



Message from Chairman of the Board and Chief Executive Officer

The year 2016 was marked by the passing of Thailand's revered Monarch, His Majesty King Bhumibol Adulyadej. Throughout his 70 years on the throne, His Majesty worked untiringly for peace and prosperity for the Thai people, as evidenced by over 4,000 royal-initiated projects across the country. His great virtues will be forever remembered by all Thais and all of us at KASIKORNBANK (KBank). As a member of Thailand's financial and banking sector, KBank attained continued achievements under His Majesty's patronage. His Majesty's persuasive eloquence over the years has been a guiding light in conducting both our personal lives and our efforts towards advancement and stability. KBank continues to adhere to His Majesty's guidance in all our business operations.

In the past year, Thailand's financial business sector experienced an important shift in our domestic financial landscape. Information technology and other innovations have increasingly taken on an important role in driving novel business and economic practices, as well as creating new opportunities and new challenges. As a result, KBank is determined to develop and empower a financial system to be ready for any unpredictable events. "Sustainable Development" has been a major guiding principle in conducting our business operations from economic, social, and environmental aspects. The Bank's efforts, as such, are aimed at realizing stable and balanced growth. Our hard work towards attaining that objective has led us to be selected as a component of the Dow Jones Sustainability Indices (DJSI) 2016, including the DJSI World Index and the DJSI Emerging Markets Index and selected as a constituent of the FTSE4Good Emerging Index. This makes us the first commercial bank in Thailand and ASEAN to achieve such high international standards in sustainability. It is our pride, and proof that we are on the right track and our "Green DNA" resolution has been successfully instilled in all our business processes. Notable operations are mentioned below.

Economic Dimension

We accord considerable importance to the enhancement of our efficiency in digital banking. Our aim is to support greater public access to our financial and electronic payment services, along with devising innovations for a better quality of life and heightened potential for all our customers. We aim to deliver excellent financial products and an unsurpassed service experience to all customer segments. Outstanding examples of this include customer registration for PromptPay service as part of the National e-Payment Program, the introduction of new products and services on our K-MOBILE BANKING PLUS that are identical to conducting transactions at bank branches, and the issuance of electronic letters of guarantee for public procurement projects. Other developments include the use of blockchain technology to record financial transaction data, e-money systems for payments of goods/services via our K+ Wallet application, and payments using QR codes with Alipay and WeChat Pay. KBank has also introduced new financial services to benefit underprivileged members of our society. Beacon Interface Co., Ltd., a startup firm supported by KBank, is the first to introduce a financial innovation that enables visually impaired users to conduct financial transactions via smartphones, with the same safety and convenience experienced by sighted users. Beacon Interface was the sole entrant from Thailand in the Global FinTech Hackcelerator competition at the Singapore FinTech Festival 2016, organized by the Monetary Authority of Singapore (MAS). The company won two awards, namely the Global FinTech Hackcelerator award from MAS and the Developer Hub award from Citigroup – a major sponsor of the event. This achievement shows our firm intent to exploit modern technologies to benefit society, while also strengthening the efficacy of our financial system with data management and privacy standards meeting the Good Corporate Governance principles and standards of security against cyber threats. These efforts to develop services to enhance the lifestyle of every one of our customers have won us the trust of our customers and sustained our leadership position in the digital banking field. The Bank attained



2,234 million total transactions via all channels in 2016, with a 91 percent customer satisfaction rating. This success reflects our commitment towards creating excellent services for the public, our adherence to the Good Corporate Governance principles, and appropriate risk management to benefit all stakeholders. Moreover, adoption of new financial innovations leads to lower operational costs, while also raising the efficiency of our operations and risk management, as well as our competitiveness.

We have promoted better access to funding sources and enhanced support to SMEs and corporations – as a key driving force of the Thai economy – by offering soft loans as working capital for SMEs, as well as financing in alignment with government policies, e.g., the Pracharat Loan for SMEs initiative and interest rate compensation for rice inventories. KBank also opened up new fund mobilization channels, e.g., crowdfunding and venture capital, for SMEs and startups. Many useful seminars are organized year-round to assist SMEs and corporations in their undertakings.

Social Dimension

An organization that moves forward with quality and sustainability requires a foundation of social responsibility. KBank places great importance on “human resource development” and recognizes that our “employees” are the key to sustainable development. Focal issues include equitable treatment of our employees and respect for human rights. KBank announced a new human rights policy incorporating all our business activities related to employees, customers, counterparties, and communities. We adopted a process to indicate issues that may lead to violations of human rights, along with guidelines to prevent and remedy the impacts of such violations. KBank supports freedom of association and the right to collective bargaining, fair remuneration and welfare benefits, employment and career development for persons with disabilities, occupational health and safety, and staff development. This is all to create employee engagement and the dissemination of business values to all stakeholders in tandem with KBank’s sustainable business strategy.

In relation to local communities and our society in general, KBank is proactive in improving the financial literacy of all our customers, as well as youth and underprivileged members of the society. All are offered knowledge and advice on suitable subject matters applicable to their lives, now and in the future. Remarkable work has been done in areas such as skill development and financial knowledge provision for youth across Thailand via the AFTERKLASS website, baccalaureate scholarships program for students in Nan Province to study at Nation University, and dissemination of knowledge on the PromptPay service. Additionally, KBank has joined hands with many public and private organizations, as well as society at large, in various initiatives and partnerships, because we know that sustainable development cannot be driven by any one particular agency. A sample of such productive cooperation is the Cultivation of Wisdom Project implemented with the cooperation of the Thailand Research Fund (TRF), aimed at reforming the thinking of Thai youth via research-based learning (RBL). In another notable effort, each year KBank allows one day leave for each employee to do good deeds via our “20,000 Chuamong Tham Di Tham Dai (20,000 volunteer hours)” Project, encouraging our employees to participate in volunteer activities with various community networks. On the foreign front, KBank works with foreign partners to offer investment information and advisory services. We share economic information with the public, as well as know-how on energy conservation and global warming solutions. We participate in the Private Sector Collective Action Coalition Against Corruption, as the values of each organization integrate with one another to reinforce more powerful and sustainable growth.



Environmental Dimension

The 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21) signaled to all nations that their cooperation is crucial to addressing global warming. As an important participant in national development, KBank realizes the magnitude of this issue and the impacts of climate change. We established targets to reduce greenhouse gas emissions from our operations by 20 - 25 percent by 2020 and appointed a Chief Environmental Officer to lead KBank's environmental operations in attaining these goals. Worth mentioning is this year's completion of the KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG) building designed using the Platinum level of the LEED-NC standard, or the Leadership in Energy and Environmental Design for New Construction. The KBTG premises is the first large office building of the Thai financial conglomerate to be certified by the United States Green Building Council (USGBC). We have numerous energy and environmental conservation projects ongoing year-round, building employee awareness and encouraging their participation in resolving global warming problems. It is our hope that all staff follow these protocols even in their personal lives, impacting ever broadening circles. Concerning community activities, KBank has taken an active part in a long-term project of watershed forest management with community participation in Nan Province, where the headwaters of the Chao Phraya river begin. This area is crucial to Thailand's ecosystem. Since 2013, KBank has been sponsoring and facilitating collaboration for the "Care for Nan Forest" project under the directorship of the Office of H.R.H. Princess Maha Chakri Sirindhorn's Projects. Also participating as operating agencies are the Royal Thai Army, Chulalongkorn University, Nan Province and Mae Fah Luang University as operating agencies. The project is aimed at conserving forests that are the source of the Nan river. The main goal is to halt destruction of these forests, while promoting better livelihoods for the local populace using the concept of "Create Forest, Create Jobs". It is a comprehensive solution that integrates economic, political and legal factors to achieve agricultural diversity, as well as environmental awareness and a sense of ownership among Nan residents – including youth – to attain these goals in a sustainable manner.

With regard to financial products, KBank offers renewable energy financing, mainly based on environmental and social criteria, to help ensure that KBank-supported projects will not cause any untoward environmental or social impact. With this, KBank has taken another step towards tackling the consequences of climate change. Additionally, many of our loans are pertinent to energy/environmental conservation to convince the public, including business operators, to use environmentally-friendly products and to conduct environmentally-friendly businesses. Our ultimate objective is to add to the momentum of solving environmental issues in a sustainable manner.

We strongly believe that our firm commitment and dedication to helping our world will be seen as an integral part of Thailand's sustainable development, not only to achieve Sustainable Development Goals (SDGs), but also to lay down a solid foundation for long-term development. This is ultimately the reason for our direction towards being a "Bank of Sustainability" for all stakeholders.

(Mr. Banthoon Lamsam)

Chairman of the Board and Chief Executive Officer