



# KASIKORNBANK

## In Pursuit of the Sufficiency Economy Philosophy and Sustainable Development

18 May 2018

บริการทุกระดับประทับใจ



# Asian Financial Crisis

**Various culprits for the crisis:** unsustainable macroeconomic policy, fixed exchange rate, financial liberalization, cheap funds from abroad, local economic boom, proliferation of collateralized lending, and property sector bubble

**Early 1980s:** Thailand moved towards industrialization and promoted exports of manufactured goods

**1990:** financial liberalization

**July 2, 1997:** managed-float exchange rate regime  
**August 5, 1997:** A rescue package from IMF

**1992:** BIBF; banks can borrow funds from overseas

**August 14, 1998:** Financial Sector Reform

1980 1985 1990 1995 2000

**1987-1995:** rapid economic growth; high inflation; massive foreign funding; skyrocketing land prices and heavy speculation

**1996:** started sign of deceleration; decline in real estate value; while, most loans were collateral-based

**1992-1996:** extraordinary loan growth (>20% p.a.)

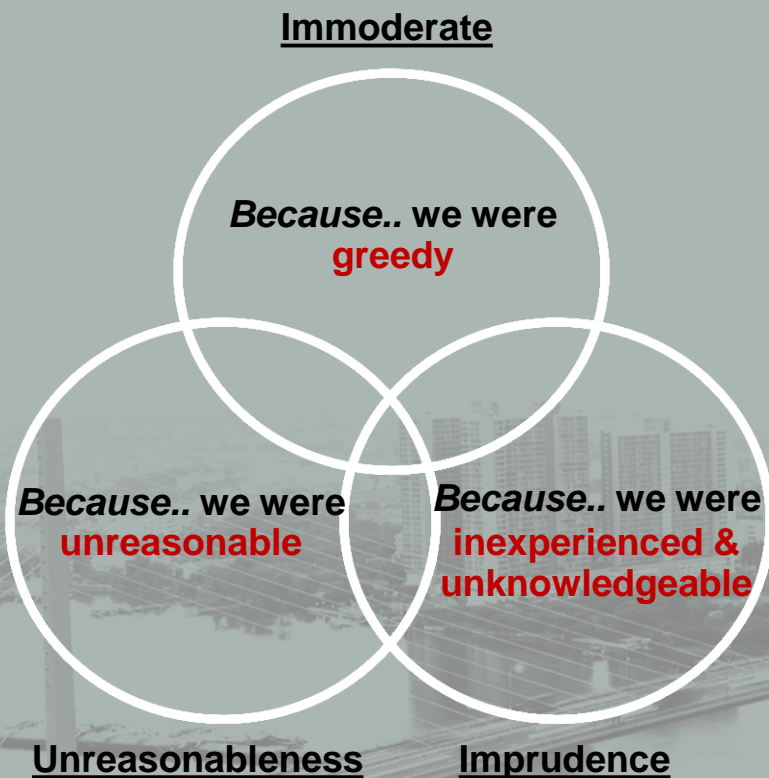
**May 1997:** Thai Baht was hit by a massive speculative attack

**Dec 1997:** suspended 56 finance and securities companies

	1995	1996	1997	1998	1999	2000	2001	2002
Thailand GDP (%)	8.1	5.7	-2.8	-10.5	4.4	4.8	2.2	5.3
Thai Banks: Net Profit (Bt bn)	77.73	58.167	-78.49	-351.118	-334.96	-13.34	85.19	11.01
KBank: Net Profit (Bt bn)	11.57	11.86	0.80	-40.16	-56.42	1.27	1.01	6.68
Thai Banks: NPL Ratio (%)	n.a.	n.a.	n.a.	48.2	42.44	19.27	11.49	16.50
KBank: NPL Ratio (%)	3.00	5.10	15.90	42.00	31.71	25.94	20.19	24.30
Thai Banks: CAR (%)	n.a.	n.a.	9.23	10.46	11.97	11.39	13.28	12.96
KBank: CAR (%)	n.a.	n.a.	n.a.	11.34	11.53	11.75	12.73	14.34

# Reassessment

## Why our system failed..

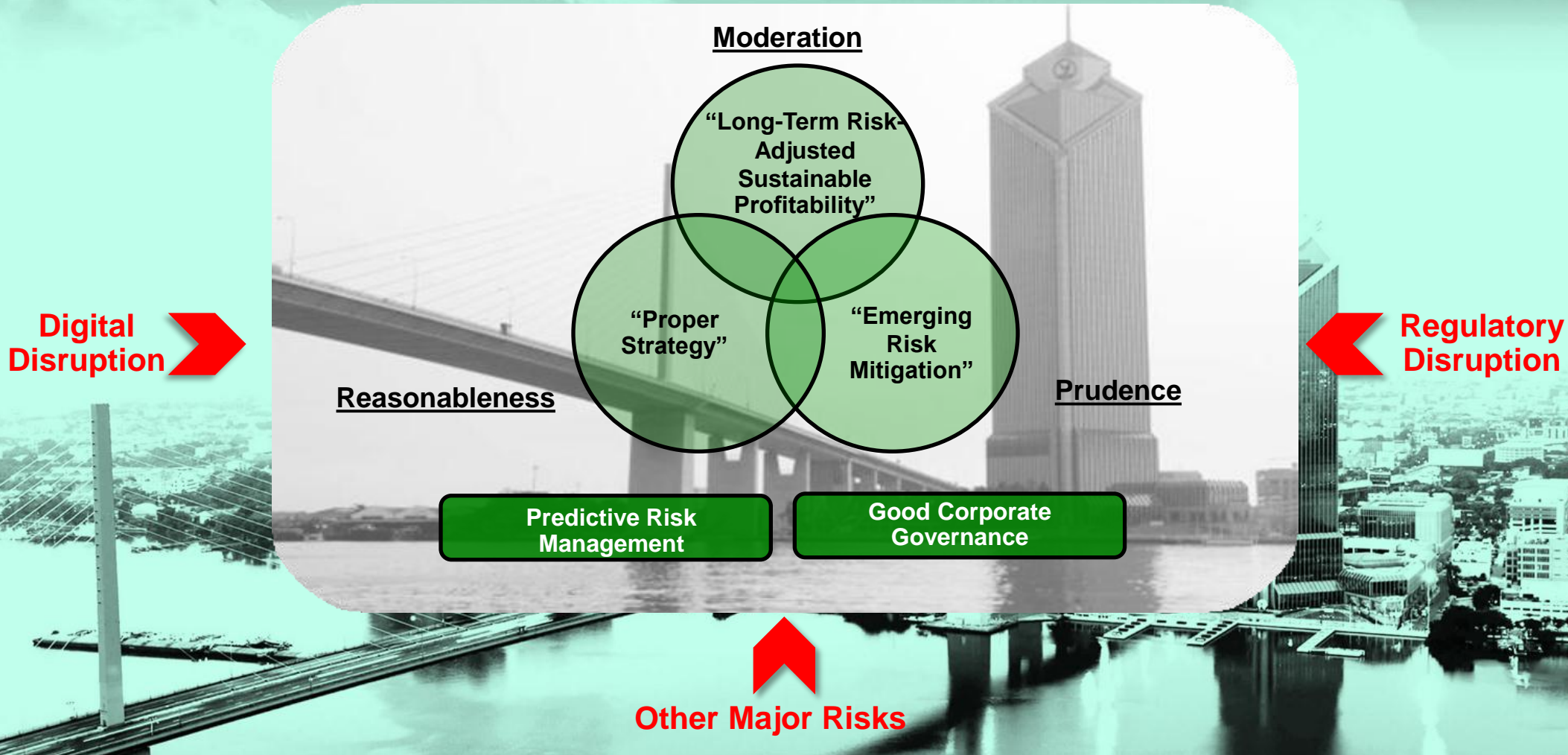


## What KBank fixed..

### (Foundation, Strategy, Asset Quality and Capital)

- 1992: introduced re-engineering concept
- 1998-1999: successfully raise capital (total Bt97bn)
- 1998: established various board committees and new departments; **implemented various Corporate Governance mechanisms**
- 1999: **developed risk management systems and established Internal Risk Management Department**
- 1999: **took a double-pronged approach to address NPL problems**, by enhancing efficiency of internal units, establishing two AMC's to deal with NPLs
- 1999: reorganization by regrouping into eight divisions; **amended the Board of Director structure to include independent directors**
- 2000: the formulation of eight strategic programs; **adoption of Corporate Governance Charter**
- 2002: **established Human Resources and Remuneration Committee along with Corporate Governance Committee; introduced credit transformation including centralized credit underwriting**
- 2006: introduced "Customer Centricity" strategy

# Moving towards Bank of Sustainability



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# The Roles we play..

# 1

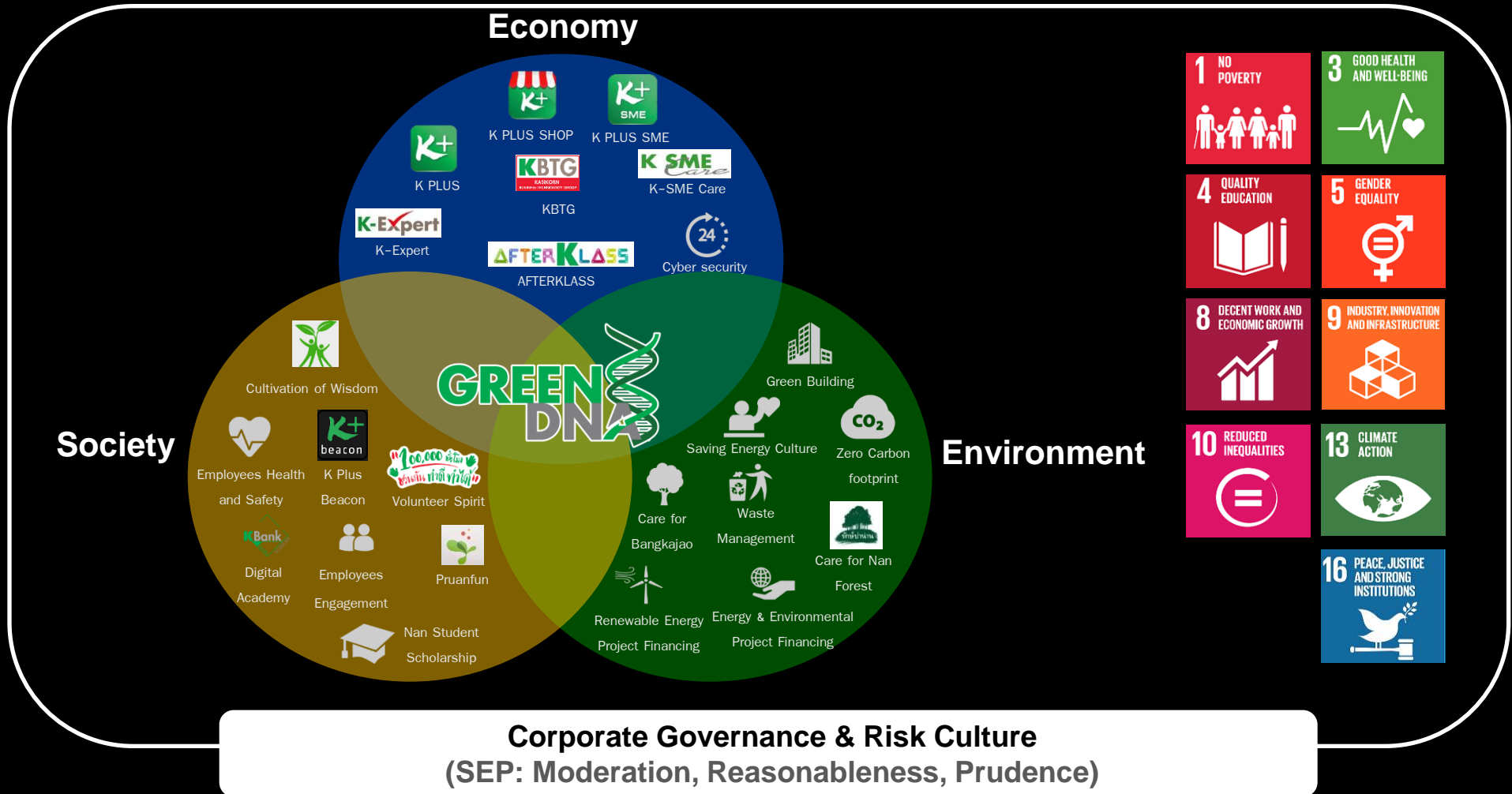
**Good  
Corporate  
Citizenship**

# 2

**Country's  
Sustainable  
Development  
Mechanism**

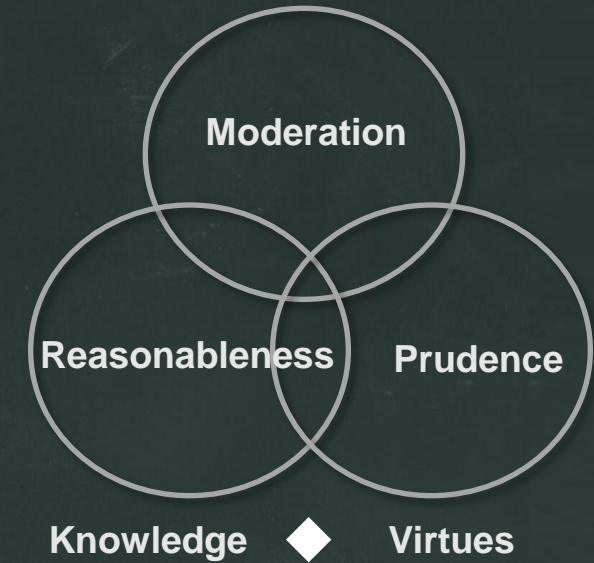


# Being Bank of Sustainability





***“Sufficiency Economy  
Philosophy  
is a mechanism and  
foundation for Sustainable  
Development”***





**KASIKORNTHAI**

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