

KASIKORNBANK

Investor Presentation as of 4Q16

February 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 December 2016)

Assets	Bt2,846bn (USD79.4bn)	Ranked #4 with 15.5% market share**
Loans*	Bt1,698bn (USD47.4bn)	Ranked #4 with 15.0% market share**
Deposits	Bt1,795bn (USD50.1bn)	Ranked #4 with 15.8% market share**
CAR	18.84% ***	
ROE	13.23%	
ROA	1.49%	
Number of Branches	1,107	
Number of ATMs	8,973	
Number of Employees	21,029	

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	Bt425bn (USD11.9bn) Ranked #2 in Thai banking sector
4Q16 Avg. Share Price:	
KBANK	Bt174.52 (USD4.87)
KBANK-F	Bt174.72 (USD4.88)
EPS	Bt16.79 (USD0.47)
BVPS	Bt134.44 (USD3.75)

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 December 2016

*** 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 December 2016 (Mid Rate) was Bt35.83 per USD (Source: Bank of Thailand)

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Appendix

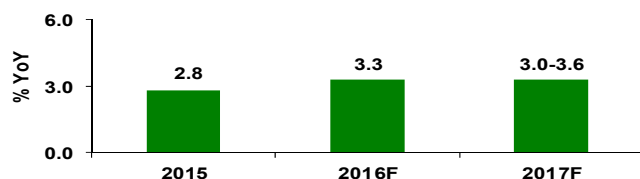
Topic	Slide Page
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Operating Environment: Economic Outlook for 2017

Key GDP Forecasts and Assumptions



% YoY	2015	2016F*	2017F*	
			Range	Base Case
GDP	2.8	3.3	3.0-3.6	3.3
Private Consumption	2.1	3.1	2.0-2.4	2.2
Government Consumption	2.2	1.0	3.0-3.4	3.2
Total Investment	4.7	3.0	3.0-5.0	4.4
- Public investment	29.8	10.3	6.5-10.5	8.5
- Private investment	-2.0	0.5	2.4-3.2	2.8
Gov't Budget Deficit (% of GDP)	-2.9	-2.9	-3.0 to -2.5	-2.7
Exports (Customs Basis)	-5.8	0.5	-0.5 to 2.5	0.8
Imports (Customs Basis)	-11.0	-3.9	0.2-4.5	2.0
Current Account (USD bn)	32.1	44.2	38.0 - 48.0	43.0
Headline Inflation	-0.9	0.2	1.3-2.3	1.8
Policy Interest Rate**	1.50	1.50	1.50	

Notes: The current MPC's policy rate is at 1.50%

Source: * KResearch (as of December 21, 2016), ** KBank Capital Markets Research (as of December 6, 2016)

Key Points:

- The projected base case for 2017 GDP growth is 3.3% (range 3.0-3.6%)
- Public spending and the tourism sector remain key growth drivers of the Thai economy, although at a slower pace due to last year's high base of comparison
- Export growth will turn slightly positive, attributable to a recovery in global commodity prices

Risk Factors:

- Trade protectionism by the US and other countries
- BREXIT implementation and fragility in Europe
- Volatile funds flows due to Fed Funds rate hike
- Chinese economic uncertainty

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Operating Environment: Economic Outlook for 2017

	Outlook	Possible Impacts to Thai Economy
■ Global Economy	<ul style="list-style-type: none"> ■ Global economy: recovery is picking up amid heightened political risk ■ US: economic recovery continues; Fed will gradually hike rate. US's protectionism policy is an imminent risk ■ Eurozone: weak economic recovery amidst lingering political uncertainties, especially repercussions from BREXIT ■ 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 	<ul style="list-style-type: none"> ■ Export growth will rise due to a moderate pick up in global demand amid a strain in China-US trade relations ■ An expected rise in commodity prices will create a boost in agricultural prices, which will become a tailwind for Thai exports ■ Repercussions from BREXIT may lead to more fragility in global financial and capital markets; thus, Thailand may encounter some volatility
■ Government Stimulus Plan (App. pages 106-117)	<ul style="list-style-type: none"> ■ Accelerating investment in transport infrastructure projects and economic stimuli before the election in 2018; this will be a key driver paving the way for the new S-curve 	<ul style="list-style-type: none"> ■ Possible pick up in growth momentum ■ Improvement in private consumption and investment stimuli
■ Inflation (App. pages 125 and 127)	<ul style="list-style-type: none"> ■ Inflation will rise gradually in 2017, due to a rise in the price of oil 	<ul style="list-style-type: none"> ■ Policy rate is expected to remain rather accommodative to economic growth throughout 2017
■ Exports and Tourism (App. pages 125, 128 and 129-130)	<ul style="list-style-type: none"> ■ Export growth remains tepid amid challenges from US's 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 such as changing consumer demand towards certain products will restrict recovery of some products ■ Due to a high base effect and ongoing impact of zero-dollar tour crackdown, a growth in the number of tourist arrivals could slow from the 2016 level 	<ul style="list-style-type: none"> ■ Export sector may not provide a material lift for the Thai economy ■ Tourism remains one of the key drivers of the Thai economy
■ Fed Policy Normalization (App. pages 137)	<ul style="list-style-type: none"> ■ The latest FOMC meeting in December 2016 indicated the possibility of three rate hikes in 2017, but there are still downside risks to the Fed forecast due to existing and upcoming global uncertainty especially relating to BREXIT and several general European elections 	<ul style="list-style-type: none"> ■ A gradual policy rate hike should be positive for broad emerging markets as it allows policy rates in many countries, including Thailand, to be kept low to provide support for domestic conditions ■ Thai MPC is not expected to follow the Fed in raising rate in 2017
■ Baht (App. pages 124)	<ul style="list-style-type: none"> ■ More gradual policy rate normalization should allow periodic foreign fund inflows into broad emerging markets ■ USD strength may be less than previously thought, as we expect a gradual hike from the Fed 	<ul style="list-style-type: none"> ■ Gradual appreciation in USD reduces pressure to sell Thai assets, both fixed income and stocks ■ Thai strong external stability will also provide cushion for Thai baht, not to depreciate at a fast pace

Source: KResearch and KBank Capital Markets Research (as of January 26, 2017)

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2016 Key Financial Ratios

Consolidated	2015 Actual	2016 Actual	2016 Targets	Key Message
ROE	14.54%	13.23%	N/A	Lower than 2015 ROE and ROA, as a result of economic slowdown, which reflects in lower revenue growth and higher provisioning expenses
ROA	1.60%	1.49%	N/A	
NIM	3.67%	3.52%	3.3 – 3.5%	Achieved high-end of 2016 target range attributed to well managed cost of fund, although yield dropped from the year 2015; in line with interest rates trend (Page 52)
Loan Growth	5.42% YoY	5.45% YoY	6 – 7%	Slightly lower than 2016 target range mainly due to retail business; however, loan growth was still in line with economic growth (Page 9 and 60-63)
Non-Interest Income Growth*	12.57% YoY	1.96% YoY	Up to 10%	2016 non-interest income growth reflects large base effect; in line with the economic slowdown, especially in insurance business. However, non-interest income ratio maintained from previous year and in line with the target (Page 10 and 54-58)
Non-Interest Income Ratio	42.37%	41.54%	About 40%	
Cost to Income Ratio**	45.19%	41.63%	45.0 – 47.0%	Improved from the year 2015 and better than 2016 target range due to cost management regime (Page 12)
Credit Cost (bps)	168 bps	204 bps	Up to 190 bps	Prudent credit cost. NPL ratio started to fall in 4Q16, although the NPL ratio was higher than in 2015; in line with slow economic recovery (Page 11, 42 and 64-65)
NPL Ratio (Gross)***	2.70%	3.32%	3.5 – 3.6%	

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

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2017 Financial Targets

Consolidated	2016 Actual	2016 Targets	2017 Targets	Notes
ROE	13.23%	N/A	N/A	Ranking maintained among large commercial banks (Page 52)
ROA	1.49%	N/A	N/A	
NIM	3.52%	3.3-3.5%	3.3-3.5%	Decent and sustainable loan growth; in line with economic growth; subject to the success of government measures (Page 9 and 60-63)
Loan Growth	5.45% YoY	6-7%	4-6%	
Non-Interest Income Growth*	1.96% YoY	Up to 10%	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 54-58)
Non-Interest Income Ratio	41.54%	About 40%	About 40%	
Cost to Income Ratio**	41.63%	45.0 – 47.0%	Mid-40s	Focus on cost management under pressure from income slowdown (Page 12)
Credit Cost per year (bps)	204 bps	Up to 190 bps	200-225 bps	NPL ratio will start to fall in 4Q16; stabilize and move in a narrow range in 2017; credit cost will lag the NPL movement, and peak in 2017 (Page 11, 42 and 64-65)
NPL Ratio (Gross)***	3.32%	3.5-3.6%	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);
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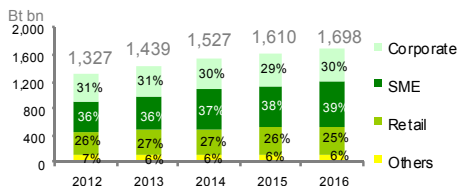
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Composition of Growth: Loans by Business

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

Loan Portfolio Structure



Loan Portfolio

Consolidated	Amount (Bt bn)		Y2016	2016	2017
	Dec15	Dec16	Loan Growth (%YTD)	Yield Range (%)	Loan Growth Target (%)
Corporate Loans	468	512	9.5%	3-5%	4-6%
SME Loans	618	657	6.4%	6-8%	4-6%
Retail Loans	422	429	1.5%	5-7%	5-7%
Other Loans	102	99	(2.5%)		
Total Loans	1,610	1,698	5.4%	5.7%	4-6%

2016

Corporate Loans

■ Mainly from commerce, financial institutions, food & beverage and utilities

SME Loans

■ Mainly from short-term domestic credits from construction and construction materials, hotels and restaurants, food and beverage, and automotive and parts

Retail Loans

■ Mainly from mortgage loans and credit cards; continued loan growth driven by year-end seasonal growth, selecting high potential customers, and proactively monitoring loan portfolio quality

2017 Outlook

■ Growth target from large public/private investment projects; focus on construction, construction materials, and real estate
■ Focus on industries related to domestic consumption and tourism

■ 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

■ 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 60-63)

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

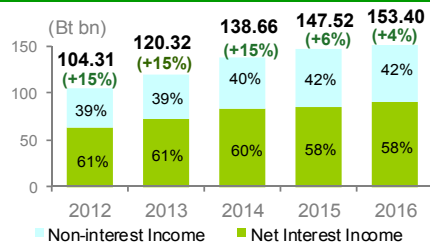
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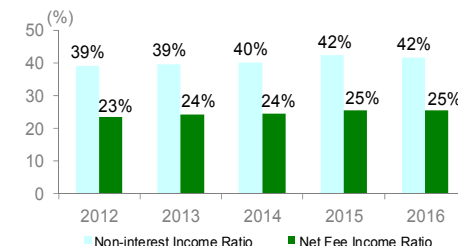
Composition of Growth: Net Fees and Non-interest Income

December 2016 (Consolidated)

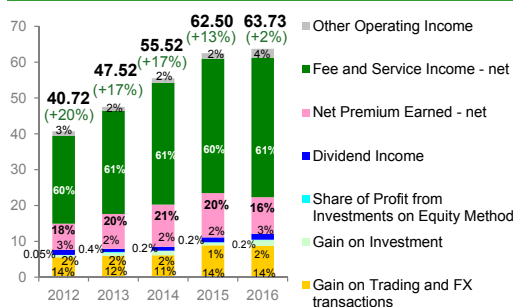
Total Operating Income - net



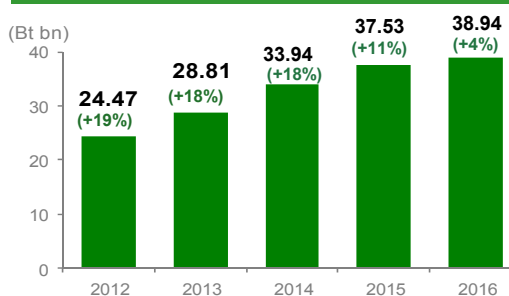
Non-interest Income Ratio and Net Fee Income Ratio



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

■ 2016 non-interest income accounted for 42% of total net operating income and net fee income accounted for 25% YoY, mainly from net fees and service income and revenue from capital market products; net premium earned-net decreased

■ Net fee income rose 4% YoY, mainly from underwriting fees and transaction service fees

■ 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

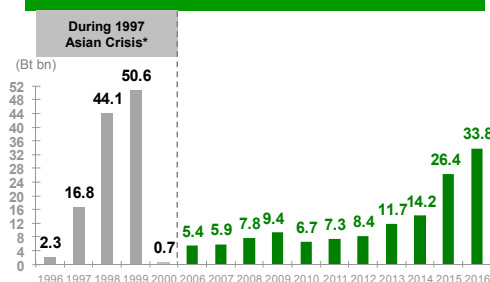
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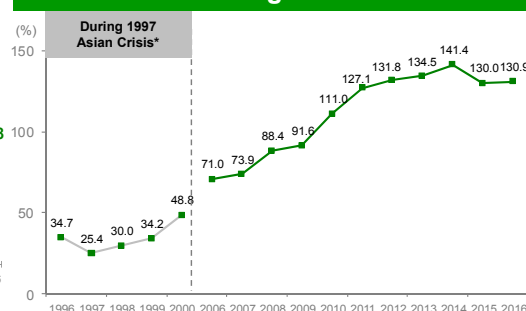
Asset Quality and Impairment Loss of Loans and Debt Securities (Provision)

December 2016 (Consolidated)

Provision



Coverage Ratio



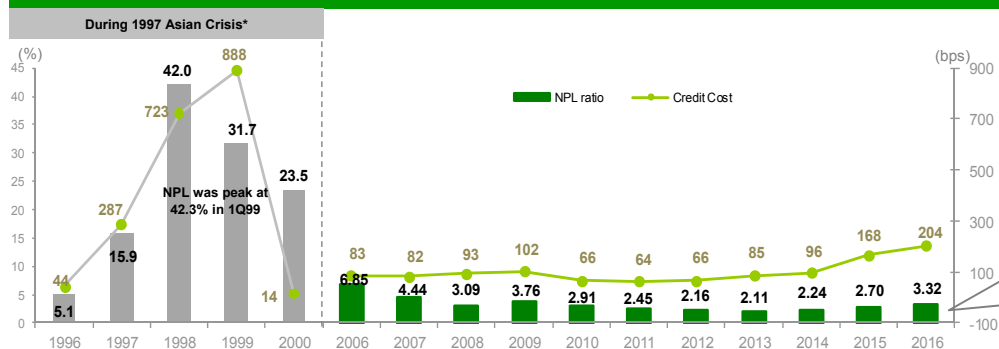
■ Asset quality remains manageable

■ NPL ratio in 2016 was at 3.3%, with a coverage ratio of 130.9%

■ 2016 credit cost was 204 bps, prudent and aligned with the macro environment and credit cycle

■ NPL ratio will stabilize and move in a narrow range in 2017; credit cost will lag the NPL movement, and peak in 2017

NPL Ratio and Credit Cost



NPL Ratio by Business	2014	1H15	2015	1H16	2016
Corporate Business	<2%	<2%	<2%	<2%	<2%
SME Business	<3%	<3%	~3%	4-5%	~5%
Retail Business**	<2%	<2%	~2%	~3%	~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

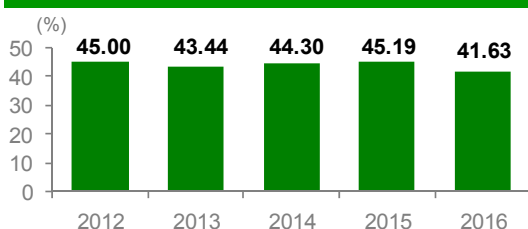
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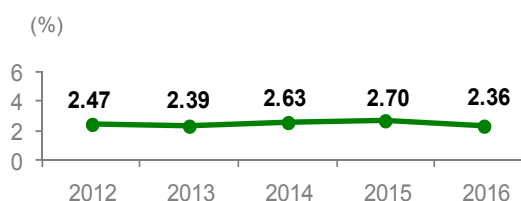
Cost to Income Ratio

December 2016 (Consolidated)

Cost to Income Ratio



Cost to Average Assets Ratio



■ 2016 cost to income ratio was 41.63%, resulting from cost and productivity management

■ Cost to income ratio was seasonally higher in 2H

■ 2017 cost to income ratio will be in mid-40% with focus on cost management under pressure from income slowdown

	2012	2013*	2014	2015	2016	1Q16	2Q16	3Q16	4Q16
Cost to Income Ratio (%)	45.00	43.44	44.30	45.19	41.63	37.21	41.54	41.79	46.14
Cost to Average Assets Ratio (%)	2.47	2.39	2.63	2.70	2.36	2.28	2.34	2.32	2.52

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

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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

KASIKORNBANK, its wholly-owned subsidiaries, and its strategic ownership

8 Customer Segments*

4 Product Domains

The Way We Work

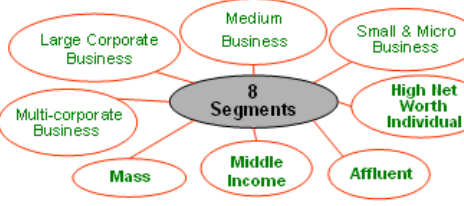


KBank
KAsset
KResearch
KSecurities
KLeasing
KF&E

+



+



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 29

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Segment Performance Highlights

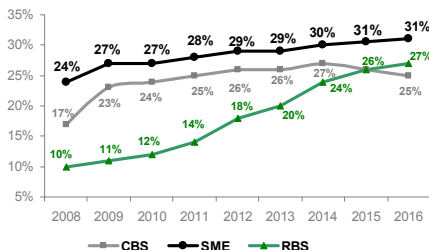
Performance improvement driven by the success of our customer-centric strategy and new IT capabilities

■ 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 rose to 3.01 in 2016, from 2.71 in 2011

■ Branch Customer Satisfaction was at 91 in Y2016
■ No. of customers as of 2016, rose to 14.0mn from 13.1mn in Y2015, growing 6.9% YTD

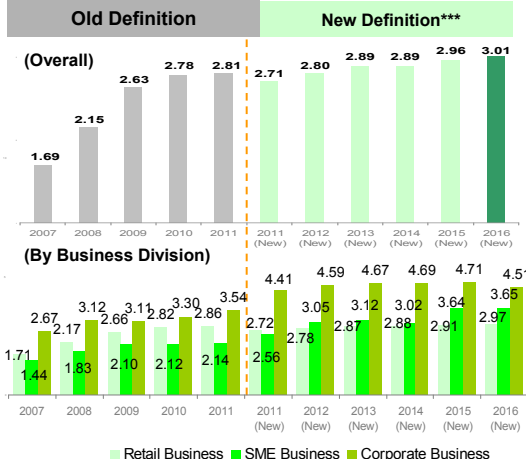
Main Bank Status*



* 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

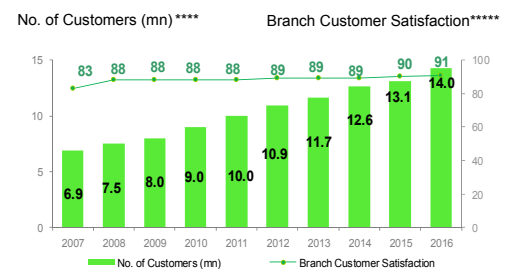
** Since 2014, Corporate and SME Business's main bank status is reported on every two years basis

Average Product Holdings per Customer



*** 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

Branch Customer Satisfaction



**** 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%).

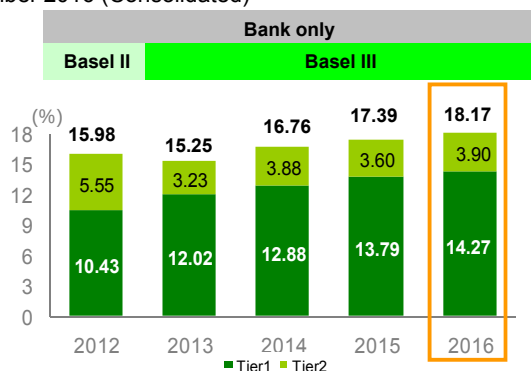
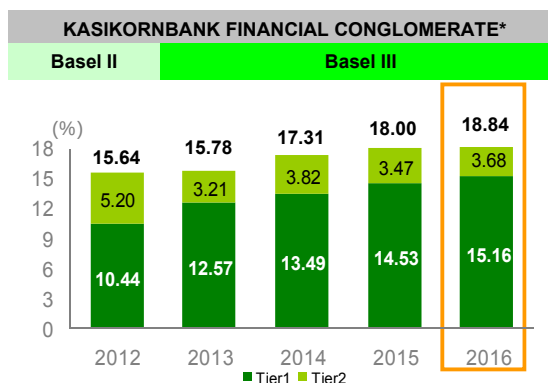
Note: Branch Customer Satisfaction in 2016 was at 91, ranking in the top percentile of global level for all industry and financial industry

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

December 2016 (Consolidated)



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

	Basel II		Basel III							
	2012	2013	2014	2015	2016	1Q16	2Q16	3Q16	4Q16	
Bank only										
CAR (%), excluding net profit of each period	15.98	15.25	16.76	17.39	18.17	17.62	17.40	18.78	18.17	
Tier 1 (%), excluding net profit of each period	10.43	12.02	12.88	13.79	14.27	14.00	13.84	14.78	14.27	
KASIKORNBANK FINANCIAL CONGLOMERATE*										
CAR (%), excluding net profit of each period	15.64	15.78	17.31	18.00	18.84	18.36	18.12	19.46	18.84	
Tier 1 (%), excluding net profit of each period	10.44	12.57	13.49	14.53	15.16	14.88	14.69	15.69	15.16	

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.

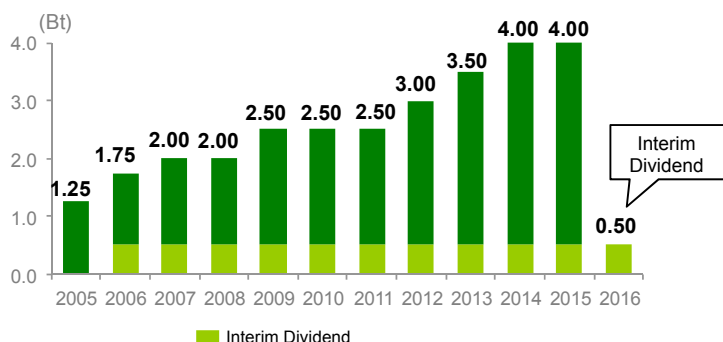
** The details on Basel III regulations can be found in App. Page 101-102

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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	1H16
Dividend Per Share (Bt)	1.75	2.00	2.00	2.50	2.50	2.50	3.00	3.50	4.00	4.00	0.50
Dividend Payout Ratio (%)	30.55	31.88	32.33	42.49	32.14	27.00	22.12	22.32	22.51	27.83	n.a.

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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 sustainability are achieved through responsibility to the economy, society, and environment

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Appendix

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KBank: Strategic Issues

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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

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

Productivity Management

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

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Establishment of KASIKORN BUSINESS – TECHNOLOGY GROUP



Mr. Teeranun Srihong

Chairman of KASIKORN BUSINESS – TECHNOLOGY GROUP

Mr. Somkid Jiranuntarat

Vice Chairman of KASIKORN BUSINESS – TECHNOLOGY GROUP

กสิกร เทคโนโลยี กรุ๊ป เซครเทเรียต
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



- Idea Creation

Create the Future

กสิกร ซอฟต์แวร์
开泰软件 KASIKORN SOFT



- Software Development to Support Innovation and Business Requirements

Generate Business Value

กสิกร โปร
开泰信息基础设施 KASIKORN PRO



- Control Infrastructure Resources for the Change, the Run, and the Gone

Ensure Service Continuity

กสิกร เซิร์ฟ
开泰服务 KASIKORN SERVE



- Center of Excellence for Technical Resource Pool and Service*

Deliver Service Excellence

Note:

- KASIKORN BUSINESS – TECHNOLOGY GROUP established with 5 companies, as a wholly-owned subsidiary of KASIKORNBANK; included in the KASIKORNBANK FINANCIAL 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

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KBTG Technology Focus

Open API

Machine Learning

IoT

Blockchain

Worldclass Design

Open Platform for tech startups to connect with bank services

End-to-end customer satisfaction through insight learning and cognitive computing

Bring customer experience to the next level by connecting devices in everyday life

Reshaping financial business with a secure decentralized ledger

Enrich customer experience through our world-class UI/ UX designers

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

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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

- Keep pace with innovation
- Enhanced efficiency
- Improved speed to market
- Innovative image
- Culture
- UI/UX

- Lack of large customer base
- Not proficient in regulatory compliance
- Trust issues

KBank

- Trust
- Branding & PR
- Market reach
- Large customer base
- Deep domain knowledge
- Established infrastructure
- Regulatory compliance
- Funding & exit strategy

- Slow to develop & implement
- Not proficient in UI/UX
- Requires operational process improvement

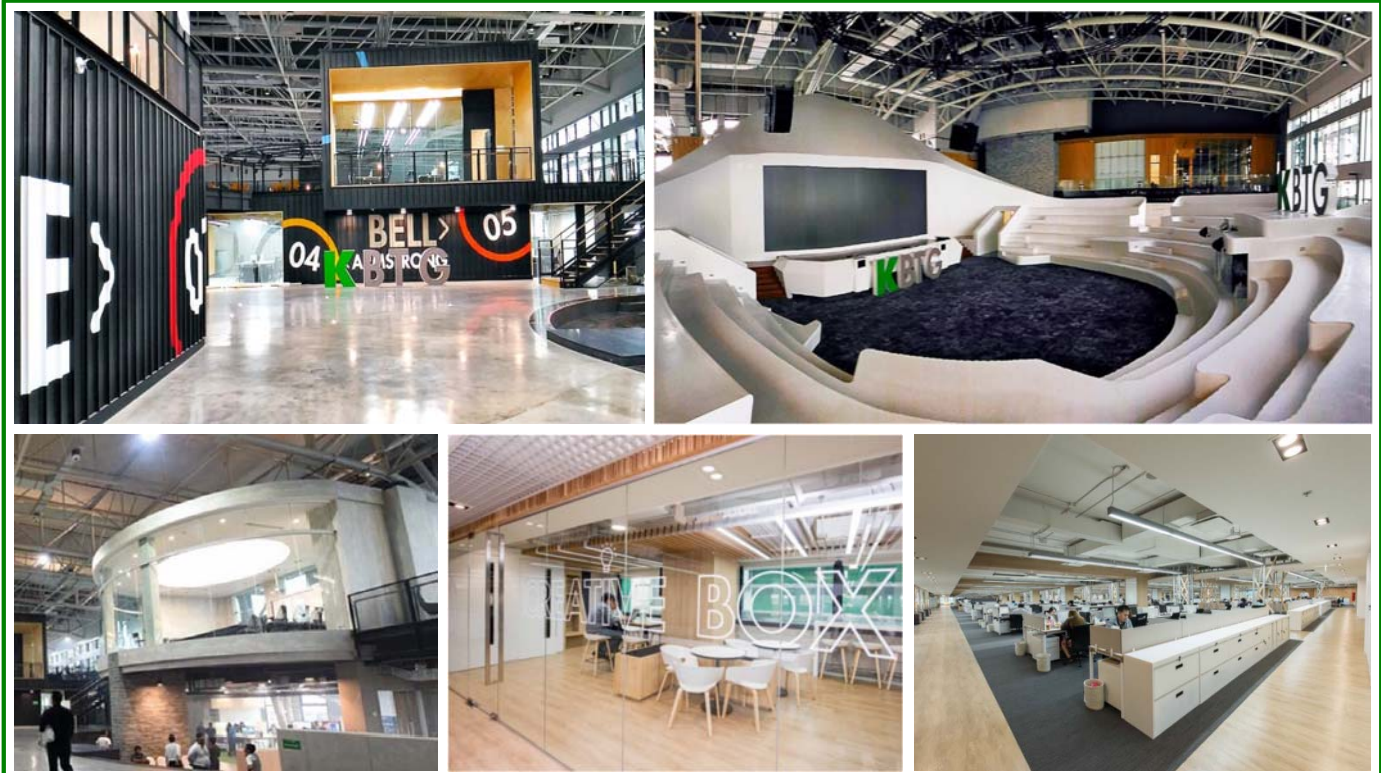
FinTech is filling the gap between bank offerings and customer preferences

Note: UI = User Interface; UX = User Experience

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KBTG: K-Stadium and Innovation Center

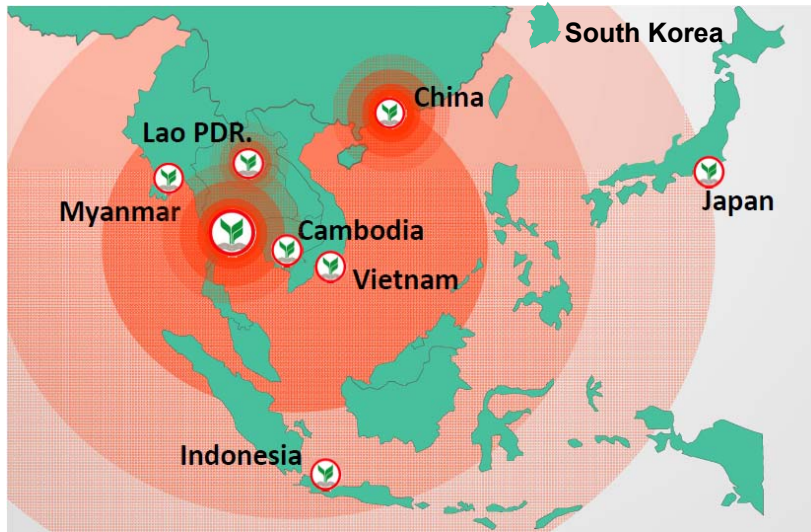


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Asset-light Regional Expansion into AEC+3

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



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 Dec, 2016)

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Physical Footprint



Digital Platform

X-border Multi-Currency Settlement

X-border THB Direct Settlement

X-border Retail Payment

Partnership



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Five Strategic Capabilities: The Bedrock of KBank Regionalization

Most of KBank presence 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

		Digitalization					
Frontier	Strategic Direction	Countries	Y2013 to Y2015	Y2016	Y2017		Y2018 to Y2019
					Physical		Digital
Channels	I Channel Expansion	 China	FBB Multi-Branch	LII Preparation	LII Multi-Branch	Regional Operating Center (ROC)	Digital for Transactional Business
	II ROC (Regional Operating Center)	 Laos	LII	LII Multi-Branch	Process Improvement		
1. Host Country	III Host Country	 Cambodia	Rep. Office	Branch	Business Acquisition		Alternative Financial Service (i.e. mobile money)
2. Thai Direct Investment	IV Regional Investment	 Indonesia	Rep. Office		Branch Expansion		
3. Foreign Direct Investment		 Vietnam	Rep. Office				
4. Trade Finance	V Regional Settlement	 Myanmar	Rep. Office			X-Border Retail Digital Payment	
5. Border Trade		 Japan	Rep. Office & Partner Banks				
6. Retail Business		 & Other Countries	Partner Banks				

Note: FBB = Foreign Bank Branch; LII = Locally Incorporates Institution

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KBank: Strategy and Segment Highlights

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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

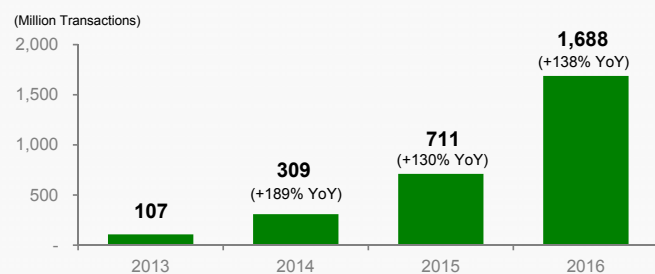
Operational Processes

- 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)
- Best Mobile Banking Product in Thailand (2016): The Asian Banker
- Digital Banking Initiative of the Year in Thailand (2016): Asian Banking & Finance
- #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

- Excellent ESCO Financial Supporting Award 2016: the Department of Alternative Energy Development and Efficiency, the Ministry of Energy and the Institute of Industrial Energy, the Federation of Thai Industries
- Best Cash Management Bank in Thailand: Alpha Southeast Asia
- Best Trade Finance Bank: Global Trade Review

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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

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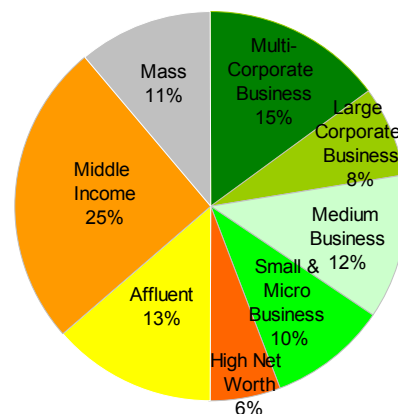
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Revenue by Eight Customer Segments

December 2016 (Consolidated)

	Loan Portion	Average Loan Yield (%)
Multi-Corporate Business	17.3%	3.9%
Large Corporate Business	14.3%	4.1%
Medium Business	23.5%	5.7%
Small & Micro Business	19.2%	7.8%
High Net Worth Individual	0.3%	3.8%
Affluent	4.1%	5.5%
Middle Income	20.9%	7.1%
Mass	0.4%	9.3%

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

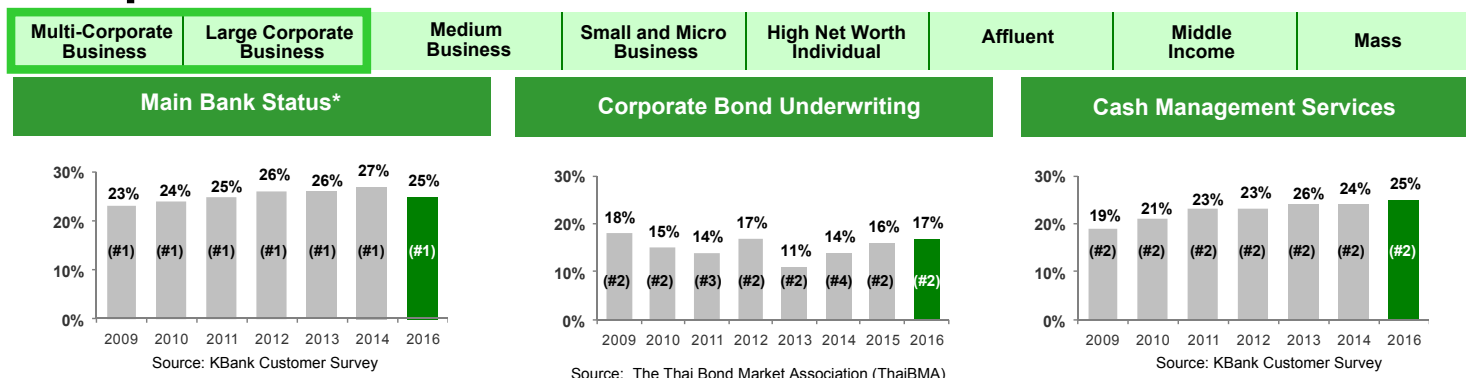
Corporate Business	SME Business	Retail Business
<ul style="list-style-type: none"> Become customers' main bank for corporate customers Become the best funding solution provider at the best cost Secure position as the best transaction banking provider, using digital technology and innovation for AEC+3 and other major currencies 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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



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 bank, and value chain solutions
- **Corporate Bond Underwriting:** ranked **#2** with 17% market share in 2016
- **Transaction Services:** top player in transactional banking services
 - **Security Services (MFS):** **#1** ranking with 37.6% market share as of Oct 2016
 - **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's main bank status is reported on every two years basis
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

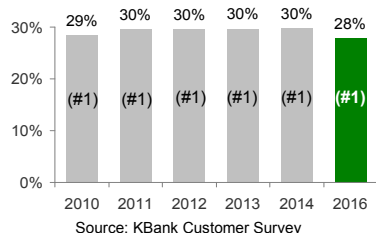
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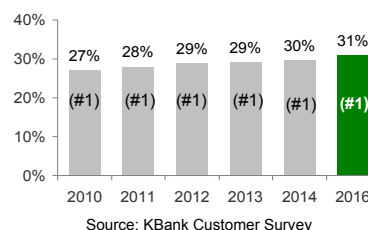
SME Business: Performance and Market Position

Multi-Corporate Business	Large Corporate Business	Medium Business	Small and Micro Business	High Net Worth Individual	Affluent	Middle Income	Mass
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#1 in Market Share by Value*



#1 in Main Bank Status*



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
 - Improved capital usage efficiency by increasing total income to loan ratio
 - 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's main bank status and market share are reported on every two years basis

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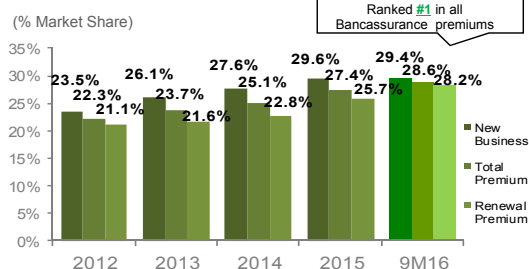
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Retail Business: Performance and Market Position

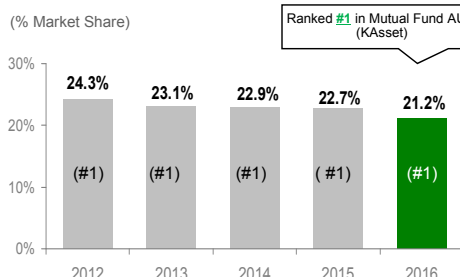
Multi-Corporate Business	Large Corporate Business	Medium Business	Small and Micro Business	High Net Worth Individual	Affluent	Middle Income	Mass
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Bancassurance*

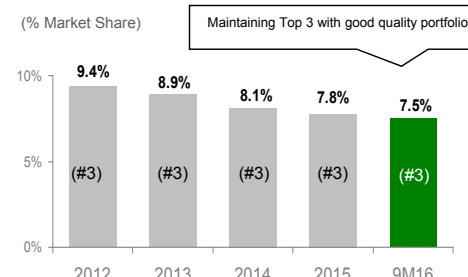
(New Business, Total and Renewal Premium)



#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 29.4% market share in new business premium, 28.6% market share in total premium, and 28.2% market share in renewal premium for 9M16; 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 21.2% in 2016; the first asset management company which AUM reached Bt1trn since July 2016; received Fund House of the Year (Thailand) Award from AsianInvestor (Hong Kong) and Best Fixed-Income Fund of 2016 Award (mid/LT bonds) from Morningstar Research (Thailand)
 - Mutual Funds + Private Funds + Provident Funds:** ranked **#2** position with market share at 19.6% in November 2016
- Mortgage Loans:** ranked in top 3, with 7.5% market share in September 2016; conservative growth and maintaining good quality portfolio
- Credit Cards:**
 - Total spending:** ranked **#1**, with 22.6% market share in November 2016
 - Number of cards:** ranked **#2**, with 15.7% market share in November 2016
 - Card-accepting merchant services** (Online & Offline Platforms): ranked **#1**, with 37.2% market share by sales volume in November 2016
- 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 i.e., Co-Branded K-DEBIT 7PURSE, and Thailand Football Club Debit Card, including new K-Football Thai Debit Card and chip cards rely on the BOT policies

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

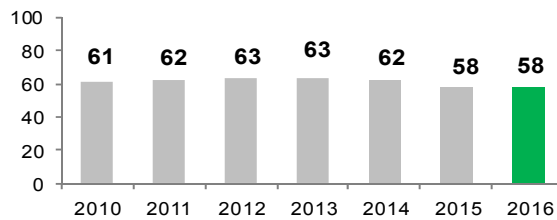
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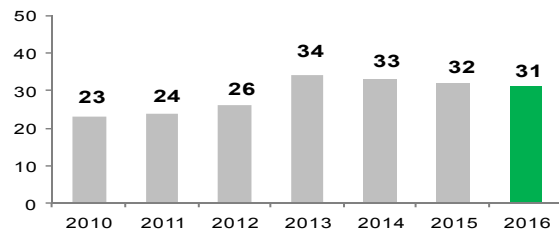
Channels: Corporate and SME Business

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

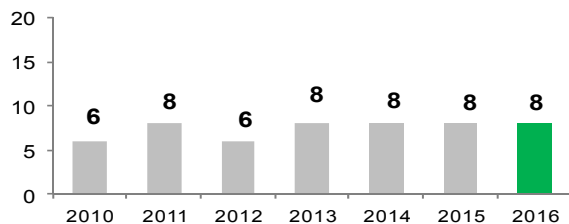
International Trade Service Center *



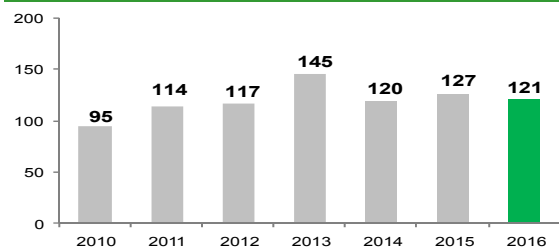
Cheque Direct Service



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

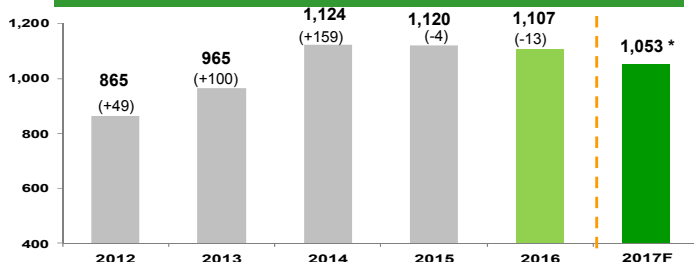
** Excluding International Trade Service Centers; there could be more than one SME Business Center per branch

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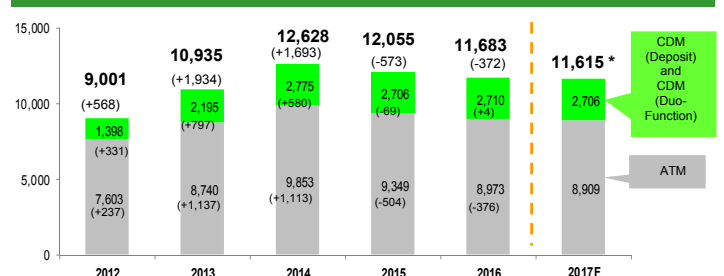
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Channels: Retail Business

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 skill/ knowledge to provide better financial consulting services at branches
- Self-Service Channel:**
 - The total number of self-service channel is expected to be no more than 11,615 at the end of 2017, after removal of outdated and low transaction machines. Despite an increase in number of transaction, 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 channel to support debit chip card
- Digital Banking:**
 - #1 Digital Banking Top of Mind Brand perception rating (Nielsen, 2016)
 - Best Mobile Banking Product in Thailand (2016): The Asian Banker
 - Digital Banking Initiative of the Year in Thailand (2016): Asian Banking & Finance
 - #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

* 2017 Preliminary Targets, official 2017 targets will be announced after final approval

	2011	2012	2013	2014	2015	2016
Branch ²	816	865	965	1,124	1,120	1,107
- Bangkok and Metro	46%	45%	42%	39%	38%	38%
- Upcountry	54%	55%	58%	61%	62%	62%
ATM	7,366	7,603	8,740	9,853	9,349	8,973
- Bangkok and Metro	52%	51%	48%	44%	44%	45%
- Upcountry	48%	49%	52%	56%	56%	55%
CDM	1,067	1,398	2,195	2,775	2,706	2,710
- CDM (Deposit)	95%	76%	52%	46%	47%	46%
- CDM (Duo-Function)	5%	24%	48%	54%	53%	54%
K-Lobby ³	103	126	185	238	238	238
THE WISDOM Corner, Center, Lounge and Lounge@	31	36	75	100	105	105

Note:

¹ Self-Service Channel includes 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 Centers which BOT's adjusted definition now defines as branches, as they are physically located separately from regular branches

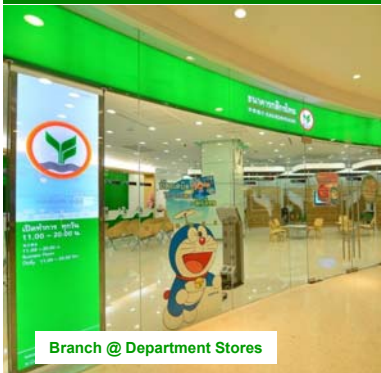
³ K-Lobby is an electronic banking service with multiple functions such as K-ATM, K-CDM (Cash Deposit Machines), and K-PUM (Passbook Update Machine). K-Lobby is available to serve customers both outside of branch offices and as stand-alone machines in areas without branches

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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 Banking, 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

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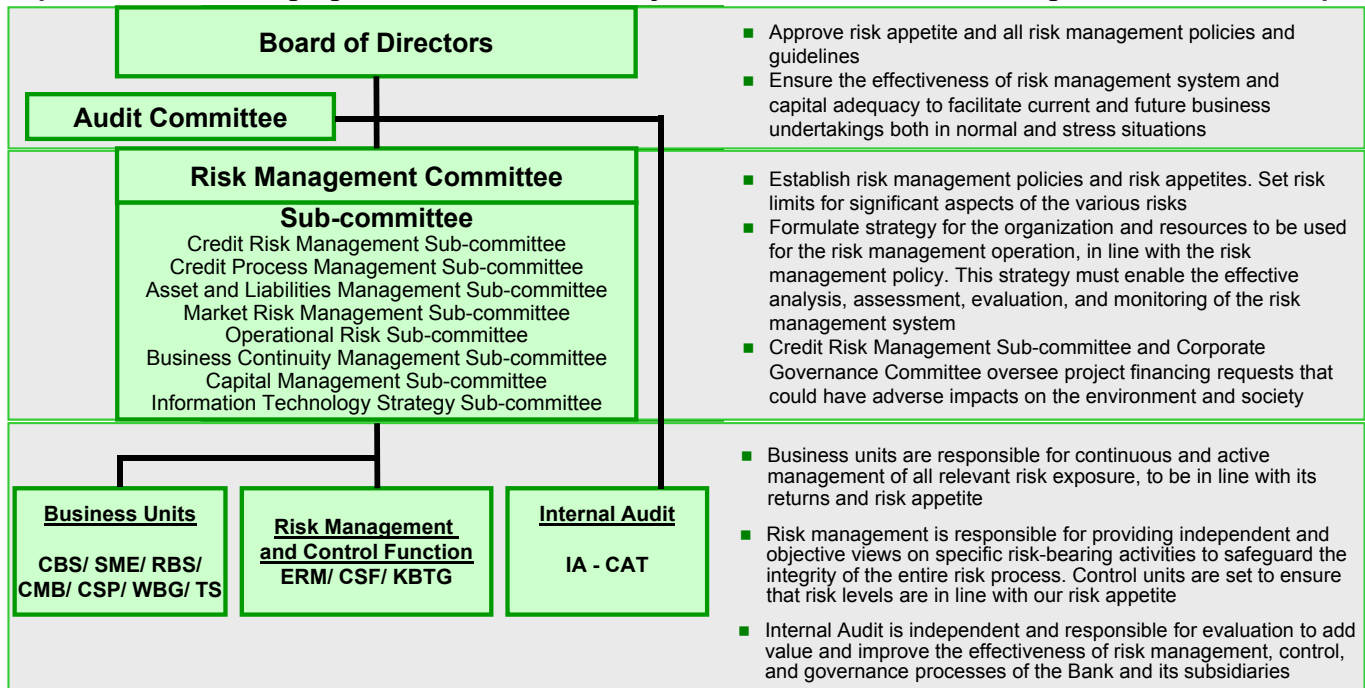
KBank: Risk and Credit Management

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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



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

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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

- Enhance decision making/support tools for more efficient return and risk evaluation
- Setup specific prescreening criteria for potential industries
- Enhance customer income validation process

Monitoring

- 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

Collection & Recovery

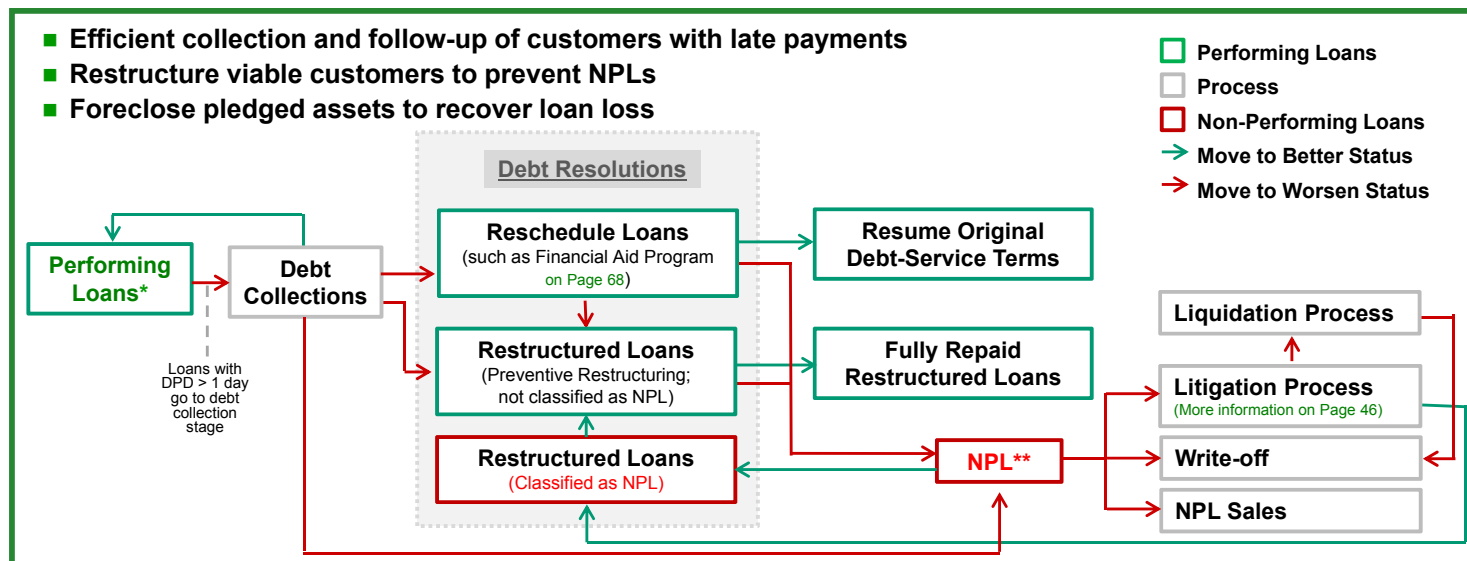
- Efficient collection and follow-up of customers with late payments
- Restructure viable customers to prevent NPLs
- Foreclose pledged assets to recover loan loss

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KBank Credit Risk Management Process: Collection and Recovery

Collection & Recovery Flow



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

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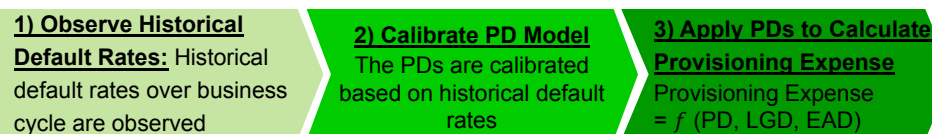
KBank Credit Cost Calculation

Credit Cost

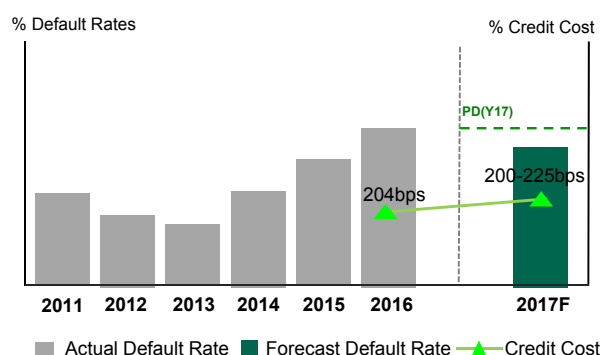
- **Credit Cost**
$$= \frac{\text{Provisioning Expense}}{\text{Average Loans}}$$
- **Provisioning Expense**
$$= f(\text{Probability of Default (PD)}, \text{Loss Given Default (LGD)}, \text{Exposure at Default (EAD)})$$
- **Provisioning expense largely depends on PD, which is driven by the stage of the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

Probability of Default (PD) Model Calibration

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



$$\mathbf{PD}_T = f(\text{Historical Default Rates (DR}_{T-1}, \text{DR}_{T-2}, \dots, \text{DR}_{T-N}), \text{Other Factors})$$



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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.	
		<u>Policy Lending</u> <ul style="list-style-type: none">• Sufficiency of cash flow• Growth trends and ability to compete• Management experience and depth• Leverage, Liquidity, and Asset Quality• Credit Risk Mitigation• Facilities Structure	<u>Formula Lending</u> <ul style="list-style-type: none">• Application Score• FICO Score• Bureau information/Credit history• Debt service capacity• LTV		<u>Formula Lending</u> <ul style="list-style-type: none">• 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.	
		<ul style="list-style-type: none">• Legal document• Limit set up			<ul style="list-style-type: none">• Legal document• Limit set up	
		Bank-wide Risk Asset Review				
		<ul style="list-style-type: none">• Customer Review by Relationship Manager (RM)• Credit Portfolio Monitoring Unit to facilitate RM in customer monitoring• Credit Clinic	Asset Quality Management Operation Dept.			<ul style="list-style-type: none">• Automated collection system• Efficiently utilize available behavior scoring and collection tools i.e. SMS, automated letter generation, phone

Note: FICO = Fair Isaac Corporation

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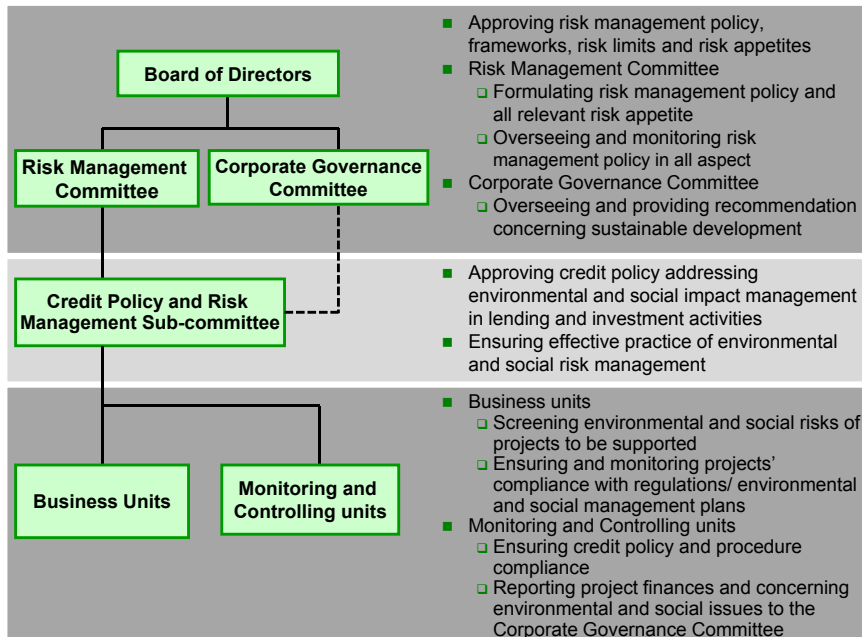
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Environmental, Social and Governance Risk Management

- 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



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

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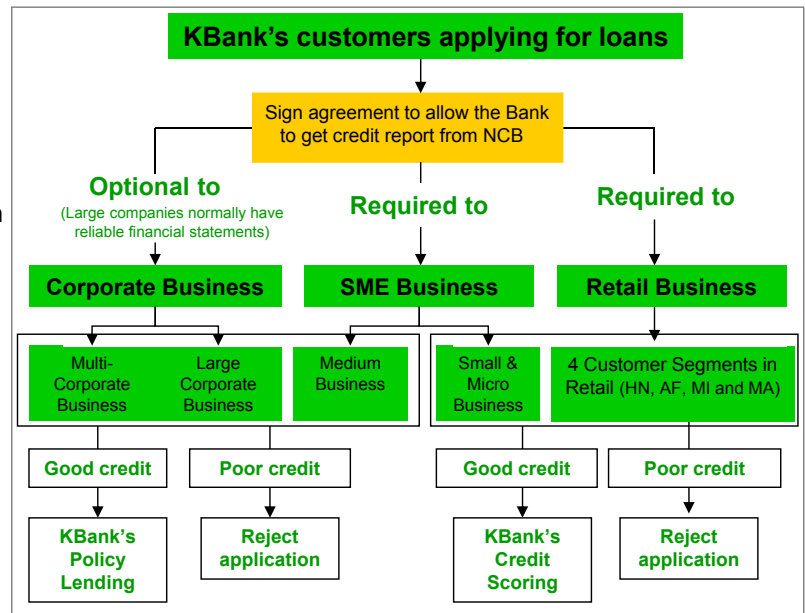
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Credit Bureau Summary

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



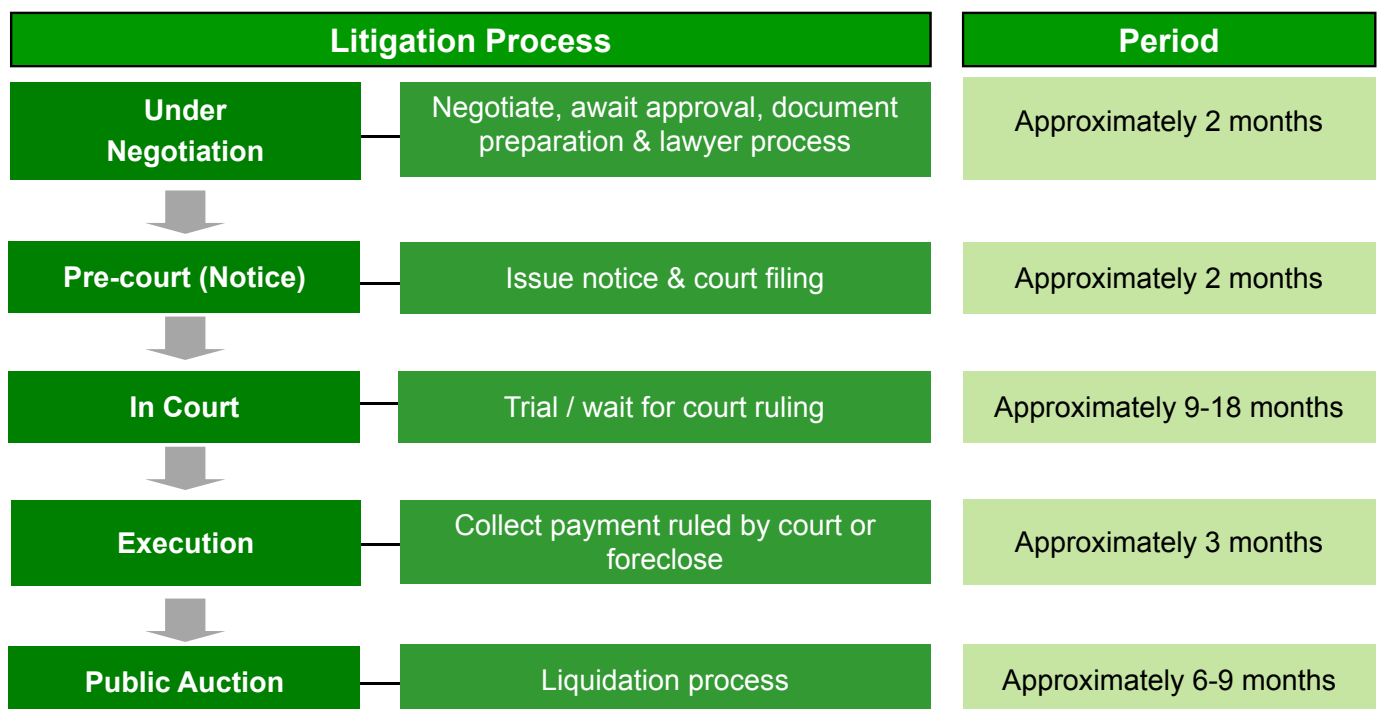
Note: * The concept of a credit bureau started in 1961 and central credit registration started in 1964. The Central Information Service was established in 1999 and its name was changed to Central Credit Information Service in 2000 and to the National Credit Bureau in 2005

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Litigation Process

- Litigation process in Thailand takes about 2-3 years



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KBank: Financial Performance

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2016 Performance Highlights

Consolidated	2015	1Q16	2Q16	3Q16	4Q16	2016
Net Profit (Bt bn)	39.47	9.65	9.43	10.86	10.24	40.17
Profitability						
- NIM	3.67%	3.62%	3.49%	3.45%	3.47%	3.52%
- ROE	14.54%	13.41%	12.79%	14.22%	12.96%	13.23%
- ROA	1.60%	1.48%	1.41%	1.59%	1.47%	1.49%
- YTD Loan growth	5.42%	0.23%	3.36%	3.83%	5.45%	5.45%
- YoY Loan growth	5.42%	4.22%	6.21%	5.94%	5.45%	5.45%
- YoY Net fee income growth	10.55%	7.62%	(1.44%)	5.56%	3.59%	3.78%
- YoY Non-interest income growth	12.57%	14.84%	(6.55%)	(3.60%)	4.29%	1.96%
Cost control						
- Cost to income	45.19%	37.21%	41.54%	41.79%	46.14%	41.63%
Asset quality						
- NPL ratio	2.70%	2.81%	2.89%	3.35%	3.32%	3.32%
- Credit Cost	1.68%	2.80%	2.13%	1.65%	1.63%	2.04%
- Coverage ratio	129.96%	135.13%	136.21%	127.27%	130.92%	130.92%
Loans to Deposits	94.40%	92.33%	95.51%	94.20%	94.58%	94.58%
Tier 1 Ratio	14.53%	14.88%	14.69%	15.69%	15.16%	15.16%
CAR	18.00%	18.36%	18.12%	19.46%	18.84%	18.84%

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.

■ 2016 net profit rose 1.77% YoY, despite higher provisioning expense, attributed to 10.7% growth in EBPT from higher revenue generation and cost management regime

■ Loans grew 5.45% YoY from all businesses

■ NIM was 3.52% in 2016

■ Net fee income continued to grow due to customer-centric strategy, capturing digital banking and recurring transactional fees with strong cross-selling capabilities

■ 2016 cost to income ratio was at 41.63%; cost to income ratio in 2017 will be in mid-40s

■ NPL ratio was at 3.32% with 130.92% coverage ratio

■ Capital base maintained

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Consolidated Financial Statements

Statements of Comprehensive Income (Bt mn)

	2014	2015	2016	1Q16	2Q16	3Q16	4Q16
Interest income	113,578	114,354	115,873	28,787	28,613	28,940	29,533
Interest expenses	30,446	29,341	26,195	6,587	6,490	6,589	6,529
Interest income - net	83,132	85,013	89,678	22,200	22,123	22,351	23,004
Fee and service income	42,690	46,413	48,631	12,087	11,814	12,305	12,425
Fee and service expenses	8,746	8,887	9,688	2,366	2,403	2,382	2,537
Fee and service income - net	33,944	37,526	38,943	9,721	9,411	9,923	9,888
Total operating income	199,975	220,555	237,584	62,566	58,149	56,580	60,289
Underwriting expenses	61,319	73,040	84,181	22,814	20,479	18,756	22,132
Total operating income - net	138,656	147,515	153,403	39,752	37,670	37,824	38,157
Total other operating expenses	61,419	66,656	63,854	14,793	15,647	15,808	17,606
Impairment loss of loans and debt securities	14,243	26,377	33,753	11,293	8,721	6,868	6,871
Operating profit before income tax expenses	62,994	54,482	55,796	13,665	13,302	15,149	13,680
Income tax expenses	12,692	10,527	10,456	2,717	2,439	2,958	2,342
Net profit attributable:							
Equity holders of the Bank	46,153	39,474	40,174	9,646	9,428	10,856	10,244
Non-controlling interest	4,148	4,481	5,166	1,302	1,435	1,335	1,094

Statements of Financial Position (Bt mn)

	2014	2015	2016	1Q16	2Q16	3Q16	4Q16
Loans to customers (less deferred revenue)	1,527,080	1,609,887	1,697,581	1,613,577	1,663,968	1,671,545	1,697,581
Total Assets	2,389,137	2,555,305	2,845,868	2,643,709	2,705,154	2,742,207	2,845,868
Deposits	1,629,831	1,705,379	1,794,835	1,747,634	1,742,114	1,774,377	1,794,835
Total Liabilities	2,108,451	2,243,092	2,491,956	2,325,310	2,375,345	2,400,372	2,491,956
Total Equity attributable to equity holders of the Bank	257,059	285,800	321,746	289,720	300,031	310,579	321,746

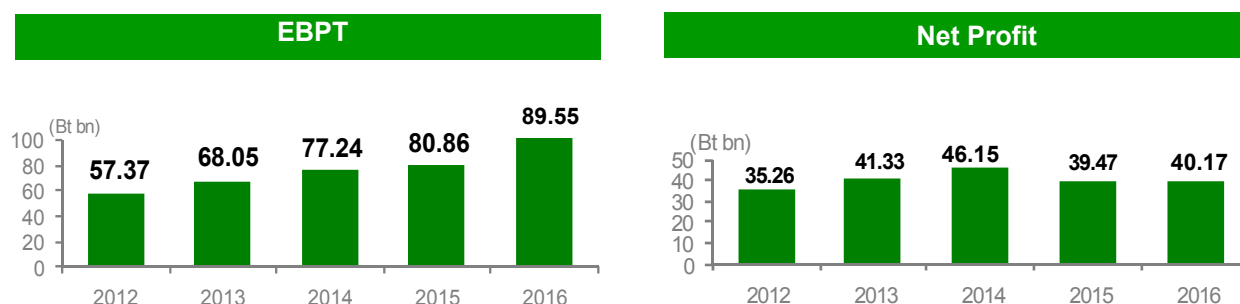
Notes: - KBank acquired additional ordinary shares in MTGH, to hold a 51% stake valued at Bt7,529mn; the MTGH Acquisition was completed on November 30, 2009. As the MTGH acquisition was completed on November 30, 2009, the Bank's consolidated financial statements from 2010 include the performance of companies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

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Earnings Before Provision and Tax (EBPT) and Net Profit

December 2016 (Consolidated)



- 2016 net profit rose 1.77% YoY, despite higher provisioning expense, attributed to 10.7% growth in EBPT from higher revenue generation and cost management regime

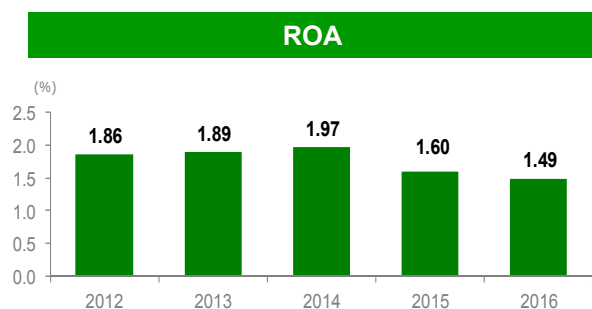
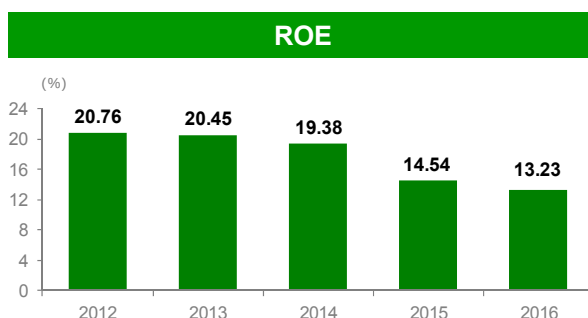
	2012	2013	2014	2015	2016	1Q16	2Q16	3Q16	4Q16
EBPT (Bt bn)	57.37	68.05	77.24	80.86	89.55	24.96	22.02	22.02	20.55
EBPT Growth (% YoY)	20.81%	18.61%	13.50%	4.69%	10.75%	19.75%	0.98%	1.53%	24.38%
Net Profit (Bt bn)	35.26	41.33	46.15	39.47	40.17	9.65	9.43	10.86	10.24
Net Profit Growth (% YoY)	45.55%	17.20%	11.68%	(14.47%)	1.77%	(22.22%)	(17.87%)	7.31%	87.06%

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ROA and ROE

December 2016 (Consolidated)



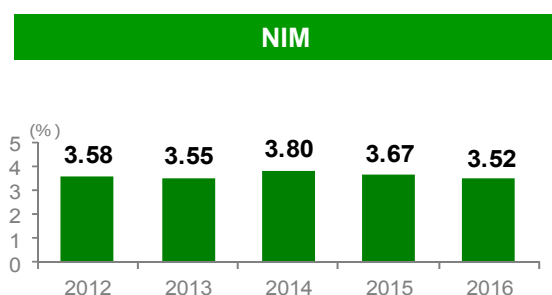
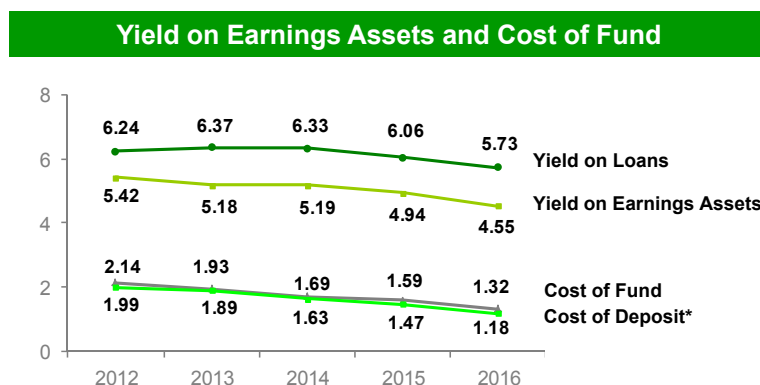
	2012	2013	2014	2015	2016	1Q16	2Q16	3Q16	4Q16
ROA (%)	1.86	1.89	1.97	1.60	1.49	1.48	1.41	1.59	1.47
ROE (%)	20.76	20.45	19.38	14.54	13.23	13.41	12.79	14.22	12.96

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Net Interest Margin

December 2016 (Consolidated)



- NIM was 3.52% in 2016
- High portion of CASA at 77% helped support low cost of fund

	2012	2013	2014	2015	2016	1Q16	2Q16	3Q16	4Q16
NIM (%)	3.58	3.55	3.80	3.67	3.52	3.62	3.49	3.45	3.47
Yield on Earnings Assets (%)	5.42	5.18	5.19	4.94	4.55	4.70	4.51	4.47	4.45
Yield on Loans (%)	6.24	6.37	6.33	6.06	5.73	5.93	5.76	5.63	5.65
Cost of Fund (%)	2.14	1.93	1.69	1.59	1.32	1.38	1.32	1.32	1.28
Cost of Deposit (%), incl DPA	1.99	1.89	1.63	1.47	1.18	1.21	1.19	1.18	1.14

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

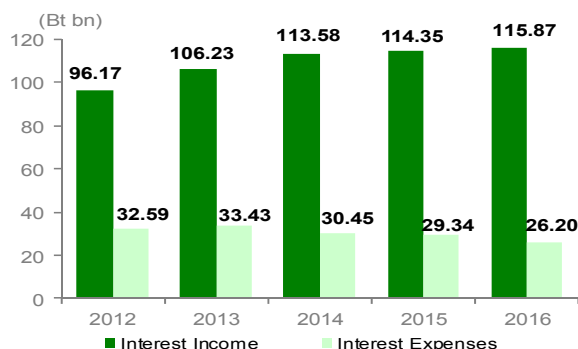
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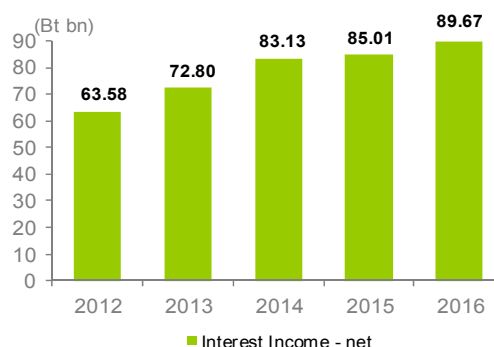
Interest Income - net

December 2016 (Consolidated)

Interest Income and Interest Expenses



Interest Income - net



■ 2016 net interest income grew 5.49% YoY

	2012	2013	2014	2015	2016	1Q16	2Q16	3Q16	4Q16
Interest Income (Bt bn)	96.17	106.23	113.58	114.35	115.87	28.79	28.61	28.94	29.53
Interest Expenses (Bt bn)	32.59	33.43	30.45	29.34	26.20	6.59	6.49	6.59	6.53
Interest Income - net (Bt bn)	63.58	72.80	83.13	85.01	89.67	22.20	22.12	22.35	23.00
Interest Income - net (% Growth YoY)	12.55%	14.50%	14.20%	2.26%	5.49%	5.84%	4.75%	5.96%	5.40%

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

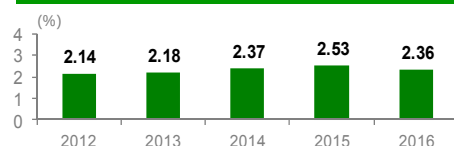
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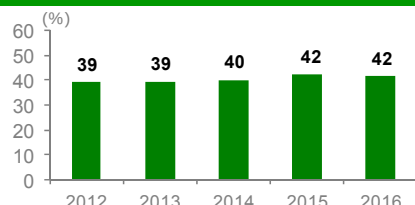
Non-interest Income and Structure

December 2016 (Consolidated)

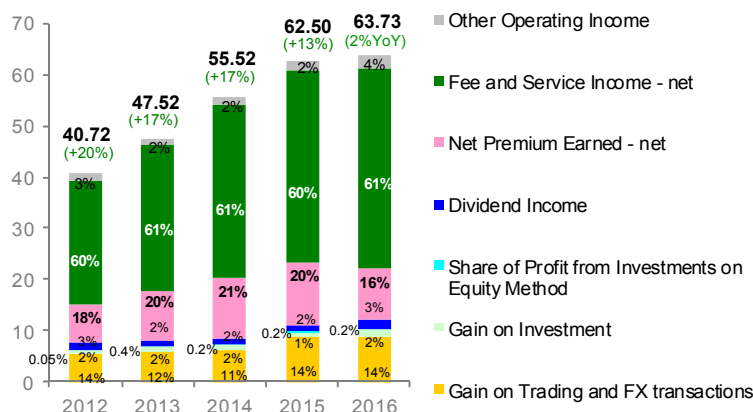
Non-interest Income to Average Assets



Non-interest Income Ratio



Non-interest Income Structure



■ 2016 non-interest income rose 1.96% YoY, mainly due to an increase in net fees and service income and revenue from capital market products; net premium earned (net) decreased

	2012	2013	2014	2015	2016	1Q16	2Q16	3Q16	4Q16
Non-interest Income (Bt bn)	40.72	47.52	55.52	62.50	63.73	17.55	15.55	15.47	15.15
Non-interest Income Growth (%YoY)	19.72%	16.69%	16.84%	12.57%	1.96%	14.84%	(6.55%)	(3.60%)	4.29%
Non-interest Income Ratio (%)	39.04	39.50	40.04	42.37	41.54	44.15	41.27	40.91	39.71

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

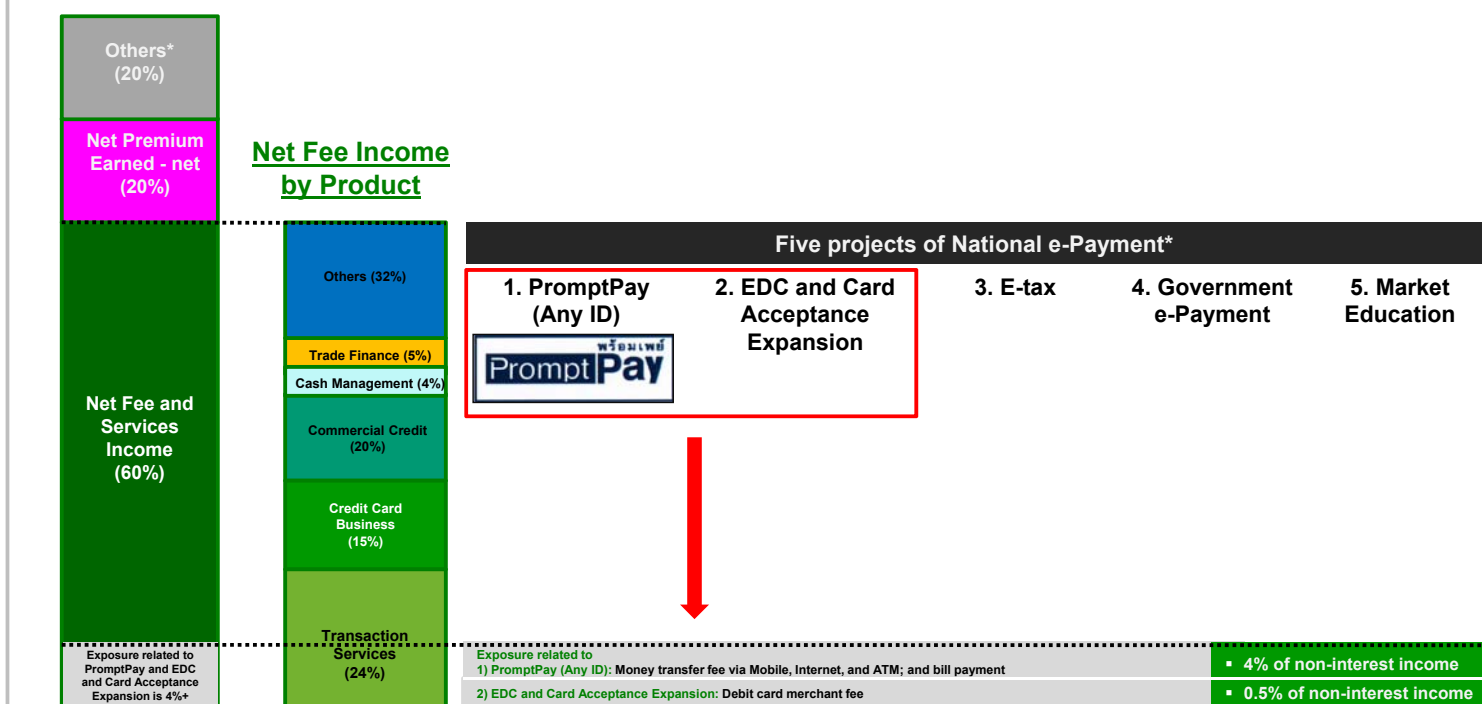
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Exposure related to PromptPay and EDC and Card Acceptance Expansion

Y2015 (Consolidated)

Non-interest Income



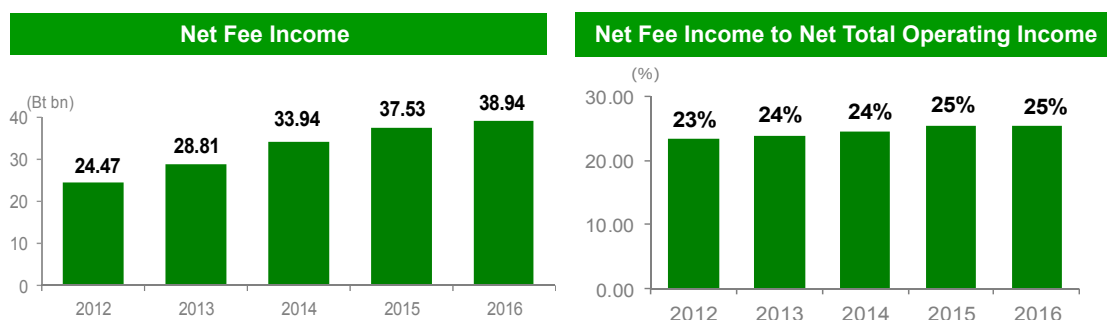
Note: * More details of National e-Payment can be found on Page 119-122

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Net Fee Income

December 2016 (Consolidated)



- 2016 net fee income grew 3.78% YoY, due mainly to underwriting fees and transaction service fees
- 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 25.39% in 2016

	2012	2013	2014	2015	2016	1Q16	2Q16	3Q16	4Q16
Fee Income (Bt bn)	31.43	36.61	42.69	46.41	48.63	12.09	11.81	12.31	12.42
Fee Income-net (Bt bn)	24.47	28.81	33.94	37.53	38.94	9.72	9.41	9.92	9.89
Fee Income Growth (%YoY)	20.55%	16.50%	16.60%	8.72%	4.78%	7.23%	1.96%	6.18%	3.84
Net Fee Income Growth (%YoY)	18.56%	17.75%	17.82%	10.55%	3.78%	7.62%	(1.44%)	5.56%	3.59%
Net Fee Income to Net Operating Income Ratio (%)	23.46	23.95	24.48	25.44	25.39	24.45	24.98	26.24	25.91

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

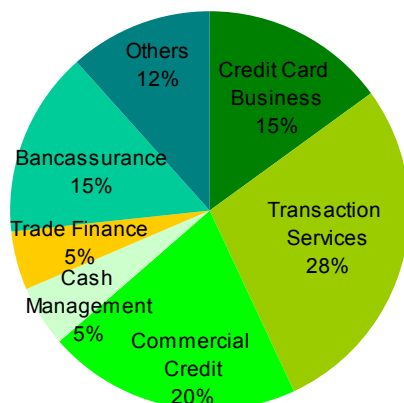
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Net Fee Income Structure (Bank only)

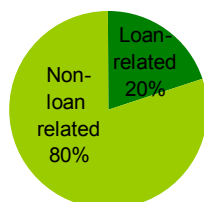
December 2016 (Consolidated)

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

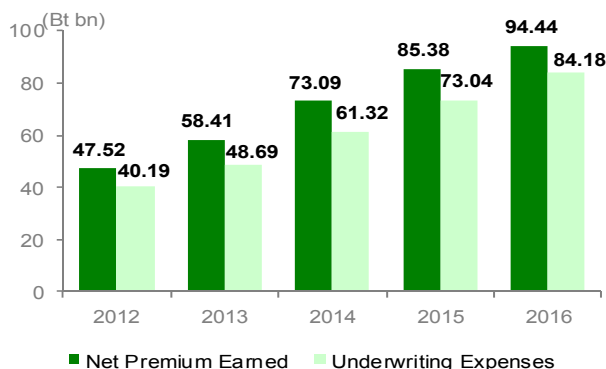
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Net Premium Earned - net

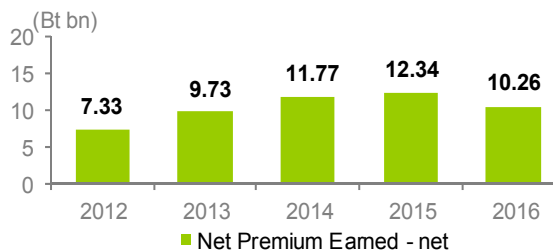
December 2016 (Consolidated)

Net Premium Earned and Underwriting Expenses



Net premium earned-net dropped in line with the pace of the economy

Net Premium Earned - net



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

	2012	2013	2014	2015	2016	1Q16	2Q16	3Q16	4Q16
Net Premium Earned (Bt bn)	47.52	58.41	73.09	85.38	94.44	26.22	23.80	20.87	23.55
Underwriting Expenses (Bt bn)	40.19	48.69	61.32	73.04	84.18	22.81	20.48	18.76	22.13
Net Premium Earned - net (Bt bn)	7.33	9.73	11.77	12.34	10.26	3.41	3.32	2.11	1.42
Net Premium Earned - net (% Growth YoY)	35.41%	32.79%	20.96%	4.86%	(16.83%)	14.84%	(16.91%)	(29.11%)	(40.67%)

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.

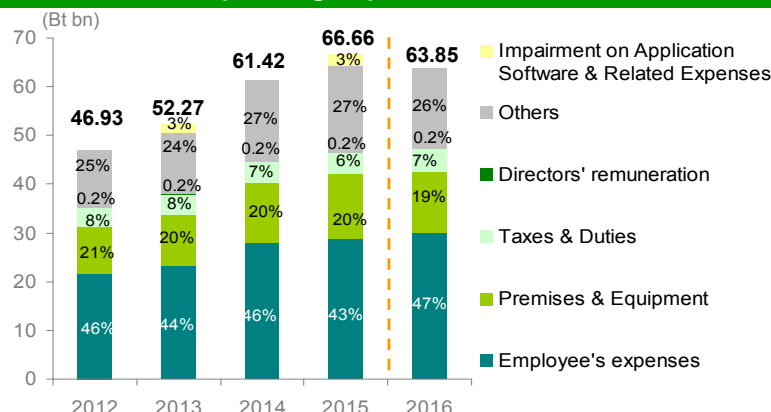
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Other Operating Expenses

December 2016 (Consolidated)

Other Operating Expenses Structure



- 2016 other operating expenses decreased 4.20% YoY, mainly from an extraordinary expense from setting the allowance for impairment on application software, amounting to Bt2.3bn, in previous year

	2012	2013	2014	2015	2016	1Q16	2Q16	3Q16	4Q16
Other Operating Expenses (Bt bn)	46.93	52.27	61.42	66.66	63.85	14.79	15.65	15.81	17.60
Other Operating Expenses Growth (%YoY)	9.10%	11.37%	17.50%	8.53%	(4.20%)	(4.04%)	(1.88%)	2.25%	(11.22%)

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

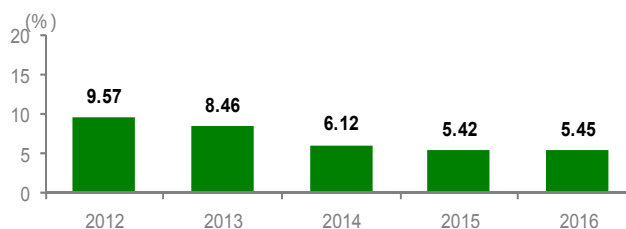
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Loan Growth

December 2016 (Consolidated)

Loan Growth (% YoY)



- Loans grew sensibly at 5.45% YoY, from all three businesses: corporate, SME, and retail

	2012	2013	2014	2015	2016	1Q16	2Q16	3Q16	4Q16
Loans (Bt bn)	1,327	1,439	1,527	1,610	1,698	1,614	1,664	1,672	1,698
Loan Growth (% YoY)	9.57%	8.46%	6.12%	5.42%	5.45%	4.22%	6.21%	5.94%	5.45%
Loan Growth (% YTD)	9.57%	8.46%	6.12%	5.42%	5.45%	0.23%	3.36%	3.83%	5.45%

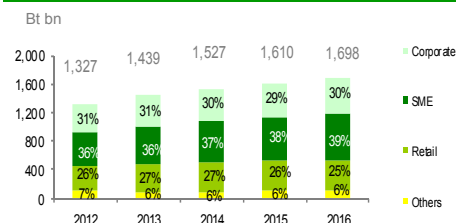
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Loan Structure and Loan Growth Targets

December 2016 (Consolidated, TFRS 8: Operating Segments*)

Loan Portfolio Structure



Loan Structure, Loan Yield and Loan Growth Targets

(Amount in Bt bn)	Dec15	Y2015 Loan Growth (%)	Dec-16	2016 Loan Growth (%)	2016 Yield Range (%)	2017 Loan Growth Target (%)
1) Corporate	468	2.7	512	9.5	3-5%	4-6%
Multi-Corporate Business	238	6.8	286	20.3		
Large Corporate Business	230	(1.0)	226	(1.8)		
2) SME	618	8.0	657	6.4	6-8%	4-6%
Medium Business	329	9.9	363	10.3		
Small and Micro Business	281	4.2	291	3.5		
3) Retail	422	3.5	429	1.5	5-7%	5-7%
4) Others	102	11.6	99	(2.5)		
Total Loans	1,610	5.4	1,698	5.4	5.7%	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%

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Loan by Retail Products (All Segments)

December 2016 (Consolidated, TFRS 8: Operating Segments*)

Loan by Retail Products

(Amount in Bt bn)	Dec15	Y2015 Loan Growth (%)	Dec16	Y2016 Loan Growth (%)	% Portion to Total Loan
Housing Loans	234	4.1	238	1.8	14.0
Credit Cards	81	7.3	83	2.2	4.9
Consumer Loans	53	6.7	53	(0.1)	3.1
KLeasing	89	(1.2)	91	2.3	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

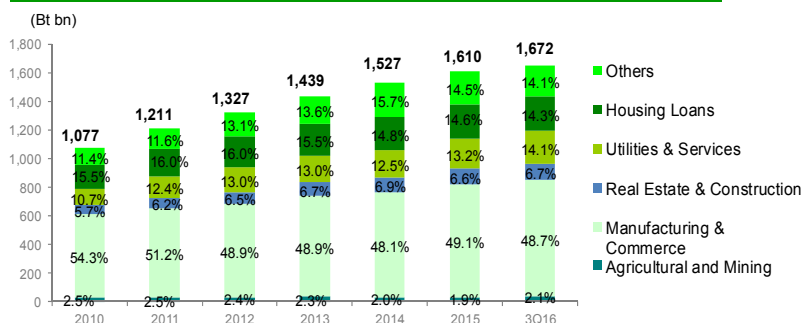
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Loan Portfolio Breakdown by Industry, Currencies, and Interest Rate

December 2016 (Consolidated)

Loan Portfolio by Industry (September 2016)*



Definition of Loans

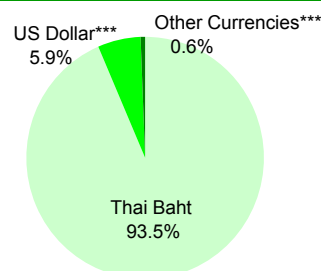
- 1) by industry = Gross loans = Loans to customers less deferred revenue
- 2) by currency = Loans to customers and AIR - net
- 3) by maturity of interest repricing = Loans to customers less deferred revenue

Loans by Bangkok and Metropolitan vs. Upcountry

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

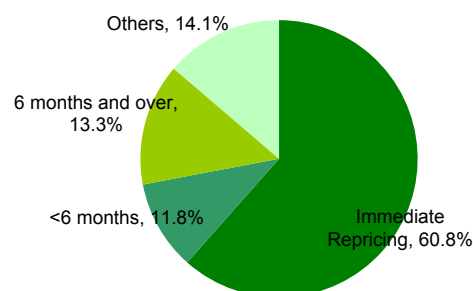
Note: * The data as of December 2016 is not available until the release of the audited financial statements
** The information on loans breakdown by currencies and maturity of interest repricing are disclosed on half year basis

By Currencies (June 2016)**



*** Mainly trade finance products

By Maturity of Interest Repricing (June 2016)**



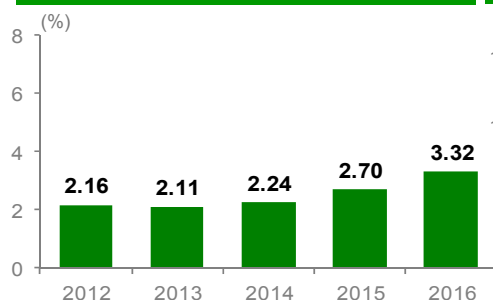
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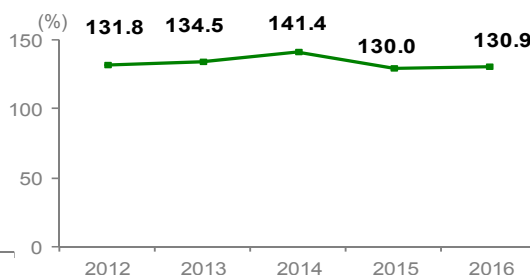
Asset Quality

December 2016 (Consolidated)

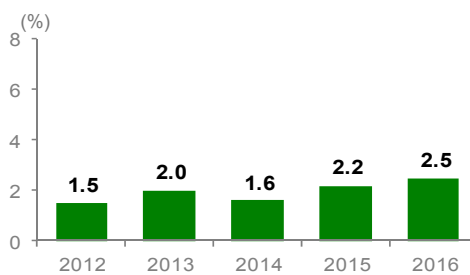
NPL Ratio



Coverage Ratio



SML* to Total Loans



- NPL ratio in 2016 was at 3.32%
- Coverage ratio was 130.92%; this ratio has been maintained above 100% since 2Q10

	2012	2013	2014	2015	2016	1Q16	2Q16	3Q16	4Q16
NPL Ratio (%)	2.16	2.11	2.24	2.70	3.32	2.81	2.89	3.35	3.32
Coverage Ratio (%)	131.83	134.52	141.38	129.96	130.92	135.13	136.21	127.27	130.92
SML to Total Loans Ratio (%)	1.5	2.0	1.6	2.2	2.5	1.9	1.7	2.0	2.5

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

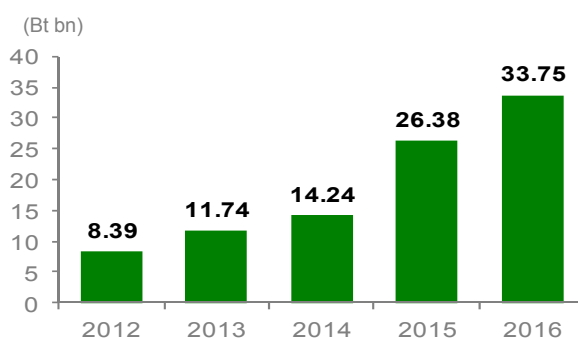
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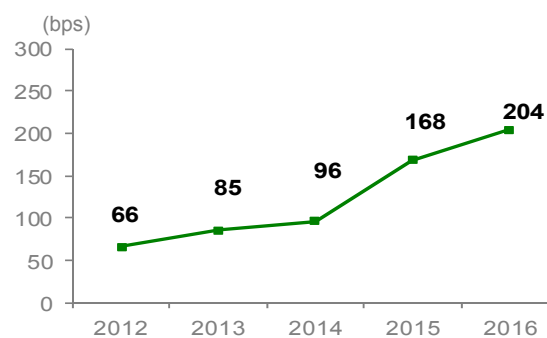
Impairment Loss of Loans and Debt Securities (Provision) and Credit Cost

December 2016 (Consolidated)

Impairment Loss of Loans and Debt Securities



Credit Cost



- 2016 credit cost was 204 bps, to be prudent and aligned with macro environment and credit cycle
- 2017 credit cost is expected to be 200-225 bps

	2012	2013	2014	2015	2016	1Q16	2Q16	3Q16	4Q16
Impairment Loss of Loans and Debt Securities (Bt bn)	8.39	11.74	14.24	26.38	33.75	11.29	8.72	6.87	6.87
Credit Cost (bps)	66	85	96	168	204	280	213	165	163

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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

- 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

SME Business

- Selective on quality of customers
- Proactive risk management by visiting customers; raise productivity of sales teams and relationship managers
- Efficient collection process

Retail Business

- 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

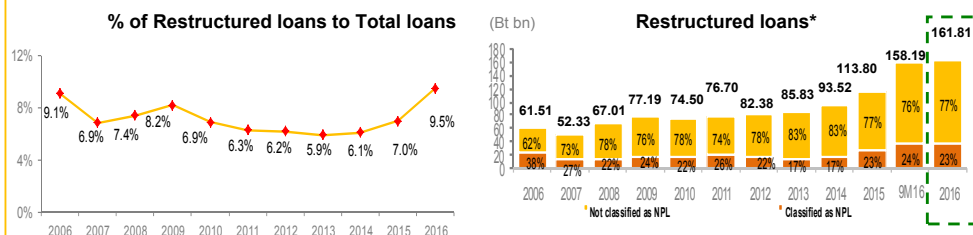
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Bad Assets Resolution

December 2016 (Consolidated)

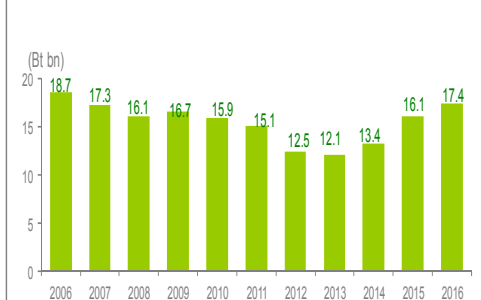
Restructured Loans



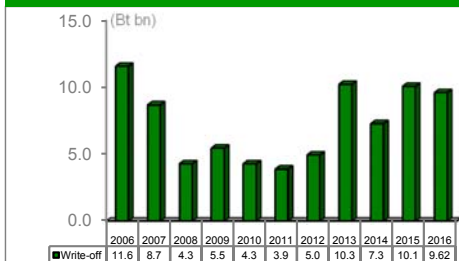
- Outstanding Restructured Loans was Bt161.81 in 4Q16; 77% were not classified as NPL
- **Definition:** Outstanding Restructured Loans is the outstanding amount of restructured loans, comprised of not classified as NPL and classified as NPL

* Note: the information of restructured loans on this page are linked with the restructure loans on page 68

Outstanding Foreclosed Properties



Write-offs



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

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
- 2Q16: KBank sold NPLs worth Bt4.9bn to JMT Network Services PCL

Sales of Foreclosed Properties



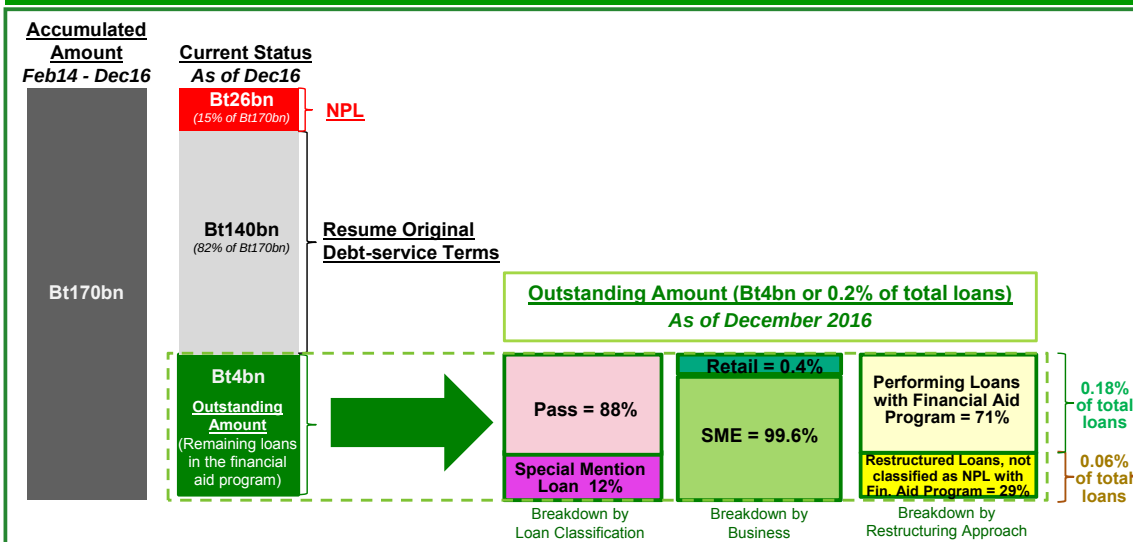
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Financial Aid Program: Periodic Relief of Debt-service Burden to Customers During the Economic Slowdown

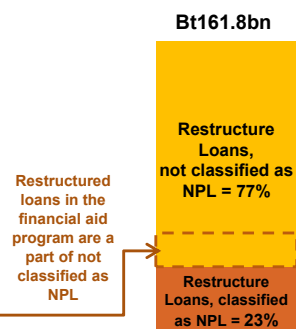
- Two kinds of debt resolution: 1) Financial aid program or rescheduling of loans, and 2) Debt restructuring
- There are some performing restructured loans in the financial aid program
- KBank has offered the financial aid program to customers since February 2014; the accumulated amount (Feb14 - Dec16) is Bt170bn, with Bt4bn remaining in the program as of December 2016

Financial Aid Composition (data as of December 2016)



Restructured Loans*

- Restructured loans are 9.5% of total loans*



* Note: Information on restructured loans on this page is linked with restructured loans on page 67

Note: 1) Pass = loans in Class 1 (loans passing the due date less than 1 month); SML = Special Mention Loans = loan in Class 2 (loans passing the due date by more than 1 month but not over 3 months)
2) Total loans as of December 2016 was Bt1,698bn

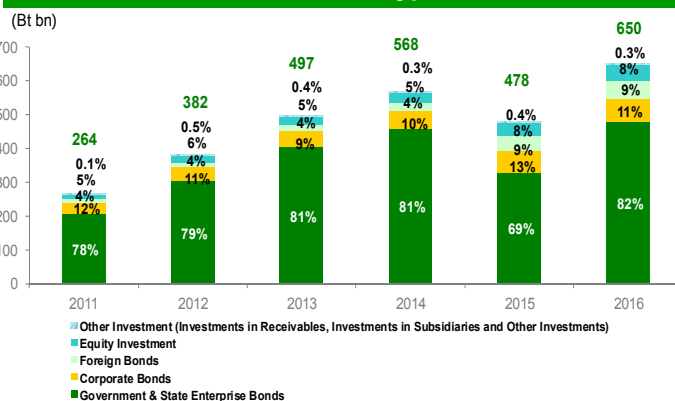
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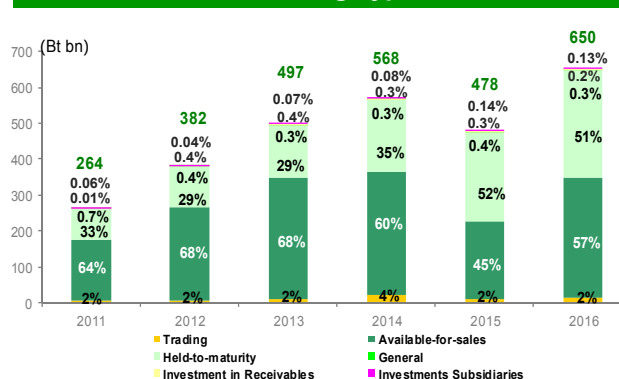
Investment in Securities Portfolio and Structure

December 2016 (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

	2011	2012	2013	2014	2015	2016	1Q16	2Q16	3Q16	4Q16
Investment Portfolio (Bt bn)	264	382	497	568	478	650	483	524	584	650
Investment Portfolio (% Growth YoY)	5.21%	44.66%	29.97%	14.24%	(15.83%)	36.10%	(13.75%)	(7.25%)	22.59%	36.10%

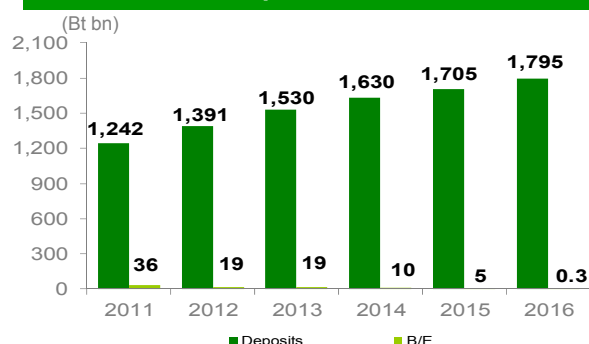
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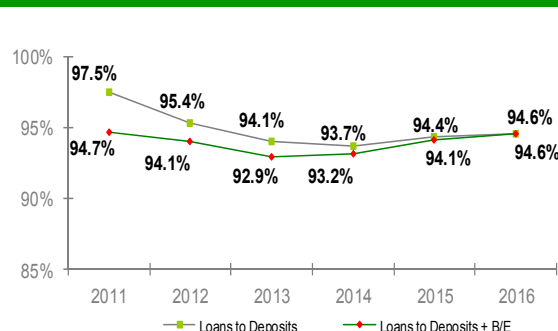
Deposits Growth and Loans to Deposits Ratio

December 2016 (Consolidated)

Deposits & B/E



Loans to Deposits Ratio



- Deposits have grown at a consistent pace providing a stable source of funding

	2011	2012	2013	2014	2015	2016	1Q16	2Q16	3Q16	4Q16
Deposits (Bt bn)	1,242	1,391	1,530	1,630	1,705	1,795	1,748	1,742	1,774	1,795
Deposits (% YoY)	12.9%	12.0%	10.0%	6.5%	4.6%	5.2%	5.7%	4.4%	5.8%	5.2%
Deposits (% YTD)	12.9%	12.0%	10.0%	6.5%	4.6%	5.2%	2.5%	2.2%	4.0%	5.2%
Loans to Deposits Ratio (%)	97.5	95.4	94.1	93.7	94.4	94.6%	92.3	95.5	94.2%	94.6%

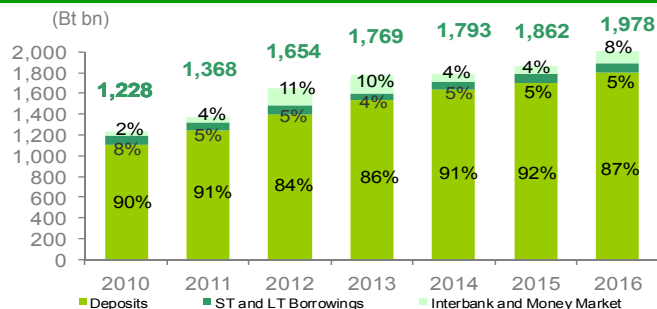
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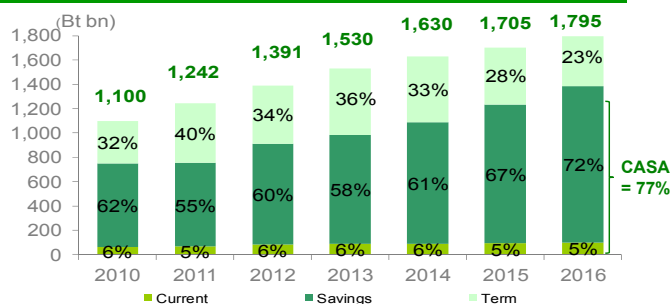
Funding Structure and Interest Rate Movement

December 2016 (Consolidated)

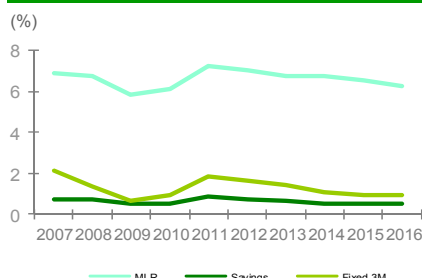
Funding Structure



Deposit Structure



KBank Interest Rate Movement (Retail customers)



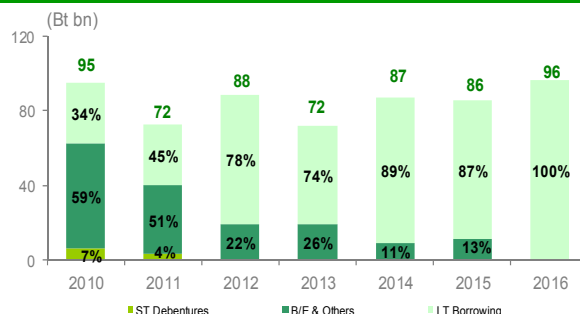
Deposit Rates (Aug 23, 2016)

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

Lending rates (Apr 25, 2016)

MLR	6.25%
MOR	7.12%
MRR	7.62%

ST and LT Borrowings



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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
15/02/2012	Subordinated debentures of KASIKORNBANK PCL No. 1/2012*	Unsecured	Callable after 5 years	Bt22,000mn	10 Years (15/02/2022)	First Call date : 15/02/2017 (then can call every interest payment date)	4.5%	PO	Quarterly	AA (tha) by Fitch Ratings axA by S&P
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: * KBank issued the a notification of early redemption of these debentures and would like to exercise the right to redeem the whole amount of Bt22,000mn on 15 February 2017

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

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

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

December 2016

	KAset 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)	<ul style="list-style-type: none"> 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 2.32bn	Bt 0.10bn	Bt 21.07bn	Bt 90.78bn	Bt 15.07bn
Market Share	19.47%	N/A	3.78% (#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 3Q16

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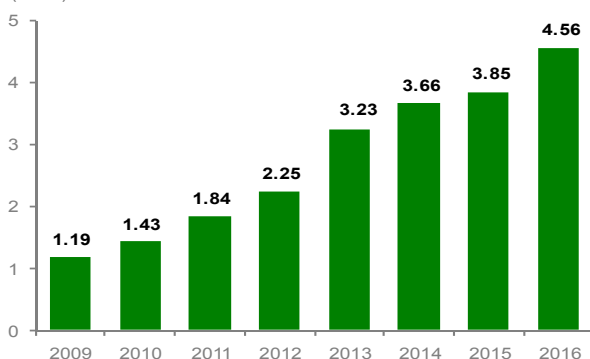
The wholly-owned subsidiaries of KBank: Y2016 Key Operating Performance

December 2016

	KAsset EST. 1992	KResearch EST. 1995	KSecurities EST. Jul 2005	KLeasing EST. Aug 2005	KF&E EST.1990
Y2016 Key Operating Performance	Assets Under Management (AUM): Bt1.24trn (+9.58% YoY)	Most quoted research house in the media	- Trading volume: Bt 868bn - Number of customers grew 18% YoY	Outstanding loans: Bt 90.70bn (+2.28 % YoY)	Outstanding loans: Bt 14.80bn (+10.46% YoY)

The wholly-owned subsidiaries of KBank: Net Profit

(Bt bn)



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

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KAsset Highlights in Y2016

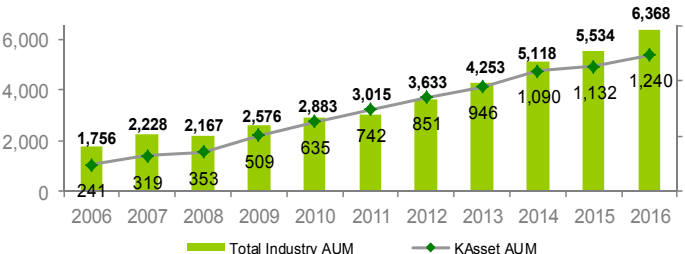
December 2016

หลักทรัพย์จัดการกองทุนกสิกรไทย
开泰基金管理 KASIKORN ASSET MANAGEMENT



AUM (KAsset vs. Industry)

(Bt bn)



Industry Outlook:

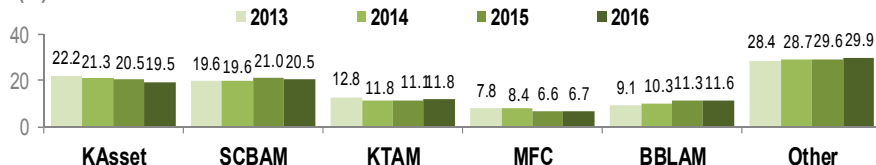
- Y2016 industry AUM at Bt6.37trn, growing 15.00% YoY
- KAsset AUM at Bt1.24trn, growing 9.58% YoY

KAsset Highlights:

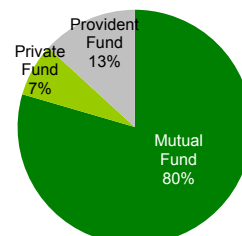
- Ranked **#1 in Mutual Fund and Provident Fund** with market share of 21.2% and 16.8%, respectively. Total AUM market share was 19.5% in Y2016
- Mutual fund accounts for 80% of KAsset AUM

Market Share by AUM

(%)



KAsset AUM Breakdown by Type



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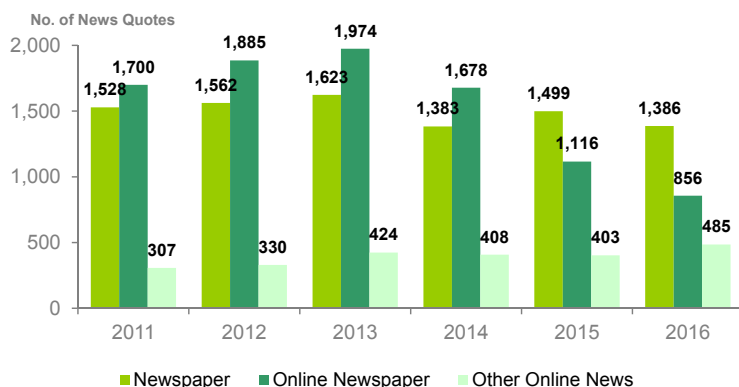
KResearch Highlights in Y2016

December 2016

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 media and for the clients of KBank and its wholly-owned subsidiaries

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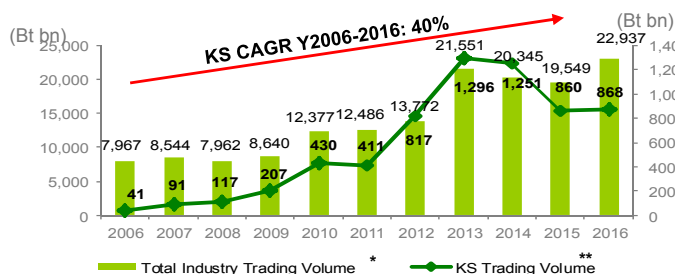
KSecurities Highlights in Y2016

December 2016

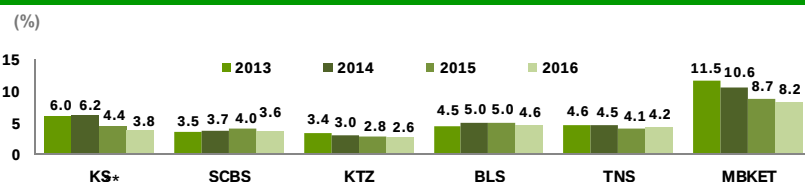
หลักทรัพย์กสิกรไทย
开泰证券 KASIKORN SECURITIES



Trading Volume (KSecurities vs. Industry)



Market Share by Trading Volume



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 includes one month of MACQ volume

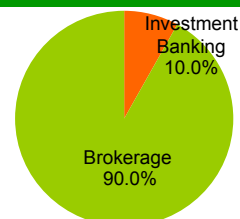
Industry Outlook:

- 2016 industry trading volume* was Bt22.94trn, increasing 17% YoY
- KS trading volume was Bt868bn

KSecurities Highlights:

- KS ranked #9, with 3.78% 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 18% YoY, to 110,000 customers in 2016

KSecurities Revenue by Business



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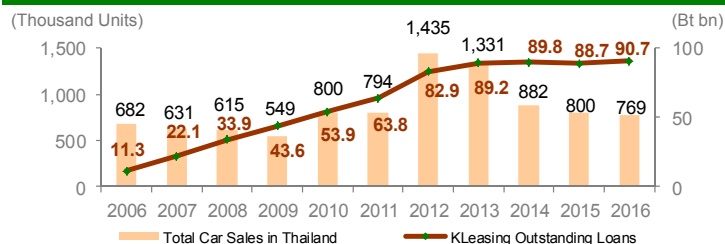
KLeasing Highlights in 2016

December 2016

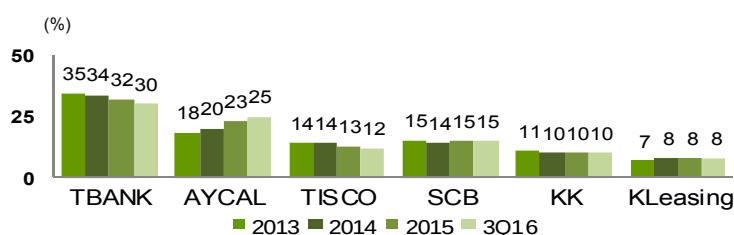
ลีซซิ่งกสิกรไทย
开泰租赁 KASIKORN LEASING



KLeasing vs. Industry



Market Share by Total Outstanding Loans (%)*



Note: * Excluding captive and non-bank leasing; Data as of 1H16

** 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

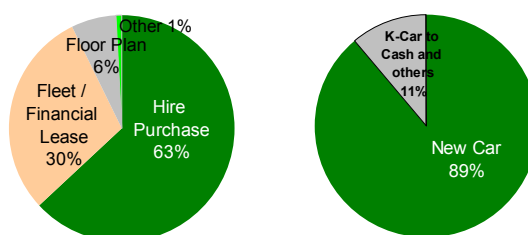
Industry Outlook:

- 2016 industry car sales totaled 768,788 units, declining 3.86% YoY

KLeasing Highlights:

- 2016 KLeasing loans totaled Bt90.70bn, increasing 2.28% YoY
- 2016 KLeasing NPL ratio was 1.65%, lower than the Thai commercial bank average ratio (3Q16)

KLeasing Outstanding Loans Breakdown**



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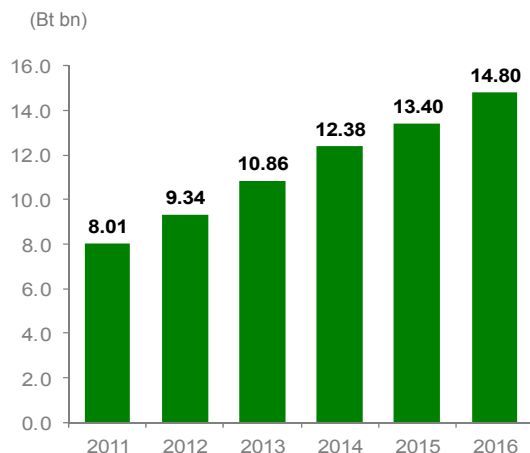
KF&E Highlights in 2016

December 2016

แฟคเตอร์รี่ แอนด์ อีควิปเมนต์ กสิกรไทย
开泰设备融资 KASIKORN FACTORY AND EQUIPMENT



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 Bt14.80bn, rising 10.46% YoY
- KF&E currently ranked #1; maintaining lead position in equipment leasing industry

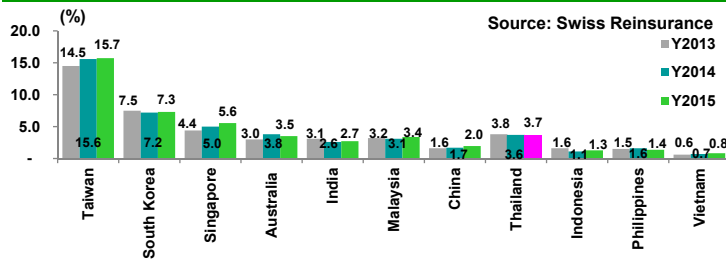
Note: In 2010, KASIKORN FACTORING (KFactoring) was renamed KASIKORN FACTORY AND EQUIPMENT (KF&E) to better reflect their business, focusing on offering leasing services for machinery and equipment; the factoring business operation of KFactoring was transferred to KBank

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Life Insurance Industry in Thailand

Premium per % GDP by Country

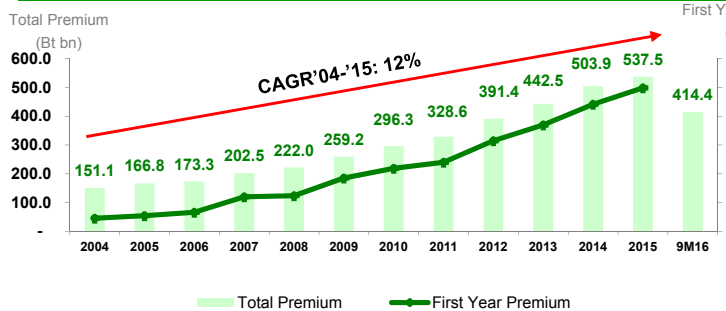


■ In 2015, low penetration rate of 3.7% in Thailand with a high opportunity for growth

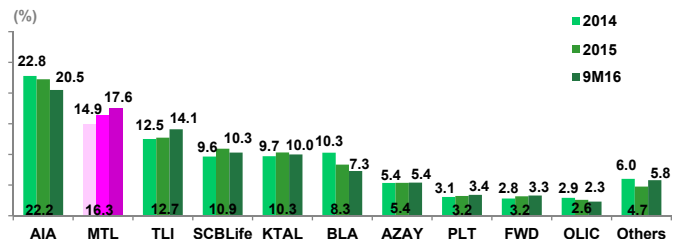
■ Muang Thai Life Assurance (MTL) ranked #2 in life insurance industry in Thailand, in 3Q16

- #2 in total premium with 17.6% market share and 11% growth
- #1 in new business premium with 21.7% market share

Size of Market by Premium(%)



Market Share by Total Premium in Life Insurance (%)



Source: The Thai Life Assurance Association

* First Year Premium in 9M16 = Bt83.05bn

Source: The Thai Life Assurance Association

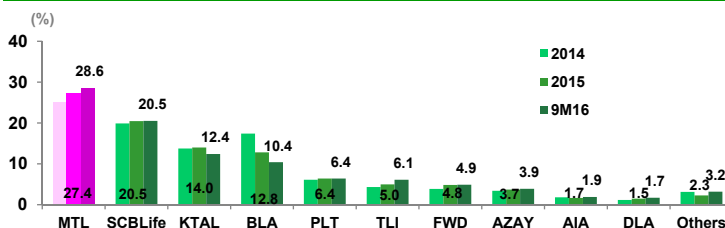
Note: Total Premium = New Business Premium + Renewal Premium; New Business Premium = First Year Premium + Single Premium

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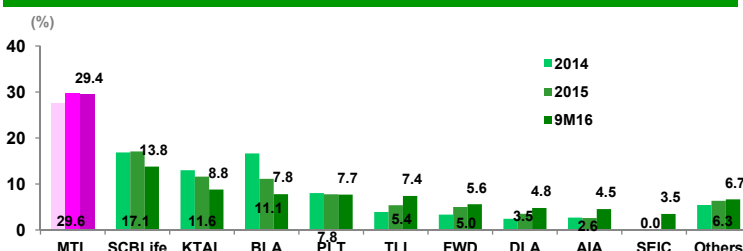
Bancassurance Highlights in 9M16

Bancassurance Market Share by Total Premium (%)



- The Bancassurance Life industry: total premium improved 10% YoY, and new business premium also improve 1% YoY
- MTL ranked #1 in Bancassurance market
 - #1 in Bancassurance total premium with 28.6% market share and 13% growth
 - #1 in Bancassurance new business premium with 29.4% market share

Bancassurance Market Share by New Business Premium (%)



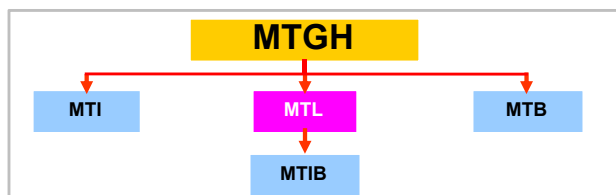
Source: Muang Thai Life Assurance (MTL)

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

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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

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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)

	2014	2015	9M16
Net premiums earned	73.1	85.4	70.9
Net investment income	10.1	11.7	10.4
Total revenues	83.2	97.2	81.3
Life policy reserve increase from the previous period	40.8	48.4	40.1
Net benefit payments and insurance claims	16.1	19.8	18.6
Commissions and brokerages	12.9	14.4	10.3
Other underwriting expenses	0.6	0.7	0.6
Operating expenses & Other	4.3	4.9	3.5
Total Expenses	74.7	88.2	73.2
Profit before income tax expense	8.5	9.0	8.1
Income tax expense	1.6	1.7	1.6
Net profit (loss)	6.8	7.2	6.6

Statements of Financial Position (Bt bn)

	2014	2015	9M16
Total Assets	240.2	296.0	350.7
Total Liabilities	208.8	260.4	307.5
Total Equities	31.5	35.6	43.1

Source: Muang Thai Life Assurance, data based on book value except for RBC

Note: OIC = Office of Insurance Commission

Strategy in 2016

To be a regional insurer with focus on customer centric strategy by providing innovative products and seamless services across touch points with concentration on digitized process along end-to-end customer journey in order to truly serve needs and lifestyle and enhance experiences of all customers.

2016 Key Financial Targets

Bt bn	2011	2012	2013	2014	2015	2016T
Total Premium after refund	37.9	48.9	60.2	75.2	87.9	>100.0
% Growth	28%	29%	23%	25%	17%	

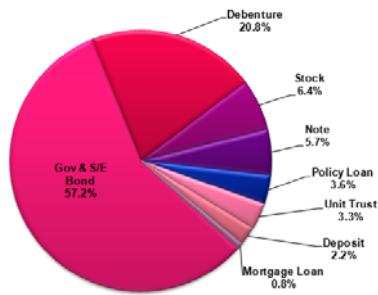
	2014	2015	9M16
ROE (%)	24.6%	21.6%	22.3%
ROA (%)	3.2%	2.7%	2.7%
Risk-Based Capital (RBC)	546.8%	449.4%	416.1%

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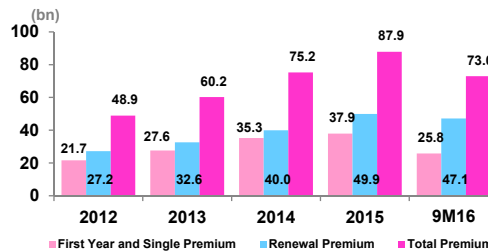
MTL Investment Portfolio and Insurance Premium

MTL Investment Portfolio:
Fixed Income accounted for around 80%



Assets Under Management (AUM)* (3Q16): Bt 335.1bn

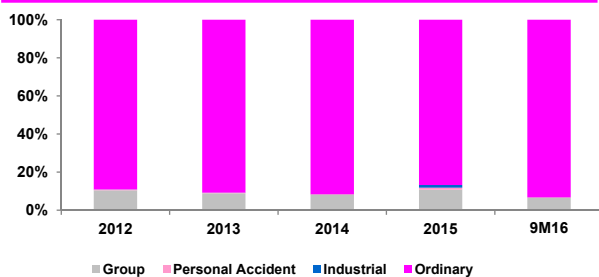
MTL Total Premium:
Growth continues to outpace the industry



Source: The Thai Life Assurance Association

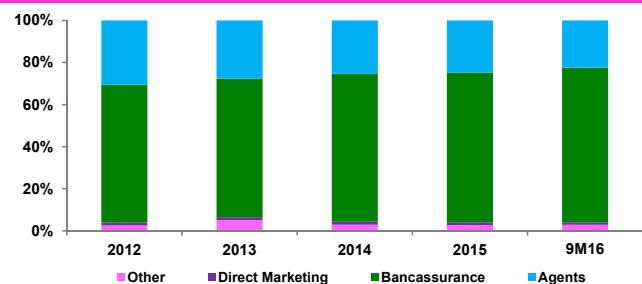
Total Premium Growth (%YOY)	MTL	Industry
Y2011	28%	11%
Y2012	29%	19%
Y2013	23%	13%
Y2014	25%	14%
Y2015	17%	7%
3Q16	11%	6%

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



*Remark: Invested Assets + Investment Property

Total Premium by Channels:
Bancassurance accounted for about 75% in 3Q16



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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

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Sample of K-Bancassurance and MTL Products



K-Bancassurance Products¹

Endowment Life Insurance

Pro-Savings 615

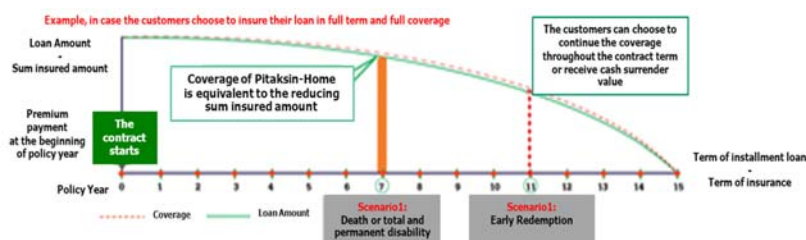
Life insurance with a premium payment of only 6 years, but the coverage continues for 15 years

Life coverage increases in pursuant to the years as specified



Term Life Insurance

MRTA-Home (Mortgage Reducing Term Assurance)



Remark: the above coverage is based on an assumption that the customer's credit repayment history is normal according to the Bank's loan contract

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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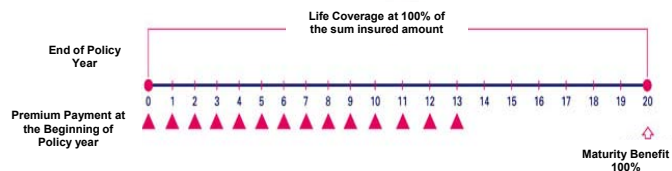


Muang Thai Life Assurance Products²

Endowment Life Insurance

Ormsap 20/14

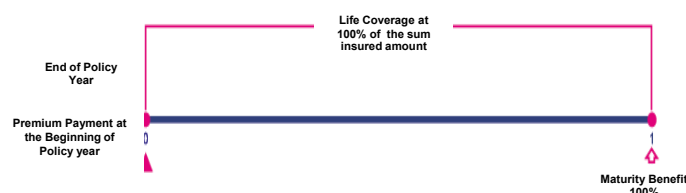
Pay premium for only 14 years, but the coverage continues for 20 years



Term Life Insurance

Healthy Value

1 year coverage period, covered medical expenses up to Bt2mn



Sample of K-Bancassurance and MTL Products

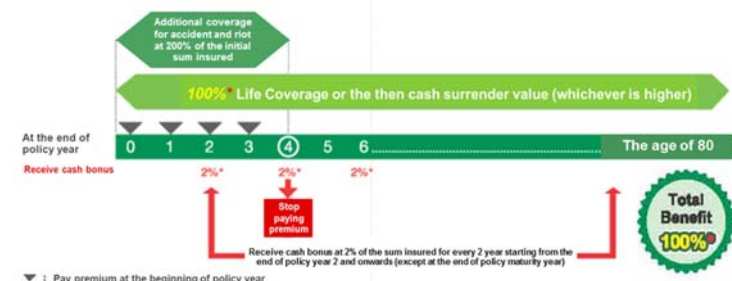


K-Bancassurance Products¹

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

● **PA Plus**
(Accident Coverage)

Health Care Plus

Hospital and surgery benefit rider

● **Health Care Plus**
(Hospital and Surgery Benefit Rider)

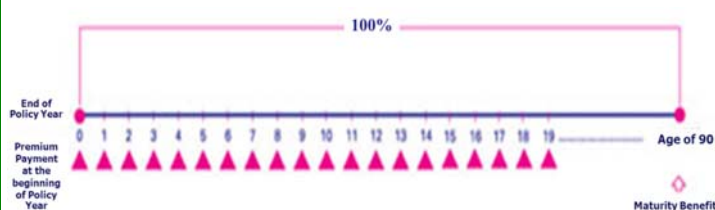


Muang Thai Life Assurance Products²

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

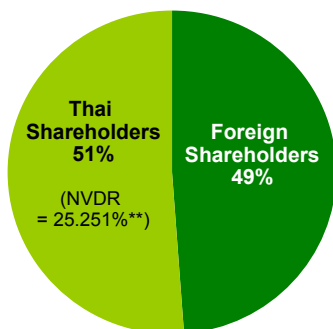
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Shareholder Structure

September 9, 2016 (Closing Registration Date)

Shareholder Structure



Note:

Thai Shareholding Limit 51%
Foreign Shareholding Limit 49%

Top 10 Shareholders*

%

1. THAI NVDR CO., LTD**	25.251
2. STATE STREET BANK EUROPE LIMITED	10.683
3. CHASE NOMINEES LIMITED	7.456
4. STATE STREET BANK AND TRUST COMPANY	5.443
5. NORTRUST NOMINEES LIMITED-NT0 SEC LENDING THAILAND CL AC	2.574
6. THE BANK OF NEW YORK MELLON	2.218
7. GIC PRIVATE LIMITED	2.120
8. SOCIAL SECURITY OFFICE	1.678
9. NORBAX, INC.	0.965
10. HSBC BANK PLC-PRUDENTIAL ASSURANCE COMPANY LIMITED	0.810
Other Shareholders	40.801
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

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Credit Ratings

As of January 31, 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

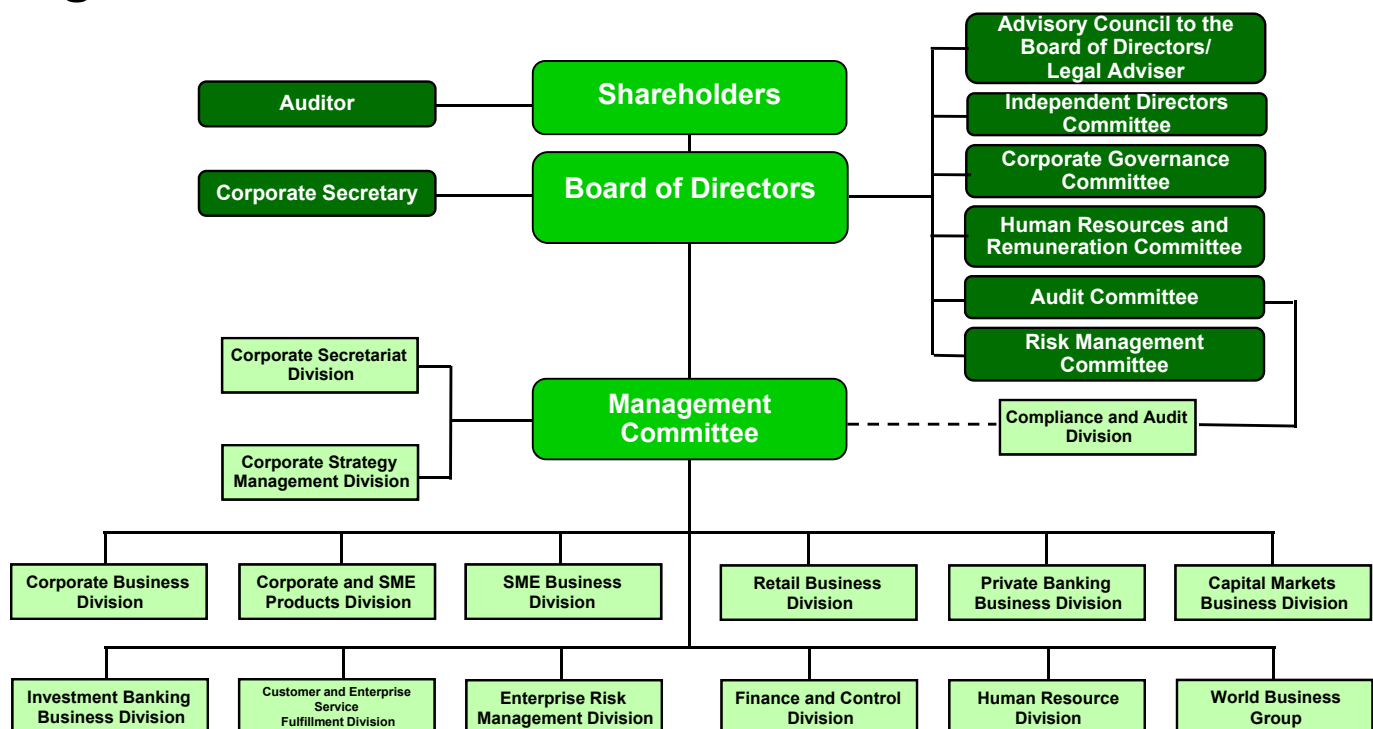
** July 22, 2016: Fitch downgraded Thailand's Long-Term Local Currency Issuer Default Rating (LTLC IDR) to 'BBB+' from 'A-', in line with updated guidance contained in Fitch's revised Sovereign Rating Criteria dated July 18, 2016; Fitch concluded that Thailand's credit profile no longer supports a notching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

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Organization Chart



บริการทุกระดับประทับใจ

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Board of Directors Structure

- 18 board members: 10 Independent Directors, 5 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 (5)	Non-Executive Directors (3)	Independent Directors (10)
<ul style="list-style-type: none"> • Mr. Banthoon Lamsam (Chairman of the Board and Chief Executive Officer) • Mr. Predee Daochai (President) • Mr. Teeranun Srihong (President) • Ms. Kattiya Indaravijaya (President) • Mr. Pipit Aneaknithi (President) 	<ul style="list-style-type: none"> • Ms. Sujitpan Lamsam (Vice Chairperson and Chairperson of the Risk Management Committee) • Dr. Abhijai Chandrasen (Legal Adviser) • Mr. Sara Lamsam 	<ul style="list-style-type: none"> • Prof. Khunying Suchada Kiranandana (Vice Chairperson, Lead Independent Director and Chairperson of the Human Resources and Remuneration Committee) • Prof. Dr. Yongyuth Yuthavong (Chairman of the Corporate Governance Committee) • Prof. Dr. Pairash Thajchayapong • Sqn. Ldr. Naline Paiboon, M.D. • Mr. Saravoot Yoovidhya • Dr. Piyasvasti Amranand (Chairman of the Audit Committee) • Mr. Kalin Sarasin • Ms. Puntip Surathin • Mr. Wiboon Khusakul • Ms. Suphaje Suthumpun

Note: More information on the Board of Directors biographies can be found on our website <http://www.kasikornbank.com/EN/AboutUs/BoardOfDirectors/Pages/CEO.aspx>

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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
- Professionalism
- Customer Centricity
- Financial Knowledge
- Innovation
- 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

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



FTSE4Good

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

- **Human Rights Policy:** aims at fostering greater awareness and enhancing our capability to identify and manage human rights issues related to our employees, customers, suppliers, and communities
- **Layoff Policy:** it is KBank policy not to terminate any employee unless that employee commits severe disciplinary action or the Bank's business operation is in trouble or there is an economic crisis or any serious incident that affect the Bank's business continuity
- **Voluntary Leave Policy:** allows employees to take 1 day leave for volunteer programs related to environment, society, and economy
- **ESG 100 company certified by Thailand**



Note: More information on our Sustainable Development can be found on our website and KBank's Sustainability Development Report 2015

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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

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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

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Public Recognition Highlight: 2015 – 2016

2016

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



- An index component of the Dow Jones Sustainability Indices (DJSI) 2016, including the DJSI World Index and the DJSI Emerging Markets Index
- The Gold level of the 2016 Global Top 50 (Rank 18th)
- Best Overall Investor Relations (large cap)
- Best Investor Relations in Thailand
- Best Investor Relations Officer
- Best Investor Relations in Financial sector
- Best Use of Technology
- Best Sustainability Practice

THE ASIAN BANKER
The Asian Banker Awards 2016

- 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

Corporate Governance Asia
Corporate Governance Awards 2016

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

ELECTRONIC
Electronic Awards 2016

- Best Loyalty Program
- Best Marketing Campaign-Overall
- Best Card Offering-Southeast Asia



- 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

BANKING3FINANCE
Banking3Finance Awards 2016

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

FinanceAsia
FinanceAsia Awards 2016

- Best Bank in Thailand 2016

ASIAMONEY
Asiamoney Awards 2016

- Best Domestic Bank in Thailand
- Best Domestic Debt House in Thailand

Alpha South East Asia
Alpha South East Asia Awards 2016

- 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



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

Corporate Governance Asia
Corporate Governance Awards 2015

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

BANKING3FINANCE
Banking3Finance Awards 2015

- 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

ASIAMONEY
Asiamoney Awards 2015

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

TCCTA
TCCTA Awards 2015

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

ASEAN CORPORATE GOVERNANCE
ASEAN Corporate Governance Awards 2015

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

THE ASIAN BANKER
The Asian Banker Awards 2015

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

FinanceAsia
FinanceAsia Awards 2015

- Best Bank in Thailand
- Best Debt Capital Market House in Thailand

The Banker
The Banker Awards 2015

- Best Cash Management in Thailand

Alpha South East Asia
Alpha South East Asia Awards 2015

- Best Cash Management Bank
- Best Bank in Thailand



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



- Best Local Trade Finance Bank in Thailand

ThaiBMA
ThaiBMA Awards 2015

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

BANK OF THAILAND
Bank of Thailand Awards 2015

- Best Payment Service Provider

ct
ct Awards 2015

- Best Bank in Thailand

ESCO
ESCO Awards 2015

- Best Retail Bank of The Year 2015
- Thailand Domestic Cash Management Bank of the Year
- Best Bank in Thailand
- Excellent ESCO Financial Supporting Awards

TMA
TMA Awards 2015

- Thailand ICT Excellence Awards 2015: Innovations Project

ELECTRONIC
Electronic Awards 2015

- Best Card Design Asia-Pacific
- Highly Commended:
- Best Credit Card Offering-Thailand

SET
SET Awards 2015

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

SET
SET Awards 2015

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

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Banking System and Regulations Update

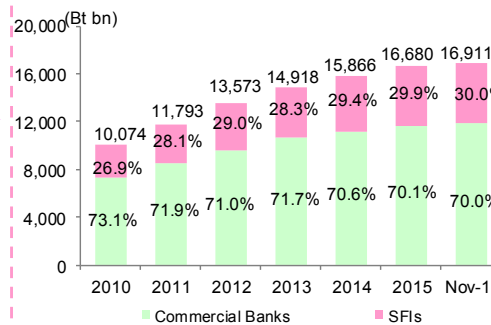
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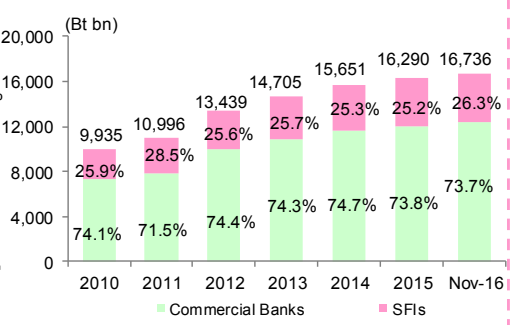
Thai Commercial Banks and Specialized Financial Institutions (SFIs)



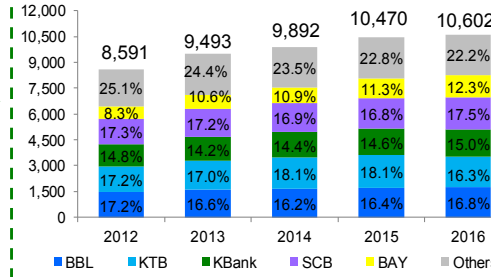
Market Share (% of Total Loans)



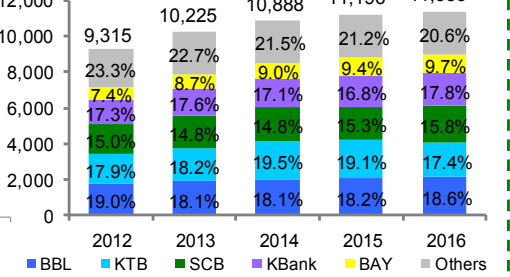
Market Share (% of Total Deposits)



Net Loans (Bt bn)



Deposits (Bt bn)



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)

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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:** The BOT's FSMP II consists of three key policies: 1) Reducing system-wide operating costs 2) Promoting competition and access to financial services 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:** The 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 environments 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:** The 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:** The 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

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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%

Effective (Phase-in)

LCR ≥ 70%

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)

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Capital Definition Change (Consolidated)

Basel II

Basel III

Tier 1

- Issued and paid-up share capital
- Premium on ordinary shares
- Legal reserve and Retained earnings

Common Equity Tier 1

- Issued and paid-up share capital
- Premium on ordinary shares
- Legal reserve and Retained earnings
- Other comprehensive income (OCI)
e.g. surplus on AFS bond and equity (100%),
surplus on land & premises (100%)

Additional Tier 1

- Hybrid Tier 1 with loss absorbency feature*
- Minority interest, Preferred stock*

Deduction of Common Equity Tier 1

- Goodwill, Treasury stock*, Deferred tax asset
- 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

Deduction of Tier 1

- Goodwill, Treasury stock, Deferred tax asset
- Investment in insurance
(50% Tier 1 and 50% Tier 2)

- Long-term subordinated debt
- Hybrid Tier 1 (exceeds from Tier 1 limit)
- General Provision

- Long-term sub-debt with loss absorbency feature**
- General Provision

- Surplus on AFS equity (45%)
- 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

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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
<ul style="list-style-type: none"> ▪ Increase efficiency of the financial institutions system <ul style="list-style-type: none"> - 'One Presence' policy - Expand scope of business: 'Universal Banking' - New licenses for retail banks and foreign bank subsidiaries ▪ Promote financial inclusion <ul style="list-style-type: none"> - Strengthen financial institutions (FIs) by promoting voluntary mergers ▪ Protect customers 	<p>Reducing system-wide operating costs</p> <ul style="list-style-type: none"> ▪ Streamlining regulations ▪ Tackling remaining NPLs and NPAs <p>Promoting competition and access to financial services</p> <ul style="list-style-type: none"> ▪ Promote competition ▪ Promote financial access <p>Strengthening financial infrastructure</p> <ul style="list-style-type: none"> ▪ 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 	<p>1) Promote electronic financial and payment services, as well as enhance efficiency of the financial system</p> <ul style="list-style-type: none"> ▪ 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 <p>2) Support regional trade and investment linkages</p> <ul style="list-style-type: none"> ▪ Facilitating and reducing obstacles for banks' international expansion, including <ul style="list-style-type: none"> ▪ 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 <p>3) Promote financial access</p> <ul style="list-style-type: none"> ▪ 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 <p>4) Develop relevant infrastructure (Enablers)</p> <ul style="list-style-type: none"> ▪ Developing key infrastructures in the financial system ▪ Strengthening regulations and supervision in line with international standards to ensure stability of the overall financial system

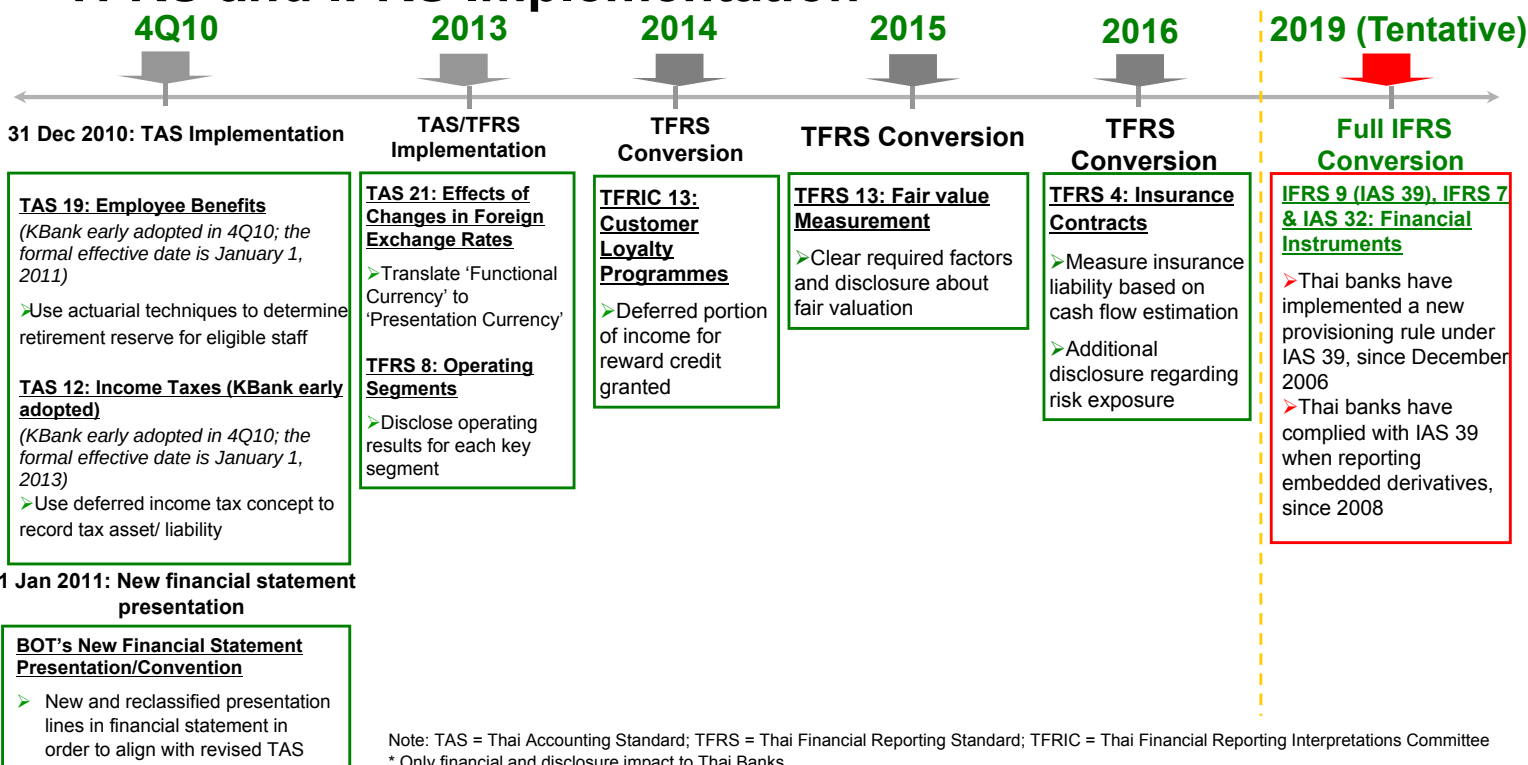
Source: BOT and KResearch

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

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TFRS and IFRS Implementation*



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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 November 2016)

Deposits (Corporate and Retail Deposits)	# of Accounts	%	Amount (Bt mn)	%
Less than Bt1mn	88,500,172	98.4%	2,751,712	22.1%
More than Bt1mn, but less than Bt10mn	1,278,151	1.4%	3,246,415	26.1%
More than Bt10mn, but less than Bt25mn	74,555	0.1%	1,120,020	9.0%
More than Bt25mn, but less than Bt50mn	22,590	0.0%	801,485	6.4%
More than Bt50mn	20,184	0.0%	4,512,261	36.3%
Total	89,895,652	98.4%	12,431,893	22.1%

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

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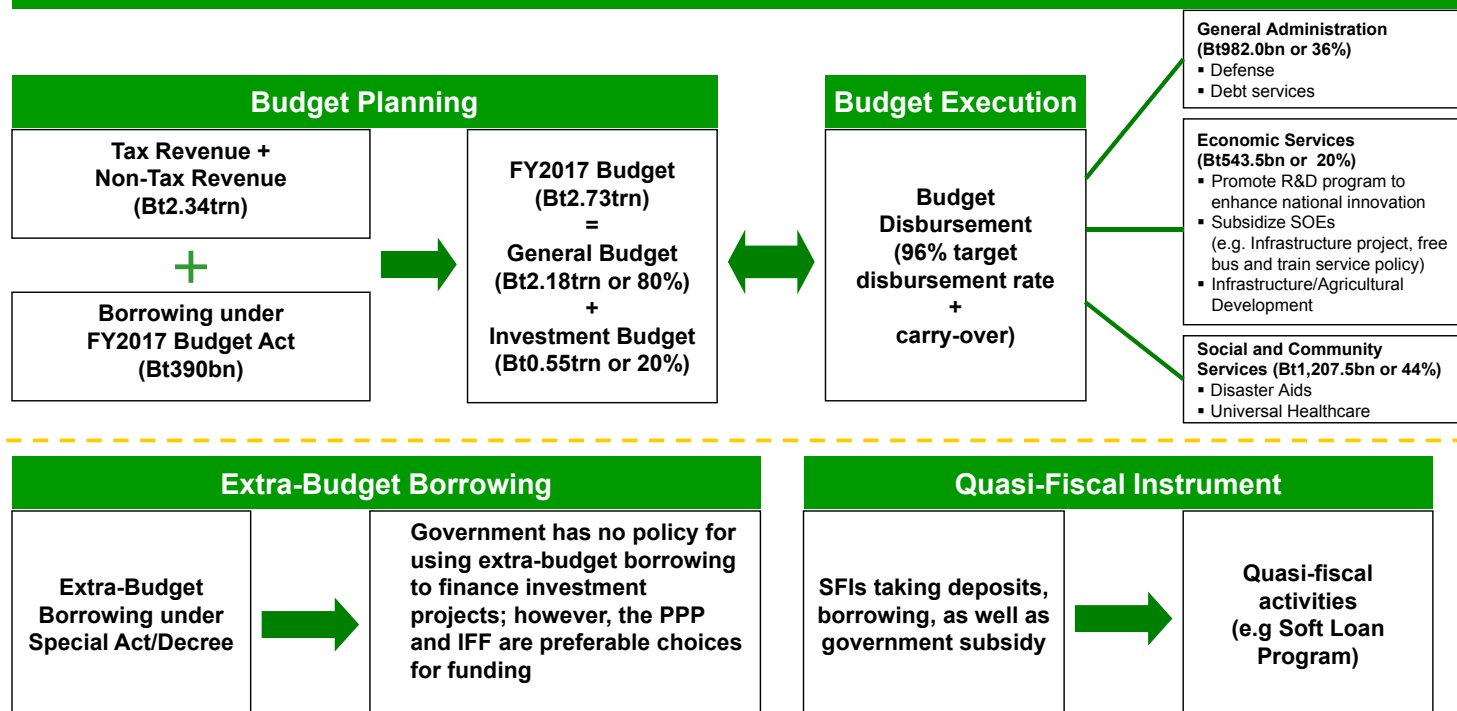
Government Policy

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Sources and Uses of Public Funds

FY2017 Budget

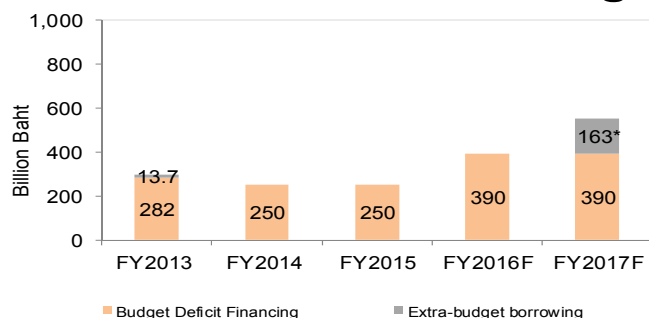


Notes: Thai government's fiscal year (FY) begins on 1 October and ends on 30 September of the following year.
IFF = Infrastructure Fund, PPP = Public-Private Partnership, SFIs = Specialized Financial Institutions

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Government Fiscal Budget



- NLA passed FY 2017 budget worth Bt2.73tn
- An additional central budget of Bt190bn for FY2017 was passed by NLA, the budget deficit may rise from 2.7% of GDP to 3-4% of GDP
- 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
2016 Budget Act	FY2016 budget at Bt2.72trn with a deficit of Bt390bn	FY2016 Effective date: October 1, 2015	<ul style="list-style-type: none"> 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 Budget Act	FY2017 budget at Bt2.73trn with a deficit of Bt390bn	FY2017 Effective date: October 1, 2016	
2017 Additional Budget Act	An additional central budget of Bt190bn	An additional central budget for FY2017 Effective date: within March 2017	

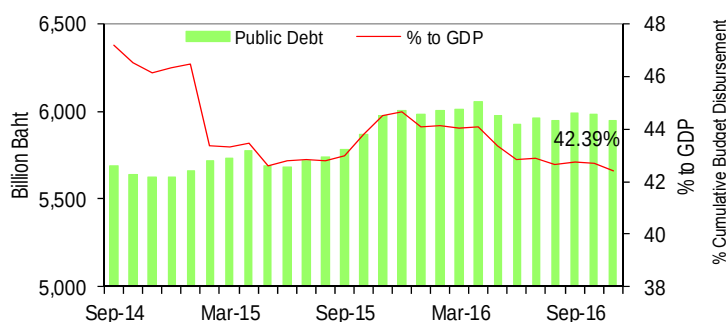
* The government expects to borrow around Bt163bn for an additional budget worth Bt190bn as Treasury Cash Balance is ample to cover disbursements
Note: - FY2013, FY2014, FY2015, FY2016 and FY2017 budget deficits are based on budget documentation, whereas extra-budget borrowing is projected by KResearch
- 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 January 26, 2017)

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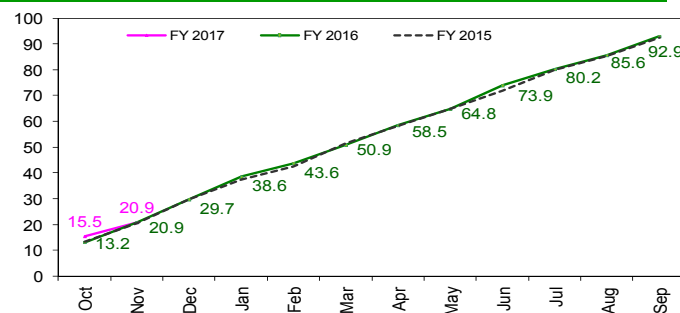
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Public Debt to GDP and Fiscal Budget

Public Debt



Budget Disbursement Rate



	FY17 target	2M FY17 actual	Unused FY17 Budget
Total Budget Bt2.73trn	Bt2.62trn (96%)	Bt0.57trn (20.9%)	Bt2.16trn (79.1%)
- General Budget Bt2.18trn	Bt2.15trn (99%)	Bt0.52trn (23.9%)	Bt1.66trn (76.1%)
- Investment Budget Bt0.55trn	Bt0.48trn (87%)	Bt0.05trn (9.1%)	Bt0.50trn (90.9%)

- Public debt to GDP ratio was 42.39% as of November 2016, 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%

- Government budget disbursement rate for 2MFY2017 is 20.9%, on par with the 20.9% in 2MFY2016
- 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

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:**
 - The 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:**
 - The Cabinet approved, in principle, the National e-Payment Master Plan
 - The Cabinet approved Bt15bn to be spent on the expansion of broadband internet access
 - The National Broadcasting and Telecommunications Commission (NBTC) awarded 4G licenses in 1800 MHz and 900 MHz
- BOI Measures for Supporting Private Investment:** The Cabinet approved tax and non-tax incentive measures to support private investment, such as Special Economic Zones (SEZs), six targeted clusters, and ten targeted industries as new engines of growth
- Promote the establishment of an international headquarters (IHQ) and an international trading center (ITC) in Thailand:** to help Thailand become one of the key trading nations 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:** covering social justice, consumer protection, human-trafficking, and business and financial law

Short-term Policies

- Government Budget:**
 - Fiscal budget deficit in FY2017: a deficit of Bt390bn in FY2017: provide money to support Thai economy
 - An additional central budget of Bt190bn for FY2017: a preemptive measure to sustain economic momentum
- Short-term Stimuli:**
 - Provide financial support and tax incentives for SMEs: special loan rate for SMEs, lower credit guarantee fee for SMEs, venture capital for SMEs, and tax-exemption for targeted start-up 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 and 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
 - 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 to develop 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 for people who earns less than Bt100,000 annually; Bt15,000 tax deduction for individuals expenses during Dec 14, 2016 - Dec 31, 2016; Fee for single-entry tourist visas will be waived from Dec 2016 - Feb 2017

Note: SOE = State Owned Enterprise; GSB = Government Saving Bank
Sources: Newspaper and KResearch (as of October 6, 2016)

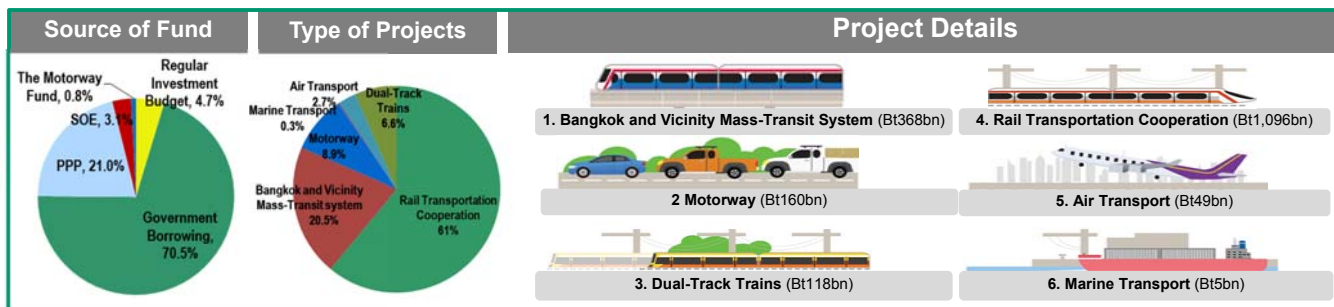
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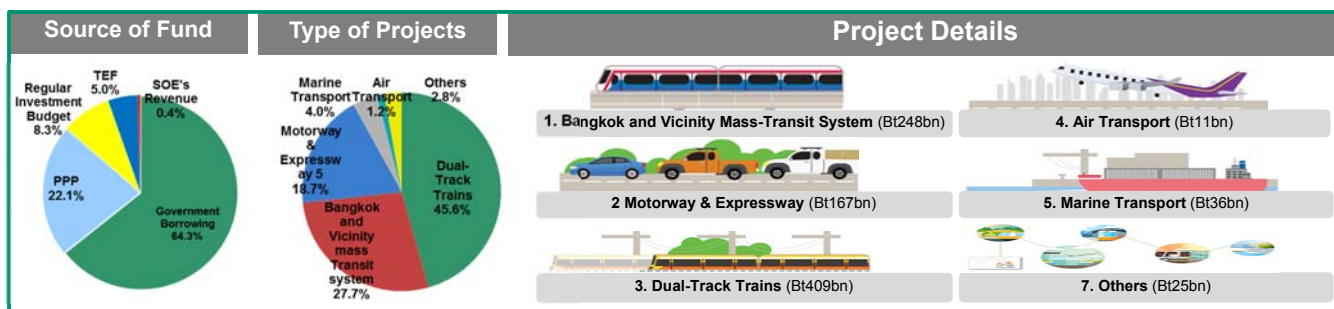
Transport Infrastructure Development Plan

- 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)



Transport Action Plan Year 2017 (Bt896bn)



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

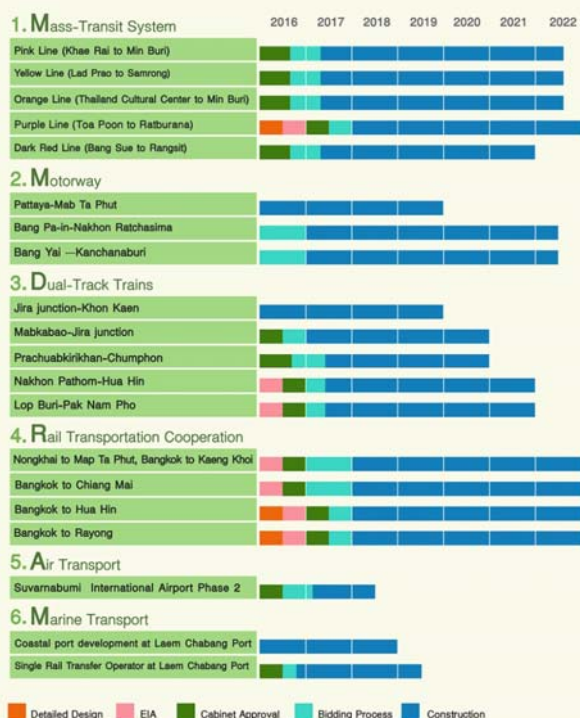
Notes: PPP = Public-Private Partnership; SOE = State of Enterprise; MRTA = Mass Rapid Transit Authority of Thailand; SRT = State Railway of Thailand
Source : Office of Transport and Traffic Policy and Planning, Newspaper, KResearch (as of January, 2017)

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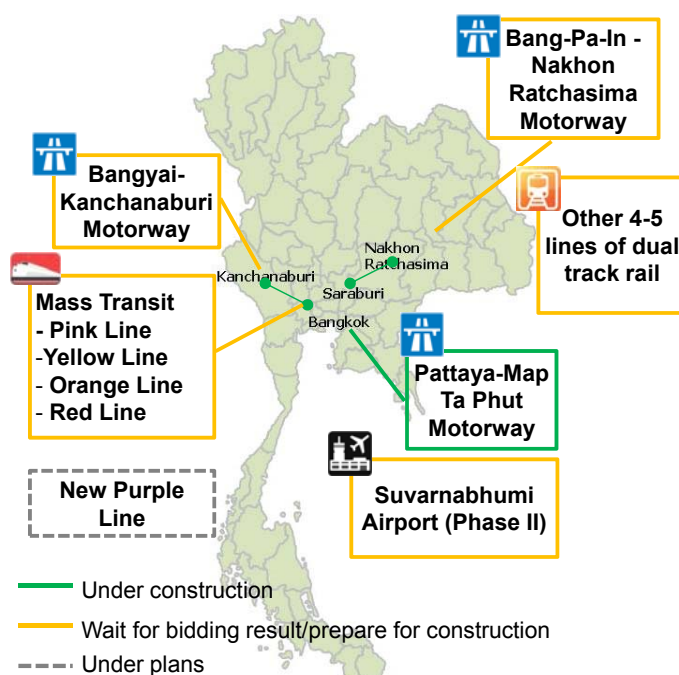
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Transport Action Plan Year 2016: Progress

Timeline of Transport Action Plan Year 2016



Projects that can start by 2017



Notes: EIA = Environmental Impact Assessment; SOE = State of Enterprise;

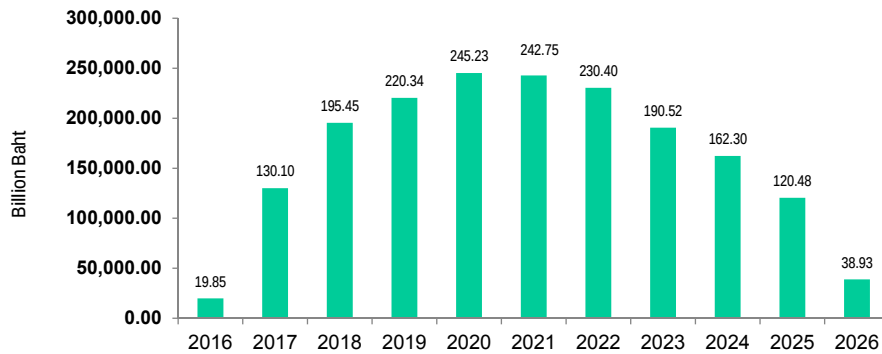
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Transport Action Plan Year 2016: Budget Disbursement

- 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 (FY2016-2026)*



Notes:
- Thai government's fiscal year (FY) begins on 1 October and ends on 30 September of the following year

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

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BOI Measures for Supporting Private Investment

- Cabinet approved measures for supporting private investment

Special economic zones (SEZs) (January 19, 2015)

Targeted provinces	<ul style="list-style-type: none"> 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
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Incentives	<ul style="list-style-type: none"> Projects in special economic zones: Tax exemption for first 8 years and 50% tax reduction in following 5 years
------------	--

Six targeted clusters (September 22, 2015)

Targeted clusters and provinces	<ul style="list-style-type: none"> Super Clusters (Four clusters): Automobile and Parts, Electronics Appliances and Telecommunications, Petrochemicals and Other Environmental Friendly Chemical Products, and Digital Other Clusters (Two clusters): Garment and Clothing and Processed Food 9 Provinces: Nakorn Ratchasima, Ayutthaya, Pathum Thani, Prachin Buri, Chachoengsao, Chon Buri, Rayong, Chiang Mai, and Phuket
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Incentives	<ul style="list-style-type: none"> Super Clusters: Tax exemption for first 8 years and 50% tax reduction in following 5 years Other Clusters: Tax exemption for first 3-8 years and 50% tax reduction in following 5 years Non-tax incentives: granting land ownership to foreign juristic persons, and granting permanent residence to foreign specialists
------------	--

Accelerating private investment (November 3, 2015)

Incentives	<ul style="list-style-type: none"> Additional 1-4 year tax exemption, not to exceed 8 years, and 50% tax reduction in following 5 years for BOI applications from January 1, 2015 to June 30, 2016; must operate business in 2017
------------	--

10 targeted industries for new engines of growth (November 17, 2015)

10 targeted industries	<ul style="list-style-type: none"> First S-Curve (to enhance efficiency of existing production, boosting short and medium-term of 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
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Incentives	<ul style="list-style-type: none"> Up to 15 years for TAX exemption; Personal income tax exemption for international qualified expertise A tax deduction will be granted up to 3 times for expenses relating to technology R&D from 2015-2019
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Source : Newspaper, KResearch (as of January 26, 2017)

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Short-term Stimuli

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

Measures to help SMEs (September 8, 2015)

Loans guaranteed by TCG (Bt100bn)	<ul style="list-style-type: none"> TCG will absorb the first 15% of NPLs as a loss and share the loss of the second 15% with financial institutions Guarantee fee will drop to 0% in 1st year, 0.5% in 2nd year, 1.5% in 3rd, and 1.75% for the remaining years
Lower corporate income tax rate	<ul style="list-style-type: none"> Corporate income tax rate for SMEs will be lowered to 10%, from 15-20% in 2015-2016
Venture capital fund for SMEs	<ul style="list-style-type: none"> GSB, KTB, and SME banks will provide Bt6bn in venture capital funding for start-up SMEs with insufficient capital
5-year tax exemption for start-up SMEs	<ul style="list-style-type: none"> Start-up SMEs registering during Oct 2015 - Dec 2016 and in targeted industries (such as food processing, high technology or innovation, and digital) will receive a 5-year tax exemption

Measures to alleviate the impact from the drought as well as promote enterprise in local communities (Feb 25, 2016)

BAAC softloan (Bt93bn)	<ul style="list-style-type: none"> 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 first 7 years (Bt72bn) and soft loans to farmers in 26 drought-stricken provinces for a one-year term at 0.01% interest
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Measures to support consumer spending (Mar 22, 2016)

Ban Pracharat (Bt70bn)	<ul style="list-style-type: none"> To 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 The remaining Bt30bn will be provided to private property developers who join the scheme
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Measures to support consumer spending and tourism (Mar 29, 2016)

Domestic tourism	<ul style="list-style-type: none"> Extend Bt15,000 tax deduction for individuals staying at hotels and spending on travel until 31 Dec 2016
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Measures to uplift farmer livelihood (Jun 21, 2016)

Farmer's aid for 2016/17 crop cycle by BAAC (Bt45bn)	<ul style="list-style-type: none"> 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
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Source : Newspaper, KResearch (as of January 26, 2017)

Note: GSB = Government Savings Bank; BAAC = Bank of Agriculture and Agricultural Cooperatives; TCG = Thai Credit Guarantee Corporation; GHB = Government Housing Bank

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Short-term Stimuli (Con't)

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

Measures to support low income families under Pracha Rat scheme (Aug 2, 2016)

Soft loan for urban low-income families (Bt20bn)	<ul style="list-style-type: none"> Provide low-interest loans for urban low income families, interest-free for the first year and 1% in the second to fifth year, up to Bt50,000 per person 3-year debt suspension on principal, up to Bt200,000, for current GSB customers
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Measures to promote local investment (Sep 13, 2016)

Stimulus funds for local investments (Bt9.9bn)	<ul style="list-style-type: none"> Government would 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, as well as projects to improve quality of life for children
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Measures to support farmer for FY2017 (Sep 27, 2016)

FY2017 Farmers' aid measures (Bt6.5bn)	<ul style="list-style-type: none"> Bt1,500-3,000 for farmers who have a maximum income not greater than Bt150,000 a 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
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Measures to support Villager under Pracharat program for FY2017 (Oct 25, 2016)

FY2017 Villager Fund (Bt18.8bn)	<ul style="list-style-type: none"> Allocate a budget to develop 74,665 villages nationwide under the Pracharat approach, each village will be granted 250,000 baht
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Measures to support economy (Nov - Dec 2016)

Private consumption	<ul style="list-style-type: none"> Person who earns less than Bt30,000 annually will be eligible to receive a transfer of Bt3,000 while those earns between Bt30,001-100,000 annually will be receiving for Bt1,500 Bt15,000 tax deduction for individuals expenses during Dec 14, 2016 - Dec 31, 2016
Tourism	<ul style="list-style-type: none"> Fee for single-entry tourist visas will be waived from Dec 2016 - Feb 2017

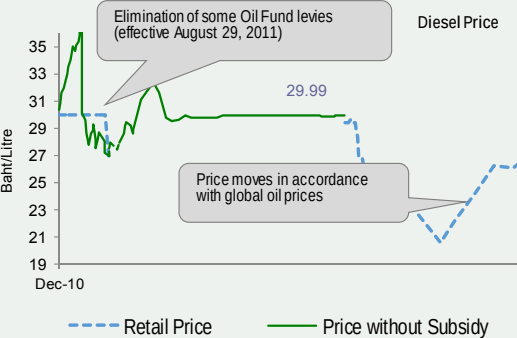
Source : Newspaper, KResearch (as of January 26, 2017)

Note: GSB = Government Savings Bank; BAAC = Bank of Agriculture and Agricultural Cooperatives; TCG = Thai Credit Guarantee Corporation; GHB = Government Housing Bank

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Ongoing Government Measures to Assist Cost of Living

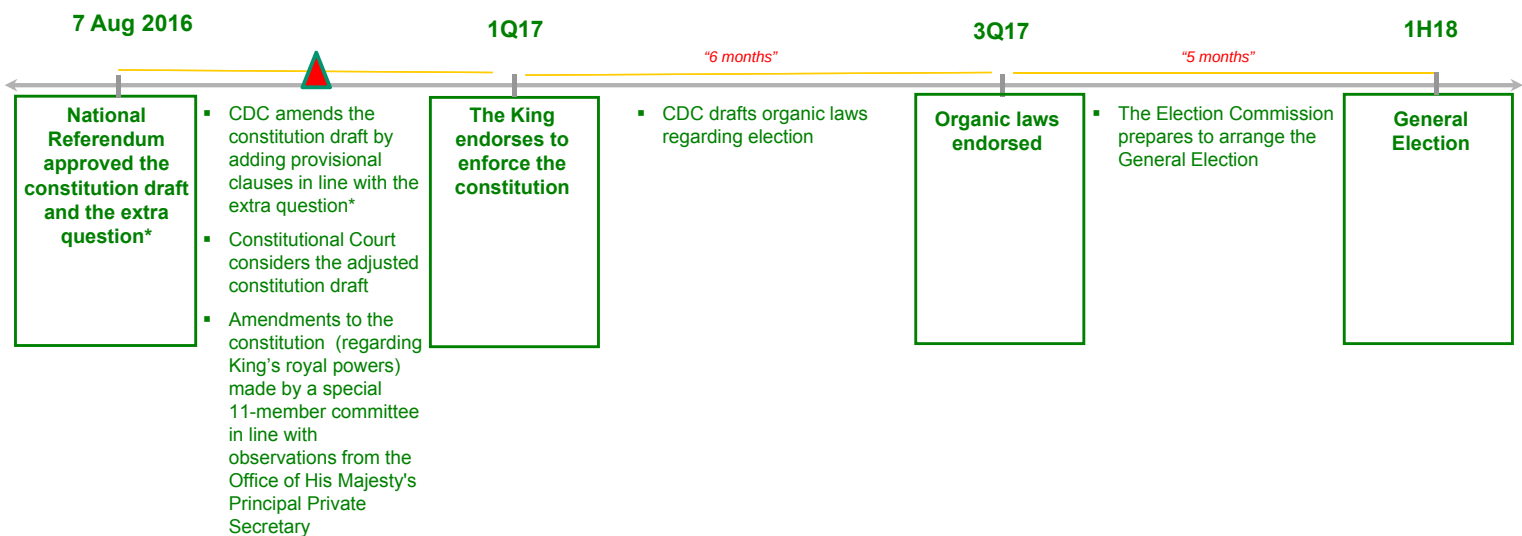
Measures	Details
Household Assistance	<p>Train and Bus Fares: A subsidized fare for buses and trains; some buses and trains provided for free</p> <p>Electricity: A full subsidy on electricity bills for households using less than 50 units of electricity per month</p>
Energy Prices 	<p>Diesel Fuel: Government intends to restructure diesel fuel prices to reflect global prices</p> <p>NGV and LPG Price: Government lowered the NGV and LPG subsidy, allowing retail selling prices to reflect global market prices</p> <ul style="list-style-type: none"> ■ NGV price declined to Bt12.55/kg since June 2016, align with global price ■ LPG prices are as follows: <ul style="list-style-type: none"> ➢ Household sector: refrained from subsidizing general households. Current household LPG price is Bt20.29/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 Bt20.29/kg ➢ Industrial sector: adjusted in line with relevant production costs, currently at Bt20.96/kg <p>FT Rate: Fuel Adjustment Tariff (FT) Rate for electricity is set to increase by less than the actual cost (from January-March 2017, FT rate at Bt-0.3729/unit)</p>
Value-added-tax (VAT) Rate	<p>On July 14, 2015, the Government announced the following VAT Rates:</p> <ul style="list-style-type: none"> ■ Maintain the 7% value-added-tax (VAT) rate until September 30, 2017 ■ After September 30, 2017, the VAT rate will be increased to 10%

Source: KResearch

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The Constitution and Election Roadmap



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

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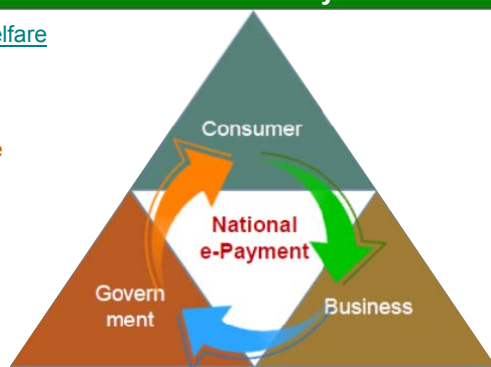
National e-Payment: Scope and Objectives

- **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:** (More details on page 120-122)
 - 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	 <ul style="list-style-type: none"> More convenient money transfer 	<ul style="list-style-type: none"> Expand card acceptance network Promote cashless payment transaction 	<ul style="list-style-type: none"> Integrate tax filing system More accurate sales records Expand tax coverage 	<ul style="list-style-type: none"> More transparent and accurate More convenient Promote cashless society 	<ul style="list-style-type: none"> Promote e-payment nationwide along with many benefits
Principle	<ul style="list-style-type: none"> Use registered ID (e.g. national ID, mobile number) as a virtual bank account number 	<ul style="list-style-type: none"> Reduce merchant fee to encourage usage and participating merchants Set up new local switching network 	<ul style="list-style-type: none"> Electronic tax system E-tax invoice system 	<ul style="list-style-type: none"> Register citizen income Manage social welfare database Direct social welfare payment through PromptPay (Any ID) 	
Timeline	<ul style="list-style-type: none"> 1st Phase (P2P) <ul style="list-style-type: none"> 1 Jul 16: pre-register 15 Jul 16: register 27 Jan 17: launch 2nd Phase (B2C and B2B) <ul style="list-style-type: none"> 2Q17: register and launch 	<ul style="list-style-type: none"> 1Q17: announce successful bidder for EDC and start the first batch of EDC installment 	<ul style="list-style-type: none"> 2016: gradually implement and will be launched by 1Q18 	<ul style="list-style-type: none"> Sep16: pilot project with selected organizations 	<ul style="list-style-type: none"> 4Q15-1Q17: synchronized with other projects
Key Changes	New fee structure	New merchant fee structure	<ul style="list-style-type: none"> Change paper based tax document to e-tax document and info Migrate cash and cheque tax payment to e-Payment 	<ul style="list-style-type: none"> 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: P2P



- 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

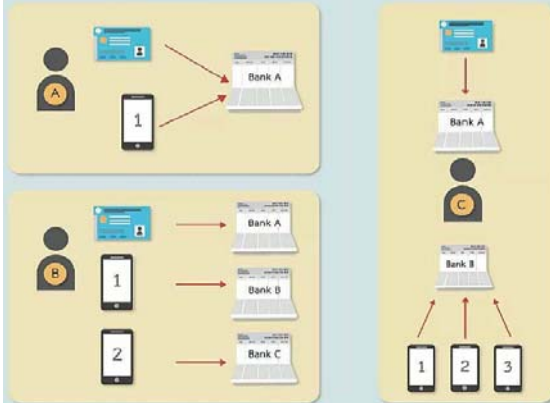
Date: from July 15, 2016 (pre-registration starts July 1, 2016)

➤ Implementation

Channel: Internet banking, mobile banking, ATM

Date: January 27, 2017

Samples of Linking ID Cards and Mobile Phones with Bank Account



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: * 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

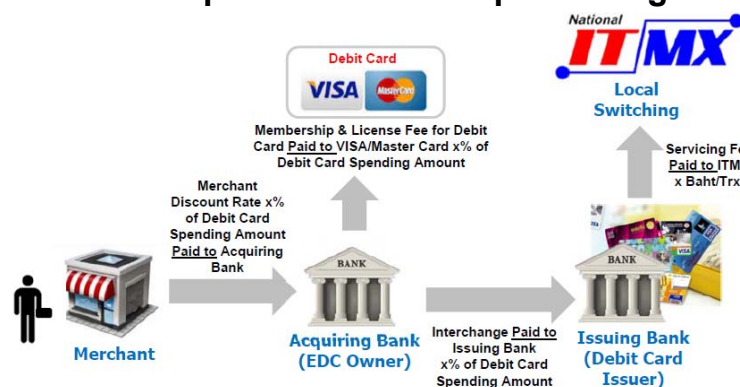
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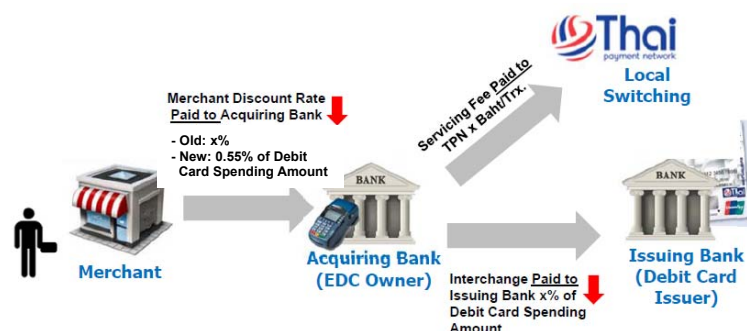
2) EDC and Card Acceptance Expansion Project: EDC

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

2.1) Existing Local Switching for Debit Card Spending: National ITMX



2.2) Additional Local Switching for Debit Card Spending: Thai Payment Network (TPN)



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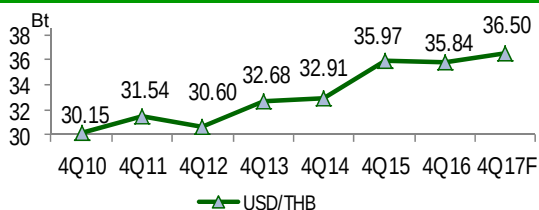
Thailand Economic Figures

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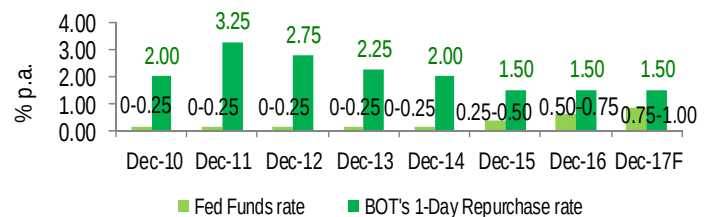
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Currency and Interest Rate Outlook

USD/THB: End Period



Interest Rate Trend



- The Fed is signaling that there could be three rate hikes in 2017
- For 2017, however, there is a downside risk to the Fed's forecast, given upcoming global uncertainties, particularly those related to BREXIT negotiations
- We expect the Fed might opt for only one hike later in 2017, bringing the Fed funds rate to 0.75-1.00%
- A more gradual rate hike suggests the dollar's strength might be less than expected. USD/THB is expected to hover around 36.50 by 2017 year-end
- Domestic growth has shown positive development in recent months, driven by good performance in the tourism sector and continued public spending and investment
- The BOT is expected to keep the policy rate at 1.50% throughout 2017. Fiscal policy should take a front seat in driving growth while the BOT focuses on maintaining financial stability. At the same time, a gradual Fed hike should give the MPC flexibility to remain on hold to support the domestic economy

Note: F is estimated by KBank Capital Markets Research (as of January 19, 2017)

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Monthly Economic Conditions: November - December 2016

Units: % over-year, otherwise indicated	2015	2016	2016	2016	2016	2016	2016	2016	2016
		1Q	2Q	3Q	Sep	Oct	Nov	Dec	YTD.
Private Consumption Index (PCI)	1.5	2.2	3.9	3.4	3.4	2.7	1.6		3.0
Non-durables Index	3.5	3.2	2.7	0.9	0.9	-0.7	-2.0		1.7
Durables Index	-6.7	-8.5	4.3	5.6	6.4	-2.6	-3.9		-0.5
Service Index	6.8	7.8	6.8	8.7	8.6	5.7	3.7		7.2
Passenger Car Sales	-19.1	-26.6	4.9	10.6	13.6	-4.8	-9.4		-5.3
Motorcycle Sales	-3.7	-9.0	6.4	17.8	16.6	6.5	12.9		4.9
Private Investment Index (PII)	0.9	1.1	0.7	-0.3	-0.3	-0.9	-1.3		0.1
Domestic Sales Volume of Cement	-0.8	0.9	-0.1	-2.6	-3.4	-4.3	-0.5		-0.8
Domestic Machinery Sales at constant prices	9.2	7.1	4.9	3.3	2.7	4.9	7.1		5.3
Imports of Capital Goods at constant prices	-0.8	1.3	-3.4	-1.9	-1.3	-7.3	-5.7		-2.4
Commercial Car Sales	-2.3	4.0	12.0	-3.4	-3.3	-14.0	-18.2		-0.5
Manufacturing Production Index	0.3	-0.9	1.7	-0.3	1.1	0.0	3.8		0.4
Capacity Utilization	65.8	68.8	64.6	64.1	65.5	65.4	66.7		65.9
Agriculture Production Index	-3.9	-7.3	-4.1	-2.0	7.3	21.7	-3.1	8.5	-1.2
Agriculture Price Index	-6.0	-5.3	4.9	13.1	8.0	-1.1	3.1	9.3	4.0
No. of Tourists	20.4	15.5	8.2	12.8	17.7	1.2	-3.7		9.9
Exports (Custom Basis)	-5.8	0.9	-4.1	1.2	3.4	-4.2	10.2	6.2	0.5
Price	-2.3	-2.4	-0.8	0.8	1.3	1.4	1.7	2.9	-0.1
Volume	-3.6	3.4	-3.3	0.4	2.1	-5.5	8.4	3.3	0.6
Imports (Custom Basis)	-11.0	-12.0	-8.4	-1.2	5.6	6.5	3.0	10.3	-3.9
Price	-10.8	-7.7	-5.0	-1.0	1.2	1.9	2.7	5.4	-2.7
Volume	-0.2	-4.7	-3.7	-0.2	4.3	4.5	0.3	4.6	-1.4
Trade Balance Custom Basis (USD millions)	11,699	8,189	4,224	5,516	2,546	248	1,543	938	20,659
Current Account (USD millions)	32,149	17,852	8,391	10,380	2,958	2,875	3,195		42,693
Headline CPI	-0.9	-0.5	0.3	0.3	0.38	0.34	0.60	1.13	0.19
Core CPI	1.1	0.67	0.78	0.76	0.75	0.74	0.72	0.74	0.74

- Key figures in November 2016 suggest Thai economic growth still lukewarm
- Private consumption and investment slowed further amid cautious views on economic outlook
- Exports registered a positive number for 2-consecutive months, supported by a rise in export demand during year-end festival
- Current account surplus widened, due to an increase in trade balance
- December headline inflation accelerated to 25-month high, due to a rise in energy and food items

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

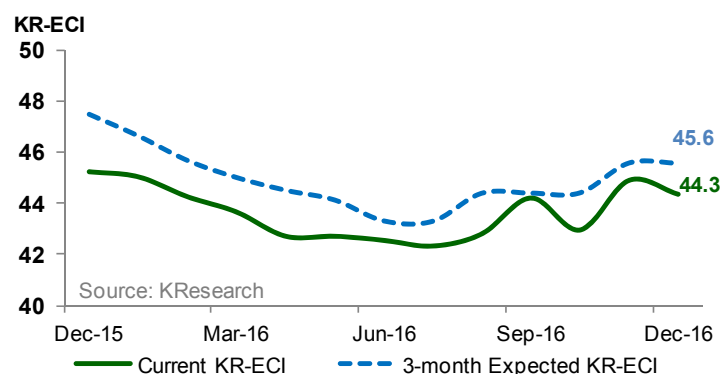
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KR Household Economic Condition Index (KR-ECI)

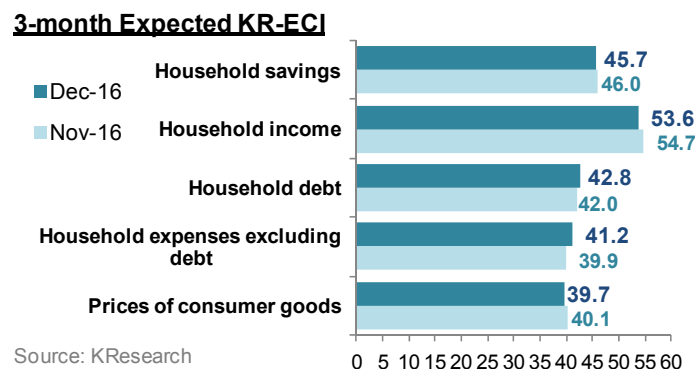
- The 3-month expected KR-ECI remained unchanged from the previous month at 45.6: less concern on spending and debt burden versus higher anxiety about price increase and employment situation

KR Household Economic Condition Index (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.

Components of 3-month Expected KR-ECI

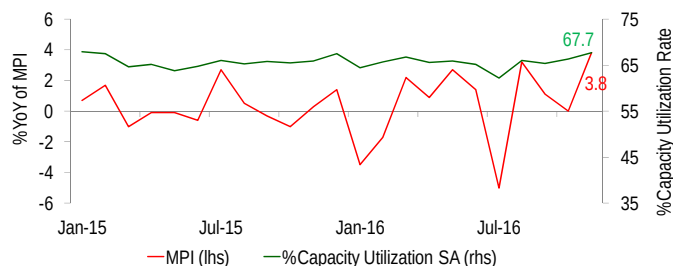


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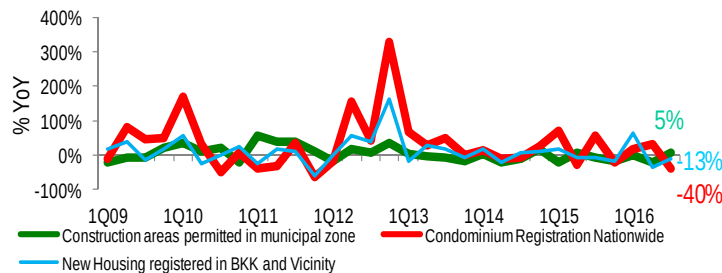
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Economic Condition Highlights: November - December 2016

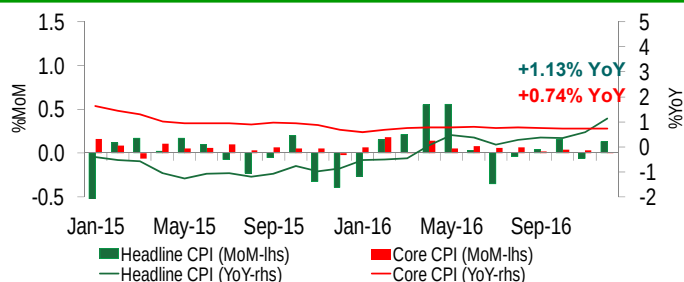
Nov16 MPI picked up along with recovery in export demand, especially in electronics and electric appliances



Activity in the property market declined in 3Q16, in response to the absence of government stimuli

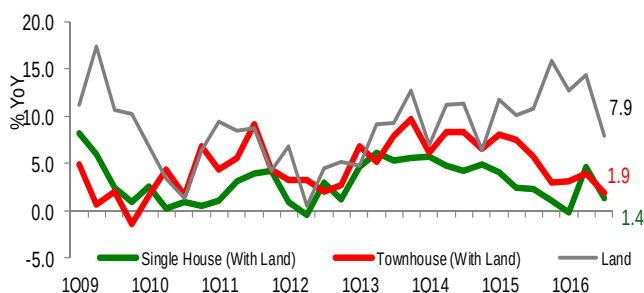


Dec16 headline inflation accelerated due to a rise in energy and food items



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

Property prices growth was slow in 3Q16 due to slow growth in the property market

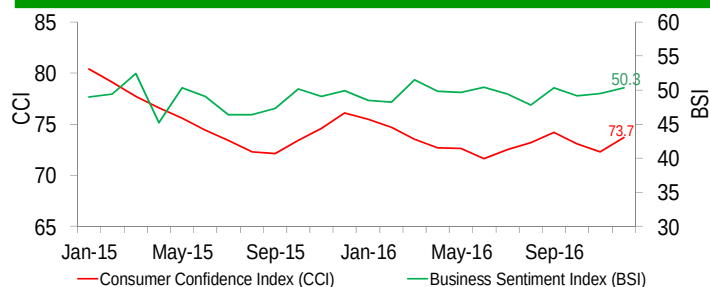


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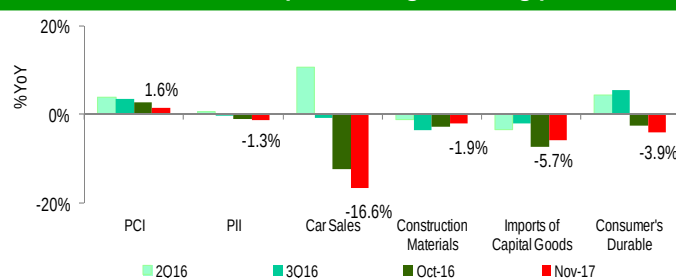
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Economic Condition Highlights: November - December 2016

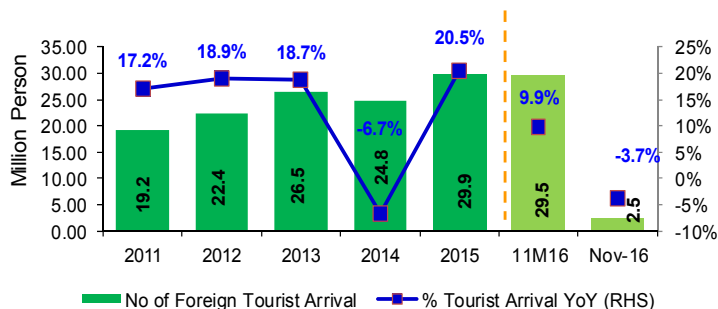
Dec16 BSI and CCI picked up as government unveiled fresh stimuli



Nov16 private consumption slowed further as investors lowered consumption during mourning period



Nov16 foreign arrivals declined slightly due to a crackdown on "zero dollar" tours



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

Nov16 exports surged amid a recovery in demand from major markets

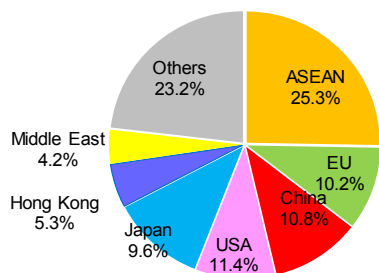


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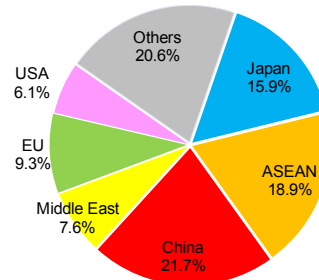
128

Exports and Imports: 2016

Exports by Country



Imports by Country



Top 10 Exports by Product

Custom Basis	2016		
	USD Millions	Weight	%YoY
Total	215,327	100.0	0.5
Motor cars, parts and accessories	26,273	12.2	2.7
Automatic data processing machines and parts thereof	16,760	7.8	-5.0
Precious stones and jewellery	14,249	6.6	29.6
Electronic integrated circuits	7,717	3.6	-0.1
Polymers of ethylene, propylene, etc in primary forms	7,707	3.6	-6.7
Machinery and parts thereof	6,968	3.2	-1.4
Rubber products	6,583	3.1	-3.9
Chemical products	6,107	2.8	-4.7
Refine fuels	5,569	2.6	-30.9
Iron and steel and their products	5,175	2.4	-2.7

Top 10 Imports by Product

Custom Basis	2016		
	USD Millions	Weight	%YoY
Total	194,668	100.0	-3.9
Machinery and parts	19,063	9.8	-2.5
Electrical machinery and parts	16,416	8.4	3.7
Crude oil	15,176	7.8	-22.3
Chemicals	13,000	6.7	-0.8
Parts and accessories of vehicles	10,605	5.4	6.0
Iron, steel and products	10,378	5.3	-1.7
Electronic integrated circuits	9,464	4.9	0.3
Jewellery including silver bars and gold	7,999	4.1	-14.2
Other metal ores, metal waste scrap, and products	6,968	3.6	-1.0
Electrical household appliances	6,725	3.5	-1.2

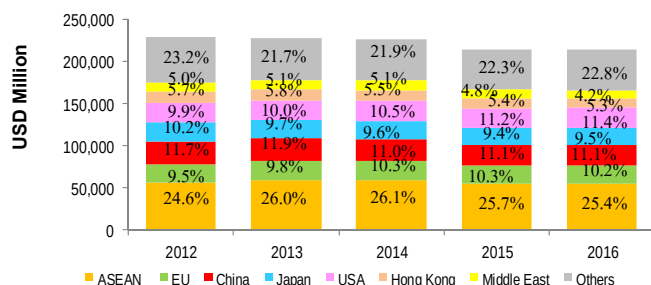
Source: Ministry of Commerce

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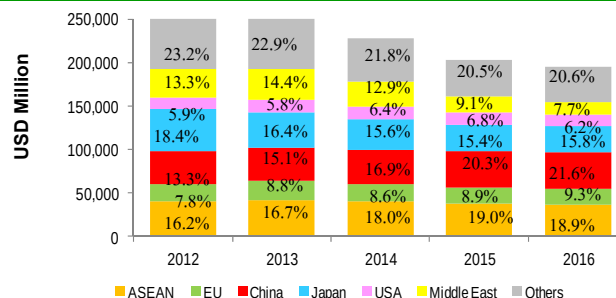
129

Export and Import Data: 2012 – 2016

Exports by Country



Imports by Country



Top 10 Exports by Product

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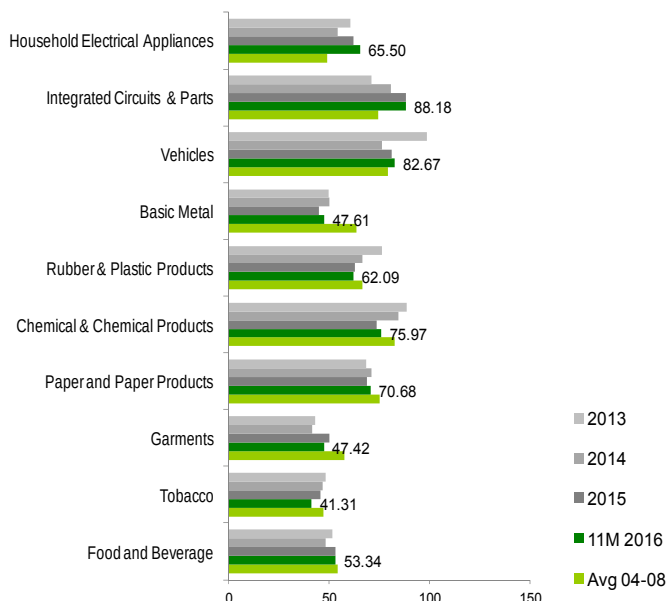
Source: Ministry of Commerce

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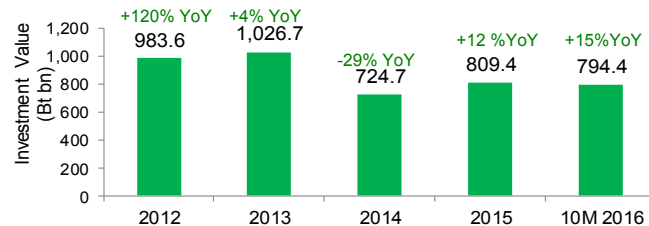
Economic Condition Highlights: CAPEX and Investment Cycle

Capacity Utilization by Key Industries

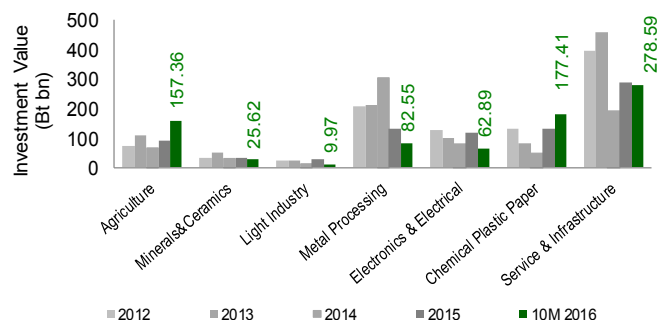


Source: The Bank of Thailand (BOT), The Ministry of Commerce (MOC), and Office of Industrial Economics (OIE)
(Data as of January 2017)

Investment value of BOI-approved applications (Total)*



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



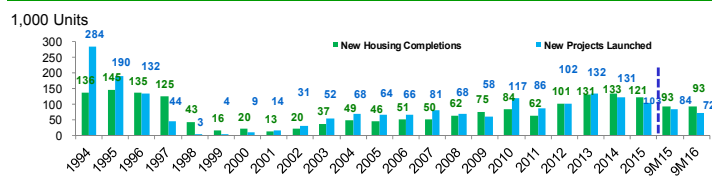
Source: The Board of Investment of Thailand (BOI)
Note: *Figures above indicate investments of approved projects requesting investment promotion benefits from BOI

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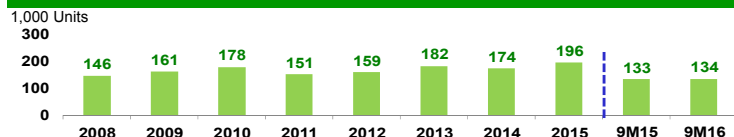
131

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

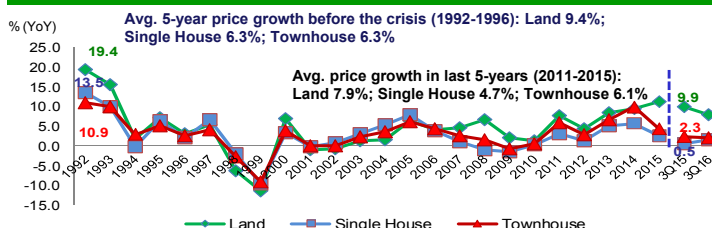
Supply Side: New Housing Completions and New Projects Launched in BMR*



Demand Side: Transferred Properties in BMR*



Price Growth of Properties

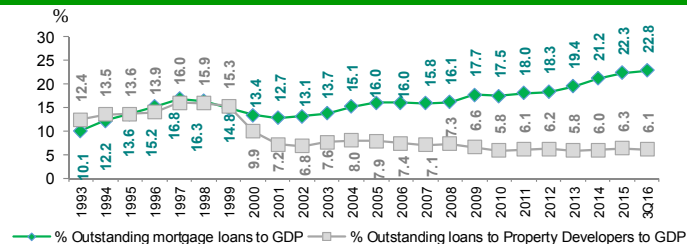


Sources : National Economic and Social Development Board (NESDB), BOT, Real Estate Information Center (REIC), Agency for Real Estate Affairs (AREA), and KResearch

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

Outstanding Mortgage Loans to Individuals and Property Developers to GDP



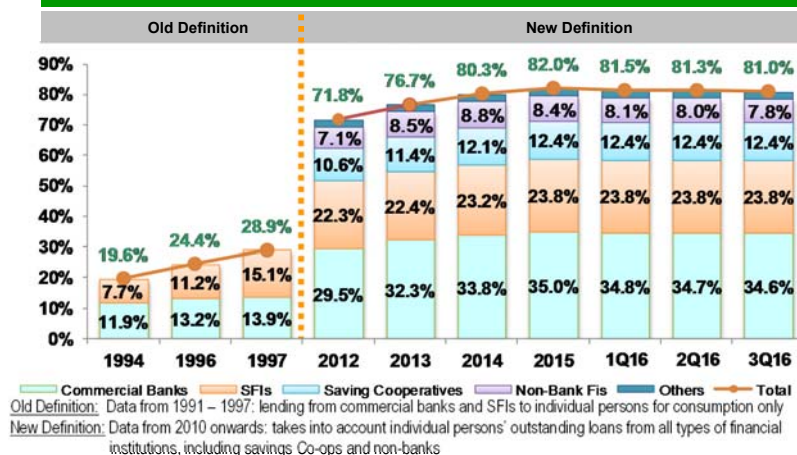
- Mortgage loans to GDP is higher than pre-crisis level, due to several factors such as changes in consumer behavior, intense competition among banks, and a more accessible credit market
- Outstanding loans granted to property developers (including contractors) to GDP was 6.1% in 3Q16, still lower than 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 increased due to high demand in the business center
- Mortgage loan NPLs among Thai commercial banks remained low, even with increase in 3Q16 to 2.81% compared with 2.66% in 2Q16

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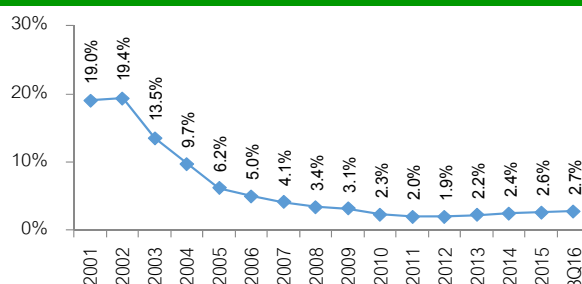
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Household Borrowing

Household Borrowing to GDP



% NPL for Consumption Loans of Thai Commercial Banks

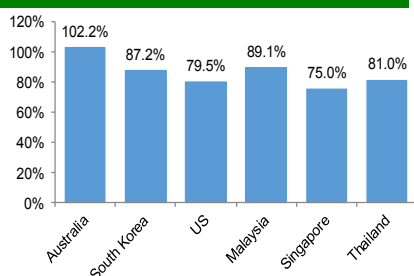


- Household borrowing to GDP declined to 81.0% in 3Q16. For the 2016 year-end, we expect that it will rise to 81.5% and decrease to 80.5-81.5% in 2017
- Household borrowing to GDP is higher than pre-crisis level, due to factors such as changes in consumer behavior, intense competition among banks, and 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 Thai commercial banks was steady at 2.7% in 3Q16

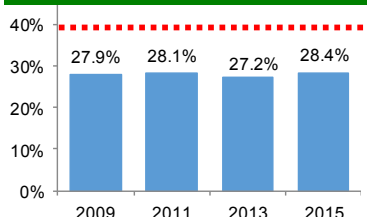
Note: **Data on Thailand as of 3Q16, Malaysia as of 2015, US, Australia and Korea as of 3Q15, Singapore as of 2014

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

Cross-Country Comparison of Household Debt*



Debt Service Ratio of Thai households**



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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

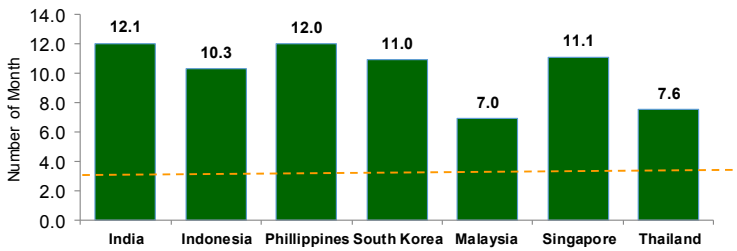
Price	Condominium	House	Loan to Value (LTV)	Risk Weights	Effective Date
≥ Bt10mn	✓	✓	> 80%	75%	March 2009
< Bt10mn	✓		> 90%		January 2011
< Bt10mn		✓	> 95%		January 2013*
≥ Bt10mn	✓	✓	≤ 80%	35%	March 2009
< Bt10mn	✓		≤ 90%		January 2011
< Bt10mn		✓	≤ 95%		January 2013*

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

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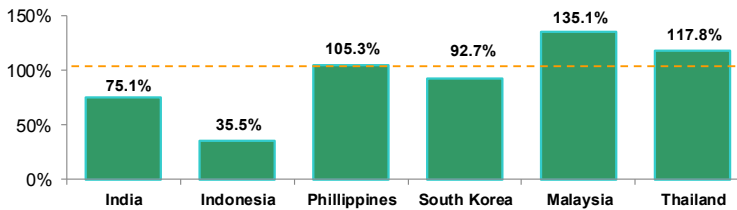
Thailand's external balances remain relatively strong compared to peers

High international reserve / Imports (Import Coverage)



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

High international reserve ratio / External debts



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

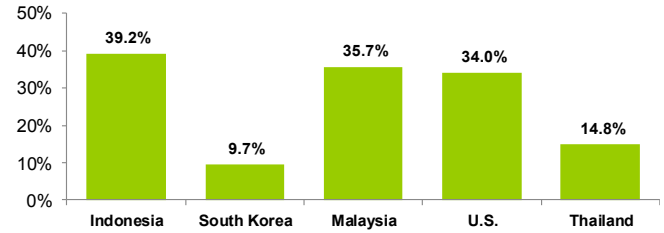
Notes: 1) Thailand's international reserve were USD172bn in September 2016 and USD164bn in December 2016

2) Foreign investor holdings:

- Thai bonds: Bt733bn or 6.9% of the total Bt10.6trn in Thai bond market size in September 2016

- Thai bonds: Bt664bn or 6.4% of the total Bt10.3trn in Thai bond market size in December 2016

Low foreign holding ratio in Thai government bonds



Note: Retrieved from Asia Bond Monitor (Volume November 2016), based on September 2016 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

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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

Source: KResearch

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

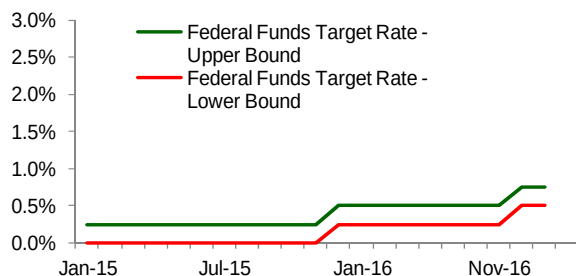
- Thai businesses should pursue include preparations vis-à-vis changing economic landscape in the EU

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Challenges: Fed Policy Normalization

Fed raised interest rates for the second time in almost a decade in Dec-16

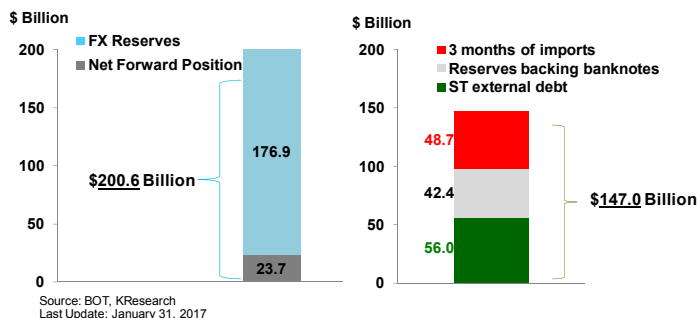


Source: KResearch and *FOMC (Jan 17)

- Fed tapered QE program in January 2014; program concluded in October 2014
- Fed raised the interest rate in December 2016, from 0.25-0.50% to 0.50-0.75%
- 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 increased slightly due to managing financial costs; CAR and NPL ratios were rather good (18.5% and 2.9% as of 3Q16, respectively), with net profit of Bt152bn in 9M16

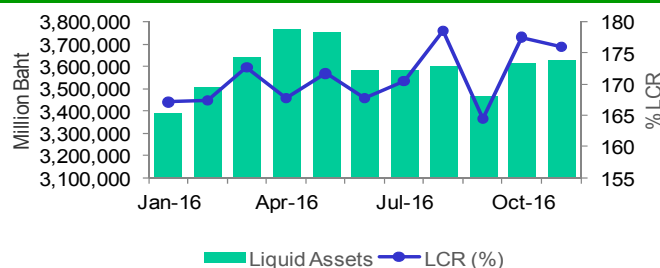
Source: KResearch, KBank Capital Markets Research (as of January, 2017)

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



Source: BOT, KResearch
Last Update: January 31, 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

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Challenges: Exports

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

Exports	
Short-term Challenges	<ul style="list-style-type: none"> 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
Key Structural Problems	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Electronics and Electrical Appliances Fishery and Agriculture Products
Short-term Measures from Authorities and Related Parties	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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

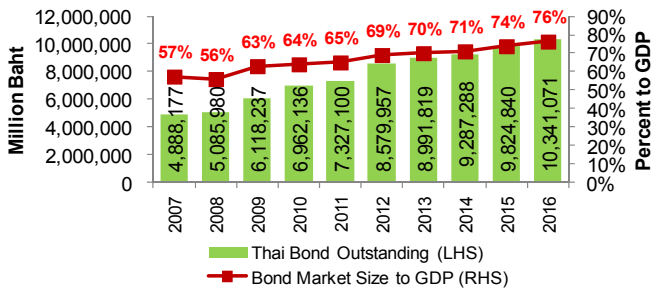
Note: HDD = Hard Disk Drive, IUU fishing = Illegal Unreported and Unregulated fishing, FTA = Free Trade Area, GSP = Generalized System of Preferences, =
Source: KResearch, Data as of January 16, 2017

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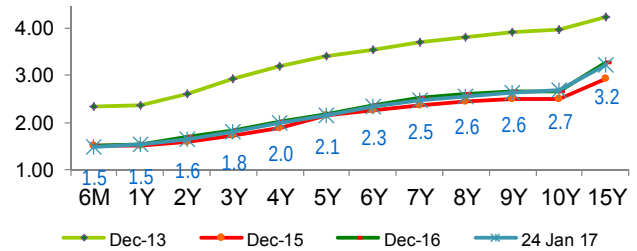
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Other Figures

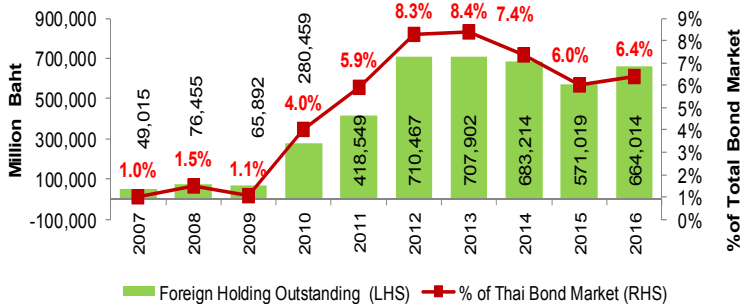
Thai Bond Market Size (Gov't and Private bonds)



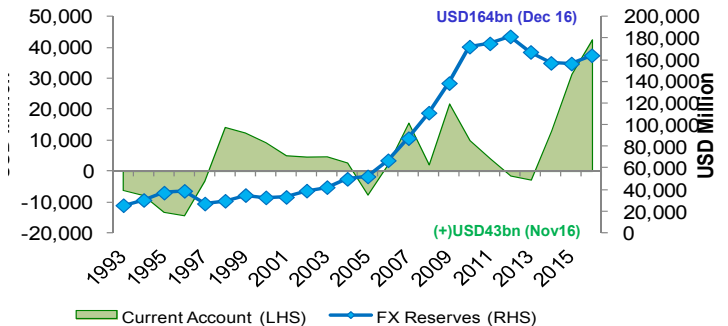
Bond Yields



Foreign Holdings of Thai Bonds



Current Account and FX Reserve

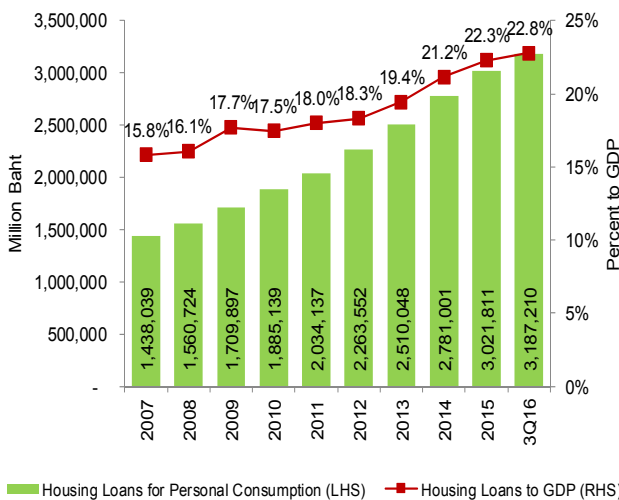


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Other Figures

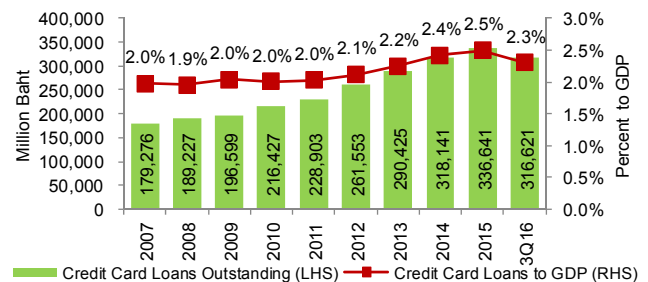
Housing Loans / GDP



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)

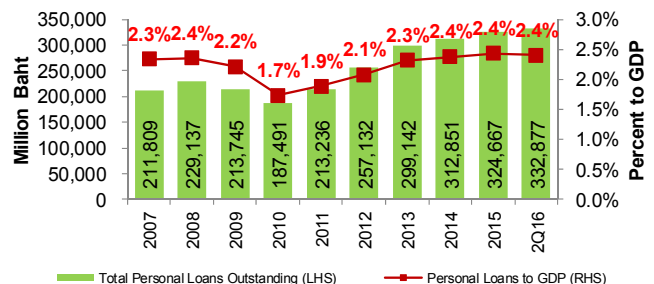
Source: BOT, NESDB

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
2) GDP as of 3Q16

Personal Loans/GDP



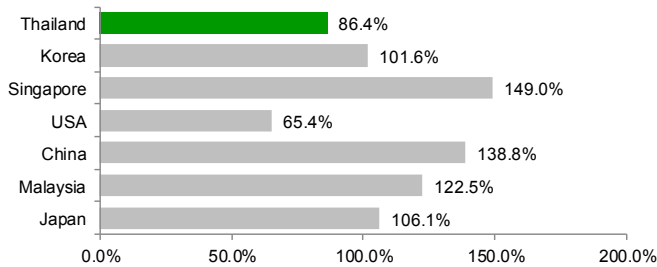
Note : 1) Personal Loans represent outstanding personal loans under supervision (including commercial banks and non-banks, excluding SFIs, saving cooperatives and others financial Institution)
2) GDP as of 2Q16

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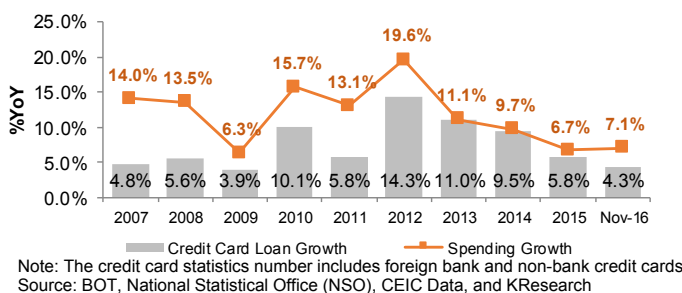
Other Figures

Loans to GDP as of 2015



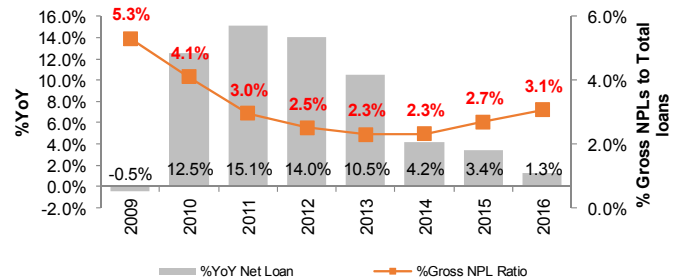
Note: Data on China, Korea and Japan include loans from commercial banks as well as financial institutions, the rest include loans only from commercial banks

Credit Card Statistics



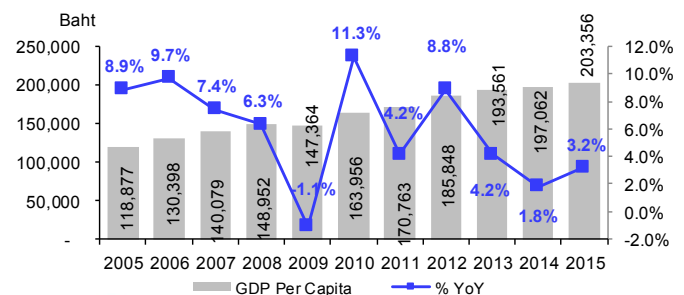
Note: The credit card statistics number includes foreign bank and non-bank credit cards
Source: BOT, National Statistical Office (NSO), CEIC Data, and KResearch

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 3Q2016

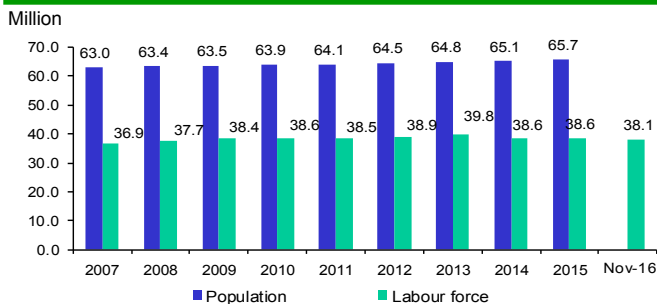
GDP Per Capita



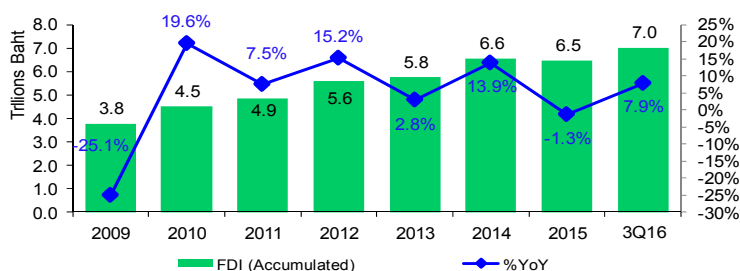
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Other Figures

Population and Labour force



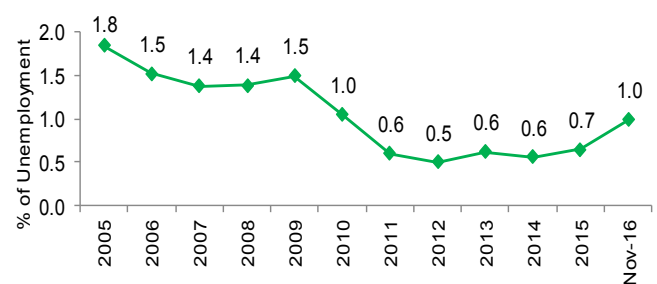
Foreign Direct Investment



Note:

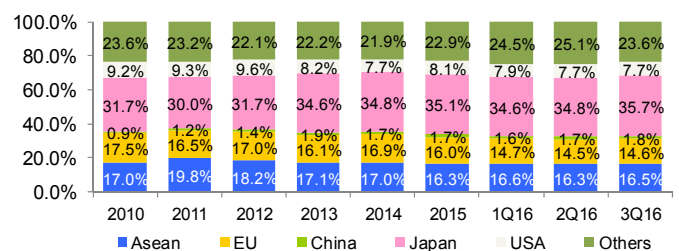
- FDI refers to equity investment, lending to affiliates, and reinvested earnings; investment in equity is treated as a direct investment when the direct investors own 10% or more of ordinary shares
- FDI position by countries is an investment outstanding that nonresident investors have with resident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

Unemployment Rate



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

Foreign Direct Investment Position by Countries



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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

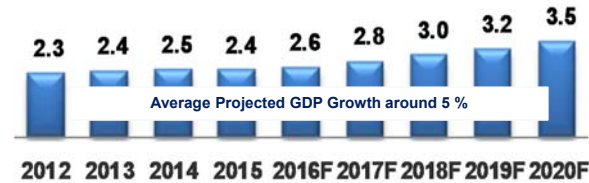


AEC by 2015



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

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	3.3%	4.7%
Contribution to GDP (by NESDB)	2012	Y2017F
Greater Bangkok : Provinces	45 : 55	44 : 56

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, Nakhon Pathom, Samut Sakhon, and Pathumthani

Source: The Association of Southeast Asian Nations and KResearch

Source: IMF (October 2015) and KResearch

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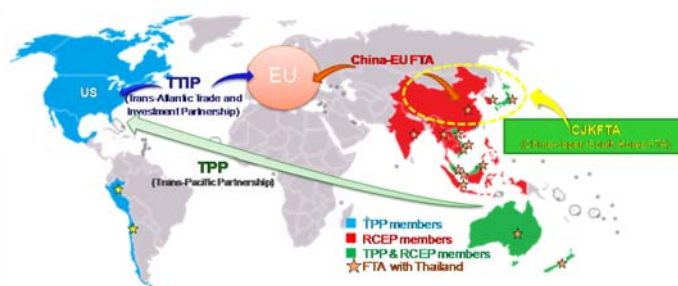
AEC as a Growth Driver to Thailand

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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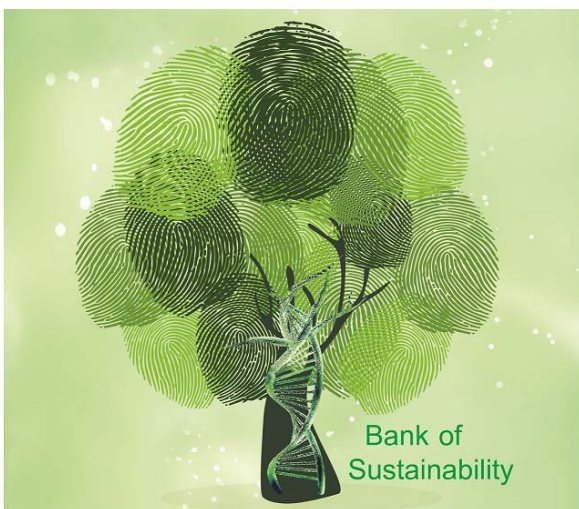
Disclosure Practice:

- 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
- Following KASIKORNBANK Disclosure Policy and good governance practice, KBank maintains a "silent period" for 7 days prior to the unreviewed/unaudited earnings announcement. During this period, the Bank refrains from replying to questions or commenting on the earnings announcement and arranging one-on-one or group meetings with analysts and investors

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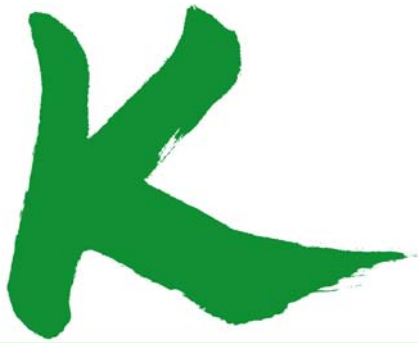
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* The information herewith represents data in the Bank's consolidated financial statements, some of the numbers and ratios are calculated before netting with KBank's non-controlling interest.

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