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Krungsri Women SME Bond

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Krungsri Women SME Bond

Krungsri Women SME Bond Introduction

Bank of Ayudhya Public Company Limited (Krungsri), one of Thailand's Domestic Systemically Important Banks (D-SIBs), strives to develop financial products and services by firmly adhering to the 'Sustainable Banking Guidelines - Responsible Lending' principles to create financial innovations beneficial to the economy, society, and environment as a whole.

In 2019, Krungsri was the first bank in Asia Pacific that issued '**Gender Bonds**' for foreign investors in an effort to support women-led small and medium-sized enterprises (WSMEs) in Thailand. The bond was offered to the International Finance Corporation (IFC) -- a member of World Bank Group -- and Deutsche Investitions- und Entwicklungsgesellschaft (DEG) with a total private subscription of USD220 million (or 6.64 billion baht). The investment was made by the Women Entrepreneurs Opportunity Facility (WEOF) -- a joint initiation of the IFC and Goldman Sachs 10,000 Women.

Krungsri is committed to encouraging business growth by providing financial support to all customer segments and Thai WSMEs, more than half of which encounter difficulties to access financial resources. The objective of the bond issuance is to provide financial support to female entrepreneurs who play a significant role in driving the economy, increase the country's employment, and promote sustainable development in Thailand and Asia.

The issuance of the gender bond, offered to foreign investors, to support female business entrepreneurs underlined the Bank's standpoint as a corporate citizen and reaffirmed our commitment to achieving the United Nation's SDG 5: Gender Equality, SDG 8: Decent Work and Economic Growth, SDG 9: Industry, Innovation and Infrastructure, SDG 10: Reduced Inequalities, and SDG 17: Partnerships for the Goals.

Use of Proceeds

The proceeds from the Women Bonds will be used to refinance existing facilities or finance new facilities that fund social projects of the following categories:

- Employment generation through women-owned SME financing^{1/} and microfinance for women^{2/}
- Socioeconomic advancement and empowerment through financing to women with low income, or disadvantaged female groups

Social projects and financings that fall into Exclusionary Criteria outlined in the Framework will be excluded. The projects and financings that meet the categories outlined above will form the eligible assets for the Women Bonds (the "Eligible Assets"). An amount equal to the net proceeds from each Women Bond issue will be allocated to the finance or re-finance, in part or in full, new and/or existing Eligible Assets.

Remarks:

^{1/} SME Financing is credit facilities extended to SMEs for productive purposes. SMEs are women-run Small and Medium Enterprises, with sales turnover of up to 150 million baht.

^{2/} Such as loans no less than USD10,000.

Allocation and Impact Report

As of the end of December 2019, the first amount of proceeds from Krungsri Women SME Bond issued in October 2019, was allocated in accordance with Krungsri Women SME Bond Framework as follows:

The year-over-year outstanding balance of Business Banking (SME-BB)^{1/} loans

Loan Outstanding-SME BB



New Loans Booked



Business Banking (SME-BB) loans in 2019

2019: Loan Outstanding-SME BB



Employment



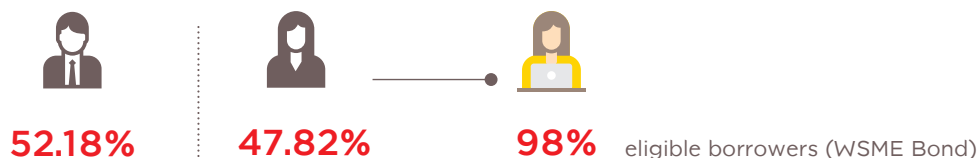
By Location



2019: New Loans Booked



By Gender



Krungsri Women SME Bond - Use of proceeds in 2019

2019: Loans Outstanding-WSME Bond



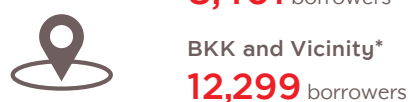
New Loan Booked WSME Bond



Employment



By Location



Remarks:

^{1/} Krungsri established the Business Banking (SME-BB) in June 2017 with an aim to service the Bank's smallest SME segment. Customers under this segment are defined as businesses with up to 15 million baht in commercial credit limits for self-employed individuals and up to 20 million baht in audited sales turnover for juristic persons, using both product programs and credit write-ups to suit various SME Business Banking needs. The segment is serviced through the Bank's branches nationwide.

*BKK and Vicinity refer to Bangkok, Samut Prakan, Nakhon Pathom, Nonthaburi and Pathum Thani.