



KASIKORNTHAI

Sustainability Report 2016



ธนาคารกสิกรไทย
开泰银行 KASIKORNBANK



บริการทุกระดับประทับใจ

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KASIKORNTHAI



In grateful remembrance of the compassionate reign of His Majesty King Bhumibol Adulyadej
KASIKORNBANK PCL

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GREEN
DNA



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Green DNA is our resolution to pursue sustainable development in the economy, society, and environment as a central building block of our organizational culture.

This resolution guides us in all our operations and serves to create our identity as “Bank of Sustainability”



Bank of Sustainability

KBank embraces sustainable development in the economy, society, and environment as the foundation of our operations.

This guiding concept enhances our business innovation and ensures maximum benefit to all stakeholders, thus paving the way towards being a “Bank of Sustainability” for our society and nation.

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



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KASIKORNTHAI



Vision

KASIKORNBANK aims to be a most innovative, dynamic, and proactive customer-centric financial institution that creates sustainability for all stakeholders.



Mission

KASIKORNBANK aims to harmoniously combine technology and human resources to sustainably create world-class-quality financial services, so as to achieve optimal benefits for all stakeholders.

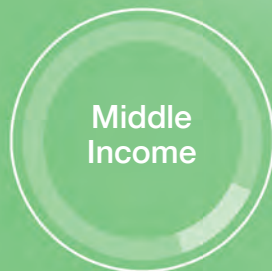


- Customer Centricity
- Organization-Wide Teamwork
- Professionalism
- Innovation

CUSTOMER CENTRICITY



KASIKORNTHAI





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2,234 million total transactions via all channels in 2016, with a 91 percent customer satisfaction rating. This success reflects our commitment towards creating excellent services for the public, our adherence to the Good Corporate Governance principles, and appropriate risk management to benefit all stakeholders. Moreover, adoption of new financial innovations leads to lower operational costs, while also raising the efficiency of our operations and risk management, as well as our competitiveness.

We have promoted better access to funding sources and enhanced support to SMEs and corporations – as a key driving force of the Thai economy – by offering soft loans as working capital for SMEs, as well as financing in alignment with government policies, e.g., the Pracharat Loan for SMEs initiative and interest rate compensation for rice inventories. KBank also opened up new fund mobilization channels, e.g., crowdfunding and venture capital, for SMEs and startups. Many useful seminars are organized year-round to assist SMEs and corporations in their undertakings.

Social Dimension

An organization that moves forward with quality and sustainability requires a foundation of social responsibility. KBank places great importance on “human resource development” and recognizes that our “employees” are the key to sustainable development. Focal issues include equitable treatment of our employees and respect for human rights. KBank announced a new human rights policy incorporating all our business activities related to employees, customers, counterparties, and communities. We adopted a process to indicate issues that may lead to violations of human rights, along with guidelines to prevent and remedy the impacts of such violations. KBank supports freedom of association and the right to collective bargaining, fair remuneration and welfare benefits, employment and career development for persons with disabilities, occupational health and safety, and staff development. This is all to create employee engagement and the dissemination of business values to all stakeholders in tandem with KBank’s sustainable business strategy.

In relation to local communities and our society in general, KBank is proactive in improving the financial literacy of all our customers, as well as youth and underprivileged members of the society. All are offered knowledge and advice on suitable subject matters applicable to their lives, now and in the future. Remarkable work has been done in areas such as skill development and financial knowledge provision for youth across Thailand via the AFTERKLASS website, baccalaureate scholarships program for students in Nan Province to study at Nation University, and dissemination of knowledge on the PromptPay service. Additionally, KBank has joined hands with many public and private organizations, as well as society at large, in various initiatives and partnerships, because we know that sustainable development cannot be driven by any one particular agency. A sample of such productive cooperation is the Cultivation of Wisdom Project implemented with the cooperation of the Thailand Research Fund (TRF), aimed at reforming the thinking of Thai youth via research-based learning (RBL). In another notable effort, each year KBank allows one day leave for each employee to do good deeds via our “20,000 Chuamong Tham Di Tham Dai (20,000 volunteer hours)” Project, encouraging our employees to participate in volunteer activities with various community networks. On the foreign front, KBank works with foreign partners to offer investment information and advisory services. We share economic information with the public, as well as know-how on energy conservation and global warming solutions. We participate in the Private Sector Collective Action Coalition Against Corruption, as the values of each organization integrate with one another to reinforce more powerful and sustainable growth.



Environmental Dimension

The 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21) signaled to all nations that their cooperation is crucial to addressing global warming. As an important participant in national development, KBank realizes the magnitude of this issue and the impacts of climate change. We established targets to reduce greenhouse gas emissions from our operations by 20 - 25 percent by 2020 and appointed a Chief Environmental Officer to lead KBank's environmental operations in attaining these goals. Worth mentioning is this year's completion of the KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG) building designed using the Platinum level of the LEED-NC standard, or the Leadership in Energy and Environmental Design for New Construction. The KBTG premises is the first large office building of the Thai financial conglomerate to be certified by the United States Green Building Council (USGBC). We have numerous energy and environmental conservation projects ongoing year-round, building employee awareness and encouraging their participation in resolving global warming problems. It is our hope that all staff follow these protocols even in their personal lives, impacting ever broadening circles. Concerning community activities, KBank has taken an active part in a long-term project of watershed forest management with community participation in Nan Province, where the headwaters of the Chao Phraya river begin. This area is crucial to Thailand's ecosystem. Since 2013, KBank has been sponsoring and facilitating collaboration for the "Care for Nan Forest" project under the directorship of the Office of H.R.H. Princess Maha Chakri Sirindhorn's Projects. Also participating as operating agencies are the Royal Thai Army, Chulalongkorn University, Nan Province and Mae Fah Luang University as operating agencies. The project is aimed at conserving forests that are the source of the Nan river. The main goal is to halt destruction of these forests, while promoting better livelihoods for the local populace using the concept of "Create Forest, Create Jobs". It is a comprehensive solution that integrates economic, political and legal factors to achieve agricultural diversity, as well as environmental awareness and a sense of ownership among Nan residents – including youth – to attain these goals in a sustainable manner.

With regard to financial products, KBank offers renewable energy financing, mainly based on environmental and social criteria, to help ensure that KBank-supported projects will not cause any untoward environmental or social impact. With this, KBank has taken another step towards tackling the consequences of climate change. Additionally, many of our loans are pertinent to energy/environmental conservation to convince the public, including business operators, to use environmentally-friendly products and to conduct environmentally-friendly businesses. Our ultimate objective is to add to the momentum of solving environmental issues in a sustainable manner.

We strongly believe that our firm commitment and dedication to helping our world will be seen as an integral part of Thailand's sustainable development, not only to achieve Sustainable Development Goals (SDGs), but also to lay down a solid foundation for long-term development. This is ultimately the reason for our direction towards being a "Bank of Sustainability" for all stakeholders.

(Mr. Banthoon Lamsam)

Chairman of the Board and Chief Executive Officer

About KASIKORNBANK

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KASIKORNBANK – one of Thailand’s largest commercial banks – conducts business with adherence to the sustainable development philosophy. Our key strategies are the customer centricity and focus on achieving the status of “Main Bank” of all customer segments, while delivering continual performance growth, supported by transparent corporate governance and cautious risk management with aspiration towards sustainable business achievement.



KASIKORN SECURITIES PUBLIC COMPANY LIMITED

- Established on July 29, 2005
- Supplying full-circuit services of investment in equity and derivatives markets, including securities brokerage, investment banking and in-depth analyses based on reliable data sources and a team of experienced analysts

KASIKORN LEASING COMPANY LIMITED

- Established on August 8, 2005
- Offering integrated and diverse financial services to the auto industry, including hire purchase loans for individual, corporate and fleet customers; financing for dealers; and car-for-cash loans for individuals and business entities

KASIKORN FACTORY AND EQUIPMENT COMPANY LIMITED

- Established on July 9, 1990
- Operating a full circuit of machinery and equipment leasing business, consisting of three key services, i.e., hire purchase, financial lease and operating lease for individuals and business entities

KASIKORN BUSINESS - TECHNOLOGY GROUP (KBTG)

- Established on October 9, 2015
- Supporting KBank's business-technology strategies and serving customer demand that has changed significantly due to technology transformation, in order to enhance efficiency of KBank's IT management and raise our potential in dealing with any form of disruptive forces and in building competitiveness amidst constant changes in financial technologies in the global market KBTG consists of the following five companies:

KASIKORN TECHNOLOGY GROUP SECRETARIAT COMPANY LIMITED

Planning and overseeing KBTG operations; providing support for financial and human resource management; and facilitating the alignment of the Group and KBank

KASIKORN LABS COMPANY LIMITED

Focusing on research and development of new technologies and innovative business models that embrace digital banking and the digital economy; and developing prototypes of in-house innovations for beta testing prior to rolling them out as KBank products

KASIKORN SOFT COMPANY LIMITED

Designing and building the IT systems that accommodate business requirements of KBank; and successfully supporting innovations towards provision of quality services

KASIKORN PRO COMPANY LIMITED

Being responsible for KBank's new and modified IT infrastructure and systems; and ensuring that such infrastructure is up-to-date and in well-maintained conditions for maximum efficiency

KASIKORN SERVE COMPANY LIMITED

Providing support services for KBTG, in regard to IT system development, testing and implementation

Strategic Directions of KASIKORNBANK

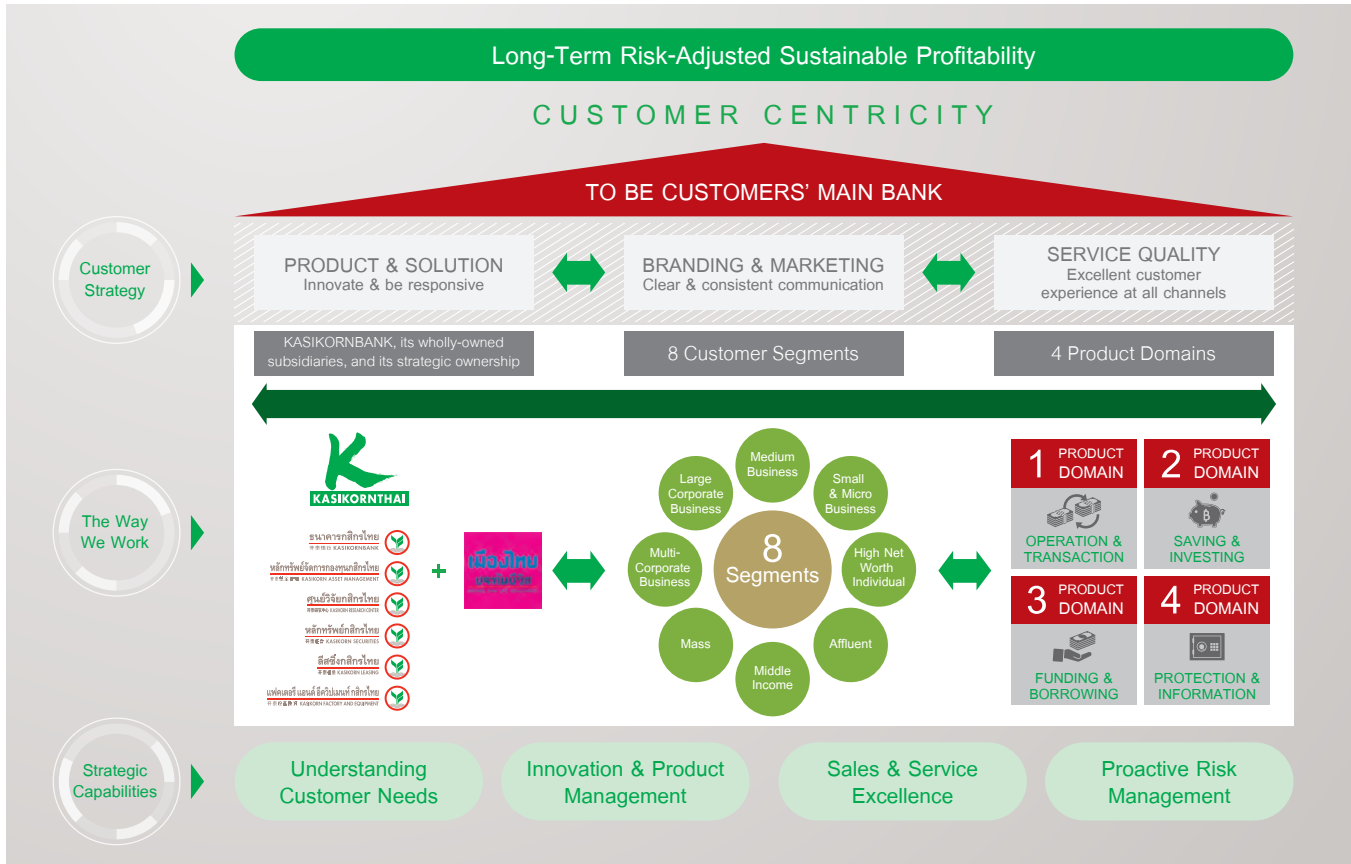
Management Directions

KBank structure comprises 14 divisions and the World Business Group; the Corporate Strategy Management Division has been assigned for determining the overall directions and strategies of the organization, promoting the corporate image and consistent collaboration across KASIKORNBANK FINANCIAL CONGLOMERATE. The determined strategies are proposed for KBank Board of Directors' approval; they are announced to the stakeholders at the end of each year's last quarter.

For achievement of KBank's targets and enhancement of operational efficiency, a "Strategy Management Process"* has been adopted, which is devised on an annual basis or revised during the year, given changes in economic conditions or competitive environment, to ensure that KBank is always equipped with proper strategic directions. Effective implementation of such strategies is ensured, so that all business goals are reached and our leadership in the commercial banking business is maintained in the long term. The Strategy Management Process is composed of six procedures:



Business Directions of KASIKORNBANK and the Wholly-owned Subsidiaries of KASIKORNBANK



* The Execution Premium, Robert S. Kaplan, David P. Norton



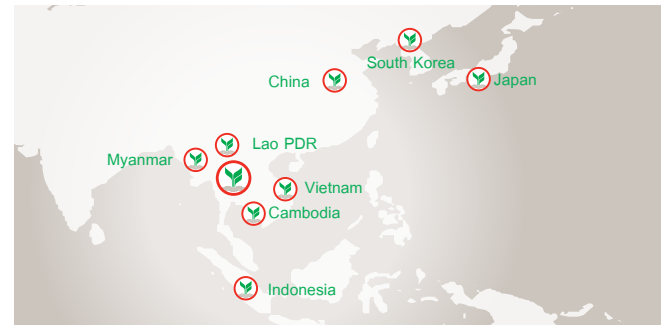
KBank and our subsidiaries always adhere to the Customer Centricity strategy, striving to become the Customers' Main Bank by satisfying their needs with comprehensive financial service plus delivery of excellent experience for all customer segments via three main areas, including Product & Solution with focus on creation of innovative products to meet customer needs in a timely manner, Branding & Marketing through clarity and consistency of the brand at all levels, and Service Quality by delivery of the finest service experience for all customers through our various service channels. These three prongs are based on the following key strategic directions:

- Understanding Customer Needs
- Innovation and Product Management
- Sales & Service Excellence
- Proactive Risk Management

KBank's business strategies are aimed at attaining four aspirations:

- 1 To be "Customers' Main Bank" across all segments with strong branding**
- 2 To be leader in financial service in the digital age**
- 3 To become the "AEC+3 Bank"**
- 4 To place importance on business operations under the service excellence concept and to strengthen this market position**

AEC+3 Bank



To capitalize on stellar economic growth in this region, boosted by the advent of ASEAN Economic Community (AEC), KBank has been moving forward with network expansion across the region and innovation of products and services in perfect response to the desires of AEC+3* people. With this roadmap, we are poised to accommodate growing volumes of investment funds and cross-border transactions, while standing ready to offer financial support to corporate and SME establishments, as well as retail customers, anywhere and anytime.

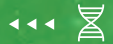
Considering economic directions in the region and business opportunities in China, Japan and South Korea, KBank is confident that our service connectivity in the country and abroad will assist in our strong, stable and sustainable growth.

Performance Assessment

KBank's supervision towards the achievement of our established goals and sustainable success is based on the Balanced Scorecard (BSC) system, as a tool for strategic implementation. KBank Strategy Map has been drawn up, with short- and long-term indicators to measure success through four key dimensions, including: Finance, Customers, Internal Processes, Learning & Development.

The Strategy Map has been communicated to all divisions, so that they can devise their own Division Strategy Maps that are in harmony across the organization. The central BSC team and division representatives jointly identified the key performance indicators of each dimension, which will be cascaded from the President level to the Division Head level and other parties involved with successful performances. Operating results were monitored to enable the attainment of established objectives.

* AEC+3 consists of Thailand, Lao People's Democratic Republic, Kingdom of Cambodia, Republic of the Union of Myanmar, Socialist Republic of Vietnam, Republic of Indonesia, Malaysia, Republic of the Philippines, Negara Brunei Darussalam, Republic of Singapore, Japan, Republic of Korea and People's Republic of China.



Sustainable Development

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In 2015, the United Nations announced Sustainable Development Goals (SDGs) designed to guide sustainable development for all countries and all sectors; each goal has specific targets to be achieved over the next 15 years. With adherence to our Green DNA resolution, KBank has adopted nine SDGs as sustainable development guidelines, covering the dimensions of economy, society and environment, to create sustainable value to all stakeholders.

Notable Performance of Sustainable Development

MEMBER OF
Dow Jones Sustainability Indices
 In Collaboration with RobecoSAM

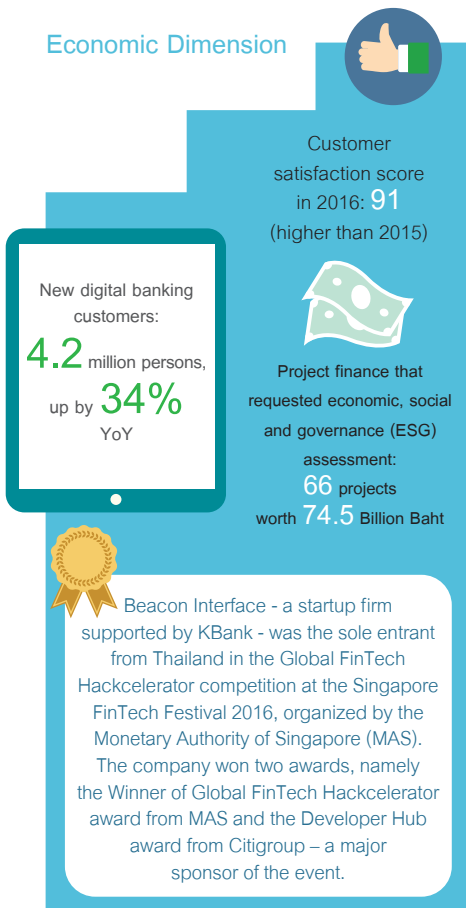


KBank is the first bank in Thailand and ASEAN that has been selected as a member of globally renowned Dow Jones Sustainability Indices (DJSI) family 2016, including the DJSI World Index and DJSI Emerging Markets Index.

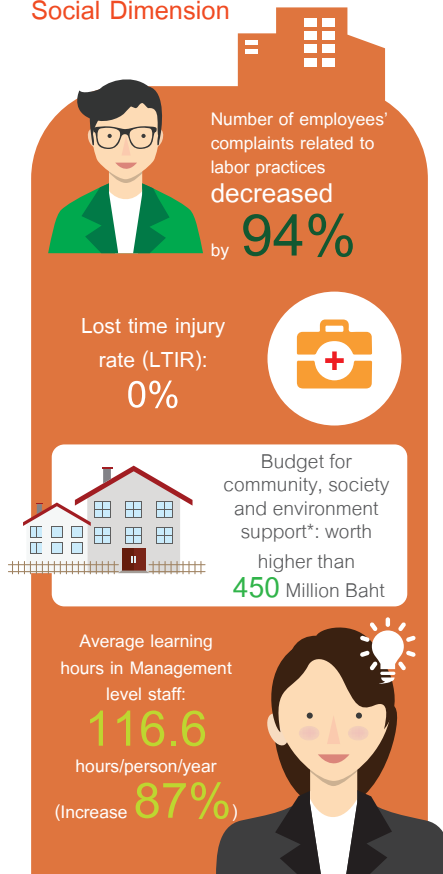
KASIKORNBANK is a constituent of the FSTE4Good Emerging Index following its launch in December 2016.

The FTSE4Good Index Series is designed to help investors integrate environmental, social and governance (ESG) factors into their investment decisions. The indexes identify companies that better manage ESG risks and are used as a basis for tracker funds, structured products and as a performance benchmark. The ESG Ratings are used by investors who wish to incorporate ESG factors into their investment decision making processes, or a framework for corporate engagement and stewardship.

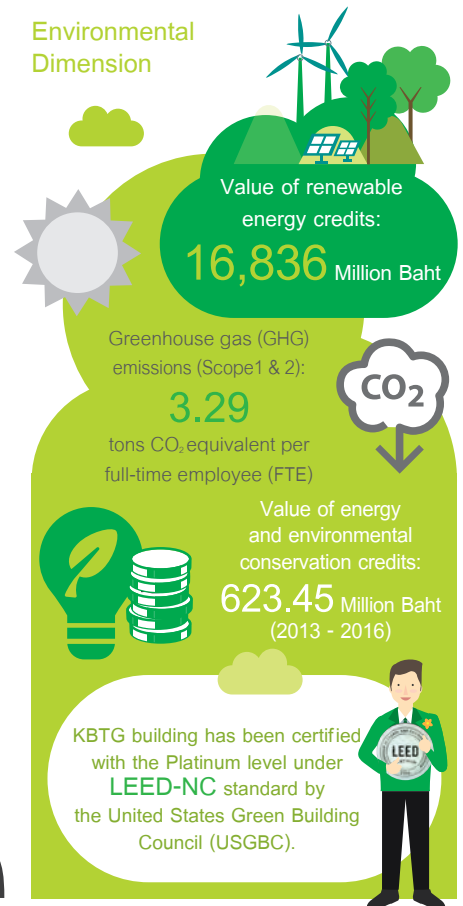
Economic Dimension



Social Dimension



Environmental Dimension

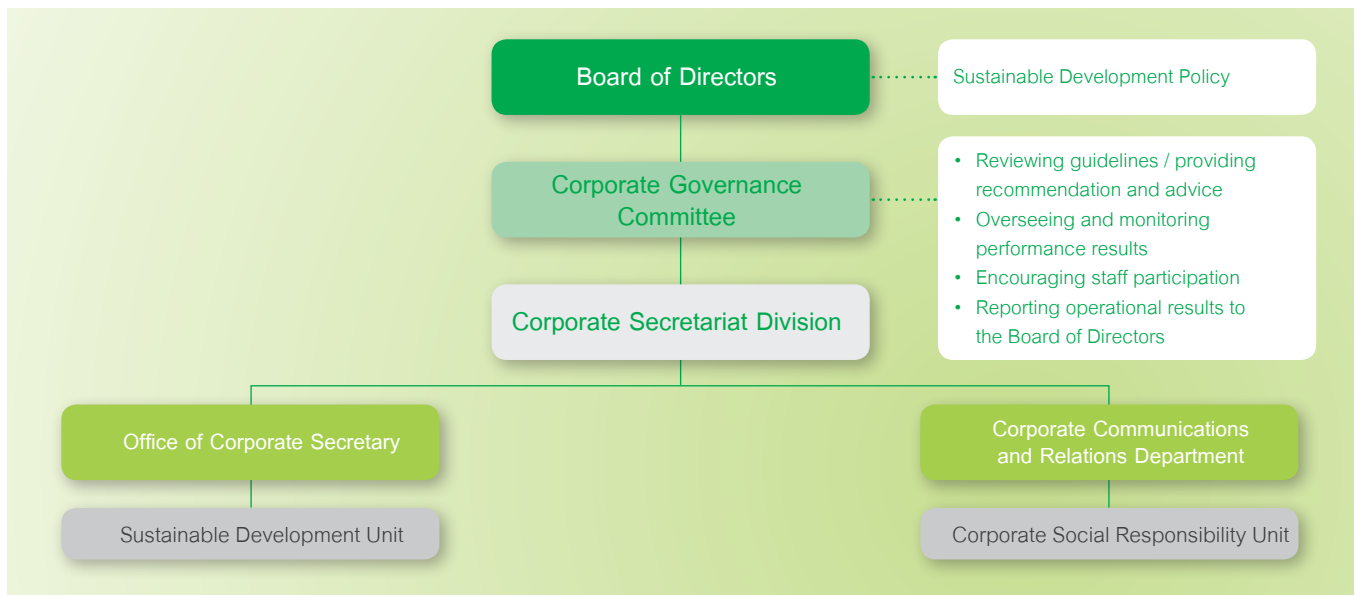


* Budget for community, society and environment support: cash contribution, time contribution, in-kind and management cost (reference to the London Benchmarking Group (LBG))

Sustainable Development Structure

Amid many challenges facing the achievement of sustainable development, KBank has begun to transform our thinking to a new paradigm within the organization, using definitive communications from the Board of Directors and Management, along with adoption of systematic administrative structures and inducements of consistent perception among senior executives and employees. To realize such a vast transformation, KBank's sustainable development structure has been meticulously devised and put in place. The Chairman of the Board and Chief Executive Officer represents KBank in driving the organization towards sustainable development, while also acting as the Chief Environment Officer. The Corporate Governance Committee,

as assigned by the Board of Directors, is responsible for supervising sustainable development operations, and holds a meeting every two months with reports to be submitted to the Board of Directors. The Corporate Secretariat Division's Office of Corporate Secretary and Corporate Communications and Relations Department promote and support KBank operations per the guidelines established by the Board of Directors. The Sustainable Development Working Group, comprising representatives of related KBank departments, pursues the Board of Directors' guidance to ensure harmony in all operating processes, which will thus lead to Bank of Sustainability and greater responsiveness to all stakeholders' needs.



Commitment towards Sustainable Development



Commitment towards economic sustainability

To create stable, strong and sustainable economic advancement



Commitment towards social sustainability

To enhance good quality of life for employees and communities in a sustainable manner



Commitment towards environmental sustainability

To preserve natural resources and the environment for future sustainability



Material Aspects and Boundaries

This year is the third year wherein KBank uses the Global Reporting Initiative (GRI), G4 Guidelines in accordance with 'Core' option as the framework of our Sustainability Report. For this year, we have undertaken in-depth analyses on our operations and linked them with the Sustainable Development Goals (SDGs), in order to map out our development directions in accordance with international guidelines.



Processes to define the materiality per the GRI G4 guidelines can be summarized as follows:

1. Identification

KBank reviewed the material aspects of 2015 and studied the aspects set out in other sustainability standards, e.g., Dow Jones Sustainability Indices (DJSI), before submission to all KBank divisions and other stakeholders. Details are as the following:

- **Internal Divisions of KBank**

KBank used brainstorming techniques with all divisions, in the forms of meetings, conferences and questionnaires; the information gained was compared with KBank's strategies and key risk factors in both short and long terms. Outside stakeholders were invited to jointly determine the material aspects and boundaries of KBank.

- **Outside Stakeholders**

Officially and unofficially, KBank gathered opinions and expectations of outside stakeholders, including customers, investors, supervisory agencies, public organizations and different institutions, using the patterns of meetings, questionnaires and in-depth interviews with individual persons. With such information, KBank learned about factors for decision making and sustainability issues that our stakeholders deem important.

2. Prioritization

KBank analyzed and reviewed the information gained from internal and external stakeholders, and prioritized the sustainable development issues into 12 aspects of three magnitudes of impact significance: large, moderate and small. Those issues have been prioritized in the Materiality Matrix, with the vertical axis for issues that are significant to stakeholders and the horizontal axis for issues that are significant to KBank.





3. Validation

KBank organized meeting with all KBank units to communicate on the above-stated prioritization, operational guidelines and information submission, then submitted the material aspects to the Management and Corporate Governance Committees for consideration and validation, as well as for approval of operational guidelines and identification of material aspects in KBank's Sustainability Report and website.

4. Review

KBank has in place an information review process after Sustainability Report has been disseminated to the stakeholders. Their views and recommendations will be used to modify the contents of the following report.

2. **Addition of New Material Issues**, e.g., Digital Transformation, Customer Data Security and Privacy, and Business Partnership. These issues have been added this year, due to changes in stakeholders' expectations in line with technological development of the financial and banking sector, revision of related regulations, and changes in international sustainability indicators.

3. Segregation of Material Issues

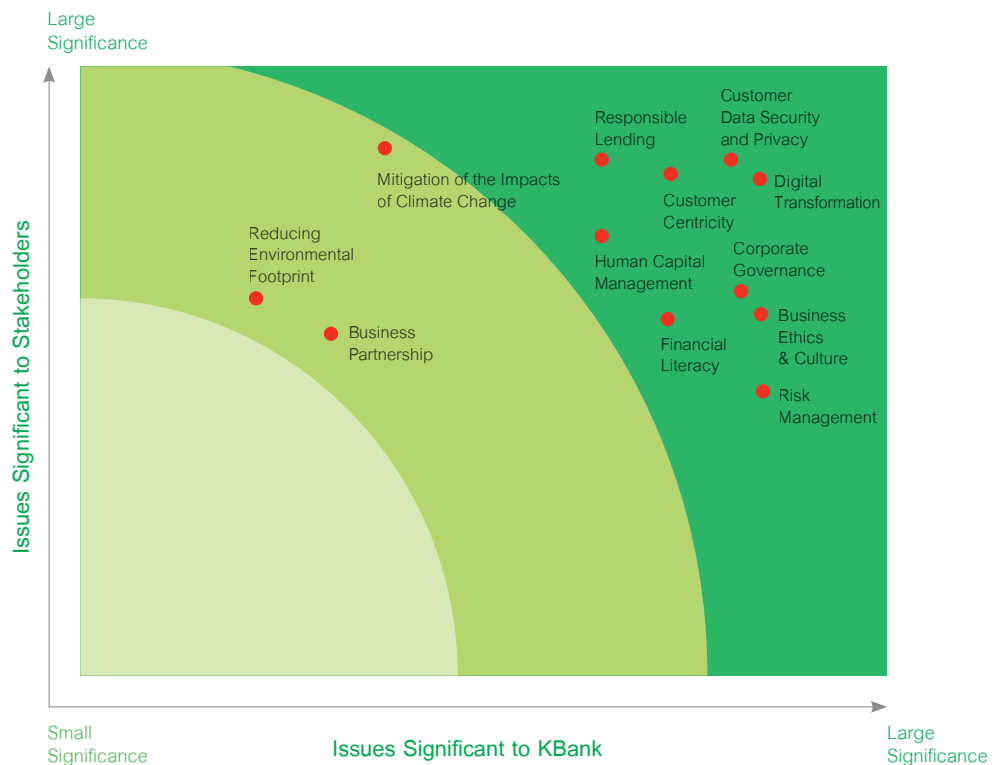
- The issue of Anti-Corruption and Fraud Prevention/ Corporate Governance in 2015 has been divided into two issues, including Corporate Governance, and Business Ethics and Culture.
- The issue of Reducing Environmental Footprint in 2015 has been divided into two issues, including Reducing Environmental Footprint and Mitigation of the Impacts of Climate Change.

4. **Modification of Material Issues' Titles**, e.g., the issue of Financial Inclusion and Capacity Building has been renamed "Financial Literacy" and "Responsible Products and Services" has been renamed "Responsible Lending".

Material Issues

In this report, there are 12 Material Issues per the GRI G4 (GRI Aspect), compared to 11 Material Issues in 2015 Sustainability Report, with the following details:

1. **Merger of Material Issues**, e.g., Labor Practices, Work-life Balance and Well-being, Training and Development, which have been merged into the aspect of Human Capital Management.





Material Issues	GRI Aspect	Within Organization	Outside Organization	Aspects stated in the report
Corporate Governance Corporate governance and inspectability	Governance Structure	All businesses	Customers Shareholders	<ul style="list-style-type: none"> Corporate Governance Economic Dimension
Business Ethics and Culture Organizational culture and compliance with ethical and transparency principles / Efforts of anti-corruption, anti-money laundering and combating financing of terrorism / Promotion of internal audit and reporting systems	Anti-Corruption and Fraud Prevention	All businesses	Customers Shareholders	<ul style="list-style-type: none"> Business Ethics and Culture Economic Dimension
Risk Management Changes in regulatory requirements / Fortification of risk management / Overall risk assessment / Consideration of environmental, social and governance factors / Assessment of emerging risks	Compliance / Audit	All businesses	Customers Shareholders	<ul style="list-style-type: none"> Risk Management Economic Dimension
Customer Centricity Products and services that meet customers' needs, satisfaction and expectations / Development of financial access for various customer groups, as well as underprivileged persons	Products and Services	All businesses	Customers Competitors	<ul style="list-style-type: none"> Customer Centricity Economic Dimension
Responsible Lending Lending with responsibility	Products and Services	All businesses	Customers	<ul style="list-style-type: none"> Lending with Responsibility Economic Dimension
Digital Transformation Utilization of technologies to facilitate access to financial products and services rapidly, appropriately, extensively and in consistence with customers' needs	Products and Services	All businesses	Customers	<ul style="list-style-type: none"> Digital-Based Development Economic Dimension
Customer Data Security and Privacy Safety of information and technologies / Customer data privacy	Customer data privacy	All businesses	Customers	<ul style="list-style-type: none"> Data Security and Customer Privacy Economic Dimension



Material Issues	GRI Aspect	Within Organization	Outside Organization	Aspects stated in the report
Human Capital Management <ul style="list-style-type: none"> • Labor practices and human rights • Training and development • Occupational health and safety 	<ul style="list-style-type: none"> • Employment / Labor-Management Relations / Diversity and Equal Opportunity / Equal Remuneration between Women and Men / Labor Practices Grievance Mechanisms • Employee Attraction and Retention / Employee Engagement • Training and Education • Occupational Health and Safety 	All businesses	Counterparties	<ul style="list-style-type: none"> • Human Resource Management • Social Dimension
Financial Literacy Provision of financial knowledge	Products and Services / Economic Effects / Indirect Economic Impacts	All businesses	Customers Community and Society	<ul style="list-style-type: none"> • Provision of Financial Literacy • Social Dimension
Business Partnership Operations with stakeholders / Arrangement of activities for the benefits of communities undertaken by KBank officers and employees / Support of activities that stimulate economic growth	Local Communities / Products and Services / Indirect Economic Impacts	All businesses	Customers Community and Society	<ul style="list-style-type: none"> • Business Partnership • Social Dimension
Mitigation of the Impacts of Climate Change Reducing Climate Change Impacts	Products and Services that promote reduction of climate change impacts	All businesses	Customers	<ul style="list-style-type: none"> • Mitigation of Climate Change Impacts • Environmental Dimension
Reducing Environmental Footprint Energy management / water management / waste management	Emission / energy / water / wastewater and solid waste	All businesses	Community and Society	<ul style="list-style-type: none"> • Environmental Impact Management • Environmental Dimension



Stakeholders	Communications and Channels	Interests and Expectations	Actions
Board of Directors	<ul style="list-style-type: none"> • Holding board meeting every month (except for force majeure cases)* • Holding the Independent Directors Committee meeting for providing comment and recommendation before the board meeting • Having in place communication channels to providing adequate, complete and timely information for the Board of Directors 	<ul style="list-style-type: none"> • Transparent operations and adherence to the Good Corporate Governance principles • Equitable treatment of all stakeholders 	<ul style="list-style-type: none"> • Provision of adequate, complete and timely information • Participation in corporate governance practices
Employees	<ul style="list-style-type: none"> • Holding orientation for employees at all levels • Disseminating useful information, news and knowledge via internal media; organizing training and activities for employees • Having in place channels for receiving opinions and suggestions • Holding meetings for opinion sharing between employer and employees 	<ul style="list-style-type: none"> • Appropriate remuneration and welfare • Career path and advancement • Continued employee development • Security and safety at work 	<ul style="list-style-type: none"> • Setting up policies and operational guidelines for HR departments, and compliance with labor law • Promoting staff career path • Undertaking annual salary surveys in the market to come up with appropriate remunerations and benefits • Organizing training courses suitable to staff in different divisions and levels • Conducting annual employee satisfaction surveys and performance assessment • Enhancing occupational hygiene and safety

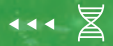
* Details of Board of Directors Meetings can be found in the 2016 Annual Report, page 220-221, 227



Stakeholders	Communications and Channels	Interests and Expectations	Actions
Customers	<ul style="list-style-type: none"> Assisting customers via Relationship Managers Holding customer relation activities on a monthly basis Holding regular activities to offer information about KBank products and services Having in place channels for receiving suggestions and complaints, i.e., Contact Center, branches and electronic channels Offering advice and financial knowledge to customers via electronic channels, branch staff and training/seminar sessions Conduct annual customer satisfaction survey via telephone, questionnaires, branch staff and electronic channels 	<ul style="list-style-type: none"> Quality and responsive products and services Convenient access to financial products and services Provision of advice, financial knowledge and knowledge related to protection against frauds and financial threats Protection of customers' confidential information Preparedness and swiftness in responding to customers' demands Listening to customers' problems and providing assistance for customers who are facing with problems 	<ul style="list-style-type: none"> Conducting staff training to maintain service quality Delivering products and services that respond to customers' demands and lifestyles Adding channels to offer greater access to varied financial products and services Launching training and seminar sessions to provide financial knowledge to all customer segments, via electronic channels and other channels Implementing policies and structures of IT management and security maintenance for customers' information, which the employees shall strictly comply with Conducting regular surveys on customers' opinions and satisfaction, answering questions via different communication channels
Counterparties	<ul style="list-style-type: none"> Arranging annual meeting with counterparties to communicate on KBank's operational directions Holding meetings with counterparties to develop new work patterns and receiving opinions/suggestions in a creative manner Having in place channels for receiving opinions and suggestions Conducting annual counterparty satisfaction survey Organizing relationship enhancement activities every year 	<p>Counterparties</p> <ul style="list-style-type: none"> Business ethics and transparent business operations <p>Business partners</p> <ul style="list-style-type: none"> Business cooperation with partner banks in various aspects 	<ul style="list-style-type: none"> Having in place criteria to select suppliers and definitive audit processes as specified in the Supplier Code of Conduct Reviewing and improving procurement procedures and communication methods to achieve common goals Undertaking examinations and timely solving problems Entering into agreements of cooperation framework with business partners



Stakeholders	Communications and Channels	Interests and Expectations	Actions
Competitors	<ul style="list-style-type: none"> Joining meetings to create opportunities of fair competition 	<ul style="list-style-type: none"> Fair and transparent business operations and competition 	<ul style="list-style-type: none"> Creating fair competitive conditions
Creditors	<ul style="list-style-type: none"> Arranging annual activities in various forms to provide useful knowledge Accepting suggestions and complaints 	<ul style="list-style-type: none"> Interest and loan payment within due date Appropriate and continual communications 	<ul style="list-style-type: none"> Arranging continual activities and communications to provide accurate and complete information, news and knowledge
Community, Environment and Society	<ul style="list-style-type: none"> Organizing community relations activities via employees' volunteer projects Arranging for electronic channels and launching CSR activities of KBank 	<ul style="list-style-type: none"> Financial literacy Products and services suitable for daily life Development and promotion of community economic growth Environmental protection Support to social and community activities 	<ul style="list-style-type: none"> Providing financial knowledge for communities of underprivileged persons via electronic channels, bank branches, public relations media of KBank and training activities Providing knowledge for local communities, and promote their career development as well as natural resources and environmental preservation Providing continuous support for development of communities, society and environment

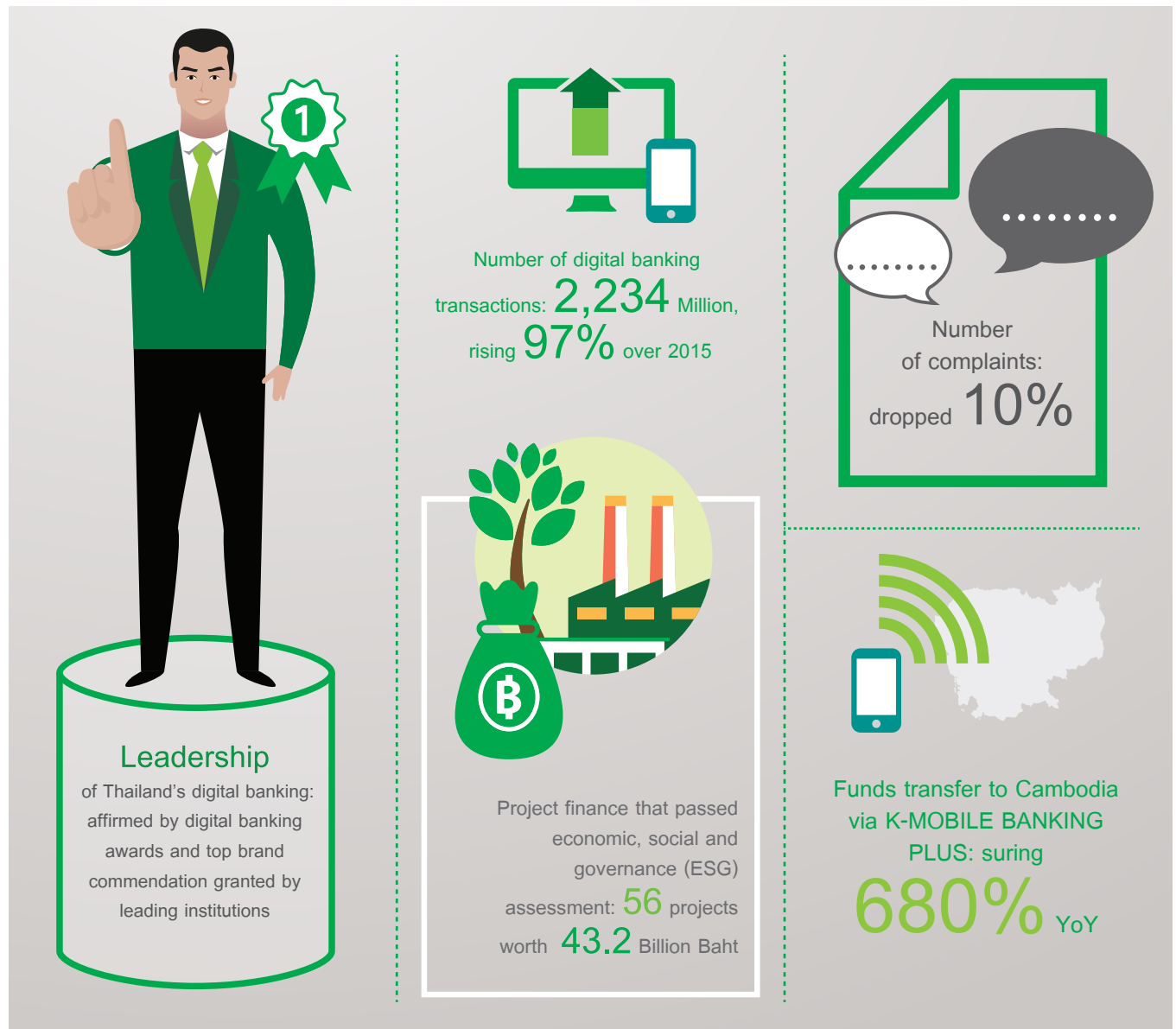


Economic Dimension

- 030 Corporate Governance
- 032 Business Ethics and Culture
- 039 Risk Management
- 043 Customer Centricity
- 048 Lending with Responsibility
- 052 Digital-Based Development
- 055 Data Security and Customer Privacy
- 059 Supply Chain Management



Thailand intends to forge collaborations with a global partner network to achieve the Sustainable Development Goals (SDGs), otherwise known as the Global Goals. As a major contributor to the country's overall economic development, KBank, through our own sustainable development in action, is determined to be a part of driving Thailand towards global targets. Our tangible actions include promotion of greater access to financial products and services in line with demand of all customer segments, creation of innovations to accommodate economic expansion and enhancement of business sector competitive capabilities, and support of the country's trade and investment expansion as well as its regional connectivity, including credit provision which takes into account on the environmental and social impacts. We have operated our business in strict adherence to good corporate governance under proper risk management throughout the supply chain. An effective fraud monitoring system has been put in place to prevent unexpected future risks of any form, to ensure that our business performance is stable, meeting all stakeholders' needs with long-term satisfactory returns for the nation's sustainable growth.





The Human Resources and Remuneration Committee has been assigned by the Board of Directors to conduct the nomination process in order to select qualified candidates in tandem with the composition, size and diversity of the Board of Directors, which includes gender, age, skills, competency and experience, which must be in compliance with KBank business directions, regulatory requirements, Articles of Association and best practices for corporate governance principles.

The Chairman of the Board and Chief Executive Officer is currently the same person so as to fulfill ongoing missions and to create new generation of qualified leaders who can drive the organization towards stability and sustainability. The Board of Directors has appointed the Independent Directors Committee to maintain checks and balances between the Board of Directors and the Management, and to protect shareholders' rights.

The Board also appoints the Board Committees, with the specific duty to study and pre-screen matters that need prudent attention prior to submission to the Board of Directors. The Board also establishes a Management Committee consisting of the Chief Executive Officer, the Presidents and other Bank officers to manage and operate KBank's business as defined by the Board.

Independent Directors Committee

The Independent Directors Committee has been established to support the Board of Directors' work in accordance with Statement of Corporate Governance Principles in order to assure all shareholders, investors and stakeholders that KBank management is transparent and protects all parties' interest with fairness. The Committee's role is to oversee KBank's overall interests, maintain checks and balances between the Board of Directors and the Management and protect shareholders' rights by offering recommendations and views on significant matters beneficial to KBank, investors and minor shareholders with independence, transparency and freedom from involvement in any interest. This will assist the Board of Directors in performing with greater efficiency and effectiveness. The Independent Directors Committee holds at least one meeting in each quarter. In 2016, the Committee held a total of 11 meetings.

Audit Committee

The Audit Committee oversees the preparation of financial reports, risk management, internal control and audit, as well as compliance with laws, regulatory requirements and ethical standards. The Audit Committee holds at least one meeting per year. In 2016, the Committee held a total of 12 meetings.

Corporate Governance Committee

The Corporate Governance Committee oversees KBank's operation and performance of executives and employees in accordance with the Statement of Corporate Governance Principles, Sustainable Development Principles and regulatory requirements which are consistent with the international standards. The Corporate Governance Committee holds at least 4 meetings each year. In 2016, the Committee held 6 meetings.

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee's role is to propose to the Board of Directors views on remuneration and nomination of directors, taking into account the composition, size and diversity, on recommendation of qualified successors to the Board for the position of Chief Executive Officer and President. The Committee also reviews a succession plan and monitors operation to ensure that it is aligned with KBank's vision and strategy on human resources as well as executive development plan. The Human Resources and Remuneration Committee holds at least 3 meetings each year. In 2016, the Committee held 9 meetings.

Risk Management Committee

The Risk Management Committee oversees the overall risk management framework to ensure that it is at an appropriate level. The Committee formulates the KASIKORNBANK FINANCIAL CONGLOMERATE risk management policy and risk appetite to present to the Board of Directors for consideration of overall risk management. The Risk Management Committee meets at least once in a month. In 2016, the Committee held 12 meetings.

Management Committee

The Management Committee oversees KBank's day-to-day business operations for continual excellent performance, with present and future risks taken into account, which must be in conformity with KBank's Vision, Mission, the Statement of Business Conduct and Statement of Corporate Governance Principles. The Management Committee holds at least one meeting a week, except when there is compelling reason or when there is no required meeting agenda or other justifiable reason. In 2016, the Committee held 49 meetings.

► More details of Corporate Governance can be found in Annual Report 2016 page 206-239.

Business Operation Oversight

KBank operates in compliance with the laws, rules and relevant regulatory requirements, and requires all employees to perform their duties and responsibilities completely, accurately and in strict compliance with established regulations. KBank requires that all employees perform their duties in accordance with our Compliance Policy, Compliance Department Charter, Compliance Manual, Compliance Program and other operational procedures, as well as each unit's handbook so that we can achieve our goals.

The Board of Directors approves a compliance policy, while the Audit Committee approves the Compliance Department Charter, which requires the Compliance Department to monitor changes in rules and regulations and inform senior management, the Audit Committee and Board of Directors of such changes. The Compliance Department is an independent unit that reports directly to the Executive Vice President in charge of managing the Compliance and Audit Division. The Executive Vice President reports further to the Audit Committee.

The Compliance Department monitors changes in rules and regulations based on data received from the competent authorities, and analyzes the impacts of such changes that may exist for KBank before communicating to relevant departments and monitoring their compliance. If there are significant changes, meeting with related departments including training on major issues are arranged to ensure their understanding and compliance. The Compliance Department also assists in establishment of review and revision of KBank's policies and procedures, so that they comply with the effective regulatory requirements, and perform review on staff operations to ensure correct and complete undertakings.

In 2016, major changes communicated by the Compliance Department were an amendment to the Securities and Exchange Act, Criteria for Offering of Unit-linked Life Insurance, Regulations for Investment in Overseas Securities and Derivatives, Additional Regulations under the Capital Account Liberalization Master Plan Phase II, and Criteria in Taking Deposits or Taking Money from the Public, etc. Meetings were held to enhance staff understanding, while training courses were organized for branch

employees to ensure that they comply with market conduct in transactions such as sales of mutual funds and insurance. KBank's policies and procedures were reviewed accordingly, while monitoring was conducted to ensure staff compliance with all of these stipulations.

KBank has put in place an examination of effectiveness and adequacy of risk management on compliance with rules and regulations of competent authorities. Audit results and the Internal Audit Department's recommendations have been reported to responsible persons, and monitoring has been conducted to ensure timely corrections. Significant weaknesses have been notified to the Audit Committee and/or Management within an appropriate period. Upon request, KBank forwards the audit results to regulatory agencies.





Employee Code of Conduct and Anti-Corruption Policy Courses



	Persons	Percent of Total Employees*
Number of Attendants until 2016	18,841	84.2
• Management	2,314	10.3
• Operating and staff level	16,526	73.8
Number of Attendants in 2016	1,426	6.4
• Management	77	0.4
• Operating and staff level	1,349	6.0

“Honest KBank People” Campaign

KBank adheres strictly to Good Corporate Governance through transparency and fairness as detailed in our Statement of Business Conduct and in conformity to the law. Throughout 2016, KBank promoted an “Honest KBank People” campaign to reinforce a culture of integrity, as foundational prevention of both internal and external corruption, which may affect KBank image and operations. The campaign promoted integrity through the following themes.

- Dare to Withstand: Work with integrity, transparency, compliance and inspectability
- Dare to Refuse: Refuse any involvement in fraud
- Dare to Inform: Report actions arousing suspicion of fraud

KBank senior management communicated these Three Dares to staff through video, audio and other channels so that they would fully appreciate the seriousness of implementing them in the workplace.

Specified metrics for success are evaluated through the records of notifications from staff of perceived risk and a decrease in the number of non-compliant staff and of staff engaging in misconduct.

* Total employees is the employees of KBank.



Supporting Internal Control and Auditing System

KBank has placed particular emphasis on effective corporate governance, risk management process and internal control system to ensure that business undertaking of KASIKORNBANK FINANCIAL CONGLOMERATE will achieve long-term corporate-wide goals and objectives. The roles and responsibilities of employees at all levels and a management structure are thus set. The Audit Committee is responsible for supervising risk management, internal control and compliance wherein Management promotes the implementation so that KBank's set goals are achieved. To attain our established targets, we have prepared the Code of Conduct, Statement of Corporate Governance Principles, Best Practices for Internal Control, Information and Complaint Receiving Policy, Anti-Corruption Policy and Employee Operational Handbook. In addition, internal audit has been put in place to assess effectiveness of corporate governance, risk management process and internal control system while recommendations are given for improvement in these areas. The objectives of assessment and compliance with laws, rules and regulations of competent authorities, KBank policies and operational procedures, work

processes, the Code of Conduct, audit results and the Internal Audit Department's recommendations have been reported to responsible persons, and monitoring has been conducted to ensure timely corrections. Significant weaknesses have been notified to the Board of Directors, the Audit Committee and/or Management within an appropriate period. Upon request, KBank forwards the audit results to regulatory agencies.

In 2016, KBank pushed forward the implementation of Conduct Risk Management Policy to ensure that all parties concerned, including staff, Management and relevant operational teams recognize and collaboratively manage risks incurred from operations that are not in compliance with operational procedures, regulatory requirements and our Code of Conduct, allowing them to perform their work appropriately and efficiently. Also, our Governance Risk Management and Compliance program was revised so that mid-level management can apply such principles to their work for enhanced efficiency. Knowledge concerning internal control principles and risk management at branches has been communicated to Assistant Branch Managers and Branch Managers, and all employees must attend study courses on internal control guidelines.



Anti-Corruption, Anti-Money Laundering & Combating the Financing of Terrorism

KBank recognizes the importance of preventing corruption, the financing of terrorism as well as money laundering that all have wide-ranging impacts on economy and society. KBank has therefore established an operational structure to assure all stakeholders that KBank operates our business in a fair and transparent manner.

Anti-Corruption

The Board of Directors establishes the Anti-Corruption Policy to ensure that all operational processes are in compliance with regulatory requirements. The Corporate Governance Committee is responsible for promoting compliance with the policy, KBank's operational procedures, relevant regulatory requirements, the Statement of Business Conduct and the Code of Conduct among employees at all levels.

KBank, KASIKORN ASSET MANAGEMENT CO., LTD. (KAsset) and KASIKORN SECURITIES PCL. (KSecurities) co-signed a declaration of the Private Sector Collective Action Coalition Against Corruption (CAC), jointly initiated by the Thai Institute of Directors (IOD), Thai Chamber of Commerce, Joint Foreign Chambers of Commerce, Thai Listed Companies Association, Thai Bankers' Association, Federation of the Thai Capital Market Organizations and Federation of Thai Industries. The project's major objective is to raise anti-corruption awareness. Since 2013, KBank, KAsset and KSecurities have been certified by the CAC Council. In 2016, the CAC certification was renewed.

KBank has established the Anti-Corruption Policy and the Code of Conduct as guideline for performance of duties and responsibilities of employees so that KBank can attain our set goal. The Policy is subject to annual review. KBank recognizes the importance of communications on the Anti-Corruption Policy for appropriate practices and actions both within and outside the organization. The Anti-Corruption Policy is posted on KBank website. KBank has regularly communicated the Anti-Corruption Policy to directors, executives and employees via our internal media and channels, including the Corporate Governance Journal, electronic network and KASIKORNTV.

In 2016, KBank encouraged suppliers to conduct business without involvement with corruption. To this end, KBank Supplier Code of Conduct was devised to cover business ethics, human rights and labor, occupational health and safety, and environment. KBank's suppliers were required to sign this document as acknowledgement. In addition, our procurement handbook has established guidelines for anti-corruption practices by suppliers and service providers. They must not get involved with corruption. KBank actions can be summarized, as below:

- Organized training courses on the Code of Conduct and Anti-Corruption Policy, and assessed their knowledge and understanding via electronic system after the training.
- Communicated the Anti-Corruption Policy to KBank directors via the Corporate Governance Journal.
- Held supplier meetings to clarify about our procurement processes, to encourage suppliers to follow the anti-corruption policy and operational guidelines.
- Provided various communication channels for receiving information or complaints.
- Sought the cooperation of suppliers to abstain from giving gifts or monetary gratuities, and regularly communicated with them about such policies and procedures.

Anti-Money Laundering & Combating the Financing of Terrorism

KBank is a bank with trusted financial transaction security and mechanisms for the prevention of money laundering and financing of terrorism. The Board of Directors has approved our Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Policy to which all employees are required to strictly adhere, under the supervision of senior management, for effective compliance.

KBank implements an AML/CFT Monitoring System for tracking suspicious financial transactions or behavior. Training sessions have been arranged to educate our employees about AML/CFT criteria. AML/CFT e-Learning has been further developed and revised for greater simplicity. A sanction list audit system has been put in place with transaction reporting as required by the Anti-Money Laundering Office (AMLO).



Information or Complaint Receiving

The Bank has established a written policy of information or complaint receiving (Whistle-blowing Policy), identifying the receiving channels, information or complaint management processes, measure to protect the rights of information providers, protection of confidential information - only authorized persons can have access to such information, and the Audit Committee is assigned to issue instructions and report to the Board of Directors on confidential information. Fair measures have been established for stakeholders to whom losses are incurred due to violation of their legal rights. For further enquiries, suggestions or to submit complaints, please contact KBank at:



KASIKORNBANK PUBLIC COMPANY LIMITED

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(Personal) Press 878 Mandarin, Press 879 Burmese

K-BIZ Contact Center : +662-8888822 Press 1 Thai, Press 2 English
(Business) Press 3 Mandarin, Press 4 Japanese

Complaint Hotline

E-mail : ComplaintCenter@kasikornbank.com

Personal : +662-8888888 Press 9

Business : +662-8888822 Press 9



Investor Relations Unit, Office of Corporate Secretary

<ul style="list-style-type: none"> Individual Investors and Shareholders <p>E-mail : Shareholder_IR@kasikornbank.com</p> <p>Telephone : +662-4706116</p> <p>Fax : +662-4702690</p>	<ul style="list-style-type: none"> Institutional Investors and Shareholders <p>E-mail : IR@kasikornbank.com</p> <p>Telephone : +662-4706900-1, +662-4702660-1</p> <p>Fax : +662-4702690</p>
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Board of Directors

Address : Corporate Secretary
1 Soi Rat Burana 27/1, Rat Burana Road, Rat Burana Sub-District, Rat Burana District, Bangkok 10140



Internal Audit Department, Compliance and Audit Division

E-mail : InternalAudit@kasikornbank.com

Address : Internal Audit Head
Muang Thai-Phatra Complex 1, 31st Floor, 252/40-41, Ratchadaphisek Road,
Huai Khwang Sub-District, Huai Khwang District, Bangkok 10320



Customers' Complaint Management

Dealing with customer complaints made through every service channel has been one of KBank's priorities. To handle the customer complaints, several divisions concerned, i.e., Retail Business Division, SME Business Division, Corporate Business Division, Enterprise Risk Management Division and Customer and Enterprise Service Fulfillment Division, have collaborated to establish the Complaint Working Team. The Complaint Working Team is tasked with drawing up guidelines for complaint management and monitoring in order to assure that the customers' complaints/problems have been addressed in a timely manner, thus leading to customer satisfaction. These include a move to prevent any future incidents, by determining KPIs, to measure performance and define operational strategies in four areas.

1

Case Handling

We have devised a format and process for handling customer complaints which comprises:

- Prioritization – judgment on the importance and urgency of each case
- Escalation for Approval – monitoring and resolution
- Quality Control – assurance of customer satisfaction
- Reporting for Performance Measurement
- Performance Report & Analysis – preparation of report to measure work efficiency, analysis of the results and review of the process for rapid management

2

Case Acquiring

We have set up a Complaint Hotline as a center for receiving customer complaints. With a team working around the clock, the hotline helps systemize and hastens our complaint management through a standardized process. Customers can also lodge their complaints to ComplaintCenter @kasikornbank.com. In addition, KBank has established an Executive Complaint Hotline to which operational units of KBank have been linked for management of potential complaints.

3

Problem Management

Coordination with the Business Process Excellence Sub-committee has been established for comprehensive problem management. In so doing, the team focuses on problems/cases that keep recurring or ones that cause extensive damages to KBank's image and/or have profound effects on customers; then finding appropriate solutions that end the problems in an appropriate and sustainable manner.

4

Reputational Risk Management

This involves setting up protocols to handle complaints that may seriously damage KBank's reputation. The Social Network Management Team (SNMT) has been formed and assigned for complaint consideration. Furthermore, we have cooperated with the Bank of Thailand (BOT) to establish a process to handle complaints submitted through the BOT for greater efficiency and long-term solutions.

The number of cases managed within the established timeline was

95%

of the total.





Risk Management

KASIKORNBANK's risk management strategy has been established in line with international guidelines and principles, and applied throughout KASIKORNBANK FINANCIAL CONGLOMERATE, to support business growth, ensuring long-term sustainable profitability and maximization of returns to shareholders and investors. Economic, social and environmental impacts have always been taken into account. We engage in a consolidated risk management framework while also emphasizing thorough, accurate and regular disclosures on risk management and capital. Regarded as an integral part of our organizational culture, KBank has established risk management policy, together with risk appetite and risk management guidelines at the Board and Senior Management levels. Emerging risks are taken into account when formulating our strategies and business undertakings.

Environmental, Social and Governance Risk Management

Recognizing that KBank can play a vital role in promoting or resisting projects with potential environmental, social and governance (ESG) impacts, we give prudent consideration to all undertakings so as to ensure the conformity to our framework. KBank has integrated ESG considerations into credit underwriting of financial products and services as well as investments in compliance with related laws, regulatory requirements and international best practices.

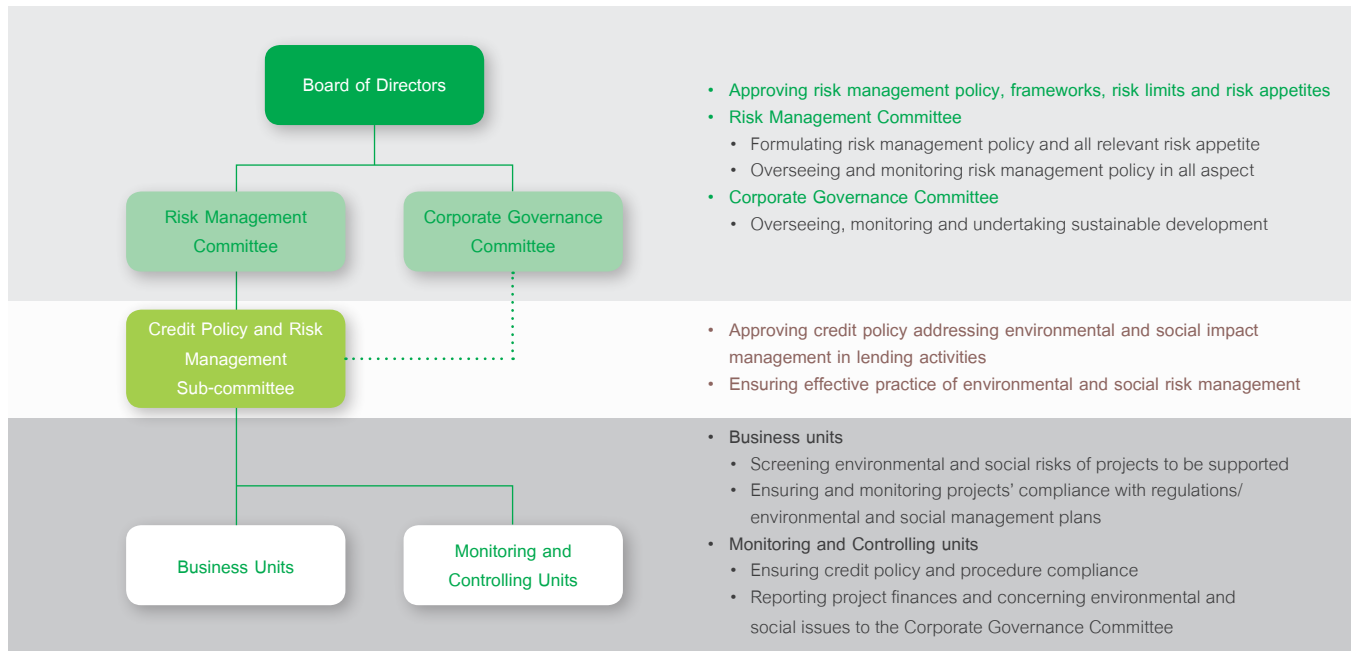
Management Approach

KBank has adopted an integrated risk structure, policy and processes that emphasize management of major risks, e.g., credit, market, liquidity, operational, strategic and other risks for sustainable business undertaking. ESG risk policy and assessment processes have been determined for credit underwriting and investment to ensure not only long-term business success, but also the sustainability of economic growth in ways that do not negatively impact the environment and society in alignment with good corporate governance practices. The Bank has thus established credit operations that manifest environmental and social responsibility. Those operations may be divided into management and transaction levels.

Credit Policy and Risk Management Department, Enterprise Risk Management Division is responsible for monitoring and controlling projects to be supported by KBank and identified as having environmental, social and governance impacts. Reports on this issue will subsequently be submitted to the Corporate Governance Committee on a bi-monthly basis for comments and recommendations.



At the management level, lending activities are structured so as to demonstrate environmental, social and governance responsibility as follows:



► Details of risk management can be found in Annual Report 2016 on page 20-27.

At the transaction level, KBank ensures that lending transactions violate neither the law nor social ethics.

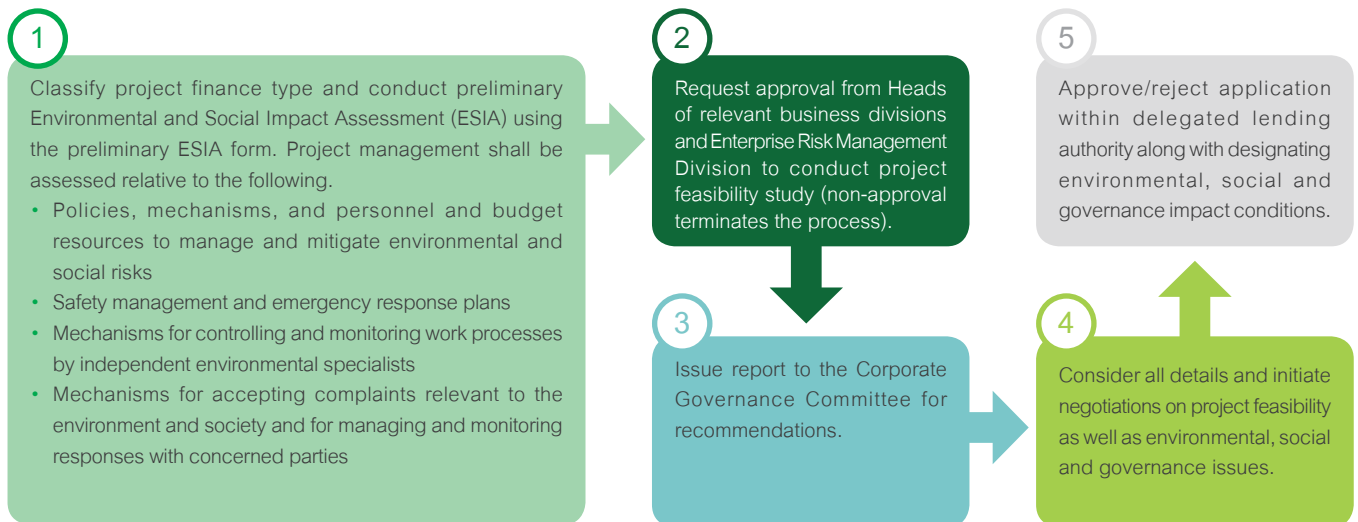
- KBank has established procedures for assessing environmental and social impacts prior to credit underwriting process to ensure that any probable concerns are properly managed.
- Projects identified as having possible environmental and social impacts must be endorsed by Heads of the relevant business divisions and the Enterprise Risk Management Division before initiating the credit underwriting process.
- KBank may impose additional environmental and social regulations and management plans for credit requests of industries/businesses with certain potential environmental and social impacts. In case a credit applicant fails to comply with them or to correct violations, KBank shall take such an action as is appropriate.
- Projects seeking credit support from KBank must be regularly reported to the Corporate Governance Committee for recommendations and further actions.
- Project activities abroad must comply with the environmental and social regulations of the host countries and relevant national agencies as well as internationally accepted standards.

- A credit policy has been established to refuse credits and credit applicants, whose activities may have adverse impacts on the economy, society or the environment. They are, i.e.,
 - Applicants involved or expected to be involved with offences under the Anti-Money Laundering Act, B.E. 2542 (1999), offences relating to narcotics, public fraud, embezzlement, or cheating and fraud involving assets, acts of dishonesty or deception, terrorism, gambling, exploitation of natural resources or the environment through the illegal use or taking possession of natural resources for commercial purposes, weapons and war materials, including offences under the Anti-Trafficking in Persons Act, B.E. 2551 (2008) and/or any other illegal activity.
 - Market speculation
 - Activities contrary to morality and/or social norms such as massage parlors and love hotels, etc.
 - Applicants employing illegal workers, migrant workers, forced labor, child labor in violation of relevant labor standards
 - Activities in violation of national environmental laws

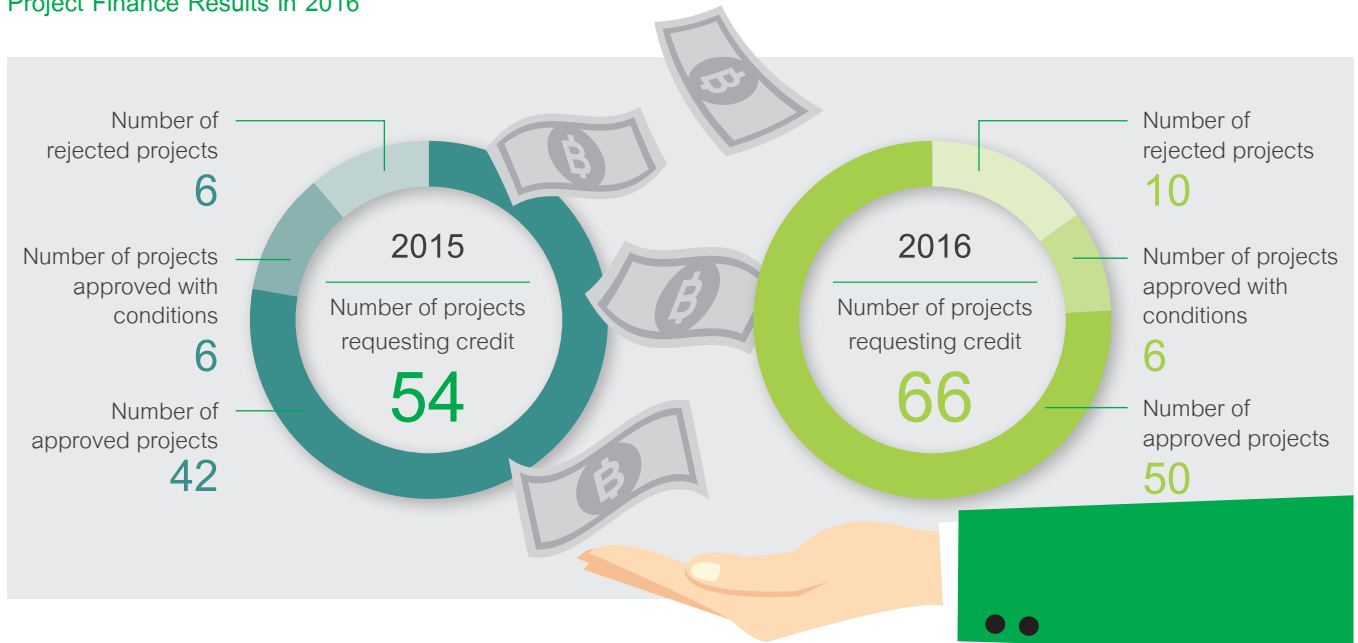
- Activities that may encroach upon or potentially damage natural coastal wetlands
- Activities that may damage the Bank's reputation.



Environmental Social and Governance (ESG) Credit Assessment Process



Project Finance Results in 2016





Human Rights Risk Assessment

Respect for human rights is a major component of sustainable business practices. KBank therefore prioritizes fair labor practices and respect for human rights through the announcement of a Human Rights Policy for strict compliance organization-wide, covering dealings with employees, customers, suppliers and the community. The policy requires compliance with the law and with international standards such as the principles of humanity and rights recognized by the International Labor Organization (ILO) and the Principles of the United Nations Global Compact (UNGC). KBank has engaged in the following human rights risk assessment process.

1

Internal stakeholders meet to formulate a framework for identification of human rights concerns including measures for the mitigation of risks. The participation of involved parties in this internal stakeholders meeting was 100 percent; the participating departments included the Office of Corporate Secretary, Credit Policy and Risk Management Department, Operational Risk and Fraud Management Department, Information Management Department, Employee Relations Department, Corporate Communications and Relations Department, and Procurement Management Department.



2

Human rights risk assessments are conducted by internal stakeholders, taking into account the possibility of violence or other impact that may result from violations of human rights. Existing measures are examined so as to identify possible human rights risks in four major areas:

Data Privacy
and Security

Project
Lending

Employment
Practices

Supply Chain
Management



3

Additional measures are implemented to assess, prevent and otherwise address major human right issues.



Customer Centricity

Recognizing that a good financial system must be open and provide multiple financial products and services accessible to both the general public and businesses in alignment with their needs based on fairness, KBank operates our business in adherence to the Customer Centricity strategy. We have conducted studies on customer behavior and lifestyles so as to introduce products and services that fully meet their needs for the best customer satisfaction, while conforming to good corporate governance and appropriate risk management. These endeavors aim to create the highest benefits for all stakeholders in line with our commitment of delivering excellent services to customers, with the purpose of achieving long-term risk-adjusted sustainable profitability. Meanwhile, we have prioritized financial inclusion to promote equal access to financial services among all Thai people in sync with the Financial Sector Master Plan Phase III of the Bank of Thailand, which is conducive to long-term Thai economic growth.

Management Approach

Guided by our Customer Centricity strategies, KBank has initiated products and services with responsibility that meet all customer lifestyles and needs. We have conducted studies on customer behavior via formal and informal interviews to provide input for use in designing financial products in accordance with laws and regulations related to consumer protection, including those of the Bank of Thailand, Stock Exchange of Thailand and Securities and Exchange Commission, as well as laws relevant to advertising and public relations so that customers are given clear, accurate, and complete information, with commitment to transparency of information disclosure and good corporate governance. We always take into account benefits and fairness for all stakeholders in compliance with our operational procedures and fair business practices. Organizational and divisional marketing communication committees have been set up, with members who are KBank executives from business divisions and

marketing communication departments. These committees brainstorm and review marketing communication strategies with the responsibility of ensuring that they are consistent with KBank business directions and prevailing customer behaviors.

Financial Products and Services

KBank has prioritized the creation of and access to financial products and services. The findings of a recent survey on Thai households' access to financial products showed that the level of accessibility was considered good*. To increase the opportunity of equal and complete access to financial services among the general public and upgrade their quality of life, the government announced the National e-Payment Master Plan as part of the nation's agenda. KBank has thus developed financial products and services to serve all customer segments. The targets and achievements are as follows:

1. Products and Services for Retail Business Customers



- Digital banking**

In order to meet customers' lifestyle needs and offer them greater access to financial products and services, anywhere, anytime, with the highest information security, KBank has provided digital banking services to our Retail Business customers as detailed below.

 - K-CYBER, which provides online financial services via KBank's website, allows customers to manage their finance at a single place with enhanced confidence through a new security system, wherein QR-OTP (One Time Password) is used for confirming important transactions.

* Source: 2013 Thai Households' Access to Financial Services Survey, jointly conducted by the Bank of Thailand and the National Statistical Office of Thailand.



- K-MOBILE BANKING PLUS provides mobile banking services via an application that meets the daily needs of our customers of all lifestyles. The service allows customers to conduct financial transactions on their own anywhere, anytime, without the need to go to a bank branch, thus cutting travel time, especially for those living in remote areas. To enhance customer satisfaction, KBank has implemented ISO 27001:2013 - an Information Security Management System standard for our mobile banking transactions including funds transfer; bill payment; changes in withdrawal, funds transfer and payment limits via credit card; debit card suspension; mutual fund subscription and redemption; purchase of travel insurance; application for personal loan; activation of credit and cash cards as well as inquiry of credit card spending amount and accumulated points. This service platform has the capacity to provide new financial services to our customers in response to their real-time needs, thus bolstering KBank's competitiveness.

KBank is at the forefront in digital banking services, affirmed by the Digital Banking Initiative of the Year in Thailand award and the Best Mobile Banking Product in Thailand award, and the Top Brand for Customers according to a survey conducted by leading institution in 2016.



Digital banking existing users

Number of existing users: **10.2** million
rising **21** percent YoY

Number of transactions: **2,234** million
rising **97** percent YoY



New digital banking service users

Number of new users: **4.2** million
rising **34** percent YoY

- K-Speed Top Up offers a mobile top-up service for any mobile handset and/or network provider. The service debits a customer's deposit account without the need to download any application, meeting the needs of those seeking easier, more convenient and faster mobile top-up.



• **PromptPay**

PromptPay is one of the projects under the National e-Payment Master Plan which aims to develop payment infrastructure and promote the use of electronic payments. In collaboration with the government, KBank has implemented the policy in order to promote greater access to financial services among the general public.

- Registration for PromptPay via branches, K-ATMs, K-MOBILE BANKING PLUS and K-CYBER was opened to our customers on July 1, 2016.
- The PromptPay service has been publicized via various media such as KBank’s website, at branches and at K-ATMs to promote greater awareness and understanding of the service and to encourage customers to register for the service.
- Training courses were organized for our branch staff and K-Contact Center representatives to ensure that they can provide accurate, complete and clear information to customers.

2. Products and Services for SME Business Customers

K-CYBER for SME

Catered for our SME and Micro Business customers, both individual and corporate, K-CYBER for SME offers online financial services including funds transfer, top-up and bill payment with the use of QR Scan OTP – the highest security standard. Customers may check incoming/outgoing funds in their account, around the clock, without the need to go to a bank branch, thus cutting their time and travel expenses.

Operating performance

The number of K-CYBER for SME customers rose 342% YoY

3. Products and Services for Corporate Business Customers

(K Electronic Letter of Guarantee for Electronic Government Procurement: K e-LG for e-GP)

Electronic Letters of Guarantee (LG) are issued as a security pledged against compliance with contracts or contractual obligations under public procurement projects. Customers having LG loan limits may apply for and use this service via the online system of Comptroller General’s Department.

Operating performance

Number of K e-LG for e-GP transactions in 2016: 14 percent of total transactions

4. Products and Services for International Business Customers

As part of KBank’s operational strategy to expand overseas businesses and service networks to facilitate trade and investment liberalization within the AEC, KBank strives to become the “Top of Mind Regional Bank” in offering complete international financial services for investors in AEC+3. Currently, KBank has 16 overseas service networks in 9 countries in the forms of locally incorporated institutions, branches, sub-branches and representative offices. They offer services, as follows:

• **International Funds Transfer**

KBank has developed various technological systems related to international trade transactions to accommodate business growth. Among them is a payment platform under the collaboration with Alipay and King Power to facilitate Chinese tourists to shop online with King Power and make online payments via Alipay. KBank is the first bank in Thailand that offers this service to assist local retail stores to accept online payments by Alipay. KBank has expanded cooperation with Alipay in offering services to retail stores to accept payments via Alipay QR Code, as well.



- Regional Currency Settlement**
 KBank supports trade that uses local currencies as a medium of exchange because it helps businesses to hedge against foreign exchange risk and reduce transactional costs.
- Border Trade Business Center**
 KBank has opened the Border Trade Business Center in Mae Sot District, Tak - the first of its kind in Thailand - to facilitate Thailand-Myanmar border trade. The second Border Trade Business Center will be opened in Mukdahan to support Thailand-Laos border trade later on.

5. Products and Services for Underprivileged Customers

Currently, funds transfer is the most used financial service because it can be conducted through many channels, largely ATMs, and the recipients can withdraw cash from any branch or ATM instantly. KBank has offered greater convenience to recipients, especially those residing in remote areas without any bank branch and ATM to receive cash and set a goal to ensure that people in every district have access to the funds transfer service. In 2016, related operations that met the established goals are as follows:

- K-Bank to Post**
 A funds transfer service, whereby funds transferred via K-ATMs can be received at post offices nationwide, without the need for the recipients to open a deposit account with KBank. This service is intended to offer convenience for recipients residing in remote areas.
- K-ATM to 7-Eleven**
 A funds transfer service, whereby funds transferred via K-ATMs can be collected at 7-Eleven convenience stores nationwide, without the need for the recipients to open a deposit account with KBank.



โอนเงินกลับบ้านทันที รับเงินที่ mPAY STATION

กว่า 4,500 สาขาทั่วประเทศ

ขั้นตอนการโอนเงิน

1. เข้า K-Mobile Banking PLUS แอป โอนเงิน
2. เลือก ปลายทาง ๓๖-เลือก เสิมเพิล ๓๓๓๓
3. ใส่หมายเลขบัตรประชาชน และใส่รหัสผู้รับ และจำนวนเงิน
4. ตรวจสอบรายละเอียดถูกต้อง กด "ยืนยัน"
5. แจ้งรหัส REF2 ที่ได้ทาง SMS ไปผู้รับปลายทาง

ขั้นตอนการรับเงิน

รับเงินที่ประชาชน หรือแจ้งรหัสรับเงินที่ได้รับทาง SMS ของตนเอง (REF1) และที่ได้รับจากผู้โอน (REF2) ที่รับเงินที่

ร้านค้าที่มีสัญลักษณ์ mPAY STATION

รับได้ทุกวัน ตั้งแต่เวลา 9:00 - 17:00 น.
* mPAY STATION ไม่สามารถรับเงินคืน

- mPAY STATION**
 A funds transfer service that KBank collaborates with Advanced mPay Co., Ltd., whereby funds transferred via KBank can be received at over 3,000 mPAY STATIONS nationwide. The service allows KBank to tap new customers wanting to transfer funds to the recipients who do not have accounts with KBank, thus offering great convenience to senders and recipients.

Operating performance



In 2016, the number and value of funds transfer transactions increased 366 percent and 556 percent, over-year, respectively.

K-Bank to Wing

KBank has collaborated with Wing (Cambodia) Limited Specialized Bank (“Wing”) to offer funds transfer service via K-MOBILE BANKING PLUS to Cambodia, where the recipients can collect money at over 4,000 Wing dealers. This service targets over 700,000 Cambodia workers in Thailand who want to transfer funds back to their home country. In the past, they had to ask someone to carry the money back to Cambodia, which was not convenient and safe. These problems have been solved with K-Bank to Wing.



Operating performance

In 2016: The value of funds transfer via K-Bank to Wing increased over **680** percent, over-year.

Details are as follows:

In 2015: The value of funds transfers averaged 77,000 Baht per month.	In 2016: The value of funds transfers averaged 400,000 Baht per month.
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6. Customer Relationship Management

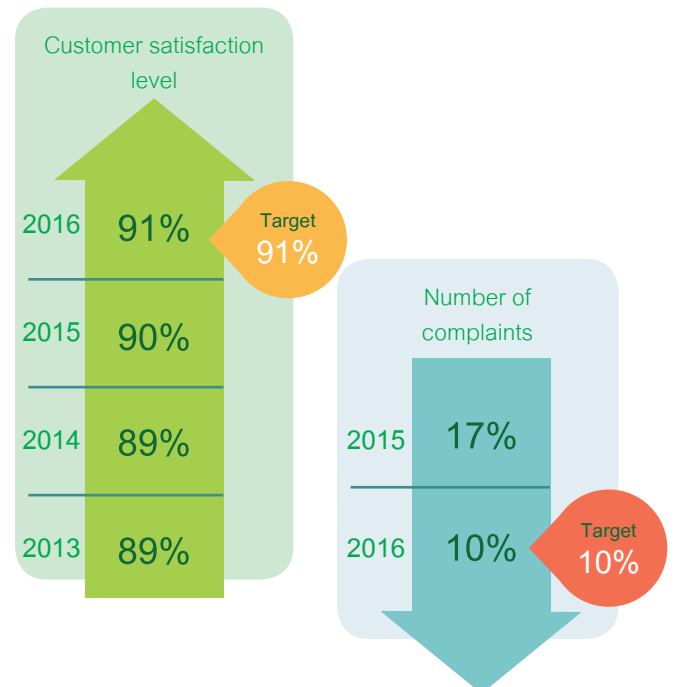
In 2016, KBank further improved our customer service quality by replacing the “Complaint Working Team” with the “Customer Experience Management Working Group (CMX)”. It was undertaken as part of our vision to be the most recommended bank through service delivery as promised with optimized cost and risk. CMX has two main missions as follows:

1. Design optimum and integrated service model for all channels
2. Service quality assurance – guardian of brand promise

In addition, KBank strives to continuously enhance our customer service quality at branches per our resolution to offer the most satisfying service experience for our customers. In so doing, a customer satisfaction improvement program has been introduced to better understand the customer needs during certain periods. Under this program, information on the experience of our customers after conducting transactions with KBank at branches and/or K-Contact Center are assessed every month to improve our service standards to match their needs and establish key performance indicators at branches. Moreover, KBank has published manuals on service provision standards and workspace management at branches, as well as arranging a competition for the Customer Satisfaction Award as part of our effort to offer the most satisfying service to the customers.

With regard to complaint management, KBank attempts to arrive at solutions swiftly with priority placed on responding to customer needs. A mechanism has been installed to immediately address complaints via systematic management mechanisms. As a result, in 2016, the Bank achieved that target as the number of complaints in 2016 dropped 10 percent further from a 17-percent decline in 2015. In 2017, KBank targets to reduce the number of complaints by 10 percent, over-year.

Customer Relationship Management





Lending with Responsibility

Management Approach

Due to the slowing domestic economy, KBank attaches importance towards financial management of our customers to cope with necessary spending. Lending is undertaken with great prudence with recognition placed on social responsibility. KBank continuously promotes financial literacy to our customers so that they can devise appropriate financial plans and be disciplined in debt repayment, thus reducing their needs to rely on high-interest loans from unauthorized lenders that often exercise unfair debt collection. At the same time, KBank regularly conducts a customer need study through a group interview based on various risk levels. The study results are used to design financial products and services, as well as creating a comprehensive loan underwriting process, based on economic, social and environmental conditions. One of the loan assessment criteria is a customer screening to ensure that our Retail and SME Business customers are able to grow steadily and be important mechanisms for the country's economic and social developments over the long term.

In addition, KBank recognizes an access to funds of Corporate and SME Business customers because they play an important role in steering the economy. KBank has collaborated with the public sector to provide loans to them as part of the government economic stimulus policy, i.e., soft loans as working capital for SMEs. Although net interest margin of KBank will decline, the initiative is intended for social responsibility purposes. Therefore, supporting Corporate and SME Business customers to grow is an important mission of KBank towards Thailand's economic development. In 2016, KBank developed loan products and service channels, as follows:

1. Loan Products and Services for Retail Business Customers

To help our Retail Business customers reduce their interest payment, bolster liquidity and manage their finance in an appropriate manner amid the anemic economy, KBank has introduced various loan products and services for them, as follows:



- **K-Home Loan**

KBank has invented innovations to align home loan services with the customer needs in the digital era. In so doing, our www.askkbank.com/khomesmilesclub has been improved to provide complete information on homes. This website now features a search engine to find residential project locations nationwide and details on K-Home Loan. Our customers can preliminary check their credit limit to be approved by KBank via K-Home Loan Online. Other information available on the website include contact channels of our business partners, stores offering home services and products. Once the loans have been approved, our customers will then be given K Home Smiles Club credit cards to enjoy various privileges and activities, plus special conditions when shopping at leading stores. K-Home Loan Delivery that offers home loan advisory services to your homes is available everyday.

Operating performance

2016 home loan totaled 238,000 million Baht (2 percent growth)

- **Home Loan Portfolio Program between KBank and Secondary Mortgage Corporation (SMC)**

This home loan portfolio program is a collaboration between KBank and SMC, a state enterprise, aimed at developing home mortgage loan markets that will benefit the country's economic system. Under this program, KBank acts as a financial advisor to help promote the capital market to issue financial instruments, e.g., Mortgage Backed Securities (MBS) - being another form of financial innovation - as an option for investors to use home mortgage as collateral. Moreover, the program is intended to offer those wanting to buy homes an easy access to home loans. In 2016, KBank sold over 552 million loan portfolio to SMC and the aggregate loans purchased through this program since 2009 reached some 13.50 billion Baht.



K-Express Cash

It has been designed to ease interest burden for our customers during the sluggish economy. As KBank wants our K-Express Cash cardholders to manage their expenditures more efficiently and be disciplined towards debt repayments, those making the first 15,000 Baht loan drawdown are entitled to zero percent interest for three months. KBank will approve K-Express Cash card to applicants who have passed our lending assessment based on economic and social criteria. Service details will be notified to our customers to manage their finances. To help them reduce interest burden, their outstanding balance is limited at 15,000 Baht/person. Debt repayment schedules will be clearly indicated to keep an average debt of our customers at less than 50 percent of their income. As a result, KBank has been able to maintain good quality customers and allow us to reach out to prospective K-Express Cash cardholders.

Operating performance

2016 loans totaled about 16,400 million Baht.

Personal Loan Approved via K-MOBILE BANKING PLUS

Our customers can apply for this personal loan and know an approval result together with a credit limit immediately via K-MOBILE BANKING PLUS. The loan is intended for our customers having KBank Payroll accounts and using K-MOBILE BANKING PLUS because they have low debt default risk. It is also suitable for those wanting emergency cash for necessary spending, thus allowing them to manage personal finance more efficiently during an anemic economy.

2. Loan and Service for SME Business Customers

To ensure that our SME Business customers have sufficient liquidity for business operations, an easy access to investment funds and complete business literacy that will enable their businesses can grow healthily and be important mechanisms for the advancement of the Thai economy, KBank has cooperated with the government in providing loans for this customer segment, as follows:



1st and 2nd Phases of Soft Loan Program as Working Capital for SMEs Worth 150 Billion Baht

Operating performance

2016 total loan extended 22,287 million Baht, 5,272 SMEs participated in the program.



Pracharat Loan Program for SMEs Worth 1.5 Billion Baht

A soft loan program, bundled with business training for participating SMEs to control their operating costs. They will also be advised on using various software programs to increase productivity. To help them to operate businesses in a sustainable manner, they will be equipped with marketing knowledge, as well.

Operating performance

2016 total loan extended 1,390 million Baht (accounting for 93 percent of the total loan).



- **Soft Loan Program for SMEs to Replace Machinery and Increase Production Efficiency Worth 30 Billion Baht**

A soft loan program for SMEs to enhance production efficiency through purchases of new machinery, equipment, tools, computer programs. Moreover, they can obtain this loan to build permanent facilities to house new machinery, expand, alter, or improve assets related to their businesses. Aside from spurring domestic investment and steering the economy for sustainable growth, the program is intended to provide SMEs with greater access to soft loans for business operation improvements. The program offers 30 billion in soft loans.

Operating performance

2016 total loan extended 2,758 million Baht.



- **Good Innovation, Zero Interest Project**

This project is under cooperation with the National Innovation Agency (NIA) for operators seeking new innovations and requiring capital funds. NIA provides loan-interest support over a specified period for innovation from the early stage to full-scale production. Loans are considered by KBank on innovations that have been certified by the NIA.

Operating performance

2016 total loan extended 126 million Baht.



- **Interest Compensation Program for Rice Traders in Maintaining Rice Stocks during 2015/2016 Crop Season**

Under this program, the government compensates interest incurred from maintaining rice stocks for rice traders during the 2015/2016 crop season, aimed at absorbing paddy supplies to stabilize prices.

Operating performance

2015/2016 crop season, total loan extended 6,751 million Baht.



- **Loan Support Program for Rubber Trader Worth 15 Billion Baht**

Loan interest is compensated by the government for rubber business operators that need to borrow for production capacity expansion or machinery replacement. The borrowers must engage in downstream rubber processing businesses. The total amount of loan offered under this program is 15 billion Baht.

Operating performance

2016 total loan extended 3,710 million Baht.



- “Jew Tae Jaew” Loan**
 Loans for our SME Business customers to bolster their liquidity for greater business flexibility. KBank’s interest rates are in alignment with economic conditions to help our customers expand their businesses with lesser costs. To help them build businesses, a series of training will be provided with veteran entrepreneurs being invited to share valuable experience. KBank has always recognized the importance of micro businesses towards the country’s economic development.

Operating performance

2016 loan totaled about 25,300 million Baht.

3. Financial Inclusion

To offer greater access for the general public to financial services in line with the government policy to provide assistance to the underprivileged sections of the society, KBank has initiated loan products and services, as follows:

- K-Personal Loan for Pensioners**
 Amid the rising cost of living, the government has assisted government retirees by amending laws allowing them to pledge their inheritance rights to obtain loans from financial institutions. In response to the government’s move, KBank has introduced K-Personal Loan for Pensioners to help government retirees receiving monthly pensions. They can pledge their pension inheritance rights to obtain loans with fixed repayment terms from KBank.





Digital-Based Development

The current technological development will likely shape future channels and forms of financial transaction channels, as well as linking financial innovations to modern technologies. The emergence of new startups that apply technologies to financial, banking and investment businesses, or financial technology (FinTech) is now seen in many countries, including Thailand. The Bank of Thailand (BOT), has implemented the Financial Master Plan Phase III (2016 - 2020), aimed at steering Thailand towards a cashless society by promoting electronic financial services and settlements, along with enhancing digitization and efficiency of the financial service system to reduce cash management costs and offer greater convenience and access to financial services. Meanwhile, new entrepreneurs will be able to have an easy access to funding sources and start up their businesses via fund mobilization with greater confidence towards efficient system and maximum security.

This presents a challenge for KBank in managing and developing future financial technology infrastructure, as well as maintaining our future competitiveness via the introduction of a myriad of financial products and services to meet consumer needs in the digital era. Moreover, KBank will have to brace for a challenge in maintaining the most satisfying service experience to our customers in accordance with our resolution by developing new business models for the digital economy via business partners and new technological innovations to drive our businesses for sustainable growth. KBank has set a goal to maintain our competitiveness and leadership in e-banking business, as well as tapping into new markets quickly amid challenges from technology-driven competition.

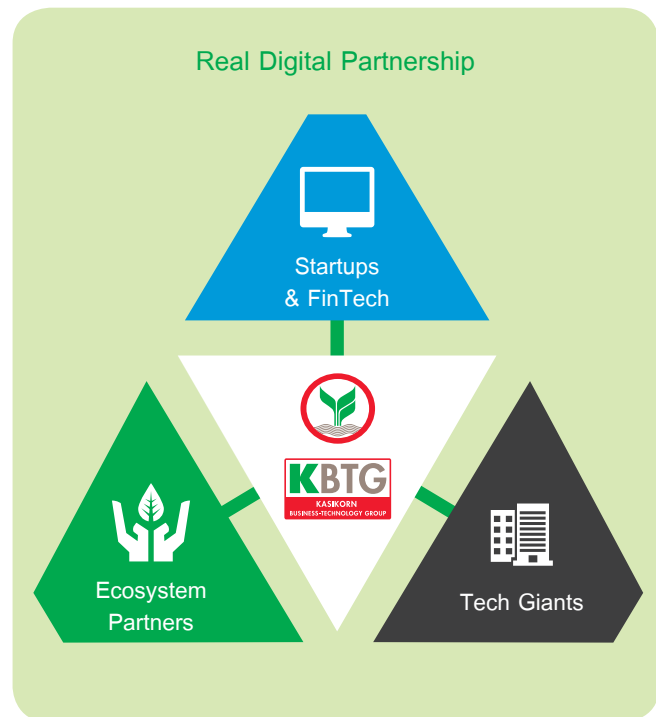
Management Approach

KBank strives to develop business models and customer experience management based on two approaches, as follows:

1. Short-term Business Solutions

To achieve immediate results and respond to changes in the market as a result of rapid technological development, consumer behavior in the digital era, new laws and regulations amid challenges from new forms of competition in the financial business. KBank has implemented three important strategies, as follows:

- Establish partnership with a group of startups and collaborate with our existing business partners, e.g., IT service providers.
- Create a data-driven business model.
- Respond to the customers and introduce digital lifestyles to them, e.g., our K-MOBILE BANKING PLUS and K-CYBER services that will enable them to carry out financial transactions more conveniently anywhere and anytime.





2. Long-term Organizational Reform

To lay a strong business foundation, enhance our long-term competitiveness, establish long-term business directions, covering resource management and development of potential operations for necessary business undertakings in the future.

Operating Performance

In 2016, KBank carried out business operations under the digital-based development strategies, aimed at becoming a leader in providing digital financial services in the short-and long-term, as follows:

1. The Establishment of KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG),

KBTG was established at the end of 2015, which comprises five wholly-owned companies, i.e., KASIKORN TECHNOLOGY GROUP SECRETARIAT, KASIKORN LABS, KASIKORN SOFT, KASIKORN PRO and KASIKORN SERVE. KBTG was set up to facilitate and maintain KBank’s competitiveness, which will pave the way for KBank to become a leader in the banking business amid challenges arising from technological-led competition. KBTG focuses on seeking new technologies and business models, as well as managing and providing infrastructure and IT support for KBank.

2. The Setting up of Beacon Venture Capital Co., Ltd.

To engage in venture capital business for the development of new innovations supporting leading Thai FinTech firms and startups in terms of IT systems and other operations. The company has a plan for direct investments into startups in Thailand and other Asian countries that will enable KBank to participate in the development of innovations and new business models, while those joint ventures will help KBank to gain access to world-class innovation concepts quickly, as well as enhancing our fund mobilization experience, thus allowing KBank to forge closer relations with investors and startup at all levels. Investments are being targeted in such businesses as financial technology, customer engagement & experience, AI/Machine Learning and Big Data & Analytics. Moreover, the company will invest in IT development for organizations, infrastructure and security systems with support from FinTech firms and startups of KBank. KBank is committed

to creating excellent innovations and services for our customers to receive the most satisfying experience because this will enable KBank to grow sustainably and be ready to compete with international rivals for the benefit of the Thai economy. Moreover, it will allow KBank to manage risks stemming from rapid technological changes more efficiently to accommodate new innovations and consumer behavior in the digital era.



3. Providing Support for Beacon Interface Co., Ltd.

To develop financial technologies for all sectors of the society. Beacon Interface’s first accomplishment is a new mobile app user experience, especially

designed for visually impaired persons and the elderly, enabling them to easily and discretely conduct financial transactions on smartphones with confidence by intuitive finger movements. This innovative app won two prizes in Singapore FinTech Festival 2016, i.e., “Winner of Global FinTech Hackcelerator” from the Monetary Authority of Singapore (MAS), and “Developer Hub Award” from Citigroup. About 650 projects from 50 countries worldwide entered the competition. Beacon Interface was the only Thai FinTech startup that won two prizes.

4. Providing Support for FinTech Firms and Startups

To create financial innovations needed to increase their competitiveness amid changes in global financial technologies, as follows:

- 4.1 Collaborating with FinTech firms and startups to develop financial innovations for the creation of new business models to enhance KBank’s business potential, e.g., a financial service development program for SMEs to link to FlowAccount via K-MOBILE BANKING PLUS that offers more convenience for them to conduct financial transactions.



- 4.2 Organizing seminars to offer knowledge on FinTech and startups, aimed at enhancing business operational efficiency of our SME Business customers, as follows:
 - 4.2.1 Seminars on FlowAccount and special privileges when using this account management system.
 - 4.2.2 Seminars on Bulk and special privileged when using this construction business management system.
 - 4.2.3 Special privileges when using Skootar - a motorcycle delivery service.
- 4.3 Building more business partners to spur startups in Thailand by participating in the Startup Thailand and Digital Thailand 2016 exposition.

5. Developing New Forms of Technology Structure

To enhance IT management efficiency and basic factors for the development of FinTech and startups.

5.1 PromptPay

KBank opened registration for KBank PromptPay service via KBank Branches, K-ATMs, K-Cyber Banking and K-Mobile Banking PLUS. The registration involves specifying a bank account and national ID or mobile phone to be linked to the service. Moreover, KBank collaborated with relevant agencies in developing PromptPay system prior to the official launch of the service in January of 2017 per the National e-Payment strategic plan.

5.2 Application Programming Interface Platform (API)

for startups to easily link their financial service data to KBank.

5.2.1 **Payment system via K+ Wallet app** to offer more convenience for our customers to make payments for goods and services in the form of e-money.

5.2.2 **Payment system via Samsung Pay** KBank - VISA Credit Card holders can link their credit cards to Samsung Pay to make payments at credit card accepting machines located at general shops, offering greater convenience for such cardholders as they do not have to carry credit cards.

5.2.3 QR Code Payments via Alipay and WeChat Pay

KBank collaborated with Alipay and WeChat Pay to develop EDC machines with QR Code scanners for Chinese tourists to make payments via Alipay and WeChat Pay instead of cash. The move is intended to offer convenience for Chinese tourists visiting Thailand and increase payment channels at stores using our EDC machines.

5.3 Studying and developing technologies that could apply Machine Learning in KBank businesses

This was carried out by using the data from a consumer behavior study to analyze customer needs, thus allowing KBank to align financial products and services with those in needs at the right place and in a timely manner. In initial trial period, KBank products were introduced via SMS e-mail and Life Plus on K-MOBILE BANKING PLUS to target consumers.

5.4 Studying and developing Internet of Things (IoT) technologies

that link to everyday life equipment and tools via the internet. KBank is collaborating with POMO Kids Watch to develop an app that is capable of monitoring kid's movements via the Global Positioning System (GPS), while their parents can limit safe areas as needed. At the same time, KBank is studying the possibility of developing a watch with which kids can make payments for goods and service at schools for the purposes of convenience and safety.

5.5 Studying and developing Blockchain technology to find ways to apply it to financial businesses

The development began with creating a prototype, issuing Letters of Guarantee (LG) on Blockchain to the Provincial Electricity Authority to enhance its efficiency, reduce operational procedures, the time required to prepare documents and paper usage.

KBank is committed to optimizing technologies and innovations as part of our endeavor to lay a foundation for financial integration and providing equal financial service access to all sectors of the society, as well as enhancing the country's competitiveness.



Data Security and Customer Privacy

Data security and customer privacy can significantly build confidence towards financial institutions. KBank strongly believes that the more technologies are used to facilitate convenience, the more effort is needed to maintain data security and customer privacy because consumers have the rights over their privacy. If their privacy is protected, they will have great confidence towards the entire financial system. As a result, KBank is strongly committed to preventing and suppressing cyber threats by introducing cutting-edge technologies in our financial systems to offer advantages for the stakeholders, create stability in our IT financial system and Thailand's future financial landscape.

Management Approach

KBank has in place systematic data security systems and data management guidelines, which have been implemented from the Board of Directors level downward. The policy framework and clear operational guidelines for data security have been established for our employees to strictly comply with. In addition, IT technology systems have been linked to a centralized data base for appropriate risk management via various risk systems. Personal data security measures, covering both technical and data management aspects have also been implemented.

IT Management Structure and Data Security

As the Board of Directors attaches importance towards data security and customer privacy, it has instructed the Risk Management Committee to supervise overall IT risk management and cyber risks of KBank. The Information Technology Strategy Sub-committee has been established to devise overall IT system policies and strategies, review, approve and supervise related operations so that they are in alignment with the strategies, operational regulations and IT system architectural structure and IT security control standards of KBank. Mr. Somkid Jiranuntarat has been assigned as Chief Information Officer (CIO) and Chief Information Security Officer (CISO) with responsibility of IT

management, IT system and data security. IT risk reports are submitted to the Risk Management Committee on a quarterly basis. In addition, the IT Risk & Security Assurance Department has been set up to supervise IT and cyber system security per KBank security policy to ensure that various systems and measures have appropriately been put in place to readily brace for cyber threats.

IT and IT Data Security Policies

KBank has introduced a set of IT system policies and related operational regulations to efficiently supervise and establish IT and IT data security management guidelines. A number of policies have also implemented to prevent threats and security risks that may occur from internal and external factors, including:

1. IT and IT Data Security Policy Set
 - Confidentiality Classification and Data Management Policy
 - IT System Access Policy
 - IT Application Security System
 - Management of IT Security Incident Policy etc.
2. IT Risk Management Policy Set



IT and Data Security Operations

KBank has improved operational systems, technologies and innovations together with our personnel, as well as stepping up preventive measures to brace for cyber threats, involving prevention, monitoring and investigation processes, as well as counter and rehabilitation measures, to enhance our consumer confidence towards KBank. Such operations are as follows:

1. Customer Privacy Protection in Conformity with Good Governance Principles

1. The Data Governance Sub-committee has been established, comprising high-ranking executives, to supervise information management, as well as corporate and customer data protection to ensure maximum efficiency and security of information management systems.
2. Policies and operational regulations related to information management have been implemented, as follows:

Data quality policy

Customer data access operational regulations and policies

Electronic document management operation regulations and policies

Customer data management operation regulations

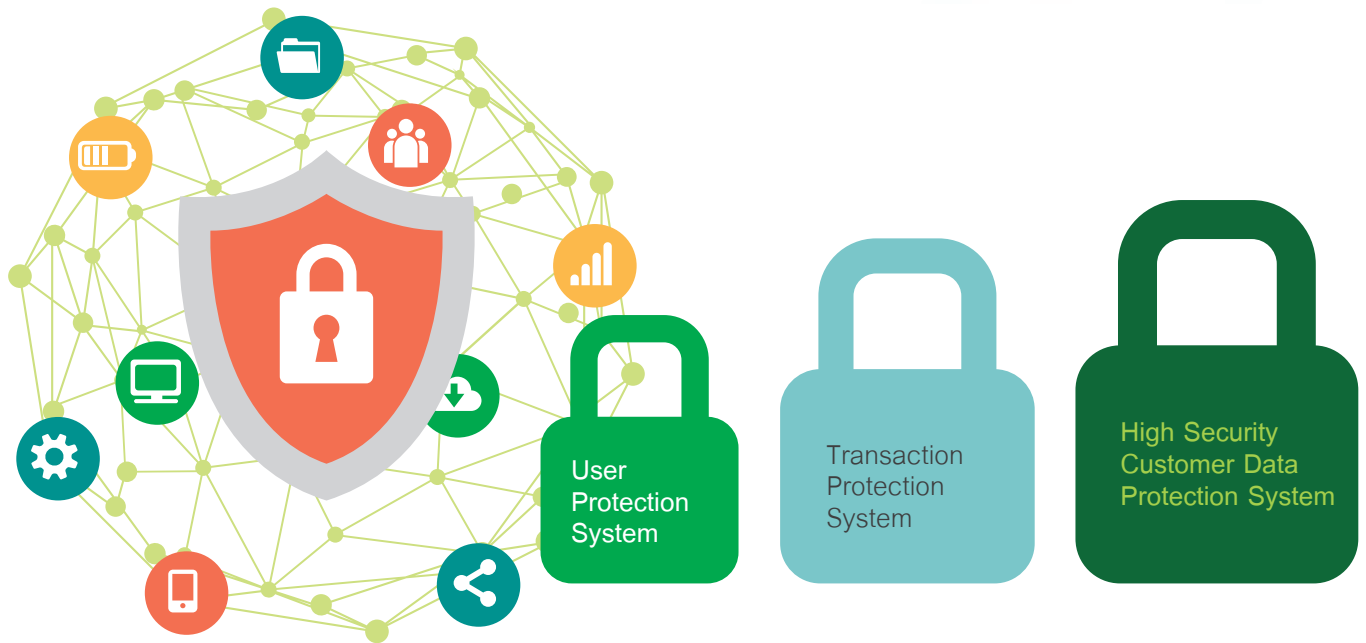
3. An operation manual has been published and an approval has been sought to ensure that the dissemination of information outside KBank is under stringent control and supervision.
4. Data application has been reviewed, prioritized, supervised, monitored, inspected, guarded and assessed in a systematic manner.

Number of complaints on customer privacy
51

100% of complaints that has been addressed.

2. Data Security System Operations

1. KBank is in the process of installing a data leakage preventive system, being one of our strategic projects, aimed at preventing IT data leakage, especially those sending by operating units on KBank network systems. The system attached importance to the classification and assessment of risks that may stem from data usage. Another system is being installed to enable KBank to detect and prevent data leakage more efficiently.
2. KBank received ISO 27001:2013 certification for the third consecutive year, endorsing that our information security management system is on a par with the international standards, attaches importance to check & balance in key operations, sets out security requirements at all system development processes, right from service user screening, solution designs, operating system development and testing to system implementation. KBank has utilized the most cutting-edge security system or Triple Lock Security, approved by the BOT and security technology firms, to control the security of transactions via K-MOBILE BANKING PLUS. Triple Lock Security comprises the followings:



3. Campaigns and knowledge enhancement programs on financial fraud and cyber risk protection

- **Fraud Detection Award and Excellent Fraud Award**

They are aimed at promoting KBank employees to inspect, investigate and prevent frauds that may occur in any approval process, thus inducing them to recognize and build a work culture based on good corporate principles.

- **e-Learning towards data security management excellence**

This e-Learning program is intended to provide basic understanding on data security protection to our employees. Moreover, KBank offers security tips and security alert to them via monthly IT Newsletters. A short film on data security protection has been shown to employees to create organizational culture towards efficient personal privacy protection.

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 ไม่แชร์
 ไม่ซ้ำ
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ไม่โชว์ เป็นที่ทราบถึงข้อมูลลูกค้า และข้อมูลธนาคาร

ไม่ซ้ำ เป็นที่ทราบเป็นการเปิดเผยข้อมูล

ไม่ซ้ำ คือที่หมาย หรือรายการที่มีลักษณะที่ซ้ำกัน

ไม่ซ้ำ เป็นที่ทราบถึงข้อมูลลูกค้า และข้อมูลธนาคาร

ไม่ซ้ำ มีแนวโน้มที่จะถูกโจมตีโดยผู้ไม่หวังดี

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ไม่ซ้ำ เป็นที่ทราบถึงข้อมูลลูกค้า และข้อมูลธนาคาร

ไม่ซ้ำ มีแนวโน้มที่จะถูกโจมตีโดยผู้ไม่หวังดี

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ไม่ซ้ำ เป็นที่ทราบถึงข้อมูลลูกค้า และข้อมูลธนาคาร

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ไม่ซ้ำ มีแนวโน้มที่จะถูกโจมตีโดยผู้ไม่หวังดี

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ไม่ซ้ำ เป็นที่ทราบถึงข้อมูลลูกค้า และข้อมูลธนาคาร

ไม่ซ้ำ เป็นที่ทราบเป็นการเปิดเผยข้อมูล

ไม่ซ้ำ คือที่หมาย หรือรายการที่มีลักษณะที่ซ้ำกัน

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- Say “SOS” (Sense of Security Awareness) project in infographic and VDO forms
 The project is aimed at providing knowledge on data security via Notes Master, KASIKORNTV, “Friday Evening Chat” program on the public address system, and Group Line, focusing on the correct ways to use IT for basic operations, e.g., User ID and password protection, virus protection via virus scanners and confidentiality to prevent important information from leaking.

- Study courses on electronic transaction security standards
 They are intended to provide an understanding on electronic transaction security standards, specifically for digital banking officers. Experts are invited to share their knowledge and experience to our employees. These study courses include “Sense of Security: E-Authentication”, “The Payment Card Industry Data Security Standard (PCI/DSS)” and “Internal Security Assessor (ISA)”, to ensure that those employees perform their tasks carefully and are able to protect and well aware of cyber threats.

4. Campaign and knowledge enhancement program on financial fraud and cyber risk protection for customers

Relevant parties, including banks, customers and regulators, must join forces in combating financial frauds and cyber risks. The best way to address those problems is to offer basic understanding for the customers to protect themselves first. KBank has provided such knowledge to our customers via such channels as K-Contact Center, branches and social media. At the same time, KBank has improved infrastructure systems to protect cyber risks and adopted systematic data management. Operational procedures and measures have been implemented to continuously and cautiously prevent, maintain, inspect and guard our customer privacy to prevent and cope with financial frauds and cyber risks that may develop into new forms in the future.





Supply Chain Management

KBank recognizes and attaches importance to business growth that should not affect the environment and society throughout the supply chain. Our focus is also placed on cooperation with suppliers to develop business operational processes concurrently with upgrading operational standards concerning the environment and society in line with KBank Supplier Code of Conduct.

In 2016, KBank had 954 suppliers, including 884 domestic suppliers and 70 international suppliers. All suppliers have acknowledged and complied with our Supplier Code of Conduct for sustainable supply chain management. The Supplier Code of Conduct stipulates environmental and social issues that they must comply with, e.g., business ethic, fair trade, non-violation of human and labor rights, occupational health and safety, as well as environmentally friendly internal management process. In addition, KBank held meetings with our suppliers to ensure that they fully understand and transparently comply with our procurement methods and regulations, thus helping avoid any operation that is not in conformity with process standards of KBank and enhance our long-term supplier relationship management. KBank also improved our procurement contract standards by adding conditions and penalties, should there be any breach of violation to the environment, occupational health and safety to ensure that our suppliers will strictly comply with those regulations.

- 147 new suppliers assessed on social and environmental impacts and human rights practices (account for 15 percent of total suppliers or 100 percent of new supplier).

Supplier Monitoring, Inspection and Assessment Processes

KBank monitors and assesses operating performances of our suppliers in many ways, e.g., requesting our service users to make a service satisfaction assessment on our suppliers via questionnaires, developing channels to receive complaints towards the suppliers, and randomly visit, monitor and assess operating performances of our suppliers, to ensure that KBank receive goods and service via sustainable procurement processes from them. In addition, KBank has a procurement supervisory and management team that works with various agencies to jointly check facts and solve related problems, as well as offering advices to suppliers to improve and develop quality products and services. However, if suppliers are not able to comply with our set standards, they will be subject to appropriate penalties set by KBank. This is to ensure that our economic, social and environmental developments are sustained in the long term.

Joint Development of Innovations for Sustainability with Suppliers



1. Desktop Computer Procurement: KBank now uses mini desktop computers manufactured with fewer materials and less electricity. Each of these computers helps save on electricity costs by approximately 7,000 Baht for five years. Its smaller size offers users more workspace, as well as allowing KBank to reduce storage space and increase the guarantee period for desktop computers from three to five years, thus helping cut maintenance costs by about one million Baht per year.



2. Automatic Teller Machine (ATM), Cash Deposit Machine (CDM) and Recycled Cash Machine (RCM) Slip Procurement: Our ATM, CDM and RCM slips now have only one color instead of three before, while only one printing format instead of two is used for our ATM slips, thus helping cut overall printing costs of those slips by 28 million Baht per year.



3. Plastic Cups Replacement : KBank now uses bio-degradable paper cups to service our customers at branches. This helps conserve the environment and reduce our expenditures by 50 percent.



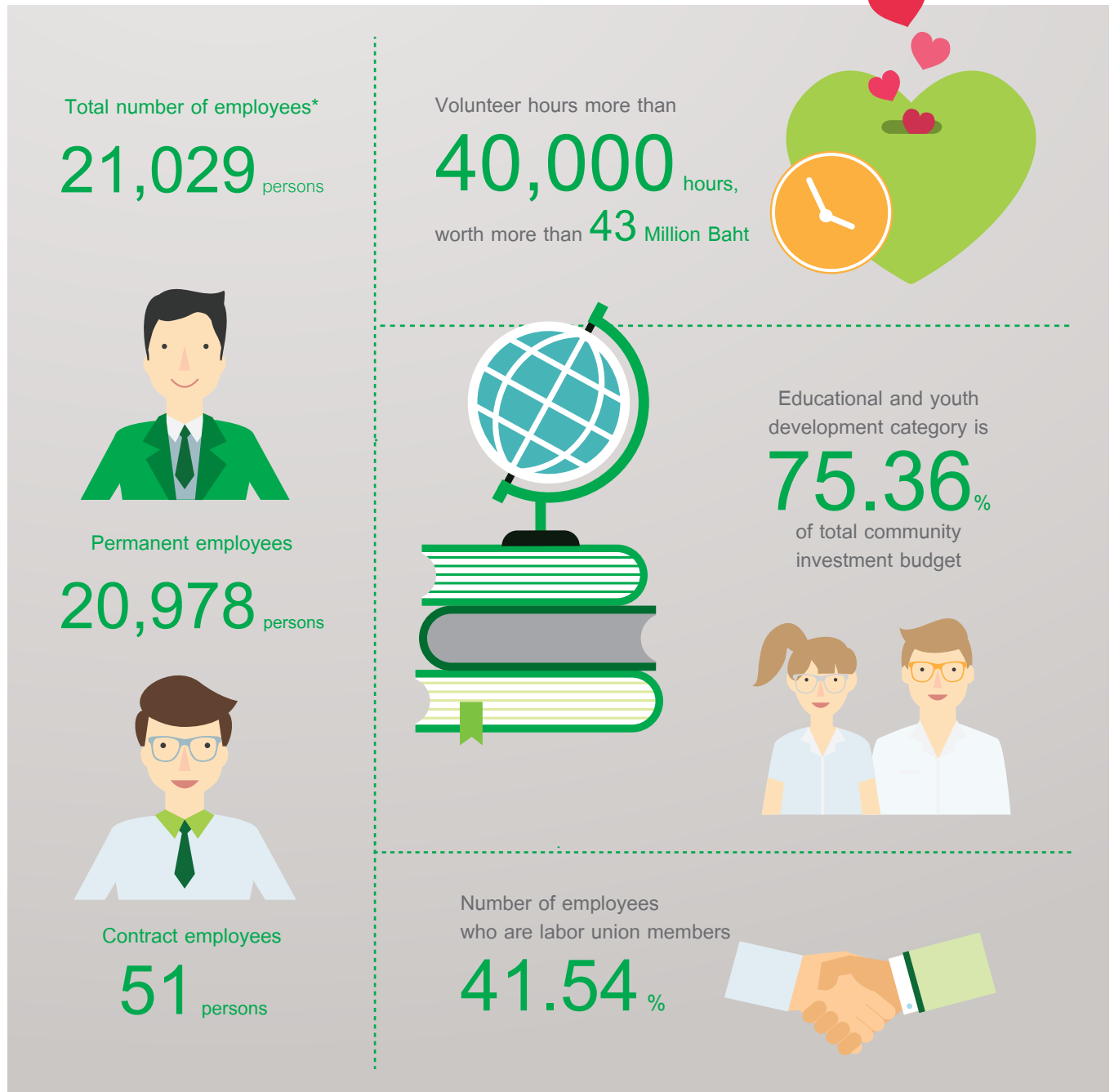
4. Green Printing Project: KBank has partnered with Ricoh (Thailand) Co., Ltd. to conduct a survey and analysis on the use of photocopy machines. The survey involves collecting information on the volume of photocopying and printing, plus paper, ink and power used in those processes for the development of new photocopy machines that meet our operational needs and have maximum efficiency aided by state-of-the art software. If such photocopy machines can be developed successfully, they will not only allow KBank to save on power costs, but also to reduce the use of paper substantially, thus helping cut the greenhouse gas emission and total cost of ownership (TCO) by 62 percent.

Social Dimension

- 062 Human Resource Management
- 069 Provision of Financial Literacy
- 073 Business Partnership



Adhering to the 12th National Economic and Social Development Plan's key principle of "people centricity" with engagement in the development paradigm, KBank places a great emphasis on both internal and external stakeholders. Evident practices focusing on stakeholder engagement, promotion of diversity and human rights, fair treatment at work, and occupational health and safety have been implemented, with knowledge and skill enhancement promoted for their sustainable growth. In addition, KBank pursues partnerships with allies, organizations, and associations at home and abroad towards concrete achievement of sustainable development, in accordance with our Green DNA resolution, for the maximum benefit of our stakeholders.



* Total number of employees is the employees of KBank.



Human Resource Management

KBank acknowledges the challenge of our changing business environment, wherein people's lifestyles and business platforms have substantially evolved in tandem with technology advancement. We believe that our personnel are our most valuable asset, given their role in driving all operations. KBank, therefore, places emphasis on careful talent acquisition and manpower capability enhancement, so that they can operate in line with KBank's business goals. Nurturing employees to make them grow along with us, KBank provides fair and competitive benefits and remuneration, while maintaining equality in labor relations and human rights. Therefore, employee happiness in the workplace will be enhanced, while best value is delivered to our stakeholders.

Management Approach

KBank has always recognized the value of our human resources. The KBank Board of Directors, thus, places importance on human resource management by establishing related policies, and has appointed the Human Resources and Remuneration Committee with duties to review and propose directions and strategies in relation to human resources, regarding personnel recruitment, fair remuneration and benefits, regulatory requirements and regulations on employment, labor relations, and principles of human rights. Importance is also put on managing diversity in the workplace with equality regarding gender, age and physical differences, so that those with disabilities or the disadvantaged can be employed. KBank values employees' freedom of association, while we also emphasize occupational health and safety. Employee potential improvement plans are established to ensure that they appropriately grow along with their career path. Our focus on employees is always involved with hearing employee voice as we promote employee participation in sharing their

opinions through KBank's diverse communication channels. Each year, an annual employee opinion survey is conducted, while their feedback is taken for further organization improvement.

Labor Relations and Human Rights

Adherence to principles of human rights and diversity in the workplace

Based on our human rights policy announced for this year, we have put in place labor relations procedures which comply with major international laws and standards, including the principles of international human and labor union rights, as well as the Principles of the United Nations Global compact (UNGC). Given this, we aim to manage diversity in the workplace with equality and fairness regarding gender, age, education, nationality, race, color, religion, citizenship, sexual orientation or disability as indicated in the code of conduct. KBank also communicates with employees to ensure that they comply with these procedures. Moreover, communication channels to receive information and complaints related to human rights issues are provided to come up with proper preventive and problem-solving guidelines.

Promotion and Development of Disability Living Standards

It is KBank's policy to promote employment for disabled people, while enhancing their potential towards more professional efficiency. Joining hands with the Social Innovation Foundation, KBank supports employment of the disabled by offering them careers suited to their skills and domiciles, so that they can commute to work conveniently and earn sustainable income over the long term. Our 45 disabled persons from diverse regions have participated in the 4.9-million-Baht program. They take part in many career development project in Chainat, the yellow galangal growing for the disabled project in Nakhon Ratchasima, agricultural self-sufficiency and custom made choppers projects in Lampang, and cattle feedlot, laundering, and mushroom growing for the disabled and their family projects in Lampang. KBank believes our endeavors in this program will genuinely benefit disabled persons, while matching business labor demand with suitable work for the disabled over the long run.



Labor Relation Management and Promotion of Employee Assembly and Negotiation

KBank puts importance on managing labor relations. Four official bilateral meetings are held each year between KBank management, KASIKORNBANK Labor Union and Employee Committee of KASIKORNBANK. In addition, other meetings can be called for at all times to promote constructive discussions and problem-solving for better operational cooperation, as well as stronger mutual ties, four times a year. Enhancing efficiency of labor relations management, KBank also participated in a number of meetings to share views on labor relations with other Thai commercial banks. Through our labor unions, we welcome complaints and suggestions via many channels, including a labor relations hotline center, that eventually result in enhancements useful to KBank and our employees under better bilateral understanding. From 2012 - 2016, all complaints from staff members have been fully resolved.

Remuneration Management

Supervised by the Board of Directors, precise policies are stipulated to ensure transparent and fair remuneration appropriate for each individual board member, executive and employee.



▶ Excellent Labour Relations and Welfare Award given for the 11th consecutive year

- **Remuneration for Board of Directors and Executives**

Clear and transparent remuneration for the Board of Directors is stipulated by KBank and considered by the Human Resources and Remuneration Committee in accordance with appropriateness and the Board of Directors' scope of duties and responsibilities, comparable to that of the industry, before being proposed to the general shareholders' meeting for approval. Considered by the Human Resources and Remuneration Committee, appropriate executive remuneration is established with reference to policies and guidance provided by the Board of Directors, and is also related to KBank's operating results, as well as individual performance, before being proposed to the Board of Directors for approval.

- **Employee Compensation**

Employee compensation is based on equality commensurate with staff competencies, with a focus on competitiveness. Regular compensation and benefits surveys are conducted for comparison with the industry, with annual salary raises, plus bonus payment, being issued in line with employee proficiencies. Special salary hikes during the year are considered in accordance with appropriateness. Therefore, staff success can be achieved through their career path, along with KBank expansion, while the best value is delivered to our stakeholders in line with KBank's resolution to offer excellent products and services with the aim of customer satisfaction and long-term risk-adjusted sustainable profitability.

As we expand service networks abroad, KBank has established compensation and benefits for expatriate and local staff members in line with respective local regulatory requirements. Competitiveness in the foreign job markets is also considered, in comparison with average local compensation and benefits, together with their cost of living price index. Compensation and benefits handbooks are provided for domestic, expatriate and local employees.

Petitions and suggestions related to labor practices

	2012	2013	2014	2015	2016
Number of staff complaints related to labor practices	23	23	23	34	2
Number of resolved complaints	23	23	23	34	2
Number of pending complaints	0	0	0	0	0



Employee Benefits

Benefits are provided for all staff members*, with some differences concerning the expenditure rate, e.g. hospital room rates. Diverse benefits are provided with an aim of improving employee living standards, both during the employment period and in retirement, in conformity with KBank's guidelines. In upholding the sufficiency economy philosophy, we constantly promote a sustainable self-reliance among our staff, by encouraging them to save through the provident fund system in accordance with the Provident Fund Act B.E. 2530 (1987).



Healthcare

Annual health checkup, medical treatment by KBank physicians, medical claims in case of treatment outside KBank, exercise venues, etc.

Loans

Housing loan, auto hire purchase service, educational loan, marriage loan, relief scheme loans, etc.

Other financial assistance

Employees' children education, retirement, resignation, death, disability, disaster relief, etc.

Organizational Culture

To create a successful organizational culture, the "K-Culture Representative" task force has been set up, the members of which are First Vice Presidents from each division. Their main duties include being a role model with behaviors in line with our organizational culture, supporting activities related to organizational culture creation, and sharing knowledge and experience in creating K-Culture activities. Their meetings are scheduled every two months. In 2016, diverse annual K-Culture activities were organized, including the "K-Culture on Tour+" activity, which was held to promote sharing of viewpoints among staff and executives from branches and other business units, as well as K Companies, and the "K-Miracle The Series" activity, wherein each division conducts quarterly activities under the "Initiating, Adding and Integrating" concept to promote teamwork within and outside their respective division.

K-Culture



Customer Centricity:

Being friendly and approachable, delivering products and services beyond customer expectation and striving for customer success and satisfaction



Organization-Wide Teamwork:

Trust and respect, constructive communication and collaboration



Professionalism:

Competence, devotion and attentiveness, integrity and ethics, social responsibility and sustainable development



Innovation:

Courage to initiate and implement, courage to embrace change and continuous development

Tools enhancing staff behaviors in accordance with our organizational culture include "Value You", an electronic template aimed at encouraging employees to admire their colleagues who follow the four core values for a positive work environment, and "K-Oops Magazine", an e-magazine issued every two months, used for communication on K-Culture, reflecting views expressed by executives and staff members.

* "Staff members" refer to full-time employees under KBank employment contracts only. For those under employment contracts of KBank's wholly-owned subsidiaries, and support companies, benefits are including life Insurance, healthcare, disability and invalidity coverage, parental leave and retirement provision .

Talented Acquisition and Attraction, and Opportunity for Advancement

Talented Acquisition and Attraction

KBank's staff recruitment through the website, <https://careers.kasikornbank.com>, aims to offer user convenience in tandem with our slogan of "Designing Your Future, Career is at Your Fingertips", while adding new communication channels through social media including Facebook KBank Live, KBank Line Official Account and LinkedIn KASIKORNBANK. Staff acquisition is also conducted via recruitment fairs and special programs as follows:

- KBank Elite Talent: Private Banking & Investment Banking program is intended to attract interested candidates to participate in business problem-solving contests. Winners are given the opportunity to join KBank.
- KBTG Machine-Learning Academic Partnership Programs were launched with the aim of attracting talented students who are interested in machine learning to learn, show their skills and eventually join KASIKORN BUSINESS-TECHNOLOGY GROUP.
- KBank senior executives travel abroad to promote job opportunities for Thai people in New York and Silicon Valley as part of our strategy to seek manpower with qualifications fit for KBank's digital banking business directions.

Opportunity for Advancement

To promote opportunity for advancement among staff of all positions, it is KBank's policy to provide internal promotion for the talented and internal job transfer appropriate for their skills and interests. With regard to internal filling in 2016, KBank allocated existing staff to fill 79 vacant executive positions or 83.16 percent. To encourage career learning and advancement among employees, the K-Career Development Online System was

KBank allocated existing staff to fill **79** vacant executive positions or **83.16%**.



created as a tool to help them study and plan for their career path. Staff interested in career advancement are invited to participate in the Career Interest Survey, wherein KBank can discover their interest to work in any particular business unit, so that proper positions can be allocated accordingly.

Employee Engagement

Placing importance on employee engagement, KBank provides a variety of internal communication media and channels to ensure that our local and foreign staff members are fully informed, with a focus on strengthening relations between employees and KBank. Continuous employee satisfaction and engagement surveys have been conducted by external consultants to ensure neutrality and privacy of staff who respond to the surveys. Competency assessment procedures and key performance indicators in line with industry standards are in place. Each year, survey results are analyzed at both organization-wide and division levels, so that strong points can be maintained, while improvement is accelerated in accordance with suggestions from employees to strengthen employee engagement. This year, suggestions have been implemented based on analysis results at the division level, while at the organization-wide level, KBank launched the KLOVE campaign which encourages supervisors and team members to value one another under the four concepts of "providing knowledge, giving heart, showing respect, together with a chance to grow". KLOVE campaign will be relaunched by the second quarter in 2017.

Internal Communications Channel

 Intranet: Lotus Notes Internet System	 eMagazine: KASIKORNBANK Newsletter	 Public Address	 Activities to promote engagement within the organization and support KBank's business	 KASIKORNTV Station broadcasting nationwide	 Command Center	 Facebook	 Line Group
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Human Resource Development

Human Resource Development

KBank has systematically pursued staff improvement on a continual basis to ensure that staff can efficiently operate according to KBank's strategies and business targets. Staff knowledge and skills are enhanced in alignment with their jobs, while training roadmaps have been prepared to equip employees with relevant knowledge and skills while maximizing their competencies, and are able to efficiently perform tasks under their responsibilities. Bracing for expansion in AEC+3 and competitiveness enhancement amid the technology-driven

financial era, KBank is building staff competencies with knowledge and skills in tandem with the digital banking boom. Examples include creating a digital mindset across the organization, and providing knowledge related to FinTech, blockchain, machine learning, etc. Other skills under our focus are creativity, leadership, financial security, and technology skills, which are intended to provide our staff the capability to handle multiple tasks for their future career advancement, along with organizational growth.

As for learning channels, internal and external study courses are facilitated at home and abroad. Diverse learning channels have been developed, via electronic media like animation or infographics, KBank websites such as e-Learning, and other



Employee Study Courses

	Course Number		Class Number		Total Staff Participating in Study Courses	
	2015	2016	2015	2016	2015	2016
Internal study courses*	248	205	1,053	1,005	49,688	54,962
External study courses**	319	347	382	416	1,109	1,297
Electronic study courses***	155	85	155	85	173,088	51,821

media, to motivate staff self-learning anywhere, anytime.

Innovation Challenge by KBankathon (Key Highlights)

Motivated by the digital banking goal, KBank initiated "Innovation Challenge by KBankathon", a program that equips staff with the startup methodology. They are encouraged to present ideas and show off talent freely, without sticking to their current responsibilities. In this way, products and services that boost customer value could be developed via new platforms. Thus, our organizational culture on the innovation front is substantially fortified with boundless creativity, under the "Innovation Can Happen Anywhere" principle. Participating staff members are

required to study the "Lean Startup Model", which will enable them to have customer empathy, develop the ideation process, and design prototypes for customer trials. The highlights of the program include sharing of viewpoints by speakers from many relevant divisions, as well as Thailand's renowned startup experts. This program has been warmly welcomed, with more than 20 new startup projects initiated. Among them, winners will be selected and awarded cash prizes and certificates, plus an opportunity for workshop participation at the Disrupt University. These selected projects could be developed further to make them

* Internal Study Course refers to a course undertaken in the Bank, inviting an internal/external lecturer/expert to train the staff.

** External Study Course refers to an available for the staff, offered by an institution or organization outside the Bank.

*** e-Learning Study Course refers to a course conducted via electronic media such as computer, mobile phone, which the staff will be able to access at anywhere and anytime.

real KBank products in the future.

Leadership Development Programs

KBank also focuses on leadership development, with guidelines established for staff with especially high potential, as part of the preparation to implement KBank’s business operation strategies, through our leadership development programs. Target staff members are those with continual good performance and those with especially high potential. They are categorized into two groups as follows:

1. Leadership Development Participant (LDP) group comprises executives with the potential to become department heads or First Senior Vice Presidents.
2. Division High Potential (Division HiPo) group comprises staff members in the position of head or senior officer with the potential to become executives.

All staff under these programs will be groomed for a leadership role, plus related skills. With their enhanced competencies, they will be assigned major projects wherein they can perform to their full potential. KBank believes that, with this approach, staff can advance through their respective career paths with security and sustainability. These leadership development programs also allow KBank to plan senior executive succession, while mitigating the risk of a leadership vacuum.

Employee Performance Assessment

We put great significance on performance assessment and management procedures, ensuring fair and competitive compensation, together with staff performance commensurate with KBank targets. Performance assessment is also aimed at boosting staff morale towards efficient operation and eventually creating sustainable stakeholder value.

To evaluate staff performance, individual scores will first be compared with respective targets and then with same-job responsibility peers, to eliminate assessment deviation. Additional comparison dimensions include other expected operations, staff behaviors, compliance with stipulated policies, corporate titles and duties, staff salaries, etc. Assessment results must be achieved from well-targeted plans, clear assessment principles and fair procedures, while assessment weighting must be conducted appropriately, as stipulated by KBank.

All staff members will be notified of their respective performance and receive official performance coaching twice a year, at the middle and end of the year. Further on spot coaching will also be provided with honest and timely sharing of viewpoints between staff and supervisors. Each year, the “360 Walk the Talk” assessment is implemented in order to evaluate leadership among executives at the Assistant Vice President position and higher, by direct supervisors, colleagues, subordinates, and customers or direct service recipients. Results will be used for further leadership improvement among the assessed executives.



Assessment Type	Assessed Employee Level	Percentage of Assessed Employees
Management by objective	All employee levels	100
Formal comparative ranking of employees within one employee category	All employee levels	100



Organizational Knowledge Management

KBank has systematically compiled diverse fields of knowledge for convenience in searching and use, while promoting knowledge-sharing among staff, a move towards a learning organization. Searching our database, employees may develop innovations or more efficient operational procedures. Over the past year, knowledge from the successful K-Transformation project (KT) has been compiled from KT executives and teams as a major project model, which could be useful for KBank's implementation of other projects. KT is KBank's major IT system development program that will efficiently serve our future operations and strategies.

Occupational Health and Safety (OHS)

Promotion of Happy Work Environment

This year, KBank's policy on occupational safety, health and environment was announced, covering operations and personnel related to operations under KBank, K Companies and Support Service Providers to KBank, as well as all activities held at venues under KBank management, namely main and sub buildings,

and branches nationwide. The move was aimed at enhancing occupational safety, health and environment as part of KBank business undertakings, as well as efficient and continual staff operation. A KBank occupational safety, health and environment taskforce is in place, having set a limit of staff injury rate (IR) to zero. Strict management guidelines were implemented on workplace design, work environment, and arrangement of equipment and facilities for maximum safety, plus staff training for workplace injury prevention, such as fire drills, breathing assistance devices, etc. Occupational safety was promoted among staff throughout the organization.

Promotion of Work-Life Balance

Placing a great emphasis on staff work-life balance, KBank provides employee convenience allowing them to work anywhere, anytime, with central areas for relaxation during work periods. Moreover, a full-fledged exercise center was established at the KBank Head Office, while activities at a variety of sport clubs were promoted for good employee health, e.g. tennis, golf, badminton, running, basketball clubs, etc. In 2017, KBank plans to improve IT infrastructure for better staff data access and flexibility, while also creating an online social network as part of our Digital Workplace program, in tandem with KBank's digital banking direction.



Injury Rate (IR)	2014	2015	2016
Number	2	2	0



Provision of Financial Literacy

The Financial Sector Master Plan Phase III (2016 - 2020), proposed by the Bank of Thailand, aims to promote financial literacy and discipline among the general public, so that they can select appropriate products and services accordingly. Relevant knowledge will also be provided to prevent them from becoming victims of financial fraud. KBank, therefore, put significance on providing financial knowledge to all customer segments, members of the public, the youth and underprivileged for their thoughtful financial management and security. Given this, the overall economic system can be enhanced on individual, organizational and social levels, for Thailand's sustainable financial growth.

Management Approach

Financial management knowledge has been provided in diverse forms suitable for all retail and business segments via efficient communication channels, namely electronic channels, branches, public and private offices, schools and universities. Our financial experts have been trained for financial advisory service provision in meeting the demands of retail, SME, corporate, and trade finance customers, as well as the youth and underprivileged, for their maximum benefit in daily life.

Provision of Financial Literacy for Retail Customers

KBank continues to offer financial planning guidelines for retail customers as a tool to ensure that they can achieve financial targets with sound approaches that are appropriate for their financial status. Currently, there are 4,766 financial specialists who already attended related training, or K-Experts (up 9 percent YoY), available for advisory service nationwide through the following channels:

1. Electronic Channels

It is KBank's policy to facilitate financial knowledge in accordance with modern lifestyles, in which most information is received via electronic channels. Through our

www.askkbank.com/k-expert website, knowledge is disseminated in the form of articles, handbooks and financial tips, as well as calculation tools for individual financial targets and status. Other channels include the Bloggang (<http://k-expert.bloggang.com>) website, Twitter (@KBank_Expert), Facebook (KBank Live), and Line (KBank Live). Interested persons may receive financial advisory service by sending a request via the k-expert@kasikornbank.com e-mail address, or the <http://pantip.com> website's chat rooms, organizational clubs or private messages.

2. Other Channels

- **K-Expert Center**

K-Expert Center provides financial advisory service for customers and members of the public. Equipped with KBank experts and diverse financial analysis tools, the center helps customers reach their targets in life. This advisory service is also offered at all KBank branches nationwide.

- **Corporate Roadshows**

KBank organizes many employee training courses for diverse organizations including state agencies, state enterprises, private companies and merchants, so that their employees can efficiently apply knowledge in personal financial management. These training courses include "Four Steps to Fulfill Your Dream", "Turn Tax into Savings", "Tips for Young Workers", "Happy Debt Management", "Financial Management for Happy Retirement", etc.

- **Seminars on Personal Wealth Management**

KBank provides advisory service for High Net Worth Individual customers in conformity with their behaviors and lifestyles, with a focus on useful knowledge and financial management skills. Joining hands with international investment experts, KBank disseminates financial insights and advice, plus global market visions, through many seminars on the Thai and global economic outlook, with forecasts of relevant economic developments and investment guidelines suited to customer demands.



Performance on Provision of Financial Literacy for Retail Customers

Performance on Provision of Financial Literacy for Retail Customers		Target (Persons)	Participants (Persons)	Increased Investments in Mutual Funds and Insurance (%)
Study courses	Total customers receiving advice and participating at K-Expert Center and Corporate Roadshow	52,640	33,881	8%
Digital channels	Average website visitors per month	350,000	387,426	-
	Viewers of K-Expert Facebook live per session		7,271 per session (Estimated average viewers)	-

Provision of Financial Literacy for SME Customers

KBank recognizes the importance of providing financial literacy for SME operators, the key drivers of the country's economy, so that they can apply it in business operations with appropriate risk management in response to changing environments and for sustainable growth. Details are as follows:

1. Electronic Channels

- SME Webinar**

The "SME Webinar" program is aimed at disseminating knowledge regarding modern business administration for SMEs and the general public via the www.kasikornbank.com/smewebinar website. Contents are varied, from digital marketing, marketing promotion, human resource management, and tax planning, to efficient service provision. Past SME Webinar shows can be viewed anywhere, anytime. Held for three consecutive years, the program has gained more than 1 million views.

2. Other Channels

- "SME Tee Tak"**

KBank, teamed with Workpoint Entertainment Pcl., presented the "SME Tee Tak" show, broadcast through the Workpoint TV channel and YouTube, with an aim of offering business operation know-how for SMEs and members of the public. Watching this program, viewers will be inspired by business plan presentation, marketing plans, cost management, and company growth targets, all of which could be applied for their own business success.

- K-SME CARE**

The "K-SME CARE" program was launched to endow business administration with financial knowledge, and to create SME networks. The program was organized under the concept of CARE, comprising C for Capital or SME financial support, A for Advice or advisory service, R for Research or useful information and insights, and E for Education or knowledge for SME sustainable development. The program has been held for 22 classes, attended by more than 13,000 participants.



Provision of Financial Literacy for Corporate Customers

The corporate customer segment takes a leading role in economic development, as well as corporate social responsibility. KBank, therefore, highlights our sharing of knowledge and experience for sustainable business operation with long-term returns.

Family Business

Family businesses are business units crucial for overall economic expansion. Thus, business administration knowledge, relevant to the current economic environment and changing regulatory requirements, is provided to them through a training course entitled “Professional Family Business Management” (PFBM). Participants of each class are grouped as a network for business extension under KFam Club, with more than 600 total members.

Green and Energy-Efficiency Business Administration

KBank has organized several training courses on green and energy-efficiency business administration. Last year, KBank and the Department of Alternative Energy Development and Efficiency equipped customers with knowledge on energy efficiency under the “Working Capital for Energy Savings” program. In addition, KBank, in cooperation with the Institute of Industrial Energy, Federation of Thai Industries, disseminated energy-saving knowledge for SMEs through the “Energy Savings Guarantee” program. SME operators are therefore able to apply knowledge derived from these programs to their business growth, with a balance between economic and environmental concerns. To promote ideas of environmentally-friendly business with emissions reduction, in line with our sustainable development policy, KBank joined hands with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in provision of energy efficiency know-how to Thai SMEs.

Provision of Financial Literacy for Customers with International Business

Promotion of financial literacy and business operation in the AEC+3 market conform to KBank’s business strategy in this economic bloc. Thus, we have given customers accurate and up-to-date information, e.g. the Bank of Thailand’s regulations, together with regional economic and investment situations. Last year, KBank held the following seminars:

Training Courses on International Transactions

Each year, KBank organizes training courses on basic international transactions, as well as regulations for international transactions and risk management for import-export documentation. Over the past year, study courses for 37 classes were held and attended by more than 100 participants. Moreover, KBank and the Bank of Thailand jointly organized a training course on international transactions in compliance with the central bank’s regulations. As many as 200 SME operators attended the training course.

Knowledge Sharing With SMEs and Foreign Organizations

Over the past year, a business training course, entitled “Basic Tax Principles, Tax Management and Financial Service Access”, was organized for more than 250 SMEs in Myanmar. The event not only gave them useful information, but also fortified cordial relations between SMEs and the Myanmar government. KBank also shared our insights related to Thailand’s digital banking and risk management with the Central Bank of Myanmar, with an aim of advancing both nations’ financial and banking systems.



Provision of Financial Literacy for Youths and the Underprivileged

Promoting financial literacy among youths and the underprivileged is part of KBank's policy for sustainable development. Related practice guidelines are established in the Corporate Citizenship Strategy. Financial literacy involves discipline in saving, spending, and investment, plus setting targets in life and avoiding financial scams. These are major foundations laid to assist youths and the underprivileged in being responsible citizens who apply such knowledge for their benefit in life, in line with the sufficiency economy philosophy.

1. Digital Channels

- AFTERKLASS (starting 2014)**

KBank's provision of financial literacy to children and youth is part of our goal to build their proficiency in efficiently managing personal and family financial matters. The www.AFTERKLASS.com website, created to offer financial education to those aged 15 - 20 in line with their lifestyles, was widely accessed by them. Under this program, a simulation of a financial ecosystem was built using the "Koins" system, so that younger consumers can use simulated professions to learn about saving, spending, business operation and becoming a startup. Their learning will be achieved in an entertaining manner, while they will be inspired to set life goals and reach them. Activities undertaken via this simulation are intended to provide the youth experience in financial system management. Participants may also share their views and experience with friends who have the same interests, while boosting their financial awareness accordingly.

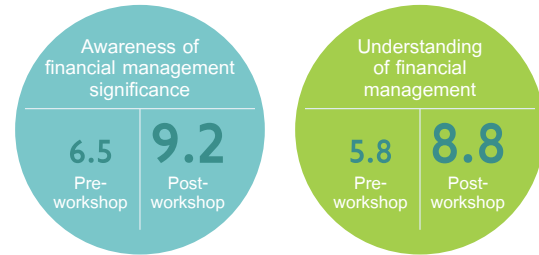
2. Other Channels

- Workshop for students under the "Nation University-KASIKORNBANK Bachelor's Scholarships for Nan Youths" program**

A financial management workshop entitled "Easy-to-Understand Financial Management Matters" was organized for 117 students under this program, who are mostly members of ethnic groups living in Thailand's remote mountainous areas. After the workshop, student

performance showed an improved understanding of financial matters. KBank expects that they will apply their knowledge derived from the workshop for future self-reliance, in conformity with the sustainable development principle.

Pre- and Post-Workshop Satisfaction Survey



* Level 1 and 10 represent the least and the most satisfaction, respectively.

- Teach for Thailand**

The "Teach for Thailand" program is intended to build leadership skills among those who drive the Thai education sector. As a sponsor, KBank puts significance on the enhancement of teachers, a pillar of Thai youth development. Therefore, training courses on financial planning and targeting, as well as investment, were organized for them by K-Expert teams. Equipped with KBank's experts in financial advisory service, the program is expected to build a basic financial foundation for participating teachers, who can apply the knowledge in their daily lives and also disseminate it to their students.

Pre- and Post-Workshop Satisfaction Survey



* Level 1 and 10 represent the least and the most satisfaction, respectively.



Business Partnership

It is KBank's policy to create partnerships with all organizations and parties, including the public and private sectors, non-profit organizations, educational institutes and experts in diverse fields, at home and abroad, to ensure business achievement and the ultimate benefit for all stakeholders. However, KBank has a policy of not associating with any partner or organization which is involved in politics, undertakes operations or activities that are illegal; or against moral standards, codes of ethics or KBank's operational principles; are not transparent; or fail to maintain the distinction of our nation, religion and monarchy.

Partnership for Sustainable Economic Development

Partnership with Domestic Organizations

KBank places importance on fostering collaboration with organizations in Thailand to best serve the interests of our stakeholders. Over the past year, KBank and state agencies held several seminars and workshops to enhance SME business potential and skills. Examples include our cooperation with the Department of International Trade Promotion in organizing training courses for SME operators and business-matching activities at home and abroad, promoting e-commerce, and studying customer behaviors in cross-border payment for further financial tool development. In addition, KBank teamed with the Board of Investment of Thailand in holding relevant conferences for foreign business operators wishing to invest in Thailand, as well as Thai operators wishing to invest abroad, particularly the AEC+3 market, for expansion of their business networks, trade and investment there.

Partnerships with International Organizations

KBank has created partnerships with many foreign organizations as part of the process to develop and connect the Thai economy, in terms of trade, investment and IT systems, with those of other AEC+3 member states, so that economic insights and trade and investment opportunities can be shared within the group. Under several collaborations, business-matching activities have been held within and outside the ASEAN region. KBank and more than 10 regional organizations, including chambers of commerce from Cambodia, Brunei, Indonesia, Japan, Lao PDR, and Vietnam, the China-ASEAN Business Council, and the Korea Importers Association organized a workshop, comprising knowledge sharing and business-matching activities. With warm response from government agencies and business partners, the workshop proved successful, with more than 270 participating companies and more than 300 completed business-matching deals. As for custodian service in the overseas or private banking business, which requires expertise in handling a large amount of assets, KBank teamed with many global experts, e.g. Deutsche Bank, JP Morgan, and Lombard Odier, to get their advice on investment, international business operations and guidelines on family business succession for our customers.

On the energy and environment conservation front, KBank, in cooperation with global energy and environment experts, has shared relevant knowledge and experience, and also extended loans for Thai business operators. For example, KBank and the Agence Française de Développement (AFD) offered loans under the "K-Green Building" program to encourage corporate customers to renovate their business venues into green and energy-efficiency offices, while maintaining business competitiveness, for sustainable economic and environmental development.

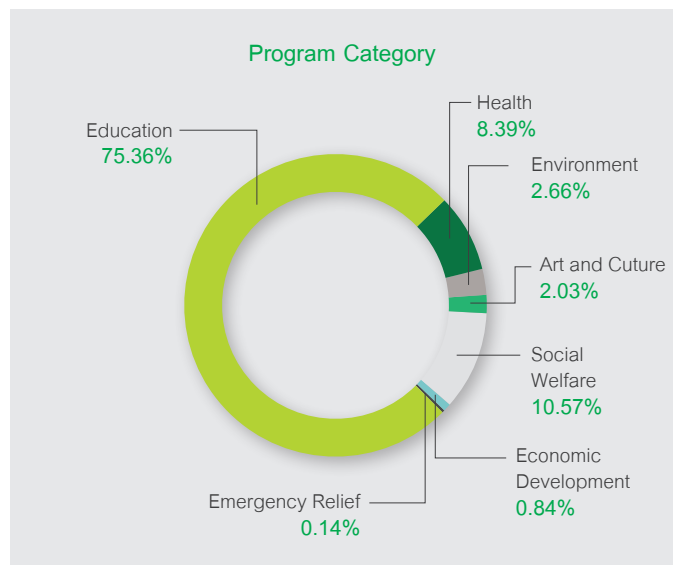
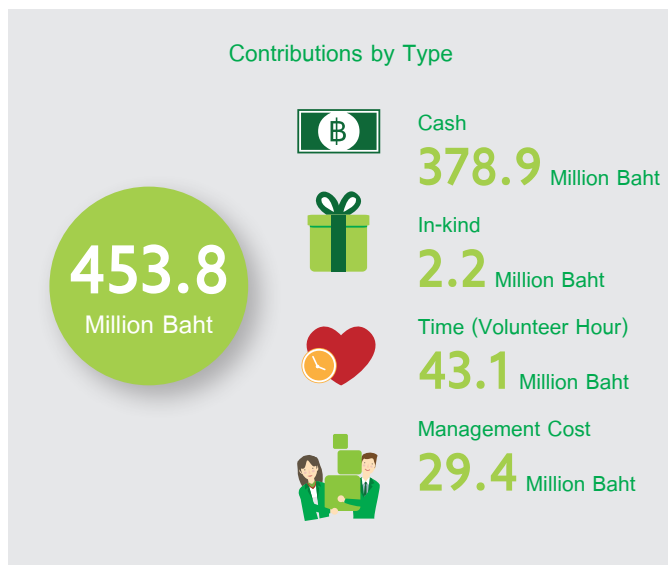
Partnership for Sustainable Social and Environmental Development

KBank has participated as a partner or member in many organizations established for a variety of economic and social interests, and embraced their policies for internal practices and system development, as well as knowledge sharing. Our executives have also participated in a number of organizations involving financial institution enhancement and sustainable development, through membership and directorship, as follows:



Adhering to our corporate citizenship strategy announced previously, KBank is aware of our duties and responsibilities to take part in the creation and development of initiatives for better living standards and improvement of communities, society and the environment. We have joined hands with private and public sectors, related parties, and non-profit organizations to provide knowledge, skills and assistance in both normal circumstances and in times of emergency, such as aid in terms of financial support, necessities or equipment. For instance, we provide space for public awareness campaigns, through K-ATM screens, KBank Live, etc., as well as offering manpower for disaster relief. KBank also promotes volunteer work among our staff for sustainable learning and growth.

Type of KBank Support and Program Category



Cooperation with the Office of the Thailand Research Fund (TRF)

With the objective to empower the society and communities, KBank has always placed an emphasis on human resource development via the educational processes, as education is the foundation of quality and ethical standards for children and youths. The “Cultivation of Wisdom” Project under cooperation with the Office of the Thailand Research Fund (TRF) has been implemented for the five consecutive years, aimed at reforming the thinking processes of youth and creating systemic thinking skills of teachers and youths through Research-Based Learning (RBL) involving communal histories and economies, and creative science. It is expected that the students would learn to improve their planning skills, while having systemic and logical thinking processes, which would in turn bring about strong communal economies. KBank has also carried out knowledge transfer on financial knowledge and skills to participating teachers and students, so that they can add value to businesses in their communities and that these students will attain sustainable success in the future. It is our hope that the “Cultivation of Wisdom” Project will be implemented at national level, in order to enhance positive changes to the overall educational system of the country.

During 2012 - 2016, there were 122 participating schools, 2,800 teachers and 14,678 students, and 3,256 projects were initiated under this cooperation.

Cooperation with Nation University

KBank has deemed that education is the fundamental basis of human resource development, and has always provided support for the educational sector, particularly for underprivileged children. To this end, KBank has joined hands with the Nation University to offer bachelor’s degree scholarships for Nan youths to study at the Nation University, so that they can gain useful knowledge in social, economic and communal development of their hometown. At present, there are 117 students who have been awarded the scholarships, mostly hilltribe youths, who will be the new generation to engage in Nan development according to their proficiency towards sustainability and self-reliance of their community.



Cooperation with local organizations and communities under the “20,000 Chuamong Tham Di Tham Dai (20,000 volunteer hours)”

Each year, KBank allows one day leave for each employee of KBank and P Companies to do good deeds with the goal to collect a total of 20,000 hours within 2016. These activities for public benefits require employees’ contributions of their physical efforts, time, capabilities and wisdom, and not only financial donations. This program has created teamwork spirit and engagement towards the organization, while fostering good relations between KBank and local organizations and surrounding communities, promoting our positive image. Also important is the employees’ joint effort to disseminate the concept of doing good for the society under KBank’s “Green DNA” commitment.

Operational Results



* Number of employees includes employees of KBank, the wholly-owned subsidiaries of KBank and support service providers of KBank.



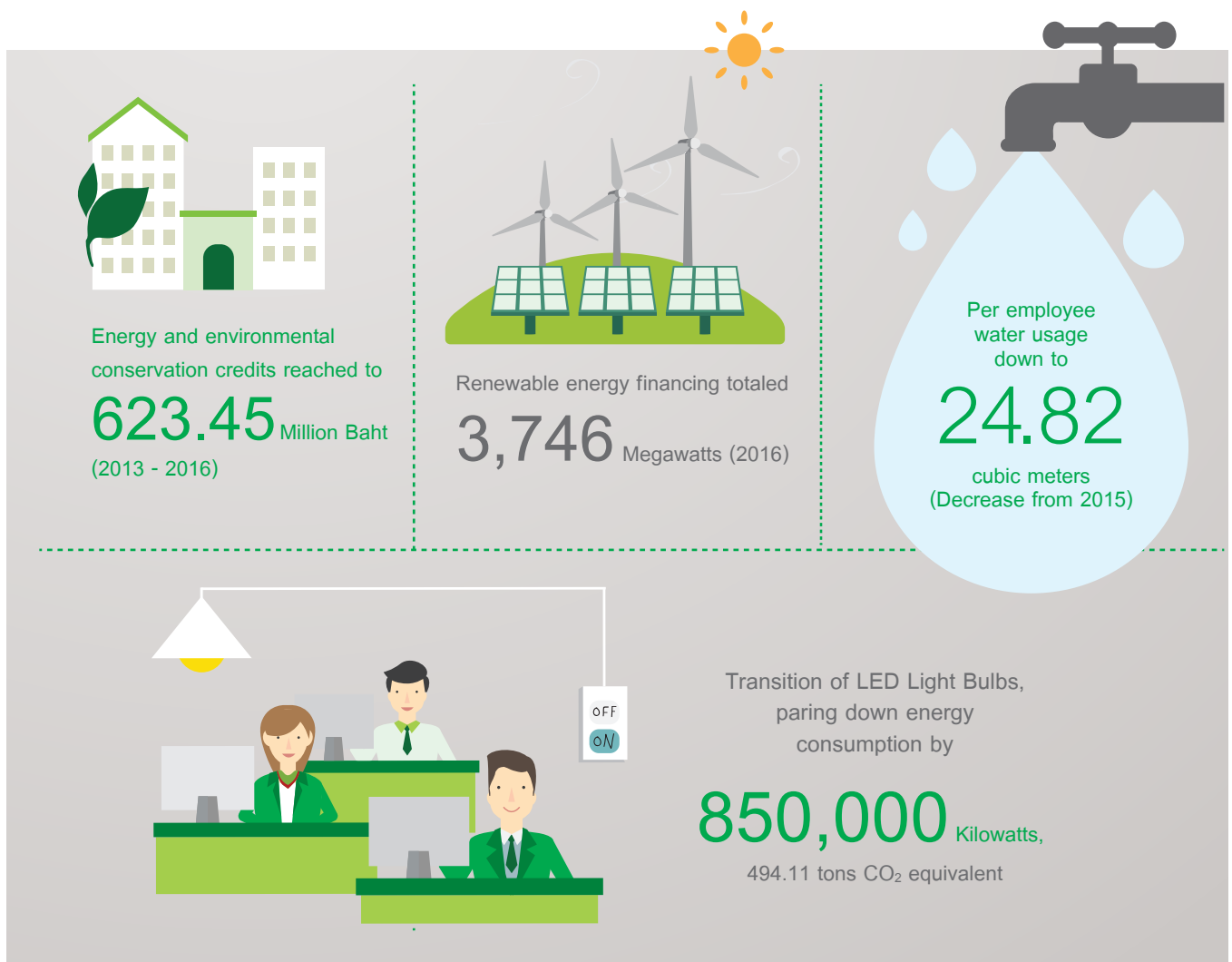
Environmental Dimension

078 Mitigation of Climate Change Impacts

083 Environmental Impact Management



From the Sustainable Development Goals (SDGs) to the 21st Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) or COP 21, Thailand had expressed its firm intention to tackle climate change, setting greenhouse gas (GHG) emission reduction goal of 20 - 25 percent by 2030. At the beginning of 2016, the World Bank provided a financial support of 3 million US dollars* to Thailand to fund activities related to the government's policy formulation and development of market mechanism, especially for GHG emission reduction. Through these concerted efforts in finding solutions, the global community and Thailand have proved how they are acutely aware of the seriousness of climate change. As part of the driving force of the development of the country, KBank is committed to be part of the effort to solve the problem by pursuing an economy based on low-carbon power sources and to meet the Thai GHG emission targets. Among our ongoing projects are: reducing GHG emissions from KBank's business activities by 20 - 25 percent within 2020 and development of clear and concise policies on the environment and energy to for bank-wide implementation. In addition, the KBank's Board of Directors had appointed Mr. Banthoon Lamsam, Chairman of the Board and Chief Executive Office as Chief Environmental Officer to oversee KBank green and environmental projects. To this end, policies will be enforced while awareness is raised among employees, executives and staff alike. The goal is to achieve the same results in pursuing environmental sustainability across the Bank, with tangible changes and durable solutions for today's and tomorrow's issues.



* Source: <http://www.worldbank.org/th/news/press-release/2016/04/05/thailand-joins-world-bank-climate-change-alliance> (April 5, 2016)



Mitigation of Climate Change Impacts

A June 2016 KASIKORN RESEARCH CENTER (KResearch) report indicated continued growth in the use of renewable energy to separate electricity in Thailand. An important factor is government promotion of renewables for power generation, with a target of 20 percent of electrical power generated by renewable rather than fossil fuels by 2020, up from 12.9 percent today. According to Thailand Power Development Plan 2015 - 2036, usage of renewable energy is targeted at 19,684.40 megawatts by 2020. Forty-two percent of that goal has already been achieved at 8,271.24 megawatts. The trend spells opportunities for KBank to step up support for renewable while encouraging businesses to adopt green business practices. The Bank also continued to support and coordinate the “Care for Nan Forest” project in concerted efforts to identify and eliminate the causes of environmental destruction. The Nan watershed are one of national significance and we endeavor to raise consciousness among the various sectors of the region for cooperative watershed forest preservation in Nan Province. All these measures are a part of KBank determination to operate the business in such a way to alleviate the impact of global climate change.

Management Approach

KBank intends to remain at the forefront of promoting renewable energy and energy conservation. We have accordingly developed financing programs supporting energy conservation and renewable energy, used to promote environment-friendly business operations. These begin with renewable energy and energy conservation credit with clear criteria including environmental and social risks among requirements for approval. Projects in specific sectors involving elevated risk must be assessed along specific criteria to ensure that no project financed by KBank is harmful to environment or society. The Credit Policy and Risk Management Department is in charge of reporting to the Corporate Governance Committee every two months about projects passed for credit extension consideration but might have environmental or social impacts. These projects must be given approvals by the Corporate Governance Committee before the process is continued.

Risks Associated with Credit Extension to Renewable Energy Projects

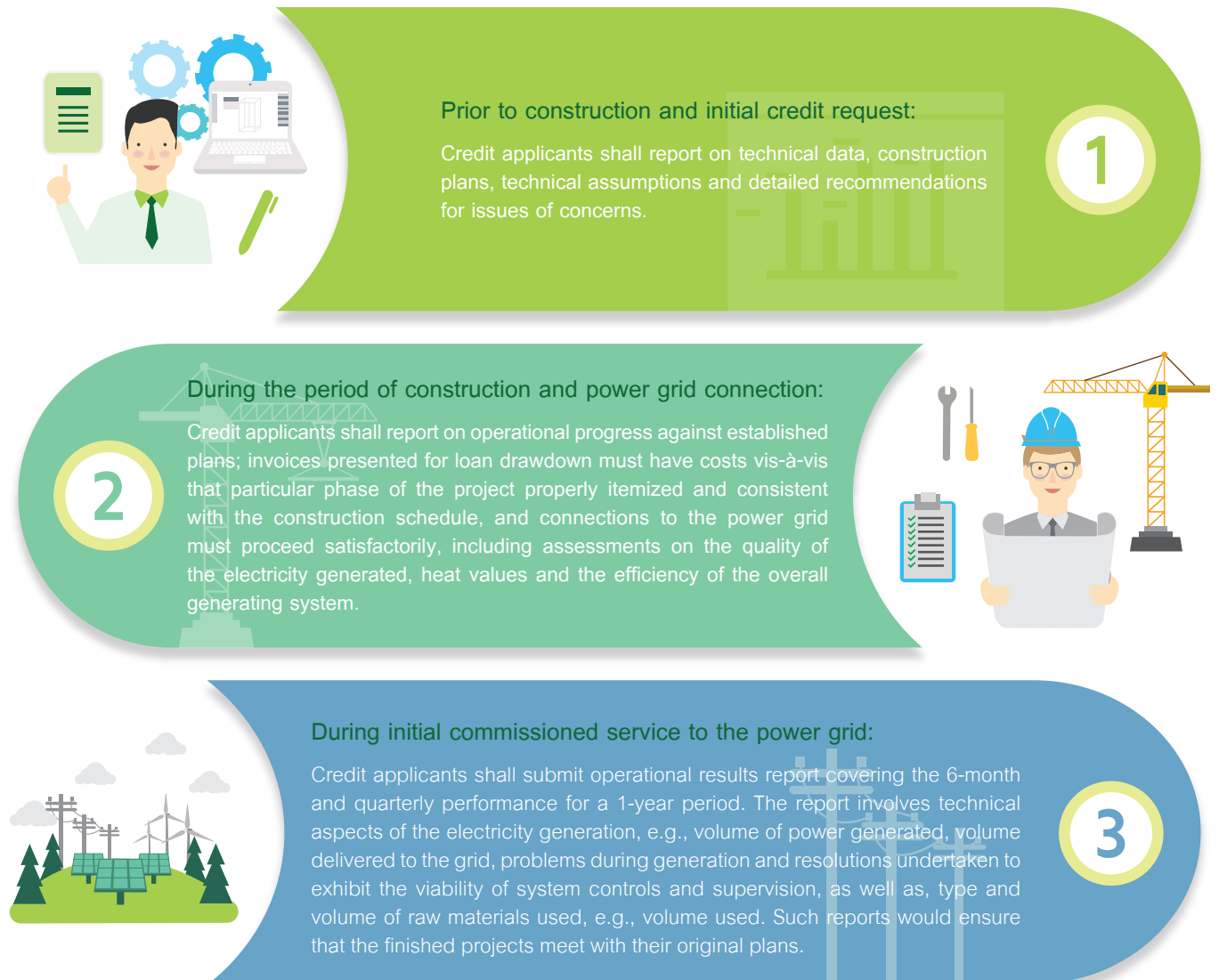
Risks associated with credit extension to renewable energy projects, e.g., solar, wind, hydro, and biomass power generation, have been assessed as follows:

- Power plant construction risks: Certain types of power plants, such as hydropower facilities, require longer-than-usual construction times and are exceptionally costly. Thus, effective construction and budget management is essential.
- Major risks of biomass power plants: Raw material prices and availability must be assessed amid a growing number of power plant projects, given limited raw material resources used in several other industries, as well.
- Climate change risks: Global climate change increase risks for operations of solar, wind and hydropower plants, which rely chiefly on natural resources.
- Technology/machinery risks: This entails design features, e.g. boilers, turbines and generators (preliminary inspection in IE reports by independent engineers).
- Civil unrest risks: Mass protests, occurring while credit requests are being considered, could prevent a power plant from being commissioned.
- Environmental and safety impact risks: Matters to be investigated include security systems, initial environmental examinations (IEE), environmental impact assessments (EIA), environmental and social impact assessments (ESIA) by responsible agencies, plus certification of preventive measures and remedies to ensure against environmental and security issues affecting operations.

Monitoring and Evaluation

After credit approval, continual monitoring is conducted by independent consulting engineers, i.e., Team Consulting Engineering and Management Co., Ltd., ATT Consultants Co., Ltd., EGCO Engineering and Service Co., Ltd., Energy for Environment Foundation, Matt MacDonald (Thailand) Co., Ltd., Sinclair Knight Merz (Thailand) Co., Ltd., and other key energy consultants. Monitoring and supervision is undertaken from the project start point until one year after operations begin to supply electricity to the national power grid. Typically, there are three phases.

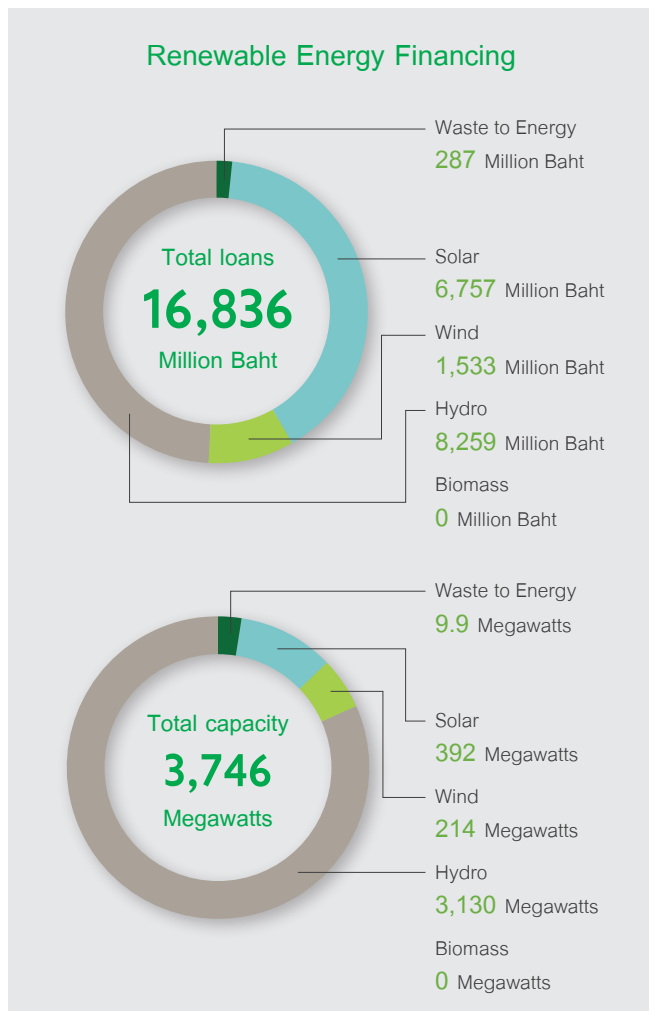
Monitoring and Evaluation Process





Renewable Energy Project Finance

A KResearch report paints a rosy outlook for renewable energy business this year, with steady growth potential. It was found that electricity peak demand in 2016 was 29,618.8 megawatts*, rising 8.3 percent from 2015, and the upward trend is likely to continue as the economy expands. In response to growing electricity demand and government promotion of renewable energy, KBank has introduced programs for financing renewable energy projects, including solar, wind, hydro and biomass. Financing of 16,836 million Baht has supported the creation of 3,746 megawatts of capacity.



Energy and Environment Conservation Project Financing

KBank is steadfast in our intention to help decrease the effects of climate change. We have devised various loan programs to raise awareness among consumers and businesses of the necessity to use eco-friendly products as a way to fight global warming. Such programs include the following:

Energy and Environment Conservation Project Financing for Retail Customers

1. K-Green Home SCG Heim Program

Housing loans of 80 million Baht are offered for houses using SCG Heim's energy-saving innovations.

2. Solar Eco System Loan Program (rooftop solar energy generation system)

The program is retail financing for the installation of Solar Eco rooftop solar energy systems. A large number of customers this year expressed an interest and approached KBank for advice about installation, costs, and credit plans.

3. Active AIRflow™ System Loan Program

This program targeted 14 million Baht in loans for home installation of the Active AIRflow™ System. The system controls ventilation, releasing heat from the house and roof hole and thus reducing usage of air-conditioning and electrical power.

* Information as of May 11, 2016; the electricity peak demand reached 29,618.8 MW, which broke the peak record for the seventh time in 2016.



Energy and Environment Conservation Project Financing for Corporates

KBank supports businesses that are eco-friendly and steadfast in using energy efficiently. We provide easy access to funds, ensuring that operators can manage their working capital competently while also raising their competitiveness in the long run. The Bank has developed credit programs totaling 3 billion Baht for entrepreneurs. At present, we have implemented four credit programs for eco-friendly business, comprising:

Energy and Environment Conservation Project Financing
Total credits for 5 projects (2013 - 2016)

623.45 Million Baht



K-Energy Saving Guarantee Program



K-Top Up Loan for Energy Saving (Lighting Solution)



K-Energy Saving Guarantee Program (Solar Rooftop)



K-Green Building Program



Energy and Environment Conservation Project Financing (Stage 6)

Other than providing loans for energy-efficient projects, KBank has collaborated with energy service companies (ESCOs), as well as manufacturers of energy-saving devices and products, in providing advice and guidelines for environmental-friendly operations. These collaborations give businesses confidence that savings from energy conservation will pay off the loans in self-financing projects, building competitiveness along with saving energy and preserving the environment.

Climate change mitigation for watershed forest residential areas

As one of the world's civic organizations, KBank is alive to the impacts of climate change and thus attaches great weight to forest preservation, as forests help lower atmospheric carbon dioxide, stabilize global climate temperature and reduce GHG emission, which effectively mitigates the climate change.

Rak Pa Nan (Care for Nan Forest) Project

Given Her Royal Highness Princess Maha Chakri Sirindhorn's awareness of deforestation in Nan, H.R.H. initiated the Care for Nan Forest Project in 2013. The ultimate goal of this project is to preserve and rehabilitate the Nan watershed forest via broad public awareness and cooperation. The Nan River contributes over 40 percent of the water of Chao Phraya River, making conservation of watershed of paramount importance to the nation. Not only does it boost the fertility of the soil, but forests absorb carbon dioxide, a major cause of climate change. The Care for Nan Forest Project is carried out under the supervision of the Office of H.R.H. Princess Maha Chakri Sirindhorn's Projects with the cooperation of the Royal Thai Army, Chulalongkorn University, Nan Province and Mae Fah Luang University. KBank provides full support and coordination under the lead of Chief Environmental Officer. Working towards sustainability requires continual effort and KBank has long-term development plans for this project that includes 10 years of funding to support the implementation towards following objectives.



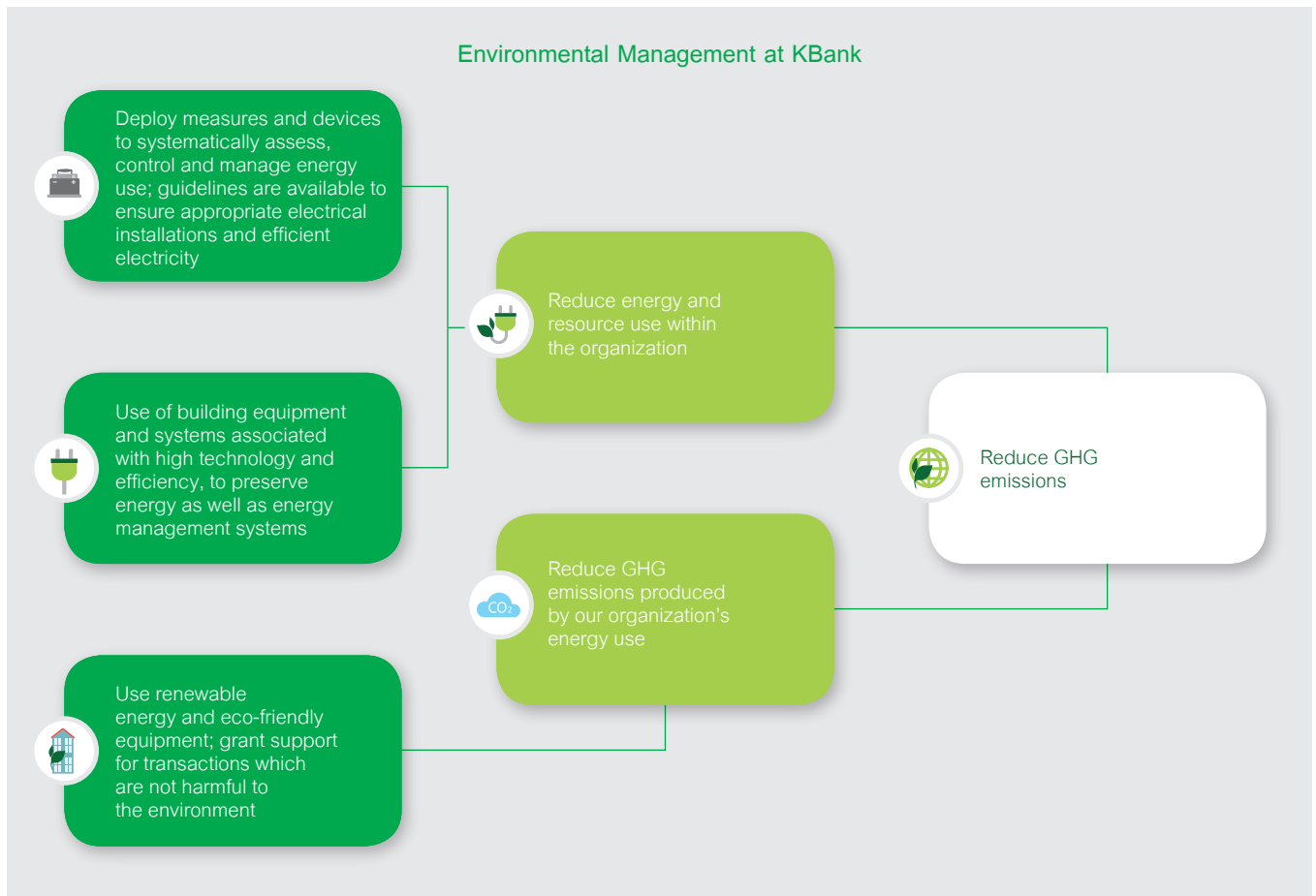
Environmental Impact Management

By granting financial support to retail customers and businesses, KBank has hoped to fulfill one of our primary missions, that is, to raise awareness of environmental impacts and the importance of preservation. This has been carried out continuously in alignment with government policy. Furthermore, we are firmly committed to our “Green DNA” culture - an initiative intended to ensure effective environmental management and energy use within KBank operations. To this end, the Bank has implemented policies concerning environmental protection and energy conservation to ensure that every KBank unit follows the same plans in pursuit of the same environmental goals. The Bank plans to reduce greenhouse gas emissions from our business activities by 20 - 25 percent by 2020.

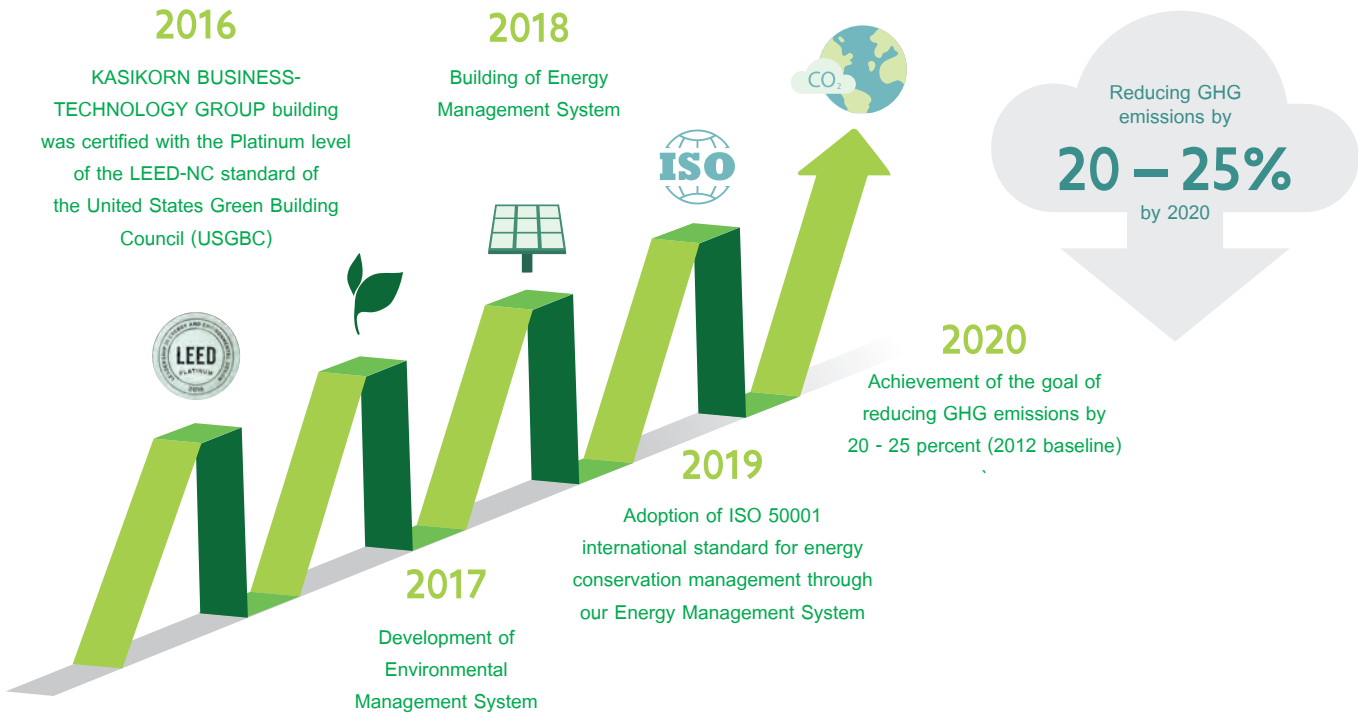
Management Approach

KBank has defined clear environmental and energy use policies, outlining strategic operational guidelines for all units, with the goal to reduce GHG emissions generated by KBank operations. Our approach is detailed below.

1. Establish guidelines for environmental management for achieving our goals for lowering GHG emissions according to the target.



2. Establish five-year plan to lower GHG emissions (Scope 1 and Scope 2) such as to achieve goal of reducing emissions from KBank operations 20 - 25 percent by 2020. Our plan is detailed below:



3. Environmental and energy management at KBank is aimed at steering the organization towards low carbon footprint. Under the plan, a central design principle for our buildings is energy efficiency, use of clean technologies and high-performance building management systems that take into account environmental preservation and optimal use of natural resources.

Energy Conservation

- Energy conservation is stipulated as an integral part of our operations, in conformity with relevant laws and regulations.
- Energy conservation plans and goals are established.
- KBank will provide necessary support including manpower, budgets, training and participation in power management. We will deploy initiatives to ensure continuous improvements in energy efficiency and renewable energy usage, while also developing energy-saving systems and equipment accordingly.
- It is the duty of executives at all levels to conserve energy and participate in implementing stipulated measures, monitoring, examining and reporting relevant matters to the Energy Management Working Group.
- Energy policies, goals and operational plans will be reviewed and adjusted every year by executives and the Energy Management Working Group.

Water Management


- Water management plans and goals are established.
- Patterns, procedures and management of water resources, including tap water, stored rainwater and wastewater recycled for consumption use are well defined.
- It is stipulated that wastewater from our buildings must be processed to meet the standards required by related laws and regulations.
- KBank will provide necessary support including manpower and budgets, and will always improve the effectiveness of water equipment in a timely and appropriate manner.

Waste and Effluent Management

- Waste and effluent management plans and goals are established.
- Waste and effluent management is handled in compliance with sanitation principles, covering collection, transportation, recovery and disposal.
- Employees are supported to gain more knowledge and participate in waste and effluent management activities.



- 4. An Energy Management Working Group for each building and Energy Use Assessment Team are established, with responsibility of energy management, monitoring and examination, as well as compiling of energy usage data to support continual development towards the attainment of KBank's energy conservation goals.
- 5. Promotion of maximum efficiency in the use of energy and resources through KBank's internal channels to raise awareness among employees such that they work together for concrete results:



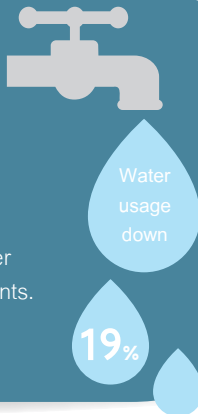
Transition of LED Light Bulbs

The goal of this project is to reduce energy usage in KBank office buildings. Over 20,000 bulbs have been replaced with LED bulbs, paring down energy consumption by 850,000 kilowatts or 3,060,000 megajoules and cutting electricity power costs by more than three million Baht.


"KBank Joining Hands to Combat Drought" campaign

The campaign encouraged the prudent use of water during the countrywide drought among two target groups:

- KBank employees**
Objective: To reduce water use in 6 participated buildings* by at least 10 percent during April - June, 2016.
Outcome: Water consumption was reduced by 26,788 m³, down 19 percent over-year.
- KBank customers**
Water bills showing reduced usage entitled customers to fee waivers. KBank has already waived fees of over 200,000 Baht from over 13,000 accounts.



Water usage down 19%

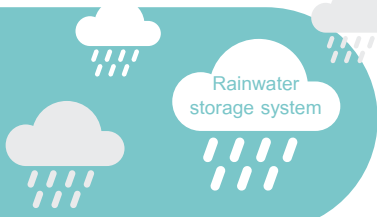


Waste Sorting Campaign

Waste sorting has been conducted systematically and by international standards. Containers for different categories of waste are provided on each floor of KBank's main buildings so that the employees may dispose waste by type, thus assisting external waste management agencies.

Water Management Program

KASIKORN BUSINESS-TECHNOLOGY GROUP initiated a water management program for more efficient in-building water use. Rainwater is stored for use and wastewater is treated for recycling. Treated wastewater is then used in the building's air-conditioning, sanitary and plant-watering systems, for maximum water efficiency.



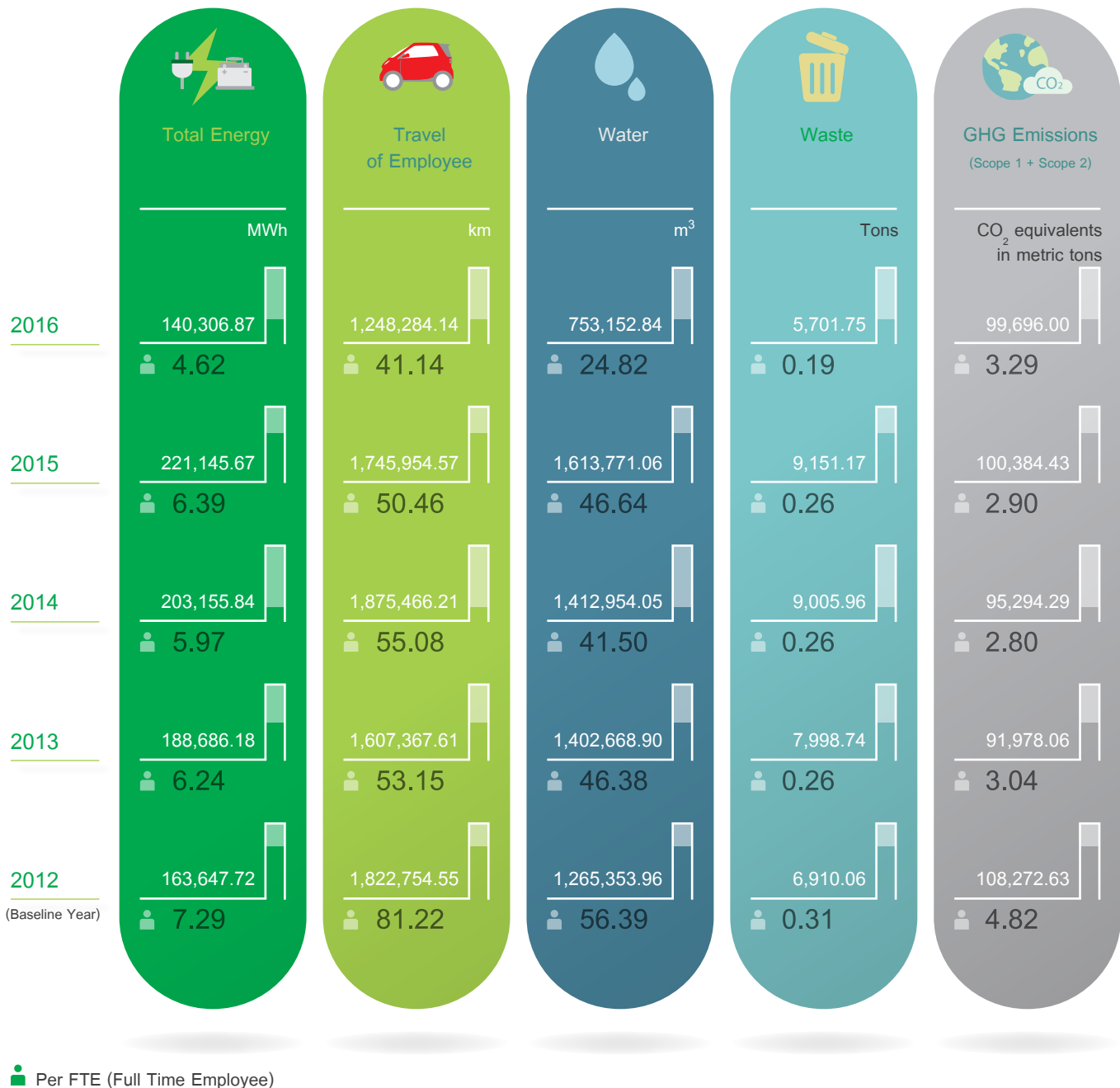
Rainwater storage system

* Participated buildings: Ratburana Building, Phaholyothin Building, Chaengwattana 1 Building, Kasikornthai Learning Center, Kasikornthai Club, Suk Samakthi Residence

Environment Performance

KBank is now establishing the Environmental Management System (EMS). Collected data will be processed and used to keep track of the Bank's environmental management, to ensure that all implementation is in compliance with our strategies and objectives. The system is scheduled to be up and running by 2017. Below is KBank's 2016 environmental performance.

1. Use of energy and environmental management performance



Remark: Greenhouse gas (GHG) emissions data in 2012 has been recalculated by compiling the data of K Companies and P Companies in 2016.



2. The KBTG building was designed using the United States Green Building Council (USGBC)'s LEED concept and was certified 'platinum level'. This concept takes into consideration environmental impacts, energy efficiency and local residents' quality of life. The building became the first large office building of Thai financial conglomerate to be awarded LEED Platinum. Designs for the building have been made to facilitate various usage and to best address user demands. Involved systems include the electrical system, the IT and telephone systems, the lighting system and the zone control air-conditioning system which affords reasonable energy consumption. Innovations used in the design of this building were chosen with a main focus on user-friendliness and efficient energy use. For example: Renewable energy: A large solar panel covering the entire building roof was mounted to generate solar power which then will be utilized in parts of the building. The solar cell system of 350 kilowatts can produce up to 548,000 kilowatt-hours or 1,972,800 megajoules per year from sunlight, or about 9 percent of the total energy used in the building.





Economic, Social and Environmental Performance

Economic Performance



Economic	Unit	2016	
		Consolidated	KBank
Revenues*	Thousand Baht	179,597,769	157,944,343
Other operating expenses**	Thousand Baht	28,728,594	29,128,571
Personnel expenses***	Thousand Baht	30,201,493	22,357,662
Payments to providers of capital****	Thousand Baht	35,768,134	35,710,880
Tax payment to government*****	Thousand Baht	14,932,413	11,476,502
Cash donation for supporting community and education	Thousand Baht	447,832	398,093
Economic value retained	Thousand Baht	69,519,303	58,872,635

* Revenues include net operating income, exclusive of interest expense.

** Other operating expenses include employee expenses, director remuneration, premises and equipment expenses, and other operating expenses.

*** Personnel expenses include salaries, wages, overtime pay, bonuses, cost of living subsidies, employee benefits, Bank contributions to provident funds, welfares and other benefits, e.g., health insurance and annual health checkup.

**** Payments to providers of capital refer to dividends paid to shareholders and interest expenses.

***** Tax payment to government includes direct and indirect taxes, e.g., corporate income tax, property tax, value-added tax and special business tax.

Social Performance







Item	2013		2014		2015		2016	
	Number of Employees	% of Total Employees	Number of Employees	% of Total Employees	Number of Employees	% of Total Employees	Number of Employees	% of Total Employees
Number of Employees*	19,303		21,614		21,484		21,029	
By Gender								
• Male	7,386	38.26%	7,694	35.60%	7,377	34.34%	6,831	32.48%
• Female	11,917	61.74%	13,920	64.40%	14,107	65.66%	14,198	67.52%
By Nationality								
• Thai	19,289	99.93%	21,601	99.94%	21,470	99.93%	20,995	99.84%
• Foreigner	14	0.07%	13	0.06%	14	0.07%	34	0.16%
By Type of Employment								
• Permanent	19,263	99.79%	21,548	99.69%	21,429	98.93%	20,978	99.76%
• Contract	40	0.21%	66	0.31%	55	0.25%	51	0.24%
By Workplace								
• Head offices and main buildings	10,093	52.29%	10,688	49.45%	10,537	49.05%	9,940	47.27%
• Elsewhere	9,210	47.71%	10,926	50.55%	10,947	50.95%	11,089	52.73%
By Country								
• Thailand	19,294	99.95%	21,606	99.96%	21,474	99.95%	21,008	99.90%
• Elsewhere	9	0.05%	8	0.04%	10	0.05%	21	0.10%

* Total number of employees refers to employees of KASIKORNBANK (Bank only), including permanent and contract employees.



Item	2013		2014		2015		2016	
	Number of Employees	% of Total Employees	Number of Employees	% of Total Employees	Number of Employees	% of Total Employees	Number of Employees	% of Total Employees
By Level of Education								
• High school (lower than bachelor's degree)	702	3.64%	633	2.93%	554	2.58%	469	2.23%
• Bachelor's degree	12,678	65.14%	14,653	67.79%	14,568	67.81%	14,512	69.01%
• Master's degree	5,890	22.20%	6,289	29.10%	6,322	29.43%	6,010	28.58%
• Doctoral degree	33	0.11%	39	0.18%	40	0.19%	38	0.18%
By Employee Level								
Top Management (Executive)	51		52		56		53	
• Male	39	76.47%	40	76.92%	44	78.57%	42	79.25%
• Female	12	23.53%	12	23.08%	12	21.43%	11	20.75%
• < 30 years	0	0.00%	0	0.00%	0	0.00%	0	0.00%
• 30 - 50 years	31	60.78%	29	55.77%	27	48.21%	28	52.83%
• > 50 years	20	39.22%	23	44.23%	29	51.79%	25	47.17%
Middle Management	759		815		865		827	
• Male	458	60.34%	478	58.65%	501	57.92%	466	56.35%
• Female	301	39.66%	337	41.35%	364	42.08%	361	43.65%
• < 30 years	1	0.13%	0	0.00%	0	0.00%	0	0.00%
• 30 - 50 years	492	64.82%	524	64.29%	536	61.97%	487	58.89%
• > 50 years	266	35.05%	291	35.71%	329	38.03%	340	41.11%
Operating and Staff Level	18,493		20,747		20,563		20,149	
• Male	6,889	37.25%	7,176	34.59%	6,832	33.22%	6,323	31.38%
• Female	11,604	62.75%	13,571	65.41%	13,731	66.78%	13,826	68.62%
• < 30 years	7,773	42.03%	9,345	45.04%	8,853	43.05%	8,662	42.99%
• 30 - 50 years	8,409	45.47%	8,978	43.27%	9,189	44.69%	8,947	44.40%
• > 50 years	2,311	12.50%	2,424	11.68%	2,521	12.26%	2,540	12.61%

Item	2013		2014		2015		2016	
	Number of Employees	% of Total Employees	Number of Employees	% of Total Employees	Number of Employees	% of Total Employees	Number of Employees	% of Total Employees
 New Hires	3,994	20.69%	4,246	19.64%	3,578	16.65%	2,825	13.43%
By Age								
• < 30 years	3,480	87.13%	3,567	84.01%	3,034	84.80%	2,515	89.03%
• 30 - 50 years	511	12.79%	678	15.97%	542	15.15%	309	10.94%
• > 50 years	3	0.08%	1	0.02%	2	0.06%	1	0.04%
By Gender								
• Male	893	22.36%	950	22.37%	762	21.30%	541	19.15%
• Female	3,101	77.64%	3,296	77.63%	2,816	78.70%	2,284	80.85%
By Workplace								
• Head offices and main buildings	1,716	42.96%	1,809	42.60%	1,459	40.78%	880	31.15%
• Elsewhere	2,278	57.04%	2,437	57.40%	2,119	59.22%	1,945	68.85%
By Country								
• Thailand	3,994	20.69%	4,246	19.64%	3,578	16.65%	2,825	13.43%
• Elsewhere	0	0.00%	0	0.00%	0	0.00%	0	0.00%
 Number of Turnover (Not include employee retirement, early retirement, dead, not qualified, disclaim, contract end and terminated all kinds)	2,424	12.56%	2,465	11.40%	3,180	14.80%	3,562	16.94%
By Gender								
• Male	690	28.47%	642	26.04%	821	25.82%	981	27.54%
• Female	1,734	71.53%	1,823	73.96%	2,359	74.18%	2,581	72.46%
By Age								
• < 30 years	1,619	66.79%	1,641	66.57%	2,118	66.60%	2,076	58.28%
• 30 - 50 years	751	30.98%	776	31.48%	978	30.75%	1,372	38.52%
• > 50 years	54	2.23%	48	1.95%	84	2.64%	114	3.20%
 Number of employees who are labor union members	7,180	37.20%	7,336	33.94%	7,115	33.12%	8,736	41.54%

Item	2013	2014	2015	2016
 Ratio of Salary and Basic Remuneration of Male and Female Employees				
Head Offices				
• Top Management (Executive)	1 : 1	1 : 1	1 : 0.84	1 : 0.84
• Middle Management	1 : 1	1 : 1	1 : 1	1 : 1.06
• Operating and Staff Level	1 : 1	1 : 1	1 : 0.75	1 : 0.76
Elsewhere				
• Top Management (Executive)	1 : 1	1 : 1	-	-
• Middle Management	1 : 1	1 : 1	1 : 1.61	1 : 1.73
• Operating and Staff Level	1 : 1	1 : 1	1 : 0.69	1 : 0.69



Item	2013		2014		2015		2016	
	Male	Female	Male	Female	Male	Female	Male	Female
• Number of employees having the right of maternity/parental leave	11,917		13,920		14,107		14,198	
	N/A	61.74%	N/A	64.40%	N/A	65.66%	N/A	67.52%
• Number of employees using the right of maternity/parental leave	394		536		677		691	
	N/A	N/A	33	503	41	636	39	652
• Number of employees returning to work after maternity/parental leave (classified by gender)	369		519		626		629	
	N/A	N/A	32	487	38	588	32	597
• Percentage of employees returning to work and remaining at work after maternity/parental leave	93.65%		96.83%		92.47%		91.03%	
	N/A	N/A	96.97%	96.82%	92.68%	92.45%	82.05%	91.56%

Item	2013	2014	2015	2016
Employee Engagement*				
Level of satisfaction in relation to dissemination of information and employee engagement activities	98.30%	90.60%	92.10%	N/A
Engagement Score	62%	64%	61%	N/A
Information coverage (%)	99.99%	100%	100%	N/A
Minimum notice period before effective operational changes that potentially affect job title/type of employment, e.g. organizational restructuring, business merger and branch expansion				
• Job changes				2 weeks
• Business merger, branch expansion				60 days
• Organizational restructuring, e.g. addition or reduction of divisions				2 weeks
• Others				
Employees' Complaints in relation to Labor Practices				
• Number of employees' complaints in relation to labor practices	23	23	34	2
• Number of resolved complaints	23	23	34	2
• Number of pending complaints	-	-	-	-

* In 2016, the Bank did not survey the engagement score.



Training

Item	Hours per year per person			
	2013	2014	2015	2016
Total training hours	1,070,326	1,045,128	1,359,209	1,186,243
Average training hours	55.5	48.4	62.1	56.4
By Level				
• Management level (First Vice President and higher)	55.6	48.1	62.1	116.6
• Operating and staff level (below First Vice President)	47.4	66.6	63.4	55.5
By Gender				
• Male	47.5	42.9	53.1	54.8
• Female	60.4	51.4	66.8	57.2

Item	Percentage of Total Employees			
	2013	2014	2015	2016
Employee Performance Evaluation				
Percentage of evaluated employees to total employees	100%	100%	100%	100%
By Level				
• Top Management	100%	100%	100%	100%
• Middle Management	100%	100%	100%	100%
• Operating and staff level	100%	100%	100%	100%
By Gender				
• Male	38.26%	35.60%	34.00%	32.48%
• Female	61.74%	64.40%	66.00%	67.52%



Item	Percentage of Total Employees			
	2013	2014	2015	2016
By Program				
• Management by objectives	100%	100%	100%	100%
• Formal comparative ranking of employees within one employee category	100%	100%	100%	100%
Training Expenses (Baht)				
Staff Productivity (Revenue/Personnel Expense)	5.78	5.45	5.69	5.90
Human Return on Investment	4.21	4.01	4.05	4.39



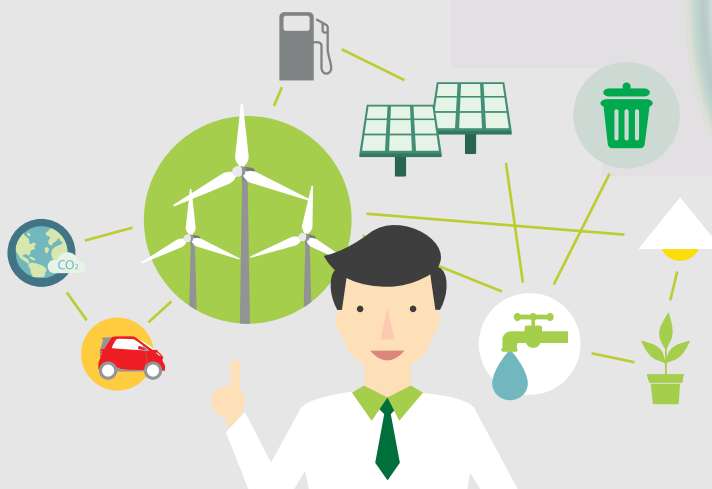


Occupational Health and Safety

Item	Unit	2013		2014		2015		2016	
		Male	Female	Male	Female	Male	Female	Male	Female
Injury Rate (IR)	Number of employees per 200,000 operating hours	0.02		0.01		0.01		0.00	
		0.01	0.01	0.00	0.01	0.01	0.00	0.00	0.00
Lost Time Injury Rate (LTIR)	Number of employees per 200,000 operating hours	0.02		0.01		0.01		0.00	
		0.01	0.01	0.00	0.01	0.01	0.00	0.00	0.00
Lost Day Injury Rate (LDIR)	Number of lost days per 200,000 operating hours	2.69		0.17		0.80		0.00	
		0.17	2.52	0.00	0.17	0.80	0	0.00	0.00
Occupational Diseases Rate (ODR)	Number of employees per 200,000 operating hours	0		0		0		0	
		0	0	0	0	0	0	0	0
Absentee Rate (AR)	Percentage	0		0.61		0.70		0.70	
		0	0	0.53	0.65	0.64	0.74	0.65	0.72
Number of Fatalities	Person	0	0	0	0	0	0	0	0
Sick Leave									
Number of sick leave days	Day	N/A	N/A	10,001	22,037	11,442	25,335	10,887	25,027
By Workplace									
• Head offices and main buildings	Day	N/A		N/A		N/A		24,202	
• Elsewhere	Day	N/A		N/A		N/A		11,712	
Number of time lost due to non-work related illness	Day x 8 hours	N/A	N/A	80,008	176,292	91,532	202,680	87,092	200,216



Environmental Performance



Assessment Parameter	
Baseline year	2012
Consolidation approach	Operation controls
Boundary summary	All entities and facilities either owned or under operation control
Emission factor data source	IPCC 2006 and DEDE 2010
Materiality threshold	10%
Intensity ratio	per FTE
Independent assurance	YES

Parameter	2012 (Baseline Year)	2013	2014	2015	2016	% change 2015 vs 2016	% change 2012 vs 2016
Greenhouse Gas Emission (GHG Emission)							
Total Scope 1 emission (Tonnes CO ₂ e)	13,013.29	5,518.15	7,322.55	8,926.43	18,023.37	↑ 102%	↑ 39%
Total Scope 2 emission (Tonnes CO ₂ e)	95,259.34	86,459.91	87,971.74	91,458.00	81,672.63	↓ 11%	↓ 14%
Total Scopes 1 & 2 emission (Tonnes CO ₂ e)	108,272.63	91,978.06	95,294.29	100,384.43	99,696.00	↓ 1%	↓ 8%
Total Scopes 1 & 2 emission intensity (Tonnes CO ₂ e per FTE)	4.82	3.04	2.80	2.90	3.29	↑ 13%	↓ 32%



Parameter	2012 (Baseline Year)	2013	2014	2015	2016	% change 2015 vs 2016	% change 2012 vs 2016
Energy							
Total energy consumption within organization (MWh)	163,647.72	188,686.18	203,155.84	221,145.67	140,306.87	↓ 37%	↓ 14%
Total energy consumption intensity (MWh per FTE)	7.29	6.24	5.97	6.39	4.62	↓ 28%	↓ 37%
Water							
Water consumption (mil m ³)	1.27	1.40	1.41	1.61	0.75	↓ 53%	↓ 40%
Water consumption intensity (m ³ per FTE)	56.39	46.38	41.50	46.64	24.82	↓ 47%	↓ 56%
Waste							
Total Waste generate (Metric Tonnes)	6,910.06	7,998.74	9,005.96	9,151.17	5,701.75	↓ 38%	↓ 17%
Waste generated intensity (kg per FTE)	307.92	264.50	264.50	264.50	166.54	↓ 37%	↓ 46%
Travel							
Total business travel from road (km)	1,822,754.55	1,607,367.61	1,875,466.21	1,745,954.57	1,248,284.14	↓ 29%	↓ 32%
Total CO ₂ emission from road travel (Tonnes CO ₂)	262.84	297.55	347.18	323.20	180.00	↓ 44%	↓ 32%
Total CO ₂ emission from road travel per FTE (Tonnes CO ₂ per FTE)	0.01 (0.0117)	0.01 (0.0098)	0.01 (0.011)	0.01 (0.0093)	0.01 (0.0059)	↓ 37%	↓ 49%
Full Time Employee* (FTE)	22,441	30,241	34,049	34,598	30,339	↓ 12%	↑ 35%

Remarks:

- In 2016, GHG Emission (Scope 1) did not include refrigerant and Halotron leaks of branches in the department stores, as the air-conditioners operate under the central system of respective buildings. The areas of venues within department stores account for 5 percent of total premise of KBank.

Improvement guideline

In 2017, KBank plans to compile the information of all branches in the department stores in Bangkok and elsewhere via an IT system. Results will likely be obtained in 2018.

- GHG Emission (Scope 3) is calculated from business travels by taxis only, not including mass transit and air transport.

* Full Time Employees include the employees of KBank, K Companies, KBTG and P Companies.

About This Report

The Sustainability Report of KASIKORNBANK PUBLIC COMPANY LIMITED has been prepared annually since 2012 as a channel to report on our sustainable development performance. The 2015 Sustainability Report was published in March 2016. As for the 2016 report, its boundaries include information disclosure on the performance of KBank, subsidiaries, associates and related companies of which KBank holds at least 50 percent of shares or companies for which KBank holds management authority, and companies that wish to disclose such information. Types of information and coverage are elaborated below:

- **Economic Aspect Information**
Performance of KBank, subsidiaries, associates and related companies in consistence with our 2016 Annual Report
- **Social Aspect Information**
Performance of KBank only
- **Environmental Aspect Information**
Performance of KBank, K Companies, KBTG and P Companies in Thailand
As shown on page 102

Report Boundaries

The report boundaries cover KBank's performance during January 1 - December 31, 2016, in accordance with the GRI's G4 guidelines Core Option. Furthermore, the boundaries cover guidelines for practices under the United Nations Global Compact (UNGC), voluntarily, as shown on pages 110-111.

External Assurance for the Report

The economic aspect information featured in this report was compiled from the accounting recording system, as utilized in our 2016 Annual Report and audited by Certified Public Accountant. Furthermore, in order to ensure the credibility and transparency of the environmental and social aspect information, the Lloyd Register International (Thailand) Co., Ltd. certified the data reliability of G4-EN3, G4-EN15, G4-EN16, G4-EN17, G4-LA6, G4 Financial Literacy with the details as shown on page 116-117. The Thaipat Institute certified the correctness of the information

and KBank's practices in accordance with the GRI's G4 guidelines Core Option, with details as shown on page 114-115.

The sustainable development performance disclosed in this report is under the responsibility of KBank and our executives, taking into consideration that the information is relevant and valuable to all stakeholders.

Quality Control of Report Preparation

The Sustainable Development Unit of the Office of Corporate Secretary is the center for supervising the quality of report preparation to ensure the correctness and completeness of the report. The unit is responsible for compiling and verifying related information in compliance with the guidelines. All operational directions and processes have been reported to KBank's Corporate Governance Committee.

All Inquiries Regarding the Report Should Be Addressed to:

Sustainable Development Unit
Office of Corporate Secretary, Corporate Secretariat Division
KASIKORNBANK PUBLIC COMPANY LIMITED
1 Soi Rat Burana 27/1, Rat Burana Road, Rat Burana Sub-District,
Rat Burana District, Bangkok 10140, Thailand
Tel. +662-4702984



Environmental Aspect Information

The environmental aspect information in this report covers activities considered by KBank to have significant impacts on the environment, and has been compiled from K Companies that produce environmental impacts.

The environmental aspect information comes from different sources, e.g. recording gauges, accounting evidences, operating processes and data evaluation on quality principles.

Energy

Total energy sources for consumption include electricity.

Greenhouse Gas (GHG)

This exhibits greenhouse gas (GHG) emissions from operations or activities of KBank, calculated in compliance with Intergovernmental Panel on Climate Change (IPCC) guidelines (Emission Factor is based on the IPCC Standard, Vol. 2, while septic tank calculation is based on the 2006 IPCC Guideline for National Greenhouse Gas Inventories, Volume 5, Chapter 6 - Wastewater Treatment and Discharge), with the following principles:

1. Report Boundaries

- 1.1 Direct emissions (Scope 1) occur from fuel or natural gas combustion and the leakage of methane gas from septic tank, through operating processes and activities under KBank's monitoring, control and management.
- 1.2 Indirect emissions (Scope 2) occur mainly from electricity, bought from external sources for KBank's operations excluding the electricity usage of the branches in the department stores.
- 1.3 Other indirect emissions (Scope 3) occur from staff travels by buses and taxis only.

2. Report on Intensity

- 2.1 The calculation of Scope 1 GHG emissions is based on fuel consumption (by weight or quantity), e.g. the quantity of oil or natural gas x GHG emission rate, as suggested in the 2006 IPCC guidelines.

- 2.2 The calculation of Scope 2 GHG emissions is based on the quantity of purchased electricity, with reference to the GHG emission rate of the power producer or distributor.

3. **The GHG emission report covers** CO₂, CH₄, N₂O, HFC_s, PFC_s and SF₆, calculated and illustrated in the form of carbon dioxide equivalent (CO₂e), indicating Global Warming Potential (GWP) as designated by IPCC.
4. **Emission Factor** according to Thailand Greenhouse Gas Management Organization (Public Organization) (TGO)
5. **Assessment Method** according to The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard Revised Edition and TGO guideline for carbon footprint assessment, third revision, October 2016
6. **Assumption of GHG emission** from taxi travels is based on the number of taxis registered with the Department of Land Transport

Water

Water management involves water from external sources, recycled water, discharged wastewater and reused water. Evaluation of water utilization efficiency and risks from different water sources is in place.

Water from external sources is used for KBank's activities. The information is extracted from the accounting evidence or water supply meter reading.

Reused water* refers to the amount of reused water consumption after wastewater is treated through the wastewater management processes. Water management is in place at KBank's three main buildings, including the Rat Burana Building, Phahon Yothin Building, Chaeng Watthana Building 1 and KBTG Building**. The activated sludge wastewater treatment system receives appropriate level of oxygen to ensure that at least 12 percent of water consumed within the buildings is recycled and reused. The system avoids that production of greenhouse gases during the wastewater management processes.

* As the reused water system is under improvement during 2016, there is no report on this part.

** The Chaeng Watthana 2 Building, as referred to in the 2015 Sustainability Report, has been renamed the KBTG Building.

Waste

Waste management covers total waste generated through KBank’s operations and activities. The quantity of waste is based on valid estimation.

Social Aspect Information

Number of KBank Employees

KBank employees are workers under employment contracts with KASIKORNBANK PUBLIC COMPANY LIMITED; they are classified into three groups, as below:

- “Top Management” includes those from the level of First Senior Vice President to the Chief Executive Officer.
- “Middle Management” includes Department Heads and Function Heads.
- “Officers” are officers and senior officers/supervisors.

The above employees are also classified in accordance with the employment contracts, i.e., permanent and contract employees.

Calculation of Working Hours

1. The data is extracted from the time recording system and data record at human resources units, account units and related units.
2. In case the companies or factories lack a time recording system, average working hours will be used for the calculation, as follows:

Working hours (hours-employees) = Number of employees x working days x normal working hours (per day) + total overtime hours (only applicable to Operating Level employees)

Safety Data Recording

Work safety data concerning health and hygiene is calculated and recorded as shown below:

Definition

Day	means scheduled work day.
Injuries	are on-the-site injuries, including injuries requiring first aid and injuries that lead to absence of one day or more.
Lost Time Injuries	are injuries that lead to absence of one day or more (starting from the day of absence after the day the incident occurs).
Lost Day Injuries	are actual days of absence.

Calculation

$$\text{Injury Rate (IR)} = \frac{\text{Number of all injuries (as of the day the report is prepared)}}{\text{200,000 (operating hours)}}$$

$$\text{Operating hours (as of the day the report is prepared)}$$

$$\text{Lost Time Injury Rate (LTIR)} = \frac{\text{Number of Lost Day Injuries (as of the day the report is prepared)}}{\text{200,000 (operating hours)}}$$

$$\text{Operating hours (as of the day the report is prepared)}$$

$$\text{Lost Day Injury Rate (LDIR)} = \frac{\text{Number of Lost Day Injuries (as of the day the report is prepared)}}{\text{200,000 operating hours}}$$

$$\text{Operating hours (as of the day the report is prepared)}$$

$$\text{Occupational Disease Rate (ODR)} = \frac{\text{Number of Occupational Diseases (as of the day the report is prepared)}}{\text{200,000 operating hours}}$$

$$\text{Operating hours (as of the day the report is prepared)}$$

$$\text{Absentee Rate (AR)} = \frac{\text{Number of Lost Day Injuries and other Occupational Diseases that are not excused (as of the day the report is prepared)}}{\text{Total number of operating days in one year}}$$

Social and Environmental Information Disclosure Boundaries

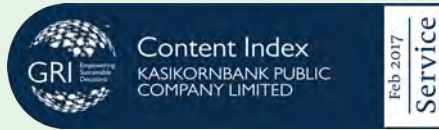
Name of Company	Social Aspect			Environmental Aspect			
	Labor Practices	Training	Safety	Fuel	Electricity	Water	Waste
1. KASIKORNBANK PUBLIC COMPANY LIMITED	●	●	●	●	●	●	●
2. KASIKORN ASSET MANAGEMENT CO., LTD.	○	○	○	●	●	●	●
3. KASIKORN RESEARCH CENTER CO., LTD.	○	○	○	●	●	●	●
4. KASIKORN SECURITIES PCL.	○	○	○	●	●	●	●
5. KASIKORN LEASING CO., LTD.	○	○	○	●	●	●	●
6. KASIKORN FACTORY AND EQUIPMENT CO., LTD.	○	○	○	●	●	●	●
7. PROGRESS PLUS CO., LTD.	○	○	○	●	●	●	●
8. PROGRESS APPRAISAL CO., LTD.	○	○	○	●	●	●	●
9. PROGRESS GUNPAI CO., LTD.	○	○	○	●	●	●	●
10. PROGRESS MANAGEMENT CO., LTD.	○	○	○	●	●	●	●
11. PROGRESS FACILITIES MANAGEMENT CO., LTD.	○	○	○	●	●	●	●
12. PROGRESS SERVICE CO., LTD.	○	○	○	●	●	●	●
13. PROGRESS STORAGE CO., LTD.	○	○	○	●	●	●	●
14. PROGRESS H R CO., LTD.	○	○	○	●	●	●	●
15. PROGRESS SERVICE SUPPORT CO., LTD.	○	○	○	●	●	●	●
16. PROGRESS COLLECTION CO., LTD.	○	○	○	●	●	●	●
17. PROGRESS TRAINING CO., LTD.	○	○	○	●	●	●	●
18. PROGRESS MULTI INSURANCE BROKER CO., LTD.	○	○	○	●	●	●	●
19. KASIKORN TECHNOLOGY GROUP SECRETARIAT CO., LTD.*	○	○	○	●	●	●	●
20. KASIKORN LABS CO., LTD.*	○	○	○	●	●	●	●
21. KASIKORN SOFT CO., LTD.*	○	○	○	●	●	●	●
22. KASIKORN PRO CO., LTD.*	○	○	○	●	●	●	●
23. KASIKORN SERVE CO., LTD. (formerly PROGRESS SOFTWARE CO., LTD.)	○	○	○	●	●	●	●

Remarks:

- Economic data relates to the operating results of KBank, subsidiaries, associates and related companies as indicated in the Annual Report 2016.
- In 2017, KBank plans to measure the volume of refrigerants used at six main buildings, with the air-conditioned areas of 300,000 m², or 70 percent of KBank's total air-conditioned areas. Examination will also be conducted at all branches in Bangkok and vicinities, with the air-conditioned areas of 120,000 m², or 30 percent of total air-conditioned areas. Results are expected to be completed in 2018.

* Companies in operations for less than three years; social information in the preparation process

GRI G4 Content Index



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G4-EC1		74, 88			Goal 5: Infrastructure investment Goal 8: Economic performance Goal 9: Infrastructure investment
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS					
G4-DMA		48-51			
G4-EC8		48-51			Goal 1: Economic development in areas of high poverty Goal 3: Access to medicines Goal 8: Indirect impact on job creation Goal 10: Economic development in areas of high poverty
CATEGORY: ENVIRONMENT					
MATERIAL ASPECT: ENERGY					
G4-DMA		83-84, 100			
G4-EN3		86, 98, 100		Yes, page 86, 98	Goal 8: Energy efficiency Goal 13: Energy efficiency
G4-EN5		86, 98			Goal 8: Energy efficiency Goal 13: Energy efficiency
G4-EN6		85, 87			Goal 8: Energy efficiency Goal 13: Energy efficiency

SPECIFIC STANDARD DISCLOSURES		Page/Direct Answer	Omissions	External Assurance	Additional Column (SDG MAPPING linkage)
		Sustainability Report			
MATERIAL ASPECT: LABOR/MANAGEMENT RELATIONS					
G4-DMA		62-63			
G4-LA4		93			Goal 8: Labor/management relations
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY					
G4-DMA		68			
G4-LA6		96		Yes, page 96	Goal 3: Occupational health and safety Goal 8: Occupational health and safety
MATERIAL ASPECT: TRAINING AND EDUCATION					
G4-DMA		66-68			
G4-LA9		94			Goal 4: Employee training and education Goal 5: Gender equality Goal 8: Employee training and education
G4-LA11		94			Goal 5: Gender equality Goal 8: Employee training and education
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY					
G4-DMA		62			
G4-LA12		90			Goal 5: Gender equality Goal 8: Diversity and equal opportunity
MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN					
G4-DMA		62-63			
G4-LA13		92			Goal 5: Equal remuneration for women and men Goal 8: Equal remuneration for women and men Goal 10: Equal remuneration for women and men



SPECIFIC STANDARD DISCLOSURES	Page/Direct Answer	Omissions	External Assurance	Additional Column (SDG MAPPING linkage)
	Sustainability Report			
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES				
G4-DMA	59			
G4-LA14	59			
MATERIAL ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS				
G4-DMA	63			
G4-LA16	63, 93			Goal 16: Grievance mechanisms
SUB-CATEGORY: HUMAN RIGHTS				
MATERIAL ASPECT: ASSESSMENT				
G4-DMA	42			
G4-HR9	42			
MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT				
G4-DMA	42, 59			
G4-HR10	59			
SUB-CATEGORY: SOCIETY				
MATERIAL ASPECT: LOCAL COMMUNITIES				
G4-DMA	46-47, 73-74			
G4-SO1		Not Applicable		
G4-SO2		Not Applicable		
G4-FS13	46-47			Goal 1: Access to financial services Goal 8: Access to financial services Goal 10: Access to financial services
G4-FS14	46-47			Goal 1: Access to financial services Goal 8: Access to financial services Goal 10: Access to financial services
MATERIAL ASPECT: ANTI-CORRUPTION				
G4-DMA	36			
G4-SO4	33-34, 36			Goal 16: Anti-corruption



SPECIFIC STANDARD DISCLOSURES		Page/Direct Answer	Omissions	External Assurance	Additional Column (SDG MAPPING linkage)
		Sustainability Report			
ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY					
G4-DMA		59			
SUB-CATEGORY: PRODUCT RESPONSIBILITY					
ASPECT: PRODUCT AND SERVICE LABELING					
G4-DMA		43, 47			
G4-PR5		17, 47			
ASPECT: CUSTOMER PRIVACY					
G4-DMA		55-58			
G4-PR8		56			Goal 16: Protection of privacy
MATERIAL ASPECT: FINANCIAL LITERACY					
G4-DMA		69-70		Yes, page 69-70	
ASPECT: PRODUCT PORTFOLIO					
G4-DMA		39-41, 48			
G4-FS7		49-51			Goal 1: Access to financial services Goal 8: Access to financial services Goal 9: Access to financial services Goal 10: Access to financial services
G4-FS8		17, 77, 80-81			

KBank commits to the following SDGs:

- Goal 1: End poverty in all its forms everywhere
- Goal 3: Ensure healthy lives and promote well-being for all at all ages
- Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- Goal 5: Achieve gender equality and empower all women and girls
- Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- Goal 10: Reduce inequality within and among countries
- Goal 13: Take urgent action to combat climate change and its impacts
- Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



Practices under the United Nations Global Compact

Area	Principles of Global Compact	Implementation
Human Rights	<ol style="list-style-type: none"> 1. Businesses should support and respect the protection of internationally proclaimed human rights; and 2. Make sure that they are not complicit in human rights abuses. 	<ul style="list-style-type: none"> • Implement the Human Rights Policy of KBank • Include respect for human rights in the Code of Conduct. • Organize stakeholders meeting to define and specify the issues related to human rights that affect business operations, and develop measures to handle those issues. • Have in place the assessment of risks associated with human rights issues. • Formulate additional measures to assess, prevent and manage key issues of human rights.
Labor	<ol style="list-style-type: none"> 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. The elimination of all forms of forced and compulsory labor; 5. The effective abolition of child labor; and 6. The elimination of discrimination with respect to employment and occupation. 	<ul style="list-style-type: none"> • Include employee practices in the Statement of Business Conduct and the Code of Conduct, whereby employees are protected against discrimination, have access to knowledge building opportunities, and are offered a proper welfare and security, good benefits comparable to leading companies. • Encourage establishment of KASIKORNBANK Labor Union and KASIKORNBANK Officer Labor Union in order to foster good relationships between employer and employees, and among employees. • Foster good relationships between KBank and labor unions, and between the Employee Committee and employees, promote bilateral system of labor relations, comply with regulatory requirements and provide equal treatment of all stakeholders. • Have in place a policy against forced and child labor. • Provide career opportunities for the disabled, allowing them to be able to live with dignity in society, in compliance with the Persons with Disabilities Empowerment Act B.E. 2550 (2007). • Have in place effective channels for employees to offer their opinions and suggestions. • Develop a policy related to complaint acceptance and employee grievance procedures.



Area	Principles of Global Compact	Implementation
Environment	<p>7. Businesses should support a precautionary approach to environmental challenges;</p> <p>8. Undertake initiatives to promote greater environmental responsibility; and</p> <p>9. Encourage the development and diffusion of environmentally friendly technologies.</p>	<ul style="list-style-type: none"> • Include participation in environmental protection and preservation in the Statement of Business Conduct and Code of Conduct. • Include in the Sustainable Development Policy the issues of environmentally-friendly business operations, conservation and reduction of use of natural resources and waste reduction as well as building on awareness and corporate culture in environmental protection. • Align office development with “Green Building” standards, with focus on energy-saving and environmentally-friendly features. • Specify use of building equipment and systems associated with high technology and efficiency to preserve energy and the environment, e.g., the Solar Rooftop Project (construction and installation pending). • Promote “Green Building” knowledge, concerning energy saving and environmental friendliness, through seminars and company visits for organizations and educational institutions. • Provision of knowledge on environmental friendliness for operators in various business segments. • Extend credits for projects of renewable energy and energy/environmental conservation to support renewable power plants and green business operators.
Anti-Corruption	<p>10. Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<ul style="list-style-type: none"> • Be part of a collaborative effort of Thai private sector to fight corruption by joining the Private Sector Collective Action Coalition Against Corruption. • Enforce the Anti-Corruption Policy and include it in the Code of Conduct. • Establish a policy to receive information or complaints against unethical behaviors or fraudulent acts within KBank. • Disseminate and provide knowledge on the Anti-Corruption Policy to directors, executives and employees on a continual basis. • Have in place effective channels for direct communication with KBank Board of Directors, in order to provide them with useful recommendations or information, or complaints on illegal or wrongful acts, with measures that safeguard informers against reprisal. • Be part of the “Sustainable Green Procurement Initiative” with the Thailand Business Council for Sustainable Development (TBCSD).

Ongoing Assessment



The Carbon Disclosure Program (CDP) is an international, not-for-profit providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information, motivating companies to reduce their actions on the environment.

KASIKORNBANK has been taking part in CDP's climate change program since 2014.



The London Benchmarking Group (LBG) standard measures the total financial value of contributions, including donations, volunteering hours, and the community investment component of commercial activities.

KASIKORNBANK began using the LBG framework for measuring and reporting our community contributions in 2015.



Assurance Statement



Independent Assurance Statement

To KASIKORNBANK PCL on the Sustainability Report 2016

KASIKORNBANK PCL or KBANK requested Thaipat Institute (the Foundation for Thailand Rural Reconstruction Movement under Royal Patronage) to carry out an assurance engagement response to the Sustainability Report 2016

Criteria for report preparation

- The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines version 4, in accordance with the Guidelines using 'Core' option

Criteria for assurance standards

- The AA1000 Assurance Standard (AA1000AS 2008)

Addressee

The intended users of this assurance statement are the management of KBANK and its associated stakeholders.

Scope of Assurance

The scope of this assurance engagement based on Type 1, AccountAbility Principles: evaluation of adherence to the AA1000 AccountAbility Principles and to the GRI Sustainability Reporting Guidelines version 4 in accordance with 'Core' option. The scope of this assurance engagement does not provide conclusions on the reliability of the performance information.

Disclosures Covered

The assurance engagement is based on information that is publicly disclosed on the Sustainability Report 2016 of KBANK for the year ended 31 December 2016.

Methodology

We carried out Type 1 moderate assurance in accordance with AA1000AS. The Type 1

engagement requires us to report on the nature and extent of adherence to AA1000 APS. To achieve moderate level assurance, we have used the criteria in AA1000AS to evaluate adherence to AA1000APS. We undertook the following procedures:

- Reviewed the policies, practices, management systems and processes and performance information to be included within the Sustainability Report 2016 of KBANK
- Analyzed information on performance provided in the Sustainability Report 2016 of KBANK as a source of evidence to evaluate adherence to the principles and guidelines
- Inquired the processes KBANK undertaken to adhere to the principles of inclusivity, materiality and responsiveness
- Assessed the extent to which KBANK has applied the GRI G4 Reporting Framework including the Reporting Principles and GRI G4 financial Services Sector Disclosures
- Provided observations/recommendations to KBANK in accordance with the Scope of Assurance based on defined criteria

Findings and Conclusions

- Based on the scope of assurance using the AA1000AS (2008), we conclude that KBANK has applied processes and procedures that adhere with the principles of inclusivity, materiality and responsiveness as set out in the AA1000APS (2008); and
- Based on the scope of assurance using the GRI G4 Reporting Framework, we conclude that KBANK has followed Reporting Principle and Standard Disclosures in a reasonable and balanced presentation of information and consideration of underlying processes for preparing the report

Observations and Recommendations

Nothing came to our attention which caused us to believe that the Sustainability Report 2016 of KBANK did not adhere to the Principles. To improve future reporting of Sustainability in accordance with AA1000APS, we have made following observations:

Inclusivity: The report shows several means to engage and obtain stakeholder’s interests and expectations as well as rationales behind its stakeholder identification process. However, it is recommended that results of its action and the linkage between action and relevant content disclosure should be appropriately addressed.

Materiality: KBANK clearly illustrates its reporting process and the linkage between material aspects and content disclosures in its report. Moreover, it demonstrates change in material issues from the previous year with rationale support.

Responsiveness: KBANK demonstrates its intensive response to the material issues that affect sustainability considerations through its governance structure, policies, plans, actions and performances against its commitment. However, its measurement, performance monitoring system and stakeholder feedback process may be further addressed.

KBANK has in place the underlying processes for preparing the report content indicated on Standard Disclosures (Strategy and Profile, Management Approach, and Performance Indicators) including Financial Services Sector Disclosures. To shape future sustainability reporting in according to GRI Reporting Framework, KBANK has room to improve on principles for ensuring report content and quality, such as balance and comparability.

In addition to the recommendations, there are a number of suggestions:

- In General Standard Disclosure, it should be indicated the organization’s supply chain.
- Performance Disclosure on Energy should be indicated in term of quantifiable terms such as total fuel consumption categorized by renewable and non-renewable sources and energy intensity expresses the energy required per service.

- Performance Disclosure on Employment should be indicated in term of total employees who returned to work and still employed twelve months after parental leave ended.
- Performance Disclosure on Diversity and Equal Opportunity should be indicated in term of percentage of individuals within organization’s governance bodies in gender and aged.
- Performance Disclosure on Anti-corruption should be indicated in term of numbers and percentages of business partners who receive communications of anti-corruption policies and procedures together with governance body members that have received training on anti-corruption. Also, its evidence should identify and collect as a process.

Competencies and Independence

Thaipat Institute is a public organization established in 1999 with its roles in researching, training, and consulting in corporate responsibility and sustainability practices. Thaipat Institute is an AA1000AS (2008) Licensed Providers granted by AccountAbility, the creator and proprietor of the AA1000 Assurance Standard. Thaipat Institute has become the GRI training partner to provide certified training programs in Thailand since 2013, and joined the GRI Data Partners program in 2016. Our team has the relevant professional and technical competencies and experience in corporate responsibility and sustainability for several years. During FY2016, we did not provide any services to KBANK that could conflict with the independence of this work.

For Thaipat Institute



By Onjira Chaibundit

Bangkok
13 February 2017





LRQA Assurance Statement

Relating to Kasikornbank Public Company Limited's environmental and social indicators within the Sustainability Report for the calendar year 2016

This Assurance Statement has been prepared for Kasikornbank Public Company Limited in accordance with our contract but is intended for the readers of this Report.

Terms of Engagement

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Kasikornbank Public Company Limited (KBANK) to provide independent assurance on its 'Sustainability Report 2016' ("the report") against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using 'LRQA's verification approach'. LRQA's verification approach is based on current best practice and uses the principles of AA1000AS (2008) - inclusivity, materiality, responsiveness and reliability of performance data and processes defined in ISAE3000.

Our assurance engagement covered KBANK's operations and activities in Thailand only and specifically the following requirements:

- Confirming whether the selected environmental and social indicators below were compiled according to:
 - GRI G4's Sustainability Reporting Guidelines, and
 - GRI G4's Financial Services Sector Disclosure.
- Evaluating the reliability of data and information for the selected indicators listed below:
 - Environmental: energy consumption (G4-EN3), direct GHG emissions (Scope 1) (G4-EN15), energy indirect GHG emissions (Scope 2) (G4-EN16), other indirect GHG emissions (Scope 3) (G4-EN17: Category 6 - business travel by taxicab only) and
 - Social: total employees' absenteeism (G4-LA6) and initiatives to enhance financial literacy by type of beneficiaries (former FS16).

Our assurance engagement excluded all of KBANK's operation outside of Thailand.

LRQA's responsibility is only to KBANK. LRQA disclaims any liability or responsibility to others as explained in the end footnote. KBANK's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of KBANK.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that KBANK has not:

- Met the requirements above
- Disclosed reliable performance data and information for the selected environmental and social indicators as no errors or omissions were detected.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites.

LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing KBANK's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems. We also spoke with those key peoples responsible for compiling the data and writing the report.
- Sampling the consolidated data and information at KBANK's head office in Bangkok.



Observations

Further observations and findings, made during the assurance engagement, are:

- Reliability: Whilst KBANK has improved its centralized data management system for energy consumption and associated GHG data, we believe that similar systems and controls should be employed on other economic and environmental indicators. These include but are not limited to social investment information, client relationship management (CRM), and water footprint data.
- Future reports: KBANK should consider expanding the scope of its centralized data management system and verification controls to cover its leased properties and international operations to further improve the completeness of its data & information disclosures.

LRQA's competence and independence

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification is the only work undertaken by LRQA for KBANK and as such does not compromise our independence or impartiality.

Signed

Dated: 7 February 2017

Opart Charuratana
LRQA Lead Verifier
On behalf of Lloyd's Register Quality Assurance Ltd.
Lloyd's Register International (Thailand) Limited
14th Floor, Sirinrat Building, 3388/46 Rama IV Road
Klongton, Klongtoey, Bangkok 10110 THAILAND

LRQA reference: BGK6037554

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กสิกร ซอฟต์
开泰软件 KASIKORN SOFT



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กสิกร เซิร์ฟ
开泰服务 KASIKORN SERVE





KASIKORNBANK Sustainability Report 2016

To Our Stakeholders

We would like to express our sincere appreciation for your long-standing patronage of KASIKORNBANK. We are pleased to announce the availability of our Sustainability Report 2016, compiled from the perspective of what kind of contributions KASIKORNBANK has made in FY2016 to build the sustainable economy, society and environment. The report underpins our undertaking and activity on realizing a future where people are connected and created value in society. We thank all our stakeholders again for taking the time to read KASIKORNBANK Sustainability Report 2016 and complete the questionnaire or from our website. Your opinion and comments are great value and will help us developing future reports.



KASIKORNBANK “Sustainability Development Report 2016” Questionnaire

What were your thoughts after reading the Sustainability Report 2016?

Level of understanding:

- Very easy to understand
- Easy to understand
- Average
- Difficult to understand
- Very Difficult to understand

Overall satisfaction:

- Very satisfied
- Satisfied
- Average
- Slightly satisfied
- Dissatisfied

Which areas were you interested in or which sections were you most impressed by

- Sustainable Development
- Economic Dimension
- Social Dimension
- Environmental Dimension
- Economic, Social and Environmental Performance

Do you have a different impression of KASIKORNBANK after reading the Sustainability Report 2016?

- More Favorable
- Same
- Less Favorable

Which of the following best describes you or your affiliation?

- Product/Service user
- Product purchaser
- In charge of SD/CSR at a different company
- In charge of environmental activities at a different company
- Environmental specialist
- Media
- Government official
- KBank employee
- KBank partner
- Shareholder/Investor
- NGO/NPO
- Student
- Others (.....)

Please feel free to write down your evaluation and thoughts on KASIKORNBANK Sustainability Report 2016.

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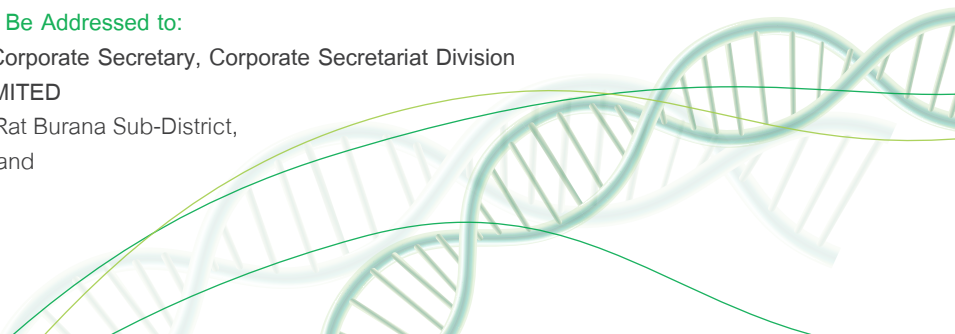
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All Inquiries Regarding the Report Should Be Addressed to:

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สำนักงานเขต

เมือง

กรุงเทพมหานคร

กรุงเทพมหานคร



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