

KASIKORNBANK

Investor Presentation as of 4Q19 (Updated Economic Data)

April 2020

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

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KASIKORNBANK at a Glance



- Established on June 8, 1945 with registered capital of Bt5mn (USD0.17mn)
- Listed on the Stock Exchange of Thailand (SET) since 1976

Consolidated (as of December 2019)

Assets	Bt3,294bn (USD109.3bn)	Ranked #4 with 15.0% market share**
Loans*	Bt2,002bn (USD66.4bn)	Ranked #4 with 15.4% market share**
Deposits	Bt2,072bn (USD68.7bn)	Ranked #4 with 15.8% market share**
CAR	19.62% ***	
ROE	9.90%	
ROA	1.20%	
Number of Branches	886	
Number of E-Machine (ATM/RCM)	10,973	
Number of K PLUS Users	12.1mn	
Number of Employees	20,443	

Share Information

SET Symbol	KBANK, KBANK-F
Share Capital:	
Authorized	Bt30.5bn (USD1.0bn)
Issued and Paid-up	Bt23.9bn (USD0.8bn)
Number of Shares	2.4bn shares
Market Capitalization	Bt361bn (USD12.0bn) Ranked #2 in Thai banking sector
4Q19 Avg. Share Price:	
KBANK	Bt148.22 (USD4.92)
KBANK-F	Bt148.43 (USD4.92)
EPS	Bt16.18 (USD0.54)
BVPS	Bt169.79 (USD5.63)

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 2019

*** 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 2019 (Mid Rate) was Bt30.15 per USD (Source: Bank of Thailand)

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Appendix

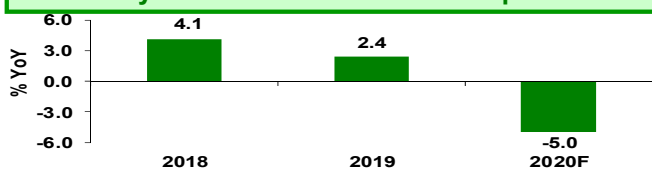
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Operating Environment: Economic Outlook for 2020

Key GDP Forecasts and Assumptions



% YoY	2018	2019	2020F* (Previous)	2020F*
			Base Case	Base case
GDP	4.1	2.4	0.5	-5.0 ▼
Private Consumption	4.6	4.5	1.8	-1.5 ▼
Government Consumption	1.8	1.4	2.3	2.5 ▲
Total Investment	3.8	2.2	1.2	-2.5 ▼
- Private investment	3.9	2.8	1.0	-4.0 ▼
- Public investment	3.3	0.2	3.3	3.3
Gov't Budget Deficit (% of GDP)	-3.0	-2.9	-3.7	-4.1 ▼
Exports (Customs Basis)	6.9	-2.7	-5.6	-8.2 ▼
Imports (Customs Basis)	12.1	-4.7	-7.8	-12.0 ▼
Current Account (USD bn)	28.5	37.3	27.5	26.4 ▼
Headline Inflation	1.1	0.7	0.4	-0.5 ▼
Policy Interest Rate**	1.75	1.25	0.50	0.50

Notes: MPC's policy rate is at 0.75% (as of March 25, 2020)

▲ 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 March 26, 2020 vs forecast on March 5, 2020)

** KBank Capital Markets Research (as of March 17, 2020)

Key Points:

- Projected base case for 2020 GDP growth dropped to -5.0% from 0.5% due to COVID-19 impacts
- Fiscal stimulus package and easing monetary policy may help mitigate the impact to some extent, while additional government measures may be needed if the situation prolong
- The severity of economic downturn will mainly depend on the outbreak situation that is still subject to high uncertainty

Risk Factors:

- The COVID-19 outbreak
- Global recession
- Household and business balance sheet deterioration if the outbreak lasts longer than expected

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Operating Environment: Economic Outlook for 2020

	Outlook	Possible Impacts to Thai Economy
■ Global Economy	<ul style="list-style-type: none"> ■ <u>Global economy</u>: The odds of global recession rise as the COVID-19 outbreak lingers ■ <u>US</u>: The US economy will likely enter into a recession in 2020. The US government and the Fed may continue to rollout stimulus measures to mitigate the impact of the outbreak ■ <u>Eurozone</u>: The Eurozone may enter into a deep recession in 2020. Meanwhile, the ECB will likely remain accommodative ■ <u>China</u>: Despite a significant reduction in new infections, the economic recovery is not expected to be a 'V-shape', as economic fallout will continue to derail the Chinese economy. The China's GDP growth in 2020 could possibly sink into the new low of 2.5% ■ <u>ASEAN economies</u>: Risks to the ASEAN economies are increasingly tilted to the downside, given global economic slowdown and growing number of COVID-19 infections in ASEAN 	<ul style="list-style-type: none"> ■ Impending global economic slowdown is set to have pronounced impact on Thai exports and tourism sector ■ Consumption and investment in Thailand could deteriorate drastically ■ Thai economy is heading for the worst slowdown since the 1998 financial crisis. GDP growth is revised down to -5.0% from 0.5% ■ However, the outlook could darken even further if the COVID-19 outbreak lasts longer than anticipated
■ Government Stimulus Plan (App. pages 130-147)	<ul style="list-style-type: none"> ■ Government is expected to roll out additional short-term stimulus packages at a large scale to offset economic pressure caused by the outbreak ■ Government investment projects may be delayed due to potential shortage of capital goods amid disrupted global supply chain 	<ul style="list-style-type: none"> ■ Supportive fiscal measures may boost domestic activities to some extent. However, the actual effectiveness of such measures remains to be determined
■ Inflation (App. pages 150 and 152)	<ul style="list-style-type: none"> ■ Inflation is expected to fall into negative territory this year with the rate of -0.5%, given a slump in domestic and external demand as well as a slide in oil prices 	<ul style="list-style-type: none"> ■ Monetary policy is expected to remain accommodative to economic growth throughout 2020
■ Exports and Tourism (App. pages 150, 154-156)	<ul style="list-style-type: none"> ■ Thai exports could contract by 8.2% amid likely global recession and disrupted supply chains ■ Tourist arrivals could drop by 60%, leading to tourism revenue loss of around Bt1trn this year 	<ul style="list-style-type: none"> ■ Thai government may need to implement targeted measures to alleviate the loss in tourism and export sectors
■ Fed Policy Normalization (App. pages 162)	<ul style="list-style-type: none"> ■ The rise of the COVID-19 cases in the US will hit US consumer confidence, tourism, and production. Meanwhile, phase two of the US-China trade deal is muted given most tariff items remain in place ■ COVID-19 outbreak and remaining tariffs, together with limited fiscal stimulus in an election year, should impact US economy, pressuring Fed to keep its ultra monetary easing with its rate of 0.00-0.25% and its quantitative easing throughout the year 	<ul style="list-style-type: none"> ■ BOT may cut interest rate to 0.50% in 2020, from 1.25% in 2019. The Thai economy is at risk of a recession in 1H20, due to the impacts from the COVID-19 outbreak. Government spending remains soft and the drought will impact the consumer spending
■ Baht (App. pages 149)	<ul style="list-style-type: none"> ■ Once the COVID-19 is under control, high Thai current account surplus will return to focus as US-China trade dispute. The COVID-19 outbreak hurts both Thai exports and imports ■ Higher Thai real interest rate would also encourage capital inflows to Thai bonds, after more monetary easing by major central banks 	<ul style="list-style-type: none"> ■ After fears of the COVID-19 fades, Baht is to be driven by a strong Thai economic fundamentals, such as high current account surplus and low inflation, and high global liquidity

Source: KResearch and KBank Capital Markets Research (as of April 9, 2020)

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2020 Financial Targets

Consolidated	2019 Actual	2019 Targets	2020 Targets (TFRS9 Compliance)	Notes
NIM	3.31%	3.3-3.5%	3.1-3.3%*	In line with interest rate trend (Page 15)
Loan Growth	4.59% YTD	5-7%	4-6%	Sensible loan growth in line with economic growth and responsible lending; increase in retail lending using data analytics capability (Page 11 and 67-69)
Non-Interest Income Growth**	1.51% YoY	-5% to -7%	-5% to -17%*	Resulting from accounting treatment (TFRS9); also from one-time gain on investment in Y2019 and insurance business remains slow (Page 12 and 62-65) TFRS9: from EIR, P/L swing from investment, hedge accounting
Cost to Income Ratio***	45.32%	Low to Mid-40s	Mid-40s	Focus on cost management; under pressure due to slower growth in income and new investments (Page 16)
Credit Cost per year (bps)	174 bps	Up to 165 bps	Up to 150 bps	Credit cost; maintain prudence onward. Reserved our decision to sell some NPLs to avoid an immediate loss on these loans, and we expect a greater recovery rate in the long-term. Focus more on restructured loans management, to partially clean up balance sheet (Page 13, 53-55, 70-72 and 75)
NPL Ratio (Gross)****	3.65%	3.3-3.7%	3.6-4.0%	
ROE	9.90%	N/A	N/A	
ROA	1.20%	N/A	N/A	

Note: * Y2020 Financial Targets will be based on new accounting standards (TFRS9), which will come into effect on January 1, 2020. When they are compared with the Y2019 financial figures, which are based on the prior accounting standards (non-TFRS9), some of Y2020 Financial Targets may show a broader range or lower figures than those in the past years.

** 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

***** Y2020 Financial Targets (as of 24 October 2019)

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KASIKORNBANK Vision and Foundation

Vision

“KASIKORNBANK aims to be the most innovative, proactive, and customer centric financial institution, delivering world class financial services and sustainable value for all stakeholders by harmoniously combining technology and talent”

Guiding Foundation

- Remain a top tier size with strong brand, distribution, and capital base
- Acquire enduring customers and ensure excellent customer experience across all segments
- Be a digital-oriented AEC+3 Bank
- Be a data-driven bank and ensure data confidentiality
- Be a cost competitive operator
- Be a Bank of Sustainability

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The K-Strategy

- Customer Centricity remains our core philosophy with the aim to “Empower Every Customer’s Life and Business”

Purpose

To Empower Every Customer’s Life and Business

Customer Promise

Total Solution

Attentive & Inclusive

Any Time & Any Where

Trustworthy

K-Culture

A PIONEER FOR THE BETTER, A STEP AHEAD FOREVER

Customer at Heart | Agility | Collaboration | Innovativeness

Strategic Imperatives



Lend successfully using data analytics



Embed in select financially relevant ecosystems



Ensure cyber security and data confidentiality

New Capabilities

8 TRANSFORMATION JOURNEYS

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New Capabilities to Enable K-Strategy

- 8 Transformation Journeys are new capabilities to help “Empower Every Customer’s Life and Business”

To Empower Every Customer’s Life and Business

1 Ecosystem Orchestrator & Harmonized Channel

- Orchestrating ecosystems with partners and providing an excellent experiences throughout customer journeys

2 Intelligent Lending

- Leveraging customer data to offer personalized lending experience and achieve fair risk adjusted return

3 Proactive Risk & Compliance Management

- Proactively identifying potential risk and establishing loss prevention and detection



4 New Growth in Regional Market

- Exploring new growth by
 - Regional Payment for All
 - “Better Me” Finance

5 Data Analytics

- Expanding data analytics capability to enhance business opportunity and operational efficiency

6 Cyber Security & IT Resilience

- Enhancing comprehensive cyber security and IT capabilities

7

Performing Talent and Agile Organization

8

Modern World Class Technology Capability

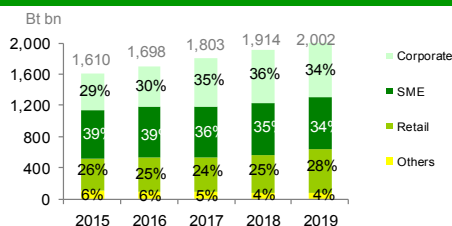
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Composition of Growth: Loans by Business

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

Loan Portfolio Structure



Loan Portfolio

Consolidated	Amount (Bt bn)		Y2019 Loan Growth (%YTD)	Y2019 Yield Range (%)	Loan Growth Target (%)	
	Dec18	Dec19			2019	2020
Corporate Loans	683	691	1.2%	3-5%	3-5%	2-4%
SME Loans	661	672	1.7%	5-7%	2-4%	1-3%
Retail Loans	488	556	13.9%	5-7%	9-12%	9-11%
Other Loans	82	83	1.5%			
Total Loans	1,914	2,002	4.6%	5.3%	5-7%	4-6%

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

2019

Corporate Loans	<ul style="list-style-type: none"> Mainly from short term credit in Industrial Agriculture, Transportation, and Automotive and parts industries
SME Loans	<ul style="list-style-type: none"> Mainly from Hardware, Services, Hotel & Restaurant and Real Estate industries
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

2020 Outlook

- Domestic consumption and service sector are the main factors in loan growth
- Focus industries: Tourism, Healthcare, and Commerce
- Organic growth target reflects domestic consumption and investment and exports
- Focus industries: Construction, Communication, and Transportation
- Applying data analytics to enhance predictive model and credit process in order to lend intelligently with acceptable risk via traditional and digital channels
- Support customers who need financial services to cope with rapid economic change
- Organic growth target in line with industry; applying machine learning 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 67-69)

Corporate Loans: Loans of KBank and KBank's Subsidiaries in Corporate Segments (annual sales turnover > Bt400mn)

SME Loans: Loans of KBank and KBank's Subsidiaries in SME Segments (annual sales turnover ≤ Bt400mn)

Retail Loans: Loans of KBank and KBank's Subsidiaries in Retail Segments

Other Loans: Loans in Enterprise Risk Management Division (NPL + Performing Restructured Loans) and other loan types

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

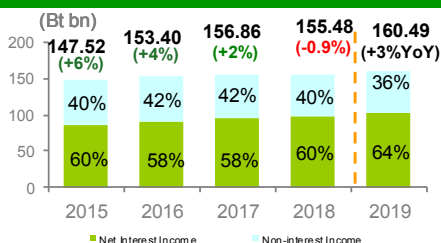
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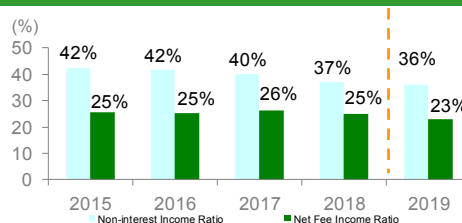
Composition of Growth: Net Fees and Non-interest Income

December 2019 (Consolidated)

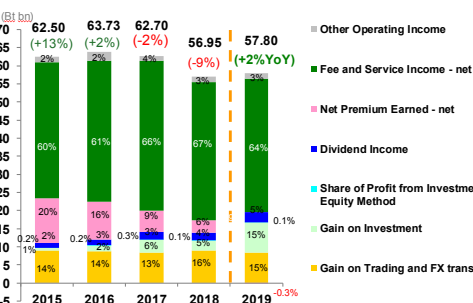
Total Operating Income - net



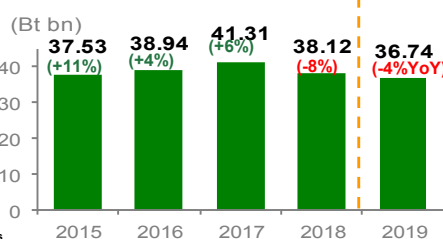
Non-interest Income Ratio and Net Fee Income Ratio



Non-interest Income



Net Fee Income



■ Y2019 non-interest income accounted for 36% of total net operating income and net fee income accounted for 23%; non-interest income increased 2% YoY, from an increase in one-time gain on investment, while insurance business and fee income decreased

■ Net fee income dropped 4% YoY, mainly due to fee waiver via digital channels and fees from credit card business

■ Y2020 non-interest income will drop from accounting treatment (TFRS9), also from one-time gain on selling investments in Y2019 and slow growth in insurance business

Note: - Non-interest Income Ratio = Non-interest Income / Total Operating Income - net

- Net Fee Income Ratio = Net Fee Income / Total Operating Income - net

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

- The Bank and its subsidiaries have adopted TFRIC13: Customer Loyalty Programmes since January 1, 2014 onwards and restated the comparative financial statements and financial ratios. There is no effect on net profit of the Bank and its subsidiaries

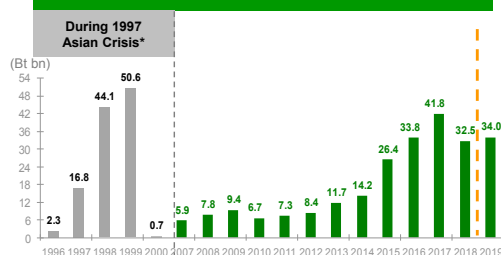
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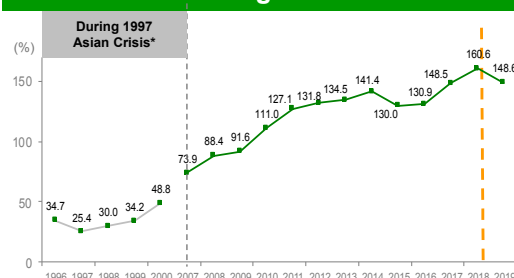
Asset Quality and Impairment Loss on Loans and Debt Securities (Provision)

December 2019 (Consolidated)

Provision



Coverage Ratio



■ Asset quality remains manageable

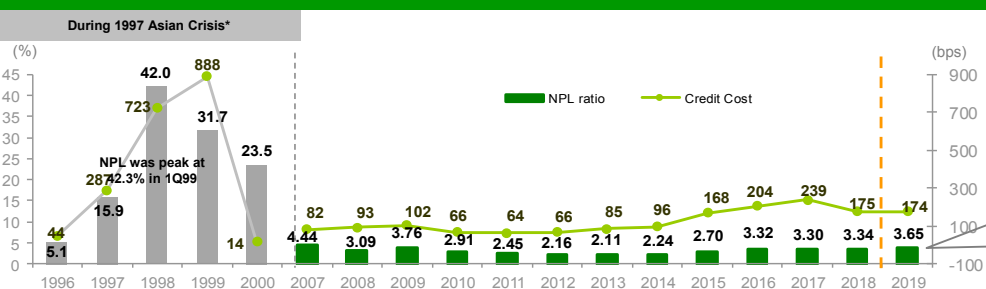
■ NPL ratio in Y2019 was at 3.65%, with a coverage ratio of 148.60%

■ Y2019 credit cost was 174 bps

■ Prudence: adhere to a prudent financial policy; economic recovery slower than expected

■ Comprehensive asset quality resolution: retain NPLs for a long-term higher recovery rate; NPLs will rise, but no additional reserves required; focus more on restructured loans management, to partially clean up balance sheet

NPL Ratio and Credit Cost



NPL Ratio by Business	2014	2015	2016	2017	2018	2019
Corporate Business	<2%	<2%	<2%	<2%	<2%	<2%
SME Business	<3%	~3%	~5%	~5%	~5%	~6%
Retail Business**	<2%	~2%	~4%	~4%	~4%	~4%

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

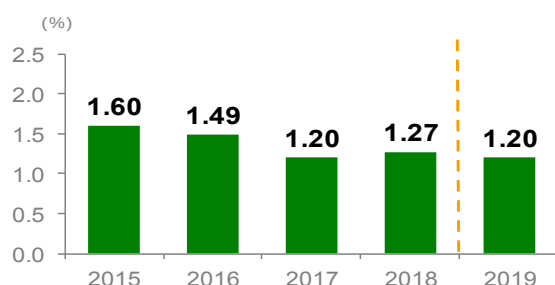
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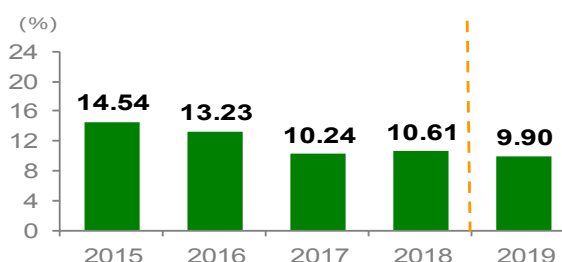
ROA and ROE

December 2019 (Consolidated)

ROA



ROE



	2015	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19
ROA (%)	1.60	1.49	1.20	1.27	1.20	1.27	1.24	1.23	1.08
ROE (%)	14.54	13.23	10.24	10.61	9.90	10.46	10.08	9.99	8.72

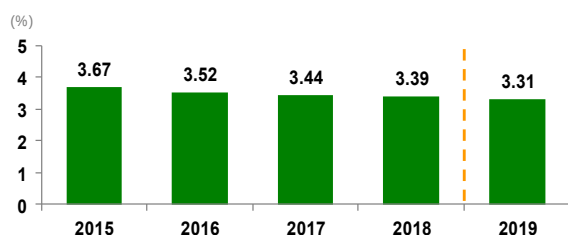
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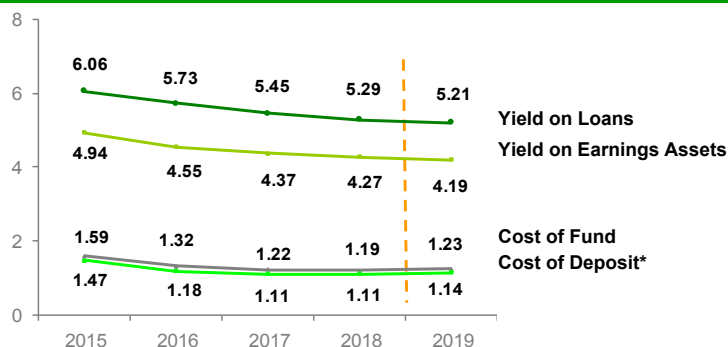
Net Interest Margin

December 2019 (Consolidated)

NIM



Yield on Earnings Assets and Cost of Fund



- NIM was 3.31% in Y2019, dropped YoY mainly from lower yield on loan
- High portion of CASA (77%) helped support low cost of fund

	2015	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19
NIM (%)	3.67	3.52	3.44	3.39	3.31	3.32	3.34	3.34	3.25
Yield on Earnings Assets (%)	4.94	4.55	4.37	4.27	4.19	4.21	4.23	4.22	4.15
Yield on Loans (%)	6.06	5.73	5.45	5.29	5.21	5.25	5.29	5.33	5.19
Cost of Fund (%)	1.59	1.32	1.22	1.19	1.23	1.22	1.24	1.24	1.25
Cost of Deposit (%), incl DPA	1.47	1.18	1.11	1.11	1.14	1.13	1.15	1.19	1.17

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

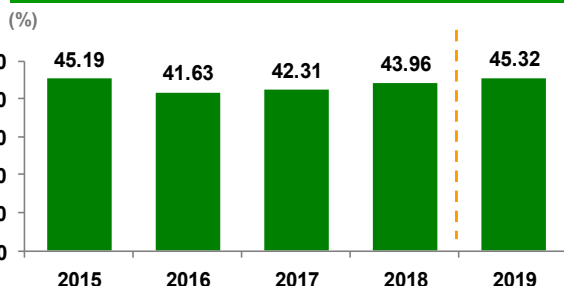
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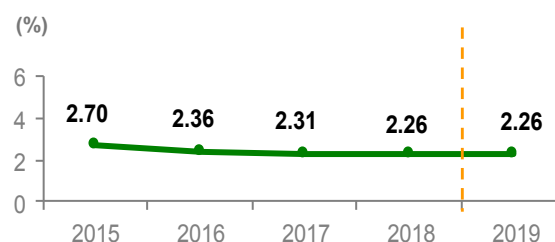
Cost to Income Ratio

December 2019 (Consolidated)

Cost to Income Ratio



Cost to Average Assets Ratio



- Y2019 cost to income ratio was 45.32%
- Y2020 cost to income ratio will be in mid-40s range, with focus on cost management under pressure from slower growth in income and new investments

	2015	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19
Cost to Income Ratio (%)	45.19	41.63	42.31	43.96	45.32	42.70	45.02	42.52	50.75
Cost to Average Assets Ratio (%)	2.70	2.36	2.31	2.26	2.26	2.03	2.22	2.19	2.59

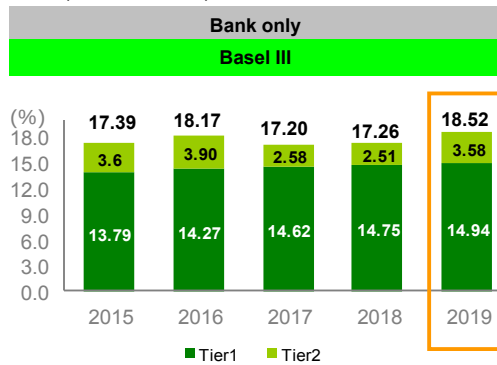
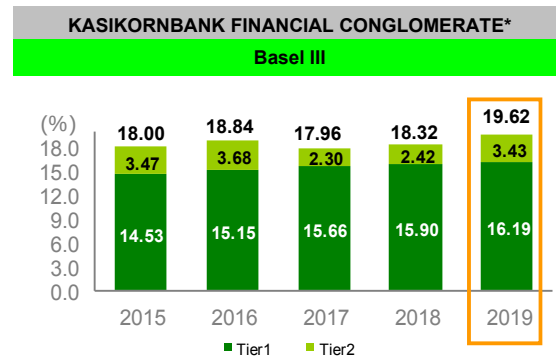
Note: The Bank and its subsidiaries have adopted TFRIC 13: Customer Loyalty Programmes since January 1, 2014 onwards and restated the comparative financial statements and financial ratios. There is no effect on net profit of the Bank and its subsidiaries

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

December 2019 (Consolidated)



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

	Basel III									
	2015	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19	
Bank only										
CAR (%), excluding net profit of each period	17.39	18.17	17.20	17.26	18.52	17.04	17.35	17.91	18.52	
Tier 1 (%), excluding net profit of each period	13.79	14.27	14.62	14.75	14.94	14.57	14.89	15.46	14.94	
KASIKORNBANK FINANCIAL CONGLOMERATE*										
CAR (%), excluding net profit of each period	18.00	18.84	17.96	18.32	19.62	18.12	18.55	19.10	19.62	
Tier 1 (%), excluding net profit of each period	14.53	15.16	15.66	15.90	16.19	15.73	16.19	16.76	16.19	

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.

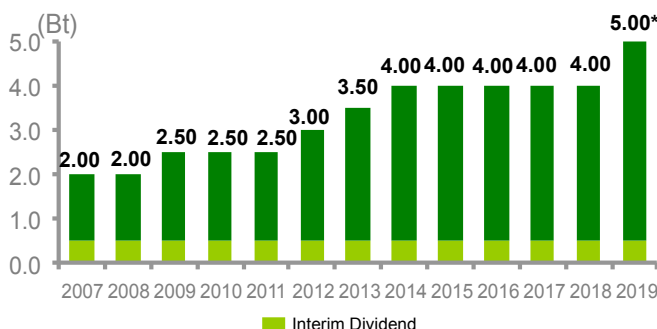
** The details on Basel III regulations can be found in App. Page 115-116

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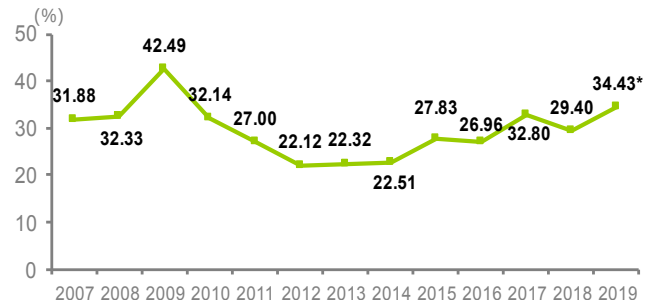
17

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Dividend Per Share (Bt)	2.00	2.00	2.50	2.50	2.50	3.00	3.50	4.00	4.00	4.00	4.00	4.00	5.00
Dividend Payout Ratio (%)	31.88	32.33	42.49	32.14	27.00	22.12	22.32	22.51	27.83	26.96	32.80	29.40	34.74

Note: * The dividend payment is subject to the General Meeting of Shareholders for the year 2020, calculated from common shares outstanding at the end of year less treasury shares in February 2020.
 **The Board of Directors' Meeting of KASIKORNBANK PCL. No. 1/2020, held on January 30, 2020 has approved the share repurchase project for financial management purposes with the number of shares to be repurchased not exceeding 23,932,601 shares or equal to the amount of not exceeding 1% of the total paid-up capital of the Bank and the maximum amount not exceeding Bt4,600mn. The share repurchase will be conducted through the Stock Exchange of Thailand during February 14, 2020 to February 27, 2020.

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- **The Revised K-Strategy:** Customer Centricity remains our core philosophy with purpose to “Empower Every Customer’s Life and Business”
- **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; manageable cost to income ratio; appropriate ROE maintained
- **Adequate Capital:** maintains adequate Tier 1 ratio, as required under Basel III and new requirements
- **Sustainable Development:** conducts business with the foundation of Bank of Sustainability, and appropriate risk management and good corporate governance principles; striving to balance economic, social, and environmental dimensions to achieve goals and create sustainable long-term returns

Appendix

KBank: Strategy

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Cost and Productivity Improvement

- Dynamic and flexible resource allocation to align with strategic direction and support new businesses e.g. ecosystem with partners, digital, AEC+3, and data-driven bank
- Increasing spending effectiveness aligned with business priorities and desired value
- Productivity improvement focusing on lean processes and waste management will be addressed and customized to culture in:

Channel optimization

- Optimize branch & ATM network, including account planning, area planning, and relocation
- Enhance digital on-boarding and migration

Human resources optimization

- Focus on lean organization with organizational design, workforce management, and re-training
- Create organizational infrastructure to drive agile working environment and productivity improvement

IT investment and procurement effectiveness

- Improve asset utilization and optimize maintenance service /license costs
- Develop IT operating model to reduce costs

Operational process improvement

- Drive customer migration to chat bot and self-service on K PLUS
- Enhance cash handling optimization and centralization model
- Streamline and digitize back office process

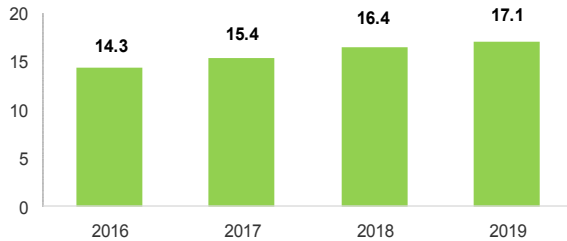
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Performance

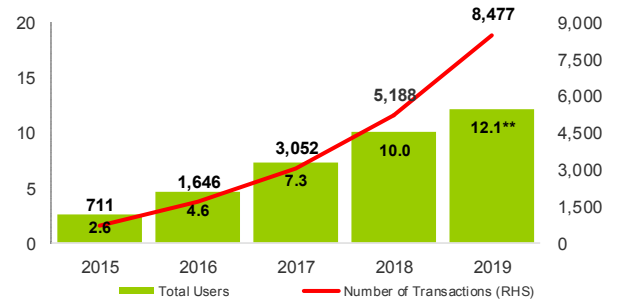
- Success is driven by continuous growth in number of customers and K PLUS users; highest Net Promoter Score among banks in Thailand

Number of Customers* (mn)



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

K PLUS Users and Transactions (mn)



** Active users defined as minimum of 1 usage per month; 74% active users as of 2019

Net Promoter Score (NPS)***

30

(#1 among Banks in Thailand)

*** NPS Study 2019 surveyed by The Nielsen Company during July and August 2019, measuring the willingness of customers to recommend a company's products or services to others

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New Capabilities to Enable K-Strategy

- 8 Transformation Journeys are new capabilities to help "Empower Every Customer's Life and Business"

To Empower Every Customer's Life and Business

1 Ecosystem Orchestrator & Harmonized Channel

- Orchestrating ecosystems with partners and providing an excellent experiences throughout customer journeys

2 Intelligent Lending

- Leveraging customer data to offer personalized lending experience and achieve fair risk adjusted return

3 Proactive Risk & Compliance Management

- Proactively identifying potential risk and establishing loss prevention and detection



4 New Growth in Regional Market

- Exploring new growth by
 - Regional Payment for All
 - "Better Me" Finance

5 Data Analytics

- Expanding data analytics capability to enhance business opportunity and operational efficiency

6 Cyber Security & IT Resilience

- Enhancing comprehensive cyber security and IT capabilities

7

Performing Talent and Agile Organization

8

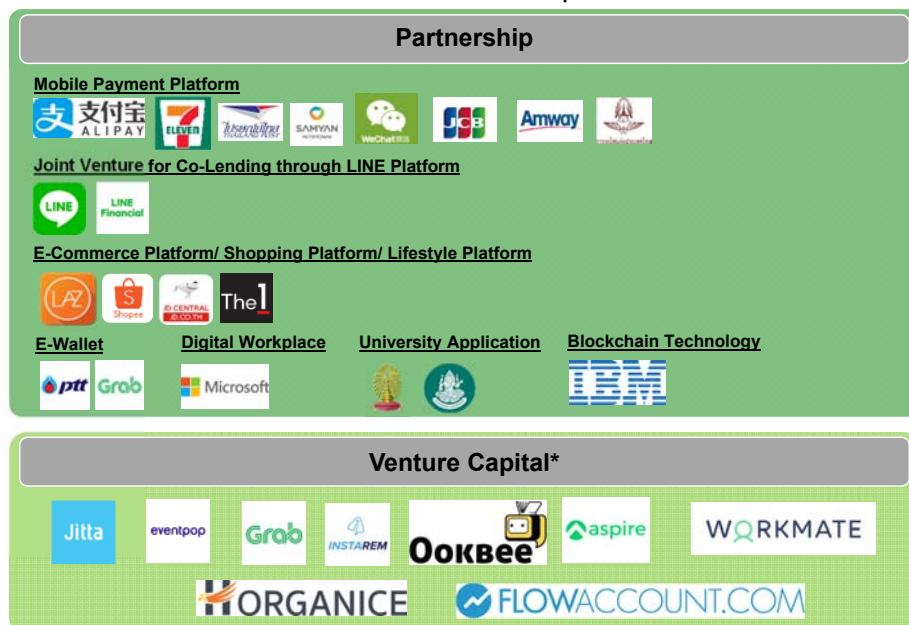
Modern World Class Technology Capability

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Ecosystem Orchestrator and Harmonized Channels

- Orchestrating an ecosystem with partners and providing excellence throughout the customer journey
- Developing presence where customers are with an excellent customer experience

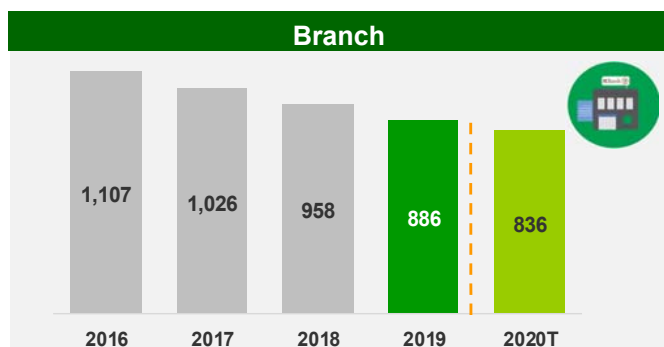
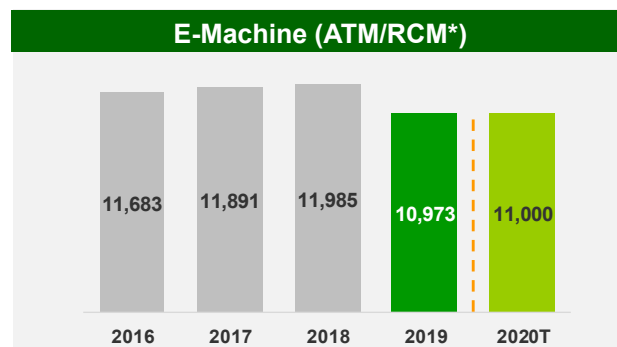


Note: * Direct investments via Beacon Venture Capital, a wholly-owned venture capital fund of KBank (total fund size of USD135mn to invest in early to growth-stage technology startups covering not only FinTech but also consumer internet and enterprise technology), aiming to leverage new technology from startups to support KBank's businesses; Beacon Venture Capital also has indirect investment through VC Funds to enable KBank to leapfrog into the world arena and stay abreast of innovative technologies and business models in other regions (e.g. Partnered as an LP with VC funds managed by Dymon Asia Capital and Vertex Ventures)

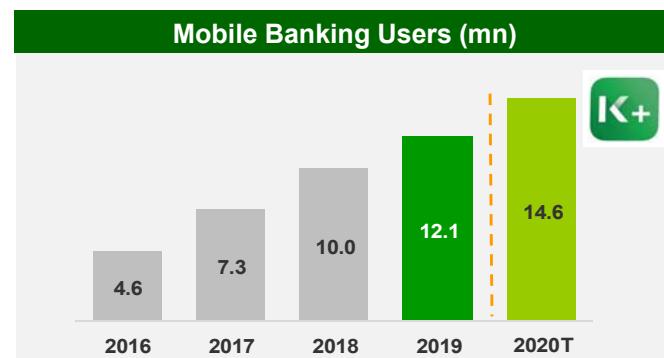
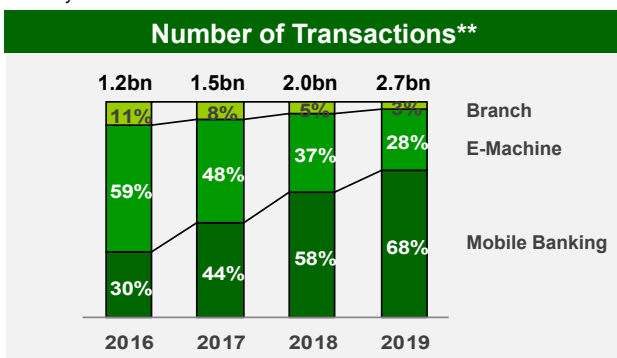
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Harmonized Channels: Domestic Channels and No. of Transactions



* Recycle Cash Machine

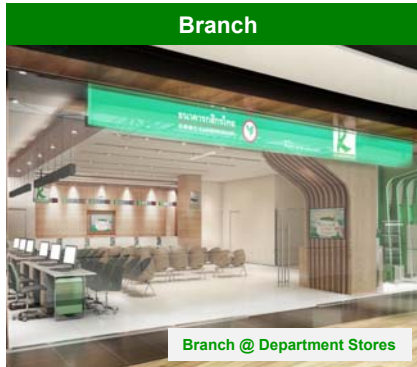


** Transaction includes only cash deposit, cash withdrawal, payment and transfer

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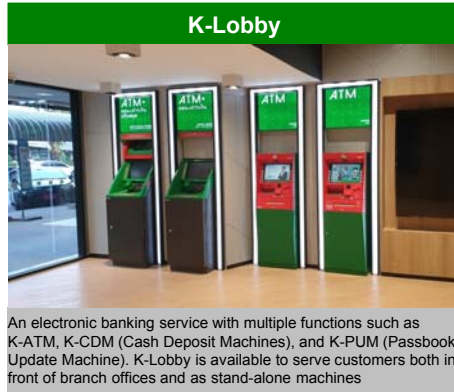
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Sample of Domestic Channels



Branch

Branch @ Department Stores



K-Lobby

An electronic banking service with multiple functions such as K-ATM, K-CDM (Cash Deposit Machines), and K-PUM (Passbook Update Machine). K-Lobby is available to serve customers both in front of branch offices and as stand-alone machines



Digital Banking

Digital Banking includes:

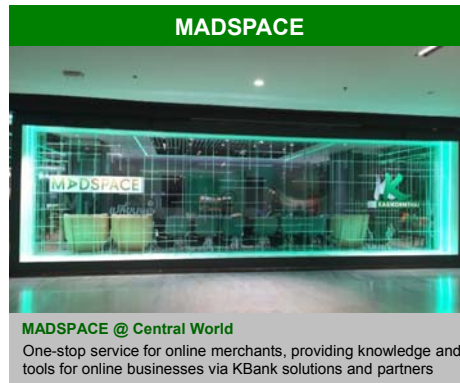
- K PLUS (Mobile Banking Application)
- K PLUS SHOP
- K-Cyber Service (K-Cyber, K-Cyber Trade and K-Cyber Invest)
- K-Payment Gateway
- K-PowerP@y (mPOS)



THE WISDOM Lounge

THE WISDOM @ ICON SIAM

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



MADSPACE

MADSPACE @ Central World

One-stop service for online merchants, providing knowledge and tools for online businesses via KBank solutions and partners



Community Branch (K Park)

K Park @ PTT Station

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

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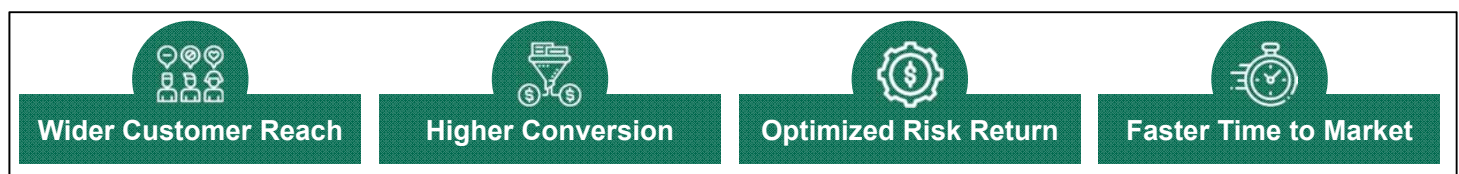
Intelligent Lending

- Leveraging customer data to offer personalized lending experience and achieve fair risk adjusted return

End to End Credit Journey



Expected Outcome



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Proactive Risk and Compliance Management

- Proactively identifying potential risk and establishing loss prevention and detection; helping to sustain growth

Key Capabilities

Value Enabler

Partner with business and provide effective integrated risk solutions



Value Protector

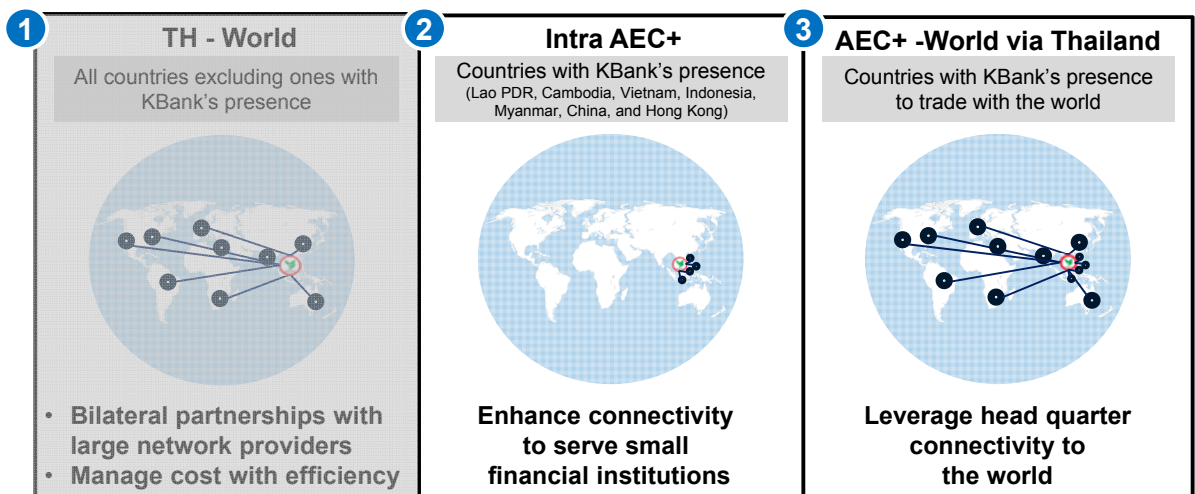
Strengthen & secure our business for resiliency and sustainability

- Organization-wide prudent risk culture
- Agile way of working and delivering integrated risk solutions

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Growth in Regional Market: Regional Settlement between KBank Branches/ Partners has potential 3-year revenue at Bt1.4bn



Potential Market Value	BAU	Bt10,600mn	Bt7,200mn
3-year Expected KBank Revenue	BAU	Bt1,000mn	Bt370mn

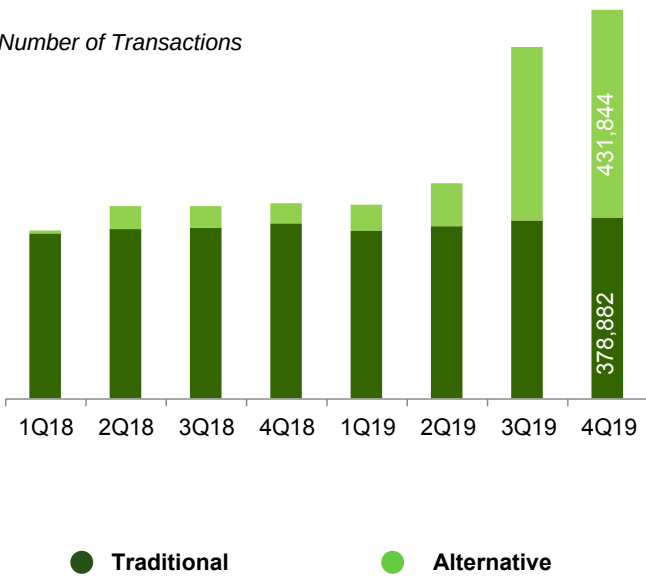
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Growth in Regional Market: KBank has been growing alternative remittance with the expansion via branch connectivity

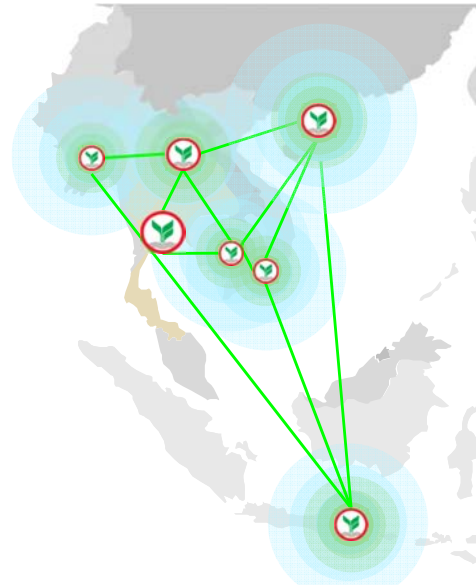
No. of Remittance Transactions (2018-2019*)

Number of Transactions



* Number of Remittance Transaction has been doubled by Application Programming Interface Connectivity

Enhance Regional Settlement via Branch Connectivity



KBank Presence

✓ Local Incorporated Institutions (LII)



✓ Foreign Bank Branches (FBB)



✓ Strategic Partner



✓ Representative Offices



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Growth in Regional Markets: Asset-Light Regional Expansion into AEC+3

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



Physical Footprint



Digital Platform

X-Border Multi-Currency Settlement

X-Border THB Direct Settlement

X-Border Retail Payment



Partnership



Note:

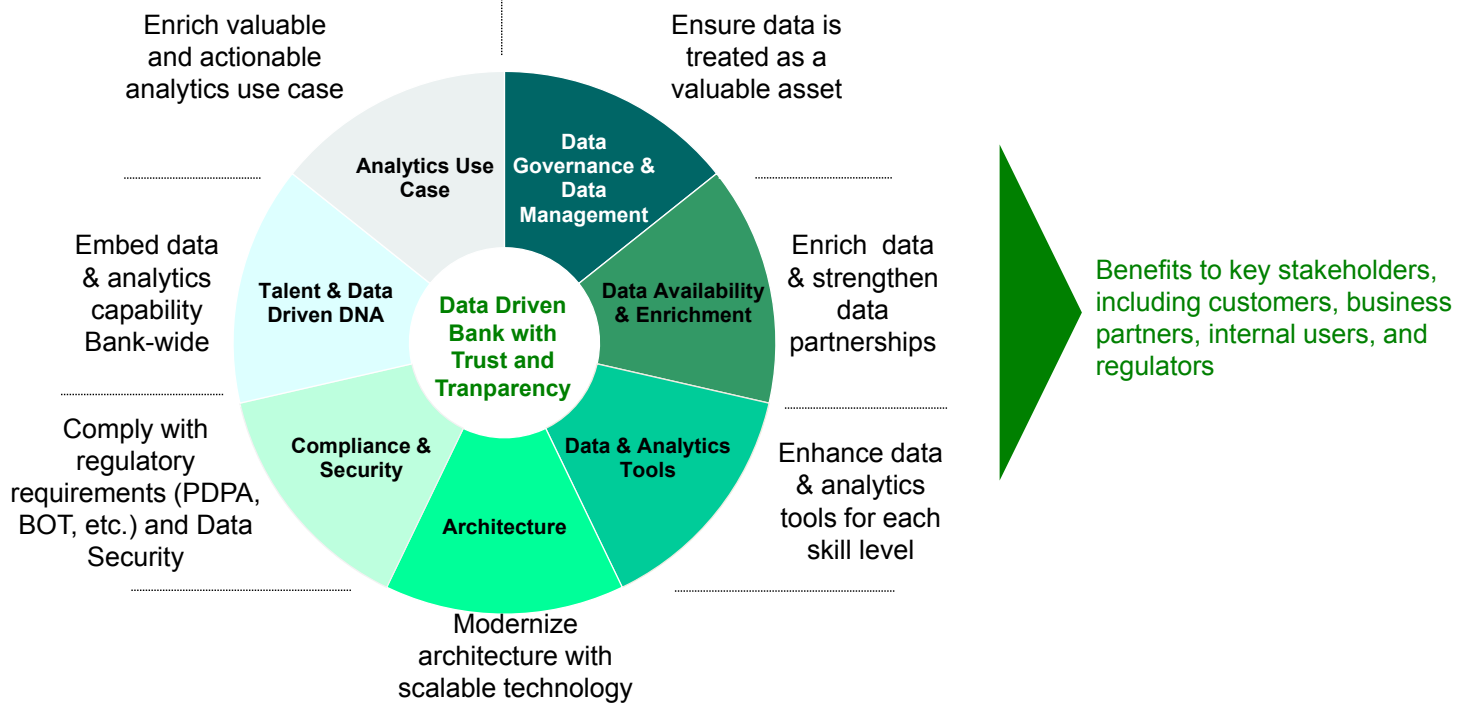
- Two subsidiary banks: KASIKORNTHAI BANK (Lao PDR) with two branches in Ponesinuan and Lane Xang, KASIKORNBANK (CHINA) with three branches in Shenzhen, Chengdu, Shanghai and one sub-branch in Long Gang
- Three international branches: Cayman Islands, Hong Kong, and Phnom Penh
- Seven representative offices: Beijing, Kunming, Tokyo, Yangon, Ho Chi Minh, Hanoi, and Jakarta
- One strategic partner in Indonesia: Maspion Bank
- Global partners with 76 banks in 14 countries: 51 Japanese partner banks; 10 Chinese partner banks; 1 Hong Kong bank; 2 Korean partner banks; 7 ASEAN partner banks (in Vietnam, Indonesia, Lao PDR, Cambodia, Philippines and Malaysia); 4 European regional banks (in Germany, Italy and Russia) and 1 Indian Bank (as of Dec, 2019)

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Data Analytics

- Enhancing business opportunity and operational efficiency, as well as enabling intelligence everywhere



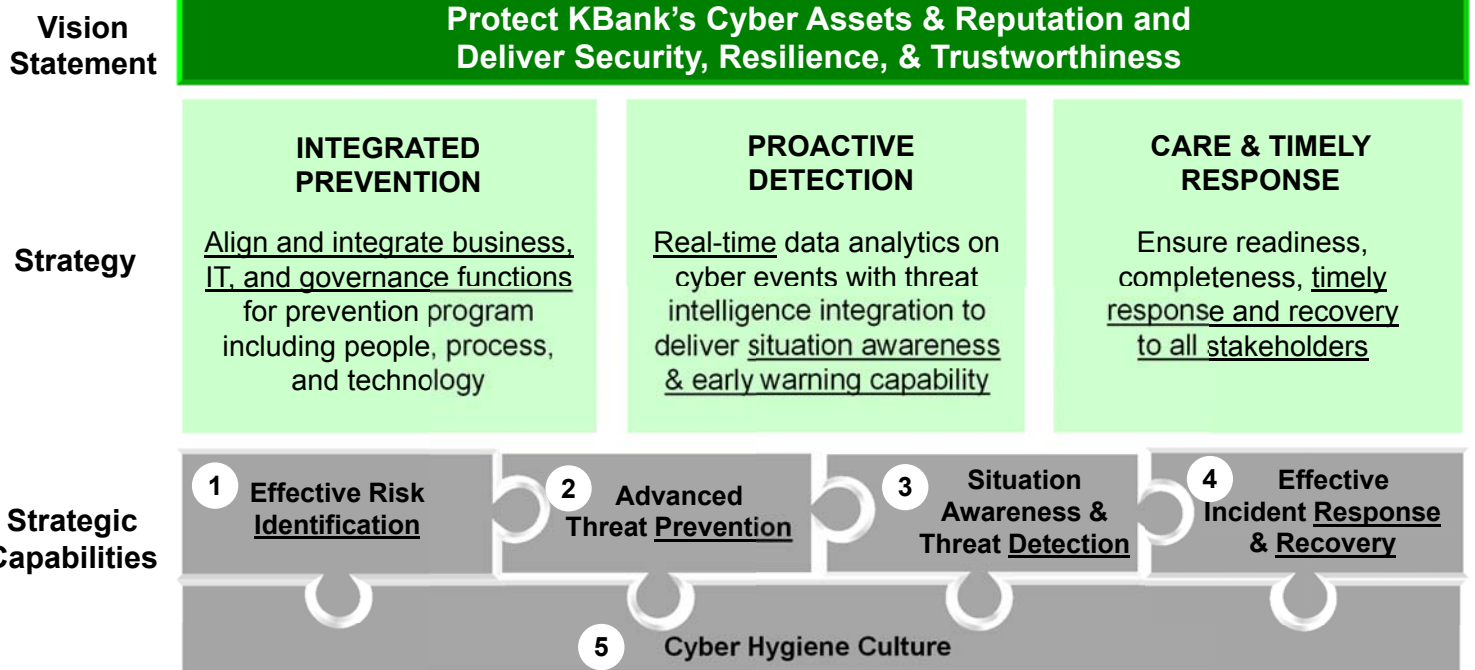
Note: PDPA = Thailand's Personal Data Protection Act; BOT = Bank of Thailand

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Cyber Security and IT Resilience

- Enhancing comprehensive cyber security and IT capabilities; addressing and aligning critical capabilities to fortify cyber security



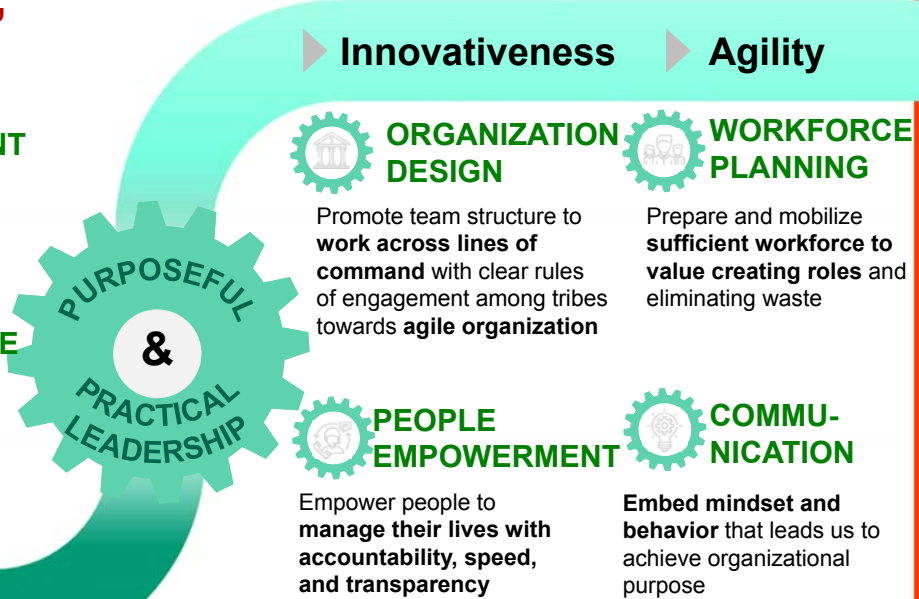
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Performing Talent and Agile Organization

- People-focused strategy promotes “Performing Talent” and “Agile Organization”

“PERFORMING TALENT”

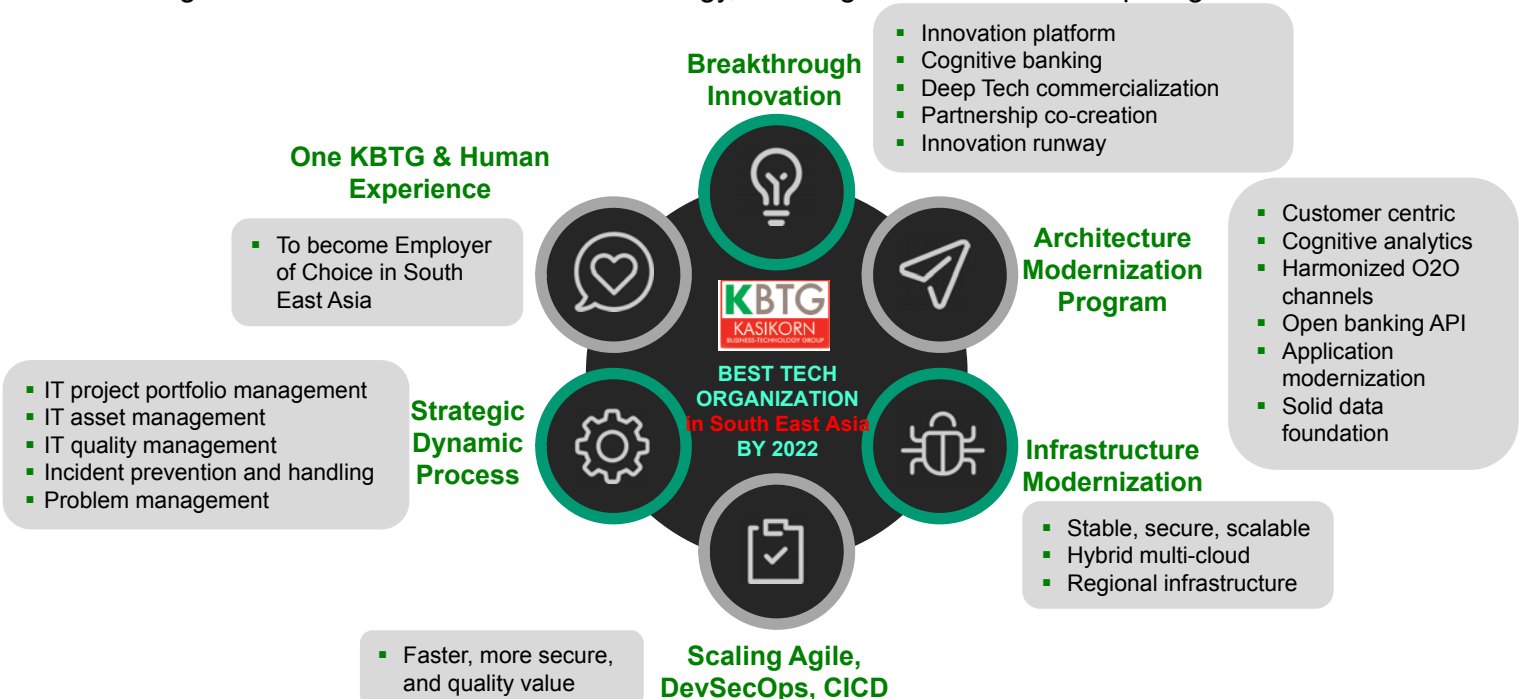


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35

KASIKORN BUSINESS – TECHNOLOGY GROUP (KBTG)

- Aiming to build modern world class technology, allowing KBank to be the Top Regional Financial Provider



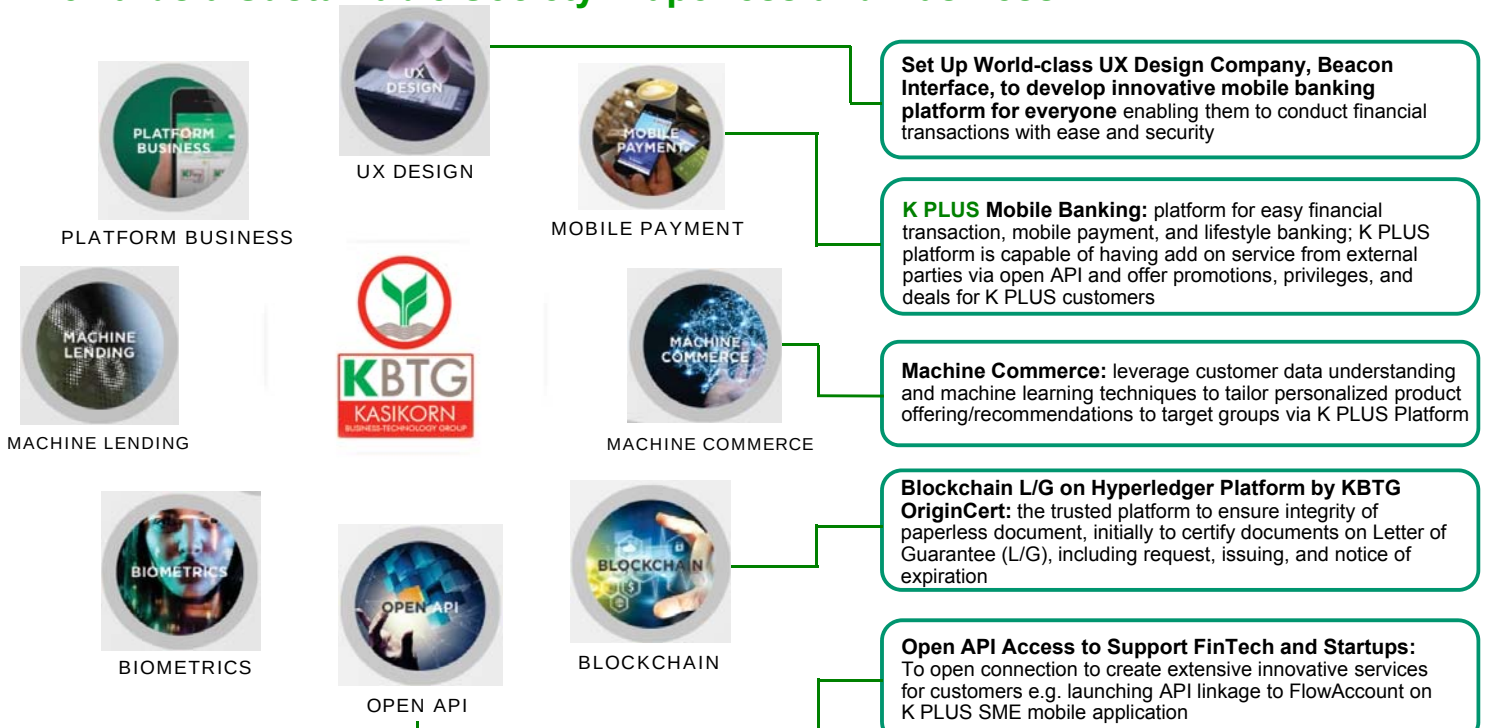
Note: O2O = Online to Offline/ Offline to Online; API = Application Programming Interface
DevSecOps = Development, Security, and Operation; CI/CD = Continuous Integration and Continuous Delivery

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KBTG Technology

Towards a Sustainable Society: Paperless and Cashless



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

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KBTG Structure



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

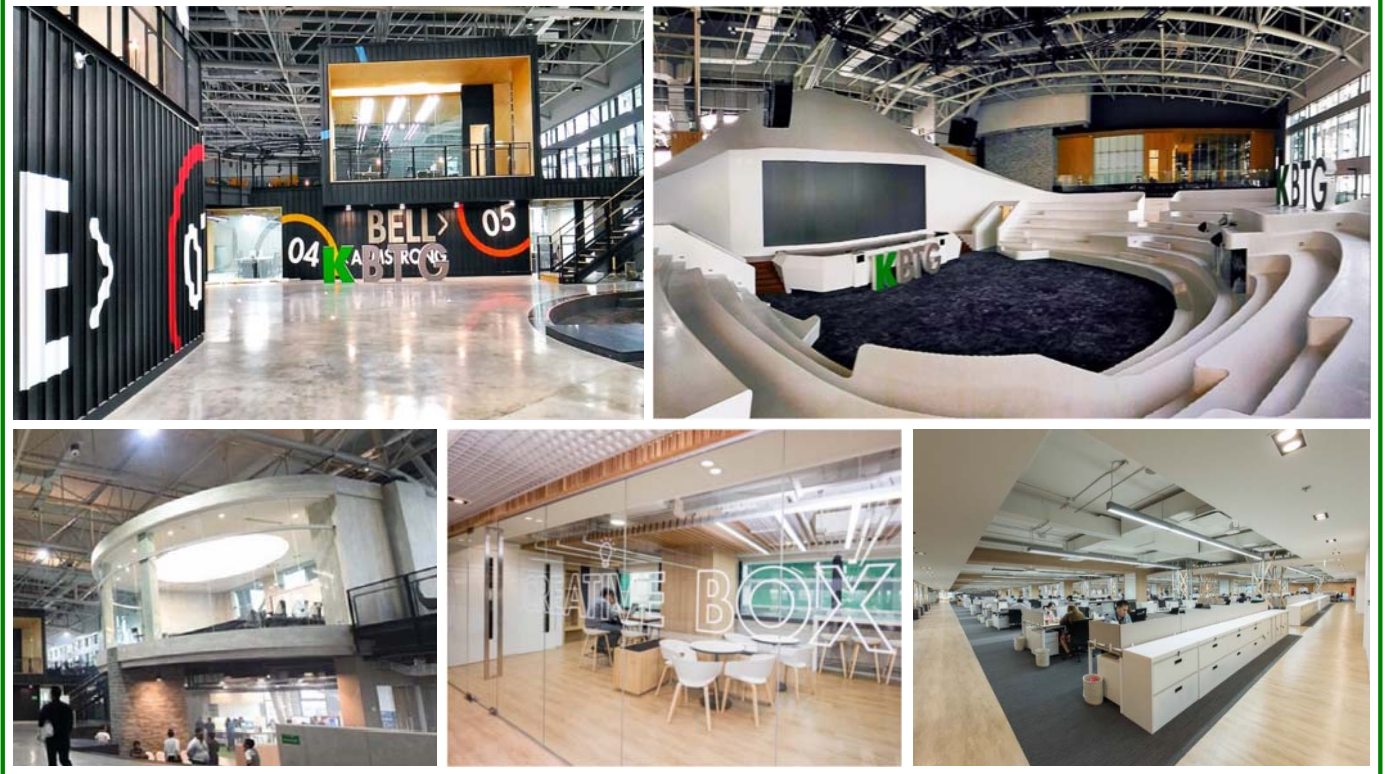


Note:
- KASIKORN BUSINESS – TECHNOLOGY GROUP established with 5 companies, as a wholly-owned subsidiary of KASIKORNBANK; included in the KASIKORNBANK FINANCIAL CONGLOMERATE, as approved by the BOT in October 2015
- Registered capital in each company at Bt5mn, except for KASIKORN SERVE at Bt10mn
- KASIKORN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

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KBTG: K-Stadium and Innovation Center



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KBank: Business Highlights

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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

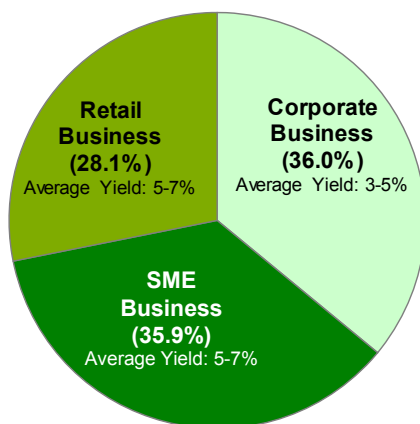
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Revenue by Business

December 2019 (Consolidated)

Loans Portfolio structure



Non-interest Income *



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

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

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Business Direction

Strategic Imperatives

- Lend successfully using data analytics
- Embed in select financially relevant ecosystems
- Ensure cyber security and data confidentiality

Corporate Business	SME Business	Retail Business
Trusted partner to enrich customer's businesses with best in class financial services and solutions <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"> Integrated business solutions, both financial and non-financial Digital banking for SME Data Analytic Lending 	Best Customer-Centric Bank <ul style="list-style-type: none"> Ecosystem orchestrator and harmonized channel to deliver anytime, anywhere experience Data-driven offerings, especially consumer finance
World Business	Private Banking Group	
Regional Digital Bank through 3-Track Regional Digital Expansion <ul style="list-style-type: none"> Track I: Conventional banking - acquire banking license & offer analytic-based lending in CLMVI and China Track II: Transactional and Digital Banking - digitize banking channel/services, become preferred operating bank and develop analytic capabilities Track III: Industry Solution & Ecosystem - provide digital platform for beyond banking solutions and own customers' accessibility 	International Comprehensive Wealth Management Services <ul style="list-style-type: none"> Cooperate with Lombard Odier to raise service and 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

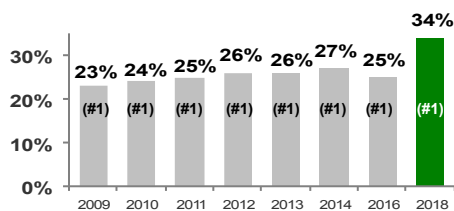
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Corporate Business: Performance and Market Position

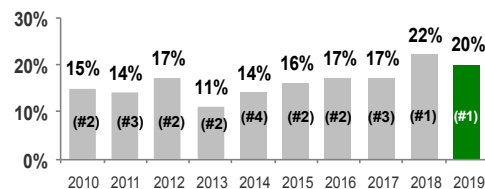
Multi-Corporate Business	Large Corporate Business	Medium Business	Small and Micro Business	High Net Worth Individual	Affluent	Middle Income	Mass
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Main Bank Status*



Source: KBank Customer Survey

Corporate Bond Underwriting



Source: The Thai Bond Market Association (ThaiBMA)

Performance and Market Position

- **Main Bank Status:** maintained **#1** ranking in 2018
- **Corporate Bond Underwriting:** ranked **#1** with 20% market share in 2019
- **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

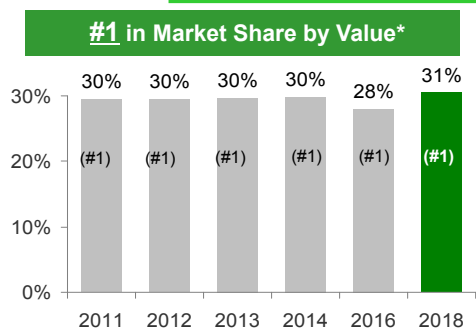
** MB = Multi-Corporate Business, CB = Large Corporate Business

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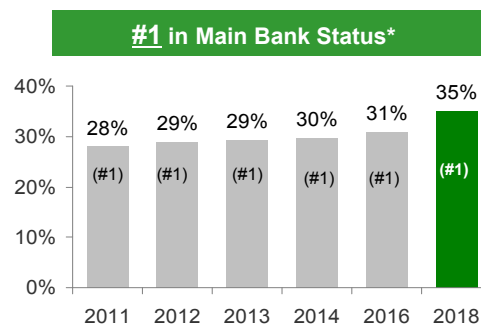
44

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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Source: KBank Customer Survey



Source: KBank Customer Survey

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 14,000 participants so far and 16 online courses with over 40,000 views in 2019), K SME Knowledge Center (established in 2009) and MADHUB (launched in 2019, providing one-stop services for online sellers: MADCARD, MADFUND, MADDEAL, MADCOURSE, MADSPACE and MADVISOR)

Note: - SME Business in Thailand accounts for 43.0% of Thailand's GDP, or Bt7.01trn (as of December 2018); 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

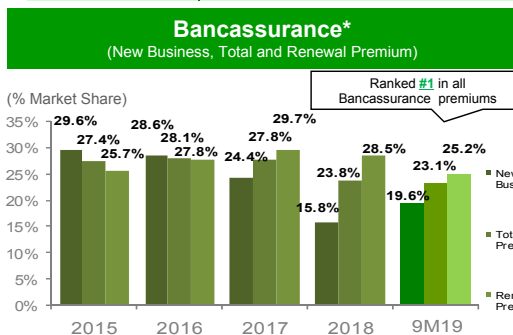
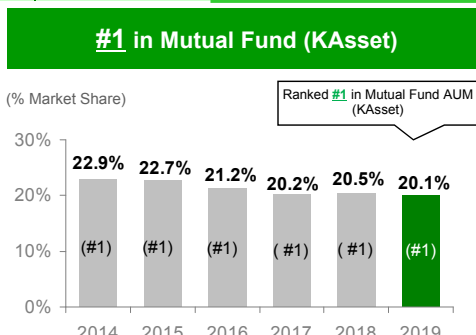
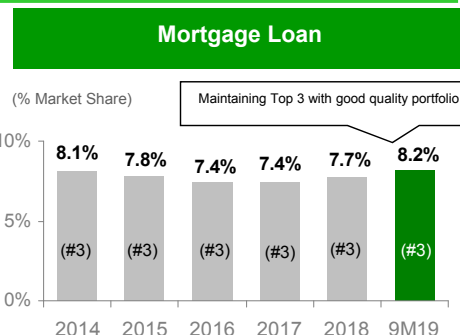
** Market share by value and main bank status in 2018 may not be comparable with those in previous years due to a new SME population base covering more SMEs with better data availability

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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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Performance and Market Position

- Strong Growth in Retail Segment:** Higher growth than market size in retail customers. KBank grew 3%YoY in 11M19 against stable market growth
- Bancassurance:** MTL ranked **#1** in all Bancassurance premiums in 9M19 with market share of new business, total and renewal premiums are 19.6%, 23.1% and 25.2%, respectively. Moreover, a variety of life and non-life products were offered to customers, together with alternative digital channel via K PLUS. MTL remains focused on all Bancassurance process improvements to align with BOT regulations on market conduct
- Fund Management Services**
 - Mutual Funds:** KAsset maintaining **#1** position since 2010, with highest market share at 20.1% in 2019; recognized with four 'best' awards in ASEAN from Asia Asset Management magazine: Best Pension Fund Manager (Thailand), Best Fund House (Thailand), Fund Launch of the Year (Thailand) and Best Investor Education (Thailand), together with Best Mutual Fund of the Year 2019 in the category of Global Equity for K Global Healthcare Equity Unhedged Fund (K-GHEALTH (UH)) from Money & Banking Magazine
- Mortgage Loans:** ranked in top 3, with 8.2% market share in 9M19; expansion into new groups of high potential customers, conservative growth together with building stronger partner relationships and maintaining good quality portfolio
- Credit Cards:**
 - Purchase spending:** ranked **#1**, with 19.8% market share in 11M19
 - Number of cards:** ranked **#2**, with 12.6% market share in 11M19
 - Card-accepting merchant services** (online & offline platforms): ranked **#1**, with more than 30% market share by sales volume in 11M19
- Debit Cards:**
 - #1** in total debit card spending with 39.0% market share in 8M19; maintaining top position by providing functions, features, security, and benefits to match customer lifestyles
 - Variety of cards and campaigns offered to promote greater card spending in several categories, such as travelling, online shopping, and food delivery, including the launch of new cards with attractive privileges for specific groups; i.e. JOURNEY Card, and KBank x BLACKPINK Card

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

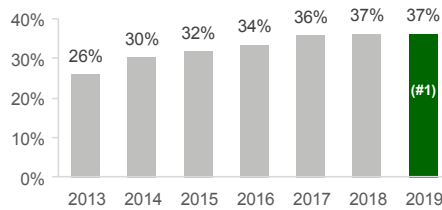
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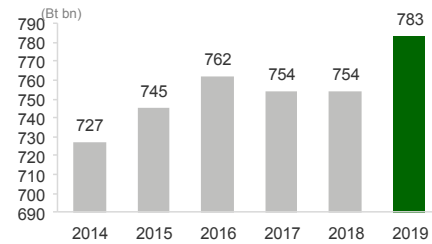
Private Banking Group: Performance and Market Position

Multi-Corporate Business	Large Corporate Business	Medium Business	Small and Micro Business	High Net Worth Individual*	Affluent	Middle Income	Mass
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Market Share (Market Penetration)



Assets Under Management (AUM)



Source: Private Banking Group (market share by number of customers)

Performance and Market Position

- **Market Penetration:** ranked **#1** with 37% market share (11,803 customers) and Bt783bn AUM in 2019
- **AUM Breakdown:** Investment 69% and Deposit 31%
- **Focus Customers (Type of Customer):**
 - Sophisticated customers (over 70% of total customers); Non-Sophisticated customers
- **Product Types and Services:**
 - Collaborate with Lombard Odier to develop innovative products; build capability via staff trainings and regular workshops; offer advisory services with close CIO collaborations; and offer referral offshore investment services
 - Key product and services:
 - Financial Products and Services: Investment Advisory
 - Non-Financial Products and Services: Family Wealth Planning & Real Estate
 - Others: Financial Event & Privilege

Note: * High Net Worth Individual = Individual wealth with KBank and its wholly-owned subsidiaries ≥ Bt50mn

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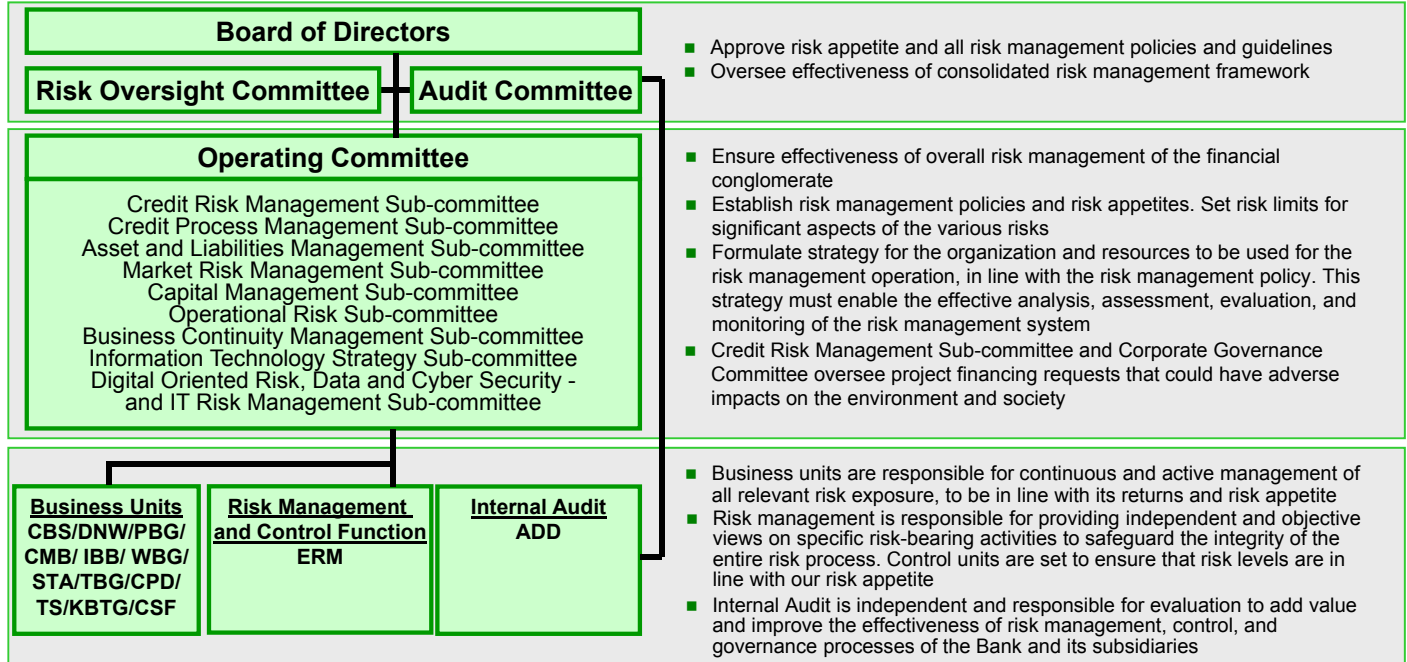
KBank: Risk and Credit Management

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KBank Risk Management Structure

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



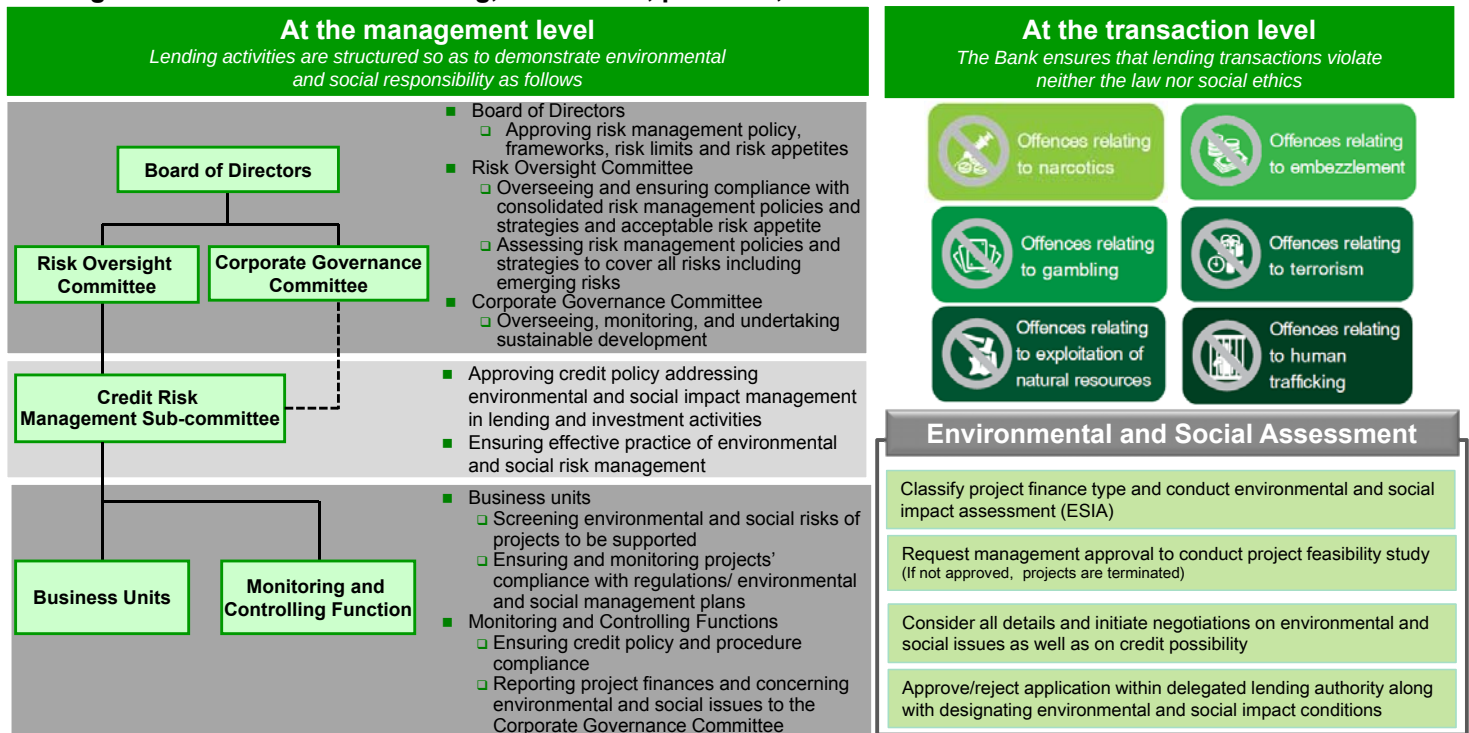
CBS = Corporate Business Division, DNW = Distribution Network Division, PBG = Private Banking Group, CMB = Capital Markets Business Division, IBB= Investment Banking Business Division, WBG = World Business Group, STA=Strategy and Analytics Division, TBG = Transaction Banking Division, CPD= Credit Products Division, TS = Central Treasury Department, CSF=Customer Service Fulfillment Division, KTBG = KASIKORN BUSINESS - TECHNOLOGY GROUP, ERM = Enterprise Risk Management Division, ADD=Audit Division

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Environmental, Social and Governance Risk Management

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



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KBank Credit Risk Management Process

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

Portfolio Management

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

Origination

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

Monitoring

- Monitor customer behavior and detect early warning signs
- Leverage National Credit Bureau information for effective credit monitoring
- Ensure credit condition compliance (e.g. insurance, capital injection, project progress)
- Take prompt action to prevent credit deterioration

Collection & Recovery

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

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KBank Credit Approval Process

Corporate

SME (Medium)

SME (Small & Micro)

Retails (Housing)

Retail (Unsecured Loans)

Credit Underwriting Dept.

Policy Lending

- Sufficiency of cash flow
- Growth trends and ability to compete
- Management experience and depth
- Leverage, Liquidity, and Asset Quality
- Credit Risk Mitigation
- Facilities Structure

SME Credit and Housing Loan Approval Dept.

Formula Lending

- Application Score
- FICO Score
- Bureau information/Credit history
- Debt service capacity
- LTV

Payment Service Fulfillment Department

Formula Lending

- Application Score
- FICO Score
- Bureau information/Credit history
- Debt service capacity

Credit Service Fulfillment Dept.

- Legal document
- Limit set up

Payment Service Fulfillment Department

- Legal document
- Limit set up

Bank-wide Risk Asset Review

- Customer Review by Relationship Manager (RM)
- Credit Portfolio Monitoring Unit to facilitate RM in customer monitoring
- Credit Clinic

Asset Quality Management Operation Dept.

- Automated collection system
- Efficiently utilize available behavior scoring and collection tools i.e. SMS, automated letter generation, phone

Note: FICO = Fair Isaac Corporation

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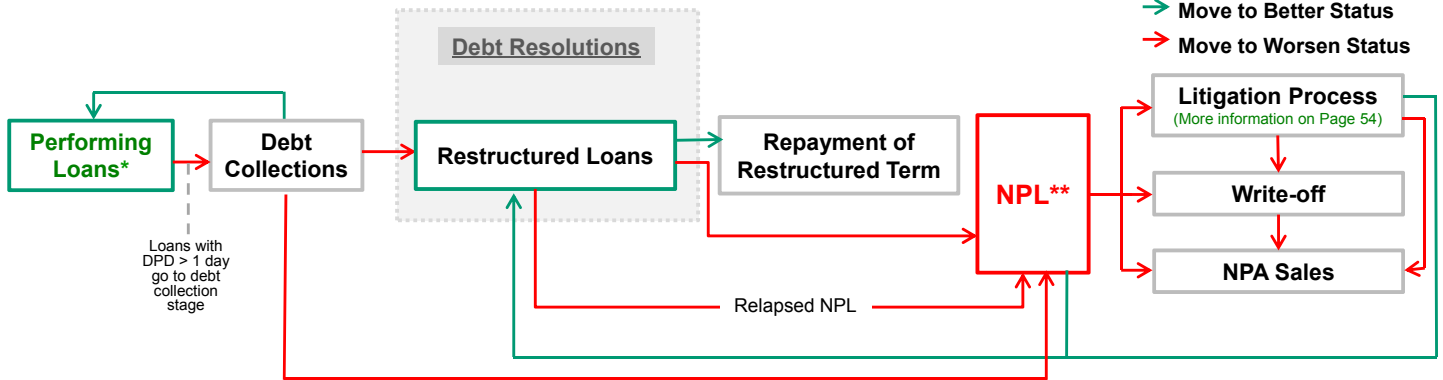
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KBank Credit Risk Management Process: Collection and Recovery

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:

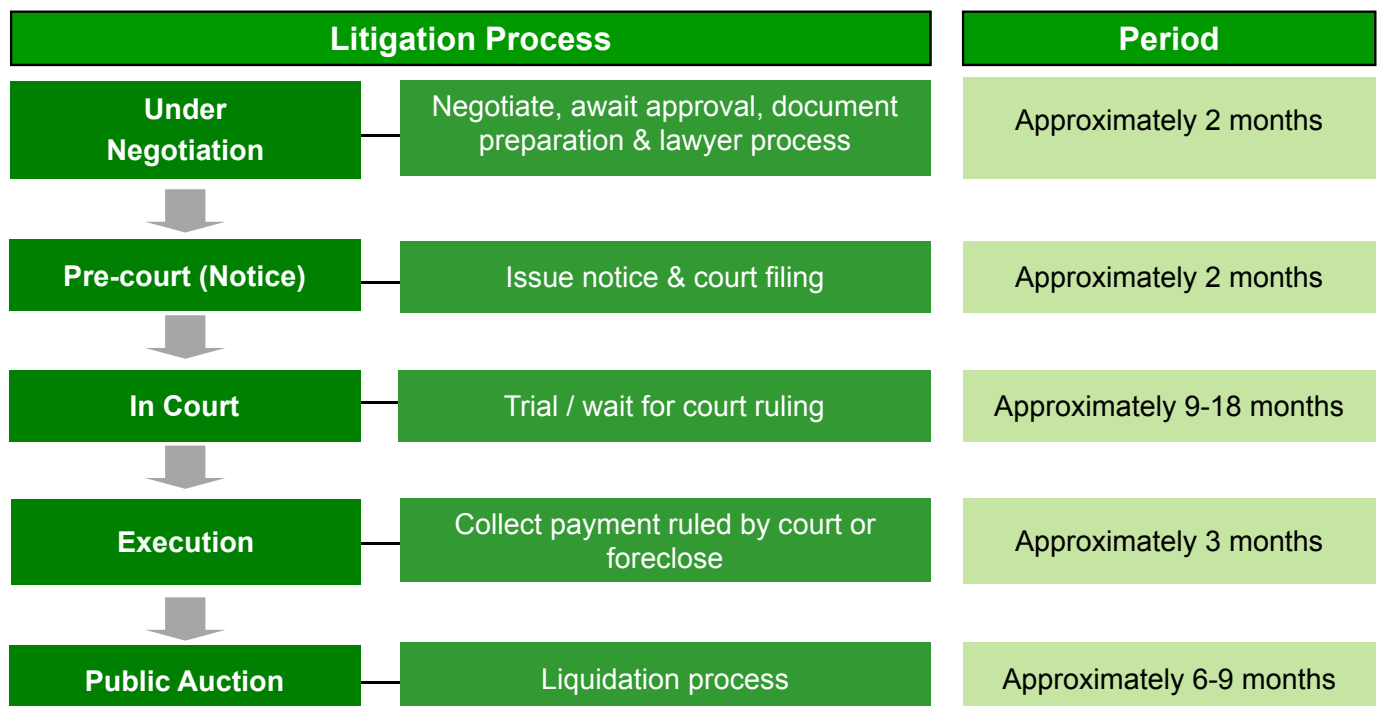
- * Performing loans = Pass Loans (loans passing the due date by less than 1 month) and Special Mention Loans (loans passing the due date by more than 1 month but not over 3 months)
- ** NPLs = Non-performing Loans = loans passing the due date by more than 3 months = Sub-standard Loans, Doubtful Loans, Doubtful of Loss Loans, and restructured loans classified as NPL

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Litigation Process

- Litigation process in Thailand takes about 2-3 years



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KBank Credit Cost Calculation

Credit Cost

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

Probability of Default (PD) Model Calibration

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

1) Observe Historical Default Rates:

Historical default rates over business cycle are observed

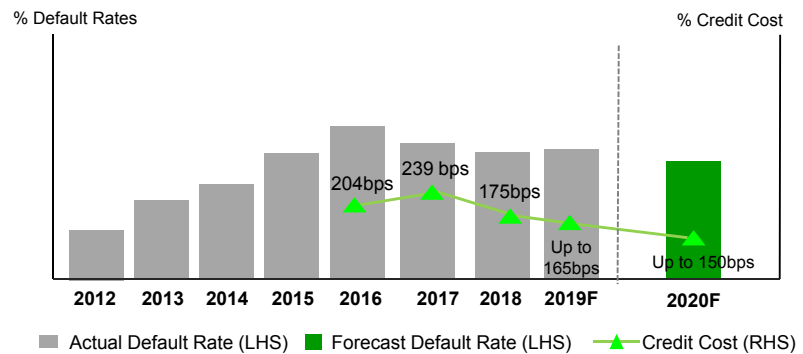
2) Calibrate PD Model

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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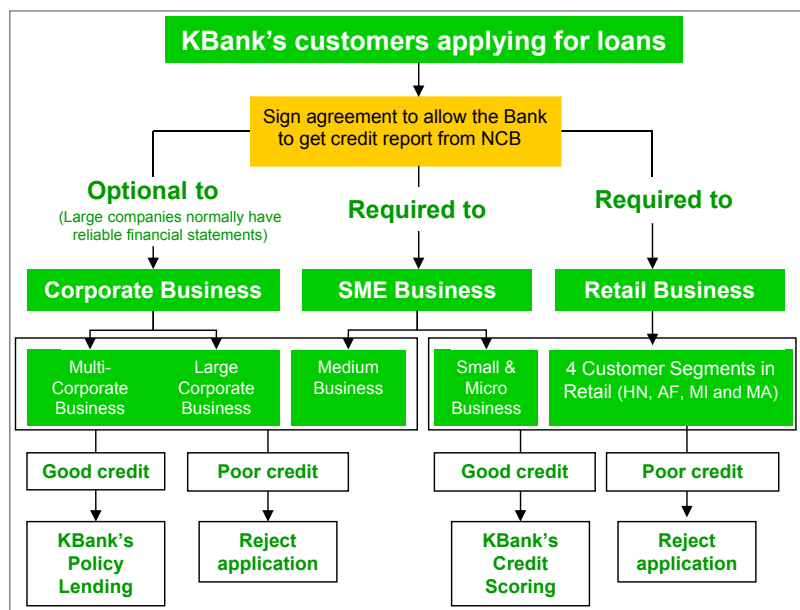
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Credit Bureau Summary

National Credit Bureau (NCB)*

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

KBank Practice



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

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KBank: Financial Performance

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Y2019 Performance Highlights

Consolidated	2018	1Q19	2Q19	3Q19	4Q19	2019
Net Profit (Bt bn)	38.46	10.04	9.93	9.95	8.80	38.73
Profitability						
- NIM	3.39%	3.32%	3.34%	3.34%	3.25%	3.31%
- ROE	10.61%	10.46%	10.08%	9.99%	8.72%	9.90%
- ROA	1.27%	1.27%	1.24%	1.23%	1.08%	1.20%
- YTD Loan growth	3.53%	0.04%	1.00%	1.80%	4.59%	4.59%
- YoY Loan growth	6.17%	4.07%	5.16%	5.39%	4.59%	4.59%
- YoY Net fee income growth	(7.72%)	(17.33%)	(0.80%)	1.12%	4.69%	(3.61%)
- YoY Non-interest income growth	(9.17%)	(19.00%)	(16.03%)	20.85%	28.79%	1.51%
Cost control						
- Cost to income	43.96%	42.70%	45.02%	42.52%	50.75%	45.32%
Asset quality						
- NPL ratio	3.34%	3.44%	3.40%	3.53%	3.65%	3.65%
- Credit Cost	1.75%	1.58%	1.57%	2.07%	1.74%	1.74%
- Coverage ratio	160.60%	158.78%	157.95%	153.58%	148.60%	148.60%
Loans to Deposits	95.94%	96.77%	96.42%	97.48%	96.62%	96.62%
Tier 1 Ratio	15.90%	15.73%	16.19%	16.76%	16.19%	16.19%
CAR	18.32%	18.12%	18.55%	19.10%	19.62%	19.62%

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

- Y2019 net profit increased 0.7% YoY, due to higher net interest income and non-interest income
- Loans grew 4.59% YoY, in line with economic growth; increase in retail lending using data analytics capability
- NIM was 3.31% in Y2019
- Non-interest income rose 1.51% YoY, mainly from one-time gain on investment; net fee income decreased 3.61% YoY, due mostly to fee waiver via digital channels and fees from card business
- Y2019 cost to income ratio was at 45.32%; continued focus on cost and productivity improvement
- NPL ratio was at 3.65% in Y2019, with 148.60% coverage ratio
- Capital base maintained

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Consolidated Financial Statements

	2017	2018	4Q18	1Q19	2Q19	3Q19	4Q19	2019
Interest income	119,337	123,922	31,980	31,966	32,622	33,024	32,566	130,178
Interest expenses	25,176	25,384	6,509	6,714	6,852	6,928	6,996	27,490
Interest income - net	94,161	98,538	25,471	25,252	25,770	26,096	25,570	102,688
Fee and service income	51,757	51,187	12,510	12,149	12,432	12,973	13,026	50,580
Fee and service expenses	10,451	13,070	3,524	3,419	3,286	3,516	3,619	13,840
Fee and service income - net	41,306	38,117	8,986	8,730	9,146	9,457	9,407	36,740
Total operating income	250,707	243,380	60,904	57,533	59,211	60,999	63,401	241,144
Underwriting expenses	93,851	87,897	22,887	20,040	19,808	19,131	21,674	80,653
Total operating income - net	156,856	155,483	38,016	37,493	39,403	41,868	41,727	160,491
Total other operating expenses	66,372	68,348	19,479	16,010	17,741	17,802	21,176	72,729
Impairment loss of loans and debt securities	41,810	32,532	8,508	7,579	7,547	10,060	8,825	34,012
Operating profit before income tax expenses	48,674	54,603	10,029	13,903	14,115	14,006	11,726	53,750
Income tax expenses	9,028	10,395	1,809	2,641	2,690	2,674	2,304	10,309
Net profit attributable:								
Equity holders of the Bank	34,338	38,459	7,033	10,044	9,929	9,951	8,802	38,727
Non-controlling interest	5,308	5,749	1,188	1,218	1,496	1,380	620	4,714
Statements of Financial Position (Bt mn)								
	2017	2018	4Q18	1Q19	2Q19	3Q19	4Q19	2019
Loans to customers (less deferred revenue)	1,802,783	1,914,073	1,914,073	1,914,835	1,933,232	1,948,492	2,001,956	2,001,956
Total Assets	2,900,841	3,155,091	3,155,091	3,150,641	3,256,294	3,240,134	3,293,889	3,293,889
Deposits	1,878,672	1,995,001	1,995,001	1,978,837	2,004,953	1,998,886	2,072,049	2,072,049
Total Liabilities	2,513,019	2,737,269	2,737,269	2,714,117	2,813,769	2,791,551	2,840,174	2,840,174
Total Equity attributable to equity holders of the Bank	348,625	376,298	376,298	391,898	395,840	401,045	406,358	406,358

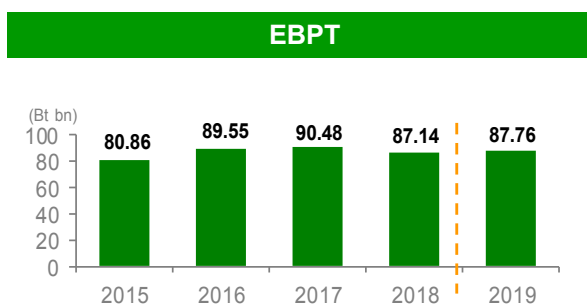
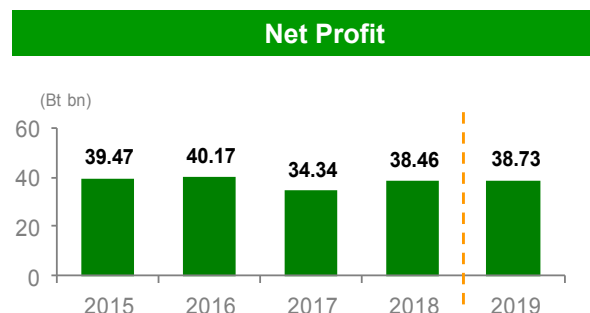
Notes: - KBank acquired additional ordinary shares in MTGH, to hold a 51% stake valued at Bt7,529mn; the MTGH Acquisition was completed on November 30, 2009. As the MTGH acquisition was completed on November 30, 2009, the Bank's consolidated financial statements from 2010 include the performance of companies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

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Earnings Before Provision and Tax (EBPT) and Net Profit

December 2019 (Consolidated)



- Y2019 net profit increased 0.70% YoY and EBPT rose 0.72%, due to higher net interest income and non-interest income

	2015	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19
EBPT (Bt bn)	80.86	89.55	90.48	87.14	87.76	21.48	21.66	24.07	20.55
EBPT Growth (% YoY)	4.69%	10.75%	1.05%	(3.70%)	0.72%	(5.86%)	(9.47%)	10.14%	10.86%
Net Profit (Bt bn)	39.47	40.17	34.34	38.46	38.73	10.04	9.93	9.95	8.80
Net Profit Growth (% YoY)	(14.47%)	1.77%	(14.53%)	12.00%	0.70%	(6.70%)	(9.05%)	2.13%	25.16%

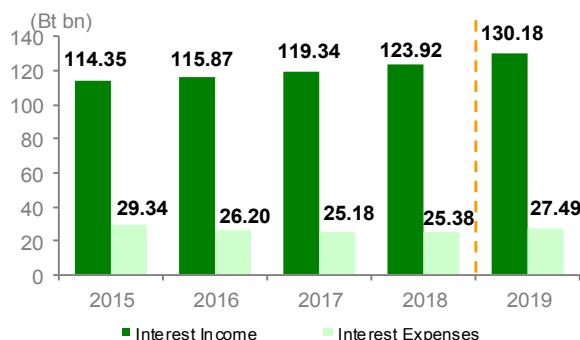
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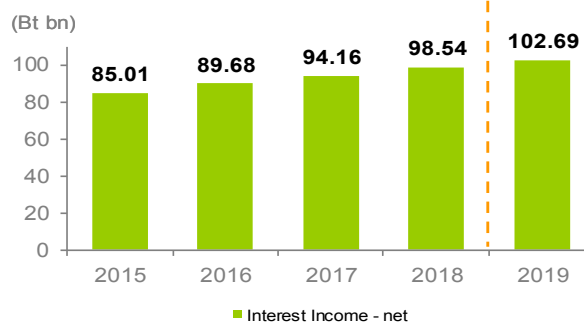
Interest Income - net

December 2019 (Consolidated)

Interest Income and Interest Expenses



Interest Income - net



■ Y2019 net interest income grew 4.21% YoY

	2015	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19
Interest Income (Bt bn)	114.35	115.87	119.34	123.92	130.18	31.97	32.62	33.02	32.57
Interest Expenses (Bt bn)	29.34	26.20	25.18	25.38	27.49	6.72	6.85	6.93	7.00
Interest Income - net (Bt bn)	85.01	89.68	94.16	98.54	102.69	25.25	25.77	26.10	25.57
Interest Income - net (% Growth YoY)	2.26%	5.49%	5.00%	4.65%	4.21%	6.57%	5.76%	4.37%	0.39%

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

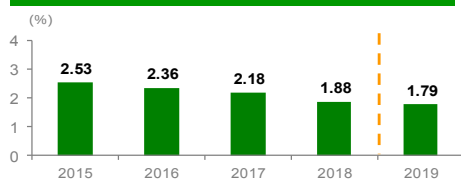
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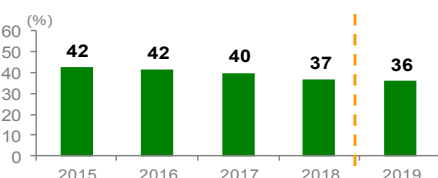
Non-interest Income and Structure

December 2019 (Consolidated)

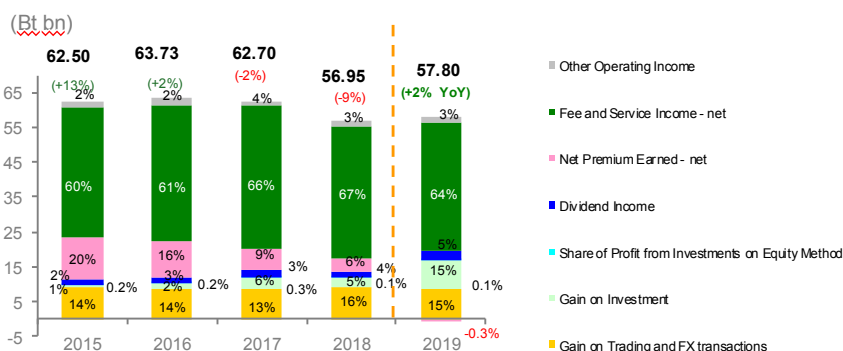
Non-interest Income to Average Assets



Non-interest Income Ratio



Non-interest Income Structure



■ Y2019 non-interest income rose 1.51% YoY, mainly from one-time gain on investment

	2015	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19
Non-interest Income (Bt bn)	62.50	63.73	62.70	56.95	57.80	12.24	13.63	15.77	16.16
Non-interest Income Growth (%YoY)	12.57%	1.96%	(1.62%)	(9.17%)	1.51%	(19.00%)	(16.03%)	20.85%	28.79%
Non-interest Income Ratio (%)	42.37	41.54	39.97	36.62	36.02	32.65	34.60	37.67	38.72

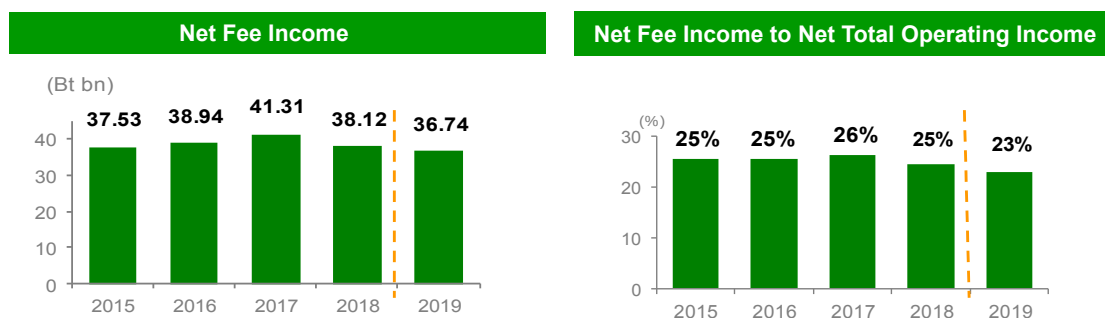
Note: - Non-interest Income Ratio = Non-interest Income/Total Operating Income - net
- Net Premium Earned - net = Net Premium Earned less Underwriting Expense
- The Bank and its subsidiaries have adopted TFRIC 13: Customer Loyalty Programmes since January 1, 2014 onwards

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Net Fee Income

December 2019 (Consolidated)



- Y2019 net fee income dropped 3.61% YoY, due mainly to fee waiver via digital channels and fee from card related business
- Net fee income to net total operating income was 22.89% in Y2019

	2015	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19
Fee Income (Bt bn)	46.41	48.63	51.76	51.19	50.58	12.15	12.43	12.97	13.03
Fee Income-net (Bt bn)	37.53	38.94	41.31	38.12	36.74	8.73	9.15	9.46	9.41
Fee Income Growth (%YoY)	8.72%	4.78%	6.43%	(1.10%)	(1.19%)	(9.80%)	(0.47%)	2.02%	4.12%
Net Fee Income Growth (%YoY)	10.55%	3.78%	6.07%	(7.72%)	(3.61%)	(17.33%)	(0.80%)	1.12%	4.69%
Net Fee Income to Net Operating Income Ratio (%)	25.44	25.39	26.33	24.52	22.89	23.28	23.21	22.59	22.54

Note:

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

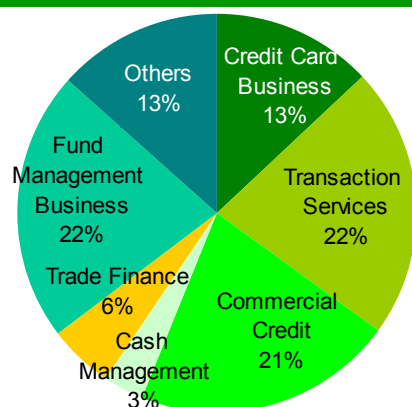
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Net Fee Income Structure (Consolidated)

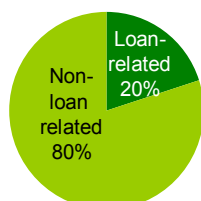
December 2019

Net Fee Income by Product



- **Credit Card Business** (mainly from credit card, merchant fees)
- **Transaction Services** (such as ATM & debit cards, bill payments, money transfers, etc.)
- **Commercial Credit** (mainly from commercial credit related fees)
- **Cash Management** (such as fees from payroll accounts)
- **Trade Finance**
- **Fund Management Business** (mainly from mutual fund and securities service fees)
- **Others** (such as brokerage fee, capital market business, etc.)

Loan Related and Non-loan Related Fees - net



Note:

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

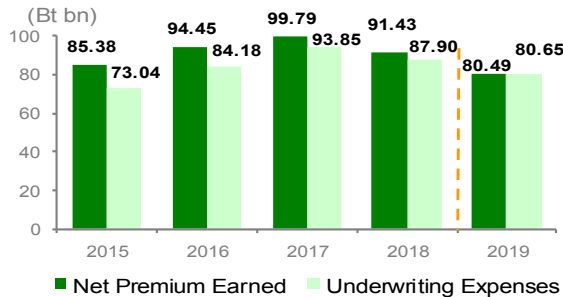
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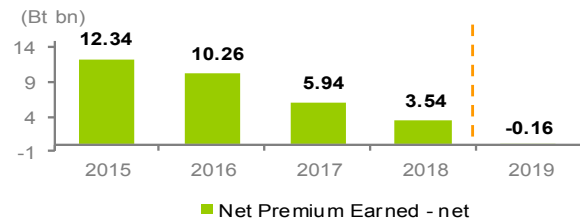
Net Premium Earned - net

December 2019 (Consolidated)

Net Premium Earned and Underwriting Expenses



Net Premium Earned - net *



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

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

	2015	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19
Net Premium Earned (Bt bn)	85.38	94.44	99.79	91.43	80.49	20.08	20.37	19.53	20.51
Underwriting Expenses (Bt bn)	73.04	84.18	93.85	87.90	80.65	20.04	19.81	19.13	21.67
Net Premium Earned - net (Bt bn)	12.34	10.26	5.94	3.54	(0.16)	0.04	0.56	0.40	(1.16)
Net Premium Earned (% Growth YoY)	16.82%	10.62%	5.65%	(8.37%)	(11.97%)	(18.82%)	(16.67%)	4.94%	(13.26%)
Underwriting Expenses (% Growth YoY)	19.11%	15.26%	11.49%	(6.34%)	(8.24%)	(15.20%)	(12.68%)	2.34%	(5.30%)
Net Premium Earned - net (% Growth YoY)	4.86%	(16.83%)	(42.17%)	(40.41%)	(104.63%)	(96.75%)	(68.10%)	601.85%	(253.22%)

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

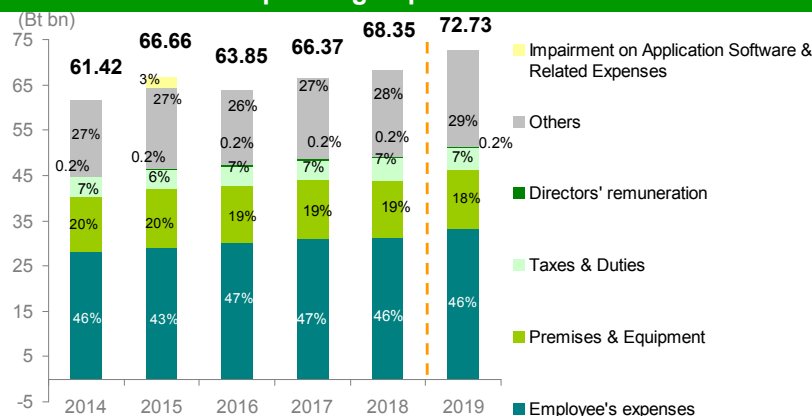
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Other Operating Expenses

December 2019 (Consolidated)

Other Operating Expenses Structure



■ Y2019 other operating expenses increased 6.41% YoY, resulting mainly from branding and marketing campaigns

	2015	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19
Other Operating Expenses (Bt bn)	66.66	63.85	66.37	68.35	72.73	16.01	17.74	17.80	21.18
Other Operating Expenses Growth (%YoY)	8.53%	(4.20%)	3.94%	2.98%	6.41%	0.13%	6.39%	9.86%	8.71%

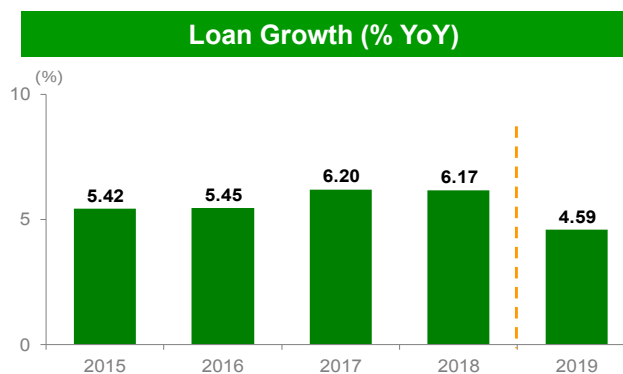
Note: The Bank and its subsidiaries have adopted TFRIC 13: Customer Loyalty Programmes since January 1, 2014 onwards

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Loan Growth

December 2019 (Consolidated)



- Sensible loan growth in line with economic growth; increase in retail lending using data analytics capability

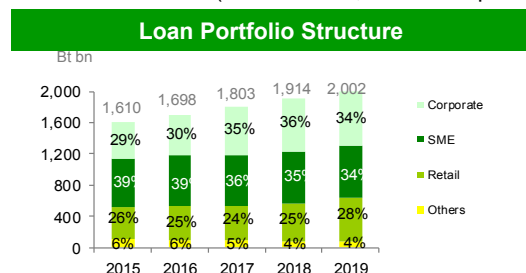
	2015	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19
Loans (Bt bn)	1,610	1,698	1,803	1,914	2,002	1,915	1,933	1,948	2,002
Loan Growth (% YoY)	5.42%	5.45%	6.20%	6.17%	4.59%	4.07%	5.16%	5.39%	4.59%
Loan Growth (% YTD)	5.42%	5.45%	6.20%	6.17%	4.59%	0.04%	1.00%	1.80%	4.59%

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Loan Structure and Loan Growth Targets

December 2019 (Consolidated, TFRS 8: Operating Segments*)



Loan Portfolio							
Consolidated	Amount (Bt bn)		Y2018 Loan Growth (%)	Y2019 Loan Growth (%YTD)	Y2019 Yield Range (%)	Loan Growth Target (%)	
	Dec18*	Dec19				2019	2020
Corporate Loans	683	691	9.4%	1.2%	3-5%	3-5%	2-4%
SME Loans	661	672	2.2%	1.7%	5-7%	2-4%	1-3%
Retail Loans	488	556	9.9%	13.9%	5-7%	9-12%	9-11%
Other Loans	82	83	(6.3%)	1.5%			
Total Loans	1,914	2,002	6.2%	4.6%	5.3%	5-7%	4-6%

Note: * From time to time, the Bank has adjusted loan definitions based on loan portfolio management; thus, the latest 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

Y2018 Loan Growth Target (%): Corporate 6-8%; SME 4-6%; Retail 5-7%; Total Loans: 5-7%

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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Loan by Retail Products (All Segments)

December 2019 (Consolidated, TFRS 8: Operating Segments*)

Loan by Retail Products					
(Amount in Bt bn)	Dec18	Y2018 Loan Growth (%)	Dec19	Y2019 Loan Growth (%)	% Portion to Total Loan
Housing Loans	285	11.8	326	14.4	16.3
Credit Cards	79	0.9	86	8.7	4.3
Consumer Loans	62	10.5	78	24.9	3.9
KLeasing	108	11.4	115	6.2	5.7

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

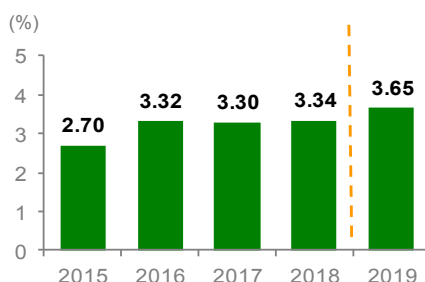
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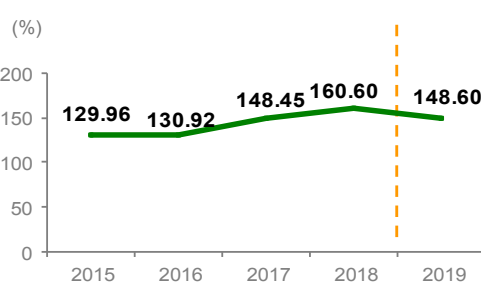
Asset Quality

December 2019 (Consolidated)

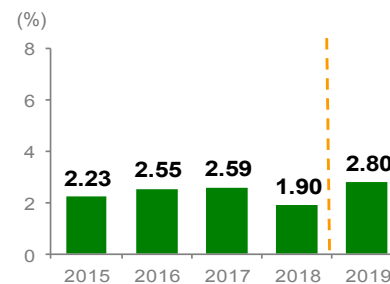
NPL Ratio



Coverage Ratio



SML* to Total Loans



- NPL ratio in Y2019 was at 3.65%
- Coverage ratio was 148.60%

	2015	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19
NPL Ratio (%)	2.70	3.32	3.30	3.34	3.65	3.44	3.40	3.53	3.65
Coverage Ratio (%)	129.96	130.92	148.45	160.60	148.60	158.78	157.95	153.58	148.60
SML to Total Loans Ratio (%)	2.23	2.55	2.59	1.90	2.80	2.51	2.50	2.36	2.80

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

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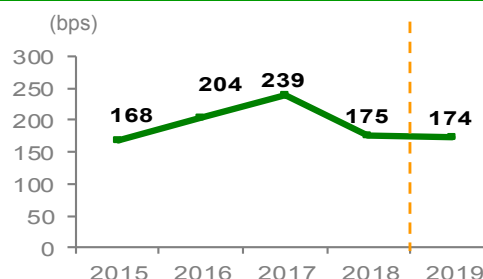
Impairment Loss on Loans and Debt Securities (Provision) and Credit Cost

December 2019 (Consolidated)

Impairment Loss of Loans and Debt Securities



Credit Cost



- Y2019 credit cost was 174bps, maintain prudence, adhere to a prudent financial policy; economic recovery slower than expected

	2015	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19
Impairment Loss of Loans and Debt Securities (Bt bn)	26.38	33.75	41.81	32.53	34.01	7.58	7.55	10.06	8.83
Credit Cost (bps)	168	204	239	175	174	158	157	207	179

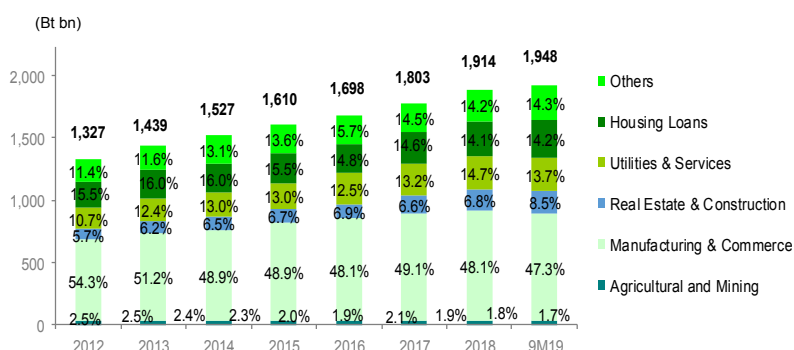
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Loan Portfolio Breakdown by Industry, Currencies, and Interest Rate

September 2019 (Consolidated)

Loan Portfolio by Industry (September 2019)*



Definition of Loans

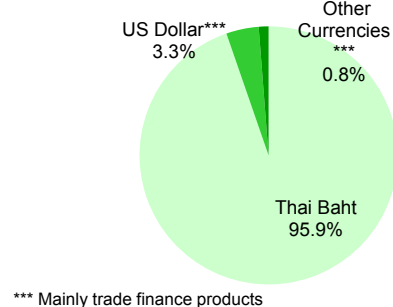
- 1) by industry = Gross loans = Loans to customers less deferred revenue
- 2) by currency = Loans to customers and AIR - net
- 3) by maturity of interest repricing = Loans to customers less deferred revenue

Loans by Bangkok and Metropolitan vs. Upcountry

Proportion of KBank's Outstanding Loans	2014	2015	2016	2017	2018	9M19
Bangkok and Metropolitan	64%	64%	63%	64%	62%	60%
Upcountry	36%	36%	37%	36%	38%	40%

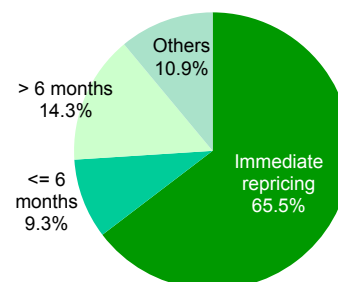
Note: * The data as of December 2019 is not available until the release of the audited financial statements
The information on loans breakdown by currencies and maturity of interest repricing are disclosed on half year basis

By Currencies (June 2019)*



*** Mainly trade finance products

By Maturity of Interest Repricing (June 2019)*



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Proactive risk management to counter economic slowdown and high household debt

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

Corporate Business	SME Business	Retail Business
<ul style="list-style-type: none"> Focus on high potential industries less impacted by economic slowdown Closely monitor customers in high risk industries and supply chains <ul style="list-style-type: none"> Actively monitor early warning signs Promptly respond to adverse events 	<ul style="list-style-type: none"> Selective on quality of customers Proactive risk management by visiting customers; raise productivity of sales teams and relationship managers Efficient collection process 	<ul style="list-style-type: none"> Focus on high-value customers regarding prevailing BOT regulations Proactive and efficient collection process Analyze behavior regularly to identify weak spots

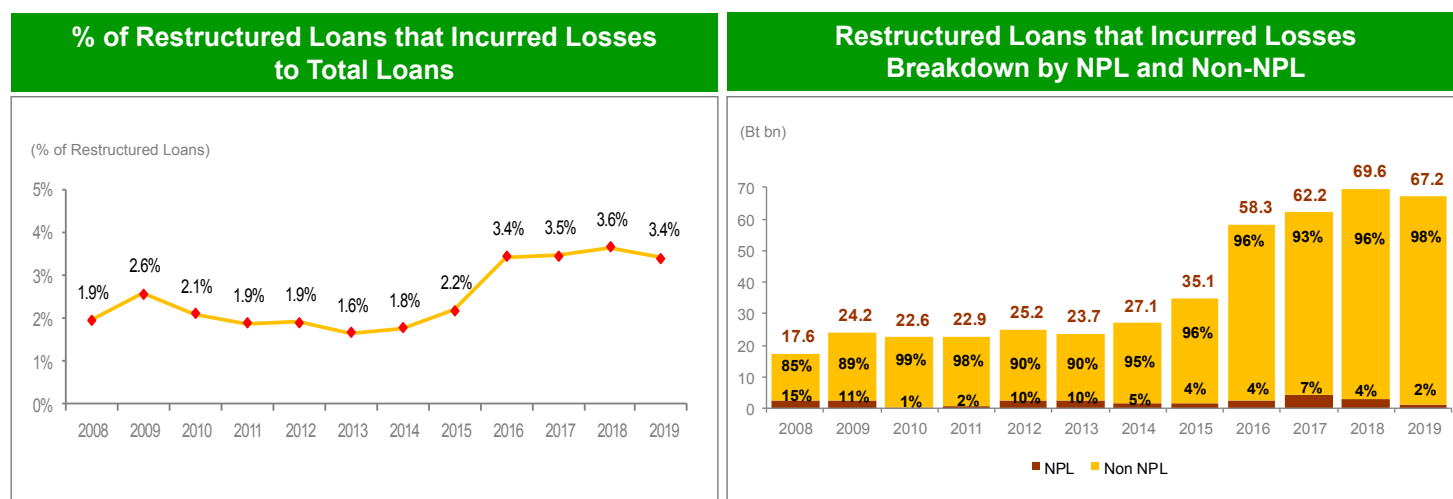
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Restructured Loans Incurred Losses

December 2019 (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

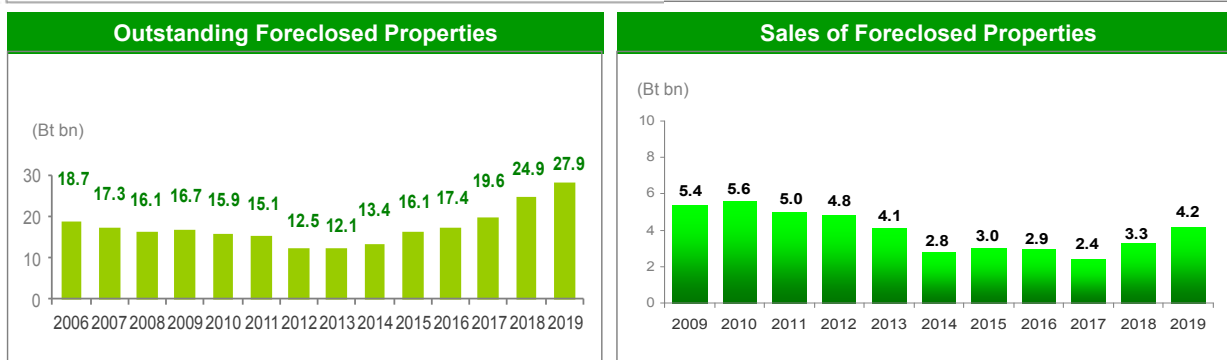


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Bad Assets Resolution

December 2019 (Consolidated)

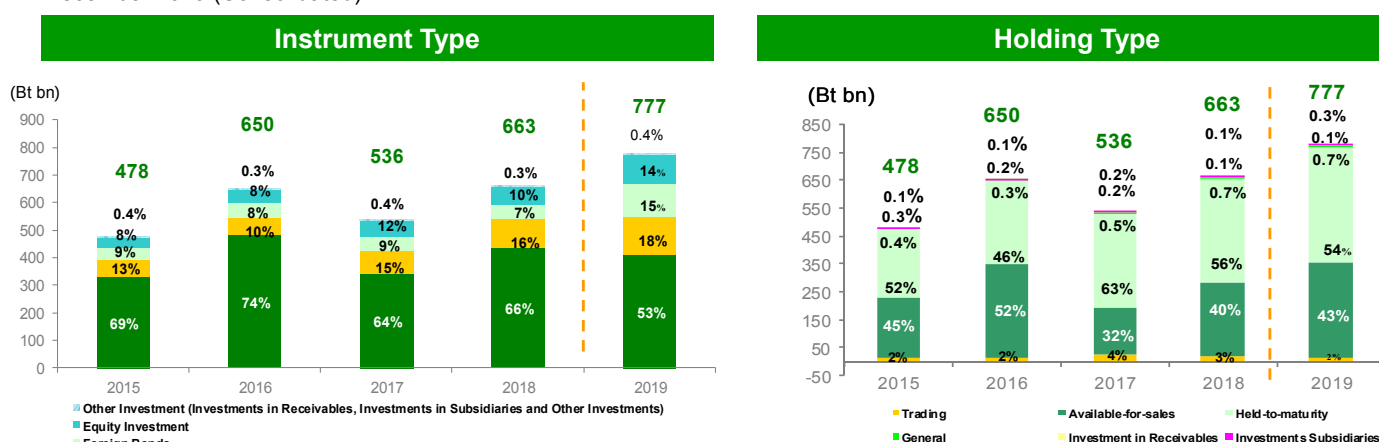


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Investment in Securities Portfolio and Structure

December 2019 (Consolidated)



- 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

	2015	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19
Investment Portfolio (Bt bn)	478	650	536	663	777	706	778	771	777
Investment Portfolio (% Growth YoY)	(15.83%)	36.10%	(17.52%)	23.51%	17.22%	35.03%	27.66%	16.76%	17.22%

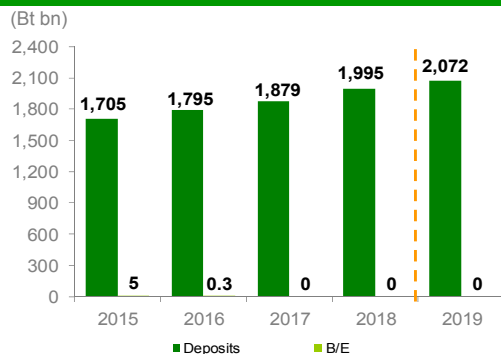
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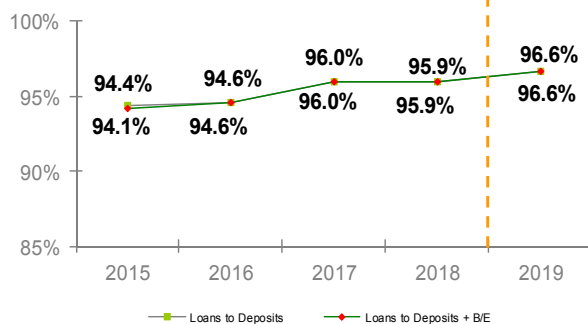
Deposits Growth and Loans to Deposits Ratio

December 2019 (Consolidated)

Deposits & B/E



Loans to Deposits Ratio



Deposits and Loans to Deposits Ratio maintained at stable level

	2015	2016	2017	2018	2019	1Q19	2Q19	3Q19	4Q19
Deposits (Bt bn)	1,705	1,795	1,879	1,995	2,072	1,979	2,005	1,999	2,072
Deposits (% YoY)	4.6%	5.2%	4.7%	6.2%	3.9%	2.1%	5.4%	4.0%	3.9%
Deposits (% YTD)	4.6%	5.2%	4.7%	6.2%	3.9%	-0.8%	0.5%	0.2%	3.9%
Loans to Deposits Ratio (%)	94.4%	94.6%	96.0%	95.9%	96.6%	96.8%	96.4%	97.5%	96.6%

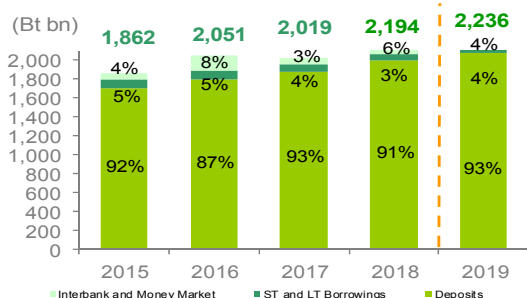
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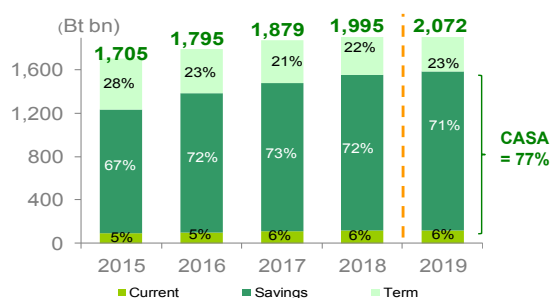
Funding Structure and Interest Rate Movement

December 2019 (Consolidated)

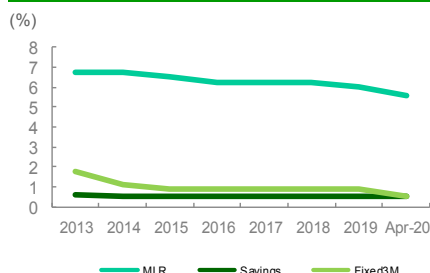
Funding Structure



Deposit Structure



KBank Interest Rate Movement (Retail customers)



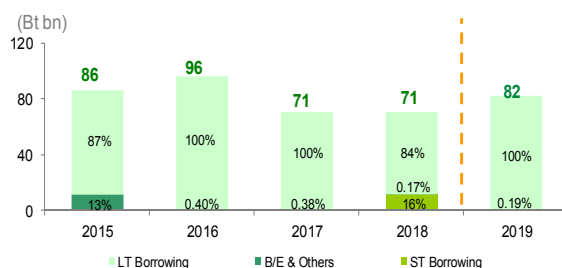
Deposit Rates (Mar 24, 2020)

Savings	0.50
Fixed 3M-12M	0.50-0.65
Fixed 24M-36M	0.75-0.85

Lending rates (Apr 10, 2020)

MLR	5.60%
MOR	6.22%
MRR	6.10%

ST and LT Borrowings



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Long-term Senior/Subordinated Debentures

Issue Date	Name	Type	Feature	Amount	Maturity Years	Interest Rate (Per annum)	PP/PO	Interest Payment period	Credit Rating
Long-term Subordinated Debentures									
02/10/2019	Tier II Subordinated Notes due 2031	Unsecured	12NC7	USD800mn	12 years (02/10/2031)	3.343%	-	Semi-annually	Baa3 by Moody's BBB by Fitch Ratings
14/07/2016	Subordinated Instruments intended to qualify as Tier 2 Capital of KASIKORNBANK PCL No.1/2016 due 2027	Unsecured	10.5NC5.5	Bt7,500mn	10.5 years (14/01/2027)	3.50%	PP	Quarterly	AA (tha) by Fitch Ratings
09/10/2015	Subordinated Instruments intended to qualify as Tier 2 Capital of KASIKORNBANK PCL No.1/2015 due 2026	Unsecured	10.5NC5.5	Bt6,500mn	10.5 years (09/04/2026)	3.95%	PP	Quarterly	AA (tha) by Fitch Ratings
03/10/2014	Subordinated Instruments intended to qualify as Tier 2 Capital of KASIKORNBANK PCL No.1/2014 due 2025	Unsecured	10.5NC5.5	Bt14,000mn	10.5 years (03/04/2025)	5.00%	PP	Quarterly	AA (tha) by Fitch Ratings
Long-term Senior Debentures									
07/12/2018	Floating Rate Notes due 2023	Unsecured	-	USD15mn	5 Years (07/12/2023)	3m Libor+0.95%	-	Quarterly	-
30/10/2018	Floating Rate Notes due 2023 (Sustainability Bond)	Unsecured	-	USD100mn	5 Years (30/10/2023)	3m Libor+0.95%	-	Quarterly	-
12/01/2018	Senior Unsecured Notes due 2023	Unsecured	-	USD400mn	5.5 Years (12/07/2023)	3.256%	-	Semi-annually	Baa1 by Moody's BBB+ by S&P BBB+ by Fitch Ratings
06/10/2016	Senior Unsecured Notes due 2022	Unsecured	-	USD400mn	5.5 Years (06/04/2022)	2.375%	-	Semi-annually	Baa1 by Moody's BBB+ by S&P BBB+ by Fitch Ratings
26/08/2015	Floating Rate Notes due 2021	Unsecured	-	USD10mn	5.5 Years (26/02/2021)	3m Libor+1.00%	-	Quarterly	-

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

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

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

Y2019

	KAset EST. 1992	KResearch EST. 1995	KSecurities EST. Jul 2005	KLeasing EST. Aug 2005	KF&E EST.1990
Company Name	KASIKORN ASSET MANAGEMENT CO., LTD.	KASIKORN RESEARCH CENTER CO., LTD.	KASIKORN SECURITIES PCL	KASIKORN LEASING CO., LTD.	KASIKORN FACTORY AND EQUIPMENT CO., LTD.
Company Profile	A leader in fund management business (i.e. mutual funds, provident funds, and private funds)	<ul style="list-style-type: none"> Professional in providing knowledge in economics, business, money, and banking Only research house which is an affiliate of a bank 	Professional in providing a complete range of 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	Bt2.75bn	Bt0.13bn	Bt20.73bn	Bt115.20bn	Bt23.08bn
Market Share	18%	N/A	3% (#14)	7%*	N/A
2019 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	7% 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

*KLeasing Market Share as of 9M19

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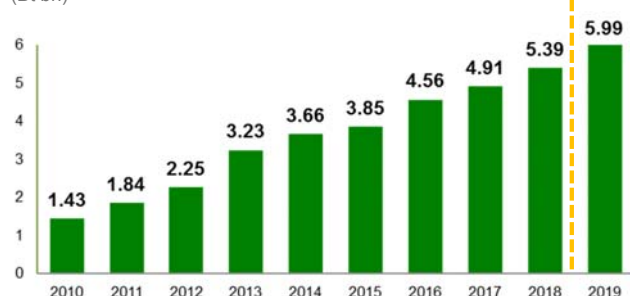
The wholly-owned subsidiaries of KBank: Y2019 Key Operating Performance

Y2019

	KAset EST. 1992	KResearch EST. 1995	KSecurities EST. Jul 2005	KLeasing EST. Aug 2005	KF&E EST.1990
Y2019 Key Operating Performance	Assets Under Management (AUM): Bt1.43trn (+3.73% YoY)	Most quoted research house in the media	<ul style="list-style-type: none"> Trading volume: Bt683bn Number of customers grew 15% YoY 	Outstanding loans: Bt114.77bn (+6.19% YoY)	Outstanding loans: Bt22.88bn (+12.26% YoY)

The wholly-owned subsidiaries of KBank: Net Profit

(Bt bn)



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

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

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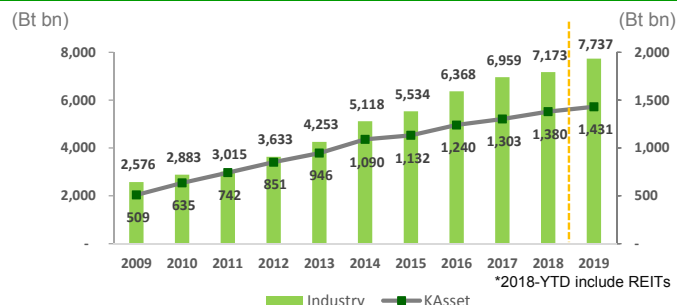
KAsset Highlights in 2019

December 2019

หลักทรัพย์จัดการกองทุนกสิกรไทย
开泰基金管理 KASIKORN ASSET MANAGEMENT



AUM (KAsset vs. Industry)



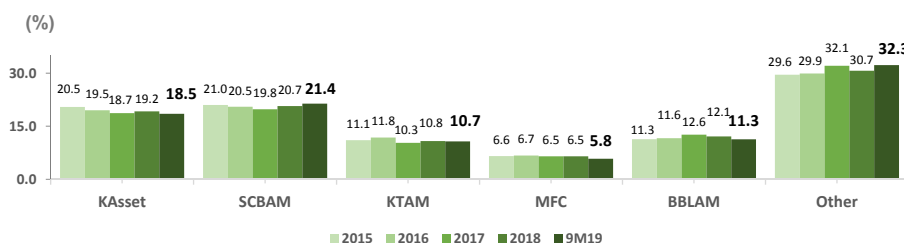
Industry Outlook:

- 2019 industry AUM at Bt7.74trn, increasing 7.85% YoY
- KAsset AUM at Bt1.43trn, growing 3.73% YoY

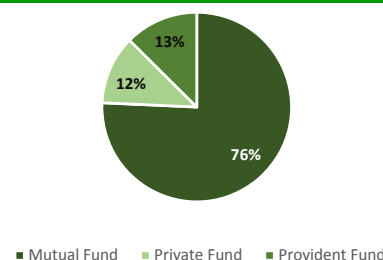
KAsset Highlights:

- Ranked **#1** in Mutual Fund and **#2** in Provident Fund with market share of 20.1% and 14.7%, respectively
- Ranked **#2** in total AUM with market share of 18.5%
- Mutual fund accounts for 76% of KAsset AUM

Market Share by AUM



KAsset AUM Breakdown by Type



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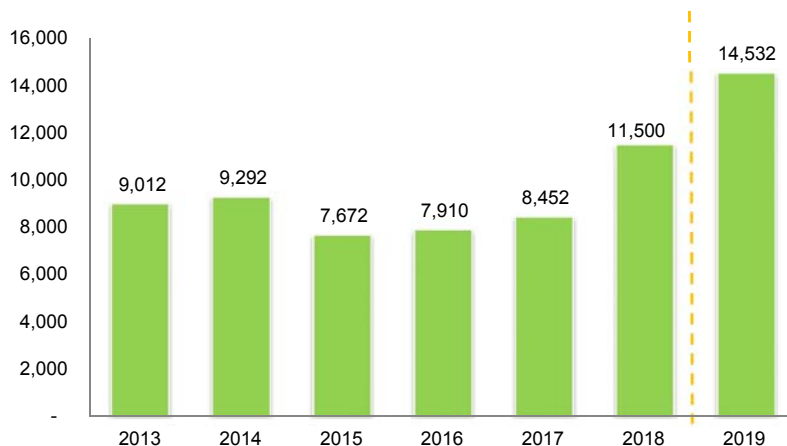
KResearch Highlights in 2019

December 2019

ศูนย์วิจัยกสิกรไทย
开泰研究中心 KASIKORN RESEARCH CENTER



Number of News Quotes



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

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)

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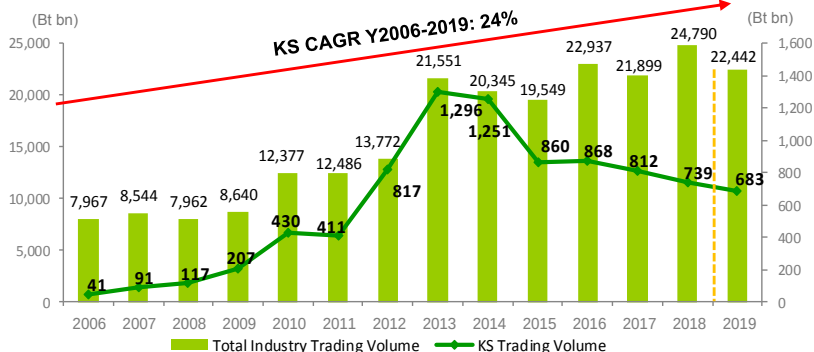
KSecurities Highlights in 2019

December 2019

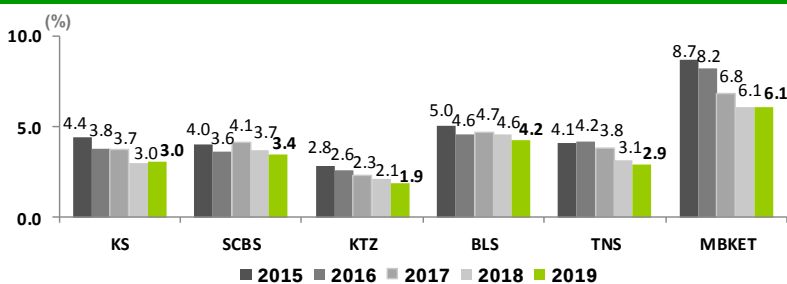
หลักทรัพย์กสิกรไทย
开泰证券 KASIKORN SECURITIES



Trading Volume (KSecurities vs. Industry)*



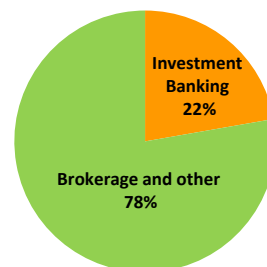
Market Share by Trading Volume*



Note: * Industry trading volume excluding proprietary trades

บริการทุกระดับประทับใจ

KSecurities Revenue by Business



85

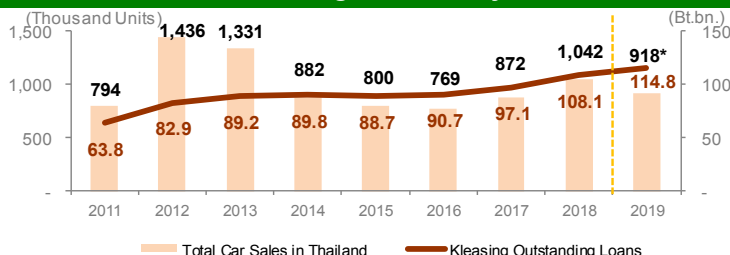
KLeasing Highlights in 2019

December 2019

ลีสซิ่งกสิกรไทย
开泰租赁 KASIKORN LEASING

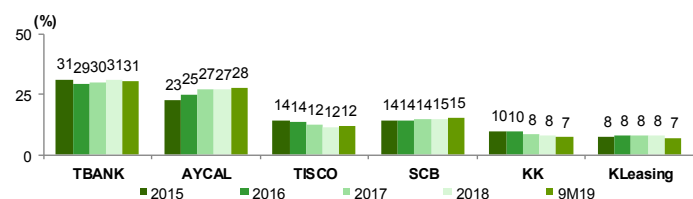


KLeasing vs. Industry



*Industry car sales as of 11M19

Market Share by Total Outstanding Loans (%)*



Note: * Excluding captive and non-bank leasing; Data as of 9M19

** New car includes HP New car, Fleet finance, Finance lease (FL) and Floorplan
Used car includes Car to Cash (K-Car / Car registration loan) and other used cars

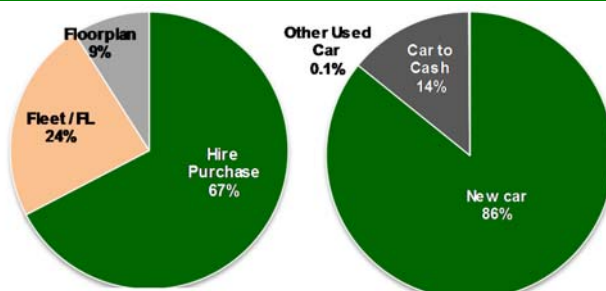
Industry Outlook:

- 11M19 industry car sales totaled 918,267 units, decreasing 1.07% YoY

KLeasing Highlights:

- 2019 KLeasing loans totaled Bt114.77bn, increasing 6.19% YoY
- 2019 KLeasing NPL ratio was 1.26%, lower than the Thai commercial bank average ratio

KLeasing Outstanding Loans Breakdown**



บริการทุกระดับประทับใจ

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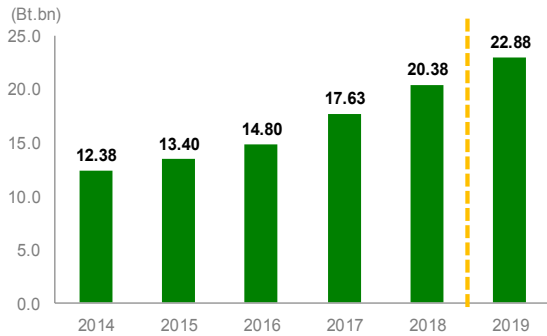
KF&E Highlights in 2019

December 2019

แฟคตอรี 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 Bt22.88bn, rising 12.26% YoY
- KF&E currently ranked **#1**; maintaining lead position in equipment leasing industry

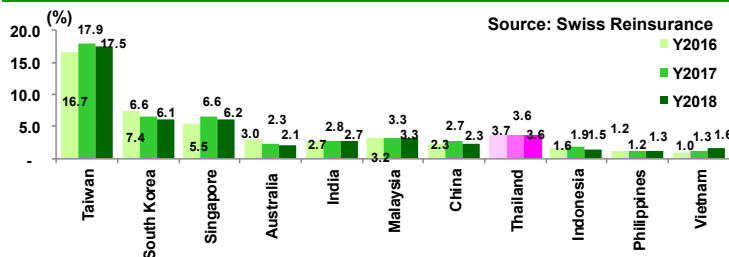
Note: In 2010, KASIKORN FACTORING (KFactoring) was renamed KASIKORN FACTORY AND EQUIPMENT (KF&E) to better reflect their business, focusing on offering leasing services for machinery and equipment; the factoring business operation of KFactoring was transferred to KBank

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Life Insurance Industry in Thailand

Premium per % GDP by Country

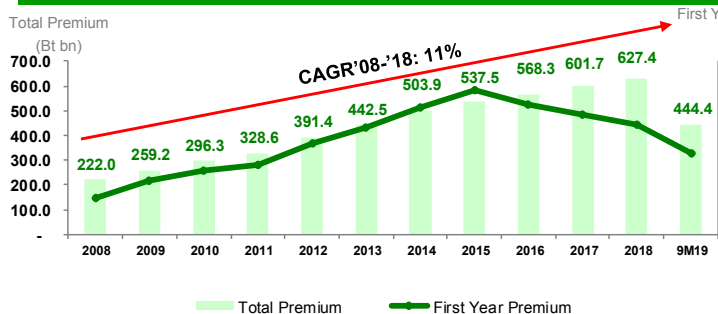


- In 2018, low penetration rate of 3.6% in Thailand with a high opportunity for growth

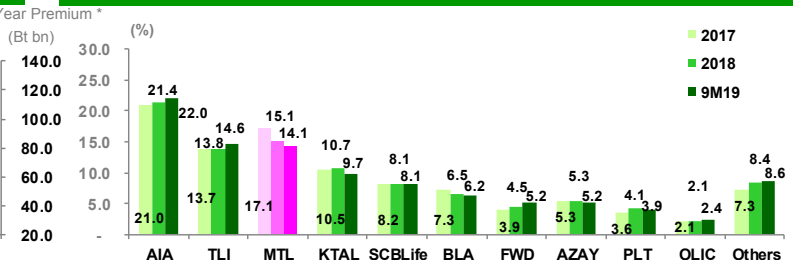
- Muang Thai Life Assurance (MTL) ranked #3 in life insurance industry in Thailand, in 9M19

➢ **#3** in total premium with 14.1% 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 9M19 = Bt75.8bn

Source: The Thai Life Assurance Association

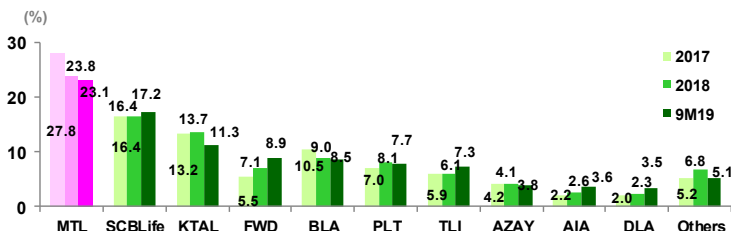
Note: Total Premium = New Business Premium + Renewal Premium; New Business Premium = First Year Premium + Single Premium

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Bancassurance Highlights in 9M19

Bancassurance Market Share by Total Premium (%)

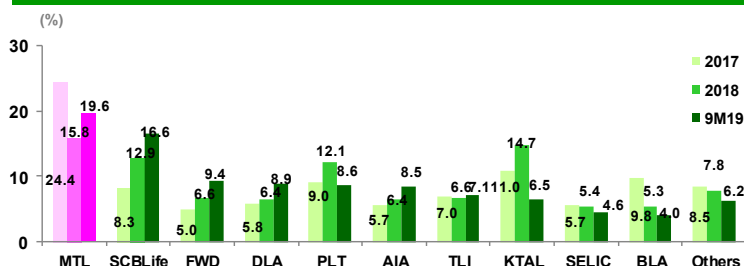


■ MTL ranked **#1** in Bancassurance market

➢ **#1** in Bancassurance total premium with 23.1% market share

➢ **#1** in Bancassurance new business premium with 19.6% market share

Bancassurance Market Share by New Business Premium (%)



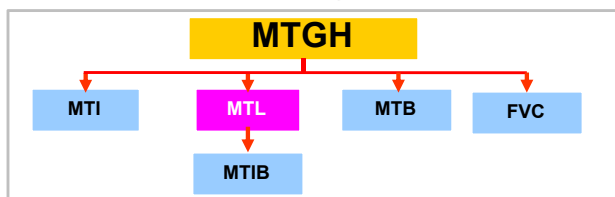
Source: Muang Thai Life Assurance (MTL)

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

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



Current KBank Economic Interests

Muangthai Group Holding Co. Ltd (MTGH)	51.0%
Muang Thai Life Assurance PCL (MTL)	38.3%
Muang Thai Insurance PCL (MTI)	10.1%
Muangthai Broker Co, Ltd (MTB)	50.5%
MT Insure Broker Co, Ltd (MTIB)	38.2%
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 and a- (SACP) from S&P's,
 - A-/Stable and AAA(thai)/Stable from Fitch Ratings
- Life Insurance Company with Outstanding Management Award from OIC 13 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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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)

	2017	2018	9M19
Net premiums earned	99.8	91.4	60.0
Net investment income	16.8	18.9	15.1
Total revenues	116.7	110.3	75.1
Life policy reserve increase from the previous period	57.3	46.6	25.2
Net benefit payments and insurance claims	32.1	37.2	30.8
Commissions and brokerages	10.6	9.0	6.6
Other underwriting expenses	0.9	0.8	0.5
Operating expenses & Other	5.1	5.2	3.7
Total Expenses	106.1	98.8	66.8
Profit before income tax expense	10.7	11.5	8.3
Income tax expense	2.0	2.2	1.6
Net profit (loss)	8.6	9.3	6.8

Statements of Financial Position (Bt bn)

	2017	2018	9M19
Total Assets	426.9	479.6	519.1
Total Liabilities	372.6	421.5	452.2
Total Equities	54.3	58.1	66.9

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

Note: OIC = Office of Insurance Commission

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%	

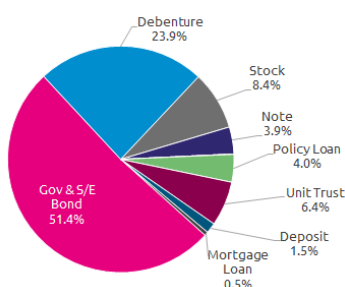
	2017	2018	9M19
ROE (%)	17.4%	16.6%	13.6%
ROA (%)	2.2%	2.1%	1.8%
Risk-Based Capital (RBC)	397.7%	396.6%	402.0%

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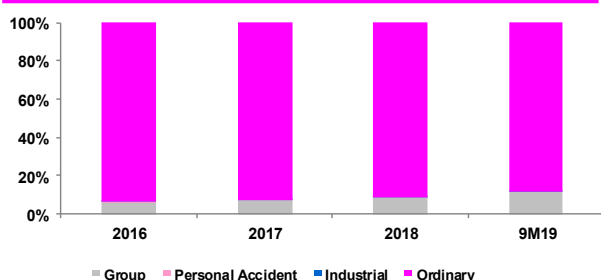
MTL Investment Portfolio and Insurance Premium

MTL Investment Portfolio: Fixed Income accounted for around 83%



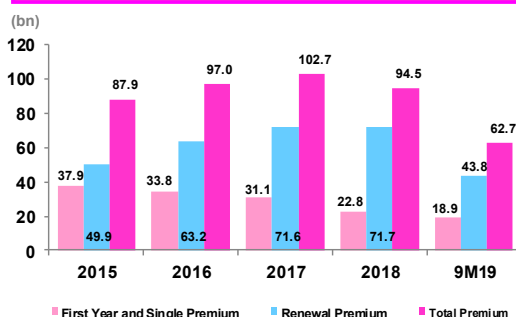
Assets Under Management (AUM)* (9M19): Bt497.1 bn

Total Premium by Products: Ordinary product accounted for around 88%



*Remark: Invested Assets + Investment Property

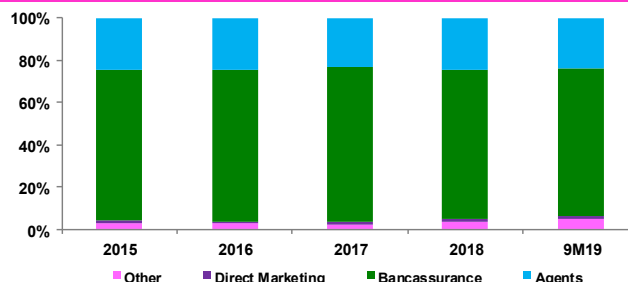
MTL Total Premium



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%
9M19	-11%	-4%

Total Premium by Channels: Bancassurance accounted for about 70% in 9M19



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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 and Muang Thai Insurance Company Limited (MTI)	Joint Venture with Military Bank and Ageas	-
Ownership by MTL	49%	22.5%	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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MTL's Life Insurance Product Profile

Four Major Types of Life Insurance Product

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

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Sample of K-Bancassurance and MTL Products



K-Bancassurance Products¹

Endowment Life Insurance

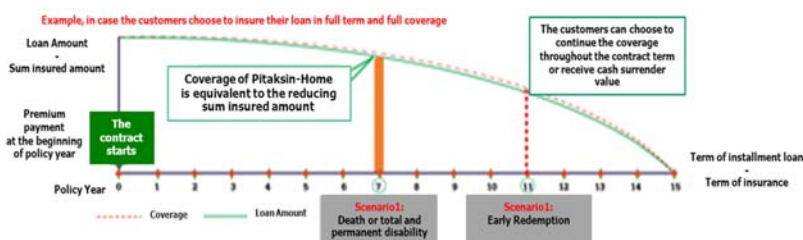
Endowment 615 Guarantee

Pay premium for only 6 years, but the coverage continues for 15 years



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

บริการทุกระดับประทับใจ



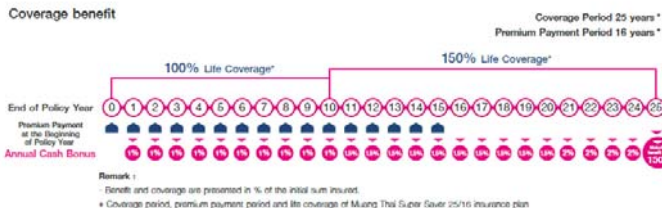
Muang Thai Life Assurance Products²

Endowment Life Insurance

Muang Thai Super Saver 25/16

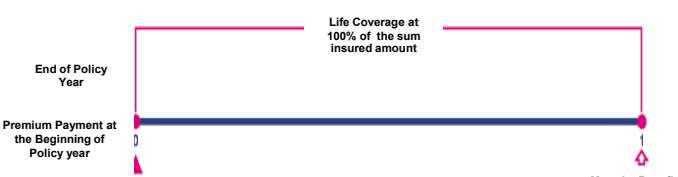
Pay premium for only 16 years, but the coverage continues for 25 years

Coverage benefit



Healthy Value

1 year coverage period, covered medical expenses up to Bt2mn



Sample of K-Bancassurance and MTL Products



K-Bancassurance Products¹

Whole Life Insurance

Khumkhong Talot Chip 99/99 (Salaryman Life and Health Insurance Campaign)

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



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)



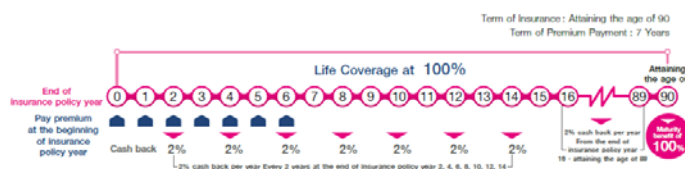
Muang Thai Life Assurance Products²

Whole Life Insurance

Muang Thai Rub Sub Talodcheep 90/7

Saving plan with whole life coverage: pay premium for only 7 years and get coverage to the age of 90

Benefit Illustration



Remark: Benefit and coverage is in % of the initial sum insured.

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

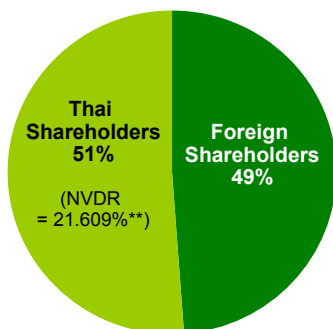
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Shareholder Structure

September 12, 2019 (Record Date)

Shareholder Structure



Note:

Thai Shareholding Limit	51%
Foreign Shareholding Limit	49%

Top 10 Shareholders*

%

1. THAI NVDR CO., LTD**	21.609
2. STATE STREET EUROPE LIMITED	8.594
3. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	5.881
4. STATE STREET BANK AND TRUST COMPANY	3.543
5. SOCIAL SECURITY OFFICE	2.885
6. BNY MELLON NOMINEES LIMITED	2.442
7. THE BANK OF NEW YORK MELLON	2.122
8. GIC PRIVATE LIMITED	1.869
9. SOUTH EAST ASIA UK (TYPE A) NOMINEES LIMITED	1.629
10. THE BANK OF NEW YORK (NOMINEES) LIMITED	1.287
<u>Other Shareholders</u>	<u>48.140</u>
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 25%.

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

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

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Credit Ratings

As of April 14, 2020

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

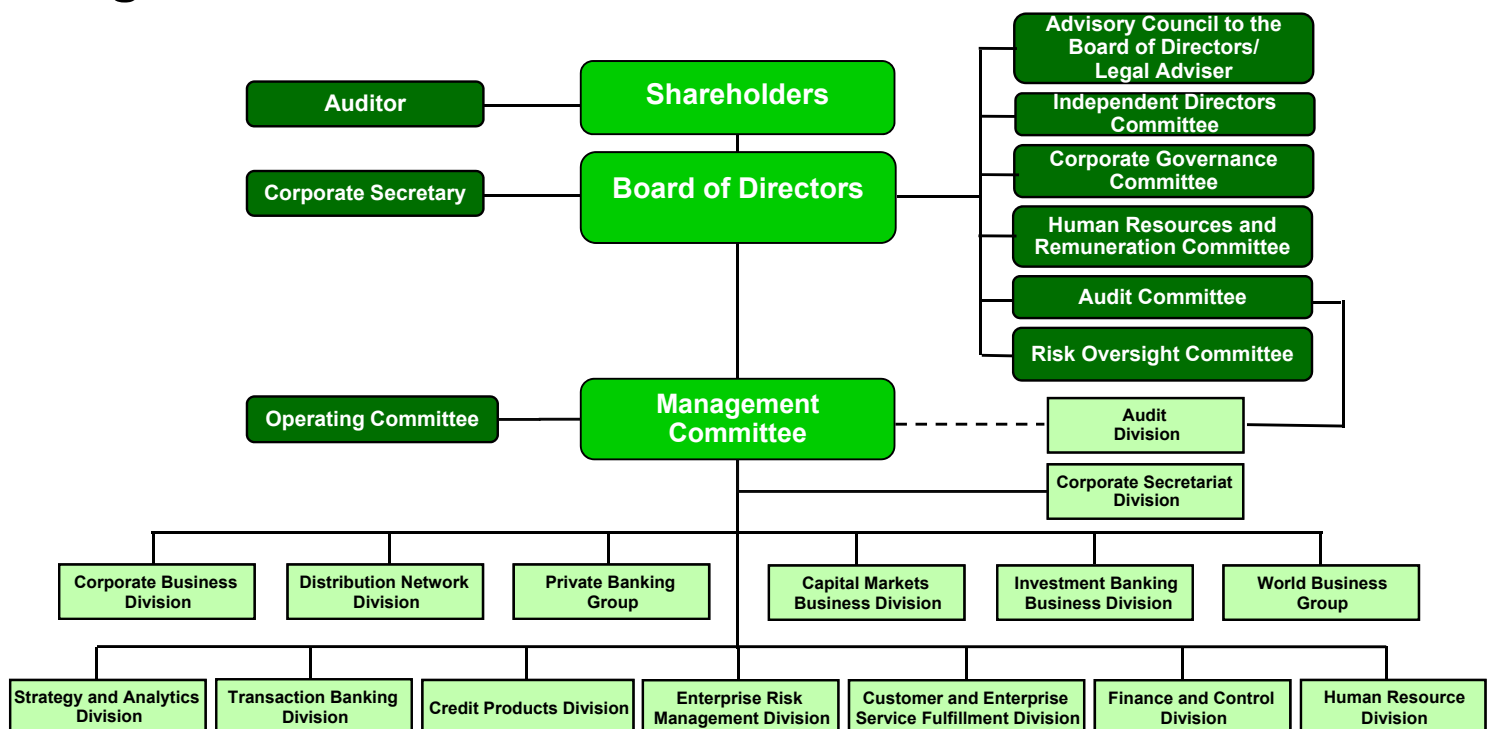
Note:

- * 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
- ** April 13, 2020: S&P's downgraded its outlook on Thailand's sovereign credit rating to 'Stable' from 'Positive'; reflecting its view that the COVID-19-induced economic uncertainty and the state of emergency declaration could delay political transitions expected under the civilian government over the next 12 months
- *** April 2, 2020: Fitch downgraded KBank's ratings, including SCB, BBL and BAY, due to the challenging operating environment and the large-scale economic disturbance caused by the COVID-19 pandemic
- **** March 17, 2020: Fitch downgraded the outlook of Thailand to 'Stable' from 'Positive', reflecting the evolving impact of the global COVID-19 outbreak on Thailand's economy through its tourism sector as well as lingering uncertainty in Thailand's political environment following the country's transition to civilian rule
- ***** July 30, 2019: Moody's changed the outlook on the long-term ratings of nine Thai banks, including KBank, to positive from stable, following the change in the outlook for the sovereign's rating to positive from stable on 25 July 2019
- ***** July 25, 2019: Moody's upgraded the outlook on the Government of Thailand's issuer ratings to positive from stable, as Moody's view that investment in physical and human capital, in the context of a lengthening track-record of a predictable and stable macroeconomic environment, may over time boost Thailand's competitiveness

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Organization Chart



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Board of Directors Structure

- 17 board members: 9 Independent Directors, 4 Executive Directors, and 4 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 (4)	Non-Executive Directors (4)	Independent Directors (9)
<ul style="list-style-type: none"> • Ms. Kattiya Indaravijaya (Chief Executive Officer) • Mr. Predee Daochai (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 • Ms. Chonchanum Soonthornsaratoon 	<ul style="list-style-type: none"> • Ms. Kobkarn Wattanavrangkul (Chairperson of the Board, 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 • Mr. Wiboon Khusakul • Ms. Suphajee Suthumpun • Mr. Chanan Donavanik • Ms. Jainnisa Chakrabandhu Na Ayudhya

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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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

- Financial support to environmentally-friendly businesses
- Environmentally friendly and reducing the environmental impacts of our own operations
- Adaptation and mitigation of the impact of climate change

BANK OF SUSTAINABILITY



Note: More information on our Sustainable Development can be found on our website and KBank's Sustainability Report 2018

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PRIDE OF KBank 2019 - 2020

INTERNATIONAL

Member of
Dow Jones Sustainability Indices
In collaboration with **CDP**

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 four consecutive years (2016-present)

S&P
Sustainability Award
Bronze Class 2019

KBank has been classified in the Bronze Class of the banking industry category by RobecoSAM. (2018-present)



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

MSCI

KBank's rating is at AA, leadership Level in its ESG performance among emerging market banking sector peers.

Bloomberg
Gender Equality Index

The first Bloomberg Gender-Equality Index (GEI) member from Thailand. The 2020 Bloomberg Gender-Equality Index (GEI) distinguishes companies committed to transparency in gender reporting and advancing women's equality

CDP
Climate Change

The first Thai commercial bank in the A- (Management Level), assessed by the Carbon Disclosure Program (CDP)

NATIONAL

THSI
THAILAND SUSTAINABILITY INVESTMENT 2019

To be included in the Thailand Sustainability Investment (THSI) for four years (2015, 2017-present)

ESG100
2019

ESG 100 company 2019 (Certified by Thaiptat)

Carbon Neutral

The first and only commercial bank in Thailand granted Carbon Neutral Certification (2018-2019)

SET
Sustainability Awards 2019

SET Sustainability Awards 2019 – Outstanding Granted by the Stock Exchange of Thailand.

Sustainability Report Award 2019

Sustainability Disclosure Award granted by Thaiptat Institute

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Key Corporate Governance Highlights

- Reviewing KBank practices under Thai IOD, ASEAN CG Scorecard, and Dow Jones Sustainability Indices (DJSI) criteria, e.g.,
 - Sustainable Development Policy in accordance with the Bank's business and the Sustainable Development Goals and approving action plans for sustainable development and corporate social responsibility activities
 - Human Rights Policy and KBank Tax Policy in compliance with the Bank's business and International Sustainability Standards
- 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

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Anti-corruption

- KBank, KAsset, and KSecurities co-signed a declaration of the "Private Sector Collective Action Coalition Against Corruption (CAC)" project and have been recognized as CAC certified companies since 2013
- 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

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Public Recognition Highlight: 2018-2019

2019

- An index component of the Dow Jones Sustainability Indices (DJSI) 2019, including the DJSI World Index and the DJSI Emerging Markets Index
- The Bronze Class of the banking industry category by RobecoSAM
- A member of the FSTE4Good Emerging Index 2019
- Named the Leading Thai Bank in Sustainable Development
- Rating is at AA, leadership Level in its ESG performance among emerging market banking sector peers.
- HR Asia Best Companies to Work for in Asia™ 2019 (Thailand Edition)
- ASEAN Most Honored Companies
- ASEAN Overall Best ESG/SRI Reporting
- Best CFO-Thailand
- The Asset ESG Corporate Awards - Platinum Award
- Best Service Provider: Cash Management, Thailand
- Best Service Provider: E-Solutions Partner, Thailand
- Best Cash Management Bank in Thailand
- Best Bond House in Thailand
- Best FX Bank for Corporates and FIs in Thailand
- Best Private Bank in ASEAN - Best Private Bank in Thailand
- Winner: Excellence in Next-Gen Customer Experience
- Highly Acclaimed: Best Product or Service Innovation
- Highly Acclaimed: Best Customer Insight & Feedback Initiative
- Best Private Bank - Thailand Domestic
- Winner: Best Debit Card Initiative
- Highly Commended: Excellence in Service Innovation
- Highly Commended: Best Staff Training and Development Programme
- Best Private Bank for Digital Culture in Asia
- Best Private Bank for Digitally Empowering Relationship Managers in Asia
- Best DCM House in Thailand
- Best Private Bank in Thailand
- Highly Commended in Sustainability Awards
- Best Innovative Company Awards
- A score from 2019 Carbon Disclosure Project (CDP)
- A member of the 2020 Bloomberg Gender-Equality Index
- Gold Award: Best Recruitment Marketing and Employer Branding Program
- Bronze Award: Best Learning Program Supporting a Change Transformation Business Strategy
- Best Trade Finance Providers
- Asset Management Award
- Gold Award: The Best Asia Pacific Contact Center Innovation
- Domestic Cash Management Bank of the Year
- Domestic Retail Bank of the Year-Thailand
- Advertising Campaign of the Year-Thailand
- Best Repo Primary Dealer
- Best Retail Bank in Thailand
- Best Digital Brand Initiative
- Private Banking Digitalisation
- Asset management company champion
- Granted Carbon Neutral Certification

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
- 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
- Macquarie Award - Most Improved Bond House
- 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
- Global 2000: World's Best Employers 2018 (Rank 8th)
- Best Trade Finance Provider in Thailand
- Thailand Bond House of the Year
- Thailand Capital Market Deal
- ThaiBMA Best Bond Awards
- Best Bond House
- Best Bond Dealer

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Banking System and Regulations Update

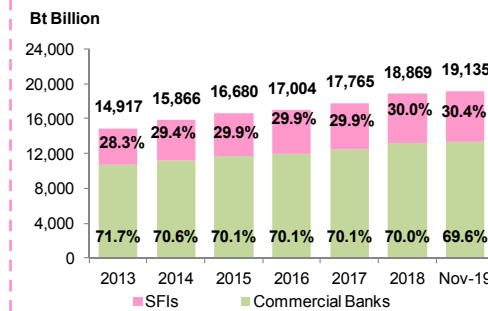
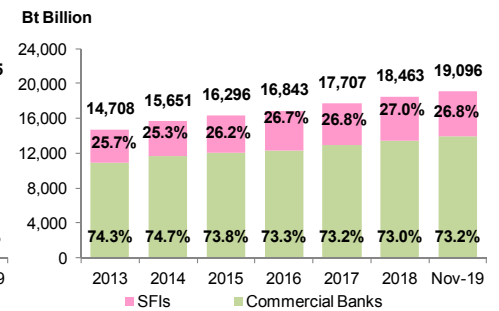
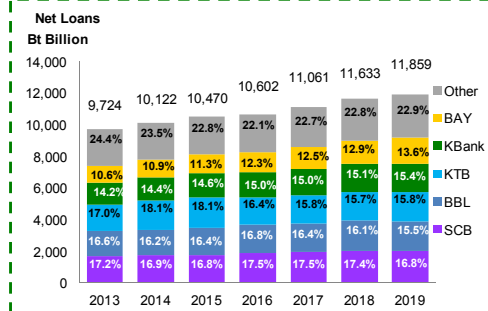
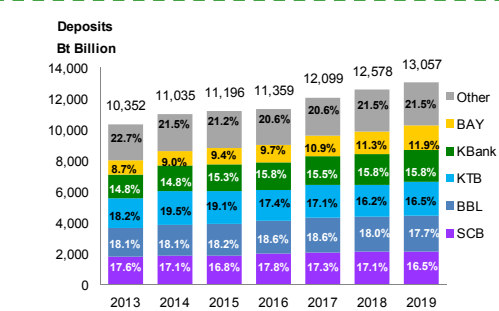
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Thai Commercial Banks and Specialized Financial Institutions (SFIs)

Market Share (% of Total Loans)

Market Share (% of Total Deposits)



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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FinTech and TechFin in Thailand

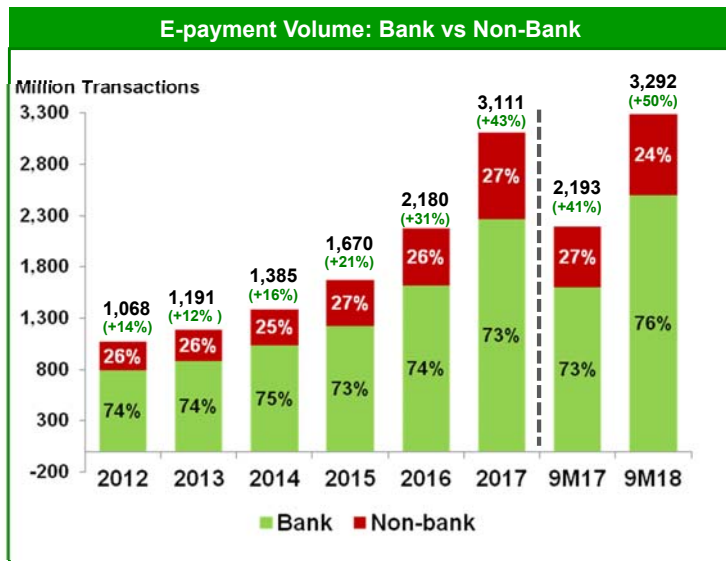
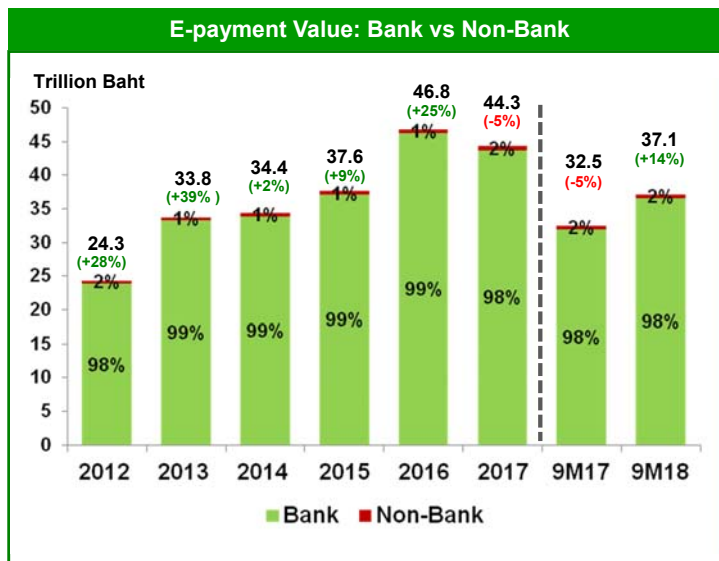
	Product Presentation	Data Management	Transaction Facilitation	Post-Sale Servicing
Business Tools	AI/Machine Learning COMPUTERLOGY, ConvoLab Fundraising Alibotz, asiatic, ASIAN DRIVE, iDreamMaker, investree, KIPFUND, KIPFUND, TALAD INVOICE	Cloud Accounting Platform FLOWACCOUNT.COM, ALPEAK plizz, TRECLOUD	Employee Data Management HONEYTABLE	Financial Simulation bankerslab
Insurtech	ASSENTIVE, direct, FairDes, frank, niran, Petinsure, masii, rabbit, rabbitfinance, SILKSPAN, TALEN	direct, Grob, SILKSPAN	ASSENTIVE, direct, FairDes, niran, Petinsure, rabbitfinance, savinsure, SILKSPAN, TALEN	Claim Di, direct, savinsure
Investment Management	AIM, coins.cath, FINCAST, FINNOMENA, ITAX, Investor3, masii, OnlyGeorge, rabbitfinance, Setscope, stockholders, TDAX, WEALTHCARE	FINCAST, FINNOMENA, Investor3, ITAX, Jitta, OnlyGeorge, Setscope, stockholders, WEALTHCARE	Bids, coins.cath, ITAX, OnlyGeorge, rabbitfinance, Setscope, TDAX, WEALTHCARE	coins.cath, FINCAST, FINNOMENA, Jitta, OnlyGeorge, Setscope, stockholders, TDAX, WEALTHCARE
Lending	aborrow.com, beehive, Refinn, SILKSPAN, W, WEALTHI	Grob, investree, HONEYTABLE, SILKSPAN, W, WEALTHI	beehive, Grob, FINNOMENA, PeerPower, Refinn, Satangdex.com, SILKSPAN, W, WEALTHI	beehive, Grob, FINNOMENA, PeerPower, Refinn, Satangdex.com, W, WEALTHI
Payments & Transactions	GlobCHOB, Grob, rabbit, LINE Pay, THAIPAY	202P, coins.cath, digio, omise, siampay, THAIPAY	202P, AirPay, coins.cath, digio, Grob, ENDEX, JIRU, INVT, omise, Pay Social, siampay, TDAX, THAIPAY	202P, coins.cath, omise, TDAX, W

Sources: Thai Fintech Association, PitchBook, Techsauce, and KResearch (as of October 2019)

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Banking Institutions are Main Intermediaries for Transactions in Thailand



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: The Bank of Thailand and KResearch

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Regulations Update

Capital (Basel III)

- **D-SIBs* Buffer**: Currently, D-SIBs are required to maintain a D-SIBs Buffer at 0.5%; the Buffer will increase 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 2020 onwards**: Time frame is specified by Thailand Federation of Accounting Professions (TFAC); TFRS 9 (Financial Instruments) and TFRS 16 (Leases) become effective in 2020; TFRS 4 (Insurance Contracts) will be changed to TFRS 17 and will be effective in 2023
 - **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 and KResearch

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Financial Sector Master Plan (FSMP) Implementation Stages

FSMP I (Y2004-2009)	FSMP II (Y2010-2014) Looking forward to liberalization	FSMP III (Y2016-2020) competitive, inclusive, connected, and sustainable
<ul style="list-style-type: none"> ▪ Increase efficiency of the financial institutions system <ul style="list-style-type: none"> - 'One Presence' policy - Expand scope of business: 'Universal Banking' - New licenses for retail banks and foreign bank subsidiaries ▪ Promote financial inclusion <ul style="list-style-type: none"> - Strengthen financial institutions (FIs) by promoting voluntary mergers ▪ Protect customers 	<p>Reducing system-wide operating costs</p> <ul style="list-style-type: none"> ▪ Streamlining regulations ▪ Tackling remaining NPLs and NPAs <p>Promoting competition and access to financial services</p> <ul style="list-style-type: none"> ▪ Promote competition ▪ Promote financial access <p>Strengthening financial infrastructure</p> <ul style="list-style-type: none"> ▪ Promote development of financial products that help support risk management ▪ Enhance information systems for risk management ▪ Push for draft/review of necessary financial laws to support risk management and an expedited resolution to NPLs ▪ Promote information technology utilization ▪ Develop human resources in the financial sector 	<p>1) Promote electronic financial and payment services, as well as enhance efficiency of the financial system</p> <ul style="list-style-type: none"> ▪ Promote the adoption of digital banking & electronic payment services in the government, business, and retail sectors ▪ Enhance operational efficiency of financial institutions and other service providers ▪ Evaluate future financial landscape to promote operational efficiency of financial institutions and other service providers <p>2) Support regional trade and investment linkages</p> <ul style="list-style-type: none"> ▪ Facilitating and reducing obstacles for banks' international expansion, including <ul style="list-style-type: none"> ▪ The establishment of Qualified ASEAN Bank (QAB) ▪ The development of cross-border financial infrastructures ▪ The creation of suitable financial environments among neighboring countries to foster international trade and investment in the GMS <p>3) Promote financial access</p> <ul style="list-style-type: none"> ▪ For households: encouraging development of financial products and services appropriate for changing customer demands ▪ For SMEs: improving necessary SME database within the financial institution system and supporting credit extension to SMEs ▪ For Corporate: promoting and facilitating suitable environment for private sector's raising of capital <p>4) Develop relevant infrastructure (Enablers)</p> <ul style="list-style-type: none"> ▪ Developing key infrastructures in the financial system ▪ Strengthening regulations and supervision in line with international standards to ensure stability of the overall financial system

Source: BOT and KResearch

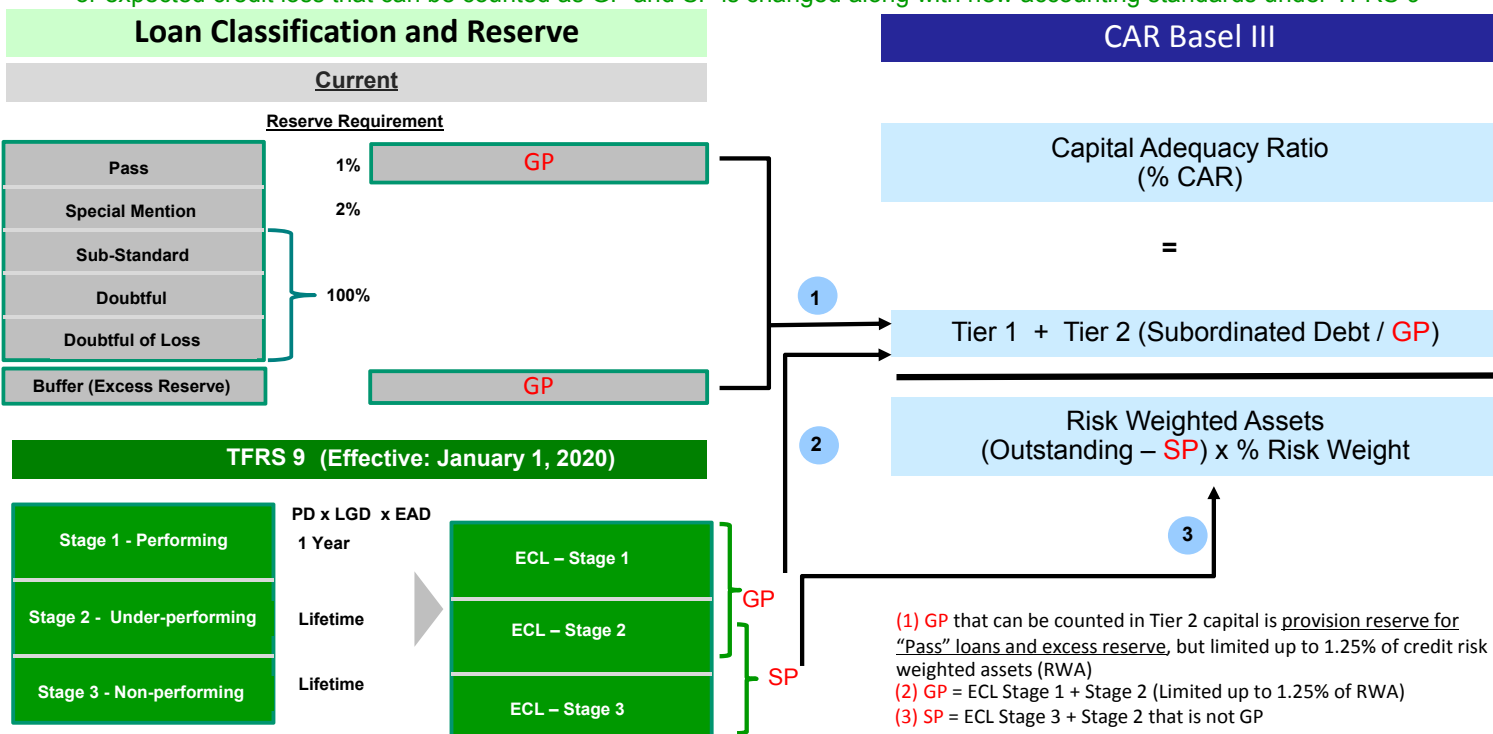
Note: There are four types of Commercial banks in Thailand; Full service banks; Foreign bank branches; Retail banks; and Subsidiaries
GMS = Greater Mekong Subregion = Cambodia, China, Lao PDR, Myanmar, Thailand, and Vietnam

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TFRS 9 Expected Credit Loss and Basel General Provision/ Specific Provision

- The concept of General Provision (GP) and Specific Provision (SP) for Basel is not changed, but the amount of provision reserve or expected credit loss that can be counted as GP and SP is changed along with new accounting standards under TFRS 9



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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%

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%	LCR ≥ 70%	LCR ≥ 80%	LCR ≥ 90%	LCR ≥ 100%	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%	NSFR ≥ 100%	NSFR ≥ 100%

Note:

* 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

**** KBank's Average Liquidity Coverage Ratio (LCR) are 194%, 239% and 235% as of June 2019, December 2018 and June 2018, respectively; more details can be found on Basel III - Pillar 3

Disclosures Report

Remark: Banks with a capital ratio less than the required regulatory buffers will face various degrees of constraint on earning distribution

Source: The Bank of Thailand

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Capital Definition Change (Consolidated)

Basel II

Basel III

Tier 1

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

- 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

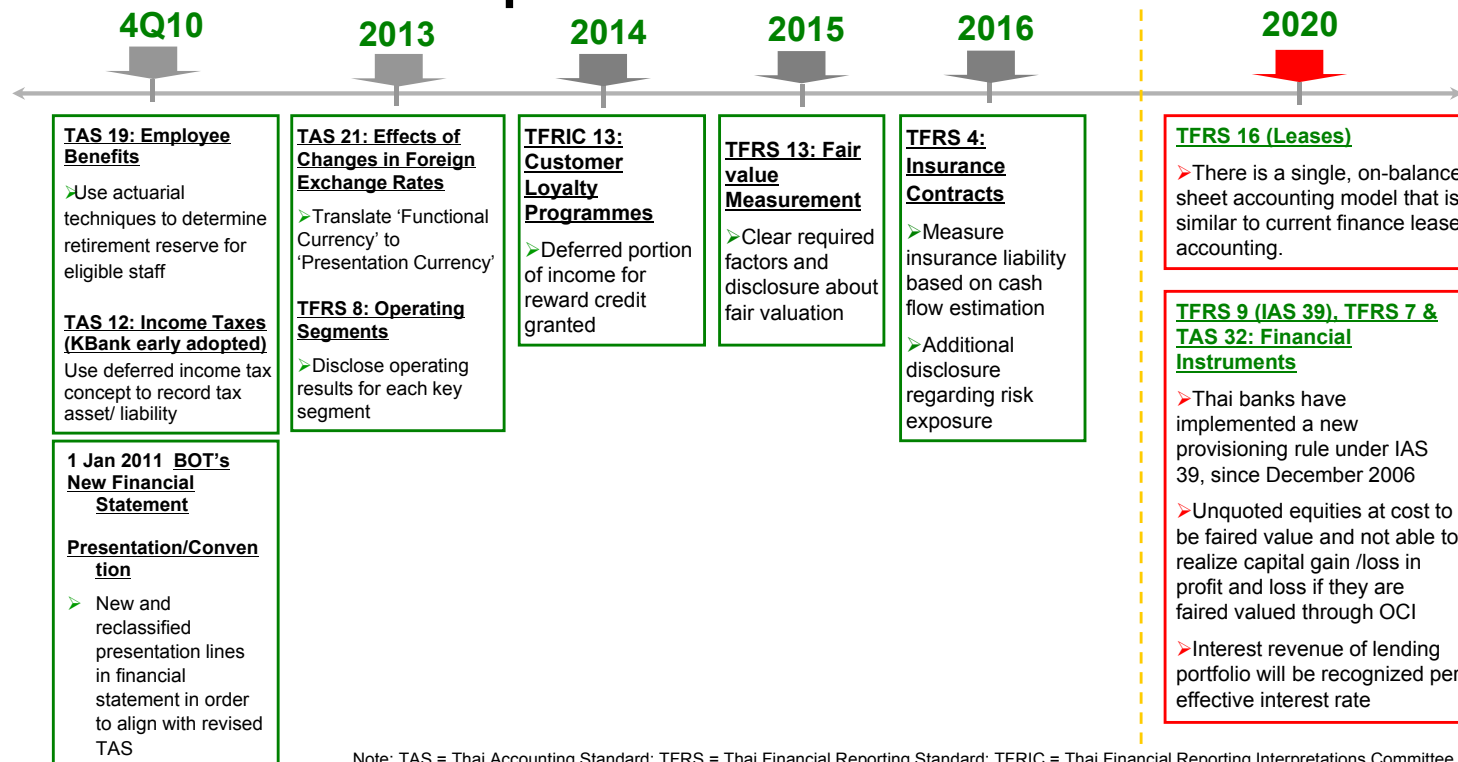
* Currently, KBank has no Hybrid Tier 1, Preferred Stock, or Treasury Stock

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

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TFRS and IFRS Implementation*



Note: TAS = Thai Accounting Standard; TFRS = Thai Financial Reporting Standard; TFRIC = Thai Financial Reporting Interpretations Committee
OCI : Other Comprehensive Income

* Only financial and disclosure impact to Thai Banks

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TFRS 9: Implications for Thai Banking business (Effective: January 1, 2020)

- Impacts on Thai banking business can be classified into four key areas, each with its own financial impacts to net profit (high, moderate, and low)

Financial Impacts	Key Areas	Key Impacts
High	Expected Credit Loss & Modification	<ul style="list-style-type: none"> New definition of SICR and modified loans Changes in provision: from "1-year Expected Credit Loss" per BOT guidelines to "Lifetime Expected Credit Loss"; also, additional base of unused credit line and guarantee
		<ul style="list-style-type: none"> Additional TFRS9 Expected Credit Loss TFRS9 and current number are non-comparable
Moderate	Assets Classification	<ul style="list-style-type: none"> Instrument at cost -> fair value: investment in non-listed equities will turn from "at cost" to "at fair value through PL" or "at fair value through OCI" depending on business model AFS instrument -> fair value through PL: Generally, AFS instrument will be fair value through OCI, only for some product features will be "fair value through PL"
		<ul style="list-style-type: none"> Non-interest income and OCI: volatile from unrealized market move
Low	Effective Interest Rate	<ul style="list-style-type: none"> Upfront fee -> interest accrual: credit fee income will turn from "Cash basis" to "Interest income on amortization basis" Future step rate: averaged over behavioral lifetime and recognized upfront as fixed rate
		<ul style="list-style-type: none"> Fee income and non-interest income: lower Bottom line: neutral over the contractual life NIM: higher but more volatile
Low	Hedge Accounting – Optional	
	<ul style="list-style-type: none"> Derivative at accrual -> fair value: banking book derivatives will turn from "accrual basis" per TFAC guideline to "Mark to Market" per risk offsetting basis 	<ul style="list-style-type: none"> PL on trading business: more volatile if derivatives are unqualified for hedge accounting and/or carry basis risk

Note: **SICR** = Significant Increase in Credit Risk; **PL** = Profit and Loss; **OCI** = Other Comprehensive Income as part of equity; **AFS** = Available for Sale; **TFAC** = Thailand Federation of Accounting Professions who governs accounting professionals in Thailand

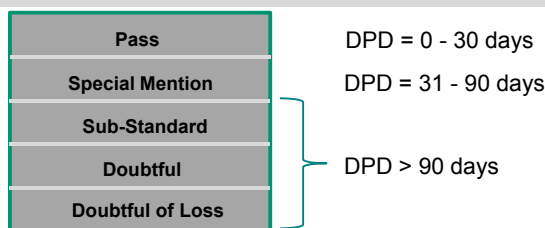
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Expected Credit Loss: Key Changes in Loan Classification

- Apart from days past due (DPD), risk information is used to capture credit quality. Hence, cannot directly compare with the current basis.

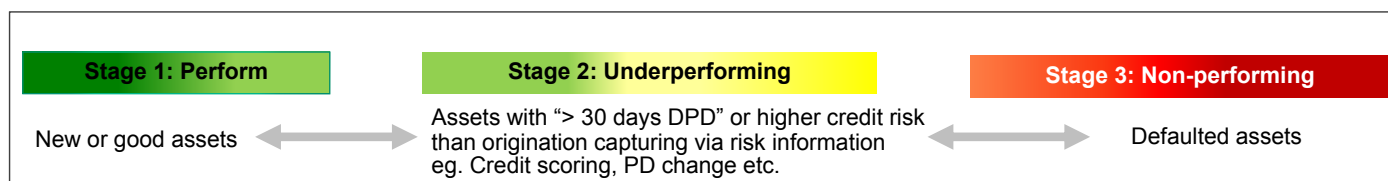
Current: defined by days past due



New: TFRS 9 – defined by incremental risks (Effective: January 1, 2020)

TFRS 9 Asset Class: New definition of SICR and Modified Loans

- SICR reflects higher risk than origination, but not yet bad quality
- Modified loans are loans with changing terms and conditions, either good or bad; thus, it can be at any stage



Note: **SICR** = Significant Increase in Credit Risk; **DPD** = Days Past Due

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Expected Credit Loss: Provision Reserve (PD x LGD x EAD)

- Existing building blocks of both provision and credit cost are unchanged. TFRS 9 changes only the definition and methodology of provision calculation.

TFRS 9 (Effective: January 1, 2020)

Incorporate forward looking over lifetime

- Macro-factor is captured through PD point-in-time

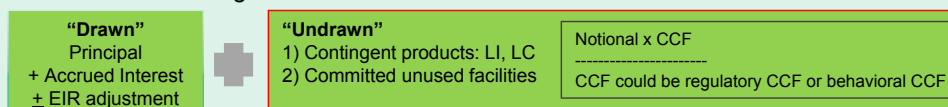


- Term structure PD is derived over behavioral life
- Multi-scenario is weighted to come up with final Expected Credit Loss (ECL)

Incorporate recovery from both collateral and cash payment

Combination of drawn and undrawn as credit exposure

- It is an accounting complication to treat drawn ECL as assets contra and undrawn ECL as liabilities, while to risk, both are "credit exposure"
- Drawn is "outstanding amount + EIR adjustment"
- Undrawn is "outstanding amount x conversion factor"



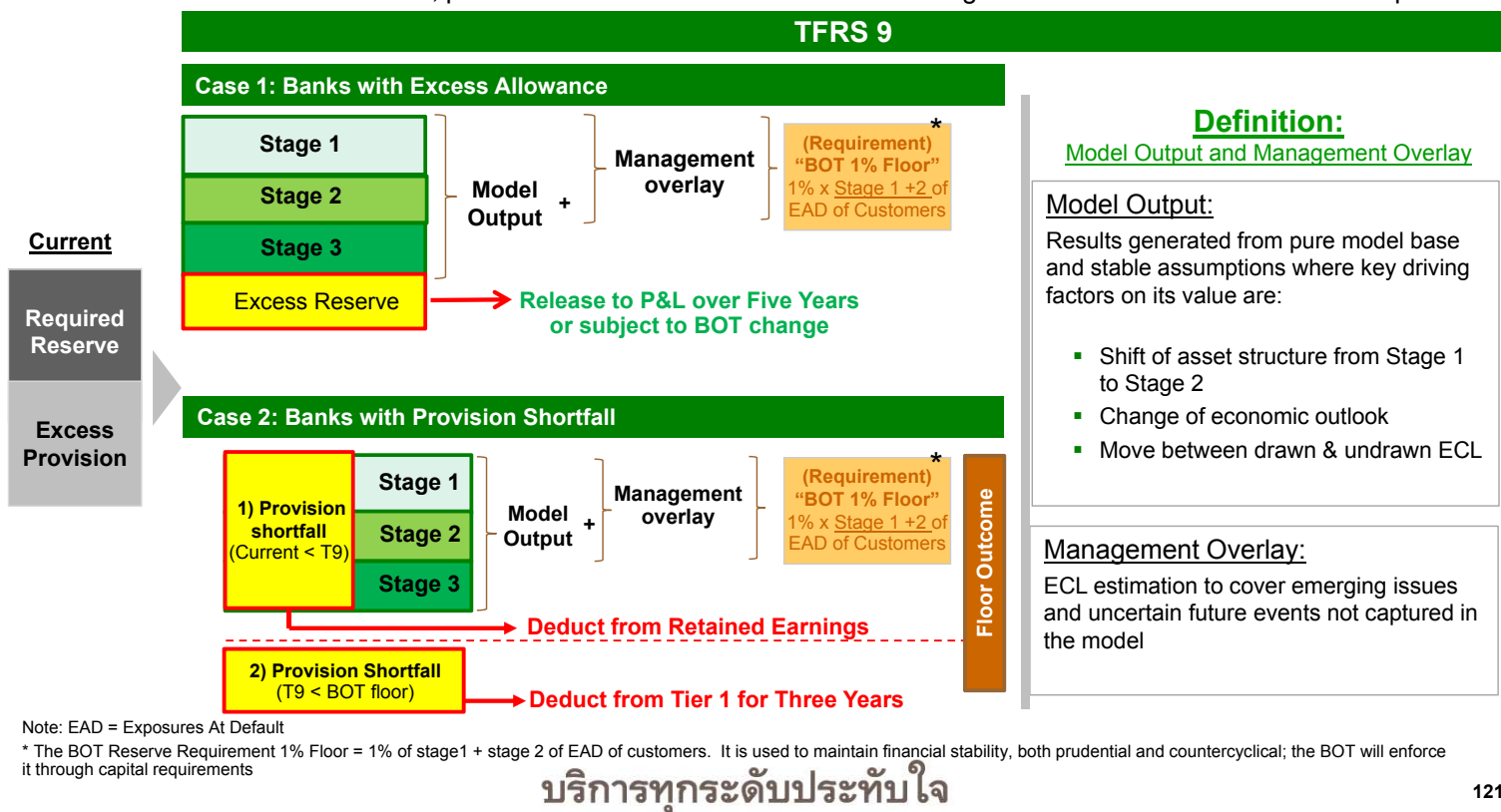
Note: Drawn = Loan amount that customer has already drawn down, which is booked under loans to customers or part of "Interbank and money market items"
Undrawn = Credit facilities that are not utilized yet or credit facilities that are utilized but are booked as contingent liabilities, excluding derivatives
EIR = Effective Interest Rate; LI = Letter of Indemnity; LC = Letter of Credit; CCF = Conversion Credit Factor

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Expected Credit Loss: Day 1 Adoption (Effective: January 1, 2020)

- Even without excess allowance, prudence on TFRS 9 can be achieved through conservatism in the model assumption



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Expected Credit Loss: Going Forward (Effective: January 1, 2020)

- TFRS 9 requires ECL estimation to be based on past events, current conditions, and forecasts of future economic conditions where judgement should be used for emerging issues and uncertain future events.

On-going

Key Driving Factors

Observed Evolution

Expected Credit Loss (ECL) should not be too volatile, as risks in each loan stage are clearly identified and there is management overlay, unless economic view changes, loans shift from Stage 1 to Stage 2, and exposure moves between on- and off- balance sheet

Prudent Management

- Changing economic view
- Shift between Stage 1 and Stage 2

- Apply %ECL by stage

- Movement between on- and off- balance sheet

- Apply "total ECL" for ECL adequacy analysis, e.g. NPL coverage (Coverage Ratio)

Non-comparable

- Bank size
- Portfolio mix
- Risk appetite

- Focus on trend and derive own normalized level
- Monitor detailed disclosure of ECL movement analysis and basis of assumption

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TFRS9 Impacts to Financial Numbers and Ratios (Effective: January 1, 2020)

- TFRS 9 reflects the true economic value of financial instruments* at a point in time where financial impacts to net profit (high, moderate, and low) vary for each area

TFRS 9: Changes in definition and calculation method



Impacts to Financial Numbers: Non-comparable between TFRS 9 and current numbers

Interest Income	Fee Income	Non-Interest Income	Provisioning Expense	Modified Loans
<ul style="list-style-type: none"> Higher from credit fee / future interest; Volatility is expected from behavioral lives assumption 	<ul style="list-style-type: none"> Lower from transforming into interest income on an amortized basis 	<ul style="list-style-type: none"> Volatile from unrealized gain/loss of treasury products' marking to market 	<ul style="list-style-type: none"> Higher underperforming loan & required reserve from more stringent requirement Volatile from change in economic outlook and shift of stage 1 to stage 2 	<ul style="list-style-type: none"> Higher modified loan than current restructured loan from different definition



Impacts to Financial Ratios: Non-comparable between TFRS 9 and current numbers

Net Interest Margin (NIM)	Non-Interest Income Growth	Credit Cost	Coverage Ratio	Stage 2 Ratio ^{New}
Higher but more volatile	Lower and more volatile	Potentially volatile	Insignificant impact, considering total ECL	Higher than the current Special Mention Loan

* Financial instruments where main products of banks are lending, investment, financial guarantee, derivatives, deposits, and borrowings

Note: ECL = Expected Credit Loss will drive more accurate economic valuations of loan portfolios and promote earlier recognition of credit losses avoiding the delays observed during the credit crisis.

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TFRS9: Key Changes (Effective: January 1, 2020)

		Before	After
1. Expected Credit Loss of Financial Instruments (Provision)	Scope	<ul style="list-style-type: none"> Outstanding loan 5 grades based on aging %PD given by the BoT 	<ul style="list-style-type: none"> Outstanding loan, contingent and unused limit 3 grades based on aging and credit risk information %PD, LGD, EAD by behavioral model over 12-month or lifetime depends on stage
	Stage		
	Model		
2. Classification and Measurements	Classes	<ul style="list-style-type: none"> 4 classes based on business model or type of investments i.e. Trading, Available for sales, Held to maturity and General investment Credit fee income = Cash basis Interest income = Contractual basis General investment = Cost basis 	<ul style="list-style-type: none"> 3 classes based on business model & cash flow characteristics i.e. Fair value through PL, Fair value through OCI & Amortized cost Credit fee income & Interest income = amortizing per EIR General investment = FVTPL or FVTOCI where no PL recycling for FVTOCI of equity instruments
	Income approach		
	Non-quoted equity value		
3. Hedge Accounting (Optional)	Derivatives value	<ul style="list-style-type: none"> Derivatives value = Accrual basis 	<ul style="list-style-type: none"> Derivatives value = Fair value

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TFRS 9: Key Changes in Financial Statement Presentation of Thai Banks

Statements of Financial Position: Assets

As is

Assets

Cash
Interbank and money market items - net
Derivative assets
Investments - net
Investments in subsidiaries, associates and joint venture - net
Loans to customers and accrued interest receivables - net
Loans to customers
Accrued interest receivables
Total Loans to customers and accrued interest receivables
Less Deferred revenue
Less Allowance for doubtful accounts
Less Revaluation allowance for debt restructuring
Total Loans to customers and accrued interest receivables - net
Properties foreclosed - net
Premises and equipment - net
Goodwill and other intangible assets - net
Deferred tax assets
Other assets - net

To be (TFRS 9)

Assets

Cash
Interbank and money market items - net
Financial assets measured at fair value through profit or loss (new)
Derivative assets
Investments - net
Investments in subsidiaries, associates and joint venture - net
Loans to customers and accrued interest receivables - net
Properties foreclosed - net
Premises and equipment - net
Goodwill and other intangible assets - net
Deferred tax assets
Other assets - net

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TFRS 9: Key Changes in Financial Statement Presentation of Thai Banks

Statements of Financial Position: Liabilities and Equity

As is

Liabilities

Deposits
Interbank and money market items
Liabilities payable on demand
Derivative liabilities
Debts issued and borrowings
Provisions
Deferred tax liabilities
Insurance contract liabilities

Other liabilities

To be (TFRS 9)

Liabilities

Deposits
Interbank and money market items
Liabilities payable on demand
Financial liabilities measured at fair value through profit or loss (new)
Derivative liabilities
Debts issued and borrowings
Provisions
Deferred tax liabilities
Insurance contract liabilities
Other liabilities

Equity

No changes

Equity

No changes

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TFRS 9: Key Changes in Financial Statement Presentation of Thai Banks

Statement of Profit or Loss and Other Comprehensive Income

As is	To be (TFRS 9)
Interest income	Interest income
Interest expenses	Interest expenses
Interest income - net	Interest income - net
Fees and service income	Fees and service income
Fees and service expenses	Fees and service expenses
Fees and service income - net	Fees and service income - net
Gain (loss) on trading and foreign exchange transactions	Gain (loss) on financial instrument measured at fair value through profit or loss (new)
Gain (loss) on investments	Gain (loss) on investments
Share of profit (loss) from investments using equity method	Share of profit (loss) from investments using equity method
Dividend income	Dividend income
Net premiums earned	Net premiums earned
Other operating income	Other operating income
Total operating income	Total operating income
Underwriting expenses	Underwriting expenses
Total operating income - net	Total operating income - net
Other operating expenses	Other operating expenses
Employee expenses	Employee expenses
Directors' remuneration	Directors' remuneration
Premises and equipment expenses	Premises and equipment expenses
Taxes and duties	Taxes and duties
Other	Other
Total other operating expenses	Total other operating expenses
Impairment loss on loans and debt securities	Expected credit loss (rename)
Operating profit before income tax expense	Operating profit before income tax expense
Income tax expense	Income tax expense
Net profit	Net profit

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TFRS 9: Key Changes in Financial Statement Presentation of Thai Banks

Statement of Profit or Loss and Other Comprehensive Income

As is	To be (TFRS 9)
Other comprehensive income	Other comprehensive income
Items that will be reclassified subsequently to profit or loss	Items that will be reclassified subsequently to profit or loss
Gain (loss) on remeasurement of available-for-sale investments	Gains (losses) on investments in debt instruments at fair value through other comprehensive income (new)
Gain (loss) arising from translating the financial statements of a foreign operation	Gains (losses) on cash flow hedges
Income taxes relating to components of other comprehensive income	Gains (losses) arising from translating the financial statements of a foreign operation
Items that will not be reclassified subsequently to profit or loss	Share of other comprehensive income of associates and joint venture
Changes in revaluation surplus	Income taxes relating to components of other comprehensive income
Actuarial gain (loss) on defined benefit plans	Items that will not be reclassified subsequently to profit or loss
Income taxes relating to components of other comprehensive income	Changes in revaluation surplus
Total other comprehensive income	Gains (losses) on investment in equity instruments designated at fair value through other comprehensive income (new)
	Gains (losses) on financial liabilities designated at fair value through profit or loss from credit risk (new)
	Actuarial gains (losses) on defined benefit plans
	Share of other comprehensive income of associates and joint venture
	Income taxes relating to components of other comprehensive income
	Total other comprehensive income

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Updates on the Deposit Protection Agency (DPA)

DPA Objectives and Missions

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

Amount of Insured Deposits

- Insured deposits include deposits and accrued interest denominated in Thai Baht accounts, excluding non-resident Thai Baht accounts
- Blanket guarantee will be gradually phased-out to a limited coverage of Bt1mn per depositor per institution. Until 2011, Thai banks paid 0.40% per year of the daily average deposit amount (paid in June and December), excluding deposits in foreign currencies and deposits from financial institutions not insured by the DPA
- Since January 27, 2012, the contribution rate has increased from 0.40% to 0.47%, with 0.46% being the contribution to the FIDF, and 0.01% being paid to the DPA. The FIDF fee will temporarily reduce to 0.23% for 2 years*
- Royal Decree on an extension of deposit protection coverage was announced in the Royal Gazette on September 24, 2012
- The Cabinet approved a one-year extension of deposit protection up to a maximum of Bt5mn. From August 11, 2021, the protection will cover deposits up to Bt1mn.

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 2021	Up to Bt5mn
11 August 2021, onwards	Up to Bt1mn

Deposit Accounts in Thailand (as of November 2019)

Deposits	# of Accounts	%	Amount (Bt mn)	%
Less than Bt1mn	99,733,631	98.47	2,994,531	22.69
More than Bt1mn, but less than Bt10mn	1,416,224	1.40	3,535,035	26.78
More than Bt10mn, but less than Bt25mn	83,944	0.08	1,250,150	9.47
More than Bt25mn, but less than Bt50mn	25,080	0.02	884,844	6.70
More than Bt50mn	20,774	0.02	4,535,881	34.36
Total	101,279,653	100.00	13,200,440	100.00

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

* According to the BOT announcement in the Royal Gazette, per the authority of the emergency decree dated April 7, 2020, financial institutions are required to pay 0.23% of the average deposit amount, B/Es, debt instrument (excluding the amount counted as capital), borrowings, and securities transactions under repurchase agreements, during January 2020 to December 2021

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Government Policy

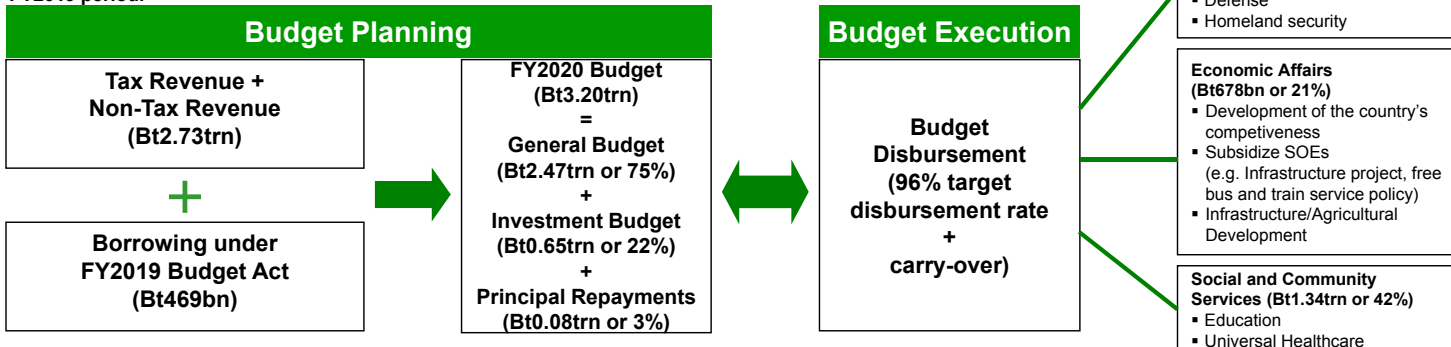
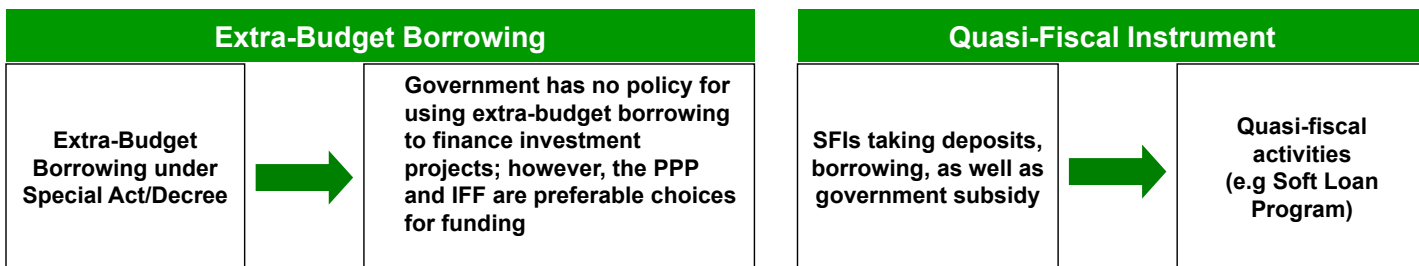
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Sources and Uses of Public Funds

FY2020 Budget

Implementation of FY2020 budget is experiencing delays from October 1, 2019 to 1Q20, due to political reasons. The temporary budget procedures for FY2020 can be disbursed for general budget and investment projects that have signed contracts in FY2019 period.



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

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Government Fiscal Budget



- Thai parliament approved FY2020 budget worth Bt3.22trn, with a deficit of Bt469bn
- Implementation of FY2020 budget may be effective in 1Q20, for political reasons
- According to the amended Budgetary Procedure Act, FY2020 budget can be disbursed for general budget and investment projects with contracts signed in FY2019
- 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
2019 Budget Act	FY2019 budget at Bt3.00trn with a deficit of Bt450bn	<u>FY2019</u> Effective date: October 1, 2018	Government spending will help maintain economic momentum
2020 Budget Act	FY2020 budget at Bt3.22trn with a deficit of Bt469b	<u>FY2020</u> Expected to be effective in 1Q20	Fiscal sustainability to remain manageable in near-term; however, continued debt creation, both from budget deficit and other borrowings, may impact long-term fiscal sustainability

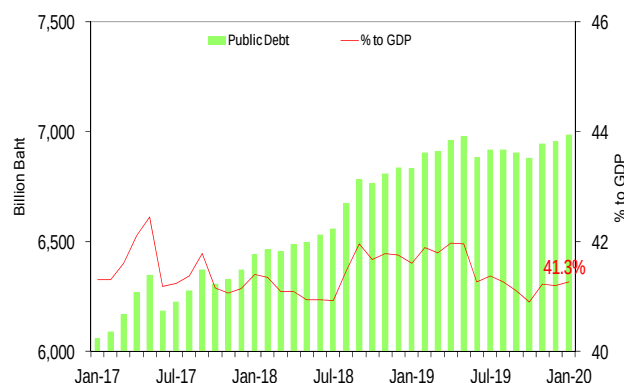
Note: - FY2016, FY2017, FY2018, and FY2019 budget deficits are based on budget documentation, whereas extra-budget borrowing is projected by KResearch
- Thai government's fiscal year (FY) begins on October 1 and ends on September 30 of following year
- NLA = National Legislative Assembly; PPP = Public-Private Partnership
Sources: The Ministry of Finance and KResearch (as of January 27, 2020)

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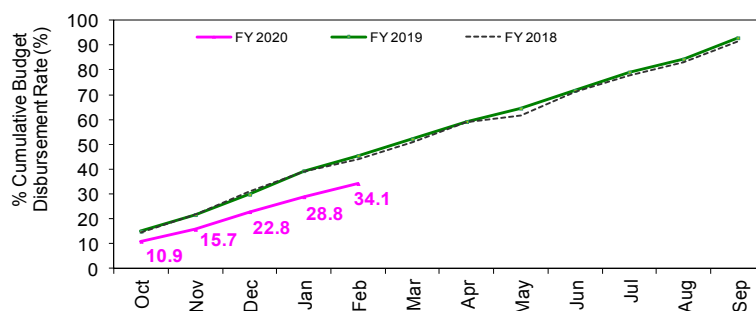
Public Debt to GDP and Fiscal Budget

Public Debt



- Public debt to GDP ratio was 41.3%, as of January 2020, 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%

Budget Disbursement Rate



FY20 Budget	FY20 target	5MFY2020 actual	Unused FY20 Budget
Total Budget Bt3.20trn	Bt3.20trn (100%)	Bt1.09trn (34%)	Bt2.11trn (66%)
- General Budget Bt2.54trn	Bt2.56trn (100%)	Bt1.05trn (41%)	Bt1.50trn (59%)
- Investment Budget Bt0.66trn	Bt0.64trn (100%)	Bt0.04trn (6%)	Bt0.60trn (94%)

- Government budget disbursement rate for 5MFY2020 is 34.1%*, declined by 11.2% from the 45.4% in 5MFY2019, due to the delayed enactment of the FY2020 budget
- FY2020 budget act was published in the Royal Gazette on February 24

*Notes : The progress disbursement is based on the FY2019 budget framework
Source: Ministry of Finance (MOF), Fiscal Policy Office (FPO), and Public Debt Management Office (PDMO)

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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

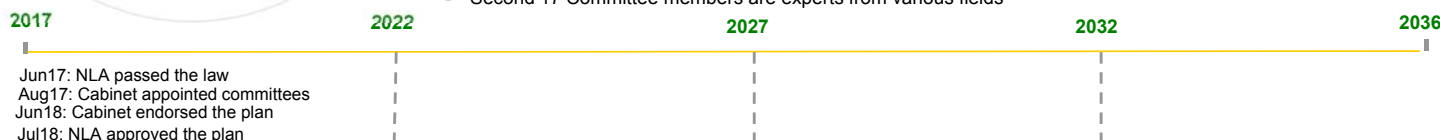
The Goals



- 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



The National Economic and Social Development Plan (5-year plan) aligned with the 20-year National Strategy

The 12th National Economic and Social Development Plan (2017-2021)

The 13th National Economic and Social Development Plan (2022-2026)

The 14th National Economic and Social Development Plan (2027-2031)

The 15th National Economic and Social Development Plan (2032-2036)

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Twelve Main Policies

- **National Security**
 - Protecting and upholding the monarchy
 - Maintaining security, safety and peace
 - Preserving religion and culture
- **Enhancing Economic Development**
 - Promoting Thailand's role on the global stage
 - Boosting competitiveness
 - Developing economic areas and distributing wealth to all regions
- **Supporting Sustainable Social Development**
 - Building the country's strength through a bottom-up approach
 - Reforming learning processes and helping Thais reach their potential
 - Improving the public health system and social security
 - Reforming management in the state sector
 - Prevention and suppression of corruption
- **Environmental Issues**
 - Replenishing natural resources

Sources: Bangkok Post newspaper and KResearch (as of July 24, 2019)

Twelve Urgent Policies

- **Economic Issues**
 - Solving bread-and-butter concerns and reforming the tax system
 - Economic measures to cope with volatility in the global economy
 - Helping farmers develop innovations
 - Upgrading worker capabilities
 - Laying foundations for the country's growth
 - Devising measures to deal with drought and floods
- **Social Issues**
 - Improving the welfare system and the people's quality of life
 - Preparing Thais for the 21st century
 - Solving corruption among politicians and government officials
 - Tackling drug problems and restoring peace in the Deep South
 - Improving public services
- **Other Issues**
 - Supporting efforts to study constitutional amendments and gathering public opinion

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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 Cabinet in November 2015; Transport Action Plan Year 2017, worth Bt1.318trn, approved by Cabinet in December 2016
- **Digital Economy:**
 - NBTC plans to award mobile licenses in various spectrums and launch 5G in near future
 - Government plans to adapt National Digital ID to speed up the process towards digital economy
- **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

Short-term Policies

- **Government Budget:**
 - Fiscal budget deficit in FY2020: plans for Bt469bn deficit to provide additional supports to Thai economy amid global uncertainties
- **Short-term Stimuli:**
 - Bt42bn welfare cards (Phase 1) 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
 - Bt35.7bn welfare program (Phase 2) for low-income earners: focus on job training and skill improvement
 - Welfare Card (Phase 3): additional money to welfare card holders and elderly during August - October 2019
 - 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
 - 'Thai Niyom' funds (Bt20bn): allocate budget for sustainable development projects for 83,151 communities, each to be granted Bt200,000 to improve community welfare
 - Measures to help farmers: 2019/2020 rice and palm oil price insurance scheme, drought-afflicted relief program, and easing production costs
 - Mid-2019 stimulus plan (Bt21.8bn): Give Bt13.2bn directly to people with disabilities, farmers, and other holders of welfare cards to help people with low incomes; tax measures worth Bt8.6bn, supporting property markets, tourism, education, etc
 - Thailand Plus Package: attract foreign investment, especially to expedite investments from companies seeking to relocate as a result of ongoing trade war
 - Supporting tourism: Extend fee exemption for visas on arrivals to September 2020; Bt1,000 handouts for domestic tourism and 15% cash rebate up to Bt30,000 (or up to Bt4,500 rebate from government)
 - Property stimulus package: Offer Bt50,000 cash-back per buyer on down payment; reduce property transfer and mortgage fees
 - 2020 SMEs aid program: Offer credit guarantee facility, liquidity aids, soft loans, and assistance in debt restructuring processes for SMEs

Note: NBTC = National Broadcasting and Telecommunications Commission;
SOE = State Owned Enterprise; GSB = Government Saving Bank
Sources: Newspaper and KResearch (as of January 2020)

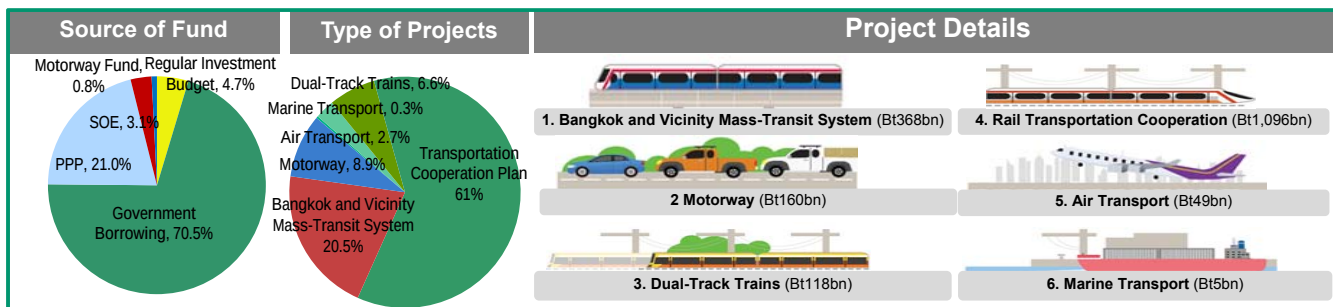
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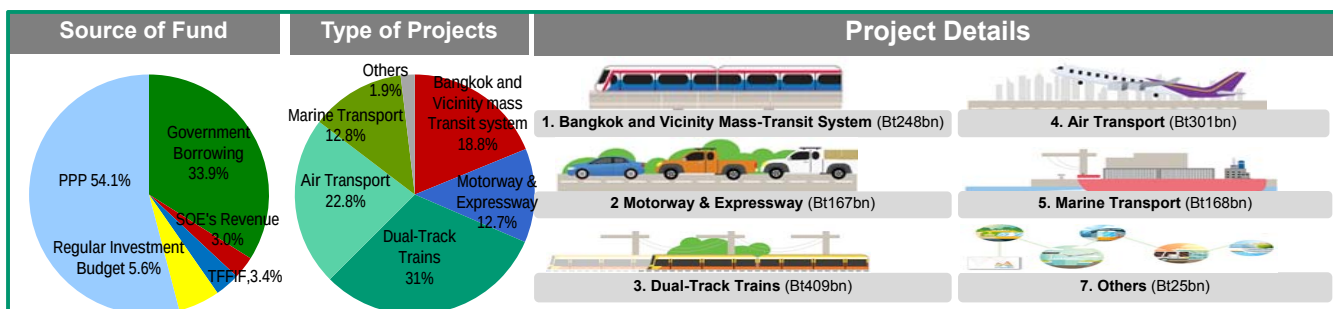
Transport Infrastructure Development Plan

- 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

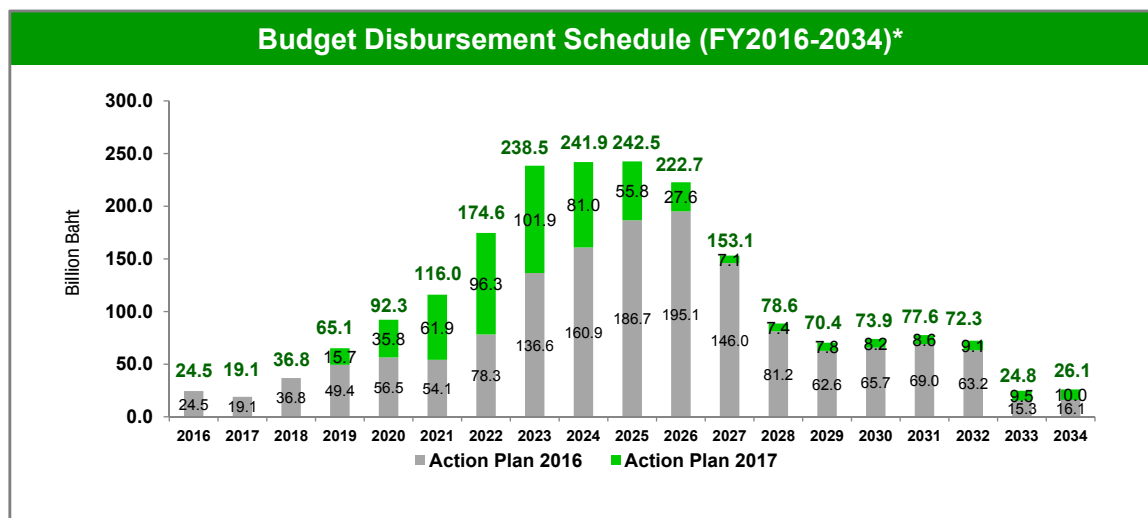
Source : Office of Transport and Traffic Policy and Planning, Newspaper, KResearch (as of October, 2019)

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Transport Action 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

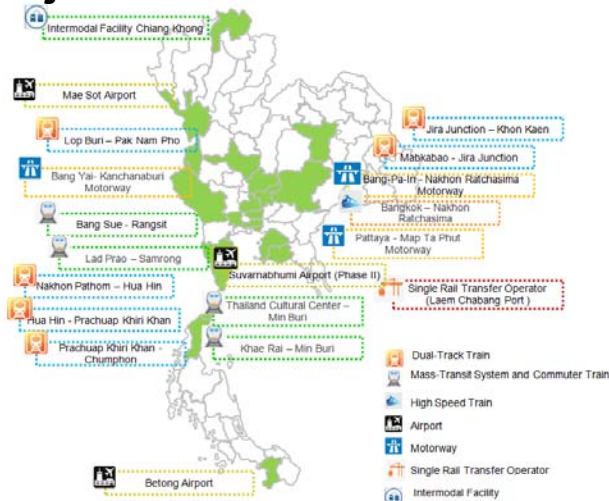
Source : Office of Transport and Traffic Policy and Planning

* KResearch Projected (as of October 2019)

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Projects under construction



Projects under construction	Expected completion year
Air Transport: Suvarnabhumi Airport Phase 2 and Mae Sot Airport (Tak) Betong Airport (Yala)	2020 2019
Marine Transport: Single Rail Transfer Operator (Laem Chabang Port)	2019
Others: Intermodal Facility – Chiang Khong (Chiang Rai)	2019 / 2020

Source: Ministry of Transport and KResearch (January 2020)

Projects under construction	Expected completion year
Motorways: Pattaya-Map Ta Phut Bang Pa-In-Nakhon Ratchasima Bang Yai-Kanchanaburi	2020 2020 / 2021 2021 / 2022

Projects under construction	Expected completion year
Dual-Track Railways: Prachuap Khiri Khan-Chumphon Nakhon Pathom-HuaHin Hua Hin-Prachuap Khiri Khan Lop Buri-Pak Nam Pho Mab Kabao-Jira Junction	2021 2021 2021 2022 2023

Projects under construction	Expected completion year
High Speed Railway: Thailand-Chinese (Bangkok-Nakhon Ratchasima-Nong Khai)	2023

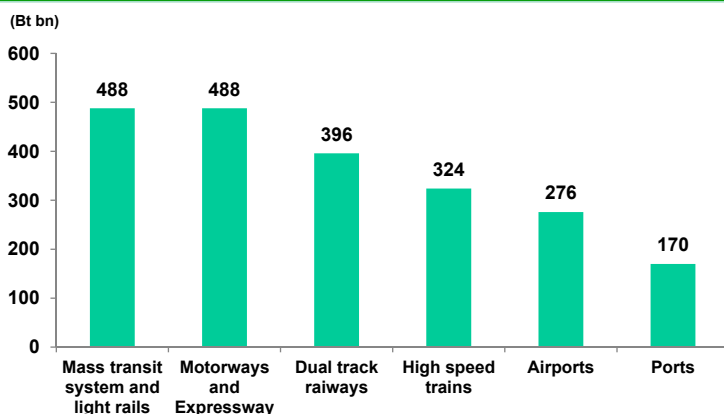
Projects under construction	Expected completion year
Mass-Transit System and Commuter Rail Lines: Orange Line (Thailand Cultural Centre-Min Buri) Pink Line (Khao Rai-Min Buri) Yellow Line (Lad Prao-Samrong) Red Line (Bang Sue-Rangsit)	2022 2021 2021 2020

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Upcoming Infrastructure Projects

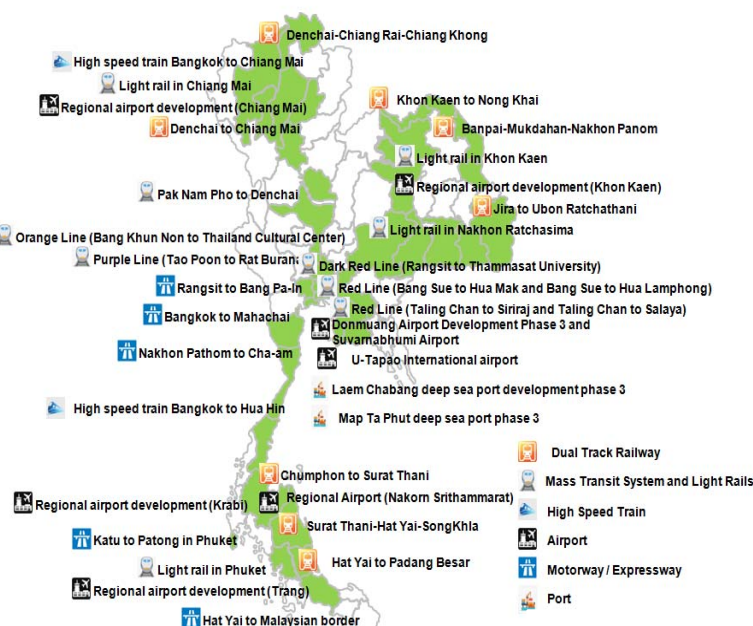
Upcoming Infrastructure Projects by Categories



• **Approved projects:** MRT Purple line, Dual-Track Railways (Den Chai-Chiang Rai-Chiang Khong and Banpai-Nakhon Panom), Map Ta Phut and Laem Chabang deep sea ports etc.

• **Projects pending for approval:** Dual-Track Railway 2nd phase, MRT Orange Line (Bang Khun Non-Thailand Cultural Centre), Motorways (Nakhon Pathom - Cha-am, Hat Yai - Malaysian Border) etc.

Upcoming Infrastructure Projects by Areas



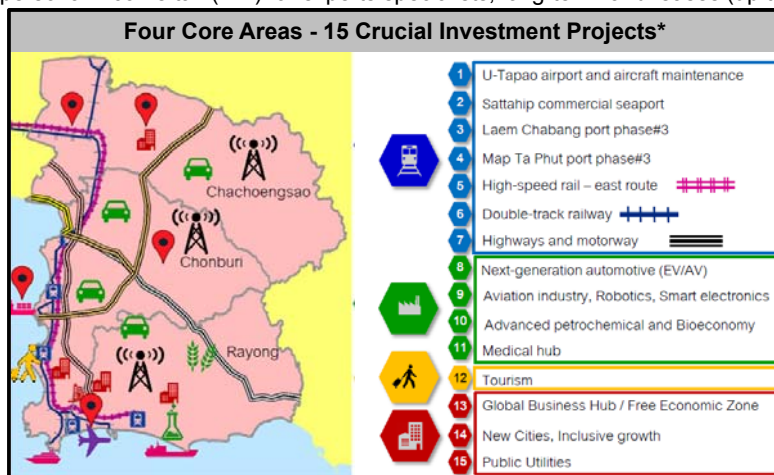
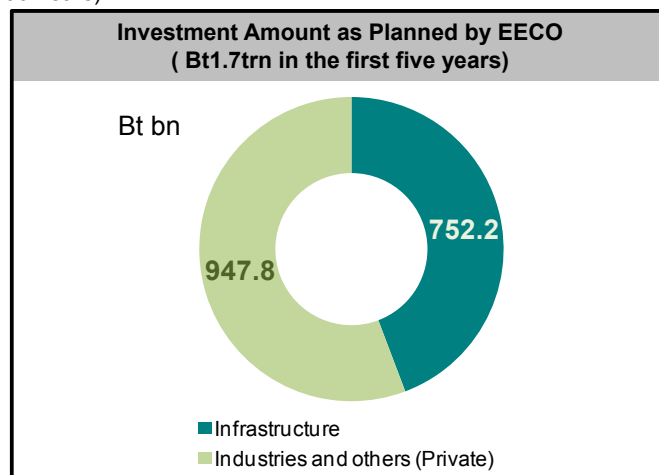
Source: Ministry of Transport and KResearch (January 2020)

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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)

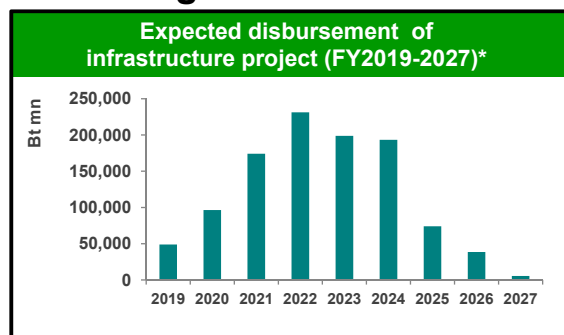
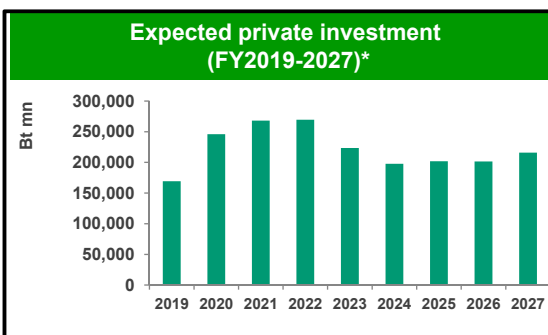
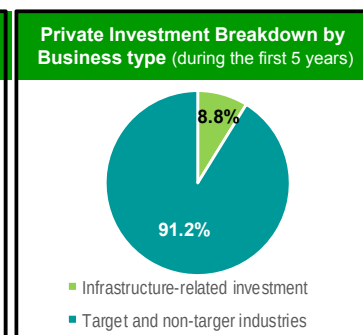


Source: The Board of Investment of Thailand (BOI), and The Eastern Economic Corridor Office of Thailand (EECO) presentation and KResearch projected (as of October 2019)

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EEC Progress



Projects	Amount	Owner	TOR period	Progress	Name of the selected JV	Expected project completion
The High-Speed Rail Linked 3 Airport Project (Don Muang-Suvarnabhumi-U-tapao)	Bt224.5bn	State Railway of Thailand	Jun 18	PPP Contract signed in Oct 2019	CPH****	2027
U-tapao airport and aviation city**	Bt290bn	Royal Thai Navy	Oct 18	Final stage of bid selection process	BBS***** (preliminary)	2026
Maintenance, repair and overhaul (MRO)* centre*	Bt10.6bn	Thai Airways	Oct 18	Waiting for final proposal from Airbus (Expected 1Q20)	Thai Airways & Airbus	2021
Third phase of the Laem Chabang seaport*	Bt155.8bn	Port Authority of Thailand	Oct 18	Pending for petition challenge	To be announced in 1Q20	2026
Third phase of the Map Ta Phut seaport*	Bt47.9bn	Industrial Estate Authority of Thailand	Oct 18	PPP Contract signed in Oct 2019	GPC*****	2024

Source: Newspaper, KResearch (as of January 2020)

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

**** CPH = A consortium joint venture led by Charoen Pokphand Group, ***** BBS (BA 45% + BTS 35% + STEC 20%)

***** GPC = Gulf Energy Development Pcl + PTT Tank Terminal Company + China Harbour Engineering Company

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BOI Measures for Supporting Private Investment

■ Cabinet approved measures for supporting private investment

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

Targeted provinces	<ul style="list-style-type: none"> Launched a pilot project to set up 6 special economic zones in 5 provinces, namely Tak, Mukdahan, Sa Kaeo, Songkhla, and Trat Second phase of special economic zones to be established in 5 additional provinces – Chiang Rai, Kanchanaburi, Nong Khai, Nakhon Phanom, and Narathiwat
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 2017)

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BOI Measures for Supporting Private Investment

Special incentives to attract relocating industries (September 6, 2019)

Thailand Plus Package	<ul style="list-style-type: none"> To attract foreign investment, especially to expedite investments from companies seeking to relocate as a result of the ongoing trade war
Incentives	<ul style="list-style-type: none"> Additional 5 years of 50% reduction of corporate income tax when at least Bt1bn of actual investment is put in place by December 2021 and the application is submitted by December 2020 Special deduction of training expenses related to advanced technology endorsed by the Ministry of Higher Education, Science, Research and Innovation Investments in automation systems will be entitled to double deduction Set up an investment steering committee (One-Stop Service) to coordinate the consideration and facilitation of the investment projects, especially those involving large investments

Source: Newspaper, KResearch (as of September 2019)

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Short-term Stimuli

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

Measures to support economy (August 2018, January 2019, August 2019)

Welfare Card (Phase 1, 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 (Bt100 for purchase of necessary goods and up to Bt200 for E-money) until January 2020 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
Add-ons under Welfare Card (Phase 3)	<ul style="list-style-type: none"> Up to Bt500 per month e-wallet top-up allowance until January 2020 Bt500 per month elderly allowance until January 2020 Bt300 per month allowance for taking care of children aged up to six until September 2019

Measures to support domestic tourism and spending in upcountry area (August 2019)

Tourism	<ul style="list-style-type: none"> Extension of fee-waiver for tourist visas until September 2020
Cash handouts for domestic tourists : Eat Shop Travel (Bt19bn)	<ul style="list-style-type: none"> Offer a Bt1,000 freebie to Thai travelers, up to 10 million persons, visiting tourism destinations outside their home province 15% cash rebate, up to Bt30,000, on tourism spending for food and beverages, local products, and accommodation expenses

Measures to help Farmers (August 20, 2019, and August 27, 2019)

Drought-afflicted relief program	<ul style="list-style-type: none"> Low-interest loans will be offered to support farmers affected by the drought An extension of debt repayment for BAAC borrowers Emergency loans capped at 50,000 Baht, with no interest charged in the first year Drought rehabilitation loans up to 500,000 Baht, each with a special interest rate of MRR-2%
Easing production cost	<ul style="list-style-type: none"> Bt500 per rai grant for easing crop expenses during 2019/2020 crop cycle (capped at 20 rai per farmer household)
2019/20 Rice and Palm Oil Price Insurance Scheme (Bt34bn)	<ul style="list-style-type: none"> Price guarantee of Bt4 per kilogram for palm oil, up to 25 rai per farmer household Up to Bt15,000 per tonne rice price guarantee, up to 40 rai per farmer household

Source: Newspaper, KResearch (as of January 2020)

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Short-term Stimuli (Con't)

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

Measures to help SMEs (September 8, 2015, July 25, 2017, August 1, 2017, and August 20, 2019, January 7, 2020)

2020 Loans guaranteed by Thai Credit Guarantee (TCG)	<ul style="list-style-type: none"> TCG will offer Bt60bn credit guarantee facility to the first group of up to 50,000 SMEs and enlarge credit guarantee coverage to 40% from 30%
2020 Debt restructuring program	<ul style="list-style-type: none"> TCG will delay bankruptcy process for SMEs and help SME debt restructuring process
Loans guaranteed by TCG (Bt100bn)	<ul style="list-style-type: none"> TCG will absorb first 30% of NPLs as 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
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

SME Transformation Loan programme by Government Saving Bank and Krung Thai Bank (January 7, 2020)

2020 Liquidity aid (Bt60bn)	<ul style="list-style-type: none"> GSB and KTB will offer Bt60bn loans to boost SMEs' liquidity
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Measures to support small SMEs (August 20, 2019, January 7, 2020)

Special Credit Program to support small SMEs (Bt5bn)	<ul style="list-style-type: none"> Grant soft loans, up to Bt1mn per entrepreneur, with interest rate of only 1% per annum and seven-year grace period
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Measures to support property market (October 29, 2019, November 26, 2019)

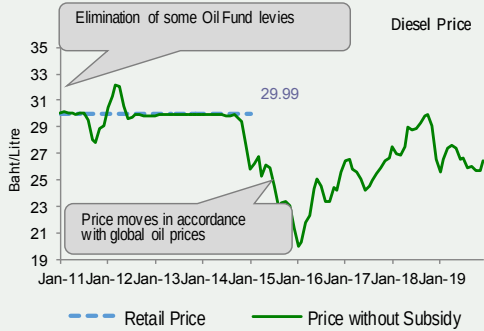
Property transfer fee reduction	<ul style="list-style-type: none"> Property transfer fees reduced from 2 percent to 0.01 percent Mortgage fees reduced from 1.0 percent to 0.01 percent for buying condominium units priced at not over Bt3 million
Cash Rebate on down payment	<ul style="list-style-type: none"> Bt50,000 cash-back per buyer on down payment for buyers earning less than Bt100,000 per month

Source: Newspaper, KResearch (as of January 2020)

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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): Up to 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 2019, 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 Bt19.37/kg. ➢ Transport sector: adjusted to market price at Bt19.37/kg ➢ Industrial sector: adjusted in line with relevant production costs, currently at Bt19.37/kg <p>FT Rate: Fuel Adjustment Tariff (FT) Rate for electricity is set to increase by less than the actual cost (from September-December 2019, FT rate at Bt-0.1160/unit)</p>
Value-added-tax (VAT) Rate	<p>On September 10, 2019, 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, 2020 ■ On October 1, 2020, the VAT rate will be increased to 10%

Note : *Effective period July– October 2019

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

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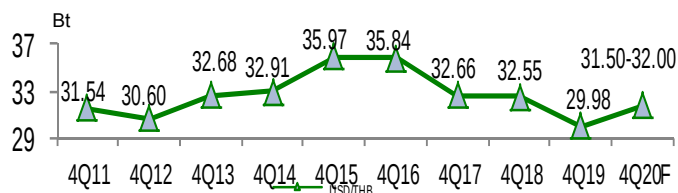
Thailand Economic Figures

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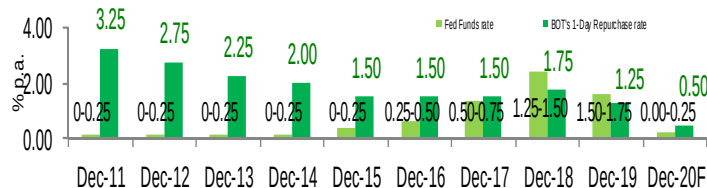
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Currency and Interest Rate Outlook

USD/THB: End Period



Interest Rate Trend



- USD/THB would depreciate in 1H20, due to a risk-off sentiment from fear of coronavirus outbreak, and BOT's rate cuts
- However, USD/THB to drop back to 31.50-32.00 by the end of this year after a fear of the COVID-19 is expected to fade and the Baht is to be driven by a strong Thai economic fundamentals, such as high current account surplus and low inflation, and high global liquidity
- Fed would keep its ultra monetary easing with the Fed Funds rate of 0.00-0.25% and its quantitative easing throughout the year from 1.50-1.75% in 2019, as the COVID-19 outbreak, existing tariff uncertainty from US-China phase-two trade talks and limited fiscal supports in an election year are expected to impact US economic growth
- BOT may cut interest rate to 0.50% by the end of 2020, from 1.25% in 2019, due to impacts of the COVID-19 outbreak, impact of drought, and global economic uncertainty

Note: F is estimated by KBank Capital Markets Research (as of April 9, 2020)

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Monthly Economic Conditions: January - February 2020

Units: YoY %, or indicated otherwise	2018	2019	2019				2020		YTD 2020
			3Q-19	4Q-19	Nov-19	Dec-19	Jan-20	Feb-20	
Private Consumption Index (PCI)	4.6	2.4	1.2	2.0	2.1	1.7	1.2		1.2
- Non-durables Index	1.5	2.2	1.7	1.2	1.5	-1.4	-0.1		-0.1
- Durables Index	8.1	-2.0	-3.1	-8.8	-9.1	-12.0	-3.1		-3.1
- Service Index	5.3	2.8	2.0	3.2	2.6	3.0	1.0		1.0
- Passenger Car Sales	19.1	-2.5	-6.7	-15.8	-17.0	-20.1	-4.7		-4.7
- Motorcycle Sales	-3.1	-3.3	-0.5	-7.8	-2.9	-20.7	-2.0		-2.0
Private Investment Index (PII)	3.5	-2.7	-2.7	-5.3	-7.5	-3.7	-8.1		-8.1
- Construction Material Sales Index	4.4	-0.7	-3.4	-1.9	-3.3	1.7	-3.2		-3.2
- Domestic Machinery Sales at constant prices	6.1	-5.5	-5.6	-9.0	-11.6	-7.3	-4.8		-4.8
- Imports of Capital Goods at constant prices	3.6	-1.0	-1.0	-3.0	-7.6	3.7	-5.1		-5.1
- Newly Registered Motor Vehicles for	5.7	-3.0	-2.5	-15.4	-15.5	-26.4	-17.6		-17.6
Manufacturing Production Index	3.7	-3.6	-4.2	-6.8	-8.0	-4.4	-4.6		-4.6
- Capacity Utilization	69.2	66.0	64.8	63.3	63.2	64.0	66.5		66.5
Agriculture Production Index	7.5	0.4	2.8	-2.5	-3.1	-3.4	-2.2		-2.2
- Agriculture Price Index	-5.4	1.8	2.3	3.5	4.4	5.4	9.0		9.0
Tourist arrival growth	7.3	4.2	7.2	6.4	5.9	2.5	2.5		2.5
Exports (Custom basis)	6.9	-2.7	-0.5	-4.5	-7.4	-1.3	3.3		3.3
- Price	3.4	0.3	0.4	0.4	0.3	1.1	0.7		0.7
- Volume	3.9	-3.5	-0.4	-5.3	-8.0	-2.8	2.8		2.8
Imports (Custom basis)	12.0	-4.7	-6.1	-6.8	-13.8	2.5	-7.9		-7.9
- Price	5.6	0.2	-0.2	0.8	1.3	2.5	2.1		2.1
- Volume	7.7	-5.6	-6.6	-8.3	-15.0	-0.7	-2.1		-2.1
Trade Balance (\$ millions) (Custom basis)	4,756	9,605	3,438	1,651	549	596	-1,556		-1,556
Current Account (\$ millions)	28,457	37,308	9,238	10,389	3,375	4,109	3,444		3,444
Headline CPI	1.08	0.71	0.61	0.39	0.21	0.87	1.05	0.74	0.89
Core CPI	0.71	0.52	0.45	0.47	0.47	0.49	0.47	0.58	0.53

- January indicators suggested that the Thai economy continued on a decelerating trend
- January private investment contracted, while private consumption grew at a slower pace, amid weaker sentiment in domestic market
- January exports turned into expansion the first time in 6 months, thanks to a dramatic surge in gold shipments. However, exports of other products remained sluggish
- January current account registered a smaller surplus, from the trade balance
- February headline inflation decelerated from previous month, due to the slide in oil prices

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

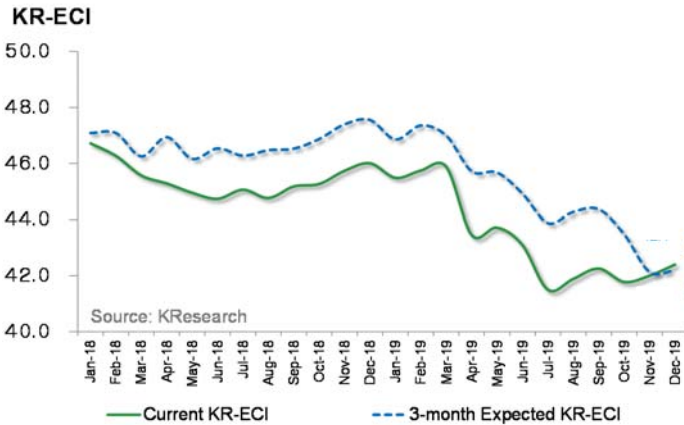
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KR Household Economic Condition Index (KR-ECI)

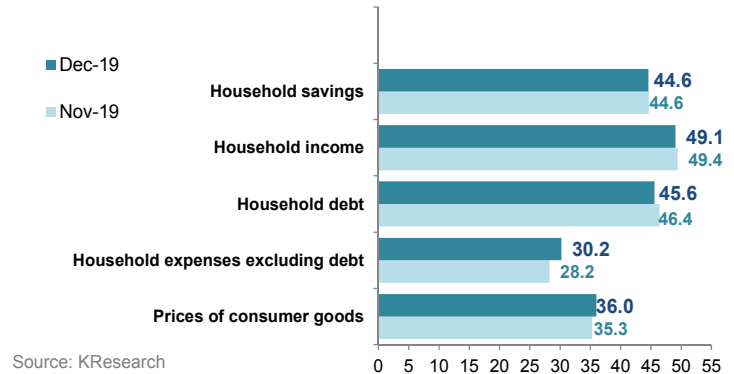
- The 3-month Expected KR-ECI in December 2019 stayed at 42.2, barely changed from 42.1 recorded in November 2019. Thai households remained worried about their income and employment as well as their debt burden in the next three months.

KR Household Economic Condition Index (KR-ECI)



Components of 3-month Expected KR-ECI

3-month Expected KR-ECI



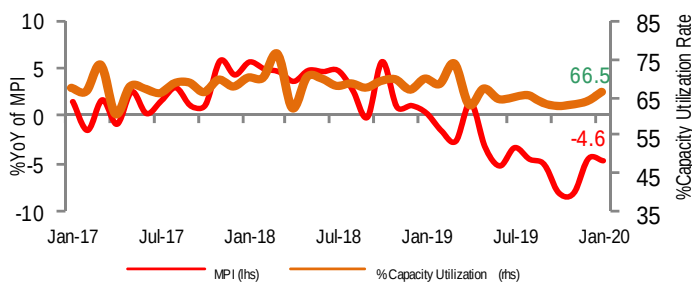
- Notes: - The KR Household Economic Condition Index (KR-ECI) has been devised by KResearch to monitor household sentiment toward economic conditions at the current level and over the next three months. Any reading above 50 reflects positive sentiment and below 50 negative sentiment.
- Research sample 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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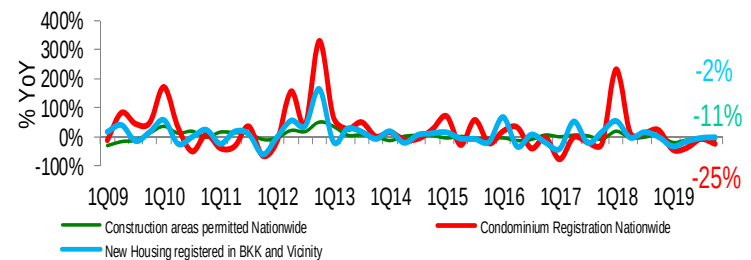
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Economic Condition Highlights: January - February 2020

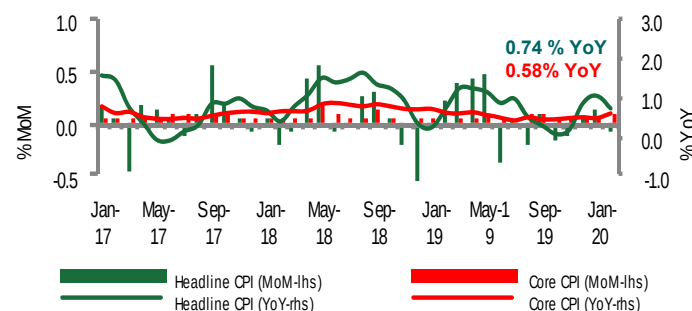
Jan20 MPI contracted, in line with softer domestic and external demand, while CapU slightly improved



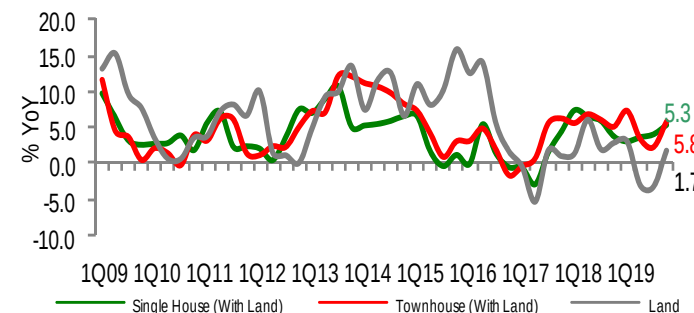
Activities in real estate market, except new housing registration, declined at a faster pace in 4Q19



Feb20 Headline inflation decelerated, due to the slide in oil prices, while core inflation was buoyed by ongoing drought



Property prices rebounded in 4Q19, given government stimulus measures for the housing sector



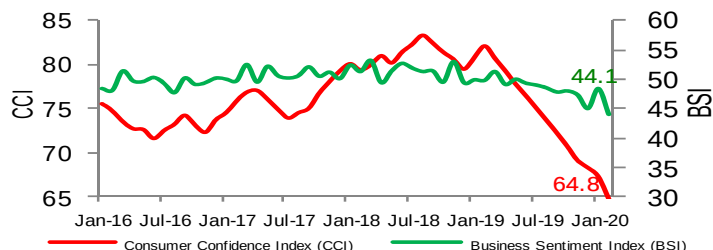
Sources: BOT, MOC, OIE, and REIC (Real Estate Information Center)

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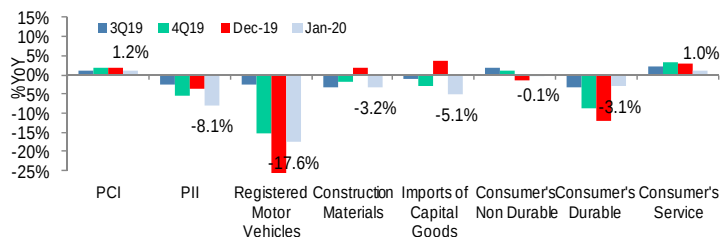
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Economic Condition Highlights: January - February 2020

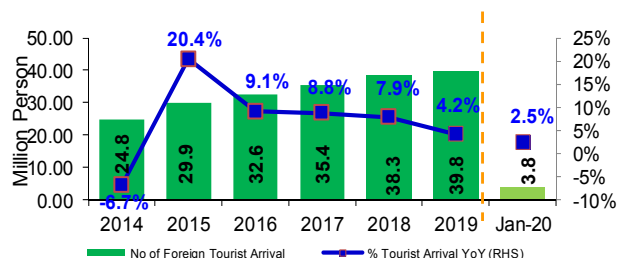
Feb20 CCI plunged to the lowest level in almost 6 years, due to concerns over imminent risks from COVID-19 and drought



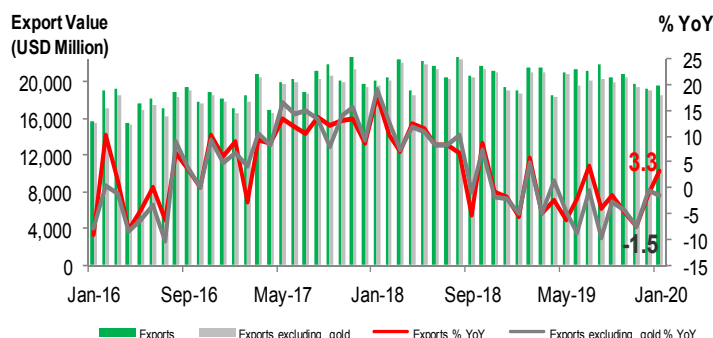
Jan20 Private investment contracted, while private consumption grew at a slower pace, given weaker sentiment



Jan20 Foreign tourist arrivals stagnated, amid China's ban on outbound group tour, after the outbreak of COVID-19 in China



Jan20 Exports turned into expansion the first time in 6 months, thanks to a dramatic surge in gold shipments



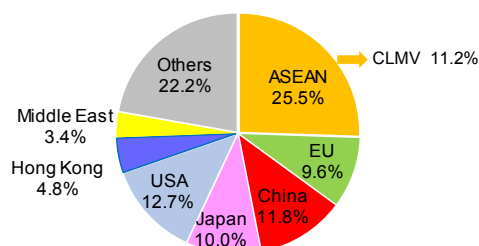
Sources: Bank of Thailand (BOT), Ministry of Commerce (MOC), University of the Thai Chamber of Commerce (UTCC), and Office of Industrial Economics (OIE)

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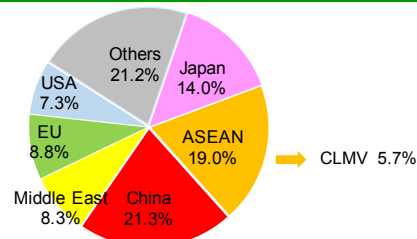
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Exports and Imports: 2019

Exports by Country



Imports by Country



Top 10 Exports by Product (Customs Basis)

Exports, Custom Basis	2019		
	USD Millions	Weight	%YoY
Total Exports,	246,245	100.0%	-2.7%
Electronic machines	35,598	14.5%	-7.2%
Motor cars, motor vehicles, parts and accessories	27,271	11.1%	-5.8%
Electrical equipment	24,324	9.9%	0.1%
Precious stones and jewellery	15,691	6.4%	30.9%
Polymers of ethylene in primary forms	9,172	3.7%	-11.0%
Chemical products	7,590	3.1%	-17.3%
Refine fuels	7,341	3.0%	-21.2%
Machinery and parts thereof	7,309	3.0%	-10.9%
Textiles	6,910	2.8%	-3.3%
Other industrial products	6,307	2.6%	-0.5%

Top 10 Imports by Product (Customs Basis)

Imports, Custom Basis	2019		
	USD Millions	Weight	%YoY
Total Imports,	236,640	100.0%	-4.7%
Crude oil	21,543	9.1%	-19.9%
Machinery and parts	20,945	8.9%	1.3%
Electrical machinery and parts	17,564	7.4%	-8.3%
Electrical, electronic equipment and parts thereof	15,451	6.5%	-2.9%
Chemicals	15,314	6.5%	-8.2%
Iron, steel and products	12,917	5.5%	-3.9%
Parts and accessories of vehicles	11,505	4.9%	-4.0%
Jewellery including silver bars and gold	11,036	4.7%	-25.9%
Other metal ores, metal waste scrap, and products	8,936	3.8%	-9.7%
Computers, parts and accessories	8,191	3.5%	-8.5%

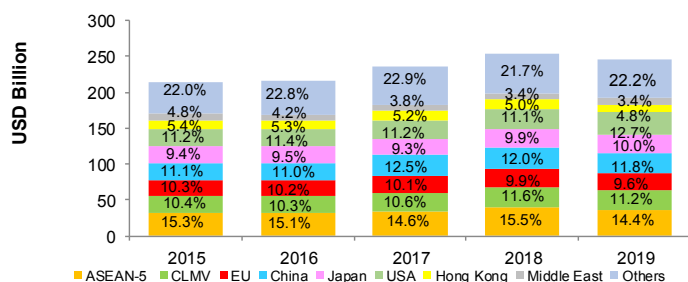
Source: Ministry of Commerce

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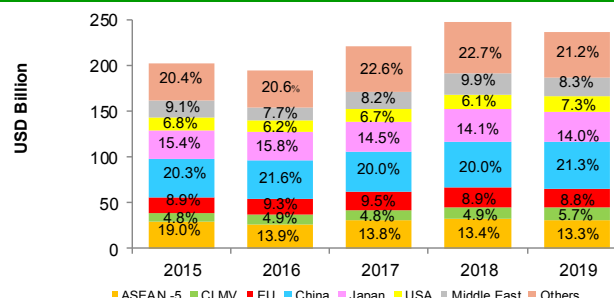
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Export and Import Data: 2015 - 2019

Exports by Country



Imports by Country



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Chemicals	15,314	6.5%	-8.2%
Iron, steel and products	12,917	5.5%	-3.9%
Parts and accessories of vehicles	11,505	4.9%	-4.0%
Jewellery including silver bars and gold	11,036	4.7%	-25.9%
Other metal ores, metal waste scrap, and products	8,936	3.8%	-9.7%
Computers, parts and accessories	8,191	3.5%	-8.5%

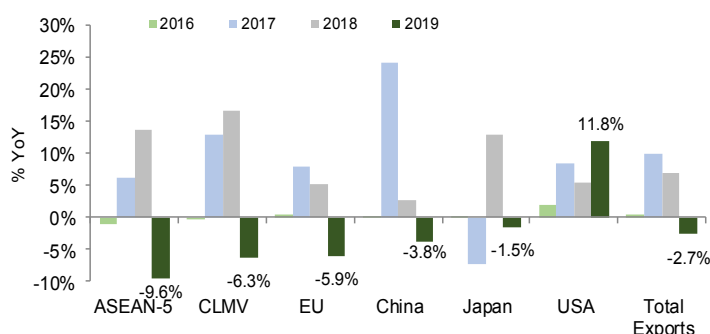
Source: Ministry of Commerce

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Export and Import Growth by Key Destinations

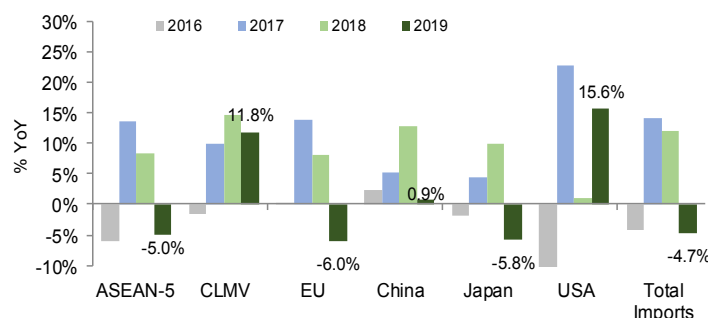
Export growth by key destinations



Exports	2018		2019	
	Value (Million USD)	Share	Value (Million USD)	Share
ASEAN-5	39,212	15.5%	35,432	14.4%
CLMV	29,334	11.6%	27,472	11.2%
EU	25,042	9.9%	23,553	9.6%
China	30,317	12.0%	29,172	11.8%
Japan	24,937	9.9%	24,558	10.0%
USA	28,041	11.1%	31,343	12.7%
Total	252,957	100.0%	246,245	100.0%

Source: Ministry of Commerce

Import growth by key destinations



Imports	2018		2019	
	Value (Million USD)	Share	Value (Million USD)	Share
ASEAN-5	33,158	13.4%	31,512	13.3%
CLMV	12,089	4.9%	13,512	5.7%
EU	22,249	9.0%	20,903	8.8%
China	49,903	20.1%	50,328	21.3%
Japan	35,256	14.2%	33,222	14.0%
USA	14,969	6.0%	17,307	7.3%
Total	248,201	100.0%	236,640	100.0%

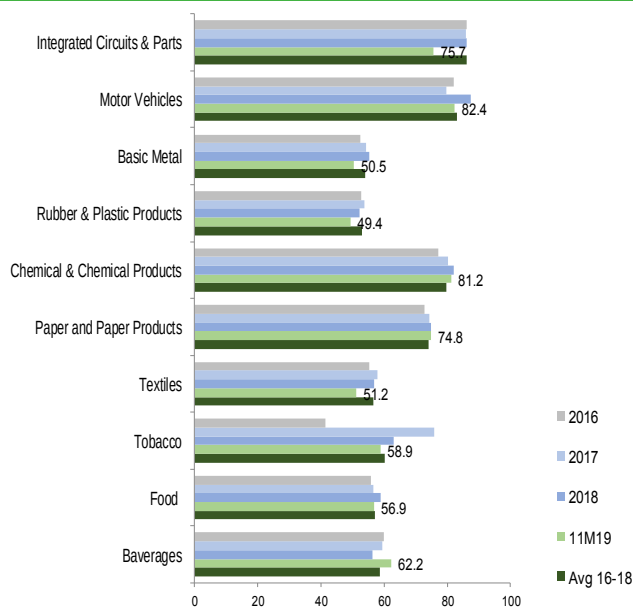
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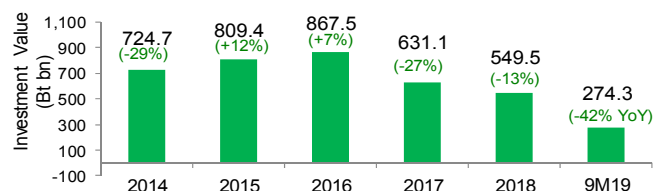
Economic Condition Highlights: CAPEX and Investment Cycle

Capacity Utilization by Key Industries

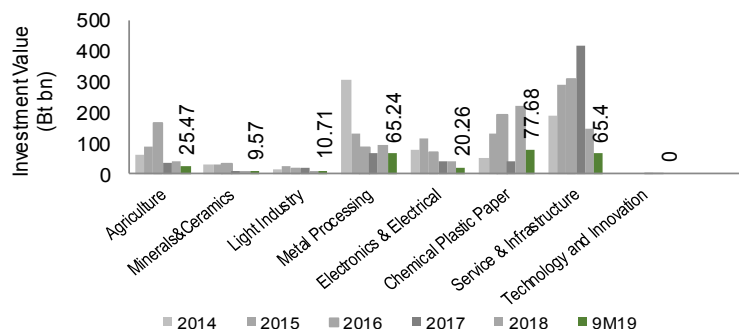


Source: The Bank of Thailand (BOT), The Ministry of Commerce (MOC), and Office of Industrial Economics (OIE)
(Data as of Dec 2019)

Investment value of BOI-approved applications (Total)*



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



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

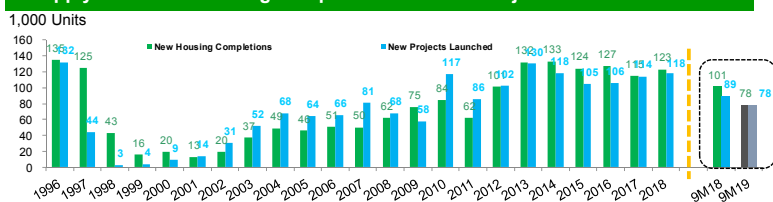
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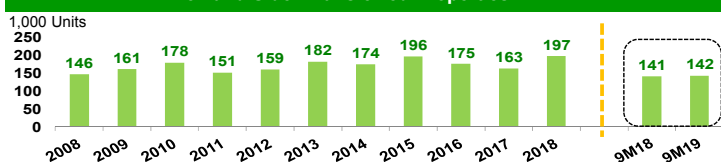


Property Market: Continued government stimuli; Residential market still falling

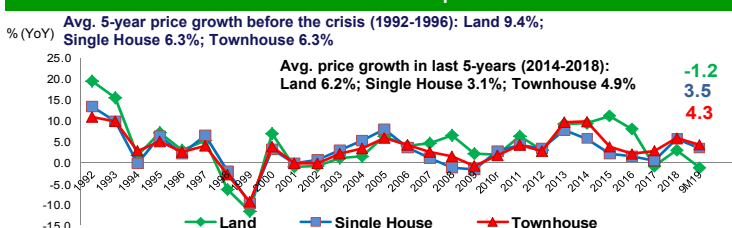
Supply Side: New Housing Completions and New Projects Launched in BMR*



Demand Side: Transferred Properties in BMR*



Price Growth of Properties

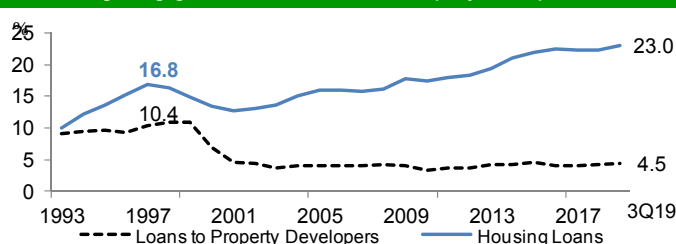


Sources : National Economic and Social Development Council (NESDC), BOT, Real Estate Information Center (REIC), Agency for Real Estate Affairs (AREA), and KResearch
Note: * Including Condominium, Single House, and Townhouse; BMR = Bangkok and Metropolitan Area
** Measures to support Property sector during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

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Outstanding Mortgage Loans to Individuals and Property Developers to GDP



- Mortgage loans to GDP 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 4.5% in 3Q19, still lower than pre-crisis level
- Supply Side: Overall new housing projects launched in 9M19 decreased 12.6% YoY, due to high accumulated stocks of property developers
- Demand Side: Number of property transactions in 9M19 rose slightly 0.7% YoY, spurred by intense marketing campaigns among property developers and government stimulus measure reducing home ownership transfer fee
- Prices: Land prices declined marginally as property developers remain cautious in acquiring new land. However, townhouse and single house prices have risen steadily for nine consecutive quarters since 3Q17
- Mortgage NPLs among Thai commercial banks rose to 3.49% in 3Q19, from 3.25% in 2018

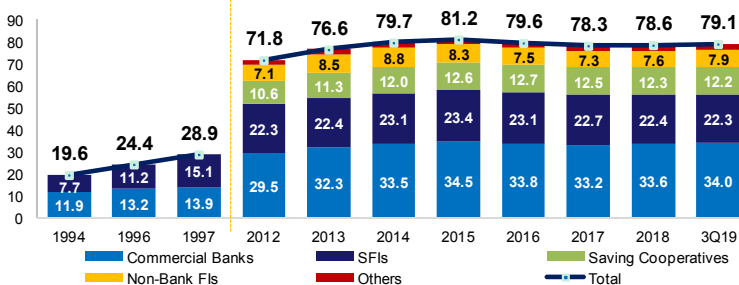
Household Borrowing

Household Borrowing to GDP

Old Definition

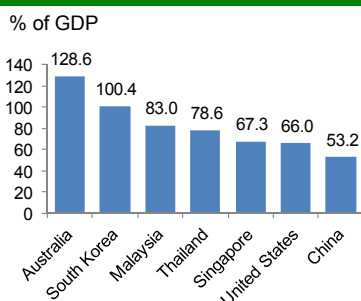
New Definition

% of GDP

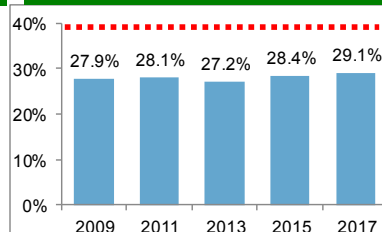


Old Definition: Data from 1991 – 1997: lending from commercial banks and SFIs to individual persons for consumption only
New Definition: Data from 2010 onwards: takes into account individual persons' outstanding loans from all types of financial institutions, including savings Co-ops and non-banks

Cross-Country Comparison of Household Debt (as of 2018)

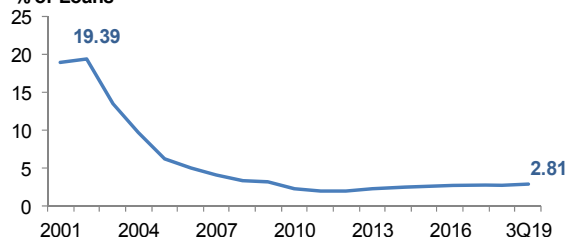


Debt Service Ratio of Thai households**



% NPL for Consumption Loans of Thai Commercial Banks

% of Loans



- Household debt to GDP edged up to 79.1% in 3Q19, and is expected to stay in a range of 80.0-81.5% in 2019
- 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 2.81% in 3Q19

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

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BOT Macro Prudential Policy

- New frameworks on retail lending announced by BOT to closely monitor systematic risk and implement preventive actions

LTV Criteria for Mortgage Loans (Effective: January 20, 2020)

Price and Type of Properties		New (Including Top-up loans)			
		1st Contract		2nd Contract	3rd Contract Onwards
		NEW	OLD (Apr-19)	Contract	Onwards
		LTV Limit	LTV Threshold	LTV Limit	LTV Limit
< Bt10mn	House	≤ 100%*	≤ 95%	80-90%	70%
	Condo.	≤ 100%*	≤ 90%	80-90%	70%
≥ Bt10mn	House & Condo.	≤ 90%	80% (LTV Limit)	80%	70%

- Under the new framework, LTV limit will be capped at 100% for the first contract of housing loans, and * loans for furniture and decorations can be added up to 10% of collaterals (old - no these conditions)
- For the second contract, LTV limit is 80% if the first contract's installment payments are less than two years (old - three years); otherwise, LTV limit is 90%
- Risk weight is 35% if LTV does not exceed its LTV limit; while the risk weight will increase to 75% for the loans for furniture and decorations of the first contract

Notes:

- August 15, 2019: BOT relaxed the LTV rules for co-signers that have no ownership interest in the home being purchased
- April 2019: BOT tightened LTV criteria for mortgage loans, and raised down payment for the second contract onwards.
- 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

Criteria for Credit Card / Personal Loans (Effective: September 1, 2017)

Lending Criteria	Credit Cards		Personal Loans		
	New		Old		
	Income	Credit Line	Income	Credit Line	Credit Line
Min.Monthly Income	Bt15,000	Bt15,000	-	-	-
Credit Line (times of average monthly income)	< Bt30,000	≤ 1.5 times	< Bt30,000	≤ 1.5 times	≤ 5 times
	< Bt50,000	≤ 3 times	≤ 3 times	≤ 3 times	≤ 5 times
	> Bt50,000	≤ 5 times	≥ Bt30,000	≤ 5 times	≤ 5 times

Criteria for Car Loans

- Auto Registration Loans** (Effective: February 1, 2019): Auto registration loan providers to be approved by Bank of Thailand and Ministry of Finance

	Regulated by Fiscal Policy Office		Regulated by Bank of Thailand
	Picofinance*	Pico Plus*	
Capital Fund	≥ Bt5mn	≥ Bt10mn	≥ Bt50mn
Credit Line	≤ Bt50,000	≤ Bt100,000	Depends on debt-servicing ability
Interest Rate Ceiling	≤ 36%	≤ 36% for first Bt50,000	≤ 28%
		≤ 28% for the amount in excess of Bt50,000	≤ 28%

- Auto Hire Purchase Loans** (Tentative Effective Date): BOT is working on new lending criteria, and may announce measure in 2H19.

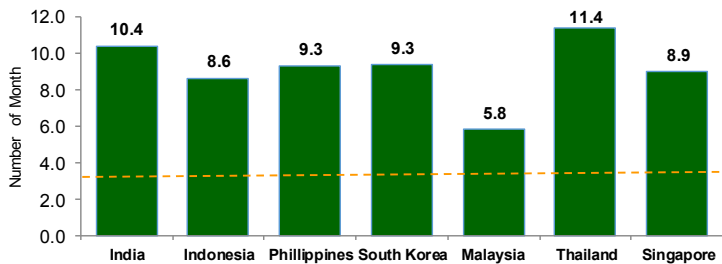
Note: * Picofinance and Pico Plus are allowed to provide loans only in the registered province

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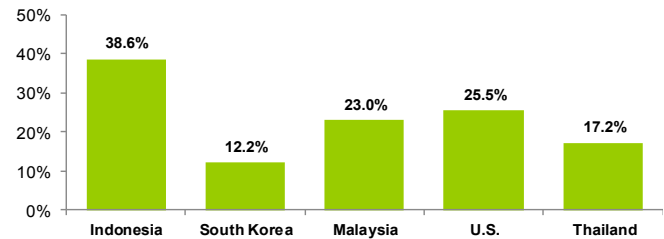
Thailand's external balances remain relatively strong compared to peers

High international reserve / Imports (Import Coverage)



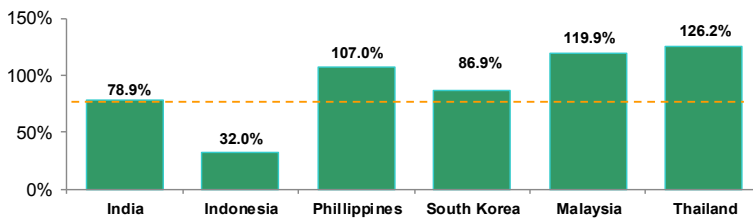
Source: Bloomberg, KResearch (data as of September 2019)

Low foreign holding ratio in Thai government bonds



Note: Retrieved from Asia Bond Online, based on September 2019 data
Source: Asian Development Bank, US Department of Treasury

High international reserve ratio / External debts



Source: Bloomberg, KResearch (data as of September 2019)

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:

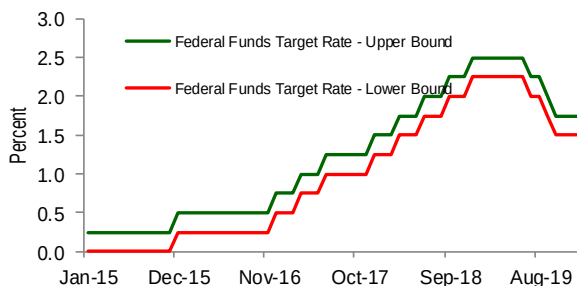
- High import coverage (international reserves/monthly imports) compared with the IMF's three month import coverage guideline
- More than 100% of external debt covered by international reserves
- Low portion of foreign holdings in Thai government bonds compared with other countries

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Challenges: Fed's Pivot in Policy Normalization

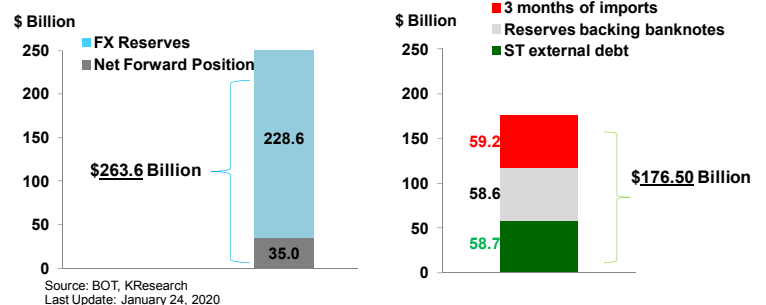
Fed's pivot move started in July 2019 after US economy had begun slowdown



- Fed tapered QE program in January 2014; program concluded in October 2014 and it had raised the interest rate 9 times during December 2015-December 2018, from 0.0-0.25% to the peak of 2.25-2.50%
- Due to a deteriorating US economy, the Fed decided to cut its policy rate by 0.75% in 2019 from 2.25-2.50% to 1.50 to 1.75%
- In instances where QE tantrum results in drastic fund outflows, Thailand's external stability will likely be maintained; FX reserves should be more than enough to meet all obligations
- The Thai banking system excess liquidity increased due to managing financial costs; CAR and NPL ratios were rather good (18.04% and 3.11% as of 2Q19, respectively), with net profit of Bt56.09 bn in 2Q19

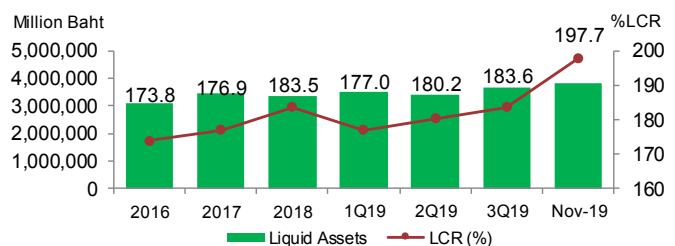
Source: KResearch, KBank Capital Markets Research (as of October 2019)

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



Source: BOT, KResearch
Last Update: January 24, 2020

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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Challenges: Exports

- Export is expected to mediocre in 2020 amid global trade uncertainties and transitions to structural changes

	Exports
Short-term Challenges	<ul style="list-style-type: none"> Faltering global demand THB appreciation US trade policy, e.g. measures to reduce trade deficit from 16 major countries Trade uncertainties
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) 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

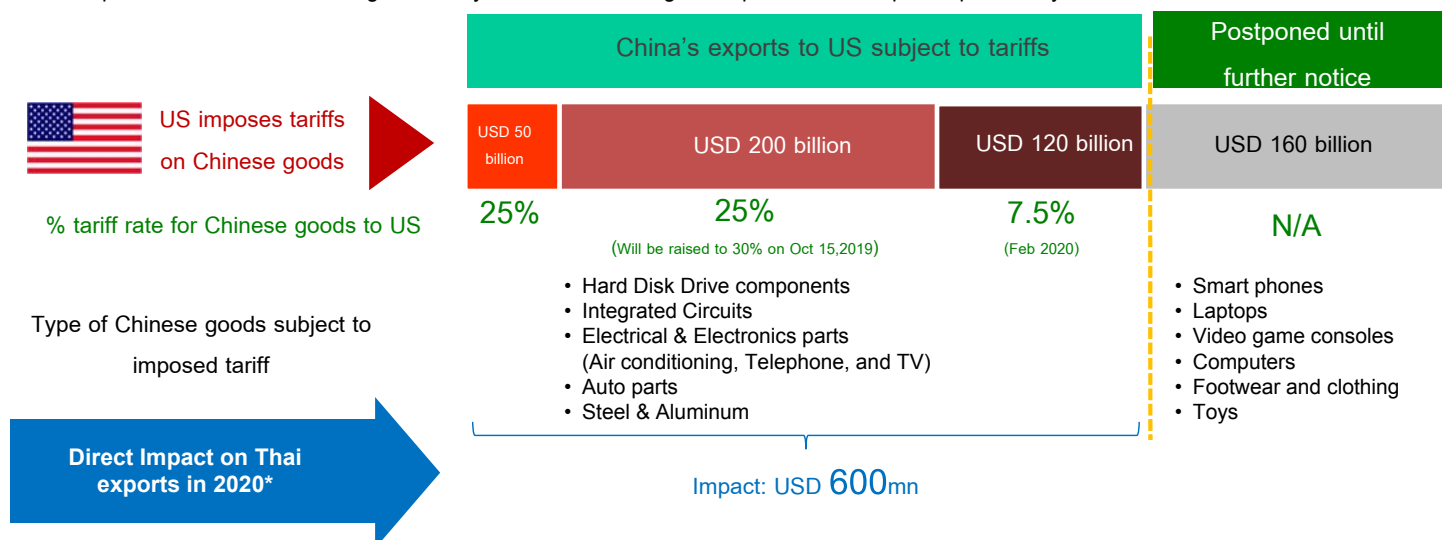
Note: HDD = Hard Disk Drive; IUU fishing = Illegal Unreported and Unregulated fishing; FTA = Free Trade Area; GSP = Generalized System of Preferences; BOI = the Board of Investment of Thailand
Source: KResearch (as of April 2019)

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Impact of trade dispute between US and China

- US and China signed 'phase one' trade deal on January 15, 2020 to ease trade war. Resulting impact on Thai exports from US tariffs on Chinese goods worth USD250bn plus USD120bn in 2020 is USD600mn; if China cannot submit an 'Action Plan' to 'phase one', US may impose tariff rate on Chinese goods this year, which will bring the impact on Thai exports up to nearly USD1bn



- Given the current trade war situation, it is unlikely that Thailand will receive investment from production relocation in labor-intensive industries. However, a small number of industries may diversify production to Thailand in order to diminish the impact on exports from China. Potential industries include those that Thailand is able to expand production capacity for export, i.e., electrical and electronics parts and those relying on Thailand's abundant natural resources, i.e., processed rubber products

Note: * Only direct impacts (indirect impacts from global trade slowdown are not included)

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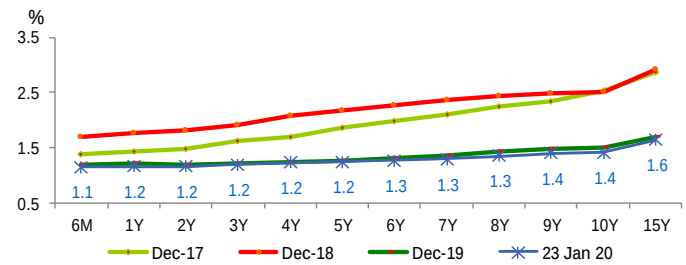
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Other Figures

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



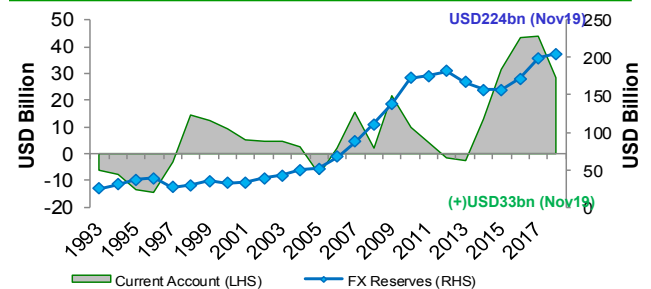
Bond Yields



Foreign Holdings of Thai Bonds



Current Account and FX Reserve

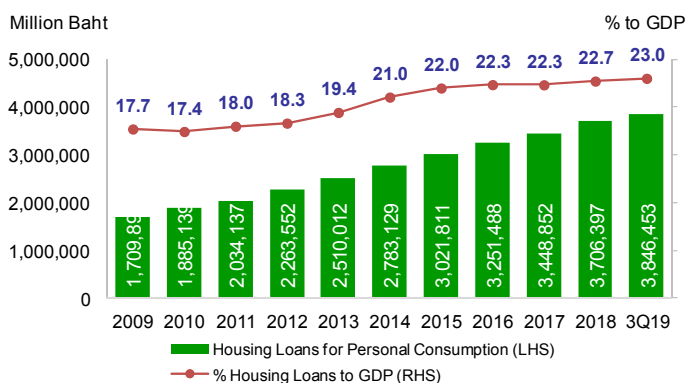


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Other Figures

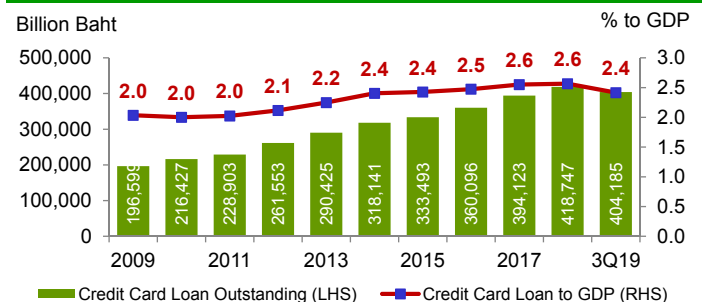
Housing Loans / GDP



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

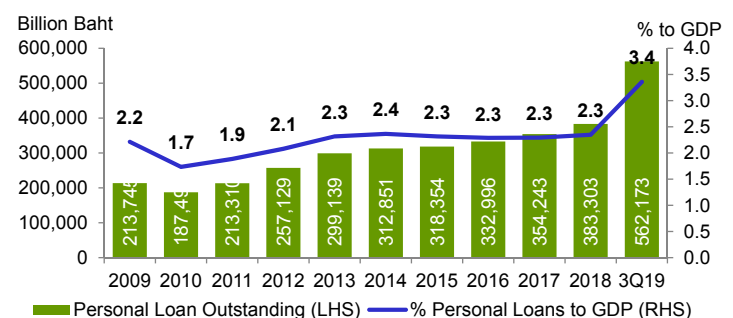
Source: BOT, NESDB

Credit Card Loans/GDP



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

Personal Loans/GDP



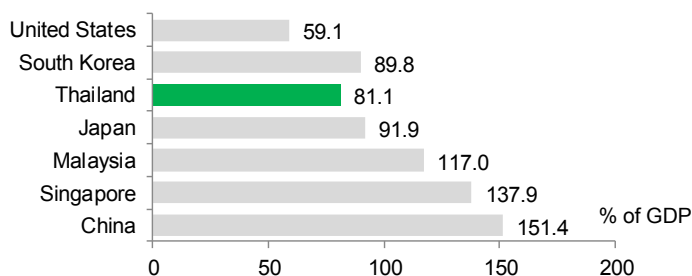
Note : 1) Personal Loans represent outstanding personal loans under supervision (including commercial banks and non-banks, excluding SFIs, saving cooperatives and others financial Institution)

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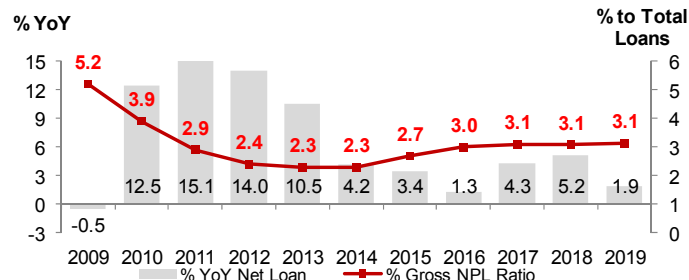
Other Figures

Loans to GDP as of 2018



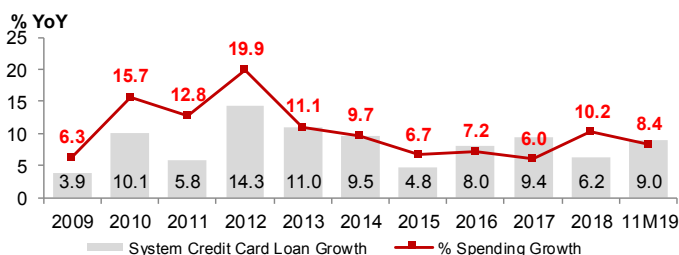
Note: Data on China, Korea and Japan include loans from commercial banks as well as financial institutions, the rest include loans only from commercial banks

Thai Banks' Net Loan Growth and NPL Ratio



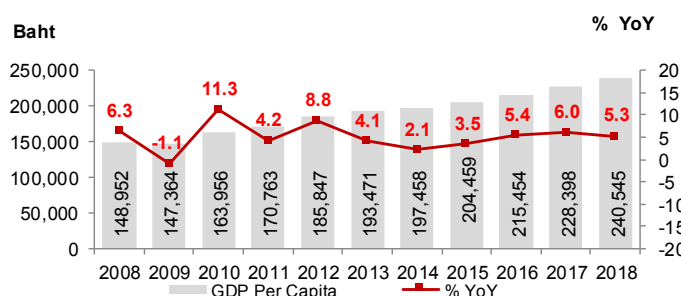
Note : %YoY Net loans represent growth of net loans in 14 Thai commercial banks from C.B.1.1 Latest %Gross NPL is as of 2016

Credit Card Statistics



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

GDP Per Capita

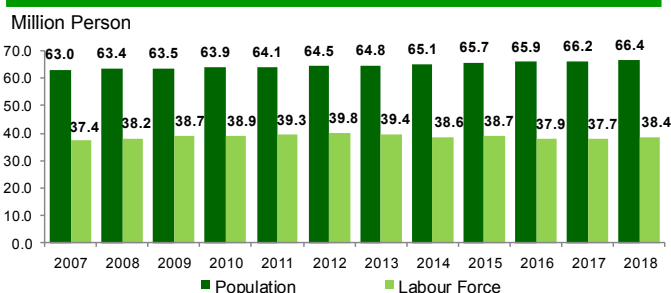


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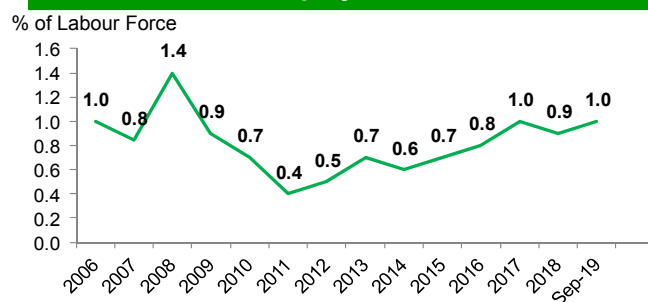
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Other Figures

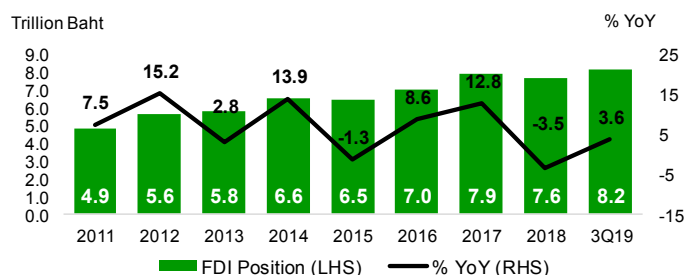
Population and Labor force



Unemployment Rate

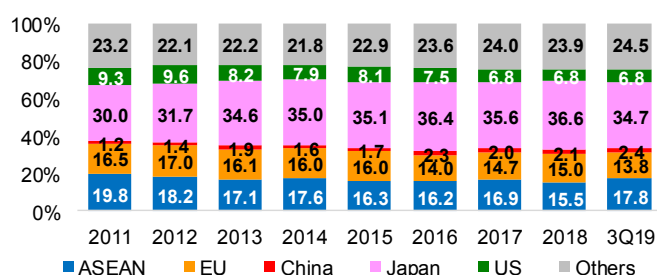


Foreign Direct Investment



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 Bank of Thailand

Foreign Direct Investment Position by Countries



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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

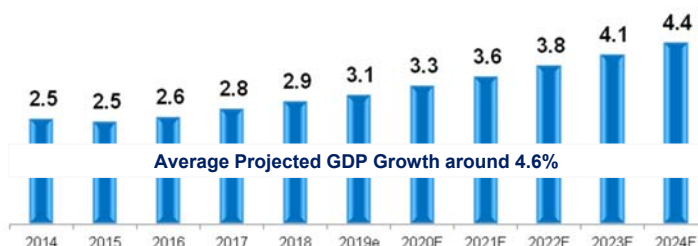


AEC Blue print 2025 (2016-2025)

- 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)



GDP	Thailand	ASEAN
Size of Economy (GDP) in USD Trillion for 2020	0.5	3.1
2020 Real GDP Growth Forecast	2.7%	4.5%

Note:
- Size of economy from IMF and compiled by KResearch
- 2019 GDP forecast is projected by KResearch

Source: IMF and KResearch (December 2019)

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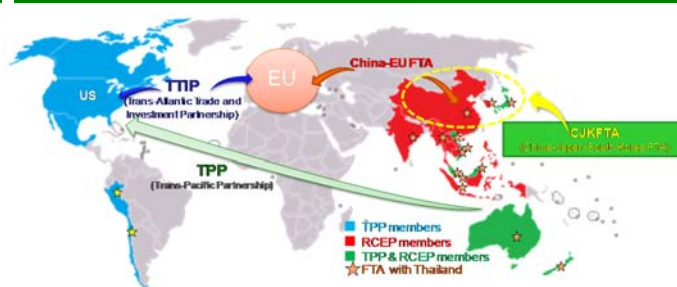
AEC as a Growth Driver to Thailand

1) Regional Connectivity



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

2) The Pluralism of Economic Integration



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

3) High Growth Environment



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

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

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Disclosure Practice:

- Unreviewed/unaudited quarterly financial reports are released within 21 days from the end of each period
- Reviewed financial reports are released within 45 days from the end of the period for 1Q and 3Q; Audited financial reports are released within 2 months from the end of the period for 2Q and 4Q
- Following KASIKORNBANK's Disclosure Policy and good governance practice, KBank maintains a "silent period" for 7 days prior to the unreviewed/unaudited earnings announcement. During this period, the Bank refrains from replying to questions or commenting on the earnings announcement and arranging one-on-one or group meetings with analysts and investors

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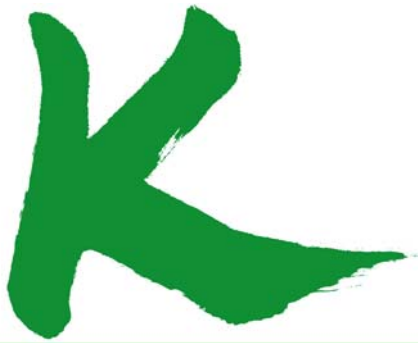
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* The information herewith represents data in the Bank's consolidated financial statements, some of the numbers and ratios are calculated before netting with KBank's non-controlling interest.

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