

ANNUAL
REPORT
2018



KRUNGTHAI CARD PUBLIC COMPANY LIMITED



Shift to
The New
Curve

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Message from the Chairman

For year 2018, KTC had successfully achieved sustainable growth in every aspect of its operations, thus ultimately leading to accomplish new record - breaking profit. The company's productive breakthrough for this past 5 years had been the concrete result of well coordination among management and personnel at all levels by reorganizing the company to become learning organization, creating the thirst for knowledge environment for all personnel, and openly embracing new ideas to cooperatively improve work performance for better quality and efficiency. The intense competition in consumer business and the impacts emerging from the rapid change in technology had been well anticipated. The company had reinvented the entire infrastructure of its technology; therefore, it was able to weather this swift change vigorously and effectively. In 2018, KTC managed to profit incrementally and attained a record high in net profit of 5,140 MB, up 56% from year 2017 and accounted for a 6 - year compounded annual growth rate of 65%. This led to the increase in Earnings per Share (EPS) to Baht 1.99 and the increase in Return on Equity to 35.5%. Credit quality has also improved with NPL ratio down from 1.32% in 2017 to 1.14%, which was at low level compared to that of the industry. Furthermore, KTC's stock split in 2018 to boost liquidity for investors, along with the company's newly listed in SET50 index had resulted in its total market value at the end of 2018 of 78,639 MB, a 64% growth from last year and accounted for 7.2% of set50 index's total market value.





One significant question arising from the company's on going success was how KTC can continue its sustainable growth in the future. The straight answer was under current management and personnel, we are positive that continuing growth can be accomplished but it will be very challenging. To succeed this, the company has been seeking its new S - Curve by setting its goals not only to be the leading company in every platform which means credit card business, and personal loan business including Nano Finance and Pico Finance but also to be the champion of payment service providers. These company's new visions are based on the startup business model which emphasizes on rapid growth since the beginning. With KTC's strong foundation on behavioral economics which analyzes the effects of psychological, cultural and social factors on the economic decisions of individuals, and together with the company's utilization of advanced and updated technologies, it is confident that its sustainable growth can be successfully achieved.

KTC has operated its businesses based on sustainable development principles. For example, the company encouraged the reduction and the recycle

of waste materials, organized its office renovation by applying friendly environmental materials and office equipment, and initiated the Green Meeting project. The company also promoted the ideas of utilizing credit lines for sensible spending and having discipline for on - time credit repayment. In addition, among its industry KTC is the role model for its best quality and efficiency in debt collection. Furthermore, KTC is the only financial institution in Thailand ever awarded 'Champion Security Award South - East Asia' due to its outstanding performance, its excellent operations, its well efficient and well cooperated risk management, and its leadership in digital technology. KTC has also won the 'Thailand's Top Corporate Brand Value 2018' award in financial sector from Chulalongkorn University for the second year. This award is given to encourage business corporations to become aware of the importance of brand reinforcement for society and economic stability in the region by calculating corporate brand value using CBS Valuation (Corporate Brand Success Valuation) tool which integrates marketing, finance and accountancy together to measure company's brand value in numerical terms in which KTC' brand value worth 18,815 MB.



The Board of Directors gives its priority in reviewing and determining the direction of the company's visions, its missions, its strategies in both short term and long term, as well as its significant policies. The Board of Directors also oversees the procedures to ensure that the implementation is thoroughly followed. Additionally, the company has been seriously committed and complied with corporate governance principles by strictly following corporate guidelines set by the Stock Exchange of Thailand regarding fair business practices, respect for human rights, fair labor practices, anti - corruption, and corporate social and environmental responsibilities.

On behalf of the Board of Directors, management and 'KTC' employees, I would like to take this opportunity to thank all customers, business partners and shareholders in entrusting the company with your continued confidence. We also would like to ensure you that 'KTC people' vow to work at its full capacity and continue to improve its performance standard so that the company can productively and effectively achieve its sustainable growth.



Mr. Parinya Patanaphakdee
Chairman of the Board of Directors

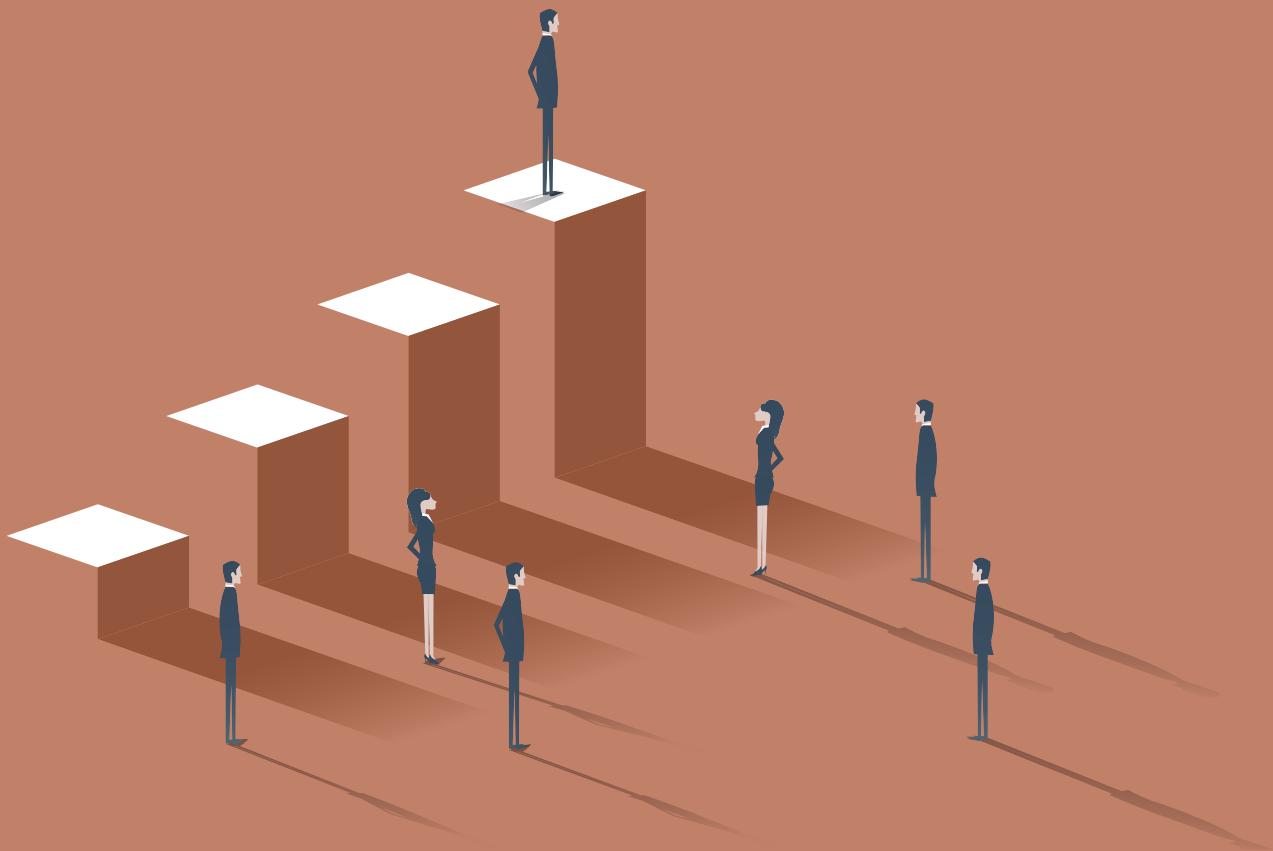
Financial Highlight

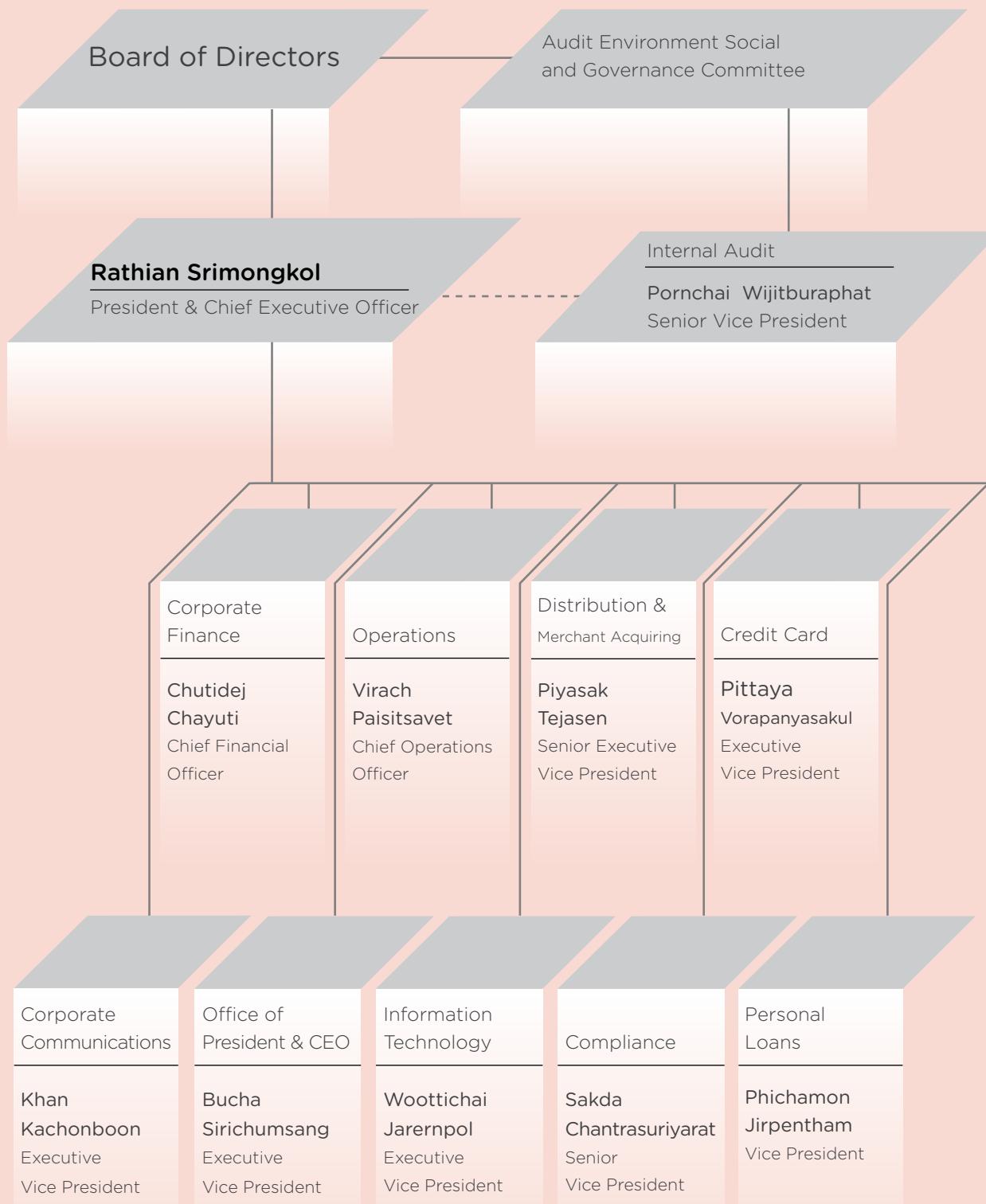
		2016	2017	2018
Profitability Ratio				
Gross Profit Margin	%	85.9%	85.8%	86.8%
Net Profit Margin	%	14.2%	16.9%	24.2%
Return on Equity (ROE)	%	26.2%	28.9%	35.5%
Average Interest Received ⁽¹⁾	%	18.2%	18.3%	18.0%
Average Cost of Fund	%	3.1%	3.1%	2.9%
Net Interest Margin	%	15.1%	15.1%	15.1%
Efficiency Ratio				
Interest Revenue / Total Asset ⁽¹⁾	%	14.6%	14.6%	14.5%
Return on Asset (ROA)	%	3.9%	4.7%	6.7%
Asset Turnover	times	0.27	0.28	0.28
Financial Ratio				
Debt to Equity (D / E)	times	5.62	4.85	3.87
Loan to Borrowing	%	134.5%	137.6%	144.5%
Dividend Payout Ratio	%	41.3%	41.4%	41.1% ⁽²⁾
Asset Quality Ratio				
Allowance for Doubtful A / C to Total Receivables	%	7.9%	7.8%	7.0%
Bad Debt / Total Receivables	%	8.3%	8.6%	7.6%
% NPL	%	1.7%	1.3%	1.1%
% NPL Credit Card	%	1.2%	1.1%	1.0%
% NPL Personal Loan	%	0.9%	0.8%	0.8%

⁽¹⁾ Credit usage fee is included in the calculation

⁽²⁾ The right to receive dividends is unconfirmed until approved by the Annual General Shareholders Meeting 2019 (No. 17)

Organization Structure









Board of Directors



**Mr. Parinya
Patanaphakdee**

Position

Chairman of the Board of Directors / Chairman of Nomination and Remuneration committee

Date of appointment

May 13th, 2017

Age

60

Education

- MPol Sc (Politics and Government), Sukhothai Thammathirat Open University
- MBA, National Institute of Development Administration
- Barrister – at – Law, Institute of Legal Education of the Thai Bar Association
- LLB (Honors), Ramkhamhaeng University

Training

2018 • **Role of the Chairman Program (RCP 43)**
Thai Institute of Directors

• **Energy Literacy for a Sustainable Future (TEA 11)**
Thailand Energy Academy

2017 • **Director Certification Program (DCP 248)**
Thai Institute of Directors

2015 • **Class 4 (BPP.) Bhumipalung Phandin (2 June 2015 – 15 December 2015)**
Chulalongkorn University

• **Executive Leadership Development Program (ELDP)**
Krung Thai Bank Public Company Limited

• **Increasing Operational Effectiveness and Development of Emotional Maturity AQ & EQ**
Krung Thai Bank Public Company Limited

2013 • **Class 6 / 2013 Training Course on Top Executive Program in Commerce and Trade (TEPCoT 6), Academic Service Center**
University of the Thai Chamber of Commerce

• **Class 4 / 2013 Training Course on Advanced Security Management Program (ASMP 4)**
National Defence College

2012 • **Class 16 / 2012 Successful Formulation and Execution of Strategy (SFE)**
Thai Institute of Directors Association (IOD)

2011	<ul style="list-style-type: none"> • Class 2 / 2011 Training Course on Administrative Justice for Executives (BYP) The Administrative Court 	2017 - Present	<ul style="list-style-type: none"> • Chairman of the Board of Directors / Chairman of Nomination and Remuneration Committee Krunthai Card Public Company Limited / Consumer Finance
2010	<ul style="list-style-type: none"> • Class 1 / 2010 Financial Institutions Governance Program (FGP) Thai Institute of Directors Association (IOD) • Class 10 / 2010 Top Management Program, Capital Market Academy The Stock Exchange of Thailand 	Non - Listed Companies / Other Organizations	
2005	<ul style="list-style-type: none"> • Class 18 (NDC 2548) National Defence Course for the Joint State - Private Sectors National Defence College 	2011 - Present	<ul style="list-style-type: none"> • Vice Chairman KTBLAW / Business Law Firm
2004	<ul style="list-style-type: none"> • Class 8 / 2004 Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives King Prajadhipok's Institute (KPI 8) 	Experience	
2003	<ul style="list-style-type: none"> • Class 7 / 2003 The Programme for Senior Executives in Criminal Justice Administration National Academy of Criminal Justice, Office of the Judiciary (B.Y.S.7) 	2013 - Aug 2018	<ul style="list-style-type: none"> • Directors Pull State Enterprise Policy Office, Ministry of Finance
2002	<ul style="list-style-type: none"> • Class 11 / 2002 Financial Executive Development Program (FINEX XI) The Thai Institute of Banking and Finance Association 	2014 - Jun 2017	<ul style="list-style-type: none"> • Director KTB General Services And Security Company Limited / Service Business
% of KTC Shares Held 0%		2015 - 2016	<ul style="list-style-type: none"> • Advisor to the Minister Ministry of Information and Communication Technology / Government
Family Relationship None		2013 - 2014	<ul style="list-style-type: none"> • Academic to Committee on Monetary Financial Banking and Financial Institution, Senate The Secretariat of the Senate, Parliament
Work Experience Listed Companies		2011 - 2012	<ul style="list-style-type: none"> • First Executive Vice President - Managing Director Credit Restructuring & Asset Management / Krung Thai Bank Public Company Limited / Banking
2017 - Present		2010 - 2011	<ul style="list-style-type: none"> • First Executive Vice President - Managing Director Compliance and Legal Management / Krung Thai Bank Public Company Limited / Banking

Board of Directors



**Mr. Praphaisith
Tankeyura**

Position

Independent Director / Chairman of the Audit
Environmental Social and Governance Committee /
Nomination and Remuneration Committee

Education

- Master of Business Administration (MBA),
Major - Finance College of Business, Florida
State University
- Bachelor of Statistics (B.S.), Major - Applied
Statistics in Business Faculty of Commerce
and Accountancy, Chulalongkorn University

Training

2018 • **Role of the Chairman Program (RCP)**
Thai Institute of Directors (IOD)

• **Advanced Audit Committee Program (AACP)**
Thai Institute of Directors (IOD)

2017 • **Director Certification Program (DCP)**
Thai Institute of Directors (IOD)

1994 • **International Syndicated Loan**

1993 • **Valuation & Restructuring**
Citicorp Citibank

1991 • **Performance Appraisal Workshop**
Citicorp Citibank

• **Customer Focus Management Process**
Citicorp Citibank

1990 • **Managing People**
Citicorp Citibank

1989 • **Project Finance - Real Estate**
Citicorp Citibank

1988 • **Fundamentals of Real Estate**
Citicorp Citibank

• **Senior Corporate Finance Seminar**
Citicorp Citibank

1987 • **Real Estate Technical Work Shop**
Citicorp Citibank

Date of appointment

August 11th, 2017

Age

64

1986	<ul style="list-style-type: none"> • Regional Credit Seminar Citicorp Citibank • Communication, Assertiveness & Presentation Skills Citicorp Citibank 	Experience	
1985	<ul style="list-style-type: none"> • Bourse Game Citicorp Citibank • Basic Trade Finance Citicorp Citibank 	2012 - 2018	<ul style="list-style-type: none"> • Director & CEO Ma Boonyong Real Estate Co., Ltd. / Real Estate Developer
		2010 - 2013	<ul style="list-style-type: none"> • Property Fund Advisory Committee CIMB Principal Asset Management Co., Ltd. / Asset Management
		2007 - 2010	<ul style="list-style-type: none"> • Director BT Asset Management Company Limited / Mutual Fund
		2004	<ul style="list-style-type: none"> • Managing Director Prime Nature Villa Company Limited / Real Estate Developer
		1997 - 2003	<ul style="list-style-type: none"> • Director / CEO Ayudhya Insurance Public Company Limited / Insurance
		1977 - 2002	<ul style="list-style-type: none"> • President / Director Bank of Ayudhya Public Company Limited / Commercial Banking
		1998 - 2000	<ul style="list-style-type: none"> • Chairman Ayudhya Development Leasing Co., Ltd. / Leasing
		1993 - 1997	<ul style="list-style-type: none"> • President / CEO Ayudhya Investment & Trust Public Company Limited / Finance & Securities
2015 - Present	<ul style="list-style-type: none"> • Director and Executive Director Small and Medium Enterprise Development Bank of Thailand / Banking 	1993 - 1995	<ul style="list-style-type: none"> • Chairman & Managing Director Citicorp Finance & Securities (Thailand) Ltd. / Finance & Securities
2014 - Present	<ul style="list-style-type: none"> • Chief Advisor JWS Construction Group / Construction 	1989 - 1993	<ul style="list-style-type: none"> • Vice President & Real Estate Head Citibank N.A. / Banking
2005 - Present	<ul style="list-style-type: none"> • Managing Director Boathouse Hua Hin Co., Ltd. / Real Estate Developer 		

Board of Directors



**Mrs. Pantip
Sripimol**

Position

Independent Director / Audit Environmental Social and Governance Committee

Date of appointment

April 20th, 2012

Age

56

Education

- Master of Public Administration, Chulalongkorn University
- Bachelor of Laws, Ramkhamhaeng University
- Bachelor of Business Administration, Ramkhamhaeng University

Training

2017	<ul style="list-style-type: none">• Certificate, Capital Market Academy Executive Program (CMA Class 25) Capital Market Academy
2016	<ul style="list-style-type: none">• Certificate, The Executive Program in Energy Literacy for a Sustainable Future TEA Class 8 Thailand Energy Academy
2013 - 2014	<ul style="list-style-type: none">• Diploma, National Defense College, The Joint State - Private Sector Course Class 26 Thailand National Defence College
2013	<ul style="list-style-type: none">• Certificate, Role of the Nomination and Governance Committee (RNG) Thai Institute of Directors Association (IOD)
2012	<ul style="list-style-type: none">• Certificate, Audit Committee Program (ACP) Thai Institute of Directors Association (IOD)
2006	<ul style="list-style-type: none">• Certificate, Director Certification Program (DCP) Thai Institute of Directors Association (IOD)

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2012 - Present • **Independent Director / Audit Environmental Social and Governance Committee**
Krungthai Card Public Company Limited / Consumer Finance

2014 - Present • **Director / Chairman of Risk Committee**
MCOT Public Company Limited / Multimedia Businesses

Non - Listed Companies / Other Organizations

2017 - Present • **Director**
Don Muang Tollway Public Company Limited

2015 - Present • **State Enterprise Development Advisor**
State Enterprise Policy Office / Ministry of Finance / Government

Experience

2016 - 2017 • **Director**
Thailand Privilege Card Co., Ltd.

2013 - 2014 • **Director / Strategic Committee**
Padang Industry Public Company Limited / Mineral

2011 - 2015 • **Deputy Director - General**
State Enterprise Policy Office / Ministry of Finance / Government

2010 - 2011 • **Director of Monitoring and Performance Assessment**
State Enterprise Policy Office / Ministry of Finance / Government

2007 - 2010 • **Director of Bureau of State Enterprise Development 2**
State Enterprise Policy Office / Ministry of Finance / Government

Board of Directors



Mr. Nathporn

Chatusripitak

Education

- Master of Business Administration (Finance),
The Wharton School, University of Pennsylvania, USA
- Bachelor of Science Magna Cum Laude, Electrical
Engineering : Control Systems, Brown University,
USA

Training

2018 • Certificate, Director Certification Program (DCP)
Thai Institute of Directors Association (IOD)

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2018 - Present • **Independent Director / Audit Environmental Social and Governance Committee**
Krungthai Card Public Company Limited / Consumer Finance

Non - Listed Companies / Other Organizations

2018 - Present • **Creative Economy Policy Committee member**
Creative Economy Policy Committee / Government

Position

Independent Director / Audit Environmental Social and Governance Committee

2018 - Present • **Country Reform Steering Committee member**

Country Reform Steering Committee / Government

Date of appointment

April 20th, 2018

2017 - Present • **National Economic Reform Committee member**

National Economic Reform Committee / Government

Age

43

2017 – Present	<ul style="list-style-type: none"> • Advisor to the Minister to the Office of the Prime Minister (Mr. Kobsak Pootrakool) Office of the Prime Minister / Government 	Experience
2015 – 2017		<ul style="list-style-type: none"> • Advisor to the Minister of Commerce (Ms. Apriradi Tantraporn) Ministry of Commerce / Government
2016 - 2017		<ul style="list-style-type: none"> • Advisor to the Minister to the Office of the Prime Minister (Mr. Suvit Maesincee) Office of the Prime Minister / Government
2014 - 2015		<ul style="list-style-type: none"> • Advisor to the Minister of Commerce (General Chatchai Sarikulya) Ministry of Commerce / Government
2012 - 2014		<ul style="list-style-type: none"> • Senior Strategist Sasin Institute for Global Affairs / Chulalongkorn University / University
2017 – Present	<ul style="list-style-type: none"> • National Startup Committee member Office of the Prime Minister / Government 	
2017 – Present	<ul style="list-style-type: none"> • New Economy Academy board member Ministry of Commerce / Government 	
2017 – Present	<ul style="list-style-type: none"> • Advisor to the Digital Economy Promotion Agency Director Digital Economy Promotion Agency / Public Organization 	

Board of Directors



Major General
Apichart Chaiyadar

Position

Independent Director

Date of appointment

December 16th, 2016

Age

50

Education

- Master of Arts (International Relations),
Chulalongkorn University
- Bachelor of Science, Chulachomklao Royal
Military Academy

Training

2017 • Director Certification Program (DCP)
Thai Institute of Directors (IOD)

2003 • Diploma, Command and General Staff Officer
Course

Command and General Staff College, USA

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2016 - Present • **Independent Director**
Krungthai Card Public Company
Limited / Consumer Finance

Non - Listed Companies / Other Organizations

2018 - Present • **Chief of Staff, Defence Energy
Department**
Ministry of Defence

2017 - 2018 • **Deputy of Military Affairs
Coordination officers to the MFA,
Office of Policy and Planning**
Ministry of Defence

2016 - 2017 • **Senior Expert**
Royal Thai Army / Ministry of
Defence / Government

2015 - 2016	• Senior Expert Office of The Permanent Secretary for Defence / Ministry of Defence / Government	2011 - 2014	• Military Attaché, Royal Thai Embassy, London Royal Thai Army / Ministry of Defence / Government
2014 - 2015	• Director Directorate of Intelligence / Royal Thai Army / Ministry of Defence / Government	2003 - 2006	• Instructor Command and General Staff College, Royal Thai Army / Educational Institute

Board of Directors



**Mr. Cherdchai
Chompoonukulrat**

Position

Director / Nomination and Remuneration Committee

Date of appointment

August 11th, 2016

Age

61

Education

- Master of Business Administration, Naresuan University
- Bachelor of Science (Agriculture), Kasetsart University

Training

2017 • **Corporate Governance for Capital Market Intermediaries (CGI) 18 / 2017**
Thai Institute of Directors Association (IOD)

2016 • **IT governance & cybersecurity for Directors / Managing Directors**
Krung Thai Bank Company Limited

2015 • **Executive Leadership Development Program (ELDP)**
Krung Thai Bank Company Limited

• **KTB Digital Banking Workshop**
Krung Thai Bank company Limited

2014 • **FATCA**
Krung Thai Bank company Limited

2013 • **Key Success of Sales Teamwork**
Krung Thai Bank company Limited

2011 • **Professional Presentation Skill**
Krung Thai Bank company Limited

2010 • **Total Solution Provider**
Krung Thai Bank company Limited

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2016 - Present • **Director / Nomination and Remuneration Committee**
 Krungthai Card Public Company Limited / Consumer Finance

- 2015 - 2016 • **First Executive Vice President Managing Director**
 Retail Banking Sales & Distribution Group / Krung Thai Bank Public Company Limited / Banking
- 2013 - 2015 • **Executive Vice President - Director Metropolitan Network Sector 1**
 Krung Thai Bank Public Company Limited / Banking
- 2012 - 2013 • **Executive Vice President - Director Southern Region Network Sector 1**
 Krung Thai Bank Public Company Limited / Banking
- 2011 - 2012 • **Senior Vice President - Director Southern Network Sector 1**
 Krung Thai Bank Public Company Limited / Banking
- 2006 - 2011 • **Senior Vice President - Pitsanulok Regional Office Manager**
 Krung Thai Bank Public Company Limited / Banking

Non - Listed Companies / Other Organizations

2016 - Present • **Director**
 KTB General Services And Security Company Limited / Service Business

2016 - Present • **Director**
 Krungthai Asset Management Public Company Limited / Fund Management

Experience

2016 - 2017 • **Senior Executive Vice President - Managing Director**
 Retail Banking Sales & Distribution Group / Krung Thai Bank Public Company Limited / Banking

Board of Directors



**Mrs. Sriprabha
Pringpong**

Position

Director

Date of appointment

April 8th, 2011

Age

66

Education

- **MBA, The University of Toledo, Ohio, USA**
- **BA in Commerce and Accounting, Chulalongkorn University**

Training

2015	<ul style="list-style-type: none">• Certificate, Advance Audit Committee Program (AACP) Thai Institute of Directors Association (IOD)
2013	<ul style="list-style-type: none">• Certificate, Role of the Director Certification Program (DCP) Thai Institute of Directors Association (IOD)
2010	<ul style="list-style-type: none">• Certificate, Executive Development Program Institute of Research and Development for Public Enterprises, Ministry of Finance
2008 - 2009	<ul style="list-style-type: none">• Certificate, Advanced Certificate Course in Public Administration and Law for Executives King Prajadhipok's Institute
2005	<ul style="list-style-type: none">• Certificate, Intermediate Certificate Course in Good Governance for Middle level Executives King Prajadhipok's Institute
2000 - 2001	<ul style="list-style-type: none">• Certificate, Certified Internal Auditor Faculty of Commerce and Accounting, Chulalongkorn University
1992 - 1993	<ul style="list-style-type: none">• Certificate, Advance Management for Oversea Bankers The Wharton School of the University of Pennsylvania

% of KTC Shares Held

0%

Family Relationship

None

Work Experience**Listed Companies**

2011 - Present • **Director**

Krungthai Card Public Company
Limited / Consumer Finance

2013 - Present • **Director / Chairman of Audit
Committee / Chairman of Business
Relation Committee**

Public Pawnshop Office / Ministry of
Social Development and Human
Security / State - Owned Enterprise

Non - Listed Companies /**Other Organizations**

None

2011 - 2012 • **Senior Executive Vice President -
Managing Director**

Government & State Enterprise
Relations Group / Krung Thai Bank
Public Company Limited / Banking

Experience

2013 - 2018 • **Director**

Board of University Operation
Promotion / King Mongkut's Institute
of Technology Ladkrabang /
University

Board of Directors



**Mr. Rathian
Srimongkol**

Position

Director / President & Chief Executive Officer

Date of appointment

January 11th, 2012

Age

59

Education

- Master's Degree, MBA, Thammasat University
- Master's Degree, M.P.A in General Administration, Suan Sunandha Rajabhat University
- Medical Degree, Faculty of Medicine Siriraj Hospital, Mahidol University
- Bachelor's Degree, Medical Science, Mahidol University

Training

2010	<ul style="list-style-type: none">• Certificate, Leader Program (Class 11) Capital Market Academy
2009	<ul style="list-style-type: none">• Certificate, Financial Statements Demystified for Director (FDD) Thai Institute of Directors Association (IOD)
2008 - 2009	<ul style="list-style-type: none">• Diploma, National Defence College, The Joint State - Private Sector Course Class 51 / 21 National Defence College of Thailand
2008	<ul style="list-style-type: none">• Certificate, Role of the Chairman Program (RCP) Thai Institute of Directors Association (IOD)• Public Director Certification Program (PDI) King Prajadhipok's Institute• Certificate, Economic Leader Forum (ELF) The Thammasat Economics Association
2005	<ul style="list-style-type: none">• Certificate in Politics and Governance in Democratic Systems for Executives Course (Class 9) King Prajadhipok's Institute
2001	<ul style="list-style-type: none">• Certificate, Directors Certification Program (DCP) Thai Institute of Directors Association (IOD)

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2012 - Present • **Director / President & Chief Executive Officer**
 Krungthai Card Public Company Limited / Consumer Finance

2018 - Present • **Vice Chairman of the Board of Directors, Chairman of Audit Committee, Nomination and Remuneration Committee and Independent Director**
 Raimon Land Public Company Limited / Property Development

2009 - Present • **Independent Director / Vice Chairman / Chairman of Audit Committee / Member of the Sustainability and Risk Management Committee**
 Indorama Ventures Public Company Limited / Holding

Non - Listed Companies / Other Organizations

2018 - Present • **Chairman**
 Tobacco Authority of Thailand / State Enterpose

2017 - Present • **Vice Chairman**

Thai Listed Companies Association / Non - Profit Organization

Experience

2015 - 2017 • **Director**
 Thai Listed Companies Association / Non - Profit Organization

2008 - 2010 • **Director**
 TOT Public company Limited / Communication Business

2004 - 2012 • **Performance Agreement Subcommittee Organization Management (Internal Audit and Internal Control)**
 Ministry of Finance / Government

2001 - 2012 • **Performance Agreement Subcommittee (Energy Sector)**
 Ministry of Finance / Government

2001 - 2011 • **Executive Vice President**
 Thanachart Bank Public Company Limited (Siam City Bank Public Company Limited) / Banking

Executives



**Mr. Rathian
Srimongkol**

Position

Director / President & Chief Executive Officer

Date of appointment

January 11th, 2012

Age

59

Education

- Master's Degree, MBA, Thammasat University
- Master's Degree, M.P.A in General Administration, Suan Sunandha Rajabhat University
- Medical Degree, Faculty of Medicine Siriraj Hospital, Mahidol University
- Bachelor's Degree, Medical Science, Mahidol University

Training

2010	<ul style="list-style-type: none">• Certificate, Leader Program (Class 11) Capital Market Academy
2009	<ul style="list-style-type: none">• Certificate, Financial Statements Demystified for Director (FDD) Thai Institute of Directors Association (IOD)
2008 - 2009	<ul style="list-style-type: none">• Diploma, National Defence College, The Joint State - Private Sector Course Class 51 / 21 National Defence College of Thailand
2008	<ul style="list-style-type: none">• Certificate, Role of the Chairman Program (RCP) Thai Institute of Directors Association (IOD)• Public Director Certification Program (PDI) King Prajadhipok's Institute• Certificate, Economic Leader Forum (ELF) The Thammasat Economics Association
2005	<ul style="list-style-type: none">• Certificate in Politics and Governance in Democratic Systems for Executives Course (Class 9) King Prajadhipok's Institute
2001	<ul style="list-style-type: none">• Certificate, Directors Certification Program (DCP) Thai Institute of Directors Association (IOD)

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2012 - Present • **Director / President & Chief Executive Officer**
 Krungthai Card Public Company Limited / Consumer Finance

2018 - Present • **Vice Chairman of the Board of Directors, Chairman of Audit Committee, Nomination and Remuneration Committee and Independent Director**
 Raimon Land Public Company Limited / Property Development

2009 - Present • **Independent Director / Vice Chairman / Chairman of Audit Committee / Member of the Sustainability and Risk Management Committee**
 Indorama Ventures Public Company Limited / Holding

Non - Listed Companies / Other Organizations

2018 - Present • **Chairman**
 Tobacco Authority of Thailand / State Enterpose

2017 - Present • **Vice Chairman**

Thai Listed Companies Association / Non - Profit Organization

Experience

2015 - 2017 • **Director**
 Thai Listed Companies Association / Non - Profit Organization

2008 - 2010 • **Director**
 TOT Public company Limited / Communication Business

2004 - 2012 • **Performance Agreement Subcommittee Organization Management (Internal Audit and Internal Control)**
 Ministry of Finance / Government

2001 - 2012 • **Performance Agreement Subcommittee (Energy Sector)**
 Ministry of Finance / Government

2001 - 2011 • **Executive Vice President**
 Thanachart Bank Public Company Limited (Siam City Bank Public Company Limited) / Banking

Executives



**Mr. Chutidej
Chayuti**

Position

Chief Financial Officer

The person taking the highest responsibility in finance and accounting

Date of appointment

February 1st, 2006

Age

56

Education

- Master's Degree, M.S. (Industrial Technology), Indiana State University, USA
- Master's Degree, MBA, Indiana State University, USA
- Bachelor's Degree, Commerce and Accountancy (Industrial Management), Thammasat University

Training

2018 • **Leadership Communication, Certificate Program 2018**
Thailand Management Association (TMA)

2016 • **Certificate, Capital Market Academy Leader Program**
Capital Market Academy (CMA)

• **Certificate, TLCA Leadership Development Program, (LDP)**
Thai Listed Companies Association

• **Certificate, TLCA Executive Development Program (EDP)**
Thai Listed Companies Association

• **Strategic Thinking**
PacRim Group

• **Crucial Conversation**
PacRim Group

2015 • **Certificate, Thai Intelligent Investors Program**
Thai Investors Academy, Thai Investors Association

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2002 - Present • **Chief Financial Officer**

The person taking the highest responsibility in finance and accounting

Corporate Finance / Krungthai Card Public Company Limited / Consumer Finance

1998

• **Senior Vice President**

Financial Sector Restructuring Authority / State Enterprise

1995 - 1998

• **Vice President**

Planning and Financial Business Development Department and Office of The President / Wall Street Finance and Securities Public Company Limited / Financials and Securities

Non - Listed Companies / Other Organizations

None

Experience

1998 - 2002 • **Assistant Secretary General**

Financial Sector Restructuring Authority / State Enterprise

Executives



**Mr. Virach
Paisitsavet**

Position

Chief Operations Officer

Date of appointment

February 16th, 2012

Age

57

Education

- Master's Degree, Business Administration, Sripatum University
- MINI MBA, Chulalongkorn University
- Bachelor's Degree, Political Science, Ramkhamhaeng University
- Bachelor's Degree, Business Administration, Bangkok University

Training

2017 • **Certificate, Digital Economy for Management (DE4M) Class 5**
Institute of Research and Development for Public Enterprises (IRDP)

2016 • **Certificate, Leadership Succession Program (LSP), Class 6**
Institute of Research and Development for Public Enterprises (IRDP)

• **Certificate, Director Accreditation Program (DAP)**
Thai Institute of Directors Association (IOD)

• **Certificate, Payment System**
MasterCard University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2012 - Present • **Chief Operations Officer**
Operations, Human Resources, General Service, Contact Center & Process Development, Management Information System & Business Analysis / Krungthai Card Public Company Limited / Consumer Finance

Non - Listed Companies /
Other Organizations

None

Experience

2011 - 2012

• **Senior Vice President**

Lending Services Group / Thanachart
Bank Public Company Limited /
Banking

2002 - 2005 • **First Vice President**
Marketing and Retail Banking
Department / Siam City Bank Public
Company Limited / Banking

2005 - 2011

• **Senior Vice President**

Card Operations Department /
Siam City Bank Public Company
Limited / Banking

2001 - 2002

• **Senior Vice President**

Branch Administration Department /
Bangkok Metropolitan Bank Public
Company Limited / Banking

Executives



**Mr. Piyasak
Tejasen**

Education

- Master's Degree, Political Science, The School of Public Administration, University of Southern California, USA
- Bachelor's Degree, Political Science, Ramkhamhaeng University

Training

2018 • **Leading Innovation with Design Thinking**
SEAC

2016 • **Thailand Insurance Leadership**
Office Of Insurance Commission, Advance Insurance Institute

• **Think on your Feet**
Acomm & Image International

2015 • **Leadership Program**
PacRim Group

• **Safety Officer at Executive Level**
Pinthong Group Management and Consultants Co., Ltd.

2000 • **Global NPL Training**
GE Commercial Finance Norwalk, Connecticut, USA

1999 • **Quality Training (Green belt and Black belt)**
GE Capital Thailand

% of KTC Shares Held

0%

Position

Senior Executive Vice President -
Distribution & Merchant Acquiring

Date of appointment

August 15th, 2005

Age

54

Family Relationship

None

Work Experience

Listed Companies
2002 - Present • **Senior Executive Vice President**
Distribution & Merchant Acquiring /
Krungthai Card Public Company
Limited / Consumer Finance

Non - Listed Companies /
Other Organizations

None

Experience

1999 - 2002 • **Human Resources Director**

Human Resources and Administration
Department / Bangkok Capital
Alliance Company Limited /
Financials

Executives



**Mrs. Pittaya
Vorapanyasakul**

Position

Executive Vice President - Credit Card

Date of appointment

February 17th, 2014

Age

57

Education

- Bachelor's Degree, Travel Industry Management, University of Hawaii, USA

Training

2017 • **Design Thinking**
Khun May Sripattanasakul, Lookkid Co., Ltd.

2016 • **Strategic Thinking Pure & Simple**
PacRim Group

2015 • **Leader as a Coach**
PacRim Group

2009 • **Successful Formulation & Execution of Strategy (SFE)**
Thai Institute of Directors Association (IOD)

• **Monitoring the System of Internal Control and Risk**
Thai Institute of Directors Association (IOD)

2006 • **Advanced Audit Committee Program (AACP)**
Thai Institute of Directors Association (IOD)

• **Finance for Non - Finance Directors (FND)**
Thai Institute of Directors Association (IOD)

• **Management (MIR) 6 / 2009 Director Certification Program (DCP)**
Thai Institute of Directors Association (IOD)

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

1997 - Present • **Executive Vice President**
Credit Card / Krungthai Card Public Company Limited / Consumer Finance

Non - Listed Companies /
Other Organizations

None

Experience

2005 - 2010 • **Director and Member of Audit Committee**

Krungthai Asset Management
Public Company Limited /
Fund Management

2004 - 2005 • **Director**

KTC World Company Limited /
Travel Management

1993 - 1995 • **Manager**

National Key Accounts Department /
American Express (Thai) Company
Limited / Credit Card

Executives



**Mr. Khan
Kachonboon**

Position

Executive Vice President - Corporate Communications

Date of appointment

March 16th, 2004

Age

56

Education

- Master's Degree, MBA, United States International University (USIU), USA
- Bachelor's Degree, Business Administration (Marketing), Assumption University

Training

2018

- **Corp Comm ... in the digital age**
The Stock Exchange of Thailand
- **TLCA Leadership Development Program (LDP) : “Crafting agile strategies to enhance competitiveness of your organization”**
IMD and Thai Listed Companies Association (TLCA)
- **Digital PR & Content Strategy**
The Stock Exchange of Thailand
- **Digital Channel for PR 4.0**
The Stock Exchange of Thailand

2016

- **Think on your Feet**
Acomm & Image International
- **Strategic Thinking Pure & Simple**
PacRim Group

2015

- **Debt Collection Act B.E. 2015 for Management**
Krunthai Card Public Company Limited
- **Safety Officer for Management Level batch 2**
Pinthong Group Management and Consultants Co., Ltd.
- **Leader as a Coach**
PacRim Group

2014

- **Risk and control self assessment**
Krunthai Card Public Company Limited
- **Credit Bureau Information for management and employees**
Krunthai Card Public Company Limited
- **Corporate Governance for Management (1st & 2nd Line)**
Krunthai Card Public Company Limited

• Business Process Improvement for Executive PEOPLE APPROACH	Non - Listed Companies / Other Organizations
• Corporate Social Responsibility Krungthai Card Public Company Limited	None
% of KTC Shares Held	Experience
0%	1995 - 2003 • Senior Vice President J Walter Thompson Company Limited / Advertising

Family Relationship

None

Work Experience

Listed Companies

2003 - Present • **Executive Vice President**

Corporate Communications /
Krungthai Card Public Company
Limited / Consumer Finance

Executives



Mr. Bucha

Sirichumsang

Position

Executive Vice President - Office of President & CEO / Secretary of the Board of Directors

Date of appointment

November 1st, 2007

Age

56

Education

- **Master's Degree, Business Administration (International Business), Rosary College, River Forest, Illinois, USA**
- **Barrister - at - Law, Institution of Legal Education, The Thai Bar Under The Royal Patronage**
- **Bachelor's Degree, Law, Chulalongkorn University**

Training

2018 • **Corporate Responsibilities and Practices in Anti - Corruption**
Faculty of Law Chulalongkorn University

2016 • **Board Reporting Program (BRP)**
Thai Institute of Directors (IOD)

- **Law of Banking and Financial Institution Management**
The Thai Institute of Banking and Finance Association
- **Collections Management**
The Thai Institute of Banking and Finance Association

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2004 - Present • **Executive Vice President / Secretary of the Board of Directors**
Office of President & CEO / Krungthai Card Public Company Limited / Consumer Finance

Non - Listed Companies / Other Organizations

None

Experience

1999 - 2004 • **Vice President**

Legal Consultant Department /
KTBLAW Company Limited /
Law Counsel

1994 - 1996

• **Vice President**

Managing Director's Office /
Ekachart Finance and Securities
Public Company Limited (EFS) /
Finance and Securities

1996 - 1999 • **Assistant Vice President**

Capital Market Services Department /
Krung Thai Bank Public Company
Limited / Banking

Executives



**Mr. Woottichai
Jarernpol**

Position

Executive Vice President - Information Technology

Date of appointment

December 17th, 2015

Age

57

Education

- Bachelor's Degree, Statistic, Chulalongkorn University

Training

2018

- **IT Management Program 2018**
Cisco Systems Inc.
- **VMware Executive Leadership Summit 2018**
VMware Inc.
- **2018 Gartner Executive Programs**
Gartner
- **Oracle Leaders Circle 2018**
Oracle
- **Executive Summit AWS re : Invent 2018**
AWS

2017

- **IT Management Program**
Cisco Systems Inc.

- **VMware Executive Leadership Summit**
VMware Inc.
- **2017 Gartner Symposium Majestic Program**
Gartner

2015

- **Leadership Program**
PacRim Group

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2008 - Present • **Executive Vice President**

Information Technology / Krungthai Card Public Company Limited / Consumer Finance

Non - Listed Companies / Other Organizations

None

Experience

2006 - 2008 • **Operation Director**

Operation / OPPC (Thailand)
Company Limited / IT Outsource

1995 - 1997

• **Vice President**

Information Technology / Nithipat
Finance Public Company Limited /
Financial

2005 - 2006 • **Senior Vice President**

Operation / BT Leasing Company
Limited / Financial

1990 - 1995

• **Assistant Vice President**

Information Technology / Citibank
N.A. / Banking

1998 - 2004 • **Vice President**

Information Technology / AIG
Finance (Thailand) Public Company
Limited / Financial

1983 - 1990

• **System Analyst**

Information Technology /
Siam Commercial Bank Public
Company Limited / Banking

Executives



**Mr. Sakda
Chantrasuriyarat**

Position

Senior Vice President - Compliance / Assistant Secretary for Audit Environmental Social and Governance Committee

Date of appointment

May 1st, 2014

Age

56

Education

- **Master of Accountancy, Chulalongkorn University**
- **Bachelor of Accountancy, Chulalongkorn University**

Training

2018

- **EU General Data Protection Regulation - EU GDPR**
Faculty of Law Chulalongkorn University
- **General Data Protection Regulation (GDPR)**
KPMG Phoomchai Tax Ltd.
- **Guidelines for receiving property or any other benefits that are incentives for the offense.**
Krung Thai Bank Public Company Limited
- **Fintech & Cryptocurrency vs. Law Enforcement**
Thammasat University and Faculty of Law
- **National Credit Bureau member 2018**
National Credit Bureau
- **Standard course anti - money laundering and combatting the financing of terrorism for reporter**
Anti - Money Laundering Office, class 2

2017

- **Annual Audit Committee Conference KTB Group 2017 : AACC 2017 (Regulatory Landscape in Cybersecurity and Cybercrime)**
Krung Thai Bank Public Company Limited
- **Keep up with Technological crime**
Krunghai Card Public Company Limited

2016

- **CSR for Child - Friendly Business**
Krunghai Card Public Company Limited and Thaipat Institute

2015

- **Safety Officer : Management Level, class 1**
Krunghai Card Public Company Limited
- **Leader as a Coach (Workshop)**
Krunghai Card Public Company Limited

2014	<ul style="list-style-type: none"> • Corporate Governance Krungthai Card Public Company Limited • Corporate Social Responsibility (CSR - in Process) Krungthai Card Public Company Limited 	Non - Listed Companies / Other Organizations None
2013	<ul style="list-style-type: none"> • Compliance Training Program, class 1 The Securities and Exchange Commission, Thailand • Anti - Money Laundering Act and Counter Terrorism Finance Act Anti - Money Laundering Office (AMLO) 	Experience 2006 - 2014 • Department Head Compliance Department / Thanachart Bank Public Company Limited / Banking
		2005 - 2006 • Assistant Managing Director Compliance Function / MFC Asset Management Public Company Limited / Fund Management
		1993 - 2004 • Assistant Director Investment Management Supervision Department / The Securities and Exchange Commission / Regulator
		1987 - 1993 • Bank Examiner Onsite Examination / Bank of Thailand / Regulator

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2014 - Present	<ul style="list-style-type: none"> • Senior Vice President / Assistant Secretary for Audit Environmental Social and Governance Committee Compliance / Krungthai Card Public Company Limited / Consumer Finance
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Executives



**Ms. Phichamon
Jitpentham**

Position

Vice President - Personal Loans

Date of appointment

May 1st, 2018

Age

43

Education

- **Bachelors degree of Art, Mass Communication, Kasetsart University**

Training

2018

- **Business Model Canvas Workshop**
by Alexander Osterwalder
- **Machine Learning for Business**
Dr. Santitham Prom - on, Big Data Experience Center, King Mongkut's University of Technology Thonburi
- **Data Analytics Enablement Program**
Data Cafe Thailand Co., Ltd.
- **Digital Disruption Experience**
Oracle Corporation (Thailand) Co., Ltd.

2017

- **Design Thinking**
Khun May Sripattanasakul, Lookkid Co., Ltd.
- **Digital Marketing Innovation Forum 2017**
Asia Dyna Forum Co., Ltd.

2015

- **Leadership Program**
PacRim Group Limited
- **Safety Officer at Executive Level**
Pinthong Group Management and Consultants Co., Ltd.

2014

- **Corporate Governance**
Krungthai Card Public Company Limited
- **CSR in Process**
Krungthai Card Public Company Limited
- **RCSA**
Krungthai Card Public Company Limited
- **Credit Bureau**
Krungthai Card Public Company Limited

2012

- **Blue Ocean Strategy**
Strategic Business Development

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2001 - Present • **Vice President**

Personal Loans / Krungthai Card

Public Company Limited / Consumer
Finance

Non - Listed Companies /
Other Organizations

None

Experience

1997 - 1998 • **Account Executive**

Customer Management / Damask
BBDO Co., Ltd. / Advertising Business

1998 - 2001 • **Account Director**

Customer Management / Dentsu
Young & Rubicam Co., Ltd. /
Advertising Business

Internal Audit



**Mr. Pornchai
Wijitburaphat**

Position

Senior Vice President - Internal Audit

Date of appointment

October 16th, 2001

Age

51

Education

- **Master's Degree, Business Administration, Burapha University**
- **Mini MBA, Chulalongkorn University**
- **Bachelor's Degree, Business Administration (Accounting), Ramkhamhaeng University**

Training

2018

- **“Updated COSO Enterprise Risk Management : Integrating with Strategy and Performance”**
Stock Exchange of Thailand
- **Value Creation and Enhancement for Listed Companies with the New COSO 2017 Enterprise Risk Management (ERM)**
Thammasat Business School, Thammasat University and Stock Exchange of Thailand
- **IIAT Annual Conference 2018 “Transforming iA for the Digital Age”**
The Institute of Internal Auditor of Thailand
- **Cybercrime - The Looming Threat to Global Economy**
Thai Listed Companies Association
- **Inaugural Corporate Governance Conference 2018, Bangkok - Building Trust in a Transforming economy**
Securities and Exchange Commission
- **CAE FORUM 2018 “Digitalization : Empower IA New Gen”**
The Institute of Internal Auditor of Thailand and Stock Exchange of Thailand

2017

- **Thailand 4.0, Thriving in the 21st Century Through Security, Prosperity and Sustainability : Internal Audit Perspective**
The Institute of Internal Auditor of Thailand
- **Internal Audit in Disruptive Technology**
Federation of Accounting Professions
- **CAE Forum 2017 “Leading IA In the Era of Digital Disruption”**
The Institute of Internal Auditor of Thailand

	<ul style="list-style-type: none"> • Design Thinking Khun May Sripattanasakul, Lookkid Co., Ltd. 		<p>Work Experience</p> <p>Listed Companies</p> <p>2001 - Present • Senior Vice President Internal Audit / Krungthai Card Public Company Limited / Consumer Finance</p>
2016	<ul style="list-style-type: none"> • Sustainable Development Goals Stock Exchange of Thailand • CAE Forum 2016 “Stand Teller : Doing the Right Things Right” (SDGs) The Institute of Internal Auditor of Thailand • CSR Evaluation and Data Management Stock Exchange of Thailand 		<p>Non - Listed Companies / Other Organizations</p> <p>None</p> <p>Experience</p> <p>2000 - 2001 • Assistant Vice President Internal Audit / Bangkok Broadcasting & TV Company Limited / Media</p>
2015	<ul style="list-style-type: none"> • CSR To Corporate Sustainability Stock Exchange of Thailand • CAE Forum 2015 “Reshaping Internal Audit Function to Sustainability” The Institute of Internal Auditor of Thailand • Internal Audit’s Role in Anti - Corruption Stock Exchange of Thailand 	1998 - 2000	<p>• Manager Internal Audit / TSFC Securities Limited / Securities</p> <p>1996 - 1998 • Assistant Manager Internal Audit / Nava Financial Public Company Limited / Finance and Securities</p>
2008	<ul style="list-style-type: none"> • Certified Professional Internal Auditors of Thailand (CPIAT - 9) The Institute of Internal Auditor of Thailand 	1993 - 1996	<p>• Supervisor Lending & Treasury Department / Ekachart Finance and Securities Public Company Limited (EFS) / Finance and Securities</p>
2006 - 2007	<ul style="list-style-type: none"> • Certificate Endorsed Internal Auditing Program The Institute of Internal Auditors, Chulalongkorn University 	1991 - 1993	<p>• Internal Auditor Internal Audit / Siam Commercial Bank Public Company Limited / Banking</p>

% of KTC Shares Held

0%

Family Relationship

None

Company Secretary and Compliance



Education

- Master of Arts Executive Program in Public Affairs, Ramkhamhaeng University
- Bachelor of Laws, Ramkhamhaeng University

Training

2018 • **Corporate Responsibilities and Practices in Anti - Corruption**
Faculty of Law, Chulalongkorn University

2017 • **Law Course on Tax Planning**
Lawyers Council Under the Royal Patronage

2016 • **Advances for Corporate Secretaries**
Thai Listed Companies Association

2015 • **Safety Officer : Management Level, class 1**
Krungthai Card Public Company Limited

2011 • **Against Corrupt Inside Thailand**

2010 • **Director Nomination Best Practices**

2009 • **Diploma, AML Computer Based Training**
Anti - Money Laundering Office (AMLO)

% of KTC Shares Held

0%

Family Relationship

None

Position

Vice President - Legal Consult & Service / Company Secretary

Date of appointment

May 16th, 2007

Age

49

Work Experience

Listed Companies

2007 - Present • **Vice President / Company Secretary**
Legal Consult & Service / Krungthai Card Public Company Limited / Consumer Finance

Non - Listed Companies /
Other Organizations

None

Experience

1995 - 2007 • **Attorney at Law**

KTBLAW Company Limited /
State - Owned Enterprise

1993 - 1995

• **Legal Officer**

Legal Execution Department /
Ministry of Justice / Government

Company Secretary and Compliance



**Mr. Sakda
Chantrasuriyarat**

Position

Senior Vice President – Compliance /
Assistant Secretary for Audit Environmental Social
and Governance Committee

Date of appointment

May 1st, 2014

Age

56

Education

- Master of Accountancy, Chulalongkorn University
- Bachelor of Accountancy, Chulalongkorn University

Training

2018 • **EU General Data Protection Regulation - EU GDPR**
Faculty of Law Chulalongkorn University

- **General Data Protection Regulation (GDPR)**
KPMG Phoomchai Tax Ltd.
- **Guidelines for receiving property or any other benefits that are incentives for the offense.**
Krung Thai Bank Public Company Limited
- **Fintech & Cryptocurrency vs. Law Enforcement**
Thammasat University and Faculty of Law
- **National Credit Bureau member 2018**
National Credit Bureau
- **Standard course anti - money laundering and combatting the financing of terrorism for reporter**
Anti - Money Laundering Office, class 2

2017 • **Annual Audit Committee Conference KTB Group 2017 : AACC 2017 (Regulatory Landscape in Cybersecurity and Cybercrime)**
Krung Thai Bank Public Company Limited

- **Keep up with Technological crime**
Krunghai Card Public Company Limited

2016 • **CSR for Child - Friendly Business**
Krunghai Card Public Company Limited and Thaipat Institute

2015 • **Safety Officer : Management Level, class 1**
Krunghai Card Public Company Limited

- **Leader as a Coach (Workshop)**
Krunghai Card Public Company Limited

2014	<ul style="list-style-type: none"> • Corporate Governance Krungthai Card Public Company Limited • Corporate Social Responsibility (CSR - in Process) Krungthai Card Public Company Limited 	Non - Listed Companies / Other Organizations None
2013	<ul style="list-style-type: none"> • Compliance Training Program, class 1 The Securities and Exchange Commission, Thailand • Anti - Money Laundering Act and Counter Terrorism Finance Act Anti - Money Laundering Office (AMLO) 	Experience 2006 - 2014 • Department Head Compliance Department / Thanachart Bank Public Company Limited / Banking
		2005 - 2006 • Assistant Managing Director Compliance Function / MFC Asset Management Public Company Limited / Fund Management
		1993 - 2004 • Assistant Director Investment Management Supervision Department / The Securities and Exchange Commission / Regulator
		1987 - 1993 • Bank Examiner Onsite Examination / Bank of Thailand / Regulator

Financial Controller



**Miss Pranee
Rattakam**

Position

Senior Vice President Finance and Accounting
The person superuising accounting (Chief Accountant)

Date of appointment

November 1st, 2003

Age

54

Education

- Master of Business Administration Chulalongkorn University (Executive Program)
- Graduate Diploma in Auditing
- Bachelor of Accounting, Chulalongkorn University
- Certified Public Accountant (CPA)

Training

2018

- **Business in the digital age and challenges for accountants 4.0**
Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.
- **Financial accounting executives workshop value - added and business sustainability by Thailand 4.0 model**
Federation of Accounting Professions Under The Royal Patronage of His Majesty
- **Corporate Finance course 2 / 2018**
Federation of Accounting Professions Under The Royal Patronage of His Majesty
- **Keeping up with law and standards 1 - TSA 250 course 1 / 2018**
Federation of Accounting Professions Under The Royal Patronage of His Majesty
- **TFRS9 Workshop impairment of financial asset for leasing and Consumer Finance**
Federation of Accounting Professions Under The Royal Patronage of His Majesty
- **Get Ready for Robotic Process Automation (RPA) for Digital Accountants**
Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.
- **CPA conference 2018 - Future of Audit**
Federation of Accounting Professions Under The Royal Patronage of His Majesty

2017

- **E - tax invoice rules and procedure**
Federation of Accounting Professions Under The Royal Patronage of His Majesty
- **Auditing and issues to consider when computers are used to process data course 1 / 2017**
Federation of Accounting Professions Under The Royal Patronage of His Majesty

	<ul style="list-style-type: none"> • Integrated Reporting course 1 / 2017 Federation of Accounting Professions Under The Royal Patronage of His Majesty 	Family Relationship None
	<ul style="list-style-type: none"> • Business assessment via financial statements course 2 / 2017 Federation of Accounting Professions Under The Royal Patronage of His Majesty 	Work Experience Listed Companies
	<ul style="list-style-type: none"> • Best practise 2 / 2017 revenue and receivables management Federation of Accounting Professions Under The Royal Patronage of His Majesty 	2003 - Present <ul style="list-style-type: none"> • Senior Vice President Finance and Accounting / Krungthai Card Public Company Limited / Consumer Finance
2016	<ul style="list-style-type: none"> • Draft financial reporting standard for financial instruments course (TFRS 9, TFRS 7 and TAS 32) Federation of Accounting Professions Under The Royal Patronage of His Majesty 	2010 - Present <ul style="list-style-type: none"> • Independent director / Audit Committee Aqua Corporation Public Company Limited / Investment
2015	<ul style="list-style-type: none"> • Overview of Thai audit standard class 2 / 2015 Federation of Accounting Professions Under The Royal Patronage of His Majesty • Financial accounting disclosures via electronic filings Federation of Accounting Professions Under The Royal Patronage of His Majesty 	Apr 2016 - Present <ul style="list-style-type: none"> • Independent director / Audit Committee Wiik & Hoeglund Public Company Limited / Construction material business
2014	<ul style="list-style-type: none"> • Financial reporting standard workshop Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. • XBRL for financial reporting in the digital age Federation of Accounting Professions Under The Royal Patronage of His Majesty 	Non - Listed Companies / Other Organizations None
2009	<ul style="list-style-type: none"> • DAP 79 / 2009 course Thai Institute of Directors 	Experience 1997 - 1999 <ul style="list-style-type: none"> • General Manager Robison Department Store PCL / subsidiaries operate department stores and shopping malls
		1997 - 1999 <ul style="list-style-type: none"> • Vice President Office of President / The Thai Bond Dealing Centre / Bond Trading Center
		1993 - 1997 <ul style="list-style-type: none"> • Vice President Finance and Accounting / Ekkapat Finance & Securities PCL / Finance and Securities
	% of KTC Shares Held 0%	

Company Overview and Policies

1. Company Background

Krungthai Card Public Company Limited (“Company” or “KTC”) operations includes credit card business, credit card related business, personal loan business, utilities payment services, and a payment service provider under supervision in the credit card category. KTC was registered as a juristic person on December 4th, 1996 with an authorized capital of Baht 50 million, and was transformed into a public company limited under the name of Krungthai Card Public Company Limited on July 2nd, 2002. Later on, there was a resolution on an extraordinary general meeting to increase the company’s authorized capital by another Baht 950 million by means of right offerings to Krung Thai Bank Public Company Limited as a former shareholder for 44 million shares and to public offerings for 51 million shares; therefore, the total authorized capital was raised to Baht 1,000 million with total shares of 100 million shares. The company was listed in the Stock Exchange of Thailand on October 28th, 2002.

On December 12th, 2002 the extraordinary general meeting of the company had a resolution to raise additional authorized capital of Baht 50 million, which was allotted for 5 million shares at the par of Baht 10 each in order to allow the exercising of Employee Stock Options (ESOP). Afterwards, on November 3rd, 2003, the extraordinary general meeting agreed on a resolution to increase another Baht 1,530,162,000 by right offerings of 150 million shares with a ratio of 1:1.5 and had allocated 3,016,200 shares for the additional right - exercising holders resulted from ESOP. Subsequently, the company had total authorized capital of Baht 2,580,162,000 and paid - up capital totaling Baht 2.5 million.

On July 6th, 2018 the General Annual Meeting had resolved to change the company’s par value from Baht 10 per share to Baht 1 per share. The change was registered on July 9th, 2018 resulting in an increase in the number of shares from 257,833,407 to 2,578,334,070, and had already been registered with the Ministry of Commerce.

As of December 31st, 2018 the company had a total registered capital and paid-up capital of Baht 2,578,334,070, had a total of 3.3 million accounts — 2,387,659 credit card accounts and 951,882 personal loan accounts.

The company received business excellence awards for credit card services in the following years :

- 2016 • KTC received Thailand’s Top Corporate Brand 2016 in Financial & Security sector from Chulalongkorn University. The Evaluating and Ranking the Thai Corporate Brand Value research was jointly conducted by Master of Science in Marketing, Faculty of Commerce and Accountancy, together with The Stock Exchange of Thailand, and The Manager Media Group. The objective of the research was to systematically evaluate the brand value of Thai corporates, in which KTC has a 7,333 MB worth of brand value calculated by CBS Valuation tool.
- 2017 • KTC received the “Howe Goal Makeover Award” from Howe magazine. The award honored a company that can conduct business with innovative strategies and interesting marketing campaigns, while providing unparalleled customer service that succeeds and grows in the same direction as the current digital era.

- KTC received “The Most Innovation Consumer Marketing Campaign” from the Thailand Boutique Awards Season 4 (2016 - 2017), held by Mastercard.

2018

- KTC received the “Champion Security Award South - East Asia”, which was held by Visa International to honor members of the Visa organization with outstanding business operation by considering their potential in managing operation risk efficiently, performing strongly and steadily, cooperating in risk management in multiple aspects, and leading in integrating digital technology with business operation. KTC is the sole financial institution in Thailand who received this award.
- KTC received the “Thailand’s Top Corporate Brand Value 2018” award in the finance business category organized by the Faculty of Commerce and Accountancy, Chulalongkorn University joined by The Stock Exchange of Thailand and MGR Online. KTC was valued as high as 18,815 MB based on the calculation from the CBS Valuation (Corporate Brand Success Valuation) tool that integrates marketing, finance, and accounting together.

Apart from the credit card business, KTC also received other various notable awards as the followings :

2016

- KTC received the “Certificate of ESG100 Company” certificate from Thaipat Institute, an organization that participates in the Global Reporting initiative to evaluate sustainability. KTC was one of the 621 registered companies selected for ESG 100 security group for 2016.
- KTC received the PATA Gold Awards 2016 in the Marketing Industry sector from the Pacific Asia Travel Association (PATA) for organizing the “Thailand Boutique Awards Season 4

(2016 - 2017)”. KTC was the only company outside the tourism industry to receive this award.

2018

- KTC received 5 - star excellent level of Corporate Governance Report of Thai Listed Companies 2016 from Thai Institute of Directors (IOD).
- KTC received 3 awards : Outstanding Company Performance Awards, Outstanding CEO Awards, and Outstanding Investor Relations Awards from the SET Awards 2016 held by the Stock Exchange of Thailand and the Banking and Finance Magazine. The award commemorated listed companies, securities companies, asset management companies, and executives with distinctions in diverse areas and commitment to enhance business operation reflecting its potential and ability to adapt to current situations.

2017

- KTC received “Excellent” in the Corporate Governance Report of Thai Listed Companies 2017 survey conducted by Thai Listed Companies Association.
- KTC received a “100%” rating from the 2017 Annual General Meeting Quality survey conducted by Thai Investors Association.

2018

- KTC was selected by Thaipat Institute as one of the 100 listed companies with both satisfied operating results and outstanding performance in the environmental, social and governance aspects for 3 consecutive years.

2. Visions, Objectives, and Strategies of the company

Under the company's vision "To be a membership company through creating solid foundation for a sustainable growth and becoming the most preferred brand", it is the company's clear intention to cultivate sustainable growth through main processes. To create an organizational culture at all levels of employees in order to raise awareness on the value of sustainable growth. To create work environment that inspires cooperation and ownership, as well as human resource development which is the most precious asset of the company. Insight Intelligence is applied to encourage learning and creativity with systematic thinking based on information of the company's entire members in order to design products and services that are superior, modern, and responsive to member obsession. As a result, the members would likely to recommend and identify KTC products as their default choice regardless of others.

The company's strength is management flexibility in terms of decision making, which is receptive to work process adjustments in order to harmoniously enhance efficiency for all operating parties involved. KTC is a role model in debt collection, creating impression yet being the most effective in its industry. With the foreseen changes that may occur, the company has also modified the entire technological infrastructure to cope with the evolving trends of digital business and financial technology. By doing so enabled every product platform, both current and future, to connect and support each other in order to strengthen resistance from business changing environment and competition.

KTC recognized the importance of the member base with all stakeholders in the industry. The company is ready to be a leader as a credit line provider that facilitate reasonable spending and be a provider of consumer loans, as well as being a leader in payment systems. Moreover, the company insisted on building a long - term relationship with partners to ensure

sustainable profits and appropriate returns to investors. Nevertheless, to conduct business with transparency and good governance.

3. Key Events and Developments 2016 - 2018

2016

- On March 29th, 2016 TRIS Rating upgraded the company and existing senior unsecured debenture ratings from "A-" to "A+".
- In April 2016, the company received a membership certificate of "Thailand's Private Sector Collective Action Coalition Against Corruption" from the CAC council.
- KTC's merchant business partnered with Alipay International and Ant Financial, the biggest online payment service providers in China under the Alibaba Group, and leading shop business partners to jointly expand shop business in accepting payment for goods and services, as well as facilitating Chinese tourists traveling to Thailand.
- KTC was 1 of the 6 financial institutions in Thailand to support credit card transactions via Samsung smart phone called "Samsung Pay". This service has been launched since October 27th, 2016 supporting credit cards from 6 financial institutions - KTC, SCB, Kbank, Krungsri, BBL, and Citibank.
- In 2016, the company issued debentures 9 times with a total value of 18 billion Baht, maturing between 2 to 10 years offering interests ranging from 1.88% to 4% per annum.

2017

- With the government's National e - Payment policy, or "PromptPay service", transaction costs have decreased. KTC observed that the National e - Payment scheme affects the

payment service business, therefore the company returned the payment service provider license (List Account Category Kor (5)) back to the Bank of Thailand on March 16th, 2017.

- The Board of Directors' Meeting No. 5 / 2017, held on May 12th, 2017 appointed Mr. Parinya Patanaphakdee to succeed Mr. Poonpat Sripleng, who resigned before the end of the term. The Board of Directors' Meeting No. 8 / 2017, held on August 10th, 2017 appointed Mr. Praphaisith Tankeyura to succeed Mr. Akarat Na Ranong, who also resigned before the end of the term.
- According to BOT's Notificattion No. FPG. 13 / 2560 and No.FPG.15 / 2560 announced in the Royal Thai Government Gazette on August 8th, 2017 the Bank of Thailand had revised regulations on credit card and personal loan limits. For credit card, new credit card applicants with income less than 30,000 Baht per month, between 30,000 and 50,000 Baht per month, and higher than 50,000 Baht per month receive credit limits of no more than 1.5, 3, and 5 times the income, respectively. The interest rate is down to 18% from 20%. For personal loan, clients with income less than 30,000 Baht per month receive credit line of no more than 1.5 times the income with limitation to 3 financial institutions. Those who earn more than 30,000 Baht per month receive credit line of no more than 5 times the income with no limitation on the number of credit lines. The highest interest rate for business providers of personal loan remained at 28%. These regulations became effective on September 1st, 2017.

• In August 2017, KTC modernized the www.ktc.co.th website with 3 main features as follow : 1) a modern design fitting for the digital age; 2) accessible by devices anywhere, anytime, any platform; and 3) an upgraded search engine with simpler functional menus for quick and easy use.

• In October 2017, KTC introduced a trendier "TapKTC" mobile application promoting 3 main features - user - friendly, stable, and secure - by adding functions to enhance customer experience. The application was to increase security with biometrics by fingerprint and iris scanning. The Samsung Pass service is another option from entering pin code with dynamic keyboard.

• In November 2017, KTC developed a system to support credit card payment service via QR Code Payment on the TapKTC mobile application. QR Payment has passed the test and has been approved by the Bank of Thailand to be released from the regulatory sandbox and authorized for services to the general public, effective from August 28th, 2018.

• In 2017, the company issued debentures 6 times with a total value of 11.5 billion Baht, maturing between 5 to 10 years offering interests ranging from 2.46% to 3.8% per annum.

2018

• In October 2018, KTC developed a system to support a connection between 2 mobile applications - "TapKTC" and Krungthai Bank's "Krungthai Next" - for better convenience so that card members were able to view KTC card information via Krungthai Next application, as well as their Krungthai Bank's savings / current accounts via TapKTC. Also, a KTC credit card payment menu was added to the TapKTC application. By doing so, members with

Krungthai Next accounts were able to make payment for their KTC credit cards on TapKTC without having to switch to the Krungthai Next application.

- In November 2018, KTC changed the mobile application name from “TapKTC” to “KTC Mobile” for simplicity.
- KTC was 1 of the 3 financial institutions in Thailand to support the new platform of credit card payment via wearable devices “Fitbit Pay” and “Garmin Pay”, which have been effective since October 11th, and November 15th, 2018, respectively. Credit cards issued by the following 3 financial institutions were accepted: KTC, SCB and Kbank.
- In November 2018, KTC jointly with Bangkok Airways celebrated their 13th partnership anniversary and Bangkok Airway’s 50th anniversary. Five new credit card designs were introduced for such occasion (KTC X - BANGKOK AIRWAYS VISA SIGNATURE, KTC - BANGKOK AIRWAYS VISA SIGNATURE, KTC X - BANGKOK AIRWAYS WORLD REWARDS MASTERCARD, KTC - BANGKOK AIRWAYS WORLD REWARDS MASTERCARD, KTC- BANGKOK AIRWAYS JCB PLATINUM. Members receive more special privileges from KTC - BANGKOK AIRWAYS VISA PLATINUM and KTC - BANGKOK AIRWAYS PLATINUM MASTERCARD, covering all network alliances including Marstercard, Visa, and JCB. Special privileges with emphasis on demands that suit members’ various lifestyles such as up to 4 times KTC FOREVER points, fly faster with the redemption of KTC FOREVER points for 1.5 : 1 Flyer Bonus points, up to 4 usages of Blue Ribbon Club Lounge, and free additional 10 kg baggage allowance.

• In 2018, the company issued debentures 2 times, with 5 series, with a total value of 9.25 billion Baht, maturing between 2 to 10 years offering interests ranging from 2.2% to 3.83% per annum.

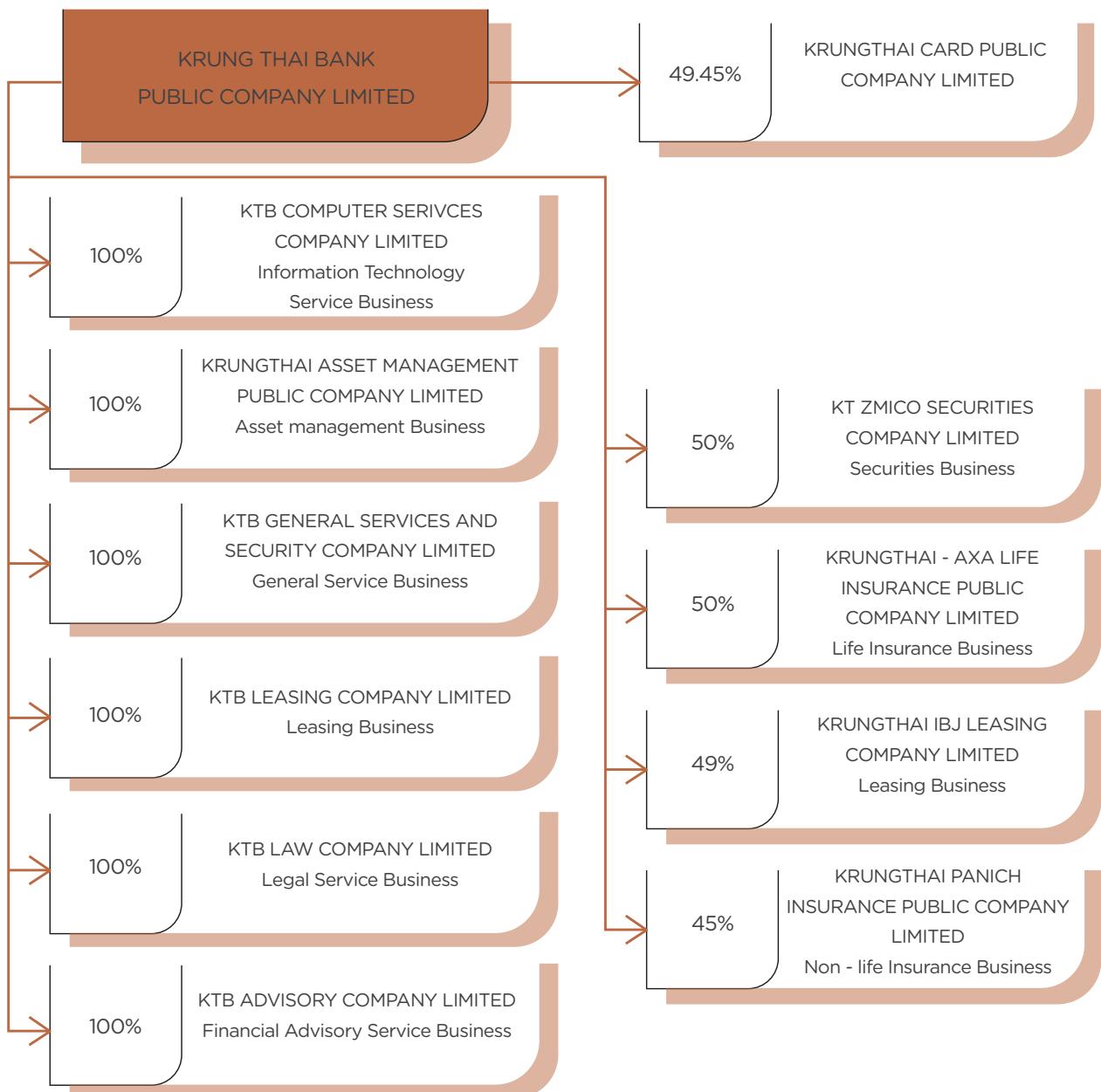
• As of December 31st, 2018, KTC had a total of 21 KTC TOUCH branches - 20 in Bangkok metropolitan area and 1 in the provincial - for credit card application, personal loan application, payment services, and offering details on KTC financial products

2019

- KTC changed the names of the following products, effective from February 1st, 2019 :
 - KTC PROUD was changed to “KTC PROUD Cash Card”
 - KTC FOREVER REWARDS was changed to “KTC FOREVER point”
 - KTC FLEXI was changed to “Installment payment with KTC card”
 - ClickKTC was changed to “KTC Online”
- KTC organized the “Learn & Earn @ KTC” for the 15th consecutive year. This program supports development and empowerment of youths in the Thai society by encouraging them to spend time efficiently, by working part - time with KTC.

4. Company Shareholdings Structure (as of December 31st, 2018)

The major shareholder of Krungthai Card Public Company Limited is Krung Thai Bank Public Company Limited with the share of 49.45%. The diagram below exhibits KTB’s shareholding structure (KTB Group), which comprise of financial institutions and other supported business only.



5. Relationships with major shareholder's subsidiaries

The company emphasizes on expanding product base for credit card and personal loan in order to boost its continuous growth, which has been supported by Krung Thai Bank as a major shareholder of the company with many branches in Bangkok Metropolitan and provincial areas. Therefore, Krung Thai Bank is the main channel of distribution to introduce products to the bank's customers. The bank has recommended other products of its subsidiaries to customers as well.

KTC cooperated in every aspect of business to create strategies, develop marketing campaigns, and introduce unique activities that are responsive to customers' needs in various forms including acquisition, usage marketing, merchant acquiring, and mobile application. For example :

Acquisition

- In order to effectively acquire member base expansion as planned, KTC established the Business Relation Division with assigned staffs specifically to

facilitate bank personnel in various aspects such as product training courses and other related issues on selling techniques, document approval process, product advisory techniques, and promotional campaigns to assist sales that will in turn enhance product expansion performance. KTC also established the Government Services Card sub-division to cooperate with government business functions in order to issue credit cards that facilitate convenience and safety for managing government disbursements regarding seminars and travels. Such cooperation was in a form of education by building and strengthening relationships among partners to encourage sustainable growth. For member base expansion, KTB Next, KTB Line Official, and KTB Facebook were the bank's new online channels in addition to the main network channels. Customers interested in KTC products were able to leave their names and contact details via these 3 new channels, in which KTC Telesales would contact the potential clients back within 5 minutes to offer related KTC products.

- Customers applying for KTC Proud at Krung Thai Bank branches received results within 60 minutes of the application and receive the loan transfer within 24 hours. Initially, trial services will be carried out in selected branches, which are expected to start from the beginning of 2019 onwards.

• “KTB Wealth Customer Base Expansion” has jointly worked with the bank throughout 2018 in introducing and extending application for KTC - KTB PRECIOUS PLUS VISA INFINITE, KTC - KTB PRECIOUS PLUS VISA SIGNATURE, and KTC - KTB PRECIOUS VISA SIGNATURE credit cards. As at the end of 2018, a total of 30,000 credit cards was achieved.

Usage Marketing

• “KTB Investment Festival”, an investment fair with Krung Thai Bank, provided a chance for credit card holders to receive cash back up to 60,000 Baht plus

maximum rebate of up to 12.5% when making premium payment for Krungthai - AXA life insurance at any Krung Thai Bank branch.

- “Krungthai - AXA life insurance payment” program offered 0% installment plan for 3 months with KTC Flexi when applying for automatic premium deduction from KTC credit cards.
- Krungthai Panich Insurance’s “KTB insurance safe housing loan” offered 0% installment plan for 6 months.
- Krungthai Panich Insurance and Dhipaya Insurance’s “KTB Sabai Jai motor insurance” offered 0% installment plan for 6 months.
- KTB easy home loan payment via KTC credit card which enabled credit card members to pay their housing loan installments with their cards throughout the contract period while receiving the same interest rates with cash installment payment, as well as collecting KTC FOREVER reward points concurrently.
- “KTC Foreign Currency Exchange” allowed members to exchange foreign currencies via credit cards with no surcharges.

• Provide various privileges from partners to members using KTC - KTB PRECIOUS PLUS VISA INFINITE, KTC - KTB PRECIOUS PLUS VISA SIGNATURE and KTC - KTB PRECIOUS VISA SIGNATURE credit cards.

Merchant Acquiring

• Online outlet projects were introduced to support the growing online business and to provide solutions to the e - Commerce and m - Commerce.

• The Payment via Virtual Terminal project was an online payment method for goods and / or services by entering credit card information on the Web Service

system instead of Key - in card information into EDC, enabling agents to make a real - time transaction while communicating with customers for various businesses from life / non - life insurance, cable TV direct sale, or other businesses with contact center services.

- Continued “Expanding Alipay merchant” project with leading partners to facilitate Chinese tourists traveling to Thailand.

- “KTC QR Code Payment” provided payments for goods and / or services via QR Code scanning, instead of regular transactions through Electronic Data Capture (EDC) machines. Card holders were to make their payments by scanning QR Code at a merchant via an application of various commercial banks supporting QR Code Payment, including KTC Mobile application. In addition, KTC has a participatory policy with Krung Thai Bank to enter PromptPay numbers of merchants registered with Krung Thai Bank onto KTC QR Code. By doing so, more options are available for both customers and partners to make and receive payments via KTC credit card or PromptPay account, allowing member base expansion (customers and merchants) for KTC and KTB.

- Organized a working team to coordinate in supporting Krung Thai Bank’s SME and Corporate customers who desire to start a business that accepts credit cards via EDC machines, online, Alipay, or QR Pay in order to ensure responsive and smooth services.

Mobile Application

- Developed a system to support a connection between 2 mobile applications - “KTC Mobile” and KTB’s “Krungthai Next” - for better convenience so that card members were able to view KTC card information via Krungthai Next application, as well as their Krung Thai Bank’s saving / current accounts via KTC Mobile. Also, a KTC credit card payment menu was added to the KTC Mobile application. By doing so, members with Krungthai Next accounts were able to make payment for their KTC credit cards on KTC Mobile without having to switch to the Krungthai Next application.

KTC believes that the aforementioned actions are consistent to achieve qualitative and quantitative goals, and most importantly, to enhance the company’s potential in market competition for highest benefits of both KTC and KTB to grow sustainably with highest customer satisfaction on products and services.

Business Nature

1. Description of products and services

Krungthai Card Public Company Limited operates credit card and credit card related businesses as well as personal loan and utility bill payment service businesses. In addition, the company is also a payment service provider under the payment service supervision of credit card services, payment services to cardholders, and payment agent services. As of December 31st, 2018 the total number of KTC members reached 3.3 million accounts, and 50% of its members reside in the Bangkok Metropolitan Region.

1.1 Revenue structure

In terms of revenue structure, KTC's revenue includes interest and fee income generated from two main businesses : credit card and personal loan businesses, and fee income includes fee income from credit usage,

which is calculated from a total amount of outstanding debt. Under the Civil and Commercial Code, it is noted that a non - bank financial company that offers consumer loan may charge interest at a maximum interest rate of 15%. However, the Bank of Thailand's regulation stipulates that the company may charge interest including credit usage up to a rate of 18% for credit card.

As for personal loan, the company may charge interest plus a fee for credit line usage up to a rate of 28%, and a difference between interest and credit usage charge under the Civil and Commercial Code and the regulation of the Bank of Thailand is recorded as fee income from credit usage. In addition, KTC also generates other sources of income, including the Circle Loan, self - employed loan, foreign exchange gain, and other income.

Three - year revenue structure as shown in the financial statements during 2016 - 2018

Description of revenue structure	2016		2017		2018	
	Mil BHT	%	Mil BHT	%	Mil BHT	%
Revenue from credit card business	10,805	61.5	11,642	59.6	12,363	58.3
(1) Interest income ⁽¹⁾	4,321	24.6	4,632	23.7	4,884	23.0
(2) Fee income	5,038	28.7	5,305	27.2	5,538	26.1
(3) Bad debt recovered	1,447	8.2	1,705	8.7	1,942	9.2
Revenue from personal loan business	6,201	35.3	7,377	37.8	8,377	39.5
(1) Interest income ⁽¹⁾	2,880	16.4	3,424	17.5	3,883	18.3
(2) Fee income	2,379	13.5	2,812	14.4	3,100	14.6
(3) Bad debt recovered	943	5.4	1,142	5.8	1,394	6.6
Other revenue	573	3.3	506	2.6	457	2.2
- Circle Loan income	36	0.2	31	0.2	28	0.1
- Self - employed loan income	24	0.1	17	0.1	9	0.0
- Gain on exchange rate - net	119	0.7	139	0.7	142	0.7
- Other income	394	2.2	319	1.6	277	1.3
Total revenue	17,580	100.0	19,525	100.0	21,198	100.0

Source : 2016 - 2018 financial statements audited by Deloitte Touche Tohmatsu Jaiyos Co., Ltd.

Note : ⁽¹⁾The company recognized interest income of each business based on an interest rate of 15% that excluded fee income from credit usage, which was recorded as fee income.

1.2 Credit card business

Credit card business consists of two elements : card issuing business and merchant acquiring business. The issuing business begins from attracting credit card customers, granting a line of credit for cardholders, controlling credit card spending, receiving debt payment, and collecting the debt. Typically, an issuing bank or company generates revenue from transaction fee and interest, and merchant acquiring business involves merchants that accept credit card payment for goods and services. The company selects merchants and installs EDC machines at merchants' premise to facilitates of cardholders' payment for goods and services, and it earns fee income from these transactions in the process.

1.2.1 Issuing business

As a card issuing company, the issuing business is inherent to KTC. The company is authorized to issue cards with  and  logos on the card, whereby Visa International Service Association ("Visa"), MasterCard International Incorporated ("MasterCard"), and JCB International ("JCB") act as an intermediary organization responsible for payment settlement between an issuing bank and an acquiring bank / merchant. Cardholders can decide whether they prefer to use a credit card jointly issued by Visa, Mastercard, or JCB, and they can use a credit card to pay for goods and services in lieu of cash payment at any merchant that displays  and  logos.

The company handle issuing business that is related to credit card loan, and it waives entry fee and life time annual membership fee for generic card (for the first two cards). For the third card and beyond, the company will charge annual fee only in the first year. However, if the card brand is the same as that of any card currently held by a card holder, an annual fee of 500 baht will be charged.

The company has concentrated efforts on the development of business and marketing plans on a continual basis to support business growth, which is built on its expanding base of credit cards and new members. KTC have been collaborating with partners to jointly promote spending via KTC cards and building long-term relationship with them. Under this direction, KTC pursues six core strategies as follows :

1. Focus on development of fully integrated products and services.
2. Responsive to every target group by offering privileges in every category.
3. Promote KTC Forever point collection scheme and increase the value of points earned.
4. Build brand to maintain strong relationship with members.
5. Adhere to customer - concentric principles, and utilize CRM to support multi - dimensional data analysis.
6. Focus on safe and secure digital marketing.

Finally, the company still focuses efforts on market research and exploration of new business opportunities in order to offer benefits and privileges that meet the needs and lifestyles related to card usage. This is one of the company's growth strategies. The company has issued credit cards as detailed below :

Number of credit cards and the amount of credit card receivables	2016	2017	2018
Total number of credit cards	2,095,563	2,169,370	2,387,659
Annual growth rate (%)	11.1	3.5	10.1
Net amount of credit card receivables (MB)	42,988	45,048	47,937
Annual growth rate (%)	11.9	4.8	6.4

The company offers various types of credit card as follows :

1. A **generic card** is a KTC Visa / MasterCard / JCB card. Cardholders can use a generic card to pay for goods and services in lieu of cash payment at a service outlet or a retail store that displays  and  logos throughout the world. In addition, cardholders can also withdraw cash advance. Since there are diverse groups of customers, KTC joins hands with Visa / MasterCard / JCB to issue a credit card for three main groups of customers : super, premium, and general customers. Aside from that, the company also offers KTC government service card as a credit card for government entities in order to facilitate government spending and the burden of holding cash and cash holding risk of government employees.

2. A **co - branded card** is a card collaboration between KTC and a commercial partner. Cardholders can use a co - branded card to pay a merchant for goods and services in lieu of cash payment. If this type of card is used at a retail store that is a co - branded card sponsor, cardholders will be eligible for a special offer of the co - branded card.

3. An **affinity card** is a card collaboration with an alumni association or a non - profit organization, such as Thai Pilots Association, Chiang Mai University Alumni Association, and Faculty of Commerce and Accountancy Alumni Association.

(A) Types of services offered by credit card issuing business

The company offers various services and privileges to cardholders as follows :

1) **Payment for goods and services in lieu of cash payment** : KTC cardholders make a payment for goods and services at a retail store displaying  and  logos in Thailand and more than 200 countries where each cardholder can draw upon an approved line of credit. In the process, the company will make a payment

for goods and services to a retail store / merchant through a bank. By the end of each cardholder's billing cycle (around one month), the company will collect money from the cardholder, and the cardholder can choose either to pay the outstanding balance in full or to make a minimum installment payment set out in the Bank of Thailand's notification. A minimum installment amount must be at least 10% of the total amount of monthly payment but not less than 500 baht per month. In case of repayment plan, the company charges an annual interest rate of 15% plus credit usage fee charged at annual rate of 3% of the outstanding balance remaining since the date when each transaction is recorded by the company until the repayment date.

2) **Cash advance** : Cash advance is a service that allows cardholders to withdraw cash by deducting the withdrawn amount from their line of credit granted by the company to the cardholder. Cardholders can withdraw cash advance in Thailand and abroad. In case of domestic withdrawal of cash advance, cardholders can either withdraw money from all bank ATMs that display   or  logos or from a Krungthai bank counter at any branches that display "We accept credit card" sign. In case of cash withdrawal abroad, cardholders can either withdraw money from any ATMs that display    or  logos or from any exchange booth that displays "We accept Visa, MasterCard, or JCB credit card" sign. In addition, cardholders can also make online withdrawal at the website (via KTC Online) and on any iOS and Android smart phone / tablet (via KTC Mobile). The 24 hour online service will promptly transfer money to a Krungthai bank account after the transaction is completed. In this case, the company will receive cash advance fee that users are charged at a rate of 3% of the withdrawn amount, whereby a minimum amount of cash advance must not be less than 500 baht. In addition, the company will earn income from credit card interest, whereby interest and credit usage fee will be charged from the date of cash withdrawal until the date of full payment of outstanding balance.

3) Other supplementary services are additional services or privileges offered to cardholders as detailed below :

- **KTC contact center** : Call 02 123 5000 for 24 hours service.

- **KTC Ultimate Assistance** : Provide four types of worldwide assistance services. Visa Infinite, Visa World, and MasterCard members can call us directly at 02 206 5431. Available assistance services include

- Worldwide emergency medical assistance service
- Local emergency roadside assistance service
- Emergency home assistance service
- Worldwide personal secretary service

- **KTC - JCB credit card** : There are 68 concierge service centers throughout the world, including 2 JCB plazas, 9 JCB plaza lounges, and 57 JCB airport lounges.

The concierge services are provided by JCB Plaza.

- **Auto monthly bill payment** : Cardholders can pay expenses such as fixed line and mobile phone services with all types of KTC card.

- **KTC newsletter** : The monthly newsletter provides KTC cardmembers with news and information about new privileges and services.

- **Travel magazine My World** : The bi - monthly magazine provides travel news about domestic and international tourist attractions.

- **Travel guide KTC Guidezine** : This new form of travel guide provides information about popular and trendy tourist attractions for free - spirited travelers.

- **Travel accident insurance** : The accident insurance plan provides a coverage that protects cardmembers as well as their spouses and children up to 23 years old, provided that KTC card is used to pay public transport fares, under the following insurance coverage limits :

1 million baht - For KTC Visa Classic / KTC MasterCard Classic

4 million baht - For KTC Visa Gold / KTC MasterCard Gold / KTC Titanium MasterCard

8 million baht - For KTC Visa Platinum / KTC Platinum MasterCard / KTC JCB Platinum. In case of international travel, the maximum coverage for damaged / lost luggage is 40,000 baht per claim.

20 million baht - For KTC Visa Signature / KTC X Visa Signature / KTC World Rewards MasterCard / KTC X World Rewards MasterCard. In case of international travel, the maximum coverage for damaged / lost luggage is 40,000 baht per claim.

40 million baht - For KTC Visa Infinite / KTC World MasterCard / KTC - KTB Precious Plus Visa Infinite. In case of international travel, the maximum coverage for damaged / lost luggage is 100,000 baht per claim.

- **Point accumulation program KTC Forever** : One point is earned for every 25 baht spent. Earned points do not expire, and accumulated points can be redeemed for prizes and services at participating merchants.

- **Installment payment for goods and services**

KTC Flexi : Payment can be made in installments at an interest rate of 0 - 0.8% per month up to ten months. Installment payment program is available at participating merchants.

- **Installment payment for goods and services**

Flexi by Phone : Installment payment may be requested via phone for payment due the following month. Normally the company charges 0.8% interest per month, but KTC Flexi's interest rate varies, depending on each promotion offer during certain period.

- **KTC U Shop** : KTC U Shop is an online ordering

service that offers free shipping. Over 165 merchant partners participate in this program, and 7,000 items are available for ordering from catalogue or via online platform at www.ktc.co.th/USHOP or LINE@ KTCUSHOP or at KTC Touch service outlets. Members may make payment with any types of KTC card or by using accumulated points of KTC Forever.

- **KTC Real Privileges** : Our website www.ktc.co.th

gathers news and information about various privileges and special offers for any type of spending, such as restaurant and accommodation. Aside from that, the company also provides additional communication channels on Facebook and Twitter platforms, www.facebook.com/ktcrealprivilege and twitter.com/ktcprivilege, so that KTC members, who are online social network users, can share interesting information and stories among themselves. Moreover, these platforms are used for public relations and dissemination of information about KTC privileges as well.

- **KTC World Travel Service** : Our website www.ktcworld.co.th

provides travel - related information and news and information about special travel benefits and privileges offered by local and international partners. Members can get news and information on Facebook at www.facebook.com/ktcworld.

- **Secure e - pay** : This service provides secure

online payment for goods and services over the internet network, which has been developed to meet international standards for secure online payment. The Secure e - pay service is compatible with the systems of Visa International's VBV  MasterCard International 's MCSC  and JCB International 's J / Secure 

- **KTC online service** : KTC cardmembers can make

transactions via online channels, using KTC mobile applications for iOS and Android platforms and Click KTC service which is available at www.ktc.co.th/CLICKKTC

- **Samsung Pay** : This service facilitates payment

fulfillment, allowing KTC card members to pay merchants for goods and services with KTC Visa and KTC MasterCard credit card via mobile app  on Samsung mobile phone. This mobile payment service is convenient, easy to use, and very secure.

- **Fitbit Pay** : KTC cardmembers can pay merchants

for goods and services using KTC Visa and KTC MasterCard credit card at any retail store that accepts contactless payment. This convenient, easy - to - use, and secure service is launched on Fitbit smartwatch.

- **Garmin Pay** : The payment service available on

Garmin smartwatch is used with KTC Visa and KTC MasterCard for payment of goods and services at any retail store that accepts contactless payment.

(B) Steps of credit card services of card issuing business

1) Acquiring cardholders : The company acquires cardholders through main channels as follows :

- **KTC Touch** : KTC Touch is a fully integrated

financial service center where KTC staff provide consultation and various services.

• **Krungthai Bank branches or employees :** Krungthai Bank operates more than 1,000 branches throughout the country.

• **Outsource sales channel :** The company engages third parties, including individuals and juristic persons, to introduce KTC financial products. There are over 15,000 (independent) financial product consultants throughout the country.

• **Partner engagement channel :** Co-branded card sponsors and business partners as well as alumni associations or non - profit organizations (affinity) collaborate with KTC on acquisition of new cardmembers and jointly conduct trials to seek new channels. Retail partners and retail stores, such as Com 7 or Big Camera, synergistically expand credit card customer base by selling products and offering installment payment plan at the same time. This channel also issues credit cards for self - employed contractors that collaborate with SCG.

• **Digital channel :** To deal with changes in consumer behavior toward digital society, KTC has developed various online channels and digital platforms for member registration purpose. Customers can fill out membership application form at www.ktc.co.th or via KTC online media. In addition, they can also undertake membership registration through online partner companies. Customers can leave messages 24 hours a day every day so that our staff can revert to them quickly.

• **Telesales channel :** The company directly oversees telesales and teleservices operations (in - house telesales) in order to satisfy the need to apply for membership via digital channels.

• **Government card department** is responsible for expanding the base of organization credit cards through KTC government service card and KTC Visa corporate gold card programs. For example, these programs target

government entities, state - owned enterprises, public organizations, independent organizations, and private companies. Moreover, the department also makes efforts to increase credit card spending and oversees after - sales services.

• **Contact center** assists customers desiring to apply for membership and calling in to ask questions. Call center staff are available 24 hours a day.

2) Credit acceptance

The company verifies signatures in the application form before recording information in the application form in the work system. In case that the applicant's basic qualifications do not meet the eligibility criteria of the Bank of Thailand, application rejection will be recorded in the work system. Then, the company will send SMS message or a letter to inform the customer about the application status. In case the applicant's basic qualifications are acceptable, the company will contact the applicant to confirm the application status and request for additional information in case of incomplete information. In addition, the company will check credit history of the applicant, who already grants consent in the application, in the database of National Credit Bureau Co., Ltd. as supplementary information for consideration.

The approval of credit card and a line of credit for each applicant takes into account various factors, which also include income and repayment ability. Moreover, the company also checks the applicant's credit history at National Credit Bureau Co., Ltd., which has been established as a data center to collect individual credit information and the customer's credit history in the capacity of national agency. Credit history is supplementary to credit analyst's assessment, which is based on his or her experience. As for consideration for approval of a line of credit, the company will consider a line of credit separately, whereby credit card and personal loan businesses adhere to eligibility criteria of the Bank of Thailand. Furthermore, the company also

controls credit risk by monitoring the customer's repayment history as a basis for approval of a line of credit. In case the same applicant requests for approval of different types of credit line at the company, credit officer will check repayment history, employment status, income, and position and evaluate overall credit risk of each applicant that must not exceed his or her repayment ability.

The company has developed credit scoring system which utilizes IT system to generate a credit score of each applicant, so credit approval is based on the consideration of a credit score and credit analyst's assessment. The purpose is to standardize and expedite credit approval and enhance the efficiency of the approval process. Upon receiving the result of credit assessment, the company will send the result to the applicant whose application may be approved or rejected. Then, the company will send audited data to an outside entity accredited and certified by Visa, MasterCard, and JCB in order to produce a credit card which contains personal data of the cardholder. Subsequently, the company will send the credit card to KTC Touch or a branch of Krungthai Bank or to the applicant's address.

3) Authorization

In case of issuing business, when a cardholder pays for goods and services with credit card at a retail store. The retail store will contact an acquiring bank which acts as an intermediary between the acquiring bank and the company, which acts as an issuing bank, so that the company will consider approving the transaction through the authorization system according to the stipulated criteria. Then, the company will revert to the retail store with a result.

For merchants accepting credit card payment, the company installs a sales support device or an electronic data capture (EDC) device at a merchant member by linking the systems of the issuing bank and the

acquiring bank with a telephone line or a leased line. Therefore, the request for credit approval can be done immediately after the company's cardholder uses the card without having to make a call to the IT system. In the process, the line encryption system is also used. This system is an EDC - based work system, and EDC information will be decrypted for secure transmission and receipt of the information.

For E - Commerce business, payment gateway is installed to interlink the systems of issuing bank and acquiring bank in a similar manner. To enhance security of online spending approval, the company has developed the systems of issuing banks and acquiring banks to enhance their capability so that the systems can process 3D Secure transactions. To enhance security of online transactions, the cardholder's identity is verified after a PIN code is entered. Furthermore, the issuing business has pursued further improvement to accommodate the use of OTP whereby the system will generate a new PIN every time a cardholder performs an online transaction at a merchant that accepts 3D Secure transactions.

4) Payment

The company sends credit card statement to the cardholder's address at the end of billing cycle. Cardholders may choose any of the following payment channels.

- Cash or cheque payment via KTC Touch
- Direct debit
- Cheque payment via regular mail
- Cash deposit machine
- Mobile phone
- Payment service counter

- Automated telephone payment system
- Internet banking / mobile banking system
- ATM
- Bank counter
- KTC mobile app
- Krungthai Next app

Inquiry about payment channels can be made over the phone by calling KTC phone 02 123 5000 or through KTC website <https://www.ktc.co.th/sites/ktc/support/index.html>

After receiving credit card statement, if a cardholder has any doubt or refuses payment of some transactions, he or she can notify the company so as to have these transactions suspended and halt any debt collection attempt during that period. Then, the company will conduct a fact - finding investigation in order to determine which party will be liable for the expense of these transaction items. Later, it will pursue the debt from the liable party within 45 - 180 days in accordance with standard procedures of Visa, MasterCard, and JCB. The company has a monitoring system to follow up on transactions and produce a report on rejected transactions on a regular basis in order to avoid forfeiting the right to pursue debts from liable parties.

5) Collection

The company designates Win Performance Co., Ltd. to undertake debt collection on behalf of the company in accordance with the management policy and the Debt Collection Act B.E. 2558. The agency will pursue debt immediately after a customer defaults on payment. The approach to debt collection management in credit card and personal loan businesses adheres

to the same standards but frequency of contact and procedural steps may differ, depending on default period and debt aging. Furthermore, a suitable number of collectors will be deployed to correspond with customer accounts within a default period as follows :

- **Up to 90 days past due :** Debt collector will contact debtors by phoning them, using voice broadcasting, sending SMS message to remind them to pay off the debt, and sending a debt collection letter to them. The intensity of debt collection activity will correspond to default period. Moreover, in case of default customer accounts that require special examination, the company will assign FCR collectors to follow up on certain customers in order to obtain payment or check information about any particular customers. The company will suspend the use of line of credit of these customers after they become a delinquent customer. In this case, they cannot use a line of credit from their credit card or a loan until debt settlement is made according to stipulated terms and conditions. In the case of over 90 days past due, if customers do not pay off debt, the company will cancel their credit cards or line of credit permanently. In case customer behaviors indicate that they are unable to repay the debt or considered to be repayment risk, the company may consider such cancellation within 90 days.

- **Over 90 days past due :** The company will provide assistance to and reach a compromise with default customers in accordance with the criteria set out by the company in order to encourage them to repay debts quickly. If any customer does not intend to repay the debt, the company may take further legal actions.

The company uses IT system for debt management. The system classifies each customer based on debt aging, amount of outstanding debt, account status, credit line usage behavior, and so forth. The debt

collection system automatically assigns customers account to collectors immediately when a customer has past due debt, and the system also reports relevant information for debt management purpose.

6) Fraud control

As an issuing bank, the company may be liable for damages to customers when cardholders are a fraud victim or the company's card is forged. Therefore, the company has set up a unit to control these fraudulent activities in order to mitigate the risk affecting the company when any fraud or forgery occurs.

The fraud control division is responsible for examining information obtained from various sources to determine which purchase of goods and services are regarded as a fraudulent transaction. Available sources of information include the following :

- Visa, MasterCard, and JCB
- Credit card business club (under the Thai Bankers' Association)
- The company employs a team to monitor card usage of cardholders and merchant members 24 hours a day, and it also operates a highly efficient online fraud detection system to monitor risky or suspicious credit card usage activities. Cardholders will be notified immediately by phone or SMS message when any transaction is made.
- The company has developed a mobile application so that customers can use it as a risk management tool by themselves (customer empowerment), whereby customers can use it to suspend card usage temporarily and decide on a line of credit for e-commerce transactions in order to mitigate burgeoning e-commerce fraud risk. In addition, customers can also decide on an amount that triggers alert notification and select an alert notification channel.

Furthermore, in efforts to reduce fraudulent activities, the company regularly sent employees to training programs organized by Visa, MasterCard, and JCB and collaborated with other entities on training programs organized for outside entities, such as merchants, police, and issuing banks as well as other banks and merchants. These trainings enabled concerned parties to take actions that would prevent fraudulent activities and suspend these transactions in a timely manner. As of December 31st, 2018, the amount of credit card fraud and personal loan scam damages totaled 2.83 million baht or 0.001% of the total amount of credit card spending.

1.2.2 Acquiring Business

This business aims to build a network of merchant partners as a credit card operator. The merchant submits transaction summary of products and services purchased with credit card (Only Visa, Mastercard, JCB, UnionPay and Alipay including the company's cards, bank's cards, or cards issued by other companies) and billed the company, where service fees are deducted and kept as the company's revenue. Later, the company will charge the bank / card issuer to have them collect from their customers.

In 2016, the company had 23,814 units of Electronic Data Capture (EDC). In 2017, 24,957 units. In 2018, 26,283 units.

(A) Types of Acquiring Business services

There are 7 types of acquiring businesses.

1) **Payment via Electronic Data Capture : EDC** service. Currently the company offers (1) EDC for Visa, Mastercard, JCB and UnionPay and (2) EDC for Alipay, O2O payment.

2) **Payment via TapKTC Merchant Service.** TapKTC Merchant turns smart phones and tablets into Mobile Point of Sale - mPOS accepting credit card. It offers full amount payment, installment (KTC FLEXI), and redeeming rewards (KTC FOREVER REWARDS)

3) Payment via E - Commerce system service. The service allows merchant to process online payment via the internet or E - Commerce. In 2009, the company introduced 3D Secure system which requires cardholders' confirmation : a password set by the cardholder with the issuing bank (PIN) or One Time Password (OTP) during online payment process.

4) Payment via Recurring system service. The merchant sent settlement in electronic form to company which will automatically deduct money from members' credit card on a monthly basis.

5) Credit card Payment via Mail Order / Telephone Order service. Merchants can provide customers with payment option which let customers pay via deducting from credit card automatically

6) Payment via Virtual Terminal system service. This is a new payment method to accommodate online payment by filling in credit card information on Web Service, instead of credit card information Key - in on EDC.

7) Payment via KTC QR Code Payment service. This is a Push Payment that the Cardholder (customer) can processes the payment himself / herself by scanning the QR Code of the merchant via bank's applications that support QR Code Payment (including KTC Mobile).

Merchant can offer customer with credit / debit cards and Alipay wallet to make a payment with methods above which will be fast and convenient for the customer.

Merchant must open deposit account with Krungthai Bank or other banks via Media Clearing systems. Transaction summary will be submitted to the company for settlement through automatic information technology system every day. An

installation of EDC will be primarily considered from sales value of credit card / debit card / Alipay Wallet, expense related to the EDC are determined based on cost - effectiveness. In case of small to business, QR Code Payment is a new channel to increase business opportunity.

The company enters into a contract without expiration which states guidelines for merchant as well as action that can be considered as fraud based on a standard set by Visa, Mastercard, and JCB. The guidelines are adjusted to align with the operation of the company and credit card business in Thailand. The company, with the merchant, revises contract from time to time. The contract also mentions the company's right to claim in case the merchant breaches the contract, as well as service fee the company collects from merchant. On December 31st, 2017 and December 31st, 2018, the company had 32,875 merchants and 36,837 consecutively.

(B) Steps in Acquiring Business

1) Appoint merchant

The company contacts merchant to become member determine by the Know Your Customer (KYC) process using mainly business type, and purchase value, including merchant's growth potential. The company sets up minimum fee according to business type. Moreover, merchant can apply directly with the company.

When the merchant is approved to be member and the merchant opens bank account at Krungthai bank, the company will install Payment Solutions that suit the business, for example, EDC, mPOS, or E - Commerce, or sending QR Code Poster to the merchant, along with an advice on how to generate QR Code from an application TapKTC Merchant for customer to scan when making payment.

2) Approve the merchant's payment

For merchants with Payment Solutions, the merchants must connect to the company's system through communications system network every time credit card payment is made.

The company may reject the payment by the merchant in case of fraud or breaching of agreement between merchants and cardholders.

However, the company will be responsible for loss caused by merchants' fraud to the banks / issuing company. The company will settle the payment first and collect it from the fraudulent merchant later.

3) Make payment to the merchants

The company pays the merchant for its daily settlements, submitted automatically daily via IT system. The company will charge fee as stated in the contract. Furthermore, if cards of other companies or other issuing banks are used to pay the merchant, the company will have to pay Interchange fee to that companies or issuing banks through Settlement system of Visa, Mastercard, JCB, and UnionPay.

4) Fraud Control

To reduce the chance of fraud, the company requires the merchant to verify the card' correctness. In case of fraud following negligence, the merchant will be responsible for the loss.

When a payment is made via EDC, data in Chip Card will be transmitted to verify the card's status at the issuing bank. In case of block card or cancel, the company may set up measure and inform the merchants on how to proceed with each type of cards, for example, destroy the card, apprehend user.

In addition, the company has a team to take care of merchant's daily card acceptance. The company also has highly efficient Online Fraud Detection system which tackles suspicious cards and coordinates with

issuing bank both domestic and international for immediate verification by officers via phone call, email, or fax. If the card is found to be fraudulent or the process is wrong or suspicious, the company will inform the merchant immediately to proceed as seen fit to control damage and loss that might occur in the future. If the issuing bank confirms an action to be fraud, and upon investigation the company finds that it is due to merchant's negligence or finds that the merchant is an accessory to this fraud, the team will suspend the EDC immediately.

1.3 Personal Loan Business

The company started Personal Loan Business in 2003. It is an unsecure loan with two types of services which are multi - purpose loan KTC CASH and ready loan KTC Proud

Multi - purpose loan KTC CASH started in October 2003. In 2006 the company introduced ready credit and rebranding to ready credit KTC PROUD In 2014, KTC PROUD is a revolving loan. KTC calculates revenue of both personal loans by interest in effective rate, credit limit fee, and debt collection expense etc.

In the operation of the personal loan business, the company set an interest by Risk Base Pricing which depends on the rate issued by Bank of Thailand and Credit Scoring processing and analytical system.

(A) Types of Personal Loan Services

There are 2 types of KTC personal loan suitable for people with regular income.

1) Multi - purpose loan (KTC CASH) is suited for people with an income over 15,000 baht. This type of loan offers cash. The loan is to be repaid in equal installments. Applicant gets cash in his / her bank account within 2 days after approval. It is not a revolving credit. Installment are ranging from 12 - 60 payments depending on loan amount.

2) Ready loan (KTC PROUD) for people with an income more than 12,000 baht. It is a revolving loan, ready to use in case of emergency. It carries 2 in 1 features which are cash withdrawal service and installment service. The first portion of the loan will be transferred directly into applicant's choice of bank account. The applicant can withdraw cash from the remaining loan portion via any channels without cash advance fees. Moreover, the customer can use KTC PROUD through installment payment of KTC FLEXI with 0% interest rate or special interest rate up to 36 installments at participating shops and stores across the country. In the present time, customers can transfer a lump sum of money for installment via KTC Mobile Application on the phone with special interest rate. The payment can be equally divided ranging from 6 - 36 installments. In addition, customers can choose between 3% minimum repayment or 300 baht, depending on which amount is higher. The credit will be renewed immediately when a payment is paid at any Krung Thai or Counter Service.

Number of accounts and personal loan receivables	2016	2017	2018
Number of personal loan (accounts)	818,068	852,915	951,882
growth rate (%)	9.5	4.3	11.6
net personal loan receivables (million baht)	20,154	22,596	24,644
growth rate (%)	18.0	12.1	9.1

(B) Personal loan service process

1) Applicant applies for loan at the company

Applicant can apply for personal loan through the same channel as credit card application. The applicant must fill out the form provided by the company.

(See details about application channels in "credit card service process of credit card issuing business" sub section 1) Cardholder application)

2) The company checks applicant's qualification and risk

After receiving application form, the company will evaluate from information and evidence in loan request. The company then proceeds to check from company's data and National Credit Bureau Co., Ltd, perform risk analysis by Credit Scoring system, work with loan analyst to set qualifications, credit limit, and interest rates, including fee in accordance with Bank of Thailand.

3) Company informs an applicant of loan approval or rejection

The company sends approval letter or rejection letter to applicant. Table showing installment rate is enclosed in the letter of approval. Once approved, the company will transfer cash to an applicant's bank account within the day of approval in case of Krungthai, Kasikorn Thai, Bangkok bank. For other banks, the cash will be transferred within 1 working day after approval.

4) The company sends installment statement and collects payment from debtors.

Before due date of every month, the company will send payment statement to customers. The customer brings monthly statement to pay various channels provided by the company, such as

- Pay at any KTC TOUCH, no service fee.
- Pay via Cash Deposit Machine (CDM) at Krungthai bank (no service fee), SCB Bank, and TIMB
- Pay via mobile phone (no service fee)
- Pay at point of service
- Pay via automatic telephone system
- Pay via Internet Banking / Mobile Banking transference

- Pay via ATM
- Pay by deduction from deposits account
- Pay at bank counter
- Pay via KTC Mobile application
- Pay via Krunthai Next application

For more information on payment channels, contact

KTC PHONE 02123 5000 or visit <https://www.ktc.co.th/sites/ktc/support/index.html>.

5) Collecting payment in case of delinquency

In case the customer fails to make payment in time, the company will pursue for payment and offer late payment to customer which will be considered from the customer's reasoning and necessity under risk control system that is closely monitored. Process in debt collection and demanding payment for personal loan business is similar to the credit card business.

(Please see details of Debt Collection in "Process of credit card service of credit card business" subtopic 5) Debt Collection)

1.4 Online Marketing Business

The company uses online media to reach new target customers resulting from consumer behavior. Consumers have freedom to search for information by themselves on online platform throughout 24 hours. Thus, Online Marketing Strategy is used to increase chances to be found by target consumers on Search Engine. This includes a partnership with online media on website platforms that introduce and compare financial product information. The company also uses social media to reach real target consumer and facilitate consumers in getting information they want.

The company improves online cash withdrawal service via "KTC Mobile" application by making it faster

and more convenient. Customer can withdraw maximum amount of credit limit in the card real - time throughout 24 hours. It is convenient because PIN is not required, aligning with consumer behavior that turns more to online services. The company has plan to increase the number of supported banks to meet the demand in the future making it easier for the members to transfer money. Recently, members are able can select installment plan between equal installment or minimum payment of 3% or 300 baht.

1.5 Other businesses above main businesses

Apart from credit card business and personal loan business, the company has other businesses as follows

- Circle loan business is a credit loan account for customers with Krunthai's credit card loan, that was transferred accounts to the company in 2002. However, the company had a policy to provide Personal Loan service in accordance with market demand. Thus, the company only services existing customers who already have circle loan credit limit and has no policy to expand circle loan service to new loan applicants. Consequently, the number of circle loan receivables to decline constantly. On December 31st, 2017, net circle loan receivables was 142 million baht or 0.21% of all net receivables. On December 31st, 2018, 130 million baht or 0.18% of net receivables.

- Self Employed Loan Business (KTC Million). This loan is an unsecured loan for proprietors who need working capital for their business. However, KTC has a policy not to increase the portfolio of this business since late 2006 due to economic slowdown. Current operation is available only for existing customers who still have unpaid debt account with the company. On December 31st, 2017, KTC net receivables for KTC Million value at 2 million baht or 0.003% of net receivables and on December 31st, 2018 of 2 million baht or 0.002% of net receivables.

(More information about important changes and developments of last year is in topic “Company Overview and Policy” in subtopic 1.3 Important changes and developments)

1.6 Legislation concerning the company's business operation

The Finance Ministry declared permission to conduct credit card business and personal loan under the Announcement of the National Executive Council No. 58. Bank of Thailand was granted to be a regulator which had issued regulations and guideline of the business, including setting interest rate and fees which are demanded from the customer, qualifications of credit cardholders and personal loan customer. The company was granted permission to conduct credit card business and personal loan under regulation. The company was also granted permission to conduct payment business under the regulation of Payment System Act, B.E. 2560. Electronic transaction committee and Bank of Thailand, as regulators, issued regulations, rules, and guideline of the business which the company has followed entirely. Should there be new regulations and guidelines, the company will strictly follow as well.

Apart from Civil and Commercial Code and Criminal Code, the company is subjected to follow declarations of Electronic transaction committee as mentioned, as well as legislation concerning the company's business operation, such as, Public Limited Companies Act, B.E.2535, Securities and Exchange Act, B.E. 2535, Credit Information Business Operation Act, B.E. 2545, Consumer Protection Act, B.E. 2522, Unfair Contract terms Act B.E. 2540, Anti - Money Laundering Act, B.E.2542, Terrorism and Proliferation of Weapons of Mass Destruction Financing Act, B.E. 2559. Company, as a non - bank operator, was granted permission to conduct credit card business and personal loan business. Company must follow anti - money laundering law, hence, the company set up policies, measures, and guidelines in accordance with law - that are customer acceptance, customer verification, submitting reports for required

transaction, reporting suspicious transaction, reporting on asset freezing concerning present and ex - customer who are on the list those who made transaction with that person. As well as, setting up risk management, monitoring, reviewing on high - risk customers' account, storing customer's and transaction data and individual's asset freezing data. The state organizes learning session about money laundering law for the employees, to prevent money laundering and financial support to terrorism according to Anti - Money Laundering law. The Company set policies, currently enforced with in the company. In addition, the United States of American had issued Foreign Account Tax Compliance Act (“FATCA”), the company completed registration with the Revenue Department of America according to GIN No.63CF3L.99999.SL.764.

Currently, the company has established a policy in accordance following Foreign Account Tax Compliance ACT (“FATCA”). This is to check for US citizenship of the company's credit card and personal loan customers, both personal and juristic person. The company has set up operation process to conform with the law mentioned. The company also monitor potential regulations that may be launched because of the Intergovernmental Agreement (IGA) between Thailand and USA. Procedure may be adjusted to comply with the law. The company is confident that it has followed all law and regulations regarding business operation.

Since the company is part of the financial business of Krung Thai Bank Company (Limited) group; therefore, the company must comply to the Financial Institution Businesses Act, B.E. 2551 regulation that consolidated supervision of financial business. The company must follow rules, regulations, conditions, and processes in consolidate supervision. The company believes that it has followed rules, regulations, conditions, and processes strictly.

Debt Collection Act B.E, 2558, effective September 2nd, 2015 is one of the legislations that protects

borrowers from abuse. The regulation also established collection rules and procedure. In practice, this act does not have significant effect on the company since the company was continually prepared. Before the Act was announced, the company already used appropriate methods in collection. The company has always followed debt collection guideline from Bank of Thailand. In addition, the company hired Win Performance Limited which is a highly experienced debt collector for the company's collection. KTC closely monitored the collection process of Win Performance.

Moreover, business operation of the company may be regulated by other authorities or regulators. Should rules, regulations, condition, method and / or principal, such as, Electronic Transactions Act, B.E. 2544, Computer - related Crime Act B.E. 2550, Gambling Act B.E. 2478, Direct Sales and Direct Marketing Act, B.E. 2545, Trademark Act B.E. 2534, Copy Right Act B.E. 2537, be introduced to regulate business operation, the company may adjust operations in the future. The company is also confident that it will be able to comply with the new regulations.

2. Consumer Finance Industry

2.1 Overview of Consumer Finance

The Bank of Thailand (BOT) forecasted a GDP growth of 4.2% in 2018, higher than in 2017 of 3.9%, as a result of increased in domestic demand. Household spending and Government spending, in fact, have adequately developed, along with an elaboration in private investment and private consumption for all product categories. Foreign demand especially in tourism and export sectors slowly grew from last year. The global economic and financial is still vulnerable to fluctuations as presented in a lower unexpected growth rate. In addition to increasing in trade barriers, there is a risk of rising interest rate faster than economic fundamental. Government spending certainly is a primary key to achieve the target growth.

Consumer finance receivables grew by 7.2% to 802,025 million Baht in 2018, compare to 8.0% in 2017. The decelerated growth is a result of a new BOT's credit card and personal loan regulations, which demand finance companies to lower their credit line for new cardholders and personal loan customers. This regulation, in fact, has been effective since September 1st, 2017.

Table : Consumer Finance Receivables

Year	2014	2015	2016	2017	2018
Consumer Finance Receivables ⁽¹⁾ (Million Baht)	630,992	651,847	693,092	748,366	802,025
Growth (%YoY)	7.0	3.3	6.3	8.0	7.2

- Source : The Bank of Thailand (BOT)

⁽¹⁾ Consumer finance receivables is calculated by combining credit card receivables and personal loan receivables

⁽²⁾ In 2018 and 2019, BOT adjusted the historical data (Year 2015 - 2017)

Consumer finance receivables comprise credit card receivables and personal loan receivables. According to the BOT's report, the data is collected from two main financial providers, which are :

(1) Commercial banks, which conduct consumer finance businesses, include Thai commercial banks and foreign bank's branches, namely Bangkok Bank, Kasikorn Bank, Siam Commercial Bank, Citibank, etc. These banks are in fact under the supervision of the BOT.

(2) Non - bank includes finance providers who registered with the Ministry of Commerce to operate retail loans, credit card and personal loan, however, these finance companies are not allow to service customers with cash deposit. There is a total of 39 non - banks (excluding nano finance providers). Only one company operates only credit card business. The other 32 companies operate only personal loan business. Finally, the rest of 6 finance companies (including KTC) provide both credit card and personal loan businesses. These finance companies positively help increasing a portion of relatively low - income consumers in the system.

Household debt tends to re - expand once again according to the statistical data. In fact, the data shows household debt of 12.6 billion Baht, a growth of 5.9%, in the 3rd quarter of 2018 and 4.5% growth in 2017. Whereas, the growths of household debt during 2014 - 2016 were 6.6%, 5.7%, and 3.9%, respectively.

The household debt to GDP ratio, however, gradually decreases. It was as high as 81.1% in 2015, and decreased to 78.3% and 77.8% in 2017 and in the 3rd quarter of 2018, respectively. Despite an increase in household incomes, having extensive period of high household debt might affect the ability to payback and causes some problems to financial intitutions. In order to control Non - Performing Loans (NPL), financial institutions, therefore, raise their awareness in screening new customers and credit approval processes.

2.2 Overview of Credit Card Industry

(1) Competition in Credit Card Industry

At the end of the year, the number of credit card grew by 8.7%, as well as credit card receivables increased by 6.2%. Moreover, credit card spending (excluding cash advance) and cash advance rose by 10.2% and 8.1%, respectively. Since September 1st, 2017, the consumer finance industry has been affected by BOT's new regulations to direct consumer finance business.

Table : Number of Credit Cards

Credit Card Business (Million Accounts)	2013	2014	2015	2016	2017	As at Dec 31 st , 2018		
						Number of Accounts	Portion (%)	Growth (%YoY)
Commercial Bank	9,028,047	9,744,241	10,119,844	10,313,291	9,665,858	10,593,555	47.9	9.6
Non - Bank	9,520,707	10,559,510	8,854,351	9,823,050	10,668,922	11,511,999	52.1	7.9
Total	18,548,754	20,303,751	18,974,195	20,136,341	20,334,780	22,105,554	100.0	8.7

• Source : The Bank of Thailand (BOT)

① In 2017 and 2018, BOT adjusted the historical data (Year 2015 - 2017)

As at December 31st, 2018, there were 22.1 million credit cards, grew by 8.7% from the same period last year. It, in fact, is higher than the 1% growth in 2017. Credit card business has adapted themselves by preparing for future growth potential since consumer behaviour tends to change toward using e - Payment services through online transactions purchasing products and services.

The number of credit card accounts market share is divided to non - bank and commercial bank in which non - banks operate 11.5 million credit card accounts with market share of 52.1%. It, in fact, grew by 7.9%

from the same period last year. Whereas, commercial bank's market share was 47.9%, or accounted for 10.6 Million credit card accounts, and it increased by 9.6% from last year.

Table : Credit Card Receivables

Credit Card Receivables (Million Baht)	2013	2014	2015	2016	2017	As at Dec 31 st , 2018		
						Amount	Portion (%)	Growth (%YoY)
Commercial Bank	175,438	193,394	204,980	218,220	236,029	253,434	60.5	7.4
Non - Bank	114,988	124,748	128,513	141,876	158,094	165,313	39.5	4.6
Total	290,425	318,141	333,493	360,096	394,123	418,747	100.0	6.2

- Source : The Bank of Thailand (BOT)

⁽¹⁾ In 2017 and 2018, BOT adjusted the historical data (Year 2015 - 2017)

As at December 31st, 2018, total credit card receivables equal to 418,747 million Baht with a growth of 6.2% compare to 9.4% last year. Commercial bank has a market share of 60.5%, while the rest of 39.5% from non - bank. Thoroughly, credit card receivables for commercial bank and non - bank increased by 7.4% and 4.6%, correspondingly.

Table : Total Credit Card Spending

Total Credit Card Spending (Million Baht)	2013	2014	2015	2016	2017	As at Dec 31 st , 2018		
						Amount	Portion (%)	Growth (%YoY)
Commercial Bank	792,401	874,175	923,940	984,294	1,026,329	1,128,330	65.2	9.9
Non - Bank	402,614	432,977	468,820	503,978	546,270	602,158	34.8	10.2
Total	1,195,041	1,307,152	1,392,760	1,488,599	1,572,599	1,730,488	100.0	10.0

- Source : The Bank of Thailand (BOT)

⁽¹⁾ In 2017 and 2018, BOT adjusted the historical data (Year 2015 - 2017)

The total credit card spending of 2018 was 1,730,488 million Baht, grew by 10.0% from last year. In depth, the commercial bank's credit card spending grew by 9.9% to 1,128,330 million Baht or accounted for 65.2% of the industry. Whereas non - bank's credit card spending market share was 34.8%. It increased by 10.2% to 602,158 million Baht.

Table : Credit Card Spending (excluding Cash Advance)

Credit Card Spending (Million Baht) ⁽¹⁾	2013	2014	2015	2016	2017	As at Dec 31 st , 2018		
						Amount	Portion (%)	Growth (%YoY)
Commercial Bank	728,835	807,443	853,729	911,736	955,178	1,053,131	66.5	10.3
Non - Bank	352,305	378,098	411,037	443,928	482,371	531,352	33.5	10.2
Total	1,081,140	1,185,541	1,264,765	1,355,664	1,437,549	1,584,483	100.0	10.2

- Source: The Bank of Thailand (BOT)

⁽¹⁾ In 2017 and 2018, BOT adjusted the historical data (Year 2015-2017)

The total credit card spending (excluding cash advance) of 2018 was 1,584,483 million Baht. It grew by 10.2% from the same period last year. In fact, 66.5% of credit card spending (excluding cash advance) came from credit cards issued by commercial banks, while 33.5% came from non-bank. Credit card spending (excluding cash advance) for commercial bank and non-bank were 1,053,131 million Baht and 531,352 million Baht, which grew by 10.3% and 10.2%, respectively.

Table : Cash Advance in Credit Card Business

Cash Advance (Million Baht)	2013	2014	2015	2016	2017	As of Dec 31 st , 2018		
						Amount	Portion (%)	Growth (%YoY)
Commercial Bank	63,566	66,732	70,212	72,558	71,152	75,199	51.5	5.7
Non - Bank	50,335	54,878	57,783	60,050	63,899	70,806	48.5	10.8
Total	113,901	121,611	127,995	132,609	135,050	146,005	100.0	8.1

- Source: The Bank of Thailand (BOT)

⁽¹⁾ In 2017 and 2018, BOT adjusted the historical data (Year 2015 - 2017)

In 2018, total cash advance in the industry increased by 8.1% (YoY) to 146,005 million Baht, which divided into 75,199 million Baht of commercial bank (51.5% market share) and 70,806 million Baht of non - bank (48.5% market share). Cash advance for commercial bank and non - bank grew by 5.7% and 10.8%, respectively.

(2) KTC Credit Card Business compared to the Industry

In 2018, KTC's credit card spending market share was 11.2%, same as in 2017. The company's credit card spending, in fact, increased from 176,777 million Baht to 193,101 million Baht, or a growth of 9.2%. While the industry grew by 10.0% from 1,572,599 million to 1,730,488 million Baht.

The company's credit card receivables grew by 5.6% at the end of 2018, compare to 6.2% of the industry. Having credit card receivables of 48,338 million Baht in 2018, KTC's market share slightly decreased from 12.3% in 2017 to 12.2%.

In order to expand the company's membership base, KTC has shared its strategies with Visa, Mastercard, and JCB to stimulate customers' spending on various

products and services that counterpart to its customer's lifestyles. Moreover, by acquiring new business partners, KTC is able to extend more benefits to its customers. The number of credit card, therefore, grew to 2.4 million

credit card accounts, or a growth of 10.1%, higher than the industry of 8.7%. The company's market shares slightly increased from 10.7% in 2017 to 10.8%.

Table : Credit Card Industry Comparison

	2014	2015	2016	2017	2018
Industry Number of Credit Card Accounts (Million Accounts)	20.3	18.97	20.14	20.33	22.11
KTC Number of Cards (Million Cards)	1.81	1.89	2.10	2.17	2.39
KTC Number of Cards to Industry (%)	8.9	9.9	10.4	10.7	10.8
Industry Credit Card Spending ⁽¹⁾ (Million Baht)	1,307,152	1,392,760	1,488,273	1,572,599	1,730,488
KTC Credit Card Spending ⁽¹⁾ (Million Baht)	129,828	145,800	165,404	176,777	193,101
KTC Credit Card Spending to Industry (%)	9.9	10.5	11.1	11.2	11.2
Industry Credit Card Receivables (Million Baht)	318,141	333,493	360,096	394,123	418,747
KTC Credit Card Receivables (Million Baht)	37,621	41,412	46,195	48,338	51,062
KTC Credit Card Receivables to Industry (%)	11.8	12.4	12.8	12.3	12.2
Industry Non Performing Loans - NPL (Million Baht)	8,316	10,304	10,238	7,558	7,583
KTC Non Performing Loans - NPL (Million Baht)	626	558	563	540	508
Industry - NPL Ratio (%)	2.6	3.1	2.8	1.9	1.8
KTC - NPL Ratio (%)	1.7	1.3	1.2	1.1	1.0

• Source: The Bank of Thailand (BOT)

⁽¹⁾ Credit card spending includes cash advance

⁽²⁾ In 2017 and 2018, BOT adjusted the historical data (Year 2015 - 2017)

As at December 31st, 2018, the industry's NPL amounted to 7,583 million Baht, slightly increased by 0.3% from the same period last year which lead to a NPL ratio of 1.8%, compare to 1.9% in 2017. Commercial bank, in fact, revealed NPL ratio of 2.2%, whereas non-bank showed a better NPL ratio of 1.3%. At the end of 2018, KTC presented lower NPL ratio of 1.0%, or amounted to 508 million Baht.

2.3 Personal Loan Industry

(1) Competition in Personal Loan Industry

Personal loan business was intensely competitive in the last year. Because of BOT's regulations to control receivables quality in credit card and personal loan businesses, financial institutions became stricter in screening new customers and issuing credit limit. This regulation, in fact, has been effective since September 1st, 2017.

Table : Number of Personal Loan Accounts

Number of Personal Loan Account ⁽¹⁾ (Accounts)	2013	2014	2015	2016	2017	As at Dec 31 st , 2018		
						Number of Account	Portion (%)	Growth (%YoY)
Commercial Bank	2,926,616	2,861,617	2,692,619	2,489,486	2,413,331	2,507,964	18.7	3.9
Non - Bank	8,545,269	8,980,409	9,177,821	9,687,424	10,324,608	10,901,127	81.3	5.6
Total	11,471,885	11,842,026	11,870,440	12,176,910	12,737,939	13,409,091	100.0	5.3

- Source: The Bank of Thailand (BOT)

⁽¹⁾ Number of Account means number of personal loan accounts under regulation with outstanding loan at the end of the reporting month

⁽²⁾ In 2017, 2018 and 2019, BOT adjusted the historical data (Year 2015 - 2018)

As at December 31st, 2018, number of personal loan accounts in the industry grew by 5.3% from 12.7 million accounts in 2017 to 13.4 million account. Non - bank had a market share of 81.3%, or 10.9 million accounts, and 2.5 million accounts were from commercial banks. Number of personal loan accounts increased by 5.6% and 3.9% for non - bank and commercial bank, respectively.

Table : Personal Loan Receivables

Personal Loan Outstanding Balance ⁽¹⁾ (Million Baht)	2013	2014	2015	2016	2017	As at Dec 31 st , 2018		
						Number of Account	Portion (%)	Growth (%YoY)
Commercial Bank	158,309	157,890	157,890	156,386	155,557	166,917	43.5	7.3
Non - Bank	140,829	160,464	160,464	176,610	198,686	216,361	56.5	8.9
Total	299,138	312,851	318,354	332,996	354,243	383,278	100.0	8.2

- Source : The Bank of Thailand (BOT)

⁽¹⁾ Outstanding Balance : only principal (After deducting deferred income)

⁽²⁾ In 2017, 2018 and 2019, BOT adjusted the historical data (Year 2015 - 2018)

Industry's personal loan outstanding balance increased from 354,243 million Baht in 2017 to 383,278 million Baht or grew by 8.2%. Commercial bank's personal loan outstanding balance rose by 7.3% to 166,917 million Baht, which accounted for 43.5% market share. Non - bank market share was 56.5%, and its personal loan outstanding balance grew by 8.9% to 216,361 million Baht.

(2) Personal Loan Business Comparison

As at December 31st, 2018, KTC had a total of 951,882 personal loan accounts, and its market share increased from 6.7% to 7.1%. The number of personal loan accounts grew at a higher rate of 11.6% compare to the industry of 5.3%. Personal loan receivable was 26,821 million Baht at the end of 2018, KTC showed a growth of 8.3%, slightly better than 8.2% of the industry. The personal loan market share remained at 7.0%. While maintaining acceptable quality of receivables, the company aims to expand its membership base

by focusing on specific market using demographic data and cash advance behavior.

The industry's non - performing loans (NPL) slightly increased from 8,873 million in 2017 Baht to 9,752 million Baht in 2018. The industry's NPL ratio, on the other hand, has improved from 4.6% in 2014 to 2.5% at the end of 2018. Despite an increase in NPL from 189 million Baht to 205 million Baht, KTC was able to maintain its NPL ratio at 0.8%. In other words, KTC has ability to expand its portfolios while efficiently controlling the portfolio's quality.

Table : Personal Loan Business Comparison

	2014	2015	2016	2017	2018
Number of Personal Loan Accounts – Industry ⁽¹⁾ (Accounts)	11,842,026	11,870,440	12,176,910	12,737,939	13,409,091
KTC Number of Personal Loan Accounts (Accounts)	693,273	747,343	818,068	852,915	951,882
KTC Personal Loan Accounts to Industry (%)	5.9	6.3	6.7	6.7	7.1
Industry Personal Outstanding Loan ⁽²⁾ (Million Baht)	312,851	318,354	332,996	354,243	383,278
KTC Personal Loan Receivables (Million Baht)	16,644	18,583	21,959	24,757	26,821
KTC Personal Loan Receivables to Industry (%)	5.3	5.8	6.6	7.0	7.0
Industry Non-Performing Loans ⁽³⁾ (Million Baht)	14,238	11,859	10,533	8,873	9,752
KTC Non-Performing Loans (Million Baht)	195	194	206	189	205
Industry NPL Ratio (%)	4.6	3.7	3.2	2.5	2.5
KTC NPL Ratio (%)	1.2	1.0	0.9	0.8	0.8

• Source : The Bank of Thailand (BOT)

⁽¹⁾ Number of Account means number of personal loan accounts under regulation with outstanding loan at the end of the reporting month

⁽²⁾ Personal loan with no collateral includes leasing and uncommon leasing, but excludes auto leasing, education loan, oversea working loan, medical treatment loan, employee welfare loan, and loans as specified by BOT

⁽³⁾ In 2017, 2018 and 2019, BOT adjusted the historical data (Year 2015 - 2018)

2.4 Business Trend and Corporate Strategies for 2019

2.4.1 Business Trend and Credit Card Business's Strategies for 2019

The intense competition in overall credit card business is expected to continue in 2019. Not just the offer of compelling products and marketing campaigns to satisfy target customers matters, but also the arrangement for customers to receive good credit card experience in terms of security, simplicity and convenience is also crucial to create differentiation in each credit card company particularly in this new digital era with continuous and rapid change in consumer lifestyle.

To support current competition and ongoing changes in consumer lifestyle, as well as to promote its sustainable growth, KTC plans to adopt two key strategies of creating competitive advantage and developing differentiation to increase its market shares in 2019. The company will still expand its new member base via various channels especially via online, and at the same time continue managing its relationship with existing members. The company will also focus on satisfying customers with simple and not complicated experience, and applying digital technology in every dimension including products, services and benefits offerings, as well as loyalty and partnership management. In addition, The company will adopt its strength in broad and deep customer's analysis through CRM system, along with its effective operating procedures to conduct its marketing campaigns and its communication at maximum benefits.

The company's business strategies for 2019 can be summarized as follows.

- Marketing strategy emphasizing on continuing growth in new member base. The company intends to offer credit card products that satisfy both general customers and premium customers, as well as young gen base who has distinctive life style. In addition, The company will focus on expanding its base not only through online communication and application but also through its merchants and its partners. The company will collaborate with co - branded partners to enhance and create additional benefits, along with to coordinate plan strategies in member base expansion so that long - term loyalty with both co - branded partners and KTC can be achieved.

- Marketing strategy of products and services development aiming to satisfy customer's demands. The company has continuously enhanced its service channels including existing digital communication channel as well as offered new diversified services

to be suitable with current consumer behavior in preferably performing online self - service transactions. KTC has set its priority to provide members with impressive experience, simplicity, convenience yet maximum security through its mobile application KTC Mobile which has been consistently improved and offered new services. Exclusive marketing campaigns only through KTC Mobile have also been arranged such as points redemption for E-coupon or merchant's QR code scan via KTC Mobile to redeem products or services etc. Besides KTC Mobile, The company will continue to enhance its KTC Online (used to be 'ClickKTC'), which is an online service via website www.ktc.co.th/ClickKTC supporting every access devices including computers, tablets, or mobile phones with any operating systems, and providing members with full featured functions, convenience and most importantly maximum security. Website www.ktc.co.th will also be improved for its simple and modern use, as well as for customer's seamless experience and their maximum satisfaction.

- Marketing strategy focusing on providing members with diversified and comprehensive benefits. The company intends to offer benefits in all categories that help create member's continuous spending to generate a habit of using KTC as their default card, and to cover nationwide merchants with the emphasis on 24 major provinces. The company also plans to collaborate with its business partners, merchants, and various associations to design marketing campaigns and benefits with KTC's corporate identities of uniqueness, creativity and diversity to ensure simultaneous benefits for both business partners and cardmembers. In addition, KTC has continuously expanded its online business partners in term of both quantity and diversity of products and services to well respond to consumer behavior in digital era. Due to decent growth last year in total online spending which led to more of continued credit card use, in 2019 KTC will remain to give its top priority in promoting marketing campaigns with its online

partners. Impressive experience through marketing activities or events will also be organized to promote KTC's brand recognition and to create opportunities for new member base expansion. Nonetheless, KTC will still concentrate on KTC Forever reward points redemption and KTC Flexi installment plan as its key drivers to provide more values to existing cardmembers who have always been loyal to The company.

- Differentiation marketing strategy. Through KTC World, The company provides travel information service for KTC credit cardmembers with its strengths of not just value for money but also exceptional service from professional team with daily business hours from 8.00 to 20.00. To support current digital lifestyle, travel information service and online plane ticket booking are also available through www.ktcworld.co.th. In addition, travel community has been organized through various social medias like KTC World Facebook, Instagram and Twitter. Furthermore, The company has conducted jointly marketing campaigns with domestic and foreign travel business partners, as well as domestic and foreign tourism organizations to offer exclusive travel programs and privileges only for KTC's cardmembers. The company has also collaborated with various organizations and associations to organize marketing activities such as travel fairs, travel contests, and travel workshops to promote tourism industry, to satisfy cardmembers with traveling lifestyle in every aspect, and most importantly to create recognition of KTC's brand for its differentiation in travel privileges in which has been a result of The company's firm commitment in travel marketing for more than 15 years.

- Marketing strategy concentrating on building partner relationships with holistically sustainable approach. The company will connect, further develop and synchronize every business of its groups under the concept of maximizing benefits for all related parties, yet not foregoing member's satisfaction and

demands. The company will also continue to explore new business opportunities from any business that is currently in public favor or in global trend or has high potential or respond more to member's lifestyle.

- Loyalty marketing strategy and market segmentation. The company intends to manage its portfolio for maximum efficiency, along with repetitively promote its marketing campaign of FOREVER REWARDS which is one of KTC's strengths by emphasizing on value for money, minimum points to redeem, diversified products and services, as well as more experience of online redemption service. The company will also organize the campaign focusing on frequency of member's card utilization to ensure their habit of using KTC as their default card.

- Expansion of KTC's merchants to new types of businesses and to provincial market with marketing campaign of both installment plan through KTC Flexi and full payment service. To promote efficient growth of its merchant business, The company will continue to closely collaborate with KTB by focusing on expansion of online merchants and merchants with Alipay. The company will also concentrate on merchants currently with cash payments to encourage them to turn cash to card which is in accordance with Thailand 4.0 government policy to promote Cashless Society. Furthermore, in order to expand its revenue base, The company has intended to develop new Payment Solutions to satisfy merchant's needs in each business segment and expectantly become Payment Solution Provider that offers thorough services and solutions suitable for each merchant's business and their needs.

- Other marketing programs. The company has not overlooked other types of marketing campaigns that can promote member's satisfaction and card's loyalty such as the offer of various types of insurance plans or the offer of KTC USHOP service. Through KTC USHOP which can be regarded as another

marketing channel for its business partners, The company has organized quality products meticulously selected from reliable merchants, focused on market segmentation strategy, and provided members with convenience payment through KTC card or through Forever Rewards points redemption.

2.4.2 Business Trend and Personal Loan Business's Strategies for 2019

In 2019, personal loan business has plausibly continued to well expand due to considerably ongoing demand in the market. Total loan outstanding is expected to grow in the range of 7.5% - 9% with digital lending to be new potential channel in market penetration. Nevertheless, even though digital lending offers high potential, service providers remain to be cautious and aware of it. Hence, in the beginning personal loan business via digital channel should be in small scale and most of marketing strategies should still be run via original channel in parallel.

For personal loan business's strategies in 2019, to assure its competitiveness in the market, The company will focus on enhancing its capability in developing products that are more compelling and satisfy further to customer's needs such as express approval and cash received within 30 mins when apply at KTC TOUCH, extension of express approval and cash received service to KTB's branch to ensure greater service area coverage, increase of application channels for approaching more target groups through both offline and online channels with convenient access. In addition, The company will concentrate on encouraging existing members to continue utilizing their credit limits as well as developing their sustainable loyalty by providing them with benefits through various marketing campaigns such as debt - clearing campaign. Cooking workshops also have been organized throughout the year under the concept of 'For Eat and For Sale' to generate members' quality of life with their possibly extra income and career in the future, therefore

leading to their long - term sustainability. Furthermore, to create more impressive member's experience and to support consumer behavior in exercising more of online services, online cash withdrawal via 'KTC Mobile' application has been developed for faster speed and more convenience in which members can easily make real - time cash withdrawal with no PIN needed for 24 hours a day up to their maximum credit limit. Additionally, The company plans to collaborate with more banks to support member's choice of payment in which members can opt their payment plan according to their needs either install payment, or minimum payment of 3% or 300 Baht. The company also encourages its members to have financial discipline and make on time payments.

The company has targeted to create sustainable satisfaction and relationships with both its members and its business partners by developing its 3 Core Values which are Courageous, Smart Simplicity and Meaningful, as well as conducting its businesses with differentiation strategies based on the concepts of transparency, good corporate governance and sustainable profit growth for investors

2.5 Acquisition of Products and Services

2.5.1 Credit Card Acquisition

To produce different types of its credit cards, The company needs to obtain plastic card and store cardholder's data into both microchips embedded in front of the card and magnetic stripe at the back. Therefore, The company has decided to use outsourcing services certified by Visa, Mastercard and JCB for the whole process of credit card production as follows.

- Order of Blank Cards. Outsourcing providers will manufacture plastic cards according to the amount and the formats that The company has ordered in which each order will be estimated for sufficient use. When plastic cards in inventory reach

a reorder point, The company will proceed with the additional order to ensure that outsourcing providers can produce cards in time.

- Embossed printing and data storage in magnetic stripe and microchips. Plastic card will be embossed in its front with cardholder's name and surname according to the format or type of the card that cardholder chooses. Cardholder's data will also be stored into microchips and magnetic stripe with outsourced manufacturing standards certified by Visa, Mastercard and JCB.

- Credit card packaging and delivery to cardholders. Manufactured credit card will be filled in the envelope together with credit card's terms and conditions and any other benefits documents. Then, The company will deliver the card through the channel cardholder selects such as via postal mail per the address indicated by cardholder, or via KTC TOUCH service point, or via KTB branch as identified by cardholder etc.

2.5.2 Acquisition of Automatic Card Terminals (EDC / Card Reader)

The company has acquired its automatic card terminals (EDC / Card Reader) through leasing or purchasing from distributors and lessors. The selection of distributors is based on their modern and reputable products, as well as their product's capability to support payment technologies and international payment standards. Additionally, as The company recognizes the importance of after sales service, distributors that will be selected must be secure, professional, and have nationwide service coverage network to assure The company's service commitment to its merchants.

The company has established its policy to install EDC machines or card readers to every authorized merchant since EDC machine or card reader can execute diversified transactions better than credit card Imprinter. For example, EDC machine or card reader can access data from Microprocessor Chip, therefore it can support any new payment standards and services. With these machines, The company is able not just to service its merchants faster but also to reduce risk of merchant's fraudulent transactions.

2.6 Sources of Capital

The company has acquired its capital from 2 sources which are Shareholder's Equity and Liabilities. As of December 31st, 2018, The company had total Shareholder's Equity of 16,352 MB which was comprised of paid - up capital of 2,578 MB, capital in excess of par of 1,892 MB and retained earnings (including both appropriated and unappropriated) of 11,881 MB, and total liabilities of 63,296 MB.

(Please see further details of Sources of Capital in 'Security information, Shareholder's Structure and Dividend Policy')

Risk Factors

To be well prepared for any risks that might occur, the company has established its risk management procedures and has consistently revised and improved its operating processes. The company has also set up a specific division to be responsible for its risk management and to implement various risk management policies. These policies require the approval of Risk Management Committee before they can be announced and enforced to all staff and are reviewed annually or at time of any significant changes. The Risk Management Committee, composed of executives from major business functions, oversees not only monitoring and evaluating risk management processes but also ensuring that the company's businesses operate under the regulated risk management policies and guidance and comply with the Risk Management Committee of the Financial Business Group under Krung Thai Bank Public Company Limited and in line with associated regulatory standards of the Bank of Thailand.

The company's risk management process begins with analyzing and evaluating its environments by considering related risk factors including both internal and external risks. The process also involves identifying possibilities of events that might lead the company to fail its objectives and establishing risk map. Key Risk Indicators (KRI), Risk Appetite level and Risk Tolerance level, as risk assessment tools, are also indicated, monitored and reviewed annually to ensure that they are at acceptable levels and within the determined risk management objectives. Risk management results are not only reported to the company's Board of Directors and Risk Management Committee but also to KTB's Risk Management Committee of the Financial Business Group.

1. Strategic Risks

Strategic risks are associated with establishing business strategies, operational process and any inappropriate implementations or inconsistent with internal or external environment which might restrain the company from achieving its objectives, which might effect to revenues, operations or existence of the company.

Owing to the evolving environments and high competition of credit card and personal loan businesses, it is essential that the company consistently improves itself in order to enhance its competitiveness. The company set up an annual brainstorming session among executive officers from all operational functions in order to allow the company to determine and revise the company's strategies and business directions. And take into consideration of several risk factors which enable to affect the operating performance. This annual operational plan needs an approval from the Board of Directors and is consistently monitored in comparison with the established plan.

2. Operating risks

2.1 Risks from Internal Rating Process

The company is aware of risks associated with credit rating procedures for individual loan approval. As a consequence, it has established highly effective credit risk management standards. This model has consistently been developed to determine and measure risks. The model is developed from customer data which is highly confidential, integral and accurate. Therefore, the model can effectively reflect risks for each individual customer.

For both credit card and personal loans, beside the credit analysts' experience, internal clients data, and the use of National Credit Bureau's (NCB) data its approval process relies on Application Scoring

Model. This method is widely accepted for analyzing and approving loans for new customers. The model integrates statistical methods in its practices as guidelines for loan approval process which has to be verified by experienced credit specialists. The loan approval process has also been consistently improved in order to reflect present scenarios, as well as to contain risks under the acceptable levels. Furthermore, the credit approval process and procedures are required to pass Risk Management Committee's approval, including staffs and related divisions which consist of knowledgeable and experienced staffs. Therefore, the credit analysis is accurately and efficiently conducted.

The company also implements Behavior Scoring Model in assessing individual customer's credit data such as financial competency and spending behavior to assist in the consideration of customer temporary and permanent credit limit adjustment. This has also been developed to facilitate the company's provisions based on a debtor's risk level estimated by using the model in compliance with the existing International Accounting Standard 39 (IAS39) and in response to the new International Financial Reporting Standard 9 (IFRS9) which will be effective in 2019. Therefore, the scores from the Behavior Scoring Model is one of the crucial factors in determining the company's reserve level.

2.2 Default Risk

The company is fully aware that significant default payment might jeopardize company's financial status and its operation. Therefore, the Company diversifies its customer base across industry, geography and various occupations. As of December 31st, 2017, receivable with age less than 90 days amounted to Baht 72,519 million, or 98.7% of total account receivable (73,488 million). After deducting the allowance for doubtful account of Baht 5,699 million, the net account receivable is Baht 67,788 million.

The company mainly prioritizes the quality of portfolio. Thus, the risk management will be emphasized to balance an increase in portfolio size

and risk management capability at an acceptable level. The company strengthens its portfolio management performance by enhancing pre - delinquent debt management and collection efficiency. This results in 1.1% of credit card's NPL (>90 days) compared to 1.2% in the previous year and 0.8% for personal loan's NPL (>90 days) compared to 0.9 in the previous year.

2.3 Risk from Government's Control

The Ministry of Finance issued a Notification operation of credit card services and personal loans under the Notification of Revolutionary Council No. 58 and authorized the Bank of Thailand (the "BOT") to supervise by announcing the Notifications specifying the requirements and regulations for such business, including stipulating rates of interest and fees chargeable to customers and the qualifications of credit card holders and personal loan clients. The company was granted approval for conducting credit card services and personal loans under those regulations, together with the approval of electronic payment services providers under the Payment Systems Act B.E. 2560 (2017) and the Royal Decree on the Regulation of Electronic Payments B.E. 2551 (2008). Moreover, the company also needs to comply with other law related to the business, which include Securities and Exchange Act B.E. 2535 (1992), Anti Money Laundering Act B.E. 2542 (1999), Credit Information Business Act B.E. 2545 (2002), Consumer Protection Act B.E. 2552 (2009) and Unfair Contract Term Act B.E. 2540 (1997).

The company always complies with all rules and regulations, including the compliance with announcements by Bank of Thailand whose regulations governing credit card and personal loan businesses have been improved in parts relating to credit limits and interest rates in line with the policy designed to regulate and solve problems regarding household debts, in a way that is suitable for their debt payment ability. This has been effective since September 1st, 2017. However, existing customers have not been affected by the improvements in many circumstances, including the consideration of credit limit for a credit card or personal

loan product, or the consideration of a temporary limit increase. In response to the change in such announcements, the company has set up guidelines and procedures to enable the compliance with these announcements, taking into account the effect of the revision of regulations on the company itself and its customers. Moreover, the company has established an internal compliance unit, which is responsible for cooperating with regulatory bodies, and keeping track with laws, announcements and orders concerning the Company's business operations and activities. The unit also takes charge in specific duties such as regulating matters related to the money laundering law. Meanwhile, legal department acts as a legal advisor of the company. Its responsibilities also include writing legal contracts, agreements under the law conformation basis, reporting directly to the President & Chief Executive Officer. If there should be any changes in concerned regulation that might not be suitable or not flexible enough to the current circumstance and that it might significantly effect to company's operation, the regulator can be consulted to consider adjusting such regulation to be more suitable to the current circumstance. Therefore, it can be assured that this risk will be managed appropriately.

The issues are concerned as a high risk level as follow;

1. Any operations that are related to Anti Money Laundering Act B.E. (AMLO) along with ministerial regulation about client verification and Anti Terrorist Financing Act. These new laws affect the client verification process and clients' suspicious transaction tracking system, especially those who are classified as high risk clients. The company is aware of the situation and has, therefore set up the training for employee to provide staff certain level of understanding on the issue. And also arrange frequent test to assess the management and staff regarding understanding in law and regulation.

2. Any operations that are related to Foreign Account Tax Compliance Act (FATCA), these are newly enforced rules and regulation of the United States of

America. Our company has already completed the registration with the US Revenue Department (in order to be exempted from withholding tax), the registration GIN no. is 63CF3L.99999.SL.764. There is the Act on the Agreement between the Government of the Kingdom of Thailand and the Government of the United States of America to Improve International Tax Compliance B.E. 2560, which has been effective since October 19th, 2017. The Company has recently improved types of company registration in accordance with the FATCA agreement, shifting from Foreign Financial Institution (FFI) to Deemed - Compliant FFI. Also, it has reconsidered the operational policy in accordance with FATCA to verify the US citizenship of credit card and personal loan customers, both in the categories of individuals and legal entities. Moreover, the Company has already established operational process and procedures that comply with the law.

3. The company highly prioritizes the compliance with Credit Information Business Act since clients' credit information is important information and the company must keep it confidential. Therefore, the company developed a system to serve as a supported database credit approval process, which is restricted to authorized person only.

4. To comply with the Debt Collection Act B.E. 2558 which is enforced since September 2nd, 2015, the company prepared the adoption of this law by providing training to Debt collection and related units. The company also provides strict guidance to the outsourced debt collector that collects the company's debts, to follow the Debt collection act. Therefore, KTC is confident that the Debt collection act B.E. 2558 will not obstruct the company's operation.

5. The General Data Protection Regulation (GDPR), implemented since May 25th, 2018, is a regulation in EU law on data protection and privacy for all individuals within the EU and the EEA. This regulation applies to the processing activities which are related

to the advertisement of goods or services to any individuals within the EU and the EEA or the monitoring of the behaviors of any individuals within the EU and the EEA. To prevent the risk that could occur from noncompliance with the GDPR, the company has provided all departments the knowledge of GDPR's details and its effects. Moreover, the company had analyzed the effect of this regulation on its business transactions and its business contracts and concluded that any of its transactions or its contracts are offered to public in general and not particular to any individuals in the EU and the EEA. Besides, the company has not observed or monitored the behaviors of any individuals within the EU and the EEA. Therefore, the GDPR are not applicable to KTC.

6. The Bank of Thailand has issued the notification of market conduct to ensure that financial service providers undertake responsible practices and fair treatment of customers both in term of fees and services, to ensure that customers receive not only proper and just services but also suitable and clear financial advices, and to make sure that customers get effective and fair problem - solving and complaint handling, and understand their rights and benefits. In promoting this market conduct which is the responsibility of all employees including the Board of Directors and senior management, the company's Board of Directors has approved the market conduct policy and established a specific committee to oversee and ensure the company's compliance with this regulation. The meeting to prepare this committee for insightful understanding of market conduct was also held. Furthermore, the company's sales documents were improved, and the adequacy of existing internal control was assessed so that the company can conduct its businesses according to BOT's market conduct requirement.

2.4 Risk from Discontinuation of Contracts with KTB

When the service contract with KTB to support back - office operations was expired on March 31st, 2018,

KTC and KTB has agreed in their policies to continue support and coordinate with each other in various aspects of their businesses.

On March 30th, 2018, both parties have signed the 5 - year business cooperation contract starting on April 1st, 2018 with the specific agreement to mutually support each other in various business areas, such as the new member acquisition of credit card and personal loan businesses thru KTB's branch network, the payment service of credit card and personal loan installments thru KTB's multiple service channels, and the usage of KTB's information technology system in some areas. This agreement has identified not only specific timing for each coordinating business area but also service fees the company agrees to pay to KTB which were set at fair market price level. The risk of KTB's failure to comply with this business contract is considered limited as it was approved by KTB's Board of Directors. The company also does not solely rely on KTB's support. In term of new member acquisition, it has multiple channels to attract new members. It also has various options from other business partners regarding payment service to provide convenience to its customers. Thus, even if KTB fails to comply with the agreement, the company has no concerns in finding new business partnership to continue its usual businesses. Regarding IT service, the company rarely accesses or shared with KTB's IT systems. Therefore, the failure of this contract, with its minimal chance to occur, has limited impacts to the company's businesses.

2.5 Risk of a Higher Competition

The company is aware that there is a possibility for a fiercer competition that might lead to price - cut and debt - transfer tactics. This situation could pose some risks on the company's portfolio and profitability. To be able to differentiate from its competitor; the company uses its expertise and long term experience of consumer finance in Thailand to compete against them. Moreover, continually invests in new devices / systems as well as develops more value added products and services to create maximum value to customers are also competitive

strategies. Moreover, the entrance of new competitor needs plenty amount of time to survey the market and to develop strategy to compete in such specialized business, therefore the company holds a much higher advantage against other competitors. Despite changes in rules and regulations, KTC will be surely able to adapt itself to the change based on its 18 years of experience in the business. Therefore, the higher competition should not have much effect on the Company in both short - term and long - term. As of December 31st, 2017 the market share of KTC's credit card and personal loan is 12.3% and 7.0%; an increase from December 31st, 2016 of 12.8% and 6.6% respectively.

3. Operational Risks

Operational risks could be resulted by lack of good governance or insufficient internal control in different aspects : personnel, operating standard or external factors. The risk can affect both business' performance and reputation. This also includes legal risks such as being fined by an authority. An operational risk may have effect on other kinds of risk, particularly strategic risks and reputation risks.

To ensure effective internal control, the company has defined its operational risk management's policies and guidance by focusing on preventive and follow up measures. These include setting up checked and balance organizational structure, establishing manuals of Standard and Operating Procedure (SOP) for all business units, performing Risk Control Self Assessment (RCSA) which also covers risk of corruption, collecting and compiling Operational Loss Data, identifying Key Risk Indicator (KRI) and constantly reporting the results to Risk Management Committee and the Board of Directors. These measures support not only in defining and improving Risk Management policies, but also in assessing the adequacy of existing Internal Control. The company also set up Business Continuity Plan (BCP) to entrust all stakeholders that even in the case of crisis, the company can continue doing its usual businesses.

The significant operational risks of the company are :

3.1 Risk from Loss Data

The Company recognizes that its business relies on huge customer database and transactional information. It is thus, exposed to a risk affected from leaking of confidential information to public, losing data from accidental or intentional deletion, or system failure. To ensure confidentiality of data, the company has a solid procedure and delegated authorization rule as to who will have access to certain information. Additional software is implemented to prevent the data leakage. To avoid losing data from intended deletion, the company requires maintaining back - up database as well as having a data recovery process. Moreover, the real - time backup system is prepared to promptly respond in any kind of situation.

3.2 Risk from Credit Card Fraud

The company gives priority to the prevention and investigation of credit card fraud. The development of chip card and EMV Technology has been applied instead of Magnetic Stripe technology to provide to superior safety standard. The company wants to enhance the security of its personal loan product, especially cash withdrawal transaction via ATM since the risk from fraud tends to increase recently. In 2014, the chip card and EMV technology was implemented in its personal loan product. Moreover, the company has also invested in the new online Fraud Detection system for protecting any of fraudulent charges on both credit card and merchant, with the team to monitor the transaction 24 hours daily. For E - Commerce transactions, the company uses 3D - Secure system and One Time Password (OTP) to assure the security of both cardholders and merchant outlets. Moreover, to enhance the security, SMS will be sent to the cardholder at the minimum spending amount of 10,000 baht. SMS alert will be sent to cardholders not only when there is a minimum spending amount at Baht 10,000 but also when there is any change in personal data : phone number, e - mail address, which is considered the standard for all customers. Additionally, the company

attaches importance to customer empowerment and has therefore developed a mobile application as a tool to assist customers in their self - help risk management, enabling them to temporarily freeze their credit cards as needed, set the card's e - Commerce transaction limit in order to reduce the risk of data breach and protect against an unexpected e - Commerce fraud, which continues to increase. Moreover, customers are able to set and manage balance limit and choose favorite channels for alert notification based on the limit they set. In 2016, total fraud loss of credit card transactions was Baht 3.77 million or 0.002% of total spendings and in 2017, total fraud loss of credit card transactions was Baht 2.71 million or 0.001% of total spendings.

4. Financial Risks

4.1 Liquidity Risk

Liquidity risk is the risk resulting from insufficiency of working capital or from higher cost of funds than the acceptable level which may affect the company's revenue. As the company realizes that liquidity risk might occur from the uncertainties in global economy which in turn could affect Thai economy, and from the volatilities in financial markets in both debt and capital markets, to prevent the risk of liquidity shortage, the company has applied its funding strategies from both short - term and long - term borrowings and has adjusted each of its borrowings to be proportionately matched with its receivables portfolio duration. The company has mainly raised its funds thru the issuances of corporate debentures and bills of exchange, and thru the borrowings from various financial institutions without relying solely on any institution. The company has also set up liquidity risk index and conducted stress testing to monitor and evaluate the company's liquidity risk and regularly report the results to Risk Management Committee. Moreover, the company has developed liquidity emergency and contingency plans in case that its liquidity risk goes beyond acceptable level.

On December 31st, 2016, KTC's total borrowing was Baht 51,088 million. The borrowing comprised of

the borrowings from related financial institution Baht 120 million, from other financial institutions Baht 9,545 million, and from debentures Baht 41,423 million. KTC's total receivable was Baht 68,697 million. The majority of receivable age is less than 90 days, and amounting to Baht 67,556 million or 98.3% of total receivable. KTC also has Baht 26,190 million total available credit line, which consisted of Baht 18,030 million from Krung Thai Bank, and Baht 8,160 million from other commercial banks.

As of December 31st, 2016, company's Debt - to - equity ratio (D / E ratio) was at 5.62 times, which was below the bond covenant that capped maximum D / E ratio at 10 times.

Treasury department is responsible for managing financing activities by monitoring, evaluating and analyzing the trends of company's liquidity. It has not only conducted a variety of possible scenario analysis in both short - term and long - term span, but also projected tendency of interest rates, and source of funds. As a result, the company is well prepared for situations that might impact sources of capital and is prevented from facing low or excess liquidity. In addition, Treasury department has worked closely with Enterprise Risk Management (ERM) department in order to maintain the company's liquidity. Effective risk management models like Liquidity Key Risk Indicators & Stress Test have been used as a monitor tool to ensure the company's liquidity, which has been regularly reported to Risk Management Committee. Moreover, in order to tackle the situations effectively, emergency plans have been prepared once the liquidity breaches the acceptable risk level.

4.2 Interest Rate Risk

Interest rate risk occurs when the company is exposed to change of interest rate which has an impact on rate sensitive item in both asset and liabilities. This may negatively affect the company's net interest income. In order to relieve an impact of interest rate volatility and cost of fund, the company has strategized its fund raisings by issuing both short - term and long - term debt instruments, which offer both fixed and floating interest rates. The company has reallocated

proportions of funding terms to balance with a tendency of interest rates trend and the structure of company's assets. In addition, liquidity is considerably important in allocating funds' term proportion as well. The Enterprise Risk Management has created indexes in order to assess interest rate risk in banking book and conducted stress testing. The indexes are used for interest rate evaluation, monitoring, and regularly reported to the Risk Management Committee. The Enterprise Risk Management has also established contingency plans if the interest rate risk is higher than acceptable levels.

Business Assets

1. Long - term lease agreements for office premises and equipment

The company has long - term agreements as at December 31st, 2016, December 31st, 2017, and December 31st, 2018 as follows :

1.1 The company has lease agreement for Head Office at 591 UBC II Building, Sukhumvit Road, North Klongton, Wattana, Bangkok. The company also has various lease agreements for office premises and 21 KTC Touch service points - 20 in Bangkok metropolitan area and 1 in the provincial. In addition, there are lease agreements on other facilities and various EDC machine agreements. Such agreements are binding as at December 31st, 2016, December 31st, 2017, and December 31st, 2018 with total rental and service fees as follows :

Rental and service fees (Unit : Thousand Baht)	December 31 st , 2016	December 31 st , 2017	December 31 st , 2018
Within 1 year	177,932	243,427	242,342
Over 1 year to 5 years	98,006	400,211	246,548
Total	275,938	643,638	488,890

1.2 The company has made a memorandum of understanding with a local service provider ("counterparty") on October 4th, 2012 to purchase a data processing system for enhancing business management of credit card, personal loan, and consumer finance; and for replacing the former system provided by a foreign company, of whom the contract has ended. KTC has developed and tested the new data processing system since October 2012, and has entered into a system contract with this counterparty since January 2nd, 2013. On November 27th, 2017 and

December 21st, 2017, KTC signed additional contracts with the counterparty to purchase additional systems - coupled with adequate maintenance - in order to properly support the company's development in various business aspects. The company has been continuously utilizing the aforementioned data processing system ever since.

2. The company's receivables

The 4 categories of the company's receivables are (1) credit card, (2) circle loan, (3) personal loan, and (4) self - employed loan. The company's policy provides services only to existing circle and self - employed loan customers. Therefore, it is predicted that receivables of circle and self - employed loans are to decrease on a yearly basis.

As at December 31st, 2018, net credit card receivables was at 47,937 MB, net circle loan receivables was at 130 MB, net personal loan receivables was at 24,644 MB, and net self - employed loan receivables was at 2 MB.

2.1 Income Recognition Policy

The company recognizes interest income on credit card receivables for default payments of installments from the posting date. Interest on cash advances from credit cards is recognized from the date of cash withdrawals. Interest on circle loans, personal loans, and self - employed loans are recognized on an accrual basis. The company recognizes interest income overdue for more than 180 days on a cash basis.

The company recognizes fee and service income, which consists of fees on cash advances, card issuance fees, interchange fees, and other service fees, on the date the service is rendered.

The company recognizes management fees when services are rendered as stipulated in the credit card management service agreement.

Bad debt recovery is recognized as income in the statements of profit or loss and other comprehensive income in the period which it is collected.

The deferred income arising from reward point program granted to the company's customers is calculated based on the estimates of redemption rate of the reward points earned by the customers and fair value of reward prices and is presented in current liabilities in the statements of financial position.

The present value of the provisions for employee benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will have an impact on the carrying amount of such provision.

2.2 Asset Classification Policy

KTC classified receivables of credit card, circle loan, personal loan, and self - employed loan based on payment past due dates with the company. Loans are classified into 3 groups as follows :

- (1) Payment under 90 days past due
- (2) Payment between 91 - 180 days past due
- (3) Payment over 180 days past due

2.3 Policy on Allowance for Doubtful Accounts and Bad Debts

The company's Policy on allowance for doubtful accounts and bad debts are as follows :

1) The company provided the allowance for doubtful accounts for credit card, circle loan and personal loan receivables which have aging not more than 90 days by using the loss rate net of recovery which the company believed that such loss rate reflects the current credit risk inherent in the portfolio. Moreover, the company adjusted the historical loss experience by the information on trend and economic conditions that might have an effect on the ability to repay the debt of the debtor groups including additional economic factors to cope with the potential risks from the future economic fluctuation and the company fully reserved for receivables which are defaulted for more than 90 days.

2) A fixed percentage of 1% adjusted by the information on trend and economic conditions that might have an effect on the ability to repay the debt for self - employed loans is applied to receivables aged not more than 90 days because self - employed loan products had been launched in the year 2004 but decreased continuously. Allowance for receivables in default for more than 90 days was fully reserved.

3) Bad debts are written off on customer basis when the company has pursued payments of debts owed by debtors, but they are uncollectible. Accordingly, the company has complied with conditions required by the tax law.

1. Credit card receivables

Credit card receivables from 2016 to 2018 are as follows :

	December 31 st , 2016		December 31 st , 2017		December 31 st , 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Credit card receivables	46,195.50	100.00	48,338.03	100.00	51,061.97	100.00
Not over 90 days	45,632.46	98.78	47,798.02	98.88	50,553.92	99.01
91 - 180 days	171.33	0.37	130.25	0.27	110.94	0.22
181 days and over	391.71	0.85	409.76	0.85	397.10	0.78
Less Allowance for doubtful accounts	(3,207.21)	(6.94)	(3,290.28)	(6.81)	(3,125.01)	(6.12)
Credit card receivables - net	42,988.29		45,047.75		47,936.96	

Source : financial statements year 2016 – year 2018, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

2. Circle loan receivables

Circle loan receivables from 2016 to 2018 are as follows :

	December 31 st , 2016		December 31 st , 2017		December 31 st , 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Circle loan receivables	174.35	100.00	156.46	100.00	143.07	100.00
Not over 90 days	166.95	95.76	150.62	96.27	138.21	96.60
91 - 180 days	0.45	0.26	0.39	0.25	0.75	0.52
181 days and over	6.95	3.98	5.45	3.48	4.11	2.87
Less Allowance for doubtful accounts	(16.99)	(9.75)	(14.56)	(9.31)	(12.76)	(8.92)
Circle loan receivables - net	157.36		141.89		130.32	

Source : financial statements year 2016 – year 2018, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

3. Personal loan receivables

Personal loan receivables from 2016 to 2018 are as follows :

	December 31 st , 2016		December 31 st , 2017		December 31 st , 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Personal loan receivables	21,958.61	100.00	24,757.41	100.00	26,821.31	100.00
Not over 90 days	21,752.86	99.06	24,568.16	99.24	26,616.81	99.24
91 - 180 days	83.80	0.38	56.48	0.23	64.13	0.24
181 days and over	121.95	0.56	132.76	0.54	140.37	0.52
Less Allowance for doubtful accounts	(1,804.57)	(8.22)	(2,161.13)	(8.73)	(2,176.98)	(8.12)
Personal loan receivables - net	20,154.04		22,596.27		24,644.33	

Source : financial statements year 2016 – year 2018, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

4. Self - employed loan receivables

Self - employed loan receivables from 2016 to 2018 are as follows :

	December 31 st , 2016		December 31 st , 2017		December 31 st , 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Self - employed loan receivables	368.26	100.00	235.64	100.00	175.84	100.00
Not over 90 days	3.66	0.99	2.36	1.00	1.93	1.10
91 - 180 days	0.00	0.00	0.00	0.00	0.05	0.03
181 days and over	364.61	99.01	233.28	99.00	173.86	98.87
Less Allowance for doubtful accounts	(364.84)	(99.07)	(233.50)	(99.09)	(174.13)	(99.03)
Self - employed loan receivables - net	3.42		2.14		1.71	

Source : financial statements year 2016 – year 2018, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

3. Investment Policy on Subsidiaries and Associates

As at December 31st, 2018, KTC has neither established subsidiaries nor associates.

Legal Dispute

The company had hired a vendor for implementation of computer development. Subsequently, such vendor was in default under the contract; therefore, the company terminated the contract and brought an action to the Central Intellectual Property and International Trade Court against such vendor for demanding compensation of Baht 605.49 million. However, such vendor also filed a claim with the Southern Bangkok Civil Court against the company from the same case regarding unfair termination for demanding compensation of Baht 533.30 million. Currently, the Southern Bangkok Civil Court strucked the case that the vendor filed a claim out of the case list. On August 2nd, 2013, the vendor submitted the motion requesting for an amendment to the answer and the counter - claim of the company to the Central Intellectual Property and International Trade Court for their damages from this dishonest terminated the contract of Baht 537.31 million.

Subsequently, on March 18th, 2016, the Central Intellectual Property and International Trade Court rendered judgement of the case by request the vendor to repay compensation of Baht 354.05 million to the company, including interest at the rate of 7.5% annually.

The court also dismissed the counterclaim of the vendor, and the vendor used its right to appeal the judgement of the court.

On October 31st, 2018, the Supreme Court has rendered judgement of the case by reversal of the judgement of the Central Intellectual Property and International Trade Court. The decision illustrated that the vendor breached of the contract therefore, the Supreme Court has not made a decision on any damages of the vendor from the counterclaim. For compensation of Baht 354.05 million which the Central Intellectual Property and International Trade Court requested the vendor to repay to the company, the Supreme Court has rendered judgement that the amount paid to the vendor is a mutually agreed based on installment due for implementation including equipment costs; therefore, the Supreme Court has not determined any damages to the company.

However, in 2012, the company recorded allowance for impairment of certain equipment and cost of computer development by the estimated unrecoverable amount. Consequently, the judgement of the Supreme Court will not have any significant impact to the company.

Security Information, Shareholder Structure and Dividend Payment Policy

Authorized capital and paid - up capital

As of December 31st, 2002, the company had total authorized capital of 1,050 MB and total paid - up capital of 1,000 MB with total of 100 million common shares, each at par value of 10 Baht. The company was listed in the Stock Exchange of Thailand in October 2002.

On December 12th, 2002, the shareholder's extraordinary general meeting No. 4 / 2002 had approved to issue and offer stock warrants for no more than 5 million units at par value of 10 Baht each, with expiry dates up to 5 years to all management and employees according to ESOP program. The conversion ratio of the warrant was 1 to 1, meaning one unit of warrant was needed to purchase one common share with the exercise price set at 16.33 Baht each. On March 18th, 2003, the company had issued total of 5 million units of stock warrants to all management and employees with the condition that half of those warrants can be exercised from March 17th, 2004 onwards and the rest can be exercised on and after March 17th, 2005.

On November 3rd, 2003, the extraordinary general meeting had a resolution to raise authorized capital for another 1,530,162,000 Baht, which was allotted for 153,016,200 shares at par value of 10 Baht each. The 150 million shares were offered to existing shareholders through the right offerings with the ratio of 1 to 1.5, and the rest of 3,016,200 shares were allocated for the right - exercising warrant holders under ESOP program with newly adjusted warrant rights of new exercise price at 10.185 Baht and new conversion ratio of 1.60328 to 1.

Last expiry date for exercising the 5 - year stock warrants was on March 17th, 2008. And, as of December 31st, 2008, total number of first and second warrants exercised was 4,885,950 units out of 5,000,000 units issued. Therefore, there were 182,793 registered common shares left from non - exercise warrants and not publicly offered which needed to be cancelled. On April 30th, 2009, the company's general annual meeting No. 7 had a resolution to cancel those 182,793 shares, thus reducing the company's authorized capital from 2,580,162,000 Baht to 2,578,334,070 Baht. The decreased authorized capital was already registered with the Ministry of Commerce on May 12th, 2009.

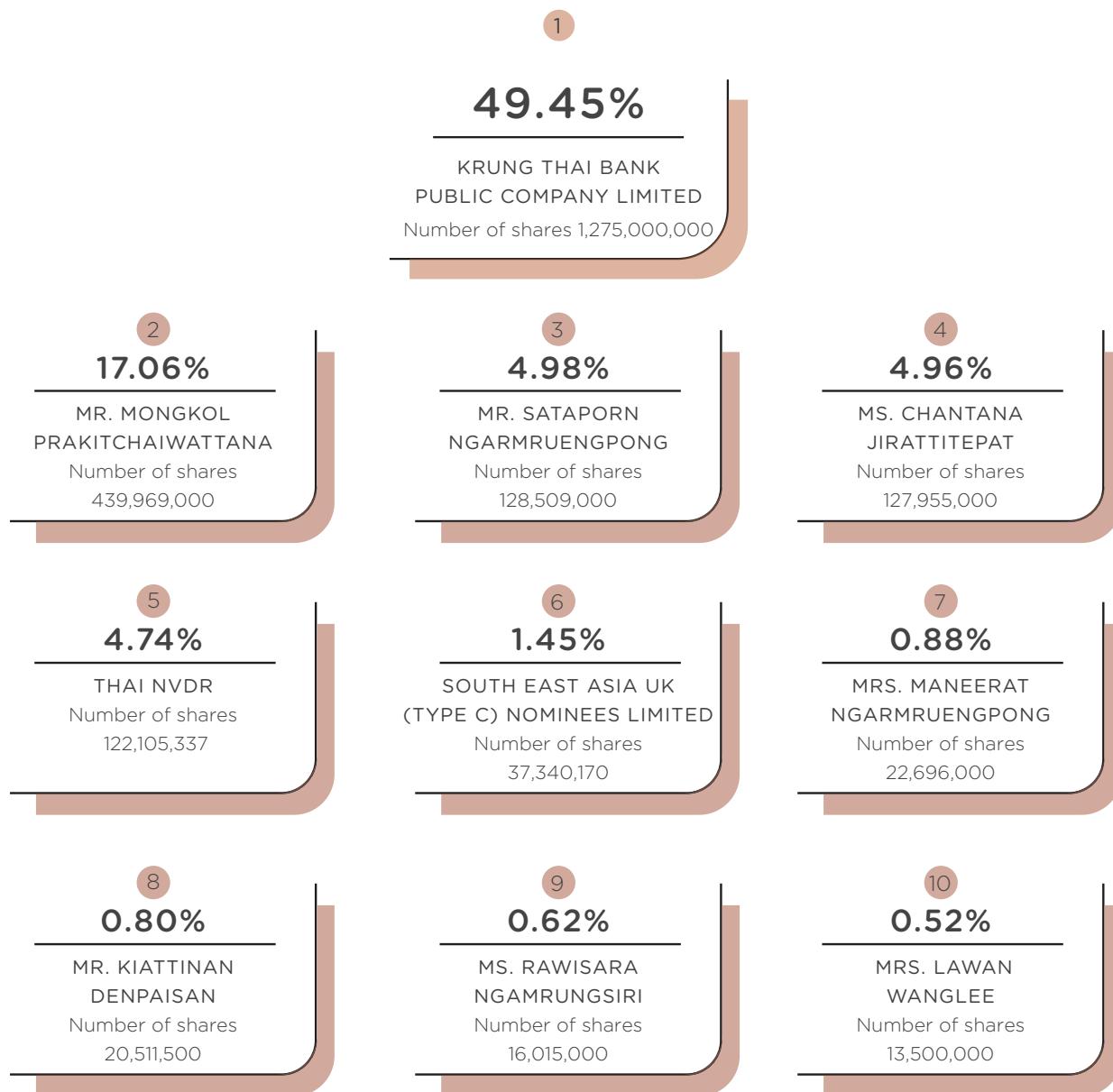
On July 6th, 2018, the extraordinary general meeting had approved the change in the company's registered par value from 10 Baht to 1 Baht per share, and on July 9th, 2018, the company had already registered this change to Department of Business Development at the Ministry of Commerce. The new registered par value had resulted in the company's common shares increased from 257,833,407 shares, to 2,578,334,070 shares.

As of December 31st, 2018, the company had total authorized capital and paid - up capital of 2,578 MB, with total of 2,578,334,070 common shares, each at par value of 1 Baht. Krung Thai Bank Public Company Limited is the major shareholder of KTC with the share of 49.45%.

2 Shareholders

2.1 List of KTC's major shareholders

The top 10 shareholders as of the record date on December 31th, 2018, are as follows :



Source: Thailand Securities Depository Co., Ltd.

According to The Securities and Exchange Commission's regulation on public information disclosure which requires any listed company to reveal its details regarding Ultimate Shareholders, the company would like to disclose that Krung Thai Bank Public Company Limited, currently as the major shareholder of KTC, has delegated Mr. Parinya Patanaphakdee to sit in KTC's Board of Directors as its Chairman.

2.2 Agreement with major shareholders

None

3.Others securities issuance

Sources of Capital

The company has acquired its capital from two sources, shareholder's equity and liabilities. As of December 31st, 2018, the company had total shareholder's equity of 16,352 MB which was comprised of paid - up capital of 2,578 MB, additional paid - in capital of 1,892 MB and retained earnings (both appropriated and unappropriated retained earnings) of 11,881 MB, and total liabilities of 63,296 MB.

Funding Sources of Liabilities as of December 31st, 2018 were as follows :

1. Issuance of debentures and bills of exchange for total of 54,122 MB

1.1 Total value of outstanding debentures was 45,355 MB. All of them which are unsecured (subordinated debentures) and were assigned rating 'A+' by TRIS are listed as follows :

Type	Interest rate	Maturity date	Balance as at December 31 st , 2018 (Million Baht)	Debenture Holder Representative
1. Debenture of Krungthai Card Public Company Limited No. 3 / 2015 Due 2019	3.75%	14 Aug 2019	2,000	Bank of Ayudhya
2. Debenture of Krungthai Card Public Company Limited No. 4 / 2015 Due 2020	3.14%	1 Oct 2020	2,000	-
3. Debenture of Krungthai Card Public Company Limited No. 5 / 2015 Due 2025	4.00%	16 Sep 2025	1,000	-
4. Debenture of Krungthai Card Public Company Limited No. 6 / 2015 Due 2019	3.75%	14 Aug 2019	385	-
5. Debenture of Krungthai Card Public Company Limited No. 7 / 2015 Due 2022	3.68%	11 Nov 2022	700	-
6. Debenture of Krungthai Card Public Company Limited No. 8 / 2015 Due 2025	3.90%	20 Nov 2025	1,000	-
7. Debenture of Krungthai Card Public Company Limited No. 1 / 2016 Series 1 Due 2026	3.85%	17 Feb 2026	200	-
8. Debenture of Krungthai Card Public Company Limited No. 1 / 2016 Series 2 Due 2026	3.85%	17 Feb 2026	300	-
9. Debenture of Krungthai Card Public Company Limited No. 2 / 2016 Series 2 Due 2019	2.21%	26 Feb 2019	400	-
10. Debenture of Krungthai Card Public Company Limited No. 2 / 2016 Series 3 Due 2021	2.64%	26 Feb 2021	800	-

Type	Interest rate	Maturity date	Balance as at December 31 st , 2018 (Million Baht)	Debenture Holder Representative
11. Debenture of Krungthai Card Public Company Limited No. 3 / 2016 Series 1 Due 2019	1.88%	9 May 2019	2,500	-
12. Debenture of Krungthai Card Public Company Limited No. 3 / 2016 Series 2 Due 2021	2.12%	11 May 2021	1,500	-
13. Debenture of Krungthai Card Public Company Limited No. 4 / 2016 Due 2021	2.54%	22 Jul 2021	3,000	-
14. Debenture of Krungthai Card Public Company Limited No. 5 / 2016 Due 2024	3.00%	5 Jul 2024	100	-
15. Debenture of Krungthai Card Public Company Limited No. 6 / 2016 Due 2020	2.50%	11 Aug 2020	600	-
16. Debenture of Krungthai Card Public Company Limited No. 7 / 2016 Due 2026	3.50%	22 Sep 2026	200	-
17. Debenture of Krungthai Card Public Company Limited No. 8 / 2016 Series 1 Due 2021	2.86%	30 Nov 2021	630	-
18. Debenture of Krungthai Card Public Company Limited No. 8 / 2016 Series 2 Due 2023	3.50%	30 Nov 2023	1,140	-
19. Debenture of Krungthai Card Public Company Limited No. 8 / 2016 Series 3 Due 2026	4.00%	27 Nov 2026	3,030	-
20. Debenture of Krungthai Card Public Company Limited No. 9 / 2023 Series 1 Due 2023	3.50%	29 Dec 2023	600	-
21. Debenture of Krungthai Card Public Company Limited No. 9 / 2016 Series 2 Due 2026	4.00%	29 Dec 2026	2,500	-
22. Debenture of Krungthai Card Public Company Limited No. 1 / 2017 Due 2022	3.03%	5 Apr 2022	1,500	-
23. Debenture of Krungthai Card Public Company Limited No. 2 / 2017 Due 2022	3.00% - 3.50%	1 Jun 2022	2,500	Bank of Ayudhya
24. Debenture of Krungthai Card Public Company Limited No. 3 / 2017 Due 2027	3.80%	3 Aug 2027	1,500	-
25. Debenture of Krungthai Card Public Company Limited No. 4 / 2017 Due 2027	3.65%	25 Aug 2027	1,000	-
26. Debenture of Krungthai Card Public Company Limited No. 5 / 2017 Series 1 Due 2022	2.46%	19 Oct 2022	2,000	-

Type	Interest rate	Maturity date	Balance as at December 31 st , 2018 (Million Baht)	Debenture Holder Representative
27. Debenture of Krungthai Card Public Company Limited No. 5 / 2017 Series 2 Due 2027	3.50%	19 Oct 2027	1,000	-
28. Debenture of Krungthai Card Public Company Limited No. 6 / 2017 Due 2027	3.50%	16 Nov 2027	2,000	-
29. Debenture of Krungthai Card Public Company Limited No. 1 / 2018 Series 1 Due 2023	2.35%	16 Feb 2023	1,000	-
30. Debenture of Krungthai Card Public Company Limited No. 1 / 2018 Series 2 Due 2028	3.43%	16 Feb 2028	1,250	-
31. Debenture of Krungthai Card Public Company Limited No. 2 / 2018 Due 2020	2.20%	14 Aug 2020	3,585	Bank of Ayudhya
32. Debenture of Krungthai Card Public Company Limited No. 2 / 2018 Due 2021	2.48%	11 Aug 2021	1,350	Bank of Ayudhya
33. Debenture of Krungthai Card Public Company Limited No. 2 / 2018 Due 2028	3.83%	16 Aug 2028	2,065	Bank of Ayudhya

Remark : None of the above debentures has any features of Put or Call Option.

1.2 Total value of outstanding bills of exchange was 8,787 MB, which consisted of
 1.2.1 B / E from short term loans of related financial institutions amounted to 3,840 MB
 1.2.2 B / E from loans of other financial institutions amounted to 4,948 MB

All outstanding bills of exchange are unsecured, carry money market rate between 1.56% and 2.07% annually, and have maturity dates up to one year.

The company had total available credit lines of 24,450 MB, comprising of 18,030 MB from Krung Thai Bank, and the rest of 6,420 MB from other commercial banks.

As of December 31st, 2018, the company utilized the credit line approved by the Krung Thai Bank for an amount of 3,190 Million Baht.

4. Dividend Payment Policy

Approved by the shareholders' meeting no. 1 / 2003 on March 25th, 2003 the company's dividend policy is to pay approximately 40 percent of the net profit after income tax and appropriation of legal reserve, effective from 2003

For the year 2016 the company paid out Baht 4 per one ordinary share or equivalent to 41.3% of the net profit. Additionally, the 16th shareholders' meeting on April 20th, 2018 resolved to pay dividends for the year 2017 at Baht 5.30 per 1 ordinary share or equivalent to 41.4% of the net profit.



Management Structure

Board of Directors Structure

As at December 31st, 2018, the Board of Directors of the company consists of eight directors i.e. one executive director who is the President & CEO, three non - executive directors and four independent directors. The Board of Directors dependency is assumed so that they can make efficient decision without any interfering.

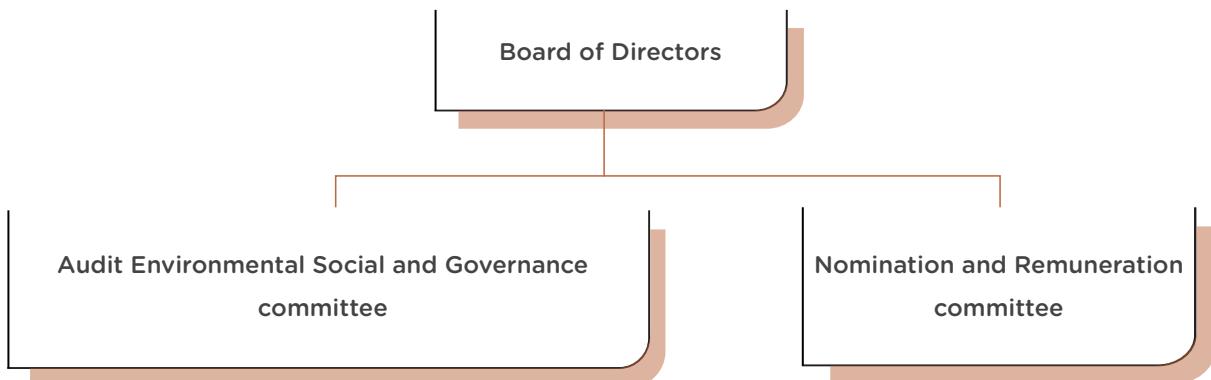
The company nominates directors from various businesses with strong leadership skill, vision, work experience, business ethics and the ability to show their independent comments.

For the appropriate balance of power in the operation, the chairman and the President & CEO are held by different individuals. The chairman acts as the

policy leader while the President & CEO is the executive leader who counterbalances power for the proper conduct of business.

The company's Board of Directors and subcommittee structure is composed of the Board of Directors, Audit Environmental Social and Governance committee, and Nomination and Remuneration committee. The company prescribed the authorities and duties of the Board of Directors or subcommittees, including their appointments and their removals in the Articles of Association of the company which were registered with the registrar of public companies limited, Department of Business Development, Ministry of Commerce or in the charter of each committee.

Board of Directors & the subcommittee's structure as of December 31st, 2018



Board of Directors

Filings of annual ownership amounts and changes in ownership, for both the common stock and derivatives of the Krungthai Card Public Company Limited; that is related to the eight members of the Board of Directors, the secretary of the Board of Directors, and the company secretary as at December 31st, 2018 are as follows :

Name	Position	Holding amount (KTC Stock & Derivatives) as of Dec 31 st , 2017	Historical Trading from Jan-Dec 2018	Holding amount (KTC Stock & Derivatives) as of Dec 31 st , 2018
1. Mr. Parinya Patanaphakdee ⁽¹⁾	Chairman / Chairman of Nomination and Remuneration committee	0	-	0
spouse and minor children		0	-	0
2. Mr. Praphaisith Tankeyura ⁽¹⁾	Independent Director / Chairman of Audit Environmental Social and Governance committee / Nomination and Remuneration committee	0	-	0
spouse and minor children		0	-	0
3. Mrs. Pantip Sripimol ⁽¹⁾	Independent Director / Audit Environmental Social and Governance committee	0	-	0
spouse and minor children		0	-	0
4. Mr. Nathporn Chatusripitak ⁽¹⁾⁽²⁾	Independent Director / Audit Environmental Social and Governance committee	0	-	0
spouse and minor children		0	-	0
5. Major General Apichart Chaiyadar	Independent Director	0	-	0
spouse and minor children		0	-	0
6. Mr. Cherdchai Chompoonukulrat	Director / Nomination and Remuneration committee	0	-	0
spouse and minor children		0	-	0
7. Mrs. Sriprabha Pringpong	Director	0	-	0
spouse and minor children		0	-	0
8. Mr. Rathian Srimongkol	Director / President & CEO	0	-	0
spouse and minor children		0	-	0
9. Mr. Bucha Sirichumsang	Secretary of the Board of Directors	0	-	0
spouse and minor children		0	-	0
10. Mr. Peerapong Pitrpibulpatit	Company Secretary	0	-	0
spouse and minor children		0	-	0

(1) The Board of Directors' Meeting No.1 / 2018 resolved to review Subcommittees' duties and responsibilities, and decided to terminate Corporate Governance committee. And instead assigned the Audit committee which is an independent committee, to oversee corporate governance and corporate social and environmental responsibilities. Therefore, renamed the 'Audit committee' to the 'Audit Environmental Social and Governance committee' effective January 17th, 2018.

(2) The 16th Annual General Meeting of Shareholders for 2018 held on April 20th, 2018 has resolved to appoint Mr. Nathporn Chatusripitak as a member of the Board of Directors in place of Mr. Paroche Hutachareon who notified not to extend his term due to personal commitments.

During the course of 2018, there were no reports of directors' misconduct related to the use of the company's inside or classified information to conduct security trading for their personal or other people's benefits.

(Please see further details of management's profile and working experience in the Board of Directors and Executives profile section)

Duties of the Board of Directors

- The Board of Directors shall manage the company's operations to ensure compliance with laws as well as the objectives, the Articles of Association of the company and resolutions of the Shareholders' Meeting with honesty, to protect the interests of the company.

- The Board of Directors shall notify the company without delay when there is a direct or an indirect interest in any contract which is made by the company during the fiscal year, holding shares or debentures of the company or an affiliated company and shall indicate the total increase or decrease of shares during the fiscal year.

- The Board of Directors shall hold the meetings at least every three months, at which not less than 50% of the total number of directors must attend the meeting to form a quorum. A majority vote is required for any decision made at such a meeting.

- The Board of Directors must arrange the Annual General Meeting within four months as the end of the fiscal year.

- The Board of Directors shall not operate any business which has the same nature as and is in competition with the business of the company or become a partner in an ordinary partnership or any other company operating business which has the same nature as the business of the company.

Subcommittee

Independent directors and Audit committee

Independent director

As of December 31st, 2018, the company has four independent directors i.e. Mr. Praphaisith Tankeyura, Mrs. Pantip Sripimol, Mr. Nathporn Chatusripitak and Major General Apichart Chaiyadar, all of them fit the qualification of independent director as per the Securities and Exchange Commission's regulation.

Audit Environmental Social & Governance committee

As of December 31st, 2018 Audit Environmental Social and Governance committee comprises three members as follows :

Name	Position
1. Mr. Praphaisith Tankeyura	Chairman of Audit Environmental Social and Governance committee
2. Mrs. Pantip Sripimol	Audit Environmental Social and Governance committee
3. Mr. Nathporn Chatusripitak	Audit Environmental Social and Governance committee

The Audit Environmental Social and Governance committee acts independently, and all its directors have passed either one of the following training programs held by the Thai Institution of Directors (IOD), i.e. Audit committee program, Finance for non - finance director program, Director Certification program, Role of the Compensation committee program or Director Accreditation Program. Furthermore, Mr. Praphaisith Tankeyura, the chairman of this committee, are well qualified and well experienced capable of auditing the reliability of the company's financial reports

Duties of the Audit Environmental Social and Governance committee can be divided as follows

Duties regarding audit

- Review the accuracy and adequacy of the company's financial reports.
- Determine whether the company has an appropriate and effective internal control system and internal audit system, as well as consider the independence of the internal audit unit including appointment, transfer and termination the Chief of Internal Audit or any other departments involved in internal audit;
- Review the company's compliance with the law on security and exchange, the Stock Exchange's regulations, and the laws relating to the company's business.
- Consider, select and nominate an independent person to be the company's auditor, and to propose such a person's remuneration. Also, attend meetings with the auditors, independent of the management team, at least once a year.
- Consider connected transactions or transactions that may have a conflict of interest to conform to the law and Stock Exchange regulations. This is to ensure that the transaction is reasonable and beneficial to the company.
- To prepare the Audit committee's report which is disclosed in the company's annual report. The report must be signed by the chairman of the audit committee. It must contain at least the following information :
 - (1) An opinion on the accuracy, completeness and creditability of the company's financial report;
 - (2) An opinion on the adequacy of the company's internal control system;
 - (3) An opinion on the compliance with the law on security and exchange, the requirements of the Stock Exchange of Thailand, or laws relating to the business of the company.
 - (4) An opinion on the suitability of the auditor.
 - (5) An opinion on any transactions that may lead to a conflict of interest.
 - (6) The amount of Audit committee meetings and the attendance of each member of the Audit committee.
 - (7) An opinion or overview feedback received by the Audit committee regarding their performance on their work.
 - (8) Other issues that the shareholders and general investors should know under the scope of duties and responsibilities assigned by the Board of Directors.
- Review the accuracy of the references and the self - assessment on anti - corruption measures under the private sector in Thailand's anti - corruption action plan.
- Perform any other tasks as assigned by the Board of Directors with the approval of the Audit committee.

Duties regarding Corporate Governance and Corporate Social and Environmental responsibilities.

- Review the company's policies related to Corporate Governance and Corporate Social and Environmental responsibilities to ensure their alignment with the international standards and other related institutions' practices.

- Establish the company's practices and guidelines following principles of good Corporate Governance and Social responsibilities.

- Oversee the company's business operations to comply with good Corporate Governance principles.

- Propose good governance practice guidelines for the Board of Directors and subcommittees.

- Promote the culture of good corporate governance and the participation in social responsibilities to staff at all levels and ensure that the implementation is developed sustainably.

- Propose codes of conduct, business ethics, and appropriate practices towards different groups of stakeholders.

- Deliver corporate environmental social and governance policies to the company's Environmental Social and Governance working group.

Nominating and Remuneration committee

As at December 31st, 2018, the Nominating and Remuneration committee comprises three members as follows :

Name	Position
1. Mr. Parinya Patanaphakdee	Chairman of Nomination and Remuneration committee
2. Mr. Praphaisith Tankeyura	Nomination and Remuneration committee
3. Mr. Cherdchai Chompoonukulrat	Nomination and Remuneration committee

- Perform any other tasks as assigned by the Board of Directors.

The Board of Directors of the company approved the charter of rules and procedures for the Nominating and Remuneration committee which set out the duties of the Nominating and Remuneration committee as follows :

- Determine the qualifications of the directors, the Chief Executive Officer, Senior Executive Vice President, Executive Vice President or any equivalent position which includes the top management level as well as any authorized person according to the definition of the office of the Securities and Exchange Commission. The consideration depends on structure, size and complements as required by law, directors and / or the resolutions of the Shareholders' Meeting as the case may be;

- Find, select and nominate qualified persons who have qualifications as described for the position of directors, independent directors, executive directors and Chief Executive Officer, Senior Executive Vice President, Executive Vice President or any equivalent position which includes the top management level as well as any authorized person according to the definition of the office of the Securities & Exchange Commission in order to propose to the Board of Directors' or the shareholders' meeting as the case may be for further approval;

- Consider criteria for the performance evaluation of the Board of Directors, the Chief Executive Officer, Senior Executive Vice President, Executive Vice President or any equivalent position which includes

the top management level as well as any authorized person according to the definition of the office of the Securities and Exchange Commission and propose to the Board of Directors' meeting for further approval;

- Propose remuneration policy and guidelines for compensation and other benefits not only for the directors but also for members of all subcommittees who was directly assigned their duties and responsibilities from the Board of Directors. Also review retirement age extension and early retirement plan for executive staffs upon the Nomination and Remuneration committee's approval or upon further review by the Board of Directors, depending on a case by case basis. This review must be appropriately evaluated with regards to executives' duties and responsibilities, the company's performance, the compatibility with existing practices in the same industry as well as market conditions.
- Establish executive succession plan to prepare the successor's readiness in case of executive's retirement or executive's inability to perform job duties and to ensure the company's smooth transition.

• Ensure that the number and composition of the directors are appropriate in accordance with the size of the organization including to propose adjustment to reflect the change of environment;

• The Nomination and Remuneration committee may appoint any person to be the committee's secretary

- Perform other related to Nomination and Remuneration tasks assigned by the Board of Directors

Board of Directors' meeting

The Board organizes the Board of Directors' meeting with a consistent basis - the meeting holds monthly, which is planned in advance throughout the year while the subcommittees hold the meeting during the year on regular basis. However, the extra meetings may be held, if needed. Many agenda are included in the meeting such as the reviewing of the quarterly financial statements, the monitoring the progress of any project and the consideration of the company's policy and the operating results. The President & CEO's Office will prepare meeting invitations along with supporting documents for a meeting agenda provided to Board of Directors at least 7 days prior to the meeting, allowing all directors to consider the agenda sufficiently. The subcommittee meeting is scheduled for regular basis and the date and timetable of the meeting was fixed in advance for the period of one year, the meeting minute is recorded in the written format.

During the meeting, the minutes of meeting is constantly taken and will be proposed an approval in the following meeting. The approved minutes of meeting will be filed as references for later audit by Board of Directors and other related departments.

As of December 31st, 2018, the Board of Directors organised 13 meetings, the Audit Environmental Social and Governance committee organised 12 meetings, the Nominating and Remuneration committee organised 8 meetings. The record of attendees from the meetings is detailed below :

Name	Board of Director's meeting Total 13 meetings	Audit Environmental Social and Governance committee's meeting Total 12 meetings	Nominating Remuneration committee's meeting Total 8 meetings
1. Mr. Parinya Patanaphakdee	13 / 13	-	8 / 8
2. Mr. Praphaisith Tankeyura	13 / 13	12 / 12	8 / 8
3. Mrs. Pantip Sripimol	11 / 13	10 / 12	-
4. Mr. Nathporn Chatusripitak ⁽¹⁾	9 / 9	6 / 8	-
5. Major General Apichart Chaiyadar	12 / 13	-	-
6. Mr. Cherdchai Chompoonukulrat	13 / 13	-	8 / 8
7. Mrs. Sriprabha Pringpong	12 / 13	-	-
8. Mr. Rathian Srimongkol	13 / 13	-	-
9. Mr. Bucha Sirichumsang	13 / 13	-	-
Director resigned during the year			
1. Mr. Paroche Hutachareon ⁽²⁾	4 / 4	4 / 4	-

(1) The 16th Annual General Meeting of shareholders held on April 20th, 2018 has resolved to appoint Mr. Nathporn Chatusripitak as a member of the Board of Directors in place of Mr. Paroche Hutachareon who resigned upon his term completion. Also, the Board of Directors' Meeting No 5 / 2018 has appointed Mr. Nathporn Chatusripitak, who qualifies as an independent director according to the Securities and Exchange Commission's regulation, to be the independent director and member of Audit Environmental Social and Governance committee in place of Mr. Paroche Hutachareon effective since April 20th, 2018.

(2) Mr. Paroche Hutachareon, who resigned upon his term completion, notified the reason for not extending his next term due to other important commitment in governmental matter.

In the past year, the Board of Directors has convened 1 meeting without the presence of KTC management on December 19th, 2018 in order to make its operation in accordance with the Corporate Governance policy. This policy specifies that the Board of Directors must consider and provide their comments on the responsibilities of the Board of Directors

Company's Executives

Filings of annual ownership amounts and changes in ownership, for both the common stock and derivatives of the Krunthai Card Public Company Limited; that is related to the eight members of the Board of Directors, the secretary of the Board of Directors, and the company secretary as at December 31st, 2018 are as follows :

Name	Position	Holding amount (KTC Stock & Derivatives) as of December 31 st , 2017	Historical Trading from Jan-Dec 2018	Holding amount KTC Stock & Derivatives) as of December 31 st , 2018
1. Mr. Rathian Srimongkol spouse and minor children	President & CEO	0 0	- -	0 0
2. Mr. Chutidej Chayuti spouse and minor children	Chief Financial Officer	0 0	- -	0 0
3. Mr. Virach Paisitsavet spouse and minor children	Chief Operations Officer	0 0	- -	0 0
4. Mr. Piyasak Tejasen spouse and minor children	Senior Executive Vice President – Distribution & Merchant Acquiring	0 0	- -	0 0
5. Mrs. Pittaya Vorapanyasakul spouse and minor children	Executive Vice President – Credit Card	0 0	- -	0 0
6. Mr. Khan Kachonboon spouse and Minor Children	Executive Vice President – Corporate Communications	0 0	- -	0 0
7. Mr. Bucha Sirichumsang spouse and minor children	Executive Vice President – Office of President & CEO	0 0	- -	0 0
8. Mr. Woottichai Jarernpol spouse and minor children	Executive Vice President – Information Technology	0 0	- -	0 0
9. Mr. Sakda Chantrasuriyarat spouse and minor children	Senior Vice President – Compliance	0 0	- -	0 0
10. Ms. Phichamon Jitpenthham spouse and minor children	Vice President – Personal Loans	0 0	- -	0 0

(1) According to the Securities and Exchange Commission regulation regarding executive information disclosure, Ms. Phichamon Jitpenthham, Vice President- Personal Loans business, has replace Ms. Sudaporn Janwatanagool who has retired on May 1st, 2018.

During the course of 2018, there were no reports of directors' misconduct related to the use of the company's inside or classified information to conduct security trading for their personal or other people's benefits.

Please see further detail of management's working experience in executive profile section Company Secretary and Chief Accountant

Company Secretary and Chief Accountant

Adhering to the Corporate Governance Code for Listed Companies 2017 and the Securities and Exchange Act, B.E. 2535 as amended; the Board of Directors meeting 12 / 2008 held on August 13th, 2008 resolved to appoint Mr. Peerapong Pitrpibulpatit as the company secretary, and his duties are as follows :

- Advise on rules, regulations and laws which the Board of Directors is required to comply with.

- Prepare and keep the following documents :
 - A register of directors;
 - A notice calling the Board of Directors' meeting, minutes of the Board of Directors' meeting and Annual report of the company; and
 - A notice calling the shareholders' meeting, minutes of the shareholders' meeting ;

• Keep records of strategic shareholders reported by a director or an executive and provide copy of the said report to the chairman and the chairperson of Audit committee within 7 days of the receiving date of the report;

• Perform any act as assigned by the Board of Directors of the company;

• Perform any act as required by the laws, the Securities and Exchange Commission, and Stock Exchange of Thailand

Chief Accountant

Ms. Pranee Rattakam has been assigned as the company's Chief Accountant. Her direct responsibilities are to oversee accounting functions as well as to communicate with accounting auditors and related departments to ensure the company's accounting aligned with Thai Accounting Standards

(Please see further detail of executives' working experience in the secretary and chief compliance officer's profile section and in the Chief Accountant profile section)

Board of Directors and executives - Remuneration
with the appropriate policy of the remuneration for the Board of Directors, and subcommittee, the Nominating and Remuneration committee is responsible for proposing that appropriate level and asking for the resolution from the Shareholders' Meeting. In the Shareholders' Meeting No.16 on April 20th, 2018, the Shareholders have passed the resolution to approve the remuneration for each director.

- Remuneration for the Board of Directors is paid as monthly flat rate as follows.

- The chairman	25,000	Baht per month
- The vice chairman	22,500	Baht per month
- Other members	20,000	Baht per month

However, if the Board of Directors convenes its meeting more than once a month, any members attending the additional meeting will be entitled for another half of monthly rate mentioned above.

- Remuneration for the Audit Environmental Social and Governance committee is paid as monthly flat rate as follows.

- The chairman	25,000	Baht per month
- Other members	20,000	Baht per month

- Remuneration for the Nomination and Remuneration committee is paid as monthly flat rate as follows.

- The chairman	20,000	Baht per month
- Other members	16,000	Baht per month

In addition, the Board of Directors meeting No. 2 / 2018 had a resolution to propose to shareholders' meeting for its review and approval of the directors' bonus for the company's performance in 2018 apart from monthly remuneration in the amount of 13,670,000 Baht.

As of December 31st, 2018, the directors' monthly remuneration and bonus in which the directors received

as members of the Board of Directors accounted for the total of 17,136,500 Baht (including the remuneration of Mr. Rathian Srimongkol as a director and the directors' bonus). The total remuneration of executives is 195,351,614 Baht. Therefore, the total remuneration of the Board of Directors and executives for year 2018 is amounted to 212,488,114 Baht with details as follows :

Name	Position	Remuneration Details that Directors / Executives Received in Year 2018 (Baht)
1. Mr. Parinya Patanaphakdee ⁽¹⁾	Chairman of the Board of Directors / Chairman of Nomination and Remuneration committee	<ul style="list-style-type: none"> Remuneration as chairman of the Board of Directors amounts 312,500 Baht Remuneration as chairman of Nomination and Remuneration committee amounts 240,000 Baht Bonus amounts 1,340,200 Baht Total remuneration amounts 1,892,000 Baht
2. Mr. Praphaisith Tankeyura ⁽³⁾	Independent director / Chairman of Audit Environmental Social and Governance committee / Member of Nomination and Remuneration committee	<ul style="list-style-type: none"> Remuneration as independent director amounts 250,000 Baht Remuneration as Chairman of Audit Environmental Social and Governance committee amounts 300,000 Baht Remuneration as member of Nomination and Remuneration committee amounts 192,000 Baht Bonus amounts 653,350 Baht Total remuneration amounts 1,395,350 Baht
3. Mrs. Pantip Sripimol	Independent director / Member of Audit Environmental Social and Governance committee	<ul style="list-style-type: none"> Remuneration as independent director amounts 250,000 Baht Remuneration as member of Audit Environmental Social and Governance committee amounts 240,000 Baht Bonus amounts 1,675,245 Baht Total remuneration amounts 2,165,245 Baht
4. Mr. Nathporn Chatusripitak ⁽¹⁾	Independent director / Member of Audit Environmental Social and Governance committee	<ul style="list-style-type: none"> Remuneration as independent director amounts 170,000 Baht Remuneration as member of Audit Environmental Social and Governance committee amounts 160,000 Baht Total remuneration amounts 330,000 Baht
5. Major General Apichart Chaiyadar	Independent director	<ul style="list-style-type: none"> Remuneration as independent director amounts 250,000 Baht Bonus amounts 1,675,245 Baht Total remuneration amounts 1,925,245 Baht

Name	Position	Remuneration Details that Directors / Executives Received in Year 2018 (Baht)
6. Mr.Cherdchai Chompoonukulrat	Director / Member of Nomination and Remuneration committee	<ul style="list-style-type: none"> • Remuneration as director amounts 250,000 Baht • Remuneration as member of Nomination and Remuneration committee amounts 192,000 Baht • Bonus amounts 1,675,245 Baht • Total remuneration amounts 2,117,245 Baht
7. Mrs. Sriprabha Pringpong	Director	<ul style="list-style-type: none"> • Remuneration as director amounts 250,000 Baht • Bonus amounts 1,675,245 Baht • Total remuneration amounts 1,925,245 Baht
8. Mr. Rathian Srimongkol	Director	<ul style="list-style-type: none"> • Remuneration as director amounts 250,000 Baht • Bonus amounts 1,675,245 Baht • Total remuneration amounts 1,925,245 Baht

Directors resigned during the year

1. Mr. Paroche Hutacharoen ⁽¹⁾	Independent director / Member of Audit Environmental Social and Governance committee	<ul style="list-style-type: none"> • Remuneration as independent director amounts 8,000 Baht • Remuneration as member of Audit Environmental Social and Governance committee amounts 80,000 Baht • Bonus amounts 1,675,245 Baht • Total remuneration amounts 1,835,245 Baht
2. Mr.Poonpat Sripleng ⁽²⁾	Chairman of the Board of Directors / Chairman of Nomination and Remuneration committee	<ul style="list-style-type: none"> • Bonus amounts 703,600 Baht
3. Mr. Akarat Na Ranong ⁽³⁾	Independent Director / Chairman of Audit committee / Member of Corporate Governance committee / Member of Nomination and Remuneration committee	<ul style="list-style-type: none"> • Bonus amounts 921,380 Baht

(1) The 16th Annual General Meeting of Shareholders for 2018 held on April 20th, 2018 has resolved to appoint Mr. Nattaporn Jatusripitak as a Director in place of Mr. Paroche Hutachareon who resigned after the end of his term due to other important commitment.

(2) Mr. Poonpat Sripleng resigned from his director position effective since May 13th, 2017

(3) Mr. Akarat Na Ranong resigned from his director position effective since July 19th, 2017

Remuneration of the Executives

Remuneration	December 31 st , 2017		December 31 st , 2018	
	Persons	Remuneration (Baht)	Persons	Remuneration (Baht)
Salary ⁽¹⁾	13	84,288,000	10	74,308,453
Bonus ⁽²⁾	13	93,484,415	10	107,658,690
Provident Fund	13	5,057,280	10	4,432,107
Social Security Contribution	13	117,000	10	102,363
Long - term management remuneration for the post employment benefit ⁽³⁾	13	5,436,000	10	8,850,000
Total		188,382,695		195,351,614

⁽¹⁾ Remuneration for executive does not include remunerations for Mr. Rathian Srimongkol as director of the company.

⁽²⁾ Bonus for executive does not include remunerations for Mr. Rathian Srimongkol as director of the company.

⁽³⁾ Long term management remuneration for executive means evaluation of benefits for each executive by evaluating the current value of cash flow expected to be paid in the future in accordance with Thai Accounting Standards No. 19 (TAS19) Re : Employee Benefits, which the company has applied since January 1st, 2011. The company recognized costs for employee benefits as employee related costs in the Profit and Loss Statements

Human Resource

Personnel

Workforce Statistics

	2016	2017	2018
Number of Employee	1,512	1,514	1,548
Growth Rate	1.5%	0.1%	2.3%

As of December 31st, 2018, KTC recorded a number of 1,548 employees, 2.3% more than last year. Total remuneration consists of executives remuneration and personnel expense which include salary, bonus and contributed provident fund. Total amount is Baht 2,374 million, increasing 6.4% from the previous year.

At December 31st 2018, KTC staff can be classified into departments in the following :
number of employee, classified by departments

Department	Number of Employees
President & Chief Executive Officer	3
Distribution & Merchant Acquiring	323
Information Technology	70
Corporate Finance	81
Personal Loans	6
Contact Center & Process Development	317
Operations	253
Corporate Communications	34
Credit Card	85
Office of President & CEO	269
Management Information System & Business Analysis ⁽¹⁾	25
Internal Audit	15
General Services	28
Human Resources	33
Compliance	6
Total	1,548

⁽¹⁾ According to announcement no.13 / 2018 dated August 11th, 2018, MIS & Business Analysis department was established effective on October 11th, 2018

Human Resource Management Policy

Recruitment and Motivation

KTC has a policy to recruit staff concerning on necessity and appropriated. New employees, who will be hired by the company, are strongly required to possess appropriate qualifications, suitable experiences, and essential sets of skills for the jobs. KTC will primarily place a great emphasis on an internal recruitment and training in case that there is an opening position. Internal recruitment and promotion will not only help the staffs, who familiar with the company's operations and procedures, to build their motivation and enthusiasm at work, but will also encourage them to stay longer by providing a reasonable compensation comparing to others in the same industry. Besides, KTC has considerably provided a friendly, at the same time, relaxed working environment; thus, this would

unquestionably enhance and maximize effectiveness of the staffs. Eventually, if KTC could not internally find any staffs, the company would then have to continue the process by start recruiting the staffs externally. KTC has bought promotional media in various websites, advertisement in social media such as Facebook / Linkedin and the SMS to applicants or internal employees. KTC also used its own public relation channel through its website, as well as recommendations from company's managements, which help improving the performance in key position recruitment.

Human Resource Development

The company has continuingly pursued its policy in developing potentiality and ability in staff at all levels so that they can be well prepared to align their works according to the company's business directions. This has been done through various kinds of learning

activities such as classroom training, e - Llearning, workshops training, knowledge sharing etc. For year 2018, to attain sustainability in human resource development, the company has adopted its strategies of disruptive innovation and of being learning organization to develop employees' abilities and knowledge. In 2018, the average hours of training per employee per year (Jan - Dec 2018) equaled to 21.33 hours and details of major training programs are listed as follows.

- Programs according to corporate strategies. These programs are created to encourage employees in developing their innovative thinking skills, in creatively initiating new ideas to meet customers' satisfaction and in continuously improving work performance to be more effective. 'Leading Innovation with Design Thinking' Program is the course designed for employees to apply their knowledge and skills derived from design thinking process to their works and adapt them to create business differentiation.
- Core course programs. The purpose of these programs is to cultivate and strengthen employees' values. For example, KTC sparkling knowledge program and KTC synergy program are designed for employees to acknowledge and incorporate the company's core values into their daily lives, thus eventually creating corporate cultural synergy. Additionally, all employees must attend the programs related to financial institution policies and regulations such as KTC product knowledge, KTC core business process, business operational compliance training, Good corporate governance training, anti - money laundering regulations, and counter terrorist financing regulations etc.
- Functional course programs. These programs focus on developing and enhancing employees' knowledge, skills, and capabilities essential to improve their potentials towards better productivity and performance. The examples of these programs are Future Market Access Strategies, Machine Learning for

Business, Data Wrangling, Process Improvement for Productivity, Customer Experience Management, Service Beyond Expectation, Service Quality Contact Center, Analytics Enablement Program.

In addition, KTC Knowledge Sharing activities were established to create corporate culture of knowledge exchange. Online learning was also set up so that employees can choose any training courses according to their interests. Furthermore, to ensure employees' ability to keep up with new financial innovations and constant changes in economic direction, the company has provided the programs like Learning How to Learn and The Science of Success, along with KTC Sit & Talk activities in which experts in various fields provided employees with their knowledge and insights.

Regarding moral and ethical development, the company has aimed on promoting its employees to operate based on ethical standards and to develop positive attitudes towards themselves and work. This has been fulfilled through the project of 'Detox De talk Moral Guidance' in which in 2018, the company organized the meditation retreat trip for employees in which they also lived by the eight Buddhist precepts at Wat Pa Si Thawon Nimit in Pak Phli district, Nakhon Nayok. Giving alms to 9 Buddhist monks on New Year Day and Songkran Day for 2018 were also arranged.

Human Resource System Development

In order to advance the quality and standard of internal operation, KTC has established a policy and appointed a supporting unit in Human Resources department to officially issue Standard Operating Procedure (SOP) and Key Performance Index (KPI). Moreover, KTC has brought in some Google's function, such as Google Sheet, Google Chrome to apply to its form filling operation in human resource's jobs in order to create effective and swift process for employee who, in other word, is company's internal clients. This method also benefit to external clients as well, for example the job applicant, they can do the application, examination

and contract signing processes quicker. KTC has applied QR Code in job application and training result evaluation to increase flexibility in application process.

Apart from this, KTC also significantly places a great emphasis on Human Resources Information System (HRIS), ranging from job application and selection, internal job transfer, recording time sheet, recording working hours, recording over - time, performance evaluation, taking all type of leave, training authorization, personal data recording, booking office's facility (e.g. meeting room, training room) and data processing and analysis.

Compensation and benefit guideline

KTC always take into account justice and fairness when conducting a job evaluation since it is considered a part of good corporate governance. By improving the reporting of feedback: not only will it help those being evaluated know the result of the assessments, but also what needs to be improved. Besides, there is also a preparation of job evaluations together with the company's advisors, a measurement of employees' satisfaction etc.

Human Rights Recognition

KTC has an obvious policy stating that it will never get involved with violation of human rights starting from recruitment and selection of personnel. KTC will not hire any minor under the age of 15 under any circumstances: full - time or part - time, and paid or without - pay. Staffs will not be physically, mentally, sexually, or verbally barricaded, discriminated, and threatened. This includes, accepting differences and giving the freedom of expression, for instance, dress, speech, opinion. Moreover, there will be activities without discrimination and a person who will be held responsible on each floor. Additionally, the environment in the workplace will be eligible for job execution as lighting, clean drinking water, a place to relax and talk to each other informally, a clean bathroom, annual emergency training plan for the safety of employees,

an emergency telephone number, and Communication Tree Systems with the respective chain of command, will always be available and ready in place. Moreover, since the company has set the Corporate Governance Policy and created the Business Ethic manual, the company also provide channels for employee, including other stakeholder to notify the lead, or make a complaint about corruption or any unethical practices to the directly related department. In year 2018, there are no claim or complaints about the human right violation from employee, business partner or the local residence in the area where the company's business is operated, implying that the company's operation did not cause any effect or the likeliness of affect the local community in any way.

Environment, Health, Safety and Facilities

Safe and clean environments suitable for workplace have been created to ensure the well - being of employees. Each office floor has its superintendent. Sufficient lighting is provided. Adequate welfare facilities are arranged such as clean drinking water available in working area and clean restrooms. Recreational area was also created for employees to relax and to have informal conversations. Furthermore, for the safety of employees in case of emergency, the company conducts annual emergency plan rehearsal, provides emergency telephone numbers and implements Call Tree Communication system.

Corporate Governance

1. Corporate Governance Policies

The company's Board of Directors recognizes the importance of good corporate governance and thus the Corporate Governance Policies have been written and reviewed regularly. In 2018, the Board of Directors have reviewed the policies and business code of conduct to be comply with Corporate Governance Report criteria of the Thai Institute of Directors Association (IOD : CGR) and the Principles of Good Corporate Governance for listed Companies (CG Code) by Securities and Exchange Commission (SEC), including various changes within the company to set up a framework for employees to follow. The Board of Directors uses the Apply or Explain method to implement the CG code, which apply the appropriate CG Code which is suitable for the business environment. For the CG code deemed incompatible, the Board of Directors resolved to disclose and explain their rationale in the annual report. The Board of Directors has formed sub - committees consisted of the Audit Environmental Social and Governance and the Nomination and Remuneration Committee to maintain the effectiveness of internal control, internal audit, and risk management, as well as overseeing the company's operations in other aspects. Every subcommittee possesses qualifications and responsibilities in accordance with roles and responsibilities as written in charter of the Audit Environmental Social and Governance committee, and charter of the Nomination and Remuneration committee.

The company's Guidelines for Good Corporate Governance Practice are based on the Corporate Governance Code published by the Stock Exchange of Thailand (SET). These have recently been revised and they are comprised of five sections as follows :

Section 1 : Rights of Shareholders

1.1 Shareholders' Rights Policy and Protection

the company is committed to fulfilling its

responsibilities to respect and protect the right of shareholders and to not violating the rights of shareholders and encourages them to exercise their rights properly. Basic rights of shareholders include buy, sell, and transfer outstanding shares; the right to share in the profit of the company; the participate and vote in the shareholder meetings to elect or remove members of the board; appoint the external auditor, and make the decisions on any transactions that affect the company i.e. dividend payment, amendments to the company's articles of association or the company's by law, capital increase or decreases, and the approval of extraordinary transactions. In addition to the basic rights specified by law, the company follows best practices that go beyond shareholders' expectations in order to encourage and facilitate their activities. The shareholders shall be entitled to obtain relevant and adequate information i.e. quarterly result, and performance analysis and discussion on the company in a timely manner and on a regular basis, which are made available conveniently via company's websites.

1.2 Annual General Meeting of Shareholders

1.2.1) The company recognizes the importance of general meeting of shareholders. The Annual General Meeting of Shareholders is held annually within four months from the ending date of the company's fiscal year, in full compliance with its the Principle of Good Corporate Governance for Listed company and as specified by law. The shareholders shall be allowed to propose items of agenda for the Annual General Meeting before its commencement. the company is responsible for collecting all these requests and preparing supporting documents for a meeting agenda, which shall be provided online at www.ktc.co.th around 30 days prior to the meeting, as well as publishing them in a daily newspaper for at least 3 consecutive days in order to ensure such information reach all the shareholders. The company has also appointed Thailand Securities Depository Co., Ltd., as a common stock registrar to distribute invitations to

shareholders. The invitation shall be attached with the meeting agenda, general descriptions, underlying rationales and other supporting documents sufficient for decision - making, which provide shareholders with sufficient time to learn more information that is essential for their decision - making and voting. Should they have any questions or concerns, they may contact the Board of Directors prior to the date set for such meeting via the company's website; or send a letter by mail directly to the board; or pass comments, feedback and questions concerning one or more items in the agenda to the board on the date of meeting. A meeting shall be held at a venue where it is convenient for the shareholders to attend. the company shall encourage and promote meeting attendance for all shareholders, especially institutional ones.

1.2.2) On the date of the meeting, the company shall facilitate shareholders' participation and voting with the use of barcode system for the purpose of shareholders' meeting registration and voting processes. Tax stamps shall also be available for the convenience of any proxy holder attending the meeting in place of a shareholder.

1.2.3) The company shall commence the registration at least two hours prior to the meeting. In case of late attendance, attendees shall be allowed to cast votes on the next agenda items and these shall be treated as the quorum votes.

1.2.4) Invitations to the Annual General Meeting of Shareholders, supporting documents, and a variety of proxy forms shall be made available online at www.ktc.co.th to enable shareholders to choose the right form for their specific purpose. In addition, the company shall appoint at least one independent director as a proxy holder in case some shareholders cannot attend the meeting in person. It shall also provide explanations and reasons concerning each agenda item or resolution as specified in the Invitations to the Annual General Meeting of Shareholders, and present useful facts and comments of the Board of Directors associated with each agenda

item, in case shareholders have different views with the Board, so that the shareholders are sufficiently and equally informed for further consideration. All of this explanatory information shall be published in Thai and English for shareholders.

1.2.5) In any Annual General Meeting of Shareholders, the company's chairman of the Board of Directors, board members and management shall be in full - team attendance in order to present performance figures, report on management policies, answer some immediate questions and promptly provide any answers or requested information to shareholders during the meeting.

1.2.6) To enable accuracy and transparency of vote counting in each agenda item, the company shall invite representatives from independent audit firms, in addition to auditors appointed by the company, to jointly verify the vote - counting process.

1.2.7) Before the meeting starts, the chairperson shall describe the meeting's rules and regulations, voting procedures, the rights to vote for each type of share and vote counting methods for each agenda item in accordance with the company's article of association. During the meeting, all shareholders shall have equal rights to question and comment as well as voice their feedback freely. The board shall pertinently answer all questions on each agenda item. The minutes of meeting shall be taken; an adequate explanation of voting procedures as well as the presentation of voting results shall be recorded and presented to attendees before the meeting starts. The meeting shall also involve shareholders raising issues and concerns, records of questions and answers, records of voting results from each agenda item detailing how shareholders have voted for, against and abstained, and a list of directors attending the meeting and those absence, accurately and completely. At the end of the meeting, all resolutions and votes shall be processed through the Stock Exchange of Thailand's (SET) Electronic Listed Companies Information Disclosure

(ELCID) system and made available to investors and shareholders in Thai and English. A copy of full meeting report shall be submitted to SET and the Securities and Exchange Commission (SEC) within 14 days from the date of meeting and also made available on the company's website both in Thai and English.

1.2.8) The company shall not add items in the agenda without prior notice to shareholders, especially ones that are associated with important issues and need time to study before making a decision. It shall conduct the shareholders' meeting in a correct sequence of agenda as mentioned in the invitation.

1.2.9) During a shareholders' meeting, the board shall encourage using advanced technology in the meeting to calculate votes and display results so that the meeting can be quickly and precisely conducted.

1.2.10) The board shall encourage using ballot in any important agenda such as related - party transactions, asset acquisition or disposal to ensure transparency and verifiability, in case of later dispute.

1.2.11) The chairperson shall manage time effectively and strongly encourage shareholders to express their views and questions on matters relating to the company.

General Meeting of Shareholders

The annual general meeting of shareholders for 2018 was held on April 20th, 2018. the company followed the laws, regulations, or guidelines for good corporate governance as follow :

Prior to the meeting : the company published an invitation for the annual general meeting of shareholders in both Thai and English, stating the date, time, venue, and meeting agenda with general descriptions underlying rationales and other supporting documents sufficient for decision - making prior to the meeting through various channels such as :

- **SET's news system** : disclosed the resolution of the Board of Directors meeting on the subject of invitation to the Annual General Meeting of Shareholders 2018 (16th meeting), which presented meeting schedule, meeting agenda, and dividend payment, was published on February 13th, 2018.

- **The company's website** : publicized the meeting invitation and supplementary documents more than 30 days in advance on March 15th, 2018, which contained the same information as the documents sent by post to shareholders on : 1) date, time, and venue, 2) meeting agenda with explanations and reasons for each agenda or resolution as specified in the invitation, 3) statement of proxy registration, meeting documents, meeting rules, and 4) voting procedure and proxy letter.

- **Delivery by post** : the meeting invitation and a CD - ROM containing meeting documents were sent by post to shareholders 31 days in advance. All the meeting parcels were delivered to the post office on March 20th, 2018.

- **Newspaper advertisement** : the meeting invitation was posted on daily newspapers in Thai and English for 3 consecutive days, 17 days prior to the meeting.

The company enabled shareholders to propose additional agenda, questions, and other related matters via the company's website and SET's news system. The names of candidates for the director position in both Thai and English were also proposed, including rules, procedures, proposal channels, and meeting notification, have been conducted 3 months in advance from November 15th, 2017 to January 31st, 2018.

The company attached the proxy letter (form Khor), as specified by the Public Company Limited registrar, and a barcode to facilitate meeting registration with the meeting invitation. These documents were also posted on the company's website so that the shareholders who were unable to attend the meeting could appoint a proxy

to attend the meeting. Another proxy letter (form Kor) was posted on the company's website as well to allow general shareholders and shareholders who are securities administrators to grant a proxy according to the amount received from the shareholders.

The company nominated 2 independent directors, in which their background and interests were attached in the meeting invitation, as an option for proxy of shareholders.

The day of the Annual General Meeting (April 20th, 2018) the company held the meeting at Plaza Athenee Hotel situated on Wireless Road in Bangkok, which can be easily accessed by cars and BTS sky train. The hotel provided numerous facilities including the venue, receptionists, and information technology and barcode system for registration and voting, resulted in speed and accurate processing. Ballots for each agenda were printed for shareholders to ease the registration process, as well as starting the registration process 2 hours prior to the meeting. the company invited volunteers from minor shareholders to witness the vote counting.

The meeting's chairperson appointed the company secretary to describe the meeting's rules and regulations, voting procedures, the rights to vote, and vote counting methods to the shareholders at the beginning of the meeting. During the meeting, the information was presented in the video format for clarification.

After the Meeting

After the meeting, the company disclosed voting results for each agenda through SET's news system and the company's website on the same day. The company also recorded a minute of meeting containing a list of attendees, voting rights and procedures, announcement of voting results, questions raised during the meeting, and voting results from each agenda item detailing how many shareholders voted for, against, abstained, or inadequate ballots. Copies of full meeting reports for

2018 were submitted to SET and the company's website within 14 days from the date of meeting, which were disclosed on May 4th, 2018.

Extraordinary General Meeting of Shareholders

In 2018, the company held an extraordinary general meeting no.1/2018 on July 6th, 2018. The meeting abided by the laws, regulations, or guidelines for good corporate governance as follow :

Prior to the meeting : the company published an invitation for the extraordinary general meeting of shareholders in both Thai and English, stating the date, time, venue, and meeting agenda with general descriptions underlying rationales and other supporting documents sufficient for decision - making of each agenda prior to the meeting through various channels such as :

- SET's news system : the resolution of the Board of Directors meeting on the subject of invitation to the Extraordinary General Meeting of Shareholders (no. 1 / 2018), which presented meeting schedule, meeting agenda, and details of the par value change, was published on May 14th, 2018.

- the company's website : publicized the meeting invitation and supporting documents more than 30 days in advance on June 8th, 2018, which contained the same information as the documents sent by post to shareholders on : 1) date, time, and venue, 2) meeting agenda with explanations and reasons for each agenda or resolution as specified in the invitation, 3) statement of proxy registration, meeting documents, meeting rules, and 4) voting procedure and proxy letter.

- Delivery by post : the meeting invitation and a CD - ROM containing meeting documents were sent by post to shareholders 20 days in advance. All the meeting parcels were delivered to the post office on June 15th, 2018.

- Newspaper advertisement : the meeting invitation was posted on daily newspapers in Thai and English for 3 consecutive days, 9 days prior to the meeting.

The company attached the proxy letter (form Khor), as specified by the Public Company Limited registrar, and a barcode to facilitate meeting registration with the meeting invitation. These documents were also posted on the company's website so that the shareholders who were unable to attend the meeting could appoint a proxy to attend the meeting. Another proxy letter (form Kor) was posted on the company's website as well to allow general shareholders and shareholders who are securities administrators to grant a proxy according to the amount received from the shareholders

The company nominated 2 independent directors, in which their background and interests were attached in the meeting invitation, as an option for proxy of shareholders.

The day of the Extraordinary General Meeting (July 6th, 2018) the company held the meeting at The Athenee Hotel, A Luxury Collection situated on Wireless Road in Bangkok, which can be easily accessed by cars and BTS sky train. The hotel provided numerous facilities including the venue, receptionists, and information technology and barcode system for registration and voting, resulted in speed and accurate processing. Ballots for each agenda were printed for shareholders to ease the registration process, as well as starting the registration process 2 hours prior to the meeting. the company invited volunteers from minor shareholders to witness the vote counting.

The meeting's chairperson appointed the company secretary to describe the meeting's rules and regulations, voting procedures, the rights to vote, and vote counting methods to the shareholders at the beginning of the meeting. During the meeting, the information was presented in the video format for clarification.

After the Meeting

After the meeting, the company disclosed voting results for each agenda through SET's news system and the company's website on the same day. the company also recorded a minute of meeting containing a list of attendees, voting rights and procedures, announcement of voting results, questions raised during the meeting, and voting results from each agenda item detailing how many shareholders voted for, against, abstained, or inadequate ballots. Copies of full extraordinary general meeting reports no. 1 / 2018 were submitted to SET and the company's website within 14 days from the date of meeting, which were disclosed on July 20th, 2018.

Section 2 : Equitable Treatment of Shareholders

2.1 Equitable treatment to minority shareholders

The company has policies to treat all shareholders fairly and equitably regardless the number and kind of shares owned, including institutional investors, foreign investors and minority shareholders, who shall be entitled to the full exercise of their rights and equal treatment as described in the Rights of Shareholders section. In addition, the company's shareholders shall have the rights to nominate suitable candidates for appointment to the Board of Directors in advance.

2.2 Procedures for authorizing the proxy

In case a shareholder cannot attend any meeting in person, the company shall allow the shareholder to be able to exercise the right through proxy voting. Invitation to the shareholders' meeting as well as a proxy form attached with detailed procedures and the nomination of at least one independent director serving as the proxy holder shall be sent to the shareholder. the company shall encourage the shareholder or his / her proxy to use ballot in every agenda.

2.3 Measures preventing and abuse of inside information

To prevent any possible conflicts of interest and prevent misuses of insider information for self - benefit and or related - party, the company has established

measures in written form and included in Corporate Governance Guidelines as follows :

Definition

Management is the President and CEO and the top four individuals ranking next to the CEO, including all other persons whose rank is equivalent to the last rank in the top four⁽¹⁾. Head of Finance and Accounting is also included in management.

Employee is the Director, Top management, Permanent employee, Temporary employee, and contractual employee.

Confidential or Internal Information are significant material facts that have been received or acknowledged in writings or any other forms by the Board members, management, or employees such as financial statements, the company's performance, joint ventures, changes in dividend policies, acquisition of significant business partners, and etc. Such information is not ready for disclosure, has not yet been announced to the public, and can influence the company's Securities price.

Instruction for approving connected transactions

- Each Director is required to disclose information on transactions that might bear any conflicts of interest, related - party transactions or connected transactions as prescribed in the requirements of the office of Securities and Exchange Commission of Thailand and the Stock Exchange of Thailand.

- Director having conflict of interest is prohibited from approving a particular transaction. In conducting any related - party transactions, the Audit Environmental Social and Governance Committee shall participate and

give opinions under the Principle of Good Governance for Listed Companies as well as rules and regulations prescribed by the Stock Exchange of Thailand.

- Lending or investing in any business in which the director might have a potential conflict of interest must be unanimously approved by the Board of Directors, without the affected director being present in such meeting. To further prevent a potential conflict of interest, pricing and terms and conditions must be determined in accordance with the company's normal course of business and equal treatment given to regular clients. Moreover, the company has taken measures to oversee the use of inside information, which is clearly specified (Please see details in "Management Structure" section : Use of Insider Information" topic).

Section 3 : Roles of Stakeholders

3.1 Fair treatment to stakeholders

The company recognizes the rights and roles of all stakeholders, internally and externally, and has included it as part of the Corporate Governance Guideline and the Business Code of Conduct, which are published across a variety of media such as the company's website. This is to keep all stakeholders informed and encourage them to strictly follow the guidelines for sustainable business operations of the company. The guidelines are as follows :

Shareholders

The company is committed to achieving the best possible business performance and enabling the continuous and sustainable growth of profits. This can be realized through prudence and transparency, enhancing competitive potential to create added value to the shareholders in the long run.

⁽¹⁾ All executive officers report directly to the president in accordance to the company's structure.

Customers

The company aspires to serve its customers attentively and with the best possible effort. Every customer shall be equitably and fairly treated, and courteously advised and supported with respect and good manner. The company is willing to listen to their problems and concerns, identify causes and find the most appropriate solutions without disclosing their personal data or confidential information - unless it is required by laws or with written consent by the affected customers. Besides, advertisements and announcement must be implemented responsibly and accurately; without taking advantage of customer's misinformation.

Creditors

It is the company's policy to treat its creditors, including suppliers, debenture holders and other creditors, equitably and fairly based on the mutual benefits, and strictly honor agreements and conditions agreed by both sides. In case of failure to do so, in any circumstances, the affected creditors shall be notified in advance so that both parties could be able to find the most possible solutions and start further business negotiations. The company shall refrain from requesting, accepting or commissioning dishonestly in any case to gain business benefits, and be responsible for reporting correct and complete financial data to the creditors on regular and timely basis.

Business partners

The company requires its employees, who are involved in buying / selling assets as well as any products and services of the company, to act in the best interests of the company instead of one's personal interest or interest of their peers. In this regard, the employees shall be responsible to provide accurate information based on truthful facts, and shall not mislead or provide incomplete information to buyers or sellers of assets / products and services. Importantly, the employees should avoid accepting gifts or rewards, or attending private functions or receptions hosted by buyers or sellers of assets /

products and services, or by a group of particular interest, so as to avoid any possible accusations and prevent an inclination to show favor in return for such special treatment on later occasions. Procurement process, condition, and agreement are made fairly. Business partners are also provided knowledge, and skills to improve their potential, service, and production to the industries standards. Business partners are also convinced to respect human rights and treat their labor fairly, as well as taking responsibility in monitoring, assess the social and environmental aspects of business to develop a sustainable business relationship.

Business alliances

The company is firmly determined to comply with agreements made with its business alliances and provide assistance in a manner, which allows mutual business benefits.

Competitors

The company has no policy to falsify or distort competitors' facts or cause damage to reputation of its competitors. At the same time, it avoids making deals or discussions with employees of other agencies or financial institutions on issues concerning geographical locations, marketing, customer segmentation, interest rates, fees, products, services or business plans, which might affect the company's business competition.

Corporate social and environmental responsibility

The company strives to be a good corporate citizen conducting its business in a responsible manner to ensure the best interests of the society and the country. The company contributes to various social - spirited activities and takes part in social, community and environmental development projects, and also aims to protect and preserve natural resources. To achieve tangible results from its social and environmental responsibility initiatives, and make these truly beneficial to the society and environment, the company's Board of Directors and management has given procedure to this matter and

included it as an integral part of its corporate missions, which are described in full details in the "Corporate Social Responsibility" section of the company's Annual Report.

Board of Directors and Management

The company's Board of Directors and management are well aware of their rights, and strive to be a role model in exercising the rights and performing their duties as specified by the company. At the same time, they recognize equitable and fair treatment of the rights of all company's stakeholders.

Employees

The company recognizes its human resources as a valuable driving force for the organization. For this reason, it has always put emphasis on recruiting and hiring the right people, offering rates of salary and remuneration packages at the level comparable to leading companies. The company also highly values human resources development through a variety of training programs, on a regular basis, in order to address rising competition in the financial business industry. The employees are regularly trained on management skills, sales and marketing, customer service, financing, risk management and information technology, and Corporate Good Governance. In addition to employment benefits required by law, the company has provided the employees with others that lead to their better quality of life and well-being. These include group insurance as well as wedding, childbirth and funeral allowances, for instance. Regarding safety in the workplace, the company places emphasis on maximizing safety in life and property, as well as creating a positive working environment. In 2017, no employees were injured or killed from operation.

The company has a clear policy that the company's operation shall not infringe any intellectual properties. The company had established rules to handle this matter; in which all employees must agree to abide by the rule, policy, and / or standards of operations regarding the company's IT security policy and the computers and Internet usage policy.

Government sector

The company supports operations of the public sector and acts in compliance with rules and regulations established by regulatory organizations, working in conjunction with them to promote and support collaboration in activities run by related governmental agencies in order to preserve national stability and growth.

3.2 Stakeholders' Participation

Stakeholders are provided with opportunities to participate in a variety of activities on several occasions. These can be possible through their own rights; for example, the shareholders' rights to express their opinions independently in the Annual General Meeting of Shareholders or add items in the meeting agenda or nominate persons for the company's directors. The company also encourages the engagement of stakeholders, especially in CSR (Corporate Social Responsibility) activities.

3.3 Anti - Corruption Policy

The company is committed to conducting business with integrity and in compliance with corporate social responsibility requirements, good corporate governance practices and fair treatment to all groups of the company's stakeholders. In 2013, the company joined the Collective Action Coalition against Corruption in Private Sector as part of its intention and commitment to counter all forms of corruption. To ensure the company's anti - corruption policy has outlined responsibilities, guidelines and regulations for appropriate execution, in order to prevent and counter all forms of corruption in every business activity of the company, and to make sure business decision making and operations with potential risk of corruption are cautiously considered and supervised, the company has established written "Anti - Corruption Policy" in order to standardize procedures for sound business operations and the pursuit of sustainable development. On April 22nd, 2016, the company became a certified member of the "Private Sector Collective Action Coalition Against Corruption (CAC)" by a

resolution of the CAC committee 1 / 2016. The company is currently undergoing the process of applying for a CAC membership renewal.

Definition

Corruption (herein) means all forms of bribery including an offer of, request for, promise of, commitment to do or authorization or receipt of “anything of value” (money, assets or other improper benefits) to / from any government official or any other person or entity including persons or entities in the private or commercial sector, directly or indirectly, where it is intended to induce the recipient to misuse his or her position or to obtain an improper “business advantage” or to refer business to the company in particular or to acquire / maintain any other improper business advantage unless otherwise specified by law, rules and regulations, announcement, local tradition or customary business practice.

Anti - Corruption Policy

No company's director, management or employee shall commit or accept corruption in any form, directly or indirectly. It is the company's policy to review its compliance with the Anti - Corruption Policy on a regular basis, and to reconsider any related guidelines and operational procedures in order to ensure conformity with changes in the business environment, rules and regulations, and applicable law.

Roles and Responsibilities

- The company's Board of Directors share a responsibility of putting an emphasis on developing a policy and ensuring that anti - corruption system is efficiently supported and implemented. This is to guarantee the company's management is aware of the anti - corruption's importance, and eventually makes it a corporate culture.

- The Audit Environmental Social and Governance committee is responsible for reviewing the financial reporting and accounting system, the internal audit

system and the risk management system to ensure that these are concise and are carried out in compliance with international standards in an efficient way.

- The company's chief executive officer and management team are responsible for establishing systems as well as encouraging and promoting the anti - corruption policy in order to communicate with the company's staff and stakeholders. They also share a responsibility to review the appropriateness of standard and procedure to ensure conformity with changes in the business environment, rules and regulations, and applicable law.

- The internal audit function of the company has a responsibility to monitor and review operations, and reassure a compliance with the established policy, guidelines, authorizations, rules and regulations, applicable law and requirements of regulatory bodies, which is sufficient for dealing with possible risks associated with corruption, along with an ability to report effectively to the Audit committee.

- The Enterprise Risk Management department is responsible for the development of tools that evaluates corruption risk, as well as perform the evaluation of corruption risk, and summarize the evaluation results and report to the risk committee. The department must re - evaluate the corruption risk annually.

Operational Guidelines

- 1) The company's Board of Directors, management and staff at all levels shall comply with the Anti - Corruption Policy without getting involved in scandals, directly or indirectly.

- 2) The company's staffs shall not ignore any corrupt practices in association with the company. They shall cooperate closely on the investigation of facts. In the event of a concern or enquiry, they shall consult with their

superiors or designated persons responsible for monitoring the compliance with rules and regulations, or through various channels as specified by the company.

3) The company treats its employees equitably and extends protection to those opposing or reporting corruption cases in association with the company. The company has developed measures to safeguard whistleblowers or those who cooperate in the investigation, fact finding or the reporting of corruption cases, as specified by the company.

4) Any action that is carried out as per Anti - Corruption policy, should follow the related practices described in Corporate Governance Policies, Business Ethic Guideline and Standard Operating Procedure (SOP), including other practices that the company see fit to keep this policy. Therefore, all executives, managements and employees in all level should take extra care in the following actions;

4.1) Giving or receiving gifts, presents, feasts or other kind of benefits. Any expenses related to giving or receiving of gifts, presents or other kind of benefits should be in accordance with the Business Ethic Guideline or the company's regulation.

4.2) All form of money or assets donated for the charity or public benefit purpose, including the sponsorship of any kind, should be backed with intention statement, or donation request documents, or with receipt of payment or official thank you letter.

4.3) There must be no kind of bribery in business relations and procurement contract procedure. The procurement contract procedure should be carried out as per procurement and outsourced guide line. Moreover, the operation and business contact of the company should be conducted with honesty and with transparency, and in accordance with related laws and business regulations.

4.4) The company has no policy to support financially, or donate any kind of asset for the political purposes to any political party, political group, or politician, anyone or any party that has been found guilty of corruption charge, such action will be considered guilty in violation of company's operation regulation, and could be faced with criminal justice if such action violates the law.

5) Corruption is deemed to be a violation of operational rules and regulations established by the company. Committing corruption should be subject to legal punishment if that practice is considered illegal.

6) The company attaches importance of publicizing, educating and promoting a better understanding among any other persons concerned or engaged in or associated with the company, or work on issues that might have impact on the company with regard to operating in compliance with this anti - corruption policy.

7) The company is committed to building and preserving a corporate culture that considers corruption an unacceptable practice, regardless of any corrupt or wrongful practices for one's own benefit or the benefit of others.

8) The company established human resource management process starting from the recruitment, training, evaluation, remuneration, and promotion with emphasis on anti corruption.

3.4 Whistle blowing and Filing a Complaint

It is the company's policy to encourage customers and the general public to lodge their complaints or comments through the following channels :

Call Center	: 02 123 5000 (24 hours)
Complaint Center	: 02 123 5000
Website	: http://www.ktc.co.th
E - Mail	: CService@ktc.co.th
Facsimile	: 02 123 5190

Mailing Address : Krungthai Card Public Company Limited 591 United Business Centre II, 14th FL., Sukhumvit 33 Rd, North Klongton, Wattana, Bangkok 10110

Staff members are able to submit complaints or send feedback and comments to the company's Board of Directors and management directly via e - mails.

Details regarding anti - corruption can be found in the Corporate Social Responsibility section under the "Anti - Corruption topic"

Section 4 : Disclosure and Transparency

4.1 Disclosure of Information as prescribed in the Disclosure Guidelines for Listed Company

The company is responsible for ensuring that key business information as well as financial and other related data is disclosed accurately, completely, transparently, comprehensively and timely as prescribed in the requirements of the Office of the Securities and Exchange Commission and those of the Stock Exchange of Thailand. Apart from using the Annual Registration Statement (Form 56 - 1) and the Annual Report (Form 56 - 2), most of the information shall be available on the company's website in Thai and English, thus allowing shareholders, customers and any interested persons to easily, equitably and reliably access to the information.

Key information disclosed by the company includes performance of the Directors over the year, Directors' training records, roles of the Boards and subcommittees, number of meetings, records of attendance of each Director and comments derived from performing their duty as well as remuneration policy and remunerations of directors and top executives that reflect their roles and responsibilities, shareholding structure, business operations and operating performance, business ethics and corporate governance, social and environmental responsibility policy, for instance.

4.2 Disclosure of Company and Customer Information to Requesting Agencies and Third Parties

Government agencies or private enterprises, with or without legal authority, are able to request or verify company's information under the following terms and conditions :

- Agencies with legal authority to request information, documentary evidences for verification or request the company's employees to testify or appear as witness in court of law, Legal Execution Department (LED), Revenue Department, Department of Special Investigation (DSI), Royal Thai Police, Office of the National Counter Corruption Commission (NCCC), Anti - Money Laundering Office (AMLO), Office of the Narcotic Control Board (ONCB), Office of the Securities and Exchange Commission of Thailand (SEC), Social Security Office (SSO), Office of the Consumer Protection Board (OCPB), Office of the Auditor General, Ministry of Finance Inspector General, Office of the Ombudsman and Bank of Thailand, for instance. Such agencies are able to request information and documentary evidences concerning application for credit card / personal loan account, spending and payment information, and available credit balance for instance, for further verification.

- The company shall not disclose information to agencies and persons without legal authority to request for verification of information, which includes government agencies and private enterprises as well as the general public, who generally request for verification of personal data.

4.3 Investor Relations

The company has established Investor Relations Department to be responsible for providing and disseminating the company's information and updates on its activities. This is to ensure a better understanding as well as foster and maintain a good relationship between the company and all groups of stakeholders, including all types of investors (retail, institutional and general investors), stock analysts, local and foreign fund managers, customers, regulatory government agencies, others concerned, and the general public. All stakeholders shall

be provided with the company's information on equal and fair basis.

The company distributes such information through diverse channels and in various formats, including one - on - one meetings, analyst briefings, local and international road shows, disclosure in annual report or other reports, website (www.ktc.co.th) or other forms of electronic communications (such as e - mail or SET Portal), for example.

Contact Information :

Phone : 02 828 5067, 02 828 5059
 Facsimile : 02 828 5064
 Address : Krungthai Card Public Company Limited
 591 United Business Centre II, 14th FL.,
 Sukhumvit 33 Rd, North Klongton,
 Wattana, Bangkok 10110
 E - Mail : irktc@ktc.co.th
 Website : <http://www.ktc.co.th/> and click on
 "Investor Relations"

Moreover, the company has assigned its Corporate Communications Department to distribute all the latest news and information through a variety of mass media on many occasions.

In 2018, the company has presented performance to analysts, investors, employees, and related parties on a regular basis as shown in the table below :

Activities	Activities in 2018 (Times)
Roadshow abroad	5
Roadshow in Thailand	13
Press Meeting	30
Credit Rating Review	1
Conference Call	8
Company Visit	30
Site Visit	4
Participation in the Opportunity Day at SET	4
Activities for Bondholder relations	16

Section 5 : Responsibilities of the Board of Directors

5.1 Independence from the Management of the company

The Board of Directors assumes responsibility for the stewardship of the company and is truly independent from the management team, and as part of this stewardship, has an obligation to act in the best interest of the company and its shareholders. By clearly separating the duty and responsibility between the Board of Directors and management, the Board of Directors shall develop policies and supervise the company's work process to ensure full compliance with the respective policies, lawfully and ethically. Moreover, for proper check - and - balance, the chairman of the Board of Directors and the Chief Executive Officer are all different persons.

5.2 Appropriateness of the Board of Directors

The number of Directors is in accordance with the company's Articles of Association, Article 11, which requires that "The Board of Directors has at least 5 and at most 15 members as determined by law. No less than half of the total number of elected directors must reside in the Kingdom of Thailand". Moreover, every director must possess qualifications as required by laws and regulations.

5.3 The Board of Directors' Term of Office

The Board of Directors' term of office shall be in accordance with the respective charters governing each committee of the Board and the company's Articles of Association, Article 13, which requires that one - third of the directors shall retire at the next Annual General Meeting of Shareholders. In the event that the whole number cannot be divided equally into three groups, retiring directors must be the closest to one third (1 / 3). Unless otherwise agreed among themselves, the directors to retire for the first and second time shall be drawn by lots and thus the longest - serving Directors shall retire at the next meeting. Upon completing the term of office, retiring Directors may stand for re - election.

5.4 Transparency of Board Member Nomination and Election

5.4.1) Board Election Process

The company appoints members of the Nomination and Remuneration committee who are responsible for reviewing and selecting candidates for the election of Board of Directors. The committee also has a responsibility to ensure that Board is comprised of individuals with the requisite qualifications, and without prohibited characteristics for the position, in accordance with the rules and regulations defined by Stock Exchange of Thailand (SET), Office of the Securities and Exchange Commission of Thailand (SEC) and other related authorities. Each of the candidates must possess the requisite skills, knowledge and experience as required by the company, in order that they can be nominated by the committee for board member election by the company's shareholders and this allows for change registration and reporting to related agencies in time specified. Directors retiring from the board may stand for re - election. As directors join the Board, it is essential that they have a comprehensive orientation that successfully keeps them informed about their roles, duties and responsibilities as a director as well as the company's rules and policies in aspects, in order for directors to have a successful start with a sound understanding of the company's business operations.

5.4.2) Appointment of Directors

Directors are generally appointed in two cases as follows :

Case #1 : New directors are appointed to replace retiring directors. These persons stand for election by shareholders at the next Annual General Meeting to fill the vacant position(s). Upon completing the term of office, retiring directors may stand for re - election.

Case #2 : In case of appointment of new directors to replace those stepping down prior to completing the term of office, the company's Board of Directors, no less

than three - fourth of the total votes of the remaining directors, elects highly qualified candidates, and are not prohibited persons, to fill up the vacant directorship position(s), whose term of office lasts for the same period of time as the remaining term of office of the resigned director(s).

5.4.3) Shareholders' Right to Elect Directors

The Annual General Meeting of Shareholders shall elect the Director based on the following criteria :

- For each shareholder, one (1) share equals one (1) vote unless the shareholder holds preferred stocks, of which holders are destined to have inferior rights to vote than common shareholders.
- Each shareholder is allowed to use all his / her existing votes (as specified in 1.) to elect one or more directors. However, the shareholder is not allowed to transfer a portion or all of the votes to any other person.
- Top candidates with the highest votes shall be appointed as directors. The number of directors equal to what is required or intended to fill vacancies. In the event that number of the candidates receiving the most votes is more than the seats available at that time, then the chairman of the meeting shall have the final vote.

Additionally, shareholders are allowed to add items to the meeting agenda, and nominate qualified candidates for the directorship prior to the Annual General Meeting of Shareholders through the company's website between November 30th and January 31st, of each year. The nominated candidates for the directorship shall be reviewed by the Nomination and Remuneration committee / the company's Board of Directors. The result is to be notified to shareholders through the company's website and the website of Stock Exchange of Thailand by March each year and once again to those attending the next Annual General Meeting of Shareholders.

5.5 Performance of the Board of Directors

5.5.1) Setting Policies and Overseeing the Management

With integrity and prudence, the company's Board of Directors is obliged to promote the best interest of shareholders, especially in terms of approving the company's vision, mission, strategies, and significant matters concerning the company's business directions and policies as well as its business plans and annual budget - based on logical reasoning, comprehensive business environment and social analysis, and social responsibility. At the end of the second quarter of each year, the company's Board of Directors shall convene a meeting to review the policies and goals. In the last quarter, they shall set up a business plan for the upcoming year in order that it can be forwarded to the management for a brainstorming session with members of the management team from various functions, to set effective business strategies in order to achieve common goals.

Additionally, the company's Board of Directors is responsible to ensure that performance of the management team is fully aligned with the company's goals by using key specified performance indicators (KPIs). The performance shall be evaluated from the beginning of the year, on monthly and quarterly basis, in order that the operational status can be monitored at all stages. In the event that the performance has fallen below the target, the board is responsible for identifying causes and finding solutions to problems. At the end of the year, the board shall evaluate the performance of management team in comparison with the KPIs defined in the company's Performance Agreement (PA). The company determines those KPIs based on a performance measurement of the Balance Scorecard model which considers four perspectives of business as follows

- Financial perspective. Each department use its financial data such as income, expense or customer's spending to create its KPIs.

- Customer perspective. Any departments providing services to customers such as Contact Center determine their KPIs according to their service performance such as numbers of calls requesting for service, referrals of the company's services from satisfied customers and numbers of complaints etc.

- Internal process perspective. Any departments relating to the company's working process improvement or internal process determine their KPIs according to efficiency in their internal management such as average of service score as indicated in SLA or enhancement of working system or process beneficial for customer services etc.

- Learning and Growth perspective. Any departments relating to human resource development or corporate governance set their KPIs according to learning results or development results such as human resource and skill development for better performance, no warnings or no official remarks from any regulatory bodies etc.

Moreover, the board has responsibility to control and monitor the performance of the management team to ensure transparency, proper corporate governance, and risk management.

Guidelines for serving as a director at other companies :

- **Director** : A director shall serve as director of no more than 5 of the listed companies unless otherwise approved by the Board of Directors.

- **Chief Executive Officer** : Regarding the company's CEO who serves as director at other companies, he / she is allowed to serve other listed companies as long as it does not affect his / her performance at the company, and they do not use his / her authority or position at the company to do anything in association with such companies. It is also required to seek approval by the Board of Directors before serving as director at other

companies, and disclose information concerning that directorship to shareholders in the Annual Registration Form (56 - 1) and the Annual Report (56 - 2).

- All other positions follow the company's Employee Handbook.

5.5.2) Other Board Committees

The Board of Directors may set up additional committees and other related sub - committees, as they see appropriate and relevant to a specific circumstance, in order to assist in studying and reviewing tasks as needed and to ensure operational efficiency and effectiveness of the Board of Directors. (See details regarding other sub - committees on "Management Structure" section under "Sub - Committees" topic)

5.5.3) Director Self - assessment

The company proposes that self - assessment of the Board should be done twice a year to reflect levels of performance in accordance with the company's Guidelines for Good Corporate Governance Practice. This can be divided into four categories, including the assessment of the entire Board of Directors, the assessment of individual director, cross - evaluation or assessment of other board members, and subcommittee assessment. Areas of evaluation cover the following :

- The assessment of the entire Board of Directors has six key areas to be evaluated, including the composition of the board and qualifications of board members, roles and responsibilities of the board, Board of Directors' code of conduct, Communication of the Board of Directors, relationship between the Board of Directors and the company's management, and preparation and organization of meetings.

- The assessment of individual director (self - assessment) has six key areas to be evaluated, which covers core competencies, independence, preparedness, roles and responsibilities as a director, practice as a Director and vision for long - term value creation.

- Individual cross - evaluation has six key areas to be evaluated, consisting of the composition of the sub - committee and qualifications of the members, roles and responsibilities of the subcommittee, its code of conduct, communication skills, relationship with the company's management, and preparation and organization of meetings.

- subcommittee assessment has six key areas to be evaluated, covering structure and qualification of the subcommittee, role, responsibilities, guide line, communication, relationship, and the preparation and the handling of meetings.

Each assessment form contains a comments section to allow the directors and the subcommittees to give feedbacks or suggestions to the board members. In addition, results of the evaluation shall be forwarded to all the company's board members in order to lead to performance optimization and then to promote good corporate governance within the company. This enables the company to do business in a way that helps achieve continued and stable growth based on efficiency, transparency and justification that give confidence to all stakeholders.

In 2018 the company coordinated the assessment of the board of directors and all subcommittees and summarized for the board of directors' review in the 1 / 2019 meeting, held on January 17th, 2019 with the following results

Evaluation topics	Average (max score is 5)
The assessment of the entire Board of Directors	4.85
The assessment of individual director	4.81
Individual cross - evaluation	4.80
subcommittee assessment (Audit Environmental Social and Governance Committee)	4.84
subcommittee assessment (nomination and remuneration committee)	4.92

Assessment of the President

The company arranged annual performance assessment for the President & Chief Executive Officer ranging procedurally from January - December. The nomination and remuneration committee will setup the evaluation criteria, review and evaluate base on the key performance indicator consistent to the target, strategy, and management skills of each year. However, the evaluation result of the President & Chief Executive Officer is exclusive and confidential, and therefore undisclosed.

5.5.4) Development of Directors and Executives

The company encourages and provides training and educational programs for board members and management on regular basis. Additionally, when the new board members are appointed, the company provides an induction program for newly elected directors to get fully informed about the business plan of exiting products and services, capital and shareholding structure, organization structure, legal considerations for serving as director at a listed company. The training and induction programs are designed to cover the following :

- Board composition and board meetings
- Board meeting calendar and agendas
- Standard agendas

- Scope of business permitted from regulators and related laws
- Capital and shareholding structure, affidavit, memorandum of association, Articles of Association, and the minutes of Annual General Meeting
- Corporate governance policies, and business ethics handbook
- Related party transaction
- Management and usage of inside information
- Directors & Officers Liability Insurance
- The Bank of Thailand and related regulatory agencies inspection results
- Status of actions resulting from the inspection results of the Bank of Thailand and related regulatory agencies.
- Vision Mission and company's strategies
- Directorship in subsidiary, ventures, and related companies
- Organization structure and list of executives

- Lay out of the head quarters

In 2018, the company convened a total of 1 induction programs for the newly appointed directors so that they were equipped with the company's policies and other related information. By doing so, the directors were able

to clearly see the overview of the company's performance. In order to enhance knowledge of the directors, 3 directors attended courses related to their duties concerning principles of good corporate governance as follow :

No.	Name	Position	Training	Institution
1.	Mr. Parinya Patanaphakdee	Chairman of the Board of Directors / Chairman of Nomination and Remuneration committee	Role of Chairman Program (RCP 43)	Thai Institute of Directors (IOD)
2.	Mr. Praphaisith Tankeyura	Independent Director / Chairman of the Audit Environmental Social and Governance committee	Role of Chairman Program (RCP 43) Advanced Audit Committee Program (AACP)	Thai Institute of Directors (IOD)
3.	Mr. Nathporn Chatusripitak	Independent Director / Audit Environmental Social and Governance committee	Director Certification Program (DCP)	Thai Institute of Directors (IOD)

5.5.5) Meetings of Board of Directors

The company's board members regularly meet at least 12 times a year. The meetings shall be annually planned in advance. The meeting holds monthly, which is planned in advance throughout the year. However, more meetings may be scheduled, depending on circumstances. Main agenda items are divided into categories such as chairman's opening comments, approval of the minutes of the last meeting, proceeding matters, policies, loans, debt restructuring, investments, acquiring and selling of assets, procurement procedures, human resources, matters to be considered, matters to be notified, and other matters. The secretary of the Board of Directors shall distribute invitation to each meeting with a meeting agenda and supporting documents to the Board members no later than 7 days prior to the meeting via emails and / or hard - copied documents for the purposes of convenience and paper saving. The secretary shall take the minutes of meeting in written

form and file the minutes of last meetings, which have been approved by the company's Board of Directors, for further examination. Additionally, the Board of Directors requires that non - executive directors meet at least once a year without any executive directors attending the meeting. This is to provide them with an opportunity to discuss issues concerning the company's business and main issues of interest, as well as evaluate the performance of CEO. The proceedings and decisions taken at that particular meeting shall be notified to the CEO.

In 2018 the board of directors convene one meeting without the presence of executive directors on December 19th 2018, prior to the Board of Directors meeting.

Code of Conduct

The company's Board of Directors has established Code of Conduct. The Code of Conduct was to be

reviewed regularly to ensure that the guidelines comply with the laws or the company's internal changes. The Code of Conduct was constructed in accordance with international standards, in which every level of employees can easily access these guidelines through the company's website and intranet system. Directors, management, and employees are to uphold these guidelines with the following main topics:

- 1) Message from the Chairman
- 2) Business Practices
- 3) Key topics in Business Practices are as follow :
 - Keep control of corporate assets and the company's interests
 - Conflicts of interest
 - Confidentiality
 - Giving or receiving gifts, presents, feasts or other kinds of benefits
 - Rights of Shareholders
 - Disclosure of information and relationship with investors
 - Prevention of money laundering
 - Treatment to Stakeholders

4) Corporate social and environmental responsibility

5) Monitoring to ensure compliance

Succession Plan

In order to ensure the organization's stability and sustainable growth, the company realizes the importance of human resource development and succession planning, which are key factors to prepare personnel of all levels in fulfilling key positions that may arise in the future. KTC emphasizes on enhancing employees' potential to grow and advance in their careers, including skill and knowledge development, internal job transfers, innovative skills development, leadership and management development, and the company's core values development—courageous, smart simplicity, and meaningful. The company focuses human resource development at every level of the organization, with a perception that everyone can be a worthy asset who contributes greatly to the company. Those with outstanding performance who have been selected as successors shall receive continuous support to ensure a smooth transition and to sponsor the company's growth.

The Board of Directors meeting 1 / 2019 on January 17th, 2019, resolved to revise the company governance policies to align with the Corporate Governance code of the Securities and Exchange Commission of Thailand, Stock Exchange of Thailand, and other related regulatory agencies. Applying the guideline appropriately to the business, as well as providing disclosure regarding the inapplicable topics. The company has followed all Good Governance Practices except the following :

To be practiced	Reasons
1) The Company's Chairman and the Chairman of Nomination and Remuneration committee is not an independent director.	The committee has considered the company's structure and concluded that the Chairman, although not an independent director, is a representative of Krungthai Bank with suitable qualifications for the position with the following reasons :

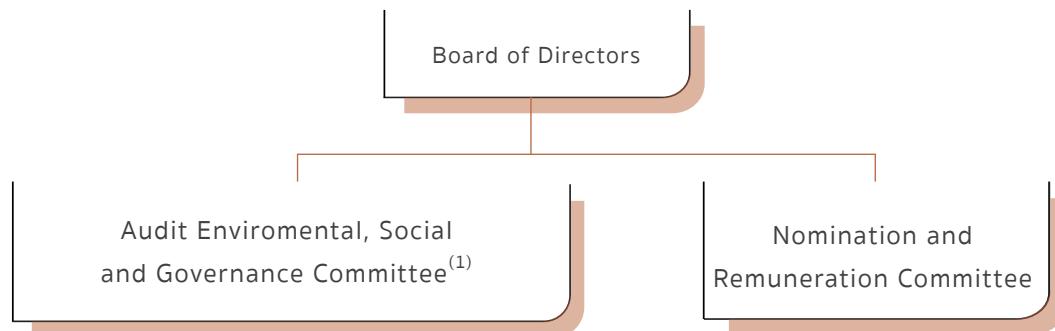
To be practiced	Reasons
	<p>1.1) The company is a business operator under the supervision of the Bank of Thailand (BOT), with strict regulations as required by BOT.</p> <p>1.2) The company is under the Krungthai Bank conglomerate, which means that KTB is to closely supervise its subsidiaries to operate in accordance with policies and regulations as stated by BOT.</p> <p>1.3) The chairman, who is a representative of KTB, has no ownership in the Bank or the company's shares, and therefore, displays no conflicts of interest.</p> <p>1.4) Transactions between KTB and the company have been performed under normal business conditions based on market prices. Special transactions require approvals from the Board of Directors.</p> <p>1.5) KTB has always been supportive of the company, for example, approval of the company's good committed and uncommitted credit lines, supplying the company with customers, and providing payment channel services. Such supports are directly beneficial to the company and minor shareholders.</p> <p>Although the chairman, who is a representative of KTB, is not qualified as an independent director, it is appropriate to say that comments and policy makings made by various committees are free from interventions and manipulations. On the contrary, KTB has always been supportive of the company's business operation.</p> <p>Moreover, the company's selection process of the new board members has been in accordance with the rules stated by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), from the qualification checking process to being approved by the Nomination and Remuneration committee, the Board of Directors, as well as the shareholders.</p>
2) The number of independent directors is less than half of the members of the Board of Directors and the Nomination and Remuneration committee.	<p>The board members have considered the autonomy of the independent directors and concluded to keep their proportion as is. Even though they represent less than 50% of the members, which does not comply with regulations IOD uses for CGR evaluation, their duties are not performed and their opinions are not expressed under the influences of the management</p>

2. Board Committees

2.1) Board of Directors' Structure

As at December 31st, 2018, the Board of Directors of the company consists of eight directors i.e. one executive director who is the President & CEO, three non - executive directors and four independent directors. The company nominates directors from various businesses with strong leadership skill vision, work experience, business ethics and the ability to show their independent comments. For the appropriate balance of power in the operation, the chairman and the President & CEO are held by different individuals. The chairman acts as the policy leader while the

President & CEO is the executive leader who counterbalances power for the proper conduct of business. The company has three sets of subcommittees; the Board of Directors, the Audit, Environmental, Social, and Governance committee, and the Nominating and Remuneration committee. It also prescribes the authorities and duties, including the appointment and the removal of directors in the Articles of Association of the company, which have been registered with the registrar of public companies limited, Department of Business Development, and Ministry of Commerce. (See the name list of all committee members and details in the "Management Structure" section under "Board Committees" topic)



⁽¹⁾ the board of director's meeting no. 1 / 2018 revised the duties and responsibilities of subcommittees, and appointed the audit committee which is an independent committee to oversee the environmental, social and governance activities. As a result, the Corporate Governance committee was dissolved, and the "Audit committee" was renamed to the "Audit, Environmental, Social, and Governance committee" effective January 17th, 2018

2.2) the Board of Directors

Chairman's duty and responsibility

1) The chairman must not be the President or the CEO.

2) Direct, monitor, and ensure that the subcommittees performed their duties efficiently consistent to the target and objective of the organization.

3) Ensure that all directors engaged in the promotion of ethical organization culture, and good governance principle

4) Act as the chairman of Shareholder's meeting and oversees that the meeting is in accordance with stated regulation and agenda.

5) Convene Board of Director's meeting and deliver the meeting notice including related document so that the Board of Director can receive adequate information in time.

6) Allocate sufficient time for executives to submit proposal and sufficient time for directors to discuss the proposed issue thoroughly; promoting critical and independent thinking among the directors.

7) Develop and improve good governance principle within the Board of Director

Issues to be considered by company's Board of Directors

1) Issues required by law to be approved by Board of Directors.

2) Issues required by company's regulation to be approved by Board of Directors.

3) Issues that management considered appropriate to request approval or issues qualified by Board of Director's regulation to request approval, such as company's business expansion etc.

Scope of authorities and duties

1. Each director has one vote on each matter of meeting resolution, which is subject to majority vote of the board members present. If votes in such are equal, it shall be decided by the chairman of the meeting who casts the final vote.

2. Should any meeting committee has a direct personal interest concerning with the meeting issue, he / she can't vote on such issue. In such case, the chairman has the right to ask that committee to temporarily leave the meeting.

3. All of the company's businesses are subject to the authority of the Board of Directors to perform. The authority of the Board of Directors registered with the Department of Business Development, Ministry of Commerce, requires that two (2) Directors put their

signature as well as by the company's official stamp when undertaking actions on its behalf.

4. Directors may assign a director or directors to perform any actions on behalf of the Board of Directors.

5. Directors may determine the name of authorized signatory directors of the company who can sign and affix the seal to bind the company.

6. In case of a vacancy in the Board of Directors or independent director for reasons other than the termination of the term of office, the Board of Directors shall elect a person who has qualifications and is not prohibited by law from acting as such, as the substitute director at the next meeting of the Board of Directors, unless the remaining term of office of the said director is less than two months. The resolution of the Board of Directors shall be by a vote of not less than three - fourths of the number of directors remaining. The substitute director shall hold office only for the remaining term of office of the director whom he or she replaces remaining term of office of the director whom he or she replaces.

7. The Board of Directors may appoint any person to conduct the company's operation under the control of the Board of Directors or authorize that person to perform any action, within the certain period which the Board of Directors deems appropriate. The Board of Directors may cancel, revoke, change or amend such authorities as appropriate.

8. Any director who has a conflict of interest in any transaction shall not be allowed to participate in the consideration and approval of such transaction.

9. The Board of Directors may approve payment of interim dividends for shareholders from time to time as the Board of Directors may recommend if appropriate considering the profits and retained earnings position

of the company. This payment should be reported to the next Shareholders' Meeting.

10. Any transaction which requires approval from the company's shareholders pursuant to the Public Company Limited Act B.E.2535 (1992), the Board of Directors must obtain prior approval from the Shareholders' Meeting e.g. considering and approving balance sheet and profit and loss statements, allocation of profit and capital reserve, the election of a director to replace a director who retired by rotation and specifying remuneration, appointing all or some of auditors and fixing the auditing fee, the sale or transfer of the whole or important parts of the business of the company to other persons, the purchase or acceptance of transfer of the business of other companies by the company, the making, amending or terminating of contracts with respect to the granting of a hire of the whole or important parts of the business of the company, the entrustment of the management of the business of the company to any other person or the amalgamation of the business with other persons with the purpose of profit and loss sharing.

Assignment of Executive Power to the Managing Director and President & CEO

The Board of Directors' Meeting No.16 / 2005 held on December 16th, 2005 passed a resolution to amend the power of attorney dated July 5th, 2002 to be suitable and in accordance with the company's operations. The power of attorney dated December 16th, 2005 is based on the same principle as the previous power of attorney that authorized the Managing Director (currently, the President and Chief Executive Officer) to conduct and manage the company's operation, to specify the value of transactions which the company's officer may be authorized to approve and to consider and approve the operations of each department of the company. However, the President &

CEO is not authorized to approve connected transactions, the acquisition or disposition of important assets of the company, and / or any transaction that the President & CEO or any person has an interest or has a conflict of interest in. These are required to receive the approval from the Audit committee and / or the Board of Directors, and / or the Shareholders' Meeting as the case may be. As such and in order to conform with the requirement stipulated in Article 89 / 12 of the securities and exchange Act B.E. 2535 (No. 4), the management has proposed to the Board of Directors, In Meeting No. 13 / 2551 which was held on September 19th, 2008, to give consideration and approval in cases where related persons are to enter into commercial transactions. A resolution was passed therefore requiring the management to evaluate any commercial agreements or transactions or business deals with the related persons as stipulated in the Securities and Exchange Laws. Such commercial agreements, transactions or business deals shall be executed in prudent manner with the business partners. Provided that a director, executive officer or Related Persons (in general business transactions) shall enter in such commercial agreements, transactions or business deals or with the same bargaining power with ordinary business partners. This provision extends to any existing transactions or transactions that may be constructed in the future. The management shall specify the requirements and framework as a guideline for implementing and prepare such transaction reports to propose in the reasonable time to the Audit committee and the Board of Directors.

Further, the Board of Directors' Meeting No.15/2011 held on December 6th, 2011 resolved that Mr. Rathian Srimongkol be appointed as the President & CEO in place of Mr. Niwatt Chittalarn, who retired on December 31st, 2011. The Board of Directors' Meeting No.1 / 2012, later on, resolved that Mr. Rathian Srimongkol be appointed as a director replacing Mr. Niwatt Chittalarn

As of December 31st, 2018 resolved to amend the authorized signatories to be directors comprised of eight persons as follows :

Name	Name
1. Mr. Parinya Patanaphakdee	2. Mr. Praphaisith Tankeyura
3. Mrs. Pantip Sripimol	4. Mr. Nathporn Chatusripitak ⁽¹⁾
5. Major General Apichart Chaiyadar	6. Mr. Cherdchai Chompoonukulrat
7. Mrs. Sriprabha Pringpong	8. Mr. Rathian Srimongkol

Signing Conditions : two of directors can sign and affix the company's seal

Note : ⁽¹⁾The 16th Annual General Meeting of Shareholders for 2018 held on April 20th, 2018 has resolved to appoint Mr. Nathporn Chatusripitak as a member of the Board of Directors in place of Mr. Paroche Hutachareon who notified not to extend his term due to his other important commitments.

The company therefore issued the power of attorney dated April 25th, 2018 appropriately and consistently with the change of directorship that is binding to the aforementioned directors. The power of attorney maintain the same content to that of the company's resolution of No. 16 / 2005

2.3) Independent Directors and Audit, Environment, Social and Governance Committee

As of December 31st, 2018, the company had four independent directors

(See the list of Independent Directors committee's member and details on "Management Structure" section under "Independent Directors and Audit Committee" topic)

Independence of the independent directors

1. Being capable of performing duties and giving opinions on the company's operations.

2. Hold a total of not more than 1% of the number of shares with voting rights in the company (paid - up capital), or any subsidiary, associated company, or any juristic person possibly possessing a conflict of interest including shares held by related persons

3. Is not and has not been a director participating in management of the company, or an employee or an officer of the company, or an advisor of the company receiving a regular salary from the company, a person having controlling power over the company or the company's parent company, subsidiary, or any associated company, or any juristic person possibly possessing a conflict of interest (if any);

4. Is not related either through blood or lineage or legal registration as a father, mother, spouse, sibling or child, including as a spouse of a child of any member of management or major shareholder of the company or the company's subsidiary, or of any person having power to control the company or the company's subsidiary, or of the person nominated to hold a management role or a person having power to control the company or the company's subsidiary (if any);

5. Is not and has not had any business relationship with the company or the company's parent company, subsidiary, associated company, or any juristic person possibly possessing a conflict of interest in the manner in which his / her independent discretion might be affected, e.g. being a professional service provider or

having numerous related party transactions with special conditions different from other clients, receiving financial support from the company or being a major shareholder or being a person with power to control a professional service provider;

6. Is not a director appointed as a representative of a director of the company, a representative of a major shareholder of the company, or a representative of a shareholder of the company which is a related person of the major shareholder of the company;

7. Is not a director appointed by the Board of Directors to make decisions on the operations of the company, the company's parent company, subsidiary, associated company, or a subsidiary of another company at the same level as the company, or any juristic person possibly possessing a conflict of interest;

8. Is not a director of the company's parent company, subsidiary, or a subsidiary of another company at the same level as the company which is a public company limited.

9. Does not have any characteristics by which his / her independent comment or opinion on the company's operation may be affected.

The Audit, Environmental, Social, and Governance committee

As of December 31st, 2018, the company had three members of the Audit, Environmental, Social, and Governance Committee.

(See the list of Audit committee's member and details on "Management Structure" section under "Independent Directors and Audit committee" topic) Scope of authorities and duties :

The company's Board of Directors or the shareholder's meeting is responsible for the appointment of the Audit committee comprising of at least three members, at least one of which is selected from independent directors. It is also required that the Audit committee include at least one member specializing in accounting and finance with adequate knowledge and competency to review the financial statements, as well as knowledge connected to causes of changes in financial reports.

The Audit, Environmental, Social, and Governance committee must be independent and impartial without conflict of interest, directly or indirectly, in order to perform duties at its own discretion and provide independent advice.

The Audit committee comprises three auditors, one of which chairs the committee and the two others as auditors. Roles and responsibilities of the Audit committee are as specified in the Audit committee Code of Conduct.

2.4) The Nomination and Remuneration committee
As of December 31st, 2018, the company had three members of the Nomination and Remuneration committee

(See the list of the Nomination and Remuneration Committee's member and details on "Management Structure" section under "Nomination and Remuneration committee" topic)

Scope of authorities and duties

The company's Board of Directors appoints at least three non - executive directors as members of the Nomination and Remuneration committee. Their qualifications are as follows :

1. Possess core competency, experience, knowledge and understanding of qualifications, roles and responsibilities of the Nomination and Remuneration committee

2. Chairman of the Nomination and Remuneration committee should be independent director in order to enable the committee to perform independently. The Nomination and Remuneration committee has three members comprising one person serving as chairman of the committee and the two others as the committee's members.

Roles and responsibilities of the Nomination and Remuneration committee are as specified in the Nomination and Remuneration committee code of conduct.

2.5) Duties and authorities of the President and Chief Executive Officer

The Chief Executive Officer is responsible for the governance, and management of the company to be consistent with the strategy, policies, and target in accordance to which was established by the Board of Directors. The Chief Executive Officer's main responsibilities are as follows :

1. Direct the company in accordance to the Board of Directors' established strategies, policies, guideline, and target.

2. Manage the business in line with the strategy and budget approved from the Board of Directors, and protect the company's and shareholders' interests.

3. Provide guidance and direction to employees to meet their objective and duties.

4. Create relation and cooperation's between firm, business units, and organizations both domestic and foreign

5. Act as representatives of the company to conduct business with external organization, regulators, or any legally binding actions assigned by the Board of directors, within the company's objective.

6. Review other functions assigned by the Board of Directors and subcommittees

2.6) The Company's Secretary

The company has policy to appoint a company secretary and secretary of the Board of Directors pursuant to its Guidelines for Good Corporate Governance Practice. Roles and responsibilities are as follows :

1. Ensure the company's activities are in compliance with applicable laws, rules and regulations;

2. Support the Board of Directors regarding board meetings and the Annual General Meeting of Shareholders, and ensure these are conducted with accuracy on a regular basis and in compliance with laws, rules and regulations;

3. Prepare and File the following documents :

a. registers of directors

b. Board of Directors meeting invitation, minutes of board meetings, company's Annual Report

c. Annual general meetings invitation (AGM), minutes of annual general meetings

4. Filing Conflict of Interest Report disclosed by directors and management

5. Follow up the result of the implementation of resolutions of Board meetings and the Annual General Meeting of Shareholders;

6. Giving legal opinion regarding any company - related law and regulations

7. Oversee matters regarding corporate governance;

8. Advise and cooperate with secretaries of board committees;

9. Contact and communicate with shareholders to keep them informed of the rights of shareholders and updates on the company's operations.

10. Perform any activity as regulated by The Securities and Exchange Commission (SEC)

3. Nomination, Appointment and Removal of the Board of Directors

1. The Nomination and Remuneration committee will find, select and nominate qualified persons who have qualifications as described for the position of directors and independent directors and propose them to the Shareholders' Meeting for further approval.

2. The Shareholders' Meeting shall pass a resolution to appoint directors; each shareholder shall have one vote for one share and vote for each candidate individually. After the vote, the candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until the positions are filled, where there is an equality of votes cast for candidates in descending order causing the number of directors to be exceeded, the chairman shall make the final decision. The number of the directors of the company must not be less than 5.

3. The Board of Directors shall elect one of the directors to be the chairman of the board. In the case where the Board of Directors deems it expedient, the Board of Directors may elect one or several directors to be vice - chairman.

4. In every Annual General Meeting, at least or the closest number of one - third of total directors shall be resigned from the board. The resigned directors shall be re - appointed by the Shareholders' Meeting.

5. The meeting of shareholders may pass a resolution removing any director from office prior to vacancy as a result of the termination of the term of office of the director, by a vote of not less than three - fourths of the number of shareholders attending the meeting and having the right to vote and the total number of shares being not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.

6. In case of a vacancy in the Board of Directors or independent director for reasons other than the termination of the term of office, the Board of Directors shall elect a person who has qualifications and is not prohibited by law from acting as such, as the substitute director at the next meeting of the Board of Directors, unless the remaining term of office of the said director is less than two months. The resolution of the Board of Directors shall be by a vote of not less than three - fourths of the number of directors remaining. The substitute director shall hold office only for the remaining term of office of the director whom he or she replaces remaining term of office of the director whom he or she replaces.

7. Corporate Governance on the Subsidiaries or Associates

As at December 31st, 2018, KTC has neither established subsidiaries nor associates.

8. Use of Internal Information

The company attaches great importance to transparency and equitable treatment to all stakeholders, including institutional investors, analysts, retail investors, as well as local and international investors, regarding the provision of information related to the company's

operations. It is the company's policy to provide information to outsiders and identify specific persons who may provide the information. To ensure that investors receive accurate and relevant information, the company has established measures to prevent the use of internal information by providing important information undisclosed to the public and is significant to changes in the company's operations. A restricted disclosure is made only to a limited audience, and information shall be disclosed to persons or authorities concerned.

The company also requires that board members, management and employees to sign a confidentiality agreement and / or agreement on the use of insider information. The company has also established measures to prevent board members, management and employees from using the company's confidential information for personal gain. Violations of these rules may lead to disciplinary action by the company as well as serious criminal and civil penalties as follow :

1. Directors, management, and employees are prohibited from publishing or disclosing any internal or confidential company information to outsiders or non - affiliated parties in any way, knowing that those individuals may use the information for their personal gain in trading of company's securities, unless the disclosure is under the responsibilities as stated by law.

2. Directors, management, and employees are prohibited from using the company's internal or confidential information to trade company's securities for the interest of personal or related parties.

3. Directors, management, or employees with internal or confidential information must be careful when storing and disposing documents (original and copies), including confidential electronic files that may be inappropriately exposed. This can be prevented by installing passwords on the files, for example.

4. Directors, management, or employees with internal or confidential information must be careful when engaging in conversations with both insiders and outsiders in order to prevent unrelated individuals from acquiring any information.

5. In order to set up an effective control system to prevent leakage of internal or confidential information, the company has assigned a group of employees / departments responsible for handling such information. By doing so, only limited employees / departments can access internal or confidential information.

6. Directors, management, or employees are prohibited from sharing financial statements or any other information significant to changes in stock prices, or allowing any other persons to use such information 15 days prior to the public announcement of financial statements and / or any other information that impact stock prices of the company and/or its subsidiaries (if any). Also, trading of the company's securities are prohibited during the first 24 hours after all of such information has been disclosed to the public, in which the timeline is announced by the company. This is to prevent the use of financial or confidential information for any other benefits for oneself or others due to the information one obtained.

7. The boards or working committees that concurred, acknowledged, or approved special projects that may have an effect on the decision to invest in the company's securities are prohibited to reveal, disclose, or use the information for trading the company's securities until such projects have been publicly disclosed, no longer in effect, or terminated. The trading can only take place after the first 24 hours of public disclosure have passed. The working committees may choose to sign Confidential Agreement with outsourced consultants prior to launching the projects.

8. In the case that directors, management, or employees wish to trade the company's securities, the procedures are as follow :

8.1) Directors and first line level management with the names listed on the SEC's director and management name list system, including their spouses (legal and de facto) and minor children, are to file the Report on Changes of Securities and Derivatives Holding (Form 59) to SEC via its online system within 3 business days from the date of purchase, sale, transfer, or acceptance of transfer of securities or derivatives.

Directors and first line level management with the names not listed on the SEC's director and management name list system are to submit the Form 59 online within 7 business days of purchase, sale, transfer, or acceptance of transfer of securities or derivatives.

Moreover, directors and management are to acknowledge the Business Development & Corporate Executive Support department, which then present the information to the company secretary so the changes are recorded and the amount of securities are summarized to be reported to the Board of Directors on a monthly basis.

8.2) Management and employees not included in section 8.1) are to report to the Compliance Department within 3 business days from the date of purchase, sale, transfer, or acceptance of transfer of Krungthai Card Public Company Limited securities.

9. All Directors, managements and employees shall strictly follow these requirements.

Failure to comply with these requirements maybe liable and be subjected to the penalties under the related laws. In addition, any employee failure to comply with these requirements also constitutes a breach of disciplinary on the disclosure of the key internal information shall be subjected to disciplinary actions ranging from a warning, wage cutting, suspension without pay to termination as the case maybe depending on cases seriousness.

6. Remuneration to the Auditor

6.1) Audit Fee

The company paid 3,725,000 Baht for auditing assignments for the financial year 2018 to Deloitte Touche Tohmatsu Jaiyos Audit.

6.2) Non - audit Fee

- None -

Corporate Social Responsibility (CSR)

1. Policy Overview

KTC has aimed to pursue its continuing business growth as well as uphold its corporate social responsibility by providing the best interest to all stakeholders in every perspective. As the company performs its businesses in credit card and personal loan which are ones of the driving forces in domestic economy, it has focused on its social development by initially creating itself to be a learning and knowledge - sharing organization and then passing through that idea to outside society without any limitations. The company believes that everyone has potential for learning development, yet the disadvantaged group might be overlooked or neglected. Therefore, KTC has specifically provided learning opportunities to the disadvantaged not only for the disabilities but also for community schools both in nearby neighborhood and in distant rural areas.

The company has focused on performing its businesses based on its responsibilities towards all stakeholders involving in its entire working process by applying the management model of 'Membership company' which emphasizes on member centricity. The company has continuously provided new, unique and creative innovations in both products and services, along with all - round privilege offers and benefits. In addition, safe, convenient and efficient business operations have been implemented to ensure customer's confidence. Furthermore, credit card and personal loan customers have been encouraged to create sensible spending plans in order to avoid excessive debts. Within the organization, the company has emphasized on giving its employees any opportunities in developing their potentials. It has also created unified corporate culture by arranging good working environment and atmosphere, providing modern and appropriate office equipment, as well as organizing various activities to promote friendship and unity among its employees.

2. Operations and CSR Reporting

KTC has adopted standards for developing its operating procedures and generating its CSR report based on CSR guidelines from the Stock Exchange of Thailand (SET) and the international framework developed by GRI or Global Reporting Initiative in which both are widely accepted among socially responsible organizations and people working in this field. By applying guidelines from the SET which cover every issue needed to be presented in sustainability report both domestically and internationally, the company has not only well initiated its path towards developing its CSR report but also well prepared for organizing its sustainability report in the future.

The company has performed its business operations by continuously offering its customers with new, creative and efficient products and services that also satisfy customer's needs in all aspect. In doing so, the company has applied lifestyle segmentation in its marketing strategy to differentiate itself from other competitors. It has also consistently offered all - round benefits to customers so that it can accurately respond to customer's need at appropriate timing. In addition, the company has concentrated on engaging with various expert partnership, together with implementing innovative technologies to enhance its businesses. Moreover, new member acquisition has been focused on quality rather than quantity through various online channels of both the company and its business partners. Self service business has also been improved to meet with current digital lifestyle. Furthermore, the company has targeted to expand its merchants in new types of businesses and in regional markets by providing each counterpart with appropriate KTC Payment Solutions such as KTC QR Code Payment, Alipay O2O (Online to Online) etc. All these mentioned above operations are purposefully

focused to satisfy all members and to ensure their bond with KTC Brand, thus ultimately leading the company towards sustainable growth in the long run.

The company has also set up the special unit to monitor its customers' transactions 24 hours every day in order to deliver timely assistance in case of credit card's fraud. All the aforementioned factors have helped promote KTC to achieve its goal as the leading company for One Stop Services in consumer financial market. In addition, KTC has run its operations under the close supervision of committees and audit working panels composing of top executives from related departments.

Stakeholder Engagement

The company has prioritized Stakeholder engagement by providing clearly written guidelines for stakeholders in Corporate Governance Policy and Corporate Business Ethics Handbook. Stakeholders, divided by their relevance regarding the company's business operations, are composed of 10 groups which are Shareholders, Customers, Creditors, Business Partners, Business Alliances, Competitors, Society and Environment, The Board of Directors and Executives, Employees and Government Sector. Suitable guidelines for Stakeholder engagement are established to ensure that Stakeholder's needs and expectations are appropriately met and acknowledged, and these guidelines can be listed as follows :

Sustainability Issues according to GRI Standard	Key Sustainability Issues	Internal Scope	External Scope	Reporting Topics
Anti - Corruption and Fraud - Protection	Corporate Governance Being a good governance organization and having good governance procedure / Having system for prevention of corruption, terrorism and money laundering / Having internal audit and internal control system / Providing data disclosure in an accuracy, transparent and timely manner	Every departments	<ul style="list-style-type: none"> Customers Business Partners Competitors Shareholders Government 	<ul style="list-style-type: none"> Corporate Governance Economic Dimensio
Anti - Corruption	Business Ethics Identifying ethical standards in performing business and establishing corporate culture of following ethical practices.	Every Departments	<ul style="list-style-type: none"> Customers Business Partners Competitors Shareholders Government 	<ul style="list-style-type: none"> Customer Centricity Economic Dimension
Products and Services	Customer - Centric Providing customers with products and services that satisfy their needs and expectation / Developing and providing financial services to various groups of customers	Every Departments	<ul style="list-style-type: none"> Customers Business Partners 	<ul style="list-style-type: none"> Customer Centricity Economic Dimension

Sustainability Issues according to GRI Standard	Key Sustainability Issues	Internal Scope	External Scope	Reporting Topics
Products and Services	Digital Development Utilizing technologies and innovations to provide customers according to their needs with financial service access in a fast, convenient and thorough manner	Every Departments	• Customers • Business Partners	• Customer Centricity • Economic Dimension
Customer Data Privacy Protection	Security and Customer Data Privacy Protection. Arranging data security and the protection of customer data privacy	Every Departments	• Customers	• Security and Data Privacy Protection • Economic Dimension
Employment / Diversity and Equality of Opportunity / Equal Pay for women and men / Complaints Against Labor Practices • Employee attraction and retention / Employee engagement • Employee training • Occupational health and safety	Human Resource Management • Labor Practice • Employee training and development • Occupational health and safety in workplace	Every Departments	• Business Partners • Government Sector • Employees	• Human Resource Management • Social Dimension
Local Communities / Indirect Economic Impacts	Responsibility towards local communities Organizing various activities for local communities / Volunteer Activities / Organizing activities that promote economic growth	Every Departments	• Community and Society	• Social and Community Management • Social Dimension
Air pollution / Energy / Water / Drain Water and Waste	Environmental impact management Greenhouse gas emission / Energy management / Water management / Waste management	Every Departments	• Community and Society	• Environmental Management • Social Dimension

The company has emphasized on performing its business operations based on good corporate governance principles in which operational details are explained as follows :

1. Identification of key sustainability issues

- Study and contemplate key sustainability issues in comparable with international ones.

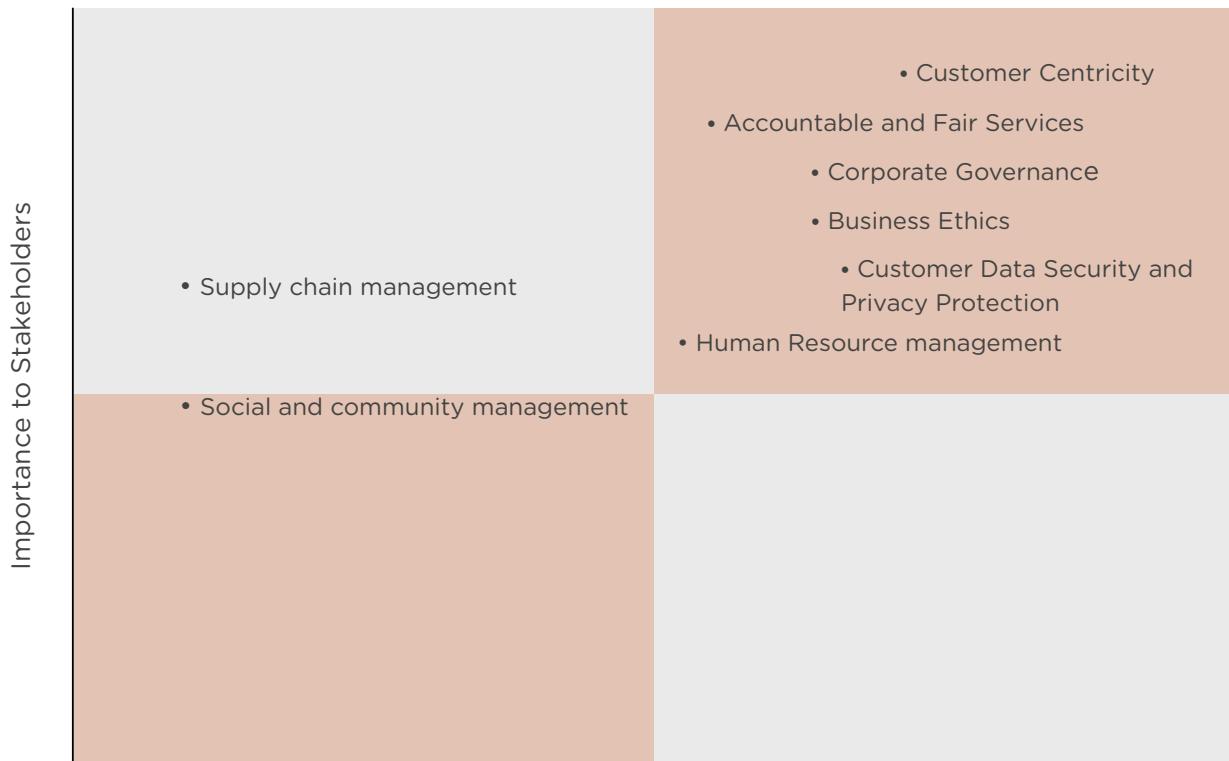
Analyze sustainability issues and present them to various departments in the company. Also evaluate the impacts of key sustainability issues on the company and its stakeholders. These procedures are listed as follows :

1) Inside the organization, arrange for brainstorming from every significant departments in form of discussion or meeting in order to achieve both short - term and long - term strategies, along with prepare all related data for the company's public information disclosure.

2) With regards to external stakeholders, customer's complaints or suggestions are reviewed and acknowledged for their importance and their expectations towards the company.

2. Prioritization of key sustainability issues

- Analyze and review data gathered from the inquiry of the company's internal departments and its stakeholders.
- Prioritize key sustainability issues according to their importance to the company's business operations and its stakeholders. Key sustainability issues are identified as 9 issues which can be defined in Materiality Matrix comprising of
 - o X axis : Importance to the company's business
 - o Y axis : Importance to stakeholder



Importance to the company's Business

Economic Dimension

- Corporate Governance

Long - Term Goal for Sustainability : The company's corporate governance ranked as 'Good to Excellent' by external entities.

2018 Performance :

- 'Excellent' score from The Survey of Corporate Governance Practices of Thai Listed Companies organized by Thai Institute of Directors

- '97%' score from The Evaluation of Annual General Meeting's Quality (AGM) organized by the coordination of Thai Investors Association, The Securities and Exchange Commission, and Thai Institute of Directors

Operational Guidelines

Corporate Governance has extremely significant impacts not only on the stakeholders' confidence and reliability towards the company, but also on the company's corporate image, its financial performance and its long - term sustainable growth. Therefore, the Company has continually performed its business operations based on good corporate governance principles. The Board of Directors has taken its major role and responsibility in overseeing the company's business administration to be transparent, eligible for audit and ethical. All stakeholders' interests are also attended to help promote the company's sustainable values.

- **Corporate Governance**

The Board of Directors bears the essential role in the company's corporate governance and business administration. It possesses independent decisions to achieve best interests for the company and its stakeholders. It also has duties to validate the company's visions, missions, core values as well as business strategies and to review them annually. In addition, it approves significant issues concerning the company's business directions and operational policies, together with annual business plans and budgets. Furthermore,

it oversees the management's administration to be effectively in compliance with the company's policies, strategies and business plans as well as with any related laws and regulations and shareholders' resolutions. Additionally, the Board of Directors, in coordination with the management, supervises the implementation of suitable internal control system and appropriate risk management procedures so that the company can achieve its good performance and its continuous sustainable growth. The company conducts its full risk assessment every year by evaluating both present risks and probable future risks and presents its report to the Board of Directors for their acknowledgement.

The Board of Directors has delegated the Nomination and Remuneration Committee to determine, nominate and appoint any individuals to serve in the Board of Directors according to the company's recruitment process by considering gender, age, skills, knowledge, abilities and experience to ensure that the Board of Directors retains an appropriate structure, size and balance of skills. The nomination and recruitment also need to be in accordance with the company's business strategies, its good corporate governance principles, its rules and regulations, or any legal requirements. To ensure independency and clarity concerning corporate governance management, the company has determined that the Chairman of the Board of Directors and the Chief Executive Officer must be different persons. However, both has regularly discussed or jointly considered various issues so as to achieve efficient business operations.

In addition, the Board of Directors has appointed subcommittees in various fields to help closely oversee, study and analyze important issues and propose their opinions back to the Board of Directors.

The Audit Social Environmental & Governance Committee

The Audit Social Environmental & Governance Committee is responsible for the supervision of risk

management, internal control, audit, as well as financial reporting. The Committee also oversees that the company conducts its businesses based on corporate governance principles, sustainable development and business ethics so as to be in accordance with the international standards. In 2018, the committee held total meetings of 12 times.

The Nomination and Remuneration Committee
The Nomination and Remuneration Committee is responsible for nominating and recruiting Directors or Executives according to law requirements or the company's regulations by considering retaining appropriate structure, size and balance of skills of the Board of Directors or of Executives. Additionally, the Committee determines remunerations and proposes them to either the Board of Directors or Shareholders. The Committee has also participated in Executives Succession Planning. In 2018, the Committee held total meetings of 8 times.

• Business Ethics

Long - Term Goal for Sustainability: No warnings or No significant non - compliance or illegal results from any regulatory bodies.

2018 Performance:

- No warnings or No significant non - compliance or illegal results from any regulatory bodies.

Operational Guidelines

Business ethics is considered a vital key in conducting the company's businesses in which every employee is required to uphold and practice them in delivering the company's products and services accurately, transparently, as well as satisfactorily to stakeholders' needs. This is reflected in the company's operational guidelines towards customers, employees and business partners. Every employee both permanent and temporary, along with the company's business partners are required to uphold and practice guidelines regarding business ethics and partnership ethics to prevent risks

that might occur from affecting the company's image and its operations. The Board of Directors has approved Business Ethics Handbook for Directors, Executives and employees to uphold in which the Handbook covers all business operations performed by Directors, Executives and employees towards every group of stakeholders. The Audit Social Environmental & Governance Committee is assigned to oversee the company's business operations to be compliance with corporate governance principles and Business Ethics Handbook, along with to review the Handbook annually. The company has also organized the orientation, E - learning and the assessment of knowledge and understanding related to business ethics to ensure all employees' practice to be in accordance with the Handbook.

Remark * Please see further details in the company's Business Ethics Handbook at www.ktc.co.th > Corporate Governance

• Corporate Governance

The company has conducted its businesses in compliance with law requirements and any related rules or regulations. All Directors, Executives and employees are bound by their duties and responsibilities to perform their tasks accurately, thoroughly and to strictly follow rules and regulations. With regards to newly issued regulations or announcements by any regulatory bodies, the company has organized to summarize and publish them to every related department, together with hold the meeting to ensure same understanding regarding to new announcements. For example, to be compliance with Market Conduct Practice, sales presentation documents were reviewed and improved as well as was employee governance guideline. Furthermore, the company has studied international laws relating its business operations such as General Data Protection Regulations and analyzed their possible impacts possibly arising from conducting the company's businesses.

• Prevention of Corruption

The Board of Directors has approved the Anti - Corruption Policy, which is a part of the company's

corporate governance policies, with an aim to refrain Directors, Executives and employees from engaging or accepting any forms of corruption for benefits of themselves or their friends or their acquaintances with the exceptions of any activities in line with rules of law or regulations or local customs and traditions. To ensure that Executive and staffs at all levels can perform their tasks accurately and properly, the Anti - Corruption Policy has specified roles, guidelines and penalties in case corruption occurs, along with established procedures and channels for whistleblowing and complaints.

In 2013, the company jointly signed the agreement to declare its intention of participating in the collective action coalition against corruption in private sector during the international seminar of 'Private Sector Collective Action Coalition against Corruption (CAC)' held by the Thai Institute of Directors (IOD), the Thai Chamber of Commerce, the International Chamber of Commerce - Thailand, the Thai Listed Companies Association, the Thai Bankers Association, the Federation of Thai Capital Market Organizations, and the Federation of Thai Industries. The company has been operating its business in accordance with certification process of the Private Sector Collective Action Coalition against Corruption (CAC) Project. By presenting its corporate business policies, its standard operating procedures as well as its internal control system to the Project's committee, the company has become a certified member of CAC since April 22nd, 2016 and is currently applying for membership renewal.

In addition, in 2018 the company has focused its priority on complying with the anti - corruption policy by establishing not only monitoring guidelines to prevent risks from corruptions but also assessment guidelines to follow up practice results concerning the Anti - Corruption Policy. Operational details are listed as follows.

1) Reviewed the Anti - Corruption Policy, which is a part of the company's corporate governance

policy, in the Audit Social Environmental & Governance Committee's meeting no. 12 / 2018 and the Board of Directors' meeting no. 1 / 2018. To ensure that the Board of Directors and the management realize the importance of anti-corruption and cultivate it as a part of corporate cultures, the company has published its anti - corruption policy to customers, business partners and all staffs through the company's website (www.ktc.co.th), its intranet as well as its internal learning channels.

2) Require all departments to annually perform risk control self - assessment (RCSA) which also covers the risk of corruption. Each department selects its process or procedure considered as its Core Business and then evaluate the probabilities and the impacts of risks in doing that business in order to define the risk level. After that, existing control is reviewed whether it is already appropriate or should be improved to reduce the risk to suitable level. RCSA results are annually presented to the Risk Management Committee and Krung Thai Bank Public Company Limited in which in 2018, RCSA results revealed that for every process and procedure subjected to risk of corruption, control procedures have already been established to prevent such risk from occurring.

3) To create efficiency and be in accordance with the company's business nature and its business operations, the Chief Executive Office and top managements has coordinately participated in defining anti - corruption practice guidelines according to its anti - corruption measures such as the determination of criteria including acceptable values upon giving and receiving gifts, rewards, gratuities or other benefits, etc.

4) As a practice guidance to the management and employees, the company has established standard working procedures, along with various guidelines to be in compliance with the self-assessment regarding anti - corruption measures of the CAC project and the results of the Company's RCSA as follows :

a) Establish standard procurement procedure to ensure that the company's procurement process is transparent, has no direct or indirect involvement of corruption and concerns the company's interest above all else.

b) Establish anti - corruption practice guidelines in anti - corruption measures which consists of guidelines concerning prohibition of bribery, guidelines and acceptable values upon giving or receiving gifts, rewards or other benefits, guidelines regarding entertainment, guidelines with regards to political support and guidelines concerning donation and charity.

c) To increase efficiency towards anti - corruption efforts, the company has assigned compliance department to be the center in giving consultations or recommendations with regards to corruption whistleblowing and complaints. The company has also established the policy for reporting misconducts and the protective measures to protect whistleblowers. Employees and stakeholders can file reports or complaints via identified channels listed in the Corporate Governance policy and anti - corruption measures. Their first name and last name, along with detailed information regarding the complaints or misconducts such as story background, name of persons involved, timing of the incident etc. must be identified clearly and adequately for fact - findings to ensure further investigation.

- **Channels to file report of corruption**

Customers and general public can submit complaints or comments to the company via following channels

- Call Center no. 02 123 5000, 24 hours a day
- Complaints Hotline 02 123 5000
- Leave messages to KTC thru website <http://www.ktc.co.th> or send email to address CService@ktc.co.th
- Fax no. 02 123 5190
- Postal letter to address Krung Thai Card Public Company Limited, 591 United Business Center II Building,

14th Floor, Sukhumvit 33 Road, North Klongton, Wattana, Bangkok 10110

Employees can submit their complaints and comments directly to the Board of Directors and the managements via email. The company will keep complaints and comments confidential and will neither disclose the complaints' names or private information nor those who cooperate with internal investigation. In addition, there will be no demotion, penalty or negative impacts towards the employees who refuse to participate in the corruption scheme although such action would cost the company its business opportunity. The company will also provide fairness to the accused of misconducts.

The compliance Department is responsible for conducting investigation by collecting and monitoring whistleblowing or complaints concerning misconducts. Then the compliance Department, along with related personnel or committees will review those whistleblowing and complaints based on the Corporate Governance Policy and related anti - corruption measures to yield disciplinary results according to Human Resource Management policy. In case of complaints against the Directors, the Audit Social Environmental & Governance Committee will be reported for its consideration. The company has also provided examples of whistleblowing and complaints regarding corruption.

However, the complaints concerning personal problems or personal conflicts, or anonymous complaints are not regarded as corruption whistleblowing or complaints.

In 2018, the company received no complaints and found no corruptions inside the organization conducted by either internal or external individuals.

5) To assure that the company's management and employees are aware of and accept to comply with anti - corruption measures, any newly recruited

management and employees are to acknowledge and accept such measures on their contract signing date aside from the information they receive during the orientation for newcomers.

6) The company has encouraged all of its departments to comply with Anti - Money Laundering regulations enforced by the Anti - Money Laundering Office (AMLO) and by each of credit card provider networks in order to support governmental anti - corruption.

7) The company has a clear policy against bribery or monetary settlements during investigative process with customers or the corrupt.

8) To achieve accuracy, be ready for audit and be in accordance with accounting standards, the company has established operating manuals regarding expense reimbursement, document handling and business record keeping.

9) Provide learning tools to the Board of Directors, Executives and employees to ensure their knowledge and understanding of the company's policies and its related measures such as the arrangement of Multi - Animation, the assignment of topics regarding the Corporate Governance policy, Business Ethics Handbook as well as anti - corruption measures to be parts of the orientation course for new comers.

10) To ensure awareness of the Executives and all employees, the company has arranged their annual self - assessment with regards to rules and regulations required by law, the Corporate Governance Policy, the Anti - Corruption Policy, Business Ethics Handbook and other related measures thru the learning tool of Multi - Animation.

11) Establish details in service contract between the Company and its business partners or its business representatives that business operations must be

conducted with integrity, transparency and eligible for audit according to good corporate governance, as well as abided by any laws related to anti - bribery and anti - corruption.

12) To follow up and evaluate performing results with regards to the policy and measures of anti - corruption, by determining in its annual business plan, the company has assigned the internal audit, who acts independently, to audit and assess the operations in every department according to their risk level and their risk factors for the efficiency and the adequacy of their internal control, their risk management system, and their corporate governance. The Audit Social Environmental & Governance Committee is responsible for reviewing financial and accounting reporting system, internal control system, internal audit system, and risk management system to be in accordance with the international standards as well as to be suitable, concise, up to date and efficient. The results of this review are reported every year to the Board of Directors for its acknowledgment.

13) Disciplinary actions

- To ensure all employees' commitment to adopt good governance principles as their operating guidelines, the company requires staffs at all level to sign the agreement to comply with the Corporate Governance Policy, including the Anti - Corruption Policy, Business Ethics Handbook, and Anti - Corruption measures. Therefore, it is regarded as disciplines in which every employee must strictly follow.

- The company has established disciplinary procedures for Directors, Executives and employees who fail to comply with anti - corruption measures. Not only the wrongdoers will be subjected to the company's disciplinary actions, but they might also be punishable by law in case of illegal activities.

• Customer Centricity

Long - Term Goal for Sustainability : Excellent

service (determined by score of satisfaction towards employee's services) ≥ 4.9 out of full score 5

2018 Performance

- Excellent service with the score of 4.86

Operational Guidelines

The continuing change and the advance of current technologies has created impacts on customers' lifestyle and their financial activities in which customers require financial services to be fast, convenient, easily accessible and secure.

- Financial products and services and financial innovation

To respond to Thailand 4.0 and the Bank of Thailand's policy and strategy in promoting National e - Payment, as well as Cashless Society policy in which customers presently tend to use more of technologies thru various devices for their financial activities, the company has developed its financial services to satisfy customer's needs by providing services with speed, convenience, easy access and security as follows

- The company has developed its system of credit card payment for goods and services thru QR Code on its mobile application 'KTC Mobile' (used to name TapKTC) in which it was successfully tested in the Bank of Thailand's Regulatory Sandbox at the end of August 2018. This application has satisfied the needs for both customers and merchants. With regards to customers, they no longer need to carry cash and can make payment by themselves thru their mobiles in such a convenient, fast and secure manner. After the payment transaction is completed, both customer and merchant will be informed. With regards to merchants, they can receive QR Code payment thru both credit card and PromptPay. This will help merchants in reducing their business costs and their risks of cash management such as cost of their employees' fraud prevention, burglary risk, together with increasing speed of transactions and reducing the problem of cash change. The company

has urgently acquired new merchants for KTC QR Pay to promote a cashless society and to ensure customers and merchants all over the country to experience more of the modern, convenient and fast way of spending.

Performance

- The number of merchants using QR Code payment is more than 500 outlets after the application was successfully tested in the Bank of Thailand's Regulatory Sandbox in August 2018.

- The company has developed more of its effective online channels to increase convenience for customers in accessing its services. These online channels offer not just information but also platforms to carry out financial transactions in One - Stop Services style. Such channels which cover every product including services for both cardholders and merchants are the application 'KTC Mobile' and KTC websites. Their menus and features have been adjusted to ensure simplicity, convenience and speed, and to support the growing size of target customers for online payment in the present and in coming future. Online services provided by 'KTC Mobile' and KTC websites are such as request for temporary credit limit increase, cash advance from credit card account and withdrawal from KTC PROUD cash card in which not only customers can choose to receive money in their own account or other accounts but KTC PROUD personal loan customers can also choose to receive their money thru the company's merchants. Other services also include balance query, warning alert for payment due, card payment with KTB account and many other services. Websites www.ktc.co.th and www.ktcworld.co.th will also be improved for easier use and to satisfy further needs of customers.

Performance

- The number of users thru KTC Mobile and KTC Online as of the end of December 2018 was 1,177,000, up 76%

- The company has encouraged its members to apply for electronic statement thru email (e - Statement) as it is faster and more convenient, as well as reduces natural resources in printing hard - copy statement and preserves environment by reducing energy in garbage disposal of no longer used statement. The company has also arranged its contact center staffs to give advice for this service.

Performance

- The number of e - Statements amounts 600,000, 23% higher than that of 2017

• The company has developed and enhanced its 'TapMerchant' application to easier connect with mPOS device that can operate on either IOS or Android via Bluetooth signal. Merchants are able to receive goods and services payment which can be in form of full payment, installments, and points redemption by first logging into 'TapMerchant' application for sales transaction. Once the transaction is finished, the system will reply back result of that transaction thru merchant's smartphone which requires e - signature from customer. Then, the system will notify customer the result of the transaction thru either email or SMS as indicated by customer. Total process now is completed. The whole process of sending and receiving data and information has been encrypted with standardized security system, thus providing high security. As this online payment method enhances convenience and can be used anywhere connected to the internet, together with mPOS device is easy to carry around, both cardholders and merchants can be confident in using this payment service.

Performance

- The number of merchants with mPOS device is more than 5,300 outlets (a 32% growth compared to 2017)

- The company has introduced innovations by each of major credit card networks such as Visa, MasterCard, and JCB to its team so that they can develop and

improve the company's services, expand its business and increase its income.

- The company has initiated the project of notifying applicants about credit approval results via SMS. According to credit analysis officer's working procedures, after credit card or personal loan application is completely reviewed, the applicant must be notified of the result. The company has developed the system to inform the result via SMS rather than via a postal mail with the exception of the rational for credit rejection required by law to be notified in written paper only. SMS notification not only provides the applicant with fast response, without having to wait for the letter to be printed and for mail delivery but also helps reduce a huge volume of paper usage. To follow up with the result of credit card delivery and card activation, the company has established a specific team to follow up on card delivery and facilitate customers regarding card activation and card benefits. Such actions are taken to prevent damages that might occur from the loss or delay in credit card delivery, to reduce expense and time in credit card tracking, to minimize the cost of reissuing and resending the new card, as well as to minimize activation procedures after the card is received.

- The company has issued electronic credit cards to its members for online services (KTC Virtual Credit Card). This will help lower the cost of paper and plastic usage. Moreover, members will have no concerns of damaged or lost cards and can determine their credit limit for online spending.

Performance

- Members who already used KTC Virtual Credit Card for their online services at the end of December 2018 amounted to 7,600 members

Customer Relationship Management

- Regarding customer complaints response, the company has established a specific unit for receiving complaints, compliments and customer feedback thru

various channels. This can be done directly thru telephone channel via KTC Contact Center (02 123 5000) or thru any regulatory bodies or thru various social medias. Any complaints or feedbacks KTC received will be used to improve its products and services to protect customer's benefits. For any complaints received, the company will investigate, notify its progress and inform next steps that will be taken, as well as proceed to solve the problems and notify customers the result as soon as possible. After that, all the information will be used to improve the quality of the company's products and services to ensure satisfaction of customers and stakeholders.

- The company has designed its automatic response system for IVR Activation not only to provide security for actual cardholders but also to ensure speed and convenience of card activation.

- The company has launched its automatic response system IVR KTC Contact Center 02 123 5000 for customers' data inquiry and transaction updates. To ensure faster service and not to wait long on the telephone line, customers are encouraged to use their own PIN number for system verification to gain access and conduct transactions by themselves. In year 2018, the company conducted the survey of customer's satisfaction towards KTC Contact Center service thru IVR and the result showed the score of 4.86 out of full score 5. To prevent and reduce complaints and to enhance its services efficiency, the company has taken the survey result to improve its services provided by both inside the company and outside sources such as service provided by Outsource Sale etc.

- The company has put in place the Verification Process to provide security for customer information and to protect frauds.

- Accountable and Fair Services

Long - Term Goal for Sustainability : Excellent service (determined by score of satisfaction towards employee's services) ≥ 4.9 out of full score 5

2018 Performance

- Excellent service with the score of 4.86

Currently stakeholders including customers and any regulatory bodies anticipates the company to provide its credit card and personal loan services with more accountability. The company has focused on promoting qualified people to utilize its financial services on the basis of their financial knowledge and understanding, and their good financial discipline. Having discipline in paying off debts helps reduce burdens and problems of relying on loan - sharking as well as unfair debt collection. The company has established its business operational guidelines to emphasize on providing accountable and fair services as follows :

Operational Guidelines

- The company has conducted its credit card and personal loan businesses under the Bank of Thailand (BOT) notifications and regulations such as the determination of credit cardholder's qualifications for both primary card and supplementary card, personal loan applicant's qualifications, as well as credit limit approval, interest rate charged and other fees etc. The company has also required all its department to comply not just with laws and BOT's regulations but also with requirements of each credit card network.

- The company has treated its customers in accordance with laws or regulations issued by regulatory bodies (BOT, Office of the Consumer Protection Board, and Credit Information Business Act). For example, the company will not approve credit card or personal loan to minors. With regards to credit card and personal loan, the company organizes their contracts, terms and agreements in such a clear and fair manner. In case of any changes in the contract's terms which affect customer's rights, customers will be promptly notified. Customers will also be informed of their credit information disclosure as regulated by any officials.

- The company has established the Corporate Governance Policy and Business Ethics Handbook for Directors, Executives and employees as guidelines for conducting their businesses fairly and accountably towards all stakeholders.

- The company has established Internal Audit department, an independent unit that reports directly to the Audit Social Environmental & Governance Committee, to assess the adequacy and efficiency of the company's internal control, risk management and corporate governance. Internal Audit department has consistently reported its findings of ineffective internal control and provided its added value opinions to achieve effective operations, efficient internal control, cost reduction, as well as lower risks to the Board of Directors and the Audit Social Environmental & Governance Committee. Effective internal audit is a key foundation of the company's sustainable growth.

- The company has created compliance department to give recommendations, along with review important operational procedures to reassure that the company conducts its businesses in compliance with rules and regulations required by officials such as BOT, SEC, AMLO, NCB etc. In addition, the Compliance department follows up and analyzes impacts of any regulations or laws related to the company in which the compliance department might summarize and distribute significant materials or organize the meeting with related internal departments for briefing and clarification.

Remark : Please study further details of the company's products and services in the topic of 'Business Nature'

- Customer Data Security and Privacy Protection Long - Term Goal for Sustainability : Knowledge distribution regarding customer data security and privacy protection to any related stakeholders

Operational guidelines

Customer data security and privacy protection is considered as a key to create customer's confidence

and trust in using the company's financial services. Insufficient internal control or protection might lead to various risks such as violation of personal information and data insecurity, cyberattack or cyber theft etc. These risks are regarded as severe and can cause damages in the company's image, reliability and financial status, including the breach of regulatory requirements. Therefore, the company has determined measures to prevent and control risks that might occur by implementing security system, organizing oversight and establishing corrective guidelines or measures which details are as follows

- Information technology management structure

The Board of Directors has put its primary focus on customer data security and privacy, thus assigning the Information Technology Steering Committee (ITSC) in determining information technology policy including monitoring, tracking and managing related risks to be at an appropriate level. Furthermore, the company has delegated Information Security Steering Committee (ISSC) to oversee and conduct operations regarding the company's information security to be in compliance with any related standards and regulations. The ISSC also organizes resource and budget planning regarding the company's information security as well as determines information strategies and plans to be in accordance with the company's business nature. These two subcommittees, ITSC and ISSC, have constantly coordinated in reviewing various issues concerning information technology.

- Information technology policy

In 2018, the company has reviewed its information technology policy to be in accordance with the Bank of Thailand's regulations and the international standards.

- Customer data access and utilization

The company has granted employees for customer's access rights according to their operational functions. Employees are permitted to access customer data as per their given authorization only and they are required to keep that information confidential.

- Customer data disclosure

The company has determined guidelines regarding information disclosure of the Company or that of customer to external entities by allowing the disclosure only to any individuals or governmental entities with legal authorities. The Company will never disclose information to any individuals or entities without legal authorities unless it gets the Board of Director's approval or establishes information security control procedures such as arrangement of Non-Disclosure agreement (NDA) etc.

- Operations regarding information security system

- Operations to support the international standards

In 2018, the company has organized the projects of PCI - DSS and ISO 27001 to assure the security of the company's computer systems and database systems to be in accordance with the international standards.

- Establishment of Security Operation Center

- Implementation of data leakage detection and prevention system for significant information such as credit card number and customer's personal data

- Arrangement of information security protection training for the Company's employees

- **Supply Chain Management**

Long - Term Goal for Sustainability : The company provides its key suppliers with Supplier Code of Conduct for their acknowledgement in which sustainability regarding society, environment, labor and human rights is identified.

2018 Performance

- The company provided its Supplier Code of Conduct to key supplier group 1 with 100% acknowledgement.

Operational Guidelines

The company has conducted its supply chain management based on good governance principles by considering social and environmental impacts to prevent risks that could affect the company's image and its performance both directly and indirectly. The company believes that sustainable management will promote its businesses to be conducted in accordance with good governance principles which in turn will lead to sustainable development in economy, society, and environment throughout the company's whole supply chain.

Performance Results

The company had total number of its suppliers in 2018 of no less than 600 in which all of them have acknowledged and understood their scopes and duties in conducting their businesses according to law requirements. In 2018, the company had organized Supplier Code of Conduct for its suppliers to acknowledge and comply to. Supplier Code of Conduct comprises of various guidelines such as Business Ethics, Human rights and Labor, Safety Health and Environment, Laws and Regulations. In the first phase, the company had delivered Supplier Code of Conduct to key supplier group 1 (key group not related to strategic decisions and business supporting group with spending amounts from 5 MB or more) with the first top 10 spending amounts for their acknowledgement to comply with Supplier Code of Conduct. In the next phase, the company will require suppliers to acknowledge their compliance with Supplier Code of Conduct before they can become the company's business partners. If any suppliers are found not to comply with Supplier Code of Conduct, the company might arrange discussion for supplier to improve in such issues so as to prevent risks that might affect the company's images and performance in the future.

• When outsourcing to business partners or third parties to conduct businesses on its behalf in non-primary or non-specialized businesses, the company has procedures as follows :

- The company realizes the significance of outsourcing services, hence organizing procurement standards to identify criteria and qualifications of outsourcing companies, arranging fair contracts, along with performing goods inspection on delivery to ensure its compliance with service contract. The company has also established procurement process that is clear, transparent, and not against the Anti - Corruption policy. Furthermore, the company has organized the Outsourcing Service Policy which is in accordance with KTB's consolidated governance policy to determine service provider's selection criteria, service utilization criteria, and scopes and duties of service providers. In addition, the company oversees all its departments that need to acquire outsourcing services to comply with the aforementioned policy and standards.

- The company's operations department is responsible for overseeing quality control procedures of outsourcing service providers not only to ensure their service quality and standards but also to connect business partner's needs and customer's needs so that working process, products and services can be continuously and sustainably improved. The company has consistently enhanced its working process and reduced unnecessary use of national resources in its working procedures or in its products and services. This has resulted in not only reducing environmental burden but also decreasing the company's operating cost. The example of such actions was the reduction of printing materials for some groups of customers. The aforementioned oversight of quality control procedures has also been the additional channel for suppliers to recommend and to jointly develop more efficient and fair working process in which suppliers and the company can share their experience during the joint meeting the company has regularly organized.

- KTC has coordinated with its outsourcing companies in organizing annual training courses to enhance skills of outsourcing employees such as debt collection officers, administrative officers, and technicians etc.

- Responsibilities towards suppliers or outsourcing service providers within Supply Chain

The company recognizes the importance of social and environmental issues. Thus, it has operated its businesses by focusing on sustainable development throughout the whole Supply Chain. The company has conducted its businesses with integrity, transparency, and eligibility to audit in all its working procedures which can be done either thru procurement process or thru outsourcing from third parties.

The company evidently realizes supplier's significance. Hence, when acquiring suppliers, the company is committed to abide by laws or terms of mutual contract. The company has also determined guidelines regarding supplier selection for its procurement unit to follow. In addition, the company has stated in the service contract between the company and its alliance or its business representatives that businesses must be conducted with integrity, honesty, eligibility to audit according to good corporate governance principles as well as compliance with laws related to anti - bribery and anti - corruption.

Social aspects

• Human Resources Management

Long - term sustainability goals : to ensure that the company's personnel receive fair compensation and welfare, as well as suitable knowledge and skills necessary to perform duties and to get ahead in their careers.

Throughout 2018, KTC focused on preparing personnel to be ready for the rapid changes in the world, including recruitment, skill sets, knowledge, abilities, equipment, and environment so that work

can be conducted anywhere, anytime, while providing reasonable compensation comparable with others in the industry. The company also emphasized on labor management, respects for differences, equality based on human rights, healthcare and safety, and employee development plans to equip personnel with appropriate abilities necessary for career growth.

- **Respect for Labor and Human Rights**

- Out of its respect for human rights, KTC has ensured that its debt collection process carries out in line with BOT's regulations – Debt Collection Act B.E. 2558 and applicable laws. The company provided the New Collector Training Program to educate employees and increase their expertise in debt collection as accordance with the laws, using polite words without intimidation, contempt or sarcasm while maintaining confidentiality to the third party.

- In order to comply with labor laws in recruitment process, KTC evaluates qualifications based on age, knowledge, abilities, skills, and performance of applicants with no discrimination on the basis of sexuality, religion, and political beliefs. People with physical disabilities not carrying any serious contagious disease are welcome to work at KTC if they have the potential to fulfill job descriptions. KTC employees are not subject to sexual, religious, or educational discrimination.

- Number of new recruits and resigned employees. To efficiently manage the company's workforce when recruiting new employees to fill vacant positions, KTC has primarily placed great emphasis on internal recruitment. If, however, such positions require personnel with specialized skills not currently presented in the company, external candidates would then be recruited. Recruitment of new employees is based on necessity and candidates must possess appropriate qualifications, suitable experiences, and essential sets of skills. KTC also provides a reasonable compensation comparable to others in the industry.

Category	Gender	Number of Employees		
		2018	2017	2016
New recruits	Male	157	118	136
	Female	336	278	258
Total		493	396	394
Resigned employees	Male	118	129	113
	Female	276	291	185
Total		394	420	298

Note : resigned employees exclude retirees, early retirement, decedents, unsuccessful probation period, and termination of employment contract or dismissal.

- **Fair Labor Practices**

The company established standard operation procedures (SOP) for new personnel recruitment, performance evaluation, annual salary increase, performance incentive, and annual promotion, in order to set standards in human resources operation.

In 2018, KTC recorded a number of 1,767 employees classified by gender, employment type and level as follow :

Number of Employees			2018			2017			2016		
Type of Employment		Employment Level	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employees	Full Time	Executives	17	11	28	18	14	32	19	14	33
		Middle Management	126	166	292	124	146	270	117	147	264
		Officers	414	814	1,228	406	806	1,212	416	799	1,215
	Total		557	991	1,548	548	966	1,514	552	960	1,512
	Contractor	Contractor	70	149	219	63	166	229	80	215	295
	Grand Total		627	1,140	1,767	611	1,132	1,743	632	1,175	1,807

- The company has employed physically disabled personnel to work in the IT department to create job opportunities and compensation equivalent to other employees. The Empowerment of Persons with Disabilities Act B.E. 2550 (2007) has the intention to provide people with disabilities jobs and employment without discrimination on the basis of physical and mental health. The Act declares that state agencies, employers, and business owners are to employ disabled personnel under Article 33; or contribute funds to the Fund for Empowerment of Persons with Disabilities under Article 34; or grant concessions for the benefits of the physically disabled under Article 35. In addition, KTC has a health care policy to rotate employees with health problems to a more suitable position accordingly in order to avoid worsening the employees' health.

In 2018, the company has changed the method for contributing funds to the Fund for Empowerment of Persons with Disabilities from Article 34 to Article 35. The Ministry of Labor supports and encourages various businesses to hire people with disabilities using to the new guidelines that altered the conditions from employing disabled personnel to work only in offices to enabling them to work in local communities

or public organizations, or to support freelancing. The Social Innovation Foundation cooperates with human resources to facilitate employment of persons with disabilities and to promote new hiring guidelines to businesses. These benefit persons with disabilities directly in giving opportunities to those living in remote areas so that they are self - reliance. In 2018, KTC hired 17 disabled personnel in accordance with Article 35, whom receive their salaries directly from the company via account transfers. Therefore, there are no complaints regarding payments.

- The company concerns about the health of employees and thus provides them and their families with a variety of benefits as the followings :

- Annual health check - up at leading hospitals in order to raise health awareness among the employees, to reduce health risks, and to prevent various illnesses.

- Provide infirmary, nurses, medical services, first - aid medicines and supplies of adequate standards to employees, available every day during work hours. By doing so reduced dependency on others and helped employees by focusing on development

rather than consolation. Medicinal treatments are temporary solutions, and proper self - care leads to less sicknesses.

- Provide free vaccinations to employees for basic illnesses such as influenza.

- Organize seminars by doctors from leading hospitals to educate employees on health issues such as nutrition, office syndrome, etc.

- The company provides health benefits to employees. If any of their families wish to receive support from KTC, a 50% of their health insurance premium is contributed.

- **Employees welfare and benefits**

Welfare & Benefits	Type of Employment		
	Full - time	Contract	Temporary
Salary	/	/	/
Overtime	/	/	/
Seminar / Workshop / Training	/	/	/
Funeral	/	/	/
Childbirth	/	/	/
Medical expense	/	/	/
Gift basket in case of hospitalization	/	/	/
Wedding	/	/	/
Provident fund	/	X	X
Annual health check	/	/	/

- In outsourcing process, KTC has clearly stated in outsource contracts that outsources must treat their employees fairly in line with labor laws. In addition, KTC has provided counseling and liaising services if any of their employees have questions about their labor practices.

- Safety, occupational health, and work environment

- The Company has followed safety, occupational health, and work environment guidelines as set by the company and are complied with relevant standards and laws.

- Continuously arrange seminars on safety, occupational health, and work environment for employees.

- Regularly monitor and improve working environment.

- Regularly monitor and check the cleanliness of work area in each department.

- Monitor and record occupational illnesses and injuries of employees to ensure that they receive appropriate treatments until they can return to their normal work life.

Number of occupational illnesses or injuries in 2018

Indicator	Headquarters			Touch service points nationwide			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Occupational injuries	0	0	0	0	0	0	0	0	0
Absent due to occupational accidents	0	0	0	0	0	0	0	0	0

Note : employees include full - time, contract, and temporary

- The company has policy on constant human resources development by focusing on education, skills, and potential in accordance with business direction. In order to improve competitiveness long - term, KTC focuses on attitude development and specialized operational skills with efficiency, accuracy, and speed to enhance customer experience and satisfaction. In 2018, more than 219 courses on human resources development and various activities occurred with the summarized details as follow :

- Orientation for newly recruited employees to ensure that they have correct knowledge and understanding of the business, including various products offered by KTC. To also instill the core values of ethics, which are important to success, governance, and social and environment responsibility. Anti - corruption is another important principle to uphold in order to drive the company in achieving the targets. A corporate culture with core values is crucial in bringing the employees together to have awareness, understanding, and sense of team work moving forward in the same direction. There was a total of 362 employees participated in the orientation. Afterwards, a test was conducted to evaluate knowledge and understanding. The minimum passing score is 85%.

- The company held the “Leading Innovation with Design Thinking” course, a strategic course to promote innovative thinking skills to meet customers’ demands and to develop effective work processes. Participants

learned innovative creation processes that can be applied to their work duties and to make a difference.

- The core courses promoted key employee attributes base on the company’s main core values — courageous, smart, simplicity, meaningful. Examples of such courses are “Spark Knowledge to KTC”, and “KTC Synergy 2018”, which urged employees to recognize, understand, and uphold core values as a part of their personal and work lives.

- The functional courses allowed employees to better their skills, knowledge, and abilities, while improving work processes. Examples of functional courses are Future Market Access Strategies, Machine Learning for Business, Data Wrangling, Process Improvement for Productivity, Customer Experience Management, Service Beyond Expectation, Service Quality Contact Center, Analytics Enablement Program, etc.

- Apart from the courses that focus on developing skills and knowledge, the company also promotes the “Learning Organization” culture in order to create the good working environment and atmosphere, aiming to create new ideas that lead to innovations, more effective and efficient work processes, and modern knowledge exchange through “KTC Knowledge Sharing”. Some courses are also offered online such as Coursera, which makes it easier for employees to choose topic of their interests and in turn encourage them to learn. Employees can exchange experiences and discuss via “Community”

to promote social interactions and language development. Moreover, KTC has a collective information accessible on the company's intranet system in an infographic format for easy usage. Thus far, the average learning hours per each employee is 21.33 hours / year.

- KTC has created employees' consciousness to perform on the basis of ethical and moral, to uplift spirits, to create positive attitudes of the mind towards oneself and work life, and to live with awareness through the "Detox D - Talk. Let Virtue Guide You" project. In 2018, employees attended a meditation retreat at Wat Pa Si Thawon Nimit in Nakhon Nayok province; and an almsgiving to 9 monks to celebrate the new year on January 3rd, 2018, and the Thai new year on April 12th, 2018.

- The KTC Sit & Talk activity was organized to share information and experiences in various fields to stay updated with the current situation, including financial innovation that influences business operations and Thai and Global economic trends, by knowledgeable guest speakers. Topic examples are Creativity for Change, Design Thinking, Blockchain The Next Technology in Your Life, Global and Thai Economic trends and risks, From Passion to Tourism Blockchain, Making impact with Big Data, Consumer & Technology Trend 2018, Keeping Up with Electronic and Online Payment Risks, NEXT - GEN PAYMENT, You Are More Powerful Than You Think.

- KTC organized the "LEARN & EARN" program for the 15th consecutive year. This program supports

development and empowerment of youths in Thai society by equipping them with the tools necessary for entering the work life. The company encourages youths to spend time efficiently, to experience other aspects of life not taught in classrooms, to earn income for themselves and families, and to develop skills beneficial to work and quality of life. In 2018, the company operated under the concept "Digital #Me" with the objective to motivate youths from the "LEARN & EARN" program to stay on top of the roles digital has on businesses and society. The company believed that the program partakes in developing and preparing youths to apply their technological knowledge and understanding in daily and working lives by encouraging them to learn about innovation, to think outside the box, and to use innovation in communicating successfully.

- The company has gathered various learning materials on its Intranet so that the managements and employees can study and review these materials at their convenience. Other contents that were put on the Intranet include company's important announcement, rules and regulations, such as Good Governance Principle, Business Ethic Manual, Anti - Corruption Practice, Money Laundering Law and other important laws that concern with the company. Moreover, the company also stipulates that every management and employee must complete the assessment through electronic channel to evaluate their knowledge, understanding and to create awareness of complying to the law or other important regulations, on the following topics :

- Corporate Governance Self - Assessment includes subjects such as anti - corruption, guidelines on good governance policy, company's business ethic manual, and social and environmental awareness. The results of 2018 are in the below table :

Topic	Target Indicator	Assessment Result
Number of participants	97.75% -< 98.75% of total employees	98.77%
Knowledge and Understanding	100.00%	100.00%

- Provided self - assessment test on knowledge and understanding on the “laws regarding anti - money laundering and anti - terrorism financing” via electronic system for the management and employees. The results of 2018 are listed below :

Topic	Target Indicator	Assessment Result
Employees required to complete the test	Number of participants	97.75% -< 98.75% of this group's total employees (the group's total employees : 703)
	Knowledge and Understanding	90% -< 95% of total participants scored over 70%
Other employees	Number of participants	Number of participants who scored 100% of the group in each subject over 50%
	Knowledge and Understanding	97.75% -< 98.75% of this group's total employees (the group's total employees : 1,029)

- Provided self - assessment test on the knowledge and understanding of the laws and preparing legal contracts that are beneficial to the employees, professionally and personally. The learning topic was “Useful Laws for KTC people” and the results are shown below :

Topic	Target Indicator	Assessment Result
Knowledge and Understanding	≥ 85.00%	99.00%

- Provided self - assessment test on the knowledge and understanding on “Risk Awareness” covering risk definition, risk management process, and loss data from operational risks to benefit employees. The results are shown below :

Topic	Target Indicator	Assessment Result
Knowledge and Understanding	≥85.00%	98.46%

- KTC Product Knowledge test was conducted in accordance with the company's policy on market conduct, which stated that employees are required to have firm knowledge on the company's products and services in order to deliver accurate and fair information to customers. The results are shown below :

Topic	Target Indicator	Assessment Result
Knowledge and Understanding	≥ 85.00%	97.79%

- KTC Core Business Process to educate employees on product development process and delivery service to customers. The results are shown in the table below :

Topic	Target Indicator	Assessment Result
Knowledge and Understanding	≥ 85.00%	92.51%

- Regulations related to business operations. The results are shown beloww :

Topic	Target Indicator	Assessment Result
Knowledge and Understanding	≥ 85.00%	94.56%

- Community and Social Operations

Long - term sustainability goals : the company supports activities beneficial to the society.

Out of its commitment to repay its members and the general public, the company has accorded importance to conducting these following activities for public benefits :

1. Knowledge Sharing (target groups : community, media and youths)

The company focused on activities in various forms of knowledge sharing and creating inspiration by collaborating with successful individuals from both state agencies and private sector, under the concept of learning the Thai way of life, agricultural sufficiency, and religion and beliefs. Examples as follow :

- KTC invited students from Setsatian School for the Deaf and the media, a total of 80 people, to join an

activity at an agricultural learning site in Bang Khae. The students learned about traditional farming, processes of growing organic vegetables, self - cultivation, cooking a few Thai dishes, and weaving with pandan leaves.

• KTC invited students from Ban Pranee Juvenile Vocational Training Center for Girls and the media, a total of 60 people, to participate in activities at Khlong Phitthayalongkon School. Such activities were visiting Bangkok Local Museum Bang Khun Thian District, joining a tie dye workshop, planting mangrove forest, and cooking Thai traditional local dessert.

• KTC invited 60 students from The Bangkok School for The Blind to learn about the history of the Giant Swing and about various sculptures by touching at Wat Suthat Thepwararam. They also learned about the meaning of sufficiency agriculture by hands - on rice farming, harvesting, vegetable growing, and fish farming at Wat Suthat School.

• Sixth grade students from Wat Rachsingkorn School partook in the “Explore the city with KTC. Learn the cultures communal ways” event to learn about the history from Wat Suwannaram Ratchaworawihan, viewed a demonstration on traditional horse racing to redeem a vow, listened to the stories of Trok Khao Mao Community, joined a “Khao Mao Mee” cooking workshop, and visited the local museum.

• KTC organized “Decode Thainess with Museum Siam” for 40 students from Sawasdee Wittaya School with the goal to promote and instill cultural and educational tourism in museums in Thai youths, as well as encouraging Thais to visit museums more. The campaign was held at Museum Siam, educational museum.

• KTC and youths from Baannokkamin Foundation visited Wat Champa to learn about history and art objects, as well as Wat Champa community’s way of life which is harmonious with nature. They also participated in crafting and Thai dessert cooking.

A seminar was organized to share knowledge via Facebook Live to KTC CSR Club Fan Page, allowing fans to watch, ask questions, and play games during the live feed. Special guest speakers with knowledge and expertise joined in on the feed, consisted of :

• “KTC FIT Talks” seminar to share knowledge on current social interests regarding finance, innovation, and technology. In 2018, the topic was “KTC FIT Talks : Keeping up with Electronic and Online Payment Risks”, in which more than 200 of press members and KTC personnel attended in addition to audiences via Facebook Live.

• Special Dhamma lecture on “Pure Love” for Thai Mother’s Day. The audience group was 400 9th - 10th grader students from Patumkongka School.

• Organized a knowledge sharing trip KTC PR Press Club in order to present perspectives and stories

that are beneficial to the society. In 2018, the company organized “Reminisce Old Rattanakosin Tales through Literature from Rama IV’s Period” activity led by an expert in history to educate and guide through significant historical places during the reigns of Rama 1 - 9, including Phitchaya Yatikaram Worawiharn temple, Prayoonwongsawat temple, Rattanakosin exhibition hall, Sraket Rajavaravihara temple, and Princess Mother Memorial Park.

2. Youth and Education

In order to support and cultivate Youth and Education, the company took part in organizing activities, awarding scholarships, aiding educational institutions, aiding charities and foundations amounting to 245,000 Baht as follows:

• Donated good - conditioned computers to border patrol police school in the Northern Region Under the Border Patrol Police Division 32, Phraya Ngam Muang camp, Phayao province, who traveled to join the 10th Shred2Share Marine Nature Study project.

3. Sports and Health

To promote and support sports and health related activities, the company was involved in sponsoring tournaments and other sport activities to associations, clubs, or foundations such as the Journalist and Media Association and other associations amounting to 225,000 Baht.

4. Social and Environment

In order to promote and support Social and Environment related activities, the company participated by donating or sponsoring various foundations and clubs with a total amount of 2,354,000 Baht as the following details :

• KTC donated portable water plants and water treatment systems worth 2,354,000 Baht to The Chaipattana Foundation for aiding people in remote areas and those suffered from floods.

- For the past 12 years, KTC's management and employees have donated blood to the Thai Red Cross Society. In 2018, a total blood of 183,150 cc was donated. Moreover, the company has donated items to be sold at the Thai Red Cross's "Hong Dai Boon", in which the money earned will be spent for the greater good.

5. Religious Work

KTC also took part in promoting and preserving Buddhism by supporting monks and other Buddhist sites for the entirety of 168,500 Baht.

6. Responsibility towards Consumers

• KTC has joined hands with BOT and Legal Execution Department in organizing a debt reconciliation event and a seminar on "Money Management and Creating Financial Discipline for KTC card members", as well as the debt composition for chronic debtor, seeking more options than just interest cutting or extension of debt period, with the target to reduce country's overall household debt.

• KTC has joined hands with Court of Justice in implementing the "Composition Festival for Negotiations with Debtors 2018" project so as to ensure that debtors get repayment conditions within the scope of their abilities. In events of errors or mistakes, proper adjustments shall be made to customers' accounts. In 2018, the company has organized such projects in major provinces, with over 7,088 participating debtors, in which 94.77% of the due amount has been successfully negotiated. In addition, KTC has collaborated with the Legal Execution Department to mediate dispute in the execution class as well as conciliated with debtors affected by flood disaster in various regions and from other special projects in order to relief debts and participate in resolution of household debts in the country.

• In all events of disputes, KTC shall so as to provide consumers with clear - cut facts.

• KTC has the policy to keep customers' confidential information and to not launch unfair products, including stipulating conditions of fair contracts.

• KTC aimed to promote financial discipline, efficient income management, and self - reliance, debt - free life among its members. And, therefore, has organized a series of seminars on financial discipline, supplementary occupations, and expense - reduction techniques. KTC members can join in these programs with special discount rate and / or can use Forever Reward as application fee to join the program. For example, the "First Step towards Professional Barista", the "Macaron, the highly popular dessert", the "Kanom Pia, easy to bake, easy to sell", the "Kanom Chan Kularb, Thai sweet dessert for additional income" and the "Mushroom Cultivation workshop", etc. Not only that these seminars have experts as speakers, they include relevant activities for participants to take part in.

• KTC has communicated with its debenture holders via "The Sovereign", a pamphlet informing holders of their privileges and granting them admission to join various seminars as well as recreational workshops in response to KTC's policy to develop good ties with them. In 2018, the company held 16 such activities

• 24x7 Service

- KTC has prepared a team to assist in product usage and member services. In a bid to boost customers' confidence in KTC services, Manager on Shift team has been appointed to monitor the work real - time to ensure that timely solutions are introduced when any situation arises.

- KTC has compiled reports on the number of calls and issues made and raised by customers, as well as the performance of each of its units. Relevant figures are then analyzed so as to develop a plan to prevent future problems on a sustainable basis.

7. Contributions to Community / Social Development

• KTC has developed an open system for KTC cardholders nationwide to use their cash - equivalent reward points to make donations to 25 charity organizations under the "Reward Points for Donations" Project, in which conversion of 1,000 points is equivalent to 100 Baht. Donations can be made by calling the KTC Contact Center, contacting KTC Touch branches, or completing a form via "KTC Mobile" application, or KTC Online website. KTC was to gather the donations and convert them to cash before giving to their chosen charity organizations. KTC has also arranged a monthly donation program for interested cardholders. If they join the program, the donation will be monthly charged to their credit - card account. In addition, KTC has also made donation boxes available at its service points to ensure that customers can conveniently make merits. Moreover, the company has teamed up with business partners to participate in donations cumulated from customers' spending in projects such as "Fund Raising for Regions affected by Floods", "Contribution to Construction of Chakri Naruebodindra Medical Institute, Faculty of Medicine, Ramathibodi Hospital", "Contribution to Navamindrapobit 84th Anniversary Building, Siriraj Hospital", "Contribution to supplying medical equipment for Banphaeo General Hospital", etc. In 2018, donations via Reward Points amounted to 1,904,344.31 Baht.

• KTC has sent direct mails free of charge to its members with donations records for the purposes of raising fund for the Thai Red Cross Society so as to support the construction and purchase of medical equipment for the Bhumisirimangkhanusorn Building, Chulalongkorn Hospital, and the CCF Foundation to help underprivileged children at remote schools.

Environmental Aspects

Long - term sustainability goals for 2020 : focus on decreasing energy consumption and supporting all activities that contribute to continuous and sustainable reduction of greenhouse gas emission.

Operation guidelines

The company is aware of the global climate change caused by the greenhouse effect, which severely impacts living organisms and the future of human survival. As a result, the company focuses on operating business with environmental responsibility.

• Environmental Management

1. Use energy - saving and efficient electrical appliances
2. Reduce energy and resource consumption
3. Reduce the company's greenhouse gas emission
4. Use alternative energy or environment - friendly equipment

• KTC has the policy to reduce the use of paper across its organization. This policy is a key part of KTC Smart Office project, which encourages employees to cut down on paper use, to keep their important documents in electronic forms or as e - Documents, to email e - Documents instead of sending hard copies to other units, and to recycle paper in their own units. Such moves lower the consumption of paper that is made from natural resources, reduce document storage space, boost convenience of searching and retrieving documents later on, and also save electricity that would otherwise be used for photocopying documents. In credit - approval process, KTC has now developed the Host - to - Host system to store relevant information and authorized only credit analysts to view the information. KTC has also informed its customers about the disclosure of their information to the National Credit Bureau (NCB) via a billing statement. Plus, it has lowered the use of paper when sending year - end summary to its customers as well as documents to NCB. In addition, KTC has used computer programs in analyzing information in the Contact Center's database for the development / improvement of services and management of employees' work schedule without printing out the information. While KTC's legal department needs to use plenty of hard - copy billing statements for legal proceedings, it makes sure photocopies are printed on both sides of paper, which enables to reduce paper consumption by

half. Moreover, the department has even worked with some courts in reducing the use of documents for legal proceedings (relying on the appendix of affidavit when citing document evidence). In events that the case is finally settled out of court, KTC asks for documents that are not needed at the court. This not only reduces the court's document storage burden but also allows KTC to recycle those documents at the same time.

- KTC has created electronic forms for its customers in submitting requests, including a request form for permanent - credit approval and an approval request form for internal use. Senders can complete forms online instead of using paper and even attach related files such as files that customers sent via facsimile, memos, and messages on screen from relevant systems. The forms and attachments can be forwarded online and stored in online database without any need to print them out.

- KTC give importance to the reduction of greenhouse gas emission, the company choose eye - caring paper from suppliers who received "Carbon Neutral Certification" or "Green Print" to print company's documents, such as credit card or personal loan application forms, and Newsletter containing promotions to inform customers.

- KTC has used electronic form to replace paper document for human resource related works in order to make more convenient process and to save times from sending and receiving paper documents. Employee can access these "i - Form" documents on company's intranet, such as job application form, employment contract, certification, health insurance request, employee's ID request, probation evaluation process and resignation form.

- Human resources information system was used to help store employee database and to reduce paper consumption. The system was developed to make connections among works related to human resources, while being able to support more devices - including

smart phones such as requesting or approving leaves, and requesting approval for overtime, etc.

- The company used Google Form, including the QR Code system, for the recruitment process to reduce the use of documents and to be flexible with contacts of job applicants, as well as representing an organized working system.

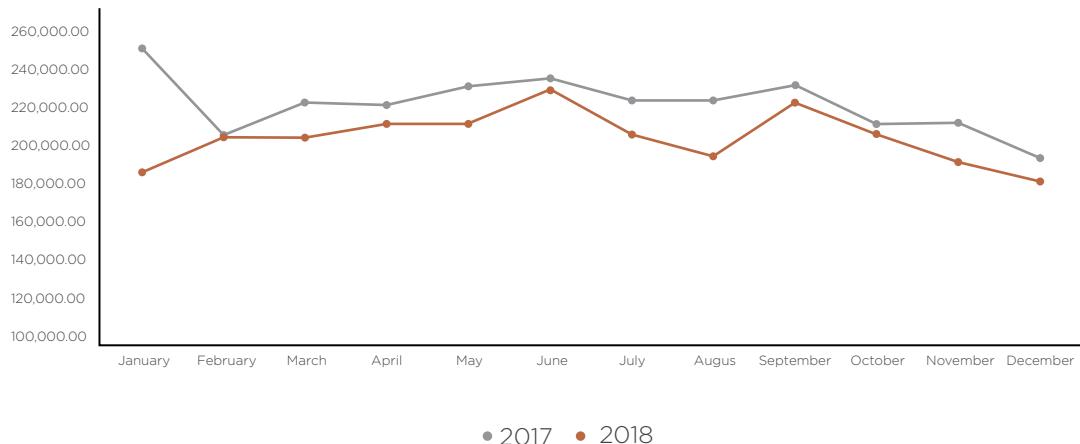
- Operations on reducing electricity and petrol consumption

- The company has implemented a Timer system to automatically turn the lights on and off for designated areas. As a result, electricity cost was reduced by approximately 16.7%

- KTC has reduced electricity consumption by using only energy - saving LED T5 light bulbs at its offices and also its service points across the country, which successfully helped reduce electricity consumption with greater brightness and are longer lasting. Moreover, the bulbs reduce maintenance costs while being smaller, lighter, using less materials and mercury, which have less impact on the environment than the previous bulbs. The company has also uninstalled light bulbs in low usage areas such as 345 post bulbs, in which reduced electricity and bulb costs by 745,000 Baht per year, and less number of bulbs changed by approximately 83%.

- The company has the policy to save and reduce unnecessary energy in offices. The air - conditioning systems timing was operated between 7.30 am to 6.00 pm, theoretically the cool air still remains 30 - 60 minutes after turn off, as well as dropping the air - conditioning temperature to an appropriate level. Employees working on a night shift shall sit together at designated areas so as to save electricity, which reduced yearly electricity consumption by 69,600 KWh.

Graph on electricity consumption of UBC II and TS offices in 2017 - 2018 :



- The company has reduced petrol expenses by requiring that all company cars use environment - friendly petrol types such as E20 gasoline. KTC was able to reduce fuel costs in 2016, 2017, and 2018 by 12,000 Baht, 85,000 Baht, and 90,000 Baht, respectively.

- Environmental Health Care and Building Safety
 - The company has hired professionals to clean the inside of air - conditioning vent of the headquarters at UBC II building in order to prevent dust and dirt accumulation which can negatively impact employees'

health and caused illnesses. Moreover, a clean air - conditioning system helped save electricity cost.

- Shred2Share Project

- KTC is aware of environmental issues and is proud to be a part of the Shred 2 Share project. The project terminates unused documents properly, safely, and effectively, while protecting the clients' confidentiality. It also reduces carbon dioxide gas emission, coal and water usage, as well as global warming effects.

Year	Document Volume (Ton)	CO ₂ reduction (kg)	Coal reduction (kg)	Water reduction (m ³)
2017	7.77	2,019.21	854.28	388.31
2018 (Jan - Dec)	14.58	3,788.70	1,602.91	728.60
Total	22.35	5,807.91	2,457.19	1,116.91

3. Operations related to Corporate Social Responsibility

In 2018, KTC did not engage in any business operation that might affect the society or the environment.

Details regarding the company's policy are disclosed to the public on the company's website, in the Corporate Social Responsibility section at <http://www.ktc.co.th/sites/ktc/corporate-governance/responsibility/>

Internal Control and Risk Management

Comments from the Board of Directors towards the company's internal control Internal Control

The company's Board of Directors and management are aware and give precedence to internal control system as a crucial factor to create confidence and minimize business risks which enhances efficiency to serve the company objectives by allocating company's resources appropriately as planned.

The Board of Directors has assigned Audit Environmental Social and Governance committee (Audit committee)⁽¹⁾ to effectively and appropriately regulate the company's internal control and risk management. In other words, the Audit committee has to supervise the company to follow the related laws and regulations in order to prevent conflicts of interests, or connected transactions. Apart from that, the Audit committee also needs to monitor and control the company's operation, and to prevent illegitimate or unauthorized uses of company's properties. In addition to that the Audit committee has to prevent the company's assets from missing, loss, misconduct or corruption. The company has established audit mechanisms by having internal audit independently preformed auditing, evaluating the efficiency and the competence of internal control process risk management process, and compliance process

in every operational unit. The company has applied international standards of The Committee of Sponsoring Organizations of the Tread way Commission (COSO) and the Enterprise Risk Management in order to promote the highest level of efficiency and effectiveness in business operations. Moreover the company's management team will work on the audit's results to improve productivity and allow the Internal Audit department to consistently monitor business operations. In addition to that the Compliance Division is set up to monitor and study business - related laws announcements or regulations in order to keep our employee aware of such information and to make sure that the company operates its business practice correctly.

Furthermore, the Audit committee has annually evaluated the company's internal control process and has reported to the Board of Directors regarding to the "Sufficiency Evaluation of Internal Control Process" of the Securities and Exchange Commission (SEC) and has disclosed the evaluation results in the company's Annual Registration Statement (Form 56 - 1) and Annual Report.

⁽¹⁾ the board of director's meeting no. 1 / 2018 revised the duties and responsibilities of subcommittees, and appointed the audit committee which is an independent committee to oversee the environmental, social and governance activities. As a result, the Corporate Governance committee was dissolved, and the "Audit Committee" was renamed to the "Audit Environmental Social and Governance committee" effective January 17th, 2018

In 2018, the company did not find any significant errors in the company's internal control process :

• **Control Environment** The company has arranged a good internal control environment by appropriately setting up a distinct organizational structure and chain of command. Including, establishing well - defined business goals and Key Performance Indicators (KPI) in assessing operational performance that complies with company's objectives and determining an authority manual and operational manual for the entire system in written document to be used as a guideline for operational standard and procedure. Apart from that, the company also fosters the executives and staffs to be aware of its corporate governance by establishing policies to enhance good corporate governance, business ethics, and code of conducts for committee members, directors, and staffs. The company also constantly promotes related activities, such as organizing activities that raise employee's awareness to transparent and fair operation to all stakeholders.

• **Risk Assessment** Apart from the sufficiency evaluation of internal control process by referring to the "Sufficiency Evaluation of Internal Control Form" under The COSO framework of the Securities and Exchange Commission (SEC), the company also conducted an annual Internal Risk Evaluation under the rules of consolidated supervision of the Bank of Thailand (BOT) which covers 5 main risks : Strategic Risk, Credit Risk, Market Risk, Liquidity Risk, and Operational Risk. The Internal Risk Evaluation is composed of assessing risk level, quality of risk management, and tendency of risk. Additionally, this also involves identifying ways to control or manage the risks. The result of such assessments need to be submitted to Krung Thai Bank Public Company Limited and reported to the Risk Management Committee of the Financial Business Group.

• **Control Activity** The company has explicitly delegated responsibilities to each position and has revised the exercise of authority manual and operational manual /

procedures to make them align with the organizational structure and current operation practices. Moreover, it has verified that results of its performance are consistently in line with rules, regulations, exercise of authority manual and Standard Operating Procedure (SOP) to ensure that the operations are efficient and under adequate internal control system. Regarding the related - party transaction issue, the Board of Directors has approved the principle for business transaction that might be considered as related - party transaction in order to make it correctly complied with previously mentioned laws. Allowing management to make transaction or business deal that considered being related - party transaction as per the definition stated in the Securities and Exchange Commission laws. Such transaction or deal should be the same as normal practice that company will do to other parties under the same circumstance using normal bargaining power without the use of personal influence as a committee, management or other influential person, ("General business deal") including the ongoing transaction and future prospect transaction. The management can set up framework to be operational guideline and will summarize the report of such transaction to the audit committee and the Board of Directors' meeting in a timely manner. If the company should do the transaction with the person that might consider being related - party transaction or might considered being conflict of interest in the future, the company will set up audit committee to consider the appropriateness of such transaction. If the audit committee is not specialized enough to consider that transaction, the company will appoint specialist such as auditor or appraiser or law firm, who is independent from the company and the other accusing party, to provide comment on such transaction.

• **Information and Communication** The company places a great emphasis on the Information System and Communications. It has promoted and encouraged a continuous development to ensure that the information is accurate and updated. Additionally, it has embraced a modern and proficient technology with an emphasis on

information security, covering all stages : information gathering, processing, monitoring, and filing. This consequence serves as a powerful data analysis tool that allows executives and stakeholders to perform and utilize the information appropriately; as a result, a timely and comprehensive investment decision - making could accurately be made through this process. Besides, the company has determined information technology security and information usage policies and established intranet system as an internal communication channel for announcing policies, regulations, operational manuals, and news within the organization.

Moreover, it has assigned the company secretary to be responsible for preparing information and related documents for meetings beforehand along with taking minutes of each Board of Directors' meeting. As for external communication to public, the company has established communication method for receiving information complaint or corruption suspicions through designated channel.

- Monitoring** The company has an appropriate performance tracking and evaluation system, covering various aspects that are necessary in business operations; finance and accounting, operations, law and regulations compliance, and asset management. A performance is evaluated at all levels from directors to management team to achieve the business goal, by comparing the operating result and business objectives constantly. Board of Directors' meeting is also one of the company's evaluation tools; it is arranged regularly to monitor business performance through management's report. Directors will supervise the alignment of implemented strategy and business plans, which were previously approved, to accomplish the best possible operating result.

Moreover, the company also managed a performance investigation following internal control system by responsible staffs in Internal Control Department, and independently reported to the Audit

committee. In 2017 and 2018, the Audit committee has arranged 8 and 12 meetings, respectively.

In the Audit Committee meeting No.11 / 2018 on November 12th, 2018, the committee had evaluated internal control system from performance report. According to the internal control evaluation, the Audit committee concluded on the 5 components reports i.e. internal control, risk evaluation, performance control, information system and communications, and tracking system. The Audit committee had an opinion that the company's internal control system is adequate and suitable for the company's operation. Risk management is at acceptable level. Accounting systems and financial reporting practices is reliable, and in compliance with rules, laws, and regulation related to the company's business.

- Risk Management** The company gives priority to risk management, it has set risk management policies determining to develop risk management system under Good Corporate Governance. Besides, it has integrated risk management covering all aspect across the organization by adopting a systematic and continuous engagement. The Risk Management committee (RMC), which consists of management from each business unit will supervise the organization risk management to ensure that company's goal is achieved at acceptable level. Designated the compliance department to supervise the company's operation to comply with the related regulations, and align with the good governance principle.

(Please see detail about company's risks management in "Risk Factors" topic)

- Audit Committee Report** The company discloses the audit committee report; "Audit committee report" in annual registration statement 2018 (Form 56 - 1) and in annual report.

- Internal Audit and Compliance Supervisor** Supervisor of Internal Audit of the company is

Mr. Pornchai Wijitburaphat and supervisor of Compliance is Mr. Sakda Chantrasuriyarat.

(Please refer to [Profile of Internal Audit Supervisor and Compliance Supervisor](#))

The Audit committee gave an opinion that considering from the qualifications of officials taking the positions of Internal Audit and Compliance; they can perform their roles effectively and are appropriate to the positions.

Therefore, the appointment, assessment, removal, transfer or contract termination of Supervisor position of company's internal audit must be approved by the Audit committee.

• Internal Audit

The company's Internal Audit is responsible for :

1. Evaluating sufficiency and effectiveness of operational and information system, internal control, and risk management under the authority of audit.
2. Reporting significant issues regarding the control process of the company's activities and ways to develop such a process in that particular activity.
3. Providing recommendations to executives so that the operation is effective, efficient, economical, and is complied with good corporate governance.
4. Reporting a progress or result of an annual audit and its resource sufficiency.
5. Coordinating, supervising, and monitoring other functions such as risk management, compliance, safety control, codes of conduct, environment, and accounting audit.
6. Taking responsibilities of other operations related to internal audit as assigned by the Audit committee.

• Compliance

The company's compliance is responsible for :

1. Ensuring that the company complies with laws and regulations of the Stock Exchange of Thailand or government agencies correctly.

2. Giving legal opinions to the Board of Directors and management so that the operations of the company comply with rules and regulations of the Stock Exchange of Thailand or Government Regulations, along with monitoring and suspending the management's transactions and actions that might violate such rules or regulations.

3. Examining evidences when there is a suspicious transaction or action that might violate the laws or regulations of the Stock Exchange of Thailand or government agencies, which may significantly affect the company's financial status and performances.

4. Coordinating with the Internal Audit Supervisor and Internal Audit committee in order to ensure appropriateness and effectiveness of the company's internal control and internal audit.

5. Participating and giving recommendations regarding procedures of the company's operational functions to ensure that policies, regulations, and procedures stated by laws are followed correctly.

6. Acting as a center for giving information, knowledge, and suggestion to units within the organization on how to comply with rules and regulations of operating procedures.

Related Party Transactions

For the year ended December 31st, 2018, the company entered into transactions with the related parties i.e. Krung Thai Bank Public Company Limited (“KTB”), KTB Computer Services Company Limited (“KTBCS”), KTB General Services and Security Company Limited (“KTBGS”), Krungthai Asset Management Public Company Limited (“KTAM”), Krungthai Panich Insurance Public Company Limited (“KPI”), Krungthai - AXA Life Insurance Public Company Limited (“KTAXA”), KT ZMICO Securities Company Limited (“KTZMICO”), and KrungThai IBJ Leasing Company Limited (“KTIBJ”) Details of the related party transactions are provided as follows :

Related Parties	Relationship with the Company	Nature and Size of Transactions
Krung Thai Bank Public Company Limited	KTB holds 49.45% of issued shares in the company	“Back Office Service Agreement” Krung Thai Bank provided back office services (including the services provided by Krung Thai Bank and / or other companies) for a period of 15 years from July 1 st , 2002. The agreement was extended to March 31 st , 2018 with no further extensions. As of December 31 st , 2018, the company has a trade account payable under this agreement of Baht 29.5 million.
Krung Thai Bank Public Company Limited	KTB holds 49.45% of issued shares in the company	The company entered into the Overdraft Agreement with Krung Thai Bank for a loan of Baht 30 million for working capital. The company will pay interest monthly within the date of account closing at the end of each month to KTB at the interest rate of Minimum Overdraft Rate (MOR). As of December 31 st , 2018, the Company has not drawn down money from this loan agreement.
Krung Thai Bank Public Company Limited	KTB holds 49.45% of issued shares in the company.	The company was approved a loan amount of Baht 17 billion for business expansion and working capital with the benchmark interest rate in money market determined by KTB. As of December 31 st , 2018, the company utilized this credit line for an amount of 3,190 Million Baht.

Related Parties	Relationship with the Company	Nature and Size of Transactions
Krung Thai Bank Public Company Limited	KTB holds 49.45% of issued shares in the company	The company entered into the Call Loan Agreement in the amount not exceeding Baht 1 billion with KTB which is payable on demand or within 3 months in order to increase liquidity of the company. The company agrees to pay interest at the rate as indicated in a promissory note. As of December 31 st , 2018, the company does not have outstanding debt and interest under this loan agreement.
Krung Thai Bank Public Company Limited	KTB holds 49.45% of issued shares in the company	As of December 31 st , 2018, the company has a trade account in the amount of Baht 1,676.4 million payable from transactions of collecting money from clients and receiving money from merchants including other transactions regarding settlement of credit cards, including the BAHTNET Account Services of Krung Thai Bank for fund transfer transactions which are the ordinary course of business of the company.
Krung Thai Bank Public Company Limited	KTB holds 49.45% of issued shares in the company	The company has a trade account of Baht 0.5 million as of December 31 st , 2018, payable from the transaction in which the company has hired Krung Thai Bank to count and deposit money to the company's savings account.
Krung Thai Bank Public Company Limited	KTB holds 49.45% of issued shares in the company	The company has trade account payable of Baht 63.1 million as of December 31 st , 2018, incurred from marketing expense in various projects such as collaboration in expanding customer base of credit cards and personal loans, vertical payment, and etc.
Krung Thai Bank Public Company Limited	KTB holds 49.45% of issued shares in the company	The company has other receivables of Baht 0.03 million as of December 31 st , 2018, from transactions where KTB sub - leased parts of the company's office premises located at the ground floor, UBC II, (Sukumvit 33) as the Krung Thai Bank's branch.
Krung Thai Bank Public Company Limited	KTB holds 49.45% of issued shares in the company	The company has trade account receivables of Baht 0.9 million as of December 31 st , 2018, from transactions where it leased Krung Thai Bank's office space.

Related Parties	Relationship with the Company	Nature and Size of Transactions
Krung Thai Bank	KTB holds	The company has Baht 1.1 million of other account receivables as of December 31 st , 2018, from issuing new KTC - KTB PRECIOUS PLUS VISA INFINITE KTC - KTB PRECIOUS VISA SIGNATURE and KTC - KTB PRECIOUS PLUS VISA SIGNATURE
Public Company Limited	49.45% of issued shares in the company	
Krung Thai Bank	KTB holds	As of December 31 st , 2018, the company issued Baht 349.9 million bills of exchange to Krung Thai Bank. These bills of exchange are not part of the approved Baht 18,030 million credit line that the company received from Krung Thai Bank.
Public Company Limited	49.45% of issued shares in the company	
KTB Computer Services Company Limited	KTB holds 100% of issued shares in the company	The company has trade account of Baht 0.2 million as of December 31 st , 2018, payable from the transaction in which the company hired KTBCS to develop, repair and maintain IT systems for KTC Touch and from the lease of the office space of KTBCS.
KTB Computer Services Company Limited	KTB holds 100% of issued shares	The company has other receivables of Baht 5.1 million as of December 31 st , 2018, from transactions where the company provides consultancy and processing of IT operations services in developing payment system for KTBCS.
KTB General Services and Security Company Limited	KTB holds 100% of issued shares	The company has a trade account of Baht 9.3 Million as of December 31 st , 2018 payable from the transaction in which the Company has hired KTBGS to receive - deliver cash and/or other assets.
Krungthai Asset Management Public Company Limited	KTB holds 100% of issued shares	The company has other receivables amount of Baht 4.5 million as of December 31 st , 2018, from transactions where the company has provided monthly payment services for RMF and LTF unit trust of KTAM via automatic account payment.

Related Parties	Relationship with the Company	Nature and Size of Transactions
Krung Thai Asset Management Public Company Limited	KTB holds 100% of issued shares	As of December 31 st , 2018, the company has a trade account in the amount of Baht 0.08 million payable from transactions in which the company has to pay for member of Provident Fund to KTAM which is Fund Manager.
Krungthai Panich Insurance Public Company Limited	KTB holds 45% of issued shares	As of December 31 st , 2018, the company has other receivables of Baht 1.3 million from the transactions which the company provides services of database management and operates the project on benefit allocation in accordance with the offering of non - life insurance and car insurance of Krungthai Panich Insurance Public Company Limited (KPI).
Krungthai - AXA Life Insurance Public Company Limited	KTB holds 50% of issued shares	The company has other receivables of Baht 0.1 million as of December 31 st , 2017, incurred from marketing expense for promotion transactions with Krungthai - AXA Life Insurance Public Company Limited.
Krungthai - AXA Life Insurance Public Company Limited	KTB holds 50% of issued shares	The company has a trade account of Baht 0.3 million as of December 31 st , 2017 payable from the transaction in which the company has purchased group life insurance for its employees, and benefits include life, health and accidental insurance, disability, and medical expenses from Krungthai - AXA Life Insurance Public Company Limited.
Krung Thai IBJ Leasing Company Limited	KTB holds 49% of issued shares	As of December 31 st , 2018, the company has a trade account in the amount of Baht 0.09 million payable from transactions in which the company has rented cars from Krung Thai IBJ Leasing company Limited (KTIBJ).
KT ZMICO Securities Company Limited	KTB holds 50% of issued shares	As of December 31 st , 2018, the company has borrowed money by issuing bill of exchange in the amount of Baht 299.9 million from KTZMICO.

1. Details of Connected Transactions

The company discloses related transactions with parties who are related to the company i.e. companies which are under the same control as the company through shareholdings and /or common directors. Details of Related Party Transactions are shown in the Notes to Financial Statements Clause 23 regarding related transactions for the year ended December 31st, 2017, audited by Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. Related parties to the company are Krung Thai Bank Public Company Limited, KTB Computer Services Computer Service., KTB General Services and Security Company Limited, Krungthai Asset Management Public Company Limited, Krungthai Panich Insurance Public Company Limited, Krungthai - AXA Life Insurance Public Company Limited, KT ZMICO Securities Company Limited, and KrungThai IBJ Leasing Company Limited. Details of the related parties transactions are provided as follows :

1.1 Back Office Services Agreement dated Jun 26th, 2002

Krung Thai Bank had provided various Back Office services (including services provided by Krung Thai Bank and /or its subsidiaries), which included Back Office services related to credit card business, acquiring business, and information systems. Krung Thai Bank was to provide such support services for a period of 15 years, starting from June 1st, 2002, in which the agreement was prolonged until March 31th, 2018 with no further contract extensions. Currently, fees for receiving other support services varied depending on the amount of transactions, which were based on the market prices, and were in normal conditions of the company's business operations.

However, the termination of the Back Office service agreement had no impact on KTC members. The company had made an agreements to use Krung Thai Bank's services regarding payment services with

agreement addendum requesting to use payment services for public utilities, products, and /or services (no.1), and agreement addendum regarding deduction of receivable accounts to pay personal loan installments to KTC, dated November 1st, 2003 (No.2). Therefore, the members were able to continue using payment channels provided by Krung Thai Bank. The company was obligated to pay the service fees for their members from July 1st, 2014 onwards, in which such fees were based on the market prices with different rates depending on the amount of transactions, and were in normal conditions of the company's business operations.

1.2 Business Cooperation Agreement

As the Back Office Services Agreement ended on March 31st, 2018, KTC and KTB had a policy to support each other in various business operations. On March 30th, 2018, both parties signed the 5 - year Business Cooperation Agreement, effective from April 1st, 2018 onwards, which stated that both parties were to make agreements, contracts, or requests separately and specifically for different services with specified period of time for each transaction, in which KTC is to pay for each service according to the market rate to Krung Thai Bank. Examples of such services are acquiring members for credit card and personal loan via the bank's branch network, payment services for credit card and personal loan through various banking services, usage of some banking information system services, etc.

Nevertheless, the termination of the Business Cooperation Agreement does not affect the agreement, contract, and / or request occur under this Business Cooperation Agreement, which is a normal business transaction of the counterparty.

1.3 Loan Agreement

The company entered into a Loan Agreement with Krung Thai Bank, for a loan of Baht 18 billion, consisting of a Term Loan of Baht 17 billion payable within 30 days and the Call Loan not exceeding Baht 1 billion

which is payable on demand or within 3 months. Moreover, Krung Thai Bank approved the provision of the Overdraft Loan of Baht 30 million to the company Terms and conditions according to the said loan agreement is based on the conditions in the ordinary course of business and determining the interest rate between the company and Krung Thai Bank is based on the ordinary rate which would generally be used with other parties.

1.4 Memorandum on Debit Debtors' Account for Payment of Debt

The company used the payment services for products / services from debtors or other persons having savings account with Krung Thai Bank or its branches and agreed to pay prices of products or services to the company. Krung Thai Bank shall debit from debtors' savings accounts and transfer such amount to the company's savings account. The Service Fee between the company and Krung Thai Bank is in line with the normal rate, and the terms and conditions stipulated are standard terms as would generally be used with other parties.

1.5 Counting and Depositing Money Agreement

The company has hired Krung Thai Bank to confirm the amount of funds received from KTB General Services and Security company Limited and to deposit the same to the company's savings account. The term of the agreement is 1 year and renewable, each time for another 1 year. Service fees between the company and Krung Thai Bank are based on the scope of work and service hours. Terms and conditions of the agreement are standard terms as would generally be used with other parties.

1.6 Use of KTB Fleet Card

The company has used the Fleet Card service of Krung Thai Bank for payment of petrol and other services for participating petrol stations. Fleet Card is valid for 3 years and once expired, Krung Thai Bank shall issue a renewed card valid for another 3 years.

Service fees, terms and conditions of services between the company and Krung Thai Bank are standard terms as would generally be used with other parties.

1.7 Memorandum of the Vertical payment Project

The company and Krung Thai Bank have jointly formed the Vertical payment project to support Cash Management for the Banks and merchant members for the Electronic Data Capture (EDC) of KTC. The project shall be 5 years, starting from March 3rd, 2014 to February 28th, 2019, in which the counterparty is in the process of preparing a memorandum of agreement to extend the project period before the contract is due. The company will make payment for joining the Project to Krung Thai Bank. Krung Thai Bank shall, therefore, agree to pay marketing and promotional fee to KTC at the appropriate rate. Terms and conditions in the agreement are standard terms generally be used with other parties.

1.8 Lease Agreement at office buildings of Krung Thai Bank and Sub - Lease Agreement at office buildings

The company has leased office space, on the 1st Floor of Krung Thai Bank Public Company Limited, Nana Nua Building to use as branch offices or KTC Touch dated December 14th, 2009, for 1 year from January 17th, 2010 until January 16th, 2011, the lease is renewed annually. The company and Krung Thai Bank have jointly made an additional lease to extend the lease term on November 16th, 2017, preparing an addendum lease (No. 8) to extend the rental period, starting on January 17th, 2018 until January 16th, 2019.

In any event, Krung Thai Bank has subleased office space, some part of which is located at G Floor, UBC II (Sukhumvit 33) to operate the Bank's branch offices. The sublease is for a 3 years from November 1st, 2017 onwards, and can be renewed for a term of 3 years. In addition, both parties are in the process of entering into a new lease agreement for continuous using of space services. Rental and the cost of the common

expenses between the company and Krung Thai Bank was an appropriate rate. The terms and conditions of the lease term are standard terms as would generally be used with other parties.

1.9 Memorandum on Funds Transfer via ITMX Switching Settlement

The company uses the BAHTNET Account Services of Krung Thai Bank for net - amount fund transfer transactions via ITMX system of National ITMX Company Limited, which includes acceptance of net - amount fund transfers pursuant to the list of balances as indicated in BAHTNET Account via ITMX system into the company's deposit account.

For the use of these services, the company agrees to pay services fees to Krung Thai Bank. In this regard, service fees, terms and conditions between the company and Krung Thai Bank are standard terms as would generally be used with other parties.

1.10 Appointment of advisors for credit card and personal loan customer contract and Memorandum on Cooperation Project to Expand the Customer base of KTC Credit Card Customer having deposit account with Krung Thai Bank PCL

The company cooperates with Krung Thai Bank to expand the base of its credit card products and personal loans through nationwide Krung Thai Bank branches. Following the Appointment of advisors for credit card and personal loan customer contract on August 29th, 2007 and a memorandum to the contract (No.1) on August 2nd, 2017, and the contract (No.2) on May 10th, 2018 the services fee between the company and Krung Thai Bank was an appropriate rate. The terms and conditions are standard terms as would generally be used with other parties. Moreover, the company has project plan to expand the base of its credit card members having deposit account with Krung Thai Bank and agree to deposit their principal amount as a guarantee covering their debt payment

to the company which incurred through credit card usages. Krung Thai Bank also collaborates with the company in the offering of KTC Credit Card products to target customers according to the memorandum of the member base expansion project of KTC credit card members who owned Krung Thai Bank deposit account, dated June 5th, 2018. The counterparties jointly adjusted the service policy according to the project agreement addendum (no.1), dated May 21st, 2018, in which the service agreements and conditions were of general practice.

1.11 Memorandum on KTB Housing Loan Payment Services

The company has project plan to provide additional payment service for KTB Housing Loan by cash advance from credit card account by automatically withdraw and transfer cash advance to saving account of credit card member which opened account with Krung Thai Bank. The company will charge supportive fee for marketing activities from Krung Thai Bank which are appropriately based on services. Terms and conditions of the agreement are standard terms as would generally be used with other parties.

1.12 The Agreement for the issuing of Co - Brand credit card

The company agreed to cooperate with the Bank to issue, KTC - KTB PRECIOUS PLUS VISA INFINITE credit cards, to provide Infinite benefits to KTB Precious Plus customers according to the agreement for the issuing of co - branded credit card, KTC - KTB PRECIOUS PLUS VISA INFINITE, effective from October 16th, 2012 onwards; with the memorandum to amend the agreement on December 2nd, 2014 on the application criteria, and managing the annual fee for KTB Precious Plus customers of the Bank.

Later, on December 3rd, 2014, the company issued, KTC - KTB PRECIOUS VISA SIGNATURE Card and KTC - KTB PRECIOUS PLUS VISA SIGNATURE credit cards jointly with the Bank to deliver Signature benefits to KTB Precious and KTB Precious Plus customers

according to the agreement for the issuing of co - branded credit card, KTC - KTB PRECIOUS VISA SIGNATURE credit card and KTC - KTB PRECIOUS PLUS VISA SIGNATURE, with the same terms and conditions of the co - branded agreement as would generally be used with other parties.

1.13 The Agreement for providing and servicing Electronic Data Capture (EDC) in the Foreign Exchange Project

The company has been supported by the Bank to facilitate the KTC cardholders in order to exchange foreign currency by KTC credit card via electronic data capture (EDC), which KTC provides and / or installs for services at the bank's branch office in accordance to the Agreement for providing and servicing the Electronic Data Capture (EDC) in the Foreign Exchange Project dated October 22nd, 2015. The Agreement is valid for 3 years effective from October 5th, 2015 to October 5th, 2018. However, the counterparty is in the process of preparing the agreement's memorandum to extend the project's period.

The wage rate of Krung Thai Bank and the company is appropriate to the type of work and time spent working. The terms and conditions of the employment conditions as would generally be used with other parties.

1.14 Appointment of payment agent contract

Krung Thai Bank has appointed the company as a payment agent for customers' payment transaction via an online system. Following, the appointment of payment agent contract on May 5th, 2017, the payments deposit account will be stated by Krung Thai Bank. The term of the Appointment of payment agent contract is 6 months, starting from May 5th, 2017, to November 4th, 2017. Thereafter, the company and Krung Thai Bank entered into the contract to appoint a payment agent, dated April 27th, 2018, and further annexed a memorandum to the contract (no.1).

All transactions became effective from the contract date onwards in order to provide services to new users of Krung Thai Bank. When the contract is due without termination from either of the parties, then the contract remains effective.

The agreement will be effective for a further 6 months from the date of expiration of each contract. Service fees between the company and Krung Thai Bank are based on the scope of work and service hours. Terms and conditions of these agreements are standard terms as would generally be used with other parties.

1.15 Distribution Service Agreement

The company has agreed to use card distribution service through Krung Thai Bank's offices or branches for KTC credit card and KTC PROUD. The distribution service agreement dated May 10th, 2018 is a 2 - year contract and was effective on April 1st, 2018. The fee for such service is of normal practice, calculated based on the number of transactions. The service terms and conditions are as general as those applied to other parties.

1.16 ATM Cash Withdrawal Service Agreement

In order to facilitate KTC credit card and KTC PROUD card holders, the company and Krung Thai Bank entered into the ATM Cash Withdrawal Service Agreement dated May 3rd, 2018, which became effective on April 1st, 2018. The agreement enabled card holders to withdraw cash and / or receive loans via KTB's ATMs and ATM Pool. The service fee between Krung Thai Bank and the company for this agreement is in line with the market price, calculated based on number of transactions. The service terms and conditions are as general as those applied to other parties.

1.17 Agreement on pledge of a right represented by a written instrument

On January 25th, 2018, the company pledged government bonds with the Bank as collateral for repaying and performing duties of the company under general terms and conditions as applied to other parties.

1.18 Payment System Services Agreement

The company entered into the service agreement with KTBCS (KTB holds 100% of KTBCS shares) for consultancy and IT Operation processing of Silverlake and TAX System. The agreement provided services such as consultancy, IT Operation processing, leasing of related systems, and keeping maintenance on necessary hardware and software for the aforementioned payment system. KTBCS service agreement was dated December 25th, 2017 for a period of 1 year, effective from January 1st, 2018 to December 31st, 2018. However, on December 26th, 2018, the counterparty annexed an agreement to the contract regarding service period and adjusted service fee. When the amended period is reached and KTBCS wishes to continue any of the services provided by the company, KTBCS is to issue a notification letter to the company for a new agreement. The above agreement is a connected transaction but is beneficial to the company. The service rate is appropriate for the scope of work and working hours. The service terms and conditions are as general as those applied to other parties.

1.19 Receiving and Delivery of Cash and / or Other Assets Agreement

The company has hired KTB General Services and Security Company Limited. ("KTBGS"), which Krung Thai Bank holds 100% of issued shares, to provide services of receiving and delivering of cash and / or other assets including changing of coins. KTBGS is a well-known service provider of armoured cash carrying cars for commercial banks and financial institutions. The term of the agreement is 4 years

starting from February 14th, 2009 and renewable, each time for another 1 year. On February 13th, 2013, the company and KTBGS executed additional memorandum for extension period of services for 4 years which occur on February 14th, 2017 - February 13th, 2021. The rate of services fees under the agreement are based on the scope of work and service hours. Terms and conditions of services agreement are standard terms as would generally be used with other parties.

1.20 Memorandum on Unit Trust Payment Services

The company has provided KrungThai Asset Management Public Company Limited ("KTAM") payment service for RMF and LTF unit trusts of KTAM by debiting money from accounts of KTC credit card members on a monthly basis or on demand. The company also has provided payment service for unit trusts via Electronic Data Capture (EDC) machines. The company has entered into the memorandum with KTAM which effective from January 1st, 2012. The rates of the service fees under the memorandum are based on the scope of work and service hours. Terms and conditions of services provided are standard terms as would generally be used with other parties.

1.21 Provident Fund

The company has set up Provident Fund, which all employees are member of this fund, with Krungthai Asset Management Public Company Limited ("KTAM"), which Krung Thai Bank holds 100% of issued shares, is a Fund Manager. This fund was effective on January 1st, 2002. KTAM, an operator of Asset Administrative Management of institutes, organizations, and large state enterprise, has a license to manage Mutual Fund, Private Fund, and Provident Fund. Under the fund regulations, the employees shall collect saving money 3% - 15% of their salary to the fund and the company shall also add saving money 6% to the fund. Terms and Conditions of fund management are standard terms as would generally be used with other parties.

1.22 Agreement on Database Management and Operation of the Project on Allocation and Provision of Benefit of Non - Life Insurance and Car Insurance

The company has provided services on database management and operations of the project on allocation and provision of benefits in accordance with the offering of non - life insurance and car insurance for KTC credit card members for Krung Thai Panich Insurance Public Company Limited ("KPI") in order for KPI to offer car insurance and non - life insurance using database of KTC credit card members, who have agreed to disclose their personal information in writing. Krung Thai Bank holds 45% of the issued shares and is the operator of the non - life insurance business. The agreement is effective from September 26th, 2011 and March 1st, 2012, respectively.

On May 21st, 2018, the parties entered into the contract to offer insurance products for sale, effective from February 15th, 2018, as well as annexed a memorandum on the agreement of selling car insurance and car accident insurance dated April 21st, 2018, which was effective from May 1st, 2018. The business cooperation agreement on recommendation to pay insurance premium via KTC credit card dated June 4th, 2018 became effective from May 1st, 2018.

The prices of the services under the agreement are based on the scope of work and service hours. Terms and conditions of the project are standard terms as would generally be used with other parties.

1.23 Leasing Agreement

KrungThai IBJ Leasing Company Limited. ("KTIBJ") a leasing, and factoring service provider, a subsidiary of the Krung Thai Bank, which the bank holds 49% ownership. KTIBJ was transferred the right and responsibilities under the lease agreements - issued February 5th, 2014 and May 2nd, 2014 – between the KTB Leasing Company Limited and the company (Krungthai Card PCL). Each agreement has terms of

4 years, the first agreement began on February 5th, 2014 and ends on February 5th, 2018. The second agreement began on May 2nd, 2014 and ends on May 2nd, 2018. The third agreement began on September 3rd, 2018 and ends on September 2nd, 2023 Rental and lease payments are rates appropriate to the scope of work and service hours. Terms and conditions of the agreement are standard terms as applicable to other parties.

1.24 Group Life Insurance

The company purchased group life insurance for its employees, and benefits include life, health and accidental insurance, disability, and medical expenses from Krungthai - AXA Life Insurance Public Company Limited ("KTAXA") which Krung Thai Bank holds 50% of issued shares. KTAXA is the operator of Life Insurance Business and Financial Planning Consultant - FPC who has various life and health insurance products. The policy is effective from March 1st, 2017 to February 28th, 2018. The parties are undergoing consideration on new life insurance policy to provide continuous protection for employees immediately once coverage under original policy ends. The policy can be renewed for another one year. Premium coverage covers risk of all members of the group averaged from age, gender, work position or sum insured. Rate of premium coverage, and terms and conditions of the group life insurance policy are standard terms as would generally be used with other parties.

According to the promotion memorandum and agreement on December 7th, 2017, KTAXA has launched a joint promotion program with the company which offers KTAXA's customers to buy and pay life insurance and non - life insurance products by KTC's credit card. The marketing promotion rate of the project between the company and KTAXA was the appropriate rate for the work and working hours. The terms and conditions of the project are standard terms as would generally be used with other parties.

1.25 Loans through Issuance of bill of exchange with Related Companies

As December 31st, 2018, the company has borrowed money by issuing bill of exchange to its related companies which interest rate refer to Money Market Rate and has due payment in 1 year at call and no security.

- Issue bill of exchange of Baht 3,539.9 million to Krung Thai Bank Public Company Limited ("Krung Thai Bank") (Krung Thai Bank holds 49.45% of issued shares in the company)

- Issue bill of exchange of Baht 299.9 million to KT ZMICO Securities Company Limited. (KTZMICO) (Krung Thai Bank holds 50% of issued shares in the Company)

2. Opinion of the Audit Committee on the Related Party Transactions

The Related Party Transactions have been considered and commented on by the Audit Committee, which opined that the Related Party Transactions are beneficial to the company and are in the ordinary course of the company's business. There are neither special conditions nor transferring of benefits between the company and related parties. In addition, the fees or interest rates between the company and the related parties are in line with normal rates or rates which would be charged to external parties.

3. Policies Regarding Related Party Transactions and Acquisition and Disposition of Assets of the Company in the Future

Pursuant to Section 89 / 12 of the Securities and Exchange Act B.E. 2535 (the "Securities and Exchange Act"), related parties transactions are prescribed by the law as being any transaction between the company and a director, an executive or a related person and must be approved by the shareholders' meeting unless such transaction is categorized as an exceptional transaction e.g. a transaction with the same commercial terms as those an ordinary person would agree with any unrelated counter - party under similar circumstances, on the basis of commercial negotiations

and without any dependent interest resulting from the status of the directors, executives or related persons, as the case may be, provided further that the said commercial terms have been approved by the board of directors or are in compliance with the principles approved by the board of directors.

In this regard, the Board of Directors' Meeting of the company held on September 19th, 2008 resolved to grant in principle approval for trade agreements with related parties to ensure compliance with the said regulation namely that, "the Management may enter into any transaction or trade agreement which is considered as a related party transaction as described in the regulation on securities and exchange. A transaction or trade agreement must be on the same commercial terms as those an ordinary person would agree with any unrelated counter - party under similar circumstances, on the basis of commercial negotiation and without any dependent interest resulting from the status of the director, executive or related person (the "Common Trade Transaction") including a continuing connected transaction and a future transaction. The Management may determine an outline and rule for operation and prepare a summary report of such transaction for the Audit Committee's Meeting and the Board of Directors' Meeting at the appropriate time".

The entering into of the related party transaction and / or the acquisition and disposition of assets of the company in the future shall be made in compliance with the laws on securities and exchange, the regulations of the Stock Exchange of Thailand and the principle for trade agreements with related parties approved by the Board of Directors, including any regulation in connection with the disclosure of information, connected transactions and the acquisition and disposition of assets of the company.

If the company enters into a transaction that may give rise to a conflict of interest, the Audit Committee will consider the justification of the transaction. If

the Audit Committee is not qualified enough to consider the transaction in question, the company will seek more specialized persons such as auditors or asset appraisers or law firms, etc. who are independent from the company and the persons with potential conflict to comment on the transactions for consideration by the Board of Directors or the Shareholders in order to ensure that the transaction will not be considered as a transfer of benefits between the company, related persons and / or shareholders of the company. The company will take into account the best interests of the shareholders, especially minority shareholders. Furthermore, any director or shareholder who has any interest in connection with such related parties transaction or acquisition or disposition of assets of the company shall not be allowed to participate in the consideration and approval of such transaction.

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

Opinion

We have audited the financial statements of Krungthai Card Public Company Limited (the “Company”), which comprise the statement of financial position as at December 31, 2018, and the related statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Krungthai Card Public Company Limited as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matters	Key Audit Responses
<p>Allowance for doubtful accounts</p> <p>The allowance for doubtful accounts represents management's estimation of loss that would occur from the Company's loan portfolios as at the end of period.</p> <p>The Company provided the allowance for doubtful accounts for credit card, circle loan and personal loan receivables which have aging not over 90 days by using the loss rate net of recovery which the Company believed that such loss rate reflects the current credit risk inherent in the portfolio. Moreover, the Company adjusted the historical loss experience by the information on trend and economic conditions that might have an effect on the ability to repay the debt of the debtor groups including additional economic factors to cope with the potential risks from the future economic fluctuation and the Company fully reserved for receivables which are defaulted for more than 90 days.</p> <p>The allowance for doubtful accounts is considered as a key audit matter as there are management's judgment and assumptions applied to the calculation of allowance for doubtful accounts.</p> <p>Accounting policy of the allowance for doubtful accounts and detail of allowance for doubtful accounts were disclosed in the Note 3.15, Note 5, and Note 6 to the financial statements.</p>	<p>Key audit procedures included</p> <ul style="list-style-type: none"> Obtained an understanding of the Company's design and implementation of the key controls over significant input data used in the calculation of allowance for doubtful accounts, and calculation of allowance for doubtful accounts; Performed operating effectiveness testing of the controls over significant input data used in calculation of allowance for doubtful accounts and calculation of allowance for doubtful accounts. In addition, we also tested general information technology controls for loan system; Performed application control testing for the accuracy of loan classification and calculation of allowance for doubtful accounts; Assessed the adequacy of allowance for doubtful accounts and appropriateness of significant input data and assumptions used in calculation of allowance for doubtful accounts to determine if they are in compliance with the accounting standards and have been consistently applied; Tested calculation of allowance for doubtful accounts; and Performed analysis of allowance for doubtful accounts of the Company by comparing to historical data, other peers in the same industry and economic and industrial factors.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)

Registration No. 3356

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK

February 11, 2019

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

UNIT : BAHT

	Notes	As at	As at
		December 31, 2018	December 31, 2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	23	2,722,144,788	1,701,183,549
Long-term investment with maturity within one year	7	-	3,001,515
Trade and other current receivables			
Trade accounts receivable	5	72,713,316,257	67,788,048,615
Other receivables	6 and 23	1,386,905,785	1,263,855,615
Total Current Assets		<u>76,822,366,830</u>	<u>70,756,089,294</u>
NON-CURRENT ASSETS			
Long-term investment	7	9,028,980	9,061,249
Leasehold improvements and equipment	8	529,239,489	516,344,398
Intangible assets	9	505,564,332	509,422,322
Deferred tax assets	10	1,691,689,248	1,763,622,557
Other non-current assets		<u>89,928,252</u>	<u>81,225,791</u>
Total Non-current Assets		<u>2,825,450,301</u>	<u>2,879,676,317</u>
TOTAL ASSETS		<u>79,647,817,131</u>	<u>73,635,765,611</u>

Notes to the financial statements form an integral part of these statements

KRUNGTHAI CARD PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2018

UNIT : BAHT

	Notes	As at	As at
		December 31, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings from financial institutions			
- Related financial institutions	11 and 23	3,839,779,396	499,937,628
- Other financial institutions	11	4,947,518,608	9,567,787,405
Trade and other current payables			
Trade accounts payable			
- Related financial institution and related parties	23	1,780,885,620	1,319,204,717
- Other companies		504,543,148	358,927,913
Accrued interest expenses		377,883,366	293,440,664
Current income tax payable		609,243,248	427,922,825
Accrued expenses		1,087,185,322	1,055,724,105
Other payables	12	2,069,397,098	1,301,771,405
Current portion of long-term debentures	13	5,285,000,000	7,270,000,000
Deferred income for reward points		2,335,672,582	2,558,543,225
Total Current Liabilities		<u>22,837,108,388</u>	<u>24,653,259,887</u>
NON-CURRENT LIABILITIES			
Long-term debentures	13	40,050,000,000	36,085,000,000
Provisions for employee benefits	14	409,098,000	320,349,000
Total Non-current Liabilities		<u>40,459,098,000</u>	<u>36,405,349,000</u>
TOTAL LIABILITIES		<u>63,296,206,388</u>	<u>61,058,608,887</u>

KRUNGTHAI CARD PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2018

UNIT : BAHT

	Notes	As at	As at
		December 31, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)			
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	16		
Authorized share capital			
2,578,334,070 ordinary shares of Baht 1.00 each		<u>2,578,334,070</u>	
257,833,407 ordinary shares of Baht 10.00 each			<u>2,578,334,070</u>
Issued and paid share capital			
2,578,334,070 ordinary shares of Baht 1.00 each, fully paid		2,578,334,070	
257,833,407 ordinary shares of Baht 10.00 each, fully paid			2,578,334,070
SHARE PREMIUM			
Share premium on ordinary shares		1,891,808,721	1,891,808,721
RETAINED EARNINGS			
Appropriated			
Legal reserve	17	257,833,407	257,833,407
Unappropriated		<u>11,623,634,545</u>	<u>7,849,180,526</u>
TOTAL SHAREHOLDERS' EQUITY		<u>16,351,610,743</u>	<u>12,577,156,724</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>79,647,817,131</u>	<u>73,635,765,611</u>

Notes to the financial statements form an integral part of these statements

KRUNGTHAI CARD PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

	Notes	2018	2017	UNIT : BAHT
Interest income		8,795,773,054	8,092,559,316	
Fee and service income	23	8,640,059,023	8,120,021,087	
Bad debt recovered		3,342,094,015	2,854,677,471	
Gain on exchange rate - net		142,341,560	138,832,111	
Other income	23	277,447,188	319,185,744	
Total Revenues		21,197,714,840	19,525,275,729	
Administrative expenses	23	7,311,146,159	6,940,747,422	
Management remuneration	23.3	212,488,114	202,304,695	
Bad debts and doubtful accounts	5.2 and 6	5,702,515,643	6,626,895,935	
Total Expenses	19	13,226,149,916	13,769,948,052	
PROFIT BEFORE FINANCE COSTS				
AND INCOME TAX		7,971,564,924	5,755,327,677	
FINANCE COSTS	23	1,555,363,333	1,628,583,807	
PROFIT BEFORE INCOME TAX		6,416,201,591	4,126,743,870	
INCOME TAX EXPENSE	21	1,276,612,635	822,419,571	
NET PROFIT FOR THE YEAR		5,139,588,956	3,304,324,299	
Other comprehensive income (loss)				
Components of other comprehensive income (loss)				
that will not be reclassified to profit or loss				
Gains (losses) on remeasurements of defined				
benefit plans		1,725,000	(21,906,000)	
Income tax relating to components of other				
comprehensive income (loss) that will not be				
reclassified to profit or loss		(345,000)	4,381,200	
Other comprehensive income (loss) for the year,				
net of tax		1,380,000	(17,524,800)	
TOTAL COMPREHENSIVE INCOME				
FOR THE YEAR		5,140,968,956	3,286,799,499	
		2018	2017	
			“Restated”	
BASIC EARNINGS PER SHARE	18	BAHT	1.99	1.28
WEIGHED AVERAGE NUMBER OF				
ORDINARY SHARES	18	SHARES	2,578,334,070	2,578,334,070

Notes to the financial statements form an integral part of these statements

KRUNGTHAI CARD PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	Issued and paid share capital	Share premium on ordinary shares	Appropriated	Unappropriated	Retained earnings	Total shareholders' equity
Beginning balance as at January 1, 2017		2,578,334,070	1,891,808,721	257,833,407	5,593,712,055		10,321,688,253
Dividend paid	17	-	-	-	(1,031,331,028)		(1,031,331,028)
Total comprehensive income		-	-	-	3,286,799,499		3,286,799,499
ENDING BALANCE AS AT DECEMBER 31, 2017		2,578,334,070	1,891,808,721	257,833,407	7,849,180,526		12,577,156,724
Beginning balance as at January 1, 2018		2,578,334,070	1,891,808,721	257,833,407	7,849,180,526		12,577,156,724
Dividend paid	17	-	-	-	(1,366,514,937)		(1,366,514,937)
Total comprehensive income		-	-	-	5,140,968,956		5,140,968,956
ENDING BALANCE AS AT DECEMBER 31, 2018		2,578,334,070	1,891,808,721	257,833,407	11,623,634,545		16,351,610,743

Notes to the financial statements form an integral part of these statements

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		6,416,201,591	4,126,743,870
Adjustments for:			
Amortization of premium on debt securities		33,784	57,473
Amortization of deferred interest expense			
on bill of exchange	4.2	6,443,449	1,376,690
Employee benefits expense	14	117,143,574	33,610,369
Depreciation and amortization	8 and 9	351,761,000	350,359,142
(Gain) loss from disposal and written-off of leasehold			
improvements and equipment - net		163,353	(94,710)
Deferred income for reward points increase (decrease)		(222,870,643)	70,818,458
Bad debts and doubtful accounts		5,702,515,643	6,626,895,935
Interest expense		1,536,946,757	1,611,997,657
		13,908,338,508	12,821,764,884
Trade accounts receivable increase		(10,628,279,606)	(11,109,417,847)
Other receivables increase		(122,553,850)	(165,615,740)
Other non-current assets increase		(8,702,461)	(11,008,035)
Trade accounts payable - related financial institution			
and related parties increase		461,680,903	327,729,644
Trade accounts payable - other companies increase		9,396,689	10,079,697
Accrued interest expenses increase (decrease)		(427,028)	12,020,216
Current income tax payable decrease		(24,522)	(102,174)
Accrued expenses increase		31,461,217	27,612,359
Other payables increase		767,625,693	181,649,830
		4,418,515,543	2,094,712,834
Cash received from operations			
Interest expense paid		(1,452,077,027)	(1,607,472,512)
Employee benefits paid	14	(26,669,574)	(7,779,369)
Income tax paid		(1,023,679,381)	(806,262,284)
Net cash provided by (used in) operating activities		1,916,089,561	(326,801,331)

KRUNGTHAI CARD PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

	Notes	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from sale of long-term investment		3,000,000	-
Cash paid for purchase of long term investment		-	(1,971,819)
Cash paid for purchase of leasehold improvements and equipment	4.1	(92,856,027)	(245,309,241)
Cash paid for purchase of computer software	4.1	(132,228,307)	(192,520,967)
Proceeds from sale of leasehold improvements and equipment		<u>341,427</u>	<u>344,746</u>
Net cash used in investing activities		<u>(221,742,907)</u>	<u>(439,457,281)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from (cash paid for) short-term borrowings from financial institutions (net)	4.2	(1,286,870,478)	401,643,527
Proceeds from issuance of long-term debentures	4.2	9,250,000,000	11,500,000,000
Cash paid for redemption of long-term debentures	4.2	(7,270,000,000)	(9,568,000,000)
Dividend paid	17	(1,366,514,937)	(1,031,331,028)
Net cash provided by (used in) financing activities		<u>(673,385,415)</u>	<u>1,302,312,499</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,020,961,239	536,053,887
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,		<u>1,701,183,549</u>	<u>1,165,129,662</u>
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,		<u>2,722,144,788</u>	<u>1,701,183,549</u>

Notes to the financial statements form an integral part of these statements

**KRUNGTHAI CARD PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. GENERAL INFORMATION

Krungthai Card Public Company Limited (the “Company”) is fully engaged in credit card, personal loan and other related businesses. The Company was registered as a listed company on The Stock Exchange of Thailand on October 28, 2002.

The Company is located at 14th Floor UBC II Building, 591 Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.

The Company’s financial statements have been prepared in accordance with Thai Accounting Standard (TAS) No. 1 (Revised 2017) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2018 onwards, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding “The Brief Particulars in the Financial Statements (No.2) B.E. 2559” dated October 11, 2016.

The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies. (see Note 3).

Currently, the Company’s operations relate to a single business segment which is the consumer finance business, and are carried out in a single geographic area which is Thailand.

2.2 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Company has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

2.3 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

2.3.1 Thai Financial Reporting Standard No.15 “Revenue from Contracts with Customers” (“TFRS 15”)

The Federation of Accounting Professions has issued the Notification regarding TFRS 15 which has been announced in the Royal Gazette on March 14, 2018 and will be effective for the financial statements for the periods beginning on or after January 1, 2019 onwards.

TFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date: Thai Accounting Standard No.11 “Construction Contracts”, Thai Accounting Standard No.18 “Revenue”, Thai Accounting Standard Interpretation No.31 “Revenue-Barter Transactions Involving Advertising Services”, Thai Financial Reporting Standard Interpretation No.13 “Customer Loyalty Programmes, Thai Financial Reporting Standard Interpretation No.15 “Agreements for the Construction of Real Estate” and Thai Financial Reporting Standard Interpretation No.18 “Transfers of Assets from Customers”. TFRS 15 requires retrospective method in accordance with Thai Accounting Standard No.8 “Accounting Policies, Changes in Accounting Estimates and Errors” or recognize the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings of the annual reporting period.

The core principle of TFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects to consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under TFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company’s management will adopt such TFRS in the preparation of the Company’s financial statements when it becomes effective. The Company’s management has assessed the impact of this TFRS and considered that the adoption of the financial reporting standard does not have any significant impact on the financial statements of the Company in the period of initial application.

2.3.2 Thai Financial Reporting Standard Group of Financial Instruments

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard Group of Financial Instruments, which have been announced in the Royal Gazette on September 21, 2018 and will be effective for the financial statements for the periods beginning on or after January 1, 2020 onwards, as follows:

Thai Accounting Standard No.32 “Financial Instruments: Presentation”

This accounting standard requires establishing principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; the circumstances in which financial assets and financial liabilities should be offset.

This accounting standard shall be applied retrospectively for annual periods beginning on or after January 1, 2020. An entity shall apply this accounting standard prospective method by recognising all transactions on the date of initial application considering the condition of this accounting standard and the cumulative effect of initially applying this Standard as an adjustment of retained earnings or other component equity (if applicable) on the date of initial application. The entity shall disclose that fact.

Thai Financial Reporting Standard No.7 “Financial Instruments: Disclosures”

This financial reporting standard requires entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial statements for the entity’s financial position and performance and the nature and extent of risks arising from financial statements to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

If an entity initially applies this financial reporting standard, it needs not present comparative information for the disclosures about the nature and extent of risks arising from financial instruments.

Thai Financial Reporting Standard No.9 “Financial Instruments”

Thai financial reporting standard establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows. This financial reporting standard includes 3 requirements for the recognition and measurement, impairment and hedge accounting.

All recognized financial assets that are within the scope of TFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principle and interest on the principle outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specific dates to cash flows that are solely payments of principle and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at their fair value through profit or loss (FVTPL) at the end of subsequent accounting periods. In addition, under TFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss (FVTPL), TFRS 9 requires that the amount of change in fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss.

In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model. The expected credit loss model requires an entity to account for expected credit loss and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

TFRS 9 have been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled with the principle of an ‘economic relationship’. Disclosure requirements about an entity’s risk management activities have also been introduced.

An entity can elect to apply this Standard retrospectively, in accordance with Thai Accounting Standard No.8 (Revised 2018) “Accounting Policies, Changes in Accounting Estimates and Errors”. This Standard shall not be applied to items that have already been derecognized at the date of initial application. Or, an entity can elect to apply this Standard by recognizing the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) of the annual reporting period. The entity shall disclose that fact.

Thai Financial Reporting Standard Interpretations No.16 “Hedge of a Net Investment in a Foreign Operation”

This Interpretation describes the significant issue about hedging the foreign currency risk arising from its net investment in foreign operations such as a presentational currency not exposure to risk that an entity applies for hedge accounting and hedging instruments that are hedges of a net investment in a foreign operation. This Interpretation requires prospective method for such application.

Thai Financial Reporting Standard Interpretations No.19 “Extinguishing Financial Liabilities with Equity Instruments”

This Interpretation addresses the circumstance that an entity issues equity instruments to a creditor of the entity to extinguish all or part of the financial liability. The entity shall remove all or part of such financial liability. This Interpretation requires retrospective method for such application.

The Company’s management will adopt such TFRSs in the preparation of the Company’s financial statements when they become effective. The Company’s management is in the process to assess the impact of these TFRSs on the financial statements of the Company in the period of initial application.

2.3.3 Thai Financial Reporting Standards Revised 2018

Thai Financial Reporting Standards (TFRSs) Revised 2018 which will be effective for the financial statements for the periods beginning on or after January 1, 2019 onwards, have been announced in the Royal Gazette on November 27, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology and reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

Thai Accounting Standard No.28 (Revised 2018) “Investment in Associates and Joint Ventures”

This revised accounting standard clarifies about the election of measurement an investment in an associate or a joint venture at fair value through profit or loss (that is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds). An entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. This accounting standard requires retrospective method for such amendment.

In addition to, this revised accounting standard clarifies the consideration about the impairment of an investment in an associate or a joint venture.

Thai Accounting Standard No.40 (Revised 2018) “Investment Property”

This revised accounting standard clarifies about transfers of investment property to, or from, other accounts when, and only when, there is a change in use. This accounting standard requires prospective method for such amendment.

Thai Financial Reporting Standard No.2 (Revised 2018) “Share-based Payment”

This revised financial reporting standard adds the requirements as follows.

- 1) The requirement about treatment of vesting and non-vesting for a cash-settled share-based payment transaction
- 2) The requirement about share-based payment transactions with a net settlement feature for withholding tax obligations
- 3) The requirement about accounting for a modification of a share-based payment transaction that changes its classification from cash-settled to equity-settled

This revised financial reporting standard requires prospective method for such amendment.

The Company's management will adopt such TFRSs in the preparation of the Company's financial statements when they become effective. The Company's management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits at banks and financial institutions and current investments with original maturities of 3 months or less.

3.2 Trade accounts receivable

Trade accounts receivable are stated in the statements of financial position at the outstanding amount less the allowance for doubtful accounts.

3.3 Investments

The Company's investments are debt securities which the Company has the intent and ability to hold until maturity are classified as held-to-maturity and carried at the amortized cost, net of valuation allowances for impairment, if any.

3.4 Leasehold improvements and equipment

Leasehold improvements and equipment are stated at cost less accumulated depreciation and amortization.

Gain or loss on disposal or write-off leasehold improvements and equipment is recognized in the statement of profit or loss and other comprehensive income in the period of disposal or write-off.

Depreciation of leasehold improvements and equipment is calculated by the straight-line method, over the estimated useful lives of the assets, as follows:

Leasehold improvements	Lease period
Furniture, fixtures and office equipment	5 years
Vehicles	5 years
Personal computers and peripheral devices	3 years

3.5 Intangible assets

Intangible assets represent computer software which is stated at cost less accumulated amortization, and allowance for impairment (if any).

Amortization of intangible assets is calculated by the straight-line method based on the estimated useful life of intangible assets over 5 years.

3.6 Long-term leases

Leases of assets where substantially all the risks and rewards are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are recognized as expenses in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the leases.

Where an operating lease is terminated before the lease period has expired, any penalty payment is recognized as an expense in the period in which the lease is terminated.

3.7 Provisions for employee benefits

Provisions for employee benefits represent the retirement benefits that the employees will get the payment at the amount determined by the Labor Protection Act when they retire. The Company does not have separate fund for such defined benefit plan but estimates the employment benefit obligations which are measured by an actuary using the projected unit credit method to determine the present value of cash flow of employee benefits to be paid in the future. Under this method, the calculation is based on the employee's expected salary, turnover rate, salary increase rate, mortality rate, discount rate, years of services and other factors.

The expenses for employee benefits plan are recognized as personnel expenses in the statement of profit or loss and other comprehensive income.

Gains (losses) on remeasurements of defined benefit plans are recognized as other comprehensive income (loss) in the statement of profit or loss and other comprehensive income.

3.8 Foreign currency transactions

Transactions denominated in foreign currencies during the year are translated into Baht at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Baht at the reference exchange rate announced by the Bank of Thailand at that date.

Gains or losses on exchange arising on settlements or translation are recognized as operating income or expenses in the statement of profit or loss and other comprehensive income.

3.9 Income and expense recognition

The Company recognizes interest income on credit card receivables for default payments of installments from the posting date. Interest on cash advances from credit cards is recognized from the date of cash withdrawals. Interest on circle loans, personal loans and self-employed loans are recognized on an accrual basis. The Company recognizes interest income overdue for more than 180 days on a cash basis.

The Company recognizes fee and service income, which consists of fees on cash advances, card issuance fees, interchange fees and other service fees, on the date the service is rendered.

The Company recognizes management fees when services are rendered as stipulated in the credit card management service agreement.

Other income and expense are recognized on an accrual basis.

3.10 Bad debt recovery

Bad debt recovery is recognized as income in the statements of profit or loss and other comprehensive income in the period which it is collected.

3.11 Provident fund

The contributions for employee provident fund are recorded as expenses when incurred.

3.12 Income tax

Income tax - revenue (expense) which is a part in calculation of profit or loss for the period represent the sum of the tax currently payable and deferred tax.

3.12.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the reporting date.

3.12.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available for utilizing all or part of the deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates those are expected to apply in the period in which the asset is realized or the liability settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis or to realized the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Income tax - income (expense) related to profit or loss from normal activities are presented in the statement of comprehensive income, except for current and deferred taxes of related items that recognized directly in the shareholders' equity in the same or different period.

3.13 Earnings per share

Basic earnings per share are calculated by dividing net profit for the year by the weighted average number of ordinary shares issued and held by outside parties during the year.

3.14 Fair value measurements

In estimating the fair value of an asset or a liability, the management takes into account the characteristics of the asset or liability if a producer or supplier of a marketable goods would take those characteristics into the consideration the price that would be received to sell an asset or paid to transfer a liability at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair values for disclosure in the financial statements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs are unobservable inputs for the asset or liability.

3.15 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies described above, the management is required to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. The significant accounting estimates are as follows:

Allowance for doubtful accounts and bad debts

The Company provided the allowance for doubtful accounts for credit card, circle loan and personal loan receivables which have aging not more than 90 days by using the loss rate net of recovery which the Company believed that such loss rate reflects the current credit risk inherent in the portfolio. Moreover, the Company adjusted the historical loss experience by the information on trend and economic conditions that might have an effect on the ability to repay the debt of the debtor groups including additional economic factors to cope with the potential risks from the future economic fluctuation and the Company fully reserved for receivables which are defaulted for more than 90 days.

A fixed percentage of 1% adjusted by the information on trend and economic conditions that might have an effect on the ability to repay the debt for self-employed loans is applied to receivables aged not more than 90 days because self-employed loan products had been launched in the year 2004 but decreased continuously. Allowance for receivables in default for more than 90 days was fully reserved.

Bad debts are written off on customer basis when the Company has pursued payments of debts owed by debtors, but they are uncollectible. Accordingly, the Company has complied with conditions required by the tax law.

Deferred income for reward points

The deferred income arising from reward point program granted to the Company's customers. The deferred income is calculated based on the estimates of redemption rate of the reward points earned by the customers and fair value of reward prices and is presented in current liabilities in the statements of financial position.

Provisions for employee benefits

The present value of the provisions for employee benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will have an impact on the carrying amount of such provision.

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION

4.1 Non-cash items for the years ended December 31, 2018 and 2017 are as follows:

	2018 Thousand Baht	2017 Thousand Baht
Payable for the purchase of leasehold improvements and equipment brought forward	7,273	40,498
<u>Add</u> Purchase of leasehold improvements and equipment	179,331	212,084
<u>Less</u> Cash paid for the purchase of leasehold improvement and equipment	<u>(92,856)</u>	<u>(245,309)</u>
Payable for the purchase of leasehold improvements and equipment carried forward (presented as a part of trade accounts payable - other companies)	93,748	7,273
Payable for the purchase of computer software brought forward	97,919	91,006
<u>Add</u> Purchase of computer software	181,972	199,434
<u>Less</u> Cash paid for the purchase of computer software	<u>(132,228)</u>	<u>(192,521)</u>
Payable for the purchase of computer software carried forward (presented as a part of trade accounts payable - other companies)	147,663	97,919

4.2 Change in liabilities from financing activities for the years ended December 31, 2018 and 2017 are as follows:

	As at January 1, 2018	Changes in cash flows		Non-cash items	As at December 31, 2018
	Thousand Baht	Cash received Thousand Baht	Cash paid Thousand Baht	Thousand Baht	Thousand Baht
Short-term borrowings from financial institutions	10,067,725	132,053,130	(133,340,000)	6,443	8,787,298
Current portion of long-term debentures	7,270,000	-	(7,270,000)	5,285,000	5,285,000
Long-term debentures	36,085,000	9,250,000	-	(5,285,000)	40,050,000
	As at January 1, 2017	Changes in cash flows		Non-cash items	As at December 31, 2017
	Thousand Baht	Cash received Thousand Baht	Cash paid Thousand Baht	Thousand Baht	Thousand Baht
Short-term borrowings from financial institutions	9,664,705	119,108,643	(118,707,000)	1,377	10,067,725
Current portion of long-term debentures	9,568,000	-	(9,568,000)	7,270,000	7,270,000
Long-term debentures	31,855,000	11,500,000	-	(7,270,000)	36,085,000

TRADE ACCOUNTS RECEIVABLE

5.1 Outstanding balances of trade accounts receivable classified by type of business and aging

The Company had outstanding balances of trade accounts receivable classified by type of business and aging as follows:

	As at December 31, 2018				
	Credit card Thousand Baht	Circle loan Thousand Baht	Personal loan Thousand Baht	Self-employed loan Thousand Baht	Total Thousand Baht
Not over 90 days	50,553,923	138,211	26,616,809	1,927	77,310,870
91 - 180 days	110,944	754	64,130	50	175,878
181 days and over	397,100	4,106	140,372	173,862	715,440
Total	51,061,967	143,071	26,821,311	175,839	78,202,188
<u>Less</u> Allowance for doubtful accounts	(3,125,008)	(12,755)	(2,176,978)	(174,131)	(5,488,872)
Trade accounts receivable	47,936,959	130,316	24,644,333	1,708	72,713,316

	As at December 31, 2017				
	Credit card Thousand Baht	Circle loan Thousand Baht	Personal loan Thousand Baht	Self-employed loan Thousand Baht	Total Thousand Baht
Not over 90 days	47,798,023	150,620	24,568,161	2,360	72,519,164
91 - 180 days	130,250	390	56,482	-	187,122
181 days and over	409,755	5,446	132,762	233,278	781,241
Total	48,338,028	156,456	24,757,405	235,638	73,487,527
<u>Less</u> Allowance for doubtful accounts	(3,290,281)	(14,564)	(2,161,132)	(233,501)	(5,699,478)
Trade accounts receivable	45,047,747	141,892	22,569,273	2,137	67,788,049

As at December 31, 2018 and 2017, receivables in default for more than 3 periods which their accrued interest are still recognized are Baht 175.9 million and Baht 187.1 million, respectively. However, such receivables are fully reserved as at December 31, 2018 and 2017. Accrued interest from such receivables which is recognized as income for the years ended December 31, 2018 and 2017 are Baht 30.3 million and Baht 39.7 million, respectively.

5.2 Bad debts and doubtful accounts

Bad debts and doubtful accounts for the years ended December 31, 2018 and 2017 are as follows:

	2018 Thousand Baht	2017 Thousand Baht
Bad debts	5,913,617	6,323,451
Doubtful accounts (reversal)	(210,605)	305,868
Total bad debts and doubtful accounts	5,703,012	6,629,319

6. OTHER RECEIVABLES

Other receivables as at December 31, 2018 and 2017 are as follows:

	2018	2017
	Thousand Baht	Thousand Baht
Other credit card receivables	485,330	483,495
Accrued fees and interest income	622,841	595,694
Prepaid expenses	186,893	133,016
Suspended accounts	11,305	9,147
Others	118,175	80,639
<u>Less</u> Allowance for doubtful accounts	<u>(37,638)</u>	<u>(38,135)</u>
Total other receivables	<u>1,386,906</u>	<u>1,263,856</u>

The Company provided consulting service for a financial institution regarding the preparation for credit card business completed in the year 2011. Consequently, such financial institution changed its directors and management team, resulting in delay of implementation of credit card business. The Company considered that such financial institution defaulted the payment for service fee more than 90 days and will take long-time in follow-up process, therefore, the Company considered to set up allowance for doubtful accounts for the outstanding debt of such financial institution of Baht 19.3 million at December 31, 2018 and 2017.

7. LONG-TERM INVESTMENT

Long-term investment as at December 31, 2018 and 2017 consist of the following:

	Unit : Thousand Baht			
	2018	2017	Cost/ Amortized cost	Fair value
Held-to-Maturity Debt Securities				
Government securities	9,029	8,998	12,063	12,117
<u>Less</u> Long-term investment with maturity within one year	-	-	(3,002)	(3,030)
Total long-term investment	<u>9,029</u>	<u>8,998</u>	<u>9,061</u>	<u>9,087</u>

As at December 31, 2018, the Company pledged government bonds totally of Baht 5.2 million (as at December 31, 2017 : Baht 8.1 million). The amount of Baht 3.0 million is pledged with Krung Thai Bank Public Company Limited for issue letter of guarantees to other companies for the Company's business. The amount of Baht 2.2 million is the guarantee for the Company's business with KTB Computer Services Co., Ltd. (see Note 23.2).

8. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment as at December 31, 2018 and 2017 are as follows:

As at December 31, 2018

	Balance as at December 31, 2017	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Costs:					
Leasehold improvements	383,750	3,938	(47,138)	2,852	343,402
Furniture, fixtures and office equipment	1,302,118	63,640	(88,975)	28,116	1,304,899
Vehicles	154	-	(154)	-	-
Total	1,686,022	67,578	(136,267)	30,968	1,648,301
Accumulated depreciation:					
Leasehold improvements	(359,007)	(7,944)	46,758	-	(320,193)
Furniture, fixtures and office equipment	(838,794)	(157,987)	88,850	-	(907,931)
Vehicles	(154)	-	154	-	-
Total	(1,197,955)	(165,931)	135,762	-	(1,228,124)
Assets under installation	141,117	111,753	-	(30,968)	221,902
<u>Less</u> Allowance for impairment of assets	(112,840)	-	-	-	(112,840)
Leasehold improvements and equipment	516,344				529,239

As at December 31, 2017

	Balance as at December 31, 2016	Additions	Disposals	Transfer in (Transfer out)	Balance as at December 31, 2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Costs:					
Leasehold improvements	468,509	2,292	(92,893)	5,842	383,750
Furniture, fixtures and office equipment	1,164,198	133,150	(93,997)	98,767	1,302,118
Vehicles	154	-	-	-	154
Total	1,632,861	135,442	(186,890)	104,609	1,686,022
Accumulated depreciation:					
Leasehold improvements	(444,743)	(7,102)	92,838	-	(359,007)
Furniture, fixtures and office equipment	(784,564)	(148,032)	93,802	-	(838,794)
Vehicles	(154)	-	-	-	(154)
Total	(1,229,461)	(155,134)	186,640	-	(1,197,955)
Assets under installation	174,101	76,642	-	(109,626)	141,117
<u>Less</u> Allowance for impairment of assets	(112,840)	-	-	-	(112,840)
Leasehold improvements and equipment	464,661				516,344

Depreciation for the years ended December 31,

2018	Thousand Baht	165,931
2017	Thousand Baht	155,134

As at December 31, 2018 and 2017, the costs of fully depreciated assets but still in use are Baht 873.81 million and Baht 821.56 million, respectively.

During the year ended December 31, 2012, the Company has terminated the computer development agreement with a vendor, resulted in disuse of the relating equipment and cease of the computer program development. The Company's management has considered the allowance for impairment of assets by comparing carrying value of those assets with net realizable value which is fair value deducted cost from sales of the assets.

As at December 31, 2018 and 2017, the allowance for impairment of certain equipment is Baht 112.84 million. The allowance for impairment of cost of computer development is Baht 273.45 million (see Note 9).

9. INTANGIBLE ASSETS

Intangible assets as at December 31, 2018 and 2017 are as follows:

As at December 31, 2018

	Balance as at December 31, 2017 Thousand Baht	Additions Thousand Baht	Disposals Thousand Baht	Transfer in (Transfer out) Thousand Baht	Balance as at December 31, 2018 Thousand Baht
Computer software	1,485,923	65,640	(28,841)	76,315	1,599,037
<u>Less</u> Accumulated amortization	(1,019,811)	(185,830)	28,841	-	(1,176,800)
	466,112				422,237
<u>Add</u> Software under installation	316,763	116,332	-	(76,315)	356,780
<u>Less</u> Allowance for impairment of assets (see Note 8)	(273,453)	-	-	-	(273,453)
Intangible assets	509,422				505,564

As at December 31, 2017

	Balance as at December 31, 2016 Thousand Baht	Additions Thousand Baht	Disposals Thousand Baht	Transfer in (Transfer out) Thousand Baht	Balance as at December 31, 2017 Thousand Baht
Computer software	1,296,851	67,902	(4,382)	125,552	1,485,923
<u>Less</u> Accumulated amortization	(828,968)	(195,225)	4,382	-	(1,019,811)
	467,883				422,237
<u>Add</u> Software under installation	305,766	131,532	-	(120,535)	316,763
<u>Less</u> Allowance for impairment of assets (see Note 8)	(273,453)	-	-	-	(273,453)
Intangible assets	500,196				509,422

Amortization for the years ended December 31,

2018	185,830
2017	195,225

As at December 31, 2018 and 2017, the costs of fully amortized intangible assets but still in use are Baht 771.10 million and Baht 417.38 million, respectively.

10. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2018 and 2017 are as follows:

	2018 Thousand Baht	2017 Thousand Baht
Deferred tax assets	<u>1,691,689</u>	<u>1,763,623</u>

Deferred tax assets as at December 31, 2018 and 2017 consist of tax effects from the following items:

	As at December 31, 2017	Item as recognized in profit or loss	Item as recognized in other comprehensive income	As at December 31, 2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Allowance for doubtful accounts	1,155,728	(45,405)	-	1,110,323
Allowance for impairment of assets	77,259	-	-	77,259
Deferred income for reward points	511,709	(44,574)	-	467,135
Difference from depreciation rate	(54,400)	(410)	-	(54,810)
Others	73,327	18,800	(345)	91,782
Deferred tax assets	<u>1,763,623</u>	<u>(71,589)</u>	<u>(345)</u>	<u>1,691,689</u>
	As at December 31, 2016	Item as recognized in profit or loss	Item as recognized in other comprehensive income	As at December 31, 2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Allowance for doubtful accounts	1,097,644	58,084	-	1,155,728
Allowance for impairment of assets	77,259	-	-	77,259
Deferred income for reward points	497,545	14,164	-	511,709
Difference from depreciation rate	(61,965)	7,565	-	(54,400)
Others	72,892	(3,946)	4,381	73,327
Deferred tax assets	<u>1,683,375</u>	<u>75,867</u>	<u>4,381</u>	<u>1,763,623</u>

11. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

As at December 31, 2018, promissory notes and bills of exchange have interest rates at Money Market Rate (MMR), which is in between 1.56 - 2.07% per annum with maturity on demand to one year and are unsecured. (As at December 31, 2017 : 1.52 - 1.85% per annum)

The fair value of short-term borrowings is considered to approximate the amount presented in the statement of financial position because their maturities on demand to one year. The fair value is categorized as level 2 in the fair value hierarchy.

12. OTHER PAYABLES

Other payables as at December 31, 2018 and 2017 are as follows:

	2018 Thousand Baht	2017 Thousand Baht
Exceed payment from customers	276,417	249,048
Other payables	1,520,305	773,853
Suspended accounts	65,459	61,498
Others	207,216	217,372
Total other payables	2,069,397	1,301,771

13. LONG-TERM DEBENTURES

Long-term debentures as at December 31, 2018 and 2017 are as follows:

	2018 Thousand Baht	2017 Thousand Baht
Debentures	45,335,000	43,355,000
<u>Less</u> Current portion of long-term debentures	<u>(5,285,000)</u>	<u>(7,270,000)</u>
Total long-term debentures	40,050,000	36,085,000

Details of debentures can be summarized as follows:

Type	Date of issuance	Amount (Million Baht)	Maturity date	Interest rate (% p.a.)	Interest payable period	Balance as at December 31,	
						2018 (Million Baht)	2017 (Million Baht)
Senior unsecured debentures	9 Aug 2013	800	9 Aug 2018	5.00	Quarterly	-	800
Senior unsecured debentures	1 Sep 2014	300	16 Mar 2018	3.80	Semi-annually	-	300
Senior unsecured debentures	17 Oct 2014	4,000	9 Aug 2018	4.25 - 4.50	Quarterly	-	4,000
Senior unsecured debentures	3 Jul 2015	1,120	3 Jul 2018	2.54	Semi-annually	-	1,120
Senior unsecured debentures	3 Jul 2015	550	7 Nov 2018	2.65	Semi-annually	-	550
Senior unsecured debentures	14 Aug 2015	2,000	14 Aug 2019	3.75	Quarterly	2,000	2,000
Senior unsecured debentures	16 Sep 2015	1,000	16 Sep 2025	4.00	Semi-annually	1,000	1,000
Senior unsecured debentures	1 Oct 2015	2,000	1 Oct 2020	3.14	Semi-annually	2,000	2,000
Senior unsecured debentures	20 Oct 2015	385	14 Aug 2019	3.75	Quarterly	385	385
Senior unsecured debentures	11 Nov 2015	700	11 Nov 2022	3.68	Semi-annually	700	700
Senior unsecured debentures	20 Nov 2015	1,000	20 Nov 2025	3.90	Semi-annually	1,000	1,000
Senior unsecured debentures	17 Feb 2016	200	17 Feb 2026	3.85	Semi-annually	200	200
Senior unsecured debentures	17 Feb 2016	300	17 Feb 2026	3.85	Semi-annually	300	300
Senior unsecured debentures	26 Feb 2016	500	23 Feb 2018	2.04	Semi-annually	-	500
Senior unsecured debentures	26 Feb 2016	400	26 Feb 2019	2.21	Semi-annually	400	400
Senior unsecured debentures	26 Feb 2016	800	26 Feb 2021	2.64	Semi-annually	800	800
Senior unsecured debentures	9 May 2016	2,500	9 May 2019	1.88	Semi-annually	2,500	2,500
Senior unsecured debentures	9 May 2016	1,500	11 May 2021	2.12	Semi-annually	1,500	1,500
Senior unsecured debentures	6 Jul 2016	100	5 Jul 2024	3.00	Semi-annually	100	100
Senior unsecured debentures	22 Jul 2016	3,000	22 Jul 2021	2.54	Semi-annually	3,000	3,000
Senior unsecured debentures	11 Aug 2016	600	11 Aug 2020	2.50	Quarterly	600	600
Senior unsecured debentures	22 Sep 2016	200	22 Sep 2026	3.50	Semi-annually	200	200
Senior unsecured debentures	30 Nov 2016	630	30 Nov 2021	2.86	Semi-annually	630	630
Senior unsecured debentures	30 Nov 2016	1,140	30 Nov 2023	3.50	Semi-annually	1,140	1,140
Senior unsecured debentures	30 Nov 2016	3,030	27 Nov 2026	4.00	Semi-annually	3,030	3,030
Senior unsecured debentures	29 Dec 2016	600	29 Dec 2023	3.50	Semi-annually	600	600
Senior unsecured debentures	29 Dec 2016	2,500	29 Dec 2026	4.00	Semi-annually	2,500	2,500
Senior unsecured debentures	5 Apr 2017	1,500	5 Apr 2022	3.03	Semi-annually	1,500	1,500
Senior unsecured debentures	1 Jun 2017	2,500	1 Jun 2022	3.00 - 3.50	Quarterly	2,500	2,500
Senior unsecured debentures	3 Aug 2017	1,500	3 Aug 2027	3.80	Semi-annually	1,500	1,500
Senior unsecured debentures	25 Aug 2017	1,000	25 Aug 2027	3.65	Semi-annually	1,000	1,000
Senior unsecured debentures	19 Oct 2017	2,000	19 Oct 2022	2.46	Semi-annually	2,000	2,000
Senior unsecured debentures	19 Oct 2017	1,000	19 Oct 2027	3.50	Semi-annually	1,000	1,000
Senior unsecured debentures	16 Nov 2017	2,000	16 Nov 2027	3.50	Quarterly	2,000	2,000
Senior unsecured debentures	16 Feb 2018	1,000	16 Feb 2023	2.35	Semi-annually	1,000	-
Senior unsecured debentures	16 Feb 2018	1,250	16 Feb 2028	3.43	Semi-annually	1,250	-
Senior unsecured debentures	16 Aug 2018	3,585	14 Aug 2020	2.20	Semi-annually	3,585	-
Senior unsecured debentures	16 Aug 2018	1,350	11 Aug 2021	2.48	Semi-annually	1,350	-
Senior unsecured debentures	16 Aug 2018	2,065	16 Aug 2028	3.83	Semi-annually	2,065	-
Total debentures						45,335	43,355

14. PROVISIONS FOR EMPLOYEE BENEFITS

The Company has retirement benefits plan in accordance with Labour Protection Act, which is the unfunded defined benefit plan.

Amounts recognized in the statement of profit or loss and other comprehensive income for the years ended December 31, 2018 and 2017 are as follows:

	2018 Thousand Baht	2017 Thousand Baht
Current service cost	28,413	26,347
Interest on obligation	7,331	7,263
Past service cost	81,400	-
	<u>117,144</u>	<u>33,610</u>

Movements in the present value of the defined benefit obligation for the years ended December 31, 2018 and 2017 are as follows:

	2018 Thousand Baht	2017 Thousand Baht
Defined benefit obligations brought forward	320,349	272,612
Current service cost	28,413	26,347
Interest on obligations	7,331	7,263
Additional past service cost	81,400	-
Gains (losses) on remeasurements of defined benefit plans recognized in other comprehensive income (loss)		
- from changes in financial assumptions	(7,811)	7,440
- from changes in demographic assumptions	-	5,676
- from experience adjustments	6,086	8,790
Benefits paid to employee	<u>(26,670)</u>	<u>(7,779)</u>
Defined benefit obligations carried forward	<u>409,098</u>	<u>320,349</u>

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. The management considered this change as a post-employment benefits plan amendment and the Company has additional provisions for employee benefits. The Company has recorded the effect of the change by recognizing additional past service cost as expense immediately in the statement of profit or loss and other comprehensive income for the year ended December 31, 2018.

The principal assumptions used for the purpose of the actuarial valuations for calculation of defined benefit obligations as at December 31, 2018 and 2017 are as follows:

	2018	2017
Retirement age	60 years	60 years
Mortality rate	75% of Thai Mortality Table 2017	75% of Thai Mortality Table 2017
Disability rate	10% of mortality rate	10% of mortality rate
Personnel turnover rate	3 - 11%	3 - 11%
Discount rate	2.75% p.a.	2.50% p.a.
Expected salary incremental rate	6% p.a.	6% p.a.

Significant actuarial assumptions for the determination of the defined benefit obligation are expected salary incremental rate, personnel turnover rate and discount rate. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring, while holding all other assumptions constant which reflects increasing (decreasing) in the obligations if the assumptions change by 1% as at December 31, are as follows:

	2018	2017
	Thousand Baht	Thousand Baht
Salary incremental rate - 1% increase	43,207	32,730
Salary incremental rate - 1% decrease	(37,966)	(28,733)
Personnel turnover rate - 1% increase	(15,685)	(11,957)
Personnel turnover rate - 1% decrease	16,910	12,910
Discount rate - 1% increase	(37,072)	(27,994)
Discount rate - 1% decrease	42,910	32,635

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the report period, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.

15. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and shareholders' equity balance. The Company's overall strategy of the year 2018 remains unchanged from 2017.

The capital structure of the Company consists of debt, which includes the loans and debentures disclosed in Notes 11 and 13 and shareholders' equity, comprising issued and paid-up capital, legal reserve and retained earnings.

The Company does not apply any specific financial ratios to monitor its capital whilst manages its capital to be sufficient for its working capital.

16. SHARE CAPITAL

On July 6, 2018, the Company's Extraordinary General Shareholders' Meeting No. 1/2018 approved the change of par value of the Company's ordinary shares from Baht 10 each to Baht 1 each resulting to changing in number of the ordinary from 257,833,407 shares to 2,578,334,070 shares (see Note 18). After the particular change of par value, the number of ordinary shares held by each shareholder will increase at the ratio of 1 existing ordinary share to 10 new ordinary shares without any change in shareholding proportion. The Company's authorized share capital and issued and paid share capital will remain the same as Baht 2,578,334,070. Moreover, the Extraordinary General Shareholders' Meeting had a resolution to approve the amendment in the Memorandum of Association in accordance with the change of par value.

The Company registered the amendment in Memorandum of Association with the Department of Business Development on July 9, 2018.

17. DIVIDEND AND APPROPRIATION FOR LEGAL RESERVE

Pursuant to the Public Companies Act. B.E. 2535 (1992), the Company must allocate to a reserve fund from the annual net profit, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any) until the reserve fund reaches an amount of not less than ten percent of the registered capital. The legal reserve is not available for dividend distribution.

As at December 31, 2018 and 2017, the Company's legal reserve reaches 10% of the registered share capital.

On April 20, 2018, the Annual General Meeting of Shareholders passed a resolution to pay dividend for the year 2017 at Baht 5.3 per share, totaling Baht 1,366.5 million. The Company already paid dividend on May 11, 2018.

On April 18, 2017, the ordinary shareholders' meeting passed resolutions to pay dividend for the year 2016 at Baht 4.0 per share totally of Baht 1,031.3 million. The Company already paid dividend on May 16, 2017.

18. BASIC EARNINGS PER SHARE

The effect of the change in par value of the Company's ordinary shares as mentioned in Note 16 resulted changes in the weighted average number of ordinary shares and the basic earnings per share for the financial statements for the years ended December 31, 2018. Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares issued during the year, after adjusting the number of ordinary shares as a result of the change in par value of ordinary shares. The number of ordinary shares of the prior year has been adjusted as if the change in par value of ordinary shares had been incurred at the beginning of the earliest period reported.

The weighted average number of ordinary shares for the year ended December 31, 2017 is restated due to the change in par value of ordinary shares as follows:

	Previously presented Thousand Shares	“Restated” Thousand Shares
Weighted average number of ordinary shares	257,833	2,578,334

The basic earnings per share for the year ended December 31, 2017 is restated by calculation from new weighted average number of ordinary shares due to the change in par value of ordinary shares as follows:

	Previously presented Baht per share	“Restated” Baht per share
Basic earnings per share	12.82	1.28

19. EXPENSES BY NATURE

Net profit for the years ended December 31, 2018 and 2017 have been arrived at after charging the following items:

	2018 Thousand Baht	2017 Thousand Baht
Management remuneration	212,488	202,305
Staff costs	2,161,799	2,028,868
Depreciation and amortization	351,761	350,359
Fees and service expenses	2,365,629	2,258,478
Marketing expense	909,295	866,103
Rental fees for premises and equipment	301,119	314,041
Premises and equipment expenses	306,460	222,208
Communication expenses	222,585	226,151
Special business tax and duty stamp	501,114	472,888
Bad debts and doubtful accounts	5,702,516	6,626,896
Others	191,384	201,651
Total Expenses	13,226,150	13,769,948

20. PROVIDENT FUND

The Company set up a registered provident fund in accordance with the Provident Fund Act B.E. 2530. All employees are members of the Provident Fund, which is managed by Krungthai Asset Management Public Company Limited. Under the Fund's regulations, employees can elect to contribute to the fund at the rate of 3% to 15% of their basic salary and the Company contributes to the fund at the rate of 6% of their basic salary.

The Company's contributions which were charged to the statement of profit or loss and other comprehensive income for the years ended December 31, 2018 and 2017 amounting to Baht 57.7 million and Baht 56.3 million, respectively.

21. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2018 and 2017 are as follows:

	2018 Thousand Baht	2017 Thousand Baht
Income tax expense per income tax return	(1,205,024)	(898,286)
Adjustment for deferred tax relating to the origination and reversal of temporary differences	<u>(71,589)</u>	<u>75,867</u>
Income tax expense per the statements of profit or loss and other comprehensive income	<u>(1,276,613)</u>	<u>(822,419)</u>

The reconciliations between income tax expense and accounting profit for the years ended December 31, 2018 and 2017 are follows:

	2018 Thousand Baht	2017 Thousand Baht
Accounting profit before tax	<u>6,416,202</u>	<u>4,126,744</u>
Income tax expense at domestic tax rates		
- Tax rate at 20%	(1,283,240)	(825,349)
Tax effect of non-deductible expenses	<u>6,627</u>	<u>2,930</u>
Income tax expense per the statements of profit or loss and other comprehensive income	<u>(1,276,613)</u>	<u>(822,419)</u>
Effective tax rate (%)	19.9	19.9

The Company used tax rates of 20% for the corporate income tax calculation for the years ended December 31, 2018 and 2017.

22. LONG-TERM AGREEMENTS

The Company has long-term agreements as at December 31, 2018 and 2017 as follows:

The Company has various lease agreements for office premises and other facilities and various EDC machine agreements with total rental and service fees as follows:

	2018 Thousand Baht	2017 Thousand Baht
Within 1 year	242,342	243,427
Over 1 year to 5 years	<u>246,548</u>	<u>400,211</u>
	<u>488,890</u>	<u>643,638</u>

23. TRANSACTIONS WITH RELATED PARTIES

The Company has transactions with related parties. Certain portions of the Company's assets, liabilities, revenues and administrative expenses represent transactions occurred with related parties. These parties are related through common shareholders and/or directorships. Those significant transactions with related parties as included in the financial statements are determined at the prices in line with those occur in the normal course of business based on the market price in general or the price as stipulated in the agreements.

23.1 The significant balances with related parties

The significant balances with related parties as at December 31, 2018 and 2017 are as follows:

Related parties	Relationship	2018 Thousands Baht	2017 Thousands Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
- Deposits at a financial institution (a part of cash and cash equivalents)		1,865,650	1,082,045
- Other receivables		1,173	640
- Short-term borrowings		3,539,907	499,938
- Trade accounts payable		1,771,073	1,317,511
- Accrued interest expenses		699	-
- Other current liabilities		1,693	1,557
KTB Computer Services Co., Ltd.	Same Ultimate Holding Company		
- Other receivables		5,137	19,866
- Trade accounts payable		225	449
KTB General Services and Security Co., Ltd.	Same Ultimate Holding Company		
- Trade accounts payable		9,325	828
Krung Thai Assets Management Public Company Limited	Same Ultimate Holding Company		
- Other receivables		4,465	6,070
- Trade accounts payable		79	78
Krungthai Panich Insurance Public Company Limited	Same Ultimate Holding Company		
- Other receivables		1,332	2,339
KT Zmico Securities Co., Ltd.	Same Ultimate Holding Company		
- Short-term borrowings		299,872	-
Krungthai AXA Life Insurance Public Company Limited	Same Ultimate Holding Company		
- Other receivables		-	96
- Trade accounts payable		-	250
Krungthai Thai IBJ Leasing Co., Ltd.	Same Ultimate Holding Company		
- Trade accounts payable		185	89

23.1.1 Movements of short-term borrowings

Movements of short-term borrowings from related financial institutions for the years ended December 31, 2018 and 2017 are as follows:

Related parties	Relationship	2018 Thousand Baht	2017 Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
Beginning balance		499,938	79,843
<u>Add</u> Borrowings during the year		19,049,969	7,220,095
<u>Less</u> Repayments during the year		(16,010,000)	(6,800,000)
Ending balance		<u>3,539,907</u>	<u>499,938</u>
KT Zmico Securities Co., Ltd.	Same Ultimate Holding Company		
Beginning balance		-	39,902
<u>Add</u> Borrowings during the year		3,799,872	2,268,098
<u>Less</u> Repayments during the year		(3,500,000)	(2,308,000)
Ending balance		<u>299,872</u>	<u>-</u>

As at December 31, 2018, short-term borrowings from related financial institutions are bills of exchange, carrying interest rate at that institution's rate (Money Market Rate), which is 1.61 - 2.00% per annum. (As at December 31, 2017 : 1.52% per annum)

23.2 The significant transactions with related parties

The significant transactions with related parties for the years ended December 31, 2018 and 2017 are as follows:

Related parties	Relationship	2018 Thousand Baht	2017 Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
- Fee and service income		2,746	33
- Other income		6,999	8,338
- Administrative expenses		334,442	307,476
- Finance costs		21,569	17,934
KTB Computer Services Co., Ltd.	Same Ultimate Holding Company		
- Other income		12,996	19,217
- Administrative expenses		2,658	8,314
Krungthai General Services and Security Co., Ltd.	Same Ultimate Holding Company		
- Administrative expenses		38,817	5,162
Krung Thai Assets Management Public Company Limited	Same Ultimate Holding Company		
- Fee and service income		7,670	8,554
- Administrative expense		79	78
Krungthai Panich Insurance Public Company Limited	Same Ultimate Holding Company		
- Fee and service income		18,474	10,212
- Other income		-	9,626
- Administrative expenses		-	27
KT Zmico Securities Co., Ltd.	Same Ultimate Holding Company		
- Administrative expenses		2	2
- Finance costs		3,166	2,257
Krungthai AXA Life Insurance Public Company Limited	Same Ultimate Holding Company		
- Fee and service income		266,224	276,958
- Other income		-	96
- Administrative expenses		6,112	40,456
Krungthai IBJ Leasing Co., Ltd.	Same Ultimate Holding Company		
- Administrative expenses		1,525	725

The above revenues and expenses are determined according to the following agreements:

- Credit card management service agreement

The Company entered into a credit card management service agreement with Krung Thai Bank Public Company Limited (“KTB”) whereby the Company agreed to provide management services to manage other credit cards for this financial institution. Those services included production services for all types of credit cards as well as other credit card services. The term of this agreement was for 15 years commencing on July 1, 2002. Subsequently, on May 15, 2006, the Company and KTB entered into credit card management service agreement’s amendment. Under the terms of the agreement’s amendment, the service fee for the period from July 1, 2008 until the termination date was at various rates depended on transaction volume. Other fees were calculated by using actual cost incurred plus service fee at agreed rate. However, the Company does not have impact from the expired agreement.

- Back office service agreement

The Company entered into a back office service agreement with Krung Thai Bank Public Company Limited (“KTB”) whereby the counterparty agreed to assist the Company (directly or indirectly through another related company) in computer system support and other services such as services to cardholders, member merchants and other related services. The term of this agreement is 15 years commencing July 1, 2002.

On September 19, 2016, the Company entered into the back office service agreement’s amendment (No. 11) with KTB, the service fee for July 1, 2016 to June 30, 2017 is Baht 8.51 million per year. The fee for other back office support is at various rates depended on volume of transaction.

Since the agreement was expired on June 30, 2017, the Company and KTB agreed to extend the agreement. The back office service agreement’s amendment (No. 12) dated June 30, 2017, is effective from July 1, 2017 to December 31, 2017 and there is no longer service fee per year.

On December 28, 2017, the Company has entered into the back office service agreement’s amendment (No. 13) with KTB, to extend the agreement’s service period, which will be effective from January 1, 2018 to March 31, 2018.

The price of service for related transactions between the Company and KTB is based on general market price and in the normal course of business.

- Business cooperation agreement

Since the back office service agreement between the Company and Krung Thai Bank Public Company Limited (“KTB”) was expired on March 31, 2018. The Company and KTB (“Counterparties”) entered into a business cooperation agreement dated March 30, 2018 to provide cooperation and support each other in existing and potential matters in the future. The counterparties will enter into a specific agreement, memorandum of agreement or other service request separately to determine details and conditions of cooperation, support or provide service in compliance with normal business operations of the counterparties.

The term of the business cooperation agreement is 5 years commencing on April 1, 2018. The expiration of this agreement will not impact the existence of agreement, memorandum of agreement or other service request under this agreement which are normal business activities of the counterparties.

- Payment system development agreements

On December 28, 2016, the Company entered into the agreement for consulting and electronic data processing services for KTB Computer Services Co., Ltd. (“KTBCS”) and providing leasing of related IT system for use and maintenance of computer system service, which are necessary for the above payment system. The term of this agreement is 1 year commencing from January 1, 2017 and effective until December 31, 2017. The agreement can be renewed by using a new agreement for 1 year each.

On December 25, 2017, the Company has entered into the agreement for consulting and electronic data processing services with KTBCS and providing leasing of related IT system for use and maintenance of computer system service, which are necessary for the above payment system. The term of this agreement is 1 year commencing from January 1, 2018 and will be effective until December 31, 2018. The agreement can be renewed by using a new agreement for 1 year each.

On December 26, 2018, the Company entered into the payment system development agreement’s amendment (No.1) with KTBCS, change service period of the agreement for consulting and electronic data processing service and providing leasing of related IT system for use and maintenance of computer system service, which are necessary for payment system (partial of payment system development agreements) will be effective until October 31, 2018.

As at December 31, 2018, the Company pledged Thai government bonds amount of Baht 2.2 million as collateral for commitment with KTBCS in execution of agreement (see Note 7) (As at December 31, 2017 : Baht 5.1 million).

The price of these two agreements between the Company and KTBCS is based on the scope of work and service hours. The agreement and hiring conditions are in the normal course of business.

23.3 Management remuneration

Management remuneration for the years ended December 31, 2018 and 2017 consist of the following:

	2018 Thousand Baht	2017 Thousand Baht
Short-term management remuneration	203,638	196,869
Long-term management remuneration	8,850	5,436
Total	212,488	202,305

24. FINANCIAL INSTRUMENTS INFORMATION DISCLOSURES

During the years 2018 and 2017, the Company did not speculate in or engage in the trading of any derivatives.

24.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted the policy of only dealing with creditworthy counterparts as a means of mitigating the risk of financial losses from defaults.

In the case of recognized financial assets, the carrying amount of the assets recorded in the statements of financial position, net of allowance for doubtful accounts, represents the Company's maximum exposure to credit risk.

The Company's major business is the issuing of credit cards and provision of loan financing. The Company has established processes for approving credit lines, as well as consistently applied billing and collection processes.

24.2 Liquidity risk

Liquidity risk arises in the general funding of the Company's activities. It includes both the risk of being unable to obtain source of fund at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate timeframe.

The Company has access to a diverse funding base. Funds are raised using a broad range of instruments including liabilities evidenced by paper, subordinated liabilities and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Company strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Company continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Company strategy. As at December 31, 2018 and 2017, the Company has a credit line with a related financial institution in the sum of Baht 18,030 million in both years.

24.3 Interest rate risk

Interest rate risk is the effect of changes in interest rate on the assets and liabilities to the company's profit. The risk arises from timing difference in the residual term (for the case of fixed rate) and the next repricing (for the case of floating rate) of assets and liabilities or the changes of market interest rate which cause the interest rate of assets and liabilities to change disproportionately though the residual term of assets and liabilities is equal to the next repricing term. The risk management is aimed at optimizing the net income under given market interest rate levels consistent with business strategy of the company.

As at December 31, 2018 and 2017, financial assets and liabilities exposed to interest rate risk are as follows:

As at December 31, 2018								
	Depend on market rate	The earlier of remaining period of contract maturity or repricing date			Non-rate sensitive	Total	Average interest rate	
	0-1 month	Within 1 year	1-5 years	More than 5 years			Floating rate	Fixed rate
	0-1 month	Within 1 year	1-5 years	More than 5 years			Million Baht	% p.a.
Financial assets								
Cash and cash equivalents	220	-	-	-	2,502	2,722	0.38	-
Trade accounts receivables	-	61,411	110	-	16,681	78,202	18.52	4.71
Investments	-	-	7	2	-	9	-	2.22
Financial liabilities								
Short-term borrowings	4,390	4,400	-	-	(3)	8,787	2.00	1.74
Long-term debentures	-	5,285	22,905	17,145	-	45,335	-	3.12

As at December 31, 2017								
	Depend on market rate	The earlier of remaining period of contract maturity or repricing date			Non-rate sensitive	Total	Average interest rate	
	0-1 month	Within 1 year	1-5 years	More than 5 years			Floating rate	Fixed rate
	0-1 month	Within 1 year	1-5 years	More than 5 years			Million Baht	% p.a.
Financial assets								
Cash and cash equivalents	227	-	-	-	1,474	1,701	0.38	-
Trade accounts receivables	-	57,741	59	-	15,688	73,488	18.43	4.39
Investments	-	3	7	2	-	12	-	2.22
Financial liabilities								
Short-term loans	3,470	6,600	-	-	(2)	10,068	1.82	1.68
Long-term debentures	-	7,270	20,515	15,570	-	43,355	-	3.32

24.4 Fair value

The fair value disclosures of financial instruments, considerable judgment is necessarily required in estimation of fair value. Accordingly, the estimated fair value presented herein is not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company in estimating fair values of financial instruments.

Fair value of assets and liabilities and their fair value hierarchy level classification are summarized as follows:

	As at December 31, 2018		Fair value hierarchy	Valuation techniques and key inputs used in fair value measurements
	Carrying amount	Fair value		
	Million Baht	Million Baht		
Assets				
Trade accounts receivables	72,713	72,713	2	Fair value is subject to market interest net of allowance for doubtful accounts.
Investments	9	9	2	Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association
Liabilities				
Short-term borrowings from financial institutions	8,787	8,787	2	Fair value is subject to market interest rate.
Deferred income for reward points	2,336	2,336	3	Estimates of redemption rate of the reward points earned by the customers and fair value of reward
Long-term debentures	45,335	45,925	2	Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association

	As at December 31, 2017		Fair value		Valuation techniques and key inputs used in fair value measurements
	Carrying amount	Fair value	Hierarchy		
	Million Baht	Million Baht			
Assets					
Trade accounts receivables	67,788	67,788	2		Fair value is subject to market interest rate net of allowance for doubtful accounts.
Investments	12	12	2		Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association
Liabilities					
Short-term loans from financial institutions	10,068	10,068	2		Fair value is subject to market interest rate.
Deferred income for reward points	2,559	2,559	3		Estimates of redemption rate of the reward points earned by the customers and fair value of reward
Long-term debentures	43,355	44,461	2		Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association

25. CONTINGENT ASSETS AND LIABILITIES

The Company had hired a vendor for implementation of computer development. Subsequently, such vendor was in default under the contract; therefore, the Company terminated the contract and brought an action to the Central Intellectual Property and International Trade Court against such vendor for demanding compensation of Baht 605.49 million. However, such vendor also filed a claim with the Southern Bangkok Civil Court against the Company from the same case regarding unfair termination for demanding compensation of Baht 533.30 million. Currently, the Southern Bangkok Civil Court struck the case that the vendor filed a claim out of the case list. On August 2, 2013, the vendor submitted the motion requesting for an amendment to the answer and the counter - claim of the Company to the Central Intellectual Property and International Trade Court for their damages from this dishonest terminated the contract of Baht 537.31 million.

Subsequently, on March 18, 2016, the Central Intellectual Property and International Trade Court rendered judgment of the case by request the vendor to repay compensation of Baht 354.05 million to the Company, including interest at the rate of 7.5% annually. The court also dismissed the counterclaim of the vendor, and the vendor used its right to appeal the judgment of the Court.

On October 31, 2018, the Supreme Court has rendered judgment of the case by reversal of the judgment of the Central Intellectual Property and International Trade Court. The decision illustrated that the vendor breached of the contract; therefore, the Supreme Court has not made a decision on any damages of the vendor from the counterclaim. For compensation of Baht 354.05 million which the Central Intellectual Property and International Trade Court requested the vendor to repay to the Company, the Supreme Court has rendered judgement that the amount paid to the vendor is a mutually agreed based on installment due for implementation including equipment costs; therefore, the Supreme Court has not determined any damages to the Company.

However, in 2012, the Company recorded allowance for impairment of certain equipment and cost of computer development by the estimated unrecoverable amount (see Note 8 and Note 9). Consequently, the judgment of the Supreme Court will not have any significant impact to the Company.

26. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the authorized directors of the Company on February 11, 2019.

Financial Positions and Operating Results

1. Key Financial Information

1.1 Summarized Report of the Certified Public Accountants for financial statements year 2016 - 2018

Audit of financial statements for the year ended December 31st, 2016

Ms. Nisakorn Songmanee, a certified public accountant from Deloitte Touche Tohmatsu Jaiyos Audit Co., LTD., expressed her unqualified opinion that Krungthai Card Public Company Limited's financial statements, comprising of statement of financial position as of December 31st, 2016, statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year ended, presented fairly, in all material respects, the company's financial position, operating results and cash flows in conformity with Thai Financial Reporting Standards.

Audit of financial statements for the year ended December 31st, 2017

Ms. Nisakorn Songmanee, a certified public accountant from Deloitte Touche Tohmatsu Jaiyos Audit Co., LTD., expressed her unqualified opinion that Krungthai Card Public Company Limited's financial

statements, comprising of statement of financial position as of December 31st, 2017, statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year ended, presented fairly, in all material respects, the company's financial position, operating results and cash flows in conformity with Thai Financial Reporting Standards.

Audit of financial statements for the year ended December 31st, 2018

Dr. Suphamit Techamontrikul, a certified public accountant from Deloitte Touche Tohmatsu Jaiyos Audit Co., LTD., expressed his unqualified opinion that Krungthai Card Public Company Limited's financial statements, comprising of statement of financial position as of December 31st, 2018, statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year ended, presented fairly, in all material respects, the company's financial position, operating results and cash flows in conformity with Thai Financial Reporting Standards.

1.2 Financial Statement 2016 - 2018

KRUNGTHAI CARD PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION

As at December 31st, 2016 - 2018, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd

Unit : Million Baht	Financial Statement					
	2016	%	2017	%	2018	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	1,165	1.7%	1,701	2.3%	2,722	3.4%
Long - term investment with maturity within one year	-	-	3	0.0%	-	-
Credit card receivables - net	42,988	62.9%	45,048	61.2%	47,937	60.2%
Circle loan receivables - net	157	0.2%	142	0.2%	130	0.2%
Personal loan receivables - net	20,154	29.5%	22,596	30.7%	24,644	30.9%
Self - employed loan receivables - net	3	0.0%	2	0.0%	2	0.0%
Other receivables	1,101	1.6%	1,264	1.7%	1,387	1.7%
Total Current Assets	65,569	96.0%	70,756	96.1%	76,822	96.5%
NON - CURRENT ASSETS						
Long - term investment	10	0.0%	9	0.0%	9	0.0%
Leasehold improvements and equipment	465	0.7%	516	0.7%	529	0.7%
Intangible assets	500	0.7%	509	0.7%	506	0.6%
Deferred tax assets	1,683	2.5%	1,764	2.4%	1,692	2.1%
Other non - current assets	70	0.1%	81	0.1%	90	0.1%
Total Non-current Assets	2,729	4.0%	2,880	3.9%	2,825	3.5%
TOTAL ASSETS	68,297	100.0%	73,636	100.0%	79,648	100.0%
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Short - term borrowings from Financial Institutions						
- Related financial institutions	120	0.2%	500	0.7%	3,840	4.8%
- Other financial institutions	9,545	14.0%	9,568	13.0%	4,948	6.2%
Trade accounts payable - Related financial institution and related parties	991	1.5%	1,319	1.8%	1,781	2.2%
Trade accounts payable - Other companies	375	0.5%	359	0.5%	505	0.6%
Accrued interest expenses	277	0.4%	293	0.4%	378	0.5%
Current income tax payable	336	0.5%	428	0.6%	609	0.8%
Accrued expenses	1,028	1.5%	1,056	1.4%	1,087	1.4%
Other Payables	1,120	1.6%	1,302	1.8%	2,069	2.6%
Current portion of long - term loans	-	-	-	-	-	-
Current portion of long - term debentures	9,568	14.0%	7,270	9.9%	5,285	6.6%

KRUNGTHAI CARD PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at December 31st, 2016 - 2018, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd

Unit : Million Baht	Financial Statement					
	2016	%	2017	%	2018	%
Deferred income for reward points	2,488	3.6%	2,559	3.5%	2,336	2.9%
Total Current Liabilities	25,848	37.8%	24,653	33.5%	22,837	28.7%
NON - CURRENT LIABILITIES						
Long - term loans	-	-	-	-	-	-
Long - term debentures	31,855	46.6%	36,085	49.0%	40,050	50.3%
Provisions for employee benefits	273	0.4%	320	0.4%	409	0.5%
Total Non-current Liabilities	32,128	47.0%	36,405	49.4%	40,459	50.8%
TOTAL LIABILITIES	57,976	84.9%	61,059	82.9%	63,296	79.5%
Authorized share Capital						
- 2,578,334,070 ordinary shares of Baht 1.00 each					2,578	3.2%
- 2,578,334,070 ordinary shares of Baht 10.00 each	2,578	3.8%	2,578	3.5%		
Issued and paid share capital						
- 2,578,334,070 ordinary shares of Baht 1.00 each, Fully paid					2,578	3.2%
- 2,578,334,070 ordinary shares of Baht 10.00 each, Fully paid	2,578	3.8%	2,578	3.5%		
Share Premium on ordinary shares	1,892	2.8%	1,892	2.6%	1,892	2.4%
Retained Earning						
- Appropriated - Legal Reserve	258	0.4%	258	0.4%	258	0.3%
- Unappropriated	5,594	8.2%	7,849	10.7%	11,624	14.6%
Total Shareholders' Equity	10,322	15.1%	12,577	17.1%	16,352	20.5%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	68,297	100.0%	73,636	100.0%	79,648	100.0%

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year End December 31st, 2016 - 2018 audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd

Unit : Million Baht	Financial Statement					
	2016	%	2017	%	2018	%
Income						
Interest Income - Credit Card	4,321	24.6%	4,632	23.7%	4,884	23.0%
Interest Income - Circle Loan	29	0.2%	25	0.1%	23	0.1%
Interest Income - Personal Loan	2,880	16.4%	3,424	17.5%	3,883	18.3%
Interest Income - Self-Employed Loan	19	0.1%	13	0.1%	7	0.0%
Fee and service income	7,421	42.2%	8,120	41.6%	8,640	40.8%
Bad Debt Recovered	2,398	13.6%	2,855	14.6%	3,342	15.8%
Gain on exchange rate - net	119	0.7%	139	0.7%	142	0.7%
Other income	394	2.2%	319	1.6%	277	1.3%
Total Revenues	17,580	100.0%	19,525	100.0%	21,198	100.0%
Expenses						
Administrative expenses	6,702	38.1%	6,941	35.5%	7,311	34.5%
Management remuneration	199	1.1%	202	1.0%	212	1.0%
Bad debts and doubtful accounts - Credit card	3,359	19.1%	3,431	17.6%	2,858	13.5%
Bad debts and doubtful accounts - Circle loan	7	0.0%	5	0.0%	5	0.0%
Bad debts and doubtful accounts - Personal loan	2,692	15.3%	3,180	16.3%	2,834	13.4%
Bad debts and doubtful accounts - Self-employed loan	13	0.1%	12	0.1%	6	0.0%
Bad debts and doubtful accounts - Others	-	-	-	-	-	-
Finance Costs	1,482	8.4%	1,629	8.3%	1,555	7.3%
Total Expense	14,454	82.2%	15,399	78.9%	14,782	69.7%
Profit before income tax	3,126	17.8%	4,127	21.1%	6,416	30.3%
Income Tax Expense	(631)	3.6%	(822)	4.2%	(1,277)	6.0%
Net Profit For The year	2,495	14.2%	3,304	16.9%	5,140	24.2%
Other comprehensive income (loss)						
Gains (losses) on remeasurements of defined benefit plans	(84.83)	0.5%	(21.91)	0.1%	1.73	0.01%
Income tax relating to components of other comprehensive income (loss) that will not be reclassified to profit or loss	(16.97)	0.1%	(4.38)	0.0%	0.35	0.0%
Other comprehensive income (Loss) for the year, Net of Tax	(67.86)	0.4%	(17.52)	0.1%	1.38	0.01%
Total Comprehensive Income for the year	2,427	13.8%	3,287	16.8%	5,141	24.3%
Basic Earnings Per Share (Baht)	0.97	-	1.28	-	1.99	-

KRUNGTHAI CARD PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS

For the year ended December 31st, 2016 - 2018 audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd

Unit : Million Baht	Financial Statement		
	2016	2017	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	3,126	4,127	6,416
Amortization of premium on debt securities	0.2	0.1	0.03
Amortization of premium on debt securities on bill of exchange	21	1	6
Employee benefits expense	28	34	117
Depreciation and amortization	299	350	352
(Gain) loss from disposal and written - off of leasehold improvements and equipment - net	0.4	(0.1)	0.2
Deferred income for reward points increase (decrease)	121	71	(223)
Bad debts and doubtful accounts	6,070	6,627	5,703
Interest expense	1,467	1,612	1,537
	11,133	12,822	13,908
Operating assets increase			
Trade accounts receivable increase	(13,694)	(11,109)	(10,628)
Other receivables increase	(53)	(166)	(123)
Other non-current assets increase	(5)	(11)	(9)
Operating liability increase (decrease)			
Trade accounts payable - related financial institution and related parties increase	(51)	328	462
Trade accounts payable - other companies increase	95	10	9
Accrued interest expenses increase (decrease)	13	12	(0.4)
Current income tax payable decrease	(0.2)	(0.1)	(0.02)
Accrued expenses increase	90	28	31
Other payables increase	96	182	768
Cash received from operations	(2,376)	2,095	4,419
Interest expense paid	(1,452)	(1,607)	(1,452)
Employee benefits paid	-	(8)	(27)
Income tax paid	(683)	(806)	(1,024)
Net cash provided by (used in) operating activities	(4,510)	(327)	1,916
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchase of long term investment	(10)	(2)	-
Cash received from sale of long - term investment	20	-	3
Cash paid for purchase of leasehold improvements and equipment	(258)	(245)	(93)
Cash paid for purchase of computer software	(190)	(193)	(132)

KRUNGTHAI CARD PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended December 31st, 2016 - 2018, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

Unit : Million Baht	Financial Statement		
	2016	2017	2018
Proceeds from sale of leasehold improvements	0.8	0.3	0.3
Net cash used in investing activities	(438)	(439)	(222)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from (cash paid for) short - term borrowings from financial institutions (net)	(4,340)	402	(1,287)
Cash paid for repayment of long - term loans	(1,850)	-	-
Proceeds from issuance of long - term debentures	18,000	11,500	9,250
Cash paid for redemption of long - term debentures	(5,800)	(9,568)	(7,270)
Dividend Paid	(838)	(1,031)	(1,366)
Net cash provided by (used in) financing activities	5,172	1,302	(673)
NET INCREASE IN CASH AND CASH EQUIVALENTS		225	536
CASH AND CASH EQUIVALENTS AS AT JANUARY 1st,		941	1,165
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31st,		1,165	1,701
			2,722

1.3 Key Financial Ratio

Key Financial Ratio

		As of December 31 st , 2016	As of December 31 st , 2017	As of December 31 st , 2018
Profitability Ratio				
Gross Profit Margin	%	85.9%	85.8%	86.8%
(Net Profit Margin)	%	14.2%	16.9%	24.2%
Return on Equity (ROE)	%	26.2%	28.9%	35.5%
Average Interest Received ⁽¹⁾	%	18.2%	18.3%	18.0%
Average Cost of Fund	%	3.1%	3.1%	2.9%
Net Interest Margin	%	15.1%	15.1%	15.1%
Efficiency Ratio				
Interest Revenue / Total Asset ⁽¹⁾	%	14.6%	14.6%	14.5%
Return on Asset (ROA)	%	3.9%	4.7%	6.7%
Asset Turnover	times	0.27	0.28	0.28
Financial Ratio				
Debt to Equity (D / E)	times	5.62	4.85	3.87
Loan to Borrowing	%	134.5%	137.6%	144.5%
Interest Coverage Ratio	times	3.11	3.53	5.13
Dividend Payout Ratio	%	41.3%	41.4%	41.1% ⁽²⁾
Asset Quality Ratio				
Allowance for Doubtful A / C to Total Receivables	%	7.9%	7.8%	7.0%
Bad Debt / Total Receivables	%	8.3%	8.6%	7.6%
% NPL	%	1.7%	1.3%	1.1%
% NPL Credit Card	%	1.2%	1.1%	1.0%
% NPL Personal Loan	%	0.9%	0.8%	0.8%

⁽¹⁾ Credit usage fee is included in the calculation

⁽²⁾ The right to receive dividends is unconfirmed until approved by the Annual General Shareholders Meeting 2019 (No. 17)

2. Management Discussion and Analysis

2.1 Commentary & analysis for the company's financial positions and 2016 - 2018 performance

2.1.1 Commentary for the company's 2016 - 2018 financial statements

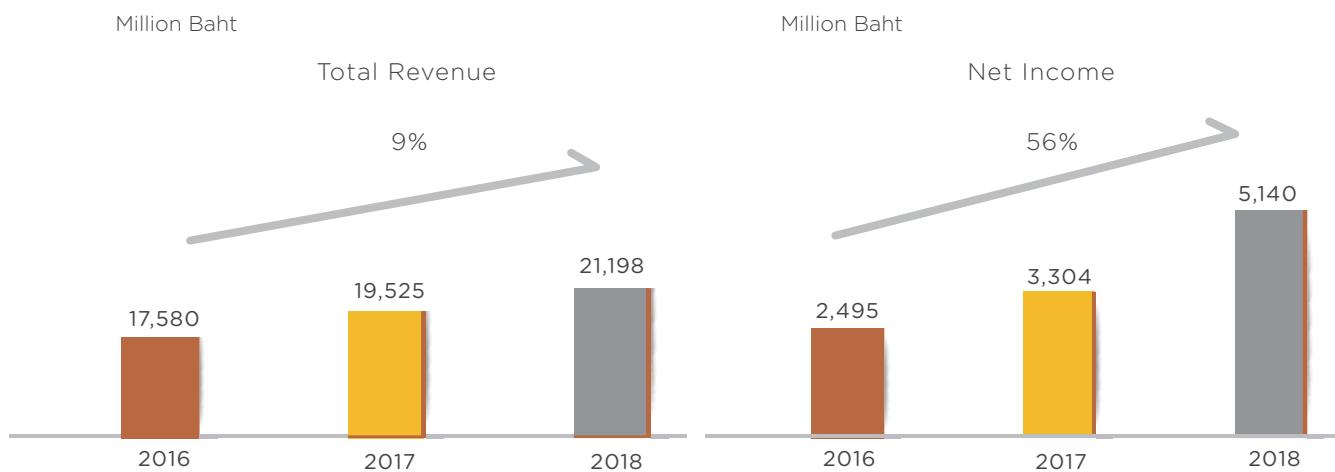
Basis for preparation and presentation of the financial statements 2016 - 2018

The company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand. Details of the reporting standard for the financial reports are available in the footnotes to the financial reports of that respective year.

2.1.2 Analysis for the company's financial positions and 2016 - 2018 performance

Overall performance analysis for year 2018

In 2018, the company had not just continued to attain its sustainable profit growth from last year but also achieved its new record-breaking profit with total revenue growth of 9%. Although the company had faced the constantly increased and intense competition in consumer finance business, the challenge from changes in consumer behavior, the impacts from rapid technological advancement, as well as strict regulations from regulatory bodies, the company had tirelessly adjusted and improved its business plans to respond promptly to these changes. For this year, KTC reported a net profit of 5,140 MB, a 56% growth from last year. Due to the Company's abilities to continuously adapt itself to the aforementioned challenges, its credit card spending continued to expand, so did credit card and personal loan receivables. Yet, the company still monitored the standard of its credit card approval process strictly under appropriate guidelines and criteria suitable for each target group's risk profile. In addition, with the company's capability in effectively managing its debt collection, its NPL level had remained lower than that of the industry. KTC's performance overview can be summarized as the followings.



- Total comprehensive income for year 2018 amounted to 5,141 MB, a growth of 56% (yoY), composing of net profit 5,140 MB and other comprehensive income net of tax 1.4 MB which was estimated from employee benefit program and income tax relating to items that will not be reclassified subsequently.

- Credit card spending continued to grow in every quarter of year 2018. By quarterly comparison, KTC's growth (YoY) in Q1, Q2, Q3 and Q4 was at 8.4%, 7.1%, 10.7%, and 10.5% respectively whereas the industry's was at 10.1%, 11.5%, 9.9% and 8.9% respectively. For the whole year of 2018, the industry's growth was at 10.0%

while KTC's was at 9.2%, with its total credit card spending amounted to 193,101 MB. The company also expanded its credit card member base with the growth of 10.1% (YoY). Under its modified conceptual framework according to consumer behavioral change, the company had continuously introduced its unique marketing campaigns throughout the year to assure both old and new customers' satisfaction. Furthermore, the company had offered not only its additional benefits thru discounts, cashback and points redemption but also online services which are simple and convenient to use. All these factors had contributed to the growth of credit card spending.

Operating Result (unit : Million Baht)	Y2018	Revenue (%)	Y2017	Revenue (%)	YoY (%)
Total Revenue	21,198	100%	19,525	100%	9%
- Bad debt recovery	3,342	16%	2,855	15%	17%
Administrative Expense	7,524	35%	7,143	37%	5%
Financial Expenses	1,555	7%	1,629	8%	-5%
Bad debt and Doubtful Accounts	5,703	27%	6,627	34%	-14%
Profit before tax	6,416	30%	4,127	21%	55%
Income tax expense	(1,277)	6%	(822)	4%	55%
Net Profit	5,140	24%	3,304	17%	56%
Other Comprehensive income for the year net of income tax	1	0%	(18)	0%	-108%
Total Comprehensive Income for the year	5,141	24%	3,287	17%	56%

In term of merchant business, the company's merchant volume for year 2018 grew at 10.1% to 85,732 MB, up from 77,884 MB, with merchant outlets increased from 32,875 to 36,837, up 12.1%. The volume increase was resulted from the merchant expansion and EDC terminal installation campaign. Additionally, in August 2018, KTC had successfully tested and got approval from the Bank of Thailand to take its card payment service through QR Code out of Regulatory Sandbox, hence enabling the company to offer this QR Code payment service to the general public. This KTC QR Pay channel not only would yield in more new merchants acquiring business but would also offer KTC's members to newly experience different ways of payment including Fitbit Pay, Garmin Pay and Samsung Pay.

- Total receivables for year 2018 was 78,202 MB, a 6% growth from the previous year. Credit card receivables increased from 48,388 MB to 51,062 MB and personal loan receivables increased from 24,757 MB to 26,821 MB.
- Total revenue was up 9% compared to last year or amounted to 21,198 MB, resulting from the increase in interest income (including credit usage fee) of 6%, in fee income of 13% and in bad debt recovery income of 17%.

• Net interest margin for year 2018 was at 15.10%, almost unchanged from the last year level of 15.13%. The company's average interest received was lower and so was its financing cost. Therefore, net interest margin hardly changed from the prior year.

• Total receivable portfolio's quality was effectively managed. Its total NPL this year was down to 1.1%, from 1.3% (YoY) and expected to be continuously maintained at this low level.

• Bad debts and doubtful accounts amounted to 5,703 MB, decreased by 14% compared to the previous year. This was due to better portfolio quality, thus less bad debt write-offs and less provisions are required. The company's allowance for doubtful accounts to NPL ratio remained at the high level of 616%.

• Operating cost to income ratio was at 26.6%, down from last year's 27.6%, indicating that the company was still able to manage its expense ratio efficiently.

Business Overview 2018

In 2018, the Bank of Thailand had forecasted GDP growth of 4.2% higher from last year of 3.9%, mainly on the back of ongoing growth of domestic demand. Household spending had continued to expand well. Private consumption had still grown steadily from consumer spending in almost all product categories. Government spending and private investment had also continuously expanded. Yet, external demand had been slow down especially in tourism and export sectors. Global economy had still faced high risk of fluctuation and expanded lower than anticipated. Rising trade barriers, along with the increase in global interest rates faster than economic fundamental factors had also

contributed to global economy slowdown. However, continued government spending was still the key driving force for domestic economy to continually expand as estimated.

For 2019 outlook, Thai economy is expected to expand at a slower pace with GDP growth forecast of 3.9%-4.0%. Main driving forces would be from continually expansion in household spending, accelerated government investment, as well as ongoing growth in private investment. The number of tourists is expected to return to normal since the first quarter of 2019 thanks to the government's additional measures to ensure tourist safety and security and to promote tourism. Export sector is also estimated to remain growing at a satisfactory level. Moreover, change in trade direction and production will support the expansion in Thai economy. However, global economy and its financial conditions have continued facing high risk of fluctuation, thus possibly leading to lower than estimated growth. The increase in global interest rates faster than economic fundamental factors might also affect global economy slowdown, therefore in turn causing the impact on Thai economy.

In 2018, overall consumer finance industry had continued to grow from last year. The industry's credit card receivables as of December 2018 amounted 418,747 MB, a 6.2% growth, compared to last year of a 9.4% growth with total amount of 394,123 MB. The industry's personal receivables amounted to 383,278 MB, an 8.2% growth, up from that of 6.4% in 2017. The industry's total credit card spending amounted to 1,730,488 MB, a 10% growth, higher than last year of 5.7%. This was due to overall Thai economic recovery and the stimulation in government spending.

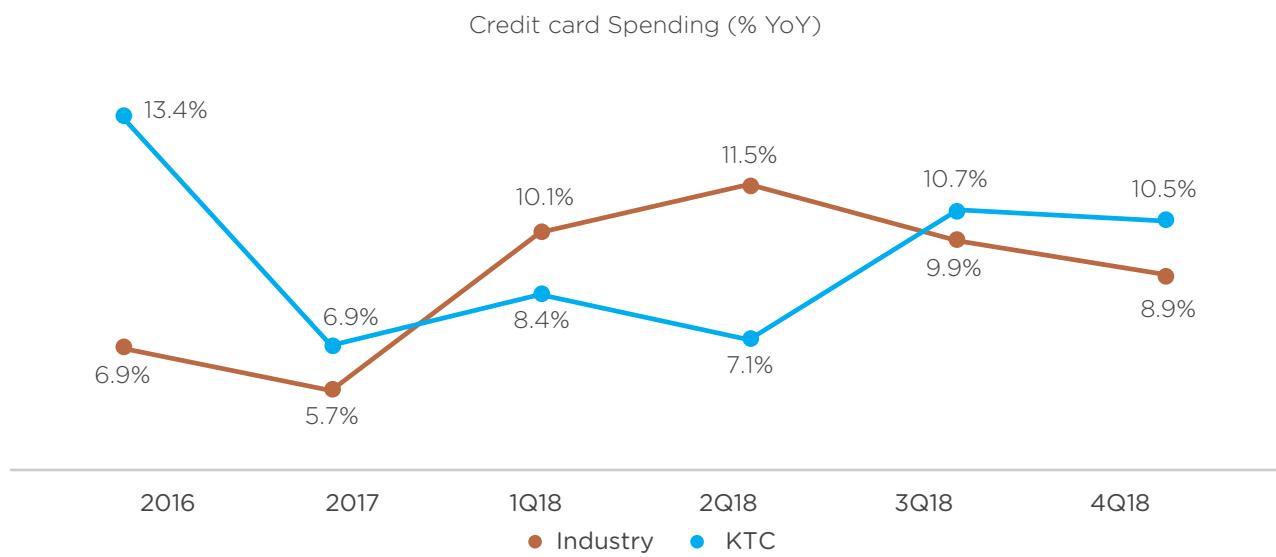
Industry Comparison	2016	2017	2018
Credit Card Receivable (MB)	360,096	394,123	418,747
Growth (%)	8.0%	9.4%	6.2%
KTC credit card receivables to industry (%)	12.8%	12.3%	12.2%
Number of cards (cards)	20,136,341	20,334,780	22,105,554
Growth (%)	6.1%	1.0%	8.7%
Credit card spending (MB)	1,488,273	1,572,599	1,730,488
Growth (%)	6.9%	5.7%	10.0%
KTC credit card spending to industry (%)	11.1%	11.2%	11.2%
Personal loan receivables (MB)	332,997	354,243	383,278
Growth (%)	4.6%	6.4%	8.2%
KTC Personal loan receivables to industry	6.6%	7.0%	7.0%

Source : The Bank of Thailand

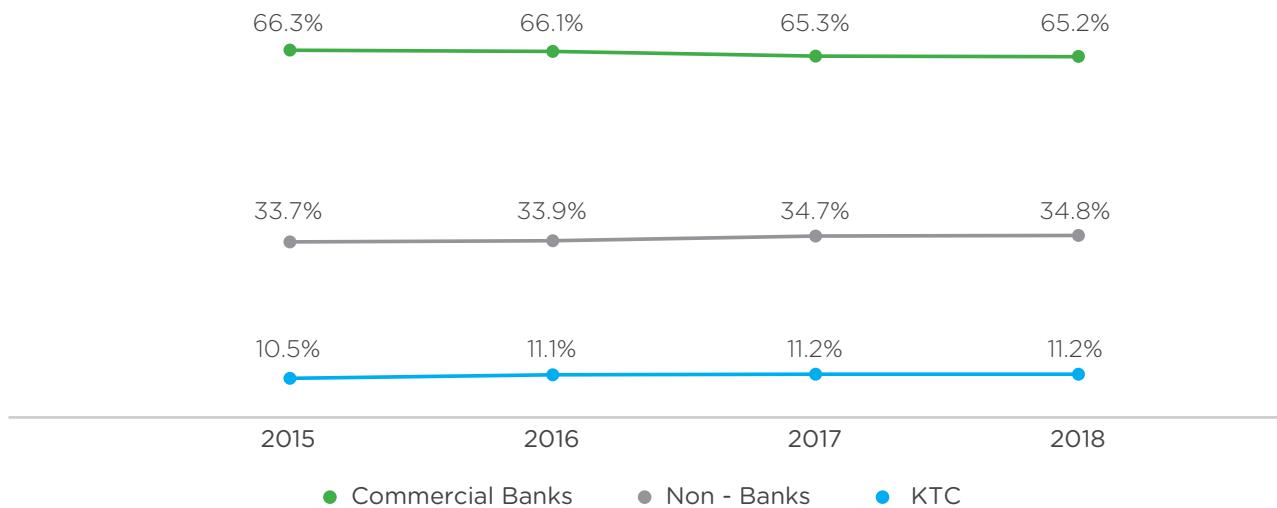
In 2018, KTC's credit card receivables accounted for 12.2% of the industry, almost unchanged from last year of 12.3%, with its credit card spending's market share at the same level as last year of 11.2%. For personal loan receivables, KTC accounted for 7% of the industry, unchanged from last year.

KTC's credit card spending growth higher than the industry's

The company's credit card spending for year 2018 compared to the industry. KTC's credit card spending growth for year 2018 was at 9.2%, compared to that of the industry at 10%. The company's market share at the end of 2018 was at 11.2%, same as last year.



Credit Card Spending Market Share



Higher interest income from two main businesses

- Higher total revenue. Total revenue for 2018 amounted to 21,198 MB, a 9% increase. Interest income (including credit usage fee), fee income and other incomes amounted to 12,641 MB, 4,795 MB and 3,342 MB respectively and were accounted for 60%, 23% and 16% of total revenue respectively. In term of other revenues, 89% of those were mainly from bad debt recovery.

- Interest income growth contributed mainly from personal loan receivable. Credit card receivable and personal loan receivable portfolios grew at 6% and 8% respectively. Interest income (including credit usage fee) amounted to 12,641 MB, with credit card's interest income slightly down by 1% due to the impact of the decrease in interest rate charged from 20% to 18%. Nonetheless, personal loan's interest income was up 13%, thus total interest income still grew at 6%. The company had continued to expand its member base

and design its marketing campaigns to satisfy member's demands and to thoroughly cover their daily transactions so that they would use KTC as their primary card. KTC FOREVER points were also used to promote member's long-term loyalty. The company had also adapted online technologies to its businesses. Furthermore, the company had expanded its member base to premium customers, adding to its existing customers.

- Maintained net interest margin. The company's average interest rate received for year 2018 was at 17.99%, down from last year of 18.25%. Its cost of fund for 2018 was also lower to 2.89%, from last year of 3.12%. Hence, net interest margin slightly decreased to 15.10% from 15.13%. This was due to the decline in average interest received was almost the same as the decline in cost of fund.

Unit: Million Baht	2018	% of total revenue	2017	% of total revenue	Growth
Total interest income including credit usage fee	12,641	60%	11,960	61%	6%
- Credit card receivables	5,820	27%	5,894	30%	-1%
- Personal loan receivables	6,791	32%	6,027	31%	13%
- Other receivables (Circle loans / self - employ)	30	0.1%	39	0.2%	-23%
Fee income (excluding credit usage fee)	4,795	23%	4,253	22%	13%
Financial cost	1,555	7%	1,629	8%	-4%
Net Interest Margin	15.10%		15.13%		

- Higher fee income. Fee income (excluding credit usage fee) grew at 13% compared to the previous year or amounted to 4,795 MB. The increase resulted mainly from merchant discounts fee which is the fee charged to KTC merchants for providing services, from cash advance fee and from interchange fee which is the fee charged between issuing banks or issuing credit card companies and banks or intermediary payment companies. However, fee income from bad debt recovery grew at a slower pace.

Expense Management

- Total expense decreased by 4% (YoY) due to less provision set up and less bad debts write - offs. For year 2018, the company's total expense (excluding income tax) amounted to 14,782 MB, down 4% from 15,399 MB. Total administrative expense was up 5% (YoY), composing of the 6% (YoY) increase in personnel expense, the 5% (YoY) increase in marketing expense from new member acquiring cost which helped grow member base more than 10%, the 5% (YoY) increase in fee expense from higher transaction volumes and higher fee from outsourced debt collection, as well as the 5% (YoY) increase in other administrative expense. Bad debts and doubtful accounts were down by 14%

(YoY) as a resulting of less provisions set up from ongoing high quality of receivable portfolio, along with less bad debts write - offs. The company's cost of fund was also lower by 5% (YoY) due to the fact that the company had efficiently managed its funding as well as suitably apportioned its funding sources, therefore less amount of interest paid.

- Improved operating cost to income ratio compared to last year due to enhanced working procedures. Total cost to income ratio was at 35.5%, lower from the previous year of 36.6%. When operating expense excluding marketing expense and interchange fee expense was only considered, net operating cost to income ratio was at 26.6%, down from last year of 27.6%. This is owing to the continually improvement in working procedures. The company also enhanced its communication tool with cardmembers, the application 'KTC Mobile' (used to name 'TapKTC'), to assure its simplicity and convenience and to satisfy member's needs as 'KTC Mobile' can help them to control their expense and risk. In addition, the increase in the company's net income together with the decline in its total expense coordinately resulted in its higher performance.

Unit : Million Baht	2018	% of total revenue	2017	% of total revenue	Growth
Personal Expense	2,374	11%	2,231	11%	6%
Marketing Expense	909	4%	866	4%	5%
Fees	2,366	11%	2,258	12%	5%
Other Administrative Expense	1,874	9%	1,787	9%	5%
Total Administrative Expense	7,524	35%	7,143	37%	5%

Maintained high quality of receivable portfolio.

• Total receivable portfolio continued to grow. In 2018, total receivables amounted to 78,202 MB, up 6% from last year. Total credit card receivables amounted to 51,062 MB (up 6% YoY) and total personal loan receivables amounted to 26,821 MB (up 8% YoY). When deducting the allowance for doubtful accounts of 5,498 MB, the company's net receivables was at 72,713 MB, with the amount of 47,937 MB which was 66% of total net receivables accounted for net credit card receivables, and with the amount of 24,644 MB accounted for net personal loan receivables. The

continuing growth of total receivable portfolio was due to the increase in credit card spending and the increase in cash withdrawal from KTC PROUD cash card.

• Increase in member base from new membership acquiring in both businesses. At the end of December 2018, the company had total members of 3.3 million accounts, up by 10.5% compared to last year, with current membership consisting of total number of 2,387,659 credit cards (grew at 10.1%) and total number of 951,882 personal loan accounts (grew at 11.6%).

Unit : Million Baht	2018	% of total revenue	2017	% of total revenue	Growth
- Credit card's bad debts and doubtful accounts	2,858	13%	3,431	18%	-17%
- Personal loan's bad debts and doubtful accounts	2,834	13%	3,180	16%	-11%
- Other bad debts and doubtful accounts	11	0.1%	17	0.1%	-34%
Total bad debts and doubtful accounts	5,703	27%	6,627	34%	-14%

*Other loans includes include circle loans, self-employed loans etc.

• NPL level continued to lower. Due to the company's emphasis on portfolio quality, total portfolio NPL for 2018 stood at 1.1%, dropped from last year of 1.3% with credit card NPL down to 1.0% from 1.1% while personal loan NPL unchanged from last year at 0.76%. With high quality of incoming receivable portfolio, even applying the previous calculation method for bad debts write offs, the company still had lower level of NPL, thus contributing to the remaining high ratio of the allowance for doubtful accounts to NPL at 616%, compared to last year of 589%.

• Less bad debts and less provision set up. Bad debts and doubtful accounts for 2018 amounted to 5,703 MB, down 14% from last year of 6,627 MB. Not only the company's provision was set up less due to its better receivable portfolio's quality, but the company's write offs for bad debts that were in legal process and due for write offs this year was also declined by 7% (YoY), with write offs in credit card and personal loan down by 10% and 0.2% respectively.

KTC Financial Highlight (Unit : Million Baht)	2018	2017	Growth (% YoY)
Total Revenue	21,198	19,525	9%
Total Expense (Excluding Financial Cost)	13,226	13,770	-4%
Total Expense (Including Financial Cost)	14,782	15,399	-4%
Net Profit	5,140	3,304	56%
Credit card net receivables	47,937	45,048	6%
Personal loan net receivables	24,644	22,596	9%
Other net receivables	132	144	-8%
Total Assets	79,648	73,636	8%
Total Borrowing	54,122	53,423	1%
Total Liabilities	63,296	61,059	4%
Total Shareholders' Equity	16,352	12,577	30%

* Other loans include circle loan, self employed loan, etc.

Financial status and sources of fund raising

- Increased assets from receivables portfolio. The company's assets at the end of 2018 were at 79,648 MB, increased from 73,636 MB by 8% compared to the previous year. The main income generating assets were net receivables of 72,713 MB, accounted for 91% of total assets whereas the rest of 9% comprised of cash, other receivables, deferred tax assets and other assets.
- Effective fund raising. compared to last year, the company's total borrowing amounted to 54,122 MB or increase by 1%. Fund raising structure was both from short - term and long - term borrowings. Short term borrowings were loans from related financial institutions of 3,840 MB and from other financial institutions of 4,948 MB. Long term borrowings were from debentures

issuances of 45,335 MB. The company had acquired its funding from various sources, i.e. Thai commercial banks, securities companies, insurance companies and other asset managements. At the end of year 2018, the company's available credit lines amounted to 24,450 MB, comprising of 18,030 MB from Krung Thai Bank and 6,420 MB from other commercial banks. The company's cost of funds at the end of year 2018 stood at 2.89%, down from last year of 3.12%. Even though its total borrowing amounts was higher according to the expansion in its total portfolio, the company had effectively managed its borrowing cost to be lower from the previous year. Additionally, the company's debt to equity ratio was at 3.87 times, very well below the bond covenant limited at 10 times.

KTC Financial Highlight (Unit : Million Baht)	2018	2017	Growth (% YoY)
Gross profit margin	86.8%	85.8%	1%
Net profit margin	24.2%	16.9%	43%
Interest coverage ratio (times)	5.1	3.5	46%
Debt to equity ratio (times)	3.9	4.9	-21%
Return on equity	35.5%	28.9%	23%
Return on asset	6.7%	4.7%	43%
Allowance / Total receivables	7.0%	7.8%	-10%
Allowance / NPL	616%	589%	5%
Book Value	6.3	4.88	30%
Earning per shares (Baht)	1.99	1.28	55%

Actual performance compared to 2018 expectation

For year 2018, KTC had targeted to achieve credit card spending growth of no less than 15%, yet it only expanded at 9%. The company had also set the target growth of receivables portfolio at 10%, yet the growth was only at 6%. Nevertheless, the company was able to manage its NPL level to be lower to 1.1% from earlier estimated of 1.3% which was the same level as last year. In addition, the company had attained its actual net profit of 5,140 MB, as previously anticipated.

	2018 target	2018 Actual
Total card spending growth	15%	9%
Total portfolio growth	10%	6%
% NPL	Maintain 2017 level at 1.3%	1.1%
Net profit growth (MB)	± 5000	5,140

Due to the ongoing recovery of the overall economy, strict measures and regulations were set to tighten credit limits and access in credit card and personal loan business as well as the impact of less interest rate charged in credit card from 20% to 18%, the company was unable to achieve its target growth of portfolio and credit card spending as previously planned. Nevertheless, the company successfully expanded its member base, achieved its lower NPL level, along with effectively managed its financial cost. Additionally, owing to ongoing growth of its interest income, its higher fee income, as well as the decline in its total expense due to less amount of write-offs and doubtful accounts, the company was able to accomplish its net profit as earlier estimated.

2.2 KTC Performance Analysis 2016 - 2018

The company's total revenue can be classified as follows :

Income by Business	For the year ending December 31 st , 2016		For the year ending December 31 st , 2017		For the year ending December 31 st , 2018	
	MB	Portion (%)	MB	Portion (%)	MB	Portion (%)
1. Credit Card Income ⁽¹⁾	10,805	61.5%	11,642	59.6%	12,363	58.3%
2. Personal Loan Income ⁽¹⁾	6,201	35.3%	7,377	37.8%	8,377	39.5%
3. Other Incomes	573	3.3%	506	2.6%	457	2.2%
- Circle Loan Income ⁽¹⁾	36	0.2%	31	0.2%	28	0.1%
- Self Employed Loan Income ⁽¹⁾	24	0.1%	17	0.1%	9	0.0%
- Other Incomes ⁽²⁾	513	2.9%	458	2.3%	420	2.0%
Total	17,580	100.0%	19,525	100.0%	21,198	100.0%

⁽¹⁾ Including each business's bad debt recovery

⁽²⁾ Other Incomes : other fee incomes and profit (loss) from exchange rate

Having credit card and personal loan as the company's core businesses, the data shows income structure (% of total revenue) of 62% from credit card, 35% from personal loan, and 3% from other incomes in 2016. The structure slightly changed to 60%, 38%, and 3% in 2017. And finally, in 2018, the company reported the income structure of 58%, 40%, and 2% for credit card income, personal loan income, and other income, respectively.

• Credit Card Business

Credit Card Income	For the year ending December 31 st , 2016		For the year ending December 31 st , 2017		For the year ending December 31 st , 2018	
	MB	Portion (%)	MB	Portion (%)	MB	Portion (%)
1. Credit Card Interest Income ⁽¹⁾	5,706	52.8%	5,894	50.6%	5,820	47.1%
2. Fee Incomes	3,653	33.8%	4,043	34.7%	4,602	37.2%
- Card Issuing	2,323	21.5%	2,471	21.2%	2,890	23.4%
- Merchant Acquiring	1,330	12.3%	1,572	13.5%	1,712	13.8%
3. Bad Debt Recovery	1,447	13.4%	1,705	14.6%	1,942	15.7%
Total	10,805	100.0%	11,642	100.0%	12,363	100.0%

⁽¹⁾ Credit card interest income includes credit usage fee income

Income from credit card business was generated from interest income, fee income, and bad debt recovery with proportion of 47%, 37%, and 16%, of total revenue respectively, as at December 31st, 2018.

1. Credit Card Interest Income

To create growth, with the aim of achieving long term customer satisfaction and encouraging cardholders to regularly spend on KTC's credit card, KTC continued to focus on providing creative marketing and meeting customer needs through out the year 2018. Regardless of intense competition and BOT's regulations, KTC has been able to expand its credit card base and increase card spending by cooperating with various business partners. Having growth in both portfolio and spending, KTC efficiently controls bad debt at a low level. As at December 31st, 2018, KTC had 2,387,659 credit cards with a growth of 10.1%. Credit card spending grew by 9.2% to 193,101 million Baht

	For the year ending December 31 st , 2016	For the year ending December 31 st , 2017	For the year ending December 31 st , 2018
Number of Credit Card (Cards)	2,095,563	2,169,370	2,387,659
Growth (%YoY)	11.1%	3.5%	10.1%
Credit Card Receivables - net (Million Baht)	42,988	45,048	47,937
Growth (%YoY)	11.9%	4.8%	6.4%
Total Credit Card Spending ⁽¹⁾ (Million Baht)	165,404	176,777	193,101
Growth (%YoY)	13.4%	6.9%	9.2%

⁽¹⁾ Credit card spending includes cash advance

2. Fee Income from Card Issuing

Fee incomes from both credit card issuing and merchant acquiring businesses continued to grow. Interchange fee income was received as a percentage of card spending when customers paid for goods and services with their KTC's credit cards. This fee income also includes cash advance fee income. KTC reports fee incomes of 2,323 million Baht, 2,471 million Baht, and 2,890 million Baht for 2016, 2017, and 2018, respectively. In 2018, it actually grew by 17% from the same period last year.

3. Fee Income from Merchant Acquiring

	For the year ending December 31 st , 2016	For the year ending December 31 st , 2017	For the year ending December 31 st , 2018
Number of KTC Merchant ⁽¹⁾ (Merchants)	29,764	32,875	36,837
Growth (%YoY)	29.2%	10.5%	12.1%
Total Spending through KTC Merchants ⁽²⁾ (Million Baht)	61,678	77,884	85,732
Growth (%YoY)	22.2%	26.3%	10.1%
Fee Income from Merchant Acquiring Business (Million Baht)	1,330	1,572	1,712
Growth (%YoY)	21.1%	18.2%	8.9%

⁽¹⁾ Excluding Cash Advance Outlets at the ending period

⁽²⁾ Excluding Cash Advance transactions

Fee incomes from the merchant acquiring business come from discount fee and EDC machine rental fee. At the end of 2018, the number of KTC's merchants grew by 12% (YoY) to 36,837 merchants comparing to 29,764 merchants in 2016 and 32,875 merchants in 2017. As a result of the merchant expansion and the EDC installation campaign, total spending through KTC's merchants grew by 10% to 85,732 million Baht in 2018, which produces fee income from merchant acquiring business of 1,712 million Baht, or a growth of 8.9% (YoY).

• Personal Loan Business

In order to provide alternative loan services, KTC officially launched personal loan business in October 2003. Later on in 2006, KTC Cash Revolve was launched to increase earning capability. The company

has developed "KTC Cash Revolve" and changed to "KTC PROUD" by adding KTC FLEXI, which basically provides a feature of installment plan in 2014. Starting on November 1st, 2016, KTC has adjusted applicant's income qualification from 10,000 Baht to 12,000 Baht so as to improve portfolio quality.

In 2018, KTC developed a marketing strategy based on demographic data and cash withdrawal behavior to meet customer's needs and to provide more benefits to customers. Facing the digital revolution, KTC focuses more on acquiring new customers through online channels. Net personal loan receivables grew by 9.1% to 24,644 million Baht at the end of 2018, while generating interest income of 6,791 million Baht, or a growth of 12.7%

	For the year ending December 31 st , 2016	For the year ending December 31 st , 2017	For the year ending December 31 st , 2018
Personal Loan Receivables – net (Million Baht)	20,154	22,596	24,644
Growth (%YoY)	18.0%	12.1%	9.1%
Interest Income ⁽¹⁾ (Million Baht)	5,074	6,027	6,791
Growth (%YoY)	17.3%	18.8%	12.7%
Fee Income (Million Baht)	184	208	192
Growth (%YoY)	(16.0%)	12.8%	(7.6%)
Bad Deb Recovery - PL (Million Baht)	943	1,142	1,394
Growth (%YoY)	19.5%	21.1%	22.1%

⁽¹⁾ Personal loan's interest income includes credit usage fee income

• Circle Loan Business

Since 1996, KTC has had its long - standing policy of not expanding the Circle Loan's portfolio. KTC, in fact, only services the existing customers. Circle loan receivables, as a result, continue to decline to 130 million Baht at the end of 2018.

	For the year ending December 31 st , 2016	For the year ending December 31 st , 2017	For the year ending December 31 st , 2018
Circle Loan Receivables	157	142	130
(Million Baht)			
Growth (%YoY)	(8.4%)	(9.8%)	(8.2%)
Interest and Fee Incomes	30	25	23
(Million Baht)			
Growth (%YoY)	(11.2%)	(14.3%)	(8.9%)
Bad Debt Recovery - Circle	6	6	5
Loan (Million Baht)			
Growth (%YoY)	39.5%	(14.3%)	(11.1%)

• Self Employed Loan Business

KTC officially launched the Self Employed Loan business in September of 2004. By 2006, due to the economic uncertainties and the political unrest, small businesses (which is the core target customer of the loan) was directly affected by the situation. In order to limit the risk of default payment, KTC decided to discontinue the business. As at December 31st, 2018, KTC reports only 2 million Baht of Self Employed receivables which generated the interest income of 7 million Baht

	For the year ending December 31 st , 2016	For the year ending December 31 st , 2017	For the year ending December 31 st , 2018
Self Employed Receivables - net	3	2	2
(Million Baht)			
Growth (%YoY)	(39.7%)	(37.5%)	(20.1%)
Interest and Fee Incomes ⁽¹⁾	22	15	8
(Million Baht)			
Growth (%YoY)	(26.7%)	(33.3%)	(48.7%)
Bad Debt Recovery - Self	2	2	1
Employed (Million Baht)			
Growth (%YoY)	(25.1%)	24.5%	(42.7%)

⁽¹⁾ Self Employed's interest income includes credit usage fee income

2.3 Forward Looking

2.3.1 Business Plan for 2019

Due to current intense competition in consumer finance business, the company has been forced to overcome various challenges which include government control measures, the rapid coming of FinTech evolution, the coming of digital economy that will transform ways of conducting financial transactions, as well as the government policy of National e-Payment intended to change consumer behavior to cashless society, thus leading to the important role of technology-based intermediary payment companies in people's life. Owing to all aforementioned challenges, the company has constantly improved its strategies to ensure its continuously and satisfactory solid performance, as well as its long-term secure stance in the business.

For business direction in year 2019, to create its new business opportunities, along with to enhance its income base, KTC plans to expand its new businesses in Nano finance and Pico finance while continues conducting its two main businesses, credit card and personal loan businesses. The company also intends to run extremely competitive marketing campaigns for its all key businesses on the basis of flexibility and caution. In addition, the company emphasizes all its departments to work closely and cooperatively. Forming business partnerships with different types of businesses will also be the key to enhance and complete the company's goods and services. Furthermore, the company plans to consistently develop its IT systems in various fields so that KTC's members can experience new innovations that will help them utilize KTC's goods and services more conveniently and more effectively, thus leading to their long-term commitment to KTC's brand.

Existing corporate branding strategies that members select and satisfy with will remain to proceed. The company has focused on its continuous corporate management and development both internal and external to ensure its long - term sustainable success. The company will also continue to operate its businesses under the concept of Brand Core Value, comprising of 3 main factors which are 1) Courageous - dare to think and act righteously, 2) Smart & Simplicity and 3) Meaningful, with the purpose of encouraging members or stakeholders to live their lives as they expect, therefore thoroughly extending this branding concept from inside the organization to outside.

For year 2019, the company has continually focused on conducting its businesses with stability and sustainability by effectively managing its financing cost at maximum benefit. The company targets to acquire low cost of funding as well as to increase portion of its long - term borrowings. This year, to support its on going growth and to replace its next year matured debentures, the company plans to continuously issue its corporate debentures. Furthermore, KTC has started the pilot project of RPA (Robotic Process Automation) to help with repetitive tasks in accounting department in which this technology has already been proven of its success in many countries. The company expects that robot utilization would increase its long - term productivity by more than 30% and personnel with old jobs could be transferred to perform more value - added tasks. The company has also already set aside enough provisions according to IFRS9. Additionally, the company commits to persistently improve its business operations as it believes that customer loyalty in KTC's brand should be created from customer's satisfaction in their actual experience of using KTC's products and services, and this would finally lead to the company's stable and sustainable growth.

Credit Card Business

For key marketing strategies of its credit card business in 2019, KTC will continue its robust coordination with various merchant partners in offering creative and distinctive promotions to motivate its members' interest both storefront and online. These promotions will focus on conveying direct and simple messages, providing values and satisfaction, as well as covering every member groups both in Bangkok and other provinces, with 3 main strategies of 1) KTC FOREVER point rewards which offers flexibility, simplicity and actual redemption, 2) installment payment service with KTC credit card to satisfy needs of merchants and cardmembers, and 3) KTC World Travel Services for frequent travelers. Moreover, to support current consumer lifestyle that favors self-service both in searching interesting information and in performing financial transactions, the Company has developed its service and communication channel by enhancing its application 'KTC Mobile' (used to name 'TapKTC') to ensure members' convenient access and their security confidence. The company has also improved its website www.ktc.co.th and www.ktcworld.co.th to assure their convenient use and to satisfy more of members' needs.

Merchant Business

KTC plans to aggressively expand its merchants in many new types of businesses, including in provincial market. Online merchants will also be specifically focused to respond to jumping growth in digital trend and to encourage merchants to change from accepting payment in cash to credit card via effective financial tools in which this will coincide with the government's project of cashless society. Key strategic plans will be in 3 areas which are 1) Develop goods and services to satisfy every needs of merchant members used to receive cash payment by offering various appropriate Payment Solutions including QR Pay for credit card or NFC Pay depending on each merchant's business nature. Security in performing transactions must also be concerned and needed to pass the international security standards. 2) Target on Chinese tourist group and continuously

expand merchants that support Alipay Wallet. 3) Focus on DCC business (Dynamic Currency Conversion) to facilitate merchants servicing foreign customers who then can choose to pay goods and services in 30 different currencies.

Personal Loan Business

For personal loan business in 2019, the company plans to alleviate members' debt burdens with fair personal loans to help reduce members' difficulties and their dependence on unofficial money lenders (black market). To increase its members, the company intends to organize diverse marketing activities that will satisfy members' needs as well as reduce their debt burdens in various dimensions such as the offer in interest rate decrease in a fashion that has never been done before etc. To maintain its existing member base, the company plans to provide members with good experience by offering satisfactory marketing campaigns for each member segment, promote members' financial discipline, as well as arrange activities that create long term relationship with member base thru knowledge sharing workshops relating to financial management and career and income enhancement.

Card Acquiring

For strategies of distribution channel management in 2019, KTC intends to focus more on the quality of sales presentation by emphasizing on customer needs and accuracy according to the Bank of Thailand's regulation. Outsource Sales and KTB's branches will be the company's main distribution channels. Online channel will also be used for long - term strategy. The company has well prepared in every aspect to support its growth by organizing Open Platform in new website or arranging new registration by leaving name and contact number for telesales agent to call back or providing self registration via system with simple, convenient and quick result steps.

The company's key target groups remain to be salary employees in every occupation and newly graduated who only start working and have no loan or borrowings

history. The company also intends to expand more of its member base to premium customers by coordinating with KTB to offer premium privileges to members of KTC - KTB Precious Visa Signature, KTC - KTB Precious Plus Visa Signature and KTC - KTB Precious Plus Visa Infinite.

Other Supporting Strategies

- KTC FOREVER continues to be the company's strategy regarding KTC credit card's marketing activities. Customers can redeem goods and services at service points more than 3,000 places and can also redeem points via online with various business partners according to the company's terms and conditions.

- Improvement in Self Service Business for customer's convenient use. KTC has approached into Digital Age thru online market expansion. To support customer's behavior favoring self service in searching information or executing transactions, KTC has developed more of its online services which include not only the application 'KTC Mobile' (used to name 'TapKTC') but also 'KTC Online' (used to name 'ClickKTC') which is logged on via website. Customers can perform self-service transactions such as bill payments, credit limit checking, additional limit request, card application status checking, as well as reward points checking and points redemption etc.

- Extend unique and full service in Tourism market by conducting joint marketing with airline partners, travel agents, hotels, Tourism Authority of Thailand and foreign tourism organizations etc., offering discounts or privileges that cover every tourism sector, and thru KTC World Travel Service, facilitating KTC cardmembers in travel planning, plane ticket, hotel booking, and other travel information as One Stop Service. Moreover, the company will focus on running creative marketing campaigns and organizing continuous activities to satisfy customer demands.

The company has laid down its business plans for year 2019 by creating its new business opportunities in Pico and Nano Finance business to support continuing expansion in its income base. New business model for Pico and Nano Finance has already been prepared and when the company gets approvals from KTB and the Bank of Thailand, it will promptly run competitive marketing campaigns on the basis of flexibility and caution. In addition, due to its target growth of credit card spending of no less than 15% and that of receivable portfolio of no less than 10%, as well as its target NPL of same level as last year, the company expects that in 2019 its net profit will expand at 10% from last year.

	2019 target
Total card spending growth	15%
Total portfolio growth	10%
% NPL	Maintain 2018 level at 1.1%
Net profit growth (MB)	10% growth

The Audit Environmental Social and Governance Committee's Responsibility Report

According to document No. 1 / 2018, dated January 16th, 2018, the Board of Directors concluded to revise the duties and responsibilities of the Corporate Governance committee and appointed the Audit committee which consists of three independent directors, to be responsible for corporate governance, social and environmental duties. Furthermore, the Audit committee was renamed to the Audit Environmental Social and Governance Responsibility committee (Audit committee) to be consistent with the roles and responsibilities of the committee. The committee, consisted of three independent directors whose qualification varied in a range of fields, perform tasks, within the authority assigned by the Board of Directors, consistent to the Security and Exchange Commission's announcement, and the Stock Exchange of Thailand regulation; as well as recommending good corporate governance principle to the Board of Directors. The current Audit committee consists of :

1. Mr. Praphaisith Tankeyura

Chairman of the Audit Environmental Social and Governance committee

2. Mrs. Pantip Sripimol

Audit Environmental Social and Governance committee

3. Mr. Nathporn Chatusripitak

Audit Environmental Social and Governance committee

The senior vice president of the Internal Audit department serves as the Secretary to the Audit committee, and the senior vice president of the compliance Department serves as the Assistant Secretary to the Audit committee.

Audit Responsibility

During 2018, the Audit committee convened on a total of 12 occasions. Their duties were performed in accordance with both the charter and guideline of the Audit committee. The committee has upheld independent judgment for the best interest of the company and promote transparent operation through information disclosure that is transparent and complete. In addition, the committee reviewed company's operation to ensure that it complied with the policy, regulations, and related business laws, as well as consistently monitoring operations to comply with the relevant regulation. In every Audit committee meeting regarding quarterly or annual financial statements of year 2018, auditors were invited to attend to provide opinions that the financial statements were prepared in accordance with the generally accepted accounting principles. The auditors also audit the disclosure of material information, related party transaction, and transaction that may cause conflict of interest to ensure that they are reliable and sufficient. The Audit committee also held quarterly meetings with the auditors without the presence of management to discuss issue that may arise from the audit process, and to consider and discuss the audit results before presenting those results to the Board of Directors.

The Audit committee select Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. as the company's year 2018 auditor, based on their skill, experience, reliability, independency and quality of auditor's performance over the past year. The committee also proposed appropriate remuneration as well as comments and proposals to present to the Board of Directors for further consideration in the shareholder meeting to make official appointment.

The Audit committee has assessed and evaluated all significant risks by reviewing and monitoring the internal control system through the operation of the Internal Audit department and having discussion with external auditors and the company's Managements. The evaluated result indicated that the company's internal control system, including business operation guidelines, financial statements and risk management system was sufficient, appropriate and continuously developed.

Corporate Governance Social and Environmental responsibility

The company's Board of Directors give utmost priority to promoting and focusing on keeping its operations in accordance with the Good Governance Principle. This helps develop the company's governance system, increase efficiency, and create confidence to all stakeholders. The company's Corporate Governance Policies are published on the company's website (www.ktc.co.th) and also on the company intranet as well. The duty of the Corporate Governance committee also includes operation of the social and environmental management initiatives and creating a framework of corporate governance which relates to the company's Anti - Corruption Policy as well.

In 2018, the Corporate Governance committee has thoroughly and effectively performed its duty as appointed by the company's Board of Directors. A summary of the committee's activities is listed below

Rights of shareholders

- The organization of the 2018 Annual General Shareholders Meeting (No. 16) on April 20th, 2018 and the 2018 Extraordinary General Shareholders Meeting (No. 1) on July 6th, 2018. The Committee provided the date, time, place and agenda. All the information related to issues that required decision or approval in the shareholders' meeting were provided sufficiently in advance of the meeting as company's regulations or required by law.

- The notification of the rules to be adhered to in meetings and the publication of such information on the company website in advance of the meeting and before submitting documents to the shareholders. This allowed shareholders to have sufficient time to study the meeting information in advance, as well as accommodated the shareholders full attendance and voting rights. As a result, the company received a score of 97% from the AGM Checklist assessment.

Equitable Treatment of Shareholders

- Giving minor shareholders the opportunities to propose agenda items and to nominate directors between October 1st, 2017 to January 31st, 2018 through the company's website and the Stock Exchange of Thailand. As the result, minor shareholders proposed to extend the retirement of Mr. Rathian Srimongkol, Chief Executive Officer, for another 3 years from the date of his retirement.

- Ensuring that directors and executives at the First Line level report securities holdings in accordance with the law. The company secretary compiled a report to the Board of Directors monthly meetings containing relevant information.

- Summarized the related party transactions between Krungthai Card Public Company Limited and Krung Thai Bank Public Company Limited (KTB), or other companies in the financial sector owned by KTB. The report has been submitted for the committee's approval before presentation to the company's Board of Directors.

Responsibilities of the Committee

- Reviewing the corporate governance policy, anti - corruption policy and the business code of conduct consistently with the Security and Exchange Commission's Corporate Governance Code, the Corporate Governance Report of Thai Listed Companies survey, related regulation, as well as internal changes within the company and consider the adoption of those revisions into the company's policy.

• Reviewing the Thailand's Private Sector Collective Action Coalition Against Corruption survey for the membership renewal.

• Reviewing the Audit Environmental Social and Governance committee's charter, to ensure that it is consistent with the roles, duties and responsibilities of Audit Environmental Social and Governance Responsibility.

• Improving the company's qualification review form for directors, sub - committee members and executives at the First Line level, as well as arranging the review in 2018. This included reviewing the qualifications of the directors who had been appointed to the positions during the year in order to ensure that they are in accordance with the criteria set by the regulatory agencies' guidelines.

• Arranging the performance evaluation of the Board of Directors and three sub - committees. This consisted of evaluating the Board through a range of means including self - assessment, peer evaluation and evaluating the entire Board of Directors as a whole.

• Attend various training courses to improve knowledge, skills and expertise necessary to perform their duties as directors. For example, courses from the Thai Institute of Directors Association.

• Arranging a meeting for the directors without executives on December 19th, 2018.

• Arranging a meeting for the Audit committee and Chief Executive Officer on four occasions throughout the year.

To Cater for stakeholders

• Ensuring that guidelines on the use of internal information are duly implemented and relevant information regarding disclosures were announced. This

prohibited the directors, executives and related persons with the company's inside information to trade securities or futures contracts of the company during the period when the prohibition of securities trading was announced. In addition to the blackout period, the purchase or sale of any securities or futures contracts of the company had to comply with the rules announced by the company.

• Monitoring the outcome of the compliance with anti - corruption policy, which the policy is defined under the corporate governance policy (e.g. the 2018 Risk Control Self - Assessment (RCSA)).

Information Disclosure and Transparency

• Preparation of the annual report, annual information and other significant information as well as disclosing the operating results of the company on a quarterly basis for shareholders, investors and the general public. The information was complete, sufficient, reliable and timely, and was published through various channels such as the Stock Exchange of Thailand's website and the company website (www.ktc.co.th). Disclosing the information included the holding of meetings with analysts and related press releases. The company adhered to the principles of reliability, adequacy and equality of information. In addition, the company appointed the Investor Relations and Corporate Communication departments to be the main departments for disclosing and providing information relating to the company.

Social and Environmental Responsibility and Sustainable Development

• Promoting a socially responsible and environmentally - friendly way of working (CSR - in process) including the fair treatment to employees, implementing technological innovation in the workplace etc. The company also encouraged social and environmental responsibility beyond the

workplace (CSR after Process) through donations to charity etc. (Please see further details in Social Responsibility Report).

- Encourage the adoption of the corporate governance policy among its committees, management and employees to create ethical practice. Additionally, providing informing on development relating to the good corporate governance principles through various forms of learning media such as :

1.) Organized training sessions to inform directors appointed to the position during the year, as well as providing new executives and employees orientation on a monthly basis. This ensured that they are aware about the business of the company, good corporate governance principles, guidelines for compliance with the business code of conduct, anti - corruption policies, and social and environmental responsibilities as well as important legal information.

2.) Development of learning and teaching materials regarding good corporate governance principles, anti - corruption and the business code of conduct. In addition, tests are provided to assess knowledge and understanding, and raise awareness about matters.

Due to the collaborative efforts of the directors, executives and employees the company is able to operate with transparency, fairness, good corporate governance, social and environmental responsibility, and by respecting the needs of all stakeholders. Consequently, the company received the following accolade :

1.) Ranking 'Excellent' in the Corporate Governance report for Thai Listed Companies 2018 held by the Thai Listed Companies Association.

2.) Receiving a 97% satisfaction rating in a quality assessment from the 2018 Annual General Meeting of Shareholders from the Thai Investors Association,

the Thai Listed Companies Association and the Securities and Exchange Commission of Thailand.

3.) Receiving the Green Meetings Plus Certificate award from the Thailand Business Council for Sustainable Development : TBCSD.

4.) Listed on the top 100 securities holdings companies that are outstanding in sustainable business operations (ESG100).

The Board of Directors, executives and employees acknowledge that good corporate governance is a key factor in supporting the operations of the company in being both efficient and sustainable. Therefore, to comply with the policy of the Board of Directors, Audit committee, corporate governance of the company and business code of conduct, the company strives to improve its corporate governance to be in line with international standards and create confidence for all stakeholders as well as be internationally recognized.

The Audit committee was supported with good cooperation from the management team, thus ensuring that the company performed its duties with due responsibility and care, and enabling the company to have good corporate governance systems in place throughout the past year.

On behalf of the Audit committee



(Mr. Praphaisith Tankeyura)

Chairman of the Audit Environmental Social and Governance committee
Krungthai Card Public Company Limited

The Nomination and Remuneration Committee's Responsibility Report

The Nomination and Remuneration committee of Krungthai Card Public Company Limited consists of a total of three directors; one of whom is an independent director. The Nomination and Remuneration committee has its roles and responsibilities allocated according to its charter. Such responsibilities include : determining the qualification requirements for directors and executives, and deciding appropriate recruiting methods and criteria. The committee also determines appropriate remuneration and evaluation guidelines, as well as establishes the remuneration policy.

In 2018, the Nomination and Remuneration committee convened on eight occasions. The operations were approved by the Board of Directors' meeting, and / or the general shareholders meeting, which is in accordance with the charter of the Nomination and Remuneration committee. The charter reads as follows :

1. To nominate a director, replacing those whose term has been completed, by using a range of information such as, relevant qualifications and appropriate skills, knowledge, expertise and experience in various fields (Board Skill Matrix) that are suitable for the operation of the company. Nominees for the directorship must not have prohibited characteristics according to the Stock Exchange of Thailand, the SEC, or related regulatory agencies. Additionally, the nominee's qualification will be compared to the knowledge composition of the current directors, in order to select nominees with appropriate skills supplemental to the board of director. To comply with good governance principles, the company announced via the company's website and the Stock Exchange of Thailand's website, to provide minority shareholders the opportunities to propose nominees for the directorship in advance. However, between November 15th, 2017 to January 31st, 2018, no nominations were proposed by

the minority shareholders. Therefore, the Nomination committee proposed directors who had already completed their terms to the shareholders' meeting for consideration. The nominees are : Major General Apichart Chaiyadar, Mr. Parinya Patanaphakdee and Mr. Paroche Hutachareon. Since Mr Paroche Hutachareon was occupied with important government service, he made a request not to be appointed for directorship. For this reason, the Nomination committee nominated Mr. Nathporn Chatusripitak who is suitably qualified in accordance with the company's criteria. Additionally, the Nomination committee made the proposal to the Board of Directors meeting and the general shareholders meeting for their consideration.

2. To consider the criteria guidelines in order to evaluate the Board of Directors and Chief Executive Officer's performance for 2018. The evaluation is proposed to the Board of Directors, together with an appraisal of the executive level below the Chief Executive Officer, for approval. The evaluation is considered by the Chief Executive Officer before being presented to the Board of Directors.

3. To review the performance evaluation form of the Audit Environmental Social and Governance committee in order to present it to the Board of Directors for approval.

4. To consider the criteria of the remuneration policy (and other relevant benefits for directors, executives and sub-committee members) for 2018 in order to propose them to the Board of Directors or shareholders for approval. The consideration should be appropriate to the roles, responsibilities and the performance of the relevant parties. This includes using the practices of other companies in a similar industry,

and the company performance and market conditions in accordance with good corporate governance principles.

5. To propose salary adjustments and special incentives for employees in 2018 in order to present them to the Board of Directors for approval.

6. To determine relevant compensation for retiring employees. Employees retire at 60 years of age and those who extend their retirement age are also entitled. However, early retirement employees are not entitled to receive this special compensation which is effective for retiring employees from January 1st, 2018 onwards.

7. To set guideline payments for employees who obtain professional certificates in internal audit from inspection agencies such as : CIA / CPIAT / CISA.

8. To revise the charter of the Nomination committee by giving the Nomination and Remuneration committee authority to consider extending the retirement age and early retirement age for executive level employees.⁽¹⁾

On behalf of the Nomination and Remuneration committee



(Mr. Parinya Patanaphakdee)

Chairman of the Nomination and Remuneration committee

Krungthai Card Public Company Limited

Note: Executive refers to the Chief Executive Officer or the first four top - ranking executives after the Chief Executive Officer level as well as all other 4th ranking equivalent ⁽¹⁾, and accounting or finance executives of department head level and up.

⁽¹⁾ Any executive who is under the direct line of command to the Chief Executive Officer.

Report of the Board of Directors' Responsibilities for the Financial Reports

The Board of Directors of Krungthai Card Public Company Limited is committed to its duties and responsibilities in accordance with the Good Governance Principles and Practices. Being responsible for the financial statements and information as presented in the annual report of the company is an essential part of the Board's duties, along with an effective supervision of risk management and internal control systems. The aforementioned responsibilities ensure that financial information is sufficient, complete and accurate in order to secure the company's assets as well as to significantly reducing the risk of irregular operations. The Board of Directors appoints the Audit Environmental Social and Governance Committee (Audit Committee) which consists of entirely independent directors. The Committee supervised and responsible for the quality of financial reports and internal control systems, the disclosure of related party transactions in accordance with the principles of good corporate governance as well as ensuring all relevant processes have been carried out

completely, sufficiently and appropriately. Therefore, the Audit Committee has expressed its opinions in the Audit Committee Report as published in this year's annual report.

The Board of Directors concluded on the overall internal control systems at Krungthai Card Public Company Limited and comments on the degree to which they are both sufficient and appropriate. As of December 31st, 2018, reports stated that the financial statements of the company are accurate and complete in accordance with relevant financial reporting standards. The company uses a suitably thorough accounting policy which is implemented with due care and consistency. Because of the Company's consistent and cautious approach, the financial reports reflected the actual and transparent financial status and operational outcomes. It is, therefore, undoubtedly, be of benefit to shareholders and general investors. The financial statements have been duly audited and provided an unqualified opinion by independent licensed auditors.



(Mr. Parinya Patanaphakdee)
Chairman of the Board of Directors
Krungthai Card Public Company Limited



(Mr. Rathian Srimongkol)
President & Chief Executive Officer
Krungthai Card Public Company Limited

General Information

Company Contact Information

Krungthai Card Public Company Limited (“Company” or “KTC”) operations includes credit card business, credit card related business, personal loan business, utilities payment services, and a payment service provider under supervision in the credit card category.

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References

Auditor	Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. AIA Sathorn Tower, 26 th Floor, 11 / 1 South Sathorn Road, Yan Nawa, Sathorn, Bangkok 10120
Legal Consultant	Siam Premier International Law Office Limited The Offices at Central World, 26 th Floor, 999 / 9 Rama I Road, Pathumwan, Bangkok 10330
Securities Registrar	Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building 93 Rachadapisek Road, Dindaeng, Dindaeng, Bangkok 10400
Debenture Registrar and Debenture Holder Representative	Bank of Ayudhya Public Company Limited 17 th Floor, 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120

Frequently Contacted
Financial Institution

Krung Thai Bank Public Company Limited
(as a company's major shareholder)
35 Sukhumvit Road, Klong Toey Nua, Wattana,
Bangkok 10110

Registered Capital as of December 31st, 2018

Registered Capital	Baht 2,578,334,070
Paid - up Capital	Baht 2,578,334,070
Number of Shares	2,578,334,070 shares
Par Value	1 Baht

For further information, please study in the Annual Registration Statement (Form 56-1) as disclosed on the Securities and Exchange Commission Thailand's website at : market.sec.or.th/public/idisc/en/FinancialReport/R561-0000003752 or the company's website at : www.ktc.co.th/sites/ktc/investor-relations/resources/investorkits/?lang=en_US

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