



Message from Chairman of the Board and Chief Executive Officer

Over the past year, Thailand experienced great loss and profound sorrow with the passing of His Majesty King Bhumibol Adulyadej. His Majesty's virtues and graceful compassion were deeply revered by all Thais. In remembrance of His Majesty's righteous reign, all of us at KASIKORNBANK (KBank) will hold His Majesty's eloquence and wisdom as a guiding light in our undertakings towards stable and sustainable advancement.

In 2017, Thailand's financial and banking businesses were confronted by many challenges, including rapid evolution in technologies that have a greater role in business operations, government policies and supervisory regulations, as well as changing customer behaviors and expectations. Our performance, guided by "Sustainable Development" concepts in economic, social, and environmental dimensions, will create an atmosphere of balanced, flexible self-adjustment immunizing us against hardships. This, in turn, will lead to sustainable growth and achievement of UN Sustainable Development Goals (SDGs). Our adherence to Sustainable Development concepts has earned us membership in the Dow Jones Sustainability Indices (DJSI) 2017 measuring the sustainability of businesses. These indices are recognized by leading companies globally. We are proud that KBank is the first and only bank in Thailand and ASEAN to be selected as a member of the DJSI, with placement in both their DJSI World Index and DJSI Emerging Markets Index for the second consecutive year. With that commitment, we are focusing on stakeholder participation and determining key elements to that implementation based on feedback from stakeholders on their views and expectations. In response to customer expectations, KBank's Board of Directors resolved to address the issue of "Customer Data Security and Privacy" in our Sustainable Development Policy. In 2017, notable operations included:

Economic Dimension

We aspire to be a technology-driven business. We unrelentingly develop products and services that add convenience to our customers' lives, allowing them to conduct transactions anywhere, anytime, on their mobile devices. We affirm standards and security measures that have garnered customers' trust, and widespread use of our K PLUS mobile application continues to surge. This is evidenced by an 85 percent over-year increase in number of transactions, 59 percent growth in number of users, and 46 percent rise in transaction value. We now enjoy leadership in mobile banking services, having attained the highest mobile banking application download volume with our K PLUS. Other applications have been introduced as well, such as our K PLUS SHOP with a QR code payment function and e-Wallet features to facilitate merchants and customers alike. We also have our K PLUS SME application, enabling SMEs to gain access to useful information that can help them manage their enterprises better, with greater convenience and speed. We now accept QR codes and barcodes as new payment channels, as well as acceptance of PromptPay transactions. We have also increased the number of merchants accepting payments via our electronic data capture (EDC) devices. New technologies are being employed, including blockchain, electronic Know Your Customer (e-KYC) systems using biometric identification, and machine learning to analyze customer behaviors for use in developing products and services that are more responsive to their needs. The above implementations are founded in our "Customer Centricity" strategy and our aspiration to become our "Customers' Life Platform of Choice", wherein we deploy leading-edge technologies to enhance our service quality in our customers' everyday lives; these changes are the most extensive, swifter in operation, and most secure. In parallel with these endeavors, we are continually increasing our capacity to prevent cyber risks and ensure our customers that more attention is being paid to their security concerns. At this point, one particular challenge to effectively drive forward our innovations is the need to seek a balance between greater customer convenience and the most security. Our technology-driven business is aimed at maximizing technological advancements to deliver the best quality in services and, thus, be rated as an excellent customer experience. Our decisions are based on good corporate governance principles and appropriate risk management that also support the government's targets to attain a cashless society. This direction also contributes to lower cash management costs in the system, overall.

In relation to our aim of becoming “The Bank of AEC+3” specializing in regional settlements and investment, we have introduced an “Exotic Currency Settlement Initiative” to support money transfers within the AEC+3 and in all regional currencies – making us the first Thai bank to accept transactions in all AEC+3 currencies. Our international service networks continue to expand, including the opening of a second locally incorporated institution (LII) branch in the Lao People’s Democratic Republic, an increase in the business scope of the Phnom Penh Branch, Kingdom of Cambodia, and the acquisition of a stake in Bank Maspion of Republic of Indonesia. More recently, we attained an LII license in People’s Republic of China with headquarters located in Shenzhen, Guangdong Province. Furthermore, we opened a Shanghai Branch to upgrade our service network in China amid flourishing trade and investment there, as China proceeds towards becoming an economic superpower in the next decade. Our emphasis has been on business conglomerates engaging in Sino-Thai trade and investment, as well as those advancing into ASEAN markets, enhancing their regional economic connectivity as a digital bank of the AEC+3.

Social Dimension

KBank has always placed great importance on human resource development. In this era of business transformation towards digital banking platforms and demographic changes, human resources are crucial to development and, thus, are challenges to be met in business. New employment issues have emerged, in physical factors, structure, and pattern. Recruitment and development of staff skills must conform to changing business characteristics. KBank is therefore deploying HR Digitization methods using data analyses towards all processes of human resource management, including recruitment, staff development, and employee retention. It is KBank’s intent to support the career advancement of our employees, with provision of fair and competitive compensation and benefits. We promote respect for diversity and equality based on human rights principles. We undertake proper occupational health and safety standards, while placing equal importance on skill development to empower employees in relation to new business requirements. All actions are founded on reliable information used in analyzing overall management efficiency which has subsequently raised our engagement score to 68 percent, beating the 66 percent threshold set up as our target. It has also surpassed the average score of financial conglomerates in Thailand and the Asia Pacific region. Our turnover rate has dropped to 9.95 percent – the lowest in five years – confirming that we are on the right path in human resource management. Because we believe that a happy workplace will be a source of good products and services for our customers, we aim to offer our employees the highest satisfaction in their work through consistent improvements in our human resource functions.

Concerning local communities and our society in general, KBank has begun a Corporate Citizenship Strategy focusing on the participation of all stakeholders learning more about their communities’ problems and needs. We use our financial know-how and skills to benefit local communities and our society overall. Notable examples of this include our “50,000 Chuamong Tham Di Tham Dai (50,000 Volunteer Hours)” Project wherein our employees, nationwide, have contributed over 60,000 hours participating in volunteer activities. We also undertake financial literacy lessons on our AFTERKLASS website – an online community to develop financial knowledge and learning skills for young people, thus helping pave the way for greater success in their future lives and careers. Additionally, KBank has joined forces with many other parties, integrating their expertise for the benefit of society. A sample of such productive cooperation is our Cultivation of Wisdom Project in collaboration with the Thailand Research Fund (TRF), aimed at reforming the thinking processes of Thai youths via research-based learning (RBL). Other social support programs and activities have taken the form of budgetary assistance, human resources, financial donations, emergency assistance, and internal staff activities donating money and other items to social welfare organizations. These acts reflect the “Green DNA” in all KBank employees who are determined to take part in positive changes for our entire society, in a sustainable manner.

Environmental Dimension

KBank has accorded considerable importance to environmental issues, given our connectivity to the sustainable development of the country. Global attention on such matters is reflected in the joint declaration of 196 nations in the United Nations Framework Convention on Climate Change, by the auspices of which efforts have been made to devise practical guidelines tackling “global warming” and “climate change” now being faced by populations worldwide. KBank’s Chief Executive Officer has been assigned by the Board of Directors to act as our Chief Environmental Officer to drive forward our environmental missions. A target has been set to reduce greenhouse gas emissions from our operations by 20 percent within 2020 (versus 2012 base year). So far, an 8-percent reduction (versus 2012 base year) has been realized; we continue our efforts in terms of management procedures, technical practices, and staff cooperation to achieve that target. In addition, KBank provides financial support to renewable energy projects and environmentally-friendly businesses. We also take into consideration Environmental, Social, and Governance (ESG) criteria prior to approvals for project financing to ensure thorough assessments are undertaken regarding any adverse impact on the environment and local communities.

In relation to the environment within communities, KBank has granted much assistance towards reforestation and solutions to forest encroachment – exacerbated by monocropping farming – in Nan Province, at the headwaters of the Chao Phraya River. We have worked with communities, authorities, and social networks there to create a model wherein we can devise experimental guidelines to halt deforestation and revive the abundance of nature so that this area will someday offer a prosperous future to the children of Nan. Mitigation of carbon emissions is also targeted in our sustainable development programs, along with enhanced immunity against climate change. Our model, if it is successful, will expand to other provinces in support of Thailand’s resolution to become a low-carbon society that is resilient to climate change.

All the above elements are key to our efforts to become a “Bank of Sustainability” with a balance between economic, social, and environmental dimensions. To achieve our aims, we strive to be a data-driven bank, having in place systematic data management, exhaustive data analytics, and the creation of a corporate culture with a data-driven mindset. All units must be able to maximize the benefits of properly used data in alignment with our “Customer Centricity” strategy to enhance our competitiveness, income generation, and operational efficiency, which will ultimately profit KBank and all our stakeholders while also building their highest satisfaction in our service excellence.



(Mr. Banthoon Lamsam)

Chairman of the Board and Chief Executive Officer