



EXCELLENCE

Sustainability Development Report 2012

KASIKORNBANK



Green at Heart



C U S T O M E R C E N T R I C I T Y



Multi-Corporate Business ∴ Large Corporate Business ∴ Medium Business

Small and Micro Business ∴ High Net Worth Individual ∴ Affluent ∴ Middle Income ∴ Mass

Mission

KASIKORNBANK aims to be a strong financial institution that provides a variety of financial services of world-class quality responsive to customers' needs by harmoniously combining technology and human resources so as to achieve optimal benefits for customers, shareholders, employees and society.

Vision

KASIKORNBANK aims to be the strongest, the most innovative and the most proactive financial institution in serving customers.

Core Values

- Customer Centricity
- Organization-Wide Teamwork
- Professionalism
- Innovation



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Message from Chief Executive Officer and President

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Sustainability Development Report 2012

KASIKORNBANK Public Company Limited continues to embrace Corporate Social Responsibility (CSR) in the conduct of business, integrating the principles of social and environmental responsibility into our Vision, Mission and Core Values, and harmonizing business planning with CSR. The knowledge and experience gained through CSR activities have contributed to business innovations optimizing benefit for business, environment and society. The Bank engages in CSR activities every year, emphasizing the participation of Bank staff and customers, the community and other stakeholders. This approach to CSR is a long-established policy of the Board of Directors, urging such activities and attitudes upon both executives and staff, while manifesting the “Green at Heart” concept in 3 areas: Child Development, Education and Environmental Preservation in order to promote concrete implementation.

Last year, the Bank initiated and took part in many projects, for example cooperation between KBank and the Royal Thai Army in the production of the “Nine Troops War” book and docudrama celebrating the auspicious occasion of Her Majesty the Queen’s 80th Birthday, which aims at exhibiting the courageous acts and patriotic hearts of Siamese royals and warriors who protected our sovereignty and independence. The Bank also cooperated with the Office of the Thailand Research Fund in initiating the Cultivation of Wisdom project, in pursuit of the Bank’s policy of contributing to human resource development through the education of children and youth in both skills and ethics.

The 2012 Sustainability Development Report is prepared for the first time in conformity with the Global Report Initiative (GRI) framework, for both internal and public dissemination. This report also provides guidelines for concrete CSR projects and implementation for future sustainability of the nation.

On behalf of KASIKORNBANK, it has been my pleasure to initiate and support CSR activities and to encourage all employees, customers, the community and other stakeholders to participate in activities for sustainable development of society at large.



(Mr. Banthoon Lamsam)



Chief Executive Officer & President

“...Develop

Any lessons learnt from CSR activities will be applied in the creation of business innovations for optimal benefits for both business and society...”



Green at Heart

Area	Principles of Global Compact	Implementation
<p>Human Rights</p> 	<ol style="list-style-type: none"> 1. Businesses should support and respect the protection of internationally proclaimed human rights; and 2. Make sure that they are not complicit in human rights abuses. 	<ul style="list-style-type: none"> • Include respect for human rights in the Code of Conduct. • Have in place effective channels for the Bank to obtain suggestions and information useful for business operations, including complaints about unlawful or improper actions - which could be conveyed directly to the Bank's Board of Directors. Measures that safeguard informers against reprisal must also be available.
<p>Labor</p> 	<ol style="list-style-type: none"> 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. The elimination of all forms of forced and compulsory labor; 5. The effective abolition of child labor; and 6. The elimination of discrimination in respect of employment and occupation. 	<ul style="list-style-type: none"> • Include employee practices in the Statement of Business Conduct and the Code of Conduct, whereby employees are protected against discrimination, have access to knowledge building opportunities, and are offered a proper welfare and security, good benefits comparable to leading companies. • Encourage establishment of KASIKORNBANK Labour Union KASIKORNBANK Office Labour Union in order to foster good relationships between employers and employees, and among employees. • Provide career opportunities for the disabled, allowing them to be able to live with dignity in the society, in compliance with the Persons with Disabilities Empowerment Act B.E. 2550 (2007); no racial, religious or sexual discrimination shall be tolerated. • Have in place effective channels for employees to offer their opinions and suggestions. • Develop a policy related to complaint acceptance and employee grievance procedures.

Area	Principles of Global Compact	Implementation
<p>Environment</p> 	<p>7. Businesses should support a precautionary approach to environmental challenges;</p> <p>8. Undertake initiatives to promote greater environmental responsibility; and</p> <p>9. Encourage the development and diffusion of environmentally friendly technologies.</p>	<ul style="list-style-type: none"> • Social responsibility is one of the major components of Corporate Governance, and is included in the Statement of Corporate Governance Principles, Statement of Business Conduct and Code of Conduct. • Build an organizational culture of helpfulness and volunteerism, in which employees participate in constructive activities that contribute to the sustainability of our community, society and nation, including launching initiatives, giving support and engaging in environmental projects, as well as managing and maximizing natural resource efficiency. • Enhance knowledge of green building regarding energy efficiency and environmental friendliness by providing information, trainings and field trips to inspire organizational development.
<p>Anti-corruption</p> 	<p>10. Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<ul style="list-style-type: none"> • Be part of a collaborative effort to fight corruption in Thailand’s private sector by joining the Collective Action Coalition. • Include practices of anti-corruption, bribery and all other forms of inappropriate incentive in the Code of Conduct. • Establish a policy to receive information or complaints against unethical behaviors or fraudulent acts within the Bank. • Have in place effective channels for direct communication with, and provision of useful recommendation or information to the Bank’s Board of Directors, as well as measures that safeguard informers against reprisal.

KASIKORNBANK PCL, since 2002, has reported social and environmental responsibilities as part of the Annual Report. In 2012, the first Sustainability Development Report was issued separately from the Annual Report to communicate with all our stakeholders about our CSR policies, management and performance comparable to international standards. This report, showing our performance during January 1 - December 31, 2012, has been prepared under the guidelines of Global Reporting Initiative (GRI 3.1), and the Bank's information disclosure has been rated at a "B" level. It covered the Bank's operations based on information compiled from responsible units and divisions including the Corporate Secretariat, Corporate Strategy Management, Compliance and Audit, Corporate Business, Corporate and SME Products, SME Business, Retail Business,

Enterprise Risk Management, Finance and Control, Systems and Human Resource Divisions.

The Bank's procedural guidelines for stakeholders are stipulated in our Statement of Business Conduct and the Code of Conduct, placing particular emphasis on equal rights of all stakeholders, both internal stakeholders, i.e., shareholders, the Board of Directors, and employees of the Bank; and external stakeholders, i.e., customers, counterparties, competitors, creditors, the community, the environment and society at large. Participation of all stakeholders has also been encouraged so that their needs can be effectively satisfied. Salient points can be summarized as follows:

Stakeholders	Needs	Processes	Implementation
Shareholders	<ul style="list-style-type: none"> • Sound performance and stable growth • Fair and transparent operations 	<ul style="list-style-type: none"> • Arranging Annual General Meeting of Shareholders (Once per year) • Meeting with shareholders and investors to provide information (242 meetings) • Arranging activities for shareholders (2 activities) • Offering information via "Sam Samphan" newsletter and the Bank's website • Accepting suggestions and complaints 	<ul style="list-style-type: none"> • To operate business according to the Statement of Corporate Governance Principles
Board of Directors	<ul style="list-style-type: none"> • Transparent operations • Equitable treatment of all stakeholders 	<ul style="list-style-type: none"> • Holding board meeting every month • Providing adequate, complete and timely information • Encouraging participation in corporate governance • Developing knowledge related to directors' discharge of duty 	<ul style="list-style-type: none"> • To operate business according to the Statement of Corporate Governance Principles
Employees	<ul style="list-style-type: none"> • Appropriate remuneration and welfare • Career advancement and security • Continued employee development • Security and safety at work 	<ul style="list-style-type: none"> • Holding employee orientation • Providing skill enhancement via training (772 courses) • Conducting employee surveys (Once per year) • Arranging channels for accepting opinions and suggestions 	<ul style="list-style-type: none"> • Fair and equal treatment of employees • To continuously provide training programs • To offer remuneration and benefits comparable to those of other leading companies • To arrange for a safe and hygienic working environment conducive to working effectively

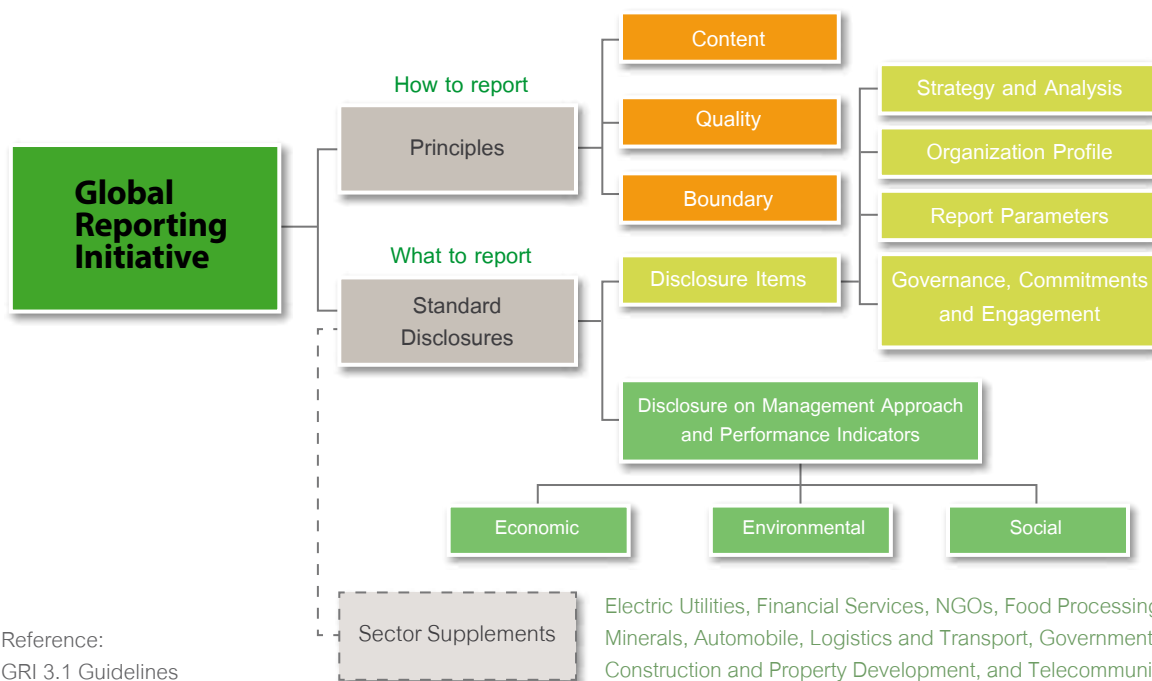
Stakeholders	Needs	Processes	Implementation
Customers	<ul style="list-style-type: none"> Customer satisfaction towards diverse, complete and high-quality financial products and services Effective customer responsiveness Protection of customers' confidential information 	<ul style="list-style-type: none"> Arranging activities/providing product information, e.g. K SME Care (2 classes) and K-Expert to provide financial knowledge (174 briefings) Accepting suggestions and complaints 	<ul style="list-style-type: none"> To offer products that respond to customer needs To develop employee potentiality to ensure customer responsiveness in all aspects through the offering of products and services To incorporate protection of customers' confidential information into the Code of Conduct, which must be strictly adhered to and regularly communicated with employees
Counterparties	<ul style="list-style-type: none"> Transparent business operations 	<ul style="list-style-type: none"> Paying a visit to counterparties Arranging various forms of activities to strengthen relationships Accepting suggestions and complaints 	<ul style="list-style-type: none"> To comply with contracted terms and conditions in trade
Competitors	<ul style="list-style-type: none"> Fair and transparent business operations 	<ul style="list-style-type: none"> Creating fair competitive conditions, e.g. participation as directors and members of Thai Bankers' Association, with quarterly meeting schedule 	<ul style="list-style-type: none"> To observe fairness in competition and avoid any <i>mala fide</i> methods
Creditors	<ul style="list-style-type: none"> Interest and loan payment within due date 	<ul style="list-style-type: none"> Arranging various forms of activities, including learning-based ones, to strengthen relationships, e.g. financial consulting service through k-expert@kasikornbank.com (2,888 e-mails) Accepting suggestions and complaints 	<ul style="list-style-type: none"> To abide by lending terms and conditions and all legitimate duties to creditors, debenture holders and depositors
Community, Environment and Society	<ul style="list-style-type: none"> Support of community activities Environmental protection 	<ul style="list-style-type: none"> Exploring needs of local communities and society Accepting and exchanging opinions Supporting community participation in CSR activities (26 activities), i.e. arrangement of contemporary art exhibitions upcountry and CSR activities, etc. 	<ul style="list-style-type: none"> To strictly adhere to the Statement of Business Conduct and to participate in social development and environmental protection To launch CSR activities for the benefit of communities To protect the environment of communities and society To encourage employee participation in CSR activities

The Bank gives significance to appropriate and fair treatment in identifying and screening stakeholders and impacts of the Bank's business operations on them. To ensure that the Sustainability Development Report has complete coverage in the dimensions of economy, environment and society, participation of the Bank employees in the establishment of the report's content was allowed. To this end, workshops were held for the management and employees

for preparation of the Sustainability Development Report in accordance with the guidelines of Global Reporting Initiative (GRI 3.1). Significant aspects related to the Bank were selected for materiality test under GRI Reporting Framework.

The meeting of relevant parties considered incorporation of the Financial Services Sector Supplement into the report, which elaborates aspects with materiality and readiness as follows:

Aspect Category	Aspects
Product and Service Impact	Product Domain
Economic	Economic performance Indirect economic impacts
Environmental	Energy, Water, Emissions, Effluents and waste, Products and services
Labor Practices and Decent Work	Employment, Labor/management relations, Occupational health and safety, Training and education, Equal remuneration for women and men
Human Rights	Investment and procurement practices, Non-discrimination, Child labor, Prevention of forced and compulsory labor
Society	Corruption Public policy
Product Responsibility	Product and service labelling Marketing communications



The Sustainability Development Report will be improved for completeness over the coming years. Details of performance indicators for each aspect identified herein are shown in the

item of Content Index subject to GRI Reporting Framework which will be used to assess the Bank's performance for improvement of our operations.

KASIKORNBANK PCL conducts commercial banking business, securities business, and other related business under the Financial Institution Business Act, Securities and Exchange Act and other related regulations.

Head Office	:	1 Soi Rat Burana 27/1, Rat Burana Road, Rat Burana Sub-District, Rat Burana District, Bangkok 10140, Thailand
Company Registration Number	:	0107536000315 (formerly PCL 105)
Telephone	:	0 2222 0000
Fax	:	0 2470 1144-5
K-Contact Center	:	0 2888 8888 (Thai), 0 2888 8822 Press 2 (Mandarin), 0 2888 8800 (English), 0 2888 8826 (Japanese), 0 2888 8888 Press *5 (Myanmar)
K-Biz Contact Center	:	0 2888 8822 (Thai, Mandarin, English and Japanese)
Website	:	www.kasikornbankgroup.com

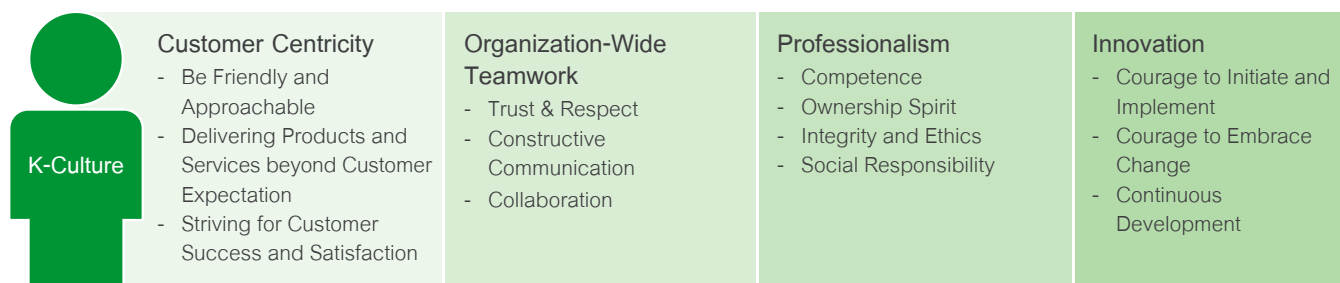
The Bank was established on June 8, 1945. It was listed on the Stock Exchange of Thailand on February 9, 1976. The Bank's registered capital now totals Baht 30,486,146,970; paid-up capital, Baht 23,932,601,930, with 2,393,260,193 ordinary shares at a par value of Baht 10.

The Bank operates business under good corporate governance practices, based on integrity, transparency, impartiality, and fairness to all stakeholders along with firm determination towards moral business practices and responsibility for improvement of society, quality of life and the environment.

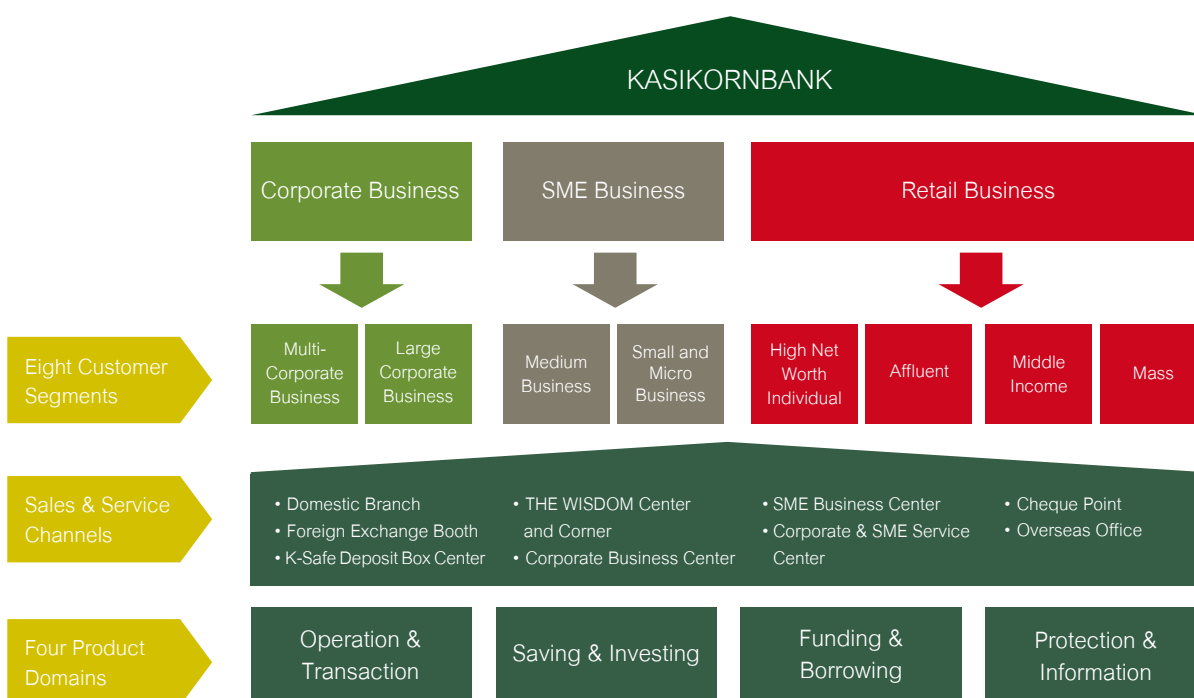
Being aware of environmental preservation, the Bank emphasizes preservation and effective use of resources in the organization and enforces an energy conservation policy and internal standard for environmental preservation as concerns data storage, examination of energy consumption and system management in order to promote better quality of the environment, in accordance with an international standard -- the Leadership in Energy and Environmental Design (LEED) and Thailand's local standard of the Ministry of Energy, etc.

In addition, the Bank participates as a partner, networker and member of an organization or agency established for economic and social benefits, and adopts their best practices for implementation within the organization, including participation in the development and knowledge sharing, such as the Imaged Cheque Clearing and Archive System (ICAS) Project and the Human Resource Manager Club of Financial Institutions, etc.

The Bank executives also participate as members and directors of agencies and organizations responsible for the development of financial institutions and sustainable development, such as Thailand Business Council for Sustainable Development (TBCSD), Thailand Management Association (TMA) and CSR Club of the Thai Bankers' Association (TBA), etc.



Business Directions of KASIKORNBANK



KBank and the wholly-owned subsidiaries of KBank always adhere to the Customer Centricity strategy, striving to become the customer's main bank by satisfying their needs with comprehensive financial services plus delivery of good experience for all customer segments. To this end, we have placed an emphasis on three main areas: Product, via creation of innovative products to meet customer needs in a timely manner; Branding and Marketing, through clarity and consistency of the brand at all levels; and Service Quality, by delivery of the finest service experience for all customers through our various service channels. These efforts have been put into place under our key business directions, i.e.,

1. Understanding Customer Needs
2. Innovative & Managing Products
3. Sales & Service Excellence
4. Proactive Risk Management

KBank and the wholly-owned subsidiaries of KBank have adopted the Balanced Scorecard system as a tool for strategic implementation. Strategic Direction is under an annual review for consideration by the Board of Directors once a year.

Corporate Governance Policy and Structure

The Bank is a financial institution undertaking business under good corporate governance with transparency, fairness and accountability for all stakeholders. The Bank's Board of Directors is determined to engage in ethical business undertakings, and has put considerable effort into the responsibility to participate in social, quality-of-life and environmental development. The Board of Directors, thus, has stipulated principles and adhered to business operations with these major components of corporate governance:

- Integrity
- Transparency
- Independence
- Responsibility
- Accountability
- Fairness
- Social Responsibility

The Board of Directors approves and reviews the Mission, Vision, and Core Values as well as strategic directions and policies of KASIKORNBANK FINANCIAL CONGLOMERATE, reviews the annual business plan and budget, and oversees Management in effectively carrying out actions that are in line with the designated policies and business plans and are in accordance with the rules and regulatory requirements of related government agencies and the resolutions of shareholders' meeting. Moreover, the Board ensures the existence of an effective internal control system and appropriate risk management framework, and cooperates with the Bank's management in business undertakings in order to continuously attain the excellent results with current and future risks taken into consideration.

The management's duties and responsibilities involve daily business operations. The relationship between the Board of Directors and management is one of partnership. The Chief Executive Officer and President is accountable to the Board of

Directors for daily business operations in terms of operational planning, decision-making and implementation. The Board of Directors provides its views on operational plans and suggestions on business strategies, and monitors implementation and performance of management.

The Board of Directors comprises qualified persons who possess knowledge, ability and experience beneficial to the Bank. In 2012, the Board was composed of 16 members, comprising 10 Independent Directors, 5 Non-Executive Directors and 1 Executive Director, 1 of which was 30 - 50 years old and 15 more than 50 years old. Of the total, there were 6 female directors. The Chairman of the Board of Directors is not the same person as the Chief Executive Officer. He is neither a regular employee nor an executive of the Bank.

The Board of Directors has appointed directors who have suitable knowledge and skills to act as members of Board Committees, with the specific duty to pre-screen matters that need prudent attention prior to submission to the Board of Directors. Board Committees include the Audit Committee, Corporate Governance Committee, Human Resources and Remuneration Committee, and Risk Management Committee. The Board has also established a Management Committee consisting of the Chief Executive Officer, President, and other Bank officers, to manage and operate the Bank's business as defined by the Board. In addition, certain directors have been appointed as Advisory Directors to the Management Committee, with the duty to provide expert consultation as deemed appropriate by the Board.

The Human Resources and Remuneration Committee has been designated by the Board of Directors to conduct the nomination process - approved by the Board under transparency - in order to select qualified candidates who possess skills, knowledge and experience beneficial to the Bank for the position of director in tandem with the proportion, number, diversity and composition of an appropriate Board of Directors without gender discrimination and in compliance with

regulatory requirements, the Bank's Articles of Association and best practices for corporate governance principles.

The Bank has established a set of well-defined and transparent remuneration policies for directors. The Human Resources and Remuneration Committee is responsible for reviewing these policies, taking into consideration the appropriateness of remuneration with respect to the scope of responsibilities of each director to ensure that the Bank's remuneration is comparable to that of peers, prior to submission for consideration by the Board and approval by the Annual General Meeting of Shareholders. Remuneration to executives is paid according to the policies and criteria set by the Board of Directors. It is tied directly to the performance of the Bank and the performance of each individual director. The Human Resources and Remuneration Committee shall propose remuneration to the Board of Directors for consideration and approval.

The Bank has established an annual self-assessment plan for the Bank's Board of Directors. It serves as a tool for reviewing performance, as well as issues and obstacles facing each individual director over the past year. It also helps increase the operational effectiveness of the Board. Performance assessment of the Board of Directors is conducted in two ways: the overall performance assessment of the Board and the performance assessment of each individual director. To facilitate this, the Bank has developed an assessment form consistent with the Statement of Corporate Governance Principles, as well as the duties and responsibilities stated in the Board of Directors Charter. The Board of Directors conducts self-assessments once a year, and the assessment results are then analyzed and evaluated to indicate the level of achievement of objectives for self-assessment by the Board of Directors. The self-assessment process is also applied to four Board Committees, and the assessment results are presented to the Board of Directors. The Chief Executive Officer and President also undergoes self-assessment in order to compare

his actual performance with the Bank's targets and the annual business plan.

To be in compliance with standards of good governance, and to meet targets related to its implementation, the Bank has initiated guidelines to control, supervise, and prevent transactions that may involve conflicts of interest, or connected or related transactions. This is one of the key components of corporate governance policy that the Board of Directors and the Bank's employees must strictly comply with to earn the trust of all stakeholders. Directors, executives, or employees with related interest in a transaction with the Bank or its subsidiaries must not participate in considering or approving such a transaction. The price of the transaction must be set appropriately and fairly, and in accordance with general commercial terms as applied to general customers. To achieve the practical implementation of the Code of Conduct and regulations to prevent transactions that involve conflicts of interest and connected transactions, the Bank has communicated with employees accordingly via 12 short dramas as fillers of internal TV programs, including prevention of conflicts of interest in auction filing, integrity in customers' deposit, anti-money laundering in customers' account opening, etc.

Placing great importance on good corporate governance, the Board of Directors has regularly revised and approved the Statement of Corporate Governance Principles, the Statement of Business Conduct, and the Code of Conduct, which are aimed primarily at communicating to all people of the organization the significance of corporate governance implementation. The Corporate Governance Committee's duties and responsibilities are to establish principles and best practices involving corporate governance procedures, to communicate policies, principles, and the Code of Conduct to all related parties, to ensure practical implementation of corporate governance appropriate to the Bank, and to supervise Corporate Social Responsibility matters.

Anti-Corruption and Unlawful Acts

The Bank engages in transparent and ethical business undertakings with a well-designed organizational structure that promotes transparency and efficiency, in accordance with the Bank's business goals and nature. Segregation of responsibilities, operational procedures, and line of command in each unit are well-defined in order to ensure existence of checks and balances for the Bank's sustainable growth. The Board of Directors has approved the Statement of Corporate Governance Principles, the Statement of Business Conduct, and the Code of Conduct, which involve fundamental principles of professional operations that directors and employees must adhere to. These are common scope of accountability to the Bank and stakeholders with integrity and anti-corruption principles under a professional Code of Conduct that maintains transparent, honest and fair business conduct, together with punitive clauses against any violation. For practical implementation, operational guidelines have been established including regulations to prevent transactions that involve conflicts of interest and connected transactions, regulations to supervise the use of inside information, regulations involving anti-money laundering and combating the financing of terrorism, regulations in securities and stock futures trading, employee guidelines in accepting gifts and/or benefits, etc.

The Operational Risk and Fraud Management Department has been established with the assignments to identify the processes of operational risk and fraud management, in order to cope with fraudulent acts and operational mishandlings that may lead to fraud. The department is responsible for risk assessment, analysis, monitoring and control. It also compiles the overall risk position to remain within an appropriate risk appetite, as well as examining and gathering preliminary information or evidence of fraud, and coordinating with relevant parties to minimize damages. The Bank is now equipped with fraudulent risk analysis in all products and all related employees

have been trained on fraud prevention. In addition, responsible employees have been assigned to attend courses organized by outside agencies, such as Visa, MasterCard, the Thai Institute of Banking and Finance Association (TIBFA), the Fraud Management Club of Thai Bankers' Association, the Office of National Anti-Corruption Commission (NACC), etc.

The Compliance Department acts as the center of compliance supervision, responsible for overseeing the Bank's business operations to be in compliance with the Bank's policies and regulations, as well as regulatory requirements. It is the Bank's policy to ensure full regulatory compliance of KASIKORNBANK FINANCIAL CONGLOMERATE. The Compliance Policy, approved by the Board of Directors, stipulates the duties and responsibilities related to compliance of the Board of Directors, the Audit Committee, executives, departments or units and employees. Employee communications have been conducted to instill the awareness of their duties and responsibilities in studying and understanding related laws and requirements, as well as Bank regulations, and in strictly complying with such regulations.

The Internal Audit Department performs its functions with independence, relying upon risk-based auditing criteria. Fraud, corruption and bribery are one of the specified risks that require proper audit, all of which have been assessed and audited by the Internal Audit Department, including recommendations on fraud-prevention measures.

The Corporate Governance Unit, Office of Corporate Secretary, has organized employee training courses on the subject of compliance with the Code of Conduct and Statement of Corporate Governance Principles, and communicated regularly with the Board of Directors, executives and employees via the annual corporate governance activities. Emphasis has been placed on maintenance and development of the corporate governance standards, and promotion of the corporate governance practices as the organizational culture.

Moreover, guidelines for monitoring and concrete evaluation have been mapped out.

Placing emphasis on anti-corruption movement, the Bank organizes training courses (AML/CFT: KYC/CDD, reporting transactions and compliance policy), and requires attendance by employees. In 2012, there were 1,686 employees attending these courses, comprising 15 executives in the position of First Vice President or higher (6 percent of all executives), and 1,671 operating employees in the position of Vice President or below (9.75 percent of all operating employees), equal 3,277 training hours. Since 2009, there have been 15,679 current employees, or 90.18 percent, attending these courses.

The Bank has co-signed a declaration of the "Collective Action Coalition Against Corruption in the Private Sector" project jointly initiated by the Thai Institute of Directors Association (IOD), the Thai Chamber of Commerce, the Joint Foreign Chambers of Commerce in Thailand, the Thai Listed Companies Association, the Thai Bankers' Association, the Federation of Thai Capital Market Organizations and the Federation of Thai Industries. The project's major objective is to fight corruption, while the Bank establishes anti-corruption regulations on all fronts with abstention from bribery and inappropriate incentives in the Code of Conduct strictly observed by directors and employees.

Participation of Stakeholders

The Bank provides various communication channels for stakeholders via the K-Contact Center, Investor Relations Unit, Shareholder Relationship Management Unit, etc. In order to promote operational transparency, direct communications with the Board of Directors in alignment with the criteria specified on the Bank's website under the "Investors" tab at www.kasikornbankgroup.com have been enhanced to receive useful information for business undertaking or complaints on improper actions. Also, information or complaints can be

directly submitted to the Internal Audit Department via documents or E-mails to inform about improper actions of employees or evidences of internal fraud. To protect the rights of information providers, the Bank has established a written policy of information or complaint receiving, identifying the receiving channels, information or complaint management processes, measures to protect the rights of information providers, protection of confidential information - only authorized persons can have access to such information and only independent directors are assigned to give orders and report to the Board of Directors on confidential information. Fair measures have been established for stakeholders, whom losses are incurred to, due to violation of their legal rights.

For query submission or more details, please contact the Bank at:



K-Contact Center:

E-mail : info@kasikornbank.com
 Telephone : 0 2888 8888 (Thai),
 0 2888 8822 Press 2 (Mandarin),
 0 2888 8800 (English),
 0 2888 8826 (Japanese),
 0 2888 8888 Press *5 (Myanmar)

Investor Relations Unit (Thai and Foreign Institutional Investors and Shareholders):

E-mail : IR@kasikornbank.com
 Telephone : 0 2470 6900 to 1, 0 2470 2659 to 62
 Fax : 0 2470 2690

Shareholder Relationship Management Unit (Thai Investors and Shareholders):

E-mail : Shareholder_Relations@kasikornbank.com
 Telephone : 0 2470 6116
 Fax : 0 2470 2747
 Address : KASIKORNBANK PCL Head Office, 33rd Floor,
 Office of Corporate Secretary, Corporate Secretariat
 Division, 1 Soi Rat Burana 27/1, Rat Burana Road,
 Rat Burana Sub-District, Rat Burana District,
 Bangkok 10140

“...Support

We support the development of products and technology of KBank, responsive to the development of energy modes, which are friendly to the environment and promote public awareness in protecting planet Earth...”



Green at Heart

KBank has adopted the “Green at Heart” concept as a guide for CSR activities, for integration with our business planning. Any lessons learnt from CSR activities will be applied in the creation of business innovations for optimal benefits for both business and society.

As a financial institution operating in conformity with the Statement of Business Conduct, as well as Corporate Governance and Corporate Social Responsibility (CSR) Principles to enhance sustainable development, the Board of Directors has approved the CSR policy, as follows:

- To strictly adhere to the Statement of Business Conduct, and to participate in social development and environmental protection
- To encourage employees at all levels to strictly abide by the Code of Conduct and CSR Principles
- To launch CSR activities for the benefit of all stakeholders
- To arrange workplaces with an emphasis on safety, occupational health, environmental concerns, and facilitation for employees and customers
- To promote environmental preservation and contribution to society

The Bank has harmoniously integrated CSR concept into our business plans, supporting the creation of innovations for the greatest benefit to business, society and environment. CSR activities were ongoing throughout 2012 with focus on participation by employees, customers, society and communities. The Bank CSR activities were allocated with a sum of budget of 1 - 1.5 percent of annual net profit, and CSR activity reports were submitted to the Corporate Governance Committee and the Board of Directors on a regular basis. CSR projects and activities may be summarized under four headings:

1. Business Activities
2. Environment
3. Employees
4. Social Activities



Business Activities

Emphasis has been placed on being a quality financial institution of Thai society, offering standardized and responsive services to customers, the general public and society, and participation in the national economic development as well as caring for people, who are our service users.

Based on this determination, the Bank has outlined our operational guidelines to embrace a definitive credit policy in alignment with the national development directions and in deterrence of illegal activities, to upgrade internal work standards, and to revise product/service patterns and work processes for greater cost effectiveness and responsiveness to the diverse needs of customers and the general public. The Bank has also assisted in the improvement of customers' work processes for greater rapidity and efficiency, while providing knowledge for customers and developing their skills in financial management and planning to elevate their potential competitiveness and business operations, which will be beneficial to economic advancement of the country as a whole. Credit policy and various projects initiated by the Bank include the following:

A Rigorous Culture of Credit

The Bank has adopted a credit culture and policy to avoid granting credit to certain types of credit request contradicting morality and social norms, credit request associated with encroachment into mangrove forest or under a plan to convert mangrove forest areas, and credit request violating the national environmental protection laws. The Bank's credit policy gives top priority to environmental protection in order to show the Bank's awareness of business likely to harm



Visit to a solar power plant which has received KBank financial support

the environment. Any credit request shall be in accordance with the regulatory requirements for environmental protection, which will lead to sustainable development of the whole nation. To consider credit associated with the environment, the Bank has set a policy guideline, as below:

- 1 Environmental Impact Assessment Report will be regarded as an important factor for credit underwriting, in addition to business viability.
- 2 All credit requests for manufacturing or business likely to produce environmental or social impacts shall strictly enter the Environmental Impact Assessment process.

KBank has devised credit strategies that engender a rigorous and stable credit culture, as part of our corporate culture, to generate continued returns amid growth in quality assets. A definitive credit policy, along with operational principles and conditions, as well as procedures for credit consideration, have all been established, based on effective risk management, operational efficiency and cost management applied to the products and services we offer. The duties, roles

and responsibilities within our credit operations have been identified for proper investigative and control mechanisms, particularly in the Credit Policy and Risk Management Department, including all Assistant Relationship Managers, senior credit supervisors and their subordinates as well as credit analysts, Enterprise Risk Management Division, Corporate Segment Management Department, Product Managers, Risk Asset Review Department, etc. Above them, we have a Credit Policy Subcommittee that engages in consideration of recommendations to our credit policy. The Subcommittee also urges employee communications on credit policy and operational procedures that would be consistent with market conditions and an appropriate risk appetite.

Business lending varies with each industry's structure and their intrinsic risk factors, wherein we strive to maintain credit quality and prevent unjustifiable credit extension. In addition to our general criteria, pre-screening criteria have been devised for each industry, taking into account each industry's primary success factors, statistical average values and historical case studies of such customers.

KBank also focuses on efficient use of energy by our business customers, because it is cost effective, deriving great benefit to their bottom line, which in turn benefits our country's environment and energy efficiency. Through our "Green Bank, Green Financing and Green Projects" program, we have supported investments in energy management, and have promoted the use of alternative and/or renewable energy sources where we offer consultations, financing and relevant data to aid in planning.

Risks associated with credit extension to small-scale solar, wind and biomass projects have been assessed as follows:

1. Raw Material Risk: Both prices and available volumes must be assessed amid a growing number of power plant projects, given limited raw material resources used by other industries, as well.
2. Technology/Machinery Risk: This would entail design features such as boilers, turbines and generators (preliminary inspection in IE reports undertaken by independent engineers).
3. Civil Unrest Risk: Mass protests while credit requests are under consideration could prevent a power plant from being commissioned.
4. Environmental Impact Risk: Matters to be investigated would include security systems, Initial Environmental Examinations (IEE) by responsible agencies, plus Environmental and Social Impact Assessments (ESA).



At the deal-closing ceremony of West Huay Bong 2 and 3 Wind Farm Project

Since its launch in 2009, our “Green Lending” program has granted loans to over 30 small-scale solar, wind and biomass projects. From the project start until one year after the beginning of electricity supplies to the national power grid, continual monitoring and supervision is conducted by independent consulting engineers, e.g., Team Consulting Engineering and Management Co., Ltd, ATT Consultants Co., Ltd. EGCO Engineering and Service Co., Ltd., Energy for Environment Foundation, Full Advantage Co., Ltd., Excellent Energy International Co., Ltd., Energy Conservation Foundation of Thailand, Mott MacDonald (Thailand) Co., Ltd., Sinclair Knight Merz (Thailand) Co., Ltd. and other energy consultants. Such monitoring and supervision proceeds over three phases:

1**Prior to construction and initial credit request:**

Credit applicants shall report on technical data, construction plans, technical assumptions and detailed recommendations towards issues of concern.

2**During the period of construction and power grid connection:**

Credit applicants shall report on operational progress against established plans; invoices presented for loan drawdown must have costs vis-à-vis that particular phase of the project properly itemized and consistent with the construction schedule, and connections to the power grid must proceed satisfactorily, including assessments on the quality of the electricity generated, heat values and the efficiency of the overall generating system.

3**During initial commissioned service to the power grid:**

Credit applicants shall report twice annually on operational results of the first year and submit quarterly reports for another year, involving technical aspects of the electricity generation, e.g., volume of power generated, volume delivered to the grid, problems during generation and resolutions undertaken to exhibit the viability of system controls and supervision, plus use of raw materials, e.g., volume used. Such reports would ensure that the finished project meets with their original plans.

Product and Service Enhancements

Business ventures led by our “Customer Centricity” philosophy are aimed at responding to customer needs in financial products and services, including services that improve customers’ quality of life, and value-added innovations that cater to their needs at all stages of their lives. Product and service enhancements undertaken last year included:

- 1) New products and services: They serve customers in a broader and more thorough manner, with better cost effectiveness, proper returns and consistency with interest rate trends, as well as amid intense competition. They included our Smart Package product, which is a transactional package facilitating payment transactions during normal business hours, as well as K-Direct Debit that can be set up on K-ATMs for payment services via automatic account debiting, instead of processing hardcopy application forms at branches, plus the K-SME Flood Relief Loan for flood-hit SMEs, etc.
- 2) Product and service improvements: New items facilitate customers’ business undertakings, boosting their potential and responding to particular demands. Examples can be seen in our new one-day money transfers to China, India and Australia, plus acceptance of multi-currency debits on cards for merchants via our Dynamic Currency Conversion (DCC) system that accepts 31 currencies (the most varied in Thailand), and the K-Energy Saving Guarantee Program to support machinery leasing per government energy conservation policies.
- 3) More efficient operational procedures, plus asset custodianship and mutual fund supervisory services: KBank is the second largest Thai provider of custodian



KBank signed an MOU for cooperation on a pilot project for energy efficiency enhancement and reduction of greenhouse gas within a building, with the Department of Alternative Energy Development and Efficiency, Ministry of Energy, and Thailand Greenhouse Gas Management Organization (TGO).

services to gold funds investing in 96.5-percent purity gold in the market. Credit request processing time has been shortened, too. In addition, KBank assists customers in planning for financial assistance over the next year to ready both of their and our credit staff for the best service experience.

- 4) KBank is cooperating with the Anti-Money Laundering Office (AMLO) to develop a Por. Por. Ngor. 1-05-9 report that would comply with regulatory requirements concerning electronic payments. PR media reports have been disseminated on deposit protection coverage up to Baht 50 million starting on August 11, 2011, to reassure the public towards the safety of their deposits. Warnings have been released about “call center gangs” that have embezzled money via ATMs or fake websites, and we now use established procedures to thwart such incidents.

The Procurement Management Department is responsible for strategic planning and operations towards procurement, plus the management of relationships with vendors/service providers, creation of business alliances, as well as supervision and management of all KBank properties. The established procurement policy is strictly adhered to, including:

- 1 Procurement of illegal goods/services is prohibited, e.g., tax evasion/illegally imported goods. Doing business with firms that have histories of money-laundering is also prohibited.
- 2 Our criteria for inclusion into KBank's producer database follow CSR practices, which is a primary factor in accepting any supplier for consideration.
- 3 Supplier selection uses their CSR practices as a major point in scoring.

Our marketing communications plan has been prepared in accordance with laws related to consumer protection, being regulations of the BOT, SET and SEC, as well as laws related to disclosures of complete, correct and clear information on products and services to customers and the general public. Our advertising and public relations policies are based on principles of transparency, corporate governance and standards of fair trade with respect to planning, selection, use of media and promotional strategies. Our successful products and services are founded on quality and maintenance of our reputation as a responsible provider, not using false or distorted information, nor engaging in misleading claims. It is our commitment to ensure that our promotional campaigns are based on correct information, ethical principles and preservation of the basic rights of consumers. Representatives

from our business and communications divisions review our marketing communications monthly and quarterly to comply with KBank business directions.

KBank places great emphasis on customer service quality as our first priority. We have thus conducted customer satisfaction surveys since 2006, as annual surveys that collect data by monthly customer interviews via phone in a random manner, in order to survey their satisfaction with our branch services as well as other factors impacting their satisfaction. According to the most recent survey conducted by Nielsen, average customer satisfaction stood at 88 as of 2011 year-end, the highest score in Thailand. The survey results are analyzed to identify advantages and disadvantages in the Bank's customer service standards for further branch service enhancement, and then stipulate business strategies in order to respond directly to customers' needs, in line with the Bank's direction and policy. The survey results are also used as a source of information for tool advancement in order to enhance our service quality at branches, including a handbook for KBank service, a handbook for office space allocation, etc.

Apart from the aforementioned processes, the Bank also puts significance on other relevant infrastructure, including efficient cost management, risk management in accordance with the external environment, human resource development, and IT development to ensure strategy execution and consequently achievements as stipulated.

K-Value Chain Solutions

KBank has created a new business platform that adds value to businesses of customers and their trade partners from upstream to downstream, with financial and non-financial support. We have considered customers' explicit needs and trends in offering a service that can match their needs for long-term business competitiveness, and connects all customer segments from large corporations or sponsors, SME operators or dealers and suppliers, to retail customers or end users/customers. Customer needs will be met in all dimensions:

- An opportunity to reduce operating costs by up to 30 percent;
- Shortening office hours by two hours per day, with a systematic documentation process through electronic channels;

- Increasing staff happiness with a new system that shortens working hours, leaving more time for their family or personal lives, thus boosting the Happiness Index;
- Providing convenience and saving time with real-time internet banking transactions via electronic tools;
- Handling document preparation or bill placement for customers via the Bank's system;
- Issuing related reports and managing risks for customers via credit control management by establishing credit limits in tandem with risk profiles of customers' trade partners;
- Standing ready to support and be an advisor in streamlining work process, including energy cost management by energy service company, or K-Energy Saving Guarantee Program, for customers' sustainable growth;
- Single Relationship Manager as the sole contact person, who will cooperate with our Value Chain Team in seeking appropriate integrated product solutions, to avoid confusion for customers.

K-Value Chain Solutions: Total Solutions that meet the needs of our customers and their trade partners, throughout the value chain, upstream to downstream.



Apart from these benefits, a mixed teamwork culture has been created with taskforces from several departments to handle the diverse issues, producing an efficient one-stop service that can rapidly cope with all related problems, establish accountable persons, and set a common target towards the Bank's overall interest, customers' needs, and shareholders' expectations. Under the program, strategies are harmonized with working guidance that is supportive among related parties. A Value Chain Meeting for high-ranking executives is held once a month for progress monitoring and solving problems of the team for a faster working process. As a result, all parties in the business chain - sponsors, dealers & suppliers and end consumers - are well-connected for mutual dependence, understanding and network creation, a win-win-win situation. Considering the entire relationship chain, the Bank has initiated the diverse solutions, financial and non-financial, in responding to the needs of all parties of the business chain, saving operating costs, energy costs and time. The program will eventually increase happiness for the entire chain and boost overall efficiency for the nation.

Leader in Renewable Energy Lending and Advisory Service

In keeping with the commitments to CSR, it is KBank policy to develop and promote environmentally-friendly products and technologies, and to inspire environmental awareness and cooperation in preserving the earth. The Bank values alternative and renewable energy, responding to business demand and educating customers and the general public through the "Green Bank, Green Financing and Green Project" concept. We have realized this concept since 2009 through provision of financial consultation and financing to over 20 solar projects, to no less than three wind projects and to more than 10 small biomass power plant projects, as well as dissemination of knowledge on renewable energy in a variety

of forums, such as the Executive Dinner Talk for Alternative Energy Business, which was jointly organized with the Stock Exchange of Thailand; and with participation in the opening of the Solar Farm Learning Center, Amphoe Sung Noen, Nakhon Ratchasima. The Bank also developed the K-Energy Saving Guarantee Program, offering businesses consultation for full-cycle energy conservation of SMEs and financing their investments in energy management for maximum savings. This initiative should reduce energy usage and benefit the environment nationwide. At the same time, these policies will strengthen businesses through long-term cost savings, in turn buoying national economy in these times of critically high and rising energy prices.

As part of our determined and consistent environment conservation and energy-saving policy, KBank has signed an agreement with the Department of Alternative Energy Development and Efficiency, Ministry of Energy, and the Thailand Greenhouse Gas Management Organization, under the "Pilot Project for Increasing Energy Efficiency and Reducing Greenhouse Gas in Building Sector" project. This is the starting point to study greenhouse gas assessment methods and energy use in office buildings, and to enhance a measurable, reportable and verifiable (MRV) system for carbon credit from energy efficiency promotion activities in office buildings, in preparing for a domestic voluntary carbon market. Special financial products have been enhanced with an aim of serious reduction of energy use in business organizations, including K-Energy Saving Guarantee, which offers financing in terms of machinery and tool leasing/hire purchase and/or long-term loans. This marks the first time that a Thai financial institution has supported investments for reduction of emissions and energy use, with an energy-saving guarantee by a leading energy service company (ESCO) which is the Bank's partner; and for energy efficiency promotion in the business sector, which can be used to calculate emissions

reduction under voluntary carbon credits. This will, in a way, raise awareness of greenhouse gas emissions in the Thai business sector, the emissions of which account for as much as 40 percent of the country's total emissions, and be a good step for Thailand towards environment conservation in other aspects going forward.

As the Bank has engaged in product enhancement that supports environmentally-friendly energy use, we have not only become specialized in seeking diverse funding sources that match customers' demands, but also one of the best financial institutions with expertise in the energy business. This is reflected in a number of energy enhancement projects wherein the Bank has offered advisory and fund raising services.

In 2012, KBank and SPCG Pcl. made history in the infrastructure project business by establishing a solar-power infrastructure fund to raise Baht 5 billion to finance solar farm projects. The fund is considered a secure alternative investment tool for investors. Solar Power Co., Ltd., a subsidiary of SPCG, has appointed KBank as its financial advisor in fund raising via the Baht-5-billion infrastructure fund to finance seven solar

“...In keeping with the commitments to CSR, it is KBank policy to develop and promote environmentally-friendly products and technologies, and to inspire environmental awareness and cooperation in preserving the Earth...”



The Bank granted an energy-saving award to Thai Union Feed Mill as a token of appreciation for the company's energy conservation collaboration under the “K-Energy Saving Guarantee” program.

power plants. The company's solar farm projects are mainly located in the Northeastern region where solar energy production potential is high with a high solar intensity, and which was not impacted by the 2011 flooding. The infrastructure fund places emphasis on the Bank's leadership in the alternative energy market, mirroring KBank's high potential in human resource enhancement for adjustment and initiation of new financial products towards a complete financial service. In addition, the infrastructure fund is anticipated to be a fund-raising channel for other private sector-invested infrastructure projects going forward.

Recently, the Bank was appointed a financial advisory for Baht-50-billion fund mobilization to finance the construction of cogeneration power plants, to be invested by Amata B.Grimm Power under the Small Power Producer (SPP) program. According to its seven-year plan, 10 cogeneration power plants will be constructed in five industrial estates, selling power to the Electricity Generating Authority of Thailand (EGAT) by 90 megawatts each, or a combined 900 megawatts, out of a total 1,200-megawatt capacity, under a 25-year small power producer contract. The remaining power and steam will be distributed to factories in the industrial estates where the power plants are located. The power plants will play a major role in strengthening the country's energy security, particularly for these industrial estates and factory owners who will be ensured a steady production process without power disruption. The power stability, with the 10 power plants, will also attract foreign investment into Thailand and provide long-term power security for the nation, including the household, business, and industrial sectors. Thailand's power demand is increasing consistently, reaching a historic

high at 26,121 megawatts in 2012, and it is likely to touch 27,443 megawatts in 2013.

KBank has signed a financial agreement in support of Electricity Generating Pcl. for Thailand's first commercial solar power plant with solar tracking system technology, together with the Department of Alternative Energy Development and Efficiency, Ministry of Energy, and other financial institutions. The financial facility will be used to finance three solar power plants, with solar tracking system technology, worth Baht 2.46 billion in total.

Moreover, promotions of energy conservation investments have been conducted on several fronts, including a seminar on "Green Focus Group" to offer knowledge of energy conservation investments, energy-saving guarantees, and financing for these projects. These efforts are aimed at boosting energy efficiency among Thai businesses, providing beneficial information on the Bank's financial facilities for energy-saving investments, and showing KBank's readiness in our advisory and financial services for alternative energy projects.



Other seminars wherein the Bank has provided informative briefings to business operators include the IFC East-Asia & Pacific Panel Discussion: Financing EE/RE Projects in Thailand, where KBank offered a lecture on “Experience and lessons learned in financing EE/RE projects in Thailand”; and the EEP Mekong 2nd Regional Annual Forum: Overcoming Barriers to Financing Clean Energy Projects in the Mekong Region, where KBank provided a briefing on “Clean Energy Financing”. The Bank, ASEAN Affairs magazine, the Bangkok Metropolitan Administration and the Board of Investment also jointly organized the 5th Saving Our Planet seminar, where KBank provided a lecture on “Green Banking in Thailand: How banks can help companies to become green and cut their carbon footprint”. The Bank also participated in the Renewable Energy World Conference & Expo Asia 2012, providing a lecture on “Financing Renewables”.

In 2012, KBank was awarded the ESCO Excellent Supporting Bank Award, by Energy Service Company (ESCO), the Federation of Thai Industries, and the Ministry of Energy,

for the Bank’s outstanding support of energy conservation, particularly KBank’s special loan service for a number of energy conservation projects.

Financial Knowledge for the Society

KBank has consistently placed emphasis on offering financial knowledge to customers, the general public, and business operators, as we believe good financial skills produce good living skills, a key element that builds a prosperous future for individuals and their families, communities, society and country. With our capability and expertise, we have assisted society and community to attain sustainable independence and to become supporters themselves in the future, by offering knowledge which can be accessed rapidly and thoroughly via the diverse channels of products and services, as well as public electronic media.



KBank was appointed financial advisor to provide financing to Amata B Grimm Power Group for the construction of a cogeneration power plant under the Small Power Producer project.



The Bank was awarded the ESCO Excellent Supporting Bank Award, which is a proof of our leadership in support of energy conservation projects.

Business Strength and Sustainability through K SME Care

The Bank is determined to enhance knowledge, advisory service, and business connections for SME operators for their efficient business administration. We act as media in providing our knowledge, ideas, philosophy, operations and ideals in accordance with and in response to the government's policies and vision in business promotions. This has brought about a concrete outcome of sustainable SME growth under the concept that we offer not only fishes but also tools for fishing, with the objective of supporting Thai SME growth for boundless business. We believe SME operators are a major mechanism in driving the overall Thai economy. KBank works with allies in the public and private sectors, including leading universities, the Thailand Productivity Institute, the Institute for Small and Medium Enterprise Development and the National Science and Technology Development Agency to provide relevant knowledge and news, aside from financial products, to our SME customers. The Training Series offers short-term business courses with the following salient features:

- Courses are not limited to Bank customers.
- Courses are offered free of charge.
- The courses are intensively focused, and cover doing business from a full range of perspectives. Courses are continually updated and tailored to the needs of participants in each different region.
- Learning takes the form of direct transfers of knowledge and experience from experts in different fields and from successful businesspersons.
- Decision-making skills are honed through business simulation games.

“...We offer not only fishes, but also tools for fishing, with the objective of supporting Thai SME growth for boundless business...”



Training courses offered to SME entrepreneurs under K SME Care projects to promote their sustainable growth

- Activities are organized so as to foster network building among participants, and extend to the more than 7,000 members of the K SME Care Network Club nationwide, so that business colleagues can share knowledge and experiences.

Over the past 5 years, KBank has organized at least 15 classes of K SME Care with over 7,000 participants nationwide, who are all members of K SME Care (K SME Care Network Club), and has created a learning society wherein businesspersons share their knowledge and experience with peers for their sustainable business growth.

K SME Start-up Solutions PG Program

KBank and the College of Management, Mahidol University (CMMU), have organized “K SME Start-up Solutions PG Program”, aimed at offering start-up SME operators financial facilities to match their needs via K-SME Start-up Solutions, which provides not only financial services but also complete beneficial knowledge. The program not only helps them access funding sources, but also offers in-depth knowledge needed for the sustainable success of start-up businesses. The Thai Credit Guarantee Corporation also provides credit guarantees to participating SMEs with its Portfolio Guarantee Scheme, while CMMU facilitates in-depth



training courses for new SME operators, for their efficient funding utilization and competitiveness. The program has been successful, with more than 70,000 SME participants. In 2012, the Bank organized two classes of the training courses, in October and November.

Strategies Towards AEC Plus

KBank has continued to prepare service deliveries in ASEAN and Asian markets, by developing partnerships with local banks in many countries, including training for Thai SMEs in preparation for AEC inception under the Asian Alliance Model in order to expand our network of full financial service offerings throughout ASEAN and ASEAN+3 (ASEAN plus China, Japan and South Korea). Currently, KBank has 32 partner banks with over 9,300 branches throughout the region, ready to assist Thai businesses and those planning for their future business expansion in the Asian market. Major projects include:

AEC: National Agenda for SMEs

KBank recognizes the importance of encouraging and helping our customers to strengthen their businesses, especially in preparing for the inauguration of the ASEAN Economic Community (AEC) as a single market and production base in 2015. In this connection, the K SME Care program has been established with cooperation from eight organizations: the Office of Small and Medium Enterprises Promotion, Department of Trade Negotiation, Department of Business Development, Department of Export Promotion, Department of Industrial Promotion, the Thai Chamber of Commerce, the Federation of Thai Industries and Chulalongkorn University. Cooperation under this program consists of:

- An AEC Self-Assessment Tool has been developed on the www.ksmecare.com website to measure SME preparedness for AEC implementation in three levels of comparison: self-comparison, comparison with business/industry peers, and regional comparison. This will enable SME operators to realize their competitive status and extend knowledge and business potential accordingly.
- Knowledge support for SME operators in accordance with their readiness and business potential, i.e.
 - Basic course for those who lack AEC knowledge and potential, with five dimensions of AEC-related business administration: In 2012, three classes of training courses were organized with 500 participants each in 10 provinces nationwide: Bangkok, Chiang Mai, Chiang Rai, Lampang, Udon Thani, Khon Kaen, Phuket, Chon Buri, Rayong and Chanthaburi.
 - Intermediate course for SME operators who already have basic AEC knowledge but need enhancement in some matters. Training courses with workshops are provided for in-depth knowledge and knowledge of industrial segments in order to boost Thai SMEs' potential.
 - Advanced course for SME operators who already have AEC knowledge and potential. Common business platforms are provided as planning and target-setting guidance for better regional competition.

K SME Moving Towards AEC

K SME Moving towards AEC is a workshop-training program for a complete enhancement of ASEAN business operation guidance with an objective to help provide AEC knowledge for Thai SME operators including in-depth understanding of individual ASEAN countries. Beginning with Myanmar, the training will focus on CLMV (Cambodia, Lao PDR, Myanmar and Vietnam), the countries in which Thai investors have shown the greatest interest. Four modules are included in the program with in-depth focus on one particular country and its macroeconomic, social, legal and regulatory context. Detailed information will be given on opportunities and means for trade and investment, along with important perspectives on doing business in these countries. Instructors include government experts and representatives of private companies that have been successful in these countries over the past two decades. Participants will travel abroad to observe economic conditions and to visit places of business, affording the opportunity of experiencing the business environment first hand and of conversing with businesspersons in the target countries. Participants will work together in compiling important factors gained from the trips and in assessing the competitive potential of each utilizing the Business Model Canvas template.



Workshop-training program of Thai SME readiness for AEC

Consultation will be given in the preparation of an AEC business blueprint as a concrete plan for penetrating ASEAN markets.

K SME Care Knowledge Center: The First of its Kind in Thailand

KBank has opened the K SME Care Knowledge Center, the first of its kind in the Thai banking business, on the second floor of the Chamchuri Square Building, to provide advisory service solutions to all SME proprietors and those wishing to start their own businesses. Interested persons can make an appointment to use our advisory services.

1. Business Intelligence: A knowledge base for SMEs - KBank works with business partners from many organizations to compile news and information beneficial to SMEs. Services include SME Guru, through which business specialists give one-on-one consultation on such matters as brand building, listing on the stock market, accounting and more. The Knowledge Corner is a study zone providing business-related books, magazines and analyses. Online Intelligence provides internet access to business research and information in databases throughout the world.
2. Business Training: Seminars, training and other activities addressing SME needs at every stage of growth. The Start-up Business course trains entrepreneurs for the initial stages of new business, conveying basic knowledge and inspiring passion for business success. The Business Owner course helps entrepreneurs to develop and expand their businesses while maintaining stability and sustainability. The Lifestyle course trains businesspersons for work/life balance.

3. Business Networks: Networks are one of the most important elements of any successful business. The K SME Care Knowledge Center facilitates SMEs in building up strong networks, through activities for SMEs to meet and share experiences. SME Society brings operators together with new trading partners through Business Matching activities. Online Business Matching is a networking tool available through www.ksmecare.com.

In 2012, more than 10,000 SME entrepreneurs used the services of the K SME Care Knowledge Center and there were over 20,000 visitors at www.ksmecare.com on average each month. Meanwhile, this learning center has been redesigned as the K SME AEC Flagship Knowledge Center, offering information and news services and activities related to AEC that will benefit all SMEs. KBank is the first commercial bank that established such a complete AEC resource center, featuring an AEC book corner, training and advisory courses, and provision of other useful information on AEC at www.ksmecare.com.

Financial Institution's First Chinese-Thai Business Center to Facilitate Chinese-Thai Transnational Investment

KBank has a policy of providing continual support for Chinese-Thai businesses. In 2012, the Bank opened the Chinese-Thai Business Center on the 16th floor of the Chamchuri Square Building. It is the first complete Chinese-Thai Business Center ever established by a commercial bank, with the purpose of providing advisory service for Chinese and Thai entrepreneurs interested in investing in either country. This center also serves as an intermediary between those entrepreneurs and KBank's partners. The advisory service at the center is provided by our Thai and Chinese officers who

have sound cultural understanding of both nations. Fluent in Thai and Chinese languages, they should be able to provide maximum convenience for investors and SMEs of the two countries. The Chinese-Thai Business Center offers three types of service, as follows:

- Information service on Thailand and China: Useful information available at the center includes basic social and geographic data about the two countries, economic figures, news, protocols and regulations on bilateral investment, plus work permit application protocols. The service is offered by our competent officers. Investors can also conduct research by themselves at the center, or attend seminars or workshops that we organize regularly.
- Advisory service on business planning, establishment and operations: KBank has joined hands with our allies to provide advisory service in four areas, including 1) legal and investment; 2) accounting and tax; 3) land leasing and purchase for company establishment; and 4) business know-how by Thai-Chinese experts from leading educational institutions.
- Financial and business matching services available at over 800 KBank branches nationwide, the Shenzhen Branch in China and leading Chinese partner banks, which should help simplify investment transactions between the two countries.

K Global Business Center

As part of the preparations for AEC integration, the Bank continues to support Thai entrepreneurs engaged in international businesses. To ensure that their businesses remain competitive, the Bank has established the K Global Business

Center in the following years to provide advisory service on trade and investment in Thailand and other ASEAN member states. This center, on the 16th floor of the Phahon Yothin Main Branch, also offers complete financial services along with useful international trade information, such as key economic data, global industry data, international business regulations and global business networks. This center provides a global business matching service for Thai entrepreneurs with their Japanese, South Korean, Chinese, ASEAN, European and American counterparts wishing to invest in Thailand, as well Thai entrepreneurs wanting to invest in the AEC.

KFam Club

KBank places a great deal of emphasis on family businesses, as drivers of national economy. Helping our family-business customers to fully prepare and to boost their potential through the appropriate knowledge and skills will enable them to pursue their goals with confidence, successfully contending with the changes and challenges of the next decade. Those changes and challenges include trade liberalization, global economic volatility and competition in

the e-commerce market. Family businesses need to equip themselves with effective succession planning, enhancing potential and creating business networks. KBank established the KFam Club in order to promote systematic business succession planning among our business customers, together with the ability to confidently address the challenges of the coming decade and to thrive in the global arena. One of KFam Club's activities, the Professional Family Business Management (PFBM) course which was jointly designed with the University of the Thai Chamber of Commerce, focuses on making a smooth transition between generations in a family business. KBank is the first bank in Thailand to offer such a learning activity. International experts have also been invited to share their knowledge and expertise with KBank customers. These include Baker & McKenzie, a global consulting law firm; the APM Group, a renowned Asian human resources management training and consulting firm; the PacRim Group, a competent leadership development company; and Brand Being Co. Ltd., Thailand's leading corporate image consulting firm.



Professional Family Business Management (PFBM) Course of KFam Club in preparation for secure family business

KFam Club, with 450 business-owner members from 200 family businesses, was established to strengthen family businesses through promoting smooth business succession and sustainable growth. The KFam Club has also created a social network among same-sized businesses, with the Bank assisting in organizing both courses and recreational activities for conveying knowledge and sharing experience

KBank: The Bank for All

In addition to our efforts in developing financial products and services to meet the needs of our customers, KBank places importance on convenience and accessibility of our financial products and services through the following programs:

- **The Savings for Future Benefit Program**

KBank has introduced this program specifically for the self-employed and others with limited documentation showing a steady income to gain access to financial services of financial institutions. These customers are largely those operating businesses by using cash, and despite their high revenues, commercial banks are not able to grant them loans due to their lack of income documentary evidence. KBank, thus, has introduced the Savings for Future Benefit program for customers who hold a deposit account and/or mutual fund account with the Bank and other financial institutions where they have monthly step-up deposits, wherein their total assets will be taken into account. Customers' depositing as prescribed indicates their debt servicing ability, thus making them eligible for a variety of loans

such as K-Home Loan, K-Auto Finance, K-Credit Card and K-Express Cash among others.

- **KBank to Post**

With our effort to expand channels for receiving funds transfer in all parts of the country, particularly some remote areas out of reach of our services, KBank, in cooperation with Thailand Post Co., Ltd., has introduced the KBank to Post service, which enables money transfer from over 7,500 K-ATMs, 24 hours/7 days, and the recipients can collect money at post offices across the country during business hours. Recipients are not required to have a deposit account with the Bank, but only their national ID card and an 8-digit password that the sender provides them in the transfer slip.

- **The Bank of Thailand's soft loan program for 2011 flood victims**

In response to the Bank of Thailand's request for banks to help those affected by the 2011 flood devastation, KBank introduced a home loan program through the BOT Soft Loan program for 2011 flood



The debut of K Home Smiles Club, Mega Bangna Branch, as a home advisory solutions center for prospective homeowners

victims who needed to buy new or second-hand homes, plus those who wanted to refinance or repair their existing homes.

- **Assistance Measures for Flood-Affected Home Loan Customers**

Aside from financial relief measures, KBank also offered non-financial assistance for our home loan customers affected by the flooding. This included advice and consultation to facilitate sourcing of home restoration products and services, plus a field campaign, visiting flood-hit housing estates in Greater Bangkok to help our customers clean their compounds. The Bank sent SMS messages to our home loan customers in flood-hit areas to inform them of those assistance measures.

K Home Smiles Club

KBank places importance on home assistance service for those who are planning to buy a home, being one of the four necessities, because it is one of the most important decisions a person can make, and advance planning is essential to avoid any problems that could occur. As part of our efforts to assist prospective homebuyers, KBank has introduced Life Innovation Solutions by K-Home Loan, offering 24-hour advisory service on all matters related to home purchases and loans. This service is available through our website, www.khomesmilesclub.com. Home loan advisory service is also available at K-Home Loan Guru and K-Home Loan Online, which garner over 900,000 page views per year. We also offer 24-hour K Home Smiles Club assistance services related to home and personal matters, and emergency roadside assistance, via Tel. 0 2888 8888, press 511. A new K Home Smiles Club, offering state-of-the-art home loan innovation with integrated service and advanced technologies, has been

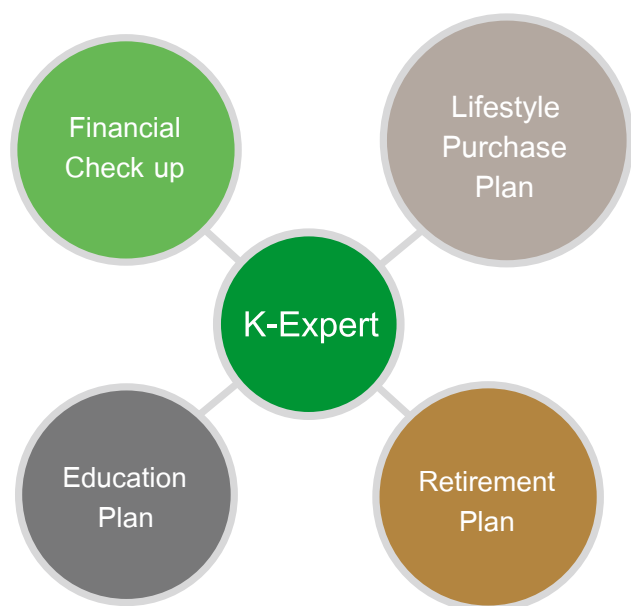
opened at Crystal Design Center (CDC) and Megabangna Shopping Mall.

Personal Financial Advisory Service

KBank has offered a personal financial advisory and planning service for both our customers and non-KBank customers without charge since 2007.

The Bank conducts a survey research every year to assess changing customer behaviors and needs. The survey results have shown that the customers in each segment have different financial management goals due to their ages and lifestyles. Given this, KBank decided to develop a new and improved financial advisory and planning service called K-Expert in 2012, with an aim of becoming a professional advisory bank that can meet the needs of all customer segments. With over 800 professional financial advisors or the K-Expert team members, who have undergone 600 hours of intensive training costing over Baht 100 million, available at branches nationwide, the Bank has been able to provide unique experiences that completely satisfy our customers' needs.

To better meet customers' needs, KBank has changed our product offering from a product-based selling approach to a need-based selling approach, using the need-based guidebook to directly match the lifestyles and needs of each customer segment. We have produced 14 different styles of the need-based brochures for branches, covering three main areas, including simple financial management tips, how customers can fulfill their dreams, savings or future financial management. Our K-Expert team members can tailor-make financial plans to help our customers achieve their goals, including:



From the start of this service until December 2012, we received 39,748 financial advisory enquiries, largely about the Lifestyle Purchase Plan and Retirement Plan. Most of the enquiries were made via k-expert@kasikornbank.com. In 2012, we received 2,888 e-mails from our customers with the highest number seeking advice on investment and tax, followed by business start-up and SME loans.

KBank also organized lectures on financial management with such topics as Smart Financial Planning, Preparing for a Happy Retirement and How to Manage Debt. Lectures were given at private and public organizations. There were 174 such events in 2012, attracting 9,330 attendees.

K-Saving Memo

The Bank has developed the K-Saving Memo computer program which records incomes and expenses in Excel format. Available both on CDs and online, the general public can obtain it directly from the Bank or download it from www.k-weplan.com. The online K-Saving Memo has been

designed to serve consumers who use PCs or internet-enabled devices such as smartphones to record their incomes and expenses via www.k-weplan.com or the “K-MOBILE BANKING PLUS” application. In 2012, a total of 25,279 copies of K-Saving Memo were downloaded via www.k-weplan.com and 72,000 copies of K-Saving Memo CDs were distributed through various channels. There were 5,823 K-Saving Memo Online users between October 2010 and December 2012.

Tax Buddy

KBank has launched Tax Buddy, an application software to help users fill out tax forms (Por. Ngor. Dor. 90 and 91), with additional advice on tax-deductible benefits. The program can be downloaded free of charge at www.k-weplan.com. A total of 9,046 copies were downloaded between March and April 2012.

Tax Buddy for Doctors

KBank unveiled the tax calculation program to assist medical doctors in tax estimation and document preparation (Por. Ngor. Dor. 94) for mid-year tax filing, along with additional advice on tax-deductible benefits from long-term equity funds (LTFs), retirement mutual funds (RMFs), plus life and retirement insurance policies. This application software can be downloaded for free at www.askKBank/K-Expert.com. There were 4,797 copies downloaded between August and October 2012.

askKBank.com

In responding to the diverse customer demands for relevant information in financial matters, KBank, as the top player in the digital banking market with a variety of financial innovations via mobile phone and online services, now offers askKBank.com. The website provides a new search channel for financial and lifestyle information, with advice for spending, savings

and investment, as well as information of the macro and micro economy, economic indicators, domestic and international money and capital market reports. Moreover, information about lifestyles, tourism, shopping, health, KBank's financial products and services, financial privileges and other interesting topics is also available. The Bank ensures that users will get fresh information from askKBank.com with experts available to provide updated information.

The askKBank.com is a need-based website providing customers convenience in searching for information. Seven categories are offered with experts in respective matters providing interesting and relevant information, including Finance & Banking for finance and banking information, Corporate Business for domestic and international business undertakings, SME for diverse information for SMEs including interesting training courses and seminars, What's Hot for the latest news and issues, Investment for domestic and international financial and investment information, Smart Planning for financial planning in all stages of life, and Casual Lifestyle for attractive financial privileges. Users can enjoy searching by clicking on their chosen categories or typing keywords in the front-page search engine and choosing preferred data types, namely research, interviews, pictures and videos. They can also share interesting information via online social networks or save items for their personal data storage menu.

Additionally, askKBank.com offers a special question-and-answer channel for users to leave their queries for data/consultancy, both general and in-depth questions. Experts provided by askKBank.com will respond to all users' queries and provide consultation in relevant matters, with quick replies via e-mail addresses left by website users.

“Money Shot” Radio Program

KBank, as a leading provider of financial advisory service, launched the “Money Shot” radio program in January 2010. It airs on FM 96 MHz every Tuesday from 1:00 to 1:30 p.m. This radio program, which is intended to disseminate news on the property market and home loans, has attracted a large number of listeners - largely prospective property investors - over the past 2 - 3 years.



“Tax Buddy for Doctor” program that simplifies tax filing for physicians with accuracy



www.askKBank.com - a website that provides both financial and lifestyle information to our customers

In addition, it provides in-depth information on complex financial products and services through a two-way communication approach between the show's guests (mostly KBank executives) and the listeners. A total of 1,206 listeners called the program with their queries or participated in our quiz programs between January and September 2012.

Environment

Green at Heart: KBank is committed to the environment and to developing operating procedures and products and services that satisfy customer needs while contributing to environmental preservation.

Our commitment is made concrete in many ways, from Green Buildings for the Environment (the Chaeng Watthana, Phahon Yothin and Rat Burana Buildings) and K-ATM to Reduce Carbon Footprint to the development of environmentally-friendly products and service. To this end, the K-Cost Excellence program is implemented wherein all KBank units are encouraged to propose ways to conserve natural resources and to ensure that KBank products and services are good for the environment.

The Bank has a clearly stated energy conservation policy that encourages all KBank employees to participate in energy management for the greatest possible efficiency. Carrying out this policy is an element of everyone's job duties and includes utilizing energy management systems within the unit so as to get the full use of energy consumed, avoiding waste. The intention is to help reduce global warming and its impact on the environment. The Bank's energy conservation policy includes the following provisions.

- Implementation and further development of appropriate energy management systems through energy conservation in conformity with relevant laws and regulations as an element of operations.



K-ATM to reduce global warming

- Continuing improvement of energy resource utilization efficiency is consistent with the work, technology and good operating practices.
- Formulating annual energy conservation plans and targets and disseminating these to employees to ensure common understanding and practice.
- Energy conservation is the responsibility of management at all levels and all members of staff; they shall cooperate in implementing operating standards, with monitoring and investigations, and with reporting to the energy management working group.
- The Bank shall provide necessary support for energy management, including personnel, budget, work hours, training and participation.
- Management and the energy management working group shall review and revise energy-use policies, goals and operational plans on an annual basis.
- Utilities within buildings are installed and operated with the health of staff as a primary concern. Examples include two-stage air filtration systems, eliminating inside air pollution; lighting at standard brightness comfortable for the eyes; and ozone drinking-water purification systems. Energy-efficient electrical appliances are used.
- For a better environment in the surrounding community, the Bank has installed exhaust filtering systems limiting smoke, smell and noise. Highly efficient wastewater systems not only treat wastewater before it flows into the rivers, but also redirects treated wastewater for watering gardens and for use in cooling systems. Besides conserving energy, these systems help to preserve the environment.

The Bank has participated in a campaign for energy conservation in buildings along with the Thailand Environment Institute and Department of Alternative Energy Development and Efficiency, the Ministry of Energy demonstrating in many ways showing its organizational commitment to conserve energy, for example by cultivating an energy-saving mentality, procuring energy-saving office equipment when refitting and making loans for solar farm, green hotel and green building projects. The Bank has also participated in networks for energy conservation and building a better environment, major vehicles of sustainable energy conservation for the nation.

Fully recognizing that a safe, clean, and pleasant environment promotes employee effectiveness and facilitates contact with customers and the general public, KBank has implemented occupational safety, health and environmental measures in conformity with standards issued by the Ministry of Labor and consistent with recognized international standards.

Chaeng Watthana Building: KBank's Exemplary Green Building

The Chaeng Watthana Building, the third building of the Bank's Main Offices, is one of several constructed or renovated buildings by KBank as green buildings. We are proud of having been recognized as a model organization in promoting awareness of green architecture in the areas of energy conservation and environment-friendliness. KBank has promoted knowledge on green architecture through seminars and study tours for relevant agencies, organizations, educational institutes and interested public. We have also produced books, pamphlets, video and a website about the Chaeng Watthana Building. A permanent exhibit on green buildings has been set up in the entrance hall conveying knowledge and inspiration for organization development among staff members.

The Chaeng Watthana Building was designed and constructed utilizing the Leadership in Energy and Environmental Design (LEED) standards set by the US Green Building Council (USGBC), and the design standards issued by the Thailand Energy & Environmental Assessment Method (TEEAM) for energy-efficient, environmentally-friendly buildings.

Green architecture designs are simple yet creative, outstanding, elegant, energy-saving and sustainable. The Chaeng Watthana Building includes the following features:

- Exterior glass: insulated-laminated, preventing heat from entering the building; self-cleaning, combating the buildup of dust; non-reflective, eliminating glare pollution in the surrounding area.
- The interior utilizes an open concept design, making use of natural light so as to reduce the use of electric lighting, and increasing air circulation, complementing the air conditioning system. As a result, besides being cool, the building consumes less energy.
- All electric lighting uses with energy-saving LEDs (Light-Emitting Diodes) light bulbs.
- Chemical-free wastewater treatment with direct electric coagulation technology and ultra-filtration provides water for use in toilet systems, reducing water utility cost by 50 percent.
- More green landscaping with purchase of additional land for open-air parking, providing more open space and green areas. Outdoor parking areas are designed so as to reduce heat on the paved surfaces, mitigating the so-called “urban heat island” effect, and allow 80 percent of rainwater to seep through, reducing puddling.
- Reserved parking spaces for 166 energy-efficient vehicles and bicycles, five percent of total parking space at the building.
- Building materials such as carpet, plywood, medium-density fiberboard (MDF), adhesives and paint meet Green Label and Green Guard requirements while remaining below the Volatile Organic Compounds (VOC) limit, helping to improve indoor air quality and prevent sick building syndrome. During construction, noise, water runoff and dust were strictly controlled.

- Stairways connect to six locations within the building, giving easier access to each floor, reducing the use of elevators and thus reducing energy use.

Phahon Yothin Building: Renovated as a Green Building

Recognizing the global energy and environmental crises, the Bank renovated the Phahon Yothin Building, home to KBank offices for over 25 years, as a green building. The renovation was motivated by the desire to elevate the quality of life of those working in the building and by the fact that existing, older-technology, infrastructure from electrical systems to air conditioning, consumed more energy than necessary. The Bank redid interiors throughout the building and completely retooled the water systems while leaving the external structure and main infrastructure intact. Inner walls were improved for modern, simple, and efficient functionality with open-plan office designs for smoother workflow and giving all workers access to external views and natural light. This design also gives greater flexibility for adjusting office layouts in the future.

The Bank adopted LEED standards to guide the renovation, pursuing our commitment to energy conservation and the environment as well as to improving working conditions. The building has earned LEED Gold certification.



The Phahon Yothin Main Branch, established more than 25 years ago, is under renovation for energy saving

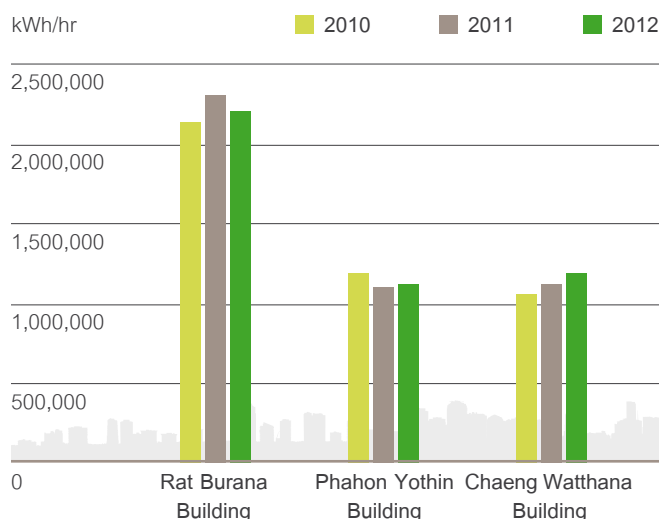
Last year, the building was awarded Carbon Reduction Certification for Buildings by the Thailand Business Council for Sustainable Development (TBCSD) and the Thai Environment Institute (TEI), to promote efforts to reduce greenhouse gas emissions from commercial buildings.

Energy management

The Bank adheres to an energy conservation policy, implemented for concrete results through various forms of electricity and water management, energy-awareness campaigns and through support of renewable energy.

Electricity consumption at KBank's three main office buildings, 2012 (kWh/hr.)

Month	Rat Burana Building			Phahon Yothin Building			Chaeng Watthana Building		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
January	2,322,000	2,105,000	2,237,000	1,090,000	1,126,000	1,138,000	1,084,000	1,062,000	1,142,000
February	2,266,000	2,028,000	2,307,000	1,172,000	1,109,000	1,144,000	1,079,000	1,022,000	1,154,000
March	2,457,000	2,315,000	2,427,000	1,319,000	1,240,000	1,223,000	1,209,000	1,166,000	1,274,000
April	2,248,000	2,131,000	2,204,000	1,195,000	1,084,000	1,091,000	1,127,000	1,109,000	1,174,000
May	2,207,000	2,268,000	2,438,000	1,136,000	1,175,000	1,222,000	1,152,000	1,187,000	1,248,000
June	2,454,000	2,339,000	2,280,000	1,340,000	1,254,000	1,164,000	1,201,000	1,228,000	1,201,000
July	2,337,000	2,261,000	2,446,000	1,256,000	1,177,000	1,192,000	1,184,000	1,180,000	1,253,000
August	2,305,000	2,333,000	2,413,000	1,213,000	1,247,000	1,174,000	1,135,000	1,196,000	1,220,000
September	2,316,000	2,327,000	2,284,000	1,254,000	1,196,000	1,103,000	1,144,000	1,176,000	1,172,000
October	2,222,000	2,284,000	2,371,000	1,194,000	1,195,000	1,151,000	1,126,000	1,137,000	1,211,000
November	2,200,000	2,339,000	2,267,000	1,177,000	1,153,000	1,159,000	1,077,000	1,134,000	1,191,000
December	2,168,000	2,145,000	2,123,000	1,186,000	1,055,000	1,095,000	1,102,000	1,122,000	1,156,000



The Green at Heart, Cutting Electricity Costs competition

The Bank conducted a pilot energy conservation campaign to reduce electricity costs under the Green at Heart program last year to build resource awareness among staff. The campaign involved a competition at the Bank's three main office buildings, Rat Burana, Phahon Yothin and Chaeng Watthana to achieve the highest percentage reduction in average electricity usage.

During the three months of the campaign, consumption was reduced 118,112.52-kilowatt hours (kWh), in turn reducing green house gas emission of 109,331 carbon dioxide equivalent

kilograms (kgCO₂), equivalent to planting 9,938 trees a day* to absorb carbon dioxide.

Building	Reduction in electricity consumption (kWh)	Reduction in GHG emissions (kgCO ₂)	Equivalent to trees planted for CO ₂ absorption (trees/day)
Rat Burana	87,818.31	51,040	4,640
Phahon Yothin	77,838.95	45,240	4,112
Chaeng Watthana	22,455.26	13,051	1,186
Total	118,112.52	109,331	9,938

* Based on Thailand Environment Institute

Water resource management

The Bank's water resource management goal is to extract the greatest possible benefit from water consumption within the organization. Water is utilized in cooling towers, sanitary systems and gardens, taking into consideration environmental concerns and efficient use of resources. There are three types of water resource at KBank's three main offices, tap water within the building, reused/recycled water and captured and stored rainwater.

Two classes of wastewater are discharged from the buildings:

1. Kitchen wastewater
2. Wastewater from toilets and from various cleaning activities

Kitchen wastewater is carried to the primary system for mixing with the second class of wastewater. The wastewater is then passed through an activated-sludge process, a biological process treating wastewater in aeration tanks that allows 50 percent of the water to be reused. This process avoids the production of greenhouse gasses.



Green at Heart launched a campaign to cut electricity cost, for common awareness for efficient use of energy among employees

Water management at KBank's three main office buildings

Building	Year	Input Volume (m ³ /year)			Wastewater volume (m ³ /year)				Average BOD ²	
		Public system (m ³)	Post treatment	Total	Pre treatment	Post treatment			Pre treatment	Post treatment
						Cooling Tower (Recycled)	Gardens (Reused)	Total ¹		
Rat Burana	2009	196,973	12,816	209,789	153,639	6,336	6,480	12,816 (6.11%)	188	11.2
	2010	180,380	11,115	191,495	140,696	5,126	5,989	11,115 (5.80%)	186	7.8
	2011	167,837	10,859	178,732	130,941	5,096	5,763	10,859 (6.08%)	187	6.9
	2012	177,961	11,000	188,961	138,810	5,650	5,350	11,000 (5.82%)	179	5.7
Phahon Yothin	2010	140,538	3,012	143,550	120,862	-	3,012	3,012 (2.10%)	na	na
	2011	143,817	2,950	146,767	123,682	-	2,950	2,950 (2.01%)	na	na
	2012	149,924	2,873	152,797	128,934	-	2,873	2,873 (1.88%)	na	na
Chaeng Watthana	2010	87,708	45,360	133,068	73,674	41,400	3,960	45,360 (34.09%)	na	na
	2011	82,171	46,366	128,537	68,850	42,510	3,856	46,366 (36.07%)	na	na
	2012	89,289	46,210	135,499	74,520	42,260	3,950	46,210 (34%)	na	na

Remark ¹ Total volume and percentage of water recycled/reused

² Based on Section 55: Wastewater Discharge Control Standard of the Enhancement and Conservation of National Environmental Quality Act (NEQA), B.E. 2535 (1992)

- Volumes of captured and stored rainwater have yet to be measured.
- Pre-treatment and post-treatment differences in volume reflect water returned to the natural environment.

Global Warming: An Operational Concern

Concerns for the environment are integrally and concretely linked to KBank operations. As a part of society, we develop and adapt operating procedures as well as products and services with care and concern for the environment.

K-ATM to Reduce Carbon Footprint

Since 2010, this effort has promoted greater environmental awareness among the general public through service innovations that both serve customer needs and reflect the Bank's commitment to the "Green at Heart" concept for a clean and sustainable world. In this project, ATM systems were altered to reduce electricity consumption and print slips so as to conserve natural resources, helping to reduce global warming. The Bank has about 7,500 ATMs nationwide, handling over 50 million transactions a month.

- Reduced consumption of electricity
 1. Lighting at 872 K-Lobby lounges and 299 stand-alone ATMs reduced eight hours a day, from 12 to four hours, saving nearly nine million kWh a year.
 2. Air conditioning at ATMs reduced eight hours a day, from 18 to 10 hours, cutting consumption by 61 percent, or over 2.7 million kWh a year, thus eliminating carbon emission of as much as 6,669 tons a year.

Taken together, these initiatives reduce emission of carbon dioxide, a major cause greenhouse gas, by 6,669 CO₂ equivalent tons (CO₂) a year, which can offset tree planting of 32,174 rai/year for CO₂ absorption. These savings also translate into reductions in fuel imports for power generation of 0.33 million barrels a year.

ATM slip reduction

1. Slips were reduced from 8.0 x 11.2 to 8.0 x 8.5 centimeters, cutting paper consumption by 30 percent. The reduction in size is environmentally-friendly while maintaining all information needed for verification.
2. The paper has been changed to a more biodegradable form that breaks down in the environment within five years, halving the previous 10 years. Customers may also choose not to receive the printed slip, as part of our effort to encourage the general public to use less paper.



“Happy Workplace” for a happier life of KBank employees



K-Career Development: a plan for employee self-development to achieve their established goals and advance their careers

Employees

The Bank has adopted a human resource policy wherein we seek to enhance job opportunities and boost the potential of our staff towards professional excellence. This policy is consistent with business requirements and our “Customer-Centricity” strategy that pave ways for us to become an even more secure and innovative financial institution, as well as being able to respond to the needs of customers more efficiently. This is achieved via a number of established methods.

- Undertake to recruit quality personnel and then enhance their competency to suit tasks that further their career growth;
- Motivate each employee to achieve better results by offering incentives to perform well, and encourage them to commit themselves to our organization. Also, we seek to improve employee leadership skills at every level, where appropriate;
- Organize and promote an internal organizational culture emphasizing teamwork and customer-centricity; and
- Continuously promote development and joint efforts under the KASIKORNBANK brand.

The total KBank workforce amounts to 17,385 employees, all of them are permanent staff. KBank employees are classified herein by gender, age group and level of educational attainment:

KBank Employees classified by Gender, Age, Level, Educational Attainment and Workplace
Employee Data 2012

Total workforce

17,385

By Gender

Male **7,218**

Female **10,167**

Age Group

Less than 30 years 6,318

30 - 50 years 8,652

Over 50 years 2,415

By Level

Senior Management level 250
(Department Head and higher)

Operating and staff level 17,135
(Below Department Head)

By Educational
Attainment

High school graduate 782

Bachelor's degree 11,017

Master's degree 5,551

Doctoral degree 35

By Workplace Locale

Head office 5,841

Elsewhere 11,544

New Employee Hires and Employee Turnover by Gender and Age Group

Data of New Employee Hires 2012

New Employee Hires

Data of New Employee Hires By Gender	
Male	Female
719 (4.13%)	2,093 (12.04%)
Data of New Employee Hires By Age Group	
Less than 30 years	2,397 (13.79%)
30 - 50 years	412 (2.34%)
Over 50 years	3 (0.02%)
Data of New Employee Hires By Workplace	
Head office	768 (4.42%)
Elsewhere	2,044 (11.76%)

Terminated Employees

Data of Terminated Employees By Gender	
Male	Female
892 (5.13%)	1,619 (9.31%)
Data of Terminated Employees By Age Group	
Less than 30 years	1,647 (9.47%)
30 - 50 years	645 (3.71%)
Over 50 years	219 (1.26%)
Data of Terminated Employees By Workplace	
Head office	623 (3.58%)
Elsewhere	1,888 (10.86%)

Salary and Basic Remuneration of Female and Male Employees classified by Level and Workplace

Employee Level	Salary and Basic Remuneration of Female and Male Employees
Head Offices Executive level (Department Head and higher) Operating and staff level (Below Department Head)	No difference between male and female employees
Elsewhere Executive level (Department Head and higher) Operating and staff level (Below Department Head)	

Return-to-Work and Retention Rates after Maternity Leave/Parental Leave

	Number
Number of employees having the right of parental leave	10,167
Number of employees using the right of parental leave	357
Number of employees returning to work after parental leave	321
Number of employees returning to work after parental leave and remaining in employment one year afterward	220
Return-to-work and retention rates after maternity leave and/or parental leave	89.92%

Labor Relations Management, Compensation and Benefits

Within the field of relations and welfare management, KBank has adhered to the following principles in labor management:

1. Maintenance of good relationships between KBank, the Union of Employees and Employees' and Welfare Committee, as well as with all individual employees;
2. Promote bi-lateral labor relations;
3. Adherence to relevant labor laws;
4. Justice to all involved parties.

Compliance with laws and regulations pertinent to labor law, namely, the Employment and Job Seeker Protection Act:

1. Labor Protection Act B.E. 2541 (1998)
2. Employee Regulations
3. Employee Complaint Procedures
4. Labor Union
5. Employees' Committee

Realizing that unity with employees - who draw on a wide range of experiences, but share the same goals - is a powerful impetus within our organization, KBank is fully committed to equal employment opportunities. It is our policy to ensure equal and fair treatment to all employees, as well as adherence to principles of human rights and abstention from any form of discrimination, harassment or abuse on the basis of race, color, religion, gender, age, nationality, citizenship, sexual orientation or disability. Child or other illegal labor is prohibited. KBank recognizes human rights and does not permit any discrimination against race, color, gender, religion, political stance, citizenship status, social lineage or other forms of human rights violations. All stakeholders, both internal and external, throughout the entire operation, are involved. To prevent malpractices, we have put in place effective channels for employees to offer their opinions and suggestions, as well as voice grievances, wherein

we provide consultations from management and employees' committees. KBank also offers the chance for employees and representatives of their union to discuss with us, or file complaints on any matter of grievance.

KBank treats employees without favoritism according to the statutes of the Labor Protection Act B.E. 2541 (1998), Labor Protection Act (second amendment) B.E. 2551 (2008), Labor Relations Act B.E. 2518 (1975), Workmen's Compensation Act B.E. 2537 (1994) and Social Security Act B.E. 2553 (2010). Labor relations processes comply with these laws, as well as principles of human dignity and rights, in accordance with our employment policy framework. We do not allow child labor. A separate work group has been set up to inspect practices within the organization, thus, we can ensure that workers are protected and no child employment exists within our organization.

KBank adheres to principles regarding compensation and benefits for a better quality of life for our employees. This philosophy is based on the following principles:

- Compliance with the rule of law and justice;
- Competitiveness in the job market;
- Staff competencies and expertise that meet the required tasks;
- Retention of competent employees and recruitment of qualified persons to work for KBank;
- Motivation, e.g., special incentives, for employees to perform better in the work delegated to them; and
- Consistency with KBank business strategies.

KBank places great significance on benefits that improve employee living standards, and provide those that have the most meaningful impact:

1. Housing
2. Healthcare



3. Retirement plans
4. Severance pay
5. Educational subsidies for children of employees.

Additionally, we offer other benefits, such as loans for the purchase of private vehicles and computers, scholarships and grants for education, financial stipends upon marriage, as well as other assistance, e.g., healthcare support for employees' parents, spouses and children, help with home renovation, special welfare in cases of accidental injury, etc. Annual health check-ups are provided for employees. Moreover, all of our main office buildings - Rat Burana, Chaeng Watthana and Phahon Yothin - are equipped with nursing stations serviced by medical experts, along with temporary resting areas and modern equipment are provided; employees seeking medical treatments can visit these facilities on any workday. These safety and health benefits have been endorsed by employees, or their Union, in legally binding written agreements, wherein all relevant issues are included. By making those agreements legally binding, we intend to be legally responsible to our employees. Per the labor relations principles as stated in State Enterprise Labor Relations Act, B.E. 2543 (2000), a memorandum of agreement regarding employment status has been made

between KBank and the Labor Union. The memorandum includes regulations and a code of conduct on medical treatments - including details of medical and dental plans for employees in different levels. KBank disseminates information of that memorandum to all employees. Manuals are also published to ensure that employees are informed about these benefits and understand their use towards themselves and their loved ones.

Furthermore, KBank has a policy of promoting bi-lateral cooperation with employee associations within the organization. Employees are represented by an established Committee with meetings held every three months that are attended by KBank delegates. The committee is also responsible for making suggestions and considering solutions on issues such as benefits and workplace problems. Each committee has a collaborative role in determining agreements and helping enforce them into practice.

KBank established the KASIKORNBANK Union of employees and executives, which includes 40.5 percent of all employees. It aims to foster understanding using principles of good labor relations stated in Labor Relations Act B.E. 2518 (1975). Collective Agreement protects all employees' benefits.

With regard to internal job changes, KBank must notify the employees involved two weeks beforehand and one month before any merger decision or extension of branches. As for divisional/departmental reshuffling, employees must be notified two weeks in advance. According to labor laws, KBank must receive notifications of resignation 30 days in advance to allow enough time for KBank to appropriately deal with changes that might affect our business.

Due to our strong commitment to labor relations policies, the Best Labor Relations and Welfare Award was presented to KBank for the seventh consecutive year in 2012, making KBank the only domestic commercial bank to ever have been granted the award.


In upholding national philosophy of a sufficiency economy, we constantly promote a sustainable self-reliance among our staff, by encouraging them to be aware of the magnitude of savings through the Provident Fund system instituted in 1994. The Fund was established in accordance

with the Provident Fund Act B.E. 2530 (1987) as a part of our employee welfare program with the objective of strengthening the security of employees and their families, and to provide employees and their families with a guarantee toward future security in case of employment termination. The Fund has been structured into two categories, wherein staff can choose the category that matches their preferences, being the basic KBank Provident Fund, and the Welfare Security Fund. Both types are mutually contributed to by employees and KBank; permanent employees can choose either one of the two contribution methods:

First option: 3 percent of their basic salary with KBank's contribution being based on their employment tenure;

Second option: An equal rate with the KBank contribution being based on their employment tenure as stated below:

Today, the Fund has adequate cash reserves to pay each employee who resigns or retires. Upon resignation or retirement, the Fund's members are entitled to receive their savings and KBank contributions, as well as all returns from investment.



Employment Tenure	Bank Contribution (%)	Employee Contribution (%) (2 nd Option)
Up to 10 years	3.0	3.0
>10 - 15 years	3.5	3.5
>15 - 20 years	4.0	4.0
>20 years	4.5	4.5

For those who have committed serious misdeeds and are subject to employment termination without compensation, they will receive only the part of their savings.

Regarding dissemination, KBank has diverse media channels to make known information to employees in all our workplaces, e.g., via KASIKORNTV, the KBank Newsletter "Kitchakan Samphan" and Lotus Notes System. KBank has also focused on promoting employee well-being as well as that of their families, by providing related knowledge and advice, and

implementing measures to prevent serious diseases. In-house media, including the "Suk Kai Sabai Jai" ("Healthy Body and Mind") program on KASIKORNTV; "K Life Balance eMagazine" via the Lotus Notes intranet system, present lifestyle subject matter that adheres to a proper work-life balance. Apart from providing knowledge via in-house media, KBank also organizes an annual "KGroup...Healthy Group" program that campaigns for better healthcare for staff and positive relationships between employees and the organization, in accordance with staff interests and the current situation. Highly-experienced

physicians have been invited to give tips on “Post-Flood Mental Care, Resilience Despite Loss”, and other subjects of interest to our staff. These programs are broadcast to our branches nationwide via KASIKORNTV. KGroup Crisis Communication website has been launched to communicate with staff facing emergency situations.

Information and news about benefits and privileges are available at all times on KBank’s in-house media, i.e., the Lotus Notes System, KBank Newsletter and electronic database.

Employee Development

KBank places much importance on personnel development where capabilities and skills that are consistent with KBank strategies and business plans are stressed:

- Training Roadmaps have been prepared for all organizational job positions.
- Our Management Development Program (MDP) was created to provide continuing education courses for senior management, while Annual Training Plans have been devised for supervisors and staff in line with their

relevant Training Roadmaps within the budgets of each department. Our In-House Acknowledge System for In-House Training has assisted supervisors in planning their subordinates’ curricula.

- Study courses relevant to staff tasks and financial institution business have been provided, and a course on compliance with anti-money laundering law has been arranged for new employees and other related staff. These courses are provided in traditional text and e-learning formats.
- All e-learning study courses are regularly updated. Employees are able to study at any time or any place via devices that can access online content.



KBank newsletter, “Kitchakan Samphan”

2012 Employee Training

The data below depict the number of study courses provided and staff attending in 2012

2012 study courses	# Courses	# Classes	# Staff Attending Courses
Internal study courses	238	830	14,269 persons (81%)
External study courses	409	436	675 persons (4%)
E-learning study courses	125	125	12,805 persons (73%)

Training Hours and Attendance of Employees in 2012

Average training hours by gender (hours/person/year)		Average training hours by employee level (hours/person/year)	
Male	43	Executive employee (Department Heads and higher)	67
Female	51	Operating and staff level (Below Department Heads)	48

Records on course studies and registration have been separately collected in personnel records, which each employee can view any time.

KBank has organized a “Five Skills towards Excellence” Program to create a database on each employee’s skills for human resource planning and development. Within this program, aligned with KBank strategies, employees can benefit from opportunities toward enhancing their skills for career advancement. Those with permanent employment contracts must pass at least one of the following tests:

1. English-language skills
2. Computer skills
3. Problem-analysis and decision-making skills
4. Thai-language skills
5. Mathematics skills

KBank’s recruitment procedures also incorporate Intelligence Quotient (IQ) and Emotional Quotient (EQ) tests, as well as tests on specific skill requirements, so that KBank can properly allocate employees with unique skills and capabilities to work that best benefits the organization.

Aside from courses to boost employees’ potential in each person’s career path, we also enhance knowledge about practices conforming to KBank CSR policies, as well as staff ethics that shall influence their work and standards of performance. Every employee can make use of a personal learning path record to upgrade their skills which could then lead to career advancement. Employees also have opportunities to work on social skills in the workplace, e.g., ‘how to work well with others’, ‘how to be a good leader’. All such subject matters can be studied inside or outside KBank, including via e-Learning systems. Courses include subjects on anti-money laundering law and credit analysis.

To enhance their knowledge about energy conservation, a seminar on the topic was organized for floor managers in the main office buildings. Seminar attendees are able to impart to their colleagues with information about basic laws of energy conservation in large buildings, ways to conserve energy and the impact of energy consumption, etc. They are also enlightened about the roles of floor managers in supporting appropriate activities, and how to report on progress in the “Green at Heart” project that aims to cut electricity consumption at main office buildings. Courses about carbon management in buildings as well as environmental management are also provided.

The seminar “How Little Things Can Make Big Things Better”, organized for staff in the Corporate Business, centered on the concept of “Beyond Customer Expectation”. After the seminar, attendees would be aware of the fact that our organization revolves around our customers. Attendees are trained on how to handle customers sincerely and professionally, as well as being able to offer sympathy and fulfill customers’ needs better than before.

“How to Approve Good-Quality Loans” was a course designed to enhance knowledge about this, offering insights

into it and understanding about what triggers loan defaults detected by the Asset Quality Management Network. Course participants are advised to be cautious about loan approvals to avoid default and be able to assess requests correctly, rapidly and efficiently.

K-Culture activities included Group-Wide Teamwork in our “Walk & Run for One Heart” program created to promote team-building as part of our organizational culture, by encouraging staff to work together and offer continued assistance and support to each other.

“CP Together, We (Achieve) Success”, a program organized by the Credit Policy and Risk Management Division, gave employees a fresh vision and direction for risk management in 2013, which they can then follow as guidelines and lead other employees to the same goal. Team-building activities are included with emphasis on working together to achieve maximum customer satisfaction.

The seminar entitled, “Anti-Money Laundering Act Reporting Form (Por.Por.Ngor. 1-05-9) on Work Procedures” was held for staff within our sales and services network with the purpose of familiarizing them with procedures required

“K-Culture” activities to promote the organizational culture of KBank’s Core Values



by the Anti-Money Laundering Act Reporting Form, as well as to prevent or reduce possible operational impacts caused to branches.

“Regulations on Operational Compliance” offered information on amended regulations, including impacts of those changes, emphasizing each area of compliance, e.g., in insurance business, deposits, regulations on large corporate borrowers’ compliance, specific criteria on customer verifications, regulations on connected transactions, laws on forex and derivatives control, and so on.

A training course on “Compliance with Credit Bureau Law” was organized for specific executives needing such knowledge in their work. The main subjects included the development of credit bureaus, laws, credit bureau business in Thailand, terms and conditions of information and credit bureau-related laws for financial institution executives.

A “Laws and Business Conduct” course was provided for staff whose work relates to credit practices, giving insights into laws pertinent to business conduct. The syllabus includes knowledge about documentation towards business conduct at KBank, consideration of collateral in international transactions and knowledge about business assurance.

An organizational knowledge sharing event, “Knowledge About the AEC” targeted staff in various departments and divisions to get them ready for AEC integration. Major issues included mechanisms prerequisite to the AEC launch, roles of ASEAN and member nations, opportunities for Thai businesses and business conduct within ASEAN.

Furthermore, KBank has a policy of instilling employees with an understanding of labor rights, benefits and welfare, as well as other benefits in kind offered by KBank. New employees are required to attend a one-day orientation to familiarize them with topics like teamwork, or must-know tips for KBank staff - information about benefits, regulations, code of conduct and our workplace, as well as internal communication. During the five-hour session, attendees are informed about offers from the organization towards the employees themselves and their families to enhance their well-beings. They are also educated on their rights at work as specified in labor laws. Last year, there were 2,368 employees attending, accounted for 71 percent of the total of 3,324 new employees.

As for employees at the retiring age, the Bank will organize a retirement preparation course for them in October or November, each year, before their retirement schedule on January 1 in the following year. The course mainly involves preparation for retirement, such as healthcare, exercise, as well as nutritional and happy life tips, including appropriate investment options, personal income tax calculation and other current and useful issues.

Access channels providing all such information about benefits and privileges employees included KBank’s in-house media, such as the intranet and KBank Newsletter. An electronic database is also available to everyone in the organization.



The Code of Conduct booklet

“...We should reform learning system and process, urging the Thai people to catch up with the changing world. The Thai society should be developed towards a learning society to achieve future sustainability...”



The Bank, in cooperation with the Office of the Thailand Research Fund (TRF), held a press conference on the Cultivation of Wisdom project to develop learning skills of youth via a research-based learning process.

Social Activities

KBank is committed to the Green at Heart intention, in adherence with Corporate Governance and Corporate Social Responsibility (CSR) principles, as well as compliance with domestic and international environmental standards. Our determination to remain a strong financial institution while maintaining the highest CSR practices has been exhibited in the following notable efforts.

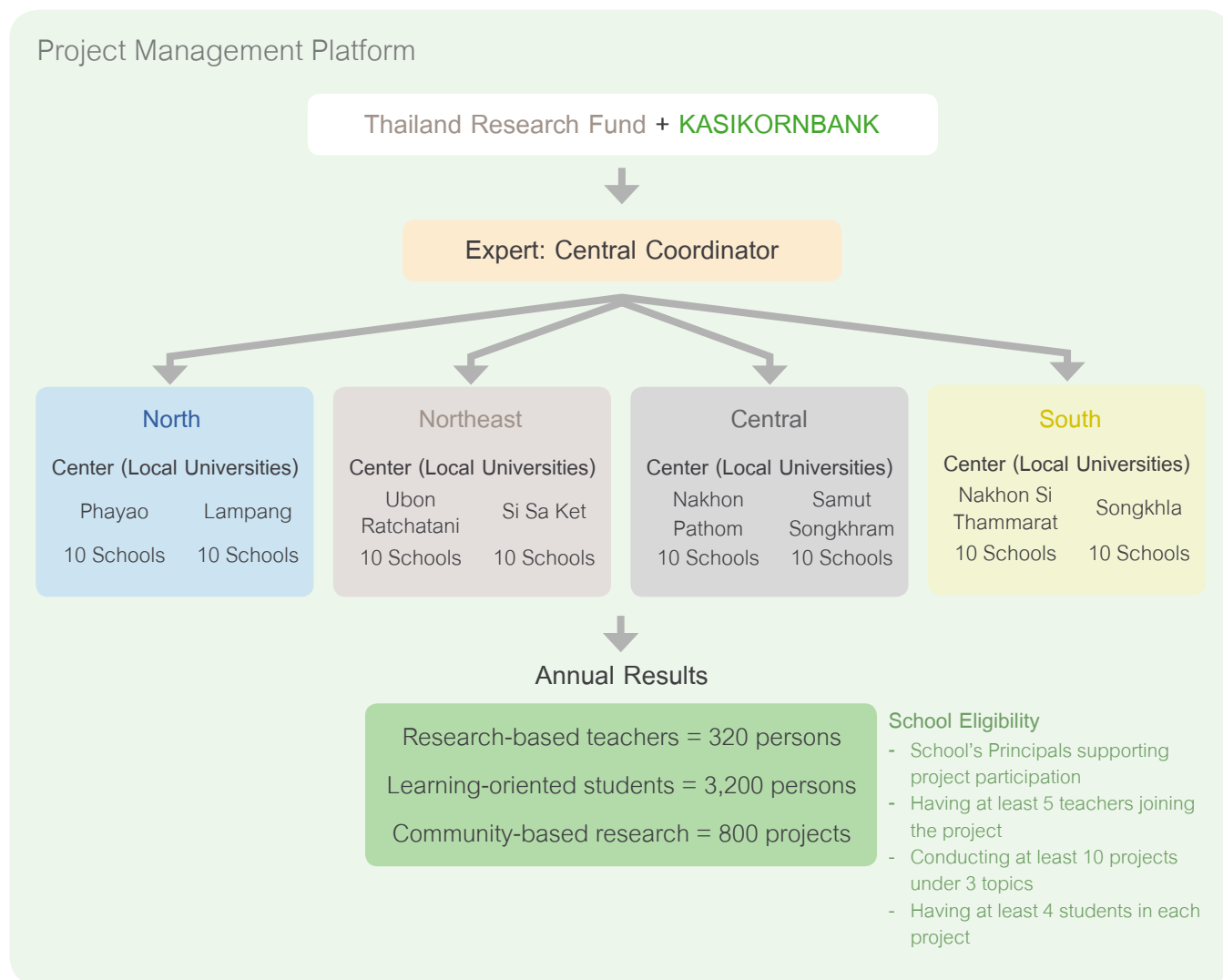
Cultivation of Wisdom Project

We firmly believe that Thailand's development must begin with human development, particularly via the educational system where our children can improve their quality and ethical foundations, based on higher standards attained by their educators.

In 2012, in cooperation with the Office of the Thailand Research Fund (TRF), we initiated the Cultivation of Wisdom project, aimed at developing learning skills of youth. This project is a continuation of the program entitled “Thailand's Education in the Era of Globalization: Towards National Progress and Security in the Next Century”, launched in 1994 by a commission led by Professor Dr. Sippanondha Ketutat, then the Chairman of TRF, with the objective of streamlining concepts towards educational development for the new era in global changes. The study revealed Thailand's need for creative educational reform for the betterment of society and for equal roles of the Thai public with others in the global community. It pointed out that a “conceptual reform” would be the key to life-long human development towards a learning society whereby the Thai people can cope with global dynamism.

Today, KBank remains committed to continuing education development and extension of the project results to the community level. Our alliance with TRF is expected to engender better conceptual thinking skills in younger Thai

generations, as well as a consciousness towards communal histories and ways of life, along with ethical adherence to attain sustainable development.



The Cultivation of Wisdom project was undertaken with the participation of a cooperative network. Centralized units - being located at universities in each region - supervise the quality of participating schools, providing recommendations

and sharing knowledge with them towards research fundamentals. These universities also coordinate the retelling of experiences shared by teachers, students and communities.



Kasikornthai Foundation Activities to Enhance Thai Youths' Ingenuity

KBank has consistently supported activities for younger generation development via our Kasikornthai Foundation, e.g., charities to enhance their ingenuity and health. Five projects have been organized; they include libraries for schools in remote areas nationwide to enhance reading opportunities for rural children, allowing them greater self-reliance, wherein they can learn things that can help their families, communities and supporters of national development later on.

The project set out with surveys of school requirements obtained via interviews with school principals, teachers, students, parents and other community members, plus assessments of physical and personnel preparedness. Kasikornthai Foundation organized coaching courses for teachers as well as library camps for students to help them develop good reading habits.

Information technology was harmonized with children's learning nature and interests. A reader-friendly database for books and other media, plus a system for book borrowing/returning were installed to enhance sustainable reading habits.

The Thai School Bus project provided safe transport for children in kindergarten and primary schools, with standardized vans, drivers and other caring staff, while the Thai Youth Camp project encouraged underprivileged youngsters from shelters and/or detention homes to make positive use of their free time to practice music, sports and various other arts, wherein they learned to live with others, have self-respect and respect others, as well as being able to lead a better life in society. Other projects included our Lunch Box and Mettadhamma initiatives.

“...To achieve sustainable prosperity of the nation, we should begin with human development, especially the development of children and the youth so that they can acquire the quality and ethical educational foundation...”

K-Expert: Knowledge Enhancement Project

Organized at the KBank Learning Center, this pilot project involves a four-day training course featuring knowledge to enhance the potential of 150 participants who are students from 13 participating universities in the Young Financial Stars program. The project objectives are to provide participants with training in finance and business, plus leadership, innovative thinking, as well as moral development. It also helps foster good working relationships among participants to promote the sharing of knowledge and information. They are given chances to learn from the business operations of KBank customers. They are also assigned to present business projects on the concept of “Dream Business: Different and Viable”, mirroring KBank’s policies that emphasize analytical thinking and learning among young people.

The Sino-Thai Forum Program

Each year, KBank sponsors the Sino-Thai Forum program. In 2012, KBank and the Office of H.R.H. Princess Maha Chakri Sirindhorn’s Projects, along with the All-China Federation of Supply and Marketing Cooperatives (ACFSMC), jointly hosted the 9th Sino-Thai Forum project



Her Royal Highness Princess Maha Chakri Sirindhorn presided over the 9th Sino-Thai Forum project entitled, “Cooperatives: Power for Sustainable Development”.

entitled, “Cooperatives: The Power for Sustainable Development”, aimed at disseminating knowledge and exchanging experiences towards sustainable cooperative management between the two countries on the basis of self-dependence and mutual assistance. Her Royal Highness Princess Maha Chakri Sirindhorn presided over the event and gave a lecture on “Student Cooperatives Empowering Youths and Communities”. Lectures were also presented by experts on cooperative promotions and risk prevention that can be applied to economic and social betterment within both countries. There were over 500 interested attendees, both Chinese and Thai, plus those from the general public; there was a live broadcast of H.R.H. Princess Maha Chakri Sirindhorn’s lecture shown on the Modern Nine TV channel.

Contemporary Art Contest 2012

KBank organized the Contemporary Art Contest 2012 to encourage artists to create works depicting Thai society and to promote art education. There were 1,132 entries from 877 artists nationwide, the highest number of entries since we began these art contests. Of the total, 108 works deemed to have high artistic value were selected by the judging committee and exhibited to the general public at KBank Phahon Yothin Main Branch, 8th floor, from December 2012 to January 2013.

“The Nine Troops War” Project

KBank, in collaboration with the Royal Thai Army, sponsored “The Nine Troops War”, a historical book and docudrama to celebrate the auspicious occasion of Her Majesty the Queen’s 80th Birthday. These releases aimed to stir the inner thoughts of the Thai people towards love, unity, a sense of nationalism and admiration towards Thai Royals, who have undertaken many royal duties for the benefit and happiness of the Thai populace. It also promotes historical study among children, the youth and Thai people. The televised documentary was aired on TV Channel 5 each weekend during November to December 2012, and was also distributed

as a boxed set containing the book and 12 episodes of the dramatization on DVDs, priced at Baht 1,280. All income, without deduction of any expenses, was presented to the Royal Thai Army towards funding for military camp hospitals nationwide.

Namjai Thai Arsa Club (Thai Volunteer Spirit Club)

Implementing other CSR activities, KBank gives our employees the opportunity to share their experiences in undertaking benevolent acts. The “Namjai Thai Arsa Club” (Thai Volunteer Spirit Club) was initiated to empower our staff vis-à-vis CSR activities. Many notable efforts in 2012 included:

- KBank staff prepared and distributed disaster relief kits for flood victims at Dong Kratong Yam Village, Si Maha Phot District and Ban Sang District in Prachin Buri.
- The 3rd Green at Heart Activity: KBank Staff Joins in Reforestation at Bang Namphueng, Phra Pradaeng District, Samut Prakan, with a walk rally to learn about local plants, also helped promote cordial relations between KBank staff and community members.



The Contemporary Art Contest Project 2012, organized by KBank to encourage artists and university students to create artistic works.



KBank, in collaboration with the Royal Thai Army, sponsored “The Nine Troops War”, a historical book and docudrama to stir the inner thoughts of the Thai people towards love, unity, a sense of nationalism and admiration towards the Royal Institution.

- Coral Planting and Marine Animal Release Activity at Samae San Beach, Sattahip, Chon Buri: Staff of KBank and K Companies participated in coral planting and the release of rare marine animals back into the sea at Samae San Beach, Sattahip District, Chon Buri. Participants also attended a lecture on marine ecological preservation and a background on artificial coral reef construction given by the Director of the Marine Science and Conservation Center.
- A beach clean-up activity was conducted at Au Dong Tan, Sattahip District, Chon Buri, including the a lecture on sea turtle conservation by experts from the Royal Thai Navy, as well as release of baby turtles to the sea, rubbish cleanups and tree planting along the beach to enhance the ecological balance of the area.

KBank support was also granted to many other public and private projects, e.g.:

- KBank co-hosted the final competition of the 2nd King's Cup KBank Dragon Boat Race, 2012, in cooperation with the Rowing and Canoeing Association of Thailand

and the Royal Thai Navy, with the purpose of promoting education and developing the sports skills of participating young paddlers, as well as fostering a united spirit.

- KBank also joined various parties along with the Mine Squadron of the Royal Thai Navy, Thailand Institute of Packaging and FTI Recycling Management for Sustainable Environment (TIPMSE) program, to support the "Miracle Day of Valuable Garbage at 0 Baht Shop" activity at Tambon Laem Fapha, Phra Samut Chedi District, Samut Prakan. The objectives of this program included the collection of disposable waste and creation of a network to further sustainable waste reductions and promotion of public awareness, including among young people, towards the importance of waste sorting and the adding of value to their household waste. The shop also serves as a learning center for waste management that teaches many organizations, e.g., schools and communities, about best practices regarding waste disposal.



KBank staff members, led by the "Namjai Thai Arsa Club" (Thai Volunteer Spirit Club), took part in marine ecosystem conservation activities at Samae San Beach, Sattahip, Chon Buri.



“...Promote

We promote the use of alternative and renewable energy through the provision of consulting service and energy-related knowledge...”



Green at Heart

This CSR report has been assessed at the level B, in accordance with the GRI Reporting Framework, with indicators being based on GRI 3.1 Guidelines.

Report Application Level	C	C+	B	B+	A	A+
Profile Disclosures	Report on: 3.3 2.1 - 2.30 3.1 - 3.8, 3.10 - 3.12 4.3 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.33 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
Disclosures on Management Approach	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
Performance Indicators & Sector Supplement Performance Indicators	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.**		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.***		Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

* Sector supplement in final version
 ** Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines
 *** Performance Indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines

Information of the Organization	Partially	Fully	AR (page)	SD (page)	Remark
1. Strategy and Analysis					
1.1 Statement from the most senior decision-maker of the organization		✓	5 - 15	3	
1.2 Description of key impacts, risks, and opportunities		✓	58 - 71		
2. Organizational Profile					
2.1 Name of the organization		✓		Cover Page	
2.2 Primary brands, products, and/or services		✓	30 - 53	10	
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures		✓	260 - 261, 290 - 291, 299 - 326		
2.4 Location of organization's headquarters		✓	293	10	
2.5 Number of countries where the organization operates, and names of countries with either operations or that are specifically relevant to the sustainability issues covered in the report		✓	323		
2.6 Nature of ownership and legal form		✓	293	10	
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)		✓	30 - 34		

Information of the Organization	Partially	Fully	AR (page)	SD (page)	Remark
2.8 Scale of the organization		✓	78 - 80, 294, 299,	10, 45	
2.9 Significant changes during the reporting period regarding size, structure, or ownership		✓	222, 294		There were changes in the number of Directors and shareholding proportion
2.10 Awards received in the reporting period		✓	295 - 297		
3. Report Parameters					
Report Profile					
3.1 Reporting period (e.g., fiscal/calendar year) for information provided		✓		7	
3.2 Date of most recent previous report (if any)		✓		7	First report
3.3 Reporting cycle (annual, biennial, etc.)		✓		9	
3.4 Contact point for questions regarding the report or its contents		✓	222	15	
Report Scope and Boundary					
3.5 Process for defining report content		✓		8 - 9	
3.6 Boundary of the report (e.g., countries divisions, leased facilities, joint ventures, suppliers) See GRI Boundary Protocol for further guidance		✓		7	
3.7 State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)		✓		61	
3.8 Basis for reporting on joint ventures, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organizations		✓		7	
3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimation applied to the compilation of the Indicators and other information in the report explains any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols		✓		40 - 43	There was calculation of CO ₂ reduction according to waste water treatment standard.
3.10 Explanation of the effect of any re-statements of information provided in earlier reports (e.g., mergers/acquisitions, change of reporting periods, nature of business, measurement methods)		✓		7	First report

Information of the Organization		Partially	Fully	AR (page)	SD (page)	Remark
3.11	Significant changes from previous reports in the scope, boundary, or measurement methods applied in the report		✓		7	First report
GRI Content Index						
3.12	Table identifying the location of the Standard Disclosures in the report		✓		61 - 69	
Assurance						
3.13	Policy and current practice with regard to seeking external assurance for the report.		✓			There is no external assurance.
4. Governance, Commitments and Engagement						
Governance						
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight		✓	222 - 238, 260 - 261, 264 - 272	12	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer		✓	225 - 226	12	
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members			222, 225	12	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.		✓		15	http://www.kasikornbank.com/TH/Investors/CorporateGovernance/DisclosureandTransparency/Pages/CommunicationwiththeBoard.aspx
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)		✓	244 - 247	13	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided		✓	240 - 243	13 - 15	

Information of the Organization	Partially	Fully	AR (page)	SD (page)	Remark
4.7 Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity		✓	226 - 227	12	
4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation		✓	238 - 240	1, 11, 13	
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles		✓	225 - 226	7, 10 - 12	
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance		✓	244	13	
Commitments to External Initiatives					
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization		✓		38 - 40, 42 - 43 53 - 58	
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses		✓		10	LEED
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization has positions in governance bodies, participates in projects or committees, provides substantive funding beyond routine membership dues, or views membership as strategic		✓		10	ICAS, CSR Club
Stakeholder Engagement					
4.14 List of stakeholder groups engaged by the organization		✓	216	7 - 8	
4.15 Basis for identification and selection of stakeholders with whom to engage		✓		8	
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group		✓	218 - 222	7 - 8	

Information of the Organization	Partially	Fully	AR (page)	SD (page)	Remark
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting		✓		7 - 8	

Disclosure on Management Approach	AR (Page)	SD (Page)	Remark
DMA FS PRODUCT AND SERVICE IMPACT DISCLOSURE ON MANAGEMENT APPROACH			
FS1 Policies with specific environmental and social components applied to business lines.	251	22, 24 - 26	Partial
FS2 Procedures for assessing and screening environmental and social risks in business lines.		18 - 20	
DMA EC ECONOMIC DISCLOSURE ON MANAGEMENT APPROACH			
Economic Performance	8, 67, 101	49	
Indirect economic impacts		24, 54 - 56	
DMA EN ENVIRONMENT DISCLOSURE ON MANAGEMENT			
Energy	252 - 253	6, 8, 38 - 39	
Water	252 - 253	6, 8, 38 - 39	
Emissions, Effluents, and Waste	252 - 253	6, 8, 38 - 39	
Products and Services	252 - 253	6, 8, 38 - 39	
DMA LA LABOR DISCLOSURE ON MANAGEMENT APPROACH			
Employment		5, 7, 44, 47 - 48	
Labor/management relations		5, 7, 47 - 49	
Occupational Health and Safety		5, 7, 44, 47 - 48	
Training and Education		5, 7, 44, 47, 50 - 51, 53	
Equal Remuneration for Women and Men		5, 7, 44 - 48	
DMA HR HUMAN RIGHTS DISCLOSURE ON MANAGEMENT APPROACH			
Investment and procurement practices		5 - 7, 47 - 48	
Non-discrimination		5 - 7, 47 - 48	
Child Labor		5 - 7, 47 - 48	
Prevention of forced and compulsory labor		5 - 7, 47 - 48	
DMA SO SOCIETY DISCLOSURE ON MANAGEMENT APPROACH			
Corruption		6, 13 - 15	
Public Policy		6, 13 - 15	

Disclosure on Management Approach		AR (Page)	SD (Page)	Remark
DMA PR	PRODUCT RESPONSIBILITY DISCLOSURE ON MANAGEMENT APPROACH			
	Product and service labelling	251 - 252	22	
	Marketing communications	252	22	

Performance Indicator		Partially	Fully	AR (Page)	SD (Page)	Remark
Economic Performance Indicators						
Economic Performance						
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations, and other community investments, retained earnings, and payments to capital providers and governments	✓		78 - 85		
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	✓		8, 67		
EC3	Coverage of the organization's defined benefit plan obligations		✓	101, 161	49	
Indirect Economic Impacts						
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Cultivation of wisdom	✓		26 - 28, 54 - 56	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	✓		35 - 48		
Environment Performance Indicators						
Energy						
EN4	Indirect energy consumption by primary source		✓		41	
EN5	Energy saved due to conservation and efficiency improvements		✓		41 - 43	Green at Heart project to cut electricity cost and K-ATM to reduce global warming
Water						
EN8	Total water withdrawal by source		✓		43	
EN9	Water sources significantly affected by withdrawal of water.		✓		43	There is no impact on vicinity community and natural water sources.

Performance Indicator		Partially	Fully	AR (Page)	SD (Page)	Remark
EN10	Percentage and total volume of water recycled and reused.		✓		43	
Emissions, effluents and waste						
EN21	Total water discharge by quality and destination		✓		42 - 43	
Products and Services						
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	✓			38 - 44	
Social Performance Indicators: Labor Practices and Decent Work						
Employment						
LA1	Total workforce by employment contract, and region, broken down by gender		✓		45	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region		✓		46	
LA15	Return to work and retention rates after parental leave, by gender		✓		46	Only female employees are eligible.
Labor/Management Relations						
LA4	Percentage of employees covered by collective bargaining agreements		✓		48	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements		✓		48 - 49	
Occupational Health and Safety						
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases		✓		48 - 50	
Training and Education						
LA10	Average hours of training per year per employee, by gender, and by employee category		✓		51	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		✓		50 - 53	

Performance Indicator		Partially	Fully	AR (Page)	SD (Page)	Remark
Equal Remuneration for women and men						
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation		✓		46	
Social Performance Indicators: Human Rights						
Investment and Procurement Practices						
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		✓		53	
Non-discrimination						
HR4	Total number of incidents of discrimination and corrective actions taken		✓		47	No record of discrimination
Child Labor						
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor		✓		47	No record of child labor abuse
Prevention of Forced and Compulsory Labor						
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory		✓		47	No record of forced and labor compulsory labor
Social Performance Indicators: Society						
Corruption						
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures		✓		14 - 15	
Public policy						
SO5	Public policy positions and participation in public policy development and lobbying		✓		15	Public policy against anti-corruption
Social Performance Indicators: Product Responsibility						
Product and Service Labelling						
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction		✓		22	
FS16	Initiatives to enhance financial literacy by type of beneficiary.		✓		28 - 38, 57	

Performance Indicators		Partially	Fully	AR (Page)	SD (Page)	Remarks
Marketing Communications						
PR6	Programs for adherence to law. Standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship		✓		22	

AR - Annual Report, SD - Sustainability Development Report, NA - Not available



Statement GRI Application Level Check

GRI hereby states that **KASIKORNBANK Public Company Limited** has presented its report "Sustainable Development Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 5 March 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a light blue background.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.
www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 28 February 2013. GRI explicitly excludes the statement being applied to any later changes to such material.



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