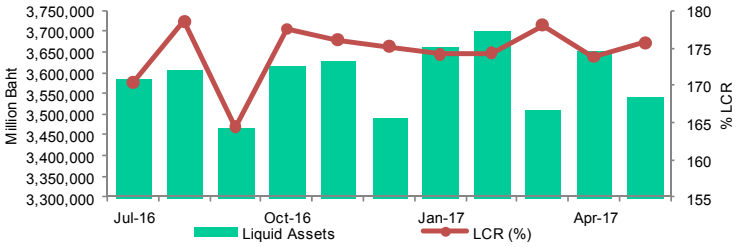
Source: KResearch, KBank Capital Markets Research (as of July 2017)

Thailand has enough FX reserves to meet all internal and external obligations



Source: BOT, KResearch
Last Update: August 2, 2017

Excess liquid assets in Thai commercial banks slightly increased



Note: BOT has imposed the Liquidity Coverage Ratio (LCR) Framework which replaces the maintenance 6% reserve requirement. Regarding the LCR framework, all banks shall maintain high-quality liquid assets not less than net expected cash outflow over the next 30 days. The LCR was implemented on January 1, 2016, with the minimum requirement set at 60%, rising in equal annual steps of 10 percentage points to reach 100% on January 1, 2020

Challenges: Exports

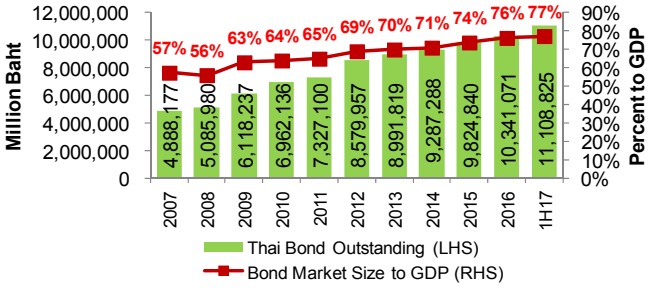
- Export recovery is expected in 2017, but many challenges might derail the pace of recovery

	Exports
Short-term Challenges	■ Sub-par global economic recovery, especially China ■ Political uncertainties in Western countries may pose risk toward global recovery ■ Depreciation of major trading partners' currencies, especially CNY, EUR and JPY ■ US trade policy, e.g. measures to reduce trade deficit from 16 major countries
Key Structural Problems	■ High dependence on China's market ■ Changing demand in electronic products and loss of competitiveness in some areas (e.g., HDD) ■ More effort needed to comply with global fishing standards ■ High crop surplus in major producers
Key Affected Products	■ Electronics and Electrical Appliances ■ Fishery and Agriculture Products
Short-term Measures from Authorities and Related Parties	■ Extending products to catch up with changing consumer trends ■ Enhancing practices to comply with international standards regarding IUU fishing and human trafficking issues ■ Setting up export promotion board
Long-term Measures from Authorities and Related Parties	■ Negotiating FTA and regional trade agreements ■ Relocating factories to GSP eligible countries ■ Promoting BOI's privileges which grant merit based on competitiveness enhancements ■ Enhancing productivity

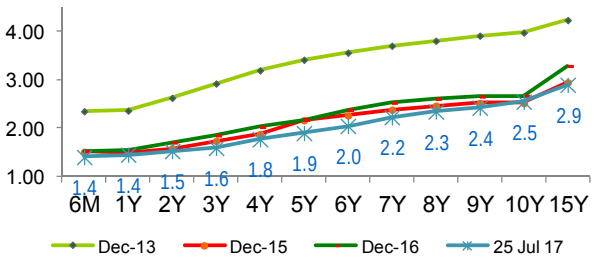
Note: HDD = Hard Disk Drive, IUU fishing = Illegal Unreported and Unregulated fishing , FTA = Free Trade Area, GSP = Generalized System of Preferences, =
Source: KResearch, Data as of April 21, 2017

Other Figures

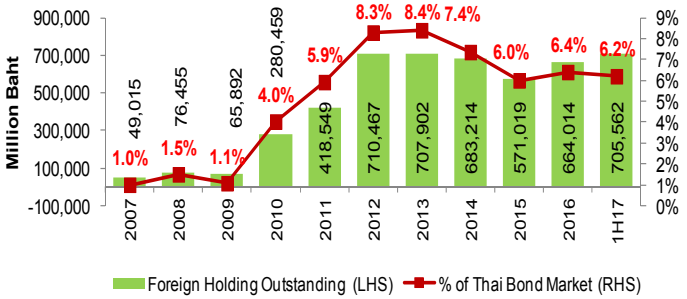
Thai Bond Market Size (Gov't and Private bonds)



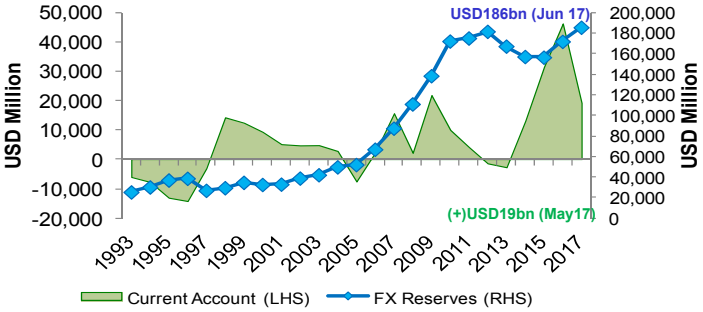
Bond Yields



Foreign Holdings of Thai Bonds



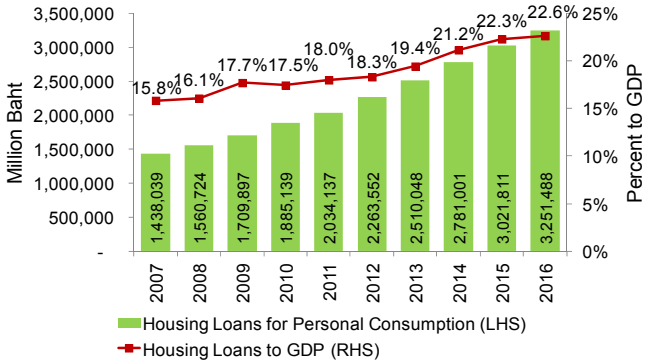
Current Account and FX Reserve



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Other Figures

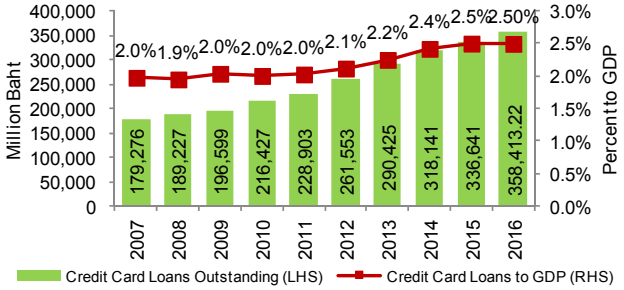
Housing Loans / GDP



Note : Housing loans represent outstanding housing loans for personal consumption granted to individuals of householders by financial institutions (including Commercial banks, Finance companies, Credit financiers, SFIs, and Insurance companies but excluding Saving Cooperatives and others financial Institution)

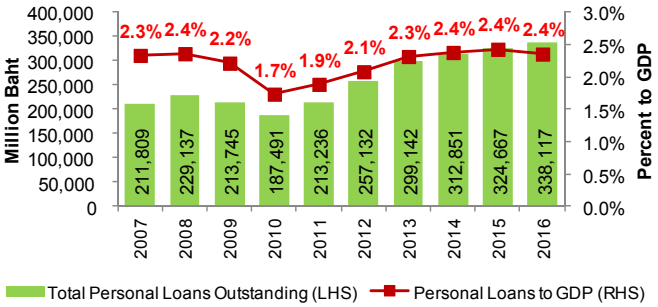
Source: BOT, NESDB

Credit Card Loans/GDP



Note : 1) Credit card loans represent outstanding credit card loans from commercial banks and non-banks, excluding SFIs, saving cooperatives and others financial Institutions

Personal Loans/GDP

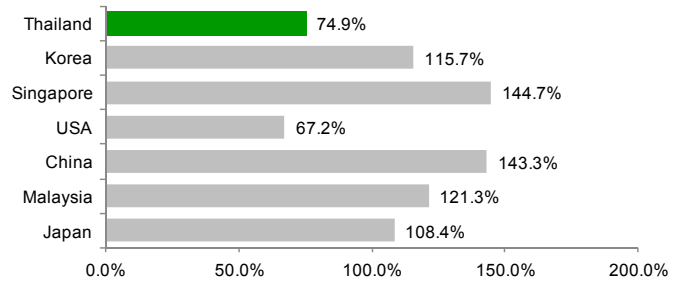


Note : 1) Personal Loans represent outstanding personal loans under supervision (including commercial banks and non-banks, excluding SFIs, saving cooperatives and others financial Institution)

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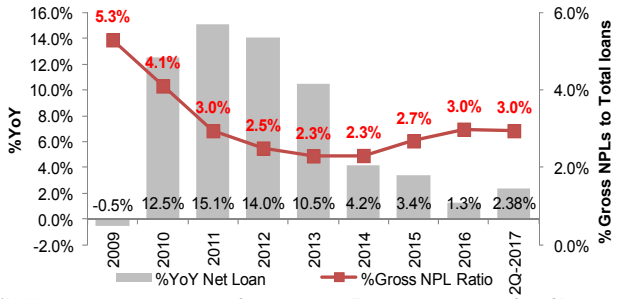
Other Figures

Loans to GDP as of 2016



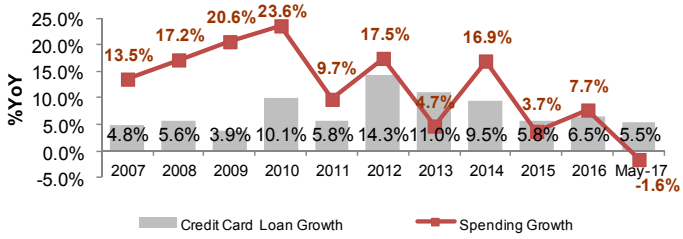
Note: Data on China, Korea and Japan include loans from commercial banks as well as financial institutions, the rest include loans only from commercial banks

Thai Banks' Net Loan Growth and NPL Ratio



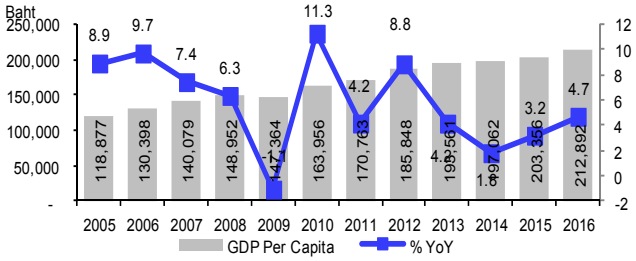
Note : %YoY Net loans represent growth of net loans in 14 Thai commercial banks from CB1.1
Latest %Gross NPL is as of 2016

Credit Card Statistics



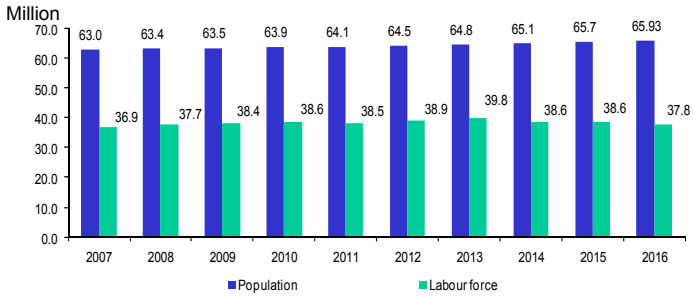
Note: The credit card statistics number includes foreign bank and non-bank credit cards
Source: BOT, National Statistical Office (NSO), CEIC Data, and KResearch

GDP Per Capita

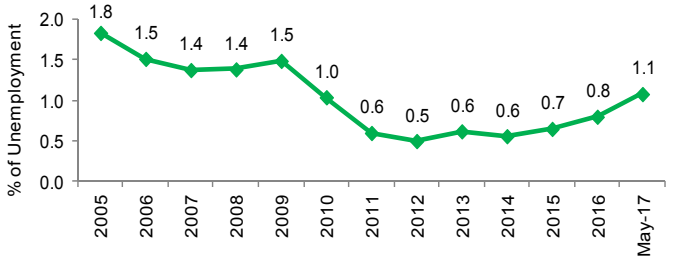


Other Figures

Population and Labour force

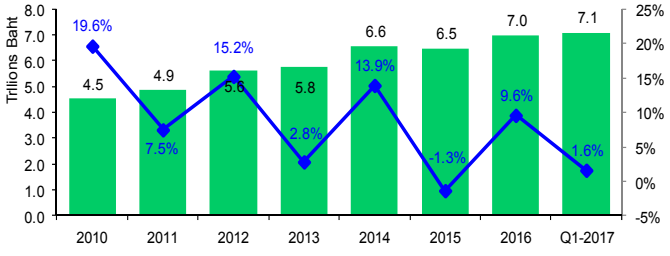


Unemployment Rate

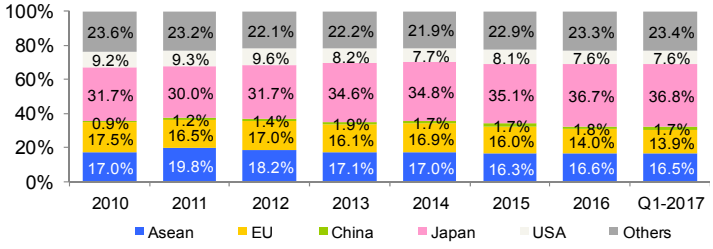


Source: NESDB, National Statistical Office (NSO), and KResearch

Foreign Direct Investment



Foreign Direct Investment Position by Countries



Note:
- FDI refers to equity investment, lending to affiliates, and reinvested earnings; investment in equity is treated as a direct investment when the direct investors own 10% or more of ordinary shares
- FDI position by countries is an investment outstanding that nonresident investors have with resident enterprises as stock concept
- Converted FDI US Dollar to Thai baht by reference rate from the BOT

Member of ASEAN Economic Community (AEC)

- Since December 31, 2015, ASEAN has transformed into the "ASEAN Economic Community," with free movement of goods, services, investment, and skilled labour, and a freer flow of capital



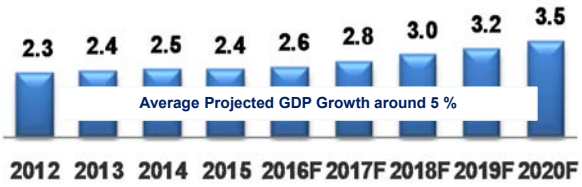
AEC

- Single Market and Production Base
- Competitive Economic Region
- Equitable Economic Development
- Integration With the Global Economy

- Since Dec 31, 2015, skilled labour under ASEAN Mutual Recognition Agreement (MRA) will have a freer flow

Source: The Association of Southeast Asian Nations and KResearch

Size of ASEAN Economy (USD Trillion)



GDP	Thailand	ASEAN
Size of Economy (GDP) in USD Trillion for 2015	0.39	2.43
2017 GDP Forecast	3.4%	4.7%
Contribution to GDP (by NESDB)	2015	Y2017F
Greater Bangkok : Provinces	47 : 53	46: 54

Note:
- Size of economy for 2015 from IMF and compiled by KResearch (as of October 4, 2016)
- 2016 GDP forecast is projected by KResearch (as of October 5, 2016)
- ASEAN economic growth: average growth among ASEAN member countries in national currencies
- Greater Bangkok includes Nonthaburi, Samut Prakarn, Nakorn Pathom, Samut Sakhon, and Patumthani

Source: IMF (October 2015) and KResearch

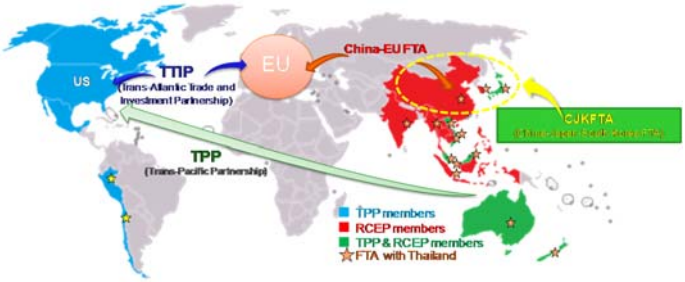
AEC as a Growth Driver to Thailand

1) Regional Connectivity



- **Strategically located, Thailand is the most essential area for GMS connectivity**
- **Physical connectivity and ease of customs formalities will spur regional trade and promote regional supply chain**

2) The Pluralism of Economic Integration



- **The emergence of AEC and RCEP, as well as other FTAs, will attract even more FDIs into the region, especially from the +3 countries**
- **2015 marks the completion of ASEAN Free Trade Zone amidst CLMV lowering their import tariffs close to zero**
- **Thailand will constitute the center of production in Mainland South East Asia, while low-value, labor-intensive processes will be moved to CLMV**

3) High Growth Environment



- **The materialization of regional supply chain will help maintain the region's competitiveness through labor division**
- **The establishment of Thailand's SEZs along the border is to tap into plentiful resources of CLM**
- **Consumer markets in CLMV will grow along with GDP increase and urbanization**

Note: CLMV = Cambodia, Laos, Myanmar and Vietnam; GMS = Greater Mekong Subregion; SEZs = Special Economic Zones; RCEP = Regional Comprehensive Economic Partnership

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- Unreviewed/unaudited quarterly financial reports are released within 21 days from the end of each period
- Reviewed financial reports are released within 45 days from the end of the period for 1Q and 3Q; Audited financial reports are released within 2 months from the end of the period for 2Q and 4Q
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* The information herewith represents data in the Bank's consolidated financial statements, some of the numbers and ratios are calculated before netting with KBank's non-controlling interest.


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