

KASIKORNBANK

Investor Presentation as of 2Q19

(Updated Economic Data)

August 2019

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

บริการทูลระดับประทับใจ

1

KASIKORNBANK at a Glance



- Established on June 8, 1945 with registered capital of Bt5mn (USD0.16mn)
- Listed on the Stock Exchange of Thailand (SET) since 1976

Consolidated (as of June 2019)

Assets	Bt3,256bn (USD105.9bn)	Ranked #3 with 15.5% market share**
Loans*	Bt1,933bn (USD62.9bn)	Ranked #4 with 15.1% market share**
Deposits	Bt2,005bn (USD65.2bn)	Ranked #3 with 15.8% market share**
CAR	18.55% ***	
ROE (1H19)	10.35%	
ROA (1H19)	1.25%	
Number of Branches	882	
Number of ATMs	8,840	
Number of K PLUS Users	11.1mn	
Number of Employees	20,352	

Share Information

SET Symbol	KBANK, KBANK-F	
Share Capital:		
Authorized	Bt30.5bn (USD1.0bn)	
Issued and Paid-up	Bt23.9bn (USD0.8bn)	
Number of Shares	2.4bn shares	
Market Capitalization	Bt449bn (USD14.6bn)	Ranked #2 in Thai banking sector
2Q19 Avg. Share Price:		
KBANK	Bt190.00 (USD6.18)	
KBANK-F	Bt190.58 (USD6.20)	
EPS (1H19)	Bt8.35 (USD0.27)	
BVPS	Bt165.40 (USD5.38)	

Notes:

* Loans = Loans to customers less deferred revenue

** Assets, loans and deposits market share is based on C.B.1.1 (Monthly statement of assets and liabilities) of 14 Thai commercial banks as of June 2019

*** Capital Adequacy Ratio (CAR) has been reported in accordance with Basel III Capital Requirement from 1 January 2013 onwards. CAR is based on KASIKORNBANK FINANCIAL CONGLOMERATE. KASIKORNBANK FINANCIAL CONGLOMERATE means the company under the Notification of the Bank of Thailand re: Consolidated Supervision, consisted of KBank, K Companies and subsidiaries operating in supporting KBank, Phethai Asset Management Co., Ltd. and other subsidiaries within the permitted scope from the BOT's to be financial conglomerate

Exchange rate at the end of June 2019 (Mid Rate) was Bt30.74 per USD (Source: Bank of Thailand)

บริการทูลระดับประทับใจ

2

Table of Contents

Topic	Slide Page
■ Operating Environment	5 - 6
■ 2019 Financial Targets	7
■ Composition of Growth	8 - 10
■ The K-Strategy	11 - 14
■ Financial Performance	15 - 17
■ Capital and Dividend	18 - 19
■ Summary	20
■ Appendix	21 - 161

บริการทุกระดับประทับใจ

3

Appendix

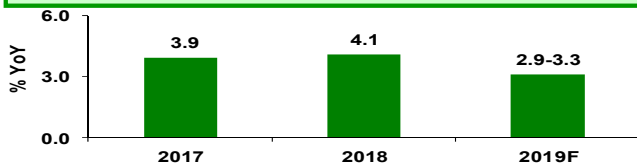
Topic	Slide Page
■ KBank	
> Strategic Issues	22-34
> Strategy and Segment Highlights	35-45
> Risk and Credit Management	46-54
> Financial Performance	55-78
• 1H19 Highlights	55-58
• Interest Income - net	59
• Non-interest Income	60-61
• Net Fee Income	62-63
• Net Premium Earned - net	64
• Other Operating Expenses	65
• Loan	66-68
• Asset Quality	69-74
• Investment in Securities and Funding Structure	75-78
> The Wholly-owned Subsidiaries	79-86
> Muang Thai Life Assurance (MTL)	87-95
> Other Information	96-104
■ Banking System and Regulations Update	105-115
■ Government Policy	116-136
■ Thai Economic Figures	137-159
■ IR Contact Information and Disclaimer	160-161

บริการทุกระดับประทับใจ

4

Operating Environment: Economic Outlook for 2019

Key GDP Forecasts and Assumptions



% YoY	2017	2018	2019F* (Previous)	2019F*	
			Base Case	Range	Base Case
GDP	4.0	4.1	3.7	2.9-3.3	3.1 ▼
Private Consumption	3.0	4.6	3.6	3.9-4.5	4.2 ▲
Government Consumption	0.1	1.8	2.5	2.0-2.7	2.5
Total Investment	1.8	3.8	4.0	2.6-4.1	2.9 ▼
- Private investment	2.9	3.9	4.2	3.8-4.8	4.2
- Public investment	-1.2	3.3	5.0	0.5-3.5	1.5 ▼
Gov't Budget Deficit (% of GDP)	-3.5	-3.0	-2.7	-3.5 to -2.9	-3.1 ▼
Exports (Customs Basis)	9.9	6.9	3.2	-2.0 to 1.0	0.0 ▼
Imports (Customs Basis)	14.1	12.1	4.3	-1.0 to 2.0	0.8 ▼
Current Account (USD bn)	50.2	37.7	32.4	26.5-31.5	30.0 ▼
Headline Inflation	0.7	1.1	0.8	0.6-1.2	0.8
Policy Interest Rate**	1.50	1.75	1.75		1.50 ▼

Notes: MPC's policy rate is at 1.50% (as of August 7, 2019)

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

Source: * KResearch (as of June 27, 2019 vs forecast on April 2, 2019)

** KBank Capital Markets Research (as of August 16, 2019)

Key Points:

- Base case projection for 2019 GDP growth was revised down to 3.1% from 3.7%, due to a sluggish external demand and global slowdown
- Domestic sector remains the main contributor to GDP growth with on-going implementation of public infrastructure projects
- Expected economic stimuli from the new government may support additional growth during 2H19

Risk Factors:

- Repercussions from the US-China trade war
- Global economic slowdown
- Political uncertainty
- High household debt and tepid farm income may pressure purchasing power of low income earners

บริการทุกระดับประทับใจ

Operating Environment: Economic Outlook for 2019

	Outlook	Possible Impacts to Thai Economy
<ul style="list-style-type: none"> ■ Global Economy 	<ul style="list-style-type: none"> ■ Global economy: economic growth faces headwinds amid heightened trade dispute risk ■ US: economic growth began slowdown; Fed shifted monetary policy to support growth ■ Eurozone: mild to moderate economic growth amid heightened uncertainty. BREXIT may pose moderate risk to near-term prospects ■ China: decreasing economic growth foreseeable, but a hard-landing situation can be avoided. Economic stimuli expected if trade dispute between US and China worsens ■ ASEAN economies: Repercussions from US-China trade dispute may become headwinds for economic growth. However, some countries may benefit from inward supply chain relocation 	<ul style="list-style-type: none"> ■ Export growth will experience hiccup, due to a rather high base effect as well as strain in China-US trade ■ Increased interest rates in the US may cause fund outflow from emerging market countries, including Thailand ■ Repercussions from BREXIT and US protectionist policy may lead to fragility in global financial and capital markets; Thailand may encounter some volatility
<ul style="list-style-type: none"> ■ Government Stimulus Plan (App. pages 116-132) 	<ul style="list-style-type: none"> ■ Accelerating investment in transport infrastructure projects and initiatives in the Eastern Economic Corridor (EEC); this will be a key driver for the new S-curve 	<ul style="list-style-type: none"> ■ Possible pick up in growth momentum ■ Improvement in private consumption and investment stimuli
<ul style="list-style-type: none"> ■ Inflation (App. pages 139 and 141) 	<ul style="list-style-type: none"> ■ Inflation remains restricted, due to stickiness of core inflation. Oil price may be slightly below the average price of the previous year 	<ul style="list-style-type: none"> ■ Policy rate expected to remain rather accommodative to economic growth throughout 2019, despite a few interest rate increases
<ul style="list-style-type: none"> ■ Exports and Tourism (App. pages 139, 142-145) 	<ul style="list-style-type: none"> ■ Mediocre export growth due to declining global trade prospects ■ Tourist arrivals will continue to grow in 2019, albeit at a slower rate 	<ul style="list-style-type: none"> ■ Export and tourism sectors remain contributors to economic growth, albeit to a lesser extent
<ul style="list-style-type: none"> ■ Fed Policy Normalization (App. pages 151) 	<ul style="list-style-type: none"> ■ Fed officials recently signaled openness to lower interest rate; markets expected the Fed to cut its rate(s) this year ■ US economic growth could soften, due to a fade in tax reform benefits on economic growth, impacts from the trade tariff, and weak sentiment from partial government shutdown early in the year 	<ul style="list-style-type: none"> ■ BOT will keep its interest rate at 1.75% due to the impact of global economic slowdown, global monetary policy U-turn toward an easing bias, and low inflation outlook
<ul style="list-style-type: none"> ■ Baht (App. pages 138) 	<ul style="list-style-type: none"> ■ Global economic slowdown, due to US-China trade dispute, and Chinese economic cooling could narrow Thai current account surplus ■ Easing of pressure from global monetary tightening policy as the Fed implements its policy U-turn; other Asian central banks could follow 	<ul style="list-style-type: none"> ■ In addition to weak global sentiments, THB is likely to depreciate due to a seasonal pattern of low tourism and the dividend outflow to foreign investors since mid-April

Source: KResearch and KBank Capital Markets Research (as of July 24, 2019)

บริการทุกระดับประทับใจ

2019 Financial Targets

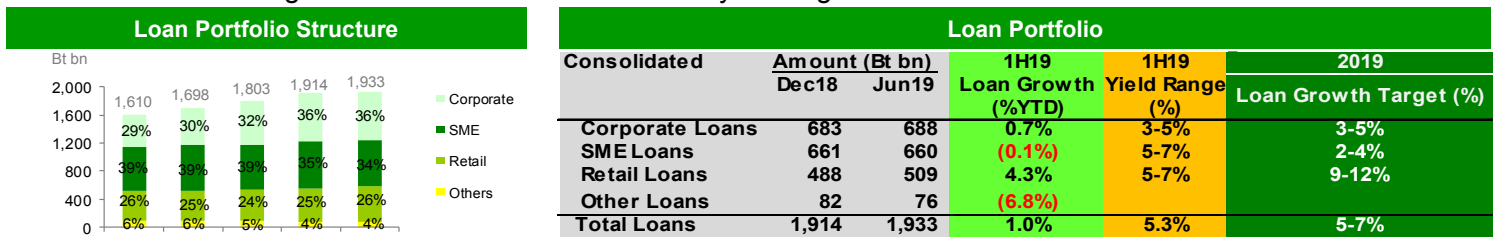
Consolidated	2018 Actual	1H19 Actual	2019 Targets	Notes
ROE	10.61%	10.35%	N/A	
ROA	1.27%	1.25%	N/A	
NIM	3.39%	3.30%	3.3-3.5%	1H19 inline with target and expected to improve from retail lending
Loan Growth	6.17% YTD	1.00% YTD 5.16% YoY	5-7%	Sensible loan growth in line with economic growth; increase in retail lending using data analytics capability
Non-Interest Income Growth*	-9.17% YoY	-17.5% YoY	-5% to -7%	Under pressure from fee waiver through digital channels; one-time gain on investment sales last year; insurance business remains slow
Non-Interest Income Ratio	36.62%	33.65%	About 35%	
Cost to Income Ratio**	43.96%	43.89%	Low to Mid-40s	Focus on cost management; under pressure due to slower growth in income and new investments
Credit Cost per year (bps)	175 bps	157 bps	Up to 165 bps	Credit cost peaked in 2017; maintain prudence onward. Reversed our decision to sell some NPLs due to a revised outlook for the economy and a recent bottom-up review of the NPL portfolio. As a result, the NPL ratio will rise slightly with no further reserves required. We avoid an immediate loss on these loans, and we expect a greater recovery rate in the long-term.
NPL Ratio (Gross)***	3.34%	3.40%	3.3-3.7%	

Note: * Non-Interest Income includes Net Premium Earned - net (Net Premium Earned less Underwriting Expenses) from Muang Thai Life Assurance PCL (MTL); KBank has a 38.25% economic interest in MTL; on the consolidated basis, Bancassurance fees are not included in net fee income, due to the elimination of inter-company transactions (the accounting treatment from the Muang Thai Group Holding consolidation);
 Non-Interest Income = Total Operating Income - net less Interest Income - net
 ** Cost to Income Ratio = Total Other Operating Expenses to Total Operating Income - net (Total Operating income less Underwriting Expenses)
 *** NPL Ratio (Gross) = NPL (gross) to total loans; NPL (gross) used in the calculation are loans to general customers and loans to financial institutions that are non-performing loans; total loans used in the calculation are loans to general customers and loans to financial institutions

บริการทุกระดับประทับใจ

Composition of Growth: Loans by Business

Moderate loan growth momentum in line with full-year target



Consolidated	Amount (Bt bn)		1H19		2019
	Dec18	Jun19	Loan Growth (%YTD)	Yield Range (%)	
Corporate Loans	683	688	0.7%	3-5%	3-5%
SME Loans	661	660	(0.1%)	5-7%	2-4%
Retail Loans	488	509	4.3%	5-7%	9-12%
Other Loans	82	76	(6.8%)		
Total Loans	1,914	1,933	1.0%	5.3%	5-7%

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

	1H19	2019 Outlook
Corporate Loans	<ul style="list-style-type: none"> Mainly from both short term and long term credit in Consumer Commerce, and Food and Beverage industries 	<ul style="list-style-type: none"> Domestic consumption and large public/private investment projects are the main factors in loan growth Focus industries: Tourism, Domestic Consumption, and Construction related
SME Loans	<ul style="list-style-type: none"> Mainly from Consumer, Petroleum and Petrochemical Products, and Transportation 	<ul style="list-style-type: none"> Growth target reflects domestic consumption demand, government stimulus measures, and AEC international trade benefits Focus industries: Construction, Construction Materials, Food and Beverage, and Hardware
Retail Loans	<ul style="list-style-type: none"> Mainly from mortgage loans; efficient growth in key products; expanding to new groups of high potential customers; building strong relationships with strategic partners; presenting concrete machine lending with consumer loan offerings via digital channel (K PLUS). Proactively monitoring loan portfolio quality led to sustainable growth 	<ul style="list-style-type: none"> Organic growth target in line with industry; applying machine lending and artificial intelligence (AI) technology to initiate financial and life solutions related to customers' lifestyles and needs; maintain lead market position in key products Focus on new potential target customers with acceptable risk; predictive monitoring and strict control of loan portfolio quality

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

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

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

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

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

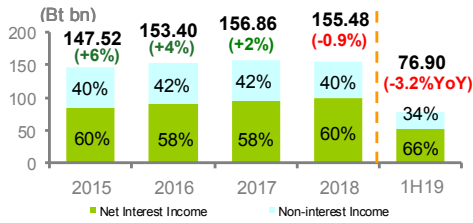
Note: Since 1Q13, as per the Bank of Thailand's requirement, the Bank has complied with TFRS 8 (Operating Segments) to present operating results for each key segment in financial reports

บริการทุกระดับประทับใจ

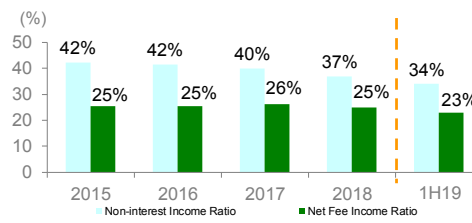
Composition of Growth: Net Fees and Non-interest Income

June 2019 (Consolidated)

Total Operating Income - net

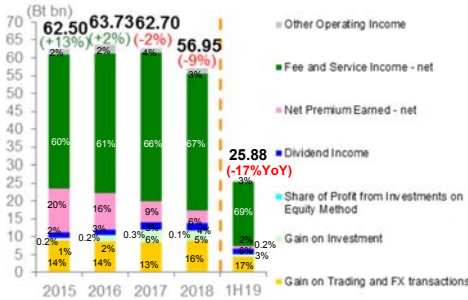


Non-interest Income Ratio and Net Fee Income Ratio

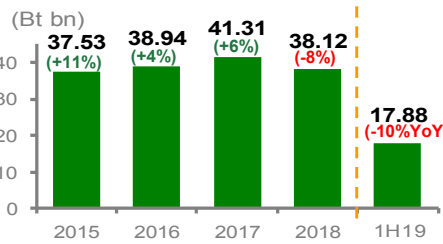


- 1H19 non-interest income accounted for 34% of total net operating income and net fee income accounted for 23%; non-interest income decreased 17% YoY, due mostly to a decrease in net premiums earned-net, fee income from fee waiver via digital channels, and revenue from capital market products

Non-interest Income



Net Fee Income



- Net fee income dropped 10% YoY, mainly due to fee waiver for money transfers through digital channels, and loan related fee income
- 2019 non-interest income will drop, from slow growth in insurance businesses; also from fee waiver via digital channels and one time gain on investment sales last year

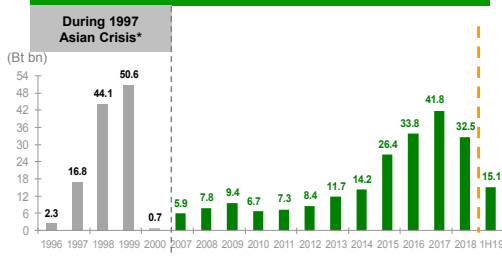
Note: - Non-interest Income Ratio = Non-interest Income/Total Operating Income - net
 - Net Fee Income Ratio = Net Fee Income / Total Operating Income - net
 - Net Premium Earned - net = Net Premium Earned less Underwriting Expense
 - The Bank and its subsidiaries have adopted TFRIC13: Customer Loyalty Programmes since January 1, 2014 onwards and restated the comparative financial statements and financial ratios. There is no effect on net profit of the Bank and its subsidiaries

บริการทุกระดับประทับใจ

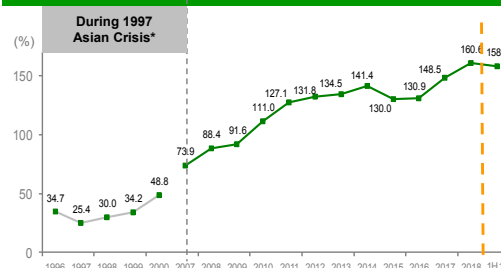
Asset Quality and Impairment Loss on Loans and Debt Securities (Provision)

June 2019 (Consolidated)

Provision

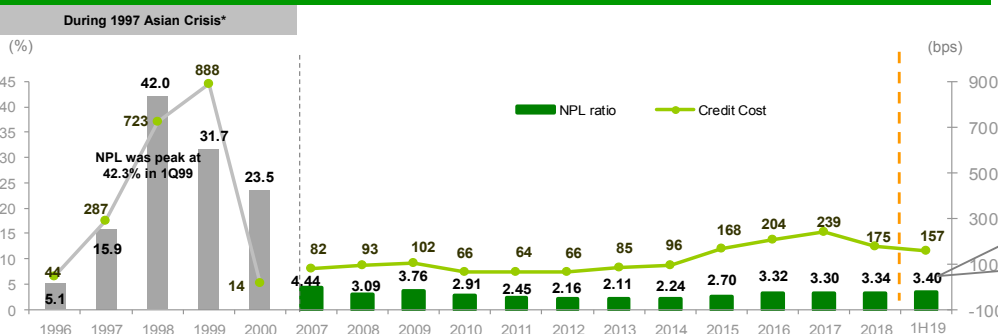


Coverage Ratio



- Asset quality remains manageable
- NPL ratio in 1H19 was at 3.40%, with a coverage ratio of 157.95%
- 1H19 credit cost was 157 bps, prudent and aligned with the credit cycle
- Credit cost peaked in 2017; prudence to be maintained going forward

NPL Ratio and Credit Cost



- NPL ratio will rise slightly in 2019 from reversed our decision on NPLs sale with no further reserves required

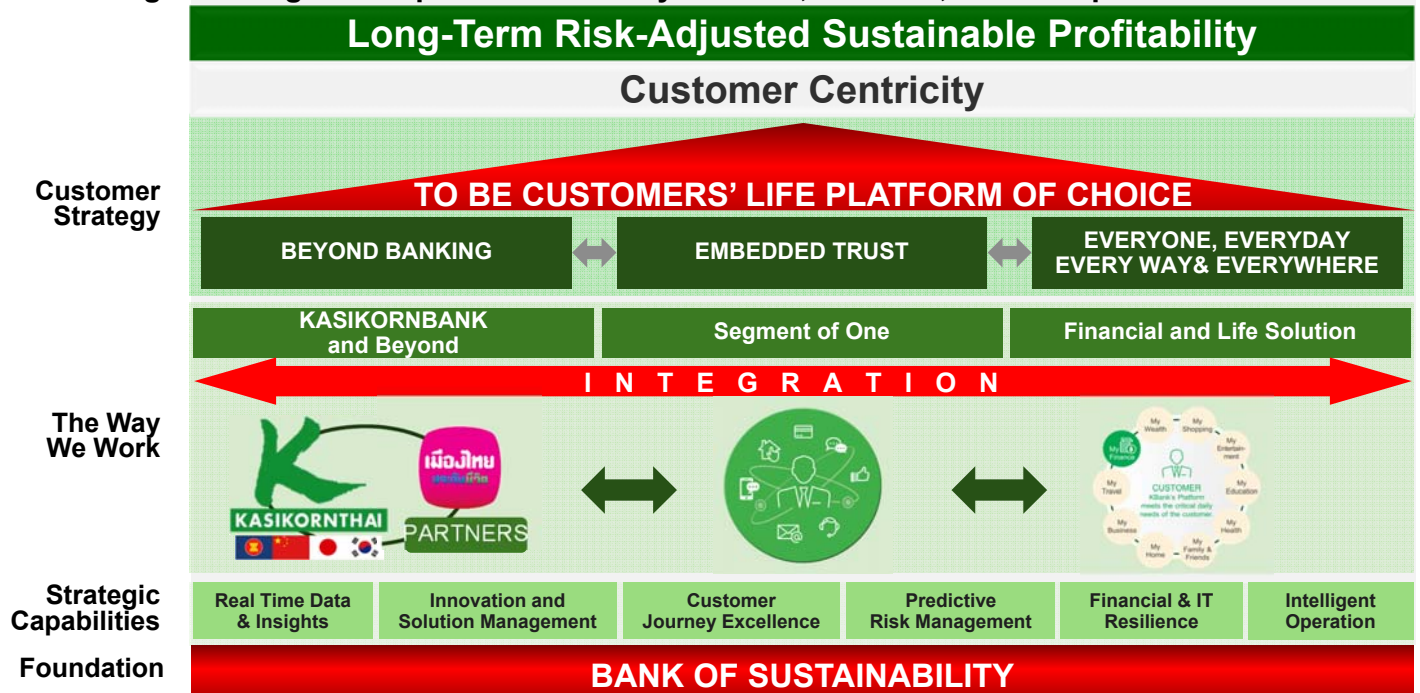
NPL Ratio by Business	2014	2015	2016	2017	2018	1H19
Corporate Business	<2%	<2%	<2%	<2%	<2%	<2%
SME Business	<3%	-3%	-5%	-5%	-5%	-6%
Retail Business**	<2%	-2%	-4%	-4%	-4%	-4%

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

บริการทุกระดับประทับใจ

The Extended K-Strategy

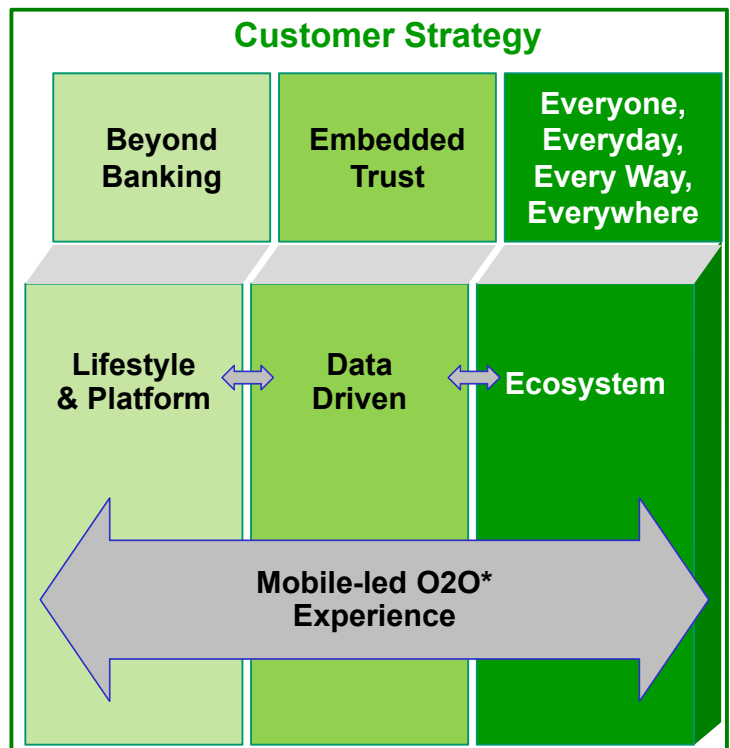
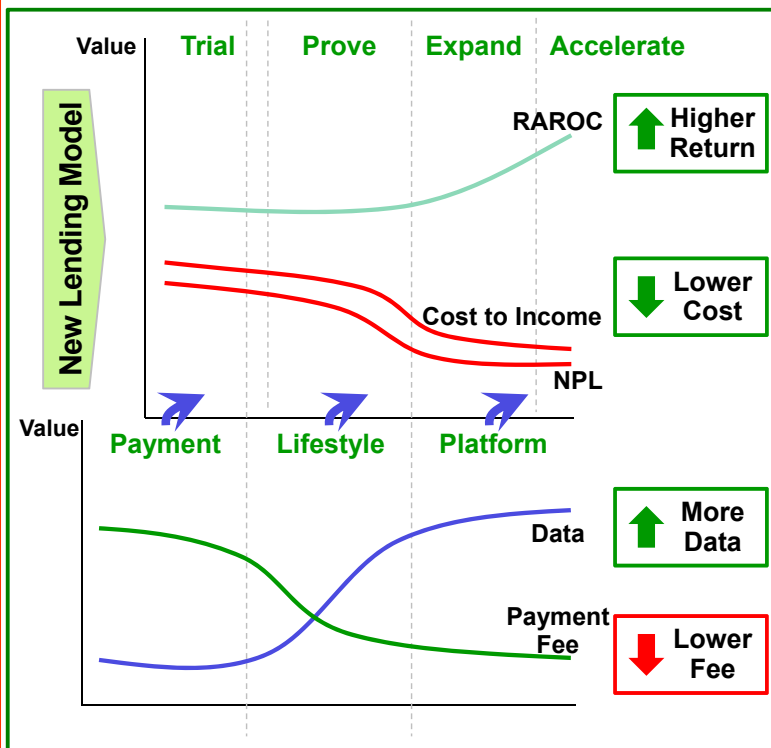
Customer Centricity remains core philosophy, while extending beyond conventional territory, and redefining “banking” concept in order to stay relevant, valuable, and indispensable to customers



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

บริการทุกระดับประทับใจ

The Extended K-Strategy: Benefits



* O2O = Online to Offline

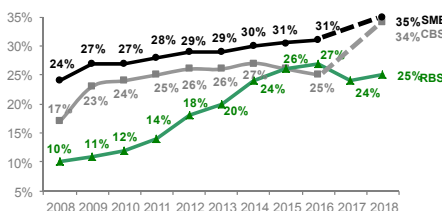
บริการทุกระดับประทับใจ

Segment Performance

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

- Main Bank Status and Market Penetration on track with our customer segment aspirations
- Average product holdings per customer increasing as a result of enhanced cross-selling capabilities
- Branch Customer Satisfaction was at 90% in 2018
- No. of customers was 16.4 million as of 1H19
- Overall average product holding rose to 3.15 in 2Q19, from 2.71 in 2011

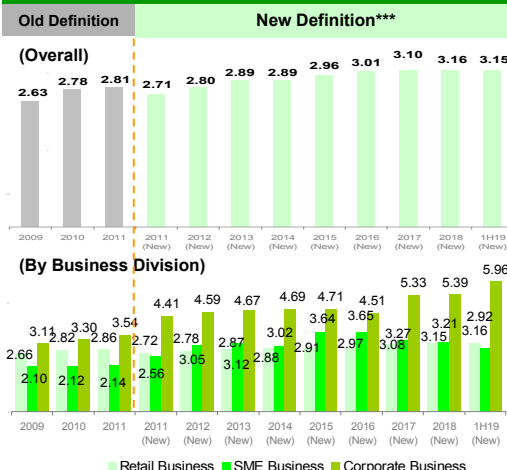
Main Bank Status*



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

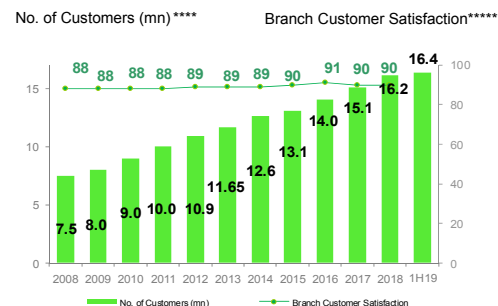
** Since 2014, Corporate and SME Business main bank status is reported every two years

Average Product Holdings per Customer



*** In 2012, the Average Product Holding calculation is adjusted in all eight customer segments to align with our better understanding of customer behavior; 2011 numbers were restated for comparison purposes

Branch Customer Satisfaction



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

***** Branch Customer Satisfaction Index by Nielsen (Retail Business 90%, SME Business 10%, and Corporate Business less than 1%).

Note: Branch Customer Satisfaction in 2017 was at 90%, ranking in the top percentile at a global level for all industry and financial industry

บริการทุกระดับประทับใจ

KBank Digital Strategy

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

KBank Digital Strategy

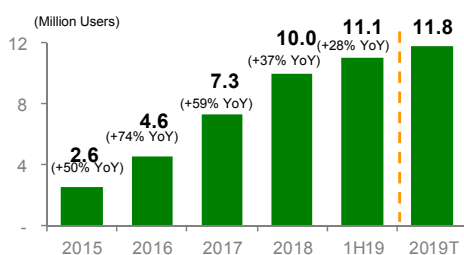
- Customer Experience**
 - Customer Understanding
 - Customer Offering & Interaction
 - Sales & Service Channels
- Operational Processes**
 - Process Digitization
 - Worker Enablement
 - Data-driven Execution
- Business Model**
 - Digitally-enabled Products & Services
 - New Digital Business

Sample of Digital Channels

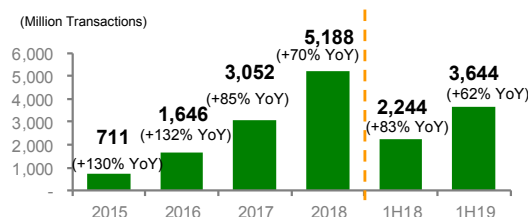
- K PLUS**: KBank's Mobile Banking Platform
- K+ shop**: KBank's Mobile Banking Application for Merchants
- K+ beacon**: KBank's Mobile Banking Application for Visually Impaired
- K+ SME**: KBank's Mobile Banking Application for SMEs



K PLUS Number of Users



K PLUS Number of Transactions**



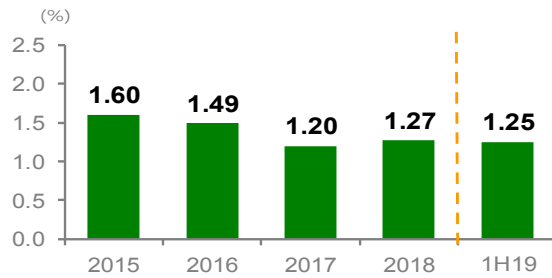
** Number of transactions includes payments and funds transfers via mobile banking and account inquiry via mobile banking

บริการทุกระดับประทับใจ

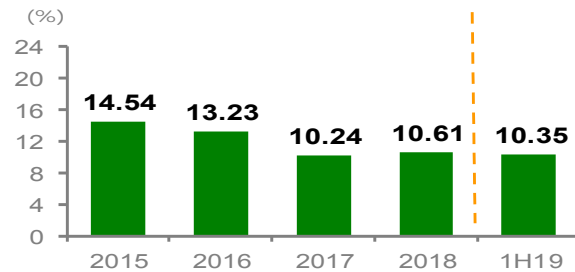
ROA and ROE

June 2019 (Consolidated)

ROA



ROE



	2015	2016	2017	2018	1H18	1H19	1Q19	2Q19
ROA (%)	1.60	1.49	1.20	1.27	1.46	1.25	1.27	1.24
ROE (%)	14.54	13.23	10.24	10.61	12.22	10.35	10.46	10.08

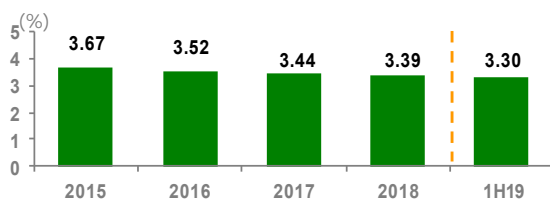
บริการทุกระดับประทับใจ

15

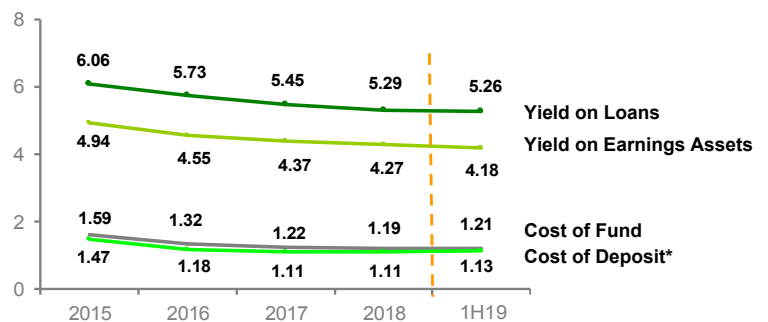
Net Interest Margin

June 2019 (Consolidated)

NIM



Yield on Earnings Assets and Cost of Fund



- NIM was 3.30% in 1H19, remained high level among large commercial banks
- High portion of CASA (78%) helped support low cost of fund

	2015	2016	2017	2018	1H18	1H19	1Q19	2Q19
NIM (%)	3.67	3.52	3.44	3.39	3.40	3.30	3.32	3.34
Yield on Earnings Assets (%)	4.94	4.55	4.37	4.27	4.29	4.18	4.21	4.23
Yield on Loans (%)	6.06	5.73	5.45	5.29	5.30	5.26	5.25	5.29
Cost of Fund (%)	1.59	1.32	1.22	1.19	1.21	1.21	1.22	1.24
Cost of Deposit (%), incl DPA	1.47	1.18	1.11	1.11	1.12	1.13	1.13	1.15

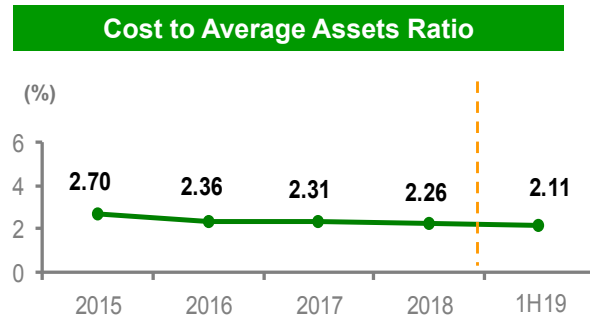
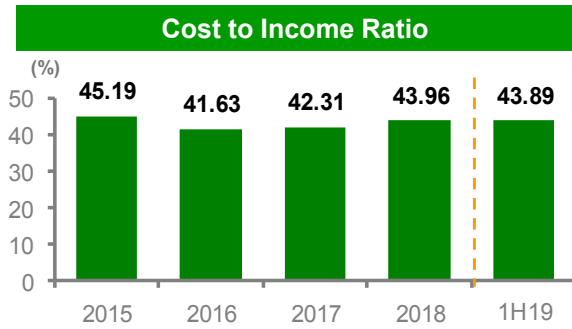
Note: *Cost of deposits including contributions to the Financial Institutions Development Fund (FIDF) and Deposit Protection Agency (DPA)

บริการทุกระดับประทับใจ

16

Cost to Income Ratio

June 2019 (Consolidated)



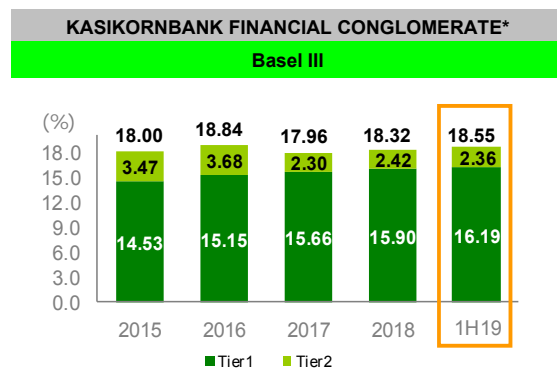
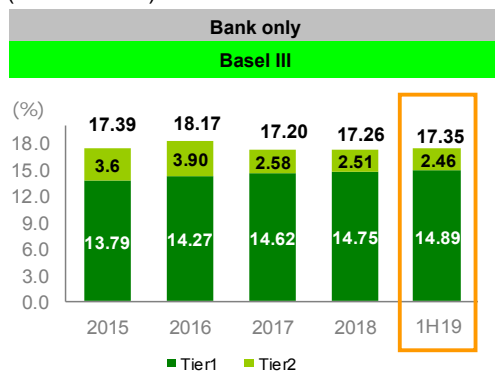
- 1H19 cost to income ratio was 43.89%
- 2019 cost to income ratio will be in low to mid-40s range, with focus on cost management under pressure from slower growth in income and new investments

	2015	2016	2017	2018	1H18	1H19	1Q19	2Q19
Cost to Income Ratio (%)	45.19	41.63	42.31	43.96	41.13	43.89	42.70	45.02
Cost to Average Assets Ratio (%)	2.70	2.36	2.31	2.26	2.20	2.11	2.03	2.22

บริการทุกระดับประทับใจ

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

June 2019 (Consolidated)



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

	Basel III				
	2015	2016	2017	2018	1H19
Bank only					
CAR (%), excluding net profit of each period	17.39	18.17	17.20	17.26	17.35
Tier 1 (%), excluding net profit of each period	13.79	14.27	14.62	14.75	14.89
KASIKORNBANK FINANCIAL CONGLOMERATE*					
CAR (%), excluding net profit of each period	18.00	18.84	17.96	18.32	18.55
Tier 1 (%), excluding net profit of each period	14.53	15.16	15.66	15.90	16.19

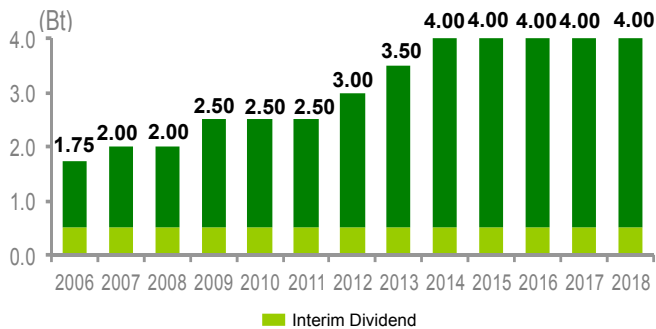
Note: * KASIKORNBANK FINANCIAL CONGLOMERATE means the company under the Notification of the Bank of Thailand re: Consolidated Supervision, consisted of KBank, K Companies and subsidiaries operating in supporting KBank, Phethai Asset Management Co., Ltd. and other subsidiaries within the permitted scope from the BOT's to be financial conglomerate.
Under Bank of Thailand regulations, net profit in the first half of the year is to be counted as capital after approval by the Board of Directors as per the Bank's regulations. Net profit in the second half of the year is also counted as capital after approval of the General Meeting of Shareholders. However, whenever a net loss occurs, the capital must be immediately reduced accordingly.

** The details on Basel III regulations can be found in App. Page 111-112

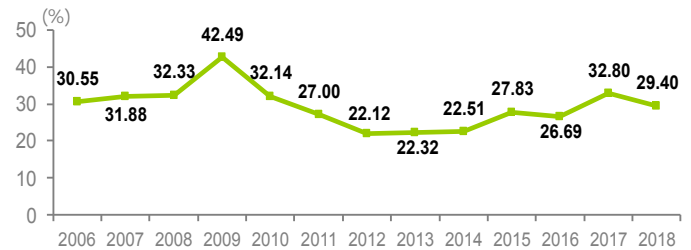
บริการทุกระดับประทับใจ

Dividend

Dividend Per Share



Dividend Payout Ratio



- Dividend policy: both operating results and long-term returns to shareholders are taken into consideration in determining dividend payments, in order to ensure a sustainable and adequate capital level through the changing economic environment, the ongoing adoption of Basel III and new requirements

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

บริการทุกระดับประทับใจ

Summary

- **Customer Centricity Strategy Effectively Executed:** Customer Centricity remains our core philosophy, while extending concept of “Main Bank” to “Life Platform of Choice” to stay relevant, valuable, and indispensable to customers
- **Balanced Growth:** loans to grow carefully in line with economic conditions; appropriate liquidity maintained; manageable asset quality supported by strong risk management capabilities; appropriate loan loss reserves; slow non-interest income growth; manageable cost to income ratio; appropriate ROE maintained
- **Adequate Capital:** maintained adequate Tier 1 ratio, as required under Basel III and new requirements
- **Sustainable Development:** aim to be a “Bank of Sustainability” in all areas, based on good corporate governance principles and appropriate risk management, covering economic, social, and environmental dimensions

บริการทุกระดับประทับใจ



Appendix

บริการทุกระดับประทับใจ

21



KBank: Strategic Issues

บริการทุกระดับประทับใจ

22

Cost Effectiveness

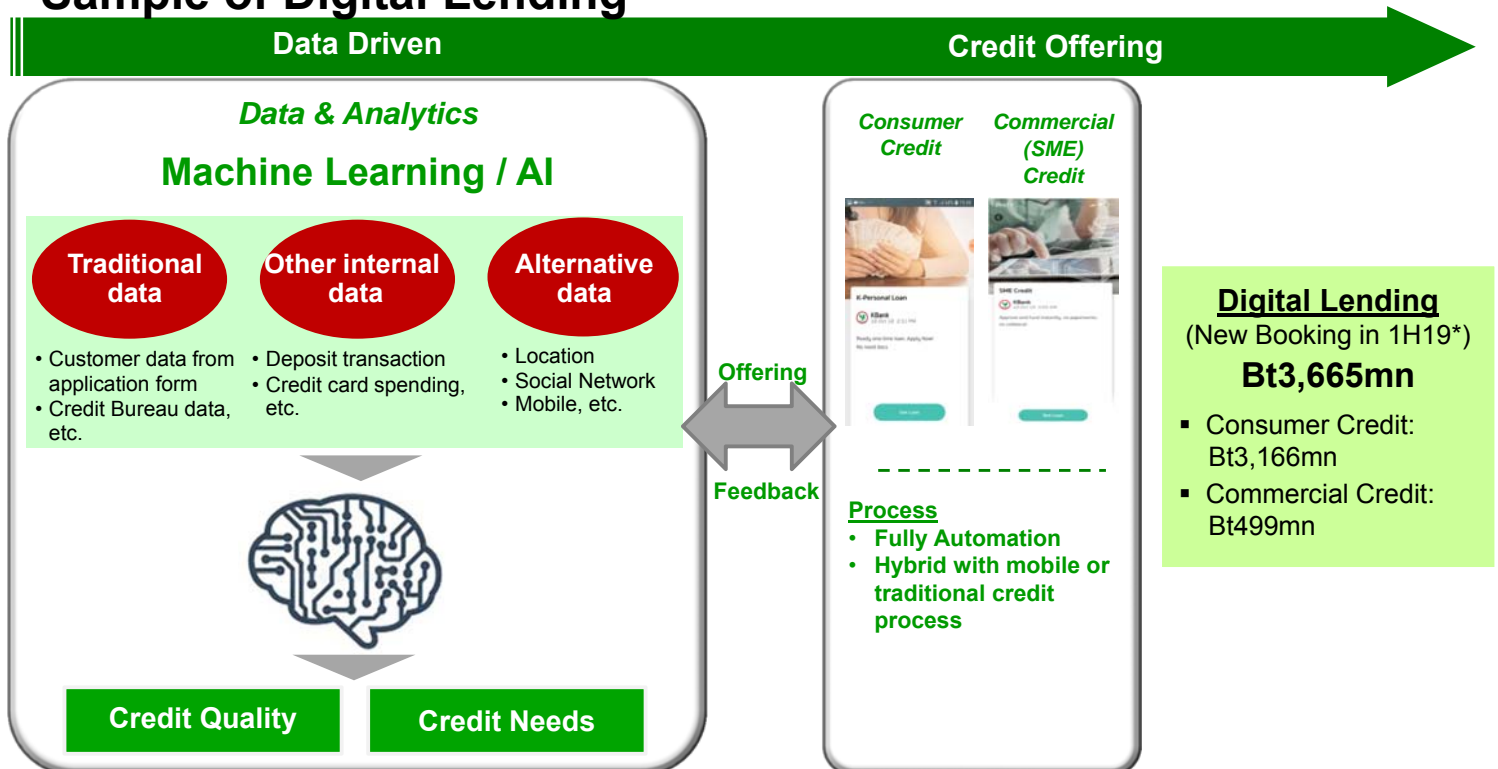
- Dynamic and flexible resource allocation to support new businesses e.g. digital, AEC+3, and data-driven bank
- Increasing spending effectiveness aligned with business priorities and desired value
- Cost and productivity improvements focusing on lean processes and waste management will be addressed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

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

บริการทุกระดับประทับใจ

23

Sample of Digital Lending



Note: * Digital lending (new booking in 2018): total credit = Bt2,124mn; consumer credit = Bt1,666mn; and commercial credit = Bt458mn

บริการทุกระดับประทับใจ

24

Establishment of KASIKORN BUSINESS – TECHNOLOGY GROUP



กสิกร เทคโนโลยี กรุ๊ป เซครเทเรียต
开泰技术集团管理 KASIKORN TECHNOLOGY GROUP SECRETARIAT

- A Bridge between KBank and KASIKORN BUSINESS – TECHNOLOGY GROUP
- Group's Control Structure

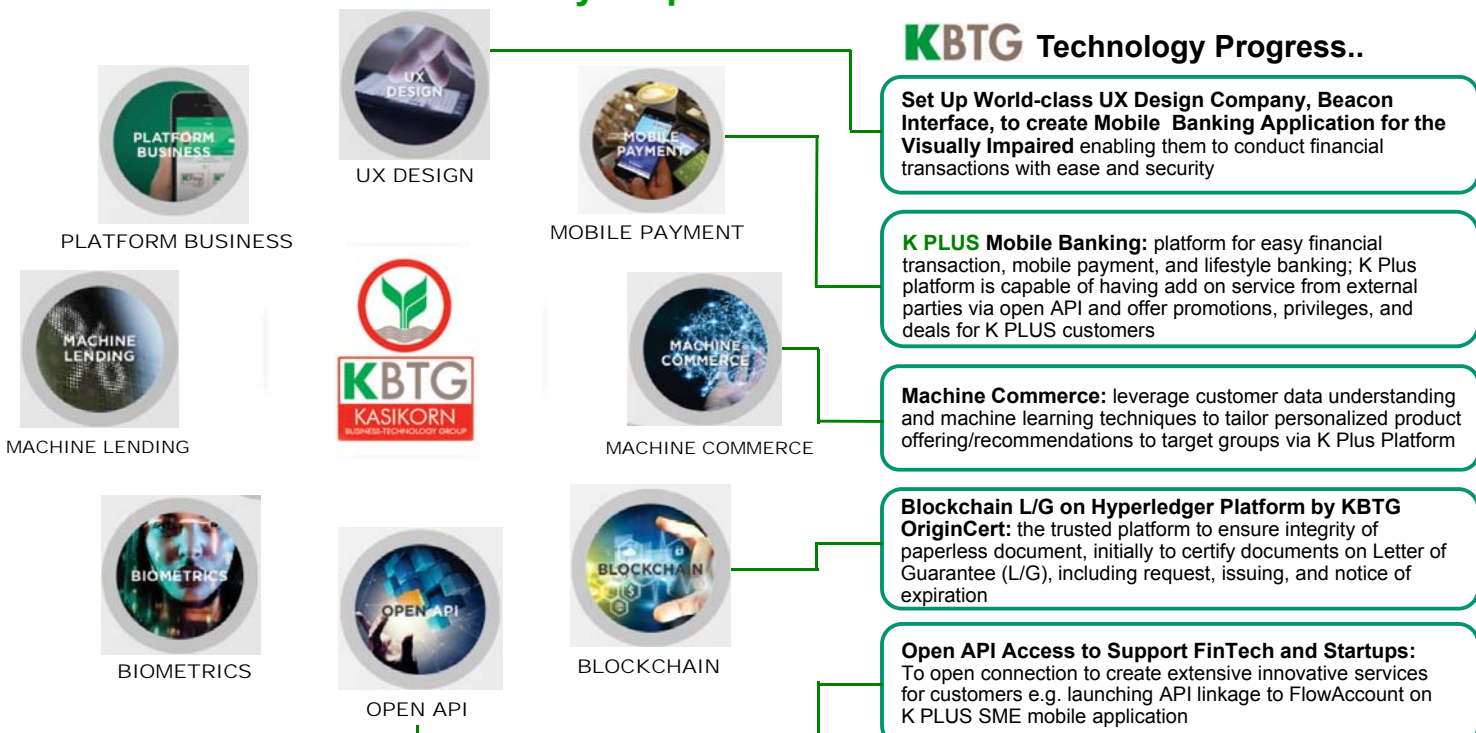
Enable Seamless Integration



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

บริการทุกระดับประทับใจ

Customer Centric Technology Towards a Sustainable Society: Paperless and Cashless



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

บริการทุกระดับประทับใจ

Sample of Customer Centric Technology

New version of K PLUS Powered by KADE

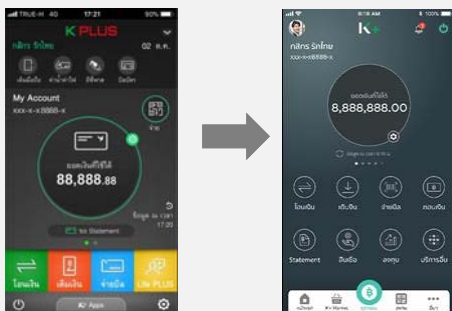


- Served by KADE (K PLUS AI-Driven Experience) innovation, where AI is fully integrated to better understand users' behaviors and personalize the right experience.
- Based on a "With change, we understand you better" concept, aimed at making technology easy, simple, and accessible for everyone, enabling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

New Logo



Rearrangement of Menus



Single Transaction Button



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

New Functions

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

Personalization Functions



- K PLUS Today
- My Favorites
- Notification

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

บริการทุกระดับประทับใจ

Sample of Customer Centric Technology

New version of K PLUS Powered by KADE



K PLUS Intelligence Platform

Platform Business: Mobile Banking

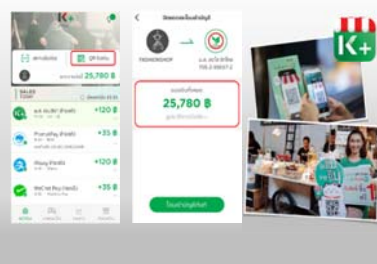


- 11.1 millions users with expectation to reach 11.8 mn users by 2019; target to reach 100mn users globally in the future
- Most active mobile banking applications in South East Asia
- Over 4,000 transactions per second during peak periods
- 24/7 application



K PLUS Shop

Mobile Payment



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



K PLUS Market

Machine Commerce

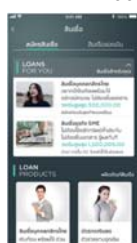


- K PLUS Market will recommend products or promotions that match customers' lifestyles



K PLUS Machine Lending

Machine Lending



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



K PLUS BEACON

UX Design: Mobile Banking application for the visually impaired



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

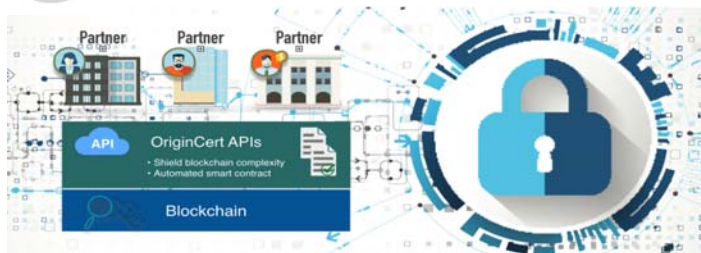
บริการทุกระดับประทับใจ

Sample of Customer Centric Technology



BLOCKCHAIN

Trust Platform to Ensure Authenticity, Traceability, and Enforcement



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



OPEN API

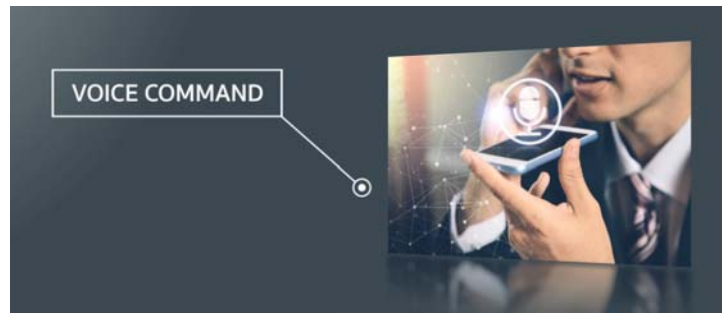
Integration to Expand Innovations



BIOMETRICS*

Security process that relies on unique biological authentication

- Face ID
- Voice Command
- Finger Print

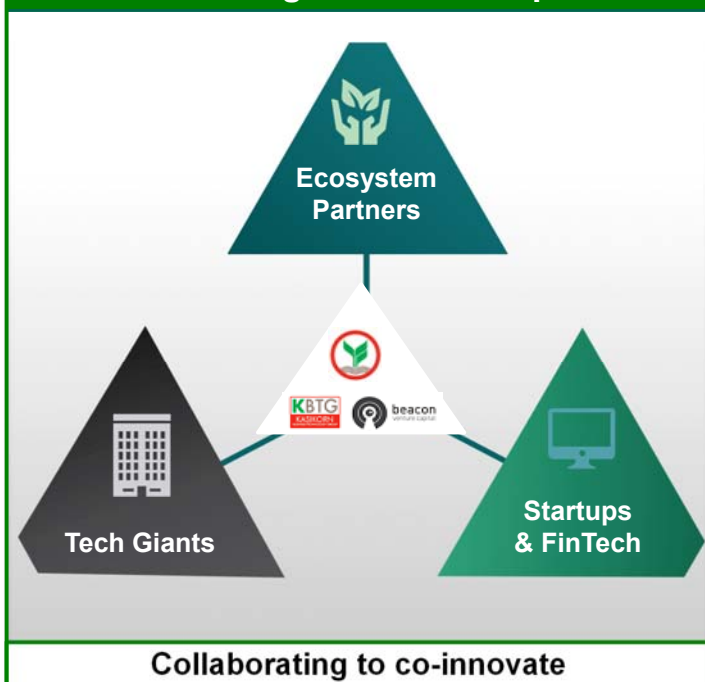


Note: *Future Development

บริการทุกระดับประทับใจ

Real Digital Partnership

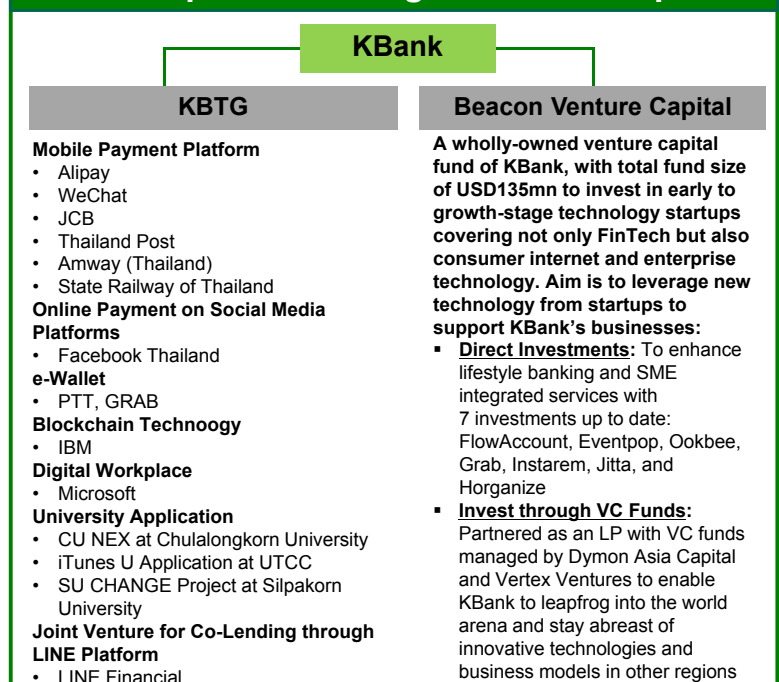
Real Digital Partnership



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

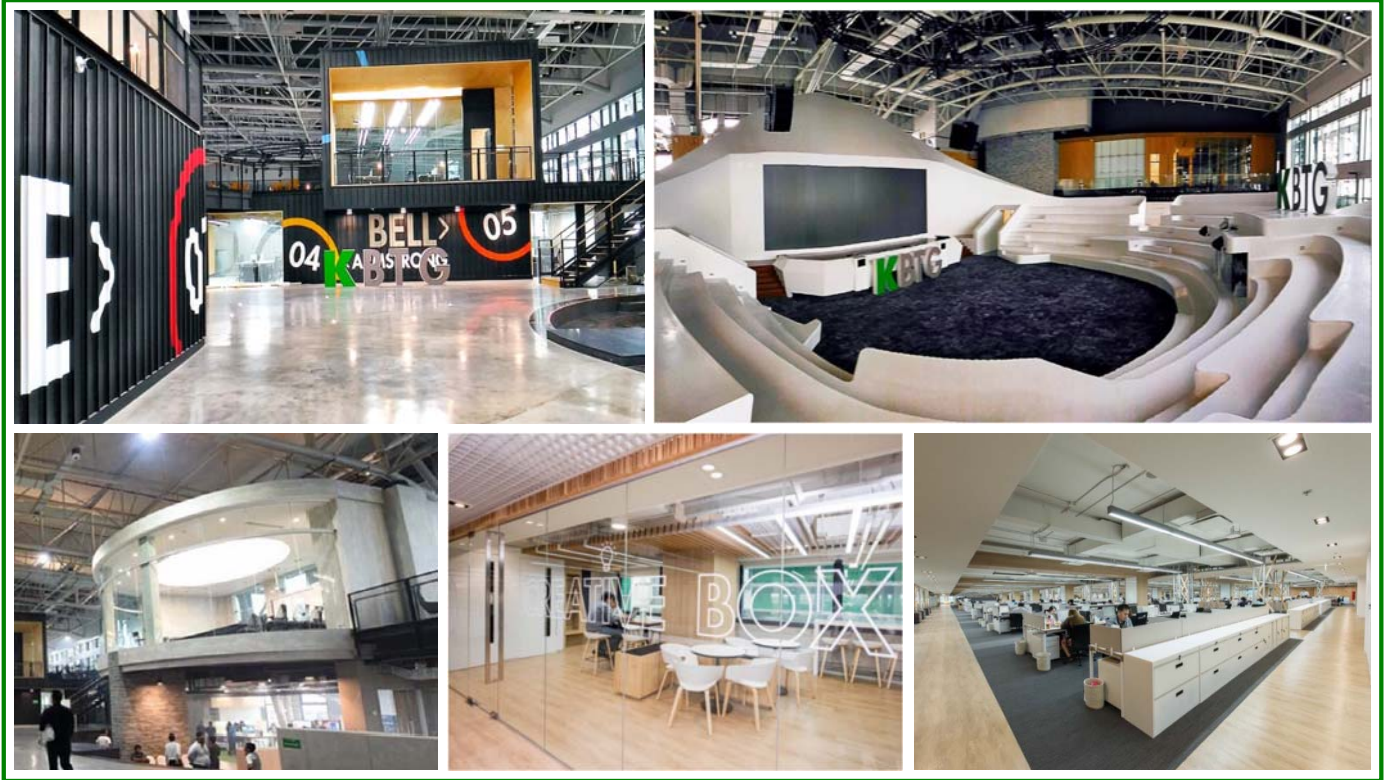
QR Code Payment via K PLUS includes CP Fresh Mart, Major Cineplex, LAWSON108, Siam Park Bangkok, THAI Smile, DTAC, Poh Teck Tung Foundation, and Boonterm vending machines

Sample of Real Digital Partnership



บริการทุกระดับประทับใจ

KBTG: K-Stadium and Innovation Center



บริการทุกระดับประทับใจ

Asset-Light Regional Expansion into AEC+3

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



Note:

- Two subsidiary banks: KASIKORNTHAI BANK (Lao PDR) with two branches in Ponesuan and Lane Xang, KASIKORNBANK (CHINA) with three branches in Shenzhen, Chengdu, Shanghai and one sub-branch in Long Gang.
- Three international branches: Cayman Islands, Hong Kong, and Phnom Penh
- Seven representative offices: Beijing, Kunming, Tokyo, Yangon, Ho Chi Minh, Hanoi, and Jakarta
- One strategic partner in Indonesia: Maspion Bank
- Global partners with 75 banks in 13 countries: 51 Japanese partner banks; 2 Korean partner banks; 4 European regional banks (in Germany, Italy and Russia); 7 ASEAN partner banks (in Lao PDR, Vietnam, Cambodia, Indonesia, Malaysia, and Philippines); 10 Chinese partner banks and 1 Indian Bank (as of June 2019)



Physical Footprint



Digital Platform

X-Border Multi-Currency Settlement

X-Border THB Direct Settlement

X-Border Retail Payment



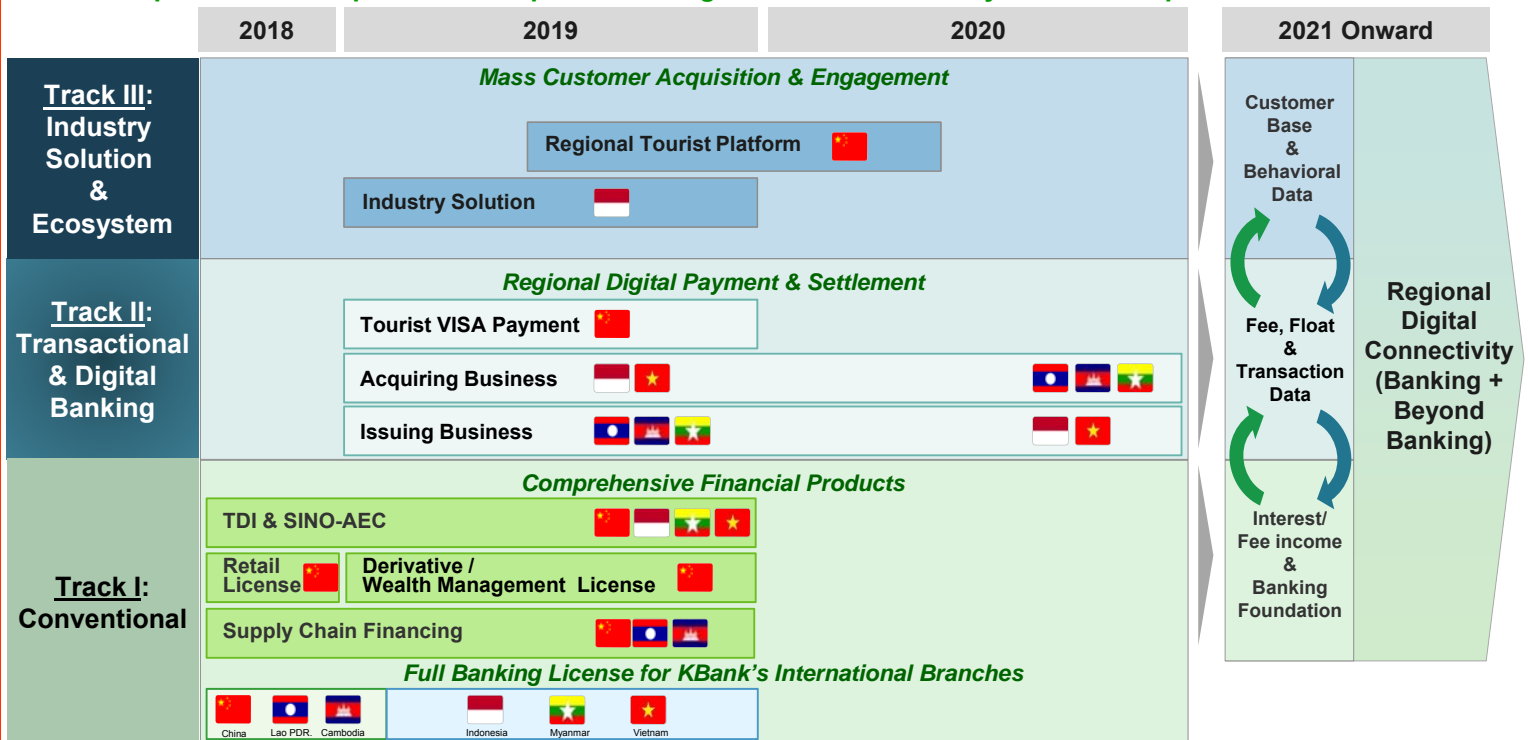
Partnership



บริการทุกระดับประทับใจ

2019: Regional Digital Expansion Comes to Life

3-Track expansion will help KBank to capture market growth more effectively in terms of speed and cost.



Note: TDI = Thai Direct Investment, SINO = China + Hong Kong

บริการทุกระดับประทับใจ

KASIKORN VISION COMPANY

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



KVision's Mission:

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

KVision Presences



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

บริการทุกระดับประทับใจ

KBank: Strategy and Segment Highlights

บริการทุกระดับประทับใจ

35

Customer Segments

Corporate Business	Multi-Corporate Business	→	Company with annual sales >Bt5,000mn
	Large Corporate Business	→	Company with annual sales >Bt400mn to Bt5,000mn
SME Business	Medium Business	→	Individual or company with annual sales >Bt50mn to Bt400mn
	Small & Micro Business	→	Individual or company with annual sales ≤ Bt50mn, and with commercial credit limit ≤ Bt15mn
Retail Business	High Net Worth Individual	→	Individual wealth with KBank and its wholly-owned subsidiaries* ≥ Bt50mn
	Affluent	→	Individual wealth with KBank and its wholly-owned subsidiaries* ≥ Bt10mn to < Bt50mn
	Middle Income	→	Individual wealth with KBank and its wholly-owned subsidiaries* ≥ Bt15,000 to < Bt10mn
	Mass	→	Individual wealth with KBank and its wholly-owned subsidiaries* < Bt15,000

- **Customer-centric strategy: offering a full array of financial solutions and a satisfying experience to our customers**
 - Synergistic portfolio management by monitoring eight customer segments
 - Offer financial solutions from among KBank, its wholly-owned subsidiaries, and the insurance company
 - Make significant progress towards long-term aspirations; performance on track

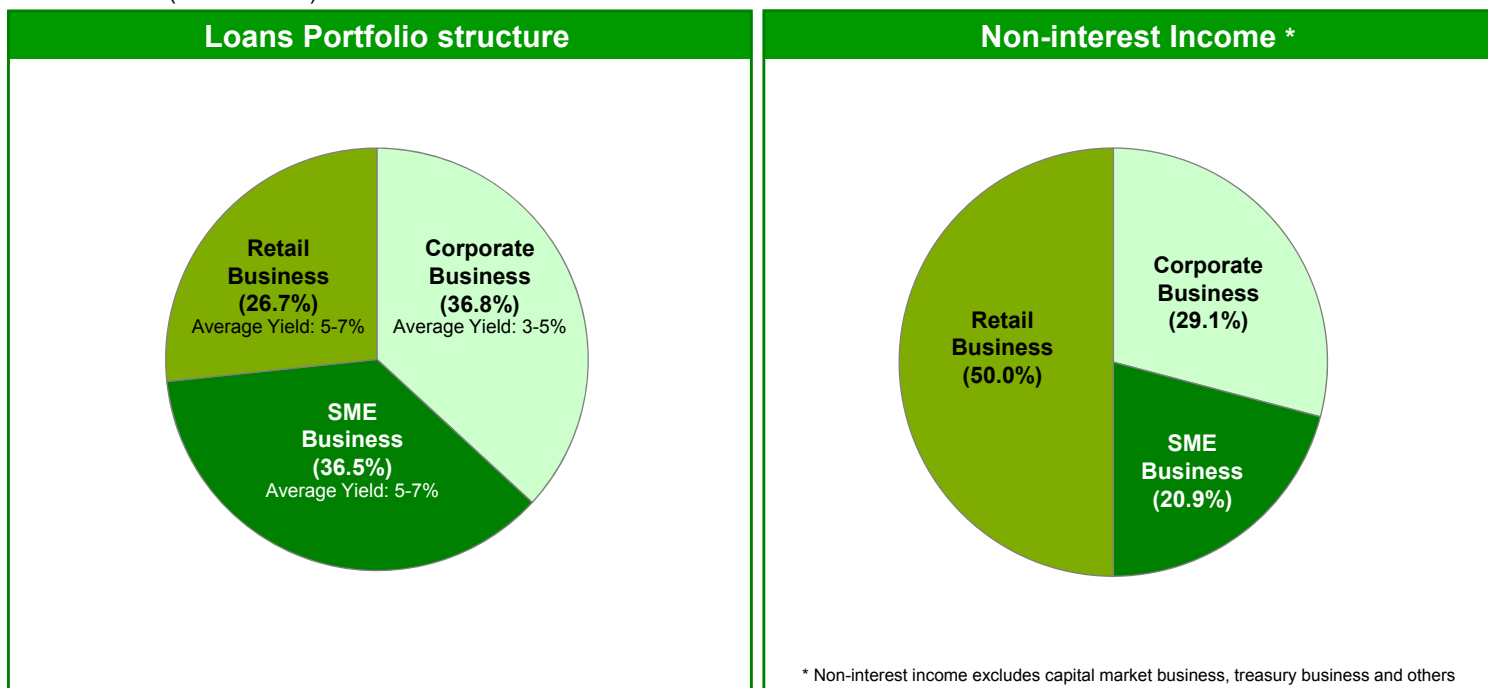
Note: * Wealth with KBank and its wholly-owned subsidiaries is defined as savings and investments, such as deposit products with KBank, mutual funds with KAsset; or the monthly income of an individual customer

บริการทุกระดับประทับใจ

36

Revenue by Business

June 2019 (Consolidated)



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

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

บริการทุกระดับประทับใจ

Business Direction in 2019

Strategy

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

Corporate Business	SME Business	Retail Business
Most Trusted Bank for Corporate Customers <ul style="list-style-type: none"> Best funding solutions Best transaction banking and breakthrough initiator 	Bank for SME Customers <ul style="list-style-type: none"> Integrated business solutions, both financial and non-financial Digital banking for SME Data Analytic Lending 	Best Customer Centric Bank through Life Platform and Data-Driven Offering <ul style="list-style-type: none"> Best life platform on digital channel and partner integration Data-driven offering, especially consumer lending Excellent customer experience through integrated sales and service channel
World Business		Private Banking Group
Regional Digital Expansion: 3-Track Asset-Light Strategy <ul style="list-style-type: none"> Track I: Conventional banking - acquire banking license & offer analytic-based lending in CLMVI and China Track II: Transactional and Digital Banking - digitize banking channel/services, become preferred operating bank and develop analytic capabilities Track III: Industry Solution & Ecosystem - provide digital platform for beyond banking solutions and own customers' accessibility 		International Comprehensive Wealth Management Services <ul style="list-style-type: none"> Cooperate with Lombard Odier to raise service and product standards to international levels Provide integrated wealth planning services, advising families on wealth management, continuity, and growth Enhance use of technology to improve client experience Build comprehensive client insights from data-mining

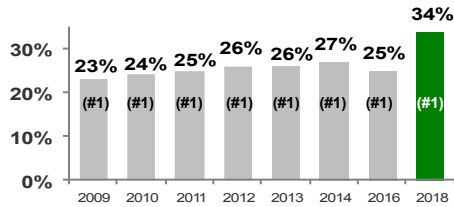
Note: * CLMVI = Cambodia, Laos, Myanmar, Vietnam, and Indonesia

บริการทุกระดับประทับใจ

Corporate Business: Performance and Market Position

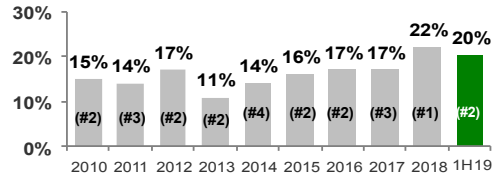
Multi-Corporate Business	Large Corporate Business	Medium Business	Small and Micro Business	High Net Worth Individual	Affluent	Middle Income	Mass
--------------------------	--------------------------	-----------------	--------------------------	---------------------------	----------	---------------	------

Main Bank Status*



Source: KBank Customer Survey

Corporate Bond Underwriting



Source: The Thai Bond Market Association (ThaiBMA)

Performance and Market Position

- **Main Bank Status:** maintained **#1** ranking in 2018
- **Corporate Bond Underwriting:** ranked **#2** with 20% market share in 1H19
- **Transaction Services:** top player in transactional banking services
 - **Cash Management Services:** MB** 24% market share in 2018 (**#1**) / CB** 24% market share in 2018 (**#2**)
 - **Trade Finance:** MB** 27% market share in 2018 (**#1**) / CB** 32% market share in 2018 (**#1**)
- **Industrial Expertise:** leverage capability in Utility, Real Estate, Transportation, Communication, and Commerce

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

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

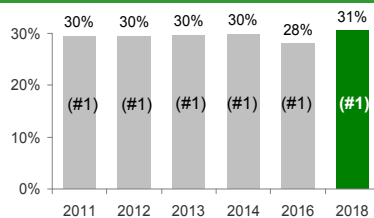
** MB = Multi-Corporate Business, CB = Large Corporate Business

บริการทุกระดับประทับใจ

SME Business: Performance and Market Position

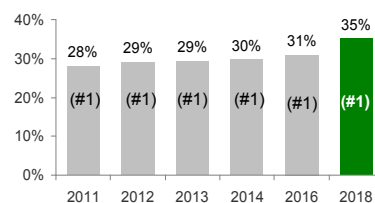
Multi-Corporate Business	Large Corporate Business	Medium Business	Small and Micro Business	High Net Worth Individual	Affluent	Middle Income	Mass
--------------------------	--------------------------	-----------------	--------------------------	---------------------------	----------	---------------	------

#1 in Market Share by Value*



Source: KBank Customer Survey

#1 in Main Bank Status*



Source: KBank Customer Survey

Performance and Market Position

- **Main Bank Status:** improved main bank status and strengthened **#1** position
- **Market Share:** 31% market share; maintained **#1** position
- **Market Position:** strengthened **#1** position in SME market – “Bank for SMEs”; targeted to be SME market leader in all areas
 - Only bank to offer comprehensive solutions to SMEs through K SME program (launched in 2006, with a total of 24 classes and about 13,000 participants so far) ,K SME Knowledge Center (established in 2009) and K ONLINESHOP SPACE (launched in 2018, providing professional training services for online sellers)

Note: - SME Business in Thailand accounts for 42.4% of Thailand's GDP, or Bt6.55trn (as of December 2016); supported by the government to become a key factor in economic and social growth (Source: The Office of Small and Medium Enterprises Promotion or OSMEP)

- Market Share by Value = share of revenue (derived from both credit and non-credit products) that each bank gains from the market

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

* Since 2014, corporate and SME business main bank status and market share are reported every two years

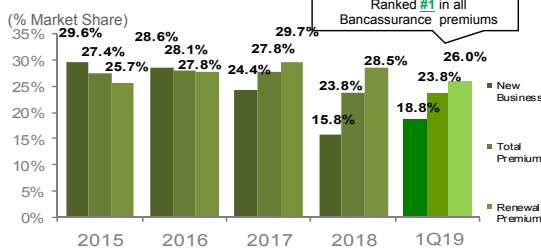
** Market share by value and main bank status in 2016 may not be comparable with those in previous years due to a new SME population base covering more SMEs with better data availability

บริการทุกระดับประทับใจ

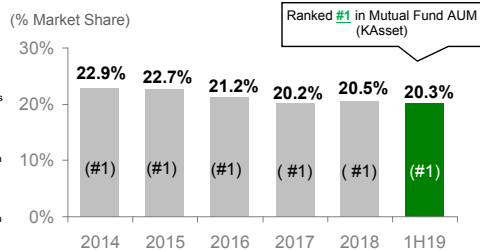
Retail Business: Performance and Market Position

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

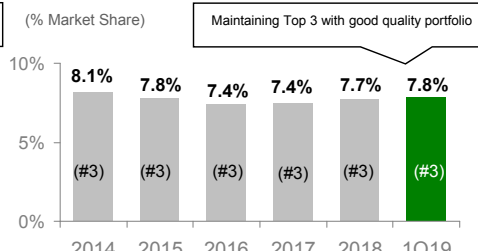
Bancassurance* (New Business, Total and Renewal Premium)



#1 in Mutual Fund (KAsset)



Mortgage Loan



Performance and Market Position

- Strong Growth in Retail Segment:** Higher growth than market size in retail customers. KBank grew 8%YoY in 5M19, compared to market growth of 1%YoY
- Bancassurance:** MTL ranked #1 in all Bancassurance premiums in 1Q19, with market share of new business, total and renewal premiums are 18.8%, 23.8% and 26.0%, respectively. Moreover, MTL is focused on all Bancassurance process improvements to align with BOT regulations on market conduct together with balancing First Year Premium and Single Premium to create a sustainable portfolio
- Fund Management Services**
 - Mutual Funds:** KAsset maintaining #1 position since 2010, with highest market share at 20.3% in 1H19; recognized with four 'best' awards in ASEAN from Asia Asset Management magazine: Best Pension Fund Manager (Thailand) (for the fourth consecutive year), Best Fund House (Thailand), Fund Launch of the Year (Thailand) (for the second consecutive year) and Best Investor Education (Thailand)
 - Provident Funds:** ranked #1 with market share of 15.0%; KAsset's total AUM ranked #2 with market share of 18.5% in 1H19
- Mortgage Loans:** ranked in top 3, with 7.8% market share in 1Q19; conservative growth together with building stronger partner relationships and maintaining good quality portfolio
- Credit Cards:**
 - Total spending:** ranked #1, with 19.9% market share in 5M19
 - Number of cards:** ranked #2, with 12.2% market share in 5M19
 - Card-accepting merchant services** (online & offline platforms): ranked #1, with more than 30% market share by sales volume in 5M19
- Debit Cards:**
 - #1 in total debit card spending with 39.0% market share in 1Q19; maintaining top position by providing functions, features, security, and benefits to match customer lifestyles; variety of cards offered (i.e., K- Mangmoo debit card & K-Provincial debit card), together with the launch of a no-fee campaign to prompt customers to replace their magnetic-stripe ATM and debit cards with contactless chip-embedded cards, as well as the "Go Cashless Get Cash Back" campaign to promote greater card spending in response to government measures

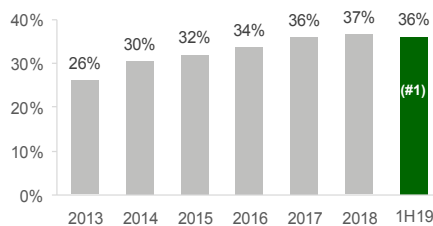
Note: * Total Premium = New Business Premium (NBP) + Renewal Premium;
New Business Premium = First Year Premium (FYP) + Single Premium (SP)

บริการทุกระดับประทับใจ

Private Banking Group: Performance and Market Position

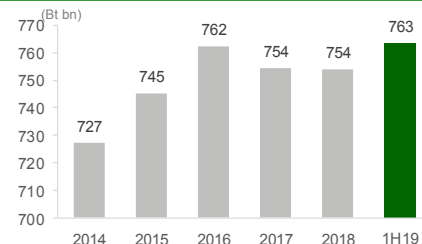
Multi-Corporate Business	Large Corporate Business	Medium Business	Small and Micro Business	High Net Worth Individual*	Affluent	Middle Income	Mass
--------------------------	--------------------------	-----------------	--------------------------	----------------------------	----------	---------------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

Market Share (Market Penetration)



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

Assets Under Management (AUM)



Performance and Market Position

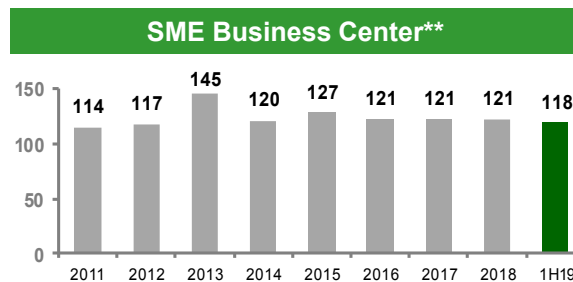
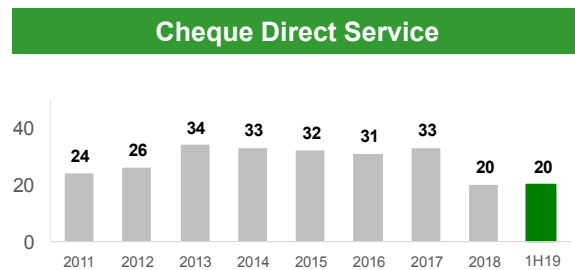
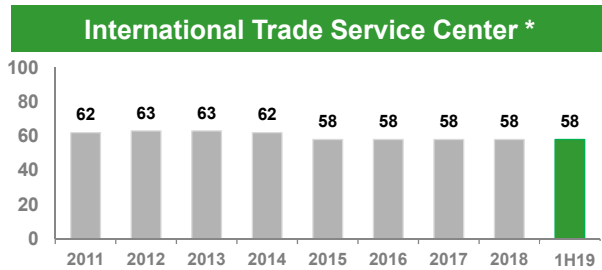
- Market Penetration:** ranked #1 with 36% market share (11,337 customers) and Bt763bn AUM in 1H19
- AUM Breakdown:** Investment 68% and Deposit 32%
- Focus Customers (Type of Customer):**
 - Sophisticated customers (over 70% of total customers); Non-Sophisticated customers
- Product Types and Services:**
 - Collaborate with Lombard Odier to develop innovative products; build capability via staff trainings and regular workshops; offer advisory services with close CIO collaborations; and offer referral offshore investment services
 - Key product and services:
 - Financial Products and Services: Investment Advisory
 - Non-Financial Products and Services: Family Wealth Planning & Real Estate
 - Others: Financial Event & Privilege

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

บริการทุกระดับประทับใจ

Channels: Corporate and SME Business

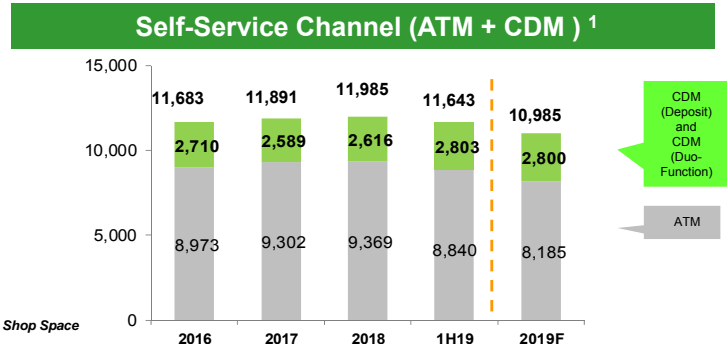
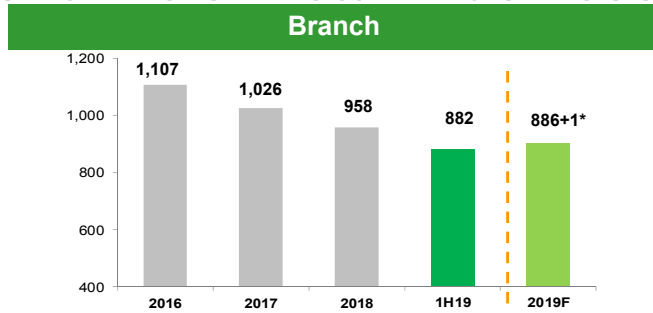
- Customer facilitation in areas with good potential via opening financial service centers and cheque points



Note: Reduction in the number of centers was a result of consolidation of some centers
 * Name changed from Corporate & SME Service Center to International Trade Service Center
 ** Excluding International Trade Service Centers; there could be more than one SME Business Center per branch

บริการทุกระดับประทับใจ

Channels: Retail Business



Key Strategies in Channel Expansion

- Branch:**
 - New branch formats which match customer lifestyle trends, including K Park and new KBank branches
 - New K Online Shop Space (KOS) providing knowledge and tools for online merchant customers
 - New customer experiences driven by K PLUS as trusted ID authentication tool and paperless service
 - Focus on branch service coverage and migrating branch footprint to e-channel
 - Enhance staff skills/ knowledge to provide better financial consulting services at branches
- Self-Service Channel:**
 - Number of self-service channels expected to be around 10,985 in 2019, sufficient for customer demand and covering all potential areas
 - Relocate some machines to higher potential areas in order to improve efficiency and service availability
 - Improve efficiency and functionality such as increasing machine capacity
- Digital Banking:**
 - Transforming acquisition and engagement in the following areas:
 - Transforming K PLUS from an application into "K PLUS Intelligence Platform" to present the right experience for each customer by using K PLUS AI-Driven Experience (KADE)
 - Acquire new potential customers, such as those using e-wallet
 - Engage existing K PLUS customers with lifestyle functions to increase transactions and customer stickiness thru lifestyle loyalty platform
 - Promote K PLUS as a channel for customers to use our financial products and services more conveniently; for example, cardless cash withdrawal and investment
- THE WISDOM Corner, Center, Lounge, and Lounge@:**
 - THE WISDOM Channels strengthen top positioning, available in all key flagship department stores, iconic locations, and Thailand's Suvarnabhumi International Airport

	2015	2016	2017	2018	1H19
Branch ²	1,120	1,107	1,026	958	882
- Bangkok and Metro	38%	38%	39%	37%	37%
- Upcountry	62%	62%	61%	63%	63%
ATM	9,349	8,973	9,302	9,369	8,840
- Bangkok and Metro	44%	45%	46%	48%	48%
- Upcountry	56%	55%	54%	52%	52%
CDM	2,706	2,710	2,589	2,616	2,803
- CDM (Deposit)	47%	46%	32%	29%	26%
- CDM (Duo-Function)	53%	54%	68%	71%	74%
K-Lobby ³	238	238	232	227	240
THE WISDOM Corner, Center, Lounge and Lounge@	105	105	105	102	101

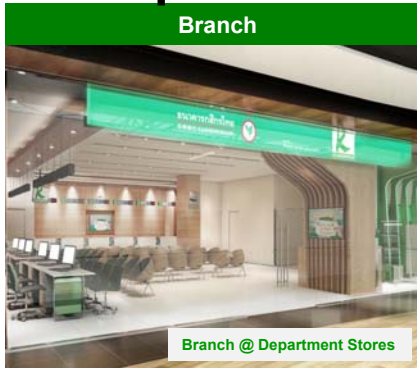
¹ Self-Service Channels include ATMs and all types of CDM machines providing 24 hour cash deposit, withdrawal, or money transfer services throughout the country

² Branch: Excludes 7 THE WISDOM channel models and 1 K-Express Credit Center which BOT's adjusted definition now defines as branches, as they are physically located separately from regular branches

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

บริการทุกระดับประทับใจ

Sample of Channels



Branch

Branch @ Department Stores



K-Lobby

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



Digital Banking

Digital Banking : includes:

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



THE WISDOM Lounge

THE WISDOM @ ICON SIAM

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



K Online Shop Space

KOS @ Central World

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



Community Branch (K Park)

K Park @ PTT Station

K Park provides meeting space, a kid zone, parcel delivery, and banking services all in one place. It is designed to be welcoming and match the everyday lifestyle of customers in each community area

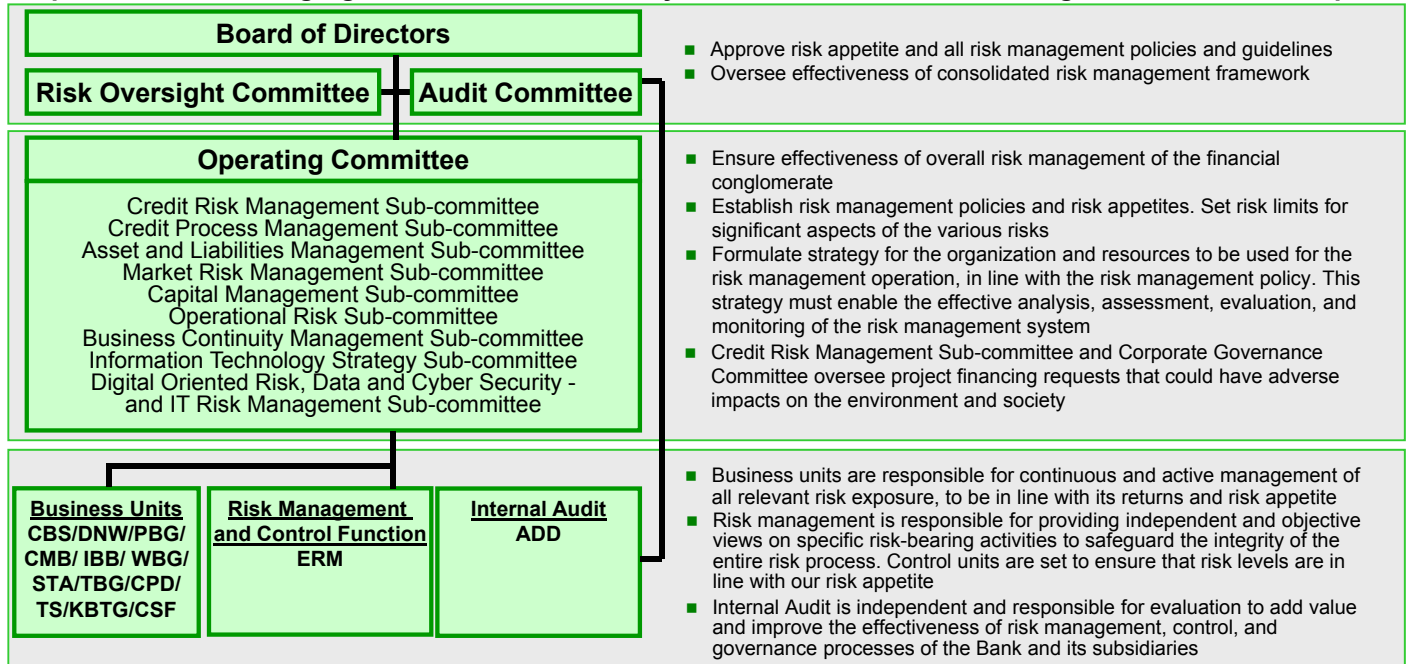
บริการทุกระดับประทับใจ

KBank: Risk and Credit Management

บริการทุกระดับประทับใจ

KBank Risk Management Structure

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



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

บริการทุกระดับประทับใจ

KBank Credit Risk Management Process

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

Portfolio Management

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

Origination

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

Monitoring

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

Collection & Recovery

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

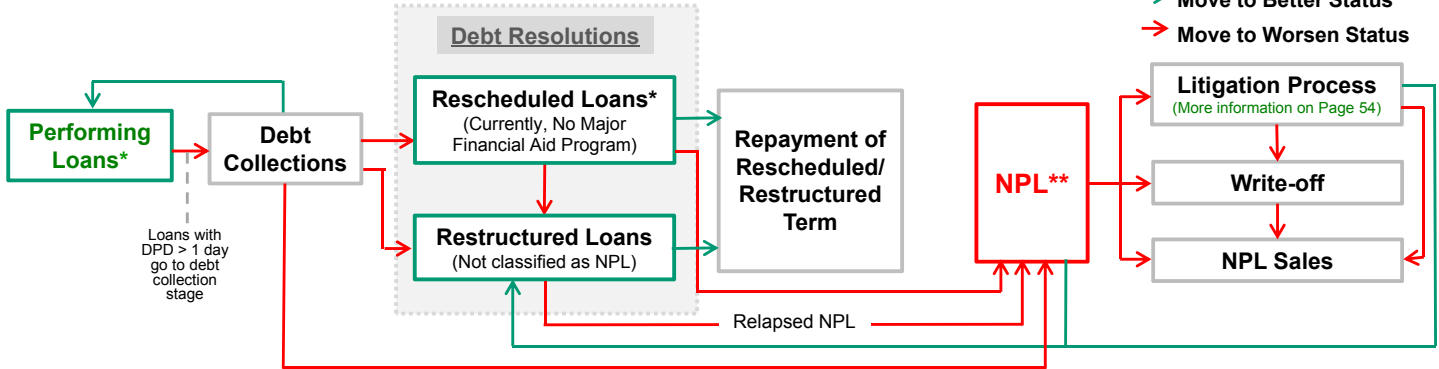
บริการทุกระดับประทับใจ

KBank Credit Risk Management Process: Collection and Recovery

Collection & Recovery Flow

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

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



Note:

- * Rescheduled Loans are loans (no passed due date) that have changed payment conditions and not incurred losses. (Loans in the Financial Aid Program is a part of Rescheduled Loans)
- * Financial Aid Program helps customers during the bad macro business condition such as the big flood in 2011 and the political unrest in 2014
- * Performing loans = Pass Loans (loans passing the due date by less than 1 month) and Special Mention Loans (loans passing the due date by more than 1 month but not over 3 months)
- ** NPLs = Non-performing Loans = loans passing the due date by more than 3 months = Sub-standard Loans, Doubtful Loans, Doubtful of Loss Loans, and restructured loans classified as NPL

บริการทูลระดับประทับใจ

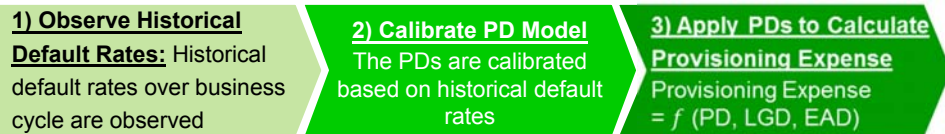
KBank Credit Cost Calculation

Credit Cost

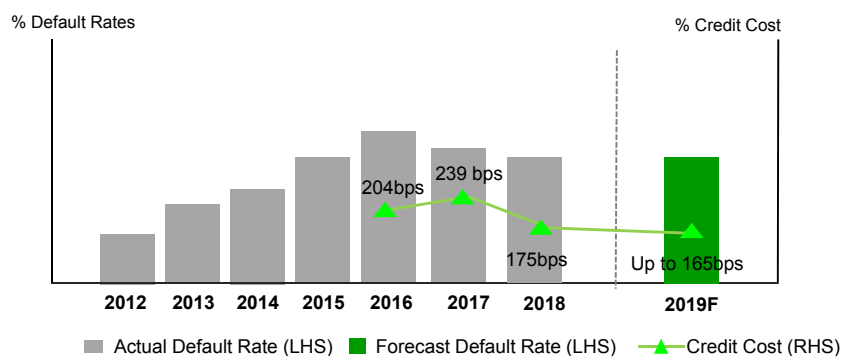
- Credit Cost**
= $\frac{\text{Provisioning Expense}}{\text{Average Loans}}$
- Provisioning Expense**
= $f(\text{Probability of Default (PD)}, \text{Loss Given Default (LGD)}, \text{Exposure at Default (EAD)})$
- Provisioning expense largely depends on PD, which is driven by the stage of the economy

Probability of Default (PD) Model Calibration

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



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



บริการทูลระดับประทับใจ

KBank Credit Approval Process

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

Note: FICO = Fair Isaac Corporation

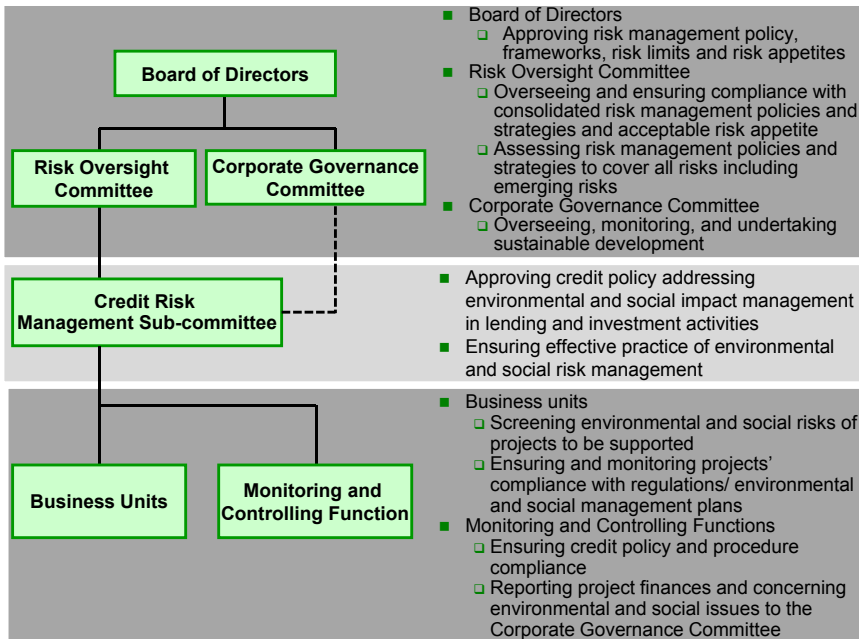
บริการทุกระดับประทับใจ

Environmental, Social and Governance Risk Management

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

At the management level

Lending activities are structured so as to demonstrate environmental and social responsibility as follows



At the transaction level

The Bank ensures that lending transactions violate neither the law nor social ethics



Environmental and Social Assessment

- Classify project finance type and conduct environmental and social impact assessment (ESIA)
- Request management approval to conduct project feasibility study (If not approved, projects are terminated)
- Consider all details and initiate negotiations on environmental and social issues as well as on credit possibility
- Approve/reject application within delegated lending authority along with designating environmental and social impact conditions

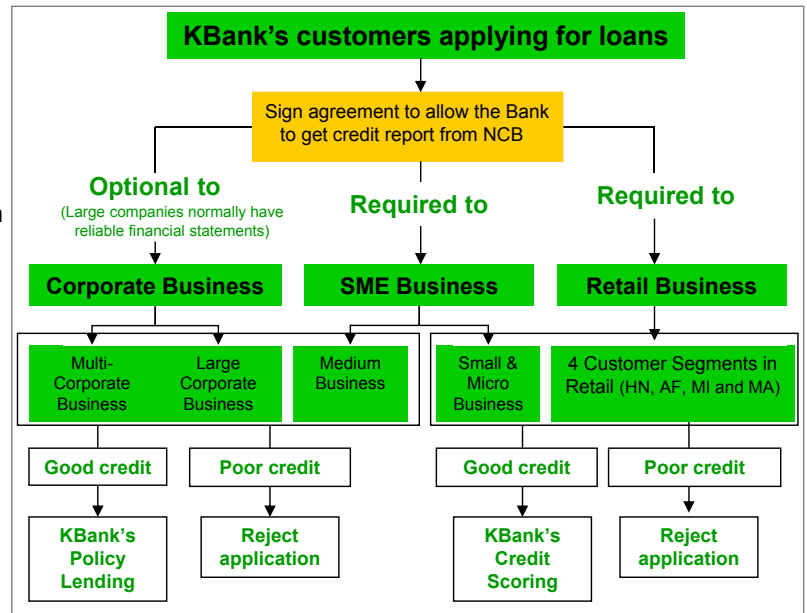
บริการทุกระดับประทับใจ

Credit Bureau Summary

National Credit Bureau (NCB)*

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

KBank Practice



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

บริการทุกระดับประทับใจ

Litigation Process

- Litigation process in Thailand takes about 2-3 years

Litigation Process		Period
Under Negotiation	Negotiate, await approval, document preparation & lawyer process	Approximately 2 months
Pre-court (Notice)	Issue notice & court filing	Approximately 2 months
In Court	Trial / wait for court ruling	Approximately 9-18 months
Execution	Collect payment ruled by court or foreclose	Approximately 3 months
Public Auction	Liquidation process	Approximately 6-9 months

บริการทุกระดับประทับใจ

KBank: Financial Performance

บริการทูลระดับประทับใจ

55

1H19 Performance Highlights

Consolidated	2017	2018	1Q19	2Q19	1H19
Net Profit (Bt bn)	34.34	38.50	10.04	9.93	19.97
Profitability					
- NIM	3.44%	3.39%	3.32%	3.34%	3.30%
- ROE	10.24%	10.61%	10.46%	10.08%	10.35%
- ROA	1.20%	1.27%	1.27%	1.24%	1.25%
- YTD Loan growth	6.20%	3.53%	0.04%	1.00%	1.00%
- YoY Loan growth	6.20%	6.17%	4.07%	5.16%	5.16%
- YoY Net fee income growth	6.07%	(7.72%)	(17.33%)	(0.80%)	(9.62%)
- YoY Non-interest income growth	(1.62%)	(9.17%)	(19.00%)	(16.03%)	(17.46%)
Cost control					
- Cost to income	42.31%	43.96%	42.70%	45.02%	43.89%
Asset quality					
- NPL ratio	3.30%	3.34%	3.44%	3.40%	3.40%
- Credit Cost	2.39%	1.75%	1.58%	1.57%	1.57%
- Coverage ratio	148.45%	160.60%	158.78%	157.95%	157.95%
Loans to Deposits	95.96%	95.94%	96.77%	96.42%	96.42%
Tier 1 Ratio	15.66%	15.90%	15.73%	16.19%	16.19%
CAR	17.96%	18.32%	18.12%	18.55%	18.55%

Note: - Under Bank of Thailand regulations, net profit in the first half of the year is counted as capital after approval by the Board of Directors as per Bank regulations. Net profit in the second half of the year is counted as capital after approval of the General Meeting of Shareholders. However, when a net loss occurs, the capital must be reduced immediately
 - Capital Adequacy Ratio (CAR) has been reported in accordance with Basel III Capital Requirement from January 1, 2013 onwards. CAR is based on KASIKORNBANK FINANCIAL CONGLOMERATE. KASIKORNBANK FINANCIAL CONGLOMERATE means the company under the Notification of the Bank of Thailand re: Consolidated Supervision, consisting of KBank, K Companies, and subsidiaries operating in supporting KBank, Phethai Asset Management Co., Ltd., and other subsidiaries within the permitted scope of the BOT's definition to be a financial conglomerate
 - The Bank and its subsidiaries have adopted TFRIC 13: Customer Loyalty Programmes from January 1, 2014 onwards

- 1H19 net profit decreased 7.88% YoY, mainly from lower non-interest income
- Loans grew 1.00% YTD and 5.16% YoY, mainly from mortgage and commercial loans
- NIM was 3.30% in 1H19
- Non-interest income dropped 17.46% YoY from net premiums earned-net, net fee income and revenue from capital market products; net fee income decreased 9.62% YoY, due mostly to fee waivers via digital channels and loan related fee income
- 1H19 cost to income ratio was at 43.89%; cost to income ratio in 2019 will be in low to mid-40s
- NPL ratio was at 3.40%, with 157.95% coverage ratio
- Capital base maintained

บริการทูลระดับประทับใจ

56

Consolidated Financial Statements

	2017	2018	2Q18	3Q18	4Q18	1Q19	2Q19	1H19
Interest income	119,337	123,922	30,754	31,291	31,980	31,966	32,622	64,588
Interest expenses	25,176	25,384	6,388	6,286	6,509	6,714	6,852	13,567
Interest income - net	94,161	98,538	24,367	25,004	25,471	25,252	25,770	51,022
Fee and service income	51,757	51,187	12,490	12,716	12,510	12,149	12,432	24,581
Fee and service expenses	10,451	13,070	3,270	3,364	3,524	3,419	3,286	6,705
Fee and service income - net	41,306	38,117	9,220	9,352	8,986	8,730	9,146	17,876
Total operating income	250,707	243,380	63,287	56,748	60,904	57,533	59,211	116,745
Underwriting expenses	93,851	87,897	22,683	18,693	22,887	20,040	19,807	39,848
Total operating income - net	156,856	155,483	40,604	38,055	38,016	37,493	39,403	76,896
Total other operating expenses	66,372	68,348	16,675	16,204	19,479	16,010	17,741	33,752
Impairment loss of loans and debt securities	41,810	32,532	7,995	8,211	8,508	7,579	7,547	15,127
Operating profit before income tax expenses	48,674	54,603	15,934	13,640	10,029	13,903	14,115	28,018
Income tax expenses	9,028	10,395	3,083	2,660	1,809	2,641	2,690	5,331
Net profit attributable:								
Equity holders of the Bank	34,338	38,459	10,917	9,744	7,033	10,044	9,929	19,973
Non-controlling interest	5,308	5,749	1,933	1,236	1,188	1,218	1,496	2,714
Statements of Financial Position (Bt mn)								
	2017	2018	2Q18	3Q18	4Q18	1Q19	2Q19	1H19
Loans to customers (less deferred revenue)	1,802,783	1,914,073	1,838,402	1,848,848	1,914,073	1,914,835	1,933,232	1,933,232
Total Assets	2,900,841	3,155,091	3,025,197	3,053,804	3,155,091	3,150,641	3,256,294	3,256,294
Deposits	1,878,672	1,995,001	1,902,535	1,921,446	1,995,001	1,978,837	2,004,953	2,004,953
Total Liabilities	2,513,019	2,737,269	2,624,010	2,640,480	2,737,269	2,714,117	2,813,769	2,813,769
Total Equity attributable to equity holders of the Bank	348,625	376,298	361,247	370,536	376,298	391,898	395,840	395,840

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

- In accordance with the corporate income tax rate reduction from 30% of taxable profit to 23% in 2012 and 20% in 2013, KBank recognized a one-time Bt1.9bn impact to the 4Q11 income statement due to deferred tax item adjustments; there was no effect on the business undertakings, profitability, or capital fund of the Bank and its subsidiaries

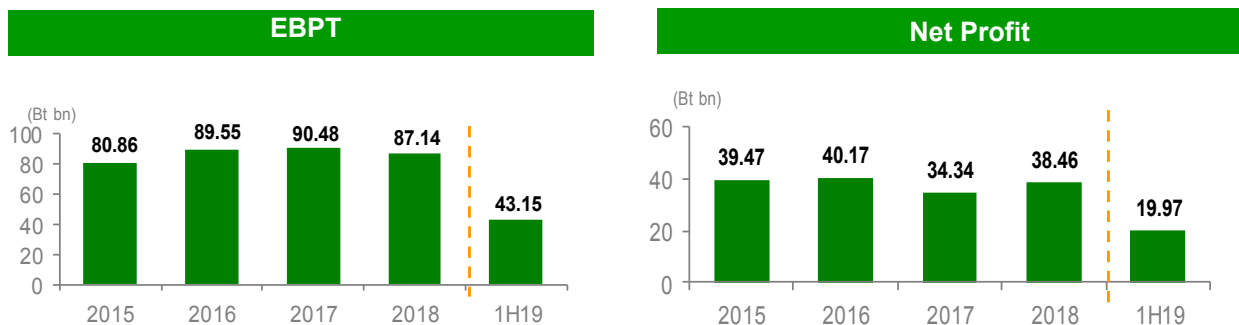
- The Bank and its subsidiaries have adopted TFRIC 13: Customer Loyalty Programmes since January 1, 2014 onwards

บริการทุกระดับประทับใจ

57

Earnings Before Provision and Tax (EBPT) and Net Profit

June 2019 (Consolidated)



■ 1H19 net profit decreased 7.88% YoY, mainly from lower non-interest income

	2015	2016	2017	2018	1H18	1H19	1Q19	2Q19
EBPT (Bt bn)	80.86	89.55	90.48	87.14	46.75	43.15	21.48	21.66
EBPT Growth (% YoY)	4.69%	10.75%	1.05%	(3.70%)	(0.20%)	(7.71%)	(5.86%)	(9.47%)
Net Profit (Bt bn)	39.47	40.17	34.34	38.46	21.68	19.97	10.04	9.93
Net Profit Growth (% YoY)	(14.47%)	1.77%	(14.53%)	12.00%	13.18%	(7.88%)	(6.70%)	(9.05%)

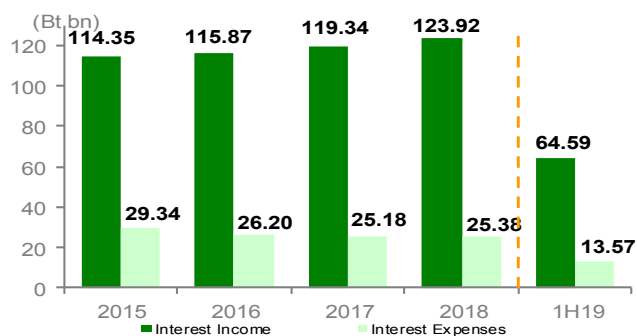
บริการทุกระดับประทับใจ

58

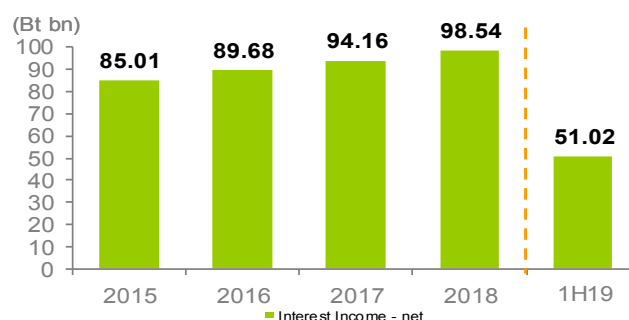
Interest Income - net

June 2019 (Consolidated)

Interest Income and Interest Expenses



Interest Income - net



■ 1H19 net interest income grew 6.16% YoY

	2015	2016	2017	2018	1H18	1H19	1Q19	2Q19
Interest Income (Bt bn)	114.35	115.87	119.34	123.92	60.65	64.59	31.97	32.62
Interest Expenses (Bt bn)	29.34	26.20	25.18	25.38	12.59	13.57	6.72	6.85
Interest Income - net (Bt bn)	85.01	89.68	94.16	98.54	48.06	51.02	25.25	25.77
Interest Income - net (% Growth YoY)	2.26%	5.49%	5.00%	4.65%	3.51%	6.16%	6.57%	5.76%

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

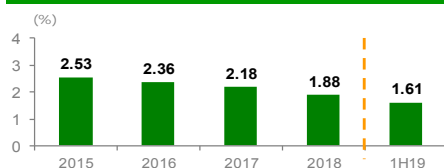
บริการทุกระดับประทับใจ

59

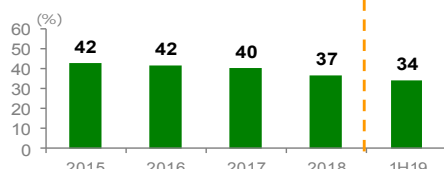
Non-interest Income and Structure

June 2019 (Consolidated)

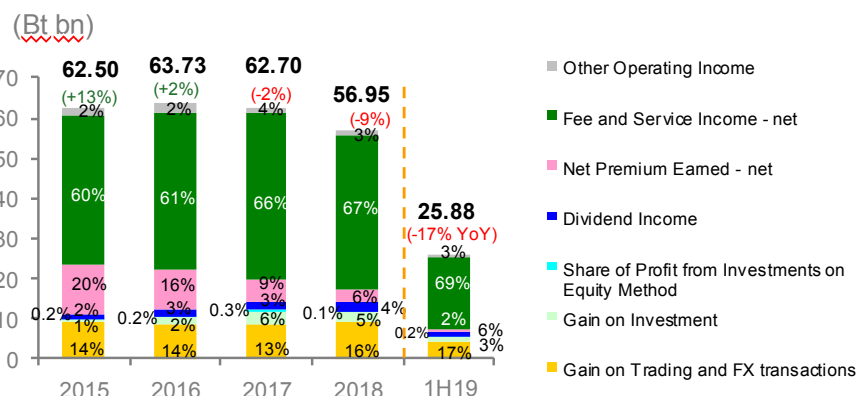
Non-interest Income to Average Assets



Non-interest Income Ratio



Non-interest Income Structure



■ 1H19 non-interest income dropped 17.46% YoY, due mostly to a decrease in insurance business and fee waiver, as well as one time gain on investments in 2Q18

	2015	2016	2017	2018	1H18	1H19	1Q19	2Q19
Non-interest Income (Bt bn)	62.50	63.73	62.70	56.95	31.35	25.88	12.24	13.63
Non-interest Income Growth (% YoY)	12.57%	1.96%	(1.62%)	(9.17%)	(0.43)%	(17.46%)	(19.00%)	(16.03%)
Non-interest Income Ratio (%)	42.37	41.54	39.97	36.62	39.48	33.65	32.65	34.60

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

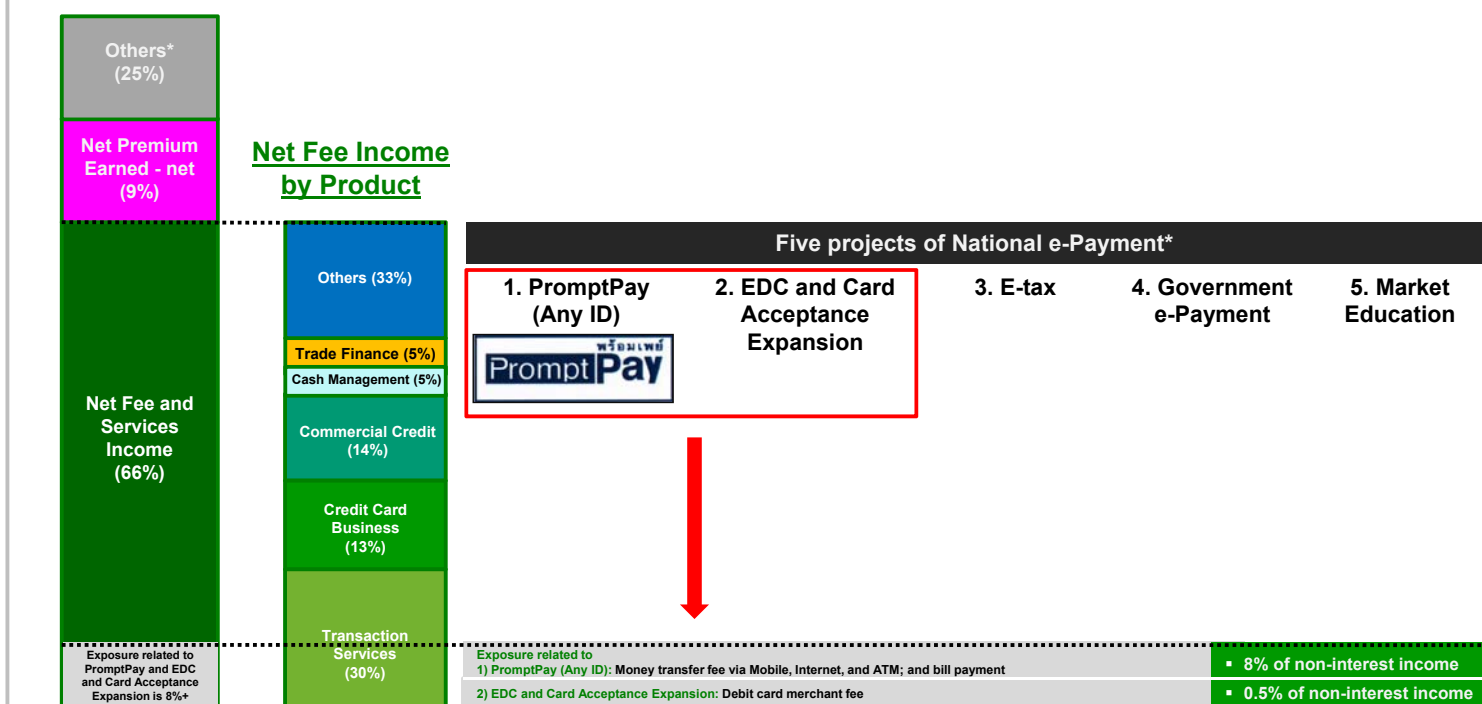
บริการทุกระดับประทับใจ

60

Exposure related to PromptPay and EDC and Card Acceptance Expansion

Y2017 (Consolidated)

Non-interest Income



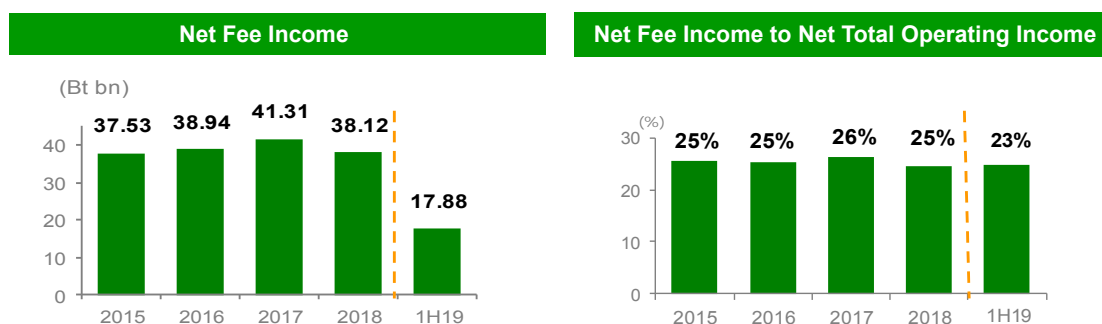
Note: * More details of National e-Payment can be found on Page 133-136

บริการทุกระดับประทับใจ

61

Net Fee Income

June 2019 (Consolidated)



- 1H19 net fee income dropped 9.62% YoY, mainly due to digital fee waivers and loan related fee income
- Net fee income to net total operating income was 23.25% in 1H19

	2015	2016	2017	2018	1H18	1H19	1Q19	2Q19
Fee Income (Bt bn)	46.41	48.63	51.76	51.19	25.96	24.58	12.15	12.43
Fee Income-net (Bt bn)	37.53	38.94	41.31	38.12	19.78	17.88	8.73	9.15
Fee Income Growth (%YoY)	8.72%	4.78%	6.43%	(1.10%)	2.57%	(5.31%)	(9.80%)	(0.47%)
Net Fee Income Growth (%YoY)	10.55%	3.78%	6.07%	(7.72%)	(2.56%)	(9.62%)	(17.33%)	(0.80%)
Net Fee Income to Net Operating Income Ratio (%)	25.44	25.39	26.33	24.52	24.91	23.25	23.28	23.21

Note:

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

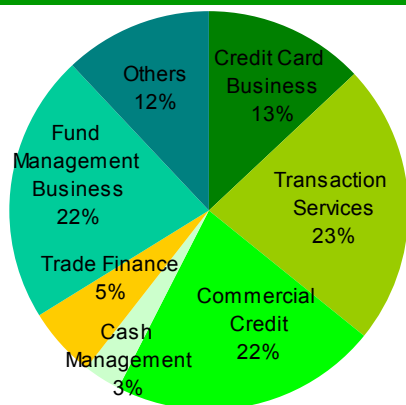
บริการทุกระดับประทับใจ

62

Net Fee Income Structure (Consolidated)

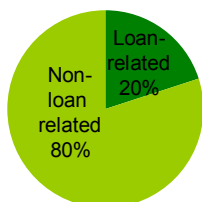
June 2019

Net Fee Income by Product



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

Loan Related and Non-loan Related Fees - net



Note:

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

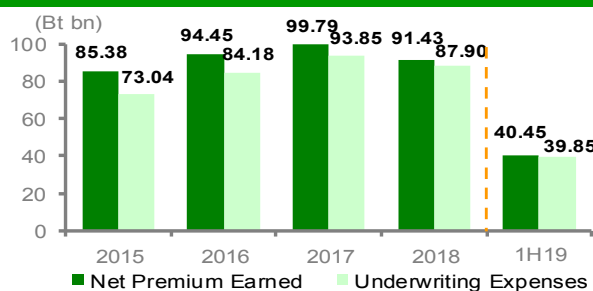
บริการทุกระดับประทับใจ

63

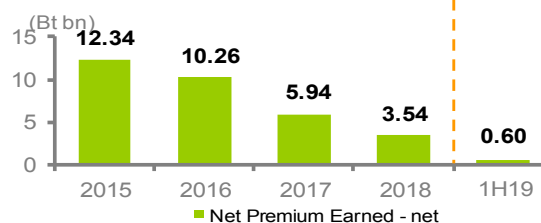
Net Premium Earned - net

June 2019 (Consolidated)

Net Premium Earned and Underwriting Expenses



Net Premium Earned - net


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

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

	2015	2016	2017	2018	1H18	1H19	1Q19	2Q19
Net Premium Earned (Bt bn)	85.38	94.44	99.79	91.43	49.18	40.45	20.08	20.37
Underwriting Expenses (Bt bn)	73.04	84.18	93.85	87.90	46.32	39.85	20.04	19.81
Net Premium Earned - net (Bt bn)	12.34	10.26	5.94	3.54	2.86	0.60	0.04	0.56
Net Premium Earned (% Growth YoY)	16.82%	10.62%	5.65%	(8.37%)	(12.43%)	(17.75%)	(18.82%)	(16.67%)
Underwriting Expenses (% Growth YoY)	19.11%	15.26%	11.49%	(6.34%)	(11.30%)	(13.97%)	(15.20%)	(12.68%)
Net Premium Earned - net (% Growth YoY)	4.86%	(16.83%)	(42.17%)	(40.41%)	(27.38%)	(79.09%)	(96.75%)	(68.10%)

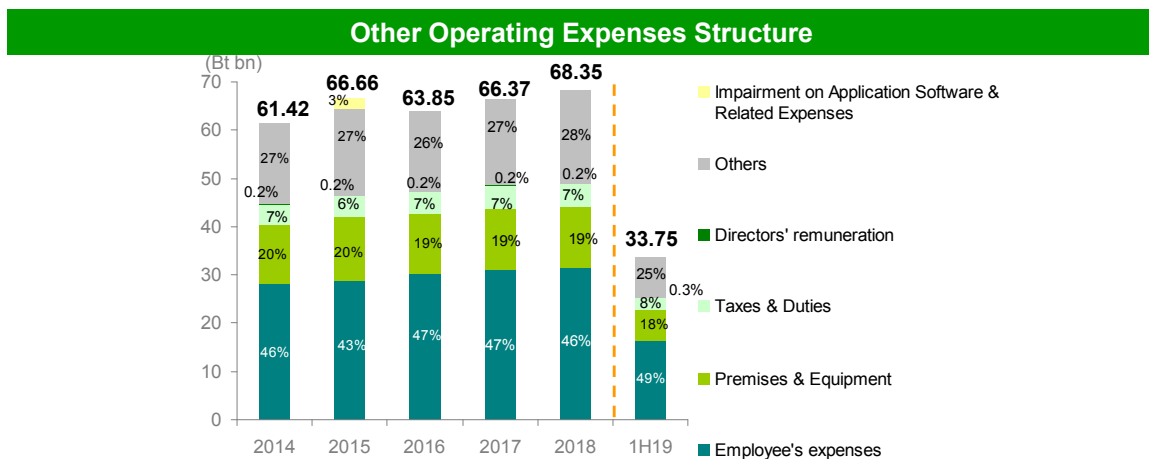
Note:KBank acquired additional ordinary shares in MTGH, to hold a 51% stake valued at Bt7,529mn. As the MTGH Acquisition was completed on November 30, 2009. As the MTGH acquisition was completed on November 30, 2009, the Bank's consolidated financial statements from 2010 include the performance of companies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

บริการทุกระดับประทับใจ

64

Other Operating Expenses

June 2019 (Consolidated)



- 1H19 other operating expenses slightly increased 3.33% YoY, mainly due to employee retirement reserve from the changes in defined benefit plan according to employment policy which is not relate to labor law, and marketing expense

	2015	2016	2017	2018	1H18	1H19	1Q19	2Q19
Other Operating Expenses (Bt bn)	66.66	63.85	66.37	68.35	32.67	33.75	16.01	17.74
Other Operating Expenses Growth (%YoY)	8.53%	(4.20%)	3.94%	2.98%	5.11%	3.33%	0.13%	6.39%

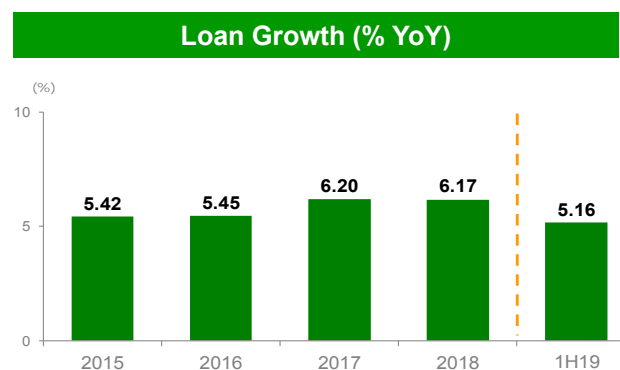
Note: The Bank and its subsidiaries have adopted TFRIC 13: Customer Loyalty Programmes since January 1, 2014 onwards

บริการทุกระดับประทับใจ

65

Loan Growth

June 2019 (Consolidated)



- Loans grew inline with target range at 5.16% YoY, mainly from mortgage and commercial loans

	2015	2016	2017	2018	1H18	1H19	1Q19	2Q19
Loans (Bt bn)	1,610	1,698	1,803	1,914	1,838	1,933	1,915	1,933
Loan Growth (% YoY)	5.42%	5.45%	6.20%	6.17%	4.92%	5.16%	4.07%	5.16%
Loan Growth (% YTD)	5.42%	5.45%	6.20%	6.17%	1.98%	1.00%	0.04%	1.00%

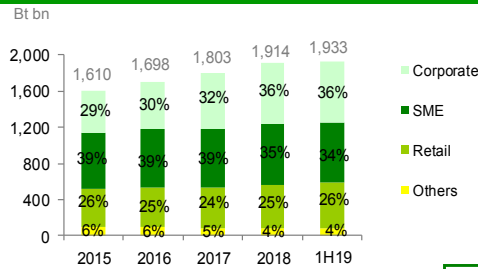
บริการทุกระดับประทับใจ

66

Loan Structure and Loan Growth Targets

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

Loan Portfolio Structure



Loan Portfolio

Consolidated	Amount (Bt bn)		Y2018 Loan Growth (%)	1H19 Loan Growth (%YTD)	1H19 Yield Range (%)	2019 Loan Growth Target (%)
	Dec18*	Jun19				
Corporate Loans	683	688	9.4%	0.7%	3-5%	3-5%
SME Loans	661	660	2.2%	(0.1%)	5-7%	2-4%
Retail Loans	488	509	9.9%	4.3%	5-7%	9-12%
Other Loans	82	76	(6.3%)	(6.8%)		
Total Loans	1,914	1,933	6.2%	1.0%	5.3%	5-7%

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

Loan Definition (TFRS 8: Operating Segments)

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

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

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

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

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

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

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

Y2016 Loan Growth Target (%): Corporate 4-6%; SME 5-7%; Retail 5-7%; Total Loans: 6-7%

Y2015 Loan Growth Target (%): Corporate 3-5%; SME 6-8%; Retail 5-7%; Total Loans: around 6%

บริการทุกระดับประทับใจ

Loan by Retail Products (All Segments)

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

Loan by Retail Products

(Amount in Bt bn)	Dec18	Y2018 Loan Growth (%)	Jun19	1H19 Loan Growth (%)	% Portion to Total Loan
Housing Loans	285	11.8	304	6.8	15.7
Credit Cards	79	0.9	73	(7.4)	3.8
Consumer Loans	62	10.5	69	11.0	3.6
KLeasing	108	11.4	112	3.9	5.8

Loan Definition (TFRS 8: Operating Segments)

Housing Loans: KBank's housing loans to retail customer segments

Credit Cards: KBank's credit card loans to all eight customer segments

Consumer Loans: KBank's consumer loans to retail customer segments

KLeasing: KLeasing's loans to all eight customer segments

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

บริการทุกระดับประทับใจ

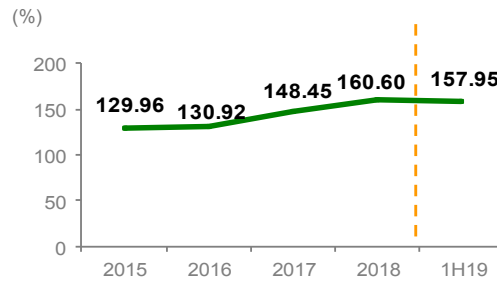
Asset Quality

June 2019 (Consolidated)

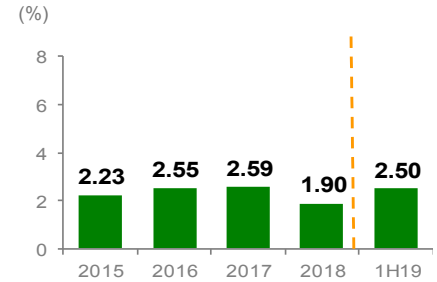
NPL Ratio



Coverage Ratio



SML* to Total Loans



- NPL ratio in 1H19 was at 3.40%
- Coverage ratio was 157.95%

	2015	2016	2017	2018	1H18	1H19	1Q19	2Q19
NPL Ratio (%)	2.70	3.32	3.30	3.34	3.29	3.40	3.44	3.40
Coverage Ratio (%)	129.96	130.92	148.45	160.60	150.08	157.95	158.78	157.95
SML to Total Loans Ratio (%)	2.23	2.55	2.59	1.90	1.98	2.50	2.49	2.50

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

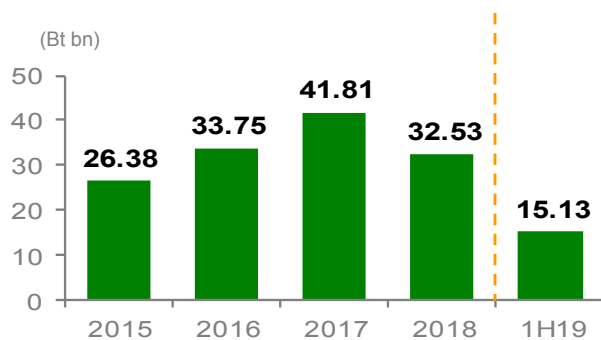
บริการทุกระดับประทับใจ

69

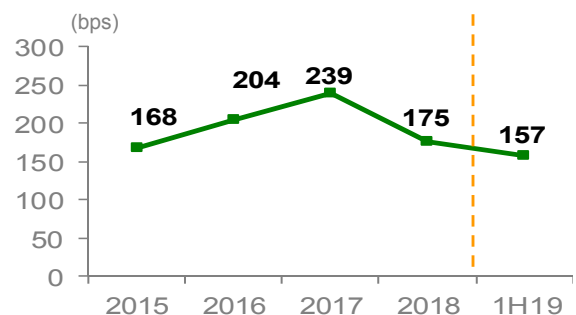
Impairment Loss on Loans and Debt Securities (Provision) and Credit Cost

June 2019 (Consolidated)

Impairment Loss of Loans and Debt Securities



Credit Cost



- 1H19 credit cost was 157bps, prudent and aligned with the credit cycle

	2015	2016	2017	2018	1H18	1H19	1Q19	2Q19
Impairment Loss of Loans and Debt Securities (Bt bn)	26.38	33.75	41.81	32.53	15.81	15.13	7.58	7.55
Credit Cost (bps)	168	204	239	175	174	157	158	157

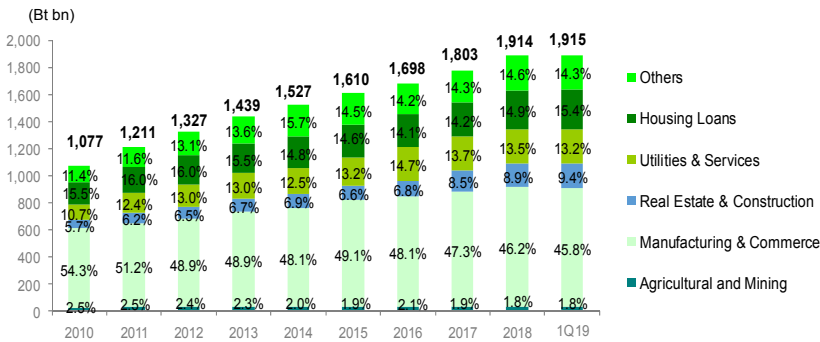
บริการทุกระดับประทับใจ

70

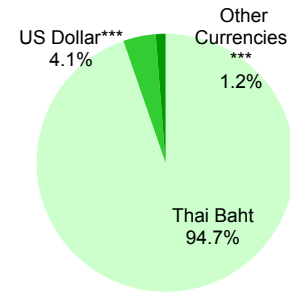
Loan Portfolio Breakdown by Industry, Currencies, and Interest Rate

March 2019 (Consolidated)

Loan Portfolio by Industry (March 2019)*

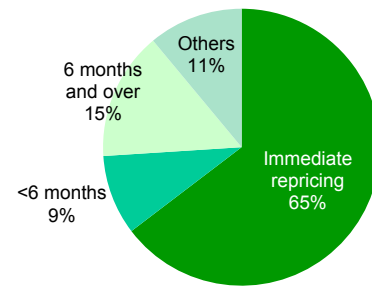


By Currencies (December 2018)**



*** Mainly trade finance products

By Maturity of Interest Repricing (December 2018)**



Loans by Bangkok and Metropolitan vs. Upcountry

Proportion of KBank's Outstanding Loans	2014	2015	2016	2017	2018	1Q19
Bangkok and Metropolitan	64%	64%	63%	64%	62%	60%
Upcountry	36%	36%	37%	36%	38%	40%

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

บริการทุกระดับประทับใจ

Proactive risk management to counter economic slowdown and high household debt

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

Corporate Business

- Focus on high potential industries less impacted by economic slowdown
- Closely monitor customers in high risk industries and supply chains
 - Actively monitor early warning signs
 - Promptly respond to adverse events

SME Business

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

Retail Business

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

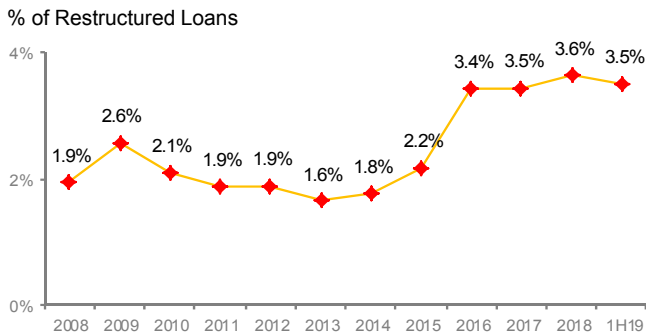
บริการทุกระดับประทับใจ

Restructured Loans Incurred Losses

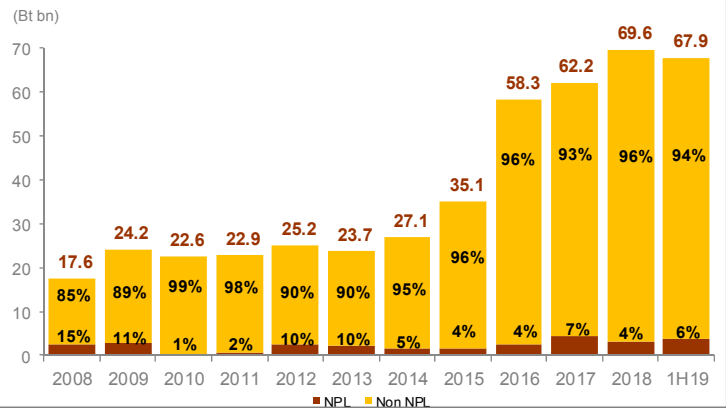
June 2019 (Consolidated)

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

% of Restructured Loans that Incurred Losses to Total Loans



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



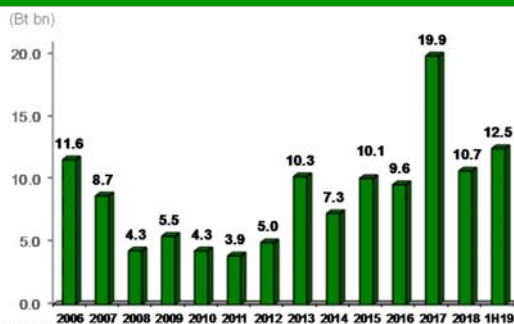
บริการทูลระดับประทับใจ

73

Bad Assets Resolution

June 2019 (Consolidated)

Write-offs

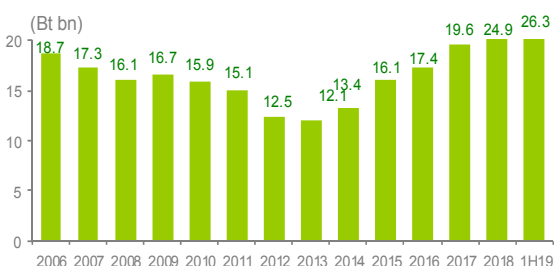


Note: * On September 11, 2013, the Bank was formally notified of its final loss sharing portion under the asset transfer agreement with TAMC established in October 2001. This amounted to Bt206mn. An amount of Bt1,159mn relating to the provision for losses recorded in prior years has been reversed through profit or loss in 2013

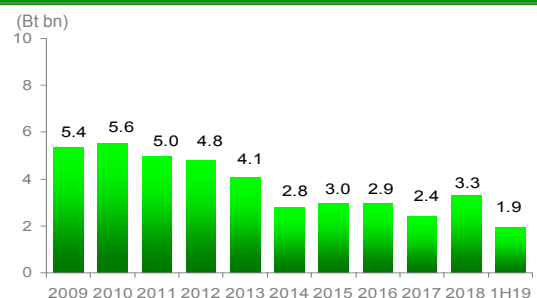
NPL Portfolio Sales

- 2001-2004: KBank sold NPLs totaling Bt14.6bn to TAMC*
- 2007: KBank and Phethai AMC sold NPLs totaling Bt11.4bn to Standard Bank Asia Limited and Morgan Stanley Emerging Markets Inc. at Bt7.6bn and Bt3.8bn, respectively
- 2008-1Q16: NPLs continued to decline without bulk NPL sales
- 2016: KBank sold NPLs worth Bt6.4bn (Bt4.9bn in 2Q16 and Bt1.5bn in 4Q16) to JMT Network Services PCL
- 2017: KBank sold NPLs worth Bt8.4bn in 4Q17 to asset management companies
- 2018: KBank sold NPLs worth Bt15.4bn (Bt7.3bn in 1Q18, Bt5.4bn in 3Q18, and Bt2.7bn in 4Q18) to asset management companies
- 1H19: KBank sold NPLs worth Bt4.3bn (Bt4.3bn in 1Q19) to asset management companies

Outstanding Foreclosed Properties



Sales of Foreclosed Properties



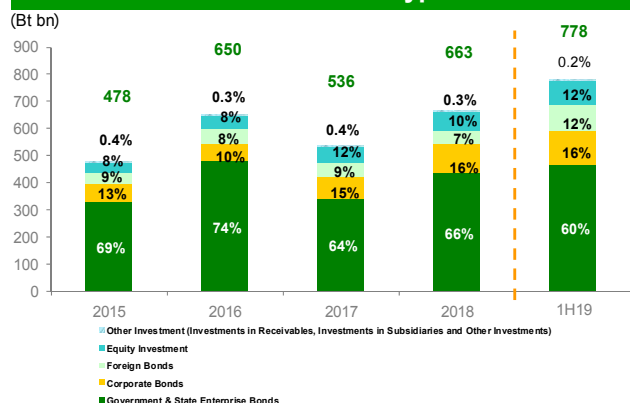
บริการทูลระดับประทับใจ

74

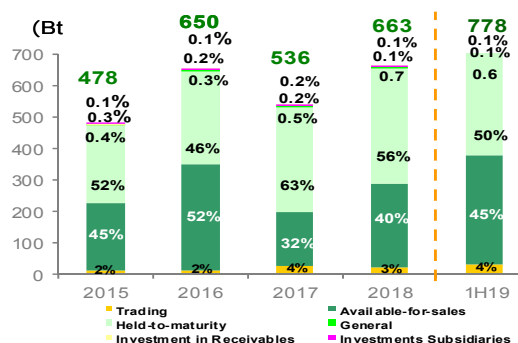
Investment in Securities Portfolio and Structure

June 2019 (Consolidated)

Instrument Type



Holding Type



Note: Accounting for investments 1) Trading: Stated at fair value (FV). Unrealized gains or losses arising from changes in FV are recognized in the income statement
 2) AFS: Stated at FV. Unrealized gains or losses arising from revaluation are reflected in the equity
 3) HTM: Stated at amortized cost, after deduction of any allowance for impairment

- KBank continues to manage its investment portfolio by focusing on ensuring sufficient liquidity at all times and adjusting investment position according to interest rate trend to enhance risk-adjusted return

	2015	2016	2017	2018	1H18	1H19	1Q19	2Q19
Investment Portfolio (Bt bn)	478	650	536	663	609	778	706	778
Investment Portfolio (% Growth YoY)	(15.83%)	36.10%	(17.52%)	23.51%	1.11%	27.66%	35.03%	27.66%

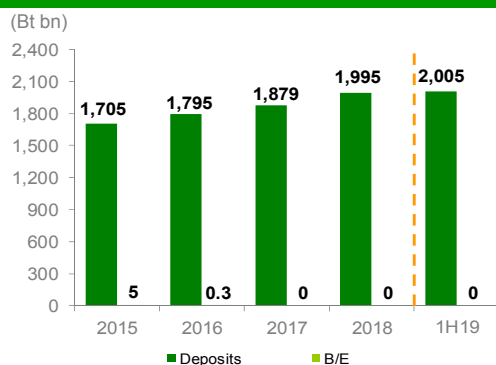
บริการทุกระดับประทับใจ

75

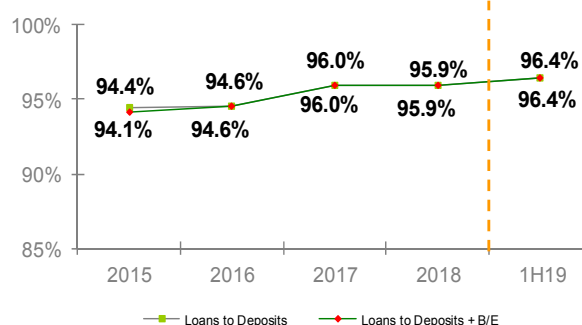
Deposits Growth and Loans to Deposits Ratio

June 2019 (Consolidated)

Deposits & B/E



Loans to Deposits Ratio



- Deposits and Loans to Deposits Ratio maintained at stable level

	2015	2016	2017	2018	1H18	1H19	1Q19	2Q19
Deposits (Bt bn)	1,705	1,795	1,879	1,995	1,903	2,005	1,979	2,005
Deposits (% YoY)	4.6%	5.2%	4.7%	6.2%	3.5%	5.4%	2.1%	5.4%
Deposits (% YTD)	4.6%	5.2%	4.7%	6.2%	1.3%	0.5%	(0.8%)	0.5%
Loans to Deposits Ratio (%)	94.4%	94.6%	96.0%	95.9%	96.6%	96.4%	96.8%	96.4%

บริการทุกระดับประทับใจ

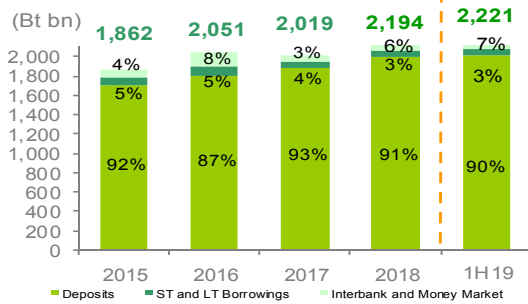
76



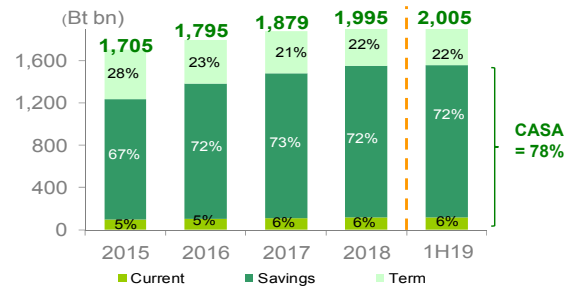
Funding Structure and Interest Rate Movement

June 2019 (Consolidated)

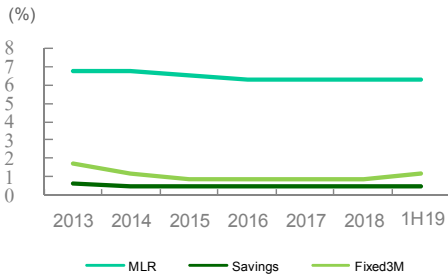
Funding Structure



Deposit Structure



KBank Interest Rate Movement (Retail customers)



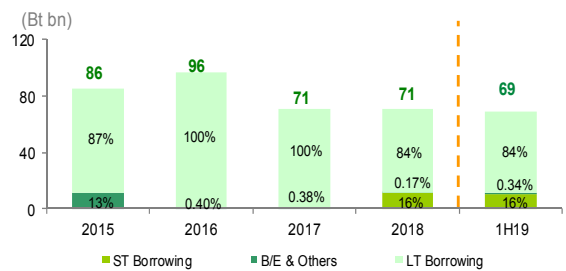
Deposit Rates (Jul 27, 2019)

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

Lending rates (Aug 15, 2019)

MLR	6.25%
MOR	6.87%
MRR	6.87%

ST and LT Borrowings



บริการทุกระดับประทับใจ



Long-term Senior/Subordinated Debentures

Issue Date	Name	Type	Embedded Option	Amount	Maturity Years	Call Date	Interest Rate (Per annum)	PP/PO	Interest Payment period	Credit Rating
Thai Currency Long-term Senior/Subordinated Debentures										
14/07/2016	Subordinated debentures of KASIKORNBANK PCL No. 1/2016 (Basel III-complaint Tier 2)	Unsecured	Callable after 5.5 years	Bt7,500mn	10.5 years (14/01/2027)	First Call date : 14/01/2022 (then can call every interest payment date)	3.50%	PP	Quarterly	AA (tha) by Fitch Ratings
09/10/2015	Subordinated debentures of KASIKORNBANK PCL No. 1/2015 (Basel III-complaint Tier 2)	Unsecured	Callable after 5.5 years	Bt6,500mn	10.5 years (09/04/2026)	First Call date : 09/04/2021 (then can call every interest payment date)	3.95%	PP	Quarterly	AA (tha) by Fitch Ratings
03/10/2014	Subordinated debentures of KASIKORNBANK PCL No. 1/2014 (Basel III-complaint Tier 2)	Unsecured	Callable after 5.5 years	Bt14,000mn	10.5 years (03/04/2025)	First Call date : 03/04/2020 (then can call every interest payment date)	5.0%	PP	Quarterly	AA (tha) by Fitch Ratings
Foreign Currency Long-term Senior/Subordinated Debentures*										
07/12/2018	Senior Unsecured Debentures of KASIKORNBANK PCL**	Unsecured	-	USD15mn	5 Years (07/12/2023)	-	3m Libor+0.95%	N/A	Quarterly	-
30/10/2018	Senior Unsecured Debentures of KASIKORNBANK PCL** (Sustainability Bond)	Unsecured	-	USD100mn	5 Years (30/10/2023)	-	3m Libor+0.95%	N/A	Quarterly	-
12/01/2018	Senior Unsecured Debentures of KASIKORNBANK PCL**	Unsecured	-	USD400mn	5.5 Years (12/07/2023)	-	3.256%	N/A	Semi-annually	Baa1 by Moody's BBB+ by S&P BBB+ by Fitch Ratings
06/10/2016	Senior Unsecured Debentures of KASIKORNBANK PCL**	Unsecured	-	USD400mn	5.5 Years (06/04/2022)	-	2.375%	N/A	Semi-annually	Baa1 by Moody's BBB+ by S&P BBB+ by Fitch Ratings
26/08/2015	Senior Unsecured Debentures of KASIKORNBANK PCL**	Unsecured	-	USD10mn	5.5 Years (26/02/2021)	-	3m Libor+1.00%	N/A	Quarterly	-
25/04/2014	Senior Unsecured Debentures of KASIKORNBANK PCL**	Unsecured	-	USD350mn	5.5 Years (25/10/2019)	-	3.5%	N/A	Semi-annually	Baa1 by Moody's BBB+ by S&P BBB+ by Fitch Ratings

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

บริการทุกระดับประทับใจ

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

บริการทุกระดับประทับใจ

79

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

June 2019

	KAsset EST. 1992	KResearch EST. 1995	KSecurities EST. Jul 2005	KLending EST. Aug 2005	KF&E EST.1990
Company Name	KASIKORN ASSET MANAGEMENT CO., LTD.	KASIKORN RESEARCH CENTER CO., LTD.	KASIKORN SECURITIES PCL	KASIKORN LEASING CO., LTD.	KASIKORN FACTORY AND EQUIPMENT CO., LTD.
Company Profile	A leader in fund management business (i.e. mutual funds, provident funds, and private funds)	<ul style="list-style-type: none"> ■ Professional in providing knowledge in economics, business, money, and banking ■ Only research house which is an affiliate of a bank 	Professional in providing a complete range of excellent financial solutions and services, including investment banking, securities underwriting, and securities brokerage	Professional in providing three core products: hire purchase, financial lease, and floor plan	Professional in providing a complete range of machinery and equipment leasing services
Asset Size	Bt2.61bn	Bt0.12bn	Bt23.47bn	Bt111.97bn	Bt21.40bn
Market Share	18%	N/A	3% (#15)	8%	N/A
2019 Targets	Maintain top tier position	Top of mind research house for media and for the clients of KBank and its wholly-owned subsidiaries	Maintain leading position in securities business under local bank parent	Maintain a good asset quality portfolio	7% YoY growth on outstanding loans
3-year Aspiration	Maintain top tier position	Top of mind research house	Top of mind securities firm	Provide complete range of financial solutions and maintain good asset quality	Maintain leading position in equipment leasing industry

บริการทุกระดับประทับใจ

80

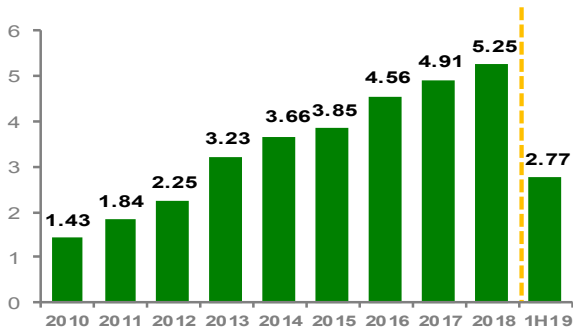
The wholly-owned subsidiaries of KBank: 1H19 Key Operating Performance

June 2019

	KAset EST. 1992	KResearch EST. 1995	KSecurities EST. Jul 2005	KLeasing EST. Aug 2005	KF&E EST.1990
1H19 Key Operating Performance	Assets Under Management (AUM): Bt1.39trn (+1.24% YoY)	Most quoted research house in the media	- Trading volume: Bt309bn - Number of customers grew 11% YoY	Outstanding loans: Bt112.29bn (+12.15% YoY)	Outstanding loans: Bt21.30bn (+15.14% YoY)

The wholly-owned subsidiaries of KBank: Net Profit

(Bt bn)



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

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

บริการทุกระดับประทับใจ

KAset Highlights in 1H19

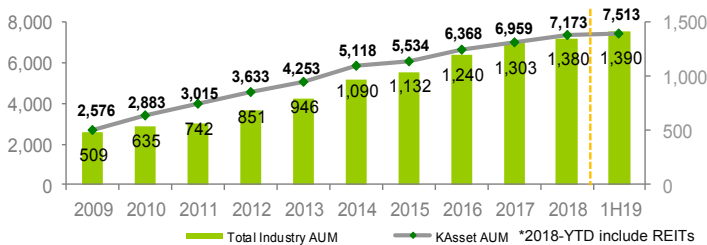
June 2019

หลักทรัพย์จัดการกองทุนกสิกรไทย
开泰基金管理 KASIKORN ASSET MANAGEMENT

AUM (KAset vs. Industry)

(Bt bn)

(Bt bn)



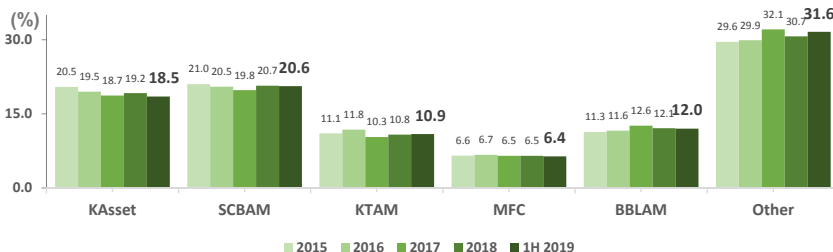
Industry Outlook:

- 1H19 industry AUM at Bt7.51trn, increasing 6.44% YoY
- KAset AUM at Bt1.39trn, growing 1.24% YoY

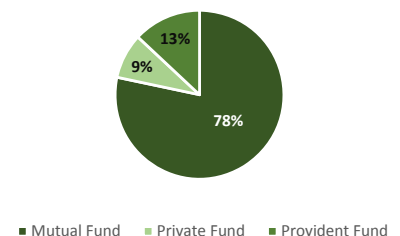
KAset Highlights:

- Ranked **#1** in Mutual Fund and Provident Fund with market share of 20.3% and 15.0%, respectively
- Ranked **#2** in total AUM with market share of 18.5%
- Mutual fund accounts for 78% of KAset AUM

Market Share by AUM



KAset AUM Breakdown by Type



บริการทุกระดับประทับใจ

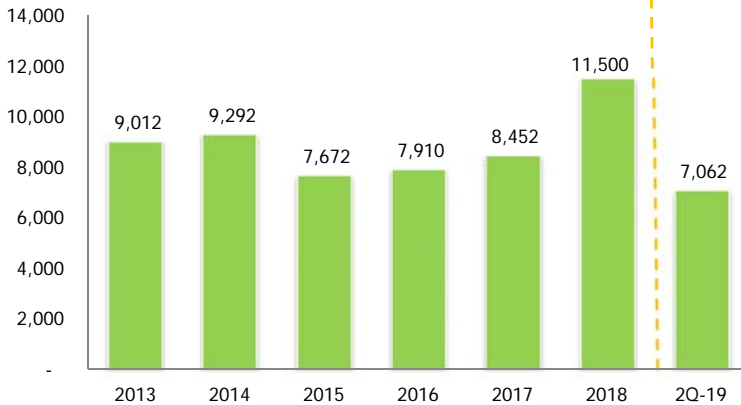
KResearch Highlights in 1H19

June 2019

ศูนย์วิจัยกสิกรไทย
开泰研究中心 KASIKORN RESEARCH CENTER



Number of News Quotes



Source : News Center, isentia, IQnewsClip, etc.

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

KResearch Highlights:

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

บริการทูลระดับประทับใจ

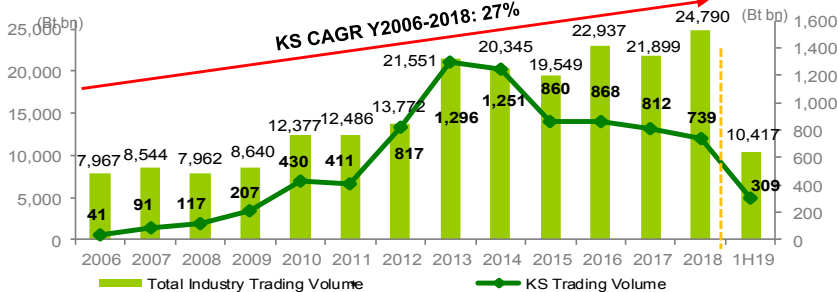
KSecurities Highlights in 1H19

June 2019

หลักทรัพย์กสิกรไทย
开泰证券 KASIKORN SECURITIES



Trading Volume (KSecurities vs. Industry)



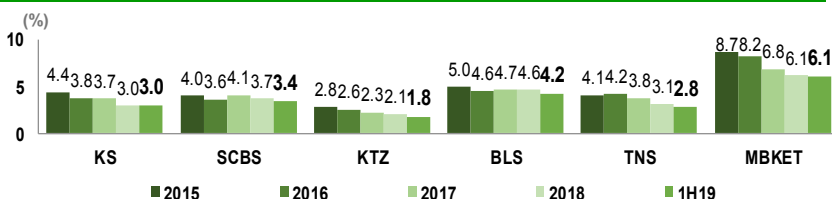
Industry Outlook:

- 1H19 industry trading volume* was Bt10.42trn, decreasing 26% YoY
- KS trading volume was Bt309bn

KSecurities Highlights:

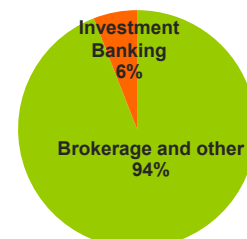
- KS ranked #15, with 2.96% market share
- Majority of revenue came from brokerage
- Number of customers account grew 11% YoY to 146,800 customers in 1H19

Market Share by Trading Volume*



Note: * Industry trading volume excluding proprietary trades

KSecurities Revenue by Business



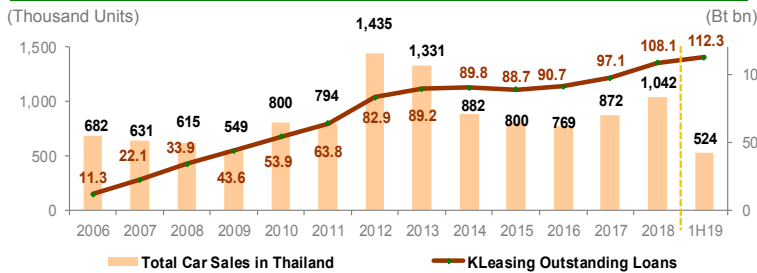
บริการทูลระดับประทับใจ

KLeasing Highlights in 1H19

June 2019



KLeasing vs. Industry



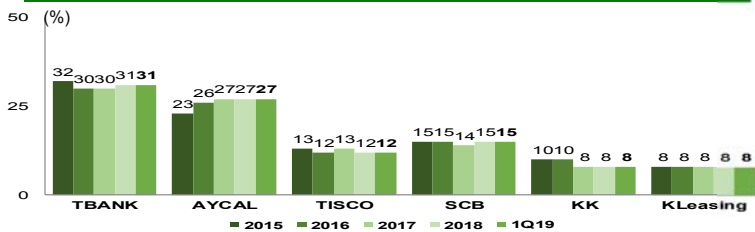
Industry Outlook:

- 1H19 industry car sales totaled 523,770 units, increasing 7.08% YoY

KLeasing Highlights:

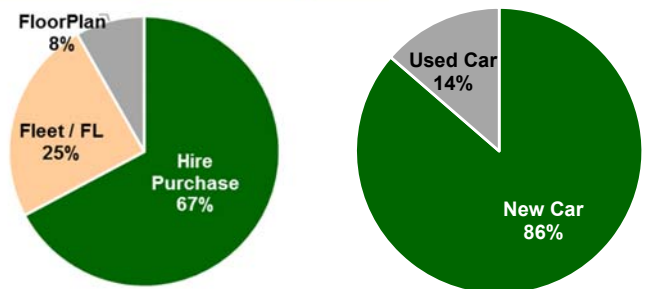
- 1H19 KLeasing loans totaled Bt112.29bn, increasing 12.15% YoY
- 1H19 KLeasing NPL ratio was 1.18%, lower than the Thai commercial bank average ratio

Market Share by Total Outstanding Loans (%)*



Note: * Excluding captive and non-bank leasing; Data as of 1Q19
** New car includes HP New car, Fleet finance, Finance lease (FL) and Floorplan
Used car includes HP used car, K-Car and Car registration loan

KLeasing Outstanding Loans Breakdown**



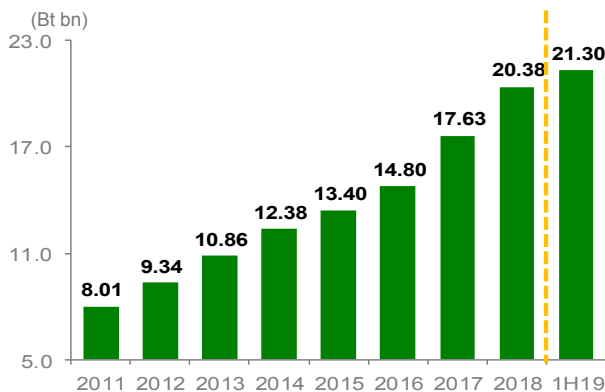
บริการทุกระดับประทับใจ

KF&E Highlights in 1H19

June 2019



KF&E Outstanding Loans



Industry Outlook:

- Growth in Equipment Leasing (EQL) business forecasted using numerous factors including total import volume of machinery and equipment, direction of government policy, domestic and international business growth opportunities, and Capital Investment Index

KF&E Highlights:

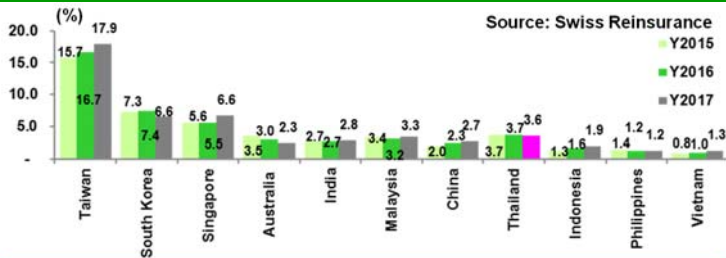
- KF&E outstanding loans were Bt21.30bn, rising 15.14% YoY
- KF&E currently ranked **#1**; maintaining lead position in equipment leasing industry

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

บริการทุกระดับประทับใจ

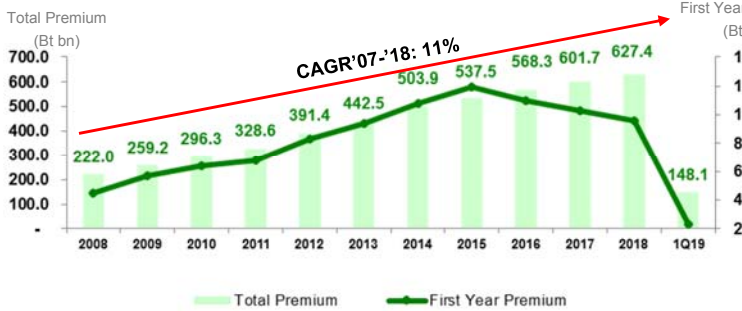
Life Insurance Industry in Thailand

Premium per % GDP by Country



- In 2017, low penetration rate of 3.6% in Thailand with a high opportunity for growth
- Muang Thai Life Assurance (MTL) ranked #2 in life insurance industry in Thailand, in 1Q19
 - #2 in total premium with 14.6% market share

Size of Market by Premium(%)



Market Share by Total Premium in Life Insurance (%)



Source: The Thai Life Assurance Association

* First Year Premium in 2018 = Bt95.68bn

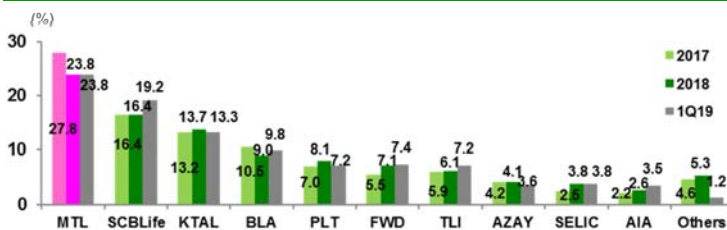
Source: The Thai Life Assurance Association

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

บริการทุกระดับประทับใจ

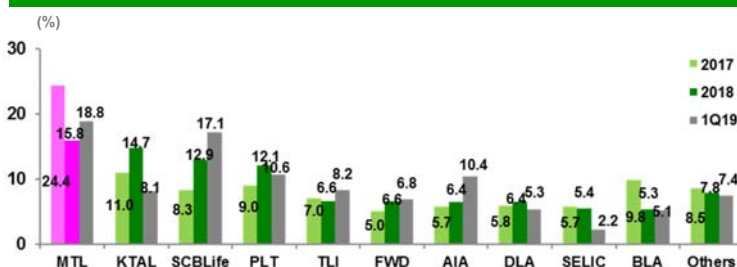
Bancassurance Highlights in 1Q19

Bancassurance Market Share by Total Premium (%)



- MTL ranked #1 in Bancassurance market
 - #1 in Bancassurance total premium with 23.8% market share
 - #1 in Bancassurance new business premium with 15.8% market share

Bancassurance Market Share by New Business Premium (%)

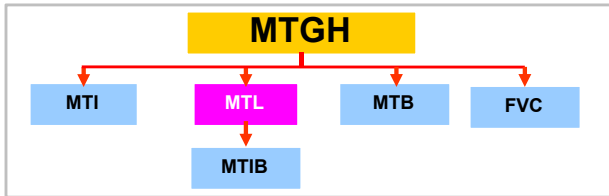


Source: Muang Thai Life Assurance (MTL)

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

บริการทุกระดับประทับใจ

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



Current KBank Economic Interests	
Muangthai Group Holding Co. Ltd (MTGH)	51.0%
Muang Thai Life Assurance PCL (MTL)	38.3%
Muang Thai Insurance PCL (MTI)	10.1%
Muangthai Broker Co, Ltd (MTB)	50.5%
MT Insure Broker Co, Ltd (MTIB)	38.2%
Fuchsia Venture Capital Co, Ltd (FVC)	38.3%

- Established April 6, 1951
- First life insurance company to be granted Royal Patronage (since 1959)
- Joined hands with Ageas in 2004 (formerly known as Fortis Insurance International NV) and joined hands with KBank in 2005
- Credit Rating:
 - BBB+/Stable from S&P's,
 - A-/Stable and AAA(thai)/Stable from Fitch Ratings
- Life Insurance Company with Outstanding Management Award from OIC twelve years in a row
- Life Insurance Company of the Year 2017-2018 Award from Asia Insurance Industry Awards 2017-2018
- Ageas holds 7.8% in MTGH and holds 25% in MTL

Note: OIC = Office of Insurance Commission

บริการทุกระดับประทับใจ

89

Muang Thai Life Assurance (MTL) Information Summary



- Strong fundamentals and revenue generation, helped by process efficiency and service quality enhancements; platform and synergy alignment between MTL and KBank
- Risk-Based Capital (RBC) remains strong, sufficient to support business growth and much higher than OIC minimum requirement

Statements of Comprehensive Income (Bt bn)			
	2016	2017	2018
Net premiums earned	94.4	99.8	91.4
Net investment income	14.2	16.8	18.9
Total revenues	108.7	116.7	110.3
Life policy reserve increase from the previous period	54.1	57.3	46.6
Net benefit payments and insurance claims	25.4	32.1	37.2
Commissions and brokerages	13.3	10.6	9.0
Other underwriting expenses	0.9	0.9	0.8
Operating expenses & Other	4.7	5.1	5.2
Total Expenses	98.3	106.1	98.8
Profit before income tax expense	10.3	10.7	11.5
Income tax expense	2.0	2.0	2.2
Net profit (loss)	8.3	8.6	9.3

Statements of Financial Position (Bt bn)			
	2016	2017	2018
Total Assets	362.3	426.9	479.6
Total Liabilities	317.8	372.6	421.5
Total Equities	44.6	54.3	58.1

Strategy in 2019						
To deliver sustainable satisfaction and happiness, MTL will reinforce the customer centric strategy by offering personalized life solutions through advice-based selling model. MTL will lead the innovation with the advanced data analytics capabilities, cutting-edge technology adoption to find novel ways to connect and engage with our customers. We will continue to establish a strong presence in the region by building up solid business operation and exploring new expansion opportunity.						
2019 Key Financial Targets						
Bt bn	2014	2015	2016	2017	2018	2019
Total Premium (after refund)	75.2	87.9	97.0	102.7	94.5	>=Industry growth
% Growth	25%	17%	10%	6%	-8%	

	2016	2017	2018
ROE (%)	20.8%	17.4%	16.6%
ROA (%)	2.5%	2.2%	2.1%
Risk-Based Capital (RBC)	408.1%	397.7%	379.3% (9M18)

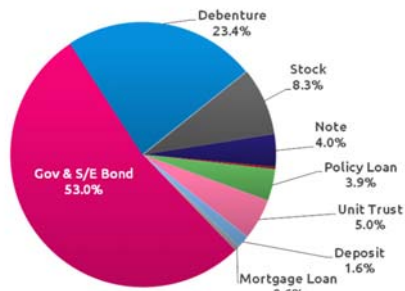
Source: Muang Thai Life Assurance, data based on book value except for RBC
 Note: OIC = Office of Insurance Commission

บริการทุกระดับประทับใจ

90

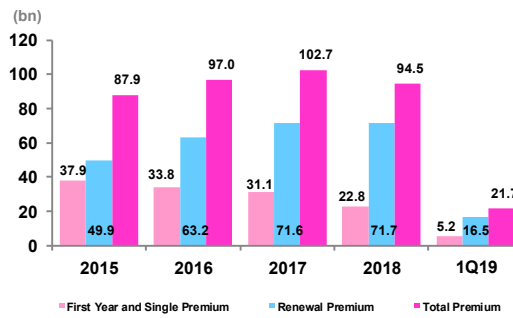
MTL Investment Portfolio and Insurance Premium

MTL Investment Portfolio:
Fixed Income accounted for around 83%



Assets Under Management (AUM)* (1Q19): Bt 477.9 bn

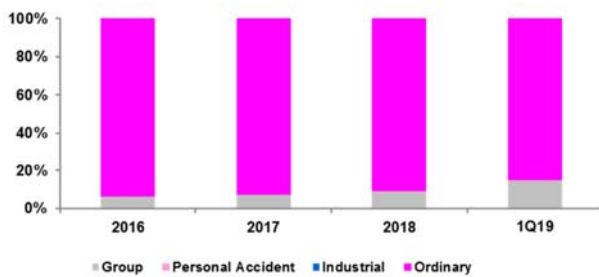
MTL Total Premium



Source: The Thai Life Assurance Association

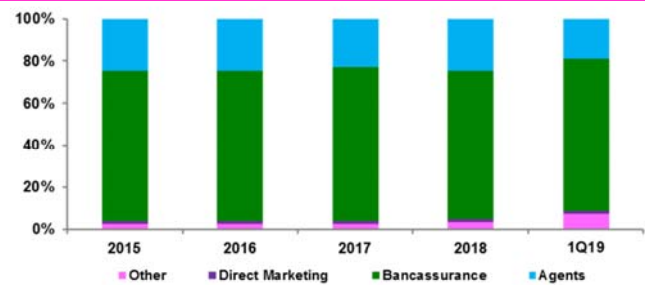
Total Premium Growth	MTL	Industry
(%YOY)		
Y2013	23%	13%
Y2014	25%	14%
Y2015	17%	7%
Y2016	10%	6%
Y2017	6%	6%
Y2018	-8%	4%
1Q19	-16%	-9%

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



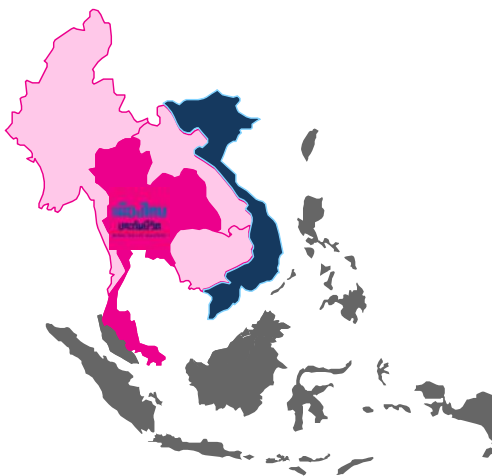
*Remark: Invested Assets + Investment Property

Total Premium by Channels:
Bancassurance accounted for about 72% in 1Q19



บริการทุกระดับประทับใจ

MTL International Business Expansion



MTL Current International Business Project (On-going)

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

บริการทุกระดับประทับใจ

MTL's Life Insurance Product Profile

Four Major Types of Life Insurance Product

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

บริการทุกระดับประทับใจ

Sample of K-Bancassurance and MTL Products



K-Bancassurance Products¹

Endowment Life Insurance

Pro-Savings 615

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

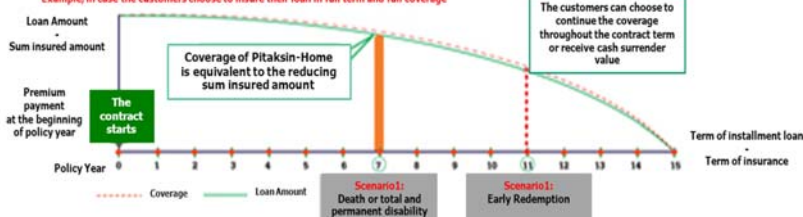
Life coverage increases in pursuant to the years as specified



Term Life Insurance

MRTA-Home (Mortgage Reducing Term Assurance)

Example, in case the customers choose to insure their loan in full term and full coverage



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

¹) K-Bancassurance products are MTL's life insurance products selling through KBank

²) Muang Thai Life Assurance products are MTL's life insurance products selling through MTL sales agents, and/or other channels

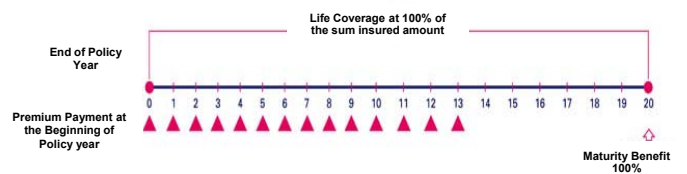


Muang Thai Life Assurance Products²

Endowment Life Insurance

Ormsap 20/14

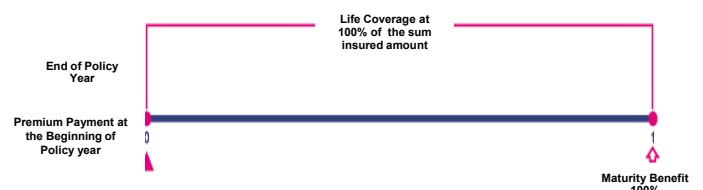
Pay premium for only 14 years, but the coverage continues for 20 years



Term Life Insurance

Healthy Value

1 year coverage period, covered medical expenses up to Bt2mn



บริการทุกระดับประทับใจ

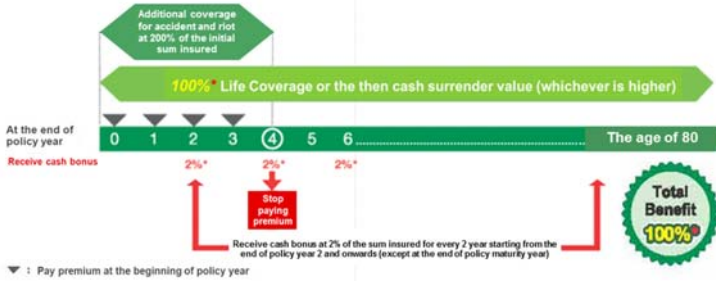
Sample of K-Bancassurance and MTL Products

K-Bancassurance Products¹

Whole Life Insurance

Pro Life 80/4

Life insurance that provides coverage up to the age of 80 with term of premium payment only 4 years while receiving cash bonus every 2 year from the end of policy year 2 and onwards as well as life coverage at 100% of the sum insured throughout the contract



Rider

PA Plus

Accident coverage

● **PA Plus**
(Accident Coverage)

Health Care Plus

Hospital and surgery benefit rider

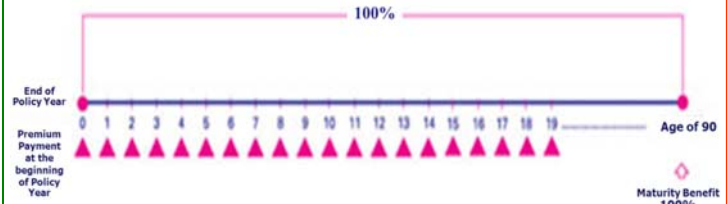
● **Health Care Plus**
(Hospital and Surgery Benefit Rider)

Muang Thai Life Assurance Products²

Whole Life Insurance

Kumkrong Talodcheep

Saving plan with whole life coverage: pay premium for only 20 years and get coverage to the age of 99



Rider

Pure Cancer

Additional cancer insurance which provides cash benefits up to Bt1mn

¹) K-Bancassurance products are MTL's life insurance products selling through KBank

²) Muang Thai Life Assurance products are MTL's life insurance products selling through MTL sales agents, and/or other channels

บริการทุกระดับประทับใจ

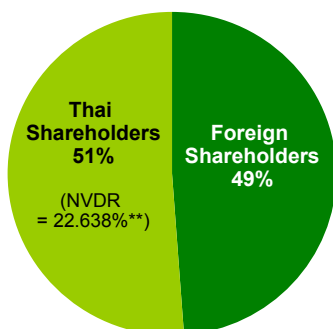
KBank: Other Information

บริการทุกระดับประทับใจ

Shareholder Structure

April 12, 2019 (Record Date)

Shareholder Structure


Note:

Thai Shareholding Limit	51%
Foreign Shareholding Limit	49%

Top 10 Shareholders*

%

1. THAI NVDR CO., LTD**	22.638
2. STATE STREET EUROPE LIMITED	8.673
3. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	5.995
4. STATE STREET BANK AND TRUST COMPANY	3.677
5. SOCIAL SECURITY OFFICE	2.574
6. BNY MELLON NOMINEES LIMITED	2.292
7. THE BANK OF NEW YORK MELLON	1.847
8. GIC PRIVATE LIMITED	1.702
9. SOUTH EAST ASIA UK (TYPE A) NOMINEES LIMITED	1.632
10. THE BANK OF NEW YORK (NOMINEES) LIMITED	1.212
Other Shareholders	47.758
Total	100.000

Note: * The Top 10 Shareholders are based on individual accounts

** Thai NVDR Co., Ltd (Thai NVDR) is responsible for issuing and selling Non-Voting Depository Receipts (NVDRs) to investors. The Stock Exchange of Thailand (SET) is the major shareholder, holding 99.99% of the total shares, of Thai NVDR. The NVDR limit for KBank is 35%.

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

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

บริการทุกระดับประทับใจ

97

Credit Ratings

As of July 30, 2019

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

Note:

* Moody's: Foreign Currency Long-term Deposit Rating; S&P's: Long-term Counterparty Credit Rating; Fitch Ratings: Foreign Currency Long-term Issuer Default Rating

** July 30, 2019: Moody's changed the outlook on the long-term ratings of nine Thai banks, including KBank, to positive from stable, following the change in the outlook for the sovereign's rating to positive from stable on 25 July 2019

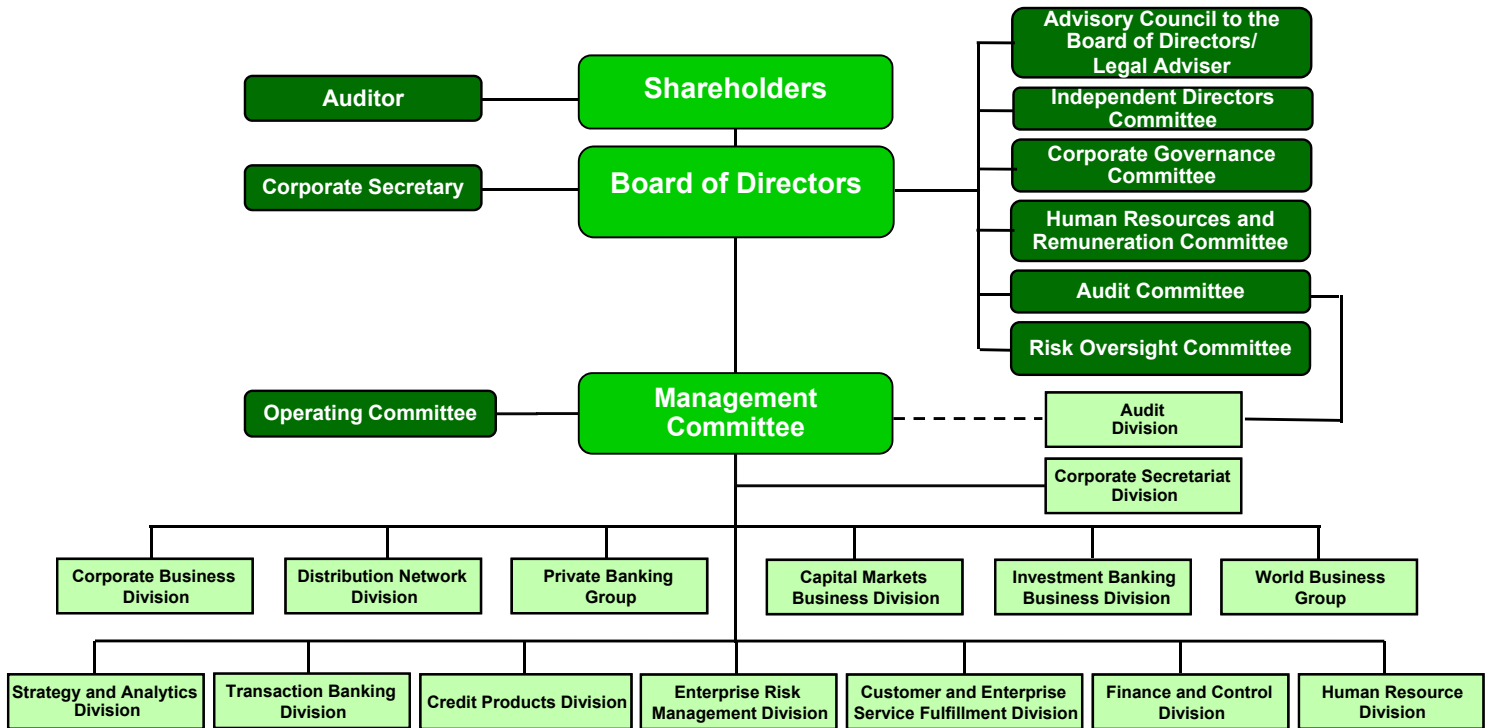
*** July 25, 2019: Moody's upgraded the outlook on the Government of Thailand's issuer ratings to positive from stable, as Moody's view that investment in physical and human capital, in the context of a lengthening track-record of a predictable and stable macroeconomic environment, may over time boost Thailand's competitiveness

**** July 19, 2019: Fitch upgraded its outlook on Thailand's Long-Term Foreign and Local Currency Issuer Default Rating (IDR) to 'Positive' from 'Stable'; the Outlook revision on Thailand's IDRs reflects increasing confidence that lingering political risks are unlikely to impact sound macroeconomic management

บริการทุกระดับประทับใจ

98

Organization Chart



บริการทุกระดับประทับใจ

Board of Directors Structure

- 18 board members: 10 Independent Directors, 5 Executive Directors, and 3 Non-Executive Directors
- Director age limit is 72 years old
- Term limit of directorship for Independent directors shall not exceed nine consecutive years
- Lead Independent Director and Independent Directors Committee were appointed in order to ensure proper checks and balances

Executive Directors (5)	Non-Executive Directors (3)	Independent Directors (10)
<ul style="list-style-type: none"> • Mr. Banthoon Lamsam (Chairman of the Board and Chief Executive Officer) • Mr. Predee Daochai (President) • Ms. Kattiya Indaravijaya (President) • Mr. Pipit Aneaknithi (President) • Mr. Patchara Samalapa (President) 	<ul style="list-style-type: none"> • Ms. Sujitpan Lamsam (Vice Chairperson) • Dr. Abhijai Chandrasen (Legal Adviser) • Mr. Sara Lamsam 	<ul style="list-style-type: none"> • Ms. Kobkarn Wattanavrangkul (Vice Chairperson, Lead Independent Director, and Chairperson of the Human Resources and Remuneration Committee and the Risk Oversight Committee) • Sqn.Ldr. Nalinee Paiboon, M.D. (Chairperson of the Corporate Governance Committee) • Mr. Saravoot Yoovidhya • Dr. Piyasvasti Amranand (Chairman of the Audit Committee) • Mr. Kalin Sarasin • Ms. Puntip Surathin • Mr. Wiboon Khusakul • Ms. Suphajee Suthumpun • Mr. Chanin Donavanik • Ms. Jainnisa Kuvnichkul

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

บริการทุกระดับประทับใจ

Sustainable Development

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

BANK OF SUSTAINABILITY



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

Economic Aspect

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

Social Aspect

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

Environmental Aspect

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

PRIDE OF KBank 2018-1H19

INTERNATIONAL

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

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

SAM
Sustainability Award
Bronze Class 2019

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



FTSE4Good

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



MSCI

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



The first Bloomberg Gender-Equality Index (GEI) member from Thailand. The 2019 Bloomberg Gender-Equality Index (GEI) distinguishes companies committed to transparency in gender reporting and advancing women's equality

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

NATIONAL



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



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



ESG 100 company 2019 (Certified by Thaipt)



Sustainability Report Award 2018 (Excellence) Granted by the Securities and Exchange Commission



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



Granted by the Securities and Exchange Commission (SEC), Thai Listed Companies Association, and Thaipt

บริการทุกระดับประทับใจ

Key Corporate Governance Highlights

- Reviewing KBank practices under Thai IOD, ASEAN CG Scorecard, and Dow Jones Sustainability Indices (DJSI) CG criteria, e.g.,
 - Corporate Sustainability Target in accordance with the Bank's operational guidelines and approving action plans for sustainable development and corporate social responsibility activities
 - Environmental and Energy Conservation Policy in alignment with international standards, reaffirming the Bank's intention to reduce greenhouse gas emissions from our operations
- Implementing a strategic plan for CG activities to enhance compliance by directors, executives, and staff with CG principles, Code of Conduct, and Anti-Corruption Policy through
 - Organizing training courses
 - Continual disseminating knowledge on the Code of Conduct and Anti-Corruption Policy via e-Learning system
 - Communicating with companies within KASIKORNBANK FINANCIAL CONGLOMERATE to ensure consistency of operations
- Reviewing Vision, Mission and Core Values, CG Policy, and related Charters; keeping them up-to-date in accordance with
 - Ongoing business operations and Bank Sustainability
 - Compliance with the laws, international practices, and best practices as prescribed by regulatory agencies and competent agencies

Note: Thai IOD = Thai Institute of Directors

บริการทุกระดับประทับใจ

Anti-corruption

- KBank, KAsset, and KSecurities co-signed a declaration of the “Private Sector Collective Action Coalition Against Corruption (CAC)” project and have been recognized as CAC certified companies since 2013; CAC approval has been received for recertification in 2016
- BOD approved the Anti-Corruption Policy, including issues such as bribes and inducements, gifts and benefits, charitable contributions and sponsorships, and political participation. The policy is reviewed annually.
- KBank recognizes the importance of communications on the Anti-Corruption Policy for proper practices and actions within the organization
 - Organize training courses for executives and employees to equip them with knowledge on the Anti-Corruption Policy
 - Communicate the Anti-Corruption Policy with all directors, executives, and employees via KBank electronic networks and website
- KBank has extended its operational direction to all suppliers, including
 - Communication with suppliers on the guidelines related to business ethics, human rights, labor, occupational health and safety, and environment for their acknowledgement and compliance
 - Establishment of guidelines to inform suppliers about the Bank’s Code of Conduct before participating in the bidding process
 - Communication with suppliers on business operations with no involvement with corruption and encouragement of suppliers to comply with anti-corruption policy and practices
 - Arrangement of supplier meetings on the Bank’s procurement procedures and encouragement of suppliers to comply with anti-corruption policy and practices

บริการทุกระดับประทับใจ

Public Recognition Highlight: 2018-1H19

1H19

- The Bronze Class of the banking industry category by RobecoSAM
- Asset Management Award
- Best Private Bank - Thailand Domestic
- Best Private Bank for Digital Culture in Asia
- Best Repo Primary Dealer
- Best DCM House in Thailand
- B score from 2018 Carbon Disclosure Project (CDP)
- Domestic Cash Management Bank of the Year
- Best Cash Management Bank in Thailand
- Best Bond House
- Best Bond House in Thailand
- Top Underwriting Bank
- Most Prominent Fund House in Corporate Bond Market
- Best IPO, Thailand
- Best Service Provider: Cash Management, Thailand
- Best Service Provider: E-Solutions Partner, Thailand
- HR Asia Best Companies to Work for in AsiaTM 2019 (Thailand Edition)
- Winner: Best Debit Card Initiative
- Highly Commended: Excellence in Service Innovation
- Highly Commended: Best Staff Training and Development Programme
- Best Private Bank in ASEAN - Best Private Bank in Thailand
- Winner: Excellence in Next-Gen Customer Experience
- Highly Acclaimed: Best Product or Service Innovation
- Highly Acclaimed: Best Customer Insight & Feedback Initiative
- Best Retail Bank in Thailand
- Best Digital Brand Initiative, Application or Programme
- Best Frictionless Customer Relationship Management
- Best E-Commerce Proposition, Best Data Analytics Initiative, Application or Programme
- Best Wealth Management Services in Thailand
- Private Banking Digitalisation
- Best Cash Management Bank Thailand
- Thailand's Most Admired Brand & Why We Buy (most trusted brand for K-Credit Card)
- Asset management company champion

2018

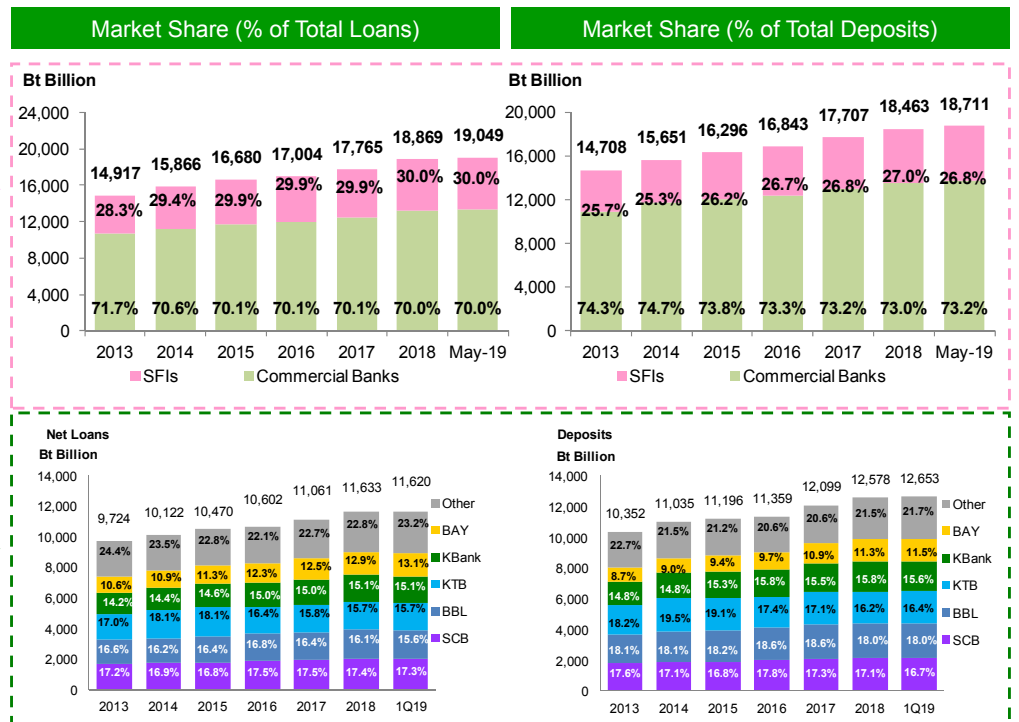
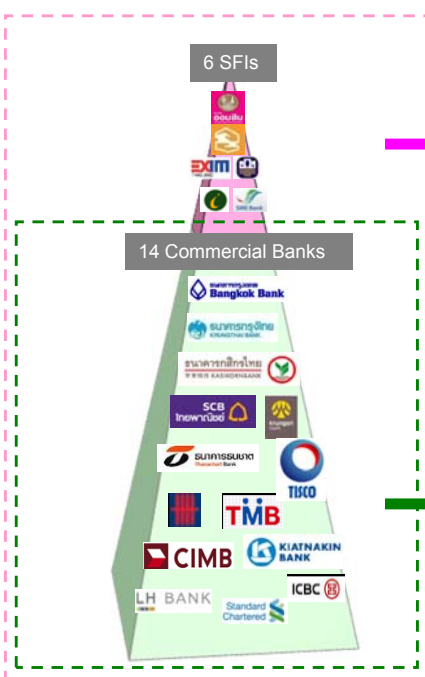
- An index component of the Dow Jones Sustainability Indices (DJSI) 2018, including the DJSI World Index and the DJSI Emerging Markets Index
- A member of the FSTE4Good Emerging Index 2018
- Best Retail Bank in Thailand 2018
- Best Cash Management in Thailand 2018
- Best Credit Evaluation Initiative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

บริการทุกระดับประทับใจ

Banking System and Regulations Update

บริการทูลระดับประทับใจ

Thai Commercial Banks and Specialized Financial Institutions (SFIs)

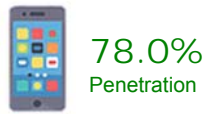


Note: 6 SFIs include Government Saving Bank (GSB), Government Housing Bank (GHB), Export-Import Bank of Thailand (EXIM Bank), Bank for Agriculture and Agricultural Co-operatives (BAAC), Small and Medium Enterprise Development Bank of Thailand (SME Bank), and Islamic Bank of Thailand (IBank)

บริการทูลระดับประทับใจ

Thailand's Digital Readiness: Number of Users

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



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



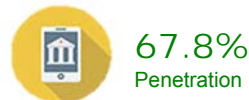
Fixed Internet
(No. of households using internet via fixed line)



Social Media
(No. of Facebook users)



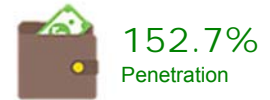
PromptPay
(Total registration)



Mobile Banking
(No. of accounts)



Internet Banking
(No. of accounts)



e-Money
(No. of accounts/ cards)

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

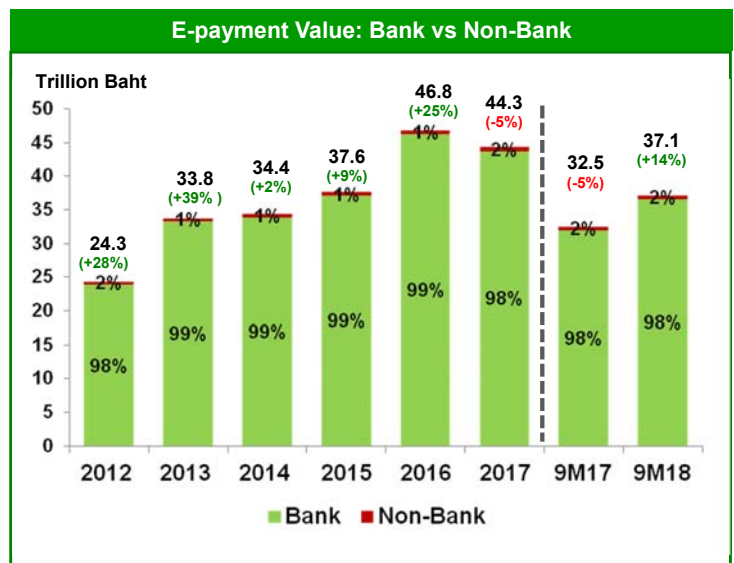
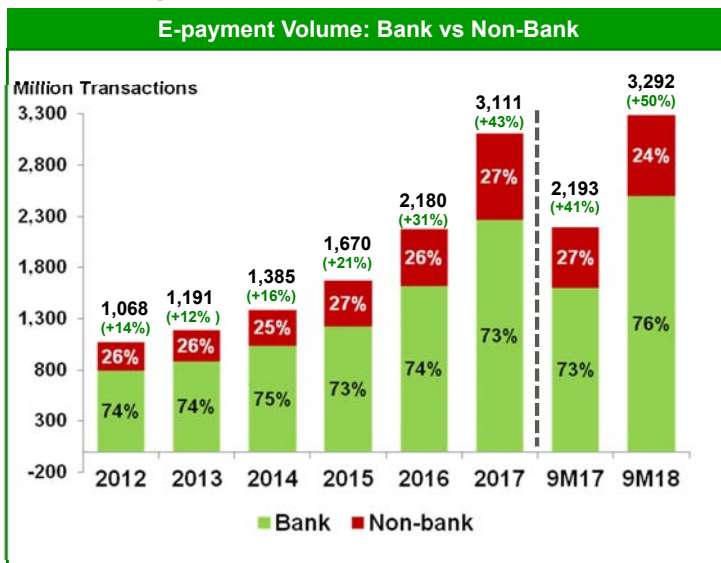
Notes:

1. All data as of December 2018

2. Denominator for all penetration ratio is number of population age six and above as of December 2018. Denominator for fixed internet penetration is number of household.

บริการทุกระดับประทับใจ

Banking Institutions are Main Intermediaries for Transactions in Thailand



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

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

Sources: BOT and KResearch

บริการทุกระดับประทับใจ

Regulations Update

Capital (Basel III)

- **D-SIBs* Buffer** : Currently, D-SIBs are required to maintain a D-SIBs Buffer at 0.5%; the Buffer will increase to 1% in 2020
- **BCBS has finalized the new requirements on risk weighted asset (RWA) calculations including credit risk, operational risk, and CVA risk.** The main objectives of the revision are to reduce variability in RWA across banks and jurisdictions and to balance simplicity and risk sensitivity of capital requirements

Financial Sector Master Plan II (FSMP II)

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

Financial Sector Master Plan III (FSMP III)

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

Thai and International Financial Reporting Standards (TFRSs / IFRSs)

- **Year 2019 onwards:** Time frame is specified by Thailand Federation of Accounting Professions (TFAC); TFRS 15 (Revenue from Contracts with Customers) is effective in 2019; TFRS 9 (Financial Instruments) and TFRS 16 (Leases) will be effective in 2020; TFRS 4 (Insurance Contracts) will be changed to TFRS 17 and will be effective in 2023
 - **Expected impacts on Thai banks:** More logical and transparent presentation and disclosure, with different impacts on each bank
 - **Expected impacts on KBank:** Manageable impacts expected, as early adopted some IAS and IFRS policies and preparing for full implementation

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

บริการทูลระดับประทับใจ

Financial Sector Master Plan (FSMP) Implementation Stages

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

Source: BOT and KRResearch

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

บริการทูลระดับประทับใจ

Basel III: BOT minimum capital requirement

Transitional Arrangement for Capital Requirement

All dates are as of 1 January	2015	2016	2017	2018	2019	2020	2021	2022
Conservation Buffer*	-	0.625%	1.25%	1.875%	2.5%	2.5%	2.5%	2.5%
D-SIBs Buffer**	-	-	-	-	0.5%	1.0%	1.0%	1.0%
CET1: Min. Common Equity Tier 1 Ratio (after conservation buffer and D-SIBs buffer)	4.5%	5.125% (4.5%+0.625%)	5.75% (4.5%+1.25%)	6.375% (4.5%+1.875%)	7.5% (4.5%+2.5%+0.5%)	8.0% (4.5%+2.5%+1%)	8.0% (4.5%+2.5%+1%)	8.0% (4.5%+2.5%+1%)
Tier 1: Min. Tier 1 Ratio (after conservation buffer and D-SIBs buffer)	6.0%	6.625% (6.0%+0.625%)	7.25% (6.0%+1.25%)	7.875% (6.0%+1.875%)	9.0% (6.0%+2.5%+0.5%)	9.5% (6.0%+2.5%+1%)	9.5% (6.0%+2.5%+1%)	9.5% (6.0%+2.5%+1%)
CAR: Min. Total Capital Ratio (after conservation buffer and D-SIBs buffer)	8.5%	9.125% (8.5%+0.625%)	9.75% (8.5%+1.25%)	10.375% (8.5%+1.875%)	11.5% (8.5%+2.5%+0.5%)	12.0% (8.5%+2.5%+1%)	12.0% (8.5%+2.5%+1%)	12.0% (8.5%+2.5%+1%)
Countercyclical Buffer (Subject to the BOT consideration)***	-	-	-	-	0.0-2.5%	0.0-2.5%	0.0-2.5%	0.0-2.5%

Leverage Ratio (Tier 1 / Exposure) ≥ 3%	Parallel run period							Effective in 2022 (Tentative)
Liquidity Coverage Ratio (LCR)**** (Liquid Assets / Net Cash Outflows within 30 days) ≥ 100%	LCR ≥ 60%	LCR ≥ 70%	LCR ≥ 80%	LCR ≥ 90%	LCR ≥ 100%	LCR ≥ 100%	LCR ≥ 100%	LCR ≥ 100%
Net Stable Funding Ratio (NSFR) (Available Stable Funding / Required Stable Funding) ≥ 100%	Effective in Jul-18			NSFR ≥ 100%	NSFR ≥ 100%	NSFR ≥ 100%	NSFR ≥ 100%	NSFR ≥ 100%

Note:

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

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

*** In periods of excess aggregate credit growth, BOT may require banks to set a Countercyclical Buffer up to 2.5% to achieve the broader macro-prudential goal of protecting the banking sector

**** KBank's Average Liquidity Coverage Ratio (LCR) are 239%, 235%, 217% as of December 2018, June 2018 and December 2017, respectively; more details can be found on Basel III - Pillar 3 Disclosures Report

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

Source: Bank of Thailand (BOT)

บริการทูลระดับประทับใจ

111

Capital Definition Change (Consolidated)

Basel II

Tier 1

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

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

Deduction of Tier 1

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

Basel III

Common Equity Tier 1

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

Additional Tier 1

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

Deduction of Common Equity Tier 1

- Goodwill, Treasury stock*, Deferred tax asset
- Intangible assets (new item: gradually deduct CET1, since 2014)
- Investment in insurance (Threshold Deduction)
- Amount ≤ 10% of CET1, %RW = 250% (KBank's Case)
- Amount > 10% of CET1, deduct CET1

Tier 1 capital

Tier 2 capital

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

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

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

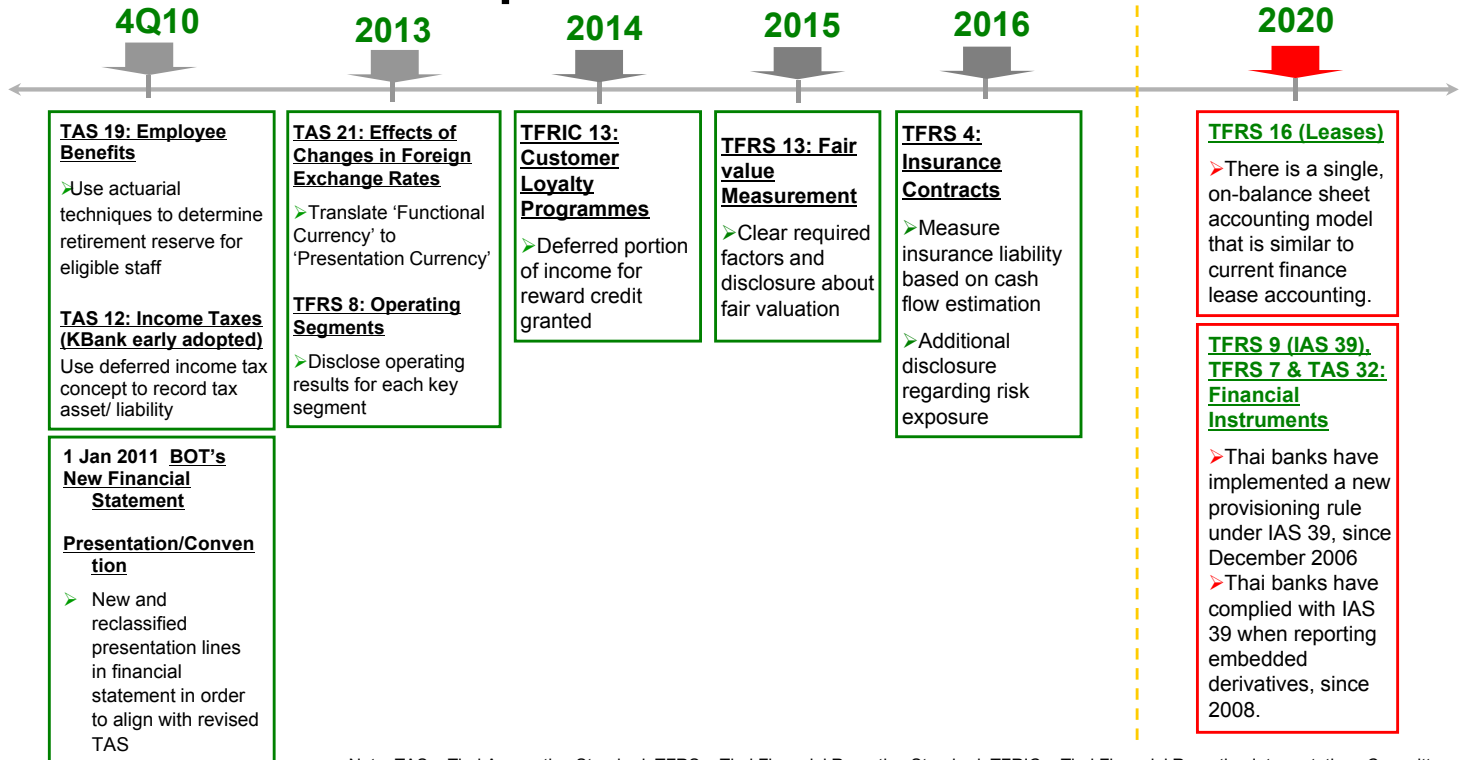
* Currently, KBank has no Hybrid Tier 1, Preferred Stock, or Treasury Stock

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

บริการทูลระดับประทับใจ

112

TFRS and IFRS Implementation*



Note: TAS = Thai Accounting Standard; TFRS = Thai Financial Reporting Standard; TFRIC = Thai Financial Reporting Interpretations Committee
* Only financial and disclosure impact to Thai Banks

บริการทุกระดับประทับใจ

TFRS 9: Implications for Thai banking Industry

- TFRS 9 is to reflect the true economic value of financial assets, liabilities and commitments in financial reporting. Its **main areas** impacting the **Thai banking industry** are:



Note: FAP = Federation of Accounting Profession

บริการทุกระดับประทับใจ

Updates on the Deposit Protection Agency (DPA)

DPA Objectives and Missions

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

Amount of Insured Deposits

- Insured deposits include deposits and accrued interest denominated in Thai Baht accounts, excluding non-resident Thai Baht accounts
- Blanket guarantee will be gradually phased-out to a limited coverage of Bt1mn per depositor per institution Until 2011, Thai banks paid 0.40% per year of the daily average deposit amount (paid in June and December), excluding deposits in foreign currencies and deposits from financial institutions not insured by the DPA
- Since January 27, 2012, the contribution rate has increased from 0.40% to 0.47%, of which 0.46% is paid to the BOT to manage FIDF debts* and 0.01% is paid to the DPA
- Royal Decree on an extension of deposit protection coverage was announced in the Royal Gazette on September 24, 2012
- The Cabinet approved an amendment to the Deposit Protection Agency Act to reduce the deposit insurance scheme in 4 steps, from Bt25 million to Bt1 million in August 2020

Insured Deposit Under the amending the Deposit Protection Agency Act

11 August 2012 – 10 August 2015	Up to Bt50mn
11 August 2015 – 10 August 2016	Up to Bt25mn
11 August 2016 - 10 August 2018	Up to Bt15mn
11 August 2018 - 10 August 2019	Up to Bt10mn
11 August 2019 - 10 August 2020	Up to Bt5mn
11 August 2020, onwards	Up to Bt1mn

Deposit Accounts in Thailand (as of May 2019)

Deposits	# of Accounts	%	Amount (Bt mn)	%
Less than Bt1mn	98,659,488	98.49	2,974,500	22.94
More than Bt1mn, but less than Bt10mn	1,391,137	1.39	3,453,948	26.64
More than Bt10mn, but less than Bt25mn	82,199	0.08	1,224,950	9.45
More than Bt25mn, but less than Bt50mn	24,084	0.02	849,313	6.55
More than Bt50mn	20,069	0.02	4,460,961	34.41
Total	100,176,977	100	12,963,672	100

* According to the BOT announcement in the Royal Gazette, per the authority of the emergency decree dated May 11, 2012, financial institutions are required to pay 0.46% of the average deposit amount, B/Es, debt instrument (excluding the amount counted as capital), borrowings, and securities transactions under repurchase agreements, beginning January 27, 2012

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

บริการทุกระดับประทับใจ

115

Government Policy

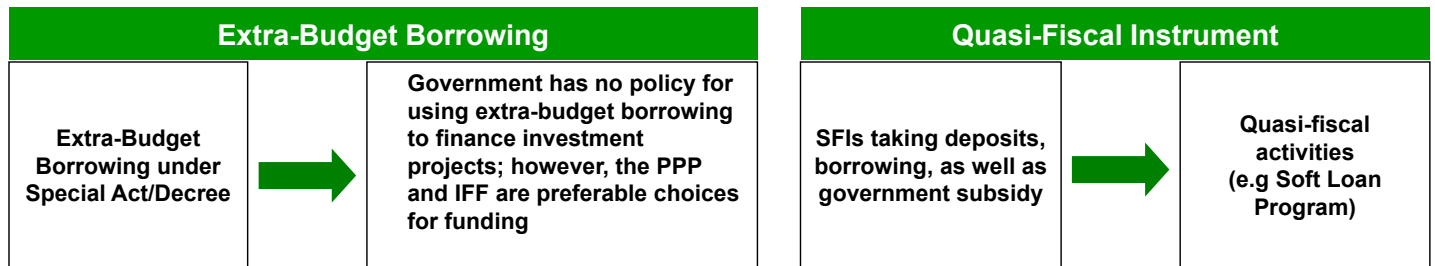
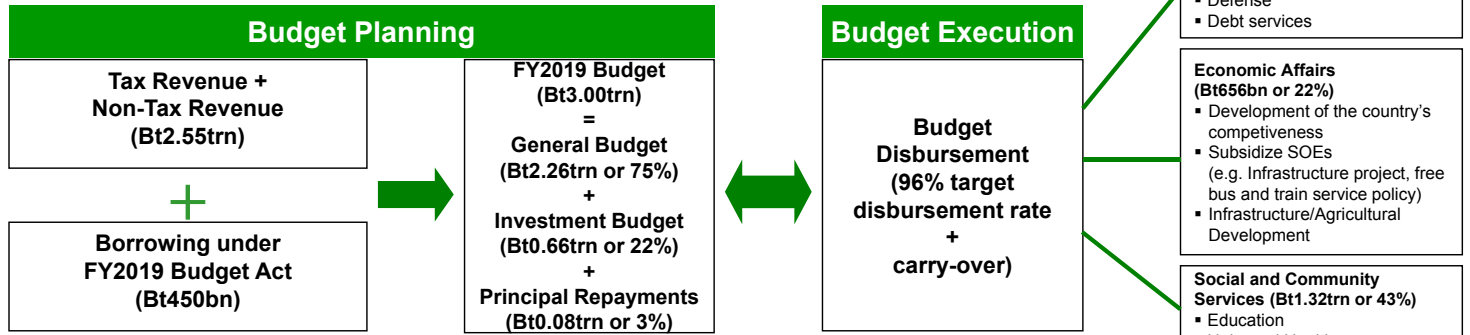
บริการทุกระดับประทับใจ

116



Sources and Uses of Public Funds

FY2019 Budget

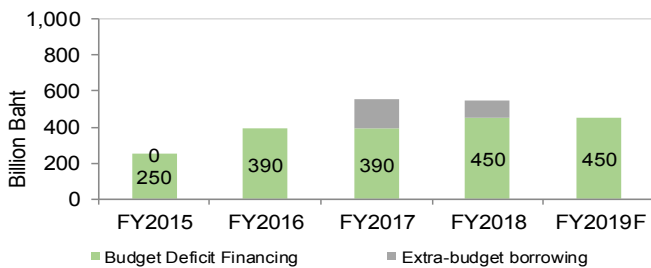


Notes: Thai government's fiscal year (FY) begins on 1 October and ends on 30 September of the following year.
IFF = Infrastructure Fund, PPP = Public-Private Partnership, SFIs = Specialized Financial Institutions

บริการทุกระดับประทับใจ



Government Fiscal Budget



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

Economic Policies	Key Points	Implementation Process	Possible Impacts/ Expected Budget
<ul style="list-style-type: none"> 2018 Budget Act 2018 Additional Budget Act 2019 Budget Act 	<ul style="list-style-type: none"> FY2018 budget at Bt2.90trn with a deficit of Bt450bn Additional central budget of Bt190bn FY2019 budget at Bt3.00trn with a deficit of Bt450bn 	<p><u>FY2018</u></p> <ul style="list-style-type: none"> Effective date: October 1, 2017 <p><u>Additional central budget for FY2018</u></p> <ul style="list-style-type: none"> Effective date: March 2018 <p><u>FY2019</u></p> <ul style="list-style-type: none"> Effective date: October 1, 2018 	<ul style="list-style-type: none"> Government spending will help maintain economic momentum Fiscal sustainability to remain manageable in the near-term; however, continued debt creation, both from budget deficit and other borrowings, may impact long-term fiscal sustainability

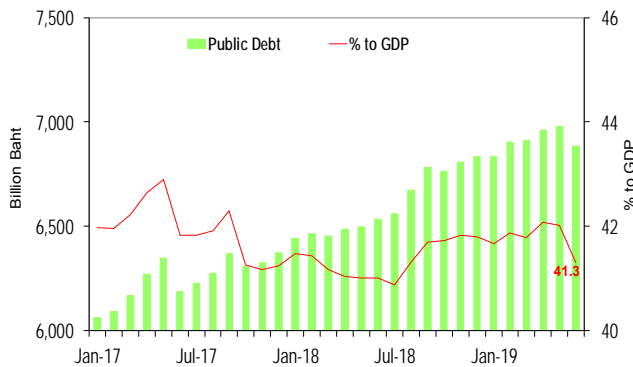
Note: - FY2015, FY2016, FY2017, FY2018, and FY2019 budget deficits are based on budget documentation, whereas extra-budget borrowing is projected by KResearch
 - Thai government's fiscal year (FY) begins on 1 October and ends on 30 September of the following year
 - NLA = National Legislative Assembly; PPP = Public-Private Partnership
 Sources: MOF, KResearch (as of October 22, 2018)

บริการทุกระดับประทับใจ



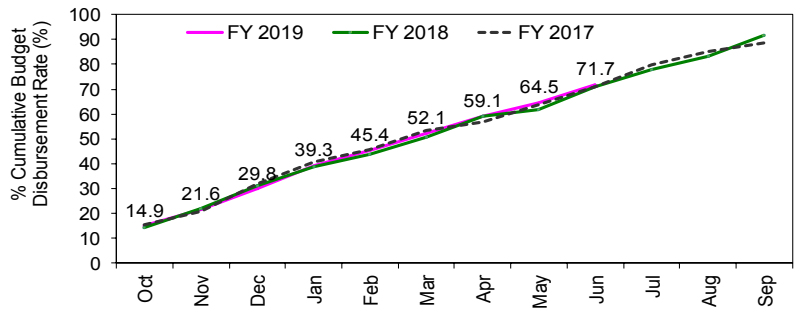
Public Debt to GDP and Fiscal Budget

Public Debt



- Public debt to GDP ratio was 41.3%, as of June 2019, still under the 60% limit set under the fiscal sustainability framework
- Thai government is committed to keep the ratio of public debt to GDP not exceed 60%

Budget Disbursement Rate



FY19 Budget	FY19 target	9MFY19 actual	Unused FY19 Budget
Total Budget Bt3.00trn	Bt2.97trn (96%)	Bt2.15trn (72%)	Bt0.85trn (28%)
- General Budget Bt2.35trn	Bt2.33trn (99%)	Bt1.88trn (80%)	Bt0.47trn (20%)
- Investment Budget Bt0.65trn	Bt0.57trn (87%)	Bt0.27trn (42%)	Bt0.38trn (58%)

- Government budget disbursement rate for 9MFY2019 is 71.7%, increased by 0.7% from the 71.0% in 9MFY2018
- FY2019 budget disbursement target is 96%, unchanged from FY2018

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

บริการทุกระดับประทับใจ



20-Year National Strategy (2017-2036)

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

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

Key Strategies

The Goals



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

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

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

2017 2022 2027 2032 2036

Jun17: NLA passed the law
Aug17: Cabinet appointed committees
Jun18: Cabinet endorsed the plan
Jul18: NLA approved the plan

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

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

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

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

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

บริการทุกระดับประทับใจ



New Government Policies

Twelve Main Policies

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

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

Twelve Urgent Policies

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

บริการทุกระดับประทับใจ

121



Government Policy: Long-term and Short-term Policies

Long-term Policies

- **Transport Infrastructure Development Plan:**
 - Project will reduce logistical costs, increase transportation speed of goods and people, as well as connect Thailand to neighbors along the East-West and North-South Economic Corridors
 - Transport Action Plan Year 2016, worth Bt1.796trn, approved by the Cabinet in November 2015; Transport Action Plan Year 2017, worth Bt1.318trn, approved by the Cabinet in December 2016
- **Digital Economy:**
 - Cabinet approved the National e-Payment Master Plan; Bt15bn to be spent on the expansion of broadband internet access
 - NBTC awarded 4G licenses in 1800 MHz and 900 MHz and plans to auction additional spectrums for 5G in the near future
- **BOI Measures for Supporting Private Investment:** Cabinet approved tax and non-tax incentive measures to support private investment, such as Special Economic Zones (SEZs) and ten targeted industries as new engines of growth
- **Eastern Economic Corridor (EEC):** Area for facilitating and attracting investment in 10 innovative target industries to transform Thailand into Thailand 4.0
- **Promote establishment of international headquarters (IHQ) and an international trading center (ITC) in Thailand:** Help Thailand become a key trading nation in the region
- **Join the Regional Comprehensive Economic Partnership (RCEP):** Deepen economic cooperation among sixteen countries and promote export sector
- **Energy Policy:** Reform petroleum concessions and energy price structures, including an LPG subsidy
- **Tax Reform:** Reform tax collection, generate sufficient revenue for the government, and boost competitiveness for local businesses, especially SMEs
- **Legislation overhaul:** Support social justice, consumer protection, anti-human-trafficking, and business and financial laws

Note: NBTC = National Broadcasting and Telecommunications Commission
Sources: Newspaper and KRResearch (as of April 2019)

Short-term Policies

- **Government Budget:**
 - Fiscal budget deficit in FY2019: Bt450bn deficit provides continuing support to the Thai economy
- **Short-term Stimuli:**
 - Provide financial support and tax incentives for SMEs: special loan rates, lower credit guarantee fees, and venture capital for SMEs
 - Measures to enhance SMEs competitiveness toward Thailand 4.0 (Bt20bn): provide soft loans of up to 7 years with interest rate of 3%
 - Bt42bn welfare cards (the first phase) for 11.7 million registered as in poverty: target people registered as earning below Bt100,000 annually to receive Bt1,700-1,800 monthly via welfare cards to cope with living costs
 - Bt35.7bn welfare program (the second phase) for low-income earners: focusing on job training and skill improvement
 - Financial measures to support SMEs by SME Development Bank: Bt50bn in soft loans to support local economies, Bt8bn in soft loans for Micro SMEs, and Bt12bn in soft loans for invoice factoring
 - Measures to ease the impact of the wage hike and upgrade the competitiveness of SMEs: allow SMEs to deduct tax expenses for minimum wage paid to employees, up to 1.15 times, starting April 2018
 - 'Thai Niyom' funds (Bt20bn): allocate budget for sustainable development projects for 83,151 communities; each to be granted Bt200,000 to improve community welfare
 - 2018/2019 rice aid measure (Bt98bn): provide financial aid in the form of soft loans and grants to help farmers enhance productivity and alleviate production costs
 - Welfare Card (Phase 2): monthly allowances and transportation subsidies for low income earners
 - Shopping tax allowance 2018/2019: To promote spending during pantomime season to support locally made products as well as promoting cashless e-payments
 - Mid-2019 stimulus plan (Bt21.8bn): Give Bt13.2bn directly to disabled people, farmers and other holders of welfare cards to help people on low incomes, and tax measures worth Bt8.6bn, supporting property markets, tourism, education, etc
 - Supporting tourism: Extending fee exemption for visa on arrival from 30 April 2019 to 31 October 2019 to boost tourism

Note: SOE = State Owned Enterprise; GSB = Government Saving Bank

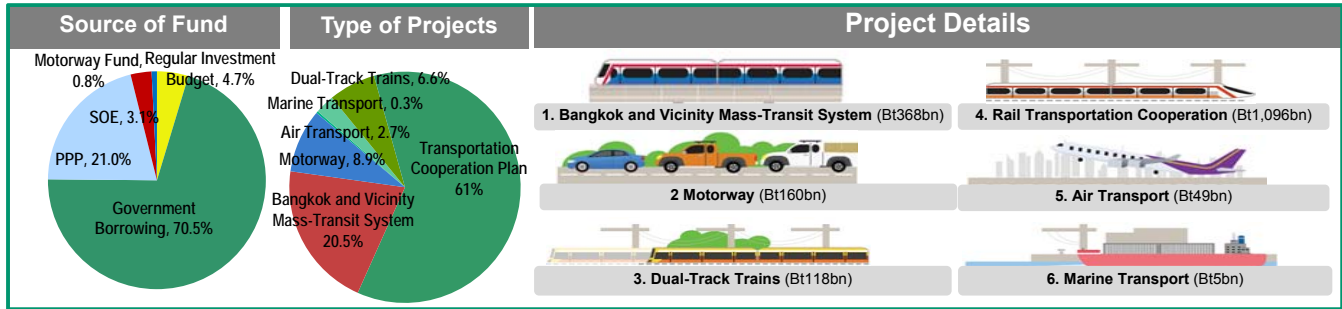
บริการทุกระดับประทับใจ

122

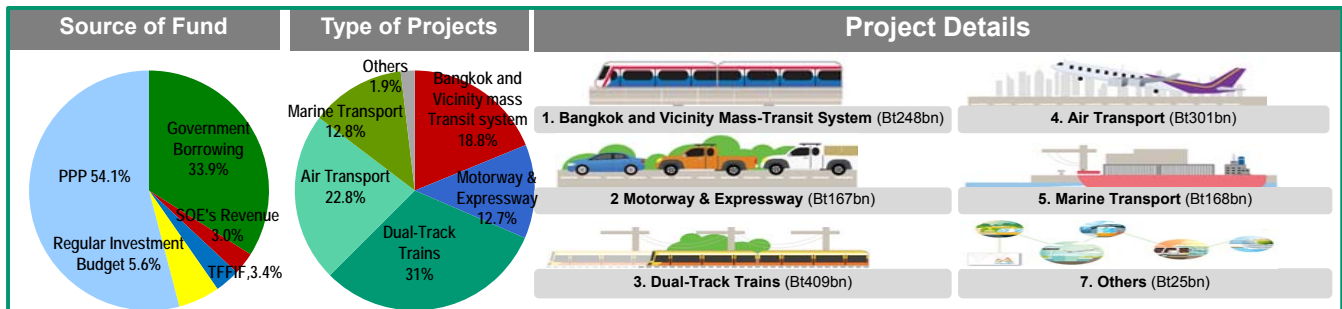
Transport Infrastructure Development Plan

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

Transport Action Plan Year 2016 (Bt1.796trn)



Transport Action Plan Year 2017 (Bt1.318trn)

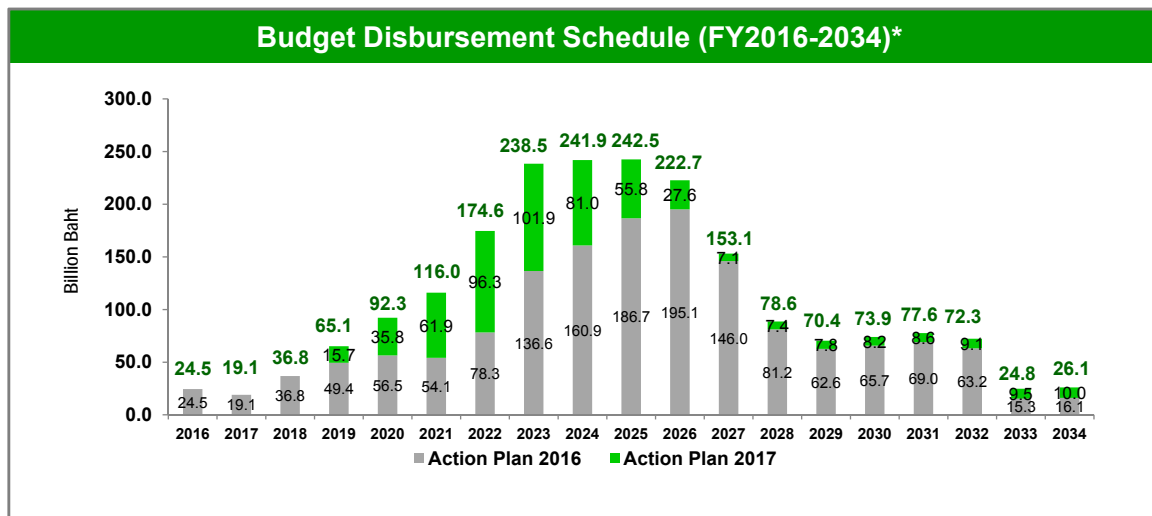


* Total investment may be reduced due to cutting the scope of work, especially the Rail Transportation Cooperation projects
 Notes: PPP = Public-Private Partnership; SOE = State of Enterprise; MRTA = Mass Rapid Transit Authority of Thailand; SRT = State Railway of Thailand; TFFIF = Thailand Future Fund
 First round of Thailand Future Fund IPO (amount Bt45bn) to invest in the right to 45% of toll revenue of the Expressway Authority of Thailand on the Chalong Rat (Ram Intra - At Narong) Expressway and the Burapha Withi (Bang Na) Expressway
 Source : Office of Transport and Traffic Policy and Planning, Newspaper, KResearch (as of October, 2018)

บริการทุกระดับประทับใจ

Transport Action Plan Year 2016 and 2017: Budget Disbursement

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



Notes:
 - Thai government's fiscal year (FY) begins on 1 October and ends on 30 September of the following year
 - Included four high speed train lines
 - Transport Action Plan Year 2016 (More details can be found on App. Page 125)
 - Transport Action Plan Year 2017 (More details can be found on App. Page 126)

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

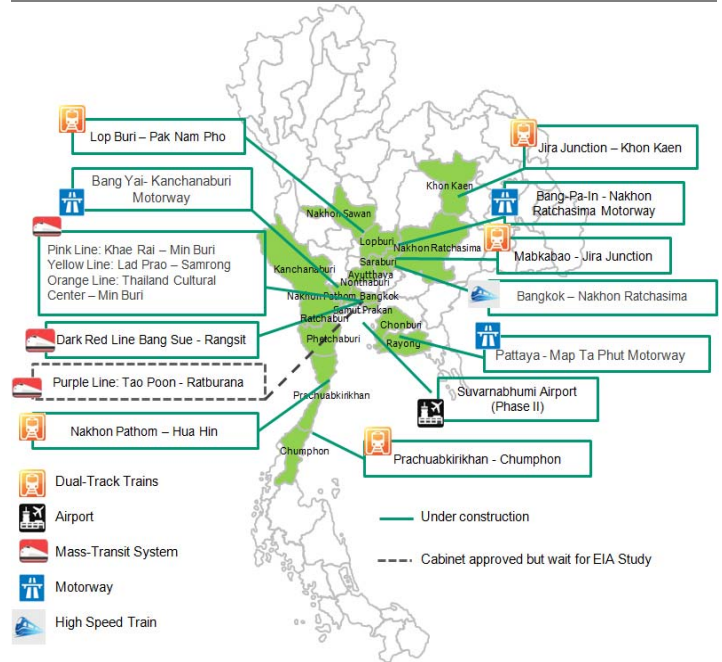
บริการทุกระดับประทับใจ



Timeline of Transport Action Plan Year 2016



Projects Status in 2017

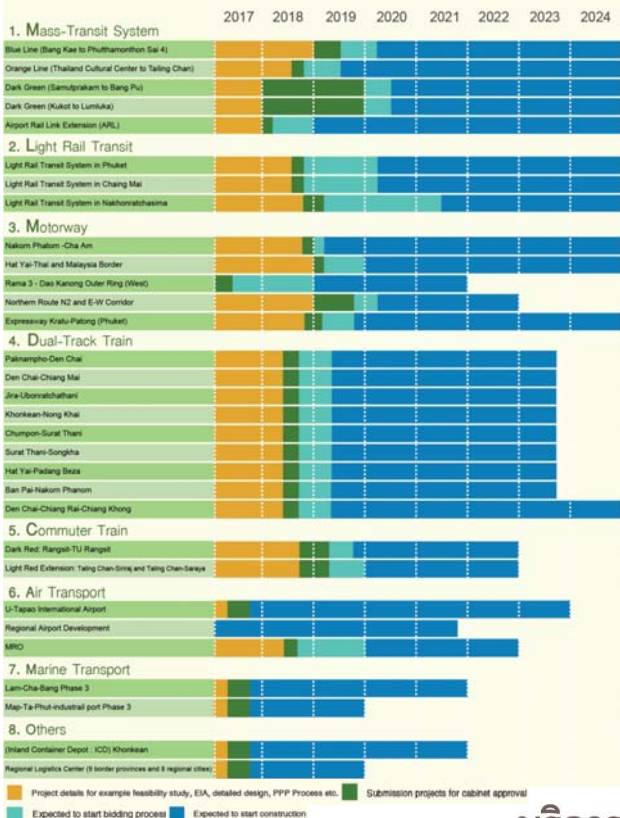


Notes: EIA = Environmental Impact Assessment
Source: Office of Transport and Traffic Policy and Planning, Newspaper, KResearch (as of October 2017)

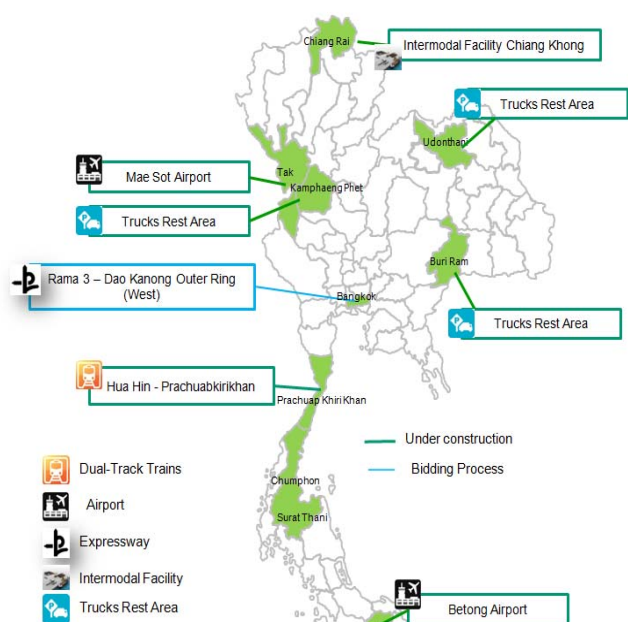
บริการทุกระดับประทับใจ



Timeline of Transport Action Plan Year 2017



Projects status in 2018

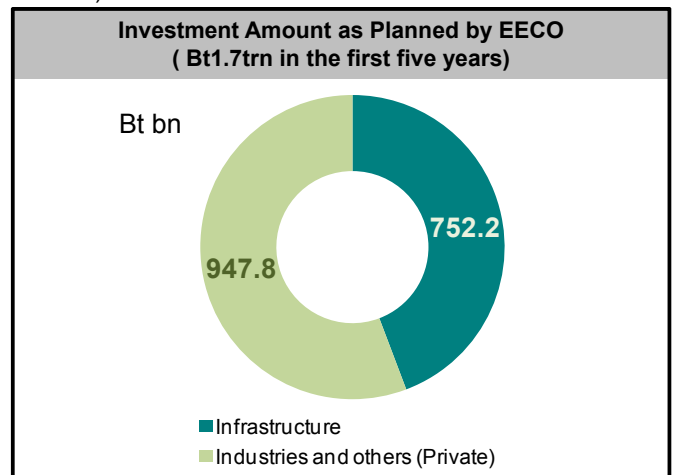
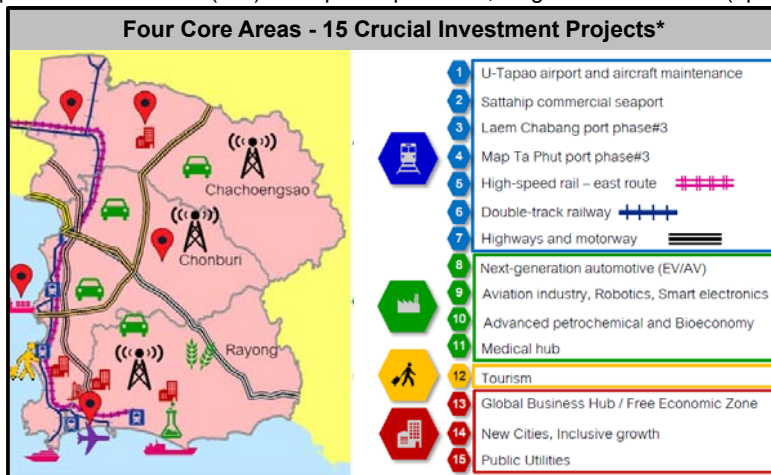


Notes: EIA = Environmental Impact Assessment
Source: Office of Transport and Traffic Policy and Planning, Newspaper, KResearch (as of October 2017)

บริการทุกระดับประทับใจ

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

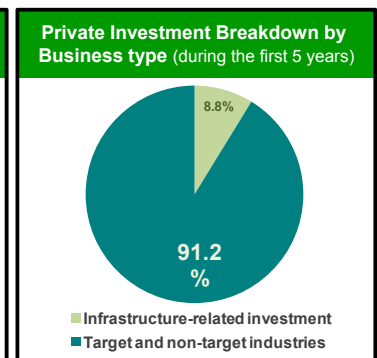
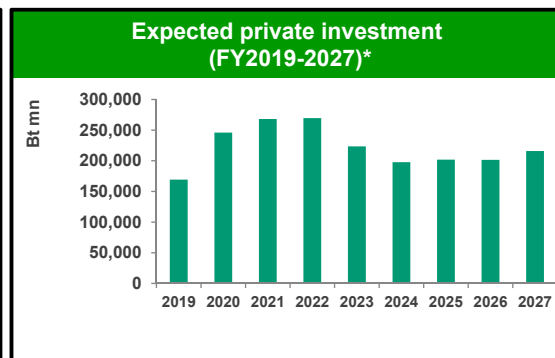
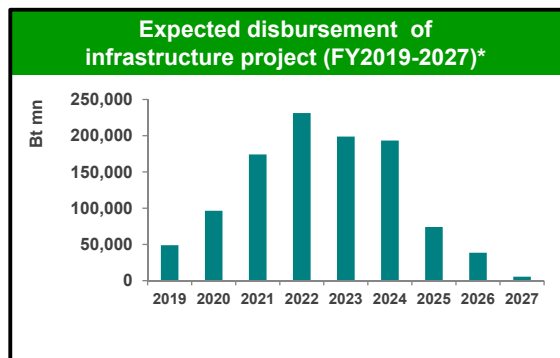
- Objectives:** To facilitate and attract investment in 10 innovative target industries aimed at achieving "Thailand 4.0", an innovation driven society (the 10 industries are Next-Generation Automotive, Smart Electronics, Medical and Wellness Tourism, Food for the Future, Robotics, Aviation, Agriculture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



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

บริการทุกระดับประทับใจ

EEC Progress



Projects	Amount	Owner	TOR period	Selecting of joint venture company	Name of the selected JV	Expected project completion
High-speed railway, linking Don Mueang, Suvarnabhumi and U-tapao airports	Bt224.5bn	State Railway of Thailand	Jun 18	Apr 19	Charoen Pokphand Group	2024
U-tapao airport and aviation city**	Bt290bn	Royal Thai Navy	Oct 18	Jun 19	to be announced	2023
Maintenance, repair and overhaul (MRO) centre*	Bt10.6bn	Thai Airways	Oct 18	Nov 18	Thai Airways & Airbus	2021
Third phase of the Laem Chabang seaport	Bt155.8bn	Port Authority of Thailand	Oct 18	May 19	GPC***	2025
Third phase of the Map Ta Phut seaport	Bt47.9bn	Industrial Estate Authority of Thailand	Oct 18	May 19	Gulf & PTT Tank	2024

Source : Newspaper, KResearch (as of May, 2019)

Note: * Projects are under Transport Action Plan Year 2017; ** Most of Aviation City development comes from private sector

*** GPC = Gulf Energy Development Pcl + PTT Tank Terminal Company + China Harbour Engineering Company; TOR = Term of Reference

บริการทุกระดับประทับใจ

BOI Measures for Supporting Private Investment

■ Cabinet approved measures for supporting private investment

Special economic zones (SEZs) (January 19, 2015)	
Targeted provinces	<ul style="list-style-type: none"> Launched a pilot project to set up 6 special economic zones in 5 provinces, namely Tak, Mukdahan, Sa Kaeo, Songkhla, and Trat Second phase of special economic zones to be established in 5 additional provinces – Chiang Rai, Kanchanaburi, Nong Khai, Nakhon Phanom, and Narathiwat
Incentives	<ul style="list-style-type: none"> Projects in special economic zones: tax exemption for first 8 years and 50% tax reduction in following 5 years
10 targeted industries for new engines of growth (November 17, 2015)	
10 targeted industries	<ul style="list-style-type: none"> First S-Curve (to enhance efficiency of existing production, boosting short and medium-term economic growth) consists of Next Generation Automotive, Smart Electronics, Affluent Medical and Wellness Tourism, Agriculture and Biotechnology, and Food for the Future New S-Curve (for new growth) consists of Robotics, Aviation and Logistics, Biofuels and Biochemicals, Digital, and Medical Hub
Incentives	<ul style="list-style-type: none"> Up to 15 years for tax exemption; personal income tax exemption for international qualified expertise Tax deduction will be granted up to 3 times for expenses relating to technology R&D from 2015-2019
Additional Incentives under Revised Investment Promotion Act (February 14, 2017)	
Competitiveness Enhancement Act	<ul style="list-style-type: none"> Promote investment in line with Thailand 4.0, especially new technology and high-impact investment Targeted Core Technologies consist of Biotechnology, Nanotechnology, Advanced Materials Technology, and Digital Technology
Incentives	<ul style="list-style-type: none"> Corporate income tax exemption for up to 13 years for businesses using advanced technology and R&D 50% corporate income tax reduction for up to 10 years Import duty exemption for machinery and raw materials for exports Non-tax incentives such as up to 99 years ownership of land and imports of skilled-labor and foreigner specialists Bt10bn grants for investment projects engaged in R&D, innovation, or human resource development in specific areas

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

บริการทุกระดับประทับใจ

129

Short-term Stimuli

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

Measures to help SMEs (September 8, 2015, July 25, 2017, and August 1, 2017)	
Loans guaranteed by TCG (Bt100bn)	<ul style="list-style-type: none"> TCG will absorb the first 30% of NPLs as a loss Guarantee fee will drop to 0% in 1st year, 0.5% in 2nd year, 1.5% in 3rd, and 1.75% in remaining years
Tax deduction on expenses	<ul style="list-style-type: none"> Two-fold corporate tax deduction on expenses for SMEs investing in computer programs for their management and accounting (maximum Bt100,000); tax measure will last until December 2019
Venture capital fund for SMEs	<ul style="list-style-type: none"> GSB, KTB, and SME banks will provide Bt6bn in venture capital funding for start-up SMEs with insufficient capital
Measures to support economy (August 2018, January 2019)	
Welfare Card (Phase 2)	<ul style="list-style-type: none"> Individuals earning less than Bt30,000 annually will receive government transfers of Bt200-300 a month to each welfare smart card (Bt 100 for purchase of necessary goods and upto 200 for E-money) until June 2019 Welfare cardholders will also receive a monthly subsidy for transportation expenses for inter-provincial public buses, third-class trains, and local public buses and electric trains
Tourism	<ul style="list-style-type: none"> Fee for Double-entry tourist visas will be waived from December 2018 - April 2019
Measures to enhance SMEs competitiveness toward Thailand 4.0 (March 21, 2017, December 19, 2017)	
SMEs Transformation Loan (Bt20bn)	<ul style="list-style-type: none"> Increase soft loans to Bt20bn with 3% interest rate per annum via SME bank Collateral waiver as Thai Credit Guarantee Corporation (TCG) will act as guarantor
Measures to improve farmer productivity (July 25, 2018)	
2018/2019 rice aid measure (Bt98bn)	<ul style="list-style-type: none"> Bt35bn loans by BACC to improve farmers' production costs and enhance value-added to rice products Soft loans with 3% interest rate subsidy program for farmers who agree to delay paddy sales and hold stocks Bt1,500 per rai grant for harvesting and price-quality improvement costs (maximum Bt18,000 per family)
Measures to enhance consumer spending	
Shopping tax allowance 2018/2019	<ul style="list-style-type: none"> An exemption for personal income tax upto Bt15,000 for specific types of purchases e.g. domestic made rubber tyres, reading book and OTOP products 5% VAT refund to shoppers who spend up to Bt20,000 from February 1 to 15 on debit cards with savings accounts linked to PromptPay

บริการทุกระดับประทับใจ

130

Short-term Stimuli (Con't)

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

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

บริการทุกระดับประทับใจ

131

Ongoing Government Measures to Assist Cost of Living

Measures	Details
Household Assistance	<p>Train and Bus Fares: Bt500 monthly allowance for welfare card holders to use for bus and train service</p> <p>Necessity Goods: A Bt100* grant per month in welfare card to purchase necessity goods, products intended for education and farming materials from all Blue Flag shops</p> <p>Cooking Gas: A Bt45 discount each quarter in welfare card for purchasing cooking gas</p> <p>Allowances (e-Money): Up to Bt 200** for e-Money in welfare card, which can be withdrawn from an ATM</p>
Energy Prices 	<p>Diesel Fuel: Government intends to restructure diesel fuel prices to reflect global prices</p> <p>NGV and LPG Price: Government lowered the NGV and LPG subsidy, allowing retail selling prices to reflect global market prices</p> <ul style="list-style-type: none"> ■ NGV price rose to Bt14.06/kg since April 2019, align with global price ■ LPG prices are as follows: <ul style="list-style-type: none"> ➢ Household sector: refrained from subsidizing general households. Current household LPG price is Bt14.30/kg. ➢ Transport sector: adjusted to market price at Bt14.30/kg ➢ Industrial sector: adjusted in line with relevant production costs, currently at Bt14.30/kg <p>FT Rate: Fuel Adjustment Tariff (FT) Rate for electricity is set to increase by less than the actual cost (from May-August 2019, FT rate at Bt-0.1160/unit)</p>
Value-added-tax (VAT) Rate	<p>On July 3, 2018, the Government announced the following VAT Rates:</p> <ul style="list-style-type: none"> ■ Maintain the 7% value-added-tax (VAT) rate until September 30, 2019 ■ After September 30, 2019, the VAT rate will be increased to 10%

Note : *Effective period February – April 2019

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

บริการทุกระดับประทับใจ

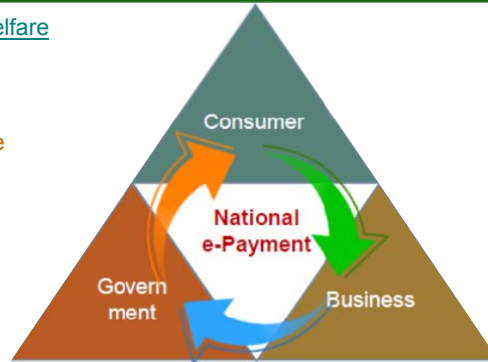
132

National e-Payment: Scope and Objectives

- **Scope:** Create an integrated e-payment infrastructure in Thailand for funds transfer and payment for consumer, business, and government, with an integration of tax and social security disbursement systems
- **Objectives and Benefits:**
 - Aim for payment infrastructure development, e-tax system, e-social welfare, financial inclusion, and cashless society
 - Reduce cash usage and payment costs throughout the system; save Bt75bn a year or 0.8% of GDP in printing and transporting banknotes & cheques
- **Five Projects under National e-Payment Master Plan:**
 - 1) PromptPay (Any ID), 2) EDC and Card Acceptance Expansion, 3) E-Tax, 4) Government e-Payment, 5) Market Education

Benefits of the National e-Payment Master Plan

- Lower income population receives social welfare faster and more accurately, reducing wealth disparities
- More accurate identification of lower income population, hence greater reach to support citizens in need
- More transparent social welfare disbursement, lowering corruption
- More efficient and higher tax coverage expansion for revenue department
- Greater access to money transfer at more reasonable cost
- Rural consumers can use card for purchases, less need to carry cash – more convenient and safe
- More efficient to accept non-cash payment at reasonable lower cost, enhancing customer service
- Reduction of time, administrative labor, and paper usage costs for business
- Shorten execution time frame of invoicing and payment settlement transactions



บริการทุกระดับประทับใจ

Source: National e-Payment Master Plan

National e-Payment: Overview of Five Projects

	1. PromptPay (Any ID) 	2. EDC and Card Acceptance Expansion	3. E-tax	4. Government e-Payment	5. Market Education
Objective	<ul style="list-style-type: none"> More convenient money transfer 	<ul style="list-style-type: none"> Expand card acceptance network Promote cashless payment transaction 	<ul style="list-style-type: none"> Integrate tax filing system More accurate sales records Expand tax coverage 	<ul style="list-style-type: none"> More transparent and accurate More convenient Promote cashless society 	<ul style="list-style-type: none"> Promote e-payment nationwide along with many benefits
Principle	<ul style="list-style-type: none"> Use registered ID (e.g. national ID, mobile number for individual and Tax ID for juristic) as a virtual bank account number 	<ul style="list-style-type: none"> Reduce merchant fee to encourage usage and participating merchants Set up new local switching network 	<ul style="list-style-type: none"> Electronic tax system E-tax invoice system 	<ul style="list-style-type: none"> Register citizen income Manage social welfare database Direct social welfare payment through PromptPay (Any ID) 	
Timeline	<ul style="list-style-type: none"> 1st Phase (P2P) <ul style="list-style-type: none"> 1 Jul 16: pre-register 15 Jul 16: register 27 Jan 17: launch 2nd Phase (B2C and B2B) <ul style="list-style-type: none"> 27 Jan 17: register 1 Mar 17: launch 3rd Phase <ul style="list-style-type: none"> 15 Sep 17: e-Wallet Service Provider 4th Phase <ul style="list-style-type: none"> Cross-bank bill payment: <ul style="list-style-type: none"> 18 Nov 17: Batch 19 Sep 18: Online biller 5th Phase : <ul style="list-style-type: none"> Request to pay (RTP): <ul style="list-style-type: none"> 17 Feb 18: RTP (P2P) Bulk RTP (Bill payment) 4Q18: Increased Transaction Limit 	<ul style="list-style-type: none"> 1Q17: two groups (seven banks) won bid to install 550,000 EDCs nation-wide 	<ul style="list-style-type: none"> 2016: gradually implement; will launch by 1Q18 19 Jul 17: e-Tax invoice (Voluntary) is launched 	<ul style="list-style-type: none"> Sep16: pilot project with selected organizations 	<ul style="list-style-type: none"> 4Q15 – 1Q17: synchronized with other projects
Key Changes	New fee structure	New merchant fee structure	<ul style="list-style-type: none"> Change paper based tax document to e-tax document and info Migrate cash and cheque tax payment to e-Payment 	<ul style="list-style-type: none"> Change government payment to e-Payment Integrate database for government social payments 	Educate and communicate to public

Source: National e-Payment Master Plan, KBank

บริการทุกระดับประทับใจ

1) PromptPay (Any ID) Project :

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

- Registration;
 - Channel: Internet banking, mobile banking, ATM, bank branches
 - Date: from July 15, 2016 (pre-registration starts July 1, 2016)
- Implementation
 - Channel: Mobile banking, internet banking, ATM
 - Date: January 27, 2017

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

- Registration
 - Channel: Relationship Manager and bank branches
 - Date: from January 27, 2017
- Implementation
 - Channel: Bulk payment, mobile banking, internet banking
 - Date: Mar 1, 2017 for Bulk payment
May 25, 2017 for Mobile banking
Jun 23, 2017 for Internet banking

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



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

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

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

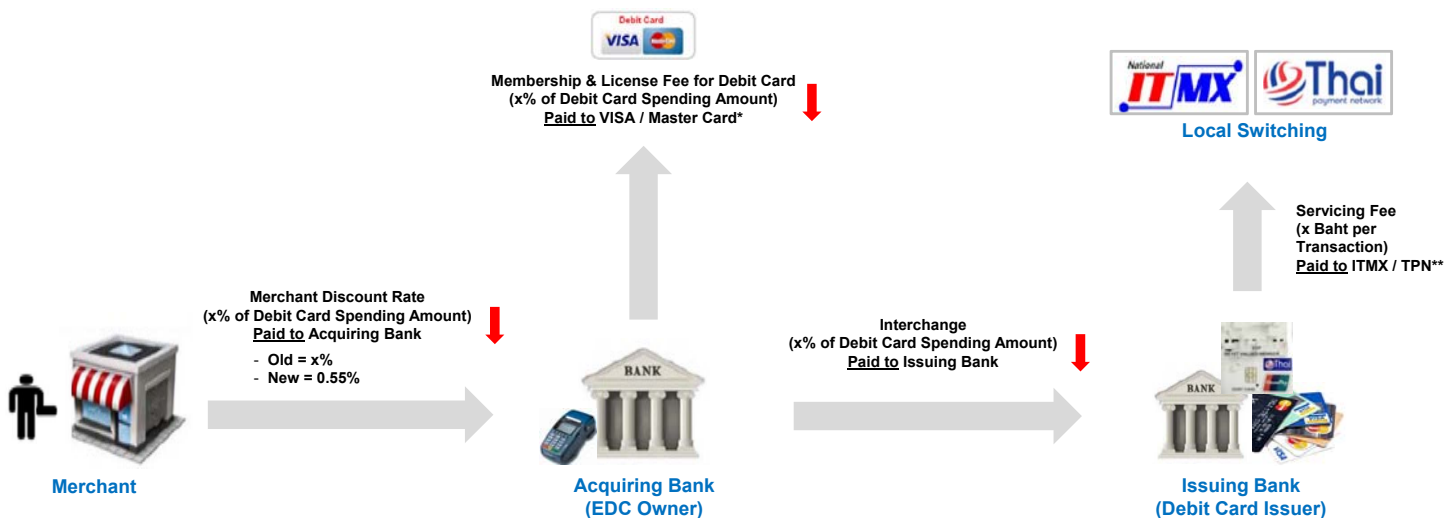
Note: * The new money transfer fee will be based on transaction value, regardless of whether the money is being transferred to the same or different banks, to the same or cross-clearing zone
Source: Bank of Thailand, InfoQuest Limited

บริการทุกระดับประทับใจ

2) EDC and Card Acceptance Expansion Project: EDC

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

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



Note:
* For VISA/Master Card only
** ITMX = local switching for VISA and Master Card; TPN = local switching for TPN card

บริการทุกระดับประทับใจ

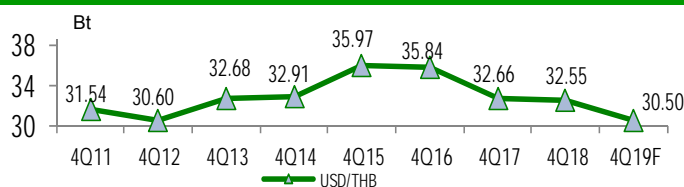
Thailand Economic Figures

บริการทูลระดับประทับใจ

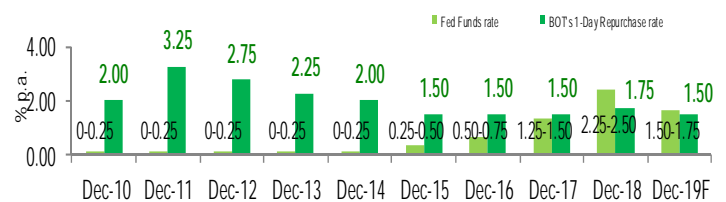
137

Currency and Interest Rate Outlook

USD/THB: End Period



Interest Rate Trend



- US protectionist policies that set to prolong would jeopardize US economy, hence denting US dollar sentiment
- Fed's officials have lately signaled that they are open for lower interest rate, and the markets have expected the Fed to cuts its rate this year
- Thai Baht would be less sensitive to external volatility compared to regional peers, given strong economic fundamentals and clearer picture of politics
- Thai economy could expand at a softened pace, due to a spillover impact from US-China trade dispute, and weaker domestic demand
- Wage growth lacks recovery and household debt remains high, limiting a rise in inflation this year
- BOT could keep its interest rate at 1.50%, after 25bps cut in early August would support domestic demand improvement
- The rate cut may have a limit impact on Thai Baht, amid global monetary easing
- Domestic financial stability has remained a big concern for the BOT

Note: F is estimated by KBank Capital Markets Research (as of August 16, 2019)

บริการทูลระดับประทับใจ

138

Monthly Economic Conditions: June - July 2019

Units: YoY %, or indicated otherwise	2017	2018	2018/2019					YTD 2019	
			1Q-19	2Q-19	Apr-19	May-19	Jun-19		Jul-19
Private Consumption Index (PCI)	2.6	3.1	4.3	3.3	3.7	3.7	2.4		3.0
- Non-durables Index	0.5	1.4	2.4	3.3	2.9	4.6	2.5		2.9
- Durables Index	8.0	8.4	5.3	0.1	4.7	0.0	-3.7		2.6
- Service Index	7.1	5.2	3.5	2.6	3.1	1.8	2.9		3.1
- Passenger Car Sales	18.1	19.2	12.9	1.9	8.7	-0.7	-2.3		7.1
- Motorcycle Sales	5.2	-1.3	0.4	-6.1	-3.8	-3.5	-11.1		-2.5
Private Investment Index (PII)	1.6	3.5	-1.0	-2.8	-1.9	-1.8	-4.6		-1.9
- Construction Material Sales Index	-0.9	4.5	1.0	2.5	3.0	1.6	3.2		1.8
- Domestic Machinery Sales at constant prices	1.0	5.9	-2.4	-4.1	-7.3	-2.6	-2.6		-3.2
- Imports of Capital Goods at constant prices	3.2	3.7	2.6	-2.1	6.4	0.0	-12.2		0.1
- Newly Registered Motor Vehicles for	5.7	5.7	6.6	-1.8	4.2	-2.0	-6.8		2.4
Manufacturing Production Index	1.8	3.6	1.9	-2.7	1.7	-3.6	-6.2		-2.0
- Capacity Utilization	68.2	68.8	68.3	67.5	69.7	67.1	65.7		67.9
Agriculture Production Index	7.0	6.5	3.4	-1.6	-4.9	0.3	0.5		1.2
- Agriculture Price Index	-2.8	-5.7	-0.7	2.0	-0.7	0.5	6.2		0.7
Tourist arrival growth	8.8	7.5	1.8	1.1	3.3	-1.0	0.9		1.5
Exports (Custom basis)	9.9	6.9	-0.6	-0.6	-2.8	-6.2	-2.2		-2.9
Price	3.6	3.4	0.4	0.2	0.3	0.0	0.2		0.3
Volume	5.6	3.9	-4.4	-4.4	-3.4	-7.2	-2.3		-4.3
Imports (Custom basis)	14.1	12.1	-1.4	-1.4	-0.7	-0.7	-9.4		-2.4
Price	5.5	5.6	0.2	-0.1	0.6	-0.2	-0.6		0.2
Volume	7.3	7.7	-3.0	-3.3	0.4	-0.2	-9.6		-3.2
Trade Balance (\$ millions) (Custom basis)	13,930	3,254	2,007	1,937	1,457	182	3,212		3,943
Current Account (\$ millions)	44,070	32,386	12,490	4,931	1,384	-376	3,923		17,422
Headline CPI	0.66	0.66	0.74	1.08	1.23	1.15	0.87	0.98	0.92
Core CPI	0.56	0.56	0.62	0.54	0.61	0.54	0.48	0.41	0.55

- Key figures for the Thai economy in June 2019 suggested that Thai economy experienced a broad-base slowdown
- Private consumption grew at a slower pace; private investment contracted, amid rising economic uncertainties
- Exports reported a contraction of 2.2% YoY, helped by 317% surge of gold export
- Current account reported a larger surplus, due to capital inflows
- July 2019 headline inflation inched up, due to a rise in fresh food prices

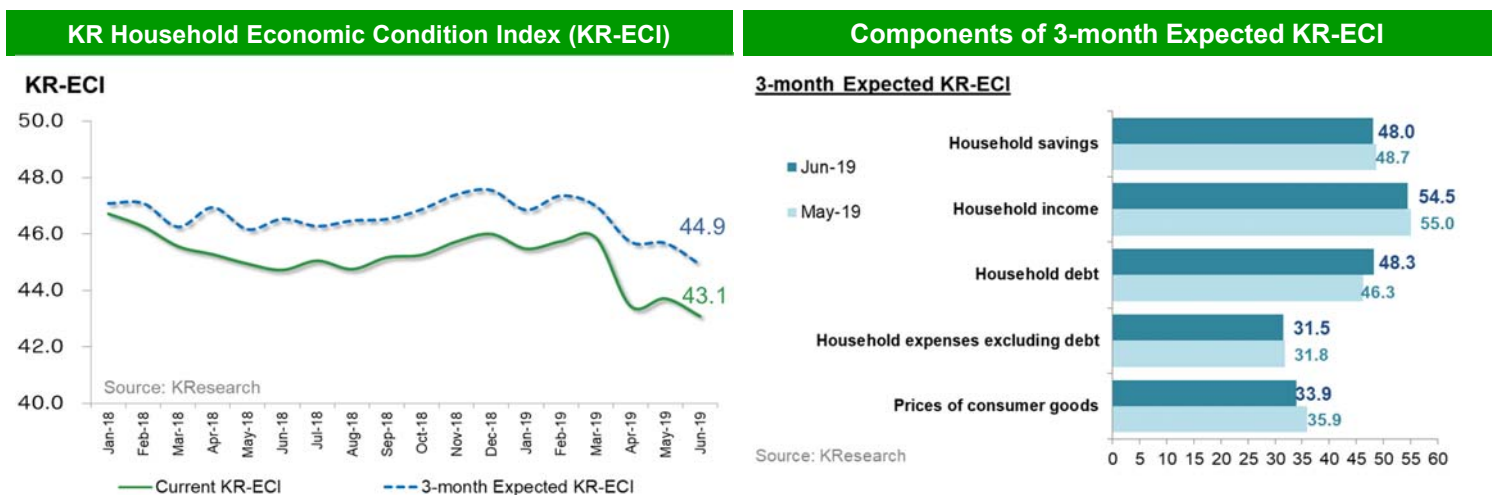
Sources: Bank of Thailand (BOT), Ministry of Commerce (MOC), Office of Industrial Economics (OIE), and Office of Agricultural Economics (OAE)

บริการทกระดับประทับใจ

139

KR Household Economic Condition Index (KR-ECI)

- The 3-month Expected KR-ECI decreased as higher concerns of prices of consumer goods.



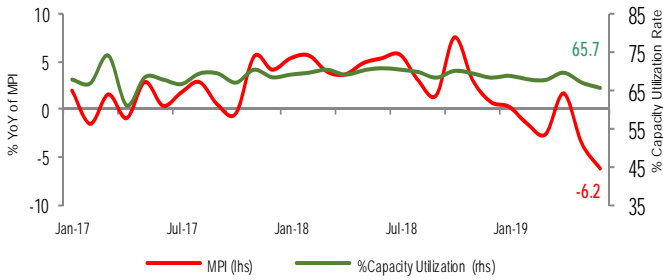
Notes: - The KR Household Economic Condition Index (KR-ECI) has been devised by KResearch to monitor household sentiment toward economic conditions at the current level and over the next three months. Any reading above 50 reflects positive sentiment and below 50 negative sentiment.
 - Research sample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

บริการทกระดับประทับใจ

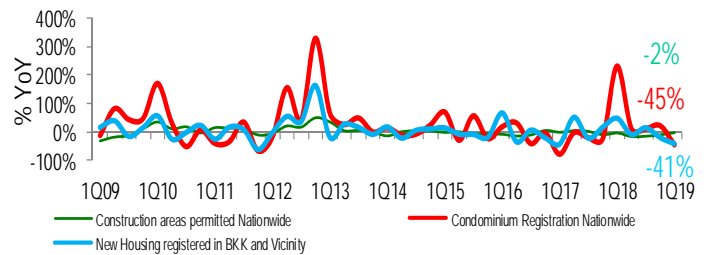
140

Economic Condition Highlights: June - July 2019

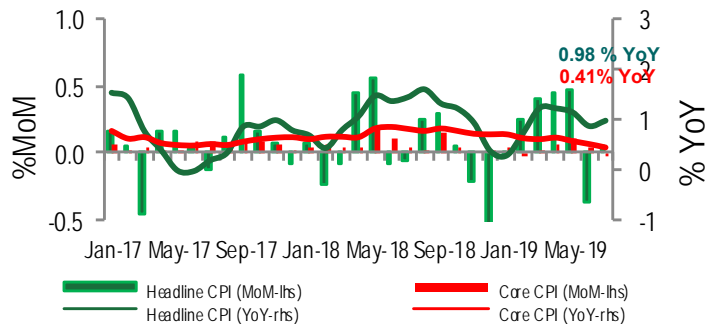
Jun19 MPI and CapU dropped sharply, amid bleak export performance



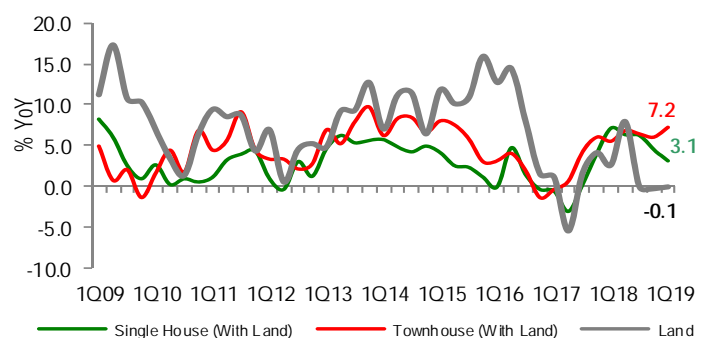
Activities in the property market contracted in 1Q19, as developers adopted a cautious stance before LTV enforcement



Jul19 Headline inflation inched up, due to a rise in fresh food price



Property prices cooled down in 1Q19, as property developers adopted a cautious stance in advance of LTV enforcement

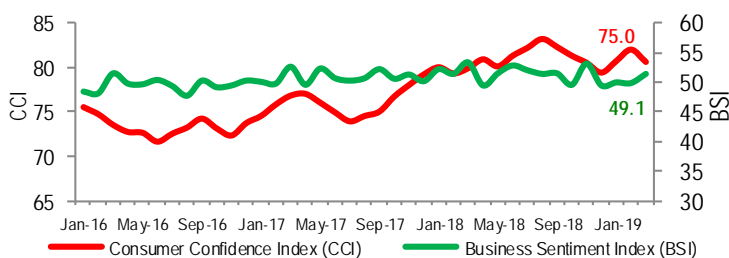


Sources: BOT, MOC, OIE, and REIC (Real Estate Information Center)

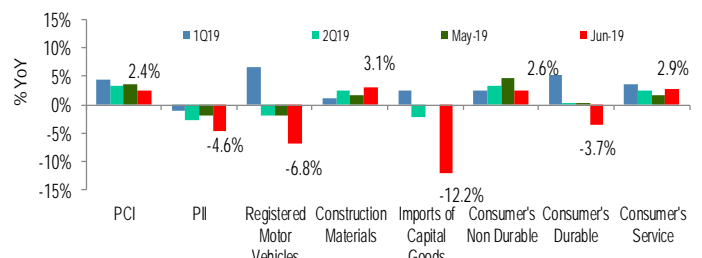
บริการทูลระดับประทับใจ

Economic Condition Highlights: June - July 2019

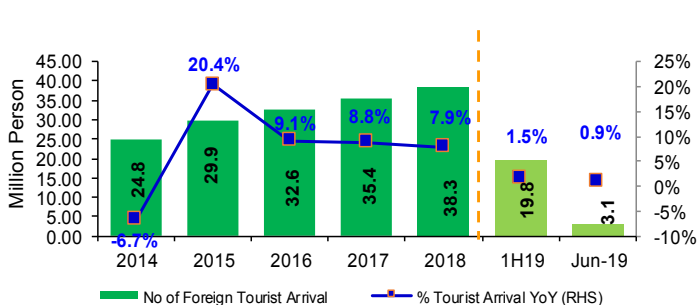
Jul19 CCI slipped to 2-year low, amid heightened concerns over economic prospects



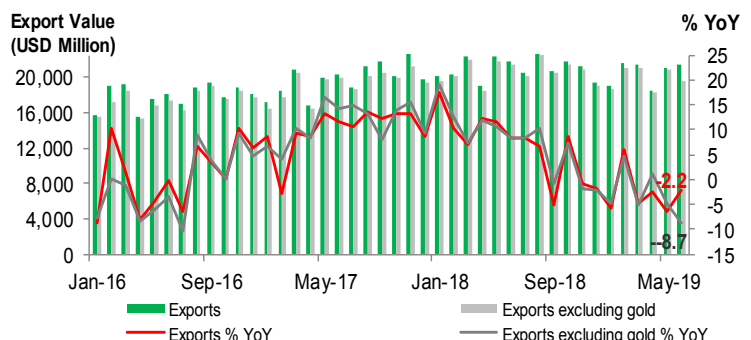
Jun19 Private consumption grew at a slower pace; private investment contracted, amid rising economic uncertainties



Jun19 Foreign tourist arrivals rose 1.0%, led by a rise in Indian tourist



Jun19 Exports reported a contraction of 2.2% YoY, helped by a surge in gold export

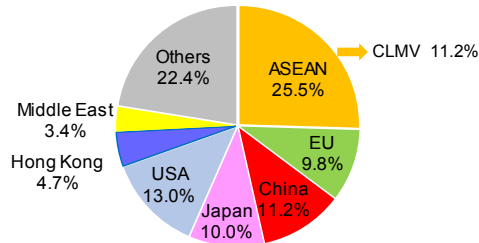


Sources: Bank of Thailand (BOT), Ministry of Commerce (MOC), University of the Thai Chamber of Commerce (UTCC), and Office of Industrial Economics (OIE)

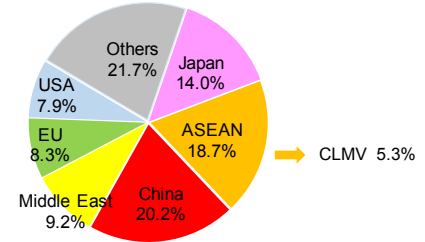
บริการทูลระดับประทับใจ

Exports and Imports: 1H19

Exports by Country



Imports by Country



Top 10 Exports by Product (Customs Basis)

Exports, Custom Basis	5M2019		
	USD Millions	Weight	%YoY
Total Exports,	122,971	100.0%	-2.9%
Electronic machines	17,210	14.0%	-10.6%
Motor cars, parts and accessories	13,717	11.2%	-5.1%
Electrical equipment	12,381	10.1%	-0.6%
Precious stones and jewellery	7,246	5.9%	15.2%
Rubber products	5,462	4.4%	1.5%
Polymers of ethylene, propylene	4,672	3.8%	-10.1%
Chemical products	3,964	3.2%	-12.4%
Refine fuels	3,724	3.0%	-11.0%
Machinery and parts thereof	3,632	3.0%	-12.1%
Textiles	3,439	2.8%	-3.4%

Source: Ministry of Commerce

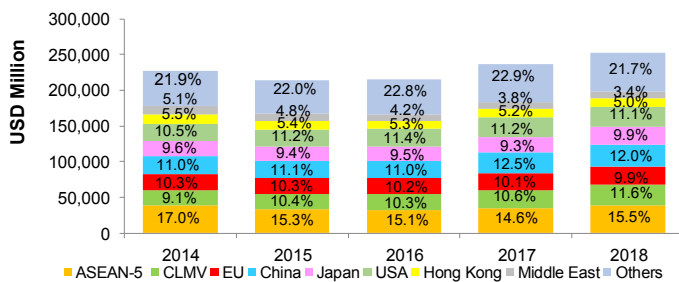
Top 10 Imports by Product (Customs Basis)

Imports, Custom Basis	1H2019		
	USD Millions	Weight	%YoY
Total Imports,	119,027	100.0%	-2.4%
Crude oil	12,038	10.1%	-2.9%
Machinery and parts	10,422	8.8%	1.3%
Electrical machinery and parts	8,581	7.2%	-7.1%
Chemicals	7,870	6.6%	-6.3%
Electrical, electronic equipment and parts thereof	7,425	6.2%	-3.8%
Iron, steel and products	6,607	5.6%	0.2%
Parts and accessories of vehicles	5,742	4.8%	-3.6%
Jewellery including silver bars and gold	5,163	4.3%	-21.5%
Other metal ores, metal waste scrap, and products	4,536	3.8%	-10.4%
Computers, parts and accessories	4,115	3.5%	-6.6%

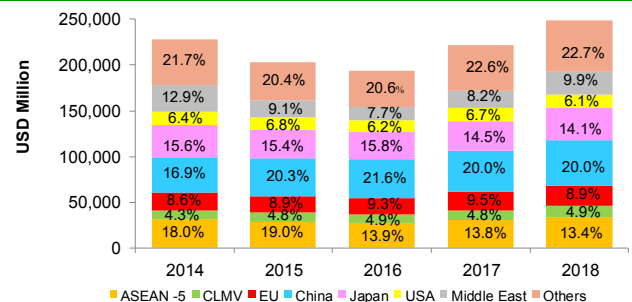
บริการทุกระดับประทับใจ

Export and Import Data: 2014 - 2018

Exports by Country



Imports by Country



Exports, Custom Basis	2018		
	USD Millions	Weight	%YoY
Total Exports,	252,957	100.0%	6.9%
Electronic machines	38,370	15.2%	4.5%
Motor cars, parts and accessories	28,935	11.4%	7.0%
Electrical equipment	24,313	9.6%	3.6%
Precious stones and jewellery	11,986	4.7%	-6.6%
Rubber products	11,022	4.4%	7.5%
Polymers of ethylene, propylene	10,302	4.1%	18.8%
Refine fuels	9,312	3.7%	29.6%
Chemical products	9,178	3.6%	23.0%
Machinery and parts thereof	8,202	3.2%	8.3%
Textiles	7,145	2.8%	6.6%

Source: Ministry of Commerce

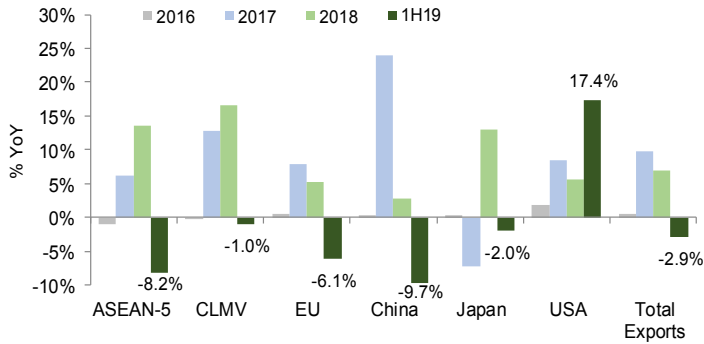
Imports, Custom Basis	2018		
	USD Millions	Weight	%YoY
Total Imports,	248,201	100.0%	12.1%
Crude oil	26,901	10.8%	43.2%
Machinery and parts	20,668	8.3%	6.0%
Electrical machinery and parts	19,145	7.7%	10.7%
Chemicals	16,686	6.7%	13.1%
Electrical, electronic equipment and parts thereof	15,910	6.4%	6.7%
Jewellery including silver bars and gold	14,889	6.0%	4.0%
Iron, steel and products	13,445	5.4%	18.5%
Parts and accessories of vehicles	11,985	4.8%	5.1%
Other metal ores, metal waste scrap, and products	9,890	4.0%	14.3%
Computers, parts and accessories	8,955	3.6%	19.2%

บริการทุกระดับประทับใจ



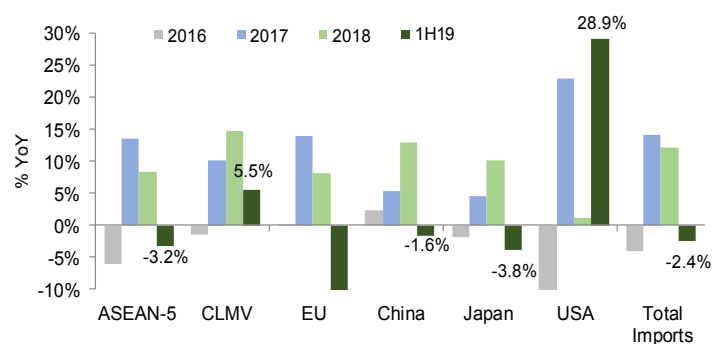
Export and Import Growth by key destinations

Export growth by key destinations



Exports	2018		1H19	
	Value (Million USD)	Share	Value (Million USD)	Share
ASEAN-5	39,212	15.5%	17,572	14.3%
CLMV	29,334	11.6%	13,745	11.2%
EU	25,042	9.9%	12,060	9.8%
China	30,317	12.0%	13,783	11.2%
Japan	24,937	9.9%	12,311	10.0%
USA	28,041	11.1%	16,004	13.0%
Total	252,957	100.0%	122,971	100.0%

Import growth by key destinations



Imports	2018		1H19	
	Value (Million USD)	Share	Value (Million USD)	Share
ASEAN-5	33,158	13.4%	15,929	13.4%
CLMV	12,089	4.9%	6,311	5.3%
EU	22,249	9.0%	9,818	8.2%
China	49,903	20.1%	24,070	20.2%
Japan	35,256	14.2%	16,610	14.0%
USA	14,969	6.0%	9,456	7.9%
Total	248,201	100.0%	119,027	100.0%

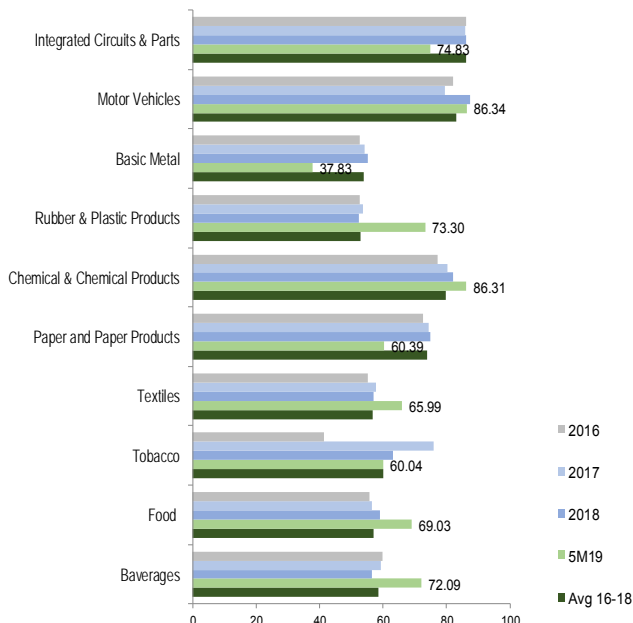
Source: Ministry of Commerce

บริการทุกระดับประทับใจ



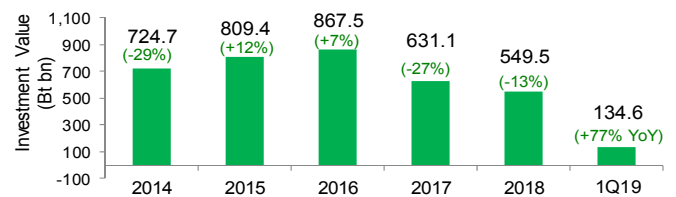
Economic Condition Highlights: CAPEX and Investment Cycle

Capacity Utilization by Key Industries

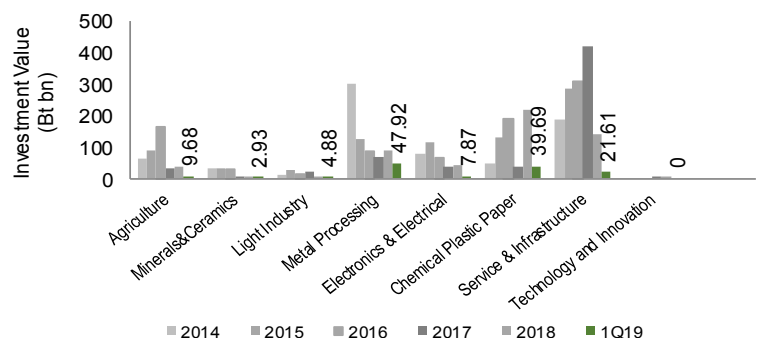


Source: The Bank of Thailand (BOT), The Ministry of Commerce (MOC), and Office of Industrial Economics (OIE)
(Data as of July 2019)

Investment value of BOI-approved applications (Total)*



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



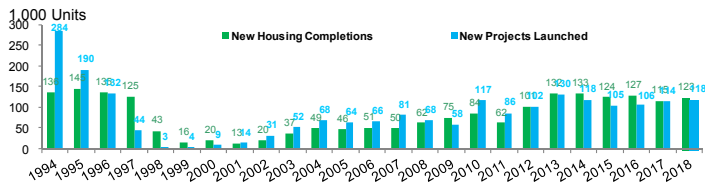
Source: The Board of Investment of Thailand (BOI)

Note: *Figures above indicate investments of approved projects requesting investment promotion benefits from BOI

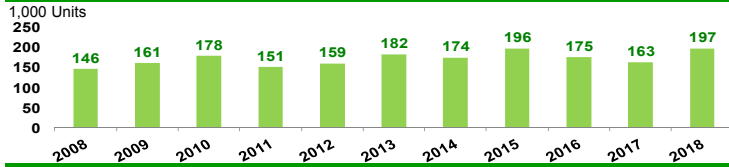
บริการทุกระดับประทับใจ

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

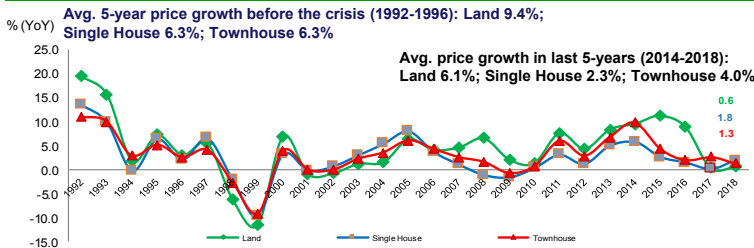
Supply Side: New Housing Completions and New Projects Launched in BMR*



Demand Side: Transferred Properties in BMR*

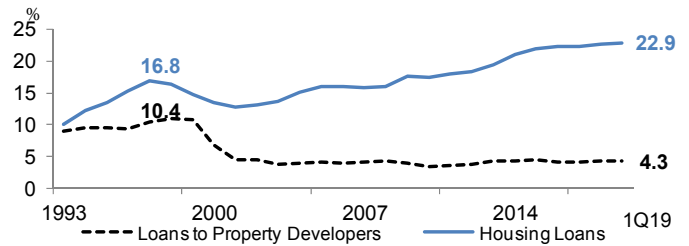


Price Growth of Properties



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

Outstanding Mortgage Loans to Individuals and Property Developers to GDP



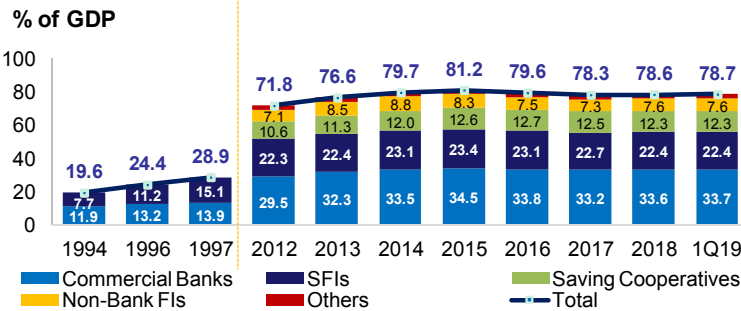
- Mortgage loans to GDP is higher than pre-crisis level, due to factors such as changes in consumer behavior, intense competition among banks, and a more accessible credit market
- Outstanding loans granted to property developers to GDP was 4.3% in 1Q19, still lower than pre-crisis level
- Supply Side: overall new housing projects launched in 2018 increased 7.3% over 2017, driven by single detached house and condominium projects from developers
- Demand Side: the number of property transactions in 2018 rose 20% from 2017 spurred by intense marketing campaigns among property developers aiming to clear unsold units, particularly during the 4th quarter of 2018 or before the effectiveness of the BOT's LTV measure
- Prices: single detached house, townhouse and condominium prices had remarkable growth rates, due to the increasing of middle to high segment projects from developers
- NPLs of housing loans rose to 3.35% in 1Q19 from 3.25% in 4Q18

บริการทุกระดับประทับใจ

Household Borrowing

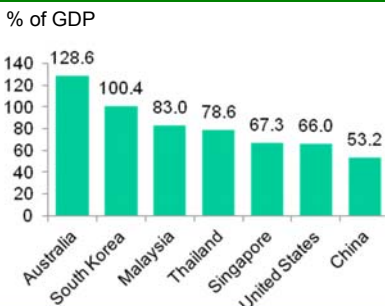
Household Borrowing to GDP

Old Definition New Definition

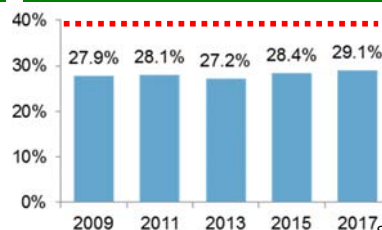


Old Definition: Data from 1991 – 1997: lending from commercial banks and SFIs to individual persons for consumption only
 New Definition: Data from 2010 onwards: takes into account individual persons' outstanding loans from all types of financial institutions, including savings Co-ops and non-banks

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

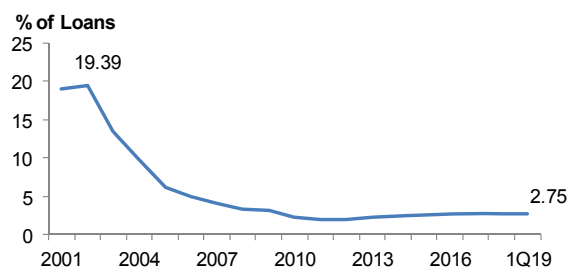


Debt Service Ratio of Thai households**



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

% NPL for Consumption Loans of Thai Commercial Banks



- Household debt to GDP edged up to 78.7% in 1Q19, and is expected to stay in a range of 77.5 - 79.5% in 2019
- Household borrowing to GDP is higher than pre-crisis level, due to factors such as changes in consumer behavior, intense competition among banks, and a more accessible credit market
- Thailand's household debt to GDP is comparable to other countries*; debt service ratio of Thai households is still well below 40%**; indicating the household debt situation is unlikely to trigger any problems in the foreseeable future
- NPL ratio for consumption loans of commercial banks was at 2.75% in 1Q19

บริการทุกระดับประทับใจ



BOT Macro Prudential Policy

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

LTV Criteria for Mortgage Loans (Effective: April 1, 2019)					
Price and Type of Properties		New (Including Top-up loans)			Old
		1st Contract	2nd Contract	3rd Contract Onwards	Any Contract
		LTV Threshold	LTV Limit	LTV Limit	LTV Threshold
< Bt10mn	House	≤ 95%	80-90%	70%	≤ 95%
	Condo.	≤ 90%	80-90%	70%	≤ 90%
≥ Bt10mn	House & Condo.	80% (LTV Limit)	80%	70%	≤ 80%

Notes:

- 1) Risk weight is 35% if LTV does not exceed its LTV threshold; however, risk weight will increase to 75% if LTV is higher than the LTV threshold
- 2) Under the new framework, LTV limit will be capped at 100% for the first contract and 70-80% for additional contracts
- 2) For the second contact, LTV limit is 80% if the first contract's installment payments are less than three years; otherwise, LTV limit is 90%

Notes:

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

Source: The Bank of Thailand, KResearch

Criteria for Credit Card / Personal Loans (Effective: September 1, 2017)					
Lending Criteria	Credit Cards		Personal Loans		
	New	Old	New	Old	
Min. Monthly Income	Bt15,000		Bt15,000	-	-
Credit Line (times of average monthly income)	Income	Credit Line	Credit Line	Income	Credit Line
	< Bt30,000	≤ 1.5 times	≤ 5 times	< Bt30,000	≤ 1.5 times
	< Bt50,000	≤ 3 times	≤ 5 times	≤ 3 institutions	≤ 5 times
	> Bt50,000	≤ 5 times	≤ 5 times	≥ Bt30,000	≤ 5 times

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

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

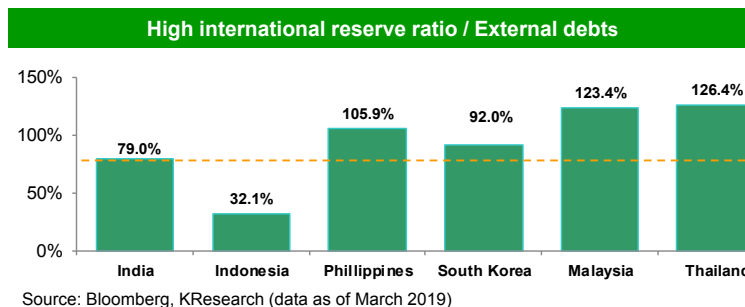
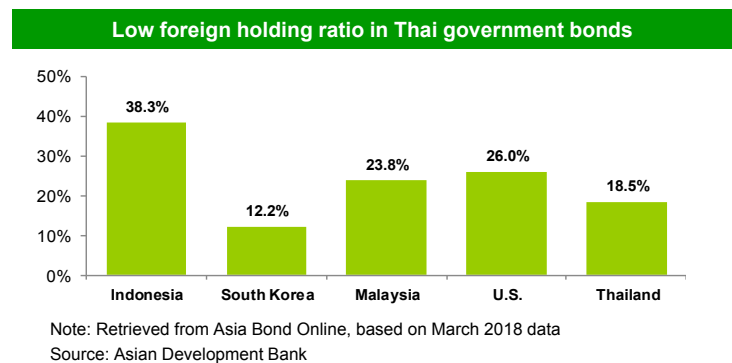
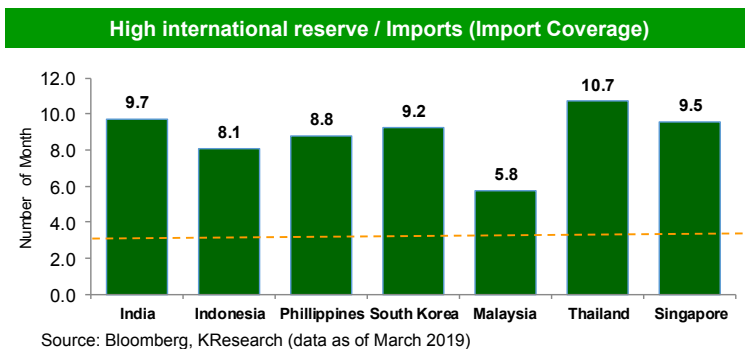
■ **Auto Hire Purchase Loans** (Tentative Effective Date): BOT is working on new lending criteria, and may announce measure in 2H19.

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

บริการทุกระดับประทับใจ



Thailand's external balances remain relatively strong compared to peers



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

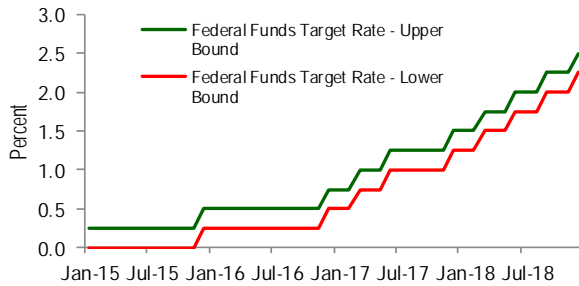
- Thailand's economy and financial markets are able to withstand impacts from QE tapering and its aftermath due to:
 - High import coverage (international reserves/monthly imports) compared with the IMF's three month import coverage guideline
 - More than 100% of external debt covered by international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

บริการทุกระดับประทับใจ

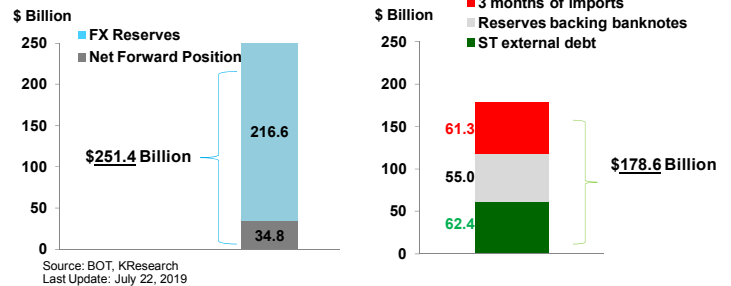


Challenges: Fed Policy Normalization

Fed has raised interest rates since Dec-15



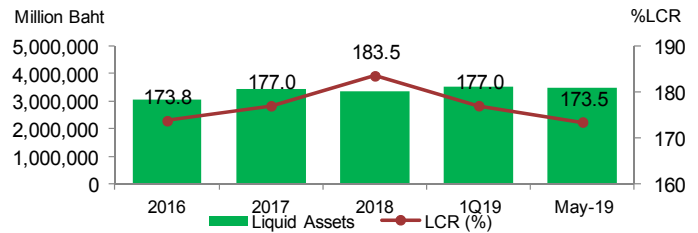
Thailand has enough FX reserves to meet all internal and external obligations



- Fed tapered QE program in January 2014; program concluded in October 2014
- Fed has raised the interest rate 9 times since December 2015, from 0.0-0.25% to 2.25-2.50%
- In instances where QE tantrum results in drastic fund outflows, Thailand's external stability will likely be maintained; FX reserves should be more than enough to meet all obligations
- The Thai banking system excess liquidity increased due to managing financial costs; CAR and NPL ratios were rather good (18.5% and 3.10% as of 1Q-2019, respectively), with net profit of Bt57.1bn in 1Q-2019

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

Excess liquid assets in Thai commercial banks slightly decreased



Note: BOT has imposed the Liquidity Coverage Ratio (LCR) Framework which replaces the maintenance 6% reserve requirement. Regarding the LCR framework, all banks shall maintain high-quality liquid assets not less than net expected cash outflow over the next 30 days. The LCR was implemented on January 1, 2016, with the minimum requirement set at 60%, rising in equal annual steps of 10 percentage points to reach 100% on January 1, 2020

บริการทุกระดับประทับใจ



Challenges: Exports

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

Exports	
Short-term Challenges	<ul style="list-style-type: none"> ■ Political uncertainties in Western countries may pose risk toward global recovery ■ THB appreciation ■ US trade policy, e.g. measures to reduce trade deficit from 16 major countries ■ The trade conflict between US and China
Key Structural Problems	<ul style="list-style-type: none"> ■ High dependence on China's market ■ Changing demand in electronic products and loss of competitiveness in some areas (e.g., HDD) ■ More effort needed to comply with global fishing standards ■ High crop surplus among competitors
Key Affected Products	<ul style="list-style-type: none"> ■ Electronics and Electrical Appliances (Structural Challenge) ■ Fishery and Agriculture Products (US SIMP) ■ Steel and Aluminum, Washing machine (US tariffs) ■ Plastic, ICs, Machinery and Electrical Equipment (US-China's trade dispute)
Short-term Measures from Authorities and Related Parties	<ul style="list-style-type: none"> ■ Extending products to catch up with changing consumer trends ■ Enhancing practices to comply with international standards ■ Setting up export promotion board ■ Providing supports to help individuals gain skills and qualifications relevant to the needs of the labour market
Long-term Measures from Authorities and Related Parties	<ul style="list-style-type: none"> ■ Negotiating FTA and regional trade agreements ■ Relocating factories to GSP eligible countries ■ Promoting BOI's privileges which grant merit based on competitiveness enhancements ■ Enhancing productivity

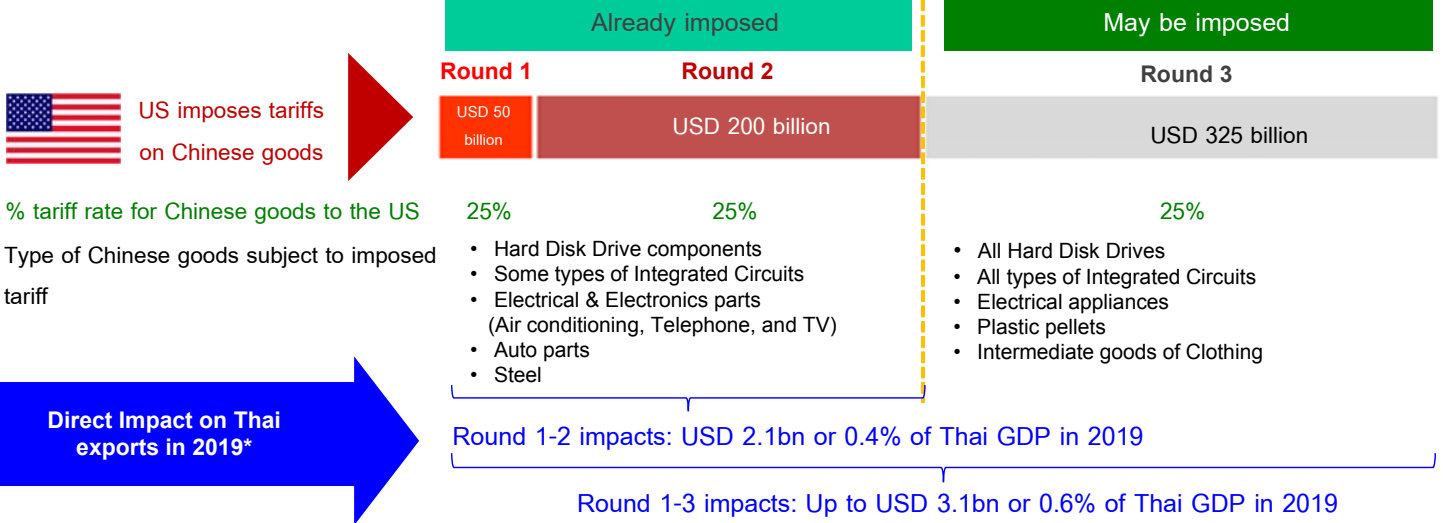
Note: HDD = Hard Disk Drive; IUU fishing = Illegal Unreported and Unregulated fishing; FTA = Free Trade Area; GSP = Generalized System of Preferences; BOI = the Board of Investment of Thailand
Source: KResearch, data as of April 2019

บริการทุกระดับประทับใจ



Impact of the trade dispute between the US and China

- The impact on Thai exports from Round 1 and 2 of the US tariffs on Chinese goods in 2019 is USD2.1bn or 0.4% of Thai GDP; if the trade dispute between the US and China cannot be resolved, the US may impose another 25% tariff rate (Round 3) in 4Q19, which will bring the total impact on Thai exports up to USD3.1bn in 2019 or 0.6% of Thai GDP



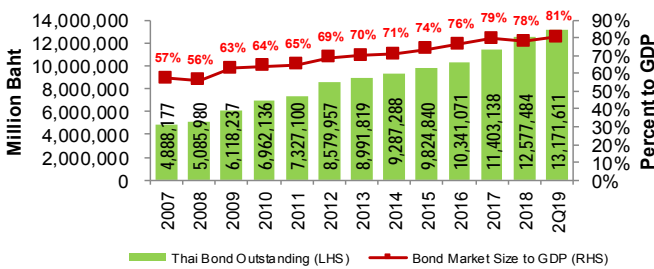
Note: * Only direct impacts (indirect impacts from global trade slowdown are not included)

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

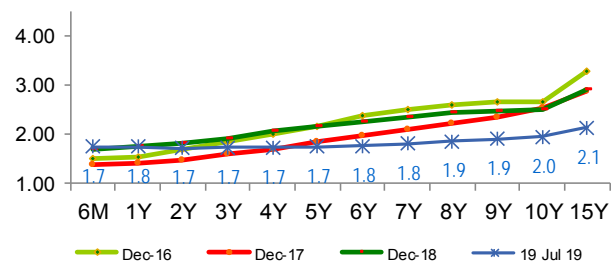


Other Figures

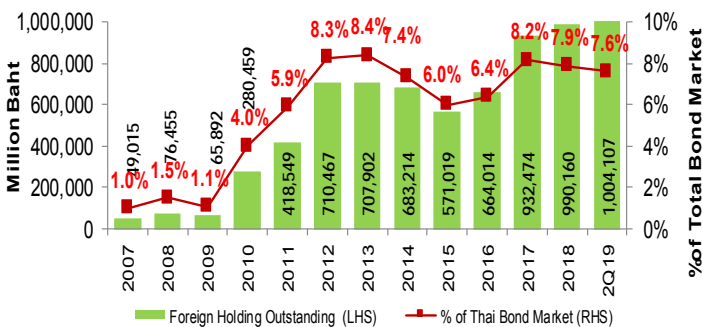
Thai Bond Market Size (Gov't and Private bonds)



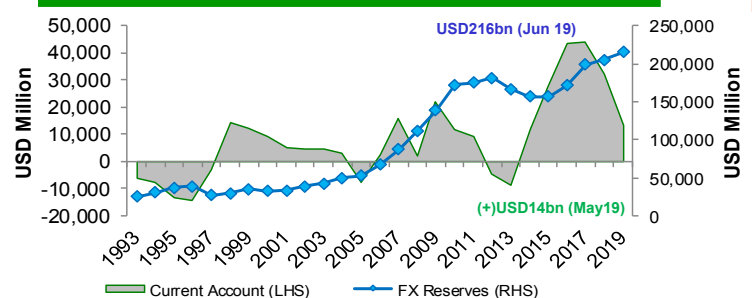
Bond Yields



Foreign Holdings of Thai Bonds



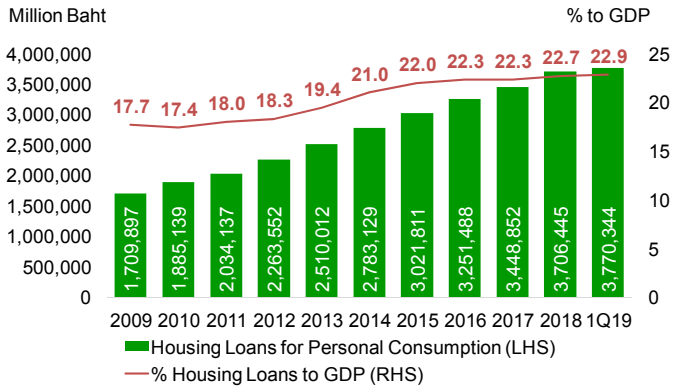
Current Account and FX Reserve





Other Figures

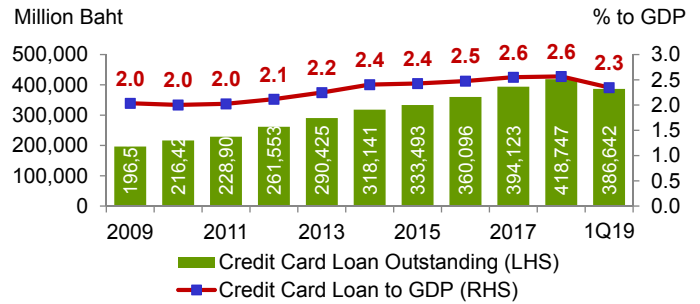
Housing Loans / GDP



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

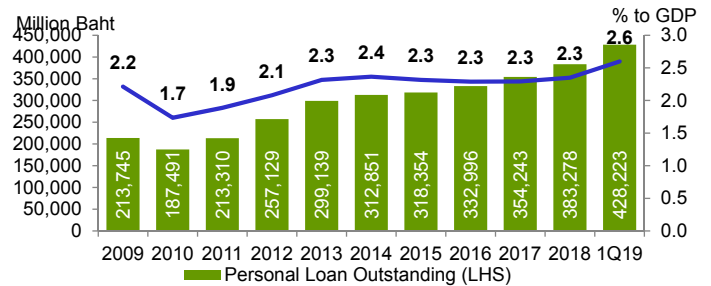
Source: BOT, NESDB

Credit Card Loans/GDP



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

Personal Loans/GDP



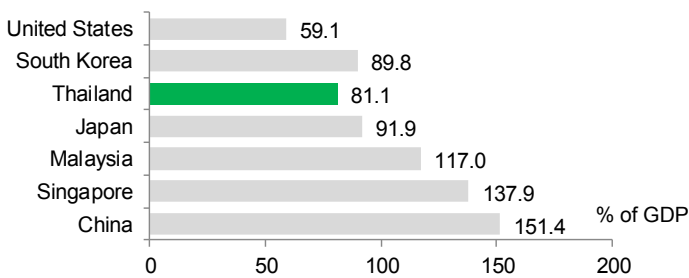
Note : 1) Personal Loans represent outstanding personal loans under supervision (including commercial banks and non-banks, excluding SFIs, saving cooperatives and others financial Institution)

บริการทุกระดับประทับใจ



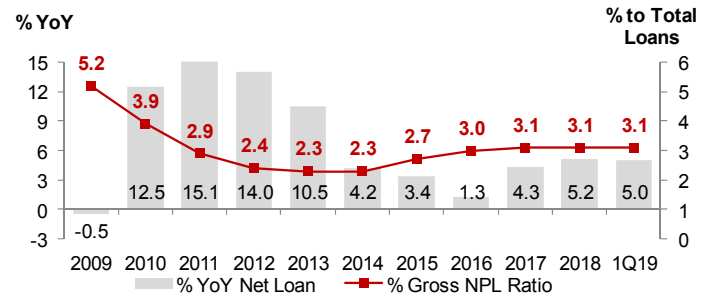
Other Figures

Loans to GDP as of 2018



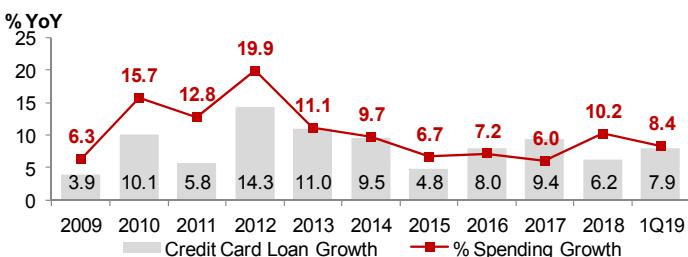
Note: Data on China, Korea and Japan include loans from commercial banks as well as financial institutions, the rest include loans only from commercial banks

Thai Banks' Net Loan Growth and NPL Ratio



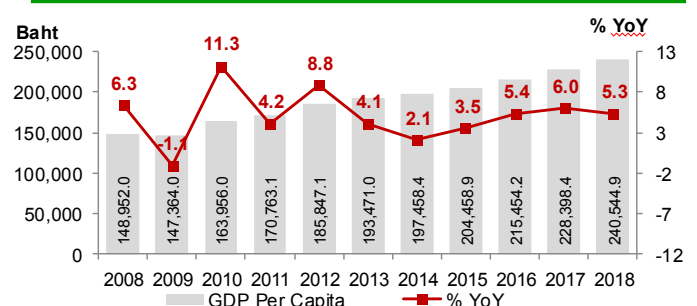
Note : %YoY Net loans represent growth of net loans in 14 Thai commercial banks from C.B.1.1 Latest %Gross NPL is as of 2016

Credit Card Statistics



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

GDP Per Capita

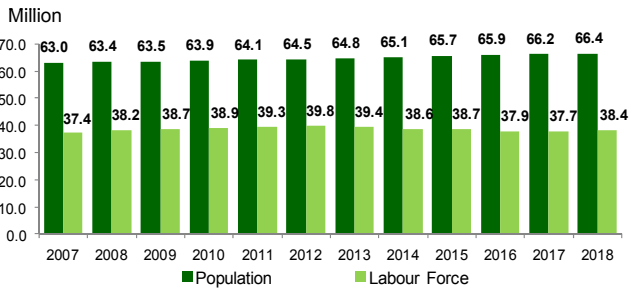


บริการทุกระดับประทับใจ

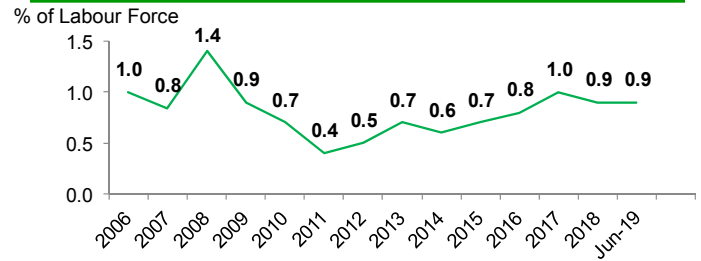


Other Figures

Population and Labor force

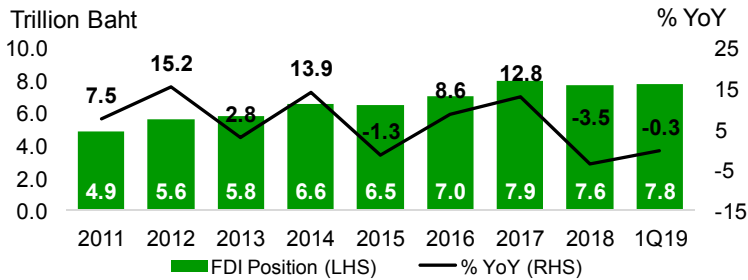


Unemployment Rate



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

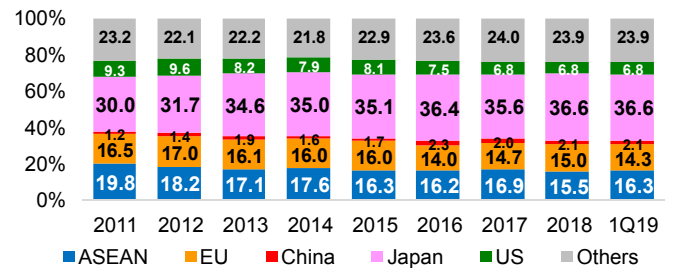
Foreign Direct Investment



Note:

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

Foreign Direct Investment Position by Countries



บริการทุกระดับประทับใจ



Members of ASEAN Economic Community (AEC)

- Since December 31, 2015, ASEAN has transformed into the “ASEAN Economic Community,” with free movement of goods, services, investment, and skilled labour, and a freer flow of capital
- Strategic measures under the five characteristics in the AEC Blueprint 2025 will be operationalised through sectoral work plans and their implementation and monitored through the AEC 2025 Monitoring and Evaluation Framework

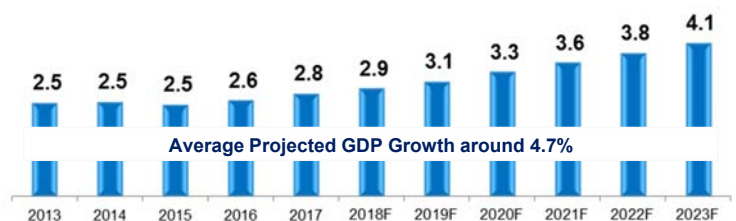


AEC Blue print 2025 (2016-2025)

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

Source: The Association of Southeast Asian Nations and KResearch

Size of ASEAN Economy (USD Trillion)



GDP	Thailand	ASEAN
Size of Economy (GDP) in USD Trillion for 2019	0.5	3.1
2019 Real GDP Growth Forecast	3.1%	4.6%

Note:

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

Source: IMF and KResearch (April 2019)

บริการทุกระดับประทับใจ

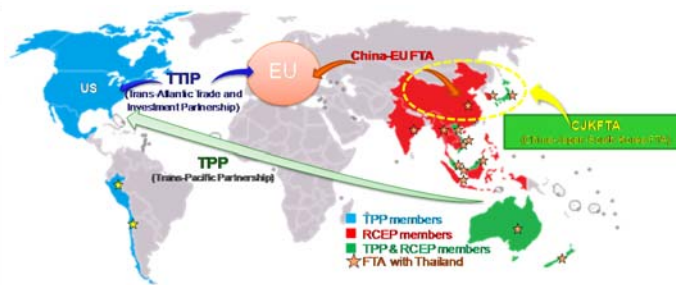
AEC as a Growth Driver to Thailand

1) Regional Connectivity



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

2) The Pluralism of Economic Integration



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

3) High Growth Environment



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

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

บริการทุกระดับประทับใจ

For Further Enquiries, Contact KASIKORNBANK Investor Relations:

Chief Investor Relations Officer Tel (66) 2470 2673 to 4
Fax (66) 2470 2680

Investor Relations Team Tel (66) 2470 6900 to 1
Tel (66) 2470 2660 to 1
Fax (66) 2470 2690

Email: IR@kasikornbank.com

IR Website www.kasikornbank.com → Investor Relations

Disclosure Practice:

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

บริการทุกระดับประทับใจ

DISCLAIMER:



This document is intended to provide material information relating to investment or product in discussion and for reference during discussion, presentation or seminar only. It does not represent or constitute an advice, offer, contract, recommendation or solicitation and should not be relied on as such. In preparation of this document, KASIKORNBANK PUBLIC COMPANY LIMITED ("KBank") has made several crucial assumptions and relied on the financial and other information made available from public sources, and thus KBank assumes no responsibility and makes no representations with respect to accuracy and/or completeness of the information described herein. Before making your own independent decision to invest or enter into transaction, the recipient of the information ("Recipient") shall review information relating to service or products of KBank including economic and market situation and other factors pertaining to the transaction as posted in KBank's website at URL www.kasikornbank.com and in other websites including to review all other information, documents prepared by other institutions and consult financial, legal or tax advisors each time. The Recipient understands and acknowledges that the investment or execution of the transaction may be the transaction with low liquidity and that KBank shall assume no liability for any loss or damage incurred by the Recipient arising out of such investment or execution of the transaction.

The Recipient also acknowledges and understands that the information so provided by KBank does not represent the expected yield or consideration to be received by the Recipient arising out of the execution of the transaction. Further the Recipient should be aware that the transaction can be highly risky as the markets are unpredictable and there may be inadequate regulations and safeguards available to the Recipient.

KBank reserves the rights to amend either in whole or in part of information so provided herein at any time as it deems fit and the Recipient acknowledges and agrees with such amendment. Where there is any inquiry, the Recipient may seek further information from KBank or in case of making complaint, the Recipient can contact KBank at IR@kasikornbank.com or +(662) 470 6900 to 01, +(662) 470 2673 to 74.

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

บริการทุกระดับประทับใจ



KASIKORNTHAI

บริการทุกระดับประทับใจ