



KRUNGTHAI CARD PUBLIC COMPANY LIMITED



Platform For The Future

ANNUAL REPORT 2019

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Message from the Chairman

“In 2020 KTC places a strong emphasis on transforming employee mindsets toward “Agile Entity” work style.

As the Company that operates principal retail finance and payment platforms, KTC is confident that these platforms will help us identify business growth opportunities.”



It is generally recognized that in 2019 the credit card and unsecured personal loan industry contracted more than expected. The baht's persistent appreciation, employment situation, rising credit card NPLs, provisioning for impairment of receivables required under the new accounting standards, which will come into effect in 2020, and constraints imposed by regulatory authorities were all impediments to the growth of business volume and caused operating performance to fall below the set targets. Even though KTC credit card spending growth remained higher than the industry growth, personal loan business grew lower than expected. Therefore, KTC adapted marketing spending strategies to maintain focus on maximizing benefits for customers and business partners while maintaining a balance between operating cost and total revenue. As a result, in 2019 KTC earned a net profit of 5.524 billion baht - the highest annual net profit in corporate history. However, the net profit growth rate of 7.5% fell below the target growth rate of 10%.

The year 2020 will be a truly challenging year for KTC in terms of profit growth due to a multitude of uncertainties. Anticipated economic slowdown that has continued unabated from last year, global trade issues, and disease outbreaks directly affecting international tourism are negative factors that have caused spending and loan growth slowdown since the beginning of this year. Even though it is expected that recently launched new products and a new business of an affiliated company would fill in a gap, enabling KTC's retail finance business to have a full range of product and service offerings, the new businesses would not be able to generate rapid profit growth in the first year. However, the laid-out long-term business plan will definitely be instrumental in achieving a multifold increase of business growth in the future once again. Furthermore, in 2020 KTC places a strong emphasis on transforming employee mindsets toward "Agile Entity" work style. As the Company that operates principal retail finance and payment platforms, KTC is confident that these platforms will help us identify business growth opportunities. Besides, we will also play a role in helping society with Pico and Nano financing.

KTC still has primary missions to accommodate sustainable growth over the next three years. We will pay attention to business groups' structure, grooming future generations of management team, and creating an organizational structure that suits a strong team culture. The roles of machine learning and AI technologies will be more evident in terms of their contributions to strategic decision making that will help us reach target groups precisely and swiftly within a suitable period of time.

The Company, as always, still upholds the principles of corporate social responsibility, corporate governance, and business ethics, and it has implemented the main projects for more than 16 years, such as KTC LEARN & EARN. Moreover, it also encourages using a line of credit for reasonable spending and fosters the discipline of on-time loan repayment. KTC is a model company with the most efficient debt collection operation in the same industry, and it is also the first financial institution where the entire organization was certified to International Organization for Standardization (ISO 27001:2013 standards) at the same time.

The Board of Directors places an emphasis on reviewing and approving corporate vision and mission as well as short-term and long-term strategies and key policies, and the Board also monitors the implementation of these mandates to ensure that everything is being implemented as planned. Moreover, the Company also stringently complies with the corporate governance principles by ensuring that its business conducts adhere to the corporate governance guidelines set out by the Stock Exchange of Thailand. Furthermore, the Company always upholds the principles of integrity, respect for human rights, fair labor treatment, and anti-corruption while actively carrying out its corporate social and environmental responsibility.

On behalf of the Board of Directors, I would like to express our sincere gratitude to every customer, member, business partner, and shareholder for your support and the trust you have placed in us over the past years and for the opportunity to work together to the best of our ability. I would also like to thank the management team and every employee for your dedication. Finally, I would like to assure all stakeholder that everyone in KTC will work very hard to achieve the high standards of the corporate governance principles, and we have formulated approaches for strict compliance with relevant laws and regulations with an aim to push KTC forward to achieving stable and sustainable growth.



Parinya Patanaphakdee

Chairman of the Board of Director

Financial Highlight

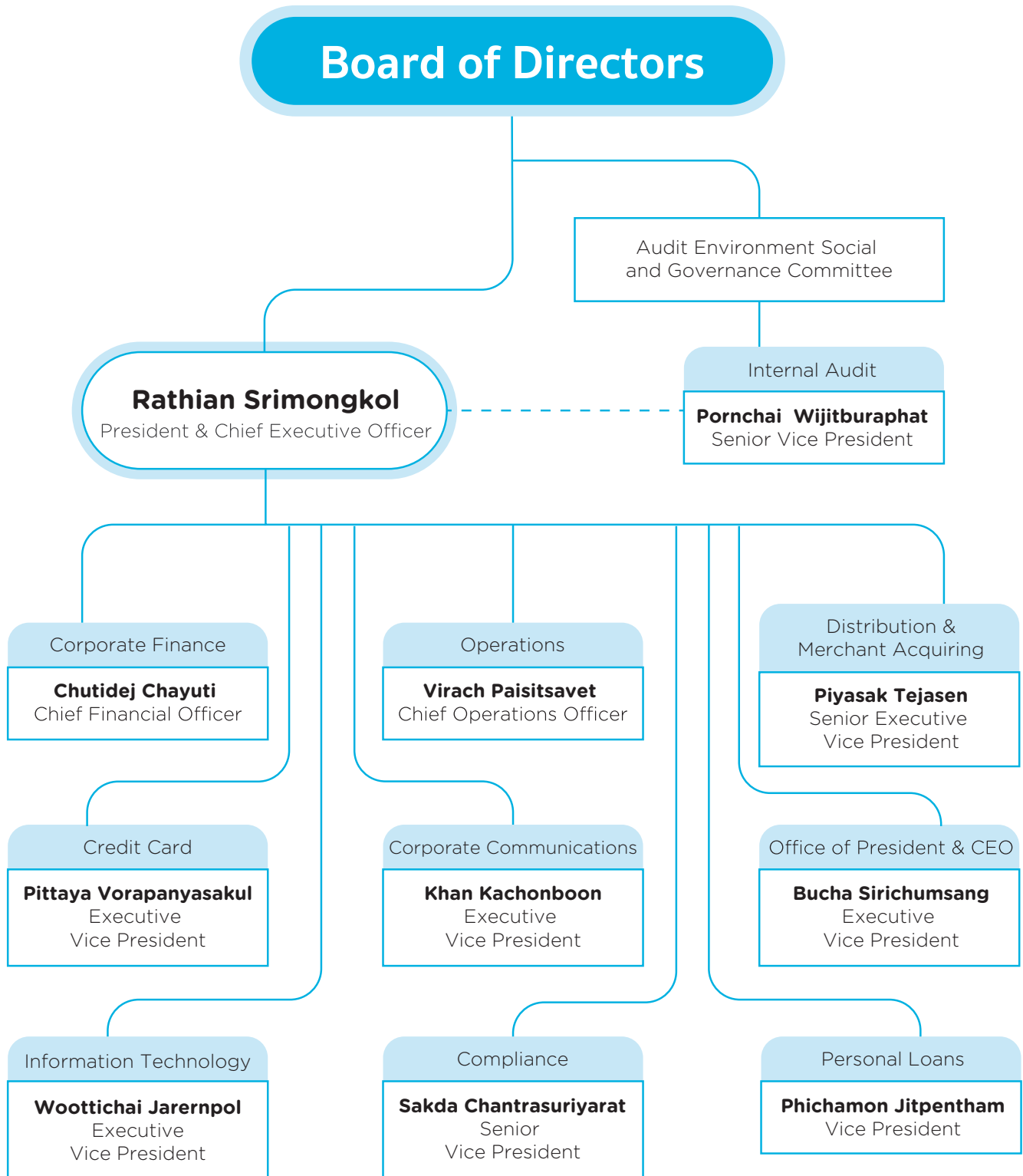
	Unit	2017	2018	2019
Profitability Ratio				
Gross Profit Margin	%	85.8%	86.8%	87.7%
Net Profit Margin	%	16.9%	24.2%	24.4%
Return on Equity (ROE)	%	28.9%	35.5%	30.6%
Average Interest Received ⁽¹⁾	%	18.2%	18.0%	17.8%
Average Cost of Fund	%	3.1%	2.9%	2.8%
Net Interest Margin	%	15.1%	15.1%	15.0%
Efficiency Ratio				
Interest Revenue/ Total Asset ⁽²⁾	%	14.6%	14.5%	14.6%
Return on Asset (ROA)	%	4.7%	6.7%	6.7%
Asset Turnover	times	0.3	0.3	0.3
Financial Ratio				
Debt to Equity (D/E)	times	4.9	3.9	3.3
Loan to Borrowing	%	137.6%	144.5%	149.2%
Dividend Payout Ratio	%	41.4%	41.1%	41.1% ⁽³⁾
Asset Quality Ratio				
Allowance for Doubtful Account/ Total Receivables	%	7.8%	7.0%	6.6%
Bad Debt/ Total Receivables	%	8.6%	7.6%	7.3%
% NPL	%	1.3%	1.1%	1.1%
% NPL Credit Card	%	1.1%	1.0%	0.9%
% NPL Personal Loan	%	0.8%	0.8%	0.9%

⁽¹⁾ Credit usage fee is included in the calculation

⁽²⁾ Interest revenue is included credit usage fee

⁽³⁾ The right to receive dividend is unconfirmed until approved by the Annual General Shareholders Meeting 2020 (No. 18)

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 13, 2017

Age

61

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

- 2019 • **Advanced Master of Management Program (AMM 3)**
National Institution of Development Administration
- 2018 • **Role of the Chairman Program (RCP 43)**
Thai Institute of Directors Association (IOD)
- **Energy Literacy for Sustainable Future (TEA 11)**
Thailand Energy Academy
- 2017 • **Director Certification Program (DCP 248)**
Thai Institute of Directors Association (IOD)
- 2015 • **Class 4 (BPP.) Bhumipalung Phandin**
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 • **Class 2/2011 Training Course on Administrative Justice for Executives (BYP)**
The Administrative Court
- 2010 • **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

- 2005 • **Class 18 (NDC 2548) National Defence Course for the Joint State-Private Sectors**
National Defence College
- 2004 • **Class 8/2004 Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives**
King Prajadhipok's Institute (KPI 8)
- 2003 • **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)
- 2002 • **Class 11/2002 Financial Executive Development Program (FINEX XI)**
The Thai Institute of Banking and Finance
Association

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

- 2017 - Present • **Chairman of the Board of Directors/ Chairman of Nomination and Remuneration Committee**
Krungthai Card Public Company
Limited/Consumer Finance
- Oct 2019 - Present • **Chairman of the Board of Directors/ Independent Director**
Government Housing Bank/
Specialized Financial Institutions

Non-Listed Companies/ Other Organizations

- Oct 2019 - Present • **Specialist Attached to the Committee**
Committee on Economics/Finance
and Monetary Affairs Senate,
Parliament

2018 - Present

- **Director's Pool**
State Enterprise Policy Office/
Ministry of Finance

Experience

2017 - Sep 2019

- **First Senior Executive Vice President-Managing Director**
Credit Restructuring & Asset
Management Group/
Krung Thai Bank Public Company
Limited/Banking

Oct 2010 - Mar 2019

- **Vice Chairman**
KTBLAW/Business Law Firm

Dec 2016 - Jan 2019

- **Advisor to the Minister**
Ministry of Industry/Government

May 2013 - May 2017

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

Aug 2015 - Jul 2016

- **Advisor to the Minister**
Ministry of Information and
Communication Technology/
Government

2013 - 2014

- **Academic to Committee on Monetary Financial Banking and Financial Institution, Senate**

The Secretariat of the Senate/
Parliament

2011 - 2012

- **First Executive Vice President-Managing Director**
Credit Restructuring & Asset
Management/Krung Thai Bank
Public Company Limited/Banking

2010 - 2011

- **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

Date of appointment

August 11, 2017

Age

65

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 Association (IOD)
- **Advanced Audit Committee Program (AACP)**
Thai Institute of Directors Association (IOD)
- 2017 • **Director Certification Program (DCP)**
Thai Institute of Directors Association (IOD)
- 1994 • **International Syndicated Loan**
Euromoney, Hong Kong
- 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
- 1986 • **Regional Credit Seminar**
Citicorp/Citibank
- **Communication, Assertiveness & Presentation Skills**
Citicorp/Citibank
- 1985 • **Bourse Game**
Citicorp/Citibank
- **Basic Trade Finance**
Citicorp/Citibank

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

Aug 2017 - Present • **Independent Director/Chairman of the Audit Environmental Social and Government Committee/ Nomination and Remuneration Committee**
Krungthai Card Public Company Limited/Consumer Finance

Sep 2019 - Present • **Independent Director/ Audit Committee**
Thai Oil Public Company Limited/ Gas and Oil

Non-Listed Companies/ Other Organizations

2014 - Present • **Chief Advisor**
JWS Construction Group/Construction

2005 - Present • **Managing Director**
Boathouse Hua Hin Co., Ltd./
Real Estate developer

Experience

2015 - Oct 2019 • **Director and Executive Director**
Small and Medium Enterprise
Development Bank of Thailand/
Banking

2012 - 2018 • **Director & CEO**
Ma Boonyong Real Estate Co., Ltd./
Real Estate developer

2010 - 2013

• **Property Fund Advisory Committee**
CIMB Principal Asset Management
Co., Ltd./Asset Management

2007 - 2010

• **Director**
BT Asset Management Company
Limited/Mutual Fund

2004

• **Managing Director**
Prime Nature Villa Company Limited/
Real Estate Developer

1997 - 2003

• **Director/CEO**
Ayudhya Insurance Public Company
Limited/Insurance

1977 - 2002

• **President/Director**
Bank of Ayudhya Public Company
Limited/Commercial Banking

1998 - 2000

• **Chairman**
Ayudhya Development Leasing Co., Ltd./
Leasing

1993 - 1997

• **President/CEO**
Ayudhya Investment & Trust Public
Company Limited/Finance & Securities

1993 - 1995

• **Chairman & Managing Director**
Citicorp Finance & Securities
(Thailand) Ltd./Finance & Securities

1989 - 1993

• **Vice President & Real Estate Head**
Citibank N.A./Banking

Board of Directors



Mrs. Nampung Wongsmith

Position

Independent Director/Audit Environmental Social and Governance Committee

Date of appointment

October 30, 2019

Age

61

Education

- **Master of Business Administration (Finance),**
Oklahoma State University, USA
- **Bachelor of Economics (International Economics),**
Chulalongkorn University

Training

- 2018 • **Role of Chairman**
Thai Institute of Directors Association (IOD)
- 2017 • **Corporate Governance for Directors and Senior Executives of Regulator State Enterprises and Public Organizations**
Public Director Institution
(King Prajadhipok's Institute)
- 2016 • **Advanced Audit Committee Program**
Thai Institute of Directors Association (IOD)
- 2011 • **Formerly RMA Leadership and Risk Management**
RMA Risk Management School,
Scottsdale, Arizona, USA

2009 • Mergers and Acquisitions

Wharton School of Finance,
University of Pennsylvania, Philadelphia, USA

2008 • Leadership Program

Capital Market Academy

2007 • Director Certificate Program

Thai Institute of Directors Association (IOD)

2006 • Energizing People for Performance

Kellogg School of Management,
Northwestern University, Illinois, USA

2001 • Investment Insurance Training

Multilateral Investment Guarantee Agency
(MIGA), USA

2000 • Syndicated Loans

Euromoney, H.K.

• Managerial Grid Seminar

Grid International, Thailand

1998 • Financial Modeling for Project Finance

Euromoney, H.K.

• Advanced Project Finance

Euromoney, H.K.

- 1997 • **Project Finance in Asia**
Euromoney, H.K.
- **Trade and Investment Insurance Training Program**
APEC, China
- 1996 • **S.W.I.F.T. Trainings in Technical, Alliances
ACCESS, Foreign Exchange Money Markets,
Alliance ENTRY, Alliance-Advanced**
Australia, England and Brussels
- 1995 • **Negotiation Skills**
Institute for International Research, Thailand
- **Operations Training Program**
Corestates Bank, USA
- **S.W.I.F.T. Trainings in Basics, Systems
Operations, Payments and Cash Management,
Documentary Credit, Collections**
Singapore and H.K.
- 1993 • **Banking in Vietnam**
H.K.
- 1990 • **The Art of Negotiation in International Trade**
- 1989 • **Correspondent Banking Conference**
Singapore
- **Effective Credit Analysis**
Thailand

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

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

- 2018 - Present • **Independent Director**
CP All Public Company Limited/
Convenience store businesses

- 2014 - Present • **Independent Director**
Christiani & Nielsen (Thai) Public
Company Limited/Construction

Non-Listed Companies/ Other Organization

None

Experience

- 2017 - 2019 • **Independent Director**
Bank for Agriculture and Agricultural
Cooperatives/Banking
- 2017 - 2018 • **Independent Director**
The Transport Co., Ltd./State Enterprise
- 2015 - 2017 • **Risk Management Committee**
Sukhumvit Asset Management Co., Ltd./
Asset Management
- 2005 - 2012 • **President**
Sukhumvit Asset Management Co., Ltd./
Asset Management
- 2003 - 2005 • **Chief Executive Officer**
Central Credit Information Co., Ltd./
Regulator
- 2001 - 2003 • **Deputy Manager**
Financial Institutions Development Fund
(FIDF)/Bank of Thailand/Regulator

Board of Directors



Mr. Nathporn Chatusripitak

Position

Independent Director/Audit Environmental Social and Governance Committee

Date of appointment

April 20, 2018

Age

44

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

- 2019 • **Certificate, Financial Statement for Directors (FSD)**
Thai Institute of Directors Association (IOD)
- 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

- 2019 - Present • **Advisor to the Deputy Prime Minister (Mr. Somkid Jatusripitak)**
Office of the Prime Minister/
Government
- 2019 - Present • **Member, National Economic and Social Development Council (NESDC)**
Member, Competitiveness Promotion Subcommittee
Member, Broadening Opportunities and Promoting Equality in Society Subcommittee
Member, SMEs Development Subcommittee
Member, Economic Restructuring Subcommittee
Office of National Economic and Social Development Council/Government
- 2019 - Present • **Advisor to the Board**
Creative Economy Agency/
Public Organization

- 2019 - Present • **Member, Program Promoting Committee, Regional and Provincial Development 4.0 Program**
National Research Council of Thailand/
Government
- 2018 - Present • **Chairman, Thailand Future Foundation**
Thailand Future Foundation/
Foundation
- 2018 - Present • **Member, Creative Economy Policy Committee**
Creative Economy Policy Committee/
Government
- 2017 - Present • **Member, National Economic Reform Committee**
National Economic Reform Committee/
Government
- 2017 - Present • **Member, New Economy Academy board**
Ministry of Commerce/Government
- 2017 - Present • **Advisor to the Digital Economy Promotion Agency Director**
Digital Economy Promotion Agency/
Public Organization

Experience

- 2018 - Present • **Member, Country Reform Steering Committee**
Country Reform Steering Committee/
Government

- 2017 - 2019 • **Advisor to the Minister to the Office of the Prime Minister (Mr. Kobsak Pootrakool)**
Office of the Prime Minister/
Government
- 2017 - 2019 • **Advisor to the Minister of Commerce (Mr. Sontirat Sontijirawong)**
Ministry of Commerce/Government
- 2017 - 2019 • **Spokesperson to the Deputy Prime Minister in charge of Economy**
Office of the Prime Minister/Government
- 2017 - 2019 • **Member, National Startup Committee**
Office of the Prime Minister/Government
- 2015 - 2017 • **Advisor to the Minister of Commerce (Ms. Apriradi Tantraporn)**
Ministry of Commerce/Government
- 2016 - 2017 • **Advisor to the Minister to the Office of the Prime Minister (Mr. Suvit Maesincee)**
Office of the Prime Minister/Government
- 2014 - 2015 • **Advisor to the Minister of Commerce (General Chatchai Sarikulya)**
Ministry of Commerce/Government
- 2012 - 2014 • **Senior Strategist**
Sasin Institute for Global Affairs/
Chulalongkorn University/University

Board of Directors



Major General Apichat Chaiyadar

Position

Independent Director

Date of appointment

December 16, 2016

Age

51

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 Association (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

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

Non-Listed Companies/ Other Organizations

- Oct 2019 - Present • **Deputy Director-General, Defence Energy Department**
Ministry of Defence

Experience

- Oct 2018 - 2019 • **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
- 2014 - 2015 • **Director**
Directorate of Intelligence/
Royal Thai Army/Ministry of Defence/
Government
- 2011 - 2014 • **Military Attache, Royal Thai Embassy, London**
Royal Thai Army/Ministry of Defence/
Government
- 2003 - 2006 • **Instructor**
Command and General Staff College,
Royal Thai Army/Educational Institute

Board of Directors



Mr. Pichit Jongsaliswang

Position

Director/Nomination and Remuneration Committee

Date of appointment

October 30, 2019

Age

38

Education

- **Master of Business Administration, Majors in Management & Strategy, Finance, and Real Estate Management, Kellogg School of Management Northwestern University, Illinois USA**
- **Bachelor of Science in Commerce Majors in Finance, Accounting and Economics, McIntire School of Commerce University of Virginia, USA**

Training

-

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

- Oct 2019 - Present • **Director/Nomination and Remuneration Committee**
Krungthai Card Public Company Limited/Consumer Finance
- 2019 - Present • **First Executive Vice President**
Head of Retail Product and Strategy Group/Krung Thai Bank Public Company Limited/Banking

Non-Listed Companies/ Other Organizations

None

Experience

- 2018 - 2019 • **Co-Founder**
NestiFly Co., Ltd./Fintech & Technology
- 2015 - 2017 • **Advisor to the President**
Head of Strategy and Projects/
Krung Thai Bank Public Company Limited/
Banking
- 2013 - 2015 • **Executive Vice President**
Head of SME Segment/
TMB Bank Public Company Limited/
Banking
- 2011 - 2013 • **Vice President**
Strategy Group/
Total Access Communications/
Mobile Service
- 2005 - 2011 • **Engagement Manager**
McKinsey & Company/
Management Consulting
- 2003 - 2004 • **Certified Public Accountant (CPA), Auditor**
Deloitte & Touche LLP/
Audit & Professional Service

Board of Directors



Mrs. Praralee Ratanaprasartporn

Position

Director

Date of appointment

April 5, 2019

Age

50

Education

- **MBA (Finance), University of Alabama at Birmingham, USA**
- **BBA (Accounting) (Auditing), Thammasat University**

Training

2018 • Innovations Payment

MasterCard, England

• Fintech Strategy and Innovation Payment System

Plug and Play and MasterCard, Singapore

• SAS Global Forum 2018 (Executive Program)

SAS Software, USA

• Blockchain in Government

Trueventus, Singapore

• Singapore Fintech Festival 2018

Baker McKenzie, Singapore

2017 • Co-Creation Workshop

VISA International, Singapore

• Innovations Payment

MasterCard Asia/Pacific, VISA International, MSI Global Private Limited, Singapore

• Innovations Payment

UnionPay International, China

• Google Next 2017

Google Cloud Platform, APAC, USA

2016 • Analytics Experience

SAS Software, Italy

• Asia Banking Analytics Roundtable

Mckinsey, Hong Kong

• Director Certification Program (DCP)

Thai Institute of Directors Association (IOD)

2015 • Executive Leadership Development Program (ELDP) 2015

Compass Institute, LEAD Business Institute with Cornell University

2011 • Advance Management Program 2011

INSEAD Business School-European Campus, France

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2019 - Present • **Senior Executive Vice President Head of Digital Solutions Group/Acting Executive Vice President Business Innovation Team**

Krung Thai Bank Public Company Limited/Banking

2019 - Present • **Director**

Krungthai Card Public Company Limited/Consumer Finance

Non-Listed Companies/ Other Organization

2019 - Present • **Director**

National Digital ID Co., Ltd.

2018 - Present • **Director's Pool**

Ministry of Finance/Government

2016 - Present • **Director**

Krungthai-AXA Life Insurance Public Company Limited/Insurance

2014 - Present • **Chairman of Risk Management Committee/Director**

KTB Leasing Co., Ltd./Leasing

Experience

2018 - 2019 • **Senior Executive Vice President**

Managing Director Retail Shared Services Group, Data Innovation and Acting Business Innovation LAB Team

Krung Thai Bank Public Company Limited/
Banking

2016 - 2019 • **Senior Executive Vice President**

Managing Director Retail Shared Services Group and Data Innovation

Krung Thai Bank Public Company Limited/
Banking

2014 - 2016 • **First Executive Vice President Managing Director Retail Shared Services Group**

Krung Thai Bank Public Company Limited/
Banking

2013 - 2014 • **Advisor to The President**

Krung Thai Bank Public Company Limited/
Banking

Board of Directors



Mr. Rathian Srimongkol

Position

President & Chief Executive Officer/Director

Date of appointment

January 1, 2012

Age

60

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 | • Certificate, Leader Program (Class 11)
Capital Market Academy |
| 2009 | • Certificate, Financial Statements Demystified for Director (FDD)
Thai Institute of Directors Association (IOD) |
| 2008 - 2009 | • Diploma, National Defence College, The Joint State-Private Sector Course Class 51/21
National Defence College of Thailand |
| 2008 | • Certificate, Role of the Chairman Program (RCP)
Thai Institute of Directors Association (IOD) |

2005

- **Public Director Certification Program (PDI)**
King Prajadhipok's Institute
- **Certificate, Economic Leader Forum (ELF)**
The Thammasat Economics Association
- **Certificate in Politics and Governance in Democratic Systems for Executives Course (Class 9)**
King Prajadhipok's Institute

2001

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

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

2013 - Present • **Independent Director/Chairman of the
Audit Committee/Corporate
Governance Committee Member/
Nominating and Compensation
Committee Member**
One to One Contracts Public Company
Limited/Service

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

Non-Listed Companies/ Other Organizations

Feb 2019 - Present • **Chairman**
Islamic Bank of Thailand/Banking

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

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

President & Chief Executive Officer/Director

Date of appointment

January 1, 2012

Age

60

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 | • Certificate, Leader Program (Class 11)
Capital Market Academy |
| 2009 | • Certificate, Financial Statements Demystified for Director (FDD)
Thai Institute of Directors Association (IOD) |
| 2008 - 2009 | • Diploma, National Defence College, The Joint State-Private Sector Course Class 51/21
National Defence College of Thailand |
| 2008 | • 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
- **Certificate in Politics and Governance in Democratic Systems for Executives Course (Class 9)**
King Prajadhipok's Institute

2005

2001

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

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

2013 - Present • **Independent Director/Chairman of the
Audit Committee/Corporate
Governance Committee Member/
Nominating and Compensation
Committee Member**
One to One Contracts Public Company
Limited/Service

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

Non-Listed Companies/ Other Organizations

Feb 2019 - Present • **Chairman**
Islamic Bank of Thailand/Banking

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

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 1, 2006

Age

57

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

- 2019 • **Deloitte Forum 2019: Future Accountant, Are You Ready?**
Deloitte Touche Tohmatsu Jaiyos Co., Ltd.
(Seven hours of training for the person taking the highest responsibility in finance and accounting: CFO)
- **TFRS Version 2019 and 2020 Practical Implication**
Deloitte Touche Tohmatsu Jaiyos Co., Ltd.
(Seven hours of training for the person taking the highest responsibility in finance and accounting: CFO)
- **TLCA CFO Professional Development Program**
Thai Listed Companies Association
(Two hours of training for the person taking the highest responsibility in finance and accounting: CFO)

- **Thai-Chinese Leadership Studies (TCL)**
Huachiew Chalermprakiet University
- **DJSI Corporate Sustainability Assessment (CSA) Coaching Program 2019 - 2020**
The Stock Exchange of Thailand

- 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

Non-Listed Companies/ Other Organizations

None

Experience

1998 - 2002 • **Assistant Secretary General**

Financial Sector Restructuring Authority/
State Enterprise

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

Executives



Mr. Virach Paisitsavet

Position

Chief Operations Officer

Date of appointment

February 16, 2012

Age

58

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

Jan 2017 - 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

2012 - Jan 2017 • **Senior Executive Vice President**
Operations/Krungthai Card Public Company Limited/Consumer Finance

2011 - 2012	<ul style="list-style-type: none"> • Senior Vice President <p>Lending Services Group/Thanachart Bank Public Company Limited/Banking</p>	2002 - 2005	<ul style="list-style-type: none"> • First Vice President <p>Marketing and Retail Banking Department/ Siam City Bank Public Company Limited/ Banking</p>
2005 - 2011	<ul style="list-style-type: none"> • Senior Vice President <p>Card Operations Department/Siam City Bank Public Company Limited/Banking</p>	2001 - 2002	<ul style="list-style-type: none"> • Senior Vice President <p>Branch Administration Department/ Bangkok Metropolitan Bank Public Company Limited/Banking</p>

Executives



Mr. Piyasak Tejasen

Position

Senior Executive Vice President-Distribution & Merchant Acquiring

Date of appointment

August 15, 2005

Age

55

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%

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 17, 2014

Age

58

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 Management (MIR)**
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 Organization

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 16, 2004

Age

57

Education

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

Training

- 2019 • **Fast Track Digital Marketing for Credit Card Class 1**
Econsultancy, Singapore
- **Facebook Training**
Facebook, Thailand
- 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. 2558 for Management**
Krungthai 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**
Krungthai Card Public Company Limited
- **Credit Bureau Information for management and employees**
Krungthai Card Public Company Limited
- **Corporate Governance for Management (1st & 2nd Line)**
Krungthai Card Public Company Limited
- **Business Process Improvement for Executive**
PEOPLE APPROACH
- **Corporate Social Responsibility**
Krungthai Card Public Company Limited

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2003 - Present • **Executive Vice President**

Corporate Communications/
Krungthai Card Public Company
Limited/Consumer Finance

Non-Listed Companies/ Other Organizations

None

Experience

1995 - 2003 • **Senior Vice President**

J Walter Thompson Company Limited/
Advertising

Executives



Mr. Bucha Sirichumsang

Position

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

Date of appointment

November 1, 2007

Age

57

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

- 2019 • **Personal Data Protection Act 2019 and Thai Digital laws Related: Principles of law and practice**
- 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 Managerment

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

1996 - 1999 • **Assistant Vice President**

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

1994 - 1996 • **Vice President**

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

Executives



Mr. Woottichai Jarernpol

Position

Executive Vice President-Information Technology

Date of appointment

December 17, 2015

Age

58

Education

- Bachelor's Degree, Statistic, Chulalongkorn University

Training

- 2019 • **IT Management Program 2019**
Cisco Systems Inc.
- **VMware Executive Leadership Summit 2019**
VMware Inc.
- **2019 Gartner Executive Programs**
Gartner
- **Executive Summit AWS re: Invent 2019**
AWS
- **Visa-China Market Immersion**
Visa
- 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

2005 - 2006 • **Senior Vice President**

Operation/BT Leasing Company
Limited/Financial

1998 - 2004 • **Vice President**

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

1995 - 1997 • **Vice President**

Information Technology/Nithipat
Finance Public Company Limited/
Financial

1990 - 1995 • **Assistant Vice President**

Information Technology/Citibank N.A./
Banking

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 1, 2014

Age

57

Education

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

Training

- 2019 • **Business Management for Sustainability**
Deloitte Touche Tohmatsu Jaiyos Co., Ltd.
- **Information Security Management Systems (ISMS) Lead Auditor Standard ISO/IEC 27001:2013**
Business improvement organization (BSI)
 - **Personal Data Protection Act, BE 2562 (Process & Procedure)**
Kasetsart University Research and Development Institute together with Digital Media Laws Institution
 - **“1st THAILAND DIGITAL ID SYMPOSIUM 2019”**
National Credit Bureau
 - **Personal Data Protection Act, BE 2562 & Digital Act**
Krungthai Card Public Company Limited
- 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**
Thammasart 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**
Krungthai Card Public Company Limited

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

2015 • **Safety Officer: Management Level, Class 1**
Krungthai Card Public Company Limited
• **Leader as a Coach (Workshop)**
Krungthai Card Public Company Limited

2014 • **Corporate Governance**
Krungthai Card Public Company Limited
• **Corporate Social Responsibility
(CSR-in Process)**
Krungthai Card Public Company Limited

2013 • **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)

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2014 - Present • **Senior Vice President/Assistant
Secretary for Audit Environmental
Social and Governance Committee**
Compliance/Krungthai Card Public
Company Limited/Consumer Finance

Non-Listed Companies/ Other Organizations

None

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

Executives



Ms. Phichamon Jitpentham

Position

Vice President-Personal Loans

Date of appointment

May 1, 2018

Age

44

Education

- **Bachelor's degree of Art, Mass Communication,**
Kasetsart University

Training

- 2019 • **Design Thinking**
Stanford Center for Professional Development
- **Facilitator Certification**
The 7 Habits of highly effective people
- **Fast Track Digital Marketing**
Eu Gene Ang
- **Personal Data Protection Act 2019 and Thai Digital laws Related: Principles of law and practice**
- 2018 • **Business Model Canvas Workshop**
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 Organization

None

Experience

1998 - 2001 • **Account Director**

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

1997 - 1998 • **Account Executive**

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

Internal Audit



Mr. Pornchai Wijitburaphat

Position

Senior Vice President-Internal Audit

Date of appointment

October 16, 2001

Age

52

Education

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

Training

2019

- **Lead Auditor ISO/IEC 27001:2013**
British Standards Institution
- **Implementing ISO/IEC 27001:2013**
British Standards Institution
- **IIAT Annual Conference 2019: INDISPENSABLE IA INSIGHTFUL, AGILE&INNOVATIVE**
The Institute of Internal Auditor of Thailand
- **CAE Forum 2019: Winning 5G and the 4th Industrial Revolution**
The Institute of Internal Auditor of Thailand

2018

- **"Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance"**
Stock Exchange of Thailand

2017

- **Value Creation and Enhancement for Listed Companies with the New COSO 2017 Enterprise Risk Management (ERM)**
Thammasat Business School, Thammasat University with 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 with Stock Exchange of Thailand
- **Thailand 4.0, Thriving in the 21st Century Through Security, Prosperity and Sustainability: Internal Audit Perspective**
The Institute of Internal Auditor of Thailand

	<ul style="list-style-type: none"> • 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 • Corporate Innovation Through Design Thinking LUKKID Group
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
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
2008	<ul style="list-style-type: none"> • Certified Professional Internal Auditors of Thailand (CPIAT-9) The Institute of Internal Auditor of Thailand
2006 - 2007	<ul style="list-style-type: none"> • Certificate Endorsed Internal Auditing Program The Institute of Internal Auditors, Chulalongkorn University

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2001 - Present • **Senior Vice President**
Internal Audit/Krungthai Card Public
Company Limited/Consumer Finance

Non-Listed Companies/ Other Organizations

None

Experience

2000 - 2001 • **Assistant Vice President**
Internal Audit/Bangkok Broadcasting &
TV Company Limited/Media

1998 - 2000 • **Manager**
Internal Audit/TSFC Securities Limited/
Securities

1996 - 1998 • **Assistant Manager**
Internal Audit/Nava Financial Public
Company Limited/Finance and Securities

1993 - 1996 • **Supervisor**
Lending & Treasury Department/
Ekachart Finance and Securities Public
Company Limited (EFS)/
Finance and Securities

1991 - 1993 • **Internal Auditor**
Internal Audit/Siam Commercial Bank
Public Company Limited/Banking

Company Secretary and Compliance



Mr. Peerapong Pitrpibulpatit

Position

Vice President-Legal Consult & Service/
Company Secretary

Date of appointment

May 16, 2007

Age

50

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

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 1, 2014

Age

57

Education

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

Training

- 2019 • **Business Management for Sustainability**
Deloitte Touche Tohmatsu Jaiyos Co., Ltd.
- **Information Security Management Systems (ISMS) Lead Auditor Standard ISO/IEC 27001:2013**
Business improvement organization (BSI)
 - **Personal Data Protection Act, BE 2562 (Process&Procedure)**
Kasetsart University Research and Development Institute together with Digital Media Laws Institution
 - **"1st THAILAND DIGITAL ID SYMPOSIUM 2019"**
National Credit Bureau
 - **Personal Data Protection Act, BE 2562 & Digital Act**
Krungthai Card Public Company Limited
- 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**
Thammasart 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**
Krungthai Card Public Company Limited

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

2015 • **Safety Officer: Management Level, Class 1**
Krungthai Card Public Company Limited
• **Leader as a Coach (Workshop)**
Krungthai Card Public Company Limited

2014 • **Corporate Governance**
Krungthai Card Public Company Limited
• **Corporate Social Responsibility
(CSR-in Process)**
Krungthai Card Public Company Limited

2013 • **Compliance Training Program, Class 1**
Securities and Exchange Commission,
Thailand
• **Anti-Money Laundering Act and Counter
Terrorism Finance Act**
Anti-Money Laundering Office (AMLO)

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

2014 - Present • **Senior Vice President/Assistant
Secretary for Audit Environmental
Social and Governance Committee**
Compliance/Krungthai Card Public
Company Limited/Consumer Finance

Non-Listed Companies/ Other Organizations

None

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 supervising accounting (Chief Accountant)

Date of appointment

November 1, 2003

Age

55

Education

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

Training

- 2019 • **Catch up with New Thai Financial Reporting Standards which are effective on 2019 and 2020**
Federation of Accounting Professions
Under the Royal Patronage of His Majesty
(Six hours of training for the person supervising accounting: Chief Accountant)
- **Understanding for the Fundamental of TFRS 9 (for Bank and Non-bank Industry)**
Federation of Accounting Professions
Under the Royal Patronage of His Majesty
(Six hours of training for the person supervising accounting: Chief Accountant)
- **Financial statement analysis and understanding of monetary values in order to create added value for the business**
Department of Business Development
(Seven hours of training for the person supervising accounting: Chief Accountant)

- **Deloitte Forum 2019: TFRS Version 2019 and 2020 Practical Implication**

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.
(Seven hours of training for the person supervising accounting: Chief Accountant)

- **TFAC Conference 2019: Future of Finance-Digital Disruption**

Federation of Accounting Professions
Under The Royal Patronage of His Majesty
(Five hours of training for the person supervising accounting: Chief Accountant)

- **Deloitte Forum 2019: Future Accounting, Are You Ready?**

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.
(Seven hours of training for the person supervising accounting: Chief Accountant)

- **Development of accounting system in Digital economy**

Federation of Accounting Professions
Under the Royal Patronage of His Majesty
(Six hours of training for the person supervising accounting: Chief Accountant)

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

• **Integrated Reporting course 1/2017**

Federation of Accounting Professions
Under the Royal Patronage of His Majesty

• **Business assessment via financial statements course 2/2017**

Federation of Accounting Professions
Under the Royal Patronage of His Majesty

• **Best practise 2/2017 revenue and receivables management**

Federation of Accounting Professions
Under the Royal Patronage of His Majesty

% of KTC Shares Held

0%

Family Relationship

None

Work Experience

Listed Companies

- | | |
|--------------------|--|
| 2003 - Present | <ul style="list-style-type: none"> • Senior Vice President
Finance and Accounting/
Krungthai Card Public Company
Limited/Consumer Finance |
| 2010 - Present | <ul style="list-style-type: none"> • Independent director/
Audit Committee
Aqua Corporation Public Company
Limited/Investment |
| Apr 2016 - Present | <ul style="list-style-type: none"> • Independent director/
Audit Committee
Wiik & Hoeglund Public Company
Limited/Construction material
business |

Non-Listed Companies/ Other Organizations

None

Experience

- | | |
|-------------|--|
| 1999 - 2003 | <ul style="list-style-type: none"> • General Manager
Robinson 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 |

Company Overview and Policy

1. Company Background

Krungthai Card Public Company Limited (“Company” or “KTC”) operates a credit card business and personal loan. KTC was registered as a juristic person on December 4, 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 2, 2002. On September 9, 2002, an extraordinary general meeting has resolved to increase the Company’s authorized capital by Baht 950 million. The Company was to offer additional shares to Krung Thai Bank Public Company Limited, a former shareholder, of 44 million shares and selling to the general public of 51 million shares. Therefore, the total authorized capital was raised to Baht 1,000 million with a total of 100 million shares. The Company was listed in the Stock Exchange of Thailand on October 28, 2002.

On December 12, 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 as a reserve for the Employee Stock Options Program (ESOP). On November 3, 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. As of December 31, 2003, the Company had a total authorized capital of Baht 2,580,162,000 and paid-up capital totaling Baht 2.5 million. On March 17, 2008, the warrants reached the maturity date of 5 years and was the last exercise date. As of December 31, 2008, the total number of people who exercised the warrant was 4,885,950 contracts whilst 114,050 contracts were not exercised. Thus, the remaining common shares after warrant exercising were 182,793 shares.

On April 30, 2009, the General Annual Meeting had agreed to reduce its authorized capital from Baht 2,580,162,000 to Baht 2,578,334,070 by canceling 182,793 common shares that had been registered but had not been publicly offered, with par value at Baht 10 per share. These were remaining shares from the expired Employee Stock Options Program (ESOP). The Company had already registered the decrease of authorized capital with the Ministry of Commerce on May 12, 2009.

On July 6, 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 9, 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 31, 2019, the Company had a total registered capital and paid-up capital of Baht 2,578,334,070 with a total of 3.4 million accounts 2,510,914 credit card accounts and 888,342 personal loan accounts.

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

- 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.
- 2019** • KTC received the “Thailand’s Top Corporate Brand Value” award for 2 consecutive years. The award was organized by the Master of Science in Marketing, Faculty of Commerce and Accountancy, Chulalongkorn University joined by the Stock Exchange of Thailand and MGR Online. KTC’s brand value increased from Baht 18,815 million in 2018 to Baht 45,363 million in 2019, 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:
- 2017** • KTC received a “100%” rating from the 2017 Annual General Meeting Quality survey conducted jointly by the Thai Investors Association, Thai Listed Companies Association, and the Securities and Exchange Commission.
- 2018** • KTC received Top Agent Award 2018 from Japan National Tourism Organization (JNTO).
- 2019** • KTC received ISO/IEC 27001:2013 Certificate for ISMS-Information Security Management System from BIS Group (Thailand) Company Limited.
- KTC received 2 honorary awards: Best CEO Awards and Outstanding Company Performance Awards. Furthermore, KTC received an honorary reward as KTC was selected to be on the list of Thailand Sustainability Investment (THSI) 2019 at the SET Awards 2019 held by the Stock Exchange of Thailand and Money & Banking Magazine. These are an extension of achievements received in 2016, in which KTC was given 3 awards from the SET Awards: Outstanding Company Performance Awards, Outstanding Young Rising Star CEO Awards, and Outstanding Investor Relations Awards.
- KTC was selected by the 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 4 consecutive years from 2016 to 2019.
- KTC received “Excellent” in the Corporate Governance Report of Thai Listed Companies survey conducted by the Thai Listed Companies Association for 4 consecutive years (2016 - 2019), organized by the Thai Institute of Directors Association (IOD).
- KTC received a “100%” rating from the 2019 Annual General Meeting Quality survey conducted by the Thai Investors Association, Thai Listed Companies Association, and the Securities and Exchange Commission. KTC has received this award in 2017.

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 Default of Retail Lending Platform and Payment Platform", it is the Company's clear intention to cultivate continuous sustainable growth. KTC is to be an organization with strong members aiming to develop a sustainable business growth in becoming the primary platform for retail loans and payment services that stays alongside Thai society; as well as creating good experiences for members and consumers through main processes such as creating an organizational culture at all levels of employees in order to raise awareness on the value of sustainable growth, and inspiring ownership. As human resource development 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.

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.

KTC recognized the importance of the member base with all stakeholders in the industry. The Company insisted on building a long-term relationship with partners to ensure sustainable profits and appropriate returns to investors, as well as to conduct business with transparency and good governance.

3. Key Events and Developments 2017 – 2019

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 16, 2017.

- The Board of Directors' Meeting No. 5/2560, held on May 12, 2017 appointed Mr. Parinya Patanaphakdee to succeed Mr. Poonpat Sripleng, who resigned before the end of the term. The Board of Directors' Meeting No. 8/2560, held on August 10, 2017 appointed Mr. Praphaisith Tankeyura to succeed Mr. Akarat Na Ranong, who also resigned before the end of the term.
- According to BOT's Notification No. FPG. 13/2560 and No. FPG. 15/2560 announced in the Royal Thai Government Gazette on August 8, 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. These regulations became effective on September 1, 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; and 3) an upgraded search engine with simpler functional menus for easy accessibility.

- In October 2017, KTC introduced a trendier “TapKTC” mobile application promoting 3 main features, user-friendly, stability, and security, by adding functions to enhance customer experience. The application by the Samsung Pass service was to increase security with biometrics by fingerprint and iris scanning. It, in fact, is an alternative to 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 28, 2018.

2018 • In October 2018, KTC developed a system to support a connection between 2 mobile applications “TapKTC” and Krung Thai Bank’s “Krungthai Next” for better convenience so that card members were able to view KTC card information via Krung Thai Bank’s Next application, as well as their Krung Thai 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 11, and November 15, 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 MasterCard, 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.

2019 • KTC changed the names of the following products, effective from February 1, 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”

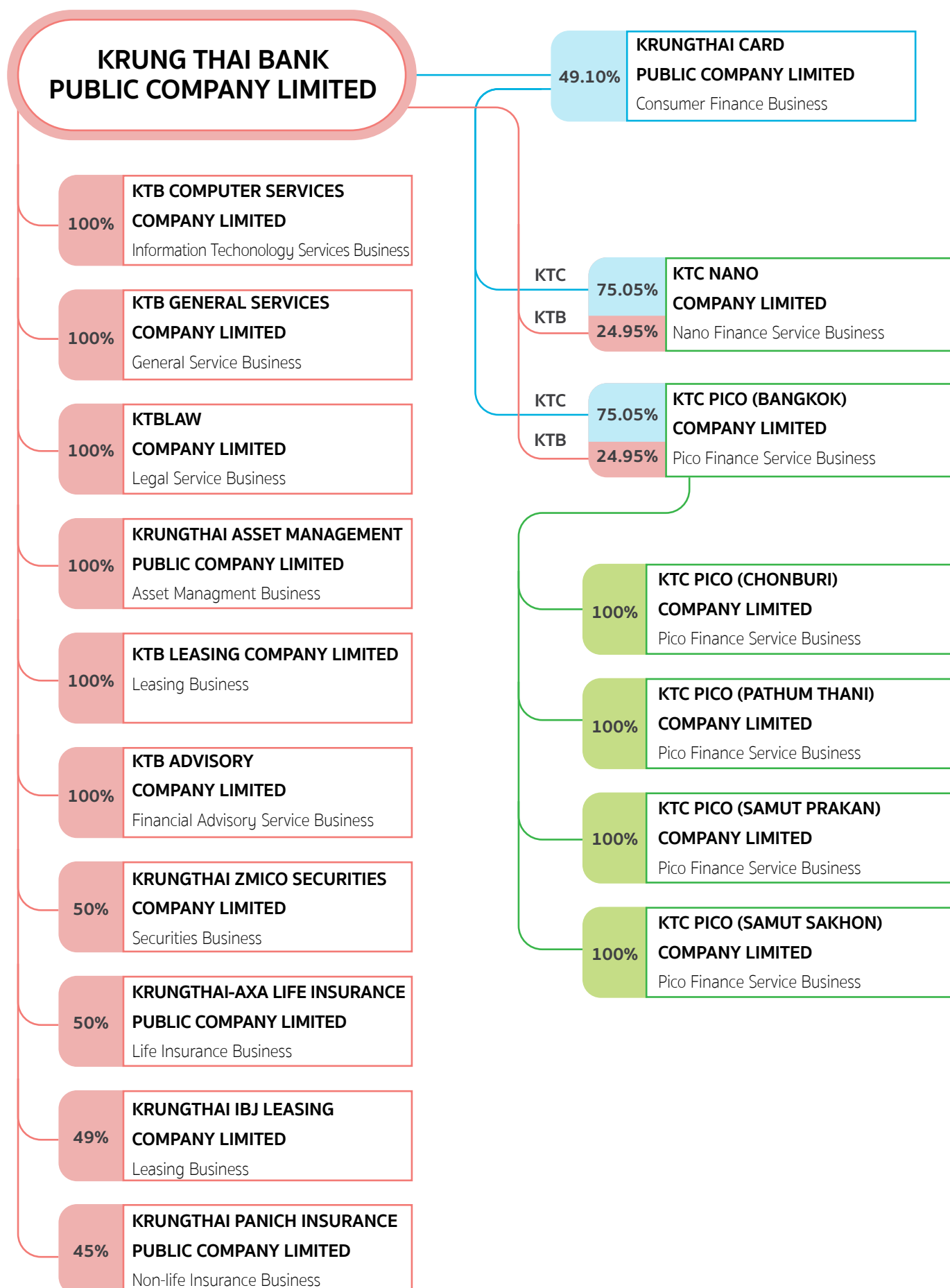
- KTC has organized the “KTC LEARN & EARN” for the 16th consecutive year. This program supports development and empowerment of youths in the Thai society by encouraging them to spend time efficiently, by working part-time with KTC.

- In April 2019, KTC redesigned the www.ktc.co.th, www.ktc.co.th/ktcworld, and www.ktc.co.th/online-service websites to improve user experience and search engine in response to the changing consumer behavior by focusing on Mobile First. Mobile usage accounts for over 80% of the total traffic on the website, with an increasing trend, including faster speed of data display.
- In April 2019, KTC developed the “KTC Promo” application to connect with the “KTC Mobile” application for better convenience so that card members were able to view every KTC promotion easily, as well as register for special privileges via the application. E-Coupon display was also improved for ease of use.
- In April 2019, KTC redesigned KTC Online to enhance user experience for credit card members such as checking total spending, redeeming points, paying for goods and other services. Another alternative that can be easily accessed is through the <https://www.ktc.co.th/online> website, which can be accessed from all devices- computers, tablets, mobile phones, or all devices with Mobile Responsive operating system.
- In June 2019, KTC jointly with UnionPay, leader of global payment network, offered unforgettable experiences to KTC members travelling to Greater China. “KTC UNIONPAY” launched 3 card types: KTC UNION PLATINUM (for those with an income of Baht 15,000 or more), KTC UNIONPAY DIAMOND (for those with an income of Baht 50,000 or more), and KTC UNIONPAY ASIA PRESTIGE DIAMOND (by invitation only). The 3 credit card types had different designs but were all inspired by the beautiful modern China. KTC UNIONPAY card members enjoy privileges when spending in China, Hong Kong, Macau, and Taiwan. The members can earn up to 3 times KTC FOREVER points. KTC UNIONPAY also support contactless payments at UnionPay merchants worldwide.
- In September 2019, KTC was first in Southeast Asia to launch a tokenized e-Commerce payments using “Mastercard Digital Enablement Services (MDES) for Merchants”. The technology was to enable safer e-Commerce transactions and strengthen trust between online merchants and consumers. It is also capable of transforming all connected devices into payment-capable devices such as Apple Pay, Google Pay, Samsung Pay, Fitbit and Garmin. MDES for Merchants extended this industry-leading tokenization technology to all online transactions, allowing card issuers to replace sensitive account numbers with unique digital tokens when card numbers are added to a merchant website or payment application. Furthermore, a digital token is protected by a dynamic Cryptogram that is unique to each transaction, offering an extra layer of protection. This minimizes the risk of fraud and provides consumers and merchants peace of mind.
- KTC organized “Education for Self-Empowerment and Sustainable Growth” project for grade 10-12 hearing impaired students at Setsatian School for the Deaf under the Royal Patronage of His Royal Highness Crown Prince Maha Vajiralongkorn to build a mushroom nursery. The course consisted of 12 afterschool classes, comprising of theoretical and practical lessons on complete organic mushroom growing, as well as branding techniques, packaging design, and financial management. The program aimed to offer this knowledge as an alternative for students to develop into a career, to generate income, to manage income and expenses, and to live a sustainable, happy life. Furthermore, the program also helped reduce the cost of school lunches.

- KTC organized “KTC OFFER Education for Self-Empowerment and Sustainable Growth” project to collectively improve financial literacy of Bachelor of Economics students at Srinakarinwirot University. KTC executives were guest speakers to share financial knowledge to benefit the students’ education, personal life, and future careers.
- KTC organized “KTC PR Press Club” event to reinstate Thai financial institutions that promote Thai art and culture through tourism activities. KTC invited the press on an exclusive trip to travel back in time visiting old towns in order to raise awareness in the Thai society, with the theme “Monrak Khon Mae Klong” and “Visiting Bangkok, sightseeing Nonthaburi’s temples, and following in the footsteps of the greatest poets.
- KTC was granted a license to operate provincial retail loans under supervision Pico Finance Plus for KTC Pico Company Limited (Bangkok)/ (Chonburi)/ (Pathumthani)/ (Samut Prakarn)/ (Samut Sakorn). KTC was also granted a license to operate small business loans under supervision for KTC Nano Company Limited.
- The Annual General Meeting of Shareholders held on April 5, 2019 has resolved to appoint Mrs. Praralee Ratanaprasartporn as a Director in place of Mrs. Sriprabha Pringpong, who resigned after the end of her term due to other important commitment.
- The Board of Directors’ Meeting No.12/2562, held on October 30, 2019 appointed Mrs. Nampung Wongsmith and Mr. Pichit Jongsaliswang as members of the Board of Directors, effective from October 30, 2019.
- TRIS Rating has upgraded the Company’s rating to A+ since 2016.
- KTC received membership renewal certificate for Thailand’s Private Sector Collective Action Coalition Against Corruption, with a duration from May 21, 2019 to May 21, 2022.
- In 2019, the Company issued debenture 4 times (5 models) with a total value of Baht 6,115 million, maturing between 2 to 10 years and offering interests ranging from 2.40% to 3.20% per annum.
- As of December 31, 2019, KTC had a total of 19 KTC TOUCH branches - 18 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.

4. Company’s Shareholdings Structure (as of December 31, 2019)

The major shareholder of Krungthai Card Public Company Limited is Krung Thai Bank Public Company Limited with the share of 49.10%. The diagram below exhibits KTB’s shareholding structure (KTB Group), which comprise of financial institutions and other supported business only.



4.1 Shareholdings Structure of KTC Pico (Bangkok) Company Limited

The major shareholders of KTC Pico (Bangkok) Company Limited are Krungthai Card Public Company Limited with the share of 75.05% and Krung Thai Bank Company Limited with 24.95% shares. Concurrently, KTC Pico (Bangkok) Company Limited is the sole shareholder of KTC Pico Company Limited (Chonburi)/ (Pathum Thani)/ (Samut Prakarn)/ (Samut Sakorn) with 100% shares.

4.2 Shareholdings Structure of KTC Nano Company Limited

The major shareholders of KTC Nano Company Limited are Krungthai Card Public Company Limited with the share of 75.05% and Krung Thai Bank Company Limited with 24.95% shares.

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, credit card and product advisory that meet the needs of target audience, as well as organizing promotional sales for first-entry applications that will in turn effectively and swiftly 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 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 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 started in the beginning of 2019.

- KTC has jointly worked with the bank on "KTB Wealth Customer Base Expansion" throughout 2019 in introducing and extending applications 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 2019, more than 30,000 credit cards were achieved.

In addition, Krungthai Card Public Company Limited and Krung Thai Bank Public Company Limited emphasize and support KTC Pico Company Limited and KTC Nano Company Limited in base expansion of provincial retail loans under supervision (Pico Finance) and small business loans under

supervision (Nano Finance). Regarding these 2 licenses, the Company created a variety of financial products under the brand “KTC P Berm” to develop strategies and marketing programs for membership base expansion of loans, with the following details:

- Customers applying for KTC P BERM cash loans at KTC TOUCH branches receive results within 60 minutes of the application and have the loan transferred to their accounts within 24 hours. Initially, trial services will be carried out in Bangkok branches, which has started at the end of 2019.

- Customers can apply for KTC P BERM cash loans through KTC’s representatives and at any Krung Thai Bank branch. This service is expected to launch at the beginning of 2020.

- Customers applying for KTC P BERM car loans and motorcycle loans at KTC TOUCH branches receive results and loan transfer within 24 hours after application submission. Initially, trial services will be carried out in Bangkok branches, which is expected to launch at the beginning of 2020 as well.

KTC Pico and KTC Nano believe 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 organizations to grow sustainably with highest customer satisfaction on products and services.

Usage Marketing

- KTB easy home loan payment via KTC credit card enabled credit card members to pay their housing loan installments with their cards throughout the contract period, with the same interest rates as cash installment payment, while collecting KTC FOREVER reward points concurrently.

- “KTB Foreign Currency Exchange” allowed members to exchange foreign currencies via KTC 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.

- KTB’s marketing program for Krungthai - AXA life insurance premium payment via KTC credit card offered 2 options to either receive credit cash back or 0% installment plan for 3 months at any KTB branch nationwide.

- The “Unlocking Secrets to Sustainable Wealth” project joined marketing promotion activities under the district offices set by Krung Thai Bank in Bangkok and other provinces. KTB PRECIOUS PLUS customers receive privileges when making premium payment for Krungthai-AXA life insurance with credit cards.

- Participated in marketing promotion activities at Money Expo for KTC credit card customers who make premium payment for Krungthai - AXA life insurance at Krung Thai Bank booth.

- Premium payment of products from Krungthai Panich Insurance Public Company Limited and Dhipaya Insurance Public Company Limited “KTB Safe House Home Loan”, “Krungthai Health Care”, “Krungthai Health Care Plus”, “PA Super Protection Plus”, and “PA Happy Sure” can be made with KTC credit cards at any Krung Thai Bank branch.

Merchant Acquiring

- Online merchant acquiring projects were introduced to support the growing online business and to provide solutions to the e-Commerce, Social Commerce, and m-Commerce.

- The Payment via Virtual Terminal project was an online payment method for goods and/ or services by entering customer's credit card information on the Web Service system for insurance businesses and other businesses with Contact Center type of payment. By doing so, it is more convenient for merchants/ agents when conducting transactions. Card information is key-in on Web Service instead of into EDC, enabling agents to make real-time transactions while communicating with customers.

- Continued "Expanding Alipay merchant" project with leading partners to facilitate goods and services payment for Chinese tourists traveling to Thailand and Chinese expats living in Thailand.

- "KTC QR PAY" provides payments for goods and/ or services via QR Code scanning, instead of regular transactions through Electronic Data Capture (EDC) machines. Card holders can 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 customers who desire to receive payment for goods and services via credit cards, debit cards, as well as QR Code through 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 a credit card and personal loan business. As of December 31, 2019 the total number of KTC members reached 3.4 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 interests and fees generated from two main businesses: credit card and personal loan. Fee income includes fee income from credit usage, calculated from total amount of outstanding debt. Under the Civil and Commercial Code, a non-bank consumer loan provider is entitled to charge

a maximum of 15% interest rate only. The Bank of Thailand's regulation, however, allowed such provider to charge an interest, including credit line usage fee, of up to 18% for credit cards.

For personal loans, a non-bank financial provider is entitled to charge interest plus credit line usage fee of up to 28%. The difference occurred from interest rate and fee charged under the Civil and Commercial Code and under the regulation of BOT is recorded as income fee from credit usage. In addition, KTC also has other sources of income such as Circle Loan, self-employed loan, foreign exchange, etc.

Three-year revenue structure as shown in the financial statements during 2017 - 2019

Description of revenue structure	Separate Financial Statements		Consolidated Financial Statements			
	2017		2018		2019	
	MB	%	MB	%	MB	%
Revenue from credit card	11,642	59.6%	12,363	58.3%	13,068	57.8%
(1) Interest income ⁽¹⁾	4,632	23.7%	4,884	23.0%	5,259	23.2%
(2) Fee income	5,305	27.2%	5,538	26.1%	5,842	25.8%
(3) Bad debt recovered	1,705	8.7%	1,942	9.2%	1,967	8.7%
Revenue from personal loan	7,377	37.8%	8,377	39.5%	9,038	39.9%
(1) Interest income ⁽¹⁾	3,424	17.5%	3,883	18.3%	4,184	18.5%
(2) Fee income	2,812	14.4%	3,100	14.6%	3,329	14.7%
(3) Bad debt recovered	1,142	5.8%	1,394	6.6%	1,525	6.7%
Other revenue	506	2.6%	457	2.2%	520	2.3%
- Circle Loan income	31	0.2%	28	0.1%	26	0.1%
- Self-employed loan income	17	0.1%	9	0.0%	5	0.0%
- Foreign exchange gain	139	0.7%	142	0.7%	149	0.7%
- Other income	319	1.6%	277	1.3%	340	1.5%
Total revenue	19,525	100.0%	21,198	100.0%	22,625	100.0%









Source: 2017 - 2019 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 2 elements: card issuing business and merchant acquiring business. The credit card issuing business begins from attracting customers, approving credit line, monitoring expenses, receiving debt payment, and collecting debts. An issuing bank/ company generates income from transaction fees and interest. For merchant acquiring business, it involves merchants that accept credit card payment for goods and services. KTC selects merchants and installs EDC machines and/ or Payment Gateway at their stores to supervise the approval of accepting payment for goods or services from cardholders. The Company earn from transaction fees.

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. Visa International Service Association) (“Visa”), MasterCard International Incorporated (“MasterCard”), JCB International (“JCB”), and UnionPay International (“UnionPay”) 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, JCB, or UnionPay, in which these cards are used to pay for goods and services in lieu of cash payment at any merchant with    and  logos.

The Company operates issuing business related to credit card loan, with a policy to waive entry fee and lifetime annual membership fee for generic cards (for the first 2 cards). For the third card onwards, the Company charges an annual fee of 500 Baht. For cardholders with the third card same brand as that of any card currently held, the annual fee is applied only for the first year.





The Company focuses on the development of business and marketing plans continuously to support business growth through customer base expansion. KTC collaborated with partners to jointly promote spending via KTC cards and to build long-term relationship. KTC followed 6 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 through marketing campaigns to maintain strong relationship with members.
5. Adhere to Customer Centric principles and data analysis to truly understand customers’ needs.
6. Digital marketing that emphasizes on safety, security, and good customer experience.

Lastly, the Company also highlights on market research and new business opportunities in order to offer benefits and privileges that directly meet the needs and lifestyles of cardholders. The Company has issued credit cards as detailed below:

Number of credit cards and the amount of credit card debt	2017	2018	2019
Total number of credit cards (Cards)	2,169,370	2,387,659	2,510,914
Annual growth rate (%)	3.5%	10.1%	5.2%
Net amount of credit card debt (MB)	45,048	47,937	53,254
Annual growth rate (%)	4.8%	6.4%	11.1%

The Company has issued various types of credit card as follows:

1. Generic Card is a KTC VISA/ MASTERCARD/ JCB/ UNIONPAY card. Cardholders can use a generic card to pay for goods and services in lieu of cash payment at any service outlet or retail store with    and  logos worldwide. In addition, cardholders can withdraw cash advance. As there are diverse groups of customer, KTC joined VISA/ MASTERCARD/ JCB/ UNIONPAY in issuing credit cards for 3 main groups of customer: super, premium, and generic. The Company also provides KTC Government


Service Card for government entities in order to help facilitate government spending and reduce burden and risk of carrying cash.










2. A Co-brand card is a collaboration between KTC and commercial partners. Cardholders can use a co-brand card to pay for goods and services with any merchant. If, however, this card is used at stores of collaborated partners, cardholders will be eligible for privileges and special offers according to the card type.

3. Affinity Card is a card issued jointly with alumni association or non-profit organization such as Thai Pilots Association, Chiang Mai University Alumni Association, and Chulalongkorn University's 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 can make payment for goods and services at any retail store with    and  signs in Thailand and more than 200 countries worldwide, depending on each approved credit line. The Company makes payment to a retail store/ merchant through the bank. At the end of each cardholder's billing cycle (approximately 1 month), the Company issues an invoice to the cardholder with two options-pay the outstanding balance in full or pay a minimum installment as notified by the Bank of Thailand. The minimum installment amount must be at least 10% of the total amount of the 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 is a service that enables 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, cardholders can either withdraw money from any ATM with   or  signs or from any Krung Thai Bank counter that display "We accept credit card" sign. In case of overseas withdrawal, cardholders can either withdraw from any ATM with      and  signs or any exchange booth that displays "We accept Visa, MasterCard, JCB, and UnionPay". Moreover, cardholders can make online withdrawal on the website (via KTC Online) and on any iOS and Android smartphone/ tablet (via KTC Mobile). The 24-hour online service will promptly transfer money to a Krung Thai Bank account once the transaction is complete. In this case, the Company receives cash advance fee 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-hour service

- **KTC Ultimate Assistance:** 4 types of worldwide services for VISA Infinite and World MasterCard members. Call for assistance directly at 02 206 5431. Available services include:

- Worldwide medical emergency assistance service
- Domestic roadside emergency assistance service
- Home emergency assistance service
- Worldwide personal secretary service

- **KTC-JCB credit card:** 68 concierge service centers worldwide-2 JCB plazas, 9 JCB plaza lounges, 57 JCB Airport Lounges-to provide Concierge Services by JCB Plaza.

- **Auto monthly bill payment:** payment with all KTC card types for services such as fixed phone line bill, mobile phone bill, etc.

- **KTC Newsletter:** monthly newsletter updates card members with news and information regarding privileges and services.

- **“My World” bi-monthly travel magazine:** provides travel news domestically and internationally as well as privileges from partners.

- **“KTC Guidezine” Travel Guide:** information on popular and trendy tourist spots suitable for independent travellers.

- **Travel insurance:** coverage that protects card members and their spouses and children under 23 years of age. In the case that KTC card is used for paying public transportation tickets, insurance coverage limits are as the following:

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/ KTC UNIONPAY PLATINUM. In case of international travelling, the maximum coverage for damaged or 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/ KTC UNIONPAY DIAMOND. In case of international travelling, the maximum coverage for damaged or lost luggage is 40,000 Baht per claim.

40 million Baht - for KTC VISA INFINITE/ KTC WORLD MASTERCARD/ KTC-KTB PRECIOUS PLUS VISA INFINITE/ KTC UNIONPAY ASIA PRESTIGE DIAMOND. In case of international travelling, the maximum coverage for damaged or lost luggage is 100,000 Baht per claim.

- **KTC FOREVER Point Accumulation Program:**

1 reward point is earned for every 25 Baht spent. Points have no expiry date and are accumulated to redeem prizes/ discounts and services at participating stores.




- **KTC installment payment:** installment payment for goods and services with special interest rate of 0-0.80% per month up to 10 months at participating stores.

- **KTC Phone 02 123 5000 installment payment:** installment payment may be requested via phone for payment due the following month. Normally the Company charges 0.8% interest per month, but the rate may vary due to promotions offered during a certain period.


- **KTC U SHOP:** online shopping with free delivery service. Over 165 merchant partners and more than 7,000 items are available from the catalogue or on the www.ktc.co.th/USHOP website, LINE@KTCUSHOP, or KTC TOUCH outlets. Payment can be made with all types of KTC credit card or KTC FOREVER points.

- **KTC Real Privileges:** the www.ktc.co.th website provides news, and update on various privileges and special offers from restaurants and hotels. Other online channels such as KTC LINE Official Account, www.facebook.com/ktcrealprivilege, and [twitter.com/ ktcprivilege](https://twitter.com/ktcprivilege) are social network platforms for customers to communicate with KTC and among themselves in order to exchange information, interesting news, public relations, and KTC privileges.

- **KTC World Travel Service:** www.ktcworld.co.th provides travel-related information including news and special offers and privileges offered by local and international partners. Members can also access such information via www.facebook.com/ktcworld

- **Secured e-pay:** secure online payment service via internet network developed to meet international standards. The secured e-pay service supports Visa International's VbV system , MasterCard International's MCSC , and JCB International's J/Secure .

- **KTC Online Service:** KTC credit card members can make online transactions via iOS and Android supported KTC Mobile application and www.ktc.co.th/onlineservice.

- **Samsung Pay:** this service facilitates KTC credit card members to pay for goods and services with KTC VISA and KTC MASTERCARD via the  application on Samsung mobile phones. This service is convenient, easy to use, and highly secure.

- **Fitbit Pay:** KTC members can pay merchants for goods and services using KTC Visa and KTC MasterCard via Fitbit smartwatch at any retail store that accepts contactless payment for more convenience.

- **Garmin Pay:** payment service via Garmin smartwatch with KTC VISA and KTC MASTERCARD at any store accepting contactless payment.

(B) Service steps of card issuing business

1) Acquiring Cardholders: the Company acquires cardholders through main channels

- **KTC TOUCH** is a fully integrated financial service center equipped with KTC personnel to provide consultation and various services.

- **Krung Thai Bank branches** and personnel are available with more than 1,000 branches nationwide.

- **Outsource sales channel** includes third parties of individuals and juristic persons to introduce KTC financial products. There are over 2,500 independent financial product consultants nationwide.

- **Partner engagement channels** are 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 J-Mart, 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** responses to changes in consumer behaviour of the digital age. KTC has developed various online channels and digital platforms for application purposes. Customers can fill out membership application form at www.ktc.co.th or via KTC online media. In addition, membership can also be applied online through partner companies. Online channel provides services 24-hour a day, allowing customers' questions and concerns to be reverted back as quickly as possible.

- **Telesales channel** is an in-house telesales operation which is overseen directly by the Company to mainly support customers from digital channels.

- **Government Card department** is responsible for expansion of corporate credit cards under the “KTC GOVERNMENT SERVICE CARD” and “KTC VISA CORPORATE GOLD” programs in order to serve government agencies, state enterprises, public organizations, independent organizations, private companies, etc. These programs are also to stimulate spending and to provide aftersales services.

- **Contact center** assists customers with an interest to apply for membership over the phone. Staffs are available 24 hours a day.

2) Credit Acceptance

The Company verifies signatures in the application form before recording all the application form into the system. For applicants whose qualifications fail to meet the eligibility criteria of the Bank of Thailand or are individuals defined by the Terrorism and Proliferation of Weapons of Mass Destruction Financing laws, applications are marked as rejected on the system and such individuals are notified via SMS or letter. For applicants who pass the basic qualifications, they are contacted for application confirmation and further information. The Company also checks their credit history, with granted consent, from 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, including income and repayment ability. Moreover, the Company also checks the applicant’s credit history with National Credit Bureau Co., Ltd., a national agency established as a data center to collect credit information and the history of individuals, and the Company’s credit analysts use such information as supplementary for assessment. The Company considers and approves credit lines for credit card and personal loan separately according to the criteria set by the Bank of Thailand. Furthermore, the Company manages risk by monitoring the customer’s repayment history as a basis for credit line approval. In case when an individual applies for multiple different loan types, the Company’s credit officer performs background check such as repayment history, employment status, income, and job title in order to evaluate overall credit risk of each applicant to not exceed 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 forwards it to notify the applicant whether the application has been approved or rejected. For approved cases, the Company then forwards the audited data to a third party certified by Visa, MasterCard, JCB, and UnionPay in order to issue a credit card containing personal data of the cardholder. Thereafter, the credit card is delivered to KTC TOUCH or a KTB branch or to the applicant’s address.

3) Authorization

For issuing business, when a cardholder pays for goods and services with credit card at a retail store, the store contacts an acquiring bank who acts as an intermediary between an acquiring bank and an issuing bank to approve the transaction via Authorization system according to the Company’s stipulated criteria. The result is then reverted to the store.

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 via a telephone line or a lease line. Therefore, the request for credit approval can occur 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 to decrypt information from the EDC for secured data transfer.

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 systems for issuing and acquiring banks to support 3D-Secure transactions by identifying cardholder with a PIN code in order to enhance security for online transactions. The issuing business has improved its system to support One Time Password (OTP), in which a new PIN is generated for every transaction performed by the cardholder at any online store that accepts 3D-Secure.

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>.

If a cardholder has suspicions on or wishes to cancel certain payment transactions after receiving the statement, the cardholder may notify the Company to suspend these transactions and halt any debt collection during that period. The Company is to conduct a fact-finding investigation in order to determine which party are liable for these transactions. Then, the Company notifies the liable party to make repayment within 45 to 180 days in accordance with the standards set by Visa, MasterCard, JCB, and UnionPay. 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 designated 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 debt collection letter, phone, voice broadcasting, and SMS message as reminder to pay off the debt. 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 credit line 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 as 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, JCB, and UnionPay
- 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 self-operate risk management tool (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 supplies employees with training programs organized by Visa, MasterCard, JCB, and

UnionPay. KTC also collaborated with other entities on training programs organized for third party entities such as merchants, police, issuing banks, and 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 31, 2019, the amount of credit card fraud and personal loan scam damages totaled 1.65 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 2017, the Company had 24,957 units of Electronic Data Capture (EDC). In 2018, 26,283 units. In 2019, 26,690 units.

(A) Types of Acquiring Business services

There are 7 types of acquiring businesses.

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

2. Payment via Mobile Point of Sale: (KTC mPOS). It offers another way of converting your mobile device or tablet into a mobile Point of Sale device (mPOS), offering options of full amount payment, and/ or installment payment with KTC credit cards, and redeeming rewards from KTC FOREVER.

3. Receiving payment online via KTC Gateway. 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. Automatic Payment Collection (Auto Payment). 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 options 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 Krung Thai 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, JCB and UnionPay. 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 31, 2018 and December 31, 2019, the Company had 36,837 merchants and 39,870 consecutively.

(B) Steps in Acquiring Business

1) Appoint merchant

The Company contacts merchant to become member determined by the Know Your Customer (KYC) process according to the Anti-Money Laundering Act, B.E. 2542, and Terrorism and Proliferation of Weapons of Mass Destruction Financing Act, B.E. 2559 and depending mainly on business type, and purchase value, including merchant's growth potential. The Company sets up minimum fee according to business type. Moreover, not only the merchant can apply to partner with the Company, but the Company can also contact the merchant directly as well.

When the merchant is approved to be member and the merchant opens bank account at Krung Thai bank, the Company will install Payment Solutions that suit the business, for example, EDC, mPOS, or KTC GATEWAY, or sending QR Code Poster to the merchant, along with instructions on how to generate QR Code from an application KTC 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's 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 unsecured 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 3 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 Bank or all Counter Services.

3) Car title loan is paid in installments with maximum interest rate of 28% per annum. The loan amount is determined by the car's year, brand, model, and conditions.

Number of accounts and personal loan receivables	2017	2018	2019
Number of personal loan (accounts)	852,915	951,882	888,342
<i>growth rate (%)</i>	<i>4.3%</i>	<i>11.6%</i>	<i>-6.7%</i>
net personal loan receivables (million baht)	22,596	24,644	26,807
<i>growth rate (%)</i>	<i>12.1%</i>	<i>9.1%</i>	<i>8.8%</i>

(B) Personal loan 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 TMB
- 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 Krungthai Next application

For more information on payment channels, contact KTC PHONE 02 123 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 Subsidiary businesses such as KTC PICO (Bangkok) Company limited and KTC Nano Company Limited

- **KTC PICO (Bangkok) Company Limited** plays a major role in ridding of the informal debt problems by providing loan services in the provincial level called PICO Plus which approves loans of up to 100,000 Thai Baht for any individual with home registration document and/ or residing or working in the vicinity of the Company's head office in the province. Loans can be approved without collateral and/or with in the form of car/ motorcycle title. Branded as "KTC P' BERM", maximum interests combined with penalty and related fees are not to exceed 36% per annum. As of December 31, 2019, total sum of loans stood at 1.6 million baht. KTC PICO (Bangkok) currently holds shares in KTC PICO Company Limited in 4 provinces namely Chonburi, Samutprakarn, Samutsakorn, and Patumthani and approving more loans in 2020.

- **KTC Nano Company Limited** offers personal loans to individual without regular income suitable for freelancers and/ or any typical registered merchants as well as regular employee with salary less than 15,000 Thai Baht per month. Key objects of loans must be occupationally related, to be spent on expanding businesses, and/ or to relieve burdens from informal debts. Each individual can be approved for up to 100,000 Thai Baht at an interest rate of no more than 36% per annum. The service will begin in 2020.

KTC PICO (Bangkok) Company Limited and KTC Nano Company Limited's loans services process

1) Channels for applications

Applicant can apply for personal loan through the same channel as credit card application. The process of which depends strictly on the channel of application as specifically stated by KTC PICO (Bangkok) Company Limited and KTC Nano Company Limited.

(Please see details about application channels in "credit card service process of credit card issuing business" sub section 1) Cardholder application). In addition, the customer can also apply for loans with KTC P' BERM at KTC PICO's provincial offices.

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, coupled with consideration for any collateral (if necessary) in order to identify proper loan limit, interest rate and related fees according to the business requirements.

3) Company informs an applicant of loan approval or rejection

In the case the customer applies for loans through KTC Touch and Outsource Sales channels, the Company will inform the customer of a decision as soon as his/ her qualifications have thoroughly been checked at the service center. As for applying through other channels, the Company will notify the customer via SMS and mailing prior to transferring fund directly to the customer's Krung Thai Bank account on the day of approval.

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

Before due date of every month, the Company will send SMS informing the customer of the installment amount to be paid so that the customer may choose any of the following payment channels.

- KTC Touch branches
- Krung Thai Bank
 - Bank counters
 - Krung Thai Next (Mobile Banking)
 - Internet Banking (www.ktbnetbank.com)
 - ATMs
 - Automatic Cash Depositing Machine
- Cross-Bank Bill Payment

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.

1.5 Other 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 Krungthai'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 31, 2018, net circle loan receivables were 130 million baht or 0.18% of all net receivables. On December 31, 2019, 122 million baht or 0.15% 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 31, 2018, KTC net receivables for KTC Million value at 2 million baht or 0.002% of net receivables and on December 31, 2019 of 1 million baht or 0.001% of net receivables.

(More information about important changes and developments of last year is in topic "Company Overview and Policy" in subtopic "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, and Personal Data Protection Act, B.E. 2562.

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.

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 very effectively with the new regulations.

2. Consumer Finance Industry

2.1 Consumer Finance Overview

In 2019, the Bank of Thailand (BOT) had continuously adjusted its GDP growth forecast with the latest one for 2019 at 2.5% due to sluggish merchandise export following the slowdown in trading partners economy and the impact from trade war between the U.S. and China. Government spending in both current expenditure and investment expenditure as well as private consumption were also in a declining direction.

Nonetheless, overall consumer finance industry continued to expand from last year with the industry's credit card receivables as of December 2019 equaled to 457,090 MB, a 9.2% growth compared to that of 6.2% or amounted to 418,747 MB in 2018, and the industry's personal loan receivables for 2019 equaled to 579,788 MB. Meanwhile, the industry's total credit card spending for 2019 valued 1,885,725 MB, a 9% growth, yet less than that of 9.2% in 2018, caused by the slowdown in overall Thai economy.

Table: Growth of Consumer Finance Receivables

	2015	2016	2017	2018	2019
Consumer Finance Receivables (Million Baht)	651,847	693,092	748,366	802,050	1,036,878
Growth (% YoY)	3.3%	6.3%	8.0%	7.2%	29.3%

Source: The Bank of Thailand

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

⁽²⁾ In 2018 and 2019, the Bank of Thailand adjusted the historical data in year 2015 - 2017.

⁽³⁾ For the industry data since February, 2019 (BOT published on April 10, 2019), the Bank of Thailand has included car title loan into personal loan receivables.

Consumer finance receivables is composed of credit card receivables and personal loan receivables in which according to the Bank of Thailand's report, such data is collected from two major types of financial providers which are,

(1) Commercial banks, including Thai commercial banks and branches of foreign banks which are under the BOT's supervision and conduct consumer finance business such as Bangkok Bank, Kasikorn Bank, Siam commercial Bank, Citibank etc.

(2) Non-banks, including financial providers registered with the Minister of Commerce to conduct businesses in retail loans, credit card, as well as personal loans under supervision both without collateral and with car registration as collateral, but not allowed for deposit service. These financial providers positively help low income earners who are majority of the Thais get more access to the formal lending system.

Thailand's household debt to GDP ratio as of Q3, 2019 stood at 79.1%, higher than last year of 78.6%, indicating consumer risk behavior of rising indebtedness. If household debt remains elevated for a longer period and does not correspond with income, household ability to service debts might get impacted, which in turn would create problems for financial institutions. Hence, financial institutions should be prudently aware of their customer screening as well as credit approval procedures so that their NPLs stay at a reasonable risk level.

Nevertheless, according to the NESDB report, household debt situation is still a significant issue needed to be closely monitored and concerned as a result of behaviors of both lenders and borrowers. As the competition in consumer finance is heightened in both credit card and auto loan businesses, financial institutions have attempted to offer further lending to customers with worsening financial status through various promotion campaigns such as installment payment for credit card at 0% interest rate to urge more of credit card indebtedness.

To ensure well-balanced level of indebtedness for borrowers as well as responsible lending of lenders, the Bank of Thailand has issued various measures such as measures for car title loan, the loan-to-value measure (LTV), a study of a standardized debt-service ratio (DSR) calculation, relief measures to assist debtors affected by natural disasters, and debt refinancing programs such as the BOT's refinancing scheme and Debt Clinic Phase 2, the Government Savings Bank's suspension of principal payment for members of National Village and Urban Community Fund etc. All aforementioned measures are aimed to oversee and systematize existing debts in the system as well as potential debts in the future which in turn could impact economic structure in the long run.

Table: Thailand's Household Debt

Thailand's Household Debt	2015	2016	2017	2018	Q3/2019
Household Debt (Million Baht)	11,154,430	11,583,911	12,101,463	12,829,199	13,238,562
Household Debt to GDP (%)	81.2%	79.6%	78.3%	78.6%	79.1%

Source: The Bank of Thailand

2.2 Overview of Credit Card Industry

(1) Competition in Credit Card Business

Credit card industry at the end of 2019 continued to expand from last year. The number of credit cards grew by 6.9% while credit card receivables increased by 9.2%. Credit card spending (excluding cash advance) and cash advance rose by 8.7% and 12.1% respectively. Further details are as follows.

Table: Number of Credit Cards

Number of Credit Cards (Cards)	2015	2016	2017	2018	As at Dec 31, 2019		
					Number of Accounts	Portion (%)	Growth (% YoY)
Commercial Bank	10,119,844	10,313,291	9,665,858	10,593,555	11,618,919	49.2%	9.7%
Non-Bank	8,854,351	9,823,050	10,668,922	11,511,999	12,001,455	50.8%	4.3%
Total	18,974,195	20,136,341	20,334,780	22,105,554	23,620,374	100.0%	6.9%

Source: The Bank of Thailand

⁽¹⁾ In 2017 and 2018, the Bank of Thailand adjusted the historical data in year 2015 - 2017

As of December 31, 2019, total number of credit cards in the industry was 23.6 million, a 6.9% growth, less than that of 8.7% last year. Nevertheless, credit card business is still expected to grow as consumer behaviors have inclined towards more use of e-Payment service as well as increasingly performing various transactions on internet including purchasing goods and services. At the same time, credit card service providers have promptly adapted themselves for future growth potential of such transactions.

In term of market shares for the number of credit card accounts, non-banks owned 11.6 million credit card accounts, accounted for 49.2% of the industry with a growth of 9.7% from last year, whereas commercial banks owned 12 million credit card accounts, accounted for 50.8% of the industry with a growth of 4.3% from the year before.

Table: Credit Card Receivables

Credit Card Receivables (Million Baht)	2015	2016	2017	2018	As at Dec 31, 2019		
					Amount	Portion (%)	Growth (% YoY)
Commercial Bank	204,980	218,220	236,029	253,434	279,429	61.1%	10.3%
Non-Bank	128,513	141,876	158,094	165,313	177,661	38.9%	7.5%
Total	333,493	360,096	394,123	418,747	457,090	100.0%	9.2%

Source: The Bank of Thailand

⁽¹⁾ In 2017 and 2018, the Bank of Thailand adjusted the historical data in year 2015 - 2017

As of December 31, 2019, total credit card receivables for the industry valued 457,090 MB, a 9.2% expansion, increased from the previous year of 6.2%. The market shares of commercial banks and non-banks were 61.1% and 38.9% respectively while their growths of credit card receivables were at 10.3% and 7.5% respectively.

Table: Total Credit Card Spending

Total Credit Card Spending (Million Baht)	2015	2016	2017	2018	As at Dec 31, 2019		
					Amount	Portion (%)	Growth (% YoY)
Commercial Bank	923,940	984,294	1,026,329	1,128,330	1,231,979	65.3%	9.2%
Non-Bank	468,820	503,978	546,270	602,158	653,746	34.7%	8.6%
Total	1,392,760	1,488,273	1,572,599	1,730,488	1,885,725	100.0%	9.0%

Source: The Bank of Thailand

⁽¹⁾ In 2017 and 2018, the Bank of Thailand adjusted the historical data in year 2015 - 2017

The industry's total credit card spending for 2019 amounted to 1,885,725 MB, a 9.0% growth from the year before. Total credit card spending of commercial banks equaled to 1,231,979 MB, a 9.2% growth and accounted for 65.3% of the industry. Total credit card spending of non-banks equaled to 653,746 MB, an 8.6% growth from last year and accounted for 34.7% of the industry.

Table: Credit Card Spending (excluding Cash Advance)

Credit Card Spending (Million Baht)	2015	2016	2017	2018	As at Dec 31, 2019		
					Amount	Portion (%)	Growth (% YoY)
Commercial Bank	853,729	911,736	955,178	1,053,131	1,145,498	66.5%	8.8%
Non-Bank	411,037	443,928	482,371	531,352	576,535	33.5%	8.5%
Total	1,264,765	1,355,664	1,437,549	1,584,483	1,722,033	100.0%	8.7%

Source: The Bank of Thailand

⁽¹⁾ In 2017 and 2018, the Bank of Thailand adjusted the historical data in year 2015 - 2017

The industry's total credit card spending excluding cash advance for 2019 was 1,722,033 MB, an 8.7% expansion from the prior year with 66.5% from that of commercial banks or amounted to 1,145,498 MB, and the rest of 33.5% from that of non-banks or amounted to 576,535 MB. The growth of total credit card spending excluding cash advance for commercial banks and non-banks were at 8.8% and 8.5% respectively.

Table: Cash Advance in Credit Card Business

Cash Advance (Million Baht)	2015	2016	2017	2018	As at Dec 31, 2019		
					Amount	Portion (%)	Growth (% YoY)
Commercial Bank	70,212	72,558	71,152	75,199	86,481	52.8%	15.0%
Non-Bank	57,783	60,050	63,899	70,806	77,211	47.2%	9.0%
Total	127,995	132,609	135,050	146,005	163,692	100.0%	12.1%

Source: The Bank of Thailand

⁽¹⁾ In 2017 and 2018, the Bank of Thailand adjusted the historical data in year 2015 - 2017

The industry's cash advance for 2019 possessed high expansion with the total amount of 163,692 MB, increased by 12.1% from the year before. Total cash advance of commercial banks was 86,481 MB, accounted for 52.8% of the industry with a 15.0% expansion while that of non-banks was 77,211 MB, accounted for 47.2% of the industry with a 9% expansion.

(2) KTC Credit Card Business compared to the Industry

KTC's total credit card spending for 2019 valued 213,629 MB, rose from the previous year of 193,101 MB, a 10.6% growth which was higher than that of the industry at 9.0% (increased from 1,730,488 MB to 1,885,725 MB). The Company's market share stood at 11.3%, slightly up from last year of 11.2%.

As of December 31, 2019, the Company's total credit card receivables equaled to 56,653 MB with the market share of 12.4%, up from the prior year of 12.2% (total credit card receivables of 51,062 MB). The Company's total credit card receivables growth was at 10.9%, higher than that of the industry at 9.2%.

In order to expand its member base, the Company has shared its strategies with Visa, Mastercard, JCB and UnionPay. Also, to urge members for further spending, the

Company has comprehensively covered various categories of goods and services to meet with member's lifestyles. In addition, by forming alliance with new business partners, the Company is able to provide extensive benefits for its members. Hence, total number of the Company's credit cards in 2019 increased to 2.5 million accounts, a growth of 5.2% with the market share of 10.6%, slightly declined from last year of 10.8%.

As of December 31, 2019, the industry's NPL equaled to 8,804 MB, increased by 16.1% from the year before, leading to NPL ratio of 1.9% higher than last year of 1.8%. When NPL ratio by sectors was considered, for 2019, commercial banks owned NPL ratio of 2.2% which was greater than that of non-banks at 1.4%. As of December 31, 2019, KTC's NPL amounted to 529 MB or accounted for 0.9% of its total receivables which was less than the industry's ratio at 1.9%.

Table: Comparison between KTC Credit Card Business and the Industry

	2015	2016	2017	2018	2019
Industry Number of Credit Card Accounts (Million Accounts)	19.0	20.1	20.3	22.1	23.6
KTC Number of Cards (Million Cards)	1.9	2.1	2.2	2.4	2.5
KTC Number of Cards to Industry (%)	9.9%	10.4%	10.7%	10.8%	10.6%
Industry Credit Card Spending (Million Baht)	1,392,760	1,488,273	1,572,599	1,730,488	1,885,725
KTC Credit Card Spending (Million Baht)	145,800	165,404	176,777	193,101	213,629
KTC Credit Card Spending to Industry (%)	10.5%	11.1%	11.2%	11.2%	11.3%
Industry Credit Card Receivables (Million Baht)	333,493	360,096	394,123	418,747	457,090
KTC Credit Card Receivables (Million Baht)	41,412	46,195	48,338	51,062	56,653
KTC Credit Card Receivables to Industry (%)	12.4%	12.8%	12.3%	12.2%	12.4%
Industry - NPL (Million Baht)	10,304	10,238	7,558	7,583	8,804
KTC - NPL (Million Baht)	558	563	540	508	529
Industry - NPL Ratio (%)	3.1%	2.8%	1.9%	1.8%	1.9%
KTC - NPL Ratio (%)	1.3%	1.2%	1.1%	1.0%	0.9%

Source: The Bank of Thailand

⁽¹⁾ Credit card spending includes cash advance⁽²⁾ In 2017 and 2018, the Bank of Thailand adjusted the historical data in year 2015 - 2017

2.3 Overview of Personal Loan Industry

(1) Competition in Personal Loan Business

Personal loan business for the past year remained expanding under intense competition. Meanwhile, various financial institutions have increasingly recognized the importance of Non-Performing Loan. BOT's regulations on credit card service and personal loan continue to have impacts on the future growth of consumer finance business as well as on the control of loan quality in consumer finance industry. Since February 2019 (BOT published on April 10, 2019), the Bank of Thailand has included car title loan into personal loan, resulting in significantly higher numbers of personal loan industry.

Table: Number of Personal Loan Accounts

Number of Personal Loan Account (Accounts)	2015	2016	2017	2018	As at Dec 31, 2019		
					Number of Accounts	Portion (%)	Growth (% YoY)
Commercial Bank	2,692,619	2,489,486	2,413,331	2,507,964	3,611,409	22.3%	44.0%
Non-Bank	9,177,821	9,687,424	10,324,608	10,901,127	12,612,337	77.7%	15.7%
Total	11,870,440	12,176,910	12,737,939	13,409,091	16,223,746	100.0%	21.0%

Source: The Bank of Thailand

⁽¹⁾ Number of accounts means number of personal loan accounts under supervision with outstanding loans at the end of the reporting month.

⁽²⁾ In 2017, 2018 and 2019, the Bank of Thailand adjusted the historical data in year 2015 - 2018

⁽³⁾ For the industry data since February 2019 (BOT published on April 10, 2019), BOT has included car title loan into personal loan.

As of December 31, 2019, total number of personal loan accounts in the industry grew by 21% to 16.2 million from 13.4 million last year. Non-banks owned 12.6 million accounts with a growth of 15.7% compared to the year before and a market share of 77.7% whereas commercial banks owned 3.6 million accounts with a growth of 44.0% and a market share of 22.3%.

Table: Outstanding Balance of Personal Loan Business

Personal Loan Outstanding Balance (Million Baht)	2015	2016	2017	2018	As at Dec 31, 2019		
					Number of Accounts	Portion (%)	Growth (% YoY)
Commercial Bank	157,890	156,386	155,557	166,942	254,345	43.9%	52.4%
Non-Bank	160,464	176,610	198,686	216,361	325,443	56.1%	50.4%
Total	318,354	332,996	354,243	383,303	579,788	100.0%	51.3%

Source: The Bank of Thailand

⁽¹⁾ Only principal (after deducting deferred income) is counted in Outstanding Balance.

⁽²⁾ In 2017, 2018 and 2019, the Bank of Thailand adjusted the historical data in year 2015 - 2018

⁽³⁾ For the industry data since February 2019 (BOT published on April 10, 2019), BOT has included car title loan into personal loan.

Outstanding balance of personal loan industry for 2019 increased to 579,788 MB from last year of 383,303 MB or a 51.3% growth. Outstanding balance of personal loan for commercial banks equaled to 254,345 MB, a growth of 52.4% and a market share of 43.9% while the one for non-banks equaled to 325,443 MB, a growth of 50.4% and a market share of 56.1%.

(2) KTC Personal Loan Business compared to the Industry

As of December 31, 2019, KTC owned 888,342 personal loan accounts, contracted by 6.7% due to non-active accounts closing during the end of 2019 whereas the industry grew by 21%. The Company's market share was down to 5.5% from last year of 7.1%. Outstanding balance of personal loan receivables at the end of 2019 was 28,993 MB, a growth of 7.9%. As the Bank of Thailand has included car title loan into personal loan, the Company's personal loan receivables compared to the industry was at 5%. Nevertheless, the Company aims to expand its new member base, focus on segmentation marketing strategies based on demographic data and cash advance behavior, as well as continuously maintain good quality of its receivable portfolio.

When receivables past due over 3 months (NPL) was considered, the industry's NPL ratio for 2019 stood at 3.0%, increased from the year before of 2.5%, with NPL amounts of 17,447 MB, higher from last year of 9,752 MB (partly due to car title loan has been included). As of December 31, 2019, the Company's NPL was 266 MB, up from the prior year of 205 MB or the increase of 30%. Despite of the increase in its NPL amounts, the Company was still able to maintain its NPL ratio of 0.9%, slightly higher from last year of 0.8%, indicating the Company's continued capability in credit expansion while efficiently controlling its portfolio quality.

Table: Comparison between KTC Personal Loan Business and the Industry

	2015	2016	2017	2018	2019
Number of Personal Loan Accounts – Industry (Accounts)	11,870,440	12,176,910	12,737,939	13,409,248	16,223,746
KTC Number of Personal Loan Accounts (Accounts)	747,343	818,068	852,915	951,882	888,342
<i>KTC Personal Loan Accounts to Industry (%)</i>	<i>6.3%</i>	<i>6.7%</i>	<i>6.7%</i>	<i>7.1%</i>	<i>5.5%</i>
Industry Personal Outstanding Loan (Million Baht)	318,354	332,996	354,243	383,303	579,788
KTC Personal Loan Receivables (Million Baht)	18,583	21,959	24,757	26,821	28,933
<i>KTC Personal Loan Receivables to Industry (%)</i>	<i>5.8%</i>	<i>6.6%</i>	<i>7.0%</i>	<i>7.0%</i>	<i>5.0%</i>
Industry - NPL (Million Baht)	11,859	10,533	8,873	9,752	17,447
KTC - NPL (Million Baht)	194	206	189	205	266
KTC - NPL to Industry (%)	3.7%	3.2%	2.5%	2.5%	3.0%
KTC - NPL Ratios (%)	1.0%	0.9%	0.8%	0.8%	0.9%

Source: The Bank of Thailand

⁽¹⁾ Number of accounts means number of personal loan accounts under supervision with outstanding loans at the end of the reporting month.

⁽²⁾ Personal loan without assets or property as collateral, including lending originated from hire purchase and lease of goods that are not normally sold by operator except for cars and motorcycles, but excluding loan for education, traveling loan for overseas employment, loan for medical treatment, loan for staff welfare where the employer has signed contract with the personal loan operator and other loans as prescribed by the Bank of Thailand.

⁽³⁾ In 2017, 2018 and 2019, the Bank of Thailand adjusted the historical data in year 2015 - 2018

⁽⁴⁾ For the industry data since February 2019 (BOT published on April 10, 2019), BOT has included car title loan into personal loan.

2.4 Overview of Pico Finance Industry

(1) Competition in Pico Finance Business

The business of Provincial Retail Credit under Supervision (Pico Finance) is to provide loans with vehicle registration book either car, motorcycle, or agricultural vehicle as collateral, or generally called ‘Car Title Loan’, and can be classified into 2 categories as follows.

1) Pico Finance Business: requires a minimum paid-in capital of THB 5 million, able to grant credits up to THB 50,000 per individual, and can charge total interest, lending profits, fines, service fees and other charges of no more than 36% per year (effective rate).

2) Pico Plus Business: requires a minimum paid-in capital of THB 10 million, able to grant credits up to THB 100,000 per individual, and can charge total interest, lending profits, fines, service fees and other charges of no more than 36% per year (effective rate) for credits of the first THB 50,000 and no more than 28% per year (effective rate) for credits over THB 50,000.

(2) Overview of Pico Finance Business

2.1 From December 2016 to the end of December 2019, total numbers of legal entities who had applied for license in conducting Pico Finance business were 1,152 which can be categorized into

1) Pico Finance Business: The net number of applicants was 1,011 in 75 provinces in which 751 of those in 72 provinces were granted licenses and 622 of which in 68 provinces have already been in service.

2) Pico Plus Business: The net numbers of applicants was 141 in 53 provinces in which 22 of those in 14 provinces were granted licenses and 14 of which in 8 provinces have already been in service.

2.2 Total cumulative approved loans and outstanding loans

1) At the end of November 2019, total cumulative approved loans amounted to THB 4,717 million with 176,249 accounts or accounted for the average of loan granted of THB 26,763.20 per account. Of the total cumulative approved loans, 54.88% or THB 2,588.62 million provided to 88,703 accounts has been collateralized, while 45.12% or THB 2,128.38 million provided to 87,546 accounts has been non-collateralized

2) At the end of November 2019, total outstanding loans amounted THB 2,476.75 million with 92,785 accounts. Of the total outstanding loans, 12.47% or THB 308.93 million granted to 11,014 accounts were loans past due 1-3 months, whereas 10.96% or THB 271.48 million granted to 9,900 accounts were loans past due over 3 months (NPL).

2.5 Overview of Nano Finance Industry

Competition in Nano Finance Business

The competition in Nano Finance business has not yet been extreme as a large number of target customers still need working capitals for their business operations and have so far not been able to access the formal lending system. As main target customers for this business are those individuals with low income and small-scale business owners with no proof of income and no assets or property as collateral, Nano Finance loan, therefore, is somewhat riskier than other types of lending and needed to be carefully granted.

Table: Number of Nano Finance Accounts

	2015	2016	2017	2018	As of 31 December 2019	
					Number of Accounts	Growth (% per year)
Number of Accounts (Accounts)	7,464	55,454	191,155	2,038,841	1,172,889	-42.5%

Source: The Bank of Thailand

As of December 31, 2019, total number of Nano Finance accounts was 1.2 million, decreased by 42.5% compared to the year before of 2 million.

Table: Total Outstanding Loans of Nano Finance Business

	2015	2016	2017	2018	As of 31 December 2019	
					Outstanding Balance	Growth (% per year)
Total Outstanding Balance (Million Baht)	153	1,433	4,777	35,635	19,318	-45.8%

Source: The Bank of Thailand

Total outstanding loans of Nano Finance business for 2019 contracted to THB 19,318 million, declined by 45.8% from the prior year of THB 35,635 million.

2.6 Business Trend and Corporate Strategies for 2020

2.6.1 Business Trend and Strategies of Credit Card Business for 2020

The intense competition in credit card business is expected to continue in 2020. Not just the offer of compelling products and marketing campaigns that truly satisfy customers matters, but building impressive experience with security, simplicity and convenience for customers is also crucial to create differentiation among credit card companies.

To support current competition and ongoing changes in consumer digital lifestyle as well as to aim for KTC's sustainable growth, determining competitive advantage and differentiation will be the key strategies for the Company to further strengthen its market shares in 2020. The Company will continue to increasingly expand its new member base via various channels especially via online. It will also manage sound relationship with existing members by positioning on building simple and not complicated experience. In addition, the Company will focus on applying digital technology in every dimension

including the offers of product, service and privileges that truly meet customer demands and differentiate for each segment. Loyalty management, public relation, alliance expansion, relationship management with trading partners, as well as efficient operating procedures will also be prudently considered so that marketing campaigns and budget planning can be administered at best.

The Company's business strategies for 2020 can be summarized as follows.

- Marketing strategy emphasizing on continuing growth in new member base. The Company will provide credit card products that precisely satisfy general and premium customers, as well as young generation base who has distinctive lifestyle. The Company will also focus on increasingly expanding its base not only through online communication and application but also through its merchants and its partners. Additionally, the Company will collaborate with co-branded partners to enhance and produce additional privileges, along with coordinately plan strategies in member base expansion which in turn will lead to long-term relationship between KTC and co-branded partners.

- Marketing strategy of product and service development aiming to satisfy member demands. The Company has continuously improved its service channels including through its existing digital communication as well as constantly offered new diversified services to suitably meet with consumer behavior in current era that prefer to perform online self-service transactions. To create customer's impressive experience with simplicity, convenience yet maximum security, the Company has provided members with its mobile application KTC Mobile which has been consistently enhanced and offered new services and various marketing campaigns. In 2019, marketing campaigns via KTC Mobile channel had been well received with increasing number of card members accessing KTC Mobile application. As members begin to be more accustomed to this KTC Mobile channel, new variety of marketing campaigns can be developed to truly satisfy

members and partners. In addition, the Company owns other online service via its website www.ktc.co.th/online which supports every access devices including computers, tablets, mobile phones or devices with any operating systems. This website is able to provide members with full featured and convenient functions, and most importantly maximum security in which it will be continuously improved for its simple and modern use so that members can achieve seamless experience, along with utmost satisfaction.

- Marketing strategy focusing on providing members with diversified and comprehensive privileges. The Company recognizes the importance of not only offering privileges in all categories to help urge member's continuous spending, leading KTC to become their default card, but also covering nationwide merchants with the emphasis on 21 major provinces. The Company also plans to collaborate with its business partners, merchants, and organizations including various associations to design marketing campaigns and privileges with KTC's unique corporate identities of originality, creativity and diversity in order to simultaneously achieve benefits for both business partners and cardmembers. In addition, KTC has continually expanded its online business partners in term of both quantity and diversity of products and services following consumer behavior in digital era. Due to excellent growth last year in total online spending, leading to member's ongoing credit card use, KTC will continue to give its top priority in promoting marketing campaigns with its online partners in 2020. Building impressive experience through various marketing activities and events will also be arranged to promote KTC's brand recognition, along with to create opportunities for new member base expansion. Regardless, KTC's overall marketing campaigns either via online or through merchants will exercise KTC Forever reward points and installment plan as key marketing tools.

- Differentiation marketing strategy with KTC World service. 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 at www.ktcworld.co.th. In addition, travel community has been created through various social medias like KTC World Facebook, Instagram and Twitter. Furthermore, the Company has jointly developed marketing campaigns with local and foreign travel business partners, as well as local and foreign tourism organizations to promote travel industry and offer exclusive travel programs and privileges only for KTC's cardmembers.

- Marketing strategy concentrating on building partner relationships with holistically sustainable approach. KTC 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 is able to respond more closely to member's lifestyle.

- Marketing strategy to build brand loyalty and segmentation. The Company plans to manage its portfolio at utmost efficiency, along with repetitively promote its marketing campaign of KTC FOREVER points redemption which is one of KTC's strengths by emphasizing on the concept of value for money and minimum points to redeem with diversified products and services. The Company will also focus on urging members with more online redemption experience. Additionally, the Company will organize the campaign aiming at frequency of card utilization to ensure KTC as member's default card.

- Marketing strategy for expansion of KTC's merchants. KTC targets to expand its merchant business by providing merchant members in various business segments with payment solutions that suitably address their needs in order to ensure their satisfactory service experience as well as to promote sustainable growth for the Company. The payment solutions of installment payment (with KTC card) and full payment plans will be

mainly focused on. The Company also aims to penetrate merchants in diverse business sectors especially through Alipay to respond to growing Chinese market, along with online stores to support the rapid growth in e-Commerce and social commerce businesses. Furthermore, the Company plans to continuously develop its service and product with new payment solutions for growing merchants currently with cash payment service in order to encourage them to change from cash to credit card which can be regarded as a part of driving Thailand towards cashless society following the government's policy. Nonetheless, the Company continues to recognize the importance of its collaboration with KTB to further develop and expand their businesses together which in turn will lead to further increase in the Company's revenue base.

- Other marketing programs. The Company has not yet overlooked other types of marketing campaigns that can promote member's satisfaction and build brand 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 convenient payment via KTC card or via KTC Forever points redemption.

2.6.2 Business Trend and Strategies of Personal Loan Business for 2020

The Company believes that personal loan business in 2020 will continue to expand in a promising rate due to growing demand in revolving credits. Nevertheless, credit quality control is needed to be significantly and simultaneously addressed with credit expansion. KTC's strategies of personal loan business in 2020 aim at sustainable growth by simultaneously expanding its credits as well as improving its credit quality with 4 main focuses 1) aim for new members with credit needs to improve their quality of life. To acquire credits with such spending purpose implies member's planning for better life and their good financial discipline. Therefore, the Company will increasingly target

customers and partners in the sector of loan for education. 2) aim to maintain existing members by building brand loyalty and encouraging the idea of KTC as their default card. The Company has alleviated debt burden for members with good payment discipline by offering all-time favorite marketing campaigns such as Debt-Clearing campaign, campaign of the lump sum interest payment of only THB 199. The Company also analyzes consumer behaviors in order to provide promotion campaigns that truly meet member's demands. 3) aim to develop products and service for member's utmost satisfaction. New service of increasing emergency credits with self-service transaction throughout 24 hours has already been offered with immediate credit approval to further help alleviate member's debt burden. Online cash advance service through KTC Mobile application for 24-hour real time transactions has also been developed. Furthermore, to enable members to use card anytime and anywhere, additional functions for KTC Proud cash card will be added to respond to consumer lifestyle in cashless society. 4) aim to improve member's quality of life for sustainable and simultaneous growth. To promote member's financial disciplines, the Company has organized seminars regarding Financial Literacy, together with provided useful articles via simple format medias. Knowledge sharing workshops for career and investment advice have also been arranged to help enhance member's future income.

2.6.3 Business Trend and Strategies of Pico Finance Business for 2020

Pico Finance business is expected to expand at a healthy rate in 2020 due to continued growing demands from both business entrepreneurs and individuals with credit needs. In 2019, legal entities have consistently applied for license in conducting business of provincial retail credit in which at the end of December 2019, the net number of applicants was 1,152 in 75 provinces, of which 773 in 72 provinces were granted licenses. Total outstanding loans in the system at the end of November 2019 was approximately THB 2,480 million and is expected to grow of no less than 50% in 2020.

To align with strategies of personal loan business and be able to competitive in the market, one of the Company's strategies for Pico Finance business in 2020 will focus on the development of new products that are differentiated, diverse, appealing, and responsive to the needs of various group of small segments consumer such as loans with securities as collateral, loans for low income earners, and special loans in collaboration with the Company's alliances or business partners. Such strategy is designed to provide comprehensive service with increasingly access to different needs of each target group.

To provide KTC's target audience with convenient and quick access to its service as well as to create impressive experience and utmost satisfaction, other Pico Finance business's strategy in 2020 will emphasize on expanding credit application and service channels with wider-range and more diverse through both online and offline, including through KTC's direct sales for Pico Finance, KTC's outsource sales, KTC TOUCH's branches, KTB's branches or KTC's business alliances.

2.6.4 Business Trend and Strategies of Nano Finance Business for 2020

Nano Finance business in 2020, even with less extent, is expected to likely remain growing as a significant number of target audience continue to require credits for the occupation and business operations. The number of legal entities applying for license in conducting Nano Finance business has remarkably been increased with last year growth of Nano Finance operators at roughly 22%. The expansion of outstanding loans for the whole business is anticipated of no less than 30%.

The Company will focus its strategy in Nano Finance business on developing new products based on types of occupation and business of each target group such as loans for small retailers, loans for small online stores. In order to achieve good quality of receivables and avoid risk of rising bad debts, the Company also recognizes the

importance of credit quality control, determination of appropriate approval criteria following the 5Cs of credit analysis which are character, capacity, capital, condition and collateral (as applicable), as well as the proper grant of both type and amount of credits.

The Company aims 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 and good corporate governance, and achieving sustainable profits for investors.

3. Acquisition of Products and Services

3.1 Credit Card Acquisition

As the Company needs to obtain plastic card to produce various kinds of its credit cards, along with store cardholder's data into both microchips embedded in front of the card and magnetic stripe at the back, the Company has decided to use outsourcing services certified by Visa, Mastercard, JCB, and UnionPay for the whole process of credit card production which can be described 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 credit card that cardholder chooses. Cardholder's data will also be stored into microchips and magnetic stripe with outsourced manufacturing standards certified by Visa, Mastercard, JCB and UnionPay.

- 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 privileges 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.

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

The Company has acquired its automatic card terminals (EDC/ Card Reader) for every approved merchant by 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 selected must be secure and professional with nationwide service coverage network in order to assure distributor's fast service and the Company's service commitment to its merchants, and at the same time avoid risk of merchant's fraudulent transactions.

3.3 Sources of Capital

The Company has obtained its capital from 2 sources which are Shareholder's Equity and Liabilities. As of December 31, 2019 the Company had total Shareholder's Equity of 19,735 MB, comprising of paid-up capital of 2,578 MB, capital in excess of par of 1,892 MB, retained earnings (including both appropriated and unappropriated) of 15,238 MB, and non-controlling interests of 27 MB, and total liabilities of 65,674 MB.

[\(Please see further details of Sources of Capital in 'Securities information and Shareholder'\)](#)

Risk Factors

The Company prescribes risk management approaches and reviews as well as improve work processes on a regular basis to be well prepared to deal with potential risks effectively. A risk management department was set up to formulate risk management policies which must be considered and approved by the Risk Management Committee before announcing these policies for employee acknowledgment and compliance. These policies are reviewed annually and whenever any significant changes arise. The Risk Management Committee, which consists of executives from each key function, dutifully controls, monitors, and assesses risk management performance and conducts policy oversight to ensure that the Company implements risk management policies and approaches in accordance with the overall risk management strategy of the financial business group of Krungthai Card Public Company Limited and in compliance with consolidated supervision of the Bank of Thailand.

The Company's risk management process begins with environmental analysis and assessment by determining pertinent risk factors, including internal factors and external environmental factors, identifying a likelihood of potential events that may cause failure to achieve its objectives, developing a risk map, and determining key risk indicators (KRIs) and levels of risk appetite and risk tolerance. Annual review of this information is conducted regularly so that it can be used as a tool for risk management assessment and for monitoring and keeping risk management performance at an acceptable level in accordance with stipulated risk management goals. Then, risk management performance must be reported to the Risk Management Committee and the Board of Directors of Krungthai Card Public Company Limited and further reported to the Risk Management Committee of the financial business group of Krung Thai Bank Public Company Limited.

1. Strategic risk

Strategic risk is the risk that arises from the formulation of strategic plan and operational plan and plan implementation that is inappropriate and inconsistent with internal factors and external environment; and consequently resulted in the Company's failure to achieve its objectives and adversely affecting operating income, or threatening the existence of the Company. The current business environment in credit card and personal loan markets is very dynamic and highly competitive. Therefore, the Company needs to make adjustments so as to enhance its competitiveness. Top-level executives from all departments attended brainstorming sessions to formulate and review business strategies as well as business directions, by taking into account various risk factors that might potentially affect the operations. Moreover, annual operational plans must be approved by the Board of Directors, and operating results must be constantly monitored against targets and reported to the Board of Directors on a regular basis.

2. Business risks

2.1 Credit rating risk

The Company prioritized high-level risk management. In regard to credit rating associated with credit approval, certain policies and regulations have been prescribed for controlling various work processes to ensure that the Company operates under the framework and standards according to international standards and engages in transparent oversight.

The Company developed credit risk models to determine credit rating or risk level of each customer. This information is vital for credit analysis, credit card issuance, customer management, risk management, and provision calculation. Credit risk models have been developed based on customer database to ensure that credit risk models could reflect customer behaviors and risk levels adequately. Typically, a credit risk model is developed under a model risk management framework that encompasses model design, development and deployment as well as monitoring, validating, testing for efficiency, and tuning to continuously improve the credit risk models. These processes are under the supervision of the Risk Management Committee.

The main credit risk models currently in use include



Application score:

Developed from current customer data, credit information, and credit history from National Credit Bureau Co., Ltd. (NCB), and used to assess customer risks and identify risk levels in the processes of customer screening and new loan approval.



Behavior score:

Developed from spending behavior and debt repayment records of existing customers in the portfolio, and used to assess current customers' risks, to manage the customers' credit line, to manage relationship, and to use as a factor for the Company's provision in accordance to the new international financial reporting standard IFRS9 (or TFRS9 in Thailand), which will come into effect in 2020.

2.2 Default risk

Significant default may affect the Company's financial position and operating performance. Therefore, the Company adopted a policy to provide loans to customers who have the capacity to make repayment, and also distributed the loans to customers in all industries, regions, and demography. Consequently, default risk was kept at a low level. As of December 31, 2019, total accounts receivable aged less than 90 days amounted to 84.923 billion baht, accounting for 98.9% of total accounts receivable worth 85.834 billion baht. After deducting allowance for doubtful accounts of 5.65 billion baht, the Company's net accounts receivable amounted to 80.183 billion baht.

In this regard, the Company prioritized the portfolio quality by adopting the risk management policy that maintained the balance between an increasing number of new portfolios and its risk management capability so as to control risks at an acceptable level. Moreover, the Company could better control the quality of portfolios by initiate changes in debt management process in the pre-delinquent stage combined with effective debt collection. As of December 31, 2018 and December 31, 2019, the Company's credit card NPL (> 90 days) stood was 1.0% and 0.9% respectively, and its personal loans NPL was 0.8% and 0.9% respectively.

2.3 Regulatory risk

The Ministry of Finance issued a license for credit card and personal loan businesses by allowing these businesses to operate under the Notification of the Revolution Council No. 58 and designated the Bank of Thailand as regulator to issue notifications of rules and regulations overseeing the operations of these businesses. In addition, the Bank of Thailand also set interest rates and fees that these businesses charge their customers, as well as criteria for credit card and personal loan eligibility. The Company received license to operate credit card and personal loan businesses under regulation. Moreover, the Company was licensed operate as a payment service provider in accordance with the Payment Systems Act 2017. In its capacity as regulator, the Bank of Thailand thereby issued notifications of rules and regulations governing the operations of payment service provider business. Furthermore, the Company must also comply with relevant laws, including the Securities and Exchange Act 1992, the Anti-Money Laundering Act 1999, the Credit Information Business Operation Act 2002, the Consumer Protection Act 2009, and the Unfair Contract Terms Act 1997, which are relevant laws that business operators must abide.

The Company complies with enforceable laws, notifications, rules and regulations. For example, it complied to the Bank of Thailand's notifications that revised regulation governing credit card and personal loan businesses related to interest and credit line, in order to support the house hold debt supervision and to be suitable for repayment capabilities effective since September 1, 2017. Meanwhile, existing customers were not affected by this revision—for example, determining a credit line in the approval of credit card loan and personal loan or consideration for temporary emergency credit line. Under the revised regulation, the Company developed regulatory compliance approaches and processes and considered the revised regulation's impacts on the Company and its customers. Besides, the Company also set up compliance department to liaise with the regulatory bodies, keep abreast with legal provisions and notifications as well as the regulator's orders concerning the Company's overall operations and conducts as well as business conducts in specific areas, such as supervision under the Anti-Money Laundering law. Moreover, the Company must disseminate relevant information among employees for better understanding and to ensure appropriate business operations and conducts. In the process, relevant performance must be reported to the CEO directly, and the legal department was designated to provide legal advice on the development of standard agreements or contracts according to relevant laws.

If any amended rules were rigid and inappropriate under existing circumstances, the Company's business operations might be affected significantly. However, the regulatory authority was flexible enough with the amendment of these regulations, which was consistent with market environment at that time. So, we were confident that this risk would be managed properly.

Issues considered a high-level risk are as follows:

1. Business conducts concerning the Anti-Money Laundering Act, the Ministerial Regulation on Customer Identity Verification, and the Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing Act: Since these laws and regulation affect the Know You Customer procedure, customer identity verification, and monitoring of unusual patterns of customer transactions, particularly of high-risk customers; the Company thus offered knowledge training to frontline staff on a continuous basis via various learning media and regularly held tests to evaluate knowledge and understanding of legal requirements among management executives and employees.

2. The Company emphasized on complying with the credit information business law since customers' credit are vital information and the Company must keep such information confidential. Therefore, the Company developed a work process to facilitate retrieval of information required for credit analysis; only credit analysts are granted access to such information.

3. Complied with the Debt Collection Act 2015 that came into effect on September 2, 2015. The Company as a business operator complied with this Act, and preparation was made for this purpose by setup training to frontline staff involved with debt collection operations. Moreover, the Company also supervised outsourced debt collection agencies to ensure their compliance with the debt collection law. Therefore, it is believed that compliance with the Debt Collection Act 2015 will not obstruct the Company's business operations.

4. Provide fair service to customers (market conduct) which was announced by the Bank of Thailand to encourage financial service operators to provide fair and responsible service to their customer in terms of prices and conditions as well as create confidence in those receiving service, that their services were provided conveniently, honestly, unexploited, and that their recommendations were given in a clear and suitable manner. It is incumbent upon

directors, executives, and employees at all levels to ensure that customers understand their rights and duties. In this regard, the Board of Directors approved the fair service policy and appointed a committee to perform supervisory roles to ensure that the Company's business conduct adhered to the Bank of Thailand's notifications. Furthermore, the Company reports operational results that complied with the notifications to the Board of Directors as well as the designated committee. The issuance of regulatory notifications are continuously monitored to ensure compliance.

5. Complied with the Personal Data Protection Act 2019, which will come into effect on May 28, 2020: This law was passed to protect personal data and provide remedial measures for individual data owners. This is because each data controller or data processor collects, uses or discloses personal data of data owners. The Company implemented measures to protect its operation from risks and reduce risks attributed to this law while the General Data Protection Regulation (GDPR) has been put into effect by the European Union. Moreover, the Company implemented supplementary measures by analyzing the impacts on work procedures or processes and the manners in which the Company's transactions or juristic acts of contracts were executed in order to determine possible impacts and approaches for protection against non-compliance risks. Furthermore, the Company undertook preparation of a letter of consent permitting data collection, use or disclosure set out in its objectives in its capacity as data controller or data processor so that it could fulfill legal requirements.

2.4 Risk from non-compliance with contracts by Krung Thai Bank Public Company Limited ("Bank")

When the back-office services contract expired on March 31, 2018, the Company and Krung Thai Bank jointly adopted a mutual cooperation policy to support one another in various functional areas.

On March 30, 2018, both parties entered into a five-year business cooperation contract, which has been effective since April 1, 2018. Under this contract, both parties made separate agreements, contracts or service requests for specific service provision to support one another in various functional areas-for example, acquisition of credit card members or personal loan customers through bank branches, transaction of credit card and personal loan

payment through the Bank's service channels, and access to some elements of the Bank's information system. Under this contract, a contractual period is specified for each type of transaction, and the Company pays service fee for each service to the Bank at the market rate. In this regard, the Company discerns that its contract risk stemming from the Bank's non-compliance is negligible since this contract was considered by the Bank's committee. Regarding member acquisition, the Company acquired new members through various channels and gained supports from other business entities to provide payment channels for the Company's customers, thereby enhancing the convenience of customers. Furthermore, if the Bank failed to honor the contract, the Company could seek new service providers to run the operation. As for the information system, the Company only shared a small portion of the Bank's information system. Therefore, the probability that the Bank's will not comply with the contract is low, and any non-compliance would not have any significant impact on the Company's operations.

2.5 Competitive risk due to higher competition resulting from the increase in number of consumer finance operators

The Company realized that competition is intensifying, which may create price competition, competing for customer, or transfer of debt which might give rise to the risk that could adversely affect the Company's operations and profitability. However, the Company has accumulated extensive expertise in running consumer finance business in Thailand over a long period of time and has engaged in investment activities and the development of novel products and services to maximize customer value on a continuous basis. Moreover, the emergence of a new entrant in the market typically requires time to complete market surveys and develop an appropriate operational approach for this distinctive form of business enterprise. Therefore, the Company could maintain competitive advantage over other operators to a certain degree. With over 20 years of operational experience in this business, the Company is confident to sustain business operations amid fiercer competition, and tougher business environment will have insignificant impacts on the Company's operation in the short and long run. As of December 31, 2019, KTC credit card receivables and personal loan receivables market share were 12.4 and 5.0 respectively. As of December 31, 2018, market share was 12.2% and 7.0% respectively.

3. Operational risk

Operational risk is the risk of losses from the lack of corporate governance and good governance or the lack of adequate operational control over internal processes, personnel, work systems, or external events, thereby affecting operating income of the Company. Operational risk also includes legal risk, such as paying a fine. Moreover, operational risk may have impacts on other types of risk, especially strategic risk and reputation risk.

The Company formulated operational risk management policies and approaches focusing on prevention and monitoring so as to have an adequate internal control system, such as arranging organizational structure with check and balance mechanism, developing SOPs for operating units, implementing the Risk Control Self-Assessment (RCSA) which includes corruption risk, collecting and compiling operational loss data, and monitoring risks by determining key risk indicators (KRI). These matters were regularly reported to the Risk Management Committee and the Board of Directors so that the information could be used for formulating risk management policies and developing a suitable risk management system as a tool to assess the adequacy of the internal control system. Moreover, the Company also developed a business continuity plan (BCP), an emergency preparedness plan for natural disasters or a predetermined plan for other disastrous events, such as preparedness plan for fire and earthquake, preparedness plan for flood, preparedness plan for civil unrest, and preparedness plan for disease outbreak, thereby ensuring that the Company had comprehensive preparedness plans and that business operations could be sustained during a crisis and building confidence among all stakeholder groups. The Company's key operational risks include the followings:

3.1 Data loss risk

The Company's operations rely on a huge database of customers and transactions. As a result, it faces a risk of potential data leakage, and accidental or intentional data loss which involves a person who intentionally corrupt information or system failure. To prevent data loss risk, the Company thus stipulated stringent measures to safeguard data and restrict access to critical customer data only to authorized persons and to procure additional data leakage prevention software. To deal with potential risk from a person who intentionally destroys information, the

Company set up database backups and data recovery process to retrieve damaged information, and it also made arrangements for real-time online backups of work systems.

3.2 Credit card/ personal loan fraud risk

The Company places a strong emphasis on prevention and monitoring of credit card fraud. At present, the Company is utilizing chip card and EMV technology, which is the most secured system, as a replacement of the magnetic stripe system, and it also has a work plan to use chip technology in personal loan cards to enhance security when withdrawing cash at ATMs; where fraud is on the rise. Chip technology has been used in newly issued personal loan cards or renewal cards and replacement cards. In 2015, the Company began using chip card for all newly issued cards, and existing cards have been gradually changed to chip cards. In addition, it also invested in a highly efficient online fraud detection system applicable to credit cards and merchants. A team of personnel also conducts 24 hours monitoring to detect fraud on a daily basis. Besides, the Company also introduced the 3D-Secure encryption system for e-Commerce transactions and the one-time password (OTP) system to enhance confidence and security for card holders and merchants. These systems are technologies that have gained recognition in many countries. Furthermore, the Company also provides SMS alert service to notify card holders when a spending amount exceeds 10,000 baht. In case of e-Commerce transactions, SMS alert service will notify card holders when a spending amount exceeds 100 baht. The SMS alert service also notifies card holder when any changes to personal data occurs, such as phone number, home address, and email address. All these services are standard offers for every customer. In addition, the Company also attached importance to customer empowerment by developing a mobile application as a self-management tool which could be used to temporarily freeze credit card by themselves, set credit limit of a plastic card for e-Commerce transactions to minimize a rising risk of data breach in for use in fraudulent e-Commerce transactions without card holder's knowledge. Besides, customers could choose desired amounts and alert notification channels by themselves. In 2018, losses from credit card and personal loan fraud amounted to 2.83 million baht, accounting for 0.001% of total spending. In 2019, losses from credit card and personal credit fraud amounted to 1.65 million baht, accounting for 0.0007% of total spending.

4. Financial risks

4.1 Liquidity risk

Liquidity risk is the risk arising from inadequate working capital or borrowing with funding cost higher than an acceptable level, which may affect the Company's revenue. The Company recognizes that liquidity risk may be caused by global economic uncertainty, which may eventually affect Thai economy, and may be caused by the volatility in financial markets, which affects both the debt market and the capital market. To prevent liquidity risk, the Company thereby formulated short-term and long-term loan acquisition approaches and adjusted the ratio of each type of loan based on the aging accounts receivable by focusing financing efforts on the issuance of debentures and bills of exchange and by seeking sources of financing from a number of financial institutions while avoiding over-relying on only one financial institution. Moreover, key liquidity risk indicators were developed and stress testing was performed to monitor and evaluate liquidity risk and update liquidity status to the Risk Management Committee on a regular basis. In addition, the Company also developed a liquidity contingency plan for implementation when liquidity risk exceeds an acceptable level.

As of December 31, 2019, the Company's total borrowings amounted to 57.54 billion baht, including loans from affiliated financial institutions, other financial institutions, and debentures; totaling 3.84, 7.536, and 46.165 billion baht respectively. The Company's total receivables amounted to 85.834 billion baht, with majority of receivables aged less than 90 days amounted to 84.923 billion baht, accounting for 98.9% of total accounts receivable. The Company's total credit line was 29.54 billion baht included Krungthai Bank's credit line of 18.03 billion baht and the remaining credit line worth 11.51 billion baht from other commercial banks. Over the year, the Company utilized this credit line, hence an available credit line was 23.66 billion baht.

As of December 31, 2019, the Company's D/E ratio stood at 3.33 times. This ratio was lower than the covenant that targeted D/E ratio lower than 10 times D/E ratio.

4.2 Interest rate risk

Interest rate risk is the risk arising from changes in interest rates of rate-sensitive items in the assets and liabilities, which may have impacts on net interest income. To mitigate adverse effects of changes in fixed and floating interest rates on financing cost, the Company sought short-term and long-term loans with fixed and floating interest rates by adjusting the ratio of each type of loan which corresponds with the future trend of interest rates and with its asset structure. Such ratio adjustments must always take into account liquidity risk. Moreover, the Enterprise Risk Management Unit developed indicators for interest rate risk in banking book and stress testing for assessing, monitoring, controlling and reporting the status of interest rate risk to the Risk Management Committee on a regular basis, and it also developed a contingency plan for implementation when interest rate risk exceeds an acceptable level.

5. Information technology risk

Information technology risk is the risk arising from the use of information technology in business operations, which impacts on the Company's systems or business practices. Moreover, it also concerns cyber threat that may damage the Company financially or reputationally.

Risk management process associated with information technology risk is thereby instrumental in controlling and managing cyber threat and data security, starting from identifying risks (such as cyber threat risk, IT operational risk, or IT project risk), risk analysis and assessment, risk control and management, risk monitoring and review, to reporting of risk management performance.

The Company adopted ISO 27001:2013 as a standard for the organization-wide information security management system (ISMS), whose objective is to ensure confidentiality, integrity and availability of its internal information. The ISMS apply risk management system aimed at building confidence among the Company's stakeholders, ensuring that specified information security risk would be controlled and managed in an appropriate manner.

The Company has a backup data center which is as efficient as the main data center and can be activated promptly whenever an emergency incident occurs. Moreover, the Company also has emergency contingency plans and regularly conducts emergency response drills on an annual basis.

6. Reputational risk

The credit card and personal loan business is a consumer finance service primarily offered to the general public. Presently, consumers have access to news and information due to technology, and people can communicate with each other conveniently and quickly. Consequently, positive and negative news, rumors, criticism, or recommendations about the Company from the general public can spread widely and adversely affect the organization's image and reputation. In addition, reputational risk may also arise from actions that breach the code of conduct or violate service standards or social norms.

The Company pursues reputational risk management by determining key risk indicators that refer to factors in risk assessment set out by the Bank of Thailand, identifying existing control measures, and evaluating efficiency and adequacy of risk control measures. Moreover, the Company also has appropriate management measures, such as complaint handling process, public relations process, and processes to promptly monitor incidents that tarnish the Company's reputation, to monitor and control risks at an acceptable level, and to report risk management performance.

7. ESG Risk and Crisis Management

Please find further details on important sustainability issues and practices from the Sustainability Report 2019, which is a separate document on the Company's website at http://www.ktc.co.th/sites/cs/assets/ir/resources/document/investorkits-sustainability_report-19-en.pdf

Business Assets

Long-term leases for office premises and equipment

KTC's long-term leases as of December 31, 2017, December 31, 2018 and December 31, 2019 were as follows

1.1 The Company owns lease agreement for its headquarter office at 591 UBC II Building, Sukhumvit Road, North Klongton, Wattana, Bangkok, together with other lease agreements for KTC Touch office premises in total of 19 service points with 18 locations in Bangkok and its vicinity and one location in provincial area. Others service lease agreements includes ones for other facilities as well as for rental of various EDC machines with total rental and service fees binding as of December 31, 2017, December 31, 2018 and December 31, 2019 as followings.

Rental and service fees (Unit : Thousand Baht)	December 31, 2017	December 31, 2018	December 31, 2019
Within 1 year	243,427	242,342	178,400
Over 1 year to 5 years	400,211	246,548	109,974
Total	643,638	488,890	288,374

1.2 On October 4, 2012, the Company had entered into a new Memorandum of Understanding with one of local service providers ('Parties') to acquire data processing system for performance enhancement of its businesses in credit card, personal loans and consumer loans, replacing expired service agreement with former international service provider. Since October 2012, the Company had developed and tested its data processing system, and later had entered into a system agreement with this new party since January 2, 2013. On November 27, 2017 and December 21, 2017,

the Company had arranged additional contracts with this party to obtain further systems, along with its suitable maintenance to support the Company's development of other businesses and has continuously utilized those systems since then.

Account Receivables

The Company's account receivables can be classified into 4 categories which are 1) credit card 2) circle loan 3) personal loan and 4) self-employed loan. As the Company's policy is to provide circle and self-employed loans only to existing members, the amount of such loans is expected to decline on a yearly basis.

As of December 31, 2019, the Company's net credit card receivables was at 53,254 MB, its circle loan receivables was at 122 MB, its net personal loan receivables was at 26,807 MB, and its net self-employed loan receivables was at 1 MB.

Income and Expenditure Recognition Policy

For credit card receivables, the Company recognizes interest income from card spending in which installment payments due but not paid since the posting date, and from cash advances since the date of cash withdrawals. For circle loan, personal loan and self-employed loan receivables, interest income is recognized on an accrual basis. And, for receivables overdue for more than 180 days, interest income is recognized on a cash basis.

The Company recognizes its fee and service income composing of cash advanced fees, card issuance fees, interchange fees, and other service fees on the date the service is rendered.

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

Bad debts 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 incurring from reward point programs granted to the Company's customers is calculated based on the estimates of customer's redemption rate and fair value of reward prices and is presented as current liabilities in the Company's financial statements.

The present value of the provisions for employee benefits calculating based on actuarial mathematics can be varied depending on a number of factors and assumptions used. Any changes in those assumptions would impact the value of such provisions.

Asset Classification Policy

The Company classifies its assets for credit card, circle loan, personal loan, and self-employed loan receivables based on the number of debtor's past due date payment with the Company which can be grouped into 3 categories as follows.

- 1) Payment overdue less than 90 days
- 2) Payment overdue between 91 and 180 days
- 3) Payment overdue more than 180 days

Policy on Allowance for Doubtful Accounts and Bad Debts

The Company determines its policy on allowance for doubtful accounts and bad debts as followings.

1) The Company appraises its allowance for doubtful accounts for credit card, circle loan, and personal loan receivables aging less than 90 days by applying Loss rate net of recovery method in which the Company believes that such loss rate could well reflect current credit risk inherent in its portfolio. In addition, the Company has adapted its past loss experience with economic outlook data that could affect its receivables payment ability, along with including additional economic factors to cope with potential risks arising from future economic fluctuation. The Company also sets up full reserves for its receivables whose defaults past due over 90 days.

2) For self-employed loans provided since 2004 but with its continuously decreasing amount, the Company has estimated the allowance for doubtful accounts of such loan for receivables aging less than 90 days with a fixed percentage of 1% adjusted with economic outlook data that could affect receivables payment ability. For receivables whose defaults overdue more than 90 days, the allowance is fully reserved.

3) The Company writes off bad debts on customer basis when it expects with great certainty that such debt cannot be repaid even with its debt collection done at best and with conditions stipulated in the Revenue Code already followed.

1. Credit card receivables

Details of credit card receivables from 2017 - 2019 are as follows.

	December 31, 2017		December 31, 2018		December 31, 2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Credit card receivables	48,338.03	100.00	51,061.97	100.00	56,652.53	100.00
<i>Not over 90 days</i>	47,798.02	98.88	50,553.92	99.00	56,123.43	99.06
<i>91 - 180 days</i>	130.25	0.27	110.94	0.22	134.03	0.24
<i>181 days and over</i>	409.76	0.85	397.10	0.78	395.08	0.70
<u>Less</u> Allowance for doubtful accounts	(3,290.28)	(6.81)	(3,125.01)	(6.12)	(3,398.47)	(6.00)
Credit card receivables - net	45,047.75		47,936.96		53,254.06	

Source: financial statements year 2017 - year 2019, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

2. Circle loan receivables

Details of circle loan receivables from 2017- 2019 are as follows.

	December 31, 2017		December 31, 2018		December 31, 2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Circle loan receivables	156.46	100.00	143.07	100.00	134.98	100.00
<i>Not over 90 days</i>	150.62	96.27	138.21	96.61	131.17	97.18
<i>91 - 180 days</i>	0.39	0.25	0.75	0.52	0.14	0.11
<i>181 days and over</i>	5.45	3.48	4.11	2.87	3.66	2.71
<u>Less</u> Allowance for doubtful accounts	(14.56)	(9.31)	(12.76)	(8.92)	(13.35)	(9.89)
Circle loan receivables - net	141.89		130.32		121.63	

Source: financial statements year 2017 - year 2019, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

3. Person loan receivables

Details of personal loan receivables from 2017 - 2019 are as follows.

	December 31, 2017		December 31, 2018		December 31, 2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Personal loan receivables	24,757.41	100.00	26,821.31	100.00	28,932.62	100.00
<i>Not over 90 days</i>	24,568.16	99.24	26,616.81	99.24	28,666.70	99.08
<i>91 - 180 days</i>	56.48	0.23	64.13	0.24	92.31	0.32
<i>181 days and over</i>	132.76	0.53	140.37	0.52	173.61	0.60
<u>Less</u> Allowance for doubtful accounts	(2,161.13)	(8.73)	(2,176.98)	(8.12)	(2,125.90)	(7.35)
Personal loan receivables - net	22,596.27		24,644.33		26,806.72	

Source: financial statements year 2017 - year 2019, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

4. Self-employed receivables

Details of self-employed loan receivables from 2017 - 2019 are as follows.

	December 31, 2017		December 31, 2018		December 31, 2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Self-employed loan receivables	235.64	100.00	175.84	100.00	113.69	100.00
<i>Not over 90 days</i>	2.36	1.00	1.93	1.10	1.30	1.15
<i>91 - 180 days</i>	0.00	0.00	0.05	0.03	0.00	0.00
<i>181 days and over</i>	233.28	99.00	173.86	98.87	112.38	98.85
<u>Less</u> Allowance for doubtful accounts	(233.50)	(99.09)	(174.13)	(99.03)	(112.59)	(99.04)
Self-employed loan receivables - net	2.14		1.71		1.09	

Source: financial statements year 2017 - year 2019, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

Investment Policy on Subsidiaries and Affiliates

The Company's investment policy on its subsidiaries and affiliates is to enhance support for its main businesses with full scale service. The Bank of Thailand has approved the Company to establish new companies considered as new financial subsidiaries of Krung Thai PCL to conduct businesses in Nano Finance and Pico Finance in Bangkok, Samut Prakan, Samut Sakhon, Pathum Thani and Chonburi.

On May 24, 2019, Krungthai Card Public Company Limited and Krungthai Bank Public Company Limited had jointly registered to establish two new subsidiaries which are KTC Pico (Bangkok) Co., Ltd. for operation in Pico Finance with a registered capital of Thb 20 million (Thb 2 million ordinary shares at a par value of Thb 10 per share), and KTC Nano Co., Ltd. for operation in Nano Finance with a registered capital of Thb 50 million (Thb 5 million ordinary shares at a par value of Thb 10 per share). On September 26, 2019, KTC Pico (Bangkok) Co., Ltd. had raised its registered capital for an additional of Thb 40 million, hence total new registered capital of Thb 60 million (Thb 6 million ordinary shares at a par value of Thb 10 per share). Pursuant to such capital increase, the shareholding proportions of KTC and KTB remain the same at 75.05% and 24.95% respectively. Business license approval for KTC Pico (Bangkok) Co., Ltd. was granted on August 29, 2019 while the one for KTC Nano Co., Ltd. was granted on September 11, 2019.

Later, on August 29, 2019 KTC and KTB had jointly registered to form another new 4 companies which are KTC Pico (Chonburi) Co., Ltd., KTC Pico (Pathum Thani) Co., Ltd., KTC Pico (Samut Prakan) Co., Ltd. and KTC Pico (Samut Sakhon) Co., Ltd. with a registered capital of each Company at Thb 10 million (Thb 1 million ordinary shares at a par value of Thb 10 per share) to conduct Pico finance business at provinces of each head office located. And, on September 26, 2019, KTC Pico (Bangkok) Co., Ltd. had acquired 100% shares of above four companies in which their license approvals were granted on December 18, 2019.

As of December 31, 2019, the Company was still in the process of testing its credit granting system for both businesses ahead of its actual widespread launch so that the Company could appropriately adjust its strategies in accordance with current market conditions and business trends.

Legal Dispute

The Company had provided consulting services for one financial institution, regarding the completion in preparation for credit card business within the year 2011. However, such financial institution had altered in its directors and management teams, which resulting in the delay of the operating process of the credit card business.

Accordingly, the Company had brought an action to the court for their damages from an unpaid service from the year 2015. Subsequently, on February 18, 2019, the Supreme Court rendered judgement of the case by requesting the financial institution to repay the Company for damages occurred, including an interest at the rate of 7.5% annually from the prosecution date until completion of the payment.

Subsequently, on July 12, 2019, the Company had received payment in full for damages with interests from that particular institution at the total of THB 48.8 million.



Securities Information and Shareholders

1. Registered Capital and Paid Up Capital

As of December 31, 2002, the Company had Baht 1,050 Million registered capital, Baht 1,000 Million of which was duly paid up that represented 100 Million ordinary shares of Baht 10 each, which the Company had listed its ordinary shares with The Stock Exchange of Thailand since October 2002.

Moreover, the Company's Extraordinary Shareholders Meeting No. 4/2002 held on December 12, 2002 had approved the Company's offering for sale of newly issued ordinary shares under ESOP-Warrants to its directors and employees of not exceeding 5 Million units at Baht 10 each, with a term of not exceeding 5 years. The exercising ratio was 1 unit of ESOP-Warrant entitled to buy 1 newly issued ordinary share at Baht 16.33. On March 18, 2003, the Company had allocated 5 Million units of ESOP-Warrant to its directors and employees, half of which could be exercised on or after March 17, 2004 whilst the remaining half could be exercised on or after March 17, 2005 according to the ESOP-Warrant's terms and conditions.

On November 3, 2003, the Company's Extraordinary Shareholders Meeting had approved the Company's increase of registered capital for another Baht 1,530,162,000 divided into 153,016,200 newly issued shares of Baht 10 each, with resolutions to allocate 150,000,000 newly issued shares to the Company's former shareholders at 1 share held per 1.5 newly issued share, and spare 3,016,200 newly issued shares for the directors' and employees' additional exercising of ESOP-Warrants due to the changes of pricing to Baht 10.185 and exercising ratio from 1 unit to 1.60328 unit.

Since March 17, 2008 was the very last due date for exercising ESOP-Warrants, the total units exercised in the 1st and 2nd rounds as on the Company's fiscal year ended December 31, 2008 was 4,885,950 units from the duly allocated 5 Million units of ESOP-Warrant. The remaining newly issued ordinary share from ESOP-Warrant exercising that must be cancelled was 182,793 shares. Further, on April 30, 2009, the Company's Annual General Meeting No. 7 had approved the Company's decrease of registered capital from Baht 2,580,162,000 to Baht 2,578,334,070 by cancelling the remained unsold 182,793 shares from ESOP-Warrant exercising, and the Company had completely and officially reduced its registered capital accordingly on May 12, 2009.

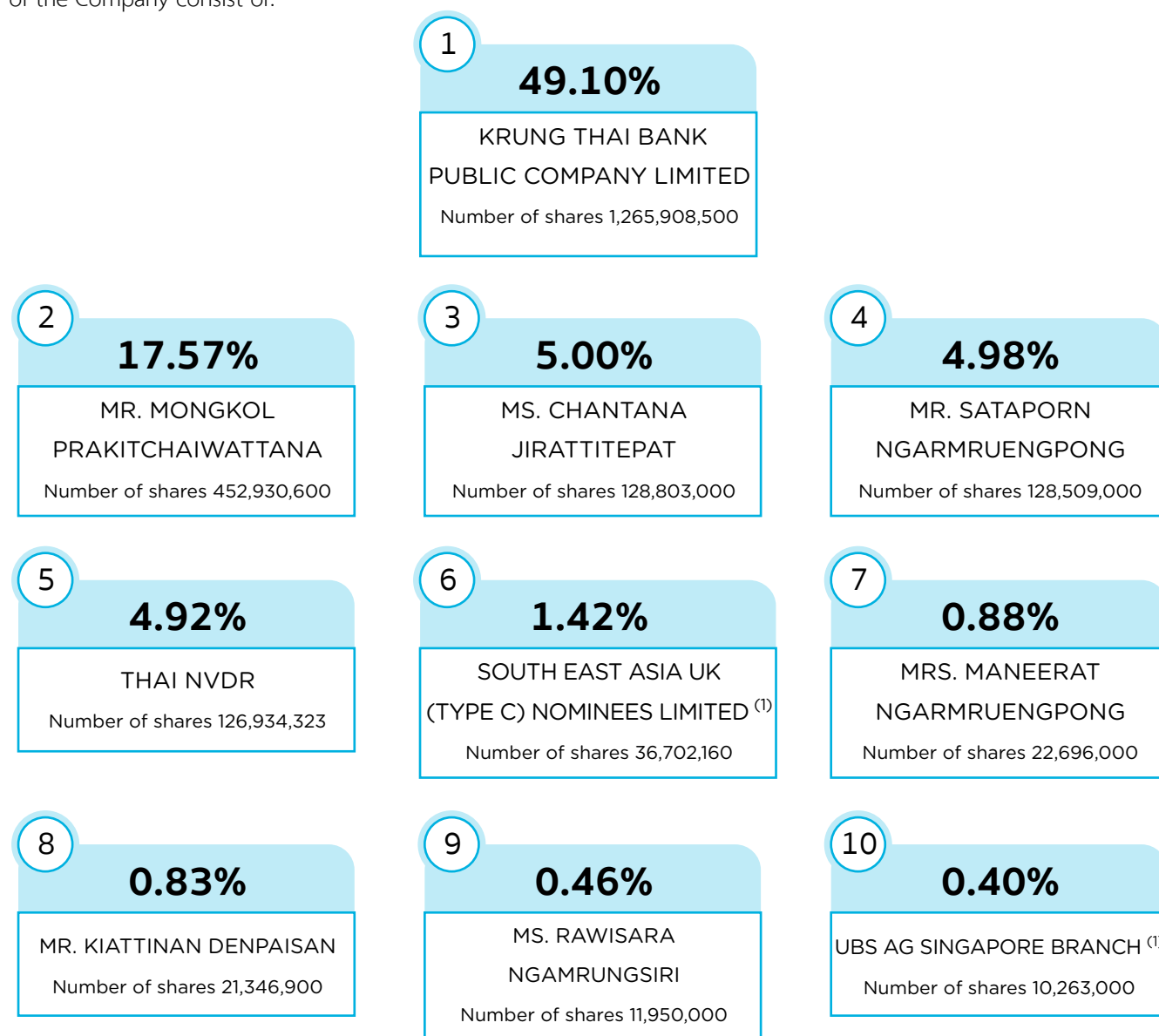
On July 6, 2018, the Company's Extraordinary Shareholders Meeting had approved the Company's change of its shares' par value from Baht 10 per share to Baht 1 per share, and the Company had duly registered the change of its shares' par value with the Department of Business Development, the Ministry of Commerce on July 9, 2018. Such change resulted an increase of the Company's number of shares for another 257,833,407 shares, or totalling 2,578,334,070 shares, ever since.

As of December 31, 2019, the Company had registered capital and paid up capital of totalling Baht 2,578 Million, divided into 2,578,334,070 ordinary shares of Baht 1 each, and having Krung Thai Bank Public Company Limited held 49.10% of the Company's shares.

2. Shareholders

2.1 List of Major Shareholders

Basing on the Company's list of shareholders as on book closing December 31, 2019, first 10 major shareholders of the Company consist of:



Total 2,206,043,483 shares/ 85.56% of shares

Source: Thailand Securities Depository Co., Ltd.

Note: ⁽¹⁾ Shareholders No. 6 and 10 are Nominee Accounts and could not identify the real shareholders

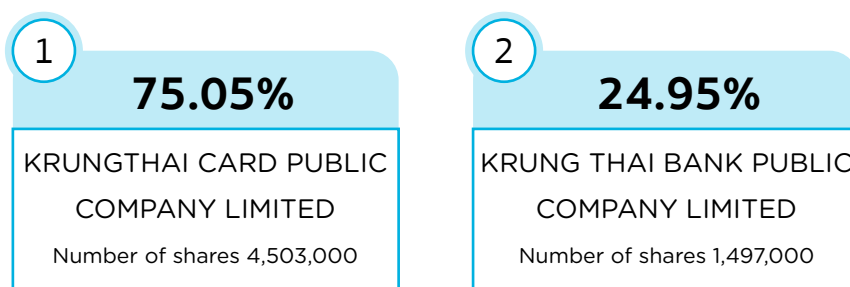
The above is to comply with the rules and policies on disclosure according to The Securities and Exchange Committee's Notification that requires securities issuer to disclose Ultimate Shareholders names, and which the Company had strictly and punctually complied with said requirement at all times. However, at present, Krung Thai Bank Public Company Limited had appointed 2 representatives to sit in the Company's Board of Directors, namely, Mr. Pichit Jongsaliswang as director and member of recruitment and remuneration committee and Ms. Praralee Ratanaprasartporn as director of Krungthai Card Public Company Limited.

2.2 Major Shareholders Agreement

None

2.3 List of Major Shareholders of KTC Pico (Bangkok) Co., Ltd.

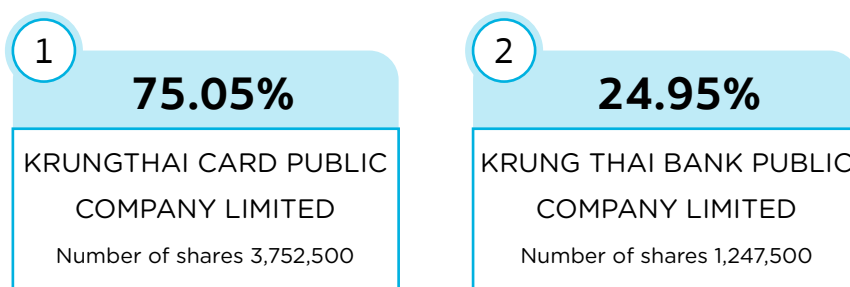
Basing on the Company's list of shareholders as on book closing December 31, 2019, 2 shareholders of the Company consist of:



Total 6,000,000 shares/ 100.00% of shares

2.4 List of Major Shareholders of KTC Nano Co., Ltd.

Basing on the Company's list of shareholders as on book closing December 31, 2019, 2 shareholders of the Company consist of:



Total 5,000,000 shares/ 100.00% of shares

3. Issuing of other Securities

Source of Fund

The Company raised funds from 2 sources, namely, shareholders' equity and liability, which on December 31, 2019 the Company had shareholders' equity of totaling Baht 19,735 Million, consisting of duly paid up capital of Baht 2,578 Million and premium on par value of ordinary shares of Baht 1,892 Million, plus retained earnings (appropriated retained earnings according to law and unappropriated retained earnings) of Baht 15,238 Million and non-controlling interests of Baht 27 Million, and total liabilities of Baht 65,674 Million.

Key sources of liabilities as on December 31, 2019 were as follows;

1. From the issuances of debentures and bills of exchange of totaling Baht 57,540 Million;

1.1 Undue debentures of totaling Baht 46,165 Million, all of which are unsecured debentures with credit rated A+ by Tris Rating and Information Services Co., Ltd., as follow;

Type	Interest rate	Maturity date	Balance as at December 31, 2019 (Million Baht)	Debenture Holder Representative
1. Debenture of Krungthai Card Public Company Limited No. 4/2015 Due 2020	3.14%	Oct 1, 2020	2,000	-
2. Debenture of Krungthai Card Public Company Limited No. 5/2015 Due 2025	4.00%	Sep 16, 2025	1,000	-
3. Debenture of Krungthai Card Public Company Limited No. 7/2015 Due 2022	3.68%	Nov 11, 2022	700	-
4. Debenture of Krungthai Card Public Company Limited No. 8/2015 Due 2025	3.90%	Nov 20, 2025	1,000	-
5. Debenture of Krungthai Card Public Company Limited No. 1/2016 Series 1 Due 2026	3.85%	Feb 17, 2026	200	-
6. Debenture of Krungthai Card Public Company Limited No. 1/2016 Series 2 Due 2026	3.85%	Feb 17, 2026	300	-
7. Debenture of Krungthai Card Public Company Limited No. 2/2016 Series 3 Due 2021	2.64%	Feb 26, 2021	800	-
8. Debenture of Krungthai Card Public Company Limited No. 3/2016 Series 2 Due 2021	2.12%	May 11, 2021	1,500	-
9. Debenture of Krungthai Card Public Company Limited No. 4/2016 Due 2021	2.54%	Jul 22, 2021	3,000	-
10. Debenture of Krungthai Card Public Company Limited No. 5/2016 Due 2024	3.00%	Jul 5, 2024	100	-
11. Debenture of Krungthai Card Public Company Limited No. 6/2016 Due 2020	2.50%	Aug 11, 2020	600	-
12. Debenture of Krungthai Card Public Company Limited No. 7/2016 Due 2026	3.50%	Sep 22, 2026	200	-
13. Debenture of Krungthai Card Public Company Limited No. 8/2016 Series 1 Due 2021	2.86%	Nov 30, 2021	630	-
14. Debenture of Krungthai Card Public Company Limited No. 8/2016 Series 2 Due 2023	3.50%	Nov 30, 2023	1,140	-
15. Debenture of Krungthai Card Public Company Limited No. 8/2016 Series 3 Due 2026	4.00%	Nov 27, 2026	3,030	-
16. Debenture of Krungthai Card Public Company Limited No. 9/2016 Series 1 Due 2023	3.50%	Dec 29, 2023	600	-
17. Debenture of Krungthai Card Public Company Limited No. 9/2016 Series 2 Due 2026	4.00%	Dec 29, 2026	2,500	-

Type	Interest rate	Maturity date	Balance as at December 31, 2019 (Million Baht)	Debenture Holder Representative
18. Debenture of Krungthai Card Public Company Limited No. 1/2017 Due 2022	3.03%	Apr 5, 2022	1,500	-
19. Debenture of Krungthai Card Public Company Limited No. 2/2017 Due 2022	3.00% - 3.50%	Jun 1, 2022	2,500	Bank of Ayudhya
20. Debenture of Krungthai Card Public Company Limited No. 3/2017 Due 2027	3.80%	Aug 3, 2027	1,500	-
21. Debenture of Krungthai Card Public Company Limited No. 4/2017 Due 2027	3.65%	Aug 25, 2027	1,000	-
22. Debenture of Krungthai Card Public Company Limited No. 5/2017 Series 1 Due 2022	2.46%	Oct 19, 2022	2,000	-
23. Debenture of Krungthai Card Public Company Limited No. 5/2017 Series 2 Due 2027	3.50%	Oct 19, 2027	1,000	-
24. Debenture of Krungthai Card Public Company Limited No. 6/2017 Due 2027	3.50%	Nov 16, 2027	2,000	-
25. Debenture of Krungthai Card Public Company Limited No. 1/2018 Series 1 Due 2023	2.35%	Feb 16, 2023	1,000	-
26. Debenture of Krungthai Card Public Company Limited No. 1/2018 Series 2 Due 2028	3.43%	Feb 16, 2028	1,250	-
27. Debenture of Krungthai Card Public Company Limited No. 1/2018 Series 1 Due 2020	2.20%	Aug 14, 2020	3,585	Bank of Ayudhya
28. Debenture of Krungthai Card Public Company Limited No. 1/2018 Series 2 Due 2021	2.48%	Aug 14, 2021	1,350	Bank of Ayudhya
29. Debenture of Krungthai Card Public Company Limited No. 2/2018 Due 2028	3.83%	Aug 16, 2028	2,065	Bank of Ayudhya
30. Debenture of Krungthai Card Public Company Limited No. 1/2019 Series 1 Due 2021	2.40%	Mar 11, 2021	1,500	-
31. Debenture of Krungthai Card Public Company Limited No. 1/2019 Series 2 Due 2022	2.65%	Mar 11, 2022	1,000	-
32. Debenture of Krungthai Card Public Company Limited No. 2/2019 Due 2029	3.20%	Jul 25, 2029	1,500	-
33. Debenture of Krungthai Card Public Company Limited No. 3/2019 Due 2029	2.80%	Oct 31, 2029	1,700	-
34. Debenture of Krungthai Card Public Company Limited No. 4/2019 Due 2024	2.60%	Nov 8, 2024	415	-

Note: The aforesaid debentures have no Put/ Call Option.

1.2 Undue bills of exchange of totaling Baht 11,375 Million, divided into;

1.2.1 Bills of exchange for short term loans from related financial institutions of Baht 3,840 Million;

1.2.2 Bills of exchange for loans from other financial institutions of Baht 7,535 Million;

The abovementioned bills of exchange bear interest at Money Market Rate that varied between 1.45% - 1.64% annually, due on call up to 1 year and unsecured.

2. The Company had Total Credit Line of Baht 29,540 Million, consisting of Baht 18,030 Million from Krung Thai Bank Public Company Limited and Baht 11,510 Million from other commercial banks. The Company, however, had duly utilized parts of the Total Credit Line with Available Credit Line remained at Baht 23,660 Million.

As on December 31, 2019, the Company had utilized Baht 3,490 Million loan facility approved by Krung Thai Bank Public Company Limited.

4. Dividend Payment Policy

The Company's Annual General Meeting No. 1/2546, held on March 25, 2003, had approved dividend payment at approximately 40% of the Company's net profit, after taxed and reserved according to law, from 2003 onwards.

For 2017 operational result, the Company had paid dividend at the rate of Baht 5.3 per share which was 41.4% of its net profit in compliance with the resolution passed by the Company's Annual General Meeting No. 16 held on April 20, 2018. And For 2018 operational result, the Company had paid dividend at the rate of Baht 0.82 per share which was 41.1% of its net profit in compliance with the resolution passed by the Company's Annual General Meeting No. 17 held on April 5, 2019.

Management Structure

1. Board of Directors

1.1 Board of Directors Structure

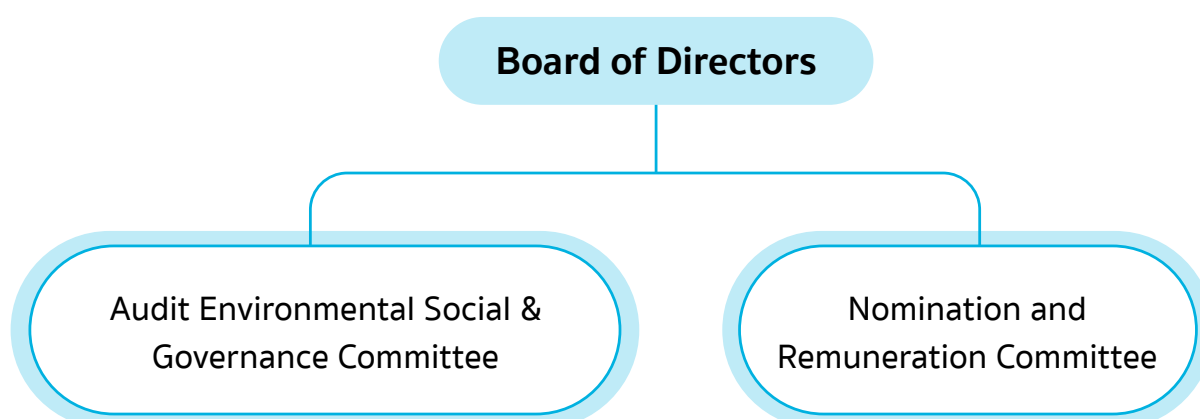
As of December 31, 2019, the Board of Directors is composed of eight members, including one executive director (Chief Executive Officer), three non-executive directors, and four independent directors. This composition ensures that the board can fulfill its duties independently without unwarranted guidance, thereby supporting efficient decision-making process.

The Company selectively recruits directors who are a qualified individual with diverse background and expertise, leadership qualities, farsighted vision, morality and ethics, transparent work experience, and the ability to express own opinions freely.

Chairman and Chief Executive Officer must not be the same person, and there is a clear separation of powers and responsibilities between them. The Company stipulates that a person holding the position of board chairman is a policy leader and that a person holding the position of Chief Executive Officer is a management leader. This philosophy creates a balance of power in the Company's operations.

The structure of the Company's board and sub-committees consists of the Board of Directors, the Audit Environmental Social and Governance Committee, and the Nomination and Remuneration Committee. The Company stipulates provisions on powers and duties as well as appointment and removal of its board or sub-committees in the Company regulations, which were registered with public company limited registrar at the Department of Business Development, Ministry of Commerce and are prescribed in the charters of these committees.

Board of director & the Subcommittee's Structure as of December 31, 2019



Board of Directors

As of December 31, 2019, the Board of Directors consists of eight directors, one board secretary, and one company secretary. The report of changes in common shareholding ownership and forward contracts of Krungthai Card Public Company Limited includes the following:

Name	Position	Holding amount (KTC Stock & Derivatives) as of Dec 31, 2018	Historical Trading from Jan - Dec 2019	Holding amount (KTC Stock & Derivatives) as of Dec 31, 2019
1. Mr. Parinya Patanaphakdee	Chairman/ Chairman of Nomination and Remuneration Committee	0	-	0
Spouse and Minor Children		0	-	0
2. Mr. Praphaisith Tankeyura	Independent Director/ Chairman of Audit Environmental Social and Governance Committee/ Nomination and Remuneration Committee	0	-	0
Spouse and Minor Children		0	-	0
3. Mrs. Nampung Wongsmith ⁽¹⁾	Independent Director/ Audit Environmental Social and Governance Committee	0	-	0
Spouse and Minor Children		0	-	0
4. Mr. Nathporn Chatusripitak	Independent Director/ Audit Environmental Social and Governance Committee	0	-	0
Spouse and Minor Children		0	-	0
5. Major General Apichat Chaiyadar	Independent Director	0	-	0
Spouse and Minor Children		0	-	0
6. Mr. Pichit Jongsaliswang ⁽¹⁾	Director/ Nomination and Remuneration Committee	0	-	0
Spouse and Minor Children		0	-	0
7. Mrs. Praralee Ratanaprasartporn ⁽²⁾	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 Pitpibulpatit	Company Secretary	0	-	0
Spouse and Minor Children		0	-	0

⁽¹⁾ The Board of Directors Meeting No. 12/2562 held on October 30, 2019 resolved to appoint Mrs. Nampung Wongsmith and Mr. Pichit Jongsaliswang to serve as company directors. Both appointments have been effective since October 30, 2019.

⁽²⁾ The 2019 general shareholders' meeting held on April 5, 2019 resolved to appoint Mrs. Praralee Ratanaprasartporn to replace Mrs. Sriprabha Pringsong as company director. Due to important engagement, Mrs. Sriprabha expressed her desire to abstain from holding the office of director for the next term.

Throughout 2019, it was not found that any directors committed any misconducts regarded as use of internal or confidential information of the Company to engage in securities trading for personal gain or third party's benefits.

(Please refer to the details of backgrounds and work experience of company executives in Attachment 3: Details about directors, executives, persons with controlling power, and company secretary)

Duties of the Board of Directors

1. The Board shall fulfill its duties responsibly, prudently and honestly in accordance with relevant laws and the Company's objectives, rules and regulations as well as resolutions of shareholders' meetings, and it shall perform oversight of operational effectiveness of the Company.

2. The Board shall notify the Company without delay whenever a director has any direct or indirect interest in a contract made by the Company during an accounting period or holds any shares or corporate bonds of the Company and affiliated companies by reporting a total amount of increased or decreased holdings during an accounting period.

3. The Board shall convene at least once a month, and there shall be no less than half of the total number of directors attending a board meeting. Final decision is determined by a majority vote.

4. The Board shall arrange an annual general shareholders' meeting within four months after the last day of annual accounting period.

5. Company director shall not operate any business that is similar in nature to and competes against the Company's businesses or shall not be a partner in any partnerships or hold directorship in other companies, which conduct any similar business.

1.2 Sub-Committee

1.2.1 Independent committee members and the Audit Environmental Social and Governance Committee ("Audit Committee")

Independent committee members

As of December 31, 2019, the Company has a total of four independent committee members, including Mr. Praphaisith Tankeyura, Mrs. Nampung Wongsmith, Mr. Nathporn Chatusripitak and Major General Apichat Chaiyadar. These individuals possess qualifications of an independent committee member as prescribed in the SEC rules. Moreover, the Company also defines independence of independent committee members in the charter of the Audit Committee.

Audit Environmental Social and Governance Committee

As of December 31, 2019, the Audit Environmental Social and Governance Committee consists of the following members:

Name	Position
1. Mr. Praphaisith Tankeyura	Chairman of Audit Environmental Social and Governance Committee
2. Mrs. Nampung Wongsmith	Audit Environmental Social and Governance Committee
3. Mr. Nathporn Chatusripitak	Audit Environmental Social and Governance Committee

The Audit Committee's members are independent and every member completed one of the training programs offered by the Thai Institute of Directors Association: Audit Committee, Finance for Non-Finance Director, Director Certification Program, Roles of the Compensation Committee, or Director Accreditation Program. Furthermore, Mr. Praphaisith Tankeyura, chairman of the Audit Committee, is a competent person with enough knowledge and experience to verify the credibility of financial statements of the Company.

Duties of the Audit Environmental Social and Governance Committee are divided into:

Audit responsibilities

1. Conduct review to ensure that the Company has accurate and adequate financial reporting.

2. Conduct review to ensure that the Company has appropriate and effective internal control system and internal audit system, determine the autonomy of the internal audit unit, and endorse appointment, transfer or dismissal of a head of the internal audit unit or other units responsible for internal audit.

3. Conduct review to ensure that the Company complies with the securities and exchange law, SET requirements, and other relevant laws.

4. Selectively recruit, nominate and appoint an independent individual to fulfill the duties of company auditors, propose auditor compensation, and attend meetings with auditors without the presence of management at least once a year.

5. Review connected and conflict of interest transactions to ensure compliance with relevant laws and SET requirements in order to ensure that these transactions are reasonable and executed with utmost regard for the Company's interests.

6. Prepare the Audit Committee's oversight report which is disclosed in an annual report of the Company. This report must be signed off by the chairman of the Audit Committee and must contain at least the following information:

6.1 Opinions on the accuracy, completeness and credibility of financial statements of the Company;

6.2 Opinions on the adequacy of the internal control system of the Company;

6.3 Opinions on the compliance with the securities and exchange law, SET requirements, and relevant laws;

6.4 Opinions on the suitability of auditors;

6.5 Opinions on potential conflict of interest transactions;

6.6 Number of audit committee meetings and attendance record of each member;

6.7 Overall opinions or observations regarding the fulfillment of duties under the charter of the Audit Committee;

6.8 Other matters within the scope of duties and responsibilities designated by the Board of Directors that general shareholders and investors should be informed.

7. Review the accuracy of referred documents and the self-assessment form relating to anti-corruption measures in businesses of the Private Sector Collective Action Coalition Against Corruption.

8. Perform other duties designated by the Board of Directors and endorsed by the Audit Committee.

Environmental, social and governance responsibilities

1. Review environment, social and governance policies of the Company to ensure compliance with international standards and recommendations of concerned institutes or agencies.

2. Propose company guidelines that conform to the principles of corporate governance with social responsibility.

3. Perform oversight of the Company's operations to ensure compliance with the principles of corporate governance.

4. Review best practices of corporate governance for the Board of Directors or sub-committees.

5. Foster corporate governance culture and engage in corporate social responsibility activities for sustainable development, promote proper understanding among employees at all levels, and ensure practical outcomes.

6. Propose a guideline on the Company's code of business conduct and the code of good practice with various stakeholder groups.

7. Impart environmental, social and governance policies to environmental, social and governance working groups.

8. Perform other duties designated by the Board of Directors.

1.2.2 Nominating and Remuneration Committee

As at December 31, 2019 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. Pichit Jongsaliswang	Nomination and Remuneration Committee

The Board of Directors approved the charter on the rules and guidelines of the Nomination and Remuneration Committee which stipulates the duties of the Nomination and Remuneration Committee as follows:

1. Review and stipulate suitable qualifications of executive member according to the structure, size and composition set out in relevant laws, determined by committee members, and/or resolved by a shareholders' meeting (whichever the case may be).

2. Consider, recruit, select and nominate an individual with suitable qualifications as set out in the stipulated criteria to assume the position of company director, independent committee member, management executive, and sub-committee member whose powers, duties and responsibilities are directly designated by the Board of Directors. These candidates shall be proposed to the Board for consideration and approval by a board meeting according to company regulations, whatever the case may be.

3. Review criteria and guidelines for performance appraisal of the Committees and Chief Executive Officer and propose them to the Board of Directors for approval. In the performance appraisal process, performance of chief executive officer shall be reviewed by the Nomination and Remuneration Committee.

As for the review of criteria and guidelines for performance appraisal of management executives, except Chief Executive Officer, the Chief Executive Officer shall conduct such review and present evaluation results to the Nomination and Remuneration Committee for endorsement.

4. Recommend criteria, policies and guidelines on compensation and benefits for company directors, management executives, and sub-committee members who carry out their powers, duties and responsibilities directly designated by the Board of Directors, and determine extension of retirement age and early retirement age of management executives for consideration and approval by the Board of Directors, whatever the case may be. For such consideration, the Nomination and Remuneration Committee shall take into account duties and responsibilities,

practices of peer companies, the Company's operating performance, and general market conditions.

5. Prepare a management succession plan to proactively groom a candidate to replace management executive who is due to retire or cannot perform his or her duties so as to ensure business continuity.

6. Ensure that committee's size and composition are appropriate for the organization, and propose adjustments to suit changing environment.

7. The Nomination and Remuneration Committee may appoint any person to assume the position of secretary to the Nomination and Remuneration Committee.

8. Perform other nomination and remuneration duties designated by the Board of Directors.

1.3 Committee Meeting

Each year the Board of Directors shall convene at least 12 times on a regular basis. Throughout the year, directors are required to attend at least 75% of all board meetings. The Company predetermines meeting schedules of the board and sub-committees throughout the year. However, a special meeting may be arranged when deemed appropriate. Generally, main meeting agenda items include quarterly review of financial statements, monitoring progress of operational improvement projects, review of key policies, and monitoring operating performance of the Company. If an agenda item requires voting, at least two-thirds of the total number of directors must be in attendance. The Office of the Chief Executive Officer shall prepare a meeting notice, meeting agenda, and support documents for directors seven days in advance to ensure that directors have enough time to scrutinize agenda matters and support documents.

In each meeting, notetaking and minutes of meeting must be arranged, and draft meeting minutes must be presented to the committee before receiving endorsement in the next meeting. Minutes of committee meetings endorsed by committees are retained for examination by committees and concerned entities.

As of December 31, 2019, the Board of Directors convened 15 times; the Audit Environmental Social and Governance Committee convened 11 times; and the Nomination and Remuneration Committee convened 10 times. The details of meeting attendance of each director are as follows:

Name	Board of Director's Meeting Total 15 Meetings	Audit Environmental Social & Governance Committee's Meeting Total 11 Meetings	Nominating Remuneration Committee's Meeting Total 10 Meetings
1. Mr. Parinya Patanaphakdee	15/15	-	10/10
2. Mr. Praphaisith Tankeyura	15/15	11/11	10/10
3. Mrs. Nampung Wongsmith ⁽¹⁾	2/2	2/2	-
4. Mr. Nathporn Chatusripitak	14/15	11/11	-
5. Major General Apichat Chaiyadar	12/15	-	-
6. Mr. Pichit Jongsaliswang ⁽¹⁾	2/2	-	1/1
7. Mrs. Praralee Ratanaprasartporn ⁽²⁾	7/11	-	-
8. Mr. Rathian Srimongkol	15/15	-	-
9. Mr. Bucha Sirichumsang	15/15	-	-

Name	Board of Director's Meeting Total 15 Meetings	Audit Environmental Social & Governance Committee's Meeting Total 11 Meeting	Nominating Remuneration Committee's Meeting Total 10 Meetings
Director resigned during the year			
1. Mr. Cherdchai Chompoonukulrat ⁽³⁾	4/4	-	2/2
2. Mrs. Sriprabha Pringpong ⁽⁴⁾	3/4	-	-
3. Mrs. Pantip Sripimol ⁽⁵⁾	9/12	5/9	-
4. Mr. Kosol Chamchuen ⁽⁶⁾	3/8	-	2/6

⁽¹⁾ The Board of Directors Meeting No. 12/2562 held on October 30, 2019 resolved to appoint Mrs. Nampung Wongsmith and Mr. Pichit Jongsaliswang to serve as director to replace retiring directors. Both appointments have been effective since October 30, 2019.

⁽²⁾ The 2019 general shareholders' meeting held on April 5, 2019 resolved to appoint Mrs. Paralee Ratanaprasartporn to replace Mrs. Sriprabha Pringpong as company director. Due to important engagement, Mrs. Sriprabha expressed her desire to abstain from holding the position of director for the next term.

⁽³⁾ Mr. Cherdchai Chompoonukulrat, a director who was due to retire by rotation, would be tied up in important engagement, so he expressed his desire to abstain from holding the position of director for the next term.

⁽⁴⁾ Mrs. Sriprabha Pringpong, a director who was due to retire by rotation, would be tied up in important business engagement, so she expressed her desire to abstain from holding the position of director for the next term.

⁽⁵⁾ Mrs. Pantip Sripimol has resigned from the office of director since October 29, 2019.

⁽⁶⁾ On April 5, 2019, the 2019 general shareholders' meeting resolved to appoint Mr. Kosol Chamchuen as director to replace Mr. Cherdchai Chompoonukulrat, a director who was due to retire by rotation, but Mr. Kosol Chamchuen has resigned from the office of director since October 29, 2019.

Furthermore, last year the Board of Directors held one board meeting without the presence of management on December 13, 2019 in order to comply with the corporate governance policy of the Company. At this meeting, the board reviewed and commented about its roles and responsibilities.

2. Management Executives

As of December 31, 2019, the information about company executives and the report on changes in common shareholding ownership and forward contracts of Krungthai Card Public Company Limited are as follows:

Name	Position	Holding amount (KTC Stock & Derivatives) as of Dec 31, 2018	Historical Trading from Jan-Dec 2019	Holding amount (KTC Stock & Derivatives) as of Dec 31, 2019
1. Mr. Rathian Srimongkol	President & CEO	0	-	0
Spouse and Minor Children		0	-	0
2. Mr. Chutidej Chayuti	Chief Financial Officer	0	-	0
Spouse and Minor Children		0	-	0
3. Mr. Virach Paisitsavet	Chief Operations Officer	0	-	0
Spouse and Minor Children		0	-	0
4. Mr. Piyasak Tejasen	Senior Executive Vice President - Distribution & Merchant Acquiring	0	-	0
Spouse and Minor Children		0	-	0
5. Mrs. Pittaya Vorapanyasakul	Executive Vice President - Credit Card	0	-	0
Spouse and Minor Children		0	-	0
6. Mr. Khan Kachonboon	Executive Vice President - Corporate Communications	0	-	0
Spouse and Minor Children		0	-	0
7. Mr. Bucha Sirichumsang	Executive Vice President - Office of President & CEO	0	-	0
Spouse and Minor Children		0	-	0
8. Mr. Woottichai Jarempol	Executive Vice President - Information Technology	0	-	0
Spouse and Minor Children		0	-	0
9. Mr. Sakda Chantrasuriyarat	Senior Vice President - Compliance	0	-	0
Spouse and Minor Children		0	-	0
10. Ms. Phichamon Jitpentham	Vice President - Personal Loans	0	-	0
Spouse and Minor Children		0	-	0

Throughout 2019, it was not found that any executive committed misconduct regarded as use of internal or confidential information to benefit from trading of company securities for personal gain or third party's benefits.

(Please refer to the details of backgrounds and work experience of management executives in Attachment 3: Details about directors, executives, persons with controlling interest, and company secretary)

3. Company secretary and a designated person directly responsible for overseeing bookkeeping duties

Company Secretary

To comply with the 2017 corporate governance principles for listed companies and the provisions of the Securities and Exchange Act 1992 (Code of Law Edition), the Board of Directors Meeting No. 12/2551 held on August 13, 2008 resolved to appoint Mr. Peerapong Pitripibulpatit as company secretary. The Company secretary's scope of responsibilities includes the following:

1. Advise on stipulations, rules and regulations, and legal requirements that the Board of Directors, in the capacity of directors of a listed company, needs to know.
2. Prepare and retain the following documents:
 - Directors register
 - Board meeting notices, minutes of board meetings, and corporate annual reports
 - Shareholders' meeting notices and minutes of shareholders' meeting
3. Retain declaration of interest statements of directors or executives, and send copies of declaration of interest statements to chairman and audit committee chairman for acknowledgment within seven days from the date of receipt of such statement.
4. Oversee activities designated by the Board of Directors.
5. Conduct actions to comply with relevant laws and notifications of the Securities Exchange Commission, the Capital Market Supervisory Board, and/or other regulatory authorities.

Designated person directly responsible for overseeing bookkeeping duties

Ms. Pranee Rattakam is the designated person who is directly responsible for overseeing bookkeeping duties and accounting functions and liaising with auditors and concerned entities to ensure compliance with Thai accounting standards.

(Please refer to the details of backgrounds and work experience of management executives in Attachment 3: Details about heads of the internal audit unit and the compliance unit as well as bookkeeping supervisor)

4. Compensation of committee members and executives

The Company's policy is to maintain compensation of directors and sub-committee members at a suitable level. In the process, the Company proposes compensation rates determined by the Nomination and Remuneration Committee determines to be suitable pay rates which commensurate with responsibilities of committee members. Then, compensation rates are proposed to the Board of Directors for consideration before presenting the proposed compensation to the 2019 general shareholders' meeting for consideration. On April 5, 2019, the shareholders' meeting resolved to approve compensation of committee members, which would be effective until a shareholders' meeting resolved to change the resolution. A brief summary is presented below:

(a) 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

If the board convenes more than once a month, attending directors shall be entitled to receive an extra compensation at 1.5 times their monthly base rate.

(b) Remuneration for the Audit Environmental Social & Governance Committee is paid as monthly flat rate as follows.

• The Chairman	25,000 Baht per month
• Other Members	20,000 Baht per month

(c) 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

Moreover, the Board of Directors Meeting No. 2/2562 resolved to submit a proposal of a bonus payment to directors amounting to 21,150,000 baht for the 2018 operating performance, aside from monthly compensation, to the shareholders' meeting for consideration and approval.

As of December 31, 2019, total monthly compensation and bonus of the Board of Directors which were paid to committee members in the capacity of director amounted to 24,561,500 baht (including director compensation for Mr. Rathian Srimongkol and a bonus for the Board of Directors), and total executive compensation amounted to 178,473,746 baht. Therefore, total compensation for directors and executives amounted to 203,035,246 baht.

Name	Position	Remuneration Details that Directors/ Executives Received in Year 2019 (Baht)
1. Mr. Parinya Patanaphakdee	Chairman of the Board of Directors/ Chairman of Nomination and Remuneration Committee	<ul style="list-style-type: none"> • Compensation for board chairman 337,500 baht • Chairman of the Nomination and Remuneration Committee 240,000 baht • Bonus 3,203,482 baht • Total compensation 3,780,982 baht
2. Mr. Praphaisith Tankeyura	Independent Director/ Chairman of Audit Environmental Social and Governance Committee/ Member of Nomination and Remuneration Committee	<ul style="list-style-type: none"> • Compensation for independent director 270,000 baht • Chairman of the Audit Environmental Social and Governance Committee 300,000 baht • Member of the Nomination and Remuneration Committee 192,000 baht • Bonus 2,562,785 baht • Total compensation 3,324,785 baht
3. Mrs. Nampung Wongsmith ⁽¹⁾	Independent Director/ Member of Audit Environmental Social and Governance Committee	<ul style="list-style-type: none"> • Compensation for independent director 40,000 baht • Member of the Audit Environmental Social and Governance Committee 40,000 baht • Total compensation 80,000 baht
4. Mr. Nathporn Chatusripitak	Independent Director/ Member of Audit Environmental Social and Governance Committee	<ul style="list-style-type: none"> • Compensation for independent director 270,000 baht • Member of the Audit Environmental Social and Governance Committee 240,000 baht • Bonus 1,797,460 baht • Total compensation 2,307,460 baht
5. Major General Apichat Chaiyadar	Independent Director	<ul style="list-style-type: none"> • Compensation for director 260,000 baht • Bonus 2,562,785 baht • Total compensation 2,822,785 baht
6. Mr. Pichit Jongsaliswang ⁽¹⁾	Director/ Member of Nomination and Remuneration Committee	<ul style="list-style-type: none"> • Compensation for director 40,000 baht • Member of the Nomination and Remuneration Committee 32,000 baht • Total compensation 72,000 baht
7. Mrs. Pralee Ratanaprasartporn ⁽²⁾	Director	<ul style="list-style-type: none"> • Refrained from receiving any compensation.
8. Mr. Rathian Srimongkol	Director	<ul style="list-style-type: none"> • Compensation for director 270,000 baht • Bonus 2,562,785 baht • Total compensation 2,832,785 baht

Name	Position	Remuneration Details that Directors/ Executives Received in Year 2019 (Baht)
Director resigned during the year		
1. Mr. Cherdchai Chompoonukulrut ⁽³⁾	Director Member of the Nomination and Remuneration Committee	<ul style="list-style-type: none"> • Compensation for director 80,000 baht • Member of the Nomination and Remuneration Committee 64,000 baht • Bonus 2,562,785 baht • Total compensation 2,706,785 baht
2. Mrs. Sriprabha Pringpong ⁽⁴⁾	Director	<ul style="list-style-type: none"> • Compensation for director 80,000 baht • Bonus 2,562,785 baht • Total compensation 2,642,785 baht
3. Mrs. Pantip Sripimol ⁽⁵⁾	Independent Director Member of the Audit, Environmental, Social and Governance Committee	<ul style="list-style-type: none"> • Compensation for independent director 220,000 baht • Member of the Audit, Environmental, Social and Governance Committee 200,000 baht • Bonus 2,562,785 baht • Total compensation 2,982,785 baht
4. Mr. Kosol Chamchuen ⁽⁶⁾	Director Member of the Nomination and Remuneration Committee	<ul style="list-style-type: none"> • Compensation for director 140,000 baht • Member of the Nomination and Remuneration Committee 96,000 baht • Total compensation 236,000 baht
5. Mr. Paroche Hutacharoen ⁽⁷⁾	Independent Director Member of the Audit, Environmental, Social and Governance Committee	<ul style="list-style-type: none"> • Bonus 772,346 baht • Total compensation 772,346 baht

⁽¹⁾ The Board of Directors Meeting No. 12/2562 held on October 30, 2019 resolved to appoint Mrs. Nampung Wongsmit and Mr. Pichit Jongsaliswang as company directors to replace resigning directors. Both appointments have been effective since October 30, 2019.

⁽²⁾ The 2019 shareholders' meeting held on April 5, 2019 resolved to appoint Mrs. Paralee Ratanaprasartporn to assume the office of Mrs. Sriprabha Pringpong as company director. Due to important engagement, Mrs. Sriprabha expressed her desire to abstain from holding the office of director for the next term.

⁽³⁾ Mr. Cherdchai Chompoonukulrut, a director who was due to retire by rotation, was tied up in important engagement, so he expressed his desire to abstain from holding the office of director for the next term.

⁽⁴⁾ Mrs. Sriprabha Pringpong, a director who was due to retire by rotation, was tied up with important engagement, so she expressed her desire to abstain from holding the office of director for the next term.

⁽⁵⁾ Mrs. Pantip Sripimol resigned from the office of director, and her resignation has been effective since October 29, 2019.

⁽⁶⁾ On April 5, 2019, the 2019 general shareholders' meeting resolved to appoint Mr. Kosol Chamchuen as director to replace Mr. Cherdchai Chompoonukulrut, who was due to retire by rotation. However, Mr. Kosol Chamchuen has resigned from the office of director since October 29, 2019.

⁽⁷⁾ Mr. Paroche Hutacharoen was a director who was due to retire by rotation at the 16th general shareholders' meeting held on April 20, 2018. On this occasion, the Company paid director's bonus in 2019.

Executive Compensation

Remuneration	December 31, 2018		December 31, 2019	
	Persons	Remuneration (Baht)	Persons	Remuneration (Baht)
Salary ⁽¹⁾	10	74,308,453	10	70,430,760
Bonus ⁽²⁾	10	107,658,690	10	99,564,740
Provident Fund	10	4,432,107	10	4,186,246
Social Security Contribution	10	102,363	10	90,000
Long-term management remuneration for the post employment benefit ⁽³⁾	10	8,850,000	10	4,202,000
Total		195,351,614		178,473,746

⁽¹⁾ Executive compensation does not include director's compensation of Mr. Rathian Srimongkol.

⁽²⁾ Executive bonus does not include director's bonus of Mr. Rathian Srimongkol.

⁽³⁾ Long-term executive compensation constitutes executive benefits which are estimated from a present value of cash flow projection of future benefits as stipulated in the Thai Accounting Standard No. 19 Re: Employee Benefits which has been adopted by the Company since January 1, 2011. Accordingly, the Company recognizes employee benefit expenses as an employee expense in the profit and loss statement.

5. Human Resource

5.1 Personnel

Number of Employees

	2017	2018	2019
Number of Employee	1,514	1,548	1,580
Growth Rate	0.1%	2.3%	2.1%

As of December 31, 2019, the Company employed 1,580 employees, up 2.1% from the same period last year. In 2019, total compensation for the Company's personnel-which consists of executive compensation and employee expenses, including salary, bonus and provident fund contribution-amounted to 2,450 million baht, up 3.2% from the total compensation of 2,374 million baht in the same period last year.

Table showing the number of employees in each key function

Department	Number of Employees As of December 31, 2019
President & Chief Executive Officer	3
Distribution & Merchant Acquiring	312
Information Technology	67
Corporate Finance	82
Personal Loans	8
Contact Center & Process Development	338
Operations	256
Corporate Communications	42
Credit Card	94
Office of President & CEO	268
Management Information System & Business Analysis	29
Internal Audit	15
General Services	31
Human Resources	29
Compliance	6
Total	1,580

5.2 Human Resource Policy

5.2.1 Employee recruitment and motivation

The Company has a policy to recruit employees deemed necessary and appropriate for job openings. A hired candidate must have suitable qualifications, experience and competence for the job. If there is a vacant position, the Company will focus on internal recruitment and offer additional training for personnel development. This is because internal recruitment enables the Company to find an employee who is already familiar with the operations, and it can help boost employee morale and motivate employees to work with the Company for a long period of time. As for employee compensation, the Company compares compensation and benefits with similar businesses in the same industry. In case the Company cannot recruit an internal candidate within the Company, it will initiate the external recruitment and hiring process, whereby the Company buys online media in various

websites, places a classified ad in social media – such as Facebook, LinkedIn and Line – sends SMS messages to candidates or employees or makes an announcement in PR media on KTC website. In addition, executive referral can enhance the efficiency of the recruitment of candidates for key positions.

5.2.2 Human resources development

The Company has a policy to pursue capacity development for employees at all levels on a continuous basis, thereby ensuring that employees have suitable knowledge, skills and competencies deemed necessary for their duties and responsibilities and are responsive to changes in business direction, particularly changing social and business environment in the digital era.

Throughout 2019, the Company organized in-house training programs and seminars, sent employees

to external training programs and seminars, and arranged study tours to local and overseas institutions. Moreover, it also arranged learning programs and knowledge sharing activities, offered coaching, and set up communities of practice. In addition, it utilized electronic channels by offering e-Learning programs which enabled employees to have convenient access to sources of knowledge and self-development. Accordingly, the Company laid out development approaches to become a learning organization by opening up a wide array of learning channels. In 2019, the average training hours per employee per year (January -December 2019) stood at 39.23 hours.

Key learning programs are listed below:

1. Training programs aligned with the Company's strategy that foster development of innovative and creative thinking skills among employees to address customer needs efficiently include Working Background and Data Sciences. Trainees apply these knowledge and skills in their jobs to make a difference with the business.

2. Core course program consists of basic courses which employees need for enhancing job knowledge and skills – for example, KTC knowledge building program and topics like Personal Data Protection Act 2019, corporate governance principles, anti-money laundering law, counter-terrorism financing law, ISO 27001:2013, and risk awareness.

3. Functional course program aims at fostering development of required knowledge, skills and competency and building capacities to perform specific roles and fulfill certain responsibilities-for example, Data to Intelligence, Digital Sale Professional, Information Security Management System, Lead Auditor, Machine Learning for Business, New Product & Service Knowledge, Concierge Service, Six Sigma Green Belt Training, Process Innovation by Lean Six Sigma Black Belt, Service Quality Contact Center, and Robot Framework.

4. KTC x YourNextU program, which was jointly conducted by KTC and its partner SEAC, created a learning culture where employees can choose to explore areas of

personal interest on the blended learning platform, which allows employees to selectively take courses that interest them and selective courses offered by the Company, including Design Thinking, Growth Mindset, Outward Mindset, and Self Leadership.

Furthermore, the Company also organized KTC Sit & Talk activities where experts in different areas were invited to share knowledge with employees and update them with financial innovations and changing economic directions.

Development of personnel management system

To raise the level of quality and internal standards, the Company had a policy that required the core function support unit to develop a standard operating procedure (SOP) manual, whereby an internal unit of human resources department developed these standards, completed 100% implementation, and set KPIs and goals for every task.

Moreover, the Company also placed emphasis on the development of Human Resources Information System (HRIS) which covers applying for a job, personnel selection, transfer, working hours record, overtime, performance appraisal, and various types of leave, request for training approval, records of personal data of every type of employees, and data processing and analysis. The aim is to ensure compatibility with various devices, including smart phone, so as to accommodate changing technologies and provide convenience and flexibility for employees, internal customers, and job applicants, who are an external customer, such as employee recruitment, testing, signing of employment contract, and resignation. In addition, the application of QR code is also beneficial to the recruitment process and training assessment, thereby enhancing flexibility when carrying out various tasks. The HRIS implementation also conforms to organizational transformation toward digital workspace system.

Guidelines on employee compensation and benefits

Under the guidelines on employee compensation and benefits, the Company has salary and benefits adjustment approaches that involve participation in surveys of an HR

consulting firm to obtain guidance on salary and benefits adjustment which takes into account key performance indicators of each employee and economic trends on an annual basis. However, when the Company reviews salary and benefits packages, it compares its packages with those of peer companies in the same industry to ensure that its salary and benefits packages are competitive in the market. Regarding benefits packages, the Company offers employee benefits by taking into account comprehensive benefits packages that address employee needs throughout the organization, and its benefits packages are regularly adjusted to suit changing economic conditions and to assure employees of job security so that they can help achieve sustainable success for the organization. Besides, the Company also embeds its core values, which reflect organizational mindset and operational approaches, in employee performance appraisal so that every executive and employee in the organization can adhere to these core values and help create organizational culture that will lead to the achievement of work plans, missions, and strategies of the Company.

Respect for human rights

Under a clear policy, the Company shall not engage in activities that infringe human rights relating to employee recruitment and personnel selection by refraining from hiring a child below 15 years old on a regular or contractual basis to perform regular or overtime work, irrespective of whether it is a paid or unpaid job. Moreover, the Company shall not discriminate based on similarities or differences in terms of native origin, color, gender, nationality, religion, belief, political views, family status, and so forth which are not related to work performance. Furthermore, the Company also respects the right to personal freedom and personal data protection. In case of services rendered by an external service provider, the Company shows respect for human rights of external service provider as prescribed in legal provisions.

Moreover, as the Company developed the corporate governance policy and the code of conduct manual, which provides a safe channel for any employees or stakeholders to give tip-off information or file a complaint about corruption or non-compliance with the code of conduct with a concerned entity. The Company will protect whistleblower's identity by concealing names or personal information of the whistleblower or a person who cooperates in the investigation. Besides, it will not demote or punish the accused person and will not treat him or her unfairly. In 2019, no complaint about infringement of human rights was filed by any employee, trade partner or person residing in the vicinity of the Company. Such conducts can assure that the Company's business conducts do not or are not likely to affect local communities.

Occupational health, safety and environment and support facilities

Due to the Company's concern over health and safety of employees, it is committed to fostering and implanting occupational health and safety consciousness among employees and to maintaining a safe and healthy workplace in order to prevent work-related accidents, injuries or illnesses. Therefore, the Company provides a suitable workplace environment and designates a person in charge of each floor, lighting, and clean water in a responsible work area. Moreover, the Company also provides rest and leisure areas where employees can have casual conversation, and it sets up an on-site clinic with nurse staffing during office hours to provide first aid treatment to employees. In addition, bathrooms are always kept clean and mainlined in good hygienic conditions, and annual emergency drill is conducted to raise safety consciousness among employees when an incident occurs. Furthermore, the Company made a list of phone numbers in case of emergency and created a communication tree for communication across the chain of command.

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 sub-committee 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 significance of the shareholders general meeting. Hence, the Annual General Meeting of Shareholders is held annually within four months after the Company's fiscal year end and is appropriately performed following principles of good corporate governance as well as strictly defined by laws. The shareholders are also allowed to propose agenda items for the Annual General Meeting before its commencement. The Company is obliged to collect, along with organize all information regarding meeting agendas and distributes them through its online website at www.ktc.co.th around 30 days in advance ahead of the meeting, as well as publishes them in daily newspapers for at least 3 consecutive days to ensure that shareholders are thoroughly summoned. In addition, the Company has appointed Thailand Securities Depository Co., Ltd. as a common stock registrar to distribution invitations to shareholders. The invitation attached with all meeting agendas, together with explanations and rationales of supporting documents for each agenda and other related details will be provided to shareholders at least 28 days ahead of the meeting so that shareholders would have enough time to learn all information essential to their decision making and voting. Should they have any concerns, they can send their questions to the Board of Directors prior to the meeting date through the Company's website or directly post mail to the Board of Directors, or they can share their comments, feedbacks and questions of the agendas on the date of the meeting. The Company determines to hold the meeting

at an easy to access venue and encourages all groups of shareholders especially institutional ones to attend the meeting.

1.2.2 On the meeting date, the Company shall facilitate shareholders participation and voting with Barcode system in recording registration and processing voting results. Tax stamps will also be available for the convenience of any proxy holders attending the meeting.

1.2.3 The Company shall commence the registration at least two hours prior to the meeting. Any shareholders with late attendance shall be allowed to cast votes on the next agenda items not yet considered and shall be treated as the quorum votes.

1.2.4 Invitations to the Annual General Meeting of Shareholders, meeting documents, as well as various proxy forms shall be made available through the Company's website, www.ktc.co.th, to enable shareholders to select any forms suitable to their purpose. The Company shall also appoint at least one independent director as a proxy holder in case that some shareholders cannot attend the meeting in person. In addition, the Company will provide explanations and rationales concerning each agenda item or resolution as specified in the invitation of the Annual General Meeting, together with present facts and comments of the committee in each agenda item that differ from those of the Board of Directors so that shareholders are sufficiently and equally informed for further consideration. All of such information will be available to shareholders in both Thai and English.

1.2.5 In every Annual General Meeting of Shareholders, the Company's chairman of the Board of Directors, board members and executives shall fully attend the meeting to present the Company's performance and management policies, along with answer any instant questions and provide promptly requested information to shareholders during the meeting.

1.2.6 To enable accuracy and transparency of vote counting in each agenda item, other than its internal auditor, the Company shall include either independent auditors or representatives from audit firms to jointly verify the vote counting process.

1.2.7 Before the meeting begins, the chairperson shall explain the meeting's rules and regulations, voting

procedures, including voting rights for each type of shares and vote counting methods for each agenda item according to the Company's article of association. During the meeting, all shareholders will have equal rights to question and comment as well as voice any unlimited feedbacks in which the Board of Directors will pertinently answer all questions on each agenda item. With accuracy and completeness, the minutes of the meeting will be recorded with a description of the voting and vote tabulation procedures used, declaring both before the meeting proceeds. The minutes will also include records of questions and answers when shareholders are given the opportunity to raise issues and concerns, along with voting results of each agenda item with details of how shareholders have voted for, against and abstained, and a list of the board members attending and absenting from the meeting. At the end of the meeting, all resolutions and votes will be made available on the same date through SETLink system of the Stock Exchange of Thailand (SET) for investors and shareholders in both Thai and English. Copies of the full meeting report will be submitted to SET and the Securities and Exchange Commission within 14 days after the meeting finishes and will also be available on the Company's website in both Thai and English.

1.2.8 The Company will not add additional agenda items without prior notice to shareholders, especially ones that are essential and require ample time to study ahead of any decision-making. The Company will conduct the meeting in a correct sequence of agendas as mentioned in the meeting invitation.

1.2.9 During the shareholders meeting, for speed and accuracy, the Board of Directors shall encourage using advanced technology to count votes and display voting results.

1.2.10 For the sake of transparency and future reference in case of later dispute, the Board will encourage the use of voting cards for significant agenda items such as related party transactions, acquisitions or disposal of assets.

1.2.11 The chairman of the meeting shall allocate adequate time for discussion and encourage shareholders to express their opinions and ask any questions related to the Company.

General Meeting of Shareholders

The Company's 2019 Annual General Meeting of Shareholders was held on April 5, 2019 and performed in accordance with the regulations, laws and principles of good corporate governance as follows:

Prior to the meeting: The Company distributed the invitation of the meeting both in Thai and English, stating date, time, venue and meeting agendas, together with comprehensive descriptions and rationales for each agenda item sufficient enough for shareholders decision-making and published them in advance ahead of the meeting through various channels such as

- **SET News:** Published on February 14, 2019, the resolution of the Board of Directors meeting on the subject of the invitation to the 2019 Annual General Meeting of Shareholders stating meeting schedule as well as meeting agendas and dividend payment.

- **The Company's website:** Published more than 32 days in advance on March 4, 2019, the meeting invitation and supplementary documents containing the same information as in those sent by post to shareholders with topics of 1) date, time and venue of the meeting, 2) meeting agendas with explanations and rationales for each agenda item or resolution as specified in the invitation, 3) description of proxy registration, meeting documents, meeting rules, and 4) casting vote procedure and proxy letter.

- **Delivery by post:** Distributed all to the post office 25 days in advance of the meeting on March 12, 2019, the meeting invitation including supplementary documents in the form of CD-ROM to all shareholders.

- **Newspaper advertisement:** Published 9 days in advance of the meeting for 3 consecutive days, the meeting invitation in daily newspapers in both Thai and English.

Through its website and SET News both in Thai and English, the Company enabled its shareholders to propose additional agenda items as well as raise questions and any other related matters regarding the Company's operations, including nominate candidate names for the Board members selection. Shareholders were well informed in advance regarding the defined criteria, process, and channels of submitting their proposals and questions and was given the period of 3 months from October 1, 2018 to January 31, 2019 to perform such actions.

Attached with the meeting invitation and also available on its website, the Company published the proxy letter (form Khor) as specified by the Public Company Limited registrar and identified a barcode to facilitate meeting registration so that any shareholders who cannot attend the meeting could appoint their proxy holders. The proxy letter form Kor was also posted on the Company's website to enable general shareholders as well as shareholders who are securities administrators to grant proxy according to the amount notified by the shareholders.

The Company nominated two independent board members with their backgrounds and interests attached in the meeting invitation as an option for shareholders proxy.

The day of the Annual General Meeting (April 5, 2019) : The Company held the meeting at The Athenee Hotel Bangkok, located on Wireless Rd, Lumpini, Pathum Wan District, which can be conveniently accessed both by cars and by BTS. Various facilities including the venue and receptionists were provided. Information technology system and barcode system were also utilized for registration and voting to ensure speed and accuracy. Ballots for each agenda were printed for shareholders to ease the registration process, and the registration was opened 2 hours ahead of the meeting. In addition, the Company invited volunteers from minority shareholders to witness the vote counting.

Before the meeting proceeds, the chairperson of the meeting assigned the Company's secretary to clearly inform shareholders regarding the meeting's rules and regulations, casting vote procedures, voting rights, and vote counting process. During the meeting, the presentation was done in the video format for shareholders to easily and clearly access information.

After the Meeting: The Company disclosed voting results of each agenda through its website and SET News right after the meeting on the same date. The Company also recorded the minutes of meeting containing a list of the board members attending, a description of the voting process, voting rights and vote tabulation procedures used, as well as records of questions and answers and voting results of each agenda item detailing the number of approving, dissenting, absenting votes and voided ballots. Copies of the entire meeting report for 2019 were submitted to SET and published through the Company's website on April 18, 2019, within 14 days after the meeting.

Section 2: Equitable Treatment of Shareholders

2.1 Equitable treatment of minority shareholders

The Company has a policy to treat all shareholders fairly and equitably whether they are institutional investors, foreign investors, or minority shareholders regardless of sex, gender, color, race, national origin or religion, who shall be entitled to the full exercise of their rights and equal treatment as described in the Rights of Shareholders section. The Company also enables shareholders to nominate beforehand qualified candidates for the appointment of the Board of Directors.

2.2 Procedures for proxy authorization

In case that a shareholder is unable to attend any meeting in person, the Company allows the shareholder to authorize a proxy to cast the votes instead. With the meeting invitation sent to shareholders, the Company will attach a proxy form and detailed procedures, together with the nomination of at least one independent director serving as an option for shareholders proxy. The Company also encourages shareholders or their proxy to use ballot cards 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 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

1) 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.

2) 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.

3) 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 by conducting its business with best interests to the society and the country. The Company also contributes to various social service activities and participates in social, community and environmental development projects as well as aims to create and preserve natural resources.

In order for their social and environmental responsibility projects and initiatives to achieve tangible results and truly benefits the society and environment, the Company's Board of Directors and executives with their recognition of such importance not just raise awareness of the social and environmental responsibility but also include it as one of the Company's missions in which additional details can be found in the 'Sustainability Report' or through www.ktc.co.th

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 realizes the value of its human resources as a significant driving force for its organization, hence its effort of recruiting and hiring people with qualified skills and experiences regardless of their sex, gender, color, race, national origin, religion, or other status irrelevant to their performance. The Company offers employees salary rates and remuneration packages at the level comparable to other

leading companies and takes also into its consideration of employees annual KPI (Key Performance Indicator) and economic trends. At the same time, the Company recognizes the significance of its personnel potential development by organizing various trainings on a regular basis to keep up with rising competition in financial industry. Training programs include management skills, sales and marketing, customer service, commercial lending, corporate governance, and information technology risk management.

In addition, other than those required by law, the Company provides employees with additional benefits in order to improve their quality of life and well-beings. The Company also aims to ensure safety to life and property as well as a healthy working environment. A clear policy of not violating human rights is as well enforced.

Besides, the Company apparently states in its policy that its operations shall not infringe any intellectual properties. Guidelines regarding such matter are well established in which every employee is expected to abide by the rules, policies, and any relevant procedures concerning information technology 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 vows to conduct its business with integrity and in compliance with social responsibility and fair treatment to all stakeholders following good corporate governance practices and ethics. In 2013, the Company had joined 'Thailand's Private Sector Collective Action Coalition against Corruption' as part of its intention and

commitment to counter all forms of corruption. To ensure that the Company has appropriately outlined responsibilities, guidelines and regulations in its anti-corruption policy to prevent and counter all forms of corruption in every of its business activities, and to assure that any business operations and decision makings prone to risk of corruption are cautiously considered and supervised, the Company has organized written 'Anti-Corruption Policy' in order to establish clear guidelines in conducting sound business and lead to development of a sustainable organization. On May 18, 2019, the Company had already received a membership renewal of the 'Thailand's Private Sector Collective Action Coalition Against Corruption' following the resolution passed by the committee of Private Sector Collective Action Coalition against Corruption of Q1, 2019.

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.

Roles and Responsibilities

1) 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.

2) 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.

3) 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.

4) 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 Environmental Social and Governance Committee.

5) 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.

Further details regarding the Company's anti-corruption efforts can be found in the section of Sustainability Report under Social Dimension with a subsection of 'Anti-Corruption and Bribery'.

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 sub-committees,

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:

1) 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.

2) 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, opportunity Day, 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 SETLink), for example.

Contact Information:

Phone : 02 828 5067, 02 828 5059
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 2019, 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 2019 (Times)
Roadshow abroad	6
Roadshow in Thailand	16
Press Meeting	19
Credit Rating Review	1
Conference Call	17
Company Visit	26
Site Visit	5
Participation in the Opportunity Day at SET	4
Activities for Bondholder relations	19

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 Chairman 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 Terms of Office of Directors

Terms of office of Directors will be in accordance with the respective charters governing each committee 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 of directors cannot be exactly divided into three groups, the number of retiring directors must be closest to one-third. Unless otherwise agreed among themselves, the directors to retire for the first and second time shall be drawn by lots and for going forward, the directors with longest serving shall retire next. Nonetheless, retiring directors who complete their terms of office are eligible for reappointment.

In addition, following good corporate governance, terms of office of independent directors are limited to no more than 9 years.

In 2019, the average term of office of directors was 2 years.

5.4 Transparency in Nomination and Appointment of Board Members and Chief Executive Officer

5.4.1 Board Members Appointment Process

The Company assigns the Nomination and Remuneration Committee to review and select candidates for the Board members appointment. Candidates shall be qualified individuals without prohibited characteristics according to the rules and regulations defined by the Stock Exchange of Thailand, the Securities and Exchange Commission of Thailand and other related authorities. Regardless of sex, gender, color, race, or religion, each candidate must own qualified characters of transparency and integrity, along with possess suitable knowledge, skills and experience as required by the Company. Each candidate should also possess other specific expertise and knowledge in addition to those of existing Board members so that the Company's Board of Directors would comprise of members with diverse skills and various specialties. Then, the Board of Directors shall nominate such candidate for the Board members appointment to the Company's shareholders, together with register and report the change to any related agencies within specific period. Retiring directors who complete their terms of office are eligible for reappointment. To ensure new directors of their understanding regarding its business operations, the Company also arranges an orientation to keep them informed of their roles, duties, and responsibilities as well as the Company's rules and policies.

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:

- 1) 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.
- 2) 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.
- 3) 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 30 and January 31 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:

1) Director: A director shall serve as director of no more than 5 of the listed companies unless otherwise approved by the Board of Directors.

2) 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).

3) 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 once 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:

1) 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.

2) 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.

3) Individual cross-evaluation 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.

4) 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 sub-committees 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 2019 the company coordinated the assessment of the board of directors and all subcommittees and summarized for the board of directors' review in the 2/2020 meeting, held on February 7, 2020 with the following results

Evaluation topics	Average (max score is 5)
The assessment of the entire Board of Directors	4.94
The assessment of individual director	4.80
Individual cross-evaluation	4.86
Subcommittee assessment (Audit Environmental Social and Governance Committee)	4.99
Subcommittee assessment (Nomination and Remuneration Committee)	5

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:

- 1) Board composition and board meetings
- 2) Board meeting calendar and agendas
- 3) Standard agendas
- 4) Scope of business permitted from regulators and related laws

5) Capital and shareholding structure, affidavit, memorandum of association, Articles of Association, and the minutes of Annual General Meeting

6) Corporate governance policies, and business ethics handbook

7) Related party transaction

8) Management and usage of inside information

9) Directors & Officers Liability Insurance

10) The Bank of Thailand and related regulatory agencies inspection results

11) Status of actions resulting from the inspection results of the Bank of Thailand and related regulatory agencies.

12) Vision Mission and company's strategies

13) Directorship in subsidiary, ventures, and related companies

14) Organization structure and list of executives

15) Lay out of the head quarters

In 2019, the Company organized the presentation for new directors appointed to have a clear picture regarding the Company's policies, its overall business operations and performance, as well as other related matters. The Company also reported of new directors appointment to related authorities for total of one time.

To enhance director's knowledge, in 2019 two directors had enrolled in training courses relating to director's duties following good corporate governance as follows:

No.	Name	Position	Training	Institution
1.	Mr. Parinya Patanaphakdee	Chairman of the Board of Directors/ Chairman of Nomination and Remuneration Committee	Certificate of Advanced Master Management Program (A.M.M) Class no. 3	Graduate School of Public Administration, NIDA
2.	Mr. Nathporn Chatusripitak	Independent Director/ Audit Environmental Social and Governance Committee	Certificate of Financial Statement for Directors (FSD)	Thai Institute of Directors (IOD)

5.5.5 The Board of Directors Meetings

The Company's Board of Directors regularly meet at least 12 times a year. Members of the Board are required to attend of no less than 75% of total number of meetings annually. The meetings are hold monthly and scheduled in advance for the whole year. Additional meetings can also be arranged based on appropriate circumstances. Meeting agenda items are clearly categorized such as chairman's report, approval of minutes of the previous meeting, matters arising from the last meeting, policies, lending, debt restructuring, investment, acquiring and selling

of assets, procurement, human resources, matters to be considered, matters to be notified, and other matters. For any agenda items required the meeting resolution, the number of attending board members needs to be at least two-third of total board members. The secretary of the Board of Directors will distribute the meeting invitation, along with meeting agendas and supplementary documents to the Board members no later than 7 days prior to the meeting both in electronic format via email and in hard copies for convenience and paper saving. The secretary will also record the minutes of meeting in written fashion

and carefully file the minutes approved by the Board of Directors for further review. In addition, the Board of Directors requires that at least once a year, non-executive directors organize the meeting among themselves without any executive directors attending to openly discuss issues concerning the Company's business, matters of interest, as well as to evaluate CEO performance. Such meeting results shall be notified to the CEO.

In 2019, non-executive directors arranged the meeting among themselves once on December 13, 2019 in the beginning period ahead of 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:

Succession Plan

To ensure its business continuity and its sustainable growth, the Company recognizes the significance of Succession Planning and Key Positions appointment which needed to be systematically laid out with proper principles and well agreed upon. From crucial factors used to identify the Company's Key Positions to choosing criteria of qualified candidates for successors as well as evaluation methods for successors readiness, all these are essential components to help plan individual development to ensure human resources readiness for business continuity and also can be regarded as good management practice to protect all stakeholders interests.

The Board of Directors had deliberated on the Company's governance policy for 2019 to align with the Corporate Governance Code (CG-Code) of the Securities and Exchange Commission of Thailand and other related regulatory bodies. The Company had appropriately applied changes to its business following such guidelines of good corporate governance. Yet, some were not applicable and were rationally explained. The Company has followed all good governance practices except the followings.

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
- Corporate social and environmental responsibility
- Safety and Sanitation
- Respect for human rights

4. Monitoring and Supporting Practices

To be practiced	Reasons
1) The Company's Chairman and the Chairman of Nomination and Remuneration Committee is not an independent director.	<p>The Committee has considered the Company's structure and concluded that the Chairman, although not an independent director, is a representative of Krung Thai Bank with suitable qualifications for the position with the following reasons:</p> <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>

To be practiced	Reasons
	<p>1.2) The Company is under the Krung Thai 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 Director, 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.	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.

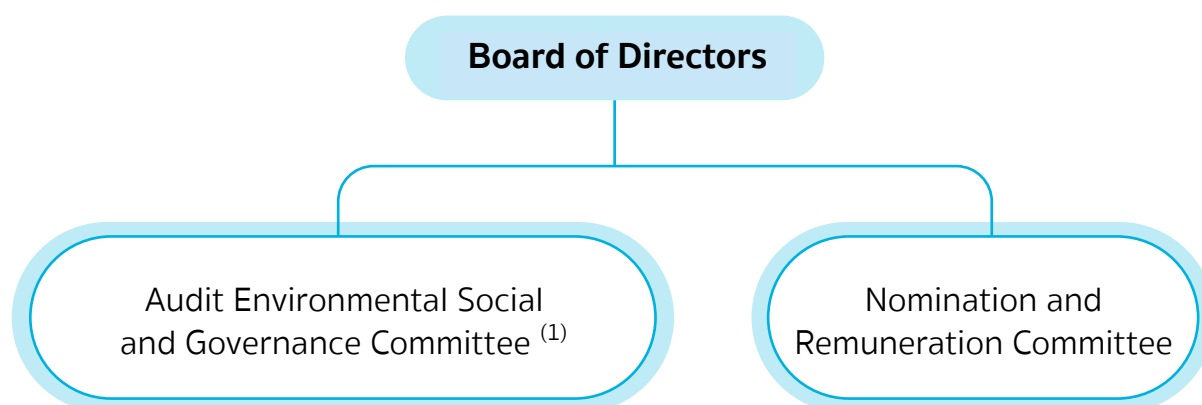
2. Board Committees

2.1 Board of Directors' Structure

As at December 31, 2019, 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. 1/2561 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 "the audit committee" was renamed to the "Audit Environmental Social and Governance committee" effective January 17, 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 signatures 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 16, 2005 passed a resolution to amend the power of attorney dated July 5, 2002 to be suitable and in accordance with the Company's operations. The power of attorney dated December 16, 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 Environmental Social and Governance 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 19, 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 Environmental Social and Governance Committee and the Board of Directors.

Further, the Board of Directors' Meeting No.15/2011 held on December 6, 2011 resolved that Mr. Rathian Srimongkol be appointed as the President & CEO in place of Mr. Niwatt Chittalarn, who retired on December 31, 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.

Hence, as of December 31, 2019, the Company's authorized signatories were composed of eight persons as follows :

Name	Name
1. Mr. Parinya Patanaphakdee	2. Mr. Praphaisith Tankeyura
3. Mrs. Nampung Wongsmith ⁽¹⁾	4. Mr. Nathporn Chatusripitak
5. Major General Apichat Chaiyadar	6. Mr. Phichit Jongsaritwang ⁽¹⁾
7. Mrs. Praralee Ratanaprasartporn ⁽²⁾	8. Mr. Rathian Srimongkol
Signing Conditions: Two of directors can jointly sign and affix the Company's seal.	

Remark : ⁽¹⁾ The Board of Directors meeting No.12/2019 on October 30, 2019 passed the resolution to appoint Mrs. Nampung Wongsmith and Mr. Phichit Jongsaritwang as members of the Board of Directors effective since October 30, 2019.

⁽²⁾ The Annual General Meeting of Shareholders for 2019 held on April 5, 2019 had resolved to appoint Mrs. Praralee Ratanaprasartporn as a member of the Board of Directors in place of Mrs. Sriprabha Pringsong who notified not to extend her term due to her other important commitments.

The Company therefore issued the power of attorney dated November 19, 2019 appropriately and consistently with the change of aforementioned authorized signatories. This power of attorney maintains the same contents as those in the resolution of the Board of Directors meeting No.16/2005.

2.3 Independent Directors and The Audit Environmental Social and Governance Committee

Independent Director

As of December 31, 2019, 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 The Audit Environmental Social and Governance 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 31, 2019, the Company had three members of the Audit Environmental Social and Governance Committee.

(See the list of The Audit Environmental Social and Governance Committee's member and details on "Management Structure" section under "Independent Directors and The Audit Environmental Social and Governance 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 Environmental Social and Governance Committee comprising of at least three members, at least one of which is selected from independent directors. It is also required that the Audit Environmental Social and Governance 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 Environmental Social and Governance Committee comprises three auditors, one of which chairs the Committee and the two others as auditors. Roles and responsibilities of the Audit Environmental Social and Governance Committee are as specified in the Audit Environmental Social and Governance Committee Code of Conduct.

2.4 the Nomination and Remuneration Committee

As of December 31, 2019, 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 Board of Directors 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:
 - registers of Directors
 - Board of Directors meeting invitation, minutes of board meetings, company's Annual Report
 - 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 and Appointment of Board Members

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 and independent 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.

4. Corporate Governance of the Company's Subsidiaries

To ensure best interest of its investment, the Company has assigned its representatives to sit on the Board of Directors of subsidiaries according to the Company's shareholding proportion for the beneficial of conducting corporate governance of its subsidiaries seamlessly, properly, and in compliance with the Company's policies and business operations. The Company requires managing directors of its subsidiaries to quarterly present their performances as well as their business strategies to the Company's Management Committee and the Board of Directors. As the Company conducts financial business, managing directors are responsible for determining strategies of subsidiaries to be in support and in compliance with those of the Company, as well as for ensuring corporate governance of subsidiaries operations to be in accordance with defined strategies. In addition, for any transactions occurred between its subsidiaries and its related parties, the Company has established transactional authorization limits which are in accordance with good governance practice and accounting standards. Information regarding transactions among subsidiaries and with related parties is also collected and regularly reported to the Audit

Environmental Social and Governance Committee and the Board of Directors respectively.

5. Governance of Inside 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 case that any directors, management, or employees wish to trade the Company's securities, the below procedures must be followed:

8.1) the Board of Directors and First line level management with the names listed on the SEC's director and management data system, as well as their spouses, legal or de facto and minor children (individuals required to report) are to file the report on Change of Securities and Derivatives Holding (Form 59) to SEC via SEC online system within 3 business days from the date of purchase, sales, transfer, 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 data system are to submit the Form 59 via SEC online system within 7 business days from the date of purchase, sales, transfer, acceptance of transfer of securities or derivatives.

In addition, directors and management are required to notify the Business Development & Corporate Executive Support department who then will present the information to the Company's secretary. The record of the changes, along with total number of securities owned by those required to report will be summarized and presented 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 the audit fee for audit period of 2019 to Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. for total amount of THB 4,540,000.

6.2 Non-audit Fee

The Company paid non-audit fee for special audit as per agreement with regards to assets dismantled during development for audit period of 2019 to Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. for total amount of THB 25,000.

Sustainability Development: SD

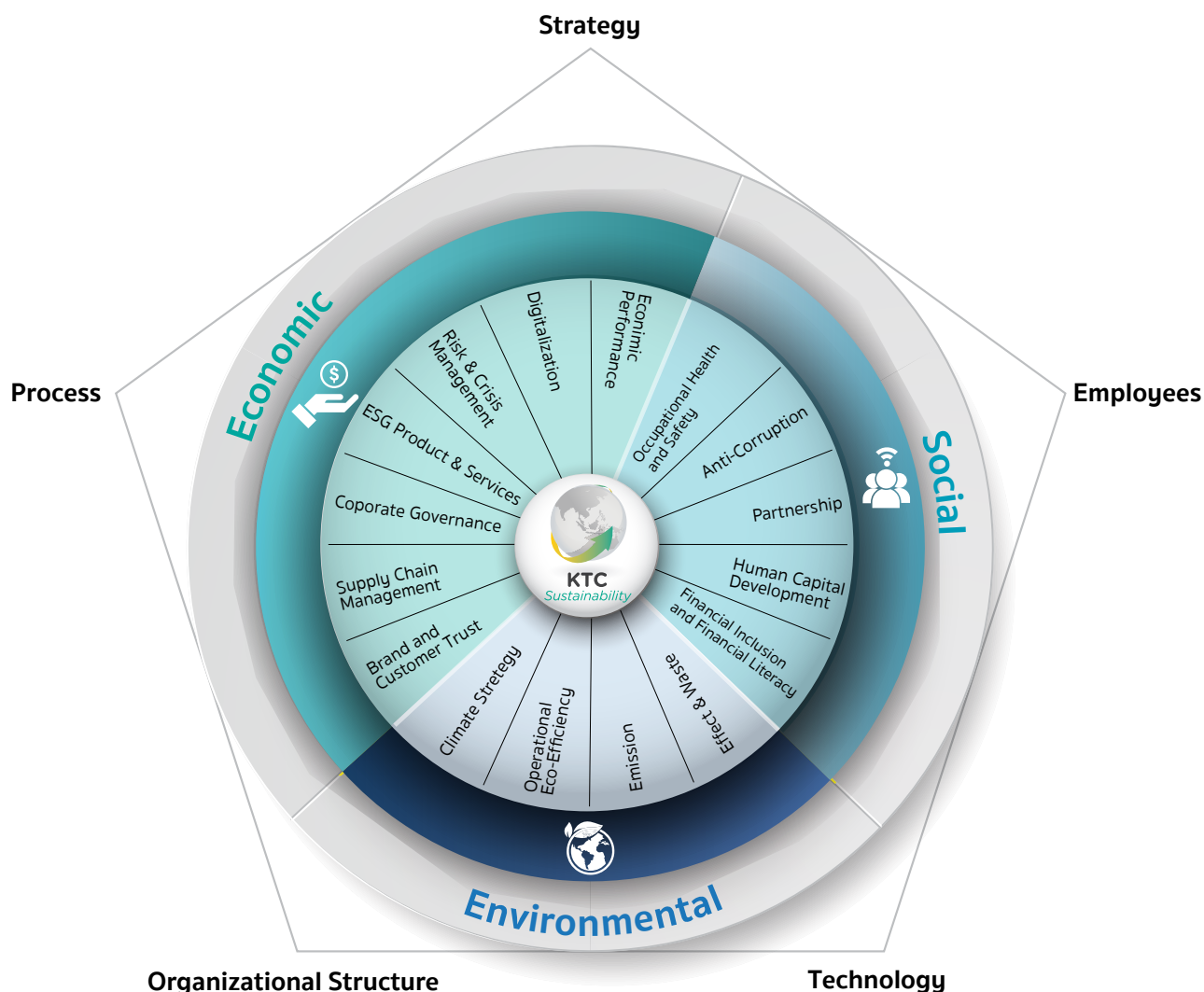
Under the Company's vision "To be a membership company through creating solid foundation for a sustainable growth and becoming the Default of Retail Lending Platform and Payment Platform", KTC introduced sustainability concept of economic, social, and environmental aspects as part of organizational development to be Agile Entity through strategic planning, organizational structuring, facilitating systems and information technology, as well as work processing. By doing so allows personnel to create quality work and deliver value through products, services and platforms, making KTC the default brand of members. Agile Entity also strengthens the Company amidst rising challenges in order to grow with and reward stakeholders sustainably.

The Company's board of directors plays a crucial role in making decisions for the best interest of the Company and the stakeholders. Audit Environmental Social and Governance Committee was assigned to oversee sustainability operations by approving visions, missions, and operational framework. The Company's CEO is the leader who steers the Company with determination. Furthermore, senior executives partake since the beginning in order to understand the importance of sustainability in business operation, as well as to provide support through the sustainability working teams, who were selected representatives from each line of work. These representatives jointly studied both national and international sustainability framework, exchanged views among departments, and emphasized on internal communication-including to educate and give examples of sustainability guidelines-to promote awareness and understanding for personnel not only to put into practice but to maintain sustainable operations. Everyone in the organization is involved in pushing and driving sustainable development to best benefit all interested parties.

1. Sustainability Key Issues and Operating Framework

In 2019, the Company considered relevant sustainability issues at the industrial, national, and international levels by inquiring opinions from executives and CEO, as well as surveying from all 10 groups of stakeholder-shareholders, customers, creditors, business partners, alliances, competitors, society and environment, Board of Directors, employees, and government sector. Such opinions were applied to prioritize sustainability issues important for business operation and stakeholders. Materiality Matrix comprised of 16 topics was conducted to specify framework for sustainability operation that is consistent and support United Nation's Sustainability Development Goals (SDGs). The 10 goals are:





1.1 Economic Dimension

KTC focuses on conducting business with transparency, fairness, good corporate governance, and appropriate risk management by working jointly with partners to develop and deliver products, services, and platforms that are unique and versatile. KTC also develops digital technology that is safe, fast, and reliable. In order to remain the default brand of customers, KTC never ceased to impress by continuously providing customers and members with special privileges, satisfied services, and memorable experiences. In 2019, total receivables portfolio and credit card spending increased. The growth rate of credit card business receivables soared the highest in the past 3 years. The company made a net profit of Baht 5,524 million, also a record high for the 7th consecutive year.

1.2 Social Dimension

KTC gives importance to personnel development through “continuous learning with consistency and attention” as a foundation for quality personnel to create values that truly meet the needs of interested parties. In addition, KTC honors and respects diversity and equality on the basis of human rights. This year, the company received licenses from the Bank of Thailand to expand the service market, covering personal loans under supervision with car title loan. KTC jointly with Krung Thai Bank established subsidiaries under KTB’s financial business group to conduct provincial retail loans under supervision (Pico Finance) and small business loans under supervision (Nano Finance), which aimed to expand the retail loan market for individuals who desire access to financial

services, including those who have never had access to the formal ones before. This resulted in more opportunities for customers to use approved loans to better their quality of life and to alleviate problems from informal loans. In addition to enhancing financial accessibility, customers also receive financial advices to promote discipline and planning so as to not cause unnecessary household debts, which in turn create sustainable financial and social immunity.

1.3 Environmental Dimension

KTC encourages employees to be aware and be involved in caring for the environment by starting with the changes in their daily activities such as reducing plastic usage and energy consumption. In addition, KTC has campaigned and invited employees and stakeholders to help replace paper usage with electronic communication such as e-mail, social media, QR code, and e-Statement. The company also participated in the Care the Bear: Change the Climate Change by Eco Event, organized by the Stock Exchange of Thailand, to help fight global warming by reducing greenhouse gas emission from hosting activities or events.

2. Awards and Prizes

From the aforementioned sustainability operations in 2019, KTC received various prestigious awards and prizes as follows:

- Best CEO Awards, Outstanding Company Performance Awards, and first time on the list of Thailand Sustainability Investment (THSI) at the SET Awards
- KTC is the first and only financial institution in Thailand to receive the Information Security Management System (ISO/IEC 27001:2013) Certificate for its overall organization.
- Received 5-star in the Corporate Governance Report of Thai Listed Companies 2019 survey for 4 consecutive years.
- KTC was one of the registered companies selected for ESG 100 (since 2016).
- Renewed membership for Thailand's Private Sector Collective Action Coalition Against Corruption to 2022.
- Received 100% rating from the Annual General Meeting Quality survey.

Please find further details on important sustainability issues and practices from the Sustainability Report 2019, which is a separate document on the Company's website at https://www.ktc.co.th/sites/cs/assets/ir/resources/document/investorkits-sustainability_report-19-th.pdf

Internal Control and Risk Management

1. Summary of the Board of Directors' Opinion Regarding the Company's Internal Control System

Internal Control

The Company's Board of Directors and executives give importance to and are well aware that internal control system is important mechanism that gives confidence to the Company's Management in reducing business risks and allows the business to run efficiently, by appropriately allocating resources, to achieve the duly set business target goals.

The Company's Board of Directors has assigned the Audit, Corporate Governance and Social and Environmental Responsibility Committee (Audit Committee) to supervise, oversee and ensure that the Company's internal control and risk management systems are appropriate and effective, and that the Company punctually complies with relevant laws and regulations with no conflict of interest nor Related Parties Transaction. The Audit Committee is also responsible for monitoring and overseeing the operations of the Company, assuring no use of the Company's assets for illegal or unauthorized purposes, and protecting the Company's assets by preventing leakage, loss, fraud or misconduct. The Company has established check and balance mechanism with an independent Internal Audit Department to be responsible for auditing and evaluating efficiency and sufficiency of the internal control, risk management and corporate governance systems in the operations of all the Company's departments. In doing this, the Company has adapted and applied international standard frameworks of COSO (The Committee of Sponsoring Organizations of the Treadway Commission) and the Enterprise Risk Management for more practical use of and perfect internal control and risk management. And, in order to maximize the efficiency and effectiveness of the Company's operations, the Company's Management will take the audit results into consideration and take any

and all necessary steps and actions to improve and correct all audited and found at risk issues, in order to improve the quality of the Company's business operation. The Internal Audit Department has set up a system to regularly monitor the Company's operation including establishing a Compliance Department to update and study all the laws, regulations, announcements and orders relating to the Company's business operation and further publicize them for employees' understanding and due compliance, as well as to supervise and ensure the Company's proper business operation.

In addition, the Audit Committee has evaluated the sufficiency of the internal control system and reported to the Board of Directors annually with reference to "Internal Control Sufficiency Evaluation Form" of The Securities and Exchange Commission. The assessment results are disclosed in "Attachment 5 - the Audit Committee Report" in the Annual Registration Statements for the year 2019 (Form 56-1) and the Report of the Audit Committee in the Annual Reports (Form 56-2).

In the year 2019, the Company found no significant flaws in the Company's internal control system, details of which are as follows:

- **Environment of Control:** The Company has established a good internal control environment by organizing clear and suitable organizational structure and chain of command, and also setting business goals and Key Performance Indicators (KPI) for evaluating efficiency of performance in accordance with the organization's goals. The Company has also arranged for written authority and operation manuals as guidelines for the Company's daily operation. In addition, the Company has also instilled all its

executives and employees with the awareness of good corporate governance by establishing a Good Corporate Governance Policy, Business Morality, and Ethics of the Company's Directors, Executives and Staff, and also arranging for ongoing promotion activities to educate the Company's employees and increase their awareness of working transparently and fairly, taking into account of all groups of stakeholders, on yearly basis.

- **Risk Assessment:** Apart from assessing the sufficiency of the internal control system with reference to the "Internal Control Sufficiency Evaluation Form" in accordance with COSO Framework (The Committee of Sponsoring Organizations of the Treadway Commission) of The Securities and Exchange Commission, the Company has also conducted annual self-risk assessment in due compliance with the Guideline on Consolidated Supervision of the Bank of Thailand which covering significant risks such as strategic risk, credit risk, market risk, liquidity risk, information technology risk, and operational risk including corruption risk. Such self-risk assessment was conducted by evaluating the relevant risks level, risks management quality, risks trends, and specifying method and direction for managing or controlling such relevant risks. The Company has submitted the outcome of the aforesaid self-risk assessment to Krung Thai Bank Public Company Limited for its further reporting to the Risk Management Committee of the Financial Business Group.

- **Control on Management's Operation:** The Company has clearly divided duties and responsibilities of each managerial position and reviewed the authority and operation manuals to match perfectly with the Company's current organizational and operational structures. The Company, on regular basis, re-examines and verifies that its business performance is in due compliance with relevant rules, regulations, articles of association as well as authority and operation manuals, to ensure the Company's efficient operation with sufficient and appropriate internal control system. Concerning Related Parties Transaction, the Company's Board of Directors has approved a principle for making commercial agreements in the form of Related Parties Transaction to conform with the aforementioned laws and regulations, by allowing the Company's Management to do commercial transactions, programs or agreement with related parties according to the definition given

to Related Parties Transaction under the laws governing securities and exchange. However, the said commercial transaction, program or agreement shall be in the same manner as an ordinary person would do with a general contracting party in the same situation, with normal bargaining power and no influence in the status of a director, executive or related person (transactions with general commercial agreements). The aforesaid includes ongoing programs and programs that may occur in the future. The Company's Management shall, for this purpose, set the regulatory framework as guideline for operation and prepare a summary report of the said Related Parties Transaction to be considered and approved respectively by the Audit Committee and the Board of Directors Meetings within a reasonable time. If the Company has Related Parties Transaction that may have conflict in the future, the Company would arrange for the Audit Committee to consider the appropriateness of the said transaction. If the Audit Committee has no expertise in considering the Related Parties Transactions, the Company will arrange for people with special expertise such as auditor, property appraiser or law firm etc., who are independent from influences of the Company and the conflicted person, to give opinions on the said transaction.

- **Information and Data Communication Systems:** The Company gives importance to information system and data communication, as well as promotes and supports continuous system development, so that all information is accurate and up to date. The Company uses modern and efficient information technology system, including data security starting from data collection, data processing, and data tracking, so that the Company's operation and the Management's or stakeholders' using of important information are complete, accurate, and sufficient in a timely manner for making business decisions. There is also a policy on security of information technology and data usage, and establishment of Intranet system as internal communication channel for publicizing policies, rules, regulations, orders and operation manuals, including news and other messages and information throughout the organization.

In addition, the Company has assigned the Company Secretary to be responsible for preparing the information and supporting documents for the meeting in advance, with summary of comments and resolutions of the meeting clearly stated in the minutes of every Board of Directors Meeting.

For outsiders, the Company also set up communication channels for outsiders to complain or inform the fraud clues through the channel specified by the Company.

- **Monitoring and Evaluation Systems:** The Company's Board of Directors has established an internal control system that covers all aspects, such as accounting and finance, operation, compliance with laws and regulations, and property custody. The Company has monitored its business performance according to the set targets by having Board of Directors Meeting and a hierarchical monitoring system, levelling from the Board of Directors and the Management team, to monitor the goals and oversee the implementation of all strategic plans, plans, and projects that are operating under Annual Business Plan approved regularly by the Board of Directors, by regularly comparing business goals with the operating results and further reporting to the Board of Directors.

In addition, the Company has arranged for regular audit on the compliance of internal control system by responsible person in the responsible department, and having the Internal Audit Department perform operational inspection and report the results independently to the Audit Committee. In the years 2018 and 2019, the Audit Committee held 12 meetings and 11 meetings respectively.

In the Audit Committee Meeting No. 10/2019, on November 11, 2019, the Audit Committee assessed the internal control system from the evaluation report and concluded that, from the assessment of internal control system in 5 aspects, among others include internal control, risk assessment, operational control, information and communication system, and tracking system, the Audit Committee was of the opinion that the Company has sufficient internal control system and suitable for the Company's business operation. The risk management is at an acceptable level, accounting systems and financial reports are accurate and reliable as well as in due compliance with the laws and regulations related to the Company's business operation.

Risk Management

The Company gives utmost importance to risk management, and thus established a Risk Management Policy which focuses on the development of risk management system in accordance with Good Corporate Governance guideline. The Company also conducted risk management that covers all aspects of risk and proceeded with it systematically and continuously by the Risk Management Committee (RMC) which consisting of executives from each line of business functions. RMC shall supervise the risk management of the organization to achieve the target at the organization acceptable risk level. The Company also established a Compliance Department to oversee the Company's operation in due compliance with the rules prescribed by the Compliance Department and in line with the Good Corporate Governance guideline.

[\(Please find more details of risk management in various aspects of the Company in "Risk Factors" heading.\)](#)

2. Report of the Audit Committee

The Company has disclosed the Audit Committee Report in "Attachment 5: the Audit Committee Report" in the Annual Registration Statements for the year 2019 (Form 56-1) and the Audit Committee report in the Annual Report.

3. Internal Audit Supervisor and the Compliance Supervisor of the Company

The Company's Internal Audit Supervisor is Mr. Pornchai Wijitburaphat and the Compliance Supervisor of the Company is Mr. Sakda Chantrasuriyarat.

[\(Please find more details in Attachment 3: Profiles of Internal Audit Supervisor, Compliance Supervisor, and Accounting Supervisor\)](#)

The Audit Committee is of the opinion that the qualifications of the Internal Audit Supervisor and Compliance Supervisor are appropriate and they both perform their duties efficiently.

However, the appointment, evaluation, dismissal, transfer or employment termination of the Internal Audit Supervisor must be approved by the Audit Committee.

The Company's Internal Audit Supervisor has the following responsibilities:

1. Assessing the sufficiency and effectiveness of the working process and the information system, internal control and risk management under the mission and scope of the audit operation.
2. Reporting key issues about the controlling process of all the Company's activities and ways to improve the process of those activities.
3. Giving suggestion to the Company's Management for efficient, effective and economical business operation with good corporate governance.
4. Proposing information about the progress and performance of the annual audit plan and the sufficiency of resources needed in the audit process.
5. Coordinating and supervising the monitoring and other controlling process such as risk management, compliance with rules and regulations, security, ethics, environment, and auditing.
6. Performing other duties related to internal audit as assigned by the Audit Committee.

The Compliance Supervisor has the following responsibilities:

1. Supervising and reviewing to ensure that the Company has complied with the laws and regulations of The Stock Exchange of Thailand or other governmental agencies' regulations.

2. Providing legal opinions to the Company's Board of Directors and the Management to ensure that the Company's business operation complies with the laws and regulations of The Stock Exchange of Thailand or other governmental agencies' regulations, as well as following up with the Management to suspend any transaction or action that may violate the aforesaid laws and regulations.

3. Reviewing evidence in a suspicious event that a transaction or any action may violate the laws or regulations of The Stock Exchange of Thailand or other governmental agencies' regulations, which has or may affect the Company's financial status and performance significantly.

4. Coordinating with the Chief of Internal Audit and the Audit Committee, in order to review or jointly find guidelines for the Company to have an appropriate and effective internal control and internal audit systems.

5. Participating in consideration, determination and recommendation regarding suitability in the Company's operation, to ensure the Company's compliance with policy, guidelines, rules or regulations, and correctly comply with all recommendations specified by laws.

6. Being center of information dissemination as well as providing knowledge and advice to various departments within the Company regarding work procedures in order to comply with the laws, rules and regulations that should be followed.

Related Parties Transaction

The Company has Related Parties Transaction with related companies for the period ended December 31, 2019, including Krung Thai Bank PCL. (“Krung Thai Bank”)/ Krungthai Computer Services Co., Ltd. (“KTBCS”)/ KTB General Services and Security Co., Ltd. (“KTBSGS”)/ Krungthai Asset Management PCL. (“KTAM”)/ Krungthai Panich Insurance PCL. (“KPI”)/ Krungthai-AXA Life Insurance PCL. (“KTAXA”)/ Krungthai Zmico Securities Co., Ltd. (“KTZ”)/ Krungthai IBJ Leasing Co., Ltd. (“KTIBJ”)/ KTC Pico (Bangkok) Co., Ltd./ KTC Nano Co., Ltd./ KTC Pico (Pathum Thani) Co., Ltd./ KTC Pico (Samut Prakan) Co., Ltd./ KTC Pico (Samut Sakhon) Co., Ltd./ and KTC Pico (Chonburi) Co., Ltd. consists of the following:

Related parties	Relationship to the Company	Description and transaction size
Krung Thai Bank PCL	Krung Thai Bank PCL holds 49.10% of the Company’s issued shares.	The Company has a list of trade accounts payable from transactions that the Company uses to receive payment through various service channels of Krung Thai Bank. According to Business Cooperation Agreement and related service requests in order to facilitate the Company’s customers in paying credit card expenses, personal loan installment payment, which is a normal trade transaction as of December 31, 2019, with trade accounts payable under the contract of THB 24.2 million.
Krung Thai Bank PCL	Krung Thai Bank PCL holds 49.10% of the Company’s issued shares.	The Company entered into an Overdraft Loan Agreement with Krung Thai Bank in the financial amount of THB 30 million for working capital. The company will pay interest on a monthly basis by the Krung Thai Bank’s month-end closing date, based on the overdraft rate for prime customers (MOR) as of December 31, 2019; the Company does not use funds in this loan amount.
Krung Thai Bank PCL	Krung Thai Bank PCL holds 49.10% of the Company’s issued shares.	The Company received a credit limit of THB 17,000 million to support the transaction and to be working capital for business expansion of the Company. The interest rate is based on the money market rate specified by Krung Thai Bank as of December 31, 2019. The Company has loan in this amount of THB 3,490 million.
Krung Thai Bank PCL	Krung Thai Bank PCL holds 49.10% of the Company’s issued shares.	The Company entered into a Call Loan Agreement in the amount not exceeding THB 1,000 million that the Company issued to Krung Thai Bank, which the repayment is due on demand or not more than 3 months in order to enhance the Company’s liquidity. The Company agreed to pay interest at the rate stipulated in the promissory note. As of 31 December 2019, the Company has no debt and accrued interest for this loan.
Krung Thai Bank PCL	Krung Thai Bank PCL holds 49.10% of the Company’s issued shares.	The Company has trade accounts payable from transactions during the collection of customers and receiving payments from stores. And from other transactions due to credit card settlement of the Company including transactions that the Company uses BAHTNET deposit account service from Krung Thai Bank, which is a normal business transaction as of December 31, 2019, in the amount of THB 835.8 million.

Related parties	Relationship to the Company	Description and transaction size
Krung Thai Bank PCL	Krung Thai Bank PCL holds 49.10% of the Company's issued shares.	The Company has trade accounts payable from transactions that the Company hired Krung Thai Bank to count and deposit money into the Company's deposit account as of December 31, 2019, in the amount of THB 0.5 million.
Krung Thai Bank PCL	Krung Thai Bank PCL holds 49.10% of the Company's issued shares.	The Company has trade accounts payable with marketing expenses in various programs including cooperation in expanding the credit cards and personal loans customer base and finding new stores, etc. As of December 31, 2019, the amount is THB 39.4 million.
Krung Thai Bank PCL	Krung Thai Bank PCL holds 49.10% of the Company's issued shares.	The Company has trade accounts payable from transactions that the Company uses Fleet Card services from Krung Thai Bank as of December 31, 2019, in the amount of THB 0.6 million.
Krung Thai Bank PCL	Krung Thai Bank PCL holds 49.10% of the Company's issued shares.	The Company has other receivables from the transactions that the Company allowed Krung Thai Bank to sublease some office space on the G floor, UBC II Building (Sukhumvit 33) for use as a branch office of Krung Thai Bank on December 31, 2019, in the amount of THB 0.03 million.
Krung Thai Bank PCL	Krung Thai Bank PCL holds 49.10% of the Company's issued shares.	The Company has trade accounts payable from transactions that the Company leases the Bank's office building as of December 31, 2019, in the amount of THB 1 million.
Krung Thai Bank PCL	Krung Thai Bank PCL holds 49.10% of the Company's issued shares.	The Company has other receivables from KTC - KTB PRECIOUS PLUS VISA INFINITE, KTC - KTB PRECIOUS VISA SIGNATURE, and KTC - KTB PRECIOUS PLUS VISA SIGNATURE credit card issuance transaction with the Bank, and also marketing promotion expenses. The total amount as of December 31, 2019, is THB 0.7 million.
Krung Thai Bank PCL	Krung Thai Bank PCL holds 49.10% of the Company's issued shares.	The Company has a borrowing amount by issuing the bill to Krung Thai Bank as of December 31, 2018, in the amount of THB 349.9 million, but as of December 31, 2019, there is no such loan amount. The said bill is not part of the loan amount approved by Krung Thai Bank in the amount of THB 18,030 million.
Krungthai Computer Services Co., Ltd.	Krung Thai Bank PCL holds 100% of shares.	The Company has trade accounts payable from hiring Krungthai Computer Services Co., Ltd. (KTBCS) to develop, edit, maintain systems and information for KTC Touch, and renting space from KTBCS, as of December 31, 2019, amounting to THB 0.2 million.
Krungthai Computer Services Co., Ltd.	Krung Thai Bank PCL holds 100% of shares.	The Company has other receivables from transactions that the Company was hired to perform the processing of the payment system development for Krungthai Computer Services Co., Ltd. (KTBCS). As of December 31, 2018, the amount is THB 5.1 million but as of December 31, 2019, there is no such account receivable.
KTB General Services and Security Co., Ltd	Krung Thai Bank PCL holds 100% of shares.	The Company has trade accounts payable from transactions that the Company hired KTB General Services and Security Co., Ltd (KTBGs) for receiving-sending cash and/ or other assets as of December 31, 2019, amounting to THB 8.7 million.

Related parties	Relationship to the Company	Description and transaction size
Krungthai Asset Management PCL	Krung Thai Bank PCL holds 100% of shares.	The Company has other receivables from transactions that the Company provides payment services for RMF and LTF units of Krungthai Asset Management PCL (KTAM) via automated accounts on a monthly basis and via Electronic Data Capture as of December 31, 2019, in the amount of THB 4.8 million.
Krungthai Asset Management PCL	Krung Thai Bank PCL holds 100% of shares.	The Company has trade accounts payable from transactions that the Company has to send the provident fund membership fees to Krungthai Asset Management PCL, which is the fund manager, as of December 31, 2019, amounting to THB 0.08 million.
Krungthai Panich Insurance PCL	Krung Thai Bank PCL holds 45% of shares.	The Company has other receivables from the transactions that the Company provides database management services and proceeds in the allocation and grants scheme for the offering of insurance and automobile insurance products of Krungthai Panich Insurance PCL (KPI) as of December 31, 2019, in the amount of THB 1.3 million.
Krungthai-AXA Life Insurance PCL	Krung Thai Bank PCL holds 50% of shares.	The Company has trade accounts receivable from Related Parties Transaction with Krungthai-AXA Life Insurance PCL (KTAXA) for marketing promotion expenses, with the amount of THB 2.1 million as of December 31, 2019.
Krungthai-AXA Life Insurance PCL	Krung Thai Bank PCL holds 50% of shares.	The Company has trade accounts payable from Krungthai-AXA Life Insurance PCL. As of December 31, 2019, the amount is THB 0.01 million.
Krungthai IBJ Leasing Co., Ltd.	Krung Thai Bank PLC holds 49% of shares.	The Company has rented a car from Krungthai IBJ Leasing Co., Ltd. (KTIBJ) which has trade accounts payable as of December 31, 2019, in the amount of THB 0.3 million.
Krungthai Zmico Securities Co.,Ltd	Krung Thai Bank PCL holds 50% of shares.	The Company has borrowing transactions by issuing short-term bills with Krungthai Zmico Securities Co., Ltd. (KTZMICO), as of December 31, 2019 amounting to THB 349.6 million.
KTC Pico (Bangkok) Co., Ltd.	Krung Thai Bank PCL holds 24.95% of shares and Krungthai Card PCL holds 75.05% of shares.	The Company borrowed short-term loans from KTC Pico (Bangkok) Co., Ltd. as of December 31, 2019, in the amount of THB 17.9 million.
KTC Pico (Bangkok) Co., Ltd.	Krung Thai Bank PCL holds 24.95% of shares and Krungthai Card PCL holds 75.05% of shares.	The Company has other receivables with KTC Pico (Bangkok) Co., Ltd. as of December 31, 2019, in the amount of THB 0.2 million.
KTC Nano Co., Ltd.	Krung Thai Bank PCL holds 24.95% of shares and Krungthai Card PCL holds 75.05% of shares.	The Company borrowed short-term loans from KTC Nano Co., Ltd. as of December 31, 2019, in the amount of THB 50.1 million.
KTC Nano Co., Ltd.	Krung Thai Bank PCL holds 24.95% of shares and Krungthai Card PCL holds 75.05% of shares.	The Company has other receivables with KTC Nano Co., Ltd. as of December 31, 2019, in the amount of THB 0.07 million.
KTC Pico (Pathum Thani) Co., Ltd.	KTC Pico (Bangkok) Co., Ltd. holds 100% of shares.	The Company borrowed short-term loans from KTC Pico (Pathum Thani) Co., Ltd. as of December 31, 2019, in the amount of THB 9.9 million.

Related parties	Relationship to the Company	Description and transaction size
KTC Pico (Pathum Thani) Co., Ltd.	KTC Pico (Bangkok) Co., Ltd. holds 100% of shares.	The Company has other receivables with KTC Pico (Pathum Thani) Co., Ltd. as of December 31, 2019, in the amount of THB 0.05 million.
KTC Pico (Samut Prakan) Co., Ltd.	KTC Pico (Bangkok) Co., Ltd. holds 100% of shares.	The Company borrowed short-term loans from KTC Pico (Samut Prakan) Co., Ltd. as of December 31, 2019, in the amount of THB 9.9 million.
KTC Pico (Samut Prakan) Co., Ltd.	KTC Pico (Bangkok) Co., Ltd. holds 100% of shares.	The Company has other receivables with KTC Pico (Samut Prakan) Co., Ltd. as of December 31, 2019, in the amount of THB 0.01 million.
KTC Pico (Samut Sakhon) Co., Ltd.	KTC Pico (Bangkok) Co., Ltd. holds 100% of shares.	The Company borrowed short-term loans from KTC Pico (Samut Sakhon) Co., Ltd. as of December 31, 2019, in the amount of THB 9.8 million.
KTC Pico (Samut Sakhon) Co., Ltd.	KTC Pico (Bangkok) Co., Ltd. holds 100% of shares.	The Company has other receivables with KTC Pico (Samut Sakhon) Co., Ltd. as of December 31, 2019, in the amount of THB 0.01 million.
KTC Pico (Chonburi) Co., Ltd.	KTC Pico (Bangkok) Co., Ltd. holds 100% of shares.	The Company borrowed short-term loans from KTC Pico (Chonburi) Co., Ltd. as of December 31, 2019, in the amount of THB 9.9 million.
KTC Pico (Chonburi) Co., Ltd.	KTC Pico (Bangkok) Co., Ltd. holds 100% of shares.	The Company has other receivables with KTC Pico (Chonburi) Co., Ltd. as of December 31, 2019 in the amount of Baht 0.01 million.

1. Details of Related Parties Transaction

The Company has disclosed the details of Related Parties Transaction of companies that are associated with the Company, which are companies under the same control with the Company by holding shares and/ or have common directors. The significant details of Related Parties Transaction with related companies are shown in note 22 to the financial statements: Transactions with related parties of the financial statements for the year ended December 31, 2019, which were audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. In this regard, the Company has Related Parties Transaction with related companies which are Krung Thai Bank PCL/ Krungthai Computer Services Co., Ltd./ KTB General Services and Security Co., Ltd./ Krungthai Asset Management PCL/ Krungthai Panich Insurance PCL/ Krungthai-AXA Life Insurance PCL/ Krungthai Zmico Securities Co., Ltd/ Krungthai IBJ Leasing Co., Ltd./ Dhipaya Insurance Co., Ltd./ KTC Pico (Bangkok) Co., Ltd./

KTC Nano Co., Ltd./ KTC Pico (Pathum Thani) Co., Ltd./ KTC Pico (Samut Prakan) Co., Ltd./ KTC Pico (Samut Sakhon) Co., Ltd./ and KTC Pico (Chonburi) Co., Ltd. details as follows;

1.1 Back Office Services Agreements dated June 26, 2002

Krung Thai Bank provides back office services (whether by Krung Thai Bank itself or through Krung Thai Bank subsidiaries) including card membership support services, store services for credit card members, and various information systems. Krung Thai Bank has provided the aforementioned support services for a period of 15 years from July 1, 2002, onwards, and the service has been extended until March 31, 2018 and there is no further extension of this agreement.

However, the termination of the Back Office Services Agreements will not affect the Company's financial products members in any way because the Company has agreed to use the service from Krung Thai Bank according to various types of payment service requests, such as the bill payment service request/ change of KTB Corporate Online usage information, etc. Additional notes to the end of the payment request, utility bills, goods, and/ or service fees (1st) and additional notes to the memorandum of agreement regarding the direct debit of the debtors in order to pay installments for personal loans to Krungthai Card PCL, dated November 1, 2003 (2nd), allowing members of the Company's financial products to continue using Krung Thai Bank's payment methods in which the Company is responsible for the fees for paying service fees on behalf of the service users from July 1, 2014, onwards. The service fee payment is according to the market price; the amount is calculated at different rates according to the transaction amount and is a normal condition of the Company's business.

1.2 Business Cooperation Agreement

Due to the Back Office Service Agreement expired on March 31, 2018, the Company and Krung Thai Bank have the policy to cooperate in supporting various business operations of each other, so on March 30, 2018, both parties have jointly entered into a 5-year Business Cooperation Agreement starting from April 1, 2018, onwards. Both sides agreed to enter into an agreement, contract, or service request separate specifically to support each other in various fields such as procurement of credit card members and personal loans through the Krung Thai Bank's branch network, services for credit card payments and installment payments via Krung Thai Bank's various payment methods, use of some information systems of Krung Thai Bank, etc. and set a time period for each transaction. The Company pays service fees for each service according to the market rate to Krung Thai Bank.

However, the termination of the Business Cooperation Agreement does not affect the agreement, contract, or service request that occurs under this Business Cooperation Agreement, which is a normal business operation of the parties.

1.3 Loan Agreement

The Company entered into a Loan Agreement with Krung Thai Bank in the total amount of THB 18,000 million consisting of debt settlement agreement under promissory note in the amount of THB 17,000 million with a repayment term of not more than 30 days, and debt settlement agreement under promissory note in an amount not exceeding THB 1,000 million (Call Loan), with repayment due on demand or not more than 3 months. In addition, Krung Thai Bank has approved an overdraft loan of THB 30 million to the Company, in which the terms and conditions under the said loan agreement are normal trade terms. The interest rate between the Company and Krung Thai Bank is a normal rate as used with parties.

1.4 Memorandum of agreement regarding clearing of debtor's accounts for debt repayment

The Company uses services for accepting payment for goods/ services from debtors or any person who has a deposit account with the office and/ or branches of Krung Thai Bank, which agreed to pay for goods/ services to the Company with Krung Thai Bank deducting money from the account of the debtor and bring the deducted amount into the Company's deposit account. The service fees of the transaction between the Company and Krung Thai Bank is the normal rate that is generally used. The terms and conditions of employment are normal conditions that apply to other parties.

1.5 Money counting service and depositing money into deposit account Agreement

The Company hired Krung Thai Bank to proceed with counting the money received from the delivery of KTB General Services and Security Co., Ltd. and put into the account of the Company. The agreement is valid for 1 year and can be extended for 1 year at a time. The service fees of the transaction between the Company and Krung Thai Bank is the rate that is suitable for the nature of work and time used in the operation. The terms and conditions of employment are normal conditions that apply to other parties.

1.6 Usage of KTB Fleet Card service

The Company uses Fleet Card service with Krung Thai Bank to pay for fuel and other service fees for gas stations

that are participating in the project with Krung Thai Bank. The Fleet Card is valid for 3 years. Upon expiration, Krung Thai Bank will issue a new Fleet Card which is valid for 3 years at a time. The service fees and terms/ conditions of using the transaction between the Company and Krung Thai Bank is a normal condition that applies to other parties.

1.7 Memorandum of Agreement for Vertical Payment Project

The Company and Krung Thai Bank carry out Vertical Payment Project to support Krung Thai Bank's Cash Management service and expanding the base of member stores that use the Company's Electronic Data Capture (EDC) service. The project has a period of 5 years, starting from March 3, 2014, to February 28, 2019, in which the Company agreed to pay compensation to participate in the project to Krung Thai Bank, and the Bank agreed to pay marketing promotion fees to the Company at the rate that is suitable for the operation. As for the terms and conditions in the memorandum, it is a normal condition that is used with other contract parties. However, the Company and Krung Thai Bank did not extend the duration of the project. As a result, this project memorandum ends when the due date has expired.

1.8 Lease Agreement for office space at Krung Thai Bank building and Sublease Agreement of office building area

The Company has leased some office space of Krung Thai Bank at Nana Nuea Building, 1st floor, to be used as a branch office or KTC Touch under the office building Lease Agreement of Krung Thai Bank PCL, Nana Nuea Building, dated December 14, 2009. The agreement is for a period of 1 year from January 17, 2010 to January 16, 2011. The agreement is to be renewed for 1 year at a time, in which the Company and Krung Thai Bank jointly made an additional memorandum of the said Lease Agreement to continuously extend the lease term. On January 16, 2020, the Company entered into an office building Lease Agreement at Nana Nuea Building with Krung Thai Bank for 1 year from January 17, 2020 to January 16, 2021.

In this regard, the Company has allowed the Krung Thai Bank to sublease some office space on the G floor of the

UBC II Building for use as a branch office of Krung Thai Bank, according to the 3-year Sublease Agreement from November 1, 2017 to October 31, 2020 onwards. The lease can be renewed for 3 years at a time and the Company also has KTC Pico (Bangkok) Co., Ltd., which the Company holds 75.05%, Krung Thai Bank holds 24.95%, sublease some office space on the G floor of the UBC II Building to use as the headquarters. According to the office building Sublease Agreement dated October 29, 2019, the lease term is 1 year and can be renewed for 1 year at a time. Other expenses of transaction between the Company and Krung Thai Bank, and the transaction between the Company and KTC Pico (Bangkok) Co., Ltd. are suitable rates for use. The terms and conditions of the lease are the normal conditions that apply to other parties.

1.9 Memorandum of agreement for money transfer via ITMX Switching Settlement System

The Company uses the Krung Thai Bank's BAHTNET deposit account service to pay the balance for transactions made through the ITMX system of National ITMX Co., Ltd., including receiving money transfer according to the balance list in the BAHTNET account for transactions made via ITMX system into the Company's deposit account, in which the Company agreed to pay service fees to Krung Thai Bank. The service fees and terms/ conditions between the Company and Krung Thai Bank are normal conditions that apply to other parties.

1.10 Credit card and Personal Loan Advisor Appointment Agreement and Memorandum of cooperation in expanding KTC credit card customer base with a deposit account with Krung Thai Bank

The Company has collaborated with Krung Thai Bank in the project to expand the customer base of credit card products and personal loans of the company through the branches of Krung Thai Bank nationwide, according to the Credit Card and Personal Loan Advisor Appointment Agreement dated August 29, 2007, credit card and personal loan advisor appointment addendum (1st) dated August 2, 2017, and (2nd) dated May 10, 2018, and (3rd) dated January 10, 2019. The service fees of the transaction between the Company and Krung Thai Bank are suitable for the service. In addition, the Company also has a project to expand the

credit card membership base for customers who have deposit accounts with Krung Thai Bank, which agrees to deposit the principal in the deposit account as collateral for credit card debt repayment to the company. Krung Thai Bank has cooperated in presenting KTC credit card products to those target customers according to the memorandum of cooperation in expanding KTC credit card customer base with a deposit account with Krung Thai Bank dated June 5, 2018, and the parties have jointly changed the service policy according to the addendum attached to the memorandum of cooperation in expanding KTC credit card customer base with a deposit account with Krung Thai Bank (1st) dated November 21, 2018. The terms and conditions of service are normal conditions that apply to other parties.

1.11 Memorandum of agreement for additional payment channels for KTB Housing Loan

The Company has a project to provide additional channels for paying installment of KTB Housing Loan by withdrawing cash advance from the KTC credit card automatically and take the money withdrawn into the savings account of the KTC credit card members deposited with Krung Thai Bank for payment of KTB Housing Loan for KTC credit card members with Krung Thai Bank, which the Company charges the marketing promotion fee from Krung Thai Bank at the rate that is suitable for the service. The terms and conditions of service are normal conditions that apply to other parties.

1.12 Name Sharing Agreement for the issuance of credit card

The Company agreed to cooperate with Krung Thai Bank to issue KTC - KTB PRECIOUS PLUS VISA INFINITE to provide infinite level benefits to KTB PRECIOUS PLUS customers of Krung Thai Bank according to the Name Sharing Agreement for the issuance of KTC - KTB PRECIOUS PLUS VISA INFINITE which was created and effective from October 16, 2012, onwards with the memorandum of amendment to the said Name Sharing Agreement dated December 2, 2014, regarding the application criteria and annual fee management for KTB PRECIOUS PLUS customers from Krung Thai Bank.

Afterward, on December 3, 2014, the Company issued KTC - KTB PRECIOUS VISA SIGNATURE credit card and

KTC - KTB PRECIOUS PLUS VISA SIGNATURE credit card together with Krung Thai Bank to give signature benefits to KTB PRECIOUS and KTB PRECIOUS PLUS customers of Krung Thai Bank according to the Name Sharing Agreement for KTC - KTB PRECIOUS VISA SIGNATURE credit card and KTC - KTB PRECIOUS PLUS VISA SIGNATURE credit card. However, the terms and conditions of the said Name Sharing Agreement are normal conditions that apply to other parties.

1.13 Procurement and Service Agreement of Electronic Data Capture (EDC) in foreign currency exchange project and the memorandum of cooperation in foreign exchange service project

The Company has received support from the Bank to facilitate KTC credit cardholders to use foreign currency exchange services with KTC credit cards via Electronic Data Capture (EDC) that the Company procures and/ or installs at the Krung Thai Bank branch office, as the Procurement and Service Agreement of Electronic Data Capture (EDC) in foreign currency exchange project dated October 22, 2015. The agreement is for 3 years, effective from October 5, 2015, to October 5, 2018.

When the said period has expired, the Company and Krung Thai Bank jointly agreed to create a memorandum of cooperation in a new foreign exchange service project, effective from October 6, 2018, onwards, for continuity in providing services to the Company's customers and Krung Thai Bank. In this regard, the wage rates of the transaction between Krung Thai Bank and the Company are appropriate for the nature and time of work. The terms and conditions of employment are normal conditions that apply to other parties.

1.14 Payment Agent Appointment Agreement

Krung Thai Bank has appointed the Company as an agent to accept payment of service fees from the users on behalf of Krung Thai Bank, by operating via online connection to deposit money into a deposit account and/ or any other account as specified by Krung Thai Bank. According to the Payment Agent Appointment Agreement dated May 5, 2017, the contract is scheduled for 6 months, effective from May 5, 2017 to November 4, 2017. Subsequently, the Company and Krung Thai Bank entered into the

Payment Agent Appointment Agreement dated April 27, 2018, and noted in the addendum at the end of the 1st Payment Agent Appointment Agreement dated June 25, 2018. Every item shall become effective on the agreement date in order to provide service to new users in the business operation of Krung Thai Bank. When the said agreement is expired without either party being terminated, the agreement is considered to be in effect for 6 months each time starting from the expiration date of each agreement. The transaction fees between Krung Thai Bank and the Company are appropriate for the nature of work and time used in the operation. The terms and conditions of service are normal conditions that apply to other parties.

1.15 Card Payment Service Agreement for KTC members via Krung Thai Bank branches

The Company has agreed to use KTC credit cards and KTC PROUD cash card (Formerly known as KTC PROUD Ready Credit Card) payment service through the office or branch of Krung Thai Bank according to the Card Payment Service Agreement for KTC members via Krung Thai Bank branches dated May 10, 2018. The agreement is scheduled for 2 years and is effective from April 1, 2018, onwards. The said card payment service fees are normal rates that are generally used, which are calculated based on the amount of transaction. The terms and conditions of service are normal conditions that apply to other parties.

1.16 Cash Withdrawal Service Agreement via ATM

For the convenience of KTC credit card holders and KTC PROUD cash card (formerly KTC PROUD ready credit card) to withdraw and/ or receive loans via KTB ATMs and ATM Pool machines, The Company has agreed to provide Cash Withdrawal Service Agreement via ATM dated May 3, 2018, with Krung Thai Bank which is effective from April 1, 2018, onwards. There has been a change in the method of payment through the electronic system as noted in the addendum at the end of the agreement dated July 25, 2019. The service rates between the Company and Krung Thai Bank under this agreement are in accordance with the market price and calculated according to the transaction amount. The terms and conditions of service are normal conditions that apply to other parties.

1.17 Rights Pledge Agreement with Instruments

On January 25, 2018, the Company pledged government bonds with the Bank as a guarantee for debt repayment. Security and performance of the Company are under normal terms and conditions that apply to other parties.

1.18 Employment Agreement relating to providing payment system service

The Company entered into Employment Agreement to be a consultant and perform the IT operation of Silverlake and TAX System with Krung Thai Computer Services Co., Ltd. ("KTBCS") in which Krung Thai Bank holds 100% of shares, in order to be a consultant and provide IT Operation processing services including leasing out the related work systems and maintaining necessary computer hardware and software required for the above payment system to provide services to third parties in the business operation of KTBCS in accordance with the contract dated December 25, 2017, with a service period of 1 year from January 1, 2018, to December 31, 2018.

On December 26, 2018, the parties have made an additional memorandum of agreement to the said Employment Agreement regarding the adjustment of service period and adjusting the wage rate to be in accordance with the adjustment of the said service period. After the contract expired, KTBCS continued to use some services from the Company until June 30, 2019, and after the expiration of the said period, there was no further extension of the service period. The above agreement is a Related Parties Transaction but is a transaction that is beneficial to the Company, by determining the service fee rate that is suitable for the nature and time of work. The terms and conditions of employment are normal conditions that apply to other parties.

1.19 Cash Delivery Service Agreement and/ or other assets

On February 14, 2005, the Company hired KTB General Services and Security Co., Ltd. ("KTBSGS"), in which Krung Thai Bank holds 100% of the shares and is a cash-delivery service provider and/ or other assets including coin exchange services, which is widely known as a provider of

cash transfers by safety cars for commercial banks and financial institutions. The agreement has a 4-year service period. Until February 14, 2017, the Company and KTBGS have made an addendum to the 5th Agreement to extend the period of service for another 4 years from February 14, 2017, to February 13, 2021. The Company and KTBGS have agreed to stipulate the annual service fees in accordance with an addendum at the end of the contract. The service fees of the transaction between the Company and KTBGS are suitable for the nature and time of work. The terms and conditions of employment are normal conditions that apply to other parties.

1.20 Memorandum of agreement for accepting payment for investment units

The Company supports the business operations of Krung Thai Asset Management PCL (“KTAM”) in which Krung Thai Bank holds 100% of the shares. The Company provides payment services for RMF and LTF units of KTAM by automatically debiting credit card accounts of KTC credit card members on a monthly basis, and one by one, and receives payment of investment units through an Electronic Data Capture (EDC). The Company has made a memorandum of agreement with KTAM, effective from July 1, 2013, onwards. The service fees of the transaction between the Company and KTAM are suitable for the nature of work and working time. The terms and conditions of service are normal conditions that apply to other parties.

1.21 Provident Fund

The Company has established Provident Fund and provides employees of the Company to be member of the Provident Fund. Krung Thai Asset Management PCL (KTAM), where Krung Thai Bank PCL is a shareholder in the rate of 100%, is the Fund Manager effective since January 1, 2002. Notwithstanding, KTAM provides asset management businesses for institutions, organizations and large state enterprises under license of mutual fund management, private fund and provident fund, and subject to the fund’s regulations, employee of the Company can decide to pay savings into the fund at the rate of 3 per centum to 15 per centum, and the Company shall pay the contribution into the fund at the rate of 6 per centum. Terms/ Conditions for fund management are normal condition for using with other parties.

1.22 Database Management Service Agreement and Performing its Action in Project Allocation and Providing Insurance and Car Insurance Benefits

The Company shall perform Database Management Service Agreement and perform its action in project allocation and provide insurance and car insurance benefits to KTC credit card member. By cooperating with Krungthai Panich Insurance PCL (KPI), where Krung Thai Bank PCL is shareholder in the rate of 45%, and being non-life insurance company which provides a complete range of services to present car insurance product and insurance based on KTC credit card member. The Agreement is effective from September 26, 2011 and March 1, 2012, respectively. On the date of May 21, 2018, parties jointly entered into Offering for Sale Insurance Project Agreement effective on February 15, 2018, including provide MOU of Offering for Sale Car Insurance Project and Accident Insurance from Using Cars, dated on April 21, 2018, and is effective on May 1, 2018, Business Cooperation Agreement for Introducing Insurance Premium Payment, dated on June 4, 2018, and is effective since May 1, 2018. The service rate of transactions between the Company and KPI is the rate that suitable for the nature of work and hours of labour. Terms and Conditions for fund management are normal condition for using with other parties.

1.23 Leasing Contract

Krung Thai IBJ Leasing Co., Ltd. (KTIBJ) provides leasing, hire-purchase and factoring services for businesses of all industries, where Krung Thai Bank PCL is shareholder in the rate of 49%, and KTIBJ acquires subrogation rights and duties under leasing contract, dated on February 5, 2014, and another version dated on May 2, 2014, between Krung Thai Bank Leasing Co., Ltd. (KTBL) and the Company, it empowers KTIBJ to take the action of car rental provider on behalf of KTBL. The first contract started from February 5, 2014, to February 5, 2018, the second contract started from May 2, 2014, to May 2, 2018, the third contact started from September 3, 2018, to September 2, 2023, and the fourth contact started from April 9, 2019, to April 9, 2023. Notwithstanding, the leasing rate of transactions between the Company and KTIBJ is the rate that suitable for the nature of work and hours of labour. Terms/ Conditions for fund management are normal condition for using with other parties.

1.24 Group Insurance Policy

The Company has provided group health insurance for protecting health, accidents and medical treatment to the Company's employees from Dhipaya Insurance PCL (TIP), where Krung Thai Bank PCL is shareholder in the rate of 10%. Notwithstanding, TIP is insurance company who performs non-life insurance business, health and accidents insurance, miscellaneous insurance and variety of products. The Policy is effective from March 1, 2019, to February 28, 2020. The parties are being considered the new group health insurance policy for providing protection to employees instantly at the period that the previous group health insurance policy is expired. Insurance premium is being considered from the risk of all groups of employees with average rate such as age, sex, career or sum assured. The rate of insurance premium, terms and conditions in such group health insurance are normal condition for using with other parties.

1.25 Sales Promotion Project

The Company has performed sales promotion project with Krungthai-AXA Life Insurance PCL (KTAXA), where Krung Thai Bank PCL is shareholder in the rate of 50%. Notwithstanding, KTAXA is insurance company and Financial Planning Consultant (FPC). KTAXA's customers can buy life insurance, accident insurance and pay insurance premium with KTC credit card under memorandum and participated terms of sales promotion by the cooperation of the Company and KTAXA. The rate of sales promotion of the project between the Company and KTAXA is the rate that suitable for the nature of work and hours of labour. Terms and Conditions for fund management are normal condition for using with other parties

1.26 Loaning Money by Issuing Bills to Related Companies

The Company has borrowed money by issuing bills to a related company at the interest rate based on the Money Market Rate, due on demand for up to one year and without collateral.

As of December 31, 2019, the Company has borrowed by issuing bills as follows;

- Issuing bills to Krung Thai Bank in the amount of THB 3,490 million.

- Issuing bills to Krungthai Zmico Securities Co., Ltd. in the amount of THB 349.6 million.

1.27 Loaning Money with Subsidiaries

The Company has borrowed short-term loans from related parties at the rate which is referenced from short-term interest rate that Krung Thai Bank Public Company Limited may charge from the Company. If the Company borrows money from the bank, or the Company and subsidiaries mutually agree to prescribe repayment period within 1 year from contract date. The details are as follows:

- (1) KTC PICO Co., Ltd.(Bangkok) subject to Financial Support Agreement dated on May 24, 2019, attachment of Financial Support Agreement (1st) dated on October 22, 2019, (2nd) dated on November 15, 2019, and (3rd) dated on December 30, 2019.

- (2) KTC NANO Co., Ltd. subject to Financial Support Agreement dated on May 24, 2019, attachment of Financial Support Agreement (1st) dated on November 15, 2019 and (2nd) dated on December 30, 2019.

- (3) KTC PICO Co., Ltd. (Pathum Thani) subject to Financial Support Agreement dated on August 29, 2019, and attachment of Financial Support Agreement (1st) dated on November 11, 2019.

- (4) KTC PICO Co., Ltd. (Samut Prakan) subject to Financial Support Agreement dated on August 29, 2019, and attachment of Financial Support Agreement (1st) dated on November 11, 2019.

- (5) KTC PICO Co., Ltd. (Samut Sakhon) subject to Financial Support Agreement dated on August 29, 2019, and attachment of Financial Support Agreement (1st) dated on November 11, 2019.

- (6) KTC PICO Co., Ltd. (Chon Buri) subject to Financial Support Agreement dated on August 29, 2019, and attachment of Financial Support Agreement (1st) dated on November 11, 2019.

2. The Audit Committee's Opinion Relating to Related Parties Transactions

Such Related Parties Transactions are being considered and giving opinion by The Audit Committee of the Company which shall be beneficial transactions to the Company as a normal practice of business and normal condition of commercial without special conditions, and without transfer of benefits between the Company and related parties. Moreover, determining charge rate or interest rate between the Company and related parties shall determine in accordance with the normal price or to be calculated from other persons or businesses which are not being Related Parties Transactions.

3. Related Parties Transactions Policy and Acquiring or Disposing of the Company's Properties in the Future

Subject to the Securities and Exchange Act B.E. 2535(1992) and the Notification of the Capital Market Supervisory Board No. TorChor21/2551 in the subject of Rules for Related Parties Transactions, including additional amendment, prescribing that performing a transaction with related person in accordance with the meaning as prescribed by laws, which is related company transaction with directors, executives or related persons, shall be approved by the shareholders' meeting unless such transaction is exempted transaction such as a transaction which is a trade agreement in the manner that reasonable person would do with a party in the same situation by bargaining power of trade without any influence in such persons' status as a directors, executives or related persons as the case may be. It shall be fair and at Arm's Length which is approved by the Board of Directors or in accordance with the principles which were approved by the Board of Directors.

In this regard, in Board of Directors meeting on September 19, 2008, has approved principles of performing trade agreement which is a transaction between related parties to conform with the laws as above-mentioned. The principles mentioned that "the management department can perform transactions, list or trade agreement which is related parties transactions in accordance with the meaning as prescribed by the Securities and Exchange law, notwithstanding, the said transactions, list or terms shall

be in the manner that reasonable person would do with a party in the same situation by bargaining power of trade without any influence in such persons' status as a directors, executives or related persons ("Transaction with General Trade Terms"), including ongoing transactions and transactions which may happen in the future. The management department can fix framework for being guideline of practice and provide summary report of such transaction to the Audit Committee Meeting and the Board of Directors' Meeting for acknowledgement as appropriate.

Therefore, Related Parties Transactions and/ or acquiring or disposing of the Company's properties shall comply with the Securities and Exchange law, regulations of the Stock Exchange of Thailand and principles of making Transaction with General Trade Terms which shall be transactions between related persons in accordance with the approval from the Board of Directors of such company, including the compliance with disclosure information, Related Parties Transactions and acquiring or disposing of the Company's properties.

If the Company shall perform Related Parties Transactions with the person that may have conflict in the future, the Company may provide the Audit Committee for being considered suitability of such transaction. If the Audit Committee has no expertise in considering to Related Parties Transactions, the Company shall provide persons with special expertise such as audit, appraiser or the law office, which is independent from the Company and the persons who may have conflict, to be the person who gives an opinion relating to such Related Parties Transactions. The Audit Committee's opinion or any person's opinion with special expertise shall be used to support the Board of Directors' or shareholders' decision, as the case may be, to ensure that the above-mentioned transaction will not be transfer benefits between companies, related persons and/ or shareholders of the Company. The Company shall consider the maximum benefits of all shareholders, especially minority shareholders. Notwithstanding, directors or shareholders, who have the conflict of interest relating to Related Parties Transactions, or acquiring or disposing of the Company's properties, are not entitled to vote upon such matters.

Financial Statement

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

Opinion

We have audited the consolidated financial statements of Krungthai Card Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of Krungthai Card Public Company Limited (the “Company”), which comprise the consolidated and separate statement of financial position as at December 31, 2019, and the related consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the financial position of Krungthai Card Public Company Limited and its subsidiaries and of Krungthai Card Public Company Limited as at December 31, 2019, 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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group 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 consolidated and separate 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 auditor's report.

Our opinion on the consolidated and separate 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 consolidated and separate 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 Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group'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 Group's and 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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

BANGKOK
February 6, 2020

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

KRUNGTHAI CARD PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		1,348,367,781	2,722,144,788	1,347,818,163	2,722,144,788
Long-term investment with maturity within one year	7	4,016,828	-	4,016,828	-
Trade and other current receivables					
Trade receivables	5	80,183,498,280	72,713,316,257	80,181,912,956	72,713,316,257
Other receivables	6	1,152,447,997	1,386,905,785	1,152,792,989	1,386,905,785
Total Current Assets		82,688,330,886	76,822,366,830	82,686,540,936	76,822,366,830
NON-CURRENT ASSETS					
Long-term investment	7	4,979,883	9,028,980	4,979,883	9,028,980
Investments in subsidiaries	8	-	-	82,554,980	-
Leasehold improvements and equipment	9	495,089,968	529,239,489	495,089,968	529,239,489
Intangible assets	10	480,738,380	505,564,332	479,184,136	505,564,332
Deferred tax assets	11	1,658,501,241	1,691,689,248	1,658,501,241	1,691,689,248
Other non-current assets		81,621,875	89,928,252	81,379,980	89,928,252
Total Non-current Assets		2,720,931,347	2,825,450,301	2,801,690,188	2,825,450,301
TOTAL ASSETS		85,409,262,233	79,647,817,131	85,488,231,124	79,647,817,131

Notes to the financial statements form an integral part of these statements

KRUNGTHAI CARD PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2019

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term borrowings from financial institutions and related parties					
- Related financial institutions	12.1 and 22	3,839,625,096	3,839,779,396	3,839,625,096	3,839,779,396
- Other financial institutions	12.1	7,535,860,469	4,947,518,608	7,535,860,469	4,947,518,608
- Related parties	12.2	-	-	107,489,096	-
Trade and other current payables					
Trade payables					
- Related financial institutions and related parties	22	910,863,166	1,780,885,620	910,863,059	1,780,885,620
- Other companies		855,933,027	504,543,148	854,868,048	504,543,148
Accrued interest expenses		348,614,683	377,883,366	348,623,518	377,883,366
Current income tax payable		597,877,119	609,243,248	597,818,591	609,243,248
Accrued expenses		1,197,669,344	1,087,185,322	1,197,283,179	1,087,185,322
Other payables	13	1,432,770,412	2,069,397,098	1,432,766,301	2,069,397,098
Current portion of long-term debentures	14	6,185,000,000	5,285,000,000	6,185,000,000	5,285,000,000
Deferred income for reward points		2,277,229,874	2,335,672,582	2,277,229,874	2,335,672,582
Total Current Liabilities		<u>25,181,443,190</u>	<u>22,837,108,388</u>	<u>25,287,427,231</u>	<u>22,837,108,388</u>
NON-CURRENT LIABILITIES					
Long-term debentures	14	39,980,000,000	40,050,000,000	39,980,000,000	40,050,000,000
Provisions for employee benefits	15	512,774,800	409,098,000	512,774,800	409,098,000
Total Non-current Liabilities		<u>40,492,774,800</u>	<u>40,459,098,000</u>	<u>40,492,774,800</u>	<u>40,459,098,000</u>
TOTAL LIABILITIES		<u>65,674,217,990</u>	<u>63,296,206,388</u>	<u>65,780,202,031</u>	<u>63,296,206,388</u>

KRUNGTHAI CARD PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2019

UNIT : BAHT

		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	As at	As at	As at	As at
		December 31,	December 31,	December 31,	December 31,
		2019	2018	2019	2018
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)					
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
Authorized share capital					
2,578,334,070 ordinary shares of Baht 1.00 each		2,578,334,070	2,578,334,070	2,578,334,070	2,578,334,070
Issued and paid share capital					
2,578,334,070 ordinary shares of Baht 1.00 each, fully paid		2,578,334,070	2,578,334,070	2,578,334,070	2,578,334,070
SHARE PREMIUM					
Share premium on ordinary shares		1,891,808,721	1,891,808,721	1,891,808,721	1,891,808,721
RETAINED EARNINGS					
Appropriated					
Legal reserve	17	257,833,407	257,833,407	257,833,407	257,833,407
Unappropriated		14,979,730,217	11,623,634,545	14,980,052,895	11,623,634,545
EQUITY ATTRIBUTABLE TO OWNERS					
OF THE PARENT		19,707,706,415	16,351,610,743	19,708,029,093	16,351,610,743
NON-CONTROLLING INTERESTS					
		27,337,828	-	-	-
TOTAL SHAREHOLDERS' EQUITY		19,735,044,243	16,351,610,743	19,708,029,093	16,351,610,743
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		85,409,262,233	79,647,817,131	85,488,231,124	79,647,817,131

KRUNGTHAI CARD PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2019	2018	2019	2018
Interest income		9,467,979,999	8,795,773,054	9,467,962,567	8,795,773,054
Fee and service income		9,171,863,025	8,640,059,023	9,171,863,025	8,640,059,023
Bad debt recovered		3,496,251,905	3,342,094,015	3,496,251,905	3,342,094,015
Gain on exchange rate - net		149,110,806	142,341,560	149,110,806	142,341,560
Other income		340,117,947	277,447,188	340,542,681	277,447,188
Total Revenues		22,625,323,682	21,197,714,840	22,625,730,984	21,197,714,840
Administrative expenses		7,519,013,047	7,311,146,159	7,518,051,777	7,311,146,159
Management remuneration	22.3	203,035,246	212,488,114	203,035,246	212,488,114
Bad debts and doubtful accounts	5.2 and 6	6,433,033,592	5,702,515,643	6,433,008,479	5,702,515,643
Total Expenses	18	14,155,081,885	13,226,149,916	14,154,095,502	13,226,149,916
PROFIT BEFORE FINANCE COSTS AND INCOME TAX		8,470,241,797	7,971,564,924	8,471,635,482	7,971,564,924
FINANCE COSTS		1,566,169,422	1,555,363,333	1,567,201,933	1,555,363,333
PROFIT BEFORE INCOME TAX		6,904,072,375	6,416,201,591	6,904,433,549	6,416,201,591
INCOME TAX EXPENSE	20	1,380,107,800	1,276,612,635	1,380,039,024	1,276,612,635
NET PROFIT FOR THE YEAR		5,523,964,575	5,139,588,956	5,524,394,525	5,139,588,956
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		(67,182,000)	1,725,000	(67,182,000)	1,725,000
Income tax relating to components of other comprehensive income (loss) that will not be reclassified to profit or loss		13,436,400	(345,000)	13,436,400	(345,000)
Other comprehensive income (loss) for the year, net of tax		(53,745,600)	1,380,000	(53,745,600)	1,380,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,470,218,975	5,140,968,956	5,470,648,925	5,140,968,956
PROFIT (LOSS) ATTRIBUTABLE TO					
Owners of the parent		5,524,071,847	5,139,588,956	5,524,394,525	5,139,588,956
Non-controlling interests		(107,272)	-	-	-
		5,523,964,575	5,139,588,956	5,524,394,525	5,139,588,956
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO		5,470,326,247	5,140,968,956	5,470,648,925	5,140,968,956
Owners of the parent		(107,272)	-	-	-
Non-controlling interests		5,470,218,975	5,140,968,956	5,470,648,925	5,140,968,956
BASIC EARNINGS PER SHARE	BAHT	2.14	1.99	2.14	1.99
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	SHARES	2,578,334,070	2,578,334,070	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 AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

Notes	CONSOLIDATED FINANCIAL STATEMENTS							UNIT : BAHT
	Owners of the parent				Total owners of the parent	Non-controlling interests	Total shareholders' equity	
	Issued and paid share capital	Share premium on ordinary shares	Appropriated Legal reserve	Retained earnings				
17								
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	-	12,577,156,724	
Dividend paid	-	-	-	(1,366,514,937)	(1,366,514,937)	-	(1,366,514,937)	
Total comprehensive income	-	-	-	5,140,968,956	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	-	16,351,610,743	
17								
Beginning balance as at January 1, 2019	2,578,334,070	1,891,808,721	257,833,407	11,623,634,545	16,351,610,743	-	16,351,610,743	
Dividend paid	-	-	-	(2,114,230,575)	(2,114,230,575)	-	(2,114,230,575)	
Share capital received from non-controlling interests in subsidiaries	-	-	-	-	-	27,445,100	27,445,100	
Total comprehensive income	-	-	-	5,470,326,247	5,470,326,247	(107,272)	5,470,218,975	
ENDING BALANCE AS AT DECEMBER 31, 2019	2,578,334,070	1,891,808,721	257,833,407	14,979,730,217	19,707,706,415	27,337,828	19,735,044,243	

Notes to the financial statements form an integral part of these statements

KRUNGTHAI CARD PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	Notes	SEPARATE FINANCIAL STATEMENTS					UNIT : BAHT
		Issued and paid share capital	Share premium on ordinary shares	Appropriated Legal reserve	Retained earnings Unappropriated	Total shareholders' equity	
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	
Beginning balance as at January 1, 2019		2,578,334,070	1,891,808,721	257,833,407	11,623,634,545	16,351,610,743	
Dividend paid	17	-	-	-	(2,114,230,575)	(2,114,230,575)	
Total comprehensive income		-	-	-	5,470,648,925	5,470,648,925	
ENDING BALANCE AS AT DECEMBER 31, 2019		2,578,334,070	1,891,808,721	257,833,407	14,980,052,895	19,708,029,093	

Notes to the financial statements form an integral part of these statements

KRUNGTHAI CARD PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax		6,904,072,375	6,416,201,591	6,904,433,549	6,416,201,591
Adjustments for:					
Amortization of premium on debt securities		32,269	33,784	32,269	33,784
Amortization of deferred interest expense					
on bills of exchange	4.2	6,489,771	6,443,449	6,489,771	6,443,449
Employee benefits expense	15	44,363,070	117,143,574	44,363,070	117,143,574
Depreciation and amortization	9 and 10	338,526,500	351,761,000	338,465,043	351,761,000
Loss from disposal and written-off of leasehold					
improvements and equipment and computer software - net		409,893,179	163,353	409,893,179	163,353
Reversal of allowance for impairment of assets	9 and 10	(386,292,138)	-	(386,292,138)	-
Bad debts and doubtful accounts		6,433,033,592	5,702,515,643	6,433,008,479	5,702,515,643
Interest expense		1,546,193,166	1,536,946,757	1,547,225,677	1,536,946,757
		15,296,311,784	14,131,209,151	15,297,618,899	14,131,209,151
Trade receivables increase		(13,921,222,072)	(10,628,279,606)	(13,919,611,851)	(10,628,279,606)
Other receivables decrease (increase)		252,464,244	(122,553,850)	252,119,469	(122,553,850)
Other non-current assets decrease (increase)		8,306,377	(8,702,461)	8,548,272	(8,702,461)
Trade payables - related financial institution					
and related parties (decrease) increase		(870,022,454)	461,680,903	(870,022,561)	461,680,903
Trade payables - other companies increase		535,559,568	9,396,689	534,494,589	9,396,689
Accrued interest expenses decrease		(1,819,830)	(427,028)	(1,812,432)	(427,028)
Accrued expenses increase		110,484,022	31,461,217	110,097,857	31,461,217
Other payables (decrease) increase		(636,626,686)	767,625,693	(636,630,797)	767,625,693
Deferred income for reward points decrease		(58,442,708)	(222,870,643)	(58,442,708)	(222,870,643)
Cash received from operations		714,992,245	4,418,540,065	716,358,737	4,418,540,065
Interest expense paid		(1,573,642,019)	(1,452,077,027)	(1,574,673,093)	(1,452,077,027)
Employee benefits paid	15	(7,868,270)	(26,669,574)	(7,868,270)	(26,669,574)
Income tax paid		(1,344,849,522)	(1,023,703,903)	(1,344,839,274)	(1,023,703,903)
Net cash provided by (used in) operating activities		(2,211,367,566)	1,916,089,561	(2,211,021,900)	1,916,089,561

KRUNGTHAI CARD PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2019	2018	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash received from sale of long-term investment		-	3,000,000	-	3,000,000
Cash paid for investments in subsidiaries	8	-	-	(82,554,980)	-
Cash paid for purchase of leasehold improvements and equipment	4.1	(229,625,447)	(92,856,027)	(229,625,447)	(92,856,027)
Cash paid for purchase of computer software	4.1	(274,160,765)	(132,228,307)	(272,545,065)	(132,228,307)
Proceeds from sale of leasehold improvements and equipment and computer software		16,464,456	341,427	16,464,456	341,427
Net cash used in investing activities		(487,321,756)	(221,742,907)	(568,261,036)	(221,742,907)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash received from (paid for) short-term borrowings from financial institutions and related parties (net)	4.2	2,581,697,790	(1,286,870,478)	2,689,186,886	(1,286,870,478)
Proceeds from issuance of long-term debentures	4.2	6,115,000,000	9,250,000,000	6,115,000,000	9,250,000,000
Cash paid for redemption of long-term debentures	4.2	(5,285,000,000)	(7,270,000,000)	(5,285,000,000)	(7,270,000,000)
Dividend paid	17	(2,114,230,575)	(1,366,514,937)	(2,114,230,575)	(1,366,514,937)
Proceeds from ordinary shares issued of subsidiaries		27,445,100	-	-	-
Net cash provided by (used in) financing activities		1,324,912,315	(673,385,415)	1,404,956,311	(673,385,415)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(1,373,777,007)	1,020,961,239	(1,374,326,625)	1,020,961,239
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,		2,722,144,788	1,701,183,549	2,722,144,788	1,701,183,549
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,		1,348,367,781	2,722,144,788	1,347,818,163	2,722,144,788

Notes to the financial statements form an integral part of these statements

KRUNGTHAI CARD PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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.

The Company has subsidiaries which are under its control in finance and operations as mentioned in Note 2.2 and Note 8.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 The Group 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 Group’s financial statements have been prepared in accordance with Thai Accounting Standard (TAS) No. 1 (Revised 2018) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2019 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 Group’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 The consolidated financial statements are prepared by including the financial statements of Krungthai Card Public Company Limited and its subsidiaries as follows:

	Business type	Country of registration	Registration date	Percentage of direct and indirect holdings (%)	
				As at December 31, 2019	As at December 31, 2018
Direct subsidiaries					
KTC Pico (Bangkok) Co., Ltd.	Pico Finance	Thailand	May 24, 2019	75.05	-
KTC Nano Co., Ltd.	Nano Finance	Thailand	May 24, 2019	75.05	-
Indirect subsidiaries					
KTC Pico (Chonburi) Co., Ltd. ⁽¹⁾	Pico Finance	Thailand	August 29, 2019	75.05	-
KTC Pico (Samut Sakhon) Co., Ltd. ⁽¹⁾	Pico Finance	Thailand	August 29, 2019	75.05	-
KTC Pico (Pathum Thani) Co., Ltd. ⁽¹⁾	Pico Finance	Thailand	August 29, 2019	75.05	-
KTC PICO (Samut Prakan) Co., Ltd. ⁽¹⁾	Pico Finance	Thailand	August 29, 2019	75.05	-

⁽¹⁾The Company holds shares indirectly through KTC Pico (Bangkok) Co., Ltd.

The Company included financial statements of its subsidiaries in preparing the consolidated financial statements since the date on which the Company obtains control until the date when such control ceases.

- 2.3 Material intercompany transactions between the Company and its subsidiaries have been eliminated from these consolidated financial statements. The consolidated financial statements for the year ended December 31, 2019 have included the subsidiaries' financial information for the year ended December 31, 2019 which were audited.
- 2.4 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the year, the Group 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, 2019. 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 Group's financial statements.

2.5 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretations which have been announced in the Royal Gazette and will be effective for the financial statements for the periods beginning on or after January 1, 2020 onwards. 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 Group's management will adopt such TFRSs in the preparation of the Group's financial statements when they become effective. The Group'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 Group in the period of initial application, except the financial reporting standards as follows:

Group of Financial Instruments Standards

Thai Accounting Standards ("TAS")

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards ("TFRS")

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations ("TFRIC")

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These group of Standards make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the entity's business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These Standards will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Group's management has planned to change the accounting policies regarding allowance for doubtful accounts in order to comply with the new Financial Instruments Standards. The change in such accounting policies may result in increasing of interest income, decreasing of bad debt recovered, decreasing of bad debt expenses, and increasing of doubtful account expenses in the period that the Financial Instruments Standards become effective.

Nevertheless, the Group's management is in the process to assess the impact of these Financial Instruments Standards on the financial statements of the Group in the period of initial application.

Thai Financial Reporting Standards No. 16 "Leases" ("TFRS 16")

This TFRS provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No.17 "Leases", Thai Accounting Standard Interpretation No.15 "Operating Lease - Incentives", Thai Accounting Standard Interpretation No.27 "Evaluating the Substance of Transactions involving the Legal Form of a Lease" and Thai Financial Reporting Standard Interpretation No.4 "Determining whether an Arrangement contains a Lease".

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

The Group's management will adopt such TFRS when it becomes effective. Based on the initial assessment, the management of the Group has anticipated the effect to the consolidated and separate statement of financial position as at January 1, 2020 to be to increase the right-of-use assets by approximately Baht 198.7 million and to increase the lease liabilities by approximately Baht 198.7 million, and no any significant impact on the financial performance of the Group 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 receivables

Trade receivables are stated in the statements of financial position at the outstanding amount less the allowance for doubtful accounts.

3.3 Investments

3.3.1 Investment in debt securities

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).

3.3.2 Investment in subsidiaries

Investments in subsidiaries in the separate financial statements are accounted for using the cost method, less allowances for impairment (if any).

In case impairment in value of investment has occurred, the loss is recognized in the statement of profit or loss and other comprehensive income.

3.4 Leasehold improvements and equipment

Leasehold improvements and equipment are stated at cost less accumulated depreciation, and allowance for impairment (if any).

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.

The expense occurred from terminating operating lease before the lease period has expired such as any penalty payment to lessor, 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 an accrual basis when the service has been provided or upon satisfaction of performance obligations.

The Company recognizes management fees when services are rendered or upon satisfaction of performance obligations 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 year represent the sum of the tax currently payable and deferred tax.

3.12.1 Current tax

The tax currently payable is tax amount to be paid calculated 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 taxable profit 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 profit or loss and other 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 and 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 Group's accounting policies described above, the Group's 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, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2019 Thousand Baht	2018 Thousand Baht
Payables for the purchase of leasehold improvements and equipment brought forward	93,748	7,273
<u>Add</u> Purchase of leasehold improvements and equipment	174,073	179,331
<u>Less</u> Cash paid for the purchase of leasehold improvements and equipment	(229,626)	(92,856)
Payables for the purchase of leasehold improvements and equipment carried forward (presented as a part of trade payables - other companies)	38,195	93,748
Payables for the purchase of computer software brought forward	147,663	97,919
<u>Add</u> Purchase of computer software	145,543	181,972
<u>Less</u> Cash paid for the purchase of computer software	(274,161)	(132,228)
Payables for the purchase of computer software carried forward (presented as a part of trade payables - other companies)	19,045	147,663
	SEPARATE FINANCIAL STATEMENTS	
	2019 Thousand Baht	2018 Thousand Baht
Payables for the purchase of leasehold improvements and equipment brought forward	93,748	7,273
<u>Add</u> Purchase of leasehold improvements and equipment	174,073	179,331
<u>Less</u> Cash paid for the purchase of leasehold improvements and equipment	(229,626)	(92,856)
Payables for the purchase of leasehold improvements and equipment carried forward (presented as a part of trade payables - other companies)	38,195	93,748
Payables for the purchase of computer software brought forward	147,663	97,919
<u>Add</u> Purchase of computer software	143,927	181,972
<u>Less</u> Cash paid for the purchase of computer software	(272,545)	(132,228)
Payables for the purchase of computer software carried forward (presented as a part of trade payables - other companies)	19,045	147,663

4.2 Change in liabilities from financing activities for the years ended December 31, 2019 and 2018 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS					
	Beginning balance as at January 1, 2019 Thousand Baht	Financing cash flows		Non-cash changes Thousand Baht	Ending balance as at December 31, 2019 Thousand Baht
		Cash received Thousand Baht	Cash paid Thousand Baht		
Short-term borrowings from financial institutions and related parties	8,787,298	139,161,698	(136,580,000)	6,490	11,375,486
Current portion of long-term debentures	5,285,000	-	(5,285,000)	6,185,000	6,185,000
Long-term debentures	40,050,000	6,115,000	-	(6,185,000)	39,980,000
Total	54,122,298	145,276,698	(141,865,000)	6,490	57,540,486

CONSOLIDATED FINANCIAL STATEMENTS					
	Beginning balance as at January 1, 2018 Thousand Baht	Financing cash flows		Non-cash changes Thousand Baht	Ending balance as at December 31, 2018 Thousand Baht
		Cash received Thousand Baht	Cash paid Thousand Baht		
Short-term borrowings from financial institutions and related parties	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
Total	53,422,725	141,303,130	(140,610,000)	6,443	54,122,298

SEPARATE FINANCIAL STATEMENTS					
	Beginning balance as at January 1, 2019 Thousand Baht	Financing cash flows		Non-cash changes Thousand Baht	Ending balance as at December 31, 2019 Thousand Baht
		Cash received Thousand Baht	Cash paid Thousand Baht		
Short-term borrowings from financial institutions and related parties	8,787,298	140,074,017	(137,384,830)	6,490	11,482,975
Current portion of long-term debentures	5,285,000	-	(5,285,000)	6,185,000	6,185,000
Long-term debentures	40,050,000	6,115,000	-	(6,185,000)	39,980,000
Total	54,122,298	146,189,017	(142,669,830)	6,490	57,647,975

	SEPARATE FINANCIAL STATEMENTS				
	Beginning	Financing cash flows		Non-cash	Ending
	balance			changes	balance
	as at	Cash	Cash		as at
	January 1,	received	paid		December 31,
	2018				2018
	Thousand	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht	Baht
Short-term borrowings from					
financial institutions and related parties	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
Total	53,422,725	141,303,130	(140,610,000)	6,443	54,122,298

5. TRADE RECEIVABLES

5.1 Outstanding balances of trade receivables classified by type of business and aging

The Group and the Company had outstanding balances of trade receivables classified by type of business and aging as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				
	As at December 31, 2019				
	Credit card	Circle loan	Personal loan	Self-employed loan	Total
	Thousand	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht	Baht
Not over 90 days	56,123,427	131,171	28,666,703	1,304	84,922,605
91 - 180 days	134,032	143	92,312	-	226,487
181 days and over	395,075	3,664	173,605	112,381	684,725
Total	56,652,534	134,978	28,932,620	113,685	85,833,817
<u>Less</u> Allowance for doubtful					
accounts	(3,398,469)	(13,354)	(2,125,902)	(112,594)	(5,650,319)
Trade receivables	53,254,065	121,624	26,806,718	1,091	80,183,498

CONSOLIDATED FINANCIAL STATEMENTS

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 receivables	47,936,959	130,316	24,644,333	1,708	72,713,316

SEPARATE FINANCIAL STATEMENTS

As at December 31, 2019

	Credit card Thousand Baht	Circle loan Thousand Baht	Personal loan Thousand Baht	Self-employed loan Thousand Baht	Total Thousand Baht
Not over 90 days	56,123,427	131,171	28,665,093	1,304	84,920,995
91 - 180 days	134,032	143	92,312	-	226,487
181 days and over	395,075	3,664	173,605	112,381	684,725
Total	56,652,534	134,978	28,931,010	113,685	85,832,207
<u>Less</u> Allowance for doubtful accounts	(3,398,469)	(13,354)	(2,125,877)	(112,594)	(5,650,294)
Trade receivables	53,254,065	121,624	26,805,133	1,091	80,181,913

SEPARATE FINANCIAL STATEMENTS

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 receivables	47,936,959	130,316	24,644,333	1,708	72,713,316

As at December 31, 2019 and 2018, receivables in default for more than 3 periods which their accrued interest are still recognized are Baht 226.5 million and Baht 175.9 million, respectively. However, such receivables are fully reserved as allowance for doubtful accounts as at December 31, 2019 and 2018. Accrued interest from such receivables which is recognized as income for the years ended December 31, 2019 and 2018 are Baht 35.4 million and Baht 30.3 million, respectively.

5.2 Bad debts and doubtful accounts

Bad debts and doubtful accounts for the years ended December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2019	2018
	Thousand Baht	Thousand Baht
Bad debts	6,289,593	5,913,617
Doubtful accounts (reversal)	161,447	(210,605)
Total bad debts and doubtful accounts	<u>6,451,040</u>	<u>5,703,012</u>

	SEPARATE FINANCIAL STATEMENTS	
	2019	2018
	Thousand Baht	Thousand Baht
Bad debts	6,289,593	5,913,617
Doubtful accounts (reversal)	161,422	(210,605)
Total bad debts and doubtful accounts	<u>6,451,015</u>	<u>5,703,012</u>

6. OTHER RECEIVABLES

Other receivables as at December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2019	2018
	Thousand Baht	Thousand Baht
Other credit card receivables	210,393	485,330
Accrued fees and interest income	663,825	622,841
Prepaid expenses	182,594	186,893
Suspended accounts	9,540	11,305
Others	105,728	118,175
<u>Less</u> Allowance for doubtful accounts	<u>(19,632)</u>	<u>(37,638)</u>
Total other receivables	<u>1,152,448</u>	<u>1,386,906</u>

	SEPARATE FINANCIAL STATEMENTS	
	2019	2018
	Thousand Baht	Thousand Baht
Other credit card receivables	210,393	485,330
Accrued fees and interest income	664,167	622,841
Prepaid expenses	182,591	186,893
Suspended accounts	9,540	11,305
Others	105,734	118,175
<u>Less</u> Allowance for doubtful accounts	<u>(19,632)</u>	<u>(37,638)</u>
Total other receivables	<u>1,152,793</u>	<u>1,386,906</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. Subsequently, during the year ended December 31, 2019, the Company reversed such allowance for doubtful accounts as the litigation case had been ended (see Note 24.1).

7. LONG-TERM INVESTMENT

Long-term investment as at December 31, 2019 and 2018 consist of the following:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	2019		2018	
	Cost/ Amortized cost Thousand Baht	Fair value Thousand Baht	Cost/ Amortized cost Thousand Baht	Fair value Thousand Baht
Held-to-Maturity Debt Securities				
Government securities	8,997	9,184	9,029	8,998
<u>Less</u> Long-term investment with maturity within one year	<u>(4,017)</u>	<u>(4,027)</u>	<u>-</u>	<u>-</u>
Total long-term investment	<u>4,980</u>	<u>5,157</u>	<u>9,029</u>	<u>8,998</u>

As at December 31, 2019, the Company pledged government bonds totaling Baht 0.6 million (As at December 31, 2018 : Baht 5.2 million) with Krung Thai Bank Public Company Limited for issue letter of guarantees to other companies for the Company's business.

8. INVESTMENT IN SUBSIDIARIES

As at December 31, 2019 and 2018, the Company had investments in subsidiaries which are accounted for using cost method in separate financial statements as follows:

	SEPARATE FINANCIAL STATEMENTS					
	Paid share capital		Percentage of shareholding		Cost method	
	2019	2018	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	%	%	Thousand Baht	Thousand Baht
Investments in subsidiaries						
KTC Pico (Bangkok) Co., Ltd.	60,000	-	75.05	-	45,030	-
KTC Nano Co., Ltd.	50,000	-	75.05	-	37,525	-
Total investments in subsidiaries					82,555	-

On May 24, 2019, the Company and Krung Thai Bank Public Company Limited established 2 new subsidiaries which are KTC Pico (Bangkok) Co., Ltd. for Pico Finance which will offer personal loan to natural person at domicile or residence in province that the company head office was settled, with registered capital of Baht 20 million (2,000,000 ordinary shares with par value of Baht 10 per each) and KTC Nano Co., Ltd. for Nano Finance which will offer personal loan to natural person in order to use for career, with registered capital of Baht 50 million (5,000,000 ordinary shares with par value of Baht 10 per each).

Subsequently, on September 26, 2019, the Company invested in increased ordinary share capital of KTC Pico (Bangkok) Co., Ltd. in the amount of Baht 30.02 million (3,002,000 ordinary shares with par value of Baht 10 per each), and the proportion of shareholding by the Company remained the same at 75.05 percent.

9. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment as at December 31, 2019 and 2018 are as follows:

As at December 31, 2019

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS					
	Beginning balance as at January 1, 2019	Additions	Disposals	Transfer in (Transfer out)	Ending balance as at December 31, 2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Costs:					
Leasehold improvements	343,402	386	(40,447)	49,826	353,167
Furniture, fixtures and office equipment	1,304,899	81,703	(112,667)	100,463	1,374,398
Total	1,648,301	82,089	(153,114)	150,289	1,727,565
Accumulated depreciation:					
Leasehold improvements	(320,193)	(13,002)	40,262	-	(292,933)
Furniture, fixtures and office equipment	(907,931)	(155,156)	100,997	-	(962,090)
Total	(1,228,124)	(168,158)	141,259	-	(1,255,023)
Assets under installation	221,902	91,984	(141,049)	(150,289)	22,548
<u>Less</u> Allowance for impairment of assets	(112,840)	-	112,840	-	-
Leasehold improvements and equipment	529,239				495,090

As at December 31, 2018

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS					
	Beginning balance as at January 1, 2018 Thousand Baht	Additions Thousand Baht	Disposals Thousand Baht	Transfer in (Transfer out) Thousand Baht	Ending balance as at December 31, 2018 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
Less Allowance for impairment of assets	(112,840)	-	-	-	(112,840)
Leasehold improvements and equipment	516,344				529,239
Depreciation for the years ended December 31,					
2019				Thousand Baht	168,158
2018				Thousand Baht	165,931

As at December 31, 2019 and 2018, the costs of fully depreciated leasehold improvements and equipment but still in use are Baht 863.4 million and Baht 873.8 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, the allowance for impairment of certain equipment is Baht 112.8 million and the allowance for impairment of cost of computer development is Baht 273.5 million (see Note 10). Subsequently, during the year ended December 31, 2019, the Company wrote off such assets and fully reversed the allowance for impairment of assets as the litigation case had been ended. (see Note 24.2)

10. INTANGIBLE ASSETS

Intangible assets as at December 31, 2019 and 2018 are as follows:

As at December 31, 2019

	CONSOLIDATED FINANCIAL STATEMENTS				Ending balance as at December 31, 2019 Thousand Baht
	Beginning balance as at January 1, 2019 Thousand Baht	Additions	Disposals	Transfer in (Transfer out) Thousand Baht	
		Thousand Baht	Thousand Baht	Thousand Baht	
Computer software	1,599,037	28,793	(21,433)	126,207	1,732,604
<u>Less</u> Accumulated amortization	<u>(1,176,800)</u>	<u>(170,369)</u>	<u>21,433</u>	<u>-</u>	<u>(1,325,736)</u>
	422,237				406,868
<u>Add</u> Software under installation	<u>356,780</u>	<u>116,750</u>	<u>(273,453)</u>	<u>(126,207)</u>	<u>73,870</u>
<u>Less</u> Allowance for impairment of assets (see Note 9)	<u>(273,453)</u>	<u>-</u>	<u>273,453</u>	<u>-</u>	<u>-</u>
Intangible assets	<u>505,564</u>				<u>480,738</u>

As at December 31, 2018

	CONSOLIDATED FINANCIAL STATEMENTS				Ending balance as at December 31, 2018 Thousand Baht
	Beginning balance as at January 1, 2018 Thousand Baht	Additions	Disposals	Transfer in (Transfer out) Thousand Baht	
		Thousand Baht	Thousand Baht	Thousand Baht	
Computer software	1,485,923	65,640	(28,841)	76,315	1,599,037
<u>Less</u> Accumulated amortization	<u>(1,019,811)</u>	<u>(185,830)</u>	<u>28,841</u>	<u>-</u>	<u>(1,176,800)</u>
	466,112				422,237
<u>Add</u> Software under installation	<u>316,763</u>	<u>116,332</u>	<u>-</u>	<u>(76,315)</u>	<u>356,780</u>
<u>Less</u> Allowance for impairment of assets (see Note 9)	<u>(273,453)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(273,453)</u>
Intangible assets	<u>509,422</u>				<u>505,564</u>

Amortization for the years ended December 31,

2019	Thousand Baht	<u>170,369</u>
2018	Thousand Baht	<u>185,830</u>

As at December 31, 2019

	SEPARATE FINANCIAL STATEMENTS				
	Beginning	Additions	Disposals	Transfer in	Ending
	balance			(Transfer out)	balance
	as at				as at
	January 1,				December 31,
	2019				2019
	Thousand	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht	Baht
Computer software	1,599,037	27,177	(21,433)	126,207	1,730,988
<u>Less</u> Accumulated amortization	(1,176,800)	(170,307)	21,433	-	(1,325,674)
	422,237				405,314
<u>Add</u> Software under installation	356,780	116,750	(273,453)	(126,207)	73,870
<u>Less</u> Allowance for impairment					
of assets (see Note 9)	(273,453)	-	273,453	-	-
Intangible assets	505,564				479,184

As at December 31, 2018

	SEPARATE FINANCIAL STATEMENTS				
	Beginning	Additions	Disposals	Transfer in	Ending
	balance			(Transfer out)	balance
	as at				as at
	January 1,				December 31,
	2018				2018
	Thousand	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht	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 9)	(273,453)	-	-	-	(273,453)
Intangible assets	509,422				505,564

Amortization for the years ended December 31,

2019	Thousand Baht	170,307
2018	Thousand Baht	185,830

As at December 31, 2019 and 2018, the costs of fully amortized intangible assets but still in use are Baht 920.2 million and Baht 771.1 million, respectively.

11. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2019 and 2018 are as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2019	2018
	Thousand Baht	Thousand Baht
Deferred tax assets	<u>1,658,501</u>	<u>1,691,689</u>

Deferred tax assets as at December 31, 2019 and 2018 consist of tax effects from the following items:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	Beginning balance as at January 1, 2019	Item as recognized into profit or loss	Item as recognized in other comprehensive income	Ending balance as at December 31, 2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Allowance for doubtful accounts	1,110,323	39,302	-	1,149,625
Allowance for impairment of assets	77,259	(77,259)	-	-
Deferred income for reward points	467,135	(11,689)	-	455,446
Difference from depreciation rate	(54,810)	(5,698)	-	(60,508)
Provision for employee benefits	81,820	7,299	13,436	102,555
Others	9,962	1,421	-	11,383
Deferred tax assets	<u>1,691,689</u>	<u>(46,624)</u>	<u>13,436</u>	<u>1,658,501</u>

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	Beginning balance as at January 1, 2018	Item as recognized into profit or loss	Item as recognized in other comprehensive income	Ending balance 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)
Provisions for employee benefits	64,070	18,095	(345)	81,820
Others	9,257	705	-	9,962
Deferred tax assets	<u>1,763,623</u>	<u>(71,589)</u>	<u>(345)</u>	<u>1,691,689</u>

12. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS AND RELATED PARTIES

12.1 Short-term borrowings from financial institutions

As at December 31, 2019, promissory notes and bills of exchange have interest rates at Money Market Rate (MMR), which is in between 1.45 - 1.64% per annum with maturity on demand to one year and are unsecured. (As at December 31, 2018 : 1.56 - 2.07% per annum)

12.2 Short-term borrowings from related parties

As at December 31, 2019, promissory notes and borrowings have interest rates at Money Market Rate (MMR), which is in between 1.50% per annum with maturity on demand to one year and are unsecured. (As at December 31, 2018 : Nil)

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.

13. OTHER PAYABLES

Other payables as at December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2019	2018
	Thousand Baht	Thousand Baht
Exceed payment from customers	366,214	276,417
Other payables	813,979	1,520,305
Suspended accounts	36,716	65,459
Others	215,861	207,216
Total other payables	<u>1,432,770</u>	<u>2,069,397</u>

	SEPARATE FINANCIAL STATEMENTS	
	2019	2018
	Thousand Baht	Thousand Baht
Exceed payment from customers	366,214	276,417
Other payables	813,979	1,520,305
Suspended accounts	36,716	65,459
Others	215,857	207,216
Total other payables	<u>1,432,766</u>	<u>2,069,397</u>

14. LONG-TERM DEBENTURES

Long-term debentures as at December 31, 2019 and 2018 are as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2019	2018
	Thousand Baht	Thousand Baht
Debentures	46,165,000	45,335,000
<u>Less</u> Current portion of long-term debentures	<u>(6,185,000)</u>	<u>(5,285,000)</u>
Total long-term debentures	<u>39,980,000</u>	<u>40,050,000</u>

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, 2019 (Million Baht)	2018 (Million Baht)
Senior unsecured debentures	14 Aug 2015	2,000	14 Aug 2019	3.75	Quarterly	-	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
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	400	26 Feb 2019	2.21	Semi-annually	-	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
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	1,000
Senior unsecured debentures	16 Feb 2018	1,250	16 Feb 2028	3.43	Semi-annually	1,250	1,250
Senior unsecured debentures	16 Aug 2018	3,585	14 Aug 2020	2.20	Semi-annually	3,585	3,585
Senior unsecured debentures	16 Aug 2018	1,350	11 Aug 2021	2.48	Semi-annually	1,350	1,350
Senior unsecured debentures	16 Aug 2018	2,065	16 Aug 2028	3.83	Semi-annually	2,065	2,065
Senior unsecured debentures	11 Mar 2019	1,500	11 Mar 2021	2.40	Semi-annually	1,500	-
Senior unsecured debentures	11 Mar 2019	1,000	11 Mar 2022	2.65	Semi-annually	1,000	-
Senior unsecured debentures	25 Jul 2019	1,500	25 Jul 2029	3.20	Semi-annually	1,500	-
Senior unsecured debentures	31 Oct 2019	1,700	31 Oct 2029	2.80	Semi-annually	1,700	-
Senior unsecured debentures	8 Nov 2019	415	8 Nov 2024	2.60	Quarterly	415	-
Total debentures						46,165	45,335

15. 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, 2019 and 2018 are as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2019 Thousand Baht	2018 Thousand Baht
Current service cost	33,666	28,413
Interest on obligation	10,697	7,331
Past service cost	-	81,400
	<u>44,363</u>	<u>117,144</u>

Movements in the present value of the defined benefit obligation for the years ended December 31, 2019 and 2018 are as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2019 Thousand Baht	2018 Thousand Baht
Defined benefit obligations brought forward	409,098	320,349
Current service cost	33,666	28,413
Interest on obligations	10,697	7,331
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	46,410	(7,811)
- from experience adjustments	20,772	6,086
Benefits paid to employee	<u>(7,868)</u>	<u>(26,670)</u>
Defined benefit obligations carried forward	<u>512,775</u>	<u>409,098</u>

The Labor Protection Act (No. 7) B.E. 2562 has been announced in the Royal Gazette on April 5, 2019, which will be effective after 30 days from the date announced in Royal Gazette. On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act. 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, 2019 and 2018 are as follows:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		
	2019	2018
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	1.75% p.a.	2.75% 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, 2019 and 2018 are as follows:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		
	2019	2018
	Thousand Baht	Thousand Baht
Salary incremental rate - 1% increase	53,630	43,207
Salary incremental rate - 1% decrease	(47,049)	(37,966)
Personnel turnover rate - 1% increase	(19,667)	(15,685)
Personnel turnover rate - 1% decrease	21,249	16,910
Discount rate - 1% increase	(46,416)	(37,072)
Discount rate - 1% decrease	53,897	42,910

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.

16. CAPITAL MANAGEMENT

The Group 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 Group's overall strategy of the year 2019 remains unchanged from 2018.

The capital structure of the Group consists of debt, which includes the loans and debentures disclosed in Notes 12 and 14 and shareholders' equity, comprising issued and paid-up capital, legal reserve and retained earnings.

The Group does not apply any specific financial ratios to monitor its capital whilst manages its capital to be sufficient for its working capital.

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, 2019 and 2018, the Company's legal reserve reaches 10% of the registered share capital.

On April 5, 2019, the Annual General Meeting of Shareholders passed a resolution to pay dividend for the year 2018 at Baht 0.82 per share, totaling Baht 2,114.2 million. The Company already paid dividend on April 30, 2019.

On April 20, 2018, the Annual General Meeting of Shareholders passed a resolution to pay dividend for the year 2017 at Baht 5.30 per share, totaling Baht 1,366.5 million. The Company already paid dividend on May 11, 2018.

18. EXPENSES BY NATURE

Net profit for the years ended December 31, 2019 and 2018 have been arrived at after charging the following items:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2019	2018
	Thousand Baht	Thousand Baht
Management remuneration	203,035	212,488
Staff costs	2,247,323	2,161,799
Depreciation and amortization	338,527	351,761
Fees and service expenses	2,373,316	2,365,629
Marketing expense	1,014,072	909,295
Rental fees for premises and equipment	301,887	301,119
Premises and equipment expenses	332,689	306,460
Reversal of allowance for impairment of assets	(60,274)	-
Communication expenses	250,130	222,585
Special business tax and duty stamp	544,873	501,114
Bad debts and doubtful accounts	6,433,034	5,702,516
Others	176,470	191,384
Total Expenses	<u>14,155,082</u>	<u>13,226,150</u>

	SEPARATE FINANCIAL STATEMENTS	
	2019	2018
	Thousand Baht	Thousand Baht
Management remuneration	203,035	212,488
Staff costs	2,247,167	2,161,799
Depreciation and amortization	338,465	351,761
Fees and service expenses	2,372,856	2,365,629
Marketing expense	1,014,046	909,295
Rental fees for premises and equipment	301,692	301,119
Premises and equipment expenses	332,687	306,460
Reversal of allowance for impairment of assets	(60,274)	-
Communication expenses	250,130	222,585
Special business tax and duty stamp	544,834	501,114
Bad debts and doubtful accounts	6,433,008	5,702,516
Others	176,450	191,384
Total Expenses	<u>14,154,096</u>	<u>13,226,150</u>

19. PROVIDENT FUND

The Group 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 Group contributes to the fund at the rate of 6% of their basic salary.

The Group's contributions which were charged to the statement of profit or loss and other comprehensive income for the years ended December 31, 2019 and 2018 amounting to Baht 60.4 million and Baht 57.7 million, respectively.

20. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	2019 Thousand Baht	2018 Thousand Baht
Income tax expense per income tax return	(1,333,484)	(1,205,024)
Adjustment for deferred tax relating to the origination and reversal of temporary differences	<u>(46,624)</u>	<u>(71,589)</u>
Income tax expense per the statements of profit or loss and other comprehensive income	<u>(1,380,108)</u>	<u>(1,276,613)</u>
	SEPARATE FINANCIAL STATEMENTS	
	2019 Thousand Baht	2018 Thousand Baht
Income tax expense per income tax return	(1,333,415)	(1,205,024)
Adjustment for deferred tax relating to the origination and reversal of temporary differences	<u>(46,624)</u>	<u>(71,589)</u>
Income tax expense per the statements of profit or loss and other comprehensive income	<u>(1,380,039)</u>	<u>(1,276,613)</u>

The reconciliations between income tax expense and accounting profit for the years ended December 31, 2019 and 2018 are follows:

	CONSOLIDATED	
	FINANCIAL STATEMENTS	
	2019	2018
	Thousand	Thousand
	Baht	Baht
Accounting profit before tax	<u>6,904,072</u>	<u>6,416,202</u>
Income tax expense at domestic tax rates		
- Tax rate at 20%	(1,380,814)	(1,283,240)
Tax effect of non-taxable revenues and expenses	<u>706</u>	<u>6,627</u>
Income tax expense per the statements of profit or loss and other comprehensive income	<u>(1,380,108)</u>	<u>(1,276,613)</u>
Effective tax rate (%)	20.0	19.9

	SEPARATE	
	FINANCIAL STATEMENTS	
	2019	2018
	Thousand	Thousand
	Baht	Baht
Accounting profit before tax	<u>6,904,434</u>	<u>6,416,202</u>
Income tax expense at domestic tax rates		
- Tax rate at 20%	(1,380,887)	(1,283,240)
Tax effect of non-taxable revenues and expenses	<u>848</u>	<u>6,627</u>
Income tax expense per the statements of profit or loss and other comprehensive income	<u>(1,380,039)</u>	<u>(1,276,613)</u>
Effective tax rate (%)	20.0	19.9

The Group and the Company used tax rates of 20% for the corporate income tax calculation for the years ended December 31, 2019 and 2018.

21. LONG-TERM AGREEMENTS

The Group and the Company has long-term agreements as at December 31, 2019 and 2018 as follows:

The Group and 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:

		CONSOLIDATED FINANCIAL STATEMENTS	
		2019	2018
		Thousand Baht	Thousand Baht
Within 1 year		179,372	242,342
Over 1 year to 5 years		111,462	246,548
		<u>290,834</u>	<u>488,890</u>
		SEPARATE FINANCIAL STATEMENTS	
		2019	2018
		Thousand Baht	Thousand Baht
Within 1 year		178,400	242,342
Over 1 year to 5 years		109,974	246,548
		<u>288,374</u>	<u>488,890</u>

22. TRANSACTIONS WITH RELATED PARTIES

The Group and the Company have transactions with related parties. Certain portions of the Group's and the Company's assets, liabilities, revenues and administrative expenses represent transactions occurred with such related parties. These parties are related through common shareholders and/or directorships. Those significant transactions with related parties as included in the consolidated and separate 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.

22.1 The significant balances with related parties

The significant balances with related parties as at December 31, 2019 and 2018 are as follows:

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS	
		2019 Thousand Baht	2018 Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
- Deposits at a financial institution (a part of cash and cash equivalents)		881,553	1,865,650
- Other receivables		723	1,173
- Short-term borrowings		3,490,000	3,539,907
- Trade payables		901,518	1,771,073
- Accrued interest expenses		287	699
- Other current liabilities		1,693	1,693
KTB Computer Services Company Limited	Same Ultimate Holding Company		
- Other receivables		-	5,137
- Trade payables		209	225
KTB General Services and Security Company Limited	Same Ultimate Holding Company		
- Trade payables		8,729	9,325
Krungthai Assets Management Public Company Limited	Same Ultimate Holding Company		
- Other receivables		4,844	4,465
- Trade payables		78	79
Krungthai Panich Insurance Public Company Limited	Same Ultimate Holding Company		
- Other receivables		1,325	1,332
KT Zmico Securities Company Limited	Same Ultimate Holding Company		
- Short-term borrowings		349,625	299,872
Krungthai AXA Life Insurance Public Company Limited	Same Ultimate Holding Company		
- Other receivables		2,100	-
- Trade payables		12	-
Krungthai Thai IBJ Leasing Company Limited	Same Ultimate Holding Company		
- Trade payables		318	185

Related parties	Relationship	SEPARATE FINANCIAL STATEMENTS	
		2019 Thousand Baht	2018 Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
- Deposits at a financial institution (a part of cash and cash equivalents)		881,007	1,865,650
- Other receivables		723	1,173
- Short-term borrowings		3,490,000	3,539,907
- Trade payables		901,518	1,771,073
- Accrued interest expenses		287	699
- Other current liabilities		1,693	1,693
KTB Computer Services Company Limited	Same Ultimate Holding Company		
- Other receivables		-	5,137
- Trade payables		209	225
KTB General Services and Security Company Limited	Same Ultimate Holding Company		
- Trade payables		8,729	9,325
Krungthai Assets Management Public Company Limited	Same Ultimate Holding Company		
- Other receivables		4,844	4,465
- Trade payables		78	79
Krungthai Panich Insurance Public Company Limited	Same Ultimate Holding Company		
- Other receivables		1,325	1,332
KT Zmico Securities Company Limited	Same Ultimate Holding Company		
- Short-term borrowings		349,625	299,872
Krungthai AXA Life Insurance Public Company Limited	Same Ultimate Holding Company		
- Other receivables		2,100	-
- Trade payables		12	-
Krungthai Thai IBJ Leasing Company Limited	Same Ultimate Holding Company		
- Trade payables		318	185
KTC Pico (Bangkok) Co., Ltd.	Subsidiary		
- Other receivables		169	-
- Short-term borrowings		17,929	-
- Accrued interest expenses		1	-
- Other current liabilities		22	-
KTC Nano Co., Ltd.	Subsidiary		
- Other receivables		70	-
- Short-term borrowings		50,110	-
- Accrued interest expenses		4	-
KTC Pico (Chonburi) Co., Ltd.	Subsidiary		
- Other receivables		11	-
- Short-term borrowings		9,900	-
- Accrued interest expenses		1	-
KTC Pico (Samut Sakhon) Co., Ltd.	Subsidiary		
- Other receivables		11	-
- Short-term borrowings		9,800	-
- Accrued interest expenses		1	-

Related parties	Relationship	SEPARATE FINANCIAL STATEMENTS	
		2019	2018
		Thousand Baht	Thousand Baht
KTC Pico (Pathum Thani) Co., Ltd.	Subsidiary		
- Other receivables		52	-
- Short-term borrowings		9,900	-
- Accrued interest expenses		1	-
KTC Pico (Samut Prakan) Co., Ltd.	Subsidiary		
- Other receivables		9	-
- Short-term borrowings		9,850	-
- Accrued interest expenses		1	-

22.1.1 Movements of short-term borrowings from related financial institutions and related parties

Movements of short-term borrowings from related financial institutions for the years ended December 31, 2019 and 2018 are as follows:

Related parties	Relationship	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
		2019	2018
		Thousand Baht	Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
Beginning balance		3,539,907	499,938
<u>Add</u> Borrowings during the year		65,090,093	19,049,969
<u>Less</u> Repayments during the year		(65,140,000)	(16,010,000)
Ending balance		<u>3,490,000</u>	<u>3,539,907</u>
KT Zmico Securities Company Limited	Same Ultimate Holding Company		
Beginning balance		299,872	-
<u>Add</u> Borrowings during the year		2,359,753	3,799,872
<u>Less</u> Repayments during the year		(2,310,000)	(3,500,000)
Ending balance		<u>349,625</u>	<u>299,872</u>

As at December 31, 2019, short-term borrowings from related financial institutions are bills of exchange and promissory note have carrying interest rate at Money Market Rate (MMR), which is in between 1.45 - 1.50% per annum. (As at December 31, 2018 : 1.61 - 2.00% per annum)

Movements of short-term borrowings from related parties for the years ended December 31, 2019 and 2018 are as follows:

Related parties	Relationship	SEPARATE FINANCIAL STATEMENTS	
		2019 Thousand Baht	2018 Thousand Baht
KTC Pico (Bangkok) Co., Ltd.	Subsidiary		
Beginning balance		-	-
<u>Add</u> Borrowing during the year		192,119	-
<u>Less</u> Repayment during the year		(174,190)	-
Ending balance		<u>17,929</u>	<u>-</u>
KTC Nano Co., Ltd.	Subsidiary		
Beginning balance		-	-
<u>Add</u> Borrowing during the year		495,500	-
<u>Less</u> Repayment during the year		(445,390)	-
Ending balance		<u>50,110</u>	<u>-</u>
KTC Pico (Chonburi) Co., Ltd.	Subsidiary		
Beginning balance		-	-
<u>Add</u> Borrowing during the year		55,800	-
<u>Less</u> Repayment during the year		(45,900)	-
Ending balance		<u>9,900</u>	<u>-</u>
KTC Pico (Samut Sakhon) Co., Ltd.	Subsidiary		
Beginning balance		-	-
<u>Add</u> Borrowing during the year		56,500	-
<u>Less</u> Repayment during the year		(46,700)	-
Ending balance		<u>9,800</u>	<u>-</u>
KTC Pico (Pathum Thani) Co., Ltd.	Subsidiary		
Beginning balance		-	-
<u>Add</u> Borrowing during the year		55,800	-
<u>Less</u> Repayment during the year		(45,900)	-
Ending balance		<u>9,900</u>	<u>-</u>
KTC Pico (Samut Prakan) Co., Ltd.	Subsidiary		
Beginning balance		-	-
<u>Add</u> Borrowing during the year		56,600	-
<u>Less</u> Repayment during the year		(46,750)	-
Ending balance		<u>9,850</u>	<u>-</u>

As at December 31, 2019, short-term borrowings from related parties are promissory note and borrowings have carrying interest rate at Money Market Rate (MMR), which is in between 1.50% per annum. (As at December 31, 2018 : Nil)

22.2 The significant transactions with related parties

The significant transactions with related parties for the years ended December 31, 2019 and 2018 are as follows:

Related parties	Relationship	CONSOLIDATED FINANCIAL STATEMENTS	
		2019 Thousand Baht	2018 Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
- Fee and service income		1,805	2,746
- Other income		7,526	6,999
- Administrative expenses		268,434	334,442
- Finance costs		41,694	21,569
KTB Computer Services Company Limited	Same Ultimate Holding Company		
- Other income		60	12,996
- Administrative expenses		2,434	2,658
Krungthai General Services and Security Company Limited	Same Ultimate Holding Company		
- Administrative expenses		49,531	38,817
Krungthai Assets Management Public Company Limited	Same Ultimate Holding Company		
- Fee and service income		7,276	7,670
- Administrative expenses		78	79
Krungthai Panich Insurance Public Company Limited	Same Ultimate Holding Company		
- Fee and service income		16,407	18,474
KT Zmico Securities Company Limited	Same Ultimate Holding Company		
- Administrative expenses		-	2
- Finance costs		2,723	3,166
Krungthai AXA Life Insurance Public Company Limited	Same Ultimate Holding Company		
- Fee and service income		146,888	266,224
- Other income		2,784	-
- Administrative expenses		3,769	6,112
Krungthai IBJ Leasing Company Limited	Same Ultimate Holding Company		
- Administrative expenses		3,020	1,525

Related parties	Relationship	SEPARATE FINANCIAL STATEMENTS	
		2019 Thousand Baht	2018 Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
- Fee and service income		1,805	2,746
- Other income		7,525	6,999
- Administrative expenses		268,431	334,442
- Finance costs		41,694	21,569
KTB Computer Services Company Limited	Same Ultimate Holding Company		
- Other income		60	12,996
- Administrative expenses		2,434	2,658
Krungthai General Services and Security Company Limited	Same Ultimate Holding Company		
- Administrative expenses		49,531	38,817
Krungthai Assets Management Public Company Limited	Same Ultimate Holding Company		
- Fee and service income		7,276	7,670
- Administrative expenses		78	79
Krungthai Panich Insurance Public Company Limited	Same Ultimate Holding Company		
- Fee and service income		16,407	18,474
KT Zmico Securities Company Limited	Same Ultimate Holding Company		
- Administrative expenses		-	2
- Finance costs		2,723	3,166
Krungthai AXA Life Insurance Public Company Limited	Same Ultimate Holding Company		
- Fee and service income		146,888	266,224
- Other income		2,784	-
- Administrative expenses		3,769	6,112
Krungthai IBJ Leasing Company Limited	Same Ultimate Holding Company		
- Administrative expenses		3,020	1,525
KTC Pico (Bangkok) Co., Ltd.	Subsidiary		
- Other income		233	-
- Finance cost		226	-
KTC Nano Co., Ltd.	Subsidiary		
- Other income		109	-
- Finance cost		572	-
KTC Pico (Chonburi) Co., Ltd.	Subsidiary		
- Other income		11	-
- Finance cost		59	-
KTC Pico (Samut Sakhon) Co., Ltd.	Subsidiary		
- Other income		11	-
- Finance cost		58	-
KTC Pico (Pathum Thani) Co., Ltd.	Subsidiary		
- Other income		52	-
- Finance cost		59	-
KTC Pico (Samut Prakan) Co., Ltd.	Subsidiary		
- Other income		9	-
- Finance cost		58	-

The above revenues and expenses are determined according to the following agreements:

- Bank 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 on July 1, 2002.

On December 28, 2017, the Company entered into the back office service agreement’s amendment (No. 13) with KTB, to extend the agreement (No.12)’s service period, which is 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 25, 2017, the Company entered into the agreement for consulting and electronic data processing services with 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, 2018 and is 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 (Revised 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) is 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, 2019 : Nil)

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.

22.3 Management remuneration

Management remuneration for the years ended December 31, 2019 and 2018 consist of the following:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2019	2018
	Thousand Baht	Thousand Baht
Short-term management remuneration	198,833	203,638
Long-term management remuneration	4,202	8,850
Total	<u>203,035</u>	<u>212,488</u>

23. FINANCIAL INSTRUMENTS INFORMATION DISCLOSURES

During the years 2019 and 2018, the Group did not speculate in or engage in the trading of any derivatives.

23.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparts as a means of mitigating the risk of financial losses from defaults.

The carrying amount of the assets recorded in the statement of financial position, net of allowance for doubtful accounts, represents the Group's maximum exposure to credit risk.

The Group's major business is the issuing of credit cards and provision of loan financing. The Group has established processes for approving credit lines, as well as consistently applied billing and collection processes.

23.2 Liquidity risk

Liquidity risk arises in the general funding of the Group'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 Group 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 Group strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Group continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall strategy. As at December 31, 2019 and 2018, the Group and the Company have a credit line with a related financial institution in the sum of Baht 18,030 million in both years.

23.3 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 Group.

As at December 31, 2019 and 2018, the Group's and the Company's financial assets and liabilities exposed to interest rate risk are as follows:

CONSOLIDATED FINANCIAL STATEMENTS								
As at December 31, 2019								
	Depend on market rate	The earlier of contract maturity or repricing date	of remaining period of 1-5 years	More than 5 years	Non-rate sensitive	Total	Average interest rate	
	Within 1 month	Within 1 year					Floating rate	Fixed rate
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	% p.a.	% p.a.
Financial assets								
Cash and cash equivalents	868	-	-	-	480	1,348	0.38	-
Trade receivables	-	67,099	223	-	18,512	85,834	18.52	5.26
Investments	-	4	3	2	-	9	-	2.23
Financial liabilities								
Short-term borrowings from financial institutions and related parties	5,880	5,500	-	-	(5)	11,375	1.50	1.47
Long-term debentures	-	6,185	19,735	20,245	-	46,165	-	3.11

CONSOLIDATED FINANCIAL STATEMENTS

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	
	Within 1 month	Within 1 year	1-5 years	More than 5 years			Floating rate	Fixed rate
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	% p.a.	% p.a.
Financial assets								
Cash and cash equivalents	220	-	-	-	2,502	2,722	0.38	-
Trade receivables	-	61,411	110	-	16,681	78,202	18.52	4.71
Investments	-	-	7	2	-	9	-	2.22
Financial liabilities								
Short-term loans	4,390	4,400	-	-	(3)	8,787	2.00	1.74
Long-term debentures	-	5,285	22,905	17,145	-	45,335	-	3.12

SEPARATE FINANCIAL STATEMENTS

As at December 31, 2019

	Depend on market rate	The earlier of remaining period of contract maturity or repricing date			Non-rate sensitive	Total	Average interest rate	
	Within 1 month	Within 1 year	1-5 years	More than 5 years			Floating rate	Fixed rate
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	% p.a.	% p.a.
Financial assets								
Cash and cash equivalents	868	-	-	-	480	1,348	0.38	-
Trade receivables	-	67,097	223	-	18,512	85,832	18.51	5.26
Investments	-	4	3	2	83	92	-	2.23
Financial liabilities								
Short-term borrowings from financial institutions and related parties	5,987	5,500	-	-	(4)	11,483	1.50	1.47
Long-term debentures	-	6,185	19,735	20,245	-	46,165	-	3.11

SEPARATE FINANCIAL STATEMENTS

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	
	Within 1 month	Within 1 year	1-5 years	More than 5 years			Floating rate	Fixed rate
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	% p.a.	% p.a.
Financial assets								
Cash and cash equivalents	220	-	-	-	2,502	2,722	0.38	-
Trade receivables	-	61,411	110	-	16,681	78,202	18.52	4.71
Investments	-	-	7	2	-	9	-	2.22
Financial liabilities								
Short-term loans	4,390	4,400	-	-	(3)	8,787	2.00	1.74
Long-term debentures	-	5,285	22,905	17,145	-	45,335	-	3.12

23.4 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 Group in estimating fair values of financial instruments.

Fair value of assets and liabilities and their fair value hierarchy level classification are summarized as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	As at December 31, 2019	Fair value	Fair value	Valuation techniques
	Carrying amount	Fair value	hierarchy	and key inputs used in fair value measurements
	Million Baht	Million Baht		
<u>Assets</u>				
Trade receivables	80,183	80,183	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
<u>Liabilities</u>				
Short-term borrowings from financial institutions and related parties	11,375	11,375	2	Fair value is subject to market interest rate.
Deferred income for reward points	2,277	2,277	3	Estimates of redemption rate of the reward points earned by the customers and fair value of reward
Long-term debentures	46,165	48,124	2	Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association

CONSOLIDATED FINANCIAL STATEMENTS				
	As at December 31, 2018	Fair value	Fair value	Valuation techniques
	Carrying	Fair value	Hierarchy	and key inputs used in
	amount			fair value measurements
	Million Baht	Million Baht		
<u>Assets</u>				
Trade receivables	72,713	72,713	2	Fair value is subject to market interest rate 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
<u>Liabilities</u>				
Short-term loans 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

SEPARATE FINANCIAL STATEMENTS				
	As at December 31, 2019	Fair value	Fair value	Valuation techniques
	Carrying	Fair value	hierarchy	and key inputs used in
	amount			fair value measurements
	Million Baht	Million Baht		
<u>Assets</u>				
Trade receivables	80,182	80,182	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
<u>Liabilities</u>				
Short-term borrowings from financial institutions and related parties	11,483	11,483	2	Fair value is subject to market interest rate.
Deferred income for reward points	2,277	2,277	3	Estimates of redemption rate of the reward points earned by the customers and fair value of reward
Long-term debentures	46,165	48,124	2	Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association

	SEPARATE FINANCIAL STATEMENTS			
	As at December 31, 2018	Fair value	Fair value	Valuation techniques
	Carrying amount	Fair value	Hierarchy	and key inputs used in fair value measurements
	Million Baht	Million Baht		
<u>Assets</u>				
Trade receivables	72,713	72,713	2	Fair value is subject to market interest rate 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
<u>Liabilities</u>				
Short-term loans 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

24. SIGNIFICANT LITIGATIONS

- 24.1 The Company had 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.

Accordingly, the Company brought an action to the court for their damages from unpaid service in the year 2015. Subsequently, on February 18, 2019, the Supreme Court rendered judgment of the case by requesting the financial institution to repay to the Company for damages, including interest at the rate of 7.5% annually from the prosecution date until completion of the payment.

Subsequently, on July 12, 2019, the Company completely received the payment in full for damages including interest from such financial institution totaling Baht 48.8 million (see Note 6).

24.2 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 605.5 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 533.3 million. Subsequently, on August 2, 2013, the vendor submitted the motion requesting for an amendment to the answer and the counterclaim of the Company to the Central Intellectual Property and International Trade Court for their damages from this dishonest terminated the contract of Baht 537.3 million.

Subsequently, on March 18, 2017, the Central Intellectual Property and International Trade Court rendered judgement of the case by request the vendor to repay compensation of Baht 354.1 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 31, 2018, the Supreme Court 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 did not make a decision on any damages of the vendor from the counterclaim. For compensation of Baht 354.1 million which the Central Intellectual Property and International Trade Court requested the vendor to repay to the Company, the Supreme Court rendered judgement that the amount paid to the vendor is a mutually agreed based on installment due for implementation including equipment costs. Thus, the Supreme Court did not determine any damages to the Company (see Note 9).

25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the authorized directors of the Company on February 6, 2020.

Management Discussion and Analysis and Operation Performances

1. Key Financial Information

1.1 Summarized Report of the Certified Public Accountants for Financial Statements year 2017 - 2019

Audit of financial statements for the year ended December 31, 2017

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. by Mrs. Nisakorn Songmanee expressed unqualified opinion that the financial statements of Krungthai Card Public Company Limited, which comprise the statement of financial position as at December 31, 2017, and the related statements of profit or loss and other comprehensive income, changes in shareholders' equity, and cash flows for the year then ended, presented fairly, in all material respects, the financial position, financial performance, and cash flows in accordance with Thai Financial Reporting Standards.

Audit of financial statements for the year ended December 31, 2018

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. by Dr. Suphamit Techamontrikul expressed unqualified opinion that the financial statements of Krungthai Card Public Company Limited, 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, presented fairly, in all material respects, the financial position, financial performance, and cash flows in accordance with Thai Financial Reporting Standards.

Audit of financial statements for the year ended December 31, 2019

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. by Dr. Suphamit Techamontrikul expressed unqualified opinion that the consolidated and separate financial statements of Krungthai Card Public Company Limited, which comprise the consolidated and separate statement of financial position as at December 31, 2019, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity, and cash flows for the year then ended, presented fairly, in all material respects, the financial position, financial performance, and cash flows in accordance with Thai Financial Reporting Standards.

1.2 Financial Statement 2017 - 2019

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As of December 31, 2017 - 2019, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

Unit: Million Baht	Financial Statements					
	Separate Financial Statements		Consolidated Financial Statements			
	2017	%	2018	%	2019	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	1,701	2.3%	2,722	3.4%	1,348	1.6%
Long-term investment with maturity within one year	3	0.0%	-	-	4	0.0%
Credit card receivables-net	45,048	61.2%	47,937	60.2%	53,254	62.4%
Circle loan receivables-net	142	0.2%	130	0.2%	122	0.1%
Personal loan receivables-net	22,596	30.7%	24,644	30.9%	26,807	31.4%
Self-employed loan receivables-net	2	0.0%	2	0.0%	1	0.0%
Other receivables	1,264	1.7%	1,387	1.7%	1,152	1.3%
Total Current Assets	70,756	96.1%	76,822	96.5%	82,688	96.8%
NON-CURRENT ASSETS						
Long-term investment	9	0.0%	9	0.0%	5	0.0%
Leasehold improvements and equipment	516	0.7%	529	0.7%	495	0.6%
Intangible assets	509	0.7%	506	0.6%	481	0.6%
Deferred tax assets	1,764	2.4%	1,692	2.1%	1,659	1.9%
Other non-current assets	81	0.1%	90	0.1%	82	0.1%
Total Non-current Assets	2,880	3.9%	2,825	3.5%	2,721	3.2%
Total Assets	73,636	100.0%	79,648	100.0%	85,409	100.0%

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (Continued)

As of December 31, 2017 - 2019, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

Unit: Million Baht	Financial Statements					
	Separate Financial Statements		Consolidated Financial Statements			
	2017	%	2018	%	2019	%
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Short-term borrowings from financial institutions						
- Related financial institutions	500	0.7%	3,840	4.8%	3,840	4.5%
- Other financial institutions	9,568	13.0%	4,948	6.2%	7,536	8.8%
Trade payables-Related financial institution and related parties	1,319	1.8%	1,781	2.2%	911	1.1%
Trade payables-Other companies	359	0.5%	505	0.6%	856	1.0%
Accrued interest expenses	293	0.4%	378	0.5%	349	0.4%
Current income tax payable	428	0.6%	609	0.8%	598	0.7%
Accrued expenses	1,056	1.4%	1,087	1.4%	1,198	1.4%
Other payables	1,302	1.8%	2,069	2.6%	1,433	1.7%
Current portion of long-term loans	-	-	-	-	-	-
Current portion of long-term debentures	7,270	9.9%	5,285	6.6%	6,185	7.2%
Deferred income for reward points	2,559	3.5%	2,336	2.9%	2,277	2.7%
Total Current Liabilities	24,653	33.5%	22,837	28.7%	25,181	29.5%
NON-CURRENT LIABILITIES						
Long-term loans	-	-	-	-	-	-
Long-term debentures	36,085	49.0%	40,050	50.3%	39,980	46.8%
Provisions for employee benefits	320	0.4%	409	0.5%	513	0.6%
Total Non-current Liabilities	36,405	49.4%	40,459	50.8%	40,493	47.4%
Total Liabilities	61,059	82.9%	63,296	79.5%	65,674	76.9%

KRUNGTHAI CARD PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (Continued)

As of December 31, 2017 - 2019, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

Unit: Million Baht	Financial Statements					
	Separate Financial Statements		Consolidated Financial Statements			
	2017	%	2018	%	2019	%
Authorized share Capital						
- 2,578,334,070 ordinary shares of Baht 10.00 each	2,578	3.5%	-	-	-	-
Authorized share Capital						
- 2,578,334,070 ordinary shares of Baht 1.00 each	-	-	2,578	3.2%	2,578	3.0%
Issued and paid share capital						
- 2,578,334,070 ordinary shares of Baht 10.00 each, fully paid	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	3.0%
Share premium on ordinary shares	1,892	2.6%	1,892	2.4%	1,892	2.2%
Retained Earning						
- Appropriated-Legal reserve	258	0.4%	258	0.3%	258	0.3%
- Unappropriated	7,849	10.7%	11,624	14.6%	14,980	7.5%
Non-Controlling Interests	-	-	-	-	27	0.0%
Total Shareholders' Equity	12,577	17.1%	16,352	20.5%	19,735	23.1%
Total Liabilities and Shareholders' Equity	73,636	100.0%	79,648	100.0%	85,409	100.0%

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2017 - 2019, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

Unit: Million Baht	Financial Statements					
	Separate Financial Statements		Consolidated Financial Statements			
	2017	%	2018	%	2019	%
Income						
Interest Income-Credit Card	4,632	23.7%	4,884	23.0%	5,259	23.2%
Interest Income-Circle Loan	25	0.1%	23	0.1%	21	0.1%
Interest Income-Personal Loan	3,424	17.5%	3,883	18.3%	4,184	18.5%
Interest Income-Self-Employed Loan	13	0.1%	7	0.0%	4	0.0%
Fee and service income	8,120	41.6%	8,640	40.8%	9,172	40.5%
Bad debt recovered	2,855	14.6%	3,342	15.8%	3,496	15.5%
Gain on exchange rate-net	139	0.7%	142	0.7%	149	0.7%
Other income	319	1.6%	277	1.3%	340	1.5%
Total Revenues	19,525	100.0%	21,198	100.0%	22,625	100.0%
Expenses						
Administrative expenses	6,941	35.5%	7,311	34.5%	7,519	33.2%
Management remuneration	202	1.0%	212	1.0%	203	0.9%
Bad debts and doubtful accounts-Credit card	3,431	17.6%	2,858	13.5%	3,508	15.5%
Bad debts and doubtful accounts-Circle Loan	5	0.0%	5	0.0%	6	0.0%
Bad debts and doubtful accounts-Personal Loan	3,180	16.3%	2,834	13.4%	2,917	12.9%
Bad debts and doubtful accounts-Self-Employed Loan	11	0.1%	6	0.0%	2	0.0%
Bad debts and doubtful accounts-Others	-	-	-	-	-	-
Finance costs	1,629	8.3%	1,555	7.3%	1,566	6.9%
Total Expenses	15,399	78.9%	14,782	69.7%	15,721	69.5%
Profit before income tax	4,127	21.1%	6,416	30.3%	6,904	30.5%
Income tax expense	(822)	4.2%	(1,277)	6.0%	(1,380)	6.1%
Net Profit for the year	3,304	16.9%	5,140	24.2%	5,524	24.4%

KRUNGTHAI CARD PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the year ended December 31, 2017 - 2019, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

Unit: Million Baht	Financial Statements					
	Separate Financial Statements		Consolidated Financial Statements			
	2017	%	2018	%	2019	%
Other comprehensive income (loss)						
Gains (losses) on remeasurements of defined benefit plans	(22)	0.1%	2	0.0%	(67)	0.3%
Income tax relating to components of other comprehensive income (loss) that will not be reclassified to profit or loss	(4)	0.0%	0	0.0%	13	0.1%
Other comprehensive income (loss) for the year-net of tax	(18)	0.1%	1	0.01%	(54)	0.2%
Total Comprehensive Income for the year	3,287	16.8%	5,141	24.3%	5,470	24.2%
Basic Earnings Per Share (Baht)	1.28	-	1.99	-	2.14	-

KRUNGTHAI CARD PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

For the year ended December 31, 2017 - 2019, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

Unit: Million Baht	Financial Statements		
	Separate Financial Statements	Consolidated Financial Statements	
	2017	2018	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	4,127	6,416	6,904
Amortization of premium on debt securities	0.1	0.03	0.03
Amortization of deferred interest expense on bills of exchange	1	6	6
Employee benefits expense	34	117	44
Depreciation and amortization	350	352	339
Loss from disposal and written-off of leasehold improvements and equipment and computer software-net	(0.1)	0.2	410
Reversal of allowance for impairment of assets	-	-	(386)
Bad debts and doubtful accounts	6,627	5,703	6,433
Interest expense	1,612	1,537	1,546
	12,751	14,131	15,296
Operating assets decrease (increase)			
Trade receivables increase	(11,109)	(10,628)	(13,921)
Other receivables decrease (increase)	(166)	(123)	252
Other non-current assets decrease (increase)	(11)	(9)	8
Operating liability increase (decrease)			
Trade payables - related financial institution and related parties increase (decrease)	328	462	(870)
Trade payables - other companies increase	10	9	536
Accrued interest expenses increase (decrease)	12	(0.4)	(2)
Accrued expenses increase	28	31	110
Other payables increase (decrease)	182	768	(637)
Deferred income for reward points increase (decrease)	71	(223)	(58)
Cash received from operations	2,095	4,419	715
Interest expense paid	(1,607)	(1,452)	(1,574)
Employee benefits paid	(8)	(27)	(8)
Income tax paid	(806)	(1,024)	(1,345)
Net cash provided by (used in) operating activities	(327)	1,916	(2,211)

KRUNGTHAI CARD PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (Continued)

For the year ended December 31, 2017 - 2019, audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd

Unit: Million Baht	Financial Statements		
	Separate Financial Statements	Consolidated Financial Statements	
	2017	2018	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchase of long-term investment	(2)	-	-
Cash paid for investments in subsidiaries	-	-	-
Cash received from sale of long-term investment	-	3	-
Cash paid for purchase of leasehold improvements and equipment	(245)	(93)	(230)
Cash paid for purchase of computer software	(193)	(132)	(274)
Proceeds from sale of leasehold improvements and equipment and computer software	0.3	0.3	16
Net cash used in investing activities	(439)	(222)	(487)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from (paid for) short-term borrowings from financial institutions and related parties (net)	402	(1,287)	2,582
Proceeds from issuance of long-term debentures	11,500	9,250	6,115
Cash paid for redemption of long-term debentures	(9,568)	(7,270)	(5,285)
Dividend paid	(1,031)	(1,366)	(2,114)
Proceed from ordinary shares issued of subsidiaries	-	-	27
Net cash provided by (used in) financing activities	1,302	(673)	1,325
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	536	1,021	(1,374)
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,	1,165	1,701	2,722
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,	1,701	2,722	1,348

1.3 Key Financial Ratio

	Unit	As of December 31, 2017	As of December 31, 2018	As of December 31, 2019
Profitability Ratio				
Gross Profit Margin	%	85.8%	86.8%	87.7%
Net Profit Margin	%	16.9%	24.2%	24.4%
Return on Equity (ROE)	%	28.9%	35.5%	30.6%
Average Interest Received ⁽¹⁾	%	18.2%	18.0%	17.8%
Average Cost of Fund	%	3.1%	2.9%	2.8%
Net Interest Margin	%	15.1%	15.1%	15.0%
Efficiency Ratio				
Interest Revenue/Total Asset ⁽²⁾	%	14.6%	14.5%	14.6%
Return on Asset (ROA)	%	4.7%	6.7%	6.7%
Asset Turnover	times	0.3	0.3	0.3
Financial Ratio				
Debt to Equity (D/E)	times	4.9	3.9	3.3
Loan to Borrowing	%	137.6%	144.5%	149.2%
Interest Coverage Ratio	times	3.5	5.1	5.4
Dividend Payout Ratio	%	41.4%	41.1%	41.1% ⁽³⁾
Asset Quality Ratio				
Allowance for Doubtful Account/Total Receivables	%	7.8%	7.0%	6.6%
Bad Debt/Total Receivables	%	8.6%	7.6%	7.3%
% NPL	%	1.3%	1.1%	1.1%
% NPL Credit Card	%	1.1%	1.0%	0.9%
% NPL Personal Loan	%	0.8%	0.8%	0.9%

⁽¹⁾ Credit usage fee is included in the calculation

⁽²⁾ Interest revenue is included credit usage fee

⁽³⁾ The right to receive dividends is unconfirmed until approved by the Annual General Shareholders Meeting 2020 (No. 18)

2. Management Discussion and Analysis

2.1 Commentary and analysis for the Company's financial positions and the 2017 - 2019 performance

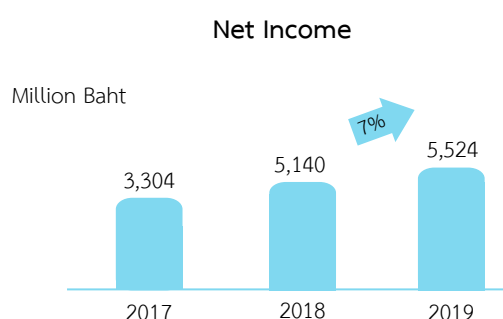
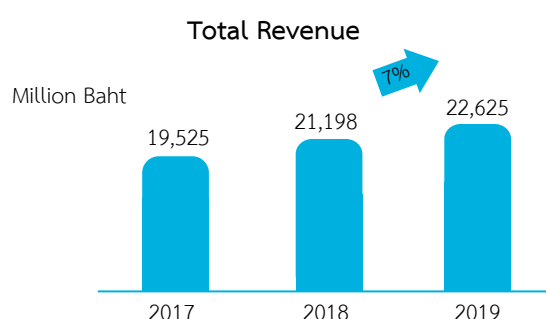
2.1.1 Commentary for the Company's 2017 - 2019 financial statements

Basis of preparation and presentation of the 2017 - 2019 financial statements

The company maintained its accounting records in Thai Baht and prepares its statutory financial statements in Thai language in accordance with Thai Financial Reporting Standards and generally accepted accounting principle in Thailand. Details of the financial reporting standards are available in the notes to the financial statements of the company in that respective year.

2.1.2 Analysis for the Company's financial positions and 2017 - 2019 performance

Overall Performance Analysis for Year 2019



Year 2019 was another year that KTC successfully achieved its sustainable profit growth with its new record-breaking profit. Its total revenue expanded at 6.7%. Although the Company had faced constantly increased competition in consumer finance business, along with digital disruption from the impacts of rapid technological developments, complete consumer behavioral changes to focus only on speed and convenience, as well as strict regulations from regulatory bodies, the Company had tirelessly adjusted and improved its business plans to promptly respond to these challenges. Regardless, KTC had accomplished its new high profits consecutively for 7 years with net profit of 5,524 MB or accounted for a 7.5% growth from last year. Due to the Company's capabilities to vigorously adapt itself, its credit card spending outgrew that of the industry and its credit card receivables growth soared to the highest in the past 3 years. The Company also continued to strengthen its total portfolio's quality as well as its efficiency in debt collection. Hence, its NPL level remained lower than that of the industry. KTC's performance overview can be summarized as the followings.

- The company's consolidated financial statements reported net profit of 5,524 MB, which grew 7.5% from the expansion of the portfolio. The total comprehensive income amounted to 5,470 MB.

- Credit card spending continued to expand in every quarter of year 2019. By quarterly comparison, KTC's growths (yoy) in Q1, Q2, Q3 and Q4 were at 10.4%, 10.5%, 10.4%, and 11.1% respectively whereas the industry's growth were at 8.6%, 7.8%, 11.0% and 8.5% respectively. For the whole year of 2019, the industry's growth was at 9.0% while KTC's one was at 10.6%, with its total credit card spending amounted to 213,629 MB. The Company's credit card member increased by 5.2% (yoy). Under its modified conceptual framework following consumer behavioral change, the Company had offered additional benefits through discounts, cash back and points redemption. Simple and convenient online marketing had also been provided. All these factors had accomplishedly contributed to the Company's credit card spending growth.

Operating Result (unit: Million Baht)	2019	Prop (%)	2018	Prop (%)	Growth %
Total Revenue	22,625	100%	21,198	100%	7%
- Bad debt recovery	3,496	15%	3,342	16%	5%
Administrative Expense	7,722	34%	7,524	35%	3%
Financial Expenses	1,566	7%	1,555	7%	1%
Bad debt and Doubtful Accounts	6,433	28%	5,703	27%	13%
Profit Before Tax	6,904	31%	6,416	30%	8%
Income Tax Expense	(1,380)	6%	(1,277)	6%	8%
Net Profit	5,524	24%	5,140	24%	7%
Other comprehensive income (loss) for the year, net of tax	(54)	0%	1	0%	(3,995%)
Total comprehensive income for the year	5,470	24%	5,141	24%	6%

- Total receivables for 2019 was 85,834 MB, a 10% growth from the previous year. Credit card receivables increased from 51,062 MB to 56,653 MB and personal loan receivables increased from 26,821 MB to 28,933 MB.

- Total revenue was up 7% from last year or amounted to 22,625 MB, resulting from the increase in interest income (including credit usage fee) of 8%, in fee income of 5% and in bad debt recovery income of 5%.

- Net interest margin at the end of 2019 was at 15.0%, compared to last year of 15.1%. This is because of the decline in average interest received from 17.99% to 17.80%, and so did funding cost from 2.89% to 2.81%. Hence, net interest margin hardly changed from the previous year.

- Total portfolio's quality was effectively managed. Its total NPL this year was down to 1.06%, from the end of 2018 at 1.14% (yoy).

- Bad debts and doubtful accounts amounted to 6,433 MB, up by 13% compared to the prior year. This was due to ongoing expansion in the portfolio and more bad debts write-offs. Yet, the Company's allowance for doubtful accounts to NPL ratio remained at the high level of 620%.

- Net operating cost to income ratio was at 25.3%, down from last year of 26.6%, indicating the Company's capability in efficiently manage its expense ratio.

Business Overview in 2019

The slowdown in global economy had unavoidably affected the Thai economy in 2019. The Bank of Thailand had adjusted its growth forecast to 2.5%. For 2020 outlook, the Thai economy is likely to expand from its low base this year with GDP growth forecast in the range of 2.5%-2.9%. Key driving forces would be from potential expansion in domestic demands from household spending as well as from government's economic stimulus measures.

In 2019, overall consumer finance industry continued to grow from last year. The industry's credit card receivables as of December 2019 amounted 457,090 MB, a 9.2% growth, compared to last year of a 6.2% growth with total amount of 418,747 MB. The industry's personal loan receivables amounted to 579,788 MB. Meanwhile, the industry's total credit card spending in 2019 amounted to 1,885,725 MB, a 9.0 % growth, lower than last year of 9.2% due to overall Thai economic slowdown.

For year 2019, KTC's credit card receivables accounted for 12.4% of the industry, increased from the end of last year at 12.2%, with its credit card spending's market share at 11.3%, higher than last year of 11.2%. For personal loan receivables, KTC accounted for 5.0% of the industry, however the current number cannot be compared to the past one as the industry's personal loan receivables data included the number from car title loan since February 2019.

Industry Comparison	2017	2018	2019
Credit Card Receivable (MB)	394,123	418,747	457,090
Growth (%)	9.4%	6.2%	9.2%
KTC credit card receivables to industry (%)	12.3%	12.2%	12.4%
Number of cards (cards)	20,334,780	22,105,554	23,620,374
Growth (%)	1.0%	8.7%	6.9%
Credit card spending (MB)	1,572,599	1,730,488	1,885,725
Growth (%)	5.7%	10.0%	9.0%
KTC credit card spending to industry (%)	11.2%	11.2%	11.3%
Personal loan receivables (MB)	354,243	383,303	579,788
Growth (%)	6.4%	8.2%	51.3%
KTC Personal loan receivables to industry * (%)	7.0%	7.0%	5.0%

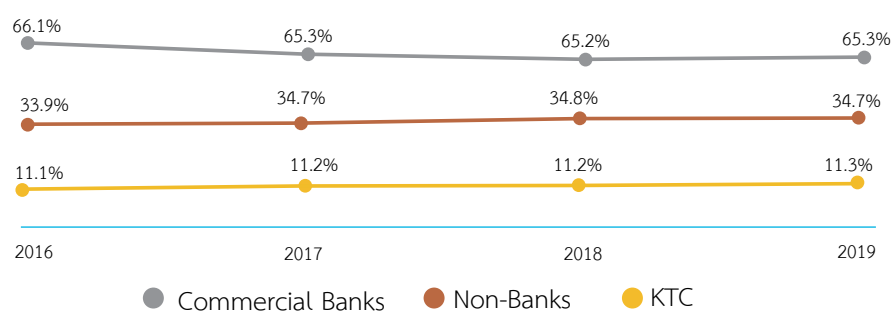
Source: The Bank of Thailand

* Personal loan receivables include car title loan since February 2019

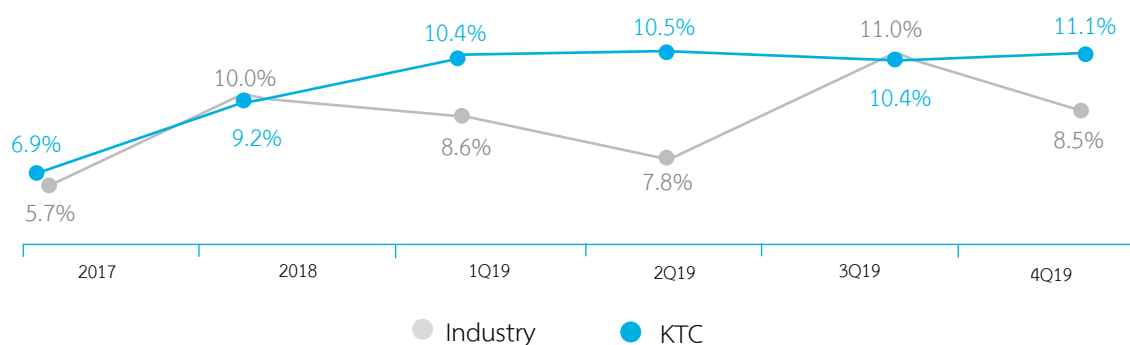
KTC's Credit Card Spending Compared to the Industry's

The Company's credit card spending for year 2019 was higher than that of the industry. KTC's credit card spending growth for year 2019 was 10.6% while that of the industry was 9.0%. The Company's market share for year 2019 was at 11.3%, up from the end of 2018 at 11.2%.

Credit Card Spending Market Share



Credit Card Spending (%YoY)



Higher Interest Income from Both Main Businesses

- **Increase in total revenue.** Total revenue for 2019 amounted to 22,625 MB, a 7% increase. Interest income (including credit usage fee), fee income and other incomes amounted to 13,607 MB, 5,032 MB and 3,985 MB respectively and were accounted for 60%, 22% and 18% of total revenue respectively. In term of other revenues, 88% of those were mainly from bad debts recovery.

- **Higher interest income from both main businesses.** The Company had extended its member base by focusing its operations solely on Customer Needs, along with selecting marketing campaigns that satisfy member's demands and thoroughly cover their daily transactions. KTC FOREVER points were also used to promote member's long-term loyalty. In addition, extreme online benefits were

offered at no less than those of regular shops to ensure member's choice of KTC as their preferred card. The Company's total credit card receivable and personal loan receivable portfolios grew 11% and 8% respectively. Interest income (including credit usage fee) amounted to 13,607 MB, with both credit card and personal loan interest income increased at 7% and 8% consequently.

- **Maintained net interest margin.** The Company's net interest margin at the end of 2019 stayed at 15.0%, compared to that of 15.1% in 2018. This was due to average interest rate received declined from 17.99% to 17.80%. However, cost of fund was also lower from 2.89% to 2.81%. Thus, net interest margin hardly changed.

Unit: Million Baht	2019	% of total revenue	2018	% of total revenue	Growth (%YoY)
Total interest income including credit usage fee	13,607	60%	12,641	60%	8%
- Credit card receivables	6,255	28%	5,820	27%	7%
- Personal loan receivables	7,327	32%	6,791	32%	8%
- Other receivables (Circle loans/ self-employed)	25	0.1%	30	0.1%	(15%)
Fee income (excluding credit usage fee)	5,032	22%	4,795	23%	5%
Financial cost	1,566	7%	1,555	7%	1%
Net Interest Margin	15.0%		15.1%		

- **Higher fee income.** Fee income (excluding credit usage fee) grew at 5% compared to the previous year or amounted to 5,032 MB. The increase was mainly 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. Merchant discounts fee which is the fee charged to KTC merchants for providing services almost unchanged from last year. Meanwhile, fee income from debt collection grew at a slower pace.

Expense Management

- **Total expense increased by 6% (yoy) to support portfolio expansion.** For 2019, the Company's total expense (excluding income tax) amounted to 15,721 MB, up 6% from 14,782 MB. Total administrative expense was only up 3% (yoy) with the breakdown of the 3% (yoy) rise in personnel expense and the 12% (yoy) rise in marketing expense which was due to new members acquiring cost to expand new bases of both credit card and personal loan as well as the increase in marketing campaigns to promote more card spending and more cash advance. Fee expense and other administrative expenses barely changed with the increase of only 0.3% (yoy) and 0.5% (yoy) respectively. Bad debts and doubtful accounts were higher by 13% (yoy) as a resulting of higher bad debts write-offs and more provisions set up for doubtful accounts from ongoing expansion of the portfolio. Meanwhile, funding cost was

almost the same, slightly up by 0.7% (yoy) thanks to the Company's capability in effectively managing and suitably apportioning its funding sources.

- **Decline in operating cost to income ratio from last year due to continuous improvement of work processes.** Total cost to income ratio was at 34.1%, lower from the previous year of 35.5%. When operating expense excluding marketing expense and interchange fee expense was only considered, net operating cost to income ratio was at 25.3%, down from last year of 26.6%. This was owing to continuous increase in work process improvement, which includes the communication tool, 'KTC Mobile', that has also been enhanced for its simple use and for satisfying member's needs as a financial tool to help control their expense and risk.

Unit: Million Baht	2019	% of total revenue	2018	% of total revenue	Growth (%YoY)
Personal Expense	2,450	11%	2,374	11%	3%
Marketing Expense	1,014	4%	909	4%	12%
Fees	2,373	10%	2,366	11%	0.3%
Other Administrative Expense	1,884	8%	1,874	9%	1%
Total Administrative Expense	7,722	34%	7,524	35%	3%

Maintained High Quality of Receivable Portfolio.

- **Total receivable portfolio grew 9.8%.** In 2019, total receivables amounted to 85,834 MB with the breakdown of 56,653 MB (up 10.9% yoy) from total credit card receivables and 28,933 MB (up 7.9% yoy) from total personal loan receivables. When deducting the allowance for doubtful accounts of 5,650 MB, the Company's net receivables was at 80,183 MB, with the amount of 53,254 MB which was 66% of total net receivables accounted for net credit card receivables, and with the rest of 26,807 MB accounted for net personal loan receivables.

- **A 2% increase in member base from last year.** At the end of December 2019, the Company had total members of 3.4 million accounts, up 2% from last year,

with current membership consisting of total number of 2,510,914 credit cards (grew 5%) and total number of 888,342 personal loan accounts (contracted 7%) from closing inactive personal loan accounts.

- **Strictly monitored NPL level of both credit card and personal loan businesses.** Thanks to the Company's emphasis on NPL portfolio's quality, its total NPL level stood at 1.06%, dropped from last year of 1.14% with NPL for credit card down to 0.93% from 0.99% while NPL for personal loan was up from 0.76% to 0.92%. The Company's ratio of the allowance for doubtful accounts to NPL remained high at 620%, compared to last year of 616%.

Unit: Million Baht	2019	% of total revenue	2018	% of total revenue	Growth (%YoY)
- Credit card's bad debts and doubtful accounts	3,508	16%	2,858	13%	23%
- Personal loan's bad debts and doubtful accounts	2,917	13%	2,834	13%	3%
- Other bad debts and doubtful accounts *	9	0.04%	11	0.1%	(20%)
Total bad debts and doubtful accounts	6,433	28%	5,703	27%	13%

* Other loans include circle loan, self-employed loan, etc.

• **Rise in bad debts and doubtful accounts.** Bad debts and doubtful accounts amounted to 6,433 MB, higher by 13% (yoy) from last year of 5,703 MB. This was due to not only more provisions set up following portfolio expansion but also higher bad debts which were under legal process and due this year for write offs.

Financial Highlight (Unit: Million Baht)	4Q2019	4Q2018	Growth (%YoY)	2019	2018	Growth (%YoY)
Total Revenue	5,927	5,455	9%	22,625	21,198	7%
Total Expense (Excluding Financial Cost)	3,878	3,533	10%	14,155	13,226	7%
Total Expense (Including Financial Cost)	4,278	3,921	9%	15,721	14,782	6%
Net Profit	1,319	1,229	7%	5,524	5,140	7%
Credit card receivables-net	53,254	47,937	11%	53,254	47,937	11%
Personal Loan receivable-net	26,807	24,644	9%	26,807	24,644	9%
Other net receivables *	123	132	(7%)	123	132	(7%)
Total Assets	85,409	79,648	7%	85,409	79,648	7%
Borrowings	57,540	54,122	6%	57,540	54,122	6%
Total Liabilities	65,674	63,296	4%	65,674	63,296	4%
Total shareholders' equity	19,735	16,352	21%	19,735	16,352	21%

* Other loans include circle loan, self-employed loan, etc.

Financial Status and Sources of Fund Raising

• **Increase in credit card receivables.** The Company's assets at the end of 2019 were at 85,409 MB, up from 79,648 MB by 7% compared to the previous year. The main income generating assets were net receivables of 80,183 MB, accounted for 94% of total assets whereas the rest of 6% comprised of cash, other receivables, deferred tax assets and other assets.

• **Effective fund raising.** The Company's total borrowings amounted to 57,540 MB or a 6% increase from last year. 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 7,536 MB. Long-term borrowings were from debentures issuances of 46,165 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 2019, the Company's total credit lines amounted to 29,540 MB, comprising of 18,030 MB from Krung Thai Bank and 11,510 MB from other commercial banks. However, the Company had utilized some of those credit lines, hence total available credit line at the end of December 2019 was 23,660 MB. The Company's cost of funds at the end

of 2019 stood at 2.81%, down from last year of 2.89% thanks to the Company's capability in effectively managing its borrowing cost to be appropriately proportioned with portfolio expansion. In the meantime, the Company's debt to equity ratio was at 3.33 times, very well below the bond covenant limited at 10 times.

Financial Highlight	4Q2019	4Q2018	Growth (%YoY)	2019	2018	Growth (%YoY)
Gross profit margin (%)	87.9%	86.9%	1%	87.7%	86.8%	1%
Net profit margin (%)	22.3%	22.5%	(1%)	24.4%	24.2%	1%
Interest coverage ratio (times)	5.1	5.0	3%	5.4	5.1	6%
Debt to equity ratio (times)	3.3	3.9	(14%)	3.3	3.9	(14%)
Return on equity (%)	29.2%	34.0%	(14%)	30.6%	35.5%	(14%)
Return on asset (%)	6.4%	6.4%	(0.3%)	6.7%	6.7%	(0.2%)
Allowance/Total receivables (%)	6.6%	7.0%	(6%)	6.6%	7.0%	(6%)
Allowance/NPL (%)	620%	616%	1%	620%	616%	1%
Book Value (Baht)	7.7	6.3	21%	7.7%	6.3	21%
Earning per shares (Baht)	0.51	0.48	7%	2.14	1.99	7%

Total comprehensive profit for year 2019 amounted to 5,470 MB composing of net profit for 5,524 MB and other comprehensive loss for 2019 tax year of 54 MB which was due to the loss from new estimates of employee benefit program and income tax relating to items that will not be reclassified subsequently.

Actual Performance Compared to 2019 Targets

KTC had successfully accomplished its total portfolio growth of 10% as previously anticipated, along with maintained its NPL level at 1.1% as planned. Even though credit card spending growth was only 11%, behind the target of 15%, the Company continued to attain steady income from both credit card and personal loan businesses. Income from bad debt recovery remained high. And thanks to effective fund raising, funding cost continued to stay at low level. Meanwhile, the Company's total expense increased due to higher marketing budgets to support member base expansion. Also, as total portfolio grew potentially, more provisions were set up as well as bad debts increased, hence bad debts and doubtful accounts were higher than last year. As a result, the Company's profit grew at a slower pace of 7.5%.

Potential Impacts from TFRS9

Federation of Accounting Professions has announced new accounting standards, new financial reporting standards and translation of new financial reporting standards which are already announced in the Royal Gazette and will be enforced for financial statements with the accounting period starting from January 1, 2020. One of new financial reporting standards is TFRS9: Financial Instruments.

Impacts from applying the new accounting standard TFRS9 are anticipated to be on numerical financial reporting rather than on actual business operations. The most impact is from the standards for bad debts write offs which is more strictly than the previous ones. In TFRS9 standards, the Company is able to write off bad debts only when it can no longer reasonably anticipate that those debt could be collected (referred to TFRS9 standards, 3.2 financial assets write offs). Hence, when the Company writes off bad debts for tax benefits according to the Ministerial Regulation No. 186 (B.E 2534) issued by virtue of the Revenue Code regarding writing off bad debts from debtors' accounts, the Company is probably not able to immediately report such write offs in accounting until it can expect with great certainty that those debts will not be repaid in which then, accounting write offs can be done.

The differences in the Company's new financial reporting according to TFRS9 standards can be explained as followings.

1. Bad debts written off for tax benefits will not be removed from the report until proven that such debts could no longer be repaid. Hence, new NPL under TFRS9 is comparable to Write offs + NPL under old standard. For example, Company A is used to write off bad debts at 7-8% yearly and left with NPL around 1%. Under TFRS9, new base of NPL would be around 8-9%.

2. According to the new standards, the Company will still acknowledge interest income from NPL until such NPL is written off, and even it's already in Stage 3.

3. The new standards require the Company to set up provisions for NPL (both principle and interest) according to the calculation following ECL Model (Expected Credit Loss Model) which is not 100% provisions set up as before.

4. In case that there is difference between interest income and provisions set up for interest, the new standards require the Company to recognize such difference in income statement.

5. Owing to new reporting of NPL, relevant ratios such as allowance for doubtful accounts to total receivables (Allowance/Port), allowance for doubtful accounts to receivables with over 90 days past due (NPL Coverage), will also be affected. With changes in many parts of the new standards and with the impact of ECL Model, portfolio characteristics and various impacts to portfolio would affect different ways in provisions set up. Therefore, the new estimates to use as a base to calculate aforementioned ratios would be somewhat difficult. Regardless, based on current facts, the Company believes that under the new standards, the ratio of Allowance to Port according to the new base would be roughly 9%-11% and NPL Coverage would be around 100-200%. Once TFRS9 is fully adopted, such ratios are expected to be more precisely estimated.

With provisions set up for doubtful accounts as of December 31, 2019, when applying ECL Model calculation, there is a certain amount of excess. Therefore, management has arranged the additional amount into Management Overlay as defined in TFRS9 standards so that the Company can enter TFRS9 without excess provisions

And for benefits of comparison between old and new financial reports, the Company will continue to publish its old formats under Management Report in MD&A for 1 - year period starting from Q1, 2020.

2.2 Analysis for the Company's Business in 2017 - 2019

To clearly compare the ability to generate income in each of the Company's business. The Company therefore compares the operational results of each business for the year ended 31 December 2017 - 2019, which can be categorized as follows:

Income by Business	For the year ending December 31, 2017		For the year ending December 31, 2018		For the year ending December 31, 2019	
	MB	Portion (%)	MB	Portion (%)	MB	Portion (%)
1. Credit Card Income ⁽¹⁾	11,642	59.6%	12,363	58.3%	13,068	57.8%
2. Personal Loan Income ⁽¹⁾	7,377	37.8%	8,377	39.5%	9,038	39.9%
3. Other Incomes	506	2.6%	457	2.2%	520	2.3%
- Circle Loan Income ⁽¹⁾	31	0.2%	28	0.1%	26	0.1%
- Self Employed Loan Income ⁽¹⁾	17	0.1%	9	0.0%	5	0.0%
- Other Incomes ⁽²⁾	458	2.3%	420	2.0%	489	2.2%
Total	19,525	100.0%	21,198	100.0%	22,625	100.0%

⁽¹⁾ Including each business's bad debt recovery

⁽²⁾ Other Incomes: other fee incomes and profit (loss) from exchange rate

Currently, the Company has two main businesses, namely the credit card business and the personal loan business. In 2017, the Company's revenue structure was 60%, 38%, and 2% of total revenue respectively. In 2018, the Company's revenue structure was 58%, 40%, and 2% of total revenue. In the year 2019, the Company's revenue structure was 58%, 40%, and 2% of total revenue respectively.

Credit Card Business

Credit Card Income	For the year ending December 31, 2017		For the year ending December 31, 2018		For the year ending December 31, 2019	
	MB	Portion (%)	MB	Portion (%)	MB	Portion (%)
1. Credit Card Interest Income ⁽¹⁾	5,894	50.6%	5,820	47.1%	6,255	47.9%
2. Fee Incomes	4,043	34.7%	4,602	37.2%	4,846	37.1%
- Card Issuing	2,471	21.2%	2,890	23.4%	3,107	23.8%
- Merchant Acquiring	1,572	13.5%	1,712	13.8%	1,738	13.3%
3. Bad Debt Recovery	1,705	14.6%	1,942	15.7%	1,967	15.0%
Total	11,642	100.0%	12,363	100.0%	13,068	100.0%

⁽¹⁾ Credit card interest income includes credit usage fee income

Income from credit card business consists of 3 types of income namely: interest income, fee income, and bad debt recovery. Credit card income as of December 31, 2019 consisted of 48% interest income, 37% fee income, and 15% bad debt recovery.

1. Credit Card Interest Income

In 2019, the Company continues to focus creating creative marketing plans to impress members and support growth to establish as the preferred brand in the long run; via the expansion member bases as well as acquire new

members. Cooperation with business partners and addressing current members demands also promotes spending via KTC credit cards as default cards. This year despite the intense competition, the transition to the digital age, and the measures to control credit card limits the Company was able to expand its card base while keeping NPL at low level and gain credit card spending growth. As of December 31, 2019, the Company reported 2,510,914 credit cards, an increase of 5.2% from the previous year, and the card spending grew 10.6% to 213,629 million baht, with growth outperforming the industry.

	For the year ending December 31, 2017	For the year ending December 31, 2018	For the year ending December 31, 2019
Number of Credit Card (Cards)	2,169,370	2,387,659	2,510,914
Growth (%YoY)	3.5%	10.1%	5.2%
Credit Card Receivables-net (Million Baht)	45,048	47,937	53,254
Growth (%YoY)	4.8%	6.4%	11.1%
Total Credit Card Spending ⁽¹⁾ (Million Baht)	176,777	193,101	213,629
Growth (%YoY)	6.9%	9.2%	10.6%

⁽¹⁾ Credit card spending includes cash advance

2. Fee Income from Credit Card Issuance

Total fee income of the credit card business, from both credit card issuance and card acquiring, continues to increase. 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 also includes cash advance fee income. In 2017 and 2018, revenue from credit card issuance fees was 2,471 million baht and 2,890 million baht respectively. For 2019 revenue from credit card issuance fees was 3,107 million baht, grew 7.5% from the same period last year.

3. Fee Income from Merchant Acquiring

	For the year ending December 31, 2017	For the year ending December 31, 2018	For the year ending December 31, 2019
Number of KTC Merchant ⁽¹⁾ (Merchants)	32,875	36,837	39,870
Growth (%YoY)	10.5%	12.1%	8.2%
Total Spending through KTC Merchants ⁽²⁾ (Million Baht)	77,884	85,732	82,054
Growth (%YoY)	26.3%	10.1%	(4.3%)
Fee Income from Merchant Acquiring Business (Million Baht)	1,572	1,712	1,738
Growth (%YoY)	18.2%	8.9%	1.5%

⁽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. The number merchant outlets in 2017 and 2018 was 32,875 outlets and 36,837 outlets respectively. In 2019 the number of merchant outlet was 39,870 outlets, an increase of 8.2% from the previous year as a result of the Company's merchant expansion project hence the continuous installation of EDC machines. In this regard, the Company revenue from merchant acquiring business in 2019 was 1,738 million baht contributed by merchant discount fees, which are fees that the Company receives from merchants for being a store company for KTC merchants.

• Personal Loan Business

The Company's personal loan business officially launched in October 2003 to provide a diverse consumer finance service and offer special conditions that tailored to meet customer demands. In 2006, the Company launched and implemented a policy to expand KTC Cash Revolve portfolio to generate increased revenue. In 2014, the Company rebranded its image from "KTC Cash Revolve" to "KTC PROUD" by adding KTC FLEXI installment payment

feature as part of the new KTC PROUD service. In 2016, the Company set its policy to penetrate the market cautiously and sustainably and therefore adjust the requirements of KTC PROUD applicants from income of 10,000 baht to 12,000 baht since November 1, 2016, and recently changed its name to "KTC PROUD".

In 2019, the Company has expanded its member base, and improved customer experience for existing members by implementing targeted marketing based on demographic and cash withdrawal behavior; delivering products that meet with customers demand as well as increasing value for members throughout the year. Moreover, new product was added with the car title loan which is a secured loan paid in equal installments with the highest interest rate of 28% annually. In addition, more online channels were provided to support consumer behavior in the digital age. Therefore, in 2019 personal loan net receivable was 26,807 million baht, an increase of 8.8% from the previous year. Interest income was 7,326 million baht, an increase of 7.9% compared to the previous year.

	For the year ending December 31, 2017	For the year ending December 31, 2018	For the year ending December 31, 2019
Personal Loan Receivables-net (Million Baht)	22,596	24,644	26,807
<i>Growth (%YoY)</i>	12.1%	9.1%	8.8%
Interest Income ⁽¹⁾ (Million Baht)	6,027	6,791	7,326
<i>Growth (%YoY)</i>	18.8%	12.7%	7.9%
Fee Income (Million Baht)	208	192	187
<i>Growth (%YoY)</i>	12.8%	(7.6%)	(3.0%)
Bad Deb Recovery-PL (Million Baht)	1,142	1,394	1,525
<i>Growth (%YoY)</i>	21.1%	22.1%	9.4%

⁽¹⁾ Personal loan's interest income Includes credit usage fee income

• Circle Loan Business

Circle loan is a loan that the Company has no policy to expand since 1996, and it serviced only members that still own the accounts. Therefore, the circle loan receivables have continuously decreased. As of December 31, 2019, circle loan net receivable was 122 million baht.

	For the year ending December 31, 2017	For the year ending December 31, 2018	For the year ending December 31, 2019
Circle Loan Receivables (Million Baht)	142	130	122
<i>Growth (%YoY)</i>	(9.8%)	(8.2%)	(6.7%)
Interest and Fee Incomes (Million Baht)	25	23	21
<i>Growth (%YoY)</i>	(14.3%)	(8.7%)	(7.7%)
Bad Debt Recovery-Circle Loan (Million Baht)	6	5	4
<i>Growth (%YoY)</i>	(14.3%)	(11.1%)	(12.8%)

• Self Employed Loan Business

The Company officially launched the Self Employed loan business in September 2004. However, due to the political and economic uncertainty that occurred in 2006, the operations of small businesses were affected, which are the targets of the Self Employed loan. In order to limit the default risk from Self Employed loan customers, the Company no longer expand the Self Employed loan portfolio. As of December 31, 2019, the Self Employed loan net receivable was only 1 million baht and interest income was 4 million baht.

	For the year ending December 31, 2017	For the year ending December 31, 2018	For the year ending December 31, 2019
Self Employed Receivables-net (Million Baht)	2	2	1
<i>Growth (%YoY)</i>	<i>(37.5%)</i>	<i>(20.1%)</i>	<i>(36.1%)</i>
Interest and Fee Incomes ⁽¹⁾ (Million Baht)	14	7	4
<i>Growth (%YoY)</i>	<i>(33.3%)</i>	<i>(48.6%)</i>	<i>(39.4%)</i>
Bad Debt Recovery-Self Employed (Million Baht)	2	1	1
<i>Growth (%YoY)</i>	<i>24.5%</i>	<i>(42.7%)</i>	<i>(48.4%)</i>

⁽¹⁾ Self Employed's interest income Includes credit usage fee income

2.3 Forward Looking

2.3.1 Business Plans for 2020

Rapid evolution of digital technology has affected business operations and people's lifestyle as never seen before. The swift incoming of FinTech, together with the entry into digital economy that allows cashless spending and payment will alter usual ways of conducting financial transactions. In addition, the government policy of National e-Payment intended to change consumer behavior to cashless society has led the significant role of technology-based intermediary payment companies into people's life. Owing to all aforementioned factors, KTC has enhanced its various strategies to assure its continuously and satisfactory solid performance as well as its long-term secure stance in the business.

KTC business directions in 2020 aims at building its growth with a new vision of becoming financial platforms that stand alongside Thai society with a user-friendly concept. Two main platforms which are 'Payment Platform' and 'Retail lending Platform' will be introduced with 3 strengths of security, speed and impressive experience to assure member satisfaction as well as to support the Company's new business expansion into secured retail lending, adding to its existing credit card and personal loan businesses.

Meanwhile, KTC is capable of providing diverse and one stop service consumer lending. Car title loan, Pico Plus (multi-purpose lending offered to retails at provincial level) and Nano Finance (retail lending for self-employed individuals of low-income earners) have already been launched gradually for their services.

In addition, in order to conduct its businesses to promptly and precisely meet customer demands and expectations, KTC has stepped up to be 'Agile Entity' or a living organism. Starting with new conceptual framework, business operations will be flexible and able to swiftly cope with changes. This can be done thru 5 key factors which are 1) Strategy - Create opportunities and utilize existing resources to add values to all stakeholders, 2) Structure - Define clear roles and responsibilities for personnel and encourage them to initiate jobs as well as to solve their own problems for better performance, 3) Process - Analyze incidents in workplace, build a learning cycle and promote decision making, along with reduce risk and create success, 4) People - Connect talented people together, motivate personnel for a sense of corporate ownership which in turn will drive the efficiency of the organization, and 5) Technology - is a necessary part that needed to be merge with every dimension of the organization. For 2020, KTC has determined its strategies in each area as follows.

Credit Card Business - ‘Everyone, every day and everywhere’

With the aim for KTC credit card to be its member’s every day and everywhere choice whether spending thru online or thru both domestic and international stores, KTC will focus not only on providing worthwhile KTC FOREVER point but also on creating impressive experiences for both general and premium members as well as for young generation whose lifestyle concentrating on online communications. Segmentation strategy for marketing campaigns is also applied by managing existing portfolio at maximum efficiency. In the meantime, KTC continues to emphasize on expanding merchant networks to thoroughly cover its member’s lifestyle. The Company will also enhance the efficiency of its communication channels so that its members can receive any information they require.

Merchant Business – expand merchant networks

KTC targets to expand merchant business by providing merchant members with payment solutions that suitably address their needs in various business segments in order to build their satisfactory service experience as well as to promote sustainable growth for the Company. The Company will also focus on offering installment payment with KTC card and full payment plans. In addition, KTC aims to penetrate diverse segments especially Alipay to support growing Chinese market, along with online stores. The Company will continue to work closely with Krung Thai Bank to develop and expand opportunities for further businesses together, which will in turn increase the Company’s revenues.

Personal Loan Business - focus on sustainable growth

For personal loan business, KTC plans to increase lending, together with strengthen portfolio’s quality with 4 key factors which are

1) Acquire new members whose needs are to uplift their quality of life.

2) Maintain current member base with aims for their long-term loyalty and that KTC card is their first choice by alleviating debt burdens for members with good discipline payment thru marketing campaigns that truly satisfy their needs.

3) Develop products and services that promote member’s complete satisfaction. With new service, member can request for an emergency credit limit increase with self-service transaction for 24 hours a day.

4) Promote members with good quality of life for sustainable and in unison growth by initiating their financial disciplines thru organizing Financial Literacy seminar and thru providing useful articles via simple medias, as well as further arranging knowledge sharing workshops for career and investment advice in order to help enhance member’s future income.

Member Base Expansion

Strategies to expand member base are both challenging and providing good opportunities for KTC. To thoroughly satisfy retail customers, KTC offers them with diverse and one stop service lending products, including the latest one ‘KTC P’ BERM’, which is compose of car title loan, motorcycle title loan and cash loan. Online application will be increasingly focused. Yet, main member acquiring channels are still thru Krung Thai Bank and outsource sales.

Other Supporting Strategies

- **Promote online service to support current consumer behavior. KTC has stepped up into Digital Age thru online market expansion.** The Company aims to develop its products and services to satisfy members favoring online self-service transactions. These include mobile application ‘KTC Mobile’ as well as ‘KTC Online’ which has been enhanced to support every device whether it’s PCs or Tablets or Mobiles or any OS devices. Website ‘www.ktc.co.th’ has also been adjusted for simple and up-to-date use so that members can appreciate seamless experience and enjoy highest satisfaction.

- **KTC FOREVER/ Installment payment service thru KTC Flexi and online stores thru U-Shop,** a marketing strategy that concentrates on providing diverse benefits. The Company will continue to use KTC FOREVER points rewards and KTC Flexi as its key driving forces to add values for its long-term loyalty members. Members can redeem points for goods and services at service points as well as via online. Other marketing activities will also be covered such as various insurance product offerings, 'KTC U SHOP' which goods will be carefully selected by its quality and by seller's credibility, along with campaigns using segmentation strategy.

- **Further promote tourism market by distinguishing itself from other competitors with KTC World service.** These strategies include collaborative marketing with airline partners, travel agents, hotels, tourism organizations both domestic and foreign etc. as well as providing discounts and privileges. Travel information and online planes ticket booking are also available via website www.ktcworld.co.th to meet with member's lifestyle in digital era. In addition, travel communities are created thru KTC World Facebook, Instagram and Twitter to service travel information for KTC credit card members.

Report from the Audit Environmental Social and Governance Committee

Dear shareholders of Krungthai Card Public Company Limited

The Audit Environmental Social and Governance Committee (Audit Committee) is composed of three independent directors with expertise in different areas. The Audit Committee fulfills its duties under the scope of responsibilities mandated by the Board of Directors and consistent with the notifications of the Capital Market Supervisory Board and the stipulations of the Securities Exchange of Thailand. The current Audit Committee consists of

1. Mr. Praphaisith Tankeyura
Chairman of the Audit Committee
2. Mrs. Nampung Wongsmith
Member of the Audit Committee
3. Mr. Nathporn Chatusripitak
Member of the Audit Committee

The Assistant to CEO responsible for the internal audit department acts as Secretary to the Audit Committee, and the Assistant to CEO responsible for the compliance department acts as Assistant Secretary to the Audit Committee.

Audit responsibility

In 2019, the Audit Committee convened 11 times to fulfill its duties under the scope of duties and responsibilities set forth in the Audit Committee Charter concerning rules and guidelines. Accordingly, the Audit Committee adhered to the principle of independence in the exercise of its discretionary power for the best interest of the organization and ensured full disclosure and transparency of information about the Company's business affairs. In addition, the Audit

Committee also conducted review of the Company's operations to ensure compliance with business policies and requirements as well as relevant laws, and it also scrutinized the outcomes of corporate governance in accordance with the rules of the oversight unit on a regular basis. At audit committee meetings where the committee and the management conducted a joint review of quarterly financial statements and financial statements for the year 2019, auditors were always invited to join these meetings so as to endorse that financial statements were prepared accurately and properly in all material respects in accordance with the generally accepted accounting principles. Moreover, attending auditors also reviewed sufficient and reliable disclosure of vital information, connected transactions, and transactions that might lead to conflicts of interest. Furthermore, auditors held quarterly audit meetings (without the presence of management) to learn about operational issues uncovered during audits and to scrutinize and share their opinions about the audit plan as well as audit results before presenting them to the Board of Directors for consideration.

The Audit Committee selected auditors from Deloitte Touche Tohmatsu Jaiyos Co., Ltd. as the Company's auditors for the year 2019 based on their knowledge, competence, experience, trustworthiness and independence as well as the quality of their audit works over the past year; and it also determined a suitable auditor's remuneration for the Board of Directors' consideration before proposing it to the general shareholders' meeting for consideration and appointment. In the process, the Audit Committee rendered its opinions and advice to the Board of Directors.

Furthermore, the Audit Committee reviewed and assessed the Company's key risks and the internal control system, monitored performance through the internal audit department, and also discussed these matters with auditors and top management. Based on the assessment of the internal control system and processes and approaches pertaining to operational control, financial reporting, and risk management, it discovered that the operational control system is adequate, suitable and subject to continuous improvement. Moreover in 2019, the Company valued the importance of customer data protection, whereby the Company obtained ISO/IEC 27001:2013 certification for standards of the information security management system, which constitute an internationally recognized standard for organization-wide information security.

Corporate governance, social and environmental responsibilities

The Board of Directors attaches special importance to the promotion and commitment to ensure that the Company's operations conform to the corporate governance principles in order to enhance the efficiency of corporate governance system and build confidence among all stakeholders.

The Board of Directors' Meeting No. 1/2019 held on January 16, 2019 passed a resolution to review the duties and responsibilities of the Corporate Governance Committee by mandating the Audit Committee composed of independent directors to oversee additional affairs pertaining to corporate governance, social and environmental responsibilities. To keep the committee's name consistent with the roles, duties and responsibilities, the committee was renamed as the Audit Environmental Social and Governance Committee (Audit Committee) composed of three members. These committee members are responsible for proposing corporate governance approaches and practices in conformity with the Corporate Governance Code (CG code) of the Office of the Securities and Exchange Commission and recommendations from the Corporate Governance Assessment Report of the Thai Institute of Directors as well as the internationally accepted rules concerning corporate governance and sustainability, which

are consistent with the Company's corporate governance policy, for proposing to the Board of Directors. This policy is available on the Company's website (www.ktc.co.th) and intranet. Moreover, the Audit Committee's duties also encompass sustainability management and formulate of the corporate governance framework pertaining to the Company's anti-corruption mandate.

In 2019, the Audit Committee fulfilled all the duties designated by the Board in an efficient manner to keep track of the operations under the good corporate governance principles. The outcomes are summarized below:

Shareholder rights

- Organized the 2019 general shareholders' meeting (No.17) on April 5, 2019 by sending shareholders sufficient information about the meeting date, time and meeting agenda as well as support information relating to the matters requiring a decision or approval voting for consideration beforehand within a required time frame as stipulated in the Company's regulation or policy, or legal provisions.

- Informed the shareholders of the meeting rules and disclosed such information on the Company's website before the required documents were sent out in order to give shareholders an opportunity to adequately digest the information beforehand. Also helped facilitate the exercise of shareholder rights so that they could fully participate and efficiently cast their votes at the meeting. As a result, the Company scored 100% in the AGM checklist for evaluation.

Equitable treatment of shareholders

- Offered minority shareholders an opportunity to propose meeting agenda and nominate candidates for consideration in the directors' election during the period of October 1, 2018 to January 31, 2019 through the Company's websites and the Securities Exchange of Thailand. As it turned out, no minority shareholder proposed any matters to be included in the agenda of this shareholders' meeting.

- Required that directors and first-line executives must report their holdings of the Company's securities as required by law, and the Company secretary shall collect such information and present a report at every monthly board meeting.

- Summarized outcomes of related party transactions made between the Company and Krung Thai Bank Public Company Limited or an affiliated company in the financial business group of the Krung Thai Bank Public Company Limited and presented a report to the Audit Committee for comments before final presentation to the Board of Directors for acknowledgment.

Committee's responsibilities

- Reviewed the conformity of corporate governance policy, anti-corruption policy, code of conduct handbook with the Corporate Governance Code (CG code) of the Office of the Securities Exchange Commission, the Corporate Governance Report of Thai Listed Companies (CGR), and legal provisions as well as the sustainability assessment form of the Securities Exchange of Thailand and internationally accepted standards; to ensure consistency with the Company's business operations.

- Reviewed the charter of the Audit Environmental Social and Governance Committee to ensure conformity with the roles, duties and responsibilities pertaining to its corporate governance and social and environmental responsibility.

- Revised qualification evaluation forms applicable to the Board of Directors, committees and first-line executives. Conducted qualification evaluation for the year 2019 as well as evaluate qualifications of directors appointed during the year. The evaluation was conducted to ensure that director's qualification conformed to the guidelines set out by the corporate governance unit.

- Attended various training programs to enhance knowledge, competency and expertise in the fulfilment of duties of committee members, such as training programs of the Thai Institute of Directors.

- Convened one committee meeting without the presence of management executives on December 19, 2019.

- Convened two meetings attended by audit committee members and CEO.

Giving importance to stakeholders

- Ensured that the guideline for the use of nonpublic information was followed by issuing notifications concerning the requirements for use and disclosure of internal information, which prohibit directors, executives or concerned parties possessing internal information from engaging in trading of securities or futures contract of the Company during the blackout period. Aside from such period, if any trading of securities or futures contract occurred, the guidelines prescribed and announced by the Company must be followed.

- Monitored outcomes of the implementation of the anti-corruption policy. This policy was formulated under the corporate governance policy, such as review of risk and control self-assessment (RCSA) for the year 2019 and review of operating procedures which might give rise to corruption.

Information disclosure and transparency

- Prepared an annual information disclosure form as well as an annual report, and regularly disclosed the Company's quarterly operating performance and key data to shareholders, investors and general public in a comprehensive, sufficient, credible and timely manner through various channels, such as the system of the Securities Exchange of Thailand, company website (www.ktc.co.th), analyst meeting, and press conference. In the disclosure of various information, the Company adhered to the principles of information credibility, adequacy and equitability. To this end, the Company designated Investor Relations and Corporate Communication as the Company's focal points for information disclosure.

Social responsibility and sustainable development

- Determined sustainability approaches and endorsed sustainability strategy as well as relevant organizational policy and goals so as to enhance the efficiency of sustainability implementation.

- Promoted CSR-after-process activities, such as charitable donation for public causes.

- Supported implementation of the corporate governance policy to build a positive mindset among directors, executives and employees by conducting knowledge development activities concerning good corporate governance principles through various learning media on a regular basis as follows:

- 1) Implemented training programs to impart knowledge to directors appointed to their positions during the year. New executives and employees also attended orientation programs regularly held every month. The objective is to build awareness about the Company's businesses and good corporate governance principles, guidelines in the code of conduct handbook, anti-corruption, and social and environmental responsibility, and relevant laws.

- 2) Developed learning and teaching media covering good corporate governance principles, anti-corruption, and the code of conduct handbook, and arranged quizzes to assess knowledge and understanding and to build awareness of these matters.

With collective efforts of the directors, executives, and every employee committed to transparency and fairness in business operations which are built upon good corporate governance and a sense of social and environmental responsibility and recognition of the roles of all stakeholders, corporate governance performance earned the Company the following recognition:

1. Obtained "Excellent" recognition level in survey results of the 2019 Corporate Governance Report of Thai Listed Companies undertaken by the Thai Listed Companies Association.

2. Scored 100% in the evaluation of the quality of 2019 general shareholders' meeting undertaken by the Thai Investors Association and the Thai Listed Companies Association.

3. Received the 2019 Best CEO Awards from the Stock Exchange of Thailand.

4. Received the 2019 Outstanding CEO Awards from the Stock Exchange of Thailand.

5. Received the 2019 Outstanding Company Performance Awards from the Stock Exchange of Thailand.

6. The Company's membership of the Thai Private Sector Collective Action Coalition Against Corruption (CAC) has been renewed and extended to 2022.

7. Selected for the 2019 Thailand Sustainability Investment (THSI) list of companies by the Stock Exchange of Thailand.

8. Selected for of top 100 listed securities with outstanding sustainable business operations (ESG 100) by ThaiPat Institute.

The Board of Directors, executives and employees recognize that good corporate governance is a key driver of efficient and sustainable business operations. To conform to the Company's policy direction, the Audit, Environmental, Social and Governance Committee thus emphasize on corporate governance as well as the development of work processes that would achieve economic, social and environmental sustainability so as to meet internationally recognized standards.

As the Audit Committee received valuable cooperation from the management, we are confident that the Company regularly fulfilled its duties in a prudent and efficient manner in the effort to foster and develop a good corporate governance system over 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

Report on the Nomination and Remuneration Committee's Responsibilities

Dear shareholders of Krungthai Card Public Company Limited

The Nomination and Remuneration Committee of Krungthai Card Public Company Limited is composed of three members, including one independent director. The Nomination and Remuneration Committee's roles and responsibilities in accord with its charter: determining qualifications of committee members and executives, prescribing nomination criteria and methods, determining remunerations, and establishing performance evaluation guidelines and remuneration policy, and so forth. The current Nomination and Remuneration Committee consists of

1. Mr. Parinya Patanaphakdee
Chairman of the Nomination
and Remuneration Committee
2. Mr. Praphaisith Tankeyura
Member of the Nomination
and Remuneration Committee
3. Mr. Pichit Jongsaliswang
Member of the Nomination
and Remuneration Committee

In 2019, the Nomination and Remuneration Committee convened ten times. The matters considered by board meetings and/or the general shareholders' meeting according to the charter of the Nomination and Remuneration Committee include the followings:

1. Considered appointing potential directors to replace retiring directors by using various information for nomination consideration—for example, such individuals must be qualified and must not possess disqualifying attributes set out in the guidelines of the Securities Exchange of Thailand, SEC office, or related regulatory agencies. The nominees

must possess attributes, skills, knowledge, expertise, or experiences befitting the company's operations. In this regard, a suitable proportion, number and diversity must be considered. In addition, specialized skills, knowledge and expertise of existing directors must also be considered to nominate candidates with supplementary skills, knowledge and expertise. To adhere to the corporate governance principles, the company opened up opportunities by disclosing announcements in the websites of the company and The Stock Exchange of Thailand, thereby allowing minority shareholders to nominate potential directors in advance during October 1, 2018 to January 31, 2019. Apparently, no list of candidates for directorship was proposed by the minority shareholders. Therefore, the Nomination and Remuneration Committee considered proposing the names of directors, whose term expired by rotation, for consideration by the shareholders in the annual general meeting which includes: Mrs. Sriprabha Pringpong, Mr. Rathian Srimongkol, Mr. Cherdchai Chompoonukulrut. However, due to major engagements Mrs. Sriprabha Pringpong and Mr. Cherdchai Chompoonukulrut expressed their desire to turn down the nomination for directorship in the next term. Hence, the Nomination and Remuneration Committee nominated Mrs. Paralee Ratanaprasartporn and Mr. Kosol Chamchuen, who are qualified according to the company's prescribed criteria, to assume directorship. Subsequently, the Committee proposed the nominees at the board of directors meeting and the annual general meeting for consideration. Ultimately, the annual general meeting approved the appointment of both nominees to assume directorship replacing the retired directors.

2. Considered prescribing criteria and guidelines for evaluating Chief Executive Officer's performance in 2019 and proposed such criteria and guidelines for the Board of Director's approval.

3. Reviewed the performance evaluation form applicable for the Board of Directors and committees and revised detailed texts under each category in the evaluation form in accordance with their roles and responsibilities and the company's guidelines. Then, proposed the revised form for the Board of Directors' approval.

4. Considered remuneration criteria and policy, including other benefits, for company directors, executives and committee members for the year 2019 which were proposed to the Board of Directors or shareholders for consideration and approval. Such consideration ensured that remunerations would be suitable and commensurate with roles, duties, responsibilities, and individual performance and would be consistent with current practices of companies operating similar businesses and reflected the company's operating performance and market conditions in accordance with the corporate governance principles.

5. Considered proposing a budget for the year 2019 salary adjustments and employees' performance incentive for the Board of Director's approval.

6. Considered an approach to establish a board skill matrix for nominating potential directors to replace resigning or retiring directors.

7. Considered extending the retirement age of Chief Executive Officer for another three years, that is, from 2019 to 2022.

On behalf of the Nomination
and Remuneration Committee



(Mr. Parinya Patanaphakdee)
Chairman of the Nomination and Remuneration committee
Krungthai Card Public Company Limited

Note: The term "executives" define the chief executive officer, the first four senior executives ranked below the Chief Executive Officer, executives holding positions equivalent to that of the fourth senior executive¹, and also any executive position in the accounting or finance at the level of department head and above or equivalent.

⁽¹⁾ Under the company's organizational structure, executives reporting directly to Chief Executive Officer include first line executives and deputy Chief Executive Officer or equivalent.

Report on the Board of Directors' Responsibility for Financial Statements

Dear shareholders of Krungthai Card Public Company Limited

The Board of Directors of Krungthai Card Public Company Limited recognizes the importance of fulfilling its duties and responsibilities in accordance with corporate governance principles and its responsibility for the company's financial statements and financial information presented in the annual report. In addition, the Board of Directors also provides for appropriate and effective risk management, internal control system, and corporate governance to ensure sufficient accuracy of financial information for sustenance of its assets and protection of risks arising from significantly aberrant operations. The company, under the directive of the Board of Directors, appointed the Audit, Environmental, Social and Governance Committee (Audit Committee), which is wholly composed of independent members, to oversee the quality of financial statements, internal control system, information disclosure, and adherence to the corporate governance principles and sustainable development framework as well as various processes in a complete, adequate and appropriate manner. To this end, the Audit Committee expresses its opinions about these matters in the Audit Committee's report presented in this annual report.

Furthermore, the Board of Directors concludes that the overall system of internal control is adequate and appropriate; and able to provide reasonable confidence that the company's financial statements as of December 31, 2019 are accurate and complete according to the financial reporting standards. For this purpose, the company has opted for suitable accounting policies and adhered to them consistently and has exercised its discretion in the preparation of financial statements in a prudent and reasonable manner in order to accurately and transparently reflect financial position, operating performance, and financial information for the benefits of shareholders and investors in general. It is noted that the financial statements have been audited and commented unconditionally by independent certified public accountants.



(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, Acquiring business, Bill Payment and Personal Loan business

Address	: 591 UBC II Building, 14 Floor, Sukhumvit 33 Road North Klongton, Wattana, Bangkok 10110
Tax Identification Number	: 0107545000110
Homepage	: www.ktc.co.th
Customer Contact Center	: 02 123 5000
Telephone	: 02 123 5100
Facsimile	: 02 123 5190

Investor Relations Contact Information

Telephone	: 02 828 5059, 02 828 5067
E-Mail	: irktc@ktc.co.th
Homepage	: www.ktc.co.th/investor-relations/

KTC's Subsidiaries Contact Information

KTC Pico (Bangkok) Co., Ltd.

Address	: 591 UBC II Building, G Floor, Room G102 (G4), Sukhumvit Rd, North Klongton, Wattana, Bangkok 10110
Telephone	: 02 123 5300

KTC Pico (Chonburi) Co., Ltd.

Address	: 89/457 Moo 6, Borwin, Sriracha, Chonburi 20230
Telephone	: 02 123 5300

KTC Pico (Pathum Thani) Co., Ltd.

Address	: 94 Future Park Rangsit 2 nd Floor Room PLZ.2SHP012B/2 Paholyothin Road, Tumbon Prachatipat, Thanyaburi, Pathum Thani 12130
Telephone	: 02 123 5300

KTC Pico (Samut Prakan) Co., Ltd.

Address : 200/63 Moo 1, Tumbon Bang Sao Thong, Bang Sao Thong, Samut Prakan 10570
Telephone : 02 123 5300

KTC Pico (Samut Sakhon) Co., Ltd.

Address : 322/90 Ekachai Rd, Mahachai, Muangsamutsakhon, Samut Sakhon 74000
Telephone : 02 123 5300

KTC Nano Co., Ltd.

Address : 591 UBC II Building, G Floor, Room G102 (G3), Sukhumvit Rd, North Klongton, Wattana, Bangkok 10110
Telephone : 02 123 5300

References

Auditor **Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.**
AIA Sathorn Tower, 23rd - 27th Floor, 11/1 South Sathorn Road,
Yan Nawa, Sathorn, Bangkok 10120

Legal Consultant **Siam Premier International Law Office Limited**
The Offices at Central World, 26th 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**
AA Floor, 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120

**Frequently Contacted
Financial Institution** **Krungthai Bank Public Company Limited (as major shareholder)**
35 Sukhumvit Road, Klong Toey Nua, Wattana, Bangkok 10110

Registered Capital as of December 31, 2019

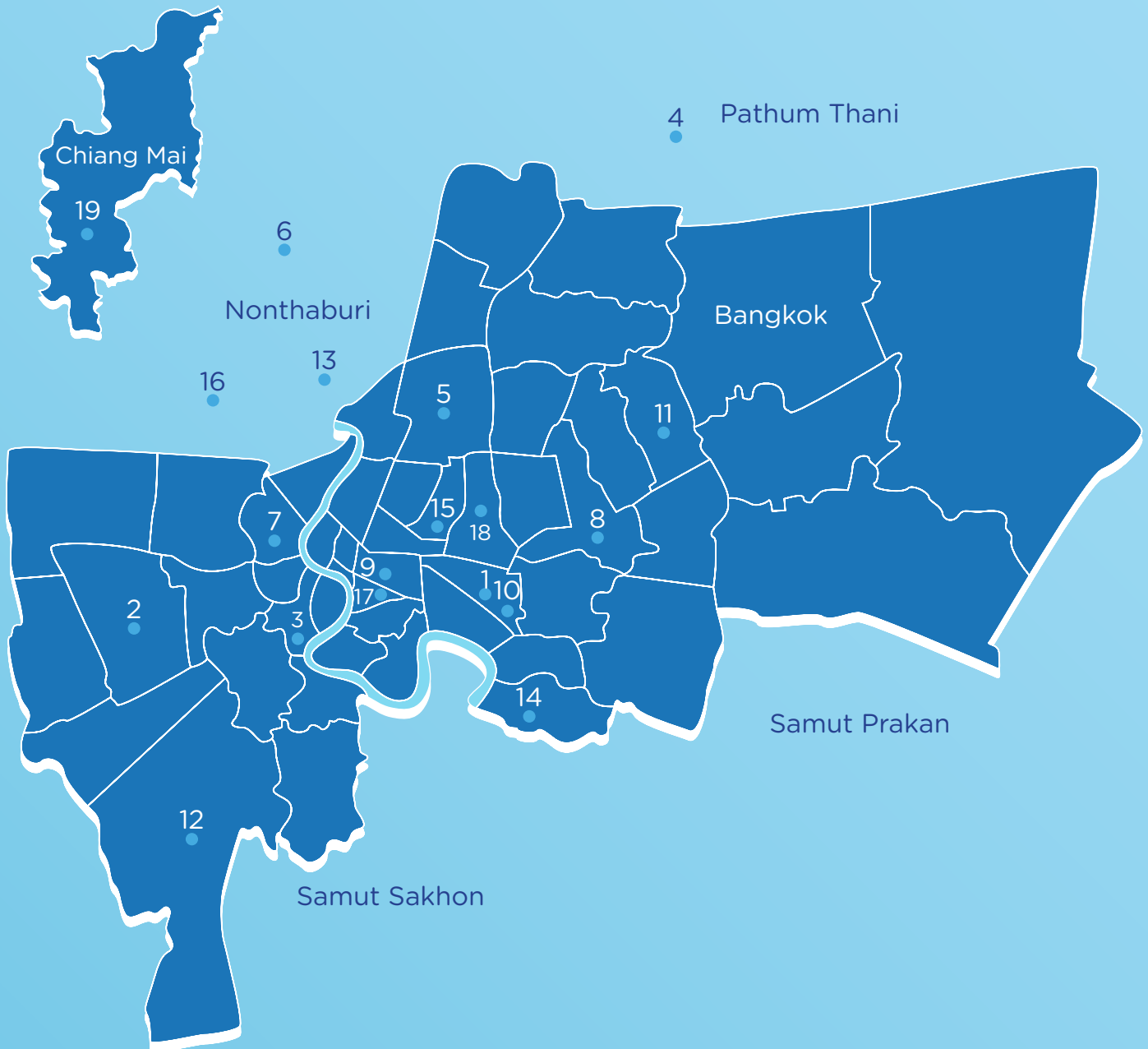
Registered Capital : Baht 2,578,334,070
Paid-up Capital : Baht 2,578,334,070
Number of Shares : 2,578,334,070 shares
Par Value : 1 Baht

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/isc/en/FinancialReport/R561-0000003752 or the Company's website at: www.ktc.co.th/en/investor-relations/investors-news/investorkits

Other significant information

As of December 31, 2019, the Company's synopsis of its utilization of funds obtained from public bond offering was that on June 1, 2017, the Company had issued Public Offering Debenture No. 2/2017 (KTC226A) which will mature on June 1, 2022 for total amount of Baht 2,500 million in order to support the Company's business operations and its business expansion.

KTC TOUCH



As of December 31, 2019 there are 19 branches of KTC Touch. 18 branches are in Bangkok and vicinity and 1 branch is in provincial area.

1.	UBC II	G Floor
2.	The Mall Bangkae	3 rd Floor
3.	The Mall Thapra	2 nd Floor
4.	Future Park Rangsit	2 nd Floor
5.	Central Ladphrao	2 nd Floor
6.	The Mall Ngamwongwan	5 th Floor
7.	Central Pinklao	4 th Floor
8.	The Mall Bangkokpi	G Floor
9.	MBK Center	3 rd Floor
10.	Krung Thai Bank Nananua Branch	1 st Floor
11.	Fashion Island	1 st Floor
12.	Central Rama 2	G Floor
13.	Central Rattanathibet	1 st Floor
14.	Central Bangna	4 th Floor
15.	Fortune Town Shopping Mall	2 nd Floor
16.	Central Chaengwattana	4 st Floor
17.	BTS Sala Daeng	Exit No. 4
18.	Thai Summit Tower	9 th Floor
19.	Central Airport Chiang Mai	3 rd Floor



KRUNGTHAI CARD PUBLIC COMPANY LIMITED

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www.ktc.co.th