

KASIKORNBANK

Investor Presentation as of 4Q18

(Updated Economic Data)

April 2019

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

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1

KASIKORNBANK at a Glance



- Established on June 8, 1945 with registered capital of Bt5mn (USD0.15mn)
- Listed on the Stock Exchange of Thailand (SET) since 1976

Consolidated (as December 2018)

Assets	Bt3,155bn (USD97.2bn)	Ranked #4 with 15.4% market share**
Loans*	Bt1,914bn (USD59.0bn)	Ranked #4 with 15.1% market share**
Deposits	Bt1,995bn (USD61.5bn)	Ranked #4 with 15.8% market share**
CAR	18.32% ***	
ROE	10.61%	
ROA	1.27%	

Number of Branches	958
Number of ATMs	9,369
Number of K PLUS Users	10mn
Number of Employees	20,681

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 Bt443bn (USD13.6bn) Ranked #2 in Thai banking sector

4Q18 Avg. Share Price:

KBANK Bt182.50 (USD5.62)

KBANK-F Bt182.50 (USD5.62)

EPS Bt16.07 (USD0.50)

BVPS Bt157.23 (USD4.85)

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 2018

*** 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 2018 (Mid Rate) was Bt32.45 per USD (Source: Bank of Thailand)

Table of Contents

Topic	Slide Page
■ Operating Environment	5 - 6
■ 2019 Financial Targets	7
■ Composition of Growth	8 - 10
■ The K-Strategy	11 - 14
■ Financial Performance	15 - 17
■ Capital and Dividend	18 - 19
■ Summary	20
■ Appendix	21 - 159

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3

Appendix

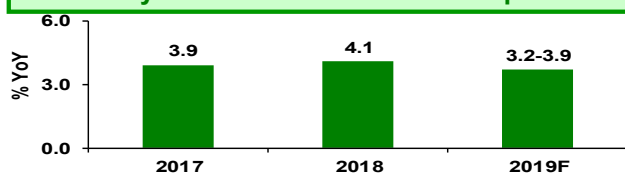
Topic	Slide Page
■ KBank	
➢ Strategic Issues	22-35
➢ Strategy and Segment Highlights	36-45
➢ Risk and Credit Management	46-54
➢ Financial Performance	55-78
• 2018 Highlights	56-58
• Interest Income - net	59
• Non-interest Income	60-61
• Net Fee Income	62-63
• Net Premium Earned - net	64
• Other Operating Expenses	65
• Loan	66-68
• Asset Quality	69-74
• Investment in Securities and Funding Structure	75-78
➢ The Wholly-owned Subsidiaries	79-86
➢ Muang Thai Life Assurance (MTL)	87-95
➢ Other Information	96-104
■ Banking System and Regulations Update	105-114
■ Government Policy	115-135
■ Thai Economic Figures	136-157
■ IR Contact Information and Disclaimer	158-159

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4

Operating Environment: Economic Outlook for 2019

Key GDP Forecasts and Assumptions



% YoY	2017	2018	2019F* (Previous)	2019F* Range	2019F* Base Case
GDP	4.0	4.1	4.0	3.2-3.9	3.7 ▼
Private Consumption	3.0	4.6	3.6	3.3-4.0	3.6
Government Consumption	0.1	1.8	2.5	2.0-2.7	2.5
Total Investment	1.8	3.8	5.0	3.4-4.7	4.0 ▼
- Private investment	2.9	3.9	4.2	3.8-4.8	4.2
- Public investment	-1.2	3.3	7.0	4.0-6.0	5.0 ▼
Gov't Budget Deficit (% of GDP)	-3.5	-3.1	-2.7	-3.2 to -2.5	-2.7
Exports (Customs Basis)	9.9	6.7	4.5	2.5-3.5	3.2 ▼
Imports (Customs Basis)	14.7	12.5	5.3	3.5-4.8	4.3 ▼
Current Account (USD bn)	50.2	37.7	27.0	30.0-35.0	32.5 ▲
Headline Inflation	0.7	1.1	0.8	0.6-1.2	0.8
Policy Interest Rate**	1.50	1.75	1.75	1.75	

Notes: MPC's policy rate is at 1.75% (as of March 20, 2019)

▲ represents a higher base case assumption, comparing with the previous forecast, ▼ represents a lower base case assumption, comparing with the previous forecast

Source: * KResearch (as of April 2, 2019 vs forecast in January 16, 2019)

** KBank Capital Markets Research (as of April 10, 2019)

Key Points:

- Base case projection for 2019 GDP growth has been revised down to 3.7% (within 3.2-3.9%) from 4.0%, weighted down by weak external demand. Meanwhile, domestic sector remained the main contribution of GDP growth
- Economic stimuli from the new government may serve as a growth catalyst during 2H19, after the new government assume the office by June 2019
- Policy rate is likely to be maintained at 1.75%

Risk Factors:

- Global economic slowdown
- Political uncertainty
- High household debt and tepid farm income may pressure purchasing power of low income earners

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5

Operating Environment: Economic Outlook for 2019

	Outlook	Possible Impacts to Thai Economy
Global Economy	<ul style="list-style-type: none"> ■ Global economy: economic growth faces headwinds amid heightened trade dispute risk ■ US: economic growth cooled; Fed will continue to tighten monetary policy ■ Eurozone: mild to moderate economic growth as ECB provides less support. Moreover, BREXIT may pose moderate risk to near-term prospects ■ China: decreasing economic growth foreseeable, but a hard-landing situation can be avoided. Economic stimuli expected if trade dispute between US and China worsens ■ ASEAN economies: Repercussions from US-China trade dispute may become headwinds for economic growth. However, some countries may benefit from inward supply chain relocation 	<ul style="list-style-type: none"> ■ Export growth will experience a moderate slowdown, due to a rather high base effect as well as strain in China-US trade ■ Increased interest rates in the US may cause fund outflow from emerging market countries, including Thailand ■ Repercussions from BREXIT and US protectionist policy may lead to fragility in global financial and capital markets; Thailand may encounter some volatility
Government Stimulus Plan (App. pages 115-130)	<ul style="list-style-type: none"> ■ Accelerating investment in transport infrastructure projects and initiatives in the Eastern Economic Corridor (EEC); this will be a key driver 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 138 and 140)	<ul style="list-style-type: none"> ■ Inflation remains restricted, due to stickiness of core inflation. Oil price may be slightly below the average price of the previous year 	<ul style="list-style-type: none"> ■ Policy rate expected to remain rather accommodative to economic growth throughout 2019, despite a few interest rate increases
Exports and Tourism (App. pages 138, 141-143)	<ul style="list-style-type: none"> ■ Mediocre export growth due to declining global trade prospects ■ Tourist arrivals will continue to grow in 2019, albeit at a slower rate 	<ul style="list-style-type: none"> ■ Export and tourism sectors remain contributors to economic growth, albeit to a lesser extent
Fed Policy Normalization (App. pages 149)	<ul style="list-style-type: none"> ■ Fed is expected to have one rate hike in 2019 and keep to its balance sheet reduction plan ■ US economy is expected to show slower growth due to a fade in tax reform benefits on a growth basis, impacts from the trade tariff, and weak sentiment from ongoing government shutdown 	<ul style="list-style-type: none"> ■ Expect Thai MPC to keep its interest rate at 1.75%, due to the impact of global economic slowdown, low inflation outlook, and strong Thai baht ■ Strong Thai current account surplus is to keep external stability intact
Baht (App. pages 137)	<ul style="list-style-type: none"> ■ In 1H19, THB could appreciate, due to a seasonal factor of the high travel season and lower expectations on the Fed fund rate path in 2019 ■ However, trade uncertainty and risks surrounding emerging markets could result in capital outflows and weakening Baht in 2H19 	<ul style="list-style-type: none"> ■ Gradual Fed fund rate hikes and external risks will put pressure on Thai Baht depreciation

Source: KResearch and KBank Capital Markets Research (as of February 6, 2019)

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6

2019 Financial Targets

Consolidated	2017 Actual	2018 Actual	2018 Targets	2019 Targets	Notes
ROE	10.24%	10.61%	N/A	N/A	
ROA	1.20%	1.27%	N/A	N/A	
NIM	3.44%	3.39%	3.2-3.4%	3.3-3.5%	Improving from rising interest rate and retail lending despite rising long term deposit rate (Page 16)
Loan Growth	6.20% YoY	6.17% YTD	5-7%	5-7%	Sensible loan growth in line with economic growth; increase in retail lending using data analytics capability (Page 8 and 66-68)
Non-Interest Income Growth*	-1.62% YoY	-9.17% YoY	-6% to -8%	-5% to -7%	Under pressure from full year effect of fee waiver through digital channels; one-time gain on investment sales last year; insurance business remains slow (Page 9 and 60-64)
Non-Interest Income Ratio	39.97%	36.62%	About 40%	About 35%	
Cost to Income Ratio**	42.31%	43.96%	Mid-40s	Low to Mid-40s	Focus on cost management; under pressure due to slower growth in income and new investments (Page 17)
Credit Cost per year (bps)	239 bps	175 bps	Up to 185 bps	Up to 165 bps	Credit cost peaked in 2017; maintain prudence onward.
NPL Ratio (Gross)***	3.30%	3.34%	3.3-3.4%	3.3-3.7%	Reversed our decision to sell some NPLs due to a revised outlook for the economy and a recent bottom-up review of the NPL portfolio. As a result, the NPL ratio will rise slightly with no further reserves required. We avoid an immediate loss on these loans, and we expect a greater recovery rate in the long-term. (Page 10, 49-50, 69-70, and 74)

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

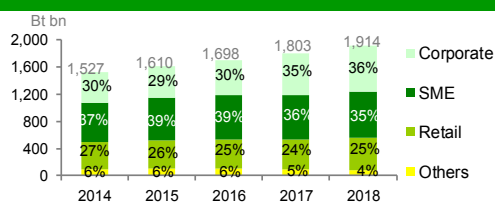
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7

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)		2018 Loan Growth (% YTD)	2018 Yield Range (%)	Loan Growth Target (%)	
	Dec17*	Dec18			2018	2019
Corporate Loans	624	683	9.4%	3-5%	6-8%	3-5%
SME Loans	647	661	2.2%	5-7%	4-6%	2-4%
Retail Loans	444	488	9.9%	5-7%	5-7%	9-12%
Other Loans	88	82	(6.3%)			
Total Loans	1,803	1,914	6.2%	5.3%	5-7%	5-7%

Note: * From time to time, the Bank has adjusted loan definitions based on loan portfolio management; thus, the December 2017 loan base is not comparable with previous reports

	2018	2019 Outlook
Corporate Loans	<ul style="list-style-type: none"> Mainly from both short term and long term credit in Hotels and Restaurants, Food and Beverage, and Commerce Consumer industries 	<ul style="list-style-type: none"> Domestic consumption, tourism, and large public/private investment projects are the main factors of loan growth Focus industries: Tourism, Domestic Consumption, and Construction related
SME Loans	<ul style="list-style-type: none"> Mainly from both short term and long term credit from Commerce Consumer, Construction and Construction Materials, and Automotive and Parts 	<ul style="list-style-type: none"> Growth target reflects domestic consumption demand, government stimulus measures, and AEC international trade benefits Focus industries: Construction, Construction Materials, Tourism, and Export related
Retail Loans	<ul style="list-style-type: none"> Mainly from mortgage loans; efficient growth in key products; expanding to new groups of high potential customers, building strong relationships with strategic partners, presenting concrete machine lending with consumer loan offerings via digital channel (K PLUS). Proactively monitoring loan portfolio quality led to sustainable growth 	<ul style="list-style-type: none"> Organic growth target in line with industry; applying machine lending and artificial intelligence (AI) technology to initiate financial and life solutions related to customers' lifestyles and needs; maintain lead market position in key products Focus on new potential target customers with acceptable risk; predictive monitoring and strict control of loan portfolio quality

Loan Definition (more details on loans can be found in App. page 66-68)

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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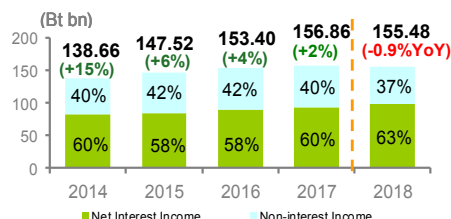
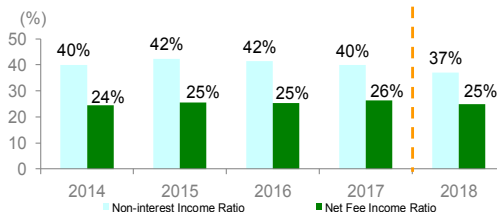
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Composition of Growth: Net Fee and Non-interest Income

December 2018 (Consolidated)

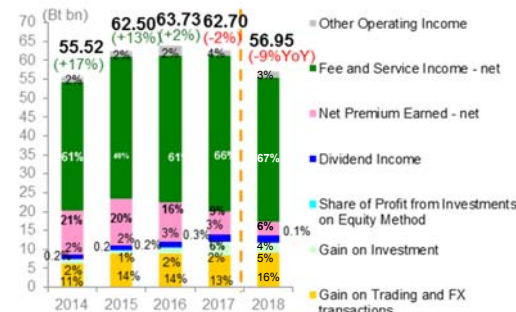
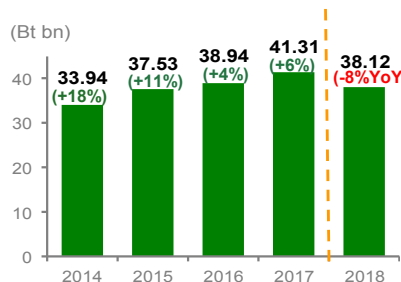
Total Operating Income - net

Non-interest Income Ratio and Net Fee Income Ratio



Non-interest Income

Net Fee Income



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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9

2018 Non-interest income accounted for 37% of total net operating income and net fee income accounted for 25%; non-interest income decreased 9% YoY, due mostly to a decrease in net fee income from fee waivers via digital channels, insurance business, and one time gain on investment.

Net fee income dropped 8% YoY, mainly due to fee waivers for money transfers through digital channels and credit related fees

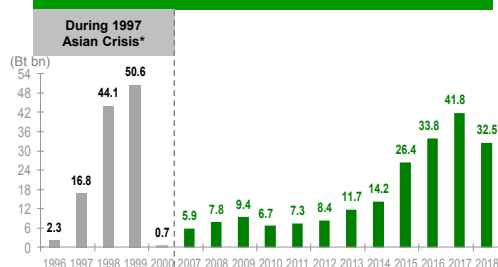
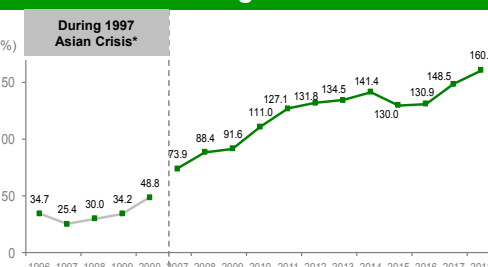
2019 non-interest income will drop, from slow growth in insurance businesses; also from fee waivers via digital channels and one time gain on investment sales last year

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

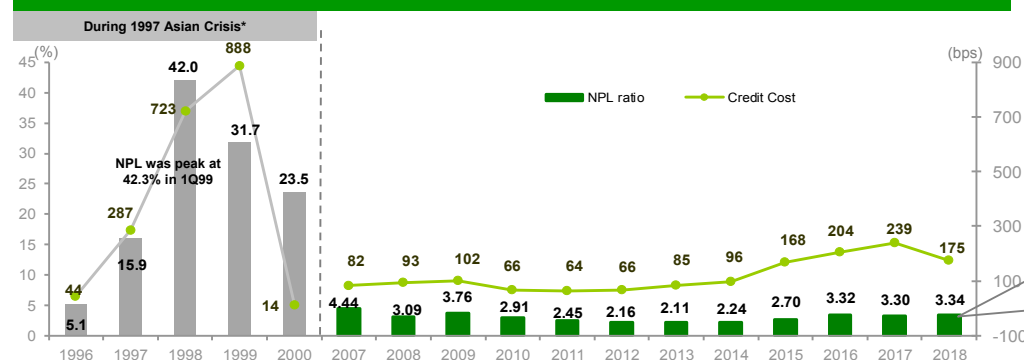
December 2018 (Consolidated)

Provision

Coverage Ratio



NPL Ratio and Credit Cost



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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10

Asset quality remains manageable

NPL ratio in 2018 was at 3.34%, with a coverage ratio of 160.60%

2018 credit cost was 175 bps, prudent and aligned with the credit cycle

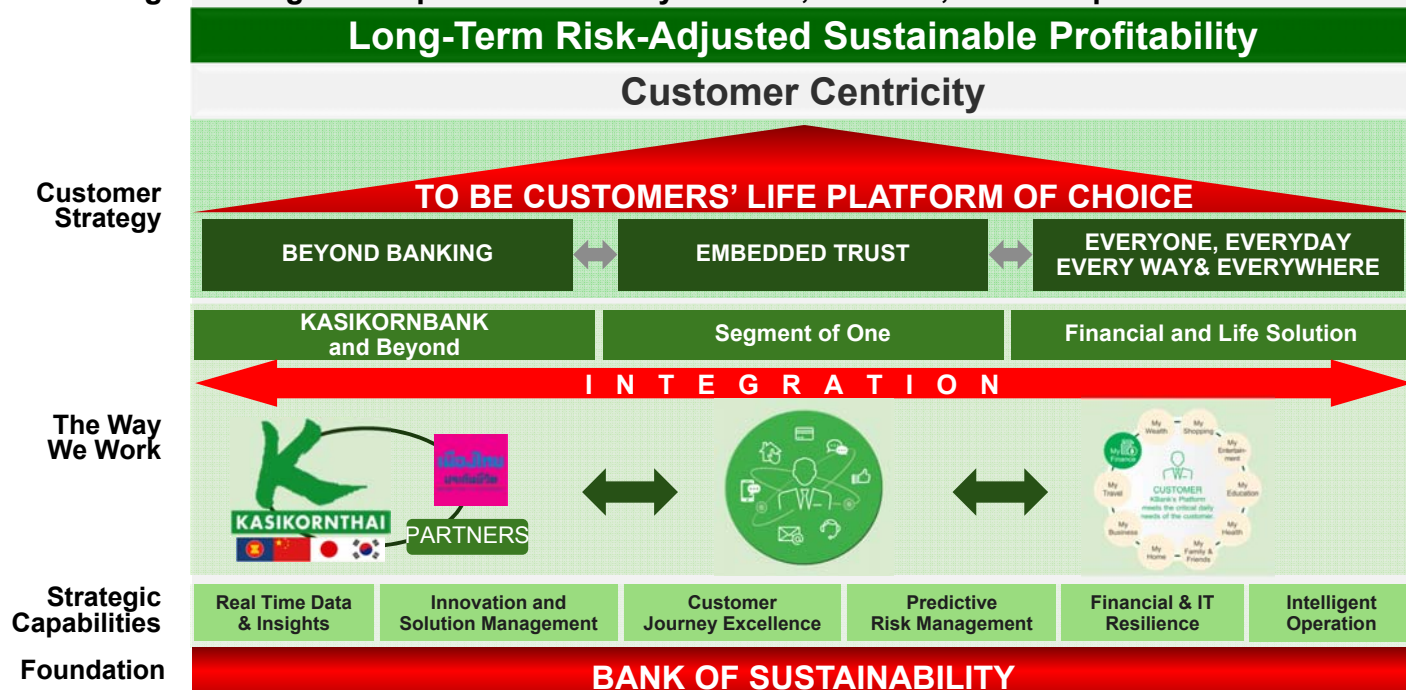
Credit cost peaked in 2017; prudence to be maintained going forward

NPL ratio will rise slightly in 2019 with no further reserves required

NPL Ratio by Business	2014	2015	2016	2017	2018
Corporate Business	<2%	<2%	<2%	<2%	<2%
SME Business	<3%	~3%	~5%	~5%	~5%
Retail Business**	<2%	~2%	~4%	~4%	~4%

The Extended K-Strategy

- Customer Centricity remains core philosophy, while extending beyond conventional territory, and redefining “banking” concept in order to stay relevant, valuable, and indispensable to customers

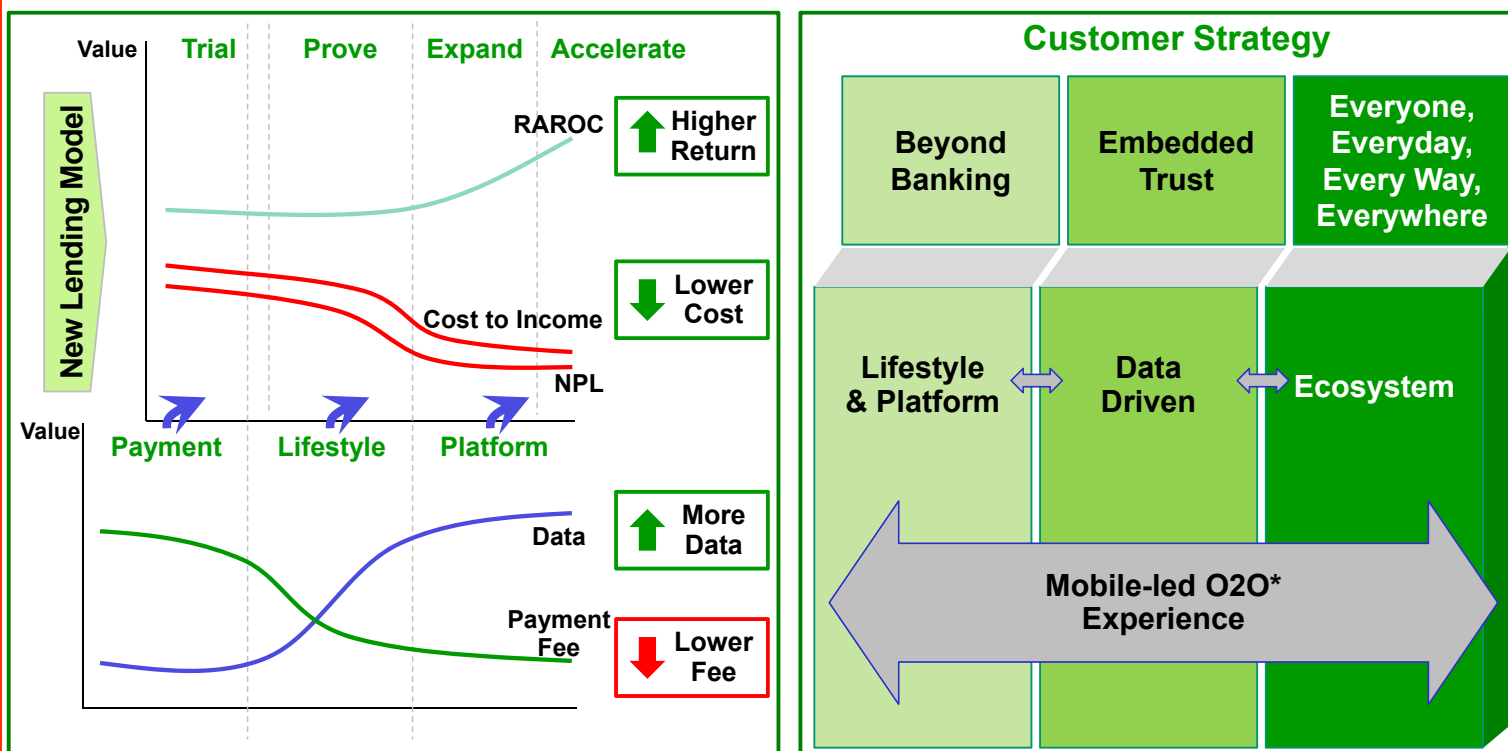


Note: K KASIKORNTHAI includes KASIKORNBANK and its wholly-owned subsidiaries

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11

The Extended K-Strategy: Benefits



* O2O = Online to Offline

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12

Segment Performance

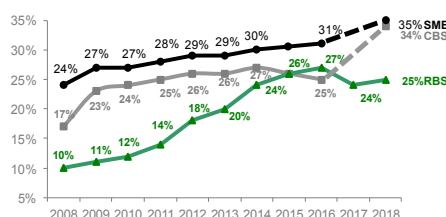
Successful performance driven by continued customer-centric strategy and IT capabilities enhancement

- Main Bank Status and Market Penetration on track with our customer segment aspirations

- Average product holdings per customer increasing as a result of enhanced cross-selling capabilities
- Overall average product holding rose to 3.16 in 2018, from 2.71 in 2011

- Branch Customer Satisfaction was at 90% in Y2018
- No. of customers was 16.1 million as of 2018

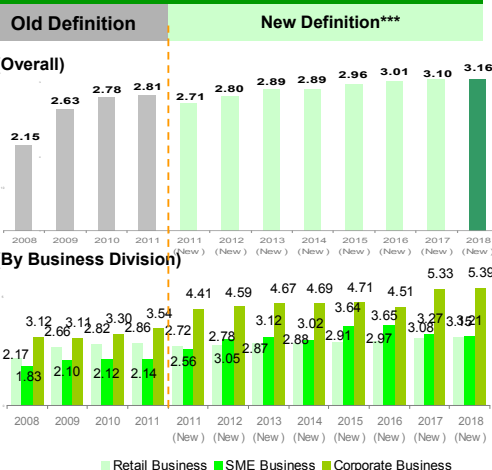
Main Bank Status*



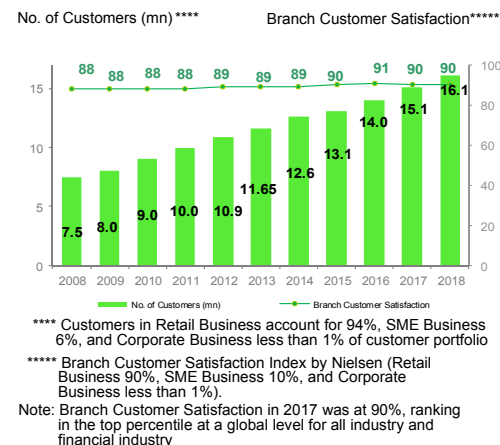
* Main Bank Status = % of customers in the market who use KBank and its wholly-owned subsidiaries as their main operating bank and/or main savings and investment bank and/or main borrowing bank; Main Bank Status for Retail Business from 2013 to 2017 includes two out of four retail customer segments (Middle Income and Mass), which account for 99% of retail customers

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

Average Product Holdings per Customer



Branch Customer Satisfaction



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13

KBank Digital Strategy

To use digital technology and data to enhance business performance by transforming customer experience, operational process, and business mode to offer data-driven products & services at moments of need and to become embedded in customers' daily lives

KBank Digital Strategy

Customer Experience

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

Operational Processes

- Process Digitization
- Worker Enablement
- Data-driven Execution

Business Model

- Digitally-enabled Products & Services
- New Digital Business

Sample of Digital Channels



K PLUS
KBank's Mobile Banking Platform



K+ shop
KBank's Mobile Banking Application for Merchants



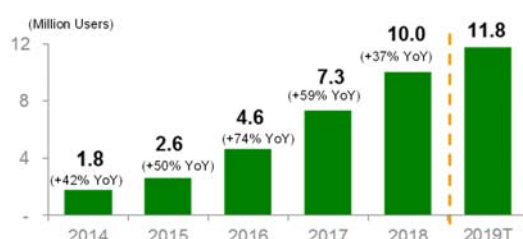
K+ beacon
KBank's Mobile Banking Application for Visually Impaired



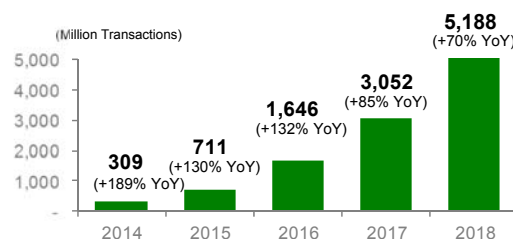
K+ SME
KBank's Mobile Banking Application for SMEs



K PLUS Number of Users



K PLUS Number of Transactions**



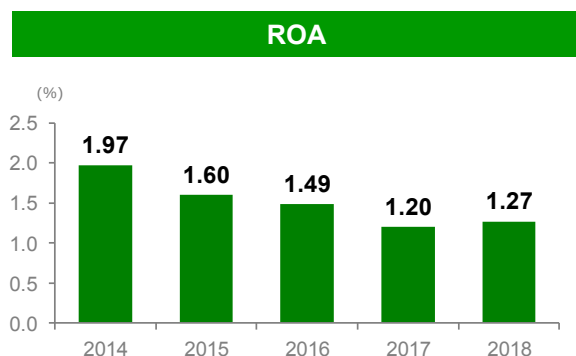
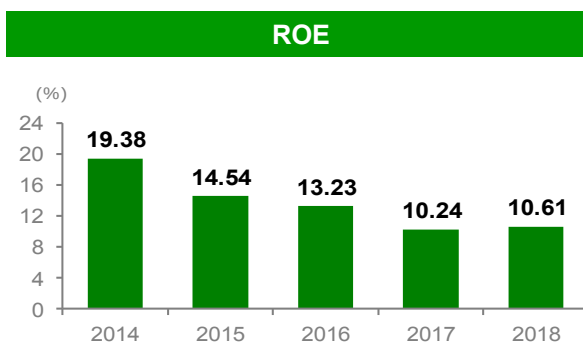
** Number of transactions includes payments and funds transfers via mobile banking and account inquiry via mobile banking

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14

ROA and ROE

December 2018 (Consolidated)



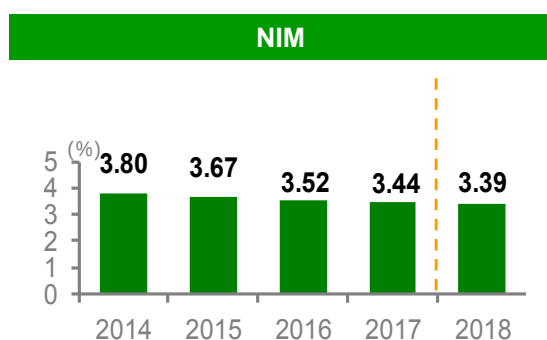
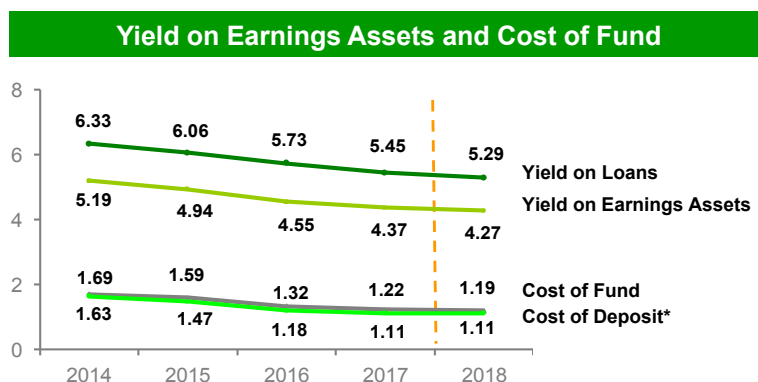
	2014	2015	2016	2017	2018	1Q18	2Q18	3Q18	4Q18
ROA (%)	1.97	1.60	1.49	1.20	1.27	1.46	1.45	1.28	0.91
ROE (%)	19.38	14.54	13.23	10.24	10.61	12.14	12.10	10.65	7.53

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15

Net Interest Margin

December 2018 (Consolidated)



- NIM was 3.39% in 2018, remaining the highest level among four large commercial banks
- High portion of CASA (78%) helped support low cost of fund

	2014	2015	2016	2017	2018	1Q18	2Q18	3Q18	4Q18
NIM (%)	3.80	3.67	3.52	3.44	3.39	3.37	3.39	3.43	3.41
Yield on Earnings Assets (%)	5.19	4.94	4.55	4.37	4.27	4.26	4.28	4.29	4.28
Yield on Loans (%)	6.33	6.06	5.73	5.45	5.29	5.24	5.30	5.39	5.38
Cost of Fund (%)	1.63	1.59	1.32	1.22	1.19	1.20	1.21	1.18	1.20
Cost of Deposit (%), incl DPA	1.63	1.47	1.18	1.11	1.11	1.08	1.13	1.12	1.13

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

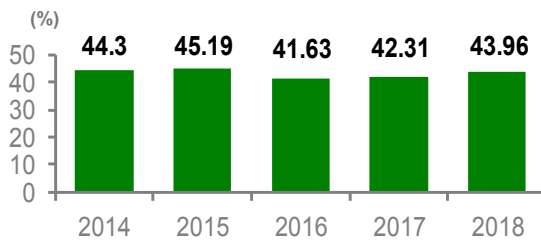
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16

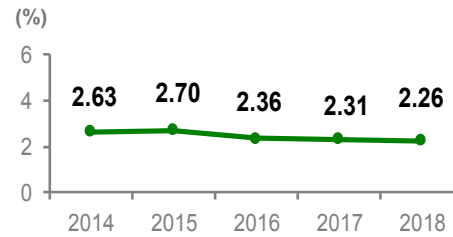
Cost to Income Ratio

December 2018 (Consolidated)

Cost to Income Ratio



Cost to Average Assets Ratio



- 2018 cost to income ratio was 43.96%
- 2019 cost to income ratio will be in low to mid-40s range, with focus on cost management under pressure from slower growth in income and new investments

	2014	2015	2016	2017	2018	1Q18	2Q18	3Q18	4Q18
Cost to Income Ratio (%)	44.30	45.19	41.63	42.31	43.96	41.20	41.07	42.58	51.24
Cost to Average Assets Ratio (%)	2.63	2.70	2.36	2.31	2.26	2.17	2.22	2.13	2.51

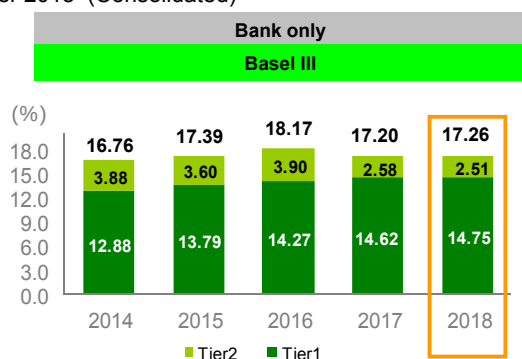
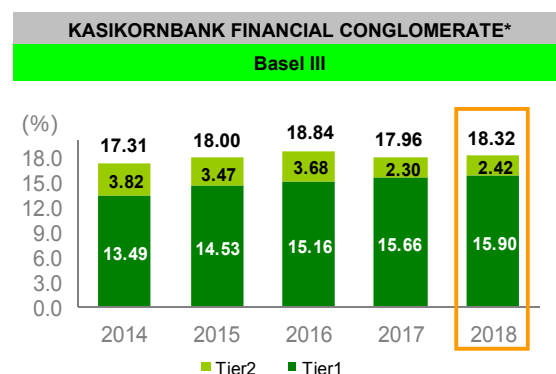
Note: The Bank and its subsidiaries have adopted TFRIC 13: Customer Loyalty Programmes since January 1, 2014 onwards and restated the comparative financial statements and financial ratios. There is no effect on net profit of the Bank and its subsidiaries

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17

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

December 2018 (Consolidated)



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

	Basel III					1Q18	2Q18	3Q18	4Q18
Bank only	2014	2015	2016	2017	2018				
CAR (%), excluding net profit of each period	16.76	17.39	18.17	17.20	17.26	16.95	16.99	17.81	17.26
Tier 1 (%), excluding net profit of each period	12.88	13.79	14.27	14.62	14.75	14.38	14.43	15.26	14.75
KASIKORNBANK FINANCIAL CONGLOMERATE*									
CAR (%), excluding net profit of each period	17.31	18.00	18.84	17.96	18.32	17.70	18.05	18.96	18.32
Tier 1 (%), excluding net profit of each period	13.49	14.53	15.16	15.66	15.90	15.41	15.57	16.50	15.90

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 111-112

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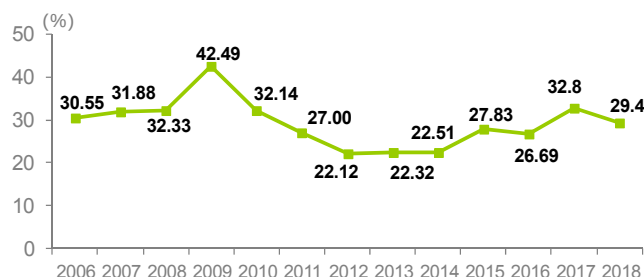
18

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, in order to ensure a sustainable and adequate capital level through the changing economic environment, the ongoing adoption of Basel III and new requirements

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Dividend Per Share (Bt)	1.75	2.00	2.00	2.50	2.50	2.50	3.00	3.50	4.00	4.00	4.00	4.00	4.00
Dividend Payout Ratio (%)	30.55	31.88	32.33	42.49	32.14	27.00	22.12	22.32	22.51	27.83	26.69	32.80	29.40

บริการทุกระดับประทับใจ

19

Summary

- **Customer Centricity Strategy Effectively Executed:** Customer Centricity remains our core philosophy with an aspiration to be “Customers’ Life Platform of Choice”, staying relevant, valuable, and indispensable to our customers
- **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 and new requirements
- **Sustainable Development:** conduct business with the foundation of “Bank of Sustainability” with appropriate risk management and good corporate governance principles, balancing economic, social, and environmental dimensions to achieve goals and create long-term, sustainable returns

บริการทุกระดับประทับใจ

20

Appendix

บริการทุกระดับประทับใจ

21

KBank: Strategic Issues

บริการทุกระดับประทับใจ

22

Cost Effectiveness

- Dynamic and flexible resource allocation to support new businesses e.g. digital, AEC+3, and data-driven bank
- Increasing spending effectiveness aligned with business priorities and desired value
- Cost and productivity improvements focusing on lean processes and waste management will be addressed in:

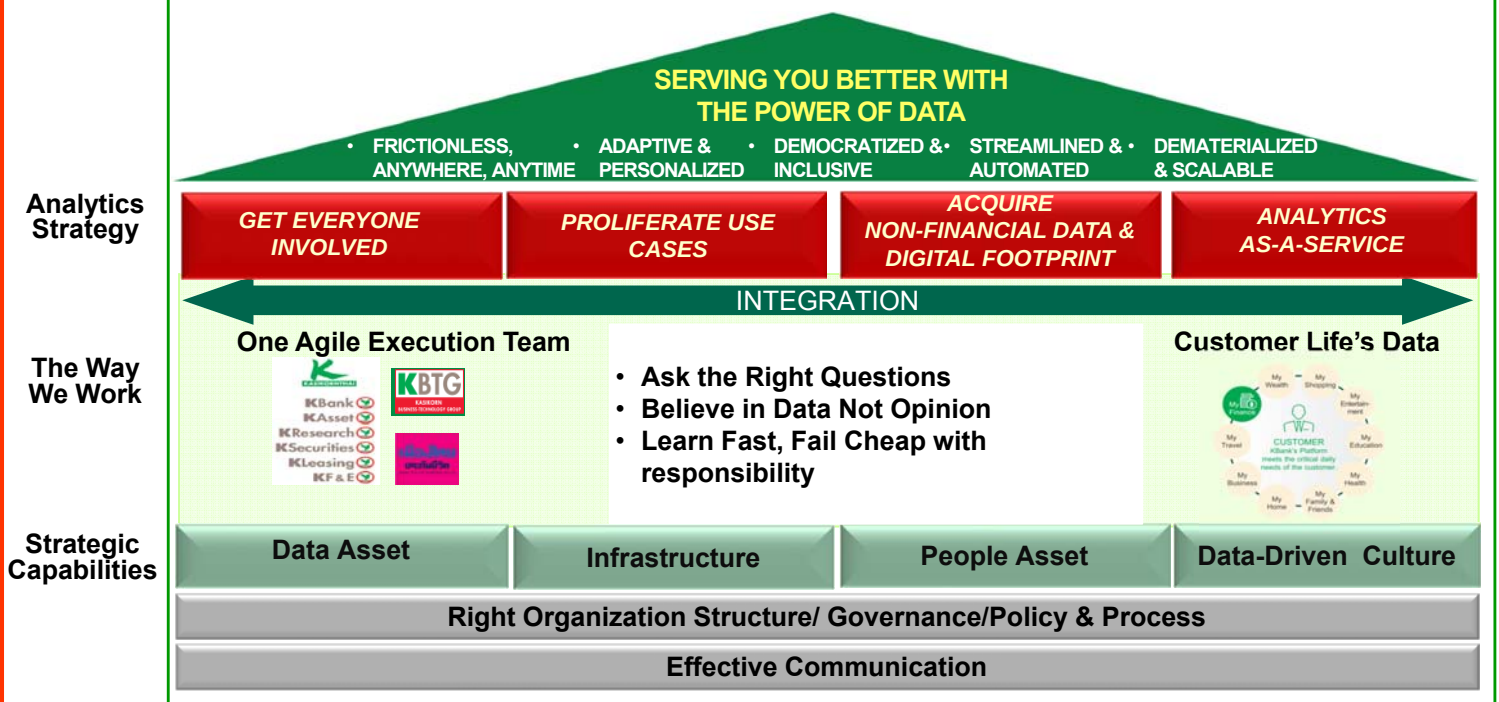
Human resources optimization	IT investment and procurement effectiveness
<ul style="list-style-type: none"> Focusing on lean organization with organization design, workforce management and agile way of working Creating organization infrastructure for productivity improvement 	<ul style="list-style-type: none"> Improve asset utilization and optimize maintenance service /licenses costs Resolution IT operating model to reduce costs
Channel optimization	Operational process improvement
<ul style="list-style-type: none"> Revisit branch & ATM optimization and profitability, including account planning, area planning, and branch & ATM relocation Migration and on-boarding to digital channels 	<ul style="list-style-type: none"> Utilize data analytics to increase credit process efficiency Onboarding process redesign and automation Back office process improvement and digitization

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23

Data-driven organization framework

2020 GOAL : 50% of KBank's new revenue must be derived from Data-Driven values



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24

Sample of Data and Analytics: Data-Driven Lending

Data Driven

Credit Offering

Data & Analytics Machine Learning / AI

Traditional data

- Customer data from application form
- Credit Bureau data, etc.

Other internal data

- Deposit transaction
- Credit card spending, etc.

Alternative data

- Location
- Social Network
- Mobile, etc.



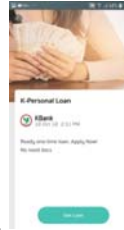
Credit Quality

Credit Needs

Offering

Feedback

Consumer Credit



Commercial (SME) Credit



Process

- Fully Automation process
- Hybrid process: Hybrid with mobile or traditional credit process

New Booking*

Bt10,275mn

บริการทุกระดับประทับใจ

*Data from November 2017 – December 2018

25

Establishment 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
开泰服务 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

กสิกร เอกซ์
开泰技术服务有限公司 KASIKORN X



- Technology Research and Innovation Labs

Technology Research and Innovation Labs

Note:

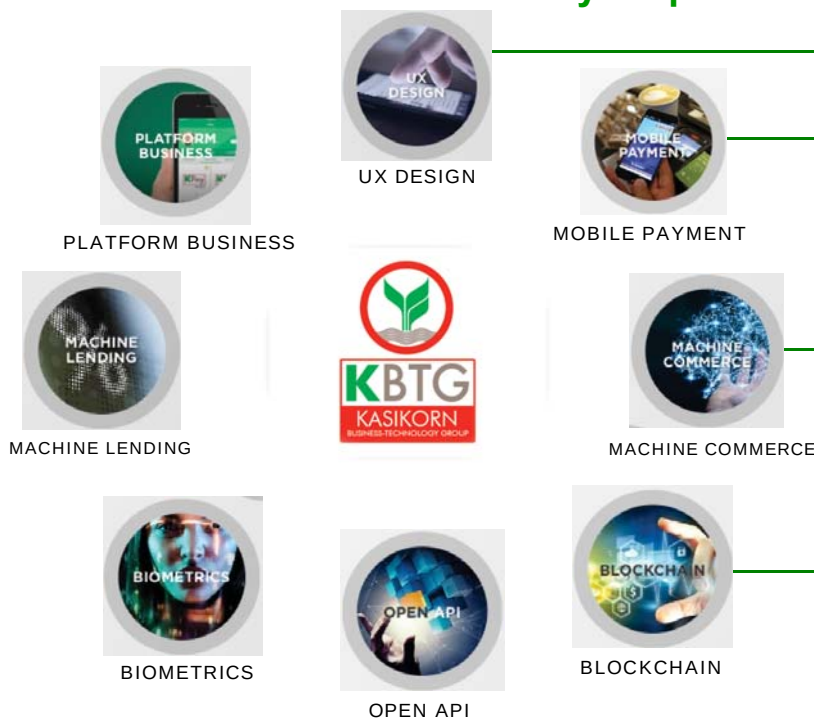
- KASIKORN BUSINESS – TECHNOLOGY GROUP established with 5 companies, as a wholly-owned subsidiary of KASIKORNBANK; included in the KASIKORNBANK FINANCIAL CONGLOMERATE, as approved by the BOT in October 2015
- Registered capital in each company at Bt5mn, except for KASIKORN SERVE at Bt10mn
- KASIKORN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

บริการทุกระดับประทับใจ

26

Customer Centric Technology

Towards a Sustainable Society: Paperless and Cashless



KBTG Technology Progress..

Set Up World-class UX Design Company, Beacon Interface, to create Mobile Banking Application for the Visually Impaired enabling them to conduct financial transactions with ease and security

K PLUS Mobile Banking: platform for easy financial transaction, mobile payment, and lifestyle banking; K Plus platform is capable of having add on service from external parties via open API and offer promotions, privileges, and deals for K PLUS customers

Machine Commerce: leverage customer data understanding and machine learning techniques to tailor personalized product offering/recommendations to target groups via K Plus Platform

Blockchain L/G on Hyperledger Platform by KBTG OriginCert: the trusted platform to ensure integrity of paperless document, initially to certify documents on Letter of Guarantee (L/G), including request, issuing, and notice of expiration

Open API Access to Support FinTech and Startups: To open connection to create extensive innovative services for customers e.g. launching API linkage to FlowAccount on K PLUS SME mobile application

Note: UX = User Experience; API = Application Programming Interface

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27

Sample of Customer Centric Technology

New version of K PLUS Powered by KADE

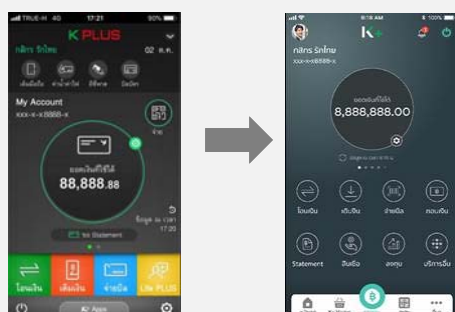


- Served by KADE (K PLUS AI-Driven Experience) innovation, where AI is fully integrated to better understand users' behaviors and personalize the right experience.
- Based on a "With change, we understand you better" concept, aimed at making technology easy, simple, and accessible for everyone, enabling KBank to know customers well in order to fulfill their wishes

New Logo



Rearrangement of Menus



Single Transaction Button



- Account Inquiry
- Transfer
- Payment
- Withdraw
- Top up
- Statement
- Loan
- Investment
- Other services

Personalization Functions



- K PLUS Today
- My Favorites
- Notification

New Functions

- Cardless Cash Withdrawal
- Transaction Slip Verification
- Account Transaction Notification
- Change K PLUS Transaction Limit
- Scheduled Money Transfer Setting
- Expense Summary
- Loan
- Investment
- Point Redemption
- Loyalty Card
- K PLUS Market

Note: AI = Artificial Intelligence; KADE = K PLUS AI-Driven Experience

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28

Sample of Customer Centric Technology

New version of K PLUS Powered by KADE



K PLUS Intelligence Platform

Platform Business: Mobile Banking

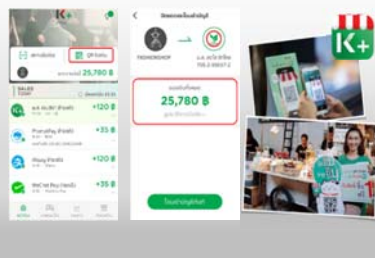


- 10.0 millions users with expectation to reach 11.8 mn users by 2019; target to reach 100mn users globally in the future
- Most active mobile banking applications in South East Asia
- Over 4,000 transactions per second during peak periods
- 24/7 application



K PLUS Shop

Mobile Payment



- Designed for physical and online shop payment
- Real-time notification/ fully reconciled/ support pre-order
- Support beyond QR payment/ support online & offline/ support machine commerce



K PLUS Market

Machine Commerce



- K PLUS Market will recommend products or promotions that match customers' lifestyles



K PLUS Machine Lending

Machine Lending



- K PLUS with machine lending technology will enable KBank to leverage customer data and analytics to offer the right personal and business loans that match their demands and debt capacity



K PLUS BEACON

UX Design: Mobile Banking application for the visually impaired



- Design for physical and online shop payment
- Real-time notification/ fully reconciled/ support pre-order
- Support beyond QR payment/ support online & offline/ support machine commerce

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29

Sample of Customer Centric Technology



BLOCKCHAIN

Trust Platform to Ensure Authenticity, Traceability, and Enforcement



Note: current business partners are the Metropolitan Electricity Authority, Provincial Electricity Authority, PTT Global Chemical PCL., and PTT Polymer Marketing Co., LTD.



OPEN API

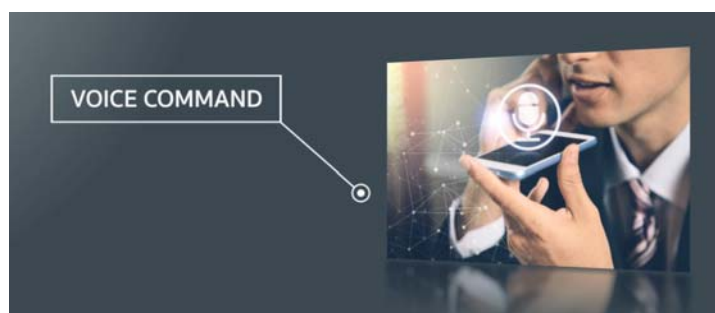
Integration to Expand Innovations



BIOMETRICS*

Security process that relies on unique biological authentication

- Face ID
- Voice Command
- Finger Print



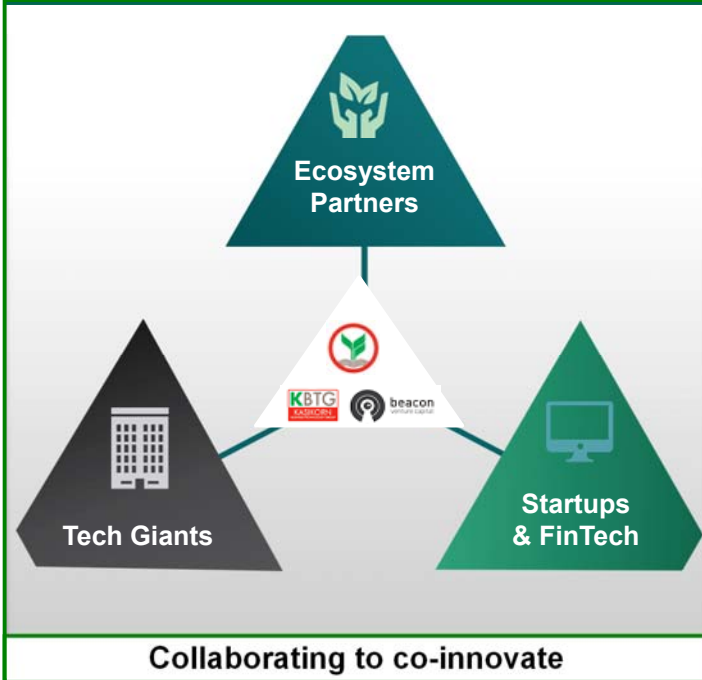
Note: *Future Development

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30

Real Digital Partnership

Real Digital Partnership



Note: LP = Limited Partner; UTCC = University of the Thai Chamber of Commerce

QR Code Payment via K PLUS includes CP Fresh Mart, Major Cineplex, LAWSON108, Siam Park Bangkok, THAI Smile, DTAC, Poh Teck Tung Foundation, and Boonterm vending machines

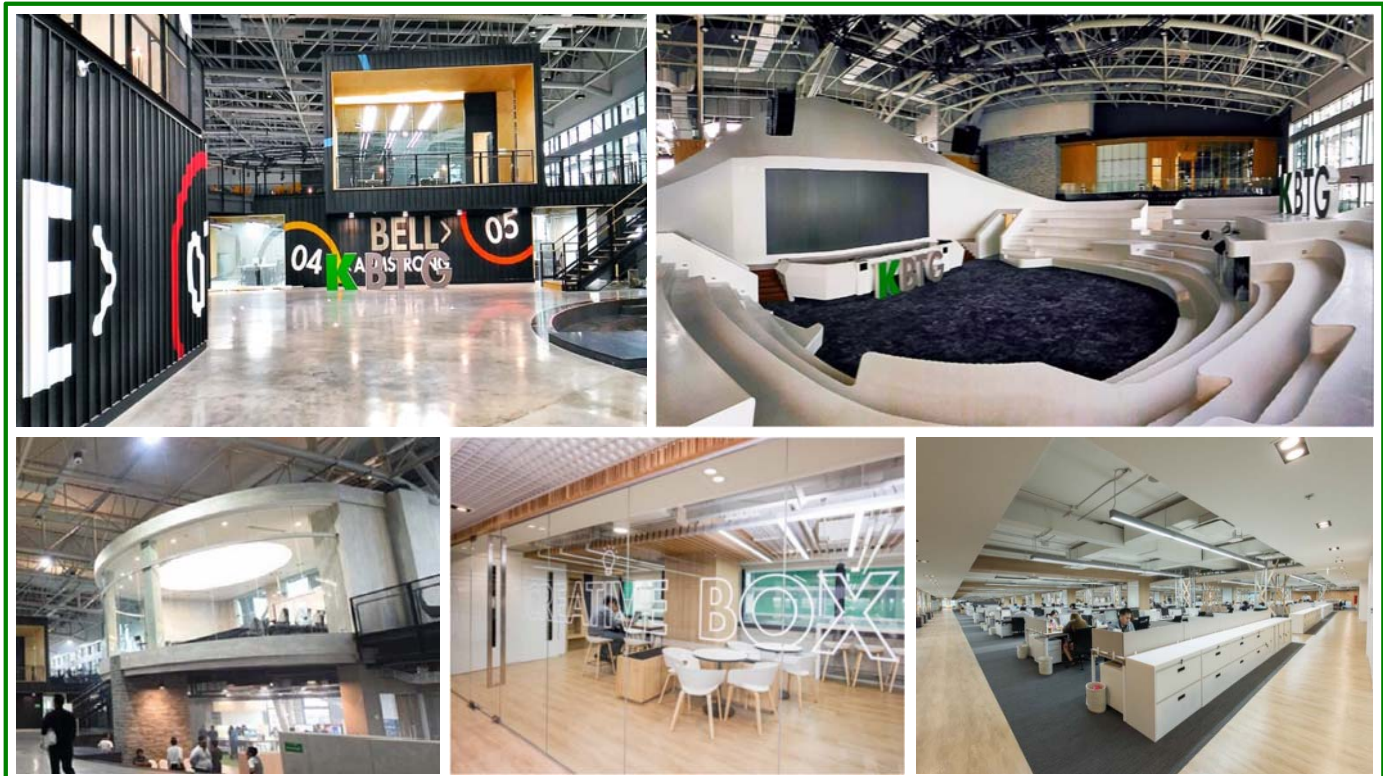
Sample of Real Digital Partnership

KBank	
KBTG	Beacon Venture Capital
Mobile Payment Platform <ul style="list-style-type: none"> Alipay WeChat JCB Thailand Post Amway (Thailand) State Railway of Thailand Online Payment on Social Media Platforms <ul style="list-style-type: none"> Facebook Thailand e-Wallet <ul style="list-style-type: none"> PTT Blockchain Technology <ul style="list-style-type: none"> IBM Digital Workplace <ul style="list-style-type: none"> Microsoft University Application <ul style="list-style-type: none"> CU NEX at Chulalongkorn University iTunes U Application at UTCC SU CHANGE Project at Silpakorn University 	<p>A wholly-owned venture capital fund of KBank, with initial funding of Bt1bn to invest in early to growth-stage technology startups. Aim is to quickly develop innovative products and access world-class innovative concepts:</p> <p>Direct Investments: to enhance lifestyle banking and SME integrated services</p> <ul style="list-style-type: none"> FlowAccount: online accounting SaaS EventPop: event management platform Ookbee and C Channel Japan: offer online lifestyle content <p>Invest through VC Funds: partnered as an LP with VC funds managed by Dymon Asia Capital and Vertex Ventures to enable KBank to leapfrog into the world arena and stay abreast of innovative technologies and business models in other regions</p>

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31

KBTG: K-Stadium and Innovation Center



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32

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:

- Two subsidiary banks: KASIKORNTHAI BANK (Lao PDR) with two branches in Ponesinuan and Lane Xang, KASIKORNBANK (CHINA) with three branches in Shenzhen, Chengdu, Shanghai and one sub-branch in Long Gang.
- Three international branches: Cayman Islands, Hong Kong, and Phnom Penh
- Eight representative offices: Los Angeles, Beijing, Kunming, Tokyo, Yangon, Ho Chi Minh, Hanoi, and Jakarta
- One strategic partner in Indonesia: Maspion Bank
- 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 December 2018)



Physical Footprint



Digital Platform

X-Border Multi-Currency Settlement

X-Border THB Direct Settlement

X-Border Retail Payment



Partnership



บริการทุกระดับประทับใจ

33

Five Strategic Capabilities: The Bedrock of KBank Regionalization

Most of KBank presences in AEC+ will be upgraded to LII or FBB based on regulatory requirements and economic value.

For other countries, KBank will leverage partnerships to capture business opportunities.

Digitalization									
Frontier	Strategic Direction	Country	Y2013 to Y2015	Y2016	Y2017	Y2018		Y2019 onwards	
						Physical	Digital		
Channels	I Channel Expansion	 China	FBB Multi-Branch	LII Preparation	LII Multi-Branch	Profitability Enhancement	Regional Operating Center (ROC)	Regional Digital Payment & Settlement	AEC+ Connectivity through Digitization
	II ROC (Regional Operating Center)	 Laos	LII	LII Multi-Branch		Revenue Enhancement			
1. Host Country	III Host Country	 Cambodia	Rep. Office	Branch		Portfolio Expansion			
2. Thai Direct Investment	IV Regional Investment	 Indonesia	Rep. Office		Strategic Partner	B/S Growth & Capability Enhancement			
3. Foreign Direct Investment		 Vietnam	Rep. Office			Banking License Acquisition			
4. Trade Finance	V Regional Settlement	 Myanmar	Rep. Office						
5. Border Trade		 Japan	Rep. Office & Partner Banks						
6. Retail Business		 & Other Countries	Partner Banks						

Note: - Regional Operating Center (ROC) is established to handle the higher degree of operational complexity to create cost efficiency in long term as KBank expands its regional business

- FBB = Foreign Bank Branch; LII = Locally Incorporates Institution

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34

KASIKORN VISION COMPANY



“KASIKORN Vision Company Limited or KVision” is an investment holding company under KBank

KVision’s Mission:

- Scouting tech communities to find innovative ideas and tech talents from all corners of the world
- Expand businesses especially in AEC+3 via direct investment and through CVC (Corporate Venture Capital)

KVision Presences



KASIKORN VISION COMPANY LIMITED	
Country of Registration	Thailand
Geographical Coverage	Thailand, Indonesia, Vietnam, Israel and China

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35

KBank: Strategy and Segment Highlights

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36

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

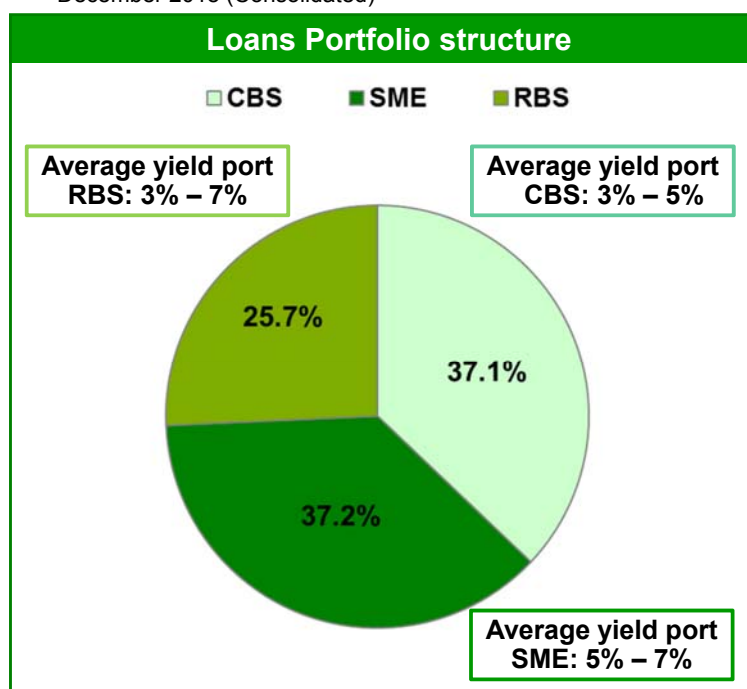
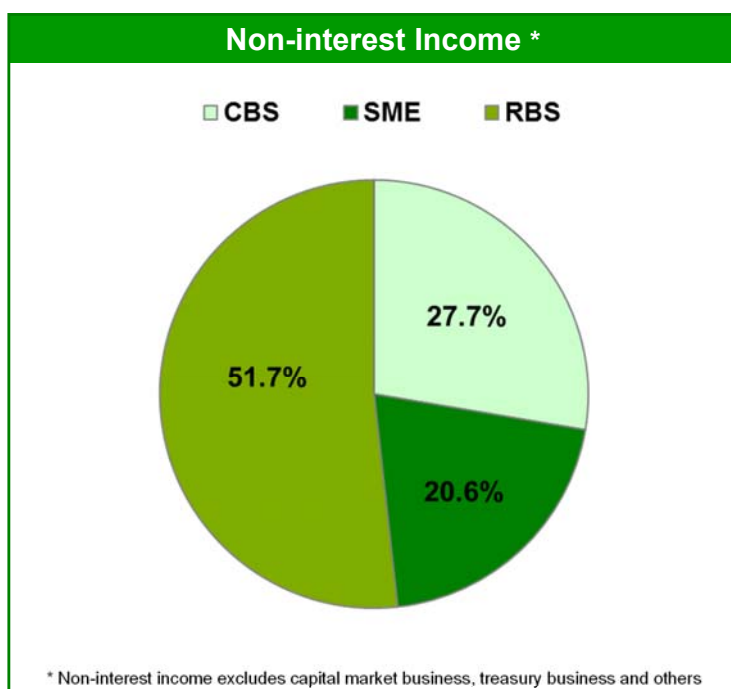
Note: * Wealth with KBank and its wholly-owned subsidiaries is defined as savings and investments, such as deposit products with KBank, mutual funds with KAsset; or the monthly income of an individual customer

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37

Revenue by Business

December 2018 (Consolidated)



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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38

Business Direction in 2018

Strategy

- To be customers' life platform of choice
- To maintain leadership position in digital banking
- To affirm commitment to service excellence in business operations and enhance market position
- To become "AEC+3 Bank" to capture AEC growth opportunities plus China, Japan, and South Korea

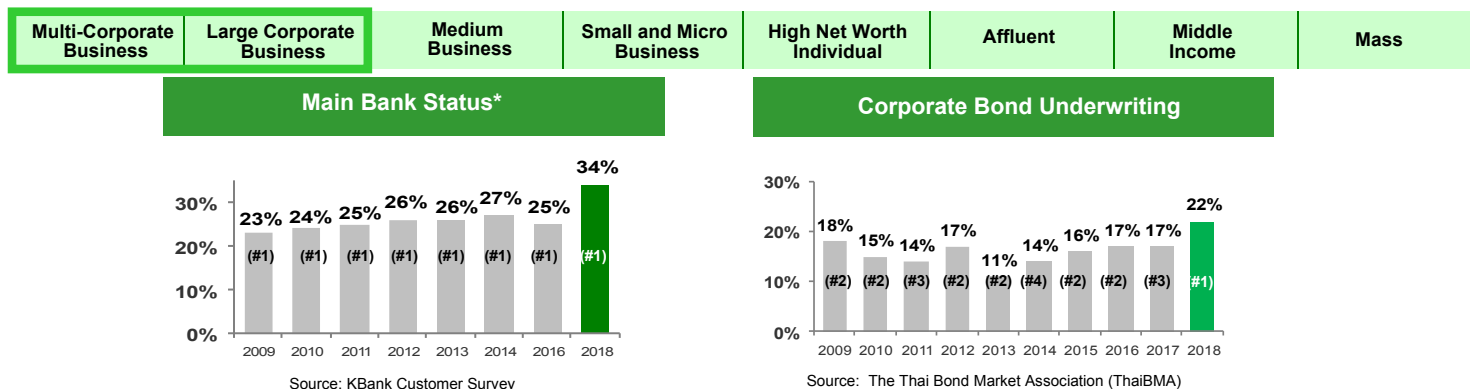
Corporate Business	SME Business	Retail Business
Most Trusted Bank for Corporate Customers <ul style="list-style-type: none"> Best funding solutions Best transaction banking and breakthrough initiator 	Bank for SME Customers <ul style="list-style-type: none"> Financial Solutions Digital banking Data Analytic Lending Beyond Banking 	Best Customer-Driven Retail Bank with Personalized Solutions <ul style="list-style-type: none"> Best digital banking and mobile banking platforms Best integration of sales and services channels Capture new business operations through collaboration with partners
World Business	Private Banking Group	
Dual-Track Regional Digital Expansion towards "The Bank of AEC+3" <ul style="list-style-type: none"> Conventional banking: leverage headquarter expertise for regional synergy through value chain business connections and infrastructure investment in CLMVI Digital banking: capture regional domestic payment and become a regional settlement hub 	International Comprehensive Wealth Management Services <ul style="list-style-type: none"> Cooperate with Lombard Odier to raise service & product standards to international levels Provide integrated wealth planning services, advising families on wealth management, continuity, and growth Enhance use of technology to improve client experience Build comprehensive client insights from data-mining 	

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

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39

Corporate Business: Performance and Market Position



Performance and Market Position

- **Main Bank Status:** maintained **#1** ranking in 2018
- **Corporate Bond Underwriting:** ranked **#1** with 22% market share in 2018
- **Transaction Services:** top player in transactional banking services
 - **Cash Management Services:** MB** 24% market share in 2018 (**#1**) / CB** 24% market share in 2018 (**#2**)
 - **Trade Finance:** MB** 27% market share in 2018 (**#1**) / CB** 32% market share in 2018 (**#1**)
- **Industrial Expertise:** leverage capability in Utility, Real Estate, Transportation, Communication, and Commerce

Note: * Since 2014, Corporate and SME Business main bank status is reported every two years

Main Bank Status = % of customers in the market who use KBank and its wholly-owned subsidiaries as their main operating bank and/or main savings and investment bank and/or main borrowing bank

** MB = Multi-Corporate Business, CB = Large Corporate Business

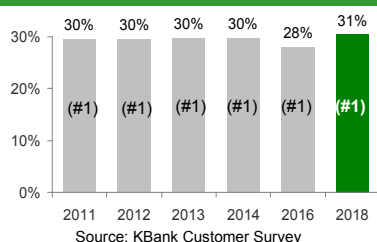
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40

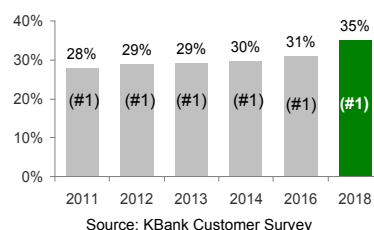
SME Business: Performance and Market Position

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:** 31% market share; maintained **#1** position
- Market Position:** strengthened **#1** position in SME market – “Bank for SMEs”; targeted to be SME market leader in all areas
 - Only bank to offer comprehensive solutions to SMEs through K SME program (launched in 2006, with a total of 24 classes and about 13,000 participants so far) and K SME Knowledge Center (established in 2009)

Note: - SME Business in Thailand accounts for 42.4% of Thailand's GDP, or Bt6.55trn (as of December 2016); supported by the government to become a key factor in economic and social growth (Source: The Office of Small and Medium Enterprises Promotion or OSMEP)
 - Market Share by Value = share of revenue (derived from both credit and non-credit products) that each bank gains from the market
 - Main Bank Status = % of customers in the market who use KBank and its wholly-owned subsidiaries as their main operating bank and/or main savings and investment bank and/or main borrowing bank
 * Since 2014, corporate and SME business main bank status and market share are reported every two years
 ** Market share by value and main bank status in 2016 may not be comparable with those in previous years due to a new SME population base covering more SMEs with better data availability

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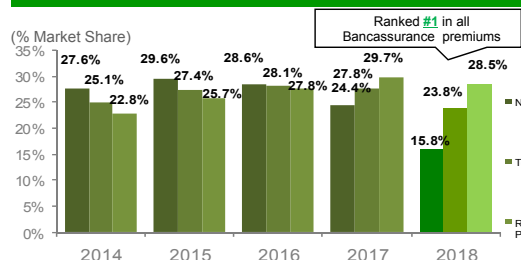
41

Retail Business: Performance and Market Position

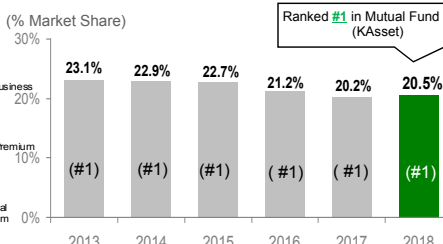
Multi-Corporate Business	Large Corporate Business	Medium Business	Small and Micro Business	High Net Worth Individual	Affluent	Middle Income	Mass
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Bancassurance*

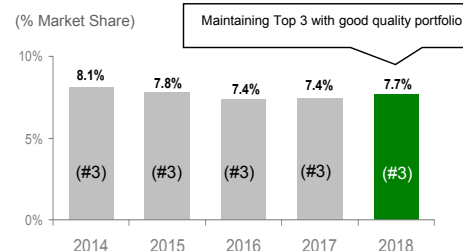
(New Business, Total and Renewal Premium)



#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 in 2018, with market share of new business, total and renewal premiums are 15.8%, 23.8% and 28.5%, respectively. Moreover, MTL is focused on all Bancassurance process improvements to align with BOT regulations on market conduct together with balancing First Year Premium and Single Premium to create a sustainable portfolio
- Fund Management Services:**
 - Mutual Funds:** KAsset maintaining **#1** position since 2010, with highest market share at 20.5% in 2018; received SET Awards - Best Asset Management Company Award by the Stock Exchange of Thailand and Money & Banking magazine and the Top Investment House Asian Currency Bonds, Thailand, for the fifth consecutive year from The Asset magazine
 - Mutual Funds and Provident Funds:** ranked **#1** in 2018 with market share of 20.5% and 17.9%, respectively; KAsset's total AUM ranked **#2** with market share of 19.2%
- Mortgage Loans:** ranked in top 3, with 7.7% market share in 2018; conservative growth together with building stronger partner relationships and maintaining good quality portfolio
- Credit Cards:**
 - Total spending:** ranked **#1**, with 20.5% market share in 2018
 - Number of cards:** ranked **#2**, with 11.5% market share in 2018
 - Card-accepting merchant services** (online & offline platforms): ranked **#1**, with 36.1% market share by sales volume in 2018
- Debit Cards:**
 - #1** in total debit card spending with 38% market share in 1H18; maintaining top position by providing functions, features, security, and benefits to match customer lifestyles; continuing to offer new variety of cards (i.e., K-Mangmoo debit card & K-Provincial debit card), together with enhanced security in a chip debit card under the Thai Standard Format, apart from marketing campaigns to stimulate card spending related to National e-Payment Project

Note: * Total Premium = New Business Premium (NBP) + Renewal Premium; New Business Premium = First Year Premium (FYP) + Single Premium (SP)

** Market penetration = % of customers in the market who use at least one of the products of KBank and its wholly-owned subsidiaries

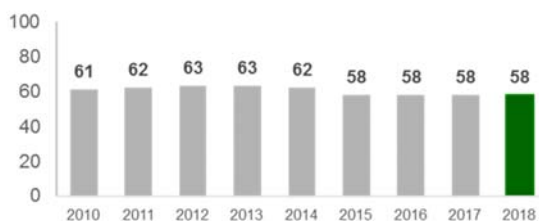
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42

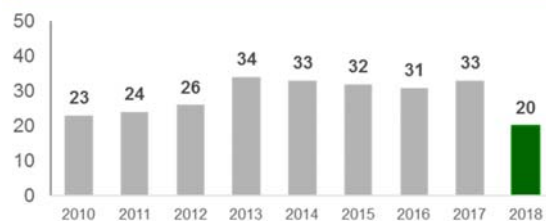
Channels: Corporate and SME Business

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

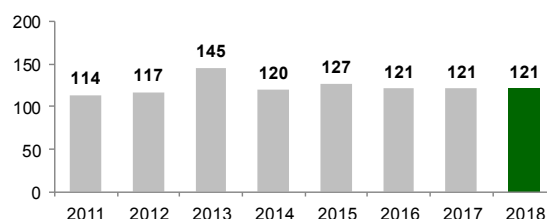
International Trade Service Center *



Cheque Direct Service



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

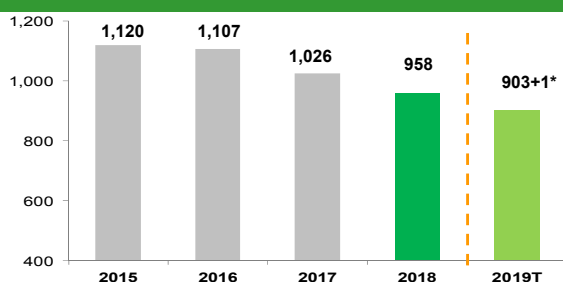
** Excluding International Trade Service Centers; there could be more than one SME Business Center per branch

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43

Channels: Retail Business

Branch



Key Strategies in Channel Expansion

- Branch:**
 - New branch formats which match customer lifestyle trends, including K Park and new KBank branches
 - New K Online Shop Space (KOS) providing knowledge and tools for online merchant customers
 - New customer experiences driven by K PLUS as trusted ID authentication tool and paperless service
 - Focus on branch service coverage and migrating branch footprint to e-channel
 - Enhance staff skills/ knowledge to provide better financial consulting services at branches

Self-Service Channel:

- Number of self-service channels expected to be around 11,750 in 2019, sufficient for customer demand and covering all potential areas
- Relocate some machines to higher potential areas in order to improve efficiency and service availability
- Improve efficiency and functionality such as increasing machine capacity

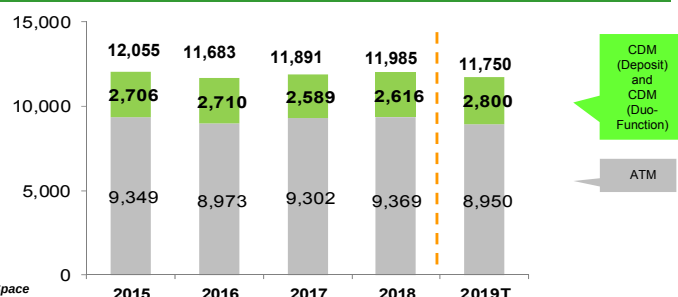
Digital Banking:

- Transforming acquisition and engagement in the following areas:**
 - Transforming K PLUS from an application into "K PLUS Intelligence Platform" to present the right experience for each customer by using K PLUS AI-Driven Experience (KADE)
 - Acquire new potential customers, such as those using e-wallet
 - Engage existing K PLUS customers with lifestyle functions to increase transactions and customer stickiness thru lifestyle loyalty platform
 - Promote K PLUS as a channel for customers to use our financial products and services more conveniently; for example, cardless cash withdrawal and investment

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

Self-Service Channel (ATM + CDM) ¹



	2014	2015	2016	2017	2018
Branch ²	1,124	1,120	1,107	1,026	958
- Bangkok and Metro	39%	38%	38%	39%	37%
- Upcountry	61%	62%	62%	61%	63%
ATM	9,853	9,349	8,973	9,302	9,369
- Bangkok and Metro	44%	44%	45%	46%	48%
- Upcountry	56%	56%	55%	54%	52%
CDM	2,775	2,706	2,710	2,589	2,616
- CDM (Deposit)	46%	47%	46%	32%	29%
- CDM (Duo-Function)	54%	53%	54%	68%	71%
K-Lobby ³	238	238	238	232	227
THE WISDOM Corner, Center, Lounge and Lounge@	100	105	105	105	102

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

² Branch: Excludes 8 THE WISDOM channel models and 1 K-Express Credit Center which BOT's adjusted definition now defines as branches, as they are physically located separately from regular branches

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

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44

Sample of Channels

Branch	K-Lobby	Digital Banking
 <p>Branch @ Department Stores</p>	 <p>An electronic banking service with multiple functions such as K-ATM, K-CDM (Cash Deposit Machines), and PUM (Passbook Update Machine). K-Lobby is available to serve customers both in front of branch offices and as stand-alone machines</p>	 <p>Digital Banking includes:</p> <ul style="list-style-type: none"> • K PLUS (Mobile Banking Application) • K PLUS SHOP • K-Cyber Service (K-Cyber, K-Cyber Trade and K-Cyber Invest) • K-Payment Gateway • K-PowerP@y (mPOS)
 <p>THE WISDOM @ ICON SIAM</p> <p>An exclusive center providing a full range of services and facilities to High Net Worth Individuals and Affluent segments</p>	 <p>KOS @ Central World</p> <p>One stop service for online merchants, providing knowledge and tools for online businesses via KBank solutions and partners</p>	 <p>K Park @ PTT Station</p> <p>K Park provides meeting space, a kid zone, parcel delivery, and banking services all in one place. It is designed to be welcoming and match the everyday lifestyle of customers in each community area</p>

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45

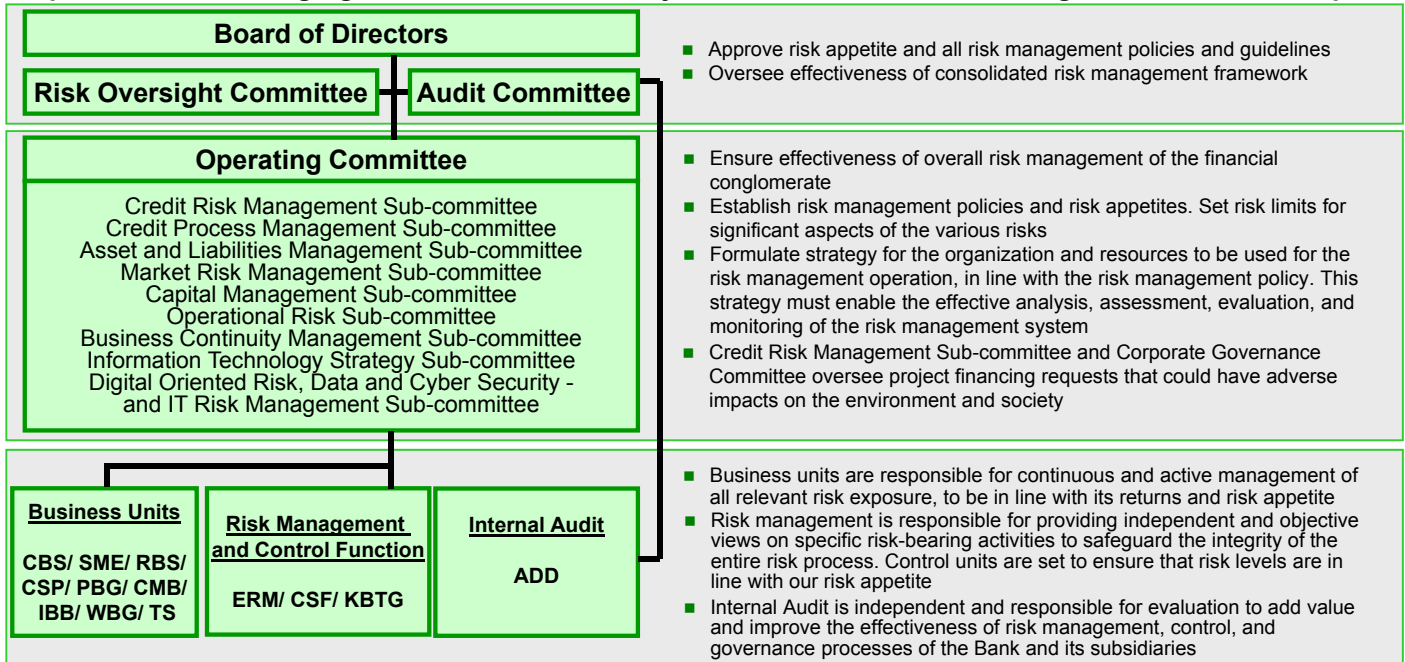
KBank: Risk and Credit Management

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46

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



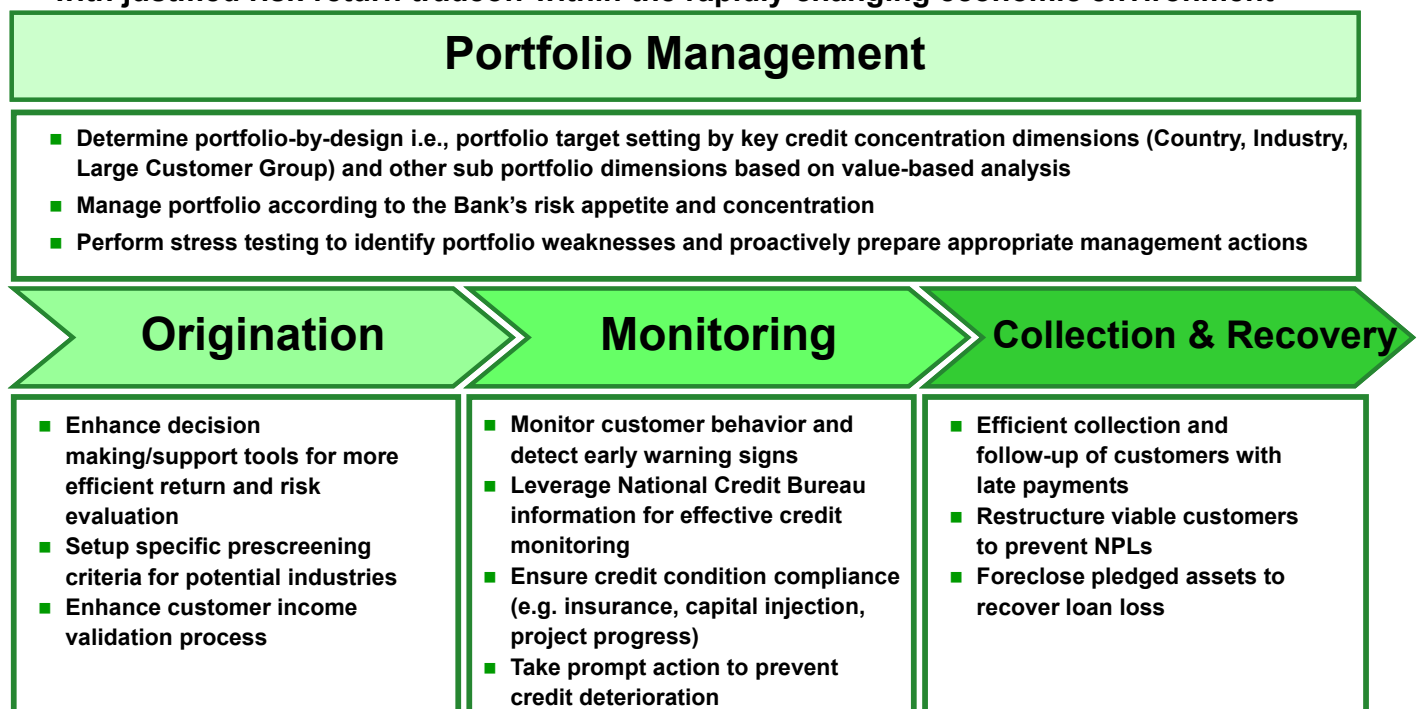
CBS = Corporate Business Division, SME = SME Business Division, RBS = Retail Business Division, CSP = Corporate and SME Products Division, PBG = Private Banking Group, CMB = Capital Markets Business Division, IBB= Investment Banking Business Division, WBG = World Business Group, TS = Central Treasury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

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47

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



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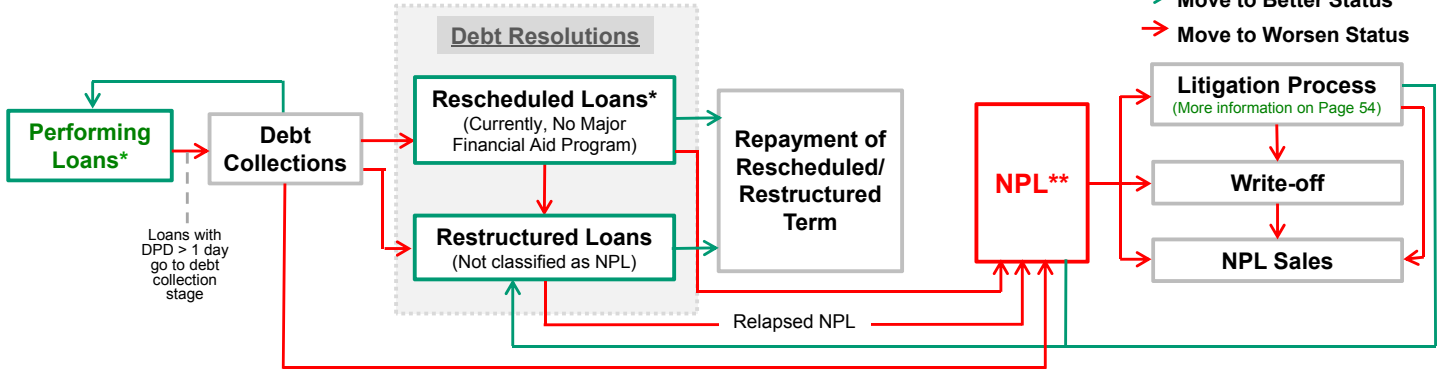
48

KBank Credit Risk Management Process: Collection and Recovery

Collection & Recovery Flow

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

- Performing Loans
- Process
- Non-Performing Loans
- Move to Better Status
- Move to Worsen Status



Note:

- * Rescheduled Loans are loans (no passed due date) that have changed payment conditions and not incurred losses. (Loans in the Financial Aid Program is a part of Rescheduled Loans)
- * Financial Aid Program helps customers during the bad macro business condition such as the big flood in 2011 and the political unrest in 2014
- * Performing loans = Pass Loans (loans passing the due date by 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 by more than 3 months = Sub-standard Loans, Doubtful Loans, Doubtful of Loss Loans, and restructured loans classified as NPL

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49

KBank Credit Cost Calculation

Credit Cost

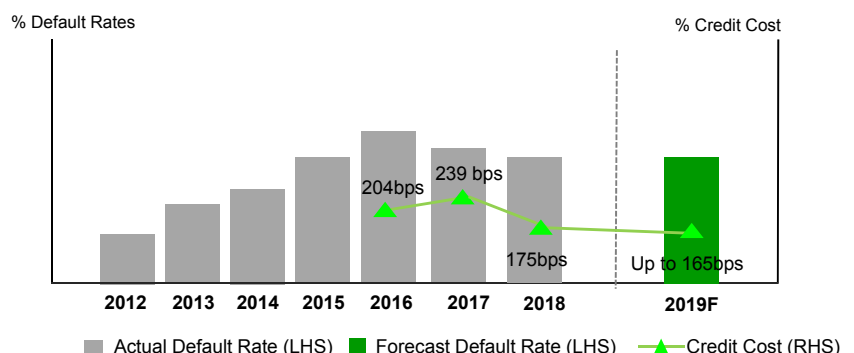
- Credit Cost**
= $\frac{\text{Provisioning Expense}}{\text{Average Loans}}$
- Provisioning Expense**
= $f(\text{Probability of Default (PD)}, \text{Loss Given Default (LGD)}, \text{Exposure at Default (EAD)})$
- Provisioning expense largely depends on PD, which is driven by the stage of the economy

Probability of Default (PD) Model Calibration

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

- 1) Observe Historical Default Rates:** Historical default rates over business cycle are observed
- 2) Calibrate PD Model:** The PDs are calibrated based on historical default rates
- 3) Apply PDs to Calculate Provisioning Expense:** Provisioning Expense = $f(\text{PD}, \text{LGD}, \text{EAD})$

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



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50

KBank Credit Approval Process

	Corporate	SME (Medium)	SME (Small & Micro)	Retails (Housing)	Retail (Unsecured Loans)
Approval Process	Credit Underwriting Dept.		SME Credit and Housing Loan Approval Dept.		Payment Service Fulfillment Department
	<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
Post Approval	Credit Service Fulfillment Dept.				Payment Service Fulfillment Department
	<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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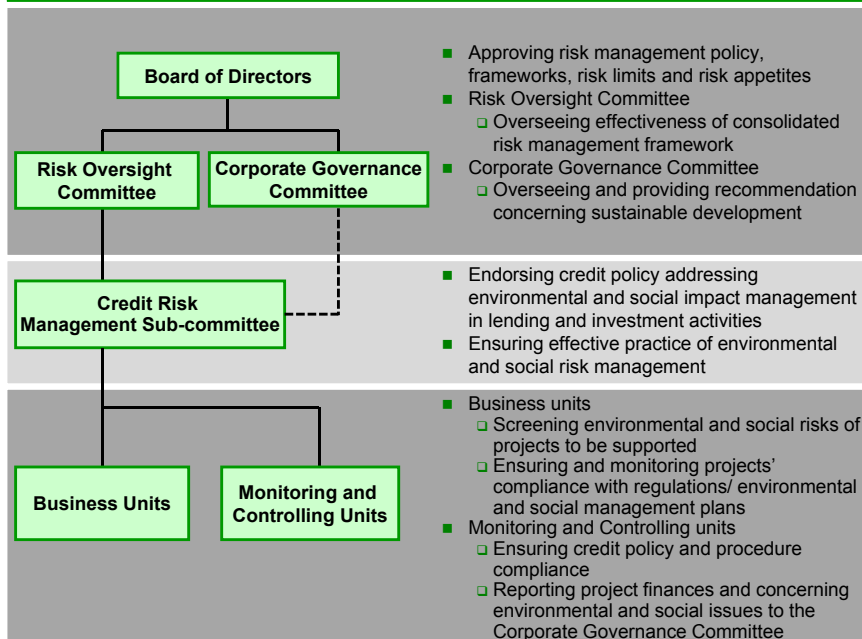
51

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 follows



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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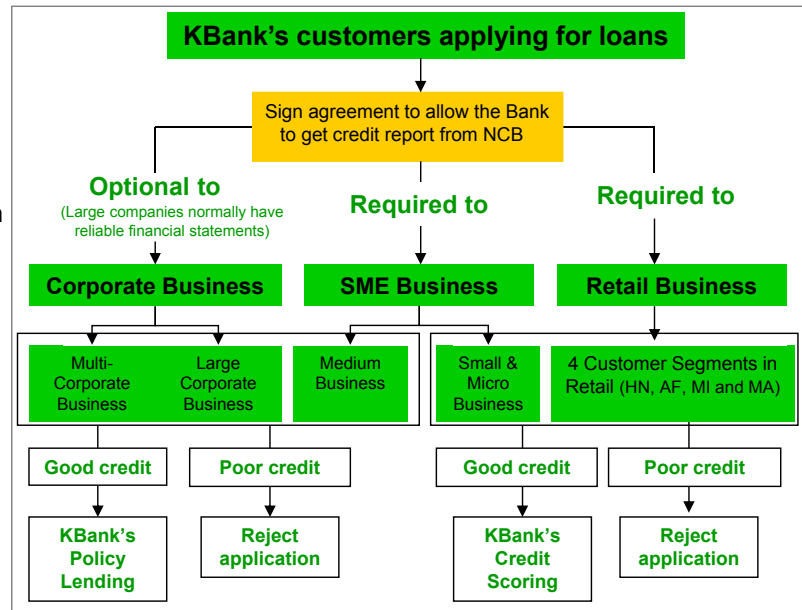
52

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



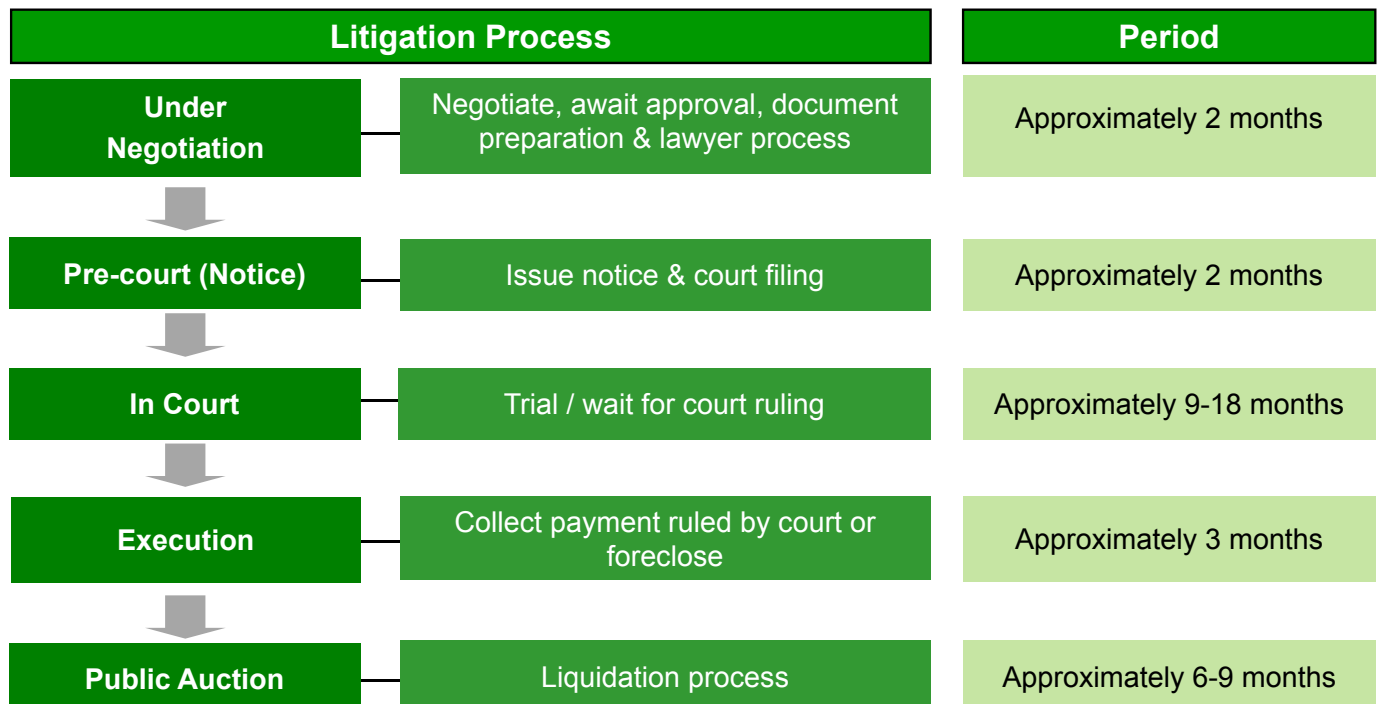
Note: * The concept of a credit bureau started in 1961 and central credit registration started in 1964. The Central Information Service was established in 1999 and its name was changed to Central Credit Information Service in 2000 and to the National Credit Bureau in 2005

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53

Litigation Process

- Litigation process in Thailand takes about 2-3 years



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54

KBank: Financial Performance

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55

2018 Performance Highlights

Consolidated	2017	1Q18	2Q18	3Q18	4Q18	2018
Net Profit (Bt bn)	34.34	10.77	10.92	9.74	7.03	38.50
Profitability						
- NIM	3.44%	3.37%	3.39%	3.43%	3.41%	3.39%
- ROE	10.24%	12.14%	12.10%	10.65%	7.53%	10.61%
- ROA	1.20%	1.46%	1.45%	1.28%	0.91%	1.27%
- YTD Loan growth	6.20%	2.06%	1.98%	2.56%	6.17%	6.17%
- YoY Loan growth	6.20%	8.12%	4.92%	5.51%	6.17%	6.17%
- YoY Net fee income growth	6.07%	4.71%	(9.74%)	(12.12%)	(13.30%)	(7.72%)
- YoY Non-interest income growth	(1.62%)	(2.61%)	1.69%	(20.60%)	(15.09%)	(9.17%)
Cost control						
- Cost to income	42.31%	41.20%	41.07%	42.58%	51.24%	43.96%
Asset quality						
- NPL ratio	3.30%	3.30%	3.29%	3.30%	3.34%	3.34%
- Credit Cost	2.39%	1.72%	1.74%	1.78%	1.81%	1.75%
- Coverage ratio	148.45%	149.72%	150.08%	155.95%	160.60%	160.60%
Loans to Deposits	95.96%	94.93%	96.63%	96.22%	95.94%	95.94%
Tier 1 Ratio	15.66%	15.41%	15.57%	16.50%	15.90%	15.90%
CAR	17.96%	17.70%	18.05%	18.96%	18.32%	18.32%

- 2018 net profit increased 12.00% YoY, mainly from lower provisioning expense
- Loans grew 6.17% YoY, mainly from retail and corporate loans
- NIM was 3.39% in 2018
- Net fee income decreased 7.72% YoY, due mostly to fee waivers via digital channels
- 2018 cost to income ratio was at 43.96%; cost to income ratio in 2019 will be in low to mid-40s
- NPL ratio was at 3.34% with 160.60% coverage ratio
- Capital base maintained

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

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56

Consolidated Financial Statements

Statements of Comprehensive Income (Bt mn)

	2016	2017	4Q17	1Q18	2Q18	3Q18	4Q18	2018
Interest income	115,873	119,337	30,283	29,897	30,754	31,291	31,980	123,922
Interest expenses	26,195	25,176	6,263	6,201	6,388	6,286	6,509	25,384
Interest income - net	89,678	94,161	24,020	23,696	24,367	25,004	25,471	98,538
Fee and service income	48,631	51,757	13,268	13,470	12,490	12,716	12,510	51,187
Fee and service expenses	9,688	10,451	2,904	2,911	3,270	3,364	3,524	13,070
Fee and service income - net	38,943	41,306	10,364	10,559	9,220	9,352	8,986	38,117
Total operating income	237,584	250,707	61,733	62,442	63,287	56,748	60,904	243,380
Underwriting expenses	84,181	93,851	22,937	23,634	22,683	18,693	22,887	87,897
Total operating income - net	153,403	156,856	38,796	38,808	40,604	38,055	38,016	155,483
Total other operating expenses	63,854	66,372	18,959	15,989	16,675	16,204	19,479	68,348
Impairment loss of loans and debt securities	33,753	41,810	11,646	7,818	7,995	8,211	8,508	32,532
Operating profit before income tax expenses	55,796	48,674	8,191	15,000	15,934	13,640	10,029	54,603
Income tax expenses	10,456	9,028	1,275	2,842	3,083	2,660	1,809	10,395
Net profit attributable:								
Equity holders of the Bank	40,174	34,338	5,707	10,766	10,917	9,744	7,033	38,459
Non-controlling interest	5,166	5,308	1,208	1,393	1,933	1,236	1,188	5,749

Statements of Financial Position (Bt mn)

	2016	2017	4Q17	1Q18	2Q18	3Q18	4Q18	2018
Loans to customers (less deferred revenue)	1,697,581	1,802,783	1,802,783	1,839,892	1,838,402	1,848,848	1,914,073	1,914,073
Total Assets	2,843,278	2,900,841	2,900,841	2,994,485	3,025,197	3,053,804	3,155,091	3,155,091
Deposits	1,794,835	1,878,672	1,878,672	1,938,171	1,902,535	1,921,446	1,995,001	1,995,001
Total Liabilities	2,489,367	2,513,019	2,513,019	2,593,730	2,624,010	2,640,480	2,737,269	2,737,269
Total Equity attributable to equity holders of the Bank	321,746	348,625	348,625	360,635	361,247	370,536	376,298	376,298

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

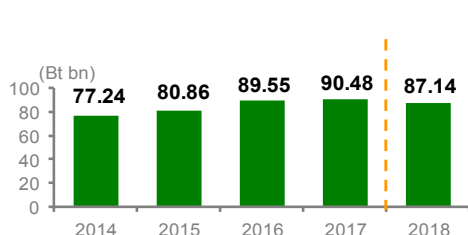
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57

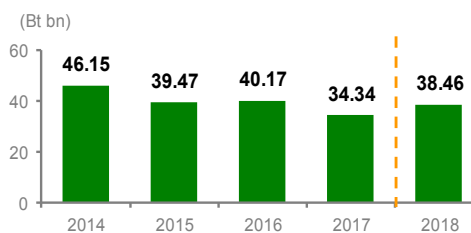
Earnings Before Provision and Tax (EBPT) and Net Profit

December 2018 (Consolidated)

EBPT



Net Profit



■ 2018 net profit increased 12.00% YoY, mainly from lower provisioning expense

	2014	2015	2016	2017	2018	1Q18	2Q18	3Q18	4Q18
EBPT (Bt bn)	77.24	80.86	89.55	90.48	87.14	22.82	23.93	21.85	18.54
EBPT Growth (% YoY)	13.50%	4.69%	10.75%	1.05%	(3.70%)	(2.40%)	2.00%	(8.22%)	(6.55%)
Net Profit (Bt bn)	46.15	39.47	40.17	34.34	38.46	10.77	10.92	9.74	7.03
Net Profit Growth (% YoY)	11.68%	(14.47%)	1.77%	(14.53%)	12.00%	5.84%	21.48%	2.85%	23.23%

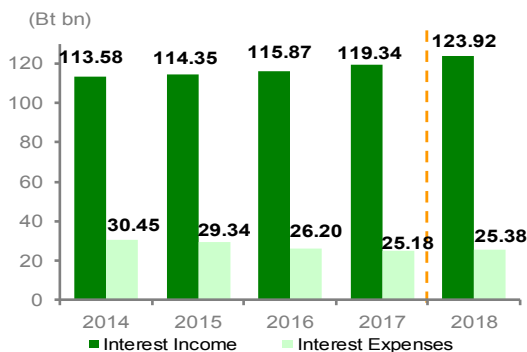
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58

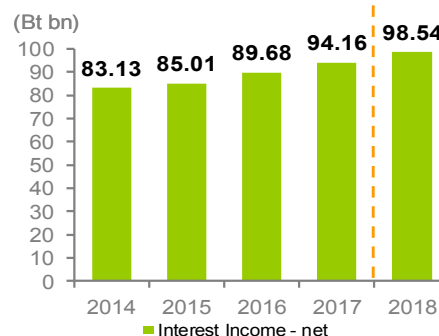
Interest Income - net

December 2018 (Consolidated)

Interest Income and Interest Expenses



Interest Income - net



■ 2018 net interest income grew 4.65% YoY

	2014	2015	2016	2017	2018	1Q18	2Q18	3Q18	4Q18
Interest Income (Bt bn)	113.58	114.35	115.87	119.34	123.92	29.90	30.75	31.29	31.98
Interest Expenses (Bt bn)	30.45	29.34	26.20	25.18	25.38	6.20	6.39	6.29	6.51
Interest Income - net (Bt bn)	83.13	85.01	89.67	94.16	98.54	23.70	24.37	25.00	25.47
Interest Income - net (% Growth YoY)	14.20%	2.26%	5.49%	5.00%	4.65%	2.63%	4.38%	5.46%	6.04%

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

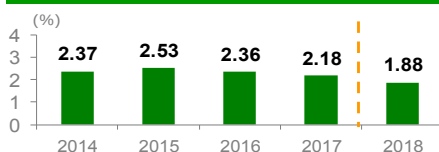
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59

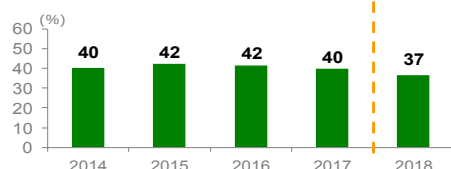
Non-interest Income and Structure

December 2018 (Consolidated)

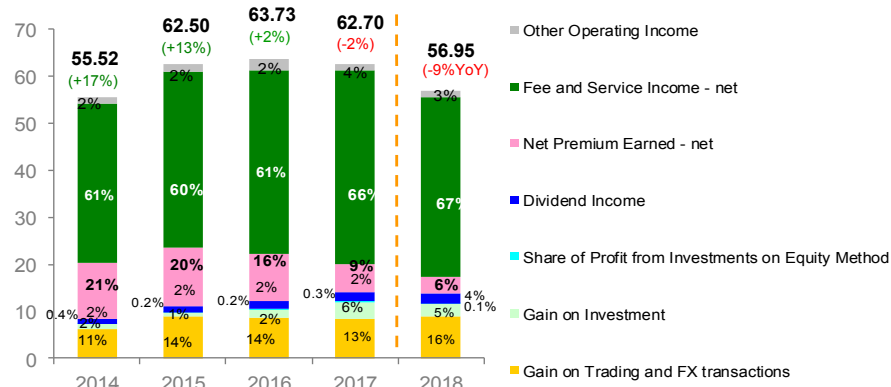
Non-interest Income to Average Assets



Non-interest Income Ratio



Non-interest Income Structure



■ 2018 non-interest income decreased 9.17% YoY, due mostly to a decrease in insurance business and waiving fees for money transfers through digital channels

	2014	2015	2016	2017	2018	1Q18	2Q18	3Q18	4Q18
Non-interest Income (Bt bn)	55.52	62.50	63.73	62.70	56.95	15.11	16.24	13.05	12.55
Non-interest Income Growth (%YoY)	16.84%	12.57%	1.96%	(1.62%)	(9.17%)	(2.61%)	1.69%	(20.60%)	(15.09%)
Non-interest Income Ratio (%)	40.04	42.37	41.54	39.97	36.62	38.94	39.99	34.29	33.00

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

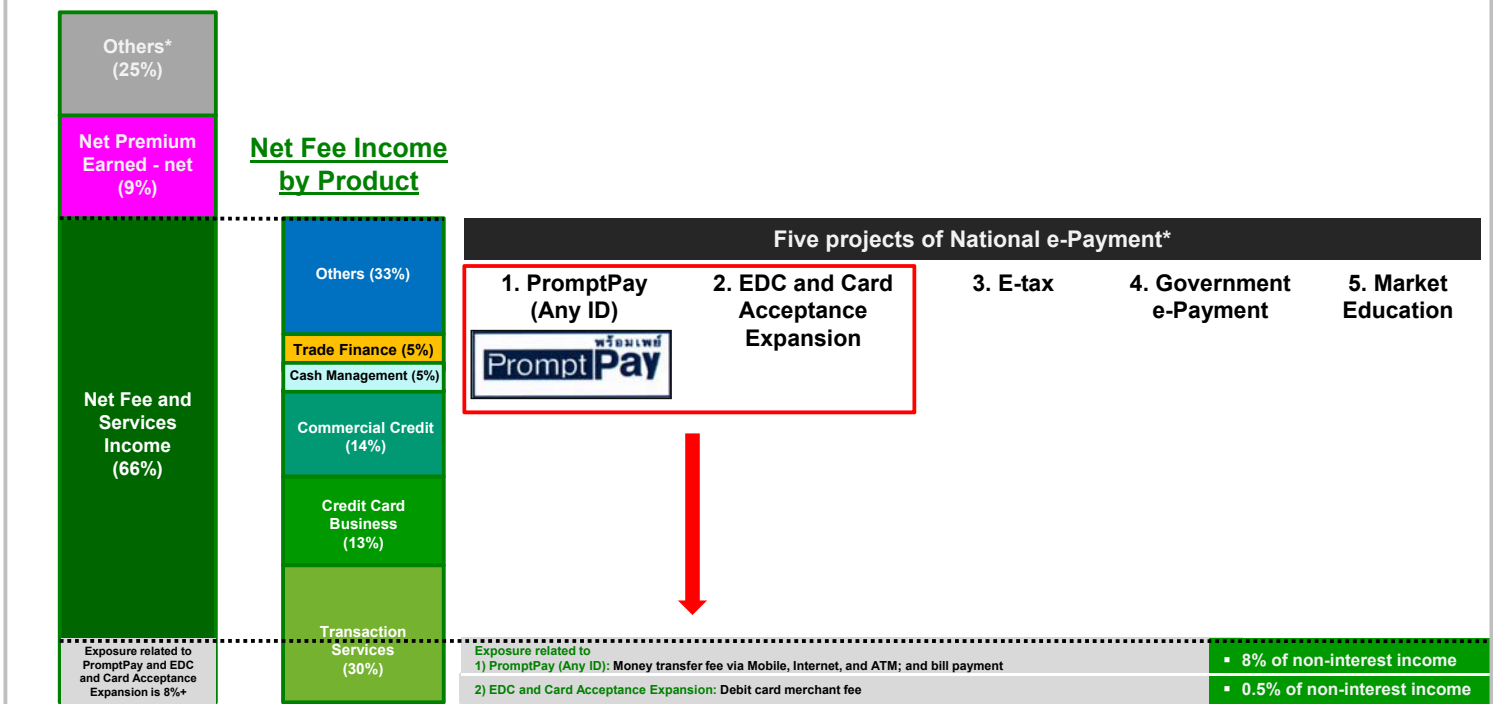
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60

Exposure related to PromptPay and EDC and Card Acceptance Expansion

Y2017 (Consolidated)

Non-interest Income



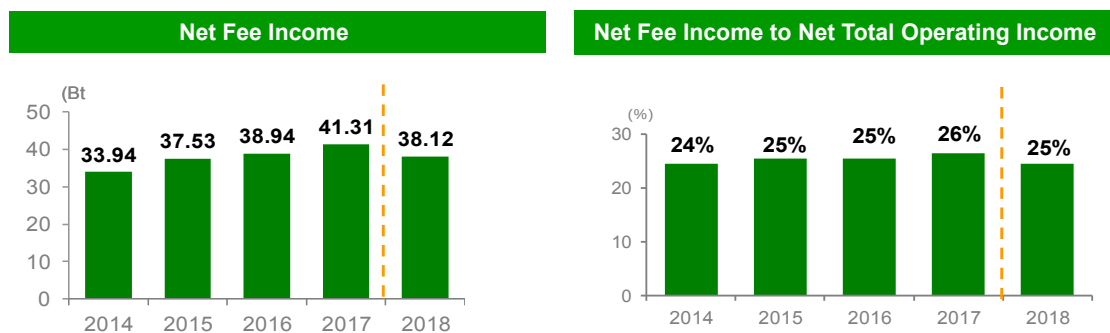
Note: * More details of National e-Payment can be found on Page 132-135

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61

Net Fee Income

December 2018 (Consolidated)



- 2018 net fee income decreased 7.72% YoY, mainly due to waiving fees for money transfers through digital channels
- Net fee income to net total operating income was 24.52% in 2018

	2014	2015	2016	2017	2018	1Q18	2Q18	3Q18	4Q18
Fee Income (Bt bn)	42.69	46.41	48.63	51.76	51.19	13.47	12.49	12.72	12.51
Fee Income-net (Bt bn)	33.94	37.53	38.94	41.31	38.12	10.56	9.22	9.35	8.99
Fee Income Growth (%YoY)	16.60%	8.72%	4.78%	6.43%	(1.10%)	6.87%	(1.69%)	(3.52%)	(5.71%)
Net Fee Income Growth (%YoY)	17.82%	10.55%	3.78%	6.07%	(7.72%)	4.71%	(9.74%)	(12.12%)	(13.30%)
Net Fee Income to Net Operating Income Ratio (%)	24.48	25.44	25.39	26.33	24.52	27.21	22.71	24.58	23.64

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

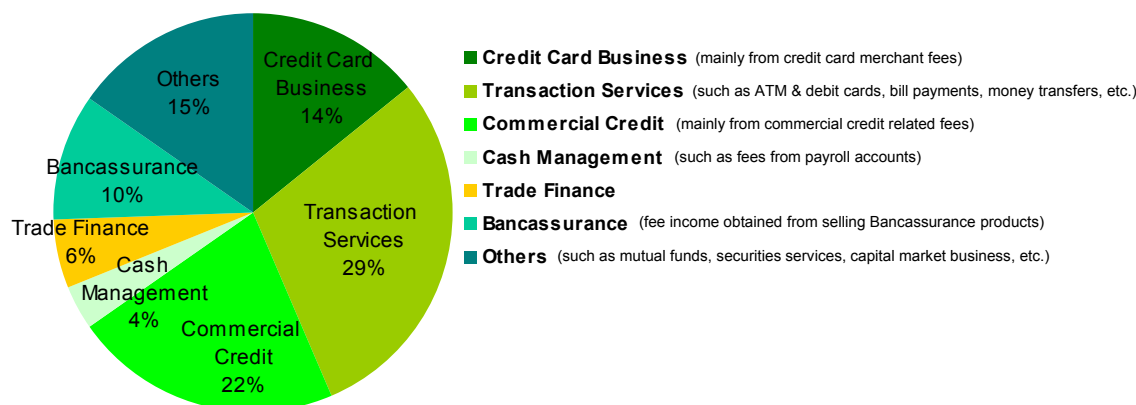
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62

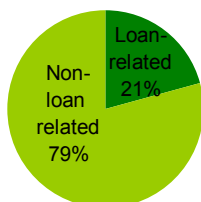
Net Fee Income Structure (Bank only)

December 2018

Net Fee Income by Product



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

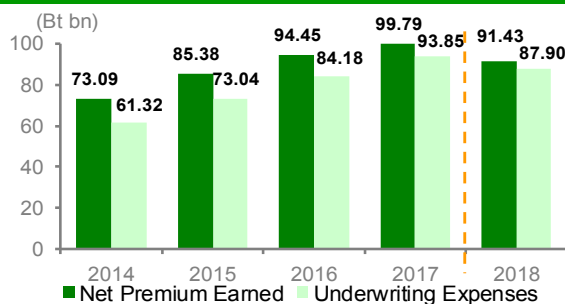
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63

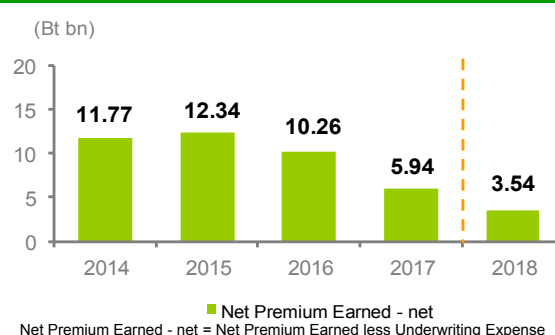
Net Premium Earned - net

December 2018 (Consolidated)

Net Premium Earned and Underwriting Expenses



Net Premium Earned - net



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

	2015	2016	2017	2018	1Q18	2Q18	3Q18	4Q18
Net Premium Earned (Bt bn)	85.38	94.44	99.79	91.43	24.73	24.45	18.61	23.65
Underwriting Expenses (Bt bn)	73.04	84.18	93.85	87.90	23.63	22.68	18.69	22.89
Net Premium Earned - net (Bt bn)	12.34	10.26	5.94	3.54	1.10	1.76	(0.08)	0.76
Net Premium Earned (% Growth YoY)	16.82%	10.62%	5.65%	(8.37%)	(6.42%)	(17.77%)	(5.95%)	(0.83%)
Underwriting Expenses (% Growth YoY)	19.11%	15.26%	11.49%	(6.34%)	(2.68%)	(18.79%)	(0.01%)	(0.22%)
Net Premium Earned - net (% Growth YoY)	4.86%	(16.83%)	(42.17%)	(40.41%)	(48.81%)	(1.82%)	(107.32%)	(16.24%)

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.

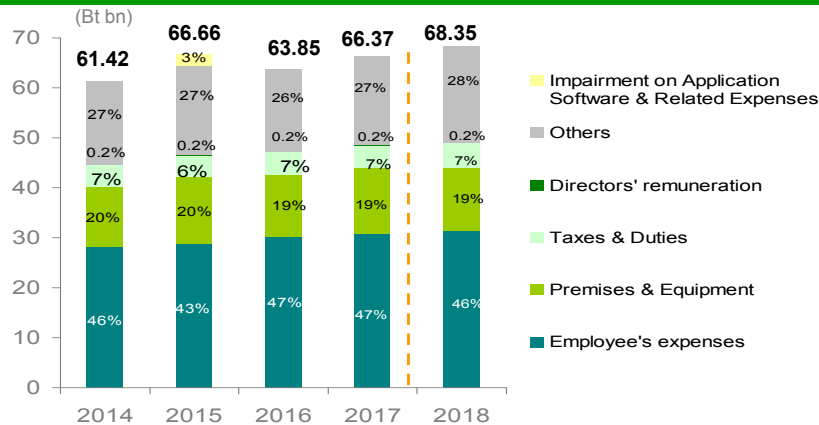
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64

Other Operating Expenses

December 2018 (Consolidated)

Other Operating Expenses Structure



- 2018 other operating expenses increased 2.98% YoY, resulting mainly from an increase in marketing expenses

	2014	2015	2016	2017	2018	1Q18	2Q18	3Q18	4Q18
Other Operating Expenses (Bt bn)	61.42	66.66	63.85	66.37	68.35	15.99	16.68	16.20	19.48
Other Operating Expenses Growth (% YoY)	17.50%	8.53%	(4.20%)	3.94%	2.98%	5.03%	5.20%	(0.82%)	2.75%

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

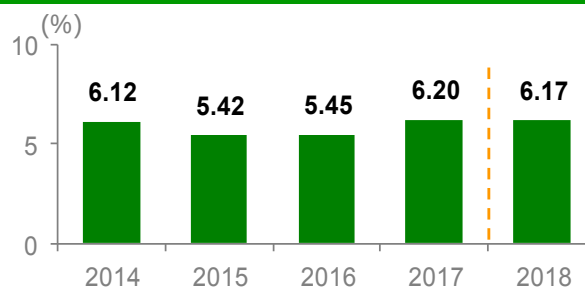
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65

Loan Growth

December 2018 (Consolidated)

Loan Growth (% YoY)



- Loans grew inline with target range at 6.17% YoY, mainly from corporate and retail loans

	2014	2015	2016	2017	2018	1Q18	2Q18	3Q18	4Q18
Loans (Bt bn)	1,527	1,610	1,698	1,803	1,914	1,840	1,838	1,849	1,914
Loan Growth (% YoY)	6.12%	5.42%	5.45%	6.20%	6.17%	8.12%	4.92%	5.51%	6.17%
Loan Growth (% YTD)	6.12%	5.42%	5.45%	6.20%	6.17%	2.06%	1.98%	2.56%	6.17%

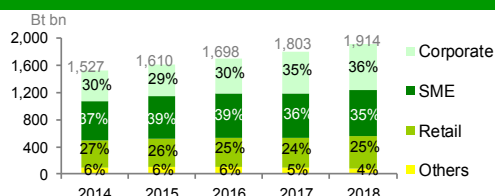
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66

Loan Structure and Loan Growth Targets

December 2018 (Consolidated, TFRS 8: Operating Segments*)

Loan Portfolio Structure



Loan Portfolio

Consolidated	Amount (Bt bn)		2018 Loan Growth (% YTD)	2018 Yield Range (%)	Loan Growth Target (%)	
	Dec17*	Dec18			2018	2019
Corporate Loans	624	683	9.4%	3-5%	6-8%	3-5%
SME Loans	647	661	2.2%	5-7%	4-6%	2-4%
Retail Loans	444	488	9.9%	5-7%	5-7%	9-12%
Other Loans	88	82	(6.3%)			
Total Loans	1,803	1,914	6.2%	5.3%	5-7%	5-7%

Note: * From time to time, the Bank has adjusted loan definitions based on loan portfolio management; thus, the December 2017 loan base is not comparable with previous reports

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

Y2017 Loan Growth Target (%): Corporate 4-6%; SME 4-6%; Retail 5-7%; Total Loans: 4-6%

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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67

Loan by Retail Products (All Segments)

December 2018 (Consolidated, TFRS 8: Operating Segments*)

Loan by Retail Products

(Amount in Bt bn)	Dec17	Y2017 Loan Growth (%)	Dec18	Y2018 Loan Growth (%)	% Portion to Total Loan
Housing Loans	254	6.8	285	11.8	14.9
Credit Cards	79	(5.7)	79	0.9	4.1
Consumer Loans	56	4.8	62	10.5	3.2
KLeasing	97	7.0	108	11.4	5.6

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

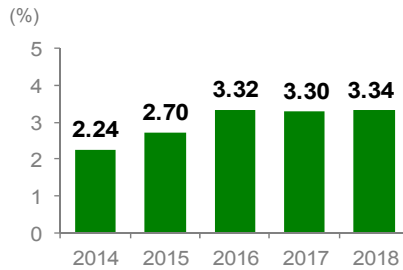
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68

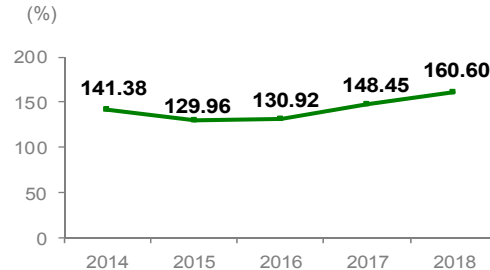
Asset Quality

December 2018 (Consolidated)

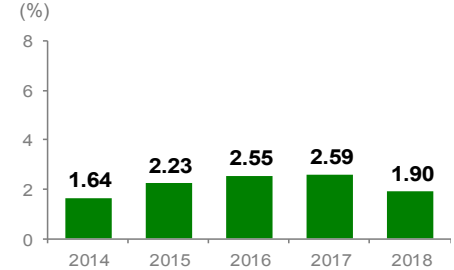
NPL Ratio



Coverage Ratio



SML* to Total Loans



- NPL ratio in Y2018 was at 3.34%
- Coverage ratio was 160.60%

	2014	2015	2016	2017	2018	1Q18	2Q18	3Q18	4Q18
NPL Ratio (%)	2.24	2.70	3.32	3.30	3.34	3.30	3.29	3.30	3.34
Coverage Ratio (%)	141.38	129.96	130.92	148.45	160.60	149.72	150.08	155.95	160.60
SML to Total Loans Ratio (%)	1.64	2.23	2.55	2.59	1.90	1.94	1.98	2.09	1.90

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

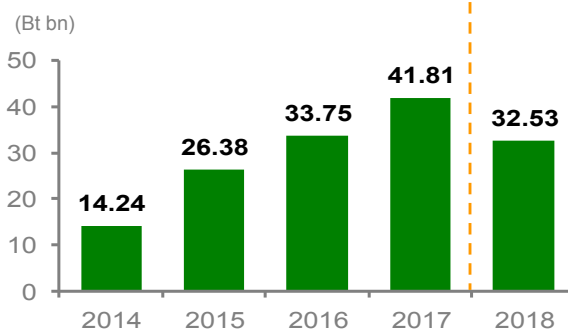
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69

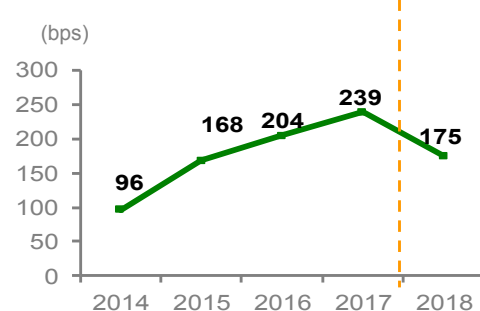
Impairment Loss on Loans and Debt Securities (Provision) and Credit Cost

December 2018 (Consolidated)

Impairment Loss of Loans and Debt Securities



Credit Cost



- 2018 credit cost was 175bps, prudent and aligned with the credit cycle

	2014	2015	2016	2017	2018	1Q18	2Q18	3Q18	4Q18
Impairment Loss of Loans and Debt Securities (Bt bn)	14.24	26.38	33.75	41.81	32.53	7.82	8.00	8.21	8.51
Credit Cost (bps)	96	168	204	239	175	172	174	178	181

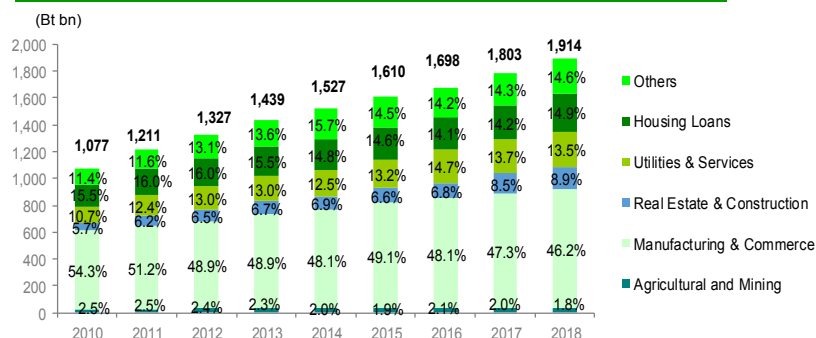
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70

Loan Portfolio Breakdown by Industry, Currencies, and Interest Rate

December 2018 (Consolidated)

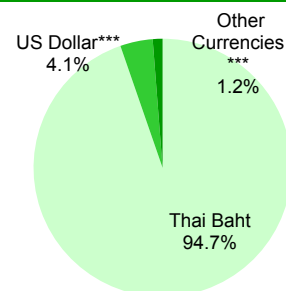
Loan Portfolio by Industry (December 2018)



Definition of Loans

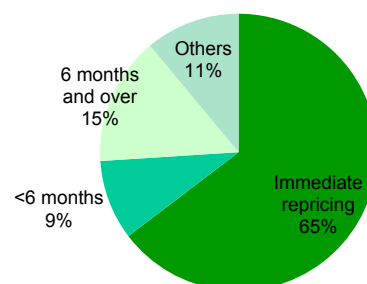
- 1) by industry = Gross loans = Loans to customers less deferred revenue
- 2) by currency = Loans to customers and AIR - net
- 3) by maturity of interest repricing = Loans to customers less deferred revenue

By Currencies (December 2018)*



*** Mainly trade finance products

By Maturity of Interest Repricing (December 2018)*



Loans by Bangkok and Metropolitan vs. Upcountry

Proportion of KBank's Outstanding Loans	2013	2014	2015	2016	2017	2018
Bangkok and Metropolitan	65%	64%	64%	63%	64%	62%
Upcountry	35%	36%	36%	37%	36%	38%

Note: The information on loans breakdown by currencies and maturity of interest repricing are disclosed on half year basis

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71

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

- Focus on high-value customers
- Proactive and efficient collection process
- Analyze behavior regularly to identify weak spots

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72

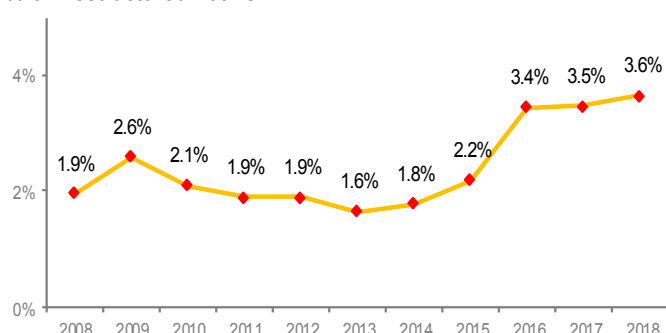
Restructured Loans Incurred Losses

December 2018 (Consolidated)

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

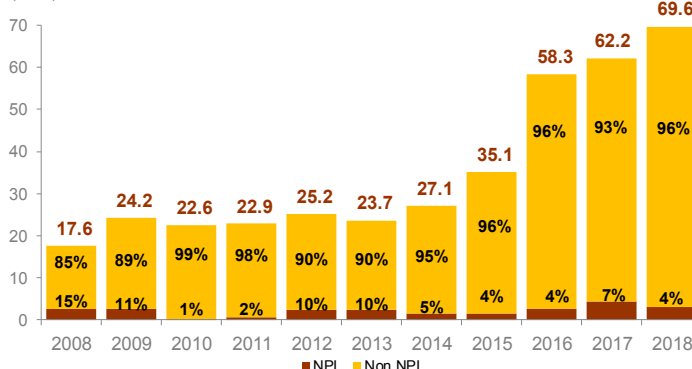
% of Restructured Loans that Incurred Losses to Total Loans

% of Restructured Loans



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

(Bt bn)



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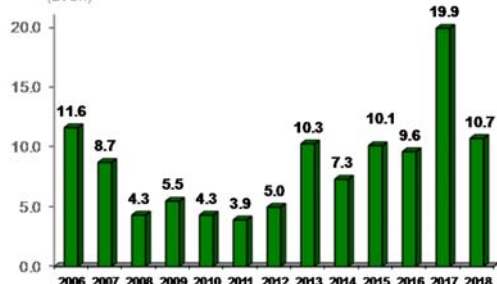
73

Bad Assets Resolution

December 2018 (Consolidated)

Write-offs

(Bt bn)



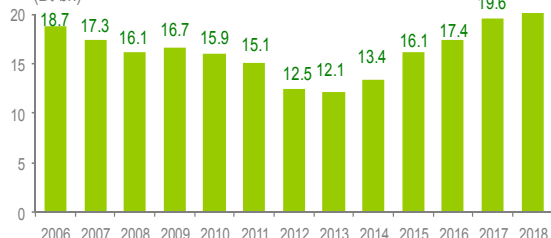
Note: * On September 11, 2013, the Bank was formally notified of its final loss sharing portion under the asset transfer agreement with TAMC established in October 2001. This amounted to Bt206mn. An amount of Bt1,159mn relating to the provision for losses recorded in prior years has been reversed through 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
- 2016: KBank sold NPLs worth Bt6.4bn (Bt4.9bn in 2Q16 and Bt1.5bn in 4Q16) to JMT Network Services PCL
- 2017: KBank sold NPLs worth Bt8.4bn in 4Q17 to asset management companies
- 2018: KBank sold NPLs worth Bt15.4bn to asset management companies

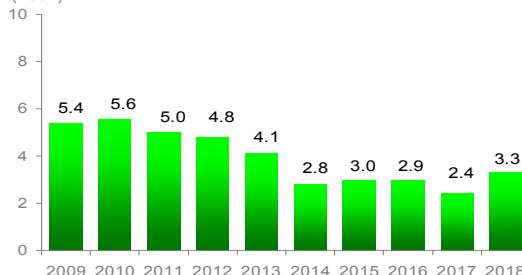
Outstanding Foreclosed Properties

(Bt bn)



Sales of Foreclosed Properties

(Bt bn)



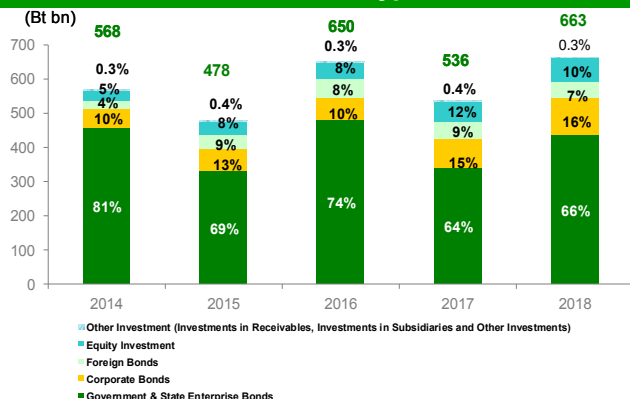
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74

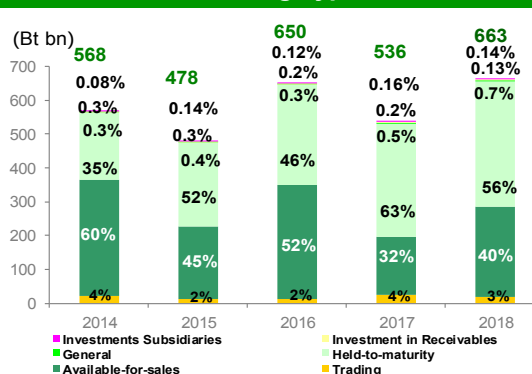
Investment in Securities Portfolio and Structure

December 2018 (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

	2014	2015	2016	2017	2018	1Q18	2Q18	3Q18	4Q18
Investment Portfolio (Bt bn)	568	478	650	536	663	523	609	660	663
Investment Portfolio (% Growth YoY)	14.24%	(15.83%)	36.10%	(17.52%)	23.51%	(19.80%)	1.11%	24.50%	23.51%

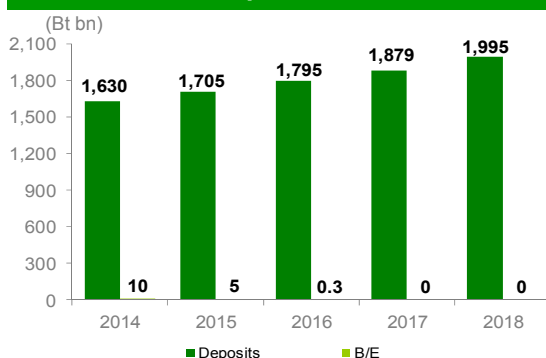
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75

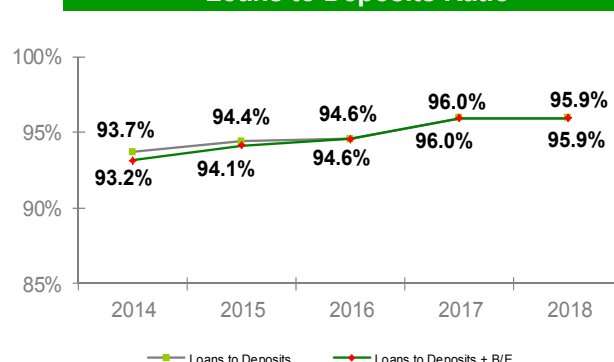
Deposits Growth and Loans to Deposits Ratio

December 2018 (Consolidated)

Deposits & B/E



Loans to Deposits Ratio



- Deposits and Loans to Deposits Ratio maintained at stable level

	2014	2015	2016	2017	2018	1Q18	2Q18	3Q18	4Q18
Deposits (Bt bn)	1,630	1,705	1,795	1,879	1,995	1,938	1,903	1,921	1,995
Deposits (% YoY)	6.5%	4.6%	5.2%	4.7%	6.2%	8.0%	3.5%	4.2%	6.2%
Deposits (% YTD)	6.5%	4.6%	5.2%	4.7%	6.2%	3.2%	1.3%	2.3%	6.2%
Loans to Deposits Ratio (%)	93.7%	94.4%	94.6%	96.0%	95.9%	94.9%	96.6%	96.2%	95.9%

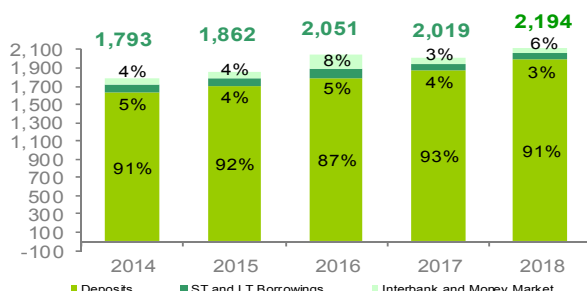
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76

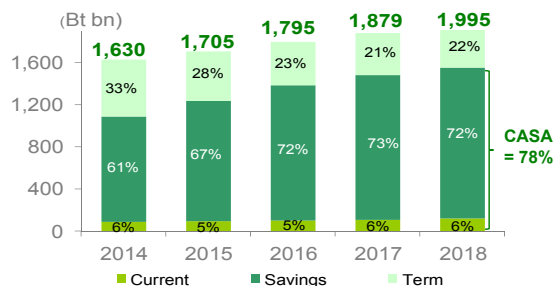
Funding Structure and Interest Rate Movement

December 2018 (Consolidated)

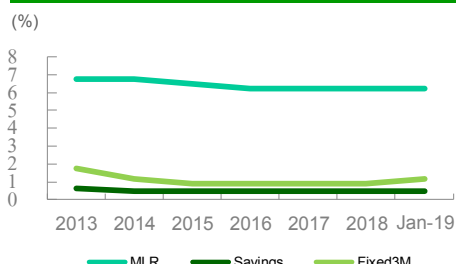
Funding Structure



Deposit Structure



KBank Interest Rate Movement (Retail customers)



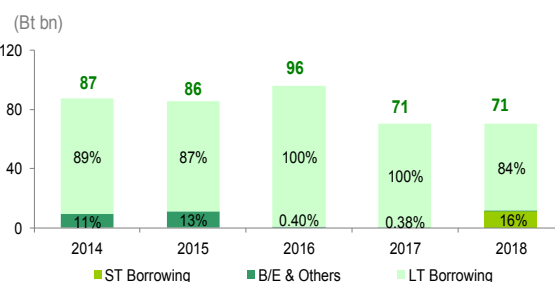
Deposit Rates (Jan 5, 2019)

Savings	0.50
Fixed 3M-12M	0.90-1.55
Fixed 24M-36M	1.45-1.85

Lending rates (Sep 21, 2018)

MLR	6.25%
MOR	7.12%
MRR	7.12%

ST and LT Borrowings



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77

Long-term Senior/Subordinated Debentures

Issue Date	Name	Type	Embedded Option	Amount	Maturity Years	Call Date	Interest Rate (Per annum)	PP/PO	Interest Payment period	Credit Rating
Thai Currency Long-term Senior/Subordinated Debentures										
14/07/2016	Subordinated debentures of KASIKORNBANK PCL No. 1/2016 (Basel III-complaint Tier 2)	Unsecured	Callable after 5.5 years	Bt7,500mn	10.5 years (14/01/2027)	First Call date : 14/01/2022 (then can call every interest payment date)	3.50%	PP	Quarterly	AA (tha) by Fitch Ratings
09/10/2015	Subordinated debentures of KASIKORNBANK PCL No. 1/2015 (Basel III-complaint Tier 2)	Unsecured	Callable after 5.5 years	Bt6,500mn	10.5 years (09/04/2026)	First Call date : 09/04/2021 (then can call every interest payment date)	3.95%	PP	Quarterly	AA (tha) by Fitch Ratings
03/10/2014	Subordinated debentures of KASIKORNBANK PCL No. 1/2014 (Basel III-complaint Tier 2)	Unsecured	Callable after 5.5 years	Bt14,000mn	10.5 years (03/04/2025)	First Call date : 03/04/2020 (then can call every interest payment date)	5.0%	PP	Quarterly	AA (tha) by Fitch Ratings
Foreign Currency Long-term Senior/Subordinated Debentures*										
07/12/2018	Senior Unsecured Debentures of KASIKORNBANK PCL**	Unsecured	-	USD15mn	5 Years (07/12/2023)	-	3m Libor+0.95%	N/A	Quarterly	-
30/10/2018	Senior Unsecured Debentures of KASIKORNBANK PCL** (Sustainability Bond)	Unsecured	-	USD100mn	5 Years (30/10/2023)	-	3m Libor+0.95%	N/A	Quarterly	-
12/01/2018	Senior Unsecured Debentures of KASIKORNBANK PCL**	Unsecured	-	USD400mn	5.5 Years (12/07/2023)	-	3.256%	N/A	Semi-annually	Baa1 by Moody's BBB+ by S&P BBB+ by Fitch Ratings
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	-	USD10mn	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

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

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78

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

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79

The wholly-owned subsidiaries of KBank: Business Profile and Aspiration Y2018

	KAsset EST. 1992	KResearch EST. 1995	KSecurities EST. Jul 2005	KLeasing EST. Aug 2005	KF&E EST.1990
Company Name	KASIKORN ASSET MANAGEMENT CO., LTD.	KASIKORN RESEARCH CENTER CO., LTD.	KASIKORN SECURITIES PCL	KASIKORN LEASING CO., LTD.	KASIKORN FACTORY AND EQUIPMENT CO., LTD.
Company Profile	A leader in fund management business (i.e. mutual funds, provident funds, and private funds)	<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 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	Bt2.65bn	Bt0.12bn	Bt20.81 bn	Bt108.34bn	Bt20.57bn
Market Share	19%	N/A	3% (#15)	8%*	N/A
2018 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	10-14% 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 3Q18

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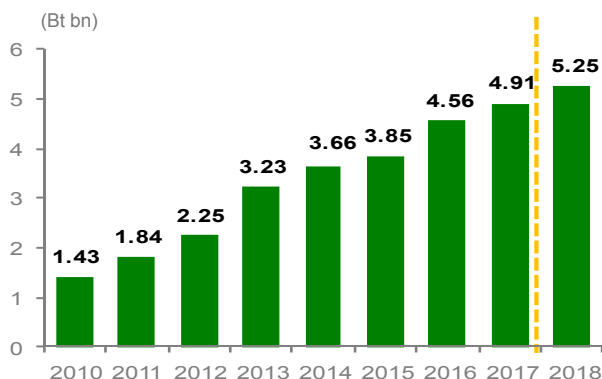
80

The wholly-owned subsidiaries of KBank: 2018 Key Operating Performance

Y2018

	KAsset EST. 1992	KResearch EST. 1995	KSecurities EST. Jul 2005	KLeasing EST. Aug 2005	KF&E EST.1990
Y2018 Key Operating Performance	Assets Under Management (AUM): Bt1.38 trn (+5.91% YoY)	Most quoted research house in the media	- Trading volume: Bt739bn - Number of customers grew 13% YoY	Outstanding loans: Bt108.08bn (+11.36% YoY)	Outstanding loans: Bt20.38bn (+15.57% YoY)

The wholly-owned subsidiaries of KBank: Net Profit



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

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

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81

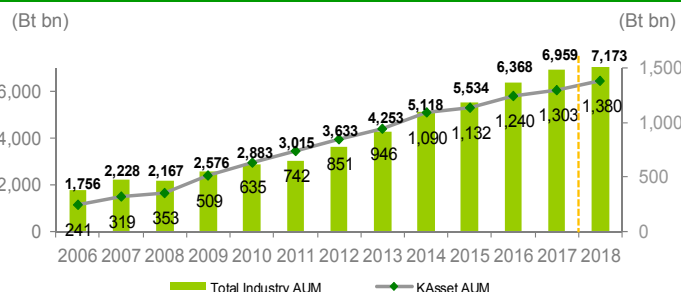
KAsset Highlights in 2018

December 2018

หลักทรัพย์จัดการกองทุนกสิกรไทย
开泰基金管理 KASIKORN ASSET MANAGEMENT



AUM (KAsset vs. Industry)



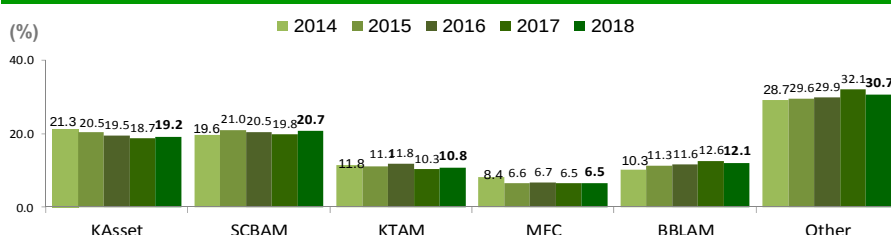
Industry Outlook:

- 2018 industry AUM at Bt7.17trn, increasing 3.10% YoY
- KAsset AUM at Bt1.38trn, growing 5.91% YoY

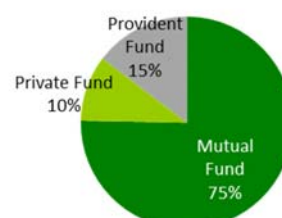
KAsset Highlights:

- Ranked **#1 in Mutual Fund and Provident Fund** with market share of 20.5% and 17.9%, respectively
- Ranked **#2** in total AUM with market share of 19.2%
- Mutual fund accounts for 75% of KAsset AUM

Market Share by AUM



KAsset AUM Breakdown by Type



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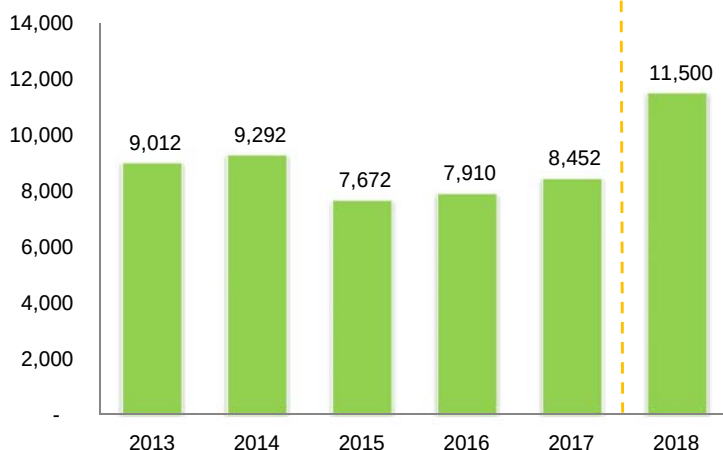
82

KResearch Highlights in 2018

December 2018



Number of News Quotes



Source : News Center, isentia, IQnewsClip, etc.

The number of quotes from the media newspapers online newspaper and other online news. (excluding magazines, TVs, and Radio)

KResearch Highlights:

- The most quoted private research house in Thailand
- Top of mind research house for the public, including clients of KBank and its wholly-owned subsidiaries

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83

KSecurities Highlights in 2018

December 2018



Trading Volume (KSecurities vs. Industry)



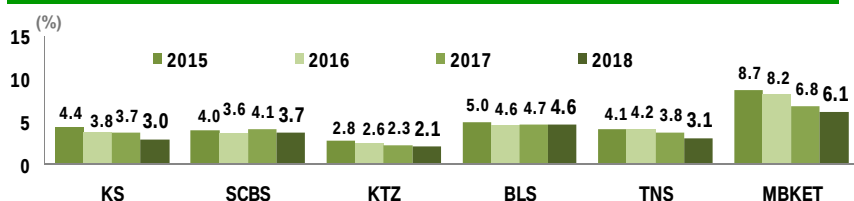
Industry Outlook:

- 2018 industry trading volume* was Bt24.79trn, increasing 13% YoY
- KS trading volume was Bt739bn

KSecurities Highlights:

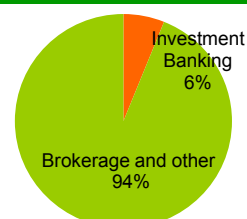
- KS ranked #15, with 2.98% market share
- Majority of revenue came from brokerage
- Number of customers account grew 13% YoY to 139,685 customers in 2018

Market Share by Trading Volume*



Note: * Industry trading volume excluding proprietary trades

KSecurities Revenue by Business



บริการทุกระดับประทับใจ

84

KLeasing Highlights in 2018

December 2018

ลีสซิ่งกสิกรไทย
开泰租赁 KASIKORN LEASING



KLeasing vs. Industry



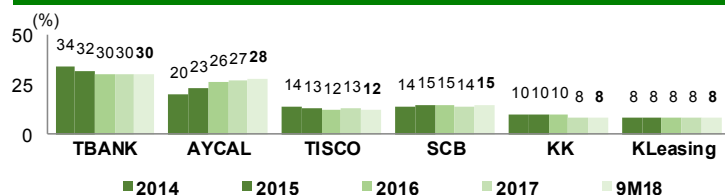
Industry Outlook:

- Y2018 industry car sales totaled 1,041,739 units, increasing 19.51% YoY

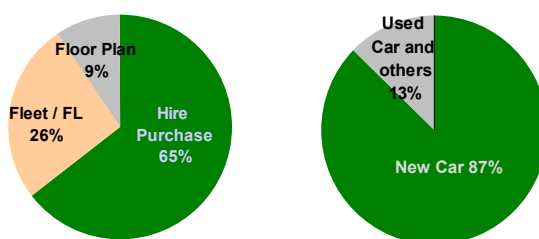
KLeasing Highlights:

- Y2018 KLeasing loans totaled Bt108.08bn, increasing 11.36% YoY
- Y2018 KLeasing NPL ratio was 1.32%, lower than the Thai commercial bank average ratio

Market Share by Total Outstanding Loans (%)*



KLeasing Outstanding Loans Breakdown**



Note: * Excluding captive and non-bank leasing; Data as of 9M18
 ** New car incl. HP New car, Fleet finance, Finance lease and Floorplan
 Used car incl. HP used car, K-Car and Car registration loan

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85

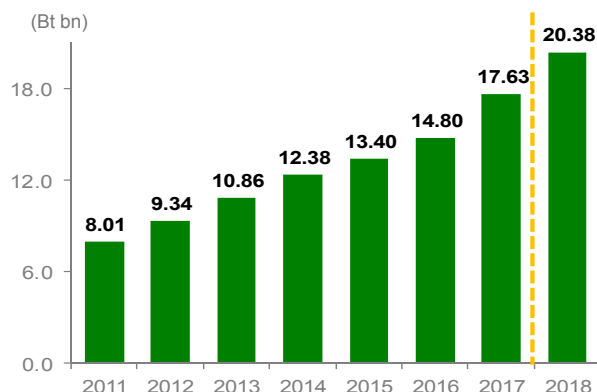
KF&E Highlights in 2018

December 2018

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 Bt20.38bn, rising 15.57% YoY
- KF&E currently ranked **#1**; maintaining lead position in equipment leasing industry

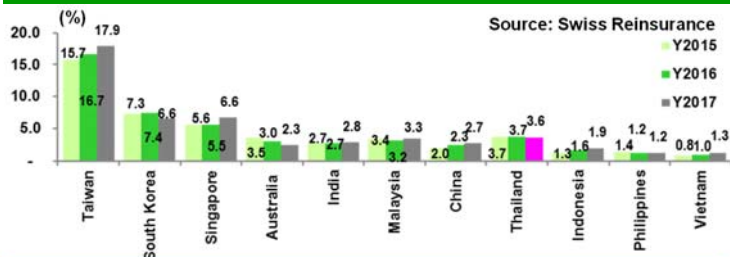
Note: In 2010, KASIKORN FACTORING (KFactoring) was renamed KASIKORN FACTORY AND EQUIPMENT (KF&E) to better reflect their business, focusing on offering leasing services for machinery and equipment; the factoring business operation of KFactoring was transferred to KBank

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86

Life Insurance Industry in Thailand

Premium per % GDP by Country

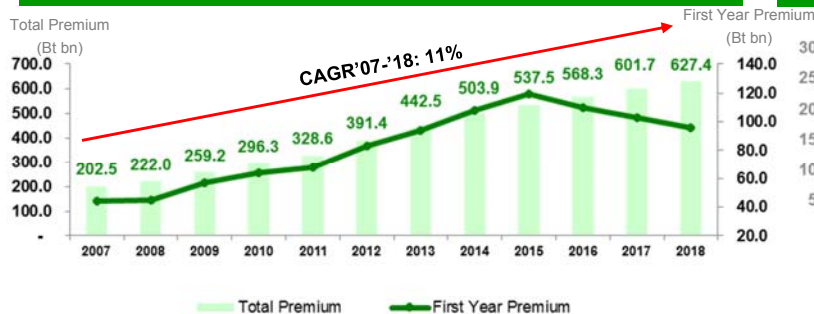


■ In 2017, low penetration rate of 3.6% in Thailand with a high opportunity for growth

■ Muang Thai Life Assurance (MTL) ranked #2 in life insurance industry in Thailand, in 2018

➢ #2 in total premium with 15.1% 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 2018 = Bt 95.68 bn

Source: The Thai Life Assurance Association

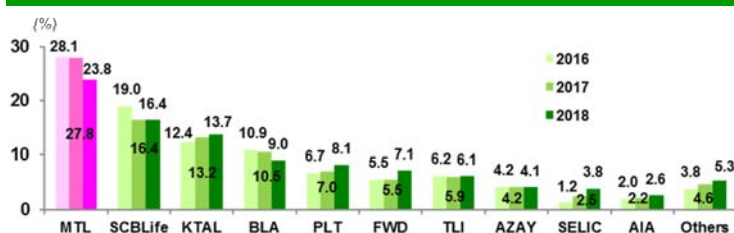
Note: Total Premium = New Business Premium + Renewal Premium; New Business Premium = First Year Premium + Single Premium

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87

Bancassurance Highlights in 2018

Bancassurance Market Share by Total Premium (%)



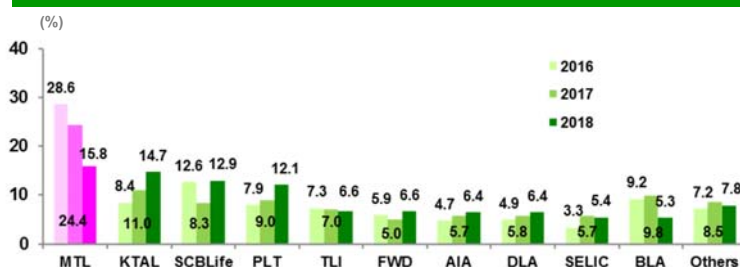
■ The Bancassurance Life industry: total premium improved 4% YoY

■ MTL ranked #1 in Bancassurance market

➢ #1 in Bancassurance total premium with 23.8% market share

➢ #1 in Bancassurance new business premium with 15.8% market share

Bancassurance Market Share by New Business Premium (%)



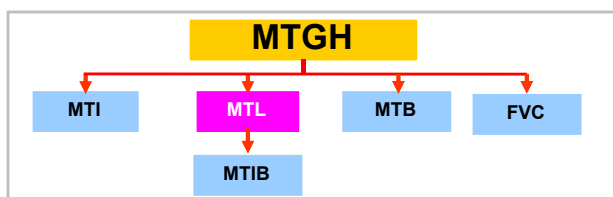
Source: Muang Thai Life Assurance (MTL)

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

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88

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%
Fuchsia Venture Capital Co, Ltd (FVC)	38.3%

- 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 NV) and joined hands with KBank in 2005
- Credit Rating:
 - BBB+/Stable from S&P's,
 - A-/Stable and AAA(thai)/Stable from Fitch Ratings
- Life Insurance Company with Outstanding Management Award from OIC twelve years in a row
- Life Insurance Company of the Year 2017-2018 Award from Asia Insurance Industry Awards 2017-2018
- Ageas holds 7.8% in MTGH and holds 25% in MTL



Note: OIC = Office of Insurance Commission

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89

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)

	2016	2017	9M18
Net premiums earned	94.4	99.8	67.8
Net investment income	14.2	16.8	14.5
Total revenues	108.7	116.7	82.3
Life policy reserve increase from the previous period	54.1	57.3	34.9
Net benefit payments and insurance claims	25.4	32.1	27.4
Commissions and brokerages	13.3	10.6	6.6
Other underwriting expenses	0.9	0.9	0.5
Operating expenses & Other	4.7	5.1	3.8
Total Expenses	98.3	106.1	73.1
Profit before income tax expense	10.3	10.7	9.2
Income tax expense	2.0	2.0	1.8
Net profit (loss)	8.3	8.6	7.4

Statements of Financial Position (Bt bn)

	2016	2017	9M18
Total Assets	362.3	426.9	468.9
Total Liabilities	317.8	372.6	408.8
Total Equities	44.6	54.3	60.1

Strategy in 2019

To deliver sustainable satisfaction and happiness, MTL will reinforce the customer centric strategy by offering personalized life solutions through advice-based selling model. MTL will lead the innovation with the advanced data analytics capabilities, cutting-edge technology adoption to find novel ways to connect and engage with our customers. We will continue to establish a strong presence in the region by building up solid business operation and exploring new expansion opportunity.

2019 Key Financial Targets

Bt bn	2014	2015	2016	2017	2018	2019
Total Premium (after refund)	75.2	87.9	97.0	102.7	94.5	>=Industry growth
% Growth	25%	17%	10%	6%	-8%	

	2016	2017	9M18
ROE (%)	20.8%	17.4%	17.3%
ROA (%)	2.5%	2.2%	2.2%
Risk-Based Capital (RBC)	408.1%	397.7%	379.3%

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

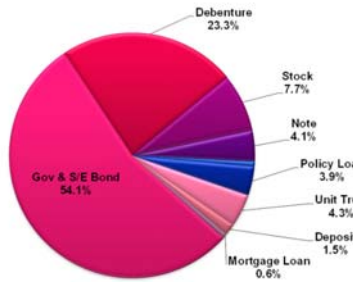
Note: OIC = Office of Insurance Commission

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90

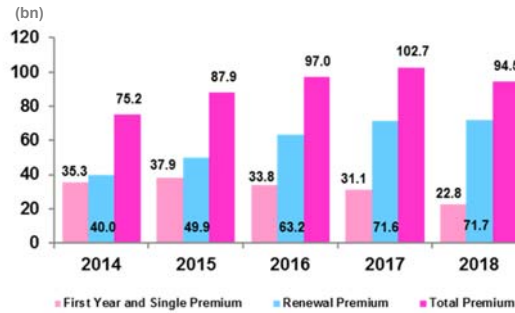
MTL Investment Portfolio and Insurance Premium

MTL Investment Portfolio:
Fixed Income accounted for around 83%



Assets Under Management (AUM)* (2018): Bt 460.9 bn

MTL Total Premium



Source: The Thai Life Assurance Association

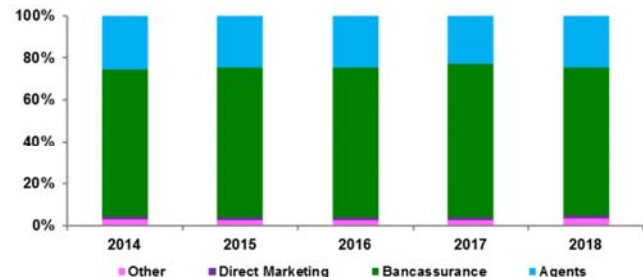
Total Premium Growth	MTL	Industry
(%YOY)		
Y2013	23%	13%
Y2014	25%	14%
Y2015	17%	7%
Y2016	10%	6%
Y2017	6%	6%
Y2018	-8%	4%

Total Premium by Products:
Ordinary product accounted for around 91%



*Remark: Invested Assets + Investment Property

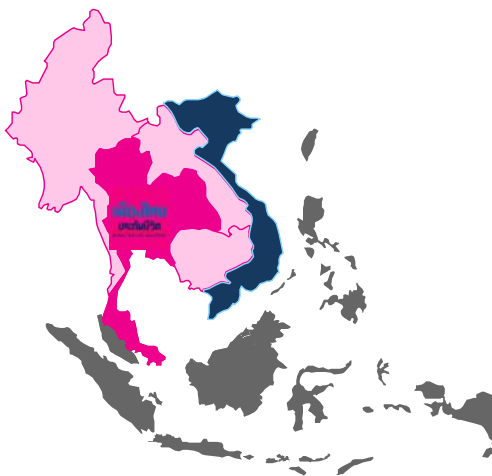
Total Premium by Channels:
Bancassurance accounted for about 71% in 2018



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91

MTL International Business Expansion



MTL Current International Business Project (On-going)

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

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92

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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93

Sample of K-Bancassurance and MTL Products



K-Bancassurance Products¹

Endowment Life Insurance

Pro-Savings 615

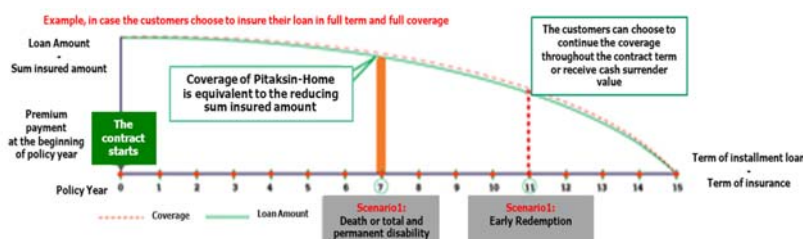
Life insurance with a premium payment of only 6 years, but the coverage continues for 15 years

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

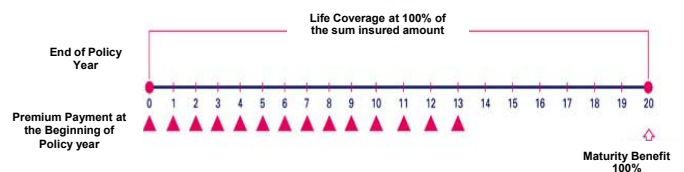


Muang Thai Life Assurance Products²

Endowment Life Insurance

Ormsap 20/14

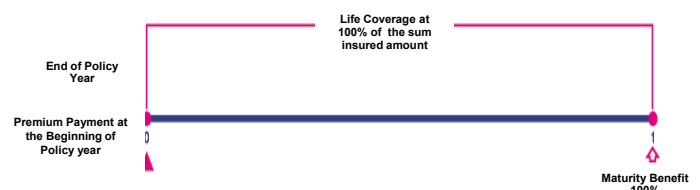
Pay premium for only 14 years, but the coverage continues for 20 years



Term Life Insurance

Healthy Value

1 year coverage period, covered medical expenses up to Bt2mn



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94

Sample of K-Bancassurance and MTL Products

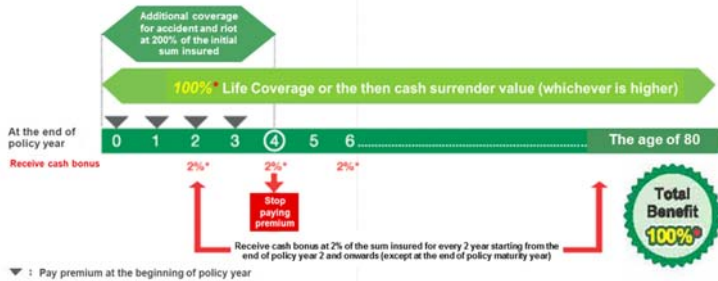


K-Bancassurance Products¹

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)

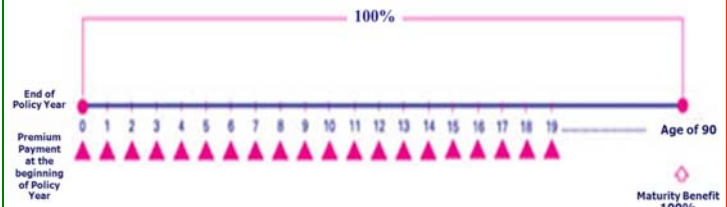


Muang Thai Life Assurance Products²

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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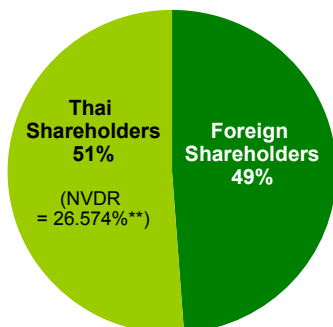
KBank: Other Information

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Shareholder Structure

September 13, 2018 (Record Date)

Shareholder Structure



Note:

Thai Shareholding Limit 51%
Foreign Shareholding Limit 49%

Top 10 Shareholders*

%

1. THAI NVDR CO., LTD**	26.574
2. STATE STREET EUROPE LIMITED	12.394
3. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	5.259
4. STATE STREET BANK AND TRUST COMPANY	3.770
5. SOCIAL SECURITY OFFICE	2.282
6. BNY MELLON NOMINEES LIMITED	2.034
7. THE BANK OF NEW YORK MELLON	1.808
8. GIC PRIVATE LIMITED	1.649
9. SOUTH EAST ASIA UK (TYPE A) NOMINEES LIMITED	1.414
10. HSBC BANK PLC-PRUDENTIAL ASSURANCE COMPANY OBA ESI	0.852
Other Shareholders	41.964
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

บริการทุกระดับประทับใจ

97

Credit Ratings

As of January 31, 2019

	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	N/A	Baa1	N/A	Stable	Baa1	Baa1	Stable
S&P's	BBB+	BBB+	N/A	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

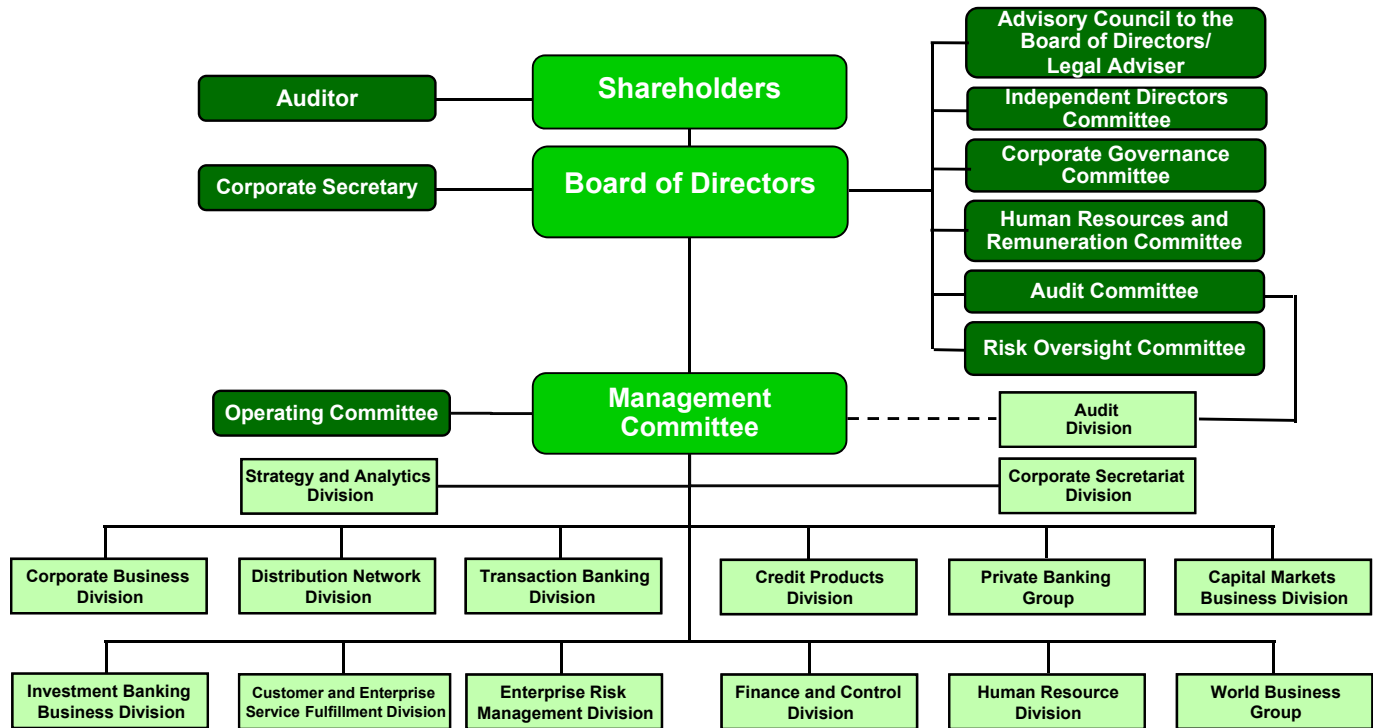
** July 22, 2016: Fitch downgraded Thailand's Long-Term Local Currency Issuer Default Rating (LTLC IDR) to 'BBB+' from 'A-', in line with updated guidance contained in Fitch's revised Sovereign Rating Criteria dated July 18, 2016; Fitch concluded that Thailand's credit profile no longer supports a notching 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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98

Organization Chart



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99

Board of Directors Structure

- 17 board members: 9 Independent Directors, 5 Executive Directors, and 3 Non-Executive Directors
- Director age limit is 72 years old
- Term limit of directorship for Independent directors shall not exceed nine consecutive years
- 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 (9)
<ul style="list-style-type: none"> • Mr. Banthoon Lamsam (Chairman of the Board and Chief Executive Officer) • Mr. Predee Daochai (President) • Ms. Kattiya Indaravijaya (President) • Mr. Pipit Aneaknithi (President) • Mr. Patchara Samalapa (President) 	<ul style="list-style-type: none"> • Ms. Sujitpan Lamsam (Vice Chairperson) • Dr. Abhijai Chandrasen (Legal Adviser) • Mr. Sara Lamsam 	<ul style="list-style-type: none"> • Ms. Kobkarn Wattanavrangkul (Vice Chairperson, Lead Independent Director, and Chairperson of the Human Resources and Remuneration Committee and the Risk Oversight Committee) • Sqn.Ldr. Nalineee Paiboon, M.D. (Chairperson of the Corporate Governance Committee) • Mr. Saravoot Yoovidhya • Dr. Piyasvasti Amranand (Chairman of the Audit Committee) • Mr. Kalin Sarasin • Ms. Puntip Surathin • Mr. Wiboon Khusakul • Ms. Suphajee Suthumpun • Mr. Chanin Donavanik

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

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100

Sustainable Development

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

Economic Aspect

- Corporate Governance
- Customer Centricity
- Innovation
- Financial Knowledge
- Risk Management
- Customer Data Security and Privacy

Social Aspect

- Labor Relations Management and Employee Caring
- Employee Development
- Occupational Health and Safety
- Youth education development and community and social development

Environmental Aspect

- Environmentally Friendly Business Operation
- Conservation and reduced use of natural resources and waste reduction

BANK OF SUSTAINABILITY



Note: More information on our Sustainable Development can be found on our website and KBank's Sustainability Report 2017

PRIDE OF KBank 2018

INTERNATIONAL

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

The first and only commercial bank in Thailand and ASEAN selected as a member of the DJSI World Index and DJSI Emerging Markets Index for three consecutive years (2016-present)



FTSE4Good

A member of the FSTE4Good Emerging Index for three consecutive years (2016-present)



KASIKORNBANK is included as a member of the 2019 Bloomberg Gender-Equality Index (GEI), the first GEI member from Thailand. The 2019 Bloomberg Gender-Equality Index (GEI) distinguishes companies committed to transparency in gender reporting and advancing women's equality



The first Thai commercial bank in the B List, assessed by the Carbon Disclosure Program (CDP) in 2018 for the second consecutive year (2017-present)

NATIONAL



To be included in the Thailand Sustainability Investment (THSI) for the third consecutive year (2016-present)



SET Sustainability Awards 2018 – Outstanding
Granted by the Stock Exchange of Thailand.



ESG 100 company 2018 (Certified by Thaipat)



The first and only commercial bank in Thailand granted Carbon Neutral Certification (2018)



Sustainability Report Award 2018 (Excellence) Granted by the Securities and Exchange Commission (SEC), Thai Listed Companies Association, and Thaipat

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101

Key Corporate Governance Highlights

- Reviewing KBank practices under Thai IOD, ASEAN CG Scorecard, and Dow Jones Sustainability Indices (DJSI) CG criteria, e.g.,
 - Corporate Sustainability Target in accordance with the Bank's operational guidelines and approving action plans for sustainable development and corporate social responsibility activities
 - Environmental and Energy Conservation Policy in alignment with international standards, reaffirming the Bank's intention to reduce greenhouse gas emissions from our operations
- 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
 - Organizing training courses
 - Continual disseminating knowledge on the Code of Conduct and Anti-Corruption Policy via e-Learning system
 - Communicating with companies within KASIKORNBANK FINANCIAL CONGLOMERATE to ensure consistency of operations
- 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

Note: Thai IOD = Thai Institute of Directors

บริการทุกระดับประทับใจ

102

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
 - Communication with suppliers on business operations with no involvement with corruption and encouragement of suppliers to comply with anti-corruption policy and practices
 - Arrangement of supplier meetings on the Bank's procurement procedures and encouragement of suppliers to comply with anti-corruption policy and practices

บริการทุกระดับประทับใจ

103

Public Recognition Highlight: 2017- 2018

2018

- An index component of the Dow Jones Sustainability Indices (DJSI) 2018, including the DJSI World Index and the DJSI Emerging Markets Index
- A member of the FSTE4Good Emerging Index 2018
- Best Retail Bank in Thailand 2018
- Best Cash Management in Thailand 2018
- Best Credit Evaluation Initiative 2018
- Best Frictionless Mobile Initiative 2018
- Best Bank for Research and Asset Allocation Advice, Thailand
- Best Bank for Succession Planning Advice and Trusts, Thailand
- Winner: Dynamic Third Party Collaboration
- Highly Commended: Excellence in Service Innovation
- Highly Commended: Best Social Media Marketing
- Global 2000: World's Best Employers 2018 (Rank 8th)
- Asia's Best CEO (Investor Relations)
- Best Investor Relations Company (Thailand)
- Best Environmental Responsibility (Thailand)
- Best Investor Relations Professional (Thailand)
- A member of the 2019 Bloomberg Gender-Equality Index
- No.1 Brand Thailand 2017 – 2018
- Best Private Bank in Thailand
- Best Domestic Bank in Thailand 2018
- Best DCM House in Thailand 2018
- Thailand Domestic Cash Management Bank of the Year
- Domestic Retail Bank of the Year in Thailand
- Credit Card Initiative of the Year in Thailand
- Financial Inclusion Initiative of the Year in Thailand
- Best Local Currency Bond Deal in Southeast Asia
- Best Cash Management Bank in Thailand
- Best FX Bank for Corporates & FIs in Thailand
- Best Retail Bank in Thailand
- Maquee Award – Most Improved Bond House
- ThaiBMA Best Bond Awards
 - Best Bond House
 - Best Bond Dealer
- Outstanding Sustainability Awards 2018
- Outstanding Sustainability Report Award 2018
- Outstanding Investor Relations 2018
- The Most Popular Stock Award in The Financial Business Sector
- Top Arrangers - Investors' Choices for Primary Issues – Corporate Bonds, Thailand
- Top Arrangers - Investors' Choices for Primary Issues – Government Bonds, Thailand
- Top Sellside Firms in the Secondary Market - Government Bonds, Thailand
- Top Sellside Firms in the Secondary Market - Corporate Bonds, Thailand

2017

- An index component of the Dow Jones Sustainability Indices (DJSI) 2017, including the DJSI World Index and the DJSI Emerging Markets Index
- IR Magazine Global Top 50
- Excellence in Mass Affluent Banking
- Best Social Media Marketing Campaign
- Best Private Bank for Ultra High Net Worth Clients in Thailand 2017
- Asia's Best CEO (Investor Relations)
- Best Investor Relations Company (Thailand)
- Best Investor Relations Professional (Thailand)
- Best Merchant Product Offering
- Best Merchant Acquiring Technology Solution, Highly Commended
- Best Debit Card Product for Asia-Pacific and Highly Commended
- Best Marketing Campaign - Overall
- Best Bank in Thailand 2017
- Best DCM House in Thailand
- Thailand Domestic Cash Management Bank of the Year
- Domestic Retail Bank of the Year in Thailand
- Mobile Banking Initiative of the Year in Thailand
- Credit Card Initiative of the Year in Thailand
- Best IPO Deal of the Year in Southeast Asia for Banpu Power
- Best IPO Deal for Retail Investors in Southeast Asia
- Best FX Bank for Corporates & FIs in Thailand
- Outstanding Sustainability Report Award 2017
 - Most Honored Companies (Rank 2nd)
 - Best IR Professionals Emerging (Rank 2nd)
 - Best IR Companies Emerging
 - Best Analyst Days Emerging (Rank 2nd)
 - Best Websites Emerging (Rank 3rd)
- Top Bank Arrangers Investors' Choices for Corporate Primary Issues, Thailand
- Top Bank in the Secondary Market Government Bonds, Thailand
- Best Individual Research, Thailand
- Top Bank in the Secondary Market Corporate Bonds, Thailand (Rank 3rd)
- Best IPO, Thailand
- Best Mid-Cap Equity
- Best Private Bank in Thailand

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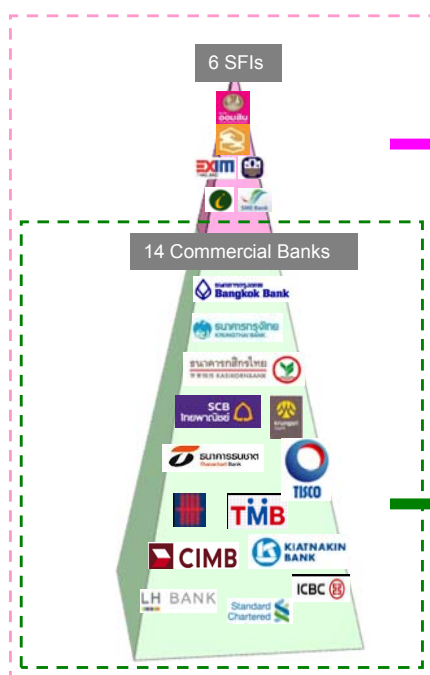
104

Banking System and Regulations Update

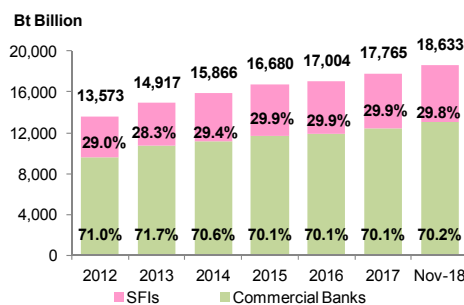
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105

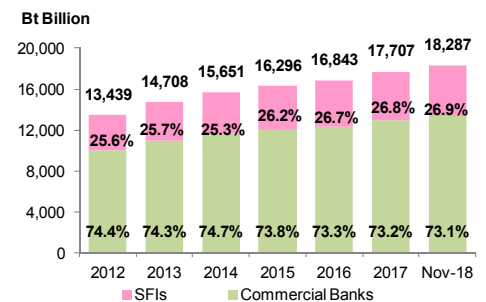
Thai Commercial Banks and Specialized Financial Institutions (SFIs)



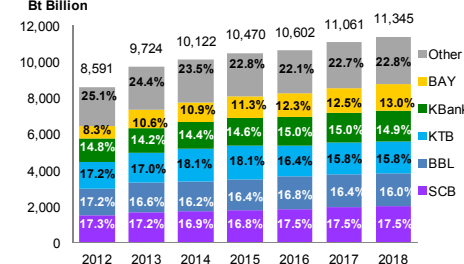
Market Share (% of Total Loans)



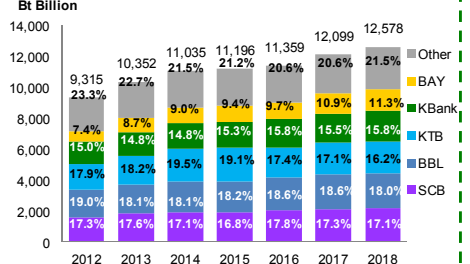
Market Share (% of Total Deposits)



Net Loans Bt Billion



Deposits Bt Billion



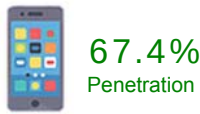
Note: 6 SFIs include Government Saving Bank (GSB), Government Housing Bank (GHB), Export-Import Bank of Thailand (EXIM Bank), Bank for Agriculture and Agricultural Co-operatives (BAAC), Small and Medium Enterprise Development Bank of Thailand (SME Bank), and Islamic Bank of Thailand (IBank)

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106

Thailand's Digital Readiness: Number of Users

■ High adoption of digital lifestyle in Thai market; high penetration in smart devices and internet users in preparation toward a cashless society (Mobile Banking & e-Money)



Mobile Internet
(No. of users using internet via smart devices)



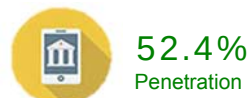
Fixed Internet
(No. of households using internet via fixed line)



Social Media
(No. of Facebook users)



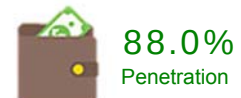
PromptPay
(Total registration)



Mobile Banking
(No. of accounts)



Internet Banking
(No. of accounts)



e-Money
(No. of accounts/ cards)

Source: The Bank of Thailand (BOT), National Statistical Office of Thailand (NSO), Thai Banker Association (TBA), Ministry of Interior (MOI), ThothSocial and KResearch

Notes:

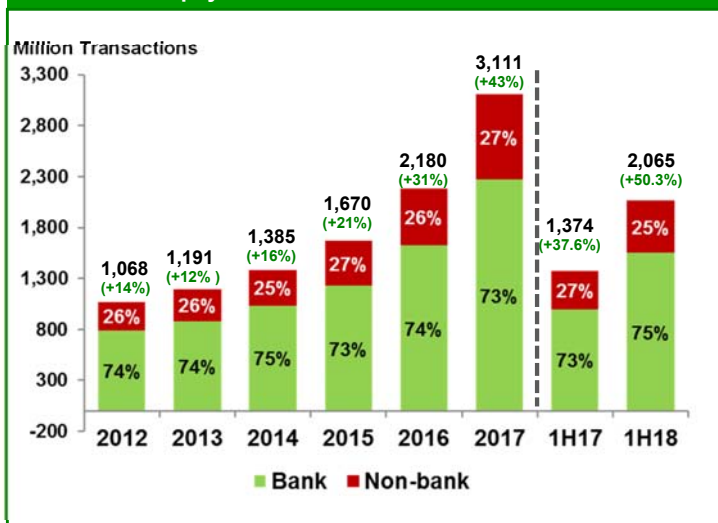
1. All data as of 2017 (except social media data as of February 2018, and PromptPay as of August 2018)
2. Denominator for all penetration ratio is number of population age six and above as of December 2017. Denominator for fixed internet penetration is number of household.

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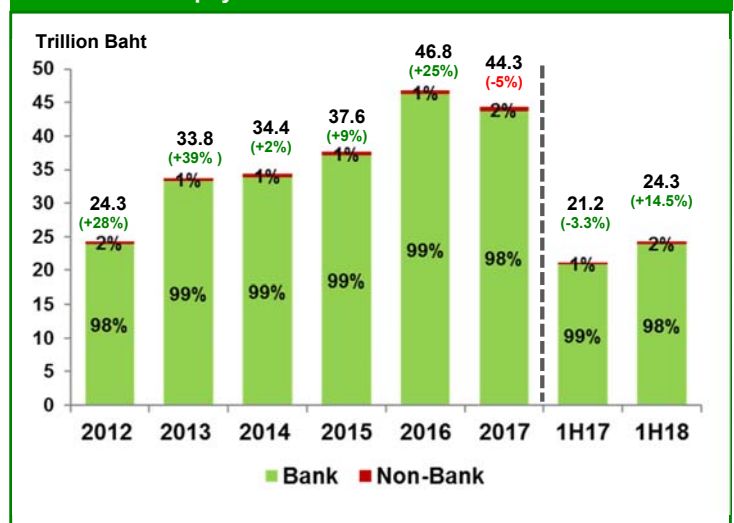
107

Banking Institutions are Main Intermediaries for Transactions in Thailand

E-payment Volume: Bank vs Non-Bank



E-payment Value: Bank vs Non-Bank



Notes: Volume of electronic payment transactions reported by e-Payment service providers, including banks and non-banks, under the Royal Decree Regulating on Electronic Payment Services B.E. 2551 (2008). Channels shown in graphs are:

- 1) Counter: payments or funds transfers at service providers' counters or inter-bank retail payments via ORFT (On-line Retail Funds Transfer)
- 2) ATM: payments or funds transfers via Automated Teller Machine (ATM)
- 3) EDC/EFTPOS: terminals used for processing payment transactions at merchant point of sale using debit card, credit card, or other plastic cards
- 4) Internet: payments or funds transfers via Internet network
- 5) Mobile: payments or funds transfers via mobile phone
- 6) Leased line: payments or funds transfers via private network service or connection between two locations for private data telecommunication service
- 7) Telephone: payments or funds transfers via fixed network telephone
- 8) Others such as payment transactions via Cash Deposit Machine (CDM), payment for personal loan, or payment for goods and services through credit card agreement

Sources: BOT and KResearch

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108

Regulations Update

Capital (Basel III)

- January 2019 onwards:** D-SIBs* are required to maintain an additional capital buffer (D-SIBs Buffer) on a phase-in basis, increasing from 0.5% in 2019 to 1% in 2020
- BCBS has finalized the new requirements on risk weighted asset (RWA) calculations including credit risk, operational risk, and CVA 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

Financial Sector Master Plan II (FSMP II)

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

Financial Sector Master Plan III (FSMP III)

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

Thai and International Financial Reporting Standards (TFRSs / IFRSs)

- Year 2019 onwards:** Time frame is specified by the Federation of Accounting Professions (FAP). TFRS 15 (Revenue from Contracts with Customers) will be effective in 2019. TFRS 9 (Financial Instrument) and TFRS 16 (Leases) will be effective in 2020. TFRS 4 (Insurance Contracts) will be changed to TFRS 17 and will be effective in 2022
 - 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 IAS and IFRS policies and preparing for full implementation

*Note: D-SIBs = Domestic Systemically Important Banks
Source: The Bank of Thailand, KResearch

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109

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 	<ul style="list-style-type: none"> Reducing system-wide operating costs <ul style="list-style-type: none"> Streamlining regulations Tackling remaining NPLs and NPAs Promoting competition and access to financial services <ul style="list-style-type: none"> Promote competition Promote financial access Strengthening financial infrastructure <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 	<ul style="list-style-type: none"> 1) Promote electronic financial and payment services, as well as enhance efficiency of the financial system <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 2) Support regional trade and investment linkages <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 3) Promote financial access <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 4) Develop relevant infrastructure (Enablers) <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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110

Basel III: BOT minimum capital requirement

Transitional Arrangement for Capital Requirement

All dates are as of 1 January	2015	2016	2017	2018	2019	2020	2021	2022
Conservation Buffer*	-	0.625%	1.25%	1.875%	2.5%	2.5%	2.5%	2.5%
D-SIBs Buffer**	-	-	-	-	0.5%	1.0%	1.0%	1.0%
CET1: Min. Common Equity Tier 1 Ratio (after conservation buffer and D-SIBs buffer)	4.5%	5.125% (4.5%+0.625%)	5.75% (4.5%+1.25%)	6.375% (4.5%+1.875%)	7.5% (4.5%+2.5%+0.5%)	8.0% (4.5%+2.5%+1%)	8.0% (4.5%+2.5%+1%)	8.0% (4.5%+2.5%+1%)
Tier 1: Min. Tier 1 Ratio (after conservation buffer and D-SIBs buffer)	6.0%	6.625% (6.0%+0.625%)	7.25% (6.0%+1.25%)	7.875% (6.0%+1.875%)	9.0% (6.0%+2.5%+0.5%)	9.5% (6.0%+2.5%+1%)	9.5% (6.0%+2.5%+1%)	9.5% (6.0%+2.5%+1%)
CAR: Min. Total Capital Ratio (after conservation buffer and D-SIBs buffer)	8.5%	9.125% (8.5%+0.625%)	9.75% (8.5%+1.25%)	10.375% (8.5%+1.875%)	11.5% (8.5%+2.5%+0.5%)	12.0% (8.5%+2.5%+1%)	12.0% (8.5%+2.5%+1%)	12.0% (8.5%+2.5%+1%)
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 2022 (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%		LCR ≥ 100%	
Net Stable Funding Ratio (NSFR) (Available Stable Funding / Required Stable Funding) ≥ 100%			Effective in Jul-18 NSFR ≥ 100%		NSFR ≥ 100%		NSFR ≥ 100%	

* Conservation Buffer is to ensure adequate capital to absorb losses during periods of financial and economic stress

** D-SIBs (Domestic Systemically Important Banks) Buffer is to limit negative impact associated with the distress or failure of banks on domestic financial system and economy

*** In periods of excess aggregate credit growth, BOT may require banks to set a Countercyclical Buffer up to 2.5% to achieve the broader macro-prudential goal of protecting the banking sector
Remark: Banks with a capital ratio less than the required regulatory buffers will face various degrees of constraint on earning distribution

Source: Bank of Thailand (BOT)

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111

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

- Hybrid Tier 1 (<15% of total Tier 1)
- Minority interest, Preferred stock

Deduction of Tier 1

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

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

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

- Surplus on AFS equity (45%)
- Surplus on land & premises (70% and 50%)

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

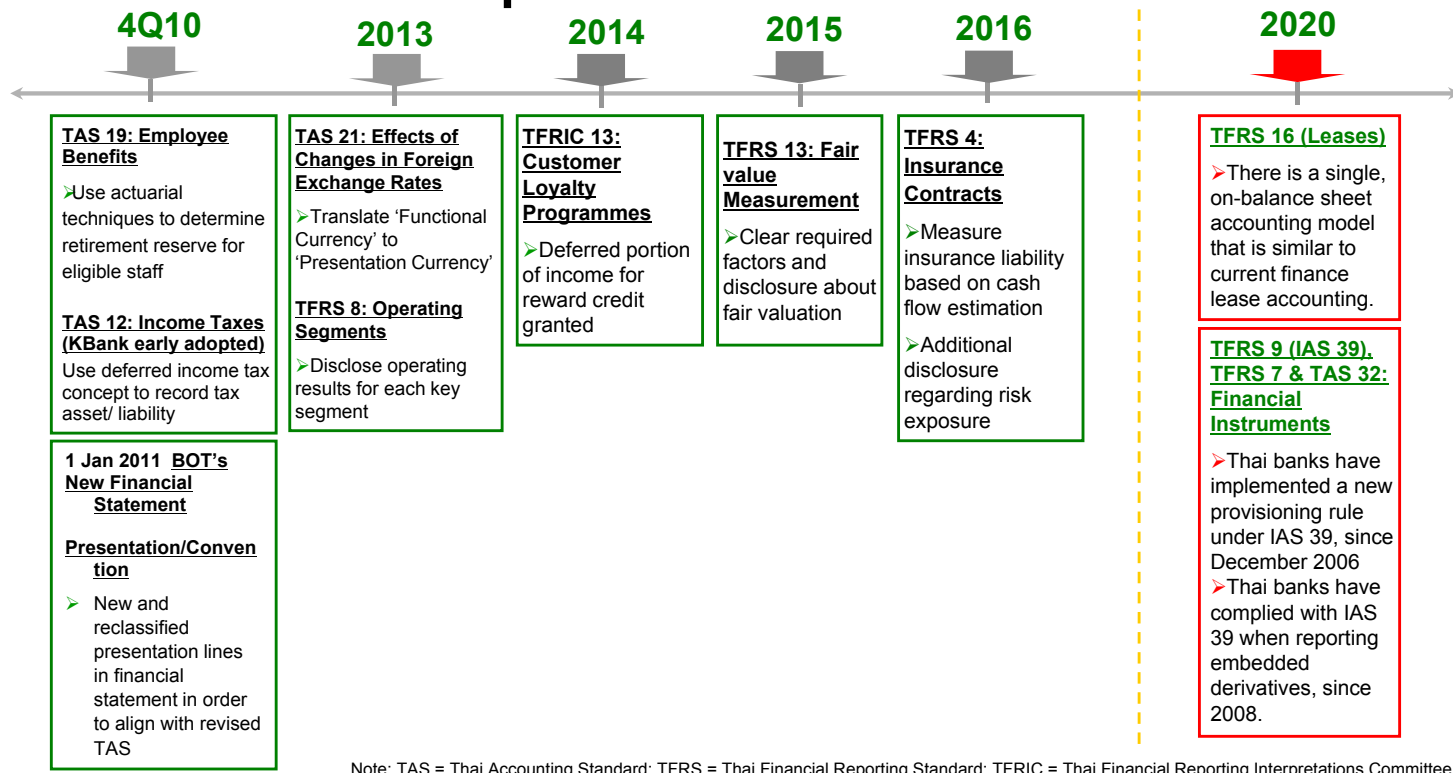
* Currently, KBank has no Hybrid Tier 1, Preferred Stock, or Treasury Stock

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

บริการทุกระดับประทับใจ

112

TFRS and IFRS Implementation*



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113

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 Nov 2018)

Deposits	# of Accounts	%	Amount (Bt mn)	%
Less than Bt1mn	97,794,709	98.48	2,911,706	21.61
More than Bt1mn, but less than Bt10mn	1,374,496	1.38	3,445,455	25.573
More than Bt10mn, but less than Bt25mn	84,187	0.08	1,255,105	9.31
More than Bt25mn, but less than Bt50mn	25,017	0.03	883,847	6.56
More than Bt50mn	22,224	0.02	4,978,088	36.95
Total	99,300,633	100.00	13,474,200	100.00

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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114

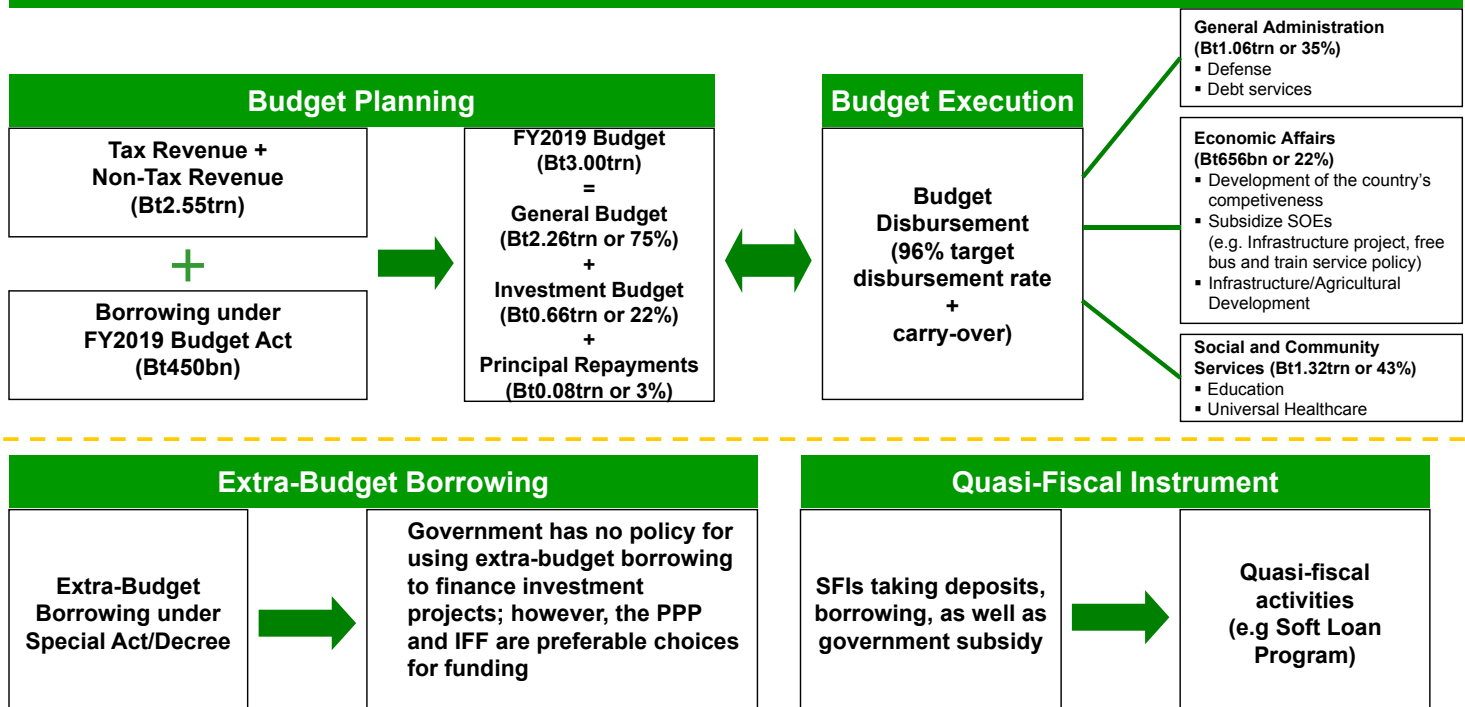
Government Policy

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115

Sources and Uses of Public Funds

FY2019 Budget

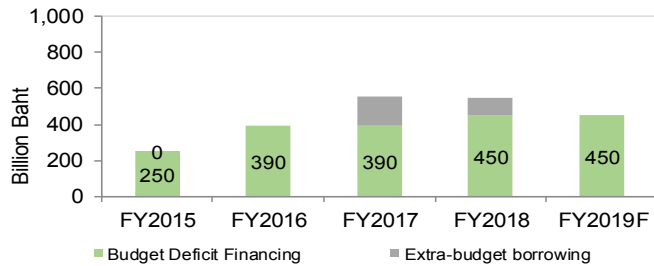


Notes: Thai government's fiscal year (FY) begins on 1 October and ends on 30 September of the following year.
IFF = Infrastructure Fund, PPP = Public-Private Partnership, SFIs = Specialized Financial Institutions

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116

Government Fiscal Budget



- NLA passed FY2019 budget worth Bt3.00tn
- Government plans to use PPP as well as Thailand Future Fund as alternative funding sources for infrastructure projects to alleviate fiscal burden
- In addition to growth in commercial bank loans, government funding activities may affect system liquidity

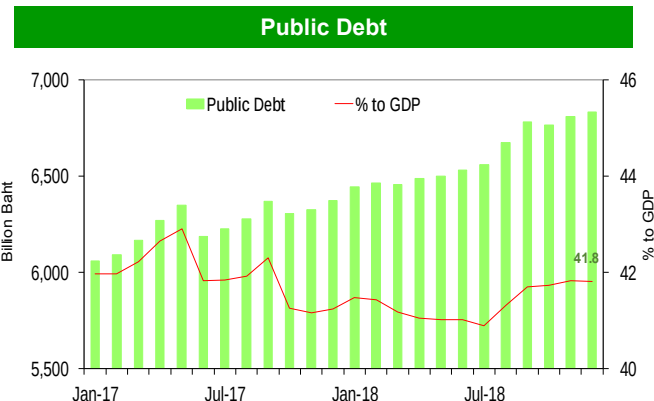
Economic Policies	Key Points	Implementation Process	Possible Impacts/ Expected Budget
<ul style="list-style-type: none"> 2018 Budget Act 	<ul style="list-style-type: none"> FY2018 budget at Bt2.90tn with a deficit of Bt450bn 	<p><u>FY2018</u></p> <ul style="list-style-type: none"> Effective date: October 1, 2017 	<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
<ul style="list-style-type: none"> 2018 Additional Budget Act 	<ul style="list-style-type: none"> Additional central budget of Bt190bn 	<p><u>Additional central budget for FY2018</u></p> <ul style="list-style-type: none"> Effective date: March 2018 	
<ul style="list-style-type: none"> 2019 Budget Act 	<ul style="list-style-type: none"> FY2019 budget at Bt3.00tn with a deficit of Bt450bn 	<p><u>FY2019</u></p> <ul style="list-style-type: none"> Effective date: October 1, 2018 	

Note: - FY2015, FY2016, FY2017, FY2018, and FY2019 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 October 22, 2018)

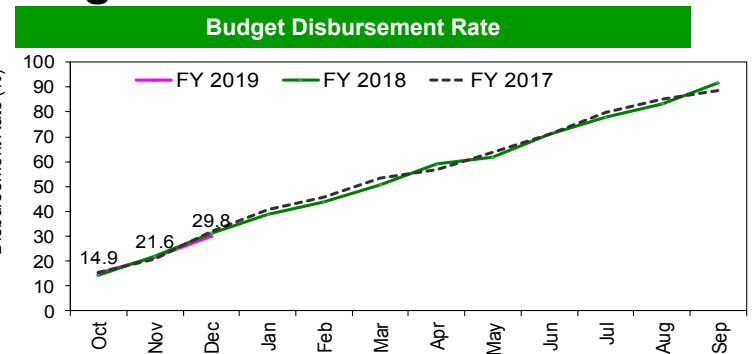
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117

Public Debt to GDP and Fiscal Budget



- Public debt to GDP ratio was 41.8%, as of December 2018, still under the 60% limit set under the fiscal sustainability framework
- Thai government is committed to keep the ratio of public debt to GDP not exceed 60%



FY19 Budget	FY19 target	1QFY19 actual	Unused FY19 Budget
Total Budget Bt3.00tn	Bt2.97tn (96%)	Bt0.89tn (30%)	Bt2.11tn (70%)
- General Budget Bt2.35tn	Bt2.33tn (99%)	Bt0.81tn (35%)	Bt1.54tn (65%)
- Investment Budget Bt0.65tn	Bt0.57tn (87%)	Bt0.08tn (12%)	Bt0.57tn (88%)

- Government budget disbursement rate for 1QFY2019 is 29.8%, decreased by 0.2% from the 31.0% in 1QFY2018
- FY2019 budget disbursement target is 96%, unchanged from FY2018

Source: Ministry of Finance (MOF), Fiscal Policy Office (FPO), and Public Debt Management Office (PDMO)

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118

20-Year National Strategy (2017-2036)

(As defined in Section 65 of the Constitution of the Kingdom of Thailand and passed by the NLA in June 2017)

- To achieve the vision "Security, Prosperity, Sustainability", to become a high-income country, to improve quality of life, to generate high income, to escape the middle income trap, and to ensure well-being for all Thais

Key Strategies



The Goals

- High income country: 15,000 USD per capita by 2036 (2016 income per capita = 5,901 USD)
- Economic growth around 5% per year (4-5% under 12th NESDB Social and Economic Development Plan and 5% for the next three NESDB 5-Year Plans)
- People of all ages healthy and with lifelong learning opportunities
- Target Gini: ≤ 0.36 (inequality measurement: lower figure indicates better income distribution)
- Forest area as percentage of total land area more than 40%
- Fully implement Digital Government Services
- Enhance Corruption Perceptions Index beyond 50Plus (the lower tier of least corrupt countries)

National Strategy Committee: Chairman is the Prime Minister; Secretary is NESDB Secretary-General

- 34 committee members
- First 17 committee members are high-ranking state officials and leading industry experts such as the Prime Minister, members of the top brass, National Police Chief, Permanent Secretary for Defense, President of the House of Representatives, Chairman of the Federation of Thai Industries, President of the National Farmers Council, President of the Thai Bankers' Association, Chairman of the Thai Chamber of Commerce, etc.
- Second 17 Committee members are experts from various fields



บริการทุกระดับประทับใจ

119

Government Policy: Long-term and Short-term Policies

Long-term Policies

- Transport Infrastructure Development Plan:**
 - Project will reduce logistical costs, increase transportation speed of goods and people, as well as connect Thailand to neighbors along the East-West and North-South Economic Corridors
 - Transport Action Plan Year 2016, worth Bt1.796trn, approved by the Cabinet in November 2015; Transport Action Plan Year 2017, worth Bt896bn, approved by the Cabinet in December 2016
- Digital Economy:**
 - Cabinet approved the National e-Payment Master Plan; Bt15bn to be spent on the expansion of broadband internet access
 - NBTC awarded 4G licenses in 1800 MHz and 900 MHz and plans to auction additional spectrums for 5G in the near future
- BOI Measures for Supporting Private Investment:** Cabinet approved tax and non-tax incentive measures to support private investment, such as Special Economic Zones (SEZs) and ten targeted industries as new engines of growth
- Eastern Economic Corridor (EEC):** Area for facilitating and attracting investment in 10 innovative target industries to transform Thailand into Thailand 4.0
- Promote establishment of international headquarters (IHQ) and an international trading center (ITC) in Thailand:** Help Thailand become a key trading nation in the region
- Join the Regional Comprehensive Economic Partnership (RCEP):** Deepen economic cooperation among sixteen countries and promote export sector
- Energy Policy:** Reform petroleum concessions and energy price structures, including an LPG subsidy
- Tax Reform:** Reform tax collection, generate sufficient revenue for the government, and boost competitiveness for local businesses, especially SMEs
- Legislation overhaul:** Support social justice, consumer protection, anti-human-trafficking, and business and financial laws

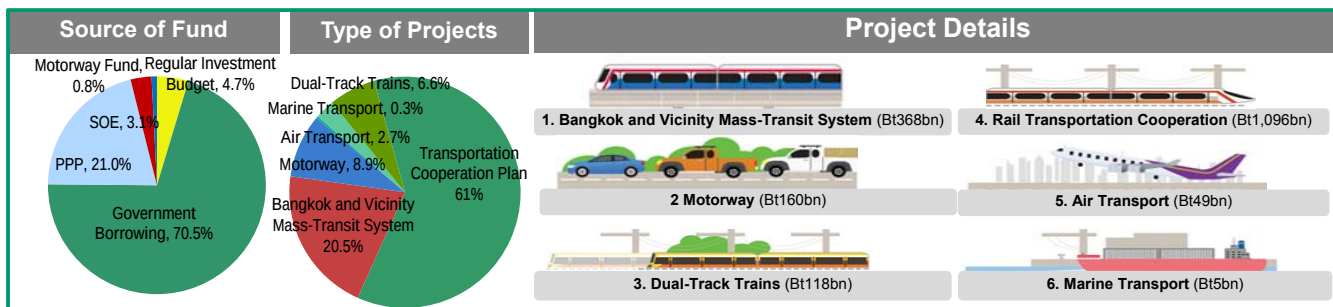
Short-term Policies

- Government Budget:**
 - Fiscal budget deficit in FY2019: Bt450bn deficit provides continuing support to the Thai economy
- Short-term Stimuli:**
 - Provide financial support and tax incentives for SMEs: special loan rates, lower credit guarantee fees, and venture capital for SMEs
 - Farm aid for 2017/18 crop cycle: Bt87.2bn worth of measures to ensure farmer income and stabilise rice prices, starting in November 2017
 - Measures to enhance SMEs competitiveness toward Thailand 4.0 (Bt20bn): provide soft loans of up to 7 years with interest rate of 3%
 - Bt42bn welfare cards (the first phase) for 11.7 million registered as in poverty: target people registered as earning below Bt100,000 annually to receive Bt1,700-1,800 monthly via welfare cards to cope with living costs
 - Measures to support consumption (Dec 2017): a shopping tax break for consumers spending up to Bt15,000 (11 November - 3 December 2017)
 - Bt35.7bn welfare program (the second phase) for low-income earners: focusing on job training and skill improvement
 - Financial measures to support SMEs by SME Development Bank: Bt50bn in soft loans to support local economies, Bt8bn in soft loans for Micro SMEs, and Bt12bn in soft loans for invoice factoring
 - Measures to ease the impact of the wage hike and upgrade the competitiveness of SMEs: allow SMEs to deduct tax expenses for minimum wage paid to employees, up to 1.15 times, starting April 2018
 - 'Thai Niyom' funds (Bt20bn): allocate budget for sustainable development projects for 83,151 communities; each to be granted Bt200,000 to improve community welfare
 - 2018/2019 rice aid measure (Bt98bn): provide financial aid in the form of soft loans and grants to help farmers enhance productivity and alleviate production costs
 - Welfare Card (Phase 2): monthly allowances and transportation subsidies for low income earners
 - Shopping tax allowance 2018/2019: To promote spending during pantomime season to support locally made products as well as promoting cashless e-payments

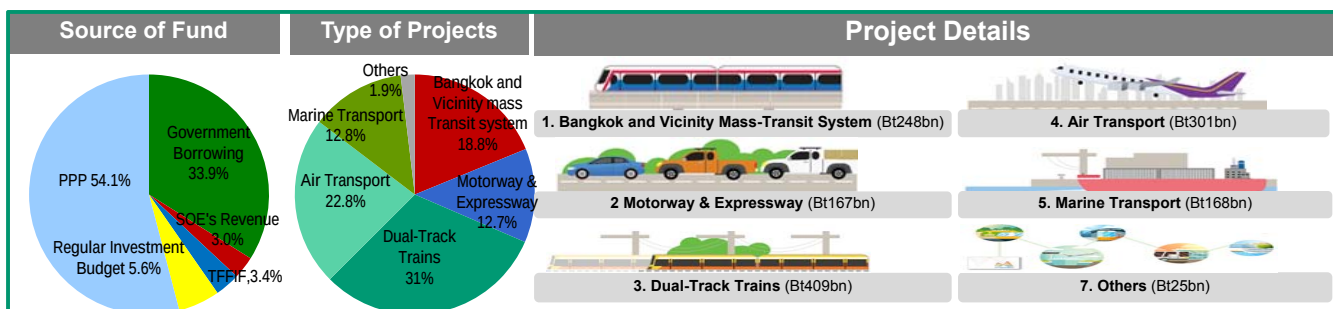
Transport Infrastructure Development Plan

- The Transport Infrastructure Development Plan is aimed at facilitating social stability and economic growth
 - Transport Action Plan Year 2016, worth Bt1.796trn*, approved by the Cabinet in 2015
 - Transport Action Plan Year 2017, worth Bt1.318trn, approved by the Cabinet in 2016

Transport Action Plan Year 2016 (Bt1.796trn)



Transport Action Plan Year 2017 (Bt1.318trn)



* Total investment may be reduced due to cutting the scope of work, especially the 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; TFFIF = Thailand Future Fund

First round of Thailand Future Fund IPO (amount Bt45bn) to invest in the right to 45% of toll revenue of the Expressway Authority of Thailand on the Chalong Rat (Ram Intra - At Narong) Expressway and the Burapha Witthi (Bang Na) Expressway

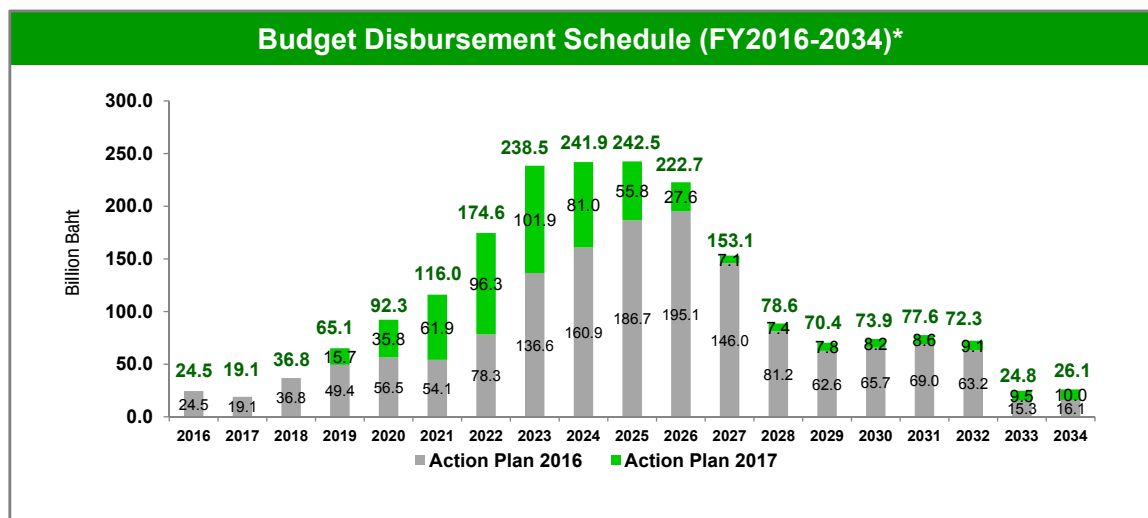
Source : Office of Transport and Traffic Policy and Planning, Newspaper, KResearch (as of October, 2018)

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121

Transport Action Plan Year 2016 and 2017: Budget Disbursement

- In 2016-2018, budget disbursement was only 2.58% of total investment value, but it will gradually increase as construction on many projects is expected to start in 1H19; larger disbursement on transport investment projects is expected in 2020



Notes:

- Thai government's fiscal year (FY) begins on 1 October and ends on 30 September of the following year
- Included four high speed train lines
- Transport Action Plan Year 2016 (More details can be found on App. Page 123)
- Transport Action Plan Year 2017 (More details can be found on App. Page 124)

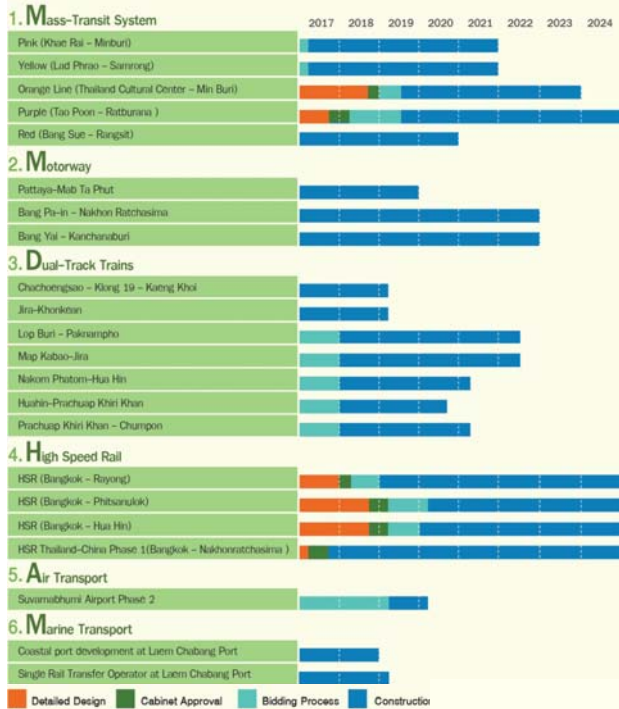
Source : Office of Transport and Traffic Policy and Planning

* KResearch Projected (as of October, 2018)

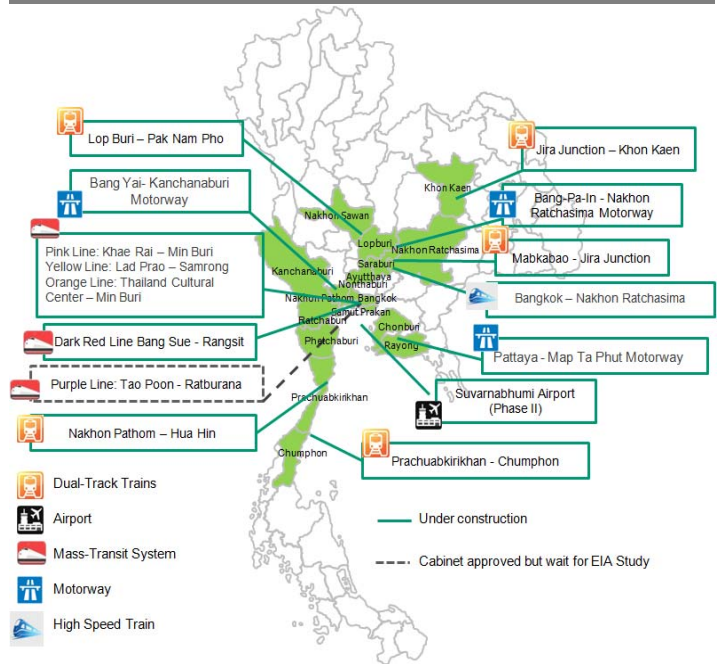
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122

Timeline of Transport Action Plan Year 2016



Projects Status in 2017



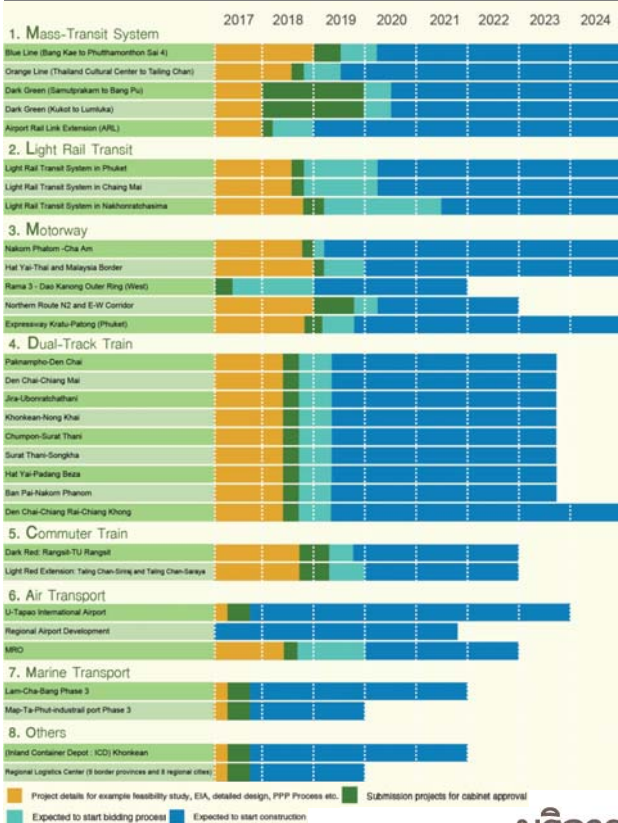
Notes: EIA = Environmental Impact Assessment

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

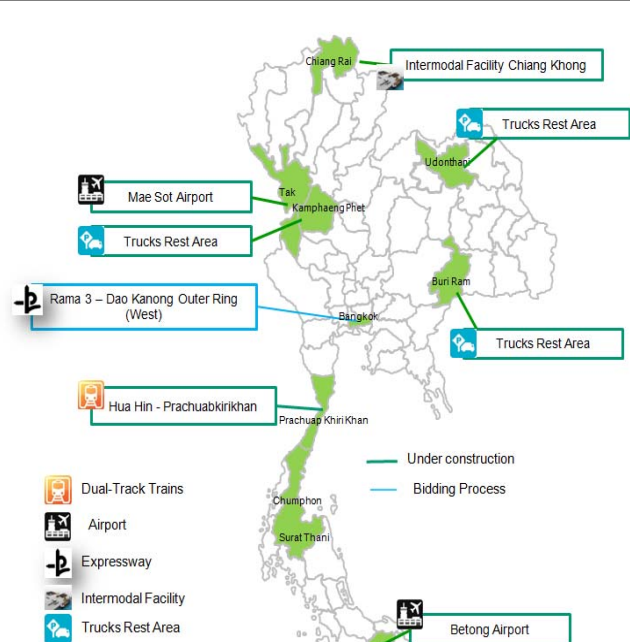
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123

Timeline of Transport Action Plan Year 2017



Projects status in 2018



Notes: EIA = Environmental Impact Assessment

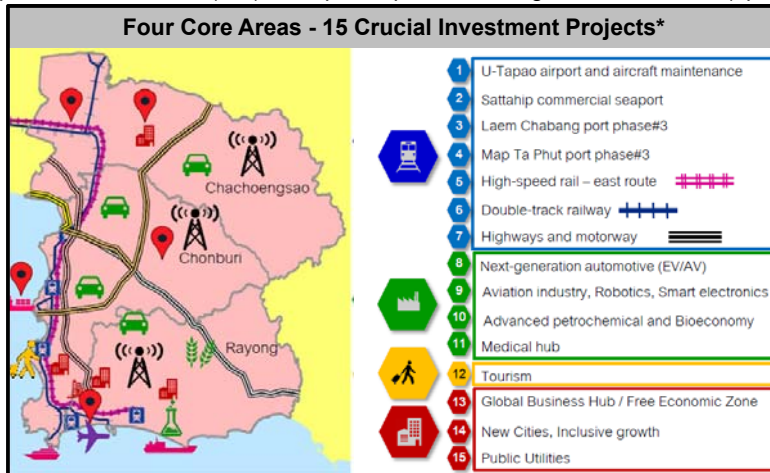
Source: Office of Transport and Traffic Policy and Planning, Newspaper, KResearch (as of October 2017)

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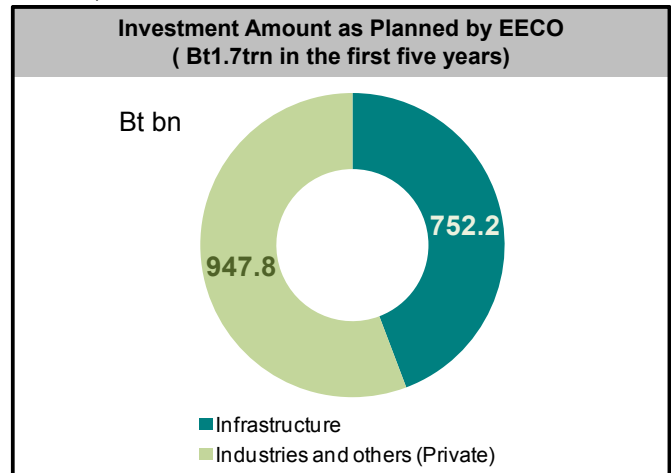
124

Eastern Economic Corridor (EEC): Three eastern provinces: Chachoengsao, Chon Buri, and Rayong

- Objectives:** To facilitate and attract investment in 10 innovative target industries aimed at achieving "Thailand 4.0", an innovation driven society (the 10 industries are Next-Generation Automotive, Smart Electronics, Medical and Wellness Tourism, Food for the Future, Robotics, Aviation, Agriculture & Biotechnology, Biofuels & Bio Chemicals, Digital, and Medical Hub)
- Key Development Plan:** An expansion of existing transportation facilities, plus new investment in logistics systems to transform the EEC area (13,266 square kilometer) into a regional center for trade, investment, and tourism
- Investment Amount:** Bt1.7trn in the first five years (starting from 2019 onwards) from the government and private businesses (around 2/3 from private sector); high-priority projects to start in 2019 are U-Tapao Airport, high speed railways from Bangkok to Rayong, the third phase of Laem Chabang Port and Map Ta Phut Port, and the maintenance repair and overhaul (MRO) campus.
- Investment Incentives:** EEC privileges corporate income tax (CIT) exemption of up to 13 years and additional 50% CIT reduction for up to five years for some projects; 15-year CIT exemption for qualified projects under Thailand Competitive Fund (R&D investment); a flat tax rate of 17% personal income tax (PIT) for experts/specialists; long-term land leases (up to 99 Years)



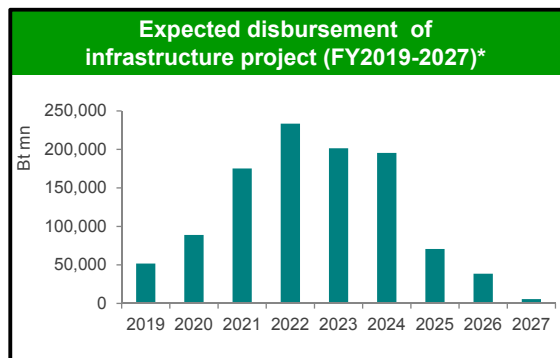
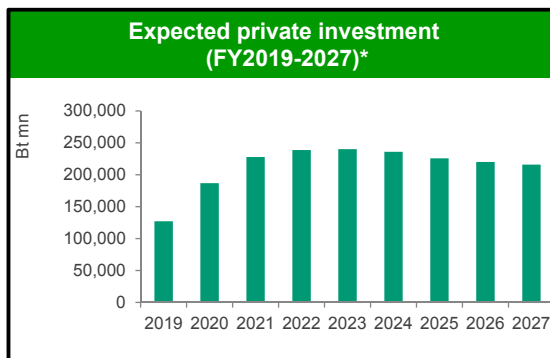
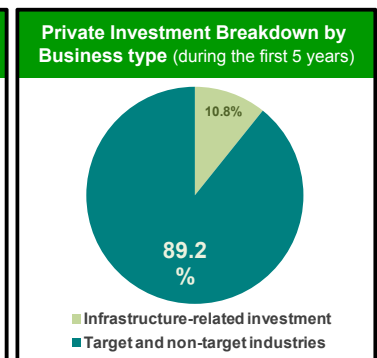
Source: The Board of Investment of Thailand (BOI), and The Eastern Economic Corridor Office of Thailand (EECO) presentation and KResearch projected (as of October 2018)



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125

EEC Progress



Projects	Amount	Owner	TOR Period***	Selecting of Joint Venture Company	Expected Project Completion
High-speed railway linking Don Mueang, Suvarnabhumi, and U-Tapao Airports	Bt224.5bn	State Railway of Thailand	June 2018	Expected April 2019	2024
U-tapao Airport* and Aviation City**	Bt290bn	Royal Thai Navy	October 2018	Expected April 2019	2023
Maintenance, repair, and overhaul (MRO) centre*	Bt10.6bn	Thai Airways	October 2018	November 2018	2021
Third phase of the Laem Chabang Seaport*	Bt84.4bn	Port Authority of Thailand	October 2018	Expected May 2019	2025
Third phase of the Map Ta Phut Seaport*	Bt47.9bn	Industrial Estate Authority of Thailand	October 2018	Expected April 2019	2024

Source : Newspaper, KResearch (as of February 19, 2018)

Note: * Projects are under Transport Action Plan Year 2017, ** Most of Aviation City development comes from private sector, *** TOR = Term of Reference

บริการทุกระดับประทับใจ

126

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
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

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 economic growth) consists of Next Generation Automotive, Smart Electronics, Affluent Medical and Wellness Tourism, Agriculture and Biotechnology, and Food for the Future New S-Curve (for new growth) consists of Robotics, Aviation and Logistics, Biofuels and Biochemicals, Digital, and Medical Hub
Incentives	<ul style="list-style-type: none"> Up to 15 years for tax exemption; personal income tax exemption for international qualified expertise Tax deduction will be granted up to 3 times for expenses relating to technology R&D from 2015-2019

Additional Incentives under Revised Investment Promotion Act (February 14, 2017)

Competitiveness Enhancement Act	<ul style="list-style-type: none"> Promote investment in line with Thailand 4.0, especially new technology and high-impact investment Targeted Core Technologies consist of Biotechnology, Nanotechnology, Advanced Materials Technology, and Digital Technology
Incentives	<ul style="list-style-type: none"> Corporate income tax exemption for up to 13 years for businesses using advanced technology and R&D 50% corporate income tax reduction for up to 10 years Import duty exemption for machinery and raw materials for exports Non-tax incentives such as up to 99 years ownership of land and imports of skilled-labor and foreigner specialists Bt10bn grants for investment projects engaged in R&D, innovation, or human resource development in specific areas

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

บริการทุกระดับประทับใจ

127

Short-term Stimuli

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

Measures to help SMEs (September 8, 2015, July 25, 2017, and August 1, 2017)

Loans guaranteed by TCG (Bt100bn)	<ul style="list-style-type: none"> TCG will absorb the first 30% of NPLs as a loss Guarantee fee will drop to 0% in 1st year, 0.5% in 2nd year, 1.5% in 3rd, and 1.75% in remaining years
Tax deduction on expenses	<ul style="list-style-type: none"> Two-fold corporate tax deduction on expenses for SMEs investing in computer programs for their management and accounting (maximum Bt100,000); tax measure will last until December 2019
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

Measures to support economy (August 2018, January 2019)

Welfare Card (Phase 2)	<ul style="list-style-type: none"> Individuals earning less than Bt30,000 annually will receive government transfers of Bt200-300 a month to each welfare smart card (Bt 100 for purchase of necessary goods and upto 200 for E-money) until June 2019 Welfare cardholders will also receive a monthly subsidy for transportation expenses for inter-provincial public buses, third-class trains, and local public buses and electric trains
Tourism	<ul style="list-style-type: none"> Fee for Double-entry tourist visas will be waived from Dec 2018 - Apr 2019

Measures to enhance SMEs competitiveness toward Thailand 4.0 (March 21, 2017, December 19, 2017)

SMEs Transformation Loan (Bt20bn)	<ul style="list-style-type: none"> Increase soft loans to Bt20bn with 3% interest rate per annum via SME bank Collateral waiver as Thai Credit Guarantee Corporation (TCG) will act as guarantor
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Measures to improve farmer productivity (July 25, 2018)

2018/2019 rice aid measure (Bt98bn)	<ul style="list-style-type: none"> Bt35bn loans by BACC to improve farmers' production costs and enhance value-added to rice products Soft loans with 3% interest rate subsidy program for farmers who agree to delay paddy sales and hold stocks Bt1,500 per rai grant for harvesting and price-quality improvement costs (maximum Bt18,000 per family)
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Measures to enhance consumer spending

Shopping tax allowance 2018/2019	<ul style="list-style-type: none"> An exemption for personal income tax upto Bt15,000 for specific types of purchases e.g. domestic made rubber tyres, reading book and OTOP products 5% VAT refund to shoppers who spend up to 20,000 baht from Feb 1 to 15 on debit cards with savings accounts linked to PromptPay
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บริการทุกระดับประทับใจ

128

Short-term Stimuli (Con't)

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

Financial supports by SME Development Bank (December 19, 2017)	
Local Economy Loan (Bt50bn)	<ul style="list-style-type: none"> •Bt50bn in soft loans to support local economies, focusing on local tourism business and smart farming •TCG will provide loan guarantees; fixed rate at 3.0% per annum for the first three years; all fees waived for the first four years
Micro SMEs (Bt8n)	<ul style="list-style-type: none"> •Financial support for SMEs in the form of loans totaling Bt8bn with a low 1% interest rate for qualified SMEs under Ministry of Industry criteria
Factoring Loan (Bt12bn)	<ul style="list-style-type: none"> •Bt12bn in factoring loans for SMEs to provide cash flows from SMEs with low interest rate (4.99%) for invoice factoring
Measures to SMEs to alleviate effects of minimal wage hike and increase competitiveness (January 31, 2018)	
Up to 1.15 times' expenses for tax deduction	<ul style="list-style-type: none"> •Allow SMEs to deduct tax expenses for minimum wage paid to employees, up to 1.15 times, starting from April 2018
SME relief plan (Bt5bn)	<ul style="list-style-type: none"> •Bt5bn budget to increase productivity of more than 50,000 SMEs and reduce their costs by 10% over the next three years (Fiscal Year 2018-2020)
Upgrading competitiveness of SMEs	<ul style="list-style-type: none"> •Corporate income tax exemptions for three years to SMEs to use for machinery and digital upgrades and Internet presence
Measures to promote a community economy (March 27, 2018)	
Sustainable development funds ('Thai Niyom') for every community (Bt20bn)	<ul style="list-style-type: none"> •Allocate Bt200,000 for every community across the country (83,151 communities) for sustainable development projects •Funds will be dispersed based on project proposals from villages related to grassroots economic development, improvements to quality of life, and King Rama IX's Sufficiency Economy Philosophy •7,800 teams will provide necessary assistance and learn what is needed to address community problems

บริการทุกระดับประทับใจ

129

Ongoing Government Measures to Assist Cost of Living

Measures	Details
Household Assistance	<p>Train and Bus Fares: Bt500 monthly allowance for welfare card holders to use for bus and train service</p> <p>Necessity Goods: A Bt100* grant per month in welfare card to purchase necessity goods, products intended for education and farming materials from all Blue Flag shops</p> <p>Cooking Gas: A Bt45 discount each quarter in welfare card for purchasing cooking gas</p> <p>Allowances (e-Money): Upto Bt 200** for e-Money in welfare card, which can be withdrawn from an ATM</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 rose to Bt14.06/kg since April 2018, 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 Bt21.87/kg. However, the government is exempting the oil fund levy for low income households; LPG price for low income households is Bt19.37/kg ➢ Transport sector: adjusted to market price at Bt21.87/kg ➢ Industrial sector: adjusted in line with relevant production costs, currently at Bt21.87/kg <p>FT Rate: Fuel Adjustment Tariff (FT) Rate for electricity is set to increase by less than the actual cost (from January-April 2019, FT rate at Bt-0.1160/unit)</p>
Value-added-tax (VAT) Rate	<p>On July 3, 2018, 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, 2019 ■ After September 30, 2019, the VAT rate will be increased to 10%

Note : *Effective period Feb-Apr 2019

** Household income exceed Bt30,000 per annum will get Bt 100 for e-Money

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130

The Constitution and Election Roadmap

7 Aug 2016

6 Apr 2017

Oct 2017

3Q18

Jan 2019

24 Mar 2019

National Referendum approved the constitution draft and the extra question*

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

The King endorses to enforce the constitution

- CDC drafts organic laws regarding election

Organic laws endorsed

- The Election Commission prepares to arrange the General Election

General Election

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

CDC = Constitution Drafting Committee

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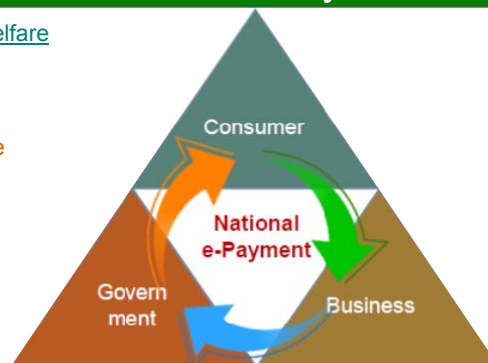
131

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:**
 - 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



- 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

Source: National e-Payment Master Plan

บริการทุกระดับประทับใจ

132

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 for individual and Tax ID for juristic) 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"> 27 Jan 17: register 1 Mar 17: launch 3rd Phase <ul style="list-style-type: none"> 15 Sep 17: e-Wallet Service Provider 4th Phase <ul style="list-style-type: none"> Cross-bank bill payment: <ul style="list-style-type: none"> 18 Nov 17: Batch 19 Sep 18: Online biller 5th Phase : <ul style="list-style-type: none"> Request to pay (RTP): <ul style="list-style-type: none"> 17 Feb 18: RTP (P2P) Bulk RTP (Bill payment) 4Q 18: Increased Transaction Limit 	<ul style="list-style-type: none"> 1Q17: two groups (seven banks) won bid to install 550,000 EDCs nation-wide by 1Q18 	<ul style="list-style-type: none"> 2016: gradually implement; will launch by 1Q18 19 Jul 17: e-Tax invoice (Voluntary) is launched 	<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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133

1) PromptPay (Any ID) Project :

- 1.1 Individual : To develop more convenient money transfer using registered ID (e.g. National ID and mobile number) to replace bank account number

- Registration;

Channel: Internet banking, mobile banking, ATM, bank branches

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

- Implementation

Channel: Mobile banking, internet banking, ATM

Date: January 27, 2017

- 1.2 Juristic : To develop more convenient money transfer using Tax ID to replace bank account number

- Registration

Channel: Relationship Manager and bank branches

Date: from January 27, 2017

- Implementation

Channel: Bulk payment, mobile banking, internet banking

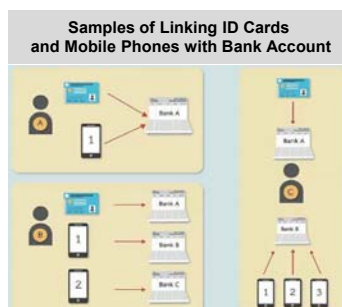
Date: Mar 1, 2017 for Bulk payment

May 25, 2017 for Mobile banking

Jun 23, 2017 for Internet banking

New Money Transfer Fee via Electronic Channels* (Internet and Mobile Banking)	
Transaction Value	PromptPay Fees
≤ Bt5,000	Free
> Bt5,000 to Bt30,000	< Bt2 per Transaction
> Bt30,000 to Bt100,000	< Bt5 per Transaction
> Bt100,000 to a maximum amount set by each bank	< Bt10 per Transaction

Note: These fees apply for K PLUS, K-Cyber Banking and ATM



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

Note: These fees apply for Bulk payment, K PLUS SME and K-Cyber for SME

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

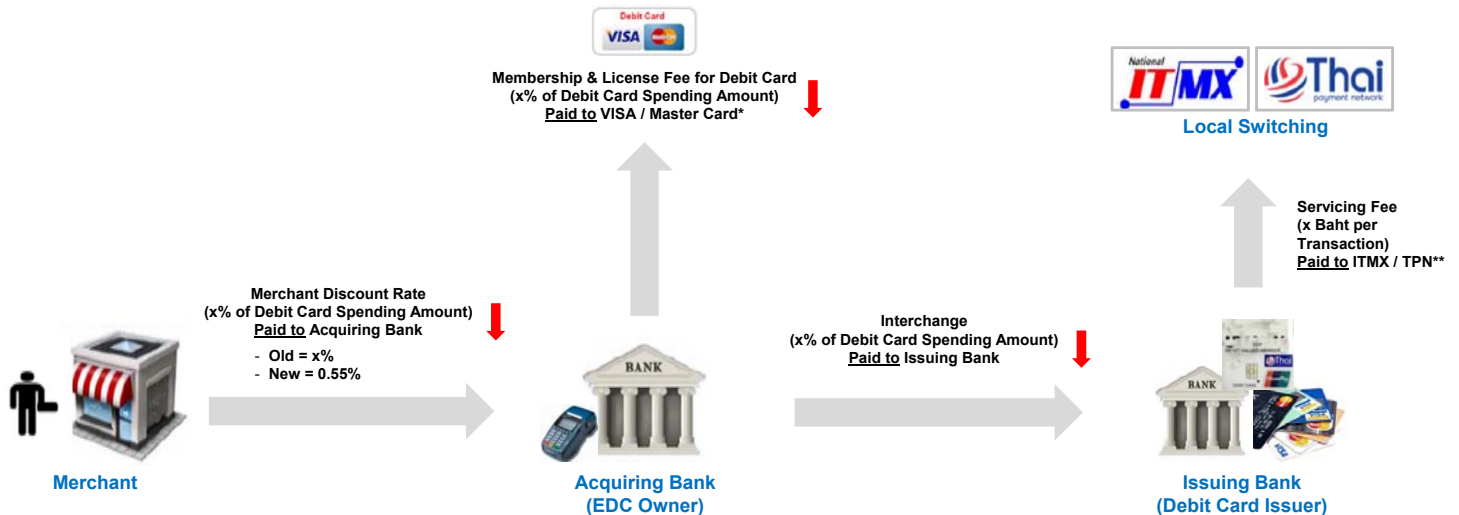
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134

2) EDC and Card Acceptance Expansion Project: EDC

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

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



Note:

* For VISA/Master Card only

** ITMX = local switching for VISA and Master Card; TPN = local switching for TPN card

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135

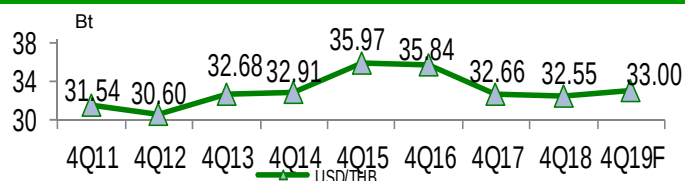
Thailand Economic Figures

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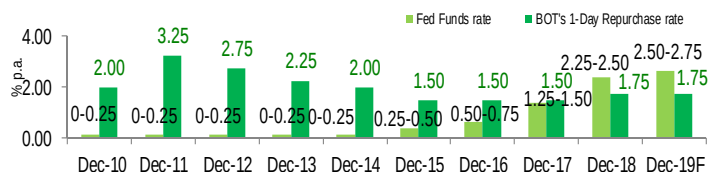
136

Currency and Interest Rate Outlook

USD/THB: End Period



Interest Rate Trend



- In 2019, the Fed may deliver one additional rate hike and keep to the balance sheet reduction plan
- Key concerns are the global growth slowdown, due to impacts from US-China trade protectionism and Chinese economic cooling. The risk may cause THB to depreciate toward the end of 2019
- In 1H19, THB could appreciate, due to a seasonal factor of the high travel season and lower expectations on the Fed fund rate path in 2019
- Thai economy could expand at a softened pace, due to indirect impact from trade dispute while domestic demand will moderately grow. However, domestic demand recovery is uneven and household debt is still high. Inflation could be soft from expected lower global fuel price
- The BOT would keep its interest rate at 1.75%, due to the impact of global economic slowdown, low inflation outlook, and strong Thai baht while there is an upside risk on MPC's concern over the search-for-yield behavior

Note: F is estimated by KBank Capital Markets Research (as of February 6, 2019)

บริการทุกระดับประทับใจ

137

Monthly Economic Conditions: December 2018 - January 2019

Units: YoY %, or indicated otherwise	2016	2017	2017/2018					YTD 2018
			3Q-18	4Q-18	Oct-18	Nov-18	Dec-18	
Private Consumption Index (PCI)	3.7	2.6	5.7	4.6	6.6	3.8	3.5	4.5
- Non-durables Index	2.2	0.5	-0.1	3.0	2.9	3.1	3.1	1.2
- Durables Index	-1.1	8.0	10.6	6.8	10.8	7.7	2.6	8.4
- Service Index	7.4	7.1	4.5	2.3	4.2	2.5	0.5	5.1
- Passenger Car Sales	-6.4	18.1	27.7	10.3	17.2	15.1	-0.3	19.2
- Motorcycle Sales	5.0	5.2	-2.2	-0.9	0.4	-5.9	3.2	-1.3
Private Investment Index (PII)	-0.1	1.6	2.7	2.7	3.3	3.1	1.8	3.0
- Construction Material Sales Index	1.1	-0.9	4.7	7.9	13.9	7.5	2.5	2.7
- Domestic Machinery Sales at constant prices	4.6	1.0	8.4	4.9	5.5	3.7	5.5	6.5
- Imports of Capital Goods at constant prices	-1.8	3.2	-0.6	2.7	2.4	6.5	-1.2	2.0
- Newly Registered Motor Vehicles for	-6.0	5.7	6.3	6.9	7.5	2.6	11.8	5.7
Manufacturing Production Index	1.4	2.5	1.0	2.5	5.8	0.9	0.8	2.8
- Capacity Utilization	65.6	67.1	66.4	68.4	68.9	69.3	66.9	68.5
Agriculture Production Index	0.0	7.0	1.3	-0.1	5.4	-4.2	3.1	5.5
- Agriculture Price Index	3.2	-2.8	-3.0	-1.2	-0.1	-1.8	-1.6	-5.7
No. of Tourists	8.1	8.8	1.9	4.3	-0.5	4.5	7.7	7.5
Exports (Custom basis)	0.5	9.9	3.0	2.0	8.7	-1.0	-1.7	6.7
- Price	-0.4	3.6	3.0	1.6	2.5	1.5	0.7	3.4
- Volume	0.9	6.0	0.0	0.4	6.0	-2.4	-2.4	3.1
Imports (Custom basis)	-3.9	14.7	14.5	5.8	11.2	14.7	-8.2	12.5
- Price	-2.7	5.5	6.2	2.7	5.5	2.3	0.4	5.7
- Volume	-1.6	8.1	7.8	3.0	5.4	12.1	-8.6	6.5
Trade Balance (\$ millions) (Custom basis)	21,189	13,930	- 617	- 392	- 280	- 1,178	1,065	3,254
Current Account (\$ millions)	50,211	49,278	4,192	8,547	1,888	1,632	5,027	37,736
Headline CPI	0.20	0.66	1.47	0.84	1.23	0.94	0.36	1.07
Core CPI	0.74	0.56	0.78	0.71	0.75	0.69	0.68	0.71

Sources: BOT, FTI, MOC, OAE, and OIE

- Key figures for the Thai economy in December 2018 suggested a mediocre economic growth
- A slowdown in private consumption was partly attributed to a high base effect, while soft investment data came from a drag on construction sector
- Exports stumbled for 2-consecutive months amid bleak demand from China and Eurozone
- Current account widened thanks to tourism high season and a visa fee waiver program
- January 2019 headline inflation slipped further due to a fall in energy prices as well as high base effect in the previous year

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

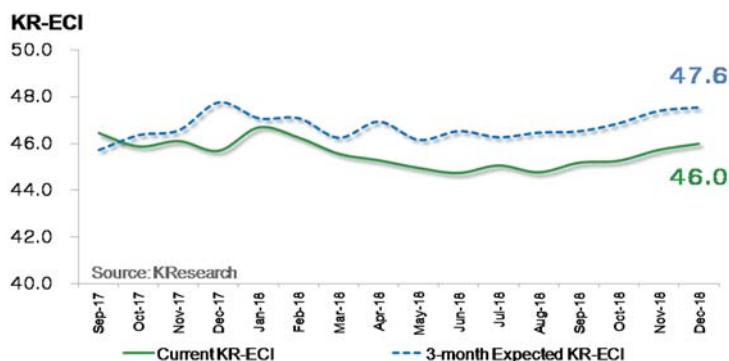
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138

KR Household Economic Condition Index (KR-ECI)

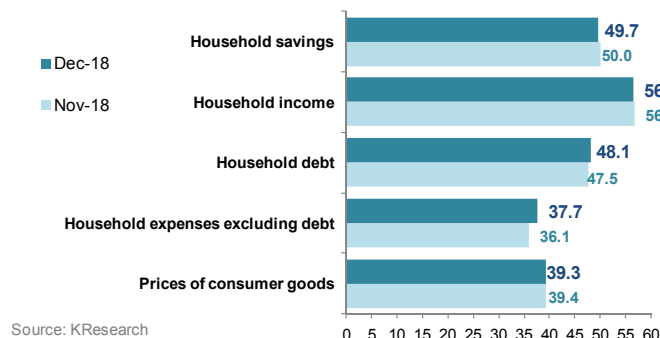
- The 3-month Expected KR-ECI slightly improved as expenditures and debt burden declined after the year-end festive season.

KR Household Economic Condition Index (KR-ECI)



Components of 3-month Expected KR-ECI

3-month Expected KR-ECI



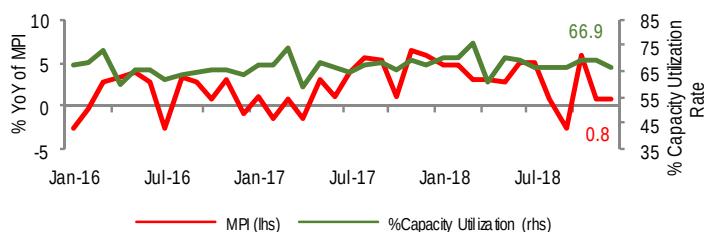
- Notes:
- The KR Household Economic Condition Index (KR-ECI) has been devised by KResearch to monitor household sentiment toward economic conditions at the current level and over the next three months. Any reading above 50 reflects positive sentiment and below 50 negative sentiment.
 - Research sample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

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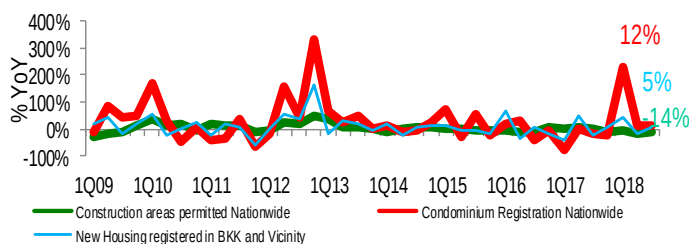
139

Economic Condition Highlights: December 2018 - January 2019

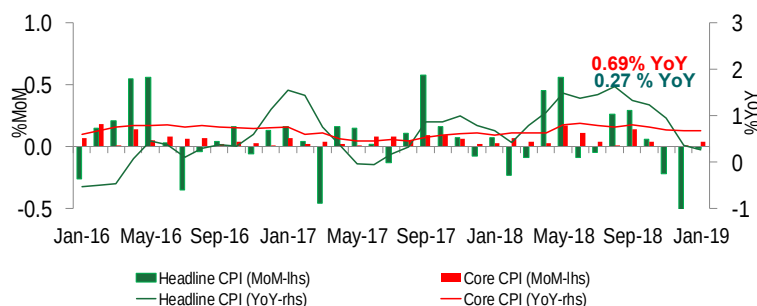
Dec18 MPI and CapU cooled down, amid bleak export performance



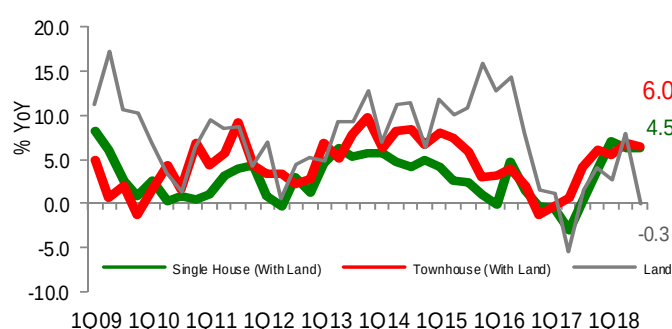
Activities in the property market were rather bleak in 3Q18, as developers adopt cautious stance amid rising inventory



Jan19 Headline inflation slowed down further, due to a fall in energy prices



Property prices cooled down in 4Q18, as property developers adopt cautious stance to eliminate the supply gluts



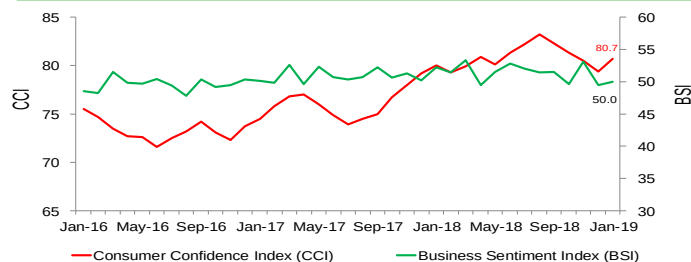
Sources: BOT, MOC, OIE, and REIC (Real Estate Information Center)

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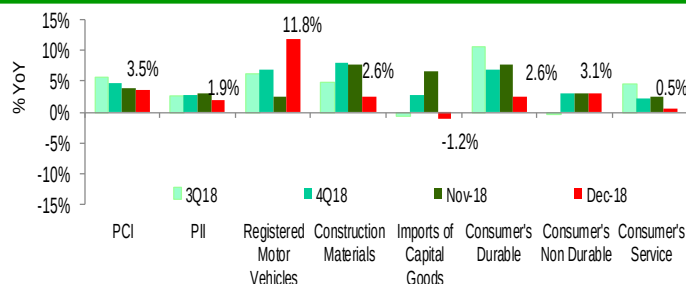
140

Economic Condition Highlights: December 2018 - January 2019

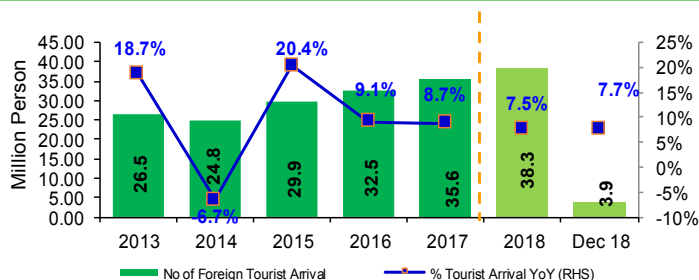
Jan18 CCI and BSI inched up as concern over global economic slowdown eased somewhat



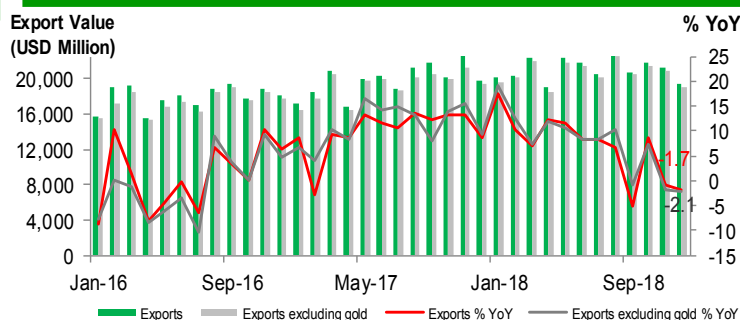
Dec18 Private consumption and investment cooled down slightly amid mediocre economic prospects



Dec18 foreign tourist arrivals registered a new record high, thanked to a recovery of Chinese tourists and visa-free exemption



Dec18 Export stumbled due to a reduction in China and Eurozone's export orders



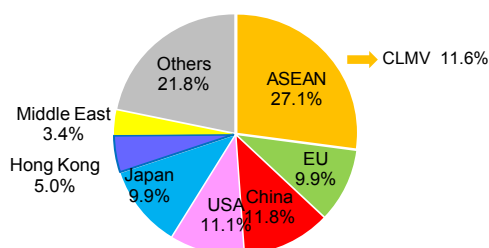
Sources: Bank of Thailand (BOT), Ministry of Commerce (MOC), University of the Thai Chamber of Commerce (UTCC), and Office of Industrial Economics (OIE)

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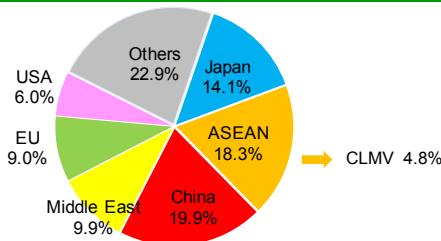
141

Exports and Imports: 2018

Exports by Country



Imports by Country



Top 10 Exports by Product (Custom Basis)

Exports, Custom Basis	2018		
	USD Millions	Weight	%YoY
Total Exports,	252,486	100.0%	6.7%
Electronic machines	38,363	15.2%	4%
Motor cars, motor vehicles, parts and accessories	37,731	14.9%	10%
Electrical equipment	24,341	9.6%	4%
Precious stones and jewellery	11,978	4.7%	-7%
Rubber products	11,024	4.4%	8%
Polymers of ethylene, propylene	10,330	4.1%	19%
Refine fuels	9,316	3.7%	30%
Chemical products	9,179	3.6%	23%
Machinery and parts thereof	8,202	3.2%	8%
Textiles	7,137	2.8%	7%

Top 10 Imports by Product (Custom Basis)

Imports, Custom Basis	2018		
	USD Millions	Weight	%YoY
Total Imports,	249,232	100.0%	12.5%
Crude oil	27,799	11.2%	48.0%
Machinery and parts	20,739	8.3%	6.3%
Electrical machinery and parts	19,140	7.7%	10.6%
Chemicals	16,733	6.7%	13.4%
Electrical, electronic equipment and parts thereof	15,910	6.4%	6.7%
Jewellery including silver bars and gold	14,937	6.0%	4.4%
Iron, steel and products	13,436	5.4%	18.5%
Parts and accessories of vehicles	11,984	4.8%	5.1%
Other metal ores, metal waste scrap, and products	9,888	4.0%	14.3%
Computers, parts and accessories	8,955	3.6%	19.2%

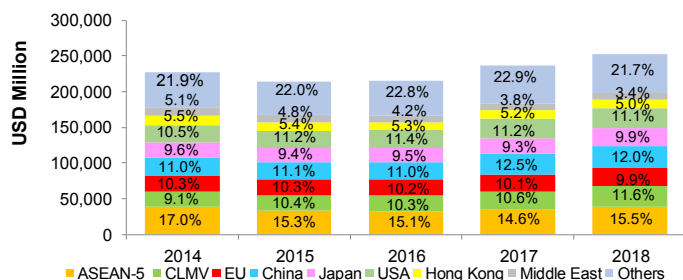
Source: Ministry of Commerce

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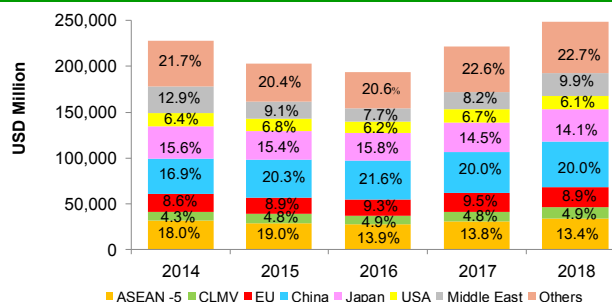
142

Export and Import Data: 2014 - 2018

Exports by Country



Imports by Country



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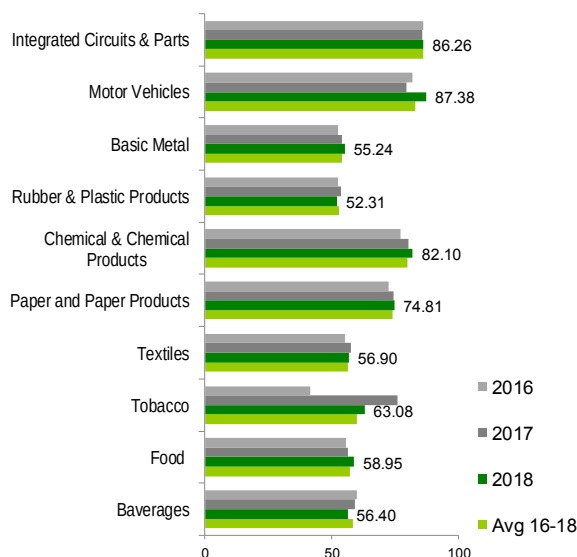
Source: Ministry of Commerce

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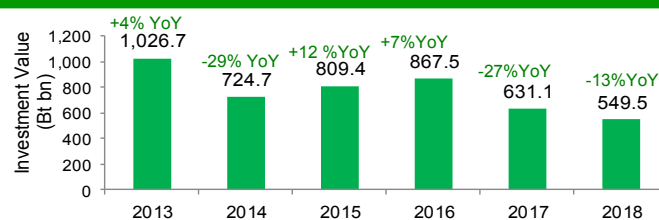
143

Economic Condition Highlights: CAPEX and Investment Cycle

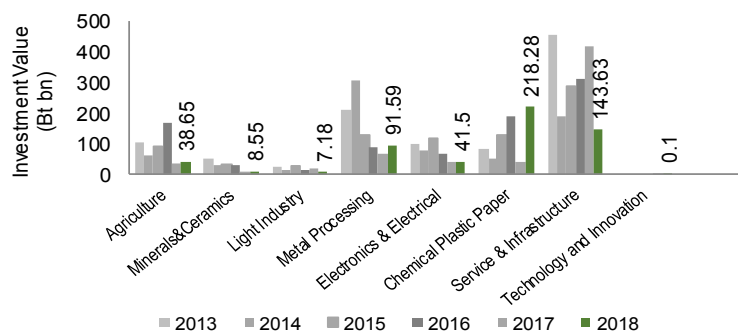
Capacity Utilization by Key Industries



Investment value of BOI-approved applications (Total)*



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



Source: The Bank of Thailand (BOT), The Ministry of Commerce (MOC), and Office of Industrial Economics (OIE)
(Data as of December 2018)

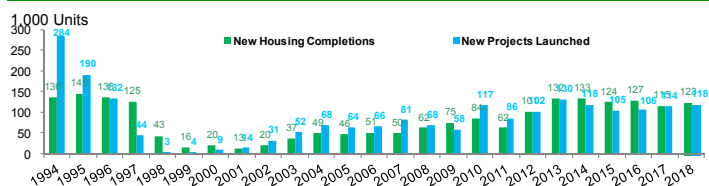
Source: The Board of Investment of Thailand (BOI)
Note: *Figures above indicate investments of approved projects requesting investment promotion benefits from BOI

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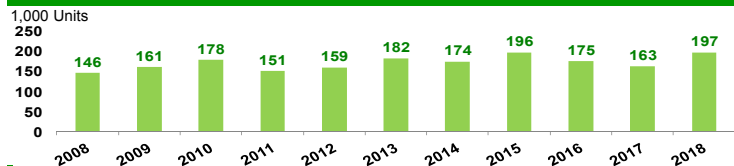
144

Property Market: Developers boost up marketing campaign to reduce stock before the new LTV limit

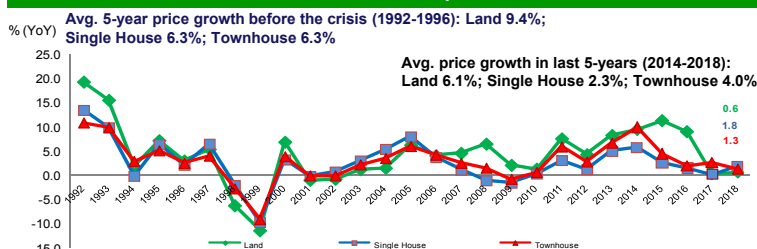
Supply Side: New Housing Completions and New Projects Launched in BMR*



Demand Side: Transferred Properties in BMR*

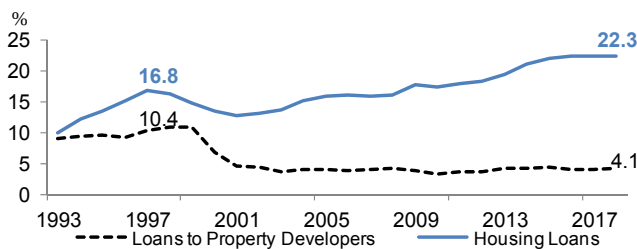


Price Growth of Properties



Sources : National Economic and Social Development Council (NESDC), 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 fees and mortgage fees, and tax deduction for the first five years

Outstanding Mortgage Loans to Individuals and Property Developers to GDP



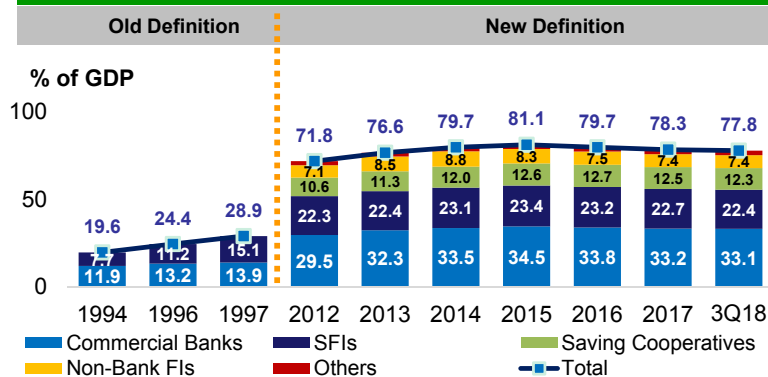
- Mortgage loans to GDP is higher than pre-crisis level, due to factors such as changes in consumer behavior, intense competition among banks, and a more accessible credit market
- Outstanding loans granted to property developers (including contractors) to GDP was 4.1% in 2Q18, still lower than pre-crisis level
- Supply Side: overall new housing projects launched in 2018 increased 7.3% over 2017, driven by single detached house and condominium projects from developers.
- Demand Side: the number of property transactions in 2018 rose 20% from 2017 spurred by intense marketing campaigns among property developers aiming to clear unsold units, particularly during the 4th quarter of 2018 or before the effectiveness of the BOT's LTV measure
- Prices: single detached house, townhouse and condominium prices had remarkable growth rates, due to the increasing of middle to high segment projects from developers
- Mortgage loan NPLs among Thai commercial banks rose to 3.39% in 2Q18 from 3.23% in 2017

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145

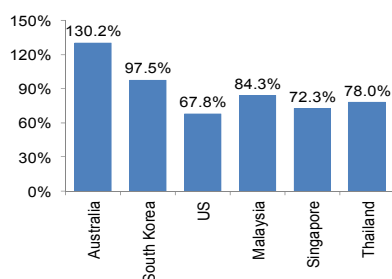
Household Borrowing

Household Borrowing to GDP

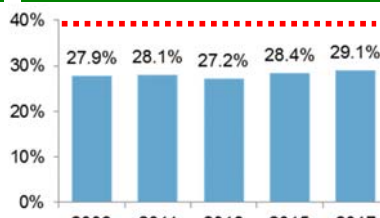


Old Definition: Data from 1991 – 1997: lending from commercial banks and SFIs to individual persons for consumption only
New Definition: Data from 2010 onwards: takes into account individual persons' outstanding loans from all types of financial institutions, including savings Co-ops and non-banks

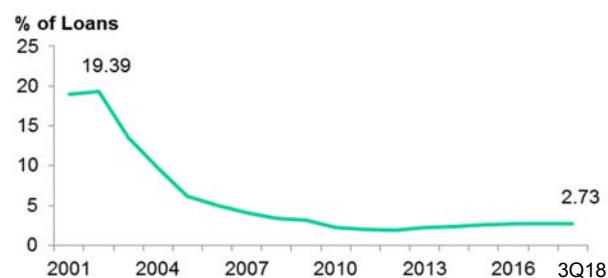
Cross-Country Comparison of Household Debt (as of 2017)



Debt Service Ratio of Thai households**



% NPL for Consumption Loans of Thai Commercial Banks



- Household debt to GDP declined to 77.8% at the end of 3Q18. Preliminary expectations for 2018 call for a decrease to 77.0 - 78.0%
- 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 commercial banks was at 2.73% in 3Q18

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

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146

New Framework on Mortgage Loans

- To closely monitor systematic risk in the property market and implement preventive actions, the BOT announced a new framework on mortgage loans:
 - 9 November 2018: BOT announced new policy on mortgage loans
 - 1 April 2019: new policy on mortgage loans will be effective

Price and Type of Properties		Present	New (Including Top-up loans)		
		Any Contract	First Contract	Second Contract	Third Contract Onwards
		Risk Weight by LTV (LTV threshold)	Risk Weight by LTV (LTV threshold)	LTV Limit	LTV Limit
< 10 Million Baht	House	≤ 95%	≤ 95%	90% (If the first contract's installment payments are <u>more than or equal to</u> three years) 80% (If the first contract's installment payments are <u>less than</u> three years)	70%
	Condo.	≤ 90%	≤ 90%	80%	70%
≥ 10 Million Baht	House and Condo.	≤ 80%	80% (LTV Limit)	80%	70%

1) Risk weight is 35% if LTV does not exceed its threshold; however, risk weight will increase to 75% if LTV is higher than the threshold
2) Under the new framework, LTV limit will be capped at 100% for the first contract and 70-80% for additional contracts

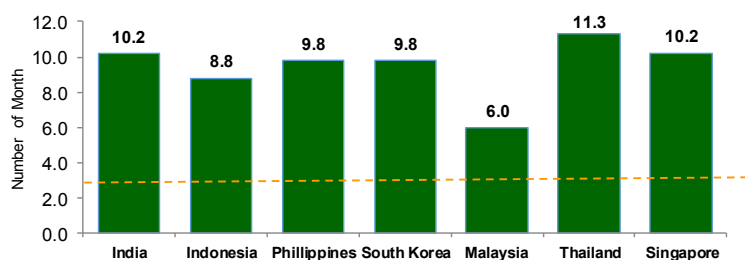
Notes: Year 2009: BOT announced revised criteria in 2009-2010 on mortgage loan risk weights with a different effective date
Year 2008: Risk weights for mortgage loans dropped from 50% to 35% under Basel II
Source: The Bank of Thailand, KResearch

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147

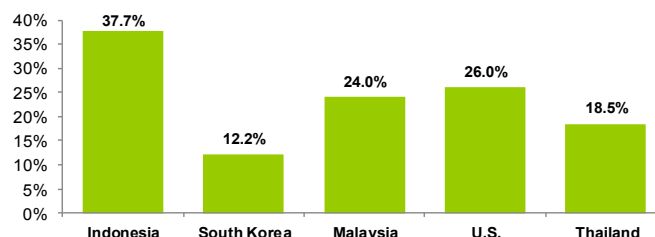
Thailand's external balances remain relatively strong compared to peers

High international reserve / Imports (Import Coverage)



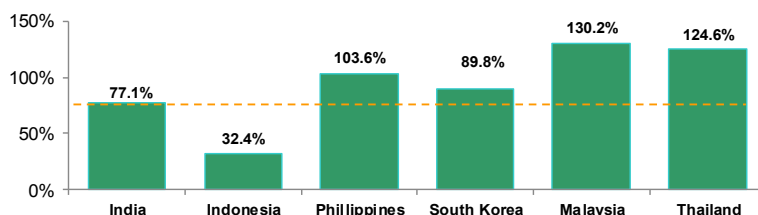
Source: Bloomberg, KResearch (data as of December 2018)

Low foreign holding ratio in Thai government bonds



Note: Retrieved from Asia Bond Online, based on December 2018 data
Source: Asian Development Bank

High international reserve ratio / External debts



Source: Bloomberg, KResearch (data as of March 2018)

Notes: 1) Thailand's international reserve were USD205bn in December 2018
- Thai bonds: Bt932bn or 8.2% of the total Bt11.4trn in Thai bond market size in December 2017
- Thai bonds: Bt952bn or 7.8% of the total Bt12.5trn in Thai bond market size in December 2018

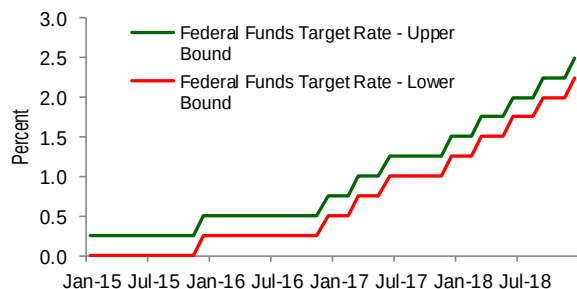
- Thailand's economy and financial markets are able to withstand impacts from QE tapering and its aftermath due to:
 - High import coverage (international reserves/monthly imports) compared with the IMF's three month import coverage guideline
 - More than 100% of external debt covered by international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

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148

Challenges: Fed Policy Normalization

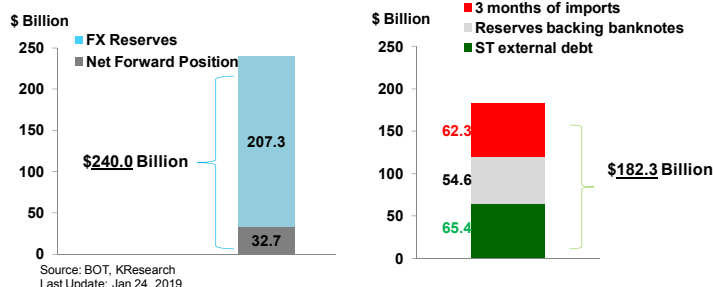
Fed has raised interest rates since Dec-15



- Fed tapered QE program in January 2014; program concluded in October 2014
- Fed has raised the interest rate 9 times since December 2015, from 0.0-0.25% to 2.25-2.50%
- 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 due to managing financial costs; CAR and NPL ratios were rather good (18.2% and 3.08% as of 2017, respectively), with net profit of Bt187.3bn in 2017

Source: KResearch, KBank Capital Markets Research (as of October 2018)

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



Excess liquid assets in Thai commercial banks slightly decreased



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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149

Challenges: Exports

- Export is expected to cool down in 2019 amid global trade uncertainties and transitions to structural changes

Exports	
Short-term Challenges	<ul style="list-style-type: none"> Political uncertainties in Western countries may pose risk toward global recovery THB appreciation US trade policy, e.g. measures to reduce trade deficit from 16 major countries The trade conflict between US and China
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 among competitors
Key Affected Products	<ul style="list-style-type: none"> Electronics and Electrical Appliances (Structural Challenge) Fishery and Agriculture Products (US SIMP) Steel and Aluminum, Washing machine (US tariffs) Plastic, ICs, Machinery and Electrical Equipment (US-China's trade dispute)
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 Setting up export promotion board Providing supports to help individuals gain skills and qualifications relevant to the needs of the labour market
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; BOI = the Board of Investment of Thailand
Source: KResearch, Data as of January 21, 2018

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150

Impact of the trade dispute between US and China

- An immediate consequence of a trade war to the Thai economy would be lower Thai exports as supply chain linkage between the Sino-Thai manufacturing sector could be disrupted
- Overall, Thai exports will face a detrimental impact of around USD280-420mn or less than 0.1% of GDP for 2018, and USD3,100-4,500mn or 0.6%-0.9% of GDP for 2019



- Over the long term, an ongoing trade war may accelerate the diversification of the MNEs' labor-intensive industries out of China and will cover a wider range of industries, including sophisticated midstream and downstream production, due to a wider coverage of products exposed to additional tariffs under a trade war
- Possible relocation will likely benefit Thailand in 2 ways:
 - Directly as a recipient of FDI in sophisticated and higher value-added goods, i.e., E&E and their parts, processed rubber products, and high value-added chemical and plastic products
 - Indirectly as a provider of intermediate goods to countries in ASEAN receiving FDI relocation of low-cost manufacturing sectors to meet the Rule of Origin criteria

Note: **Best case:** Direct effect of trade war excludes US tariffs imposed on Chinese goods worth USD267bn (the possible third round of imposed tariffs) (the first round of imposed tariffs in August 2018 = USD50bn, the second round of imposed tariffs in September 2018 = USD200bn)

Base case: Direct effect of trade war excludes US tariffs imposed on Chinese goods worth USD267bn plus indirect effect of a slowdown in global economic growth

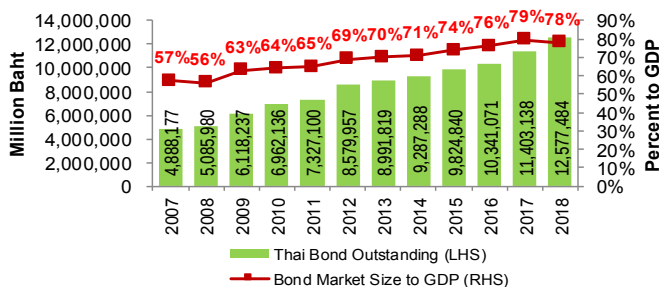
Worst case: Direct effect of trade war includes US tariffs imposed on Chinese goods worth USD267bn plus indirect effect of a slowdown in global economic growth

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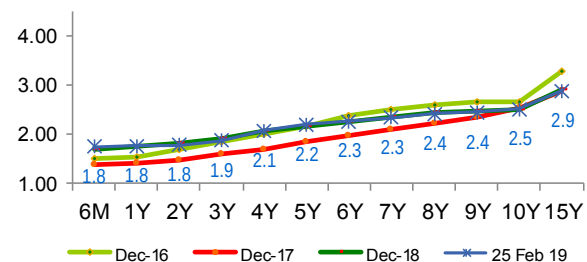
151

Other Figures

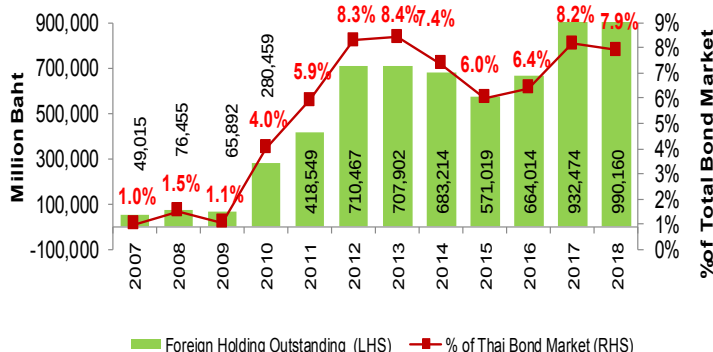
Thai Bond Market Size (Gov't and Private bonds)



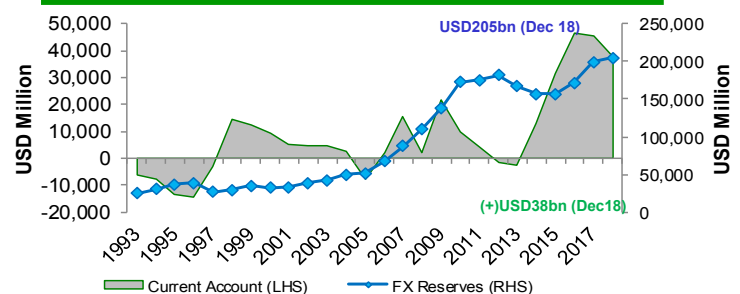
Bond Yields



Foreign Holdings of Thai Bonds



Current Account and FX Reserve

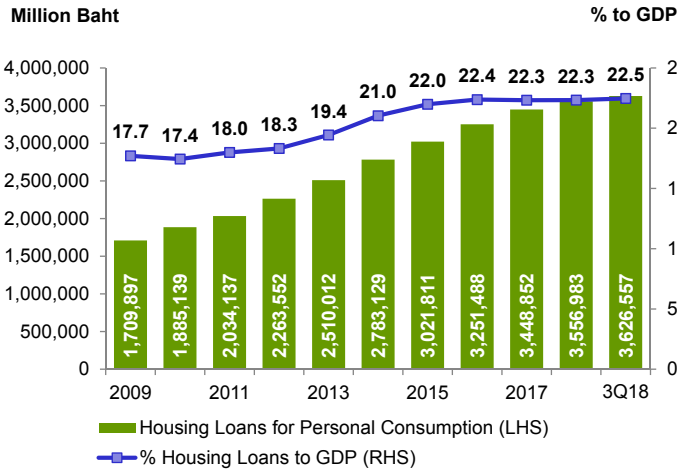


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152

Other Figures

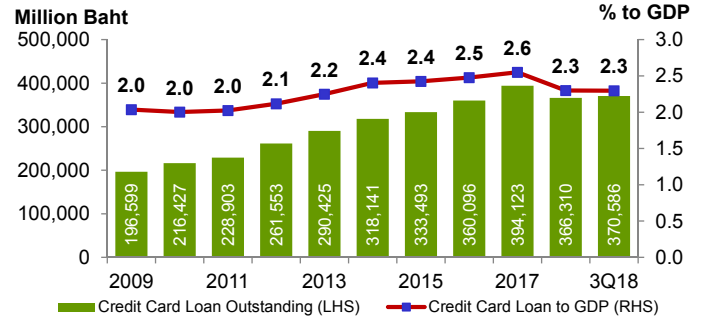
Housing Loans / GDP



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

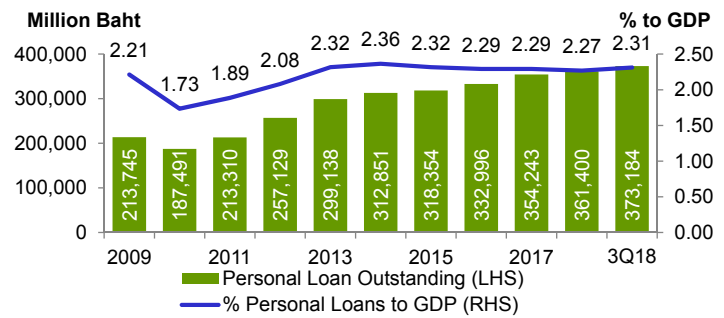
Source: BOT, NESDB

Credit Card Loans/GDP



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

Personal Loans/GDP



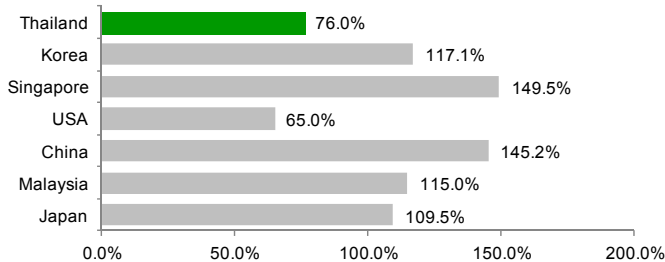
Note : 1) Personal Loans represent outstanding personal loans under supervision (including commercial banks and non-banks, excluding SFIs, saving cooperatives and others financial Institution)

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153

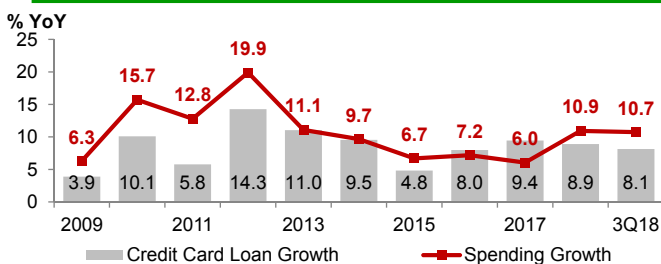
Other Figures

Loans to GDP as of 2017



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



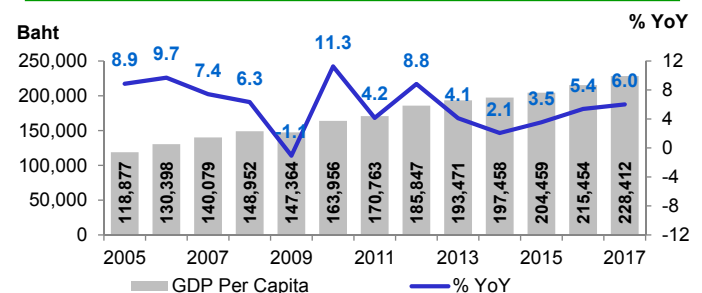
Note: The credit card statistics number includes foreign bank and non-bank credit cards
Source: BOT, National Statistical Office (NSO), CEIC Data, and KResearch

Thai Banks' Net Loan Growth and NPL Ratio



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

GDP Per Capita

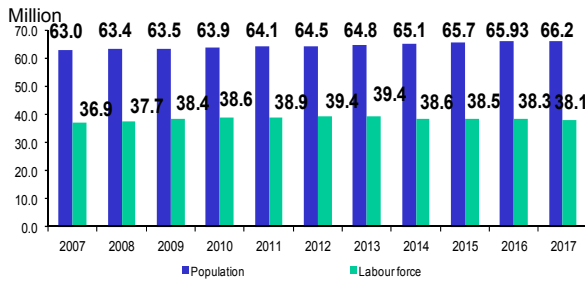


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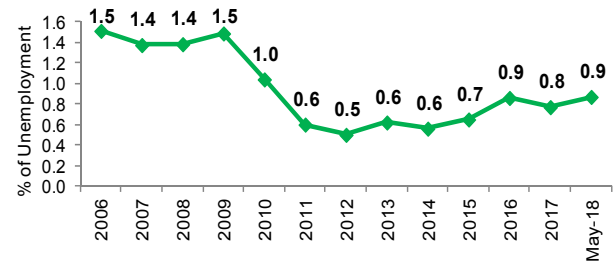
154

Other Figures

Population and Labor force



Unemployment Rate



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

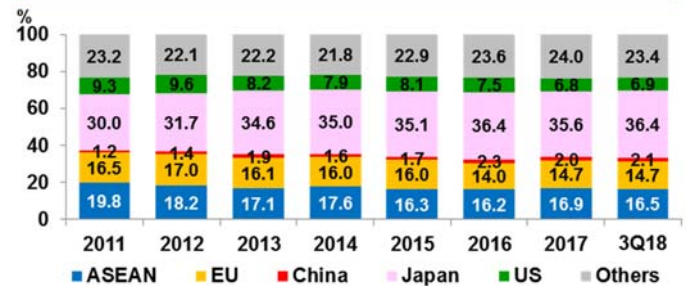
Foreign Direct Investment



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

Foreign Direct Investment Position by Countries



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155

Members 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
- Strategic measures under the five characteristics in the AEC Blueprint 2025 will be operationalised through sectoral work plans and their implementation and monitored through the AEC 2025 Monitoring and Evaluation Framework

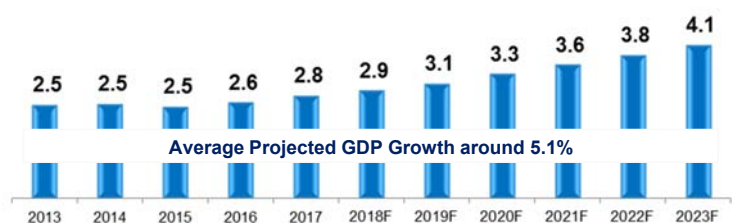


AEC Blue print 2025 (2016-2025)

- A highly integrated and cohesive economy
- A competitive, innovative, and dynamic ASEAN
- Enhanced connectivity and sectoral cooperation
- A resilient, inclusive, and people-oriented, people-centred ASEAN
- A global ASEAN

Source: The Association of Southeast Asian Nations and KResearch

Size of ASEAN Economy (USD Trillion)



Average Projected GDP Growth around 5.1%

GDP	Thailand	ASEAN
Size of Economy (GDP) in USD Trillion for 2019	0.5	3.1
2019 GDP Forecast	4.0%	5.0%

Note:

- Size of economy from IMF and compiled by KResearch
- 2018 GDP forecast is projected by KResearch

Source: IMF and KResearch (October, 2018)

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156

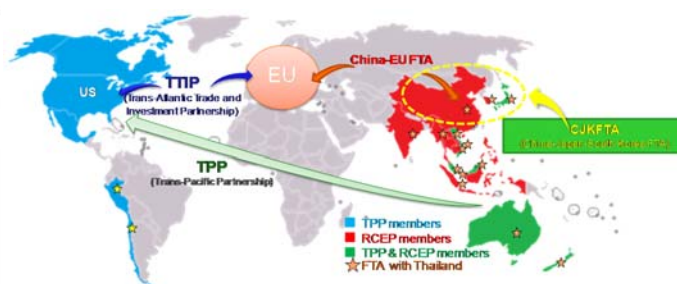
AEC as a Growth Driver to Thailand

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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157

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- Unreviewed/unaudited quarterly financial reports are released within 21 days from the end of each period
- Reviewed financial reports are released within 45 days from the end of the period for 1Q and 3Q; Audited financial reports are released within 2 months from the end of the period for 2Q and 4Q
- 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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158

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159



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