



krungsri
กรุงศรี

A member of  MUFG
a global financial group

Collaborating for Sustainable Growth and Stability



SUSTAINABILITY REPORT 2016



IN REMEMBRANCE OF
HIS MAJESTY KING BHUMIBOL ADULYADEJ

Board of Directors, Management, and Staff of
Bank of Ayudhya Public Company Limited and Subsidiaries



LONG LIVE THE KING

Board of Directors, Management, and Staff of
Bank of Ayudhya Public Company Limited and Subsidiaries







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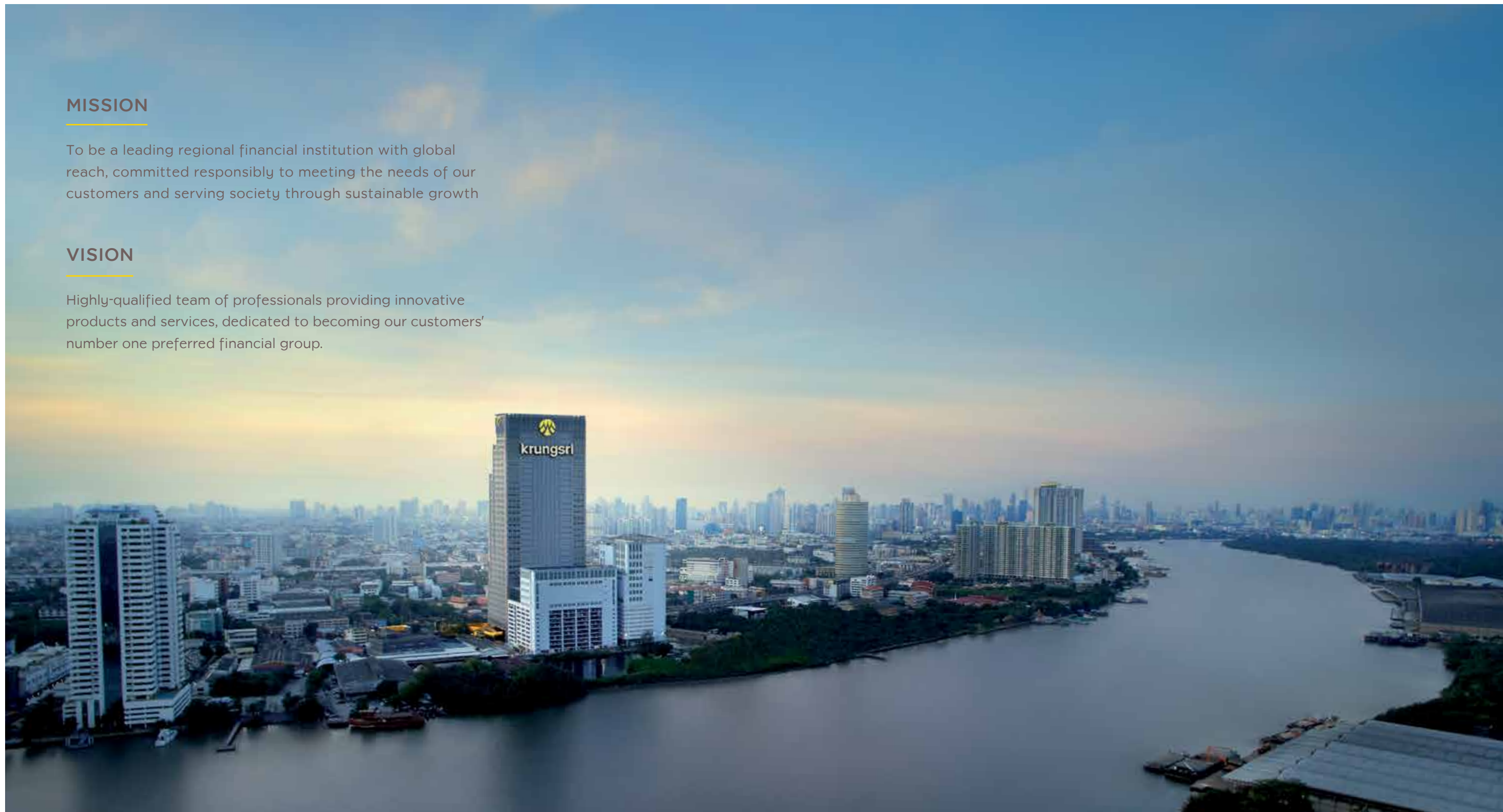
Questionnaire on
Krungsri Sustainability
Report 2016

MISSION

To be a leading regional financial institution with global reach, committed responsibly to meeting the needs of our customers and serving society through sustainable growth

VISION

Highly-qualified team of professionals providing innovative products and services, dedicated to becoming our customers' number one preferred financial group.



CORE VALUES

Customer Centricity: We put our customers first, understanding and anticipating their needs and expectations and responding with best solutions.

Integrity: We are fair and professional, inspiring trust and work with transparency, legalism and ethics.

Team Spirit: We work together as a team for the benefit of our customers and Krungsri with open hearts and open minds to reach our goals.

Passion for Excellence: We are committed to instill in ourselves the expectation of excellence in delivering our work and services.

Embracing Changes: We intend to do better every day by opening ourselves to changes and new experiences that will fairly benefit Krungsri and our customers.

Global Awareness: We challenge ourselves as a valued member of a global financial group, supporting the growth of our customers both in and outside of Thailand.

Message from the Chairman, the Vice-Chairman, and the President and Chief Executive Officer



Krungsri's steadfast resolve to be a good corporate citizen is guided by our vision and mission to deliver suitable and efficient financial services ethically and to work toward a sustainable society. Our determination bore fruit when the Bank of Ayudhya Public Company Limited was included on the Stock Exchange of Thailand's Sustainability Investment 2016 List.

Throughout the years, our sustainable development directive has been embedded in the organization's core values, policies, and strategies as well as in our business processes. Along with our commitment to CSR, we actively pursue programs and activities that yield both societal and environmental benefits. Krungsri takes full responsibility for our impact on stakeholders – economic, environmental, and governance. Our business practices based on accountability and good governance, together with our solid financial performance, are the foundations of trust and confidence for our investors.

The overriding objective for our business operations is to provide financial support to both corporate and retail customers, including financial inclusion for the underserved. Our responsible lending practices have helped the underserved meet their financial needs and improve their livelihoods. Concurrently, fair and transparent pricing also helps lessen the problems created by informal sector loans and thus help to alleviate poverty as well as resolving social issues. Our goals of improving quality of life for individuals and society are aligned with the Sustainable Development Goals 2030 advocated by the United Nations.

In 2016 we continued our responsible and sustainable practices through both financial inclusion and financial literacy programs covering both the Thai and ASEAN communities. For example, our consumer finance subsidiary Ayudhya Capital Services introduced Tao Kae Tun Jai – microfinance loans for low-income earners and micro business operators to help meet both their personal and business needs. In addition, with Hattha Kaksekar Limited, a leading microfinance institution in Cambodia as the newest member of the Krungsri Group, our responsible lending practices can now be shared with and leveraged in a neighboring economy.

At the same time, more than three thousand Krungsri volunteers participated in the Krungsri Financial Literacy Project – Simple to Learn to share personal finance and smart saving tips to 5,258 elementary students from 94 schools in 27 provinces throughout Thailand. The Simple to Learn project was also extended to include students in two Lao PDR provinces – Vientiane and Savannakhet.

Looking forward to 2017 and beyond, Krungsri remains committed to conducting business with strong, ethical governance, while creating shared values and benefits for both society and the environment. We envision our business growth to be consistent with the sustainable growth and development of the Thai society and the ASEAN community at large.

Veraphan Teepsuwan
Chairman

Takayoshi Futae
Vice-Chairman

Noriaki Goto
President
and Chief Executive Officer



Stability, Prosperity, and Sustainability Start Today

We attach significance to providing sound understanding and cultivating financial discipline in youth and communities to help build sustainable economy.

Sustainable Growth and Corporate Social Responsibility



For the banking sector, one of the best contributions to sustainable development involves economic stability and progress, which include, but certainly not limited only to the economic figures as such participation extends to the continuous growth of the economy in parallel with the improvement of the society and quality of people's life while ensuring minimum impact toward the environment—a build-up resulting from progressing economic activities of both public and private sectors. More importantly, prudential management which takes into account any impact on significant stakeholders is the building block for sustainable development.

As a leading financial service provider, Krungsri hence attaches great significance to responsible lending practices for customers which corresponds with our mission "to be a leading regional financial institution with global reach, committed responsibly to meeting needs of customers and serving society through sustainable growth", taking into account the sustainable development in the following 3 dimensions:

Krungsri's Sustainability Development Policy

Economic Sustainability

Aligning business strategies with the economic outlook and maintaining a well-balanced portfolio while serving as our customers' trusted business partner and financial advisor

Social Sustainability

Improving financial access and enhancing financial literacy among Thai people by engaging our people in valued community development initiatives and CSR practices

Environmental Sustainability

Contributing to minimize negative impacts on our environment with green initiatives within our business and through prudent support of customers' growth initiatives

Corporate Social Responsibility Practice Framework

In 2016 Krungsri CSR planning reflected and augmented coverage of material sustainability issues. The current short-term two-year CSR plan (2016-2017) focuses mainly on creating a proper understanding of employees for improved business processes. This should enhance our contribution to society and to the community while maintaining the highest financial service standards. The objective: to ensure preparedness for Krungsri's long-term CSR plan—the CSR 4 Pillars:

Krungsri's CSR 4 Pillars



Creating Sustainability Value



Giving Back to Community



Preserving Environment



Providing Financial Support

Creating Sustainability Value

Focusing on creating understanding of employees and executives on sustainability and corporate social responsibility as well as long-term participation with stakeholders. Sustainability reports to assess our performance and create stakeholder awareness

Giving Back to Community

Emphasizing on creating a community bond both in the Bank's operating area and nationwide via CSR activities and projects

Preserving Environment

Focusing on cultivating good habits and awareness of environmental conservation via CSR activities and projects, and promoting eco-friendly operating processes

Providing Financial Support

stressing support for and assistance to society in various forms such as scholarships, disaster relief, and donations to charitable organizations.

Initiatives on Sustainable Development Goals 2030

[G4-15]

Ultimately Krungsri plans to incorporate the sustainability issues related to the Bank's business units to the Bank's strategies aiming for concrete sustainable development. Moreover, the UN Sustainable Development Goals 2030 (SDG2030) will be used as our guide in the planning process—especially for poverty eradication by providing: financial knowledge and understanding; promotion of good health and well-being; quality education; decent work and economic growth; local economy and community support; climate action; peace and justice; strong institutions; sustainable cities and communities; and partnerships for the goals. This long-term plan is executed under our flagship concept of Simple to Share and is run along with campaigns to encourage our people and all our stakeholders to foster public-mindedness, to learn more about sharing, and to participate in activities that promote sustainable development.



Remark: Colored boxes refer to sustainable development goals to which Krungsri can immediately respond.

Source : <http://sustainabledevelopment.un.org>

Financial Literacy: Harnessing Momentum of Success



The Financial Literacy Project is one of Krungsri's flagship projects initiated in 2015 on the occasion of the Bank's 70th anniversary. The objective of the project is to provide financial knowledge to students. Activities were design based on the following main concepts – what is the value and significance of money, how to spend wisely, how to identify needed spending and discretionary spending, and how to save money for your future. Stations were set up for children to learn more about money and its relevance to their life through games and activities suitable for youth in 4th to 6th grades. These students are of the learning age and they are entering the teenage period driven by the urges to catch up with each and every trend. As such, financial literacy will serve as a tool to guide them on the path of prudent spending. Over 3,839 students from 70 schools in 30 provinces across the nation participated in the project in 2015.

2016 was therefore the year to harness the momentum of success. The result of 2015 Financial Literacy Project underwent scrutiny where achievements as well as room for improvement were identified. The concept for the 2016 project was 'Simple to Learn'; and the execution scope was broadened. The project was introduced to Ban Arkard Elementary School in Vientiane and Sonxay Elementary School in Savannakhet in Lao PDR to share the knowledge with children of the neighboring country. Aspired by the Bank's ASEAN business expansion, the project aims to expand its coverage to share knowledge and contribute to sustainable development of communities and nations in which Krungsri have presence.

Krungsri provided financial knowledge to a total of 5,258 students from 94 schools in 27 provinces in Thailand and 2 provinces in Lao PDR in 2016.

Krungsri Financial Literacy Project on Map



Train the Trainer Session for Krungsri Volunteers

The Train the Trainer course was held for Krungsri volunteers to ensure preparedness prior to engaging in financial literacy activity.



Expanding the Success to ASEAN Youth in 2 Provinces, Lao PDR



- Ban Arkard Elementary School in Vientiane



- Sonxay Elementary School in Savannakhet

Krungsri Financial Literacy Project Provided Knowledge to Youth of 92 Schools in 27 Provinces Nationwide under the Concept 'Simple to Learn'



Highlights of Sustainability Awards and Achievements



Sustainability Excellence Awards

Krungsri is determined to ensure that its financial service provision and corporate social responsibility are well-balanced, the perseverance of which was recognized and appreciated through the awards and accolades from various domestic and international institutions as summarized below.

- Krungsri was enlisted on the 2016 Thailand Sustainability Investment (THSI) by the Stock Exchange of Thailand



Good Corporate Governance Awards

Among pillars of sustainable growth of Krungsri is good corporate governance, assured by leaders of outstanding vision and experience who steer and navigate the organization to achieve business goals while maintaining business ethics. The Bank's success were reflected by various prestigious awards as follows:

- Asia's ICON on Corporate Governance (3 consecutive years), Corporate Governance Asia
- Asian Corporate Director Recognition Award (3 consecutive years), Corporate Governance Asia
- Asia's Best CEO (Investor Relations) (2 consecutive years), Corporate Governance Asia
- Asia's Best CFO (Investor Relations) (2 consecutive years), Corporate Governance Asia
- Best Investor Relations Company (Thailand) (3 consecutive years), Corporate Governance Asia
- The Asset Corporate Award - Platinum Award 2016, The Asset
- Winner of 'Excellence' Award in the 2015 Sustainability Report Award organized by the Thai Listed Companies Association in cooperation with the Securities and Exchange Commission and Thaipat Institute
- Recipient of SDG-Enhanced Report certificate from Thaipat Institute
- Winner of AMCHAM CSR Excellence Recognition Award (4 consecutive years) and its first CSR Excellence Recognition and Thai-U.S. Creative Partnership Award for the year 2016 from the American Chamber of Commerce in Thailand (AMCHAM)
- Winner of Asia's Best CSR (2 consecutive years) by Corporate Governance Asia magazine



Labor Practice Excellence Awards

Krungsri truly understands that people is the heart of the operations and the key success driver. The Bank therefore dedicates significant resources to human resources development and enhances our focus on human capital and labor improvement. Our effort was recognized by 'The Best of DSD (Department of Skill Development) 2016' Award from the Ministry of Labor for Krungsri's excellence in labor development promotion.

- The Best of DSD (Department of Skill Development) 2016 Award from the Ministry of Labor



Financial Service and Innovation Excellence Awards

Customers stand among key stakeholders of Krungsri; thus, the Bank is determined to develop products and services that anticipate their demands and enable the largest coverage to all customer segments, which will benefit consumers, satisfy customers, and boost overall economic growth. In other word, our products and services are the final products of our accountability

as well as sound and efficient management. In 2016, Krungsri received awards from several institutions in Thailand and overseas; and they are the concrete proof of our unwavering endeavors to best serve our customers.

Financial Services

Krungsri was the winner of the following awards for its excellent and diverse financial products fit for demands of customers in all segments.

- Consumer Finance Product of the Year 2016, The Asian Banker
- Best Consumer Finance Product in Thailand, The Asian Banker
- Best Deposit Product in Thailand, The Asian Banker
- Mortgage and Home Loan Product of the Year – Thailand, Asian Banking & Finance Wholesale Banking Awards
- Automotive Lending Initiative of the Year – Thailand, Asian Banking & Finance Wholesale Banking Awards
- Best Auto Leasing Award, Grand Prix International



Business Processes

The Bank was recognized for its management that elevated the financial services under the customer centricity concept.

- The Asset Best CEO in Banking and Finance, The Asset
- Best Commercial Bank Thailand 2016, The Global Business Outlook
- Best Retail Bank Thailand 2016, The Global Business Outlook



Financial Innovations for Economic and Social Development

Innovations were intertwined with Krungsri's services to deliver new and noteworthy experience to Krungsri's customers and employees, both of which were key stakeholders. Innovative financial tools are the major stepping stones for Krungsri to achieve a breakthrough of financial products and services yielding enhanced contribution to the advances of the economy, society, and the environment in the future.

- Thailand Domestic Technology and Operations Bank of the Year, Asian Banking & Finance Wholesale Banking Awards
- Best Branch Automation Project in Thailand, The Asian Banker



Organization Overview



Company Information [G4-3 to G4-9]

Name of company:	Bank of Ayudhya Public Company Limited
Type of company:	Listed on the Stock Exchange of Thailand
SET symbol:	BAY
Registration number:	0107536001079
Business type:	Commercial bank
Brand name:	Krungsri
Areas of operation:	5 countries, i.e. the Kingdom of Thailand, the Lao People's Democratic Republic (2 branches and joint venture), Hong Kong Special Administrative Region of the People's Republic of China (1 branch), the Republic of the Union of Myanmar (Representative Office) and Kingdom of Cambodia (Subsidiary)
Head office address:	1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120
Contact channels:	Telephone: 0-2296-2000; Facsimile: 0-2683-1304; Krungsri Call Center: 1572; Website: www.krungsri.com
Total workforce:	29,595 employees (Permanent and temporary employees of the Bank and subsidiaries)
Fee income:	24,142 million baht

Nature of Business [G4-9]

The direct services that Krungsri offers to customers can be classified in three core categories:

 Deposit services	 Loan Services	 Other financial Services
The Bank accepts deposits from ordinary persons and business organizations, providing the following four types of accounts: • Current accounts • Savings accounts • Time deposits • Foreign currency	The Bank provides various loan services as follows: • Overdrafts (O/D) • Promissory note and term loans for corporate customers • Housing loans and personal loans for retail customers • Foreign currency loans • Trade finance credit • Other loan services such as aval/acceptance, letter of guarantee/bank guarantee, letter of credit, and issuance of certificate of financial status etc.	• Electronics banking services • Domestic money transfer services • Foreign exchange and international money transfer services • Electronic banking services to facilitate international trade via Krungsri Trade Link • Automatic account debit and credit (auto payments), • Life insurance and non-life insurance brokerage services • Investment banking services • Securities business services • Cash management services • Transaction banking services • Foreign exchange forward contracts and instruments for hedging exchange rate and interest rate risks • Trade finance services • Government bonds, treasury bills, and state enterprise bonds

Charters, Principles, Initiatives, and Association Membership

[G4-15 to G4-16]

The Bank conducts its business as determined by the Financial Institution Business Act B.E. 2551 (A.D. 2008), the Securities and Exchange Act, the regulations of the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand, and other relevant notifications, including national as well as international charters, principles, and initiatives such as the **ASEAN CG Scorecard**, the **COSO (Committee of Sponsoring Organizations of the Treadway Commission)**, sustainable business practices in alignment with the **Global Reporting Initiatives (GRI)**, and a certified member of **Thailand's Private Sector Collective Action Coalition against Corruption (CAC)**.

In addition, Krungsri now holds membership in the **American Chamber of Commerce (AMCHAM)**, **Thai-Japanese Association (TJA)**, and other agencies to form strong network and partnership to create stable collaboration among institutions in order to drive business hand in hand with economic and social development. Krungsri also holds membership in **the Thai Bankers' Association (TBA)**, which demonstrates its close cooperation in strengthening the financial sector network. The Bank also joined the CSR Club of the TBA to futher contribute to society. In 2016 Krungsri took part in 'Saving for Change' project, hosted by CSR Club of the TBA. The project was well-collaborated by associated banks to provide financial literacy for university students so that they would be equipped with good financial discipline and help strengtening our society in the future.

Significant Changes ^[G4-13]

Greater Mekhong countries such as Cambodia, Lao PDR, Myanmar, and Vietnam have enjoyed high economic growth and they have great potential to advance in terms of trade and international investments. To increase its footprint in ASEAN, Krungsri acquired Hattha Kaksekar Limited (HKL), the fourth largest microfinance institution in Cambodia in September 2016. This achievement marked a milestone in Krungsri’s regional business expansion strategy, underlying its position as the leader in retail and microfinance segment. The acquisition allowed Krungsri to extend funding resource to a larger customer base, especially low-income earners. In this connection, HKL is among the largest and oldest microfinance institutions in Cambodia. This acquisition of Krungsri is therefore a major movement to expand its financial access in ASEAN countries.

As at the end of December 2016, HKL had total assets of USD 587 million or 21,021 million baht, a total of 339,117 customer accounts representing 2.52% growth when

compared to 2015, and total loans of USD 445 million or 15,953 million baht, a 22.49% increase when compared to previous year. In 2016, HKL had a total of 154 branches and 123 ATM machines nationwide to provide its financial services to the general public.

To keep abreast with fast-paced technological changes, especially financial technology or FinTech, and to ensure preparedness for the Economy 4.0 in line with the government’s policy in 2016, Krungsri established the Electronics Business Division, which was subsequently renamed Digital Banking and Innovation Division in 2017. It aims to enhance agility, enable modern management to quickly respond to the demands of stakeholders, ensure maximum efficiency of Krungsri’s financial services in the digital era, and cultivate the innovation culture of the organization to secure the position of leading financial innovator.

More information for stakeholders is available in Krungsri’s Annual Report 2016 and Annual Registration Statement (Form 56-1) as shown on www.sec.co.th; and Krungsri website www.krungsri.com.

List of companies in Krungsri Group ^[G4-17]

Krungsri Consumer

Type of service: Provides service on credit card and personal loan under umbrella brand 'Krungsri Consumer'

operated by:

- Krungsriayudhya Card Co., Ltd.
- General Card Services Ltd.
- Ayudhya Capital Services Co., Ltd.
- Total Services Solutions Pcl.
- Krungsri General Insurance Broker Ltd.
- Krungsri Life Assurance Broker Ltd.
- Tesco Card Services Ltd.
- Tesco General Insurance Broker Ltd.
- Tesco Life Assurance Broker Ltd.

Krungsri Microfinance

Type of service: Provides sale and lease-back via hire purchase and secured loan contracts to customers who already hold titles to cars and other vehicles. In 2014, Ngern Tid Lor launched non-life insurance brokerage service to expand its service to a larger customer base.

Operated by:

- Ngern Tid Lor Co., Ltd.

Krungsri Auto

Type of service: A leader of automotive finance business under brand 'Krungsri Auto'

Operated by:

- Bank of Ayudhya Pcl.
- Ayudhya Capital Auto Lease PCL.

Krungsri Securities

Type of service: The company serves as a securities broker and its business can be divided into the following categories: securities brokerage, investment banking, personal fund management, mutual fund selling agent, and investment.

Operated by:

- Krungsri Securities PCL.

Krungsri Asset Management

Type of service: Krungsri Asset Management Co., Ltd. is a leading asset management company in Thailand, licensed by the Securities and Exchange Commission. We offer comprehensive range of products and services, including mutual funds, private funds, provident funds, and management of investment in future contracts. Our products and services cater to the needs of all groups of investors, including individual investors, juristic persons, foundations, cooperatives and institutional investors.

Operated by:

- Krungsri Asset Management Co., Ltd.

Krungsri AMC

Type of service: The company purchases and accepts the transfer of impaired assets (NPL and NPA) for management through debt restructuring and/or purchase their collateral for disposal. The company also undertakes NPA maintenance to ensure they are in good condition and ready for sale

Operated by:

- Krungsri Ayudhya AMC Ltd.

Krungsri Leasing

Type of service: The company provides financial lease and hire-purchase services to enable SMEs and large corporations to acquire machinery, equipment and commercial vehicles by offering various solutions through structured leases.

Operated by:

- Ayudhya Development Leasing Co., Ltd.

Krungsri Leasing Services – Lao PDR

Type of service: The company offers hire purchase/ leasing services for auto and sales finance (merchandise installment financing) to consumers, SMEs as well as large corporations in Lao PDR.

Operated by:

- Krungsri Leasing Services Co., Ltd.

Krungsri Services

Type of service: The company provides human resource services and rental of automobiles to the Bank and its affiliates within the scope specified by the Bank of Thailand.

Operated by:

- Siam Realty and Service Security Co., Ltd.

Krungsri factoring

Type of service: The company provides factoring services (domestic factoring) by granting short-term revolving credit facilities through the purchase of account receivables and assigning rights for their collection.

Operated by:

- Krungsri Factoring Co., Ltd.

Hattha Kaksekar Limited – Cambodia

Type of service: The company provides microfinance and retail financial services in Cambodia. HKL is one of the five largest and oldest corporations in the country.

Operated by:

- Hattha Kaksekar Limited

Remark: Ayudhya Card Services Co., Ltd. registered with the Ministry of Commerce to liquidate on 24 July 2013 and is currently in the process of liquidation.

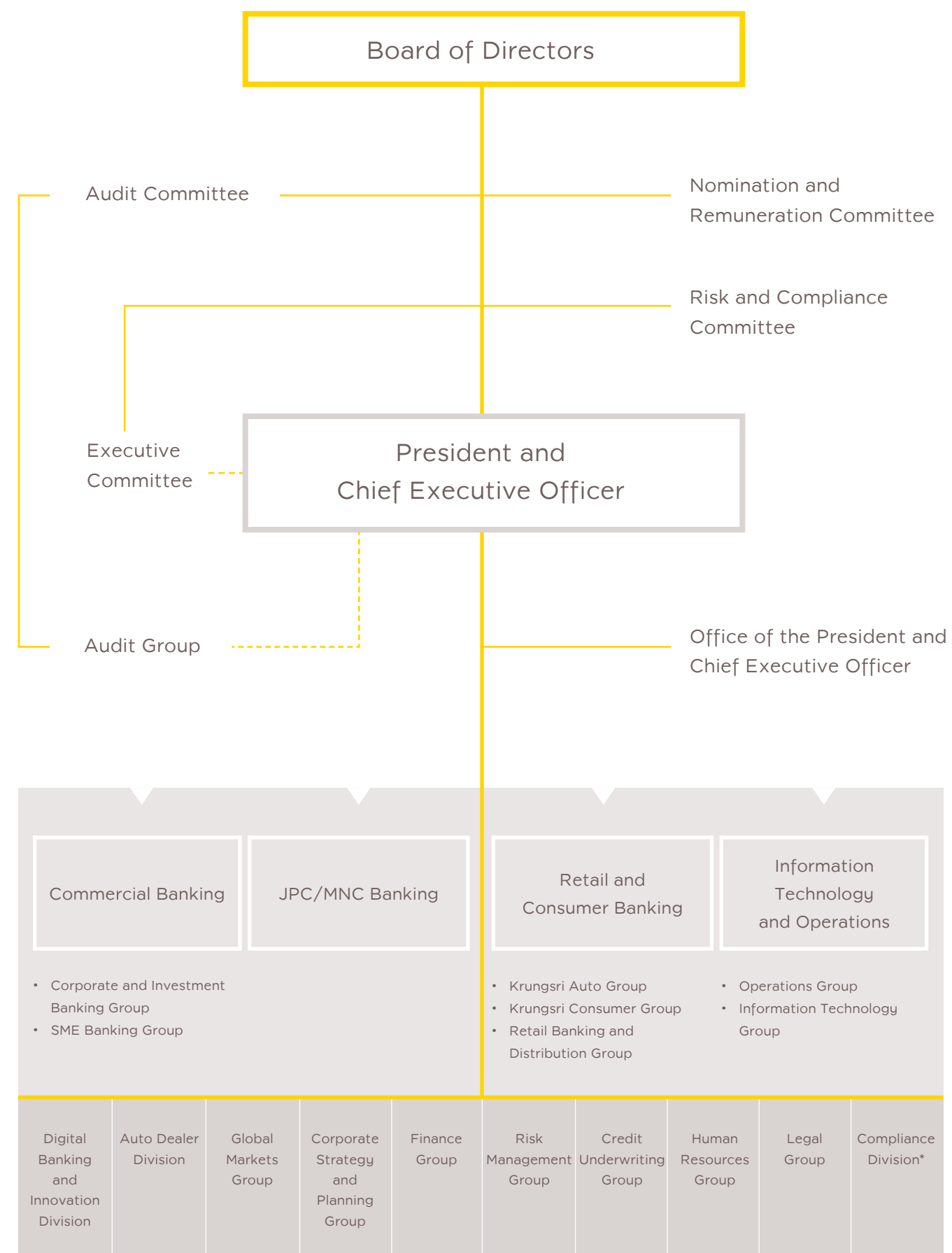
Management Structure and Good Corporate Governance



In present-day business, good corporate governance is vital to the growth of a company. Likewise, an organization will be able to thrive sustainably by earning trust and acceptance from the society. Key ingredients for a financial institution to achieve trustworthiness of stakeholders are operational transparency and accountability, good governance, and employees that possess the highest level of integrity and ethics. Thus, appropriate processes, tools, and channels for supervising and ensuring that every part of the organization conforms to good governance principles

must be in place in order for a financial institution to achieve stability, growing in tandem with Thailand's development.

In order to ensure that Krungsri complies with good corporate governance and adheres to precautionary approaches for any circumstance and business environment, the Bank, therefore, designated organizational structure to enhance effectiveness and reflect good corporate governance as illustrated.



* Compliance Division reports directly to the Risk and Compliance Committee.

(Information as of 1 January 2017)

Good Corporate Governance

The Board of Directors established '**Good Corporate Governance Principles' (the Principles)** in writing which cover the shareholders' rights and equitable treatment to the shareholders, information disclosure and transparency, composition, qualifications, roles and responsibilities of the Board of Directors and the committees reporting to the Board of Directors, internal control and internal audit systems, Krungsri's business philosophy and roles towards the stakeholders, including sustainable growth and social responsibility. The Principles also state Krungsri's mission, vision, core values, and employee's code of conduct and compliance. In addition, Krungsri stipulates that the Principles be reviewed on an annual basis or without delay in case of any significant change. This is to ensure the appropriateness of the Principles in line with any changing circumstances, Krungsri's organization structure, the environment of corporate governance of the Group and other relevant regulations.

In 2016 the Board of Directors reviewed the Principles whereby the roles and responsibilities of the Chairman of the Board and a minimum quorum of at least two-thirds for board decisions at the time of voting were added. The content of quality assessment of internal audit and the assessment review was revised to be up-to-date and in line with regulations and Krungsri's organization structure.

The Spirit & The Letter ^[G4-56]



To assure that the Bank's business practices are in compliance with good corporate governance, Krungsri developed '**The Spirit and The Letter' (S&L)** for executives and employees to observe so that they work with integrity and transparency, all the while heeding the essence of the provisions (The Spirit) rather than respecting them merely in writing (The Letter).

The Spirit and the Letter



It is Krungsri employees' duty to gain a sound understanding of the policy by studying the details disseminated in the Bank's intranet www.onekrungsriportal.net. The Spirit and The Letter is also featured as a compulsory course for employees to refresh their knowledge via the e-learning system every two years.

Anti-Corruption

Credibility, transparency, and auditability are essential traits of financial institutions. Corruption and lack of transparency, on the other hand, are burden to the operating cost and destructive to reputation of an organization. Krungsri sees anti-corruption and elimination in all forms as a matter of great concern. The **Fraud Management Committee** was established to formulate and propose policies to the Executive Committee for consideration and approval as well as review the adequacy of the anti-corruption policies, criteria, management system, and the efficiency of compliance with policies on a continuous basis. The aim is to improve the overall anti-corruption mechanism of the Bank and the companies in its financial business group to ensure it is carried out in a prudent, cautious, and efficient manner. An anti-corruption oversight meeting was organized at least once on a monthly basis.

Anti-Corruption Policy and Program

The principles of Krungsri's **Anti-Corruption Policy** and **Anti-Corruption Program** are zero tolerance against any form of corruption or violation, whether direct or indirect, of the stipulations laid down by the Board of Directors, formulation of measures and operating steps that encompass activities susceptible to fraud, communication and promotion of compliance with anti-corruption guidelines, provision of whistleblowing channels, correct account recording and document storage, determination of appropriate internal controls, as well as review and examination of completeness and adequacy of the entire process by the Audit Committee prior to reporting to the Board of Directors.

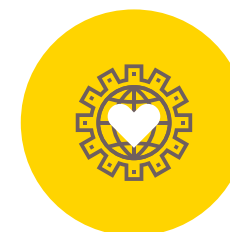
The Bank conducts **Risk and Control Self-Assessments (RCSA)** and identifies **Key Risk Indicators (KRI)** as these are the tools for close monitoring and evaluating various aspects of risks that could occur in every department (100 percent) with no exception. "Corruption" is also included among the aspects of assessment. Each department is to designate a compliance champion to submit the monthly RCSA report to the Operational Risk Management Department--the functional unit directly responsible for risk-related tasks. The monthly reporting is included among KPIs of compliance champion to ensure all risks are reported in a timely manner and the Bank's prudent operations.

For 'Non-compliance report', employees are to report to related committees for further reporting to the Audit Committee and the Board of Directors. A summary of performance in accordance with anti-corruption measures is to be reported at least on an annual basis.

Building Integrity and Anti-Corruption Mindset

In order to ensure adherence and compliance, communications and public relations regarding the good corporate principles are made via various channels such as Krungsri website under the compliance menu and activities to promote understanding for employees. In addition, Krungsri stipulates that executives and employees at all levels are to learn about fraud and risk awareness by taking four compulsory courses offered in the learning and development management system called the Krungsri Learning Companion (KLC) and refresh their knowledge by repeating the said courses every two years.

Anti-Corruption and Risk Compulsory Training Programs



The Spirit & The Letter (S&L)



Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)



Corporate Governance (CG)



Gift and Entertainment (G&E)

In an effort to reiterate the importance of anti-corruption, Krungsri organized various activities and initiatives, among which was a short film to encourage staff to participate in Krungsri's anti-corruption campaign during 'the Spirit and the Letter' week. The objective was to admonish executives and employees to obtain thorough understanding on working with adherence to honesty, transparency, and auditability, which are the core concepts of Krungsri's anti-corruption guideline. Other communications included posters strategically placed in the office buildings, internal public relations materials, and the latest news and updates distributed by the Compliance Division. Employees were informed of the whistle-blowing channels to report any suspected fraudulent actions or failure to comply with policies and operating procedures.

On 11 September 2016, Krungsri joined in the 2016 event under the 'Karma Punishes Fraud' theme, which was held at the ceremony area of Sanam Luang in Bangkok, representing Krungsri's standpoint in anti-corruption.



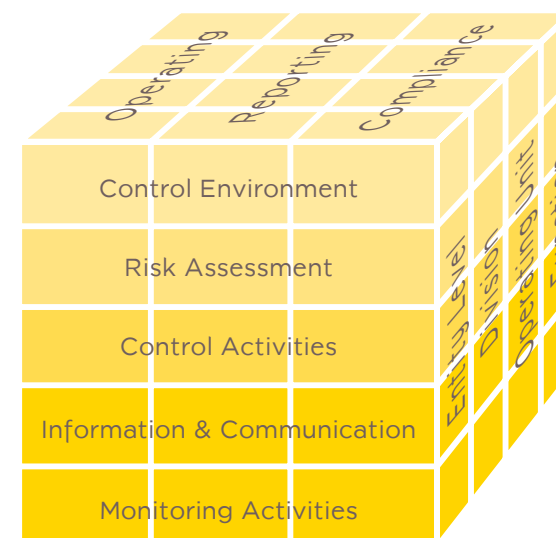
Corporate Governance and Risk Management for Directors

Good corporate governance is considered collective achievement organization-wide. On that note, sufficient education on risk management, good corporate governance, anti-corruption, and the likes is provided to top management of the Bank i.e. the Board of Directors in addition to anti-corruption training sessions, self-risk control and assessment, and key risk indicators imposed on all functional units of Krungsri. In so doing, the Bank aims to promote good governance and accountability while embracing changes to meet the expectations of stakeholders as well as requirements of new laws, rules, and regulations to enhance its transparency. In 2016,

the Board of Directors attended internal and third-party training courses with an average of 4.42 training hours/person/year. A summary of the programs is as stated below:

- Driving Company Success with IT Governance Program**
 The course was held by Thai Institute of Directors for management to learn about IT risks which were related to the strategic business operations in the present.
- Cyber Security Awareness Training for Senior Executive Session**
 A special lecture was given to the Bank's Board of Directors by an expert invited by the Bank to provide updates on cyber security threats and related trends.
- 'Sound Management' and 'Good Corporate Governance for Institutional Investors' for Listed Companies Seminar**
 The event aimed to open a forum for directors of listed companies to share their experience regarding their roles and responsibilities as the business leaders. The seminar was organized by the Securities and Exchange Commission.
- CG Forum for 'Honesty and Prudence are Shields for Directors' No. 1/2016**
 The forum was made available for directors to recognize their duty to ensure compliance with the laws, rules, regulations, and resolutions of shareholders to ensure transparency.

More information regarding corporate governance such as the composition, qualifications, roles, duties, and responsibilities of the Board of Directors, including conflict of interest, internal control, and risk management is available in Krungsri's Annual Report 2016 and Annual Registration Statement (Form 56-1).



Risk Assessment and Internal Control

Krungsri implemented measures and processes to prevent and manage risks that maybe inherent in its business undertakings, in compliance with internal control guidelines of COSO which comprises 5 elements, namely control environment, risk assessment, control activities, information and communication, and monitoring.

As regards risk management, Krungsri put in place risk identification, measurement, control, as well as risk monitoring and management, all of which are embedded in policies on credit risk, enterprise-wide risk, market risk, liquidity risk, operational risk, including any risks which may impact its business continuity. These elements may extend to assessment of sustainability risk derived from externalities such as flood, drought, climate changes and so forth, which incur disruption to the operating or network systems to Krungsri and the general public and whose effects may adversely impact the well-being of population and the stability of the economy in a long run.



Whistle Blowing Program is a tool which Krungsri uses to support its operation by allowing employees to file complaints if they find or suspect any wrongdoing that violates the rules or guidelines stipulated by the Bank. There are 4 whistleblowing channels as follows:



Whistleblowing Channels ^[G4-57 to G4-58]

- Ombudsperson**
 - Tel. 0-2296-0000 ext. 5588, 3901
 - PO box 169 Yan Nawa, Bangkok 10120
 - www.onekrungsriportal.net/legal&compliance/ombudscorner
- Branch Operational Risk Management Department (Branch Compliance)**
 - Tel. 0-2296-0000 ext. 3456 followed by 1 and 2
- Human Resources Group**
 - HR Hotline tel. 0-2296-0000 ext. 5577
- Audit Committee**
 - audit.committee@krungsri.com
 - Audit Committee
Bank of Ayudhya PCL. Head Office
1222 Rama III Road, Bang Phongphang,
Yan Nawa, Bangkok 10120

To demonstrate Krungsri's commitment, the Audit Committee, which consists entirely of independent directors, was appointed to consider complaints received through the channels stated above. The Audit Committee operates with fairness and impartiality, keeps the information confidential, and protects whistleblowers against harassment or reprisal in the case that they choose to disclose their identity.

Stakeholder Engagement



One of the key contributors to being a responsible business operator is the provision of channels to foster relations and communications with stakeholders. At Krungsri, we create stakeholder dialogues in order to learn of stakeholders' expectations, requirements, and opinions as well as hold discussions about how we can initiate and enhance collaborations in serving our society to achieve the goal of sustainable growth. Krungsri established stakeholder groups based on the impact created by each stakeholder group or the level of relations between each stakeholder group and the organization according to the guidelines of the Stock Exchange of Thailand (SET), the Thai Institute of Directors (IOD), and the ASEAN CG Scorecard ^[G4-25]. We specify a guideline for dealings with each stakeholder group, including channels, communication frequency, and expectations of each group as follows:



Employees

Treatment towards stakeholders:

- Fair treatment practices
- Reasonable compensations compared to peers
- Welfare schemes that exceed legal requirements
- Employee surveys to gather employees' views on various matters which would be incorporated into action plan for further organizational improvement

Expectations or concerns ^[G4-27]:

- Competitive salary
- Satisfactory welfare and benefits
- Sound workplace environment
- Career development and advancement
- Fair treatment

Communication channels and frequency ^[G4-26]:

Executive and Employees Meeting

- Krungsri Leadership Meeting (once per year)
- Town Hall Meeting (at least once per year)

HR Management

- Employee engagement survey (Voice of Krungsri: VOK) (once per year)
- Meeting with representative from Krungsri Labor Union (once per month)
- A consultation service provided by Human Resource Business Partner (HRBP) available all year long

Krungsri Internal Communications

To communicate corporate strategies, activities, and other useful information:

- A quarterly Message from the President and CEO
- A bi-monthly magazine 'Krungsri Life'
- A weekly electronic newsletter 'Around Krungsri'
- An array of news flashes, including Krungsri News Flash, Krungsri Synergy, and Krungsri Daily News Summary
- Krungsri Portal (Intranet)
- Internal emails
- Public announcements; and

Other activities arranged within the organization throughout the year

Customers

- Retail
- SME
- Corporate

Treatment towards stakeholders:

- Adherence to the principles of integrity and equal treatment in the provision of services, advice and support to customers
- Maximization of customers' benefits and satisfaction by offering them quality products and services that are convenient and in line with customers' needs for simplified financial transactions (Make Life Simple)
- Provision of complete and accurate news and information
- Implementation of a strict measure on customer information confidentiality maintenance according to the Employee Handbook. In so doing, disclosure of customers' information or their confidential are prohibited, unless required by laws or by written consent obtained from customers.
- Abstainsion from abusing customers' information for commercial gains and allowing customers to provide opinions for further service improvement

Expectations or concerns ^[G4-27]:

- Professional and excellent service
- Full and accurate information provision
- Products that answer to customers' needs
- Prevention against invation of customer privacy

Communication channels and frequency ^[G4-26]:

- Customer Satisfaction Survey (once per year)
- Online channels including:
 - Facebook Fanpage: Krungsri Simple
 - Instagram: KrungsriSimple
 - Twitter: @KrungsriSimple
- Activities to strengthen ties between the organization and customers conducted throughout the year
- 4 Business Matching events

Shareholders

Treatment towards stakeholders:

- Recognition of importance and respecting shareholders' rights in an equitable manner in auditing and providing recommendations for the Bank's operations to achieve business growth with sound business performance and satisfactory returns for shareholders in a long run
- Disclosure of key information to shareholders in a complete, correct, transparent, and verifiable manner
- Facilitation of convenience to ensure that shareholders fully exercise their right

Expectations or concerns ^[G4-27]:

- Satisfactory return on investment
- Complete, correct, transparent, and verifiable disclosure of information

Communication channels and frequency ^[G4-26]:

- Annual General Meeting (once per year)
- Annual registration statement (Form 56-1) and annual report (Form 56-2) (once per year)

Investors

Treatment towards stakeholders:

- Disclosure of the Bank's financial and general information under good corporate governance, with particular attention to information accuracy, adequacy, transparency, equality, timeliness, and compliance with laws, rules and regulations
- Maintenance of confidentiality of information and prevention of information abuse for personal or others' gains
- Establishment of Investor Relations Department as a contact point in managing relations with investors, especially on information disclosure and answering inquiries to various groups of investors

Expectations or concerns ^[G4-27]:

- Compliance with of corporate governance principles
- Satisfactory financial performance

Communication channels and frequency ^[G4-26]:

- Investor/analyst meetings (company visits) (24 times)
- Teleconference calls (3 times)

- Domestic road shows (11 times)
- Analyst meeting (1 time)
- A quarterly performance and business plan report (4 times per year)
- Emails to communicate any significant development Krungsri (21 times)

Commercial banks or other financial institutions

Treatment towards stakeholders:

- All employees' adherence to the competition law, and treating competitors according to international principles under the legal framework governing trade competition
- Collaborative efforts in conducting activities favorable to the overall business undertakings with a view to prevent any impact that might incur damage to the commercial banking system
- Provision of support for activities that lead to mutual understanding
- Adherence to related rules and regulations on competition against other commercial banks; for example, no unlawful conduct to obtain competitors' confidential information, no malicious accusation, etc.

Expectations or concerns ^[G4-27]:

- Fair competition
- Overall commercial banking system and economic development

Communication channels and frequency ^[G4-26]:

- Meetings between banks arranged by the Thai Bankers' Association (TBA) (once per month)
- Meetings between banks who are members of TBA's CSR Club (once per month)
- Meetings between banks on other occasions throughout the year



Regulators

Treatment towards stakeholders:

- Adherence to related laws and regulations as well as policies and standards stipulated by the relevant regulators of each business group
- Collaboration and support for the policies and activities of the relevant regulators to prevent any practices which do not conform to laws, rules, and regulations, and to promote the culture of compliance with good corporate governance

Expectations or concerns ^[G4-27]:

- Strict adherence to policies and regulations
- Good inter-agency cooperation
- Recognition of importance on customer complaints and vulnerable customers

Communication channels and frequency ^[G4-26]:

A minimum of annual dialogue and cooperation with regulators, including

- **Bank of Thailand (BOT):**
Submission of reports on business undertakings as per the BOT's requirements, e.g. risk management policies as well as attending a seminar relating to regulations to implemented, exchange of ideas, opinions, expectations and concerns raised during the previous year
- **Securities and Exchange Commission (SEC) - The Stock Exchange of Thailand (SET) - Thai Institute of Directors (IOD):**
Attending a seminar relating to regulations to be implemented and seminars relating to good corporate governance and related issue

Business partners and creditors

Treatment towards stakeholders:

- Adherence to the principles of integrity and fair treatment by taking into consideration optimum benefits and not disclosing or abusing confidential information for personal gains
- Complete, correct, fair, and undistorted news/information updates

- Equal treatment and respect for all partners/creditors, opening for feedback and suggestions, making clarifications according to facts, and promoting actions or activities that lead to mutual understanding
- Conducting business in strict compliance with related laws, requirements and regulations, with a focus on efficiency and fair practices
- Supporting and encouraging business partners and creditors to adopt good corporate governance practices

Expectations or concerns ^[G4-27]:

- Fair and equal treatment towards business partners and creditors

Communication channels and frequency ^[G4-26]:

- Communication between Procurement Department, Financial Liaison and Planning Department, and Tax and Disbursement Department according to prescribed work processes and guidelines

Society and the nation

Treatment towards stakeholders:

Conducting business with ethics and being a good corporate citizen, committed to the responsibility for local communities, society, and the environment, by implementing the following policies:

- Policy on Environment, Health and Safety (EHS)
- Policy on environmental conservation and concrete guidelines
- Policy on efficient use of resources

This includes putting in place guidelines for business operations that are socially responsible in view of both education and community engagement.

Expectations or concerns ^[G4-27]:

- Support for businesses to grow through Krungsri's responsible lending practices
- Provision of financial product information in a complete and correct manner

Communication channels and frequency ^[G4-26]:

- The financial literacy education for 94 schools across the country and Lao PDR
- A total of 21 financial management trainings for local communities by Ngern Tid Lor Co., Ltd. (NTL) as well as field visits to engage the communities throughout the year

Reporting Methodology



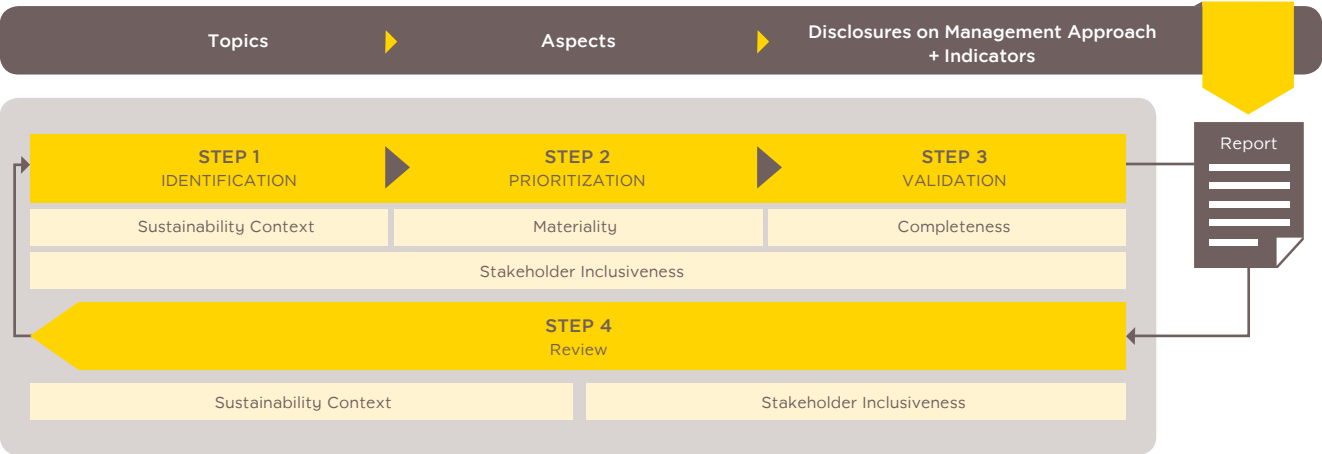
Reporting Guidelines [G4-28 to G4-30]

Krungsri’s 2016 Sustainability Report is the third report, following the launch of the first report in 2014. The report, covering the period between January and December 2016 and organizational structure as of 1 January 2017, is intended to monitor and disclose the Bank’s operations and performance on three sustainability development dimensions-economy, environment and society. The content presented herein also covers the group’s organizational profile, management approach, and indicators in accordance with the Global Reporting Initiative (GRI) for Financial Services Sector Disclosures based on the G4 Guidelines. Apart from the above, this report addresses the connection between Krungsri’s business directions and the Sustainable Development Goals 2030 (SDG2030).

Defining Report Content and Boundary [G4-18]

Krungsri defines the content and boundary of the report based on consideration of the essence and benefits of the content as a priority. In so doing, we conducted the Material Sustainability Aspect Assessment, taking into consideration issues such as sustainability context, stakeholder inclusiveness, and content completeness as per the GRI Guidelines. The process for defining report content and boundary is described as follows:

Defining Material Aspects and Boundary Process [G4-18]



Step 1: Identify Sustainability Topics

The Sustainability Report Working Team identified topics relevant to the financial services sector with potential impact on expectation, assessment, and decision-making of stakeholders regarding the organization’s responsible business undertakings, taking into consideration applicable sustainability aspects according to the GRI Guidelines, goals and direction of Krungsri for the year 2016 and changing environment as well as reviewed 2015 Krungsri’s material sustainability issues.

Step 2: Prioritize Material Aspects

After identifying sustainability aspects relevant to the organization, the Working Team prioritized material aspects based on consideration of the issues that influence stakeholders’ assessment and decisions as well as the significance of economic, environmental, and social impacts of the organization’s operations in order to extract material aspects or the materiality of the report.

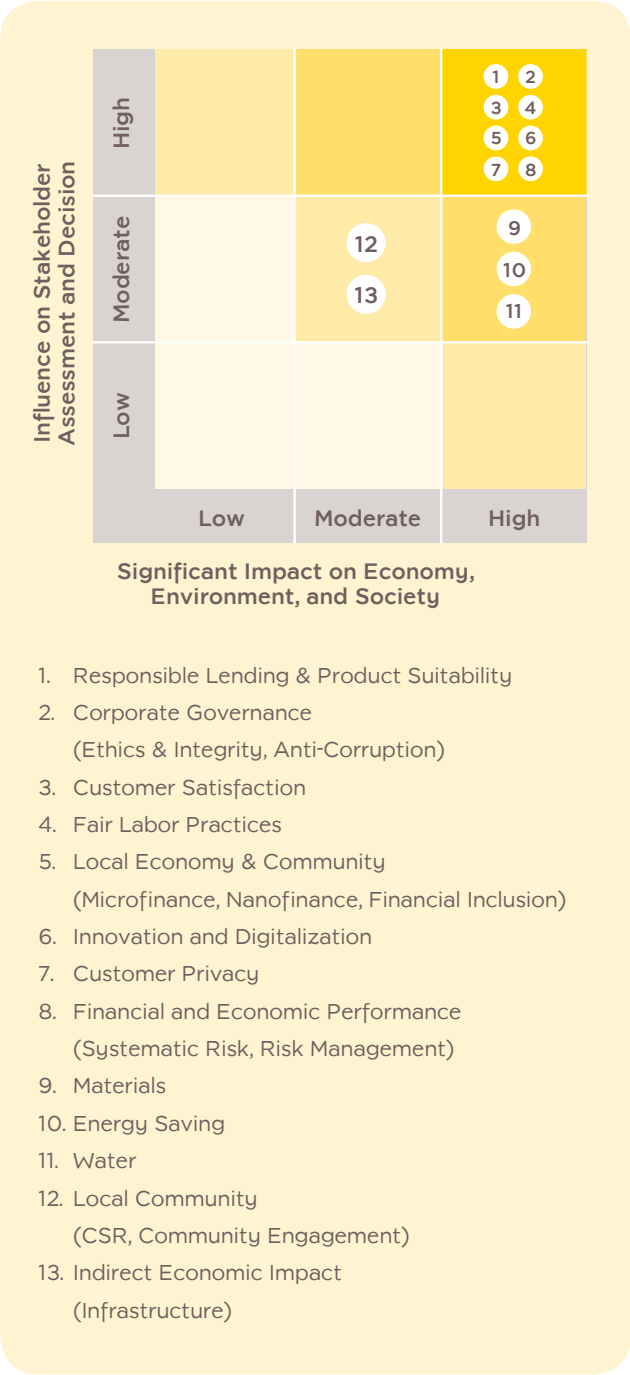
Step 3: Validate Material Aspects

The Corporate Social Responsibility (CSR) Committee, consisting of the President and CEO and senior executives from various functional unit of the Bank and its subsidiaries, verified material aspects in order to ensure that impacts and issues that are significant to its stakeholders were comprehensively taken into consideration. They will be the base formulation of sustainability action planning and preparation of the sustainability report. The identified material aspects for sustainability development of the organization are mentioned in prioritization chart.

Step 4: Review

In a move towards achieving sustainability goals that are most relevant and significant to the organization, Krungsri puts in place the process for reviewing the content and aspects of sustainability as well as gathering feedback from the stakeholders after the launch and dissemination of the Sustainability Report. This allows us to further identify key areas for improvement and set business directions in the next terms. Krungsri encourages its stakeholders to join in fostering a sustainable society by voicing their concerns and opinions on sustainable business undertakings through various communications channels, including a questionnaire form (attached herewith).

Krungsri's Materiality ^[G4-19]



Report Dissemination Channels

- Website www.krungsri.com: Topic 'Investors Relations', Sub-topic 'General Information and Annual Report'; or Topic 'Corporate Social Responsibility', Sub-topic 'Sustainability Report'
- 800 hard copies of the Thai version and 200 hard copies of the English version
- 12,000 CD-ROMs

Contact Person for Sustainability Report Preparation and Sustainability Practices ^[G4-31]

Runghthip Phenphan (Ms.)
Corporate Social Responsibility Department,
Corporate Communications Division

Bank of Ayudhya Public Company Limited (Head Office)
1222 Rama III Road, Bang Phongphang, Yan Nawa,
Bangkok 10120
Tel. 02-296-2000 Ext. 5811
Email: CorporateSocial.Responsibility@krungsri.com

Reporting Scope and Boundary

Sustainability Aspects			Report Boundary												Outside Krungsri [G4-21]
			Within Krungsri [G4-20]												
			The Bank and Subsidiaries [G4-17]												
Krungsri Group	GRI Reporting Framework	SDG 2030	Bank of Ayudhya	Krungsri Consumer	Krungsri Microfinance	Krungsri Auto	Krungsri Securities	Krungsri Asset Management	Krungsri AMC	Krungsri Leasing	Krungsri Services	Krungsri Factoring	Krungsri Leasing Service--Lao PDR	Hattaha Kaksekar Limited--Cambodia	
Responsible Lending & Product Suitability	Product and service labeling, marketing communication, product portfolio		●	●	●	●	●	●	●	●			●	●	Society and the Nation
Corporate Governance (Ethics & Integrity, Anti-Corruption)	Ethics and integrity, anti-corruption		●	●	●	●	●	●	●	●	●		●	●	Regulators, government, Society and the Nation
Customer Satisfaction	Product and service labeling		●	●	●	●	●	●	●	●	●	●	●	●	Customers
Fair Labor Practices	Employment, occupational health and safety, training and education, diversity and equal opportunity, labor practices grievance mechanisms		●	●	●	●	●	●	●	●	●	●	●	●	Employees and their family
Local Economy & Community (Microfinance, Nanofinance, Financial Inclusion)	Local communities		●	●	●	●	●	●	●	●			●	●	Society and the Nation
Innovation and Digitalization	-		●	●	●	●	●	●	●	●	●	●	●	●	Customers
Customer Privacy	Customer privacy		●	●	●	●	●	●	●	●			●	●	Customers
Financial and Economic Performance (Systematic Risk, Risk Management)	Direct economic impact		●	●	●	●	●	●	●	●	●	●	●	●	Society and the nation
Materials	Materials		●	●		●	●	●	●	●	●	●			Environment
Energy Saving	Energy		●					●	●	●	●	●			Society and the Nation, Environment
Water Resources	Water		●						●	●	●	●			Society and the Nation, Environment
Local Community Engagement	Local communities		●	●		●		●	●	●	●	●		●	Society and the Nation, Environment
Indirect Economic Impact (Infrastructure)	Indirect economic impact		●	●		●		●	●	●	●	●		●	Society and the Nation

The Power of Krungsri for Sustainable Society



Creating Sustainability Value

Financial service providers are the 'upstream' of the economic and social ecosystems, since they are the resource that nurtures profession, life improvement, and increasing demand of different resources, by streams of cash flow injected and circulated in the economy.

Economic distribution therefore relies on funding resources and promotion of financial service access. As such, Krungsri is a key contributor to both social and economic development of the nation.

Companies of any size, whether large, medium, small, microfinance or nano-finance, all depend on domestic or international financial resources to run their operations as well as create jobs. Such financing brings about an infinite cycle that increases employment and fosters 'downstream' businesses. Meanwhile, the household sector relies on financial institutions to manage their deposits and investment that have impact on their life in the future. Thus, expansion of financial inclusion and responsible lending are crucial factors to relieve concentration of growth areas and alleviate social disparities that have impact on their life in the future.

Krungsri is well aware of interrelations in the supply chain and economic ecosystem; and how the financial sector may create negative impact if the business or household sector lacks understanding in financial management or fails to optimize their financial resource. On the contrary, financial service providers are major contributor of the positive effect when the business and household sectors obtain smart financial management, since the financial resources they provide would thrust the entire economy as well as the society, and environment management toward success and sustainability.

Sustainable supply chain hence formed part of our fundamental principle. It is our firm belief that we should build growth while strengthening society with our engagement and responsibility toward stakeholders. With this in mind, Krungsri encourages our people to create shared value as well as sustainability through our CSR-in-process practices and CSR-after-process activities. This way, the power of Krungsri will contribute to sustainable society.

Responsible Lending and Product Suitability

[DMA: FSI, FS2]

The SDG 2030 sustainability goal of the United Nations in terms of poverty, economy, and employment are the areas where Krungsri can take part in and deliver with our responsible lending and suitable financial products.

Responsible Lending Policy

Krungsri deploys 'Risk Management Policy', which serves as a guideline to ensure responsible lending. Among its core principles is 'Responsible Lending' admonishing the Bank's employees to ensure responsible lending for customers and the society and to refrain from cases that may incur conflict of interest while strictly maintaining customer's confidentiality.

Responsible Lending

 No discrimination All customers shall receive equal treatment regardless of gender, age, ethnicity, nationality, belief, religion, social status, and disability.	 Confidentiality Key information of customers such as credit limit, or terms and condition shall be kept confidential from others, including officers who are not directly involved in credit service without any exceptions.	 Prevention of unfair bargaining power No transactions shall be executed as a result of an abuse of bargaining power of the Bank.
 Debtor's responsibility The Bank shall have confidence in debtors and shall refrain from making any inquiries that express any doubt in the ability and responsibility of debtor to make repayment.	 Environmental conservation Credit approval shall be made based on environmental conservation to build a sustainable society, which forms part of the social responsibility of the Bank.	 Customer due diligence Loan customers shall undergo due diligence to ensure proper verification.

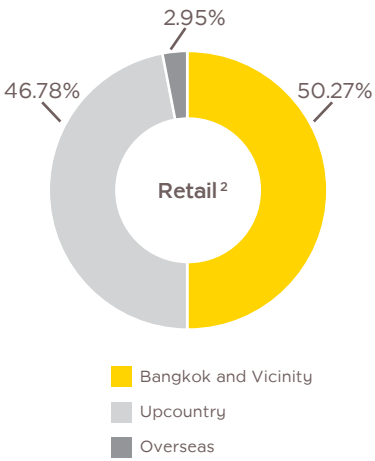
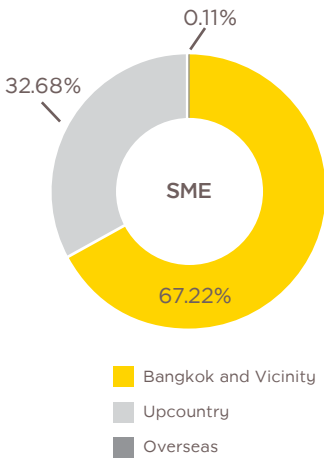
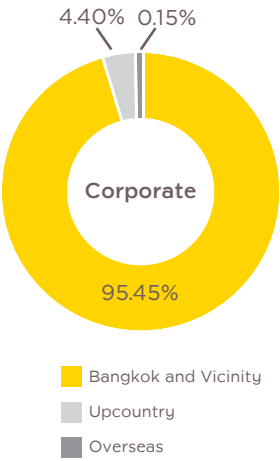
Furthermore, Krungsri adheres to exemplary practice and contributes as a good corporate citizen. Our principle is to refrain from financing any illegal transactions or businesses nor those with unlawful objectives, nor those related to cartels, mobsters, Sokaiya, political parties, businesses or persons explicitly known to utilize the credit for political activities, grey businesses, nor entities whose business violates the environmental law, or any other laws, rules, and regulations. Moreover, the Bank will not approve any loans involved with cronyism, off-book loans, or any loans relating to persons on the list of blocked persons as per the database of the Bank. Each transaction shall be made in accordance with the **"Know Your Customer (KYC)"** principle to ensure that the Bank does not finance any wrongdoing nor create any unwanted impact toward the society and environment.

In this regard, the Bank established responsible division for credit examination—a unit separate from credit approval division and departments responsible for sales and business expansion—in order to prevent conflict of interest and promotes effective credit verification. The audit of risk and quality of credit was required on an annual basis.

Balanced Portfolio Management

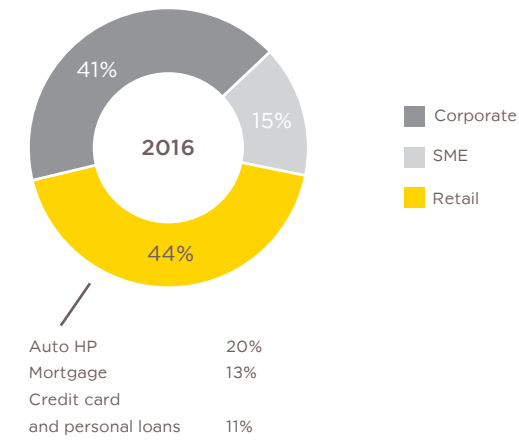
[G4-FS6]

Krungsri constantly responds to different and rapid-changing demands of customers by offering financial products and services that best answer to the needs of corporate customers, including Thai, Japanese, and multi-national corporations as well as SME and retail customers.



(Information as of 31 December 2016)

¹ Inclusive of microfinance and nano-finance loans
² Hire purchase, mortgage, and personal loan



As at the end of 2016, Krungsri’s loans to commercial banking customers totaled 588,167 million baht or 41 percent of all loans. Loans to Thai corporates were 462,445 million baht or 30 percent while loans to Japanese and multi-national corporations were 161,722 million baht or 11 percent. Loans to SME were 215,549 million baht or 15 percent; and loans to retail customers were 645,166 million baht or 44 percent of total loans. These loans consisted of auto hire purchase loans¹ of 20 percent while personal loans and credit cards accounted for 11 percent and mortgage loans were 13 percent. In this regard, retail loans accounted for the largest proportion of total loans, followed by corporate loans, and SME loans, respectively.

With regard to loan distribution, it was found 72.86 percent of loans were in Bangkok and vicinity while 25.80 percent of loans were in other regions.

Financial Service Channels of Krungsri

Financial service channels of Krungsri increase each year, which not only strengthen the Bank’s business performance, but also extend coverage of financial access to all regions.

Krungsri focused on change of service provision formats at Krungsri branches to offer modern and full-scale services. Sub-branches at shopping centers were

expanded while new branch opening in provincial areas slowed down in 2016. Nevertheless, opportunity to access the financial resource was equally provided based on the evenly distributed financial access and transaction channels available in low-population provinces. Such fair distribution allowed equal access to financial resources for all, which serving as the key contributor to growth and equal income distribution throughout the community as well as the support for the community members to stand on their own feet.

[G4-FS16]

Operating year and area Financial resource and transaction access	2014		2015		2016	
	Bangkok and vicinity	Regional area	Bangkok and vicinity	Regional area	Bangkok and vicinity	Regional area
Krungsri branches	282	362	290	383	298	397
	644 ⁽¹⁾		673 ⁽²⁾		695 ⁽³⁾	
ATM (machines)	2,404	2,697	2,605	3,030	2,815	3,433
	5,101		5,635		6,248	
Foreign exchange booths	22	69	23	70	23	72
	91		93			
Krungsri Exclusive	15	4	21	5	22	10
	19		27		32	
Krungsri Business Center ⁽⁴⁾	55		55		64	
First Choice and dealers	78 branches + 13,870 dealers		112 branches + 16,689 dealers		144+18,786 dealers	
Krungsri Auto dealer's network	~2,500	~3,800	~2,800	~4,200	~3,800	~5,600
	6,300 dealers		> + 7,000 dealers		> +9,400 dealers	
Branches	Ngern Tid Lor Co., Ltd.					
	81	242	88	294	133	348
	323		382		481	
	Hattha Kaksekar Limited					
	N/A		N/A		154	

Remark: ⁽¹⁾ 616 full-scale branches and 28 auto loan branches
⁽²⁾ 636 full-scale branches and 37 auto loan branches
⁽³⁾ 658 full-scale branches and 37 auto loan branches
⁽⁴⁾ Including Krungsri Business Centers and SME Business Centers

(Information as of 31 December 2016)

[G4-FS16]

Areas	Provinces with lowest population ⁽⁴⁾									
	1. Ranong		2. Samut Songkhram		3. Sing Buri		4. Trat		5. Nakhon Nayok	
	Unit	Unit: Population	Unit	Unit: Population	Unit	Unit: Population	Unit	Unit: Population	Unit	Unit: Population
Krungsri branches (Average branch per population = 1: 139,965) ⁽¹⁾	1	1:187,536	1	1:194,376	2	1:105,713	3	1:76,478	2	1:124,089
ATM (Average ATM per population = 1: 16,186) ⁽²⁾	2	1:93,768	6	1:32,369	4	1:52,857	18	1:12,746	11	1:22,562
Ngern Tid Lor offices (Average regional branch per population = 1: 159,673) ⁽³⁾	2	1:93,768	1	1:194,376	1	1:211,426	1	1:229,435	1	1:248,178

Remark: ⁽¹⁾ Calculated from number of population of 55,566,077 persons / 397 Krungsri branches in the region
⁽²⁾ Calculated from number of population of 55,566,077 persons / 3,433 ATMs in the region
⁽³⁾ Calculated from number of population of 55,566,077 persons / 348 regional branches in the region
⁽⁴⁾ Royal gazette (2016), Notification of Office of the Central Registrar RE: Number of population in the Kingdom of Thailand, separate into Bangkok and other provinces as per the civil registration evidence as of 31 December 2015 announced on 24 February 2016.

(Information as of 31 December 2016)

Retail Loans

Krungsri pays close attention to the approval process of all loan types, taking into account the repayment ability of customers and the credit limit. The Bank ensures sound risk management and conservative loan approval criteria. Frequency of data update from the National Credit Bureau Co., Ltd. was improved to enhance repayment behavior surveillance to prevent customers from falling into payment predicament. Recommendation for debt restructuring and management is given when necessary. We believe that smart credit management is highly beneficial to our customers as well as the social and economic ecosystem in general, especially in terms of bad debt improvement.

Krungsri Mortgage Loan

2016 was another year that mortgage loans contributed to our asset growth as per our Mid-Term Business Plan. Krungsri recorded strong mortgage loan growth of 22.6 percent, with new loan booking recorded at 60,000 million baht or an increase of 20 percent over 2015. This notable growth was fuelled by consumers speeding up their purchase and transfer of houses between January and April 2016 before the government’s stimulus measures on property expired. This, coupled with Krungsri’s strategies in partnering with top developers, including top local developers in the key economic provinces and innovative campaigns (5-year and 7-year fixed-rate mortgages), supported our mortgage-loan growth through until the end of 2016.



Mortgage loans are among the Bank’s core products. They underwent several improvements and modifications, namely the processes and service teams, to align our procedures with our customer-centric strategy. These included focusing on collaborating for customers, improving the loan approval process, and increasing the efficiency of our services.

Looking forward, we estimate robust new loan bookings at 50,000 million baht to 70,000 million baht a year. However, the Bank continues to apply strict loan approval criteria to maintain loan quality while acquiring qualified new loan accounts.

Krungsri Auto Loan

Various demands of customers were captured and translated into a variety of products of Krungsri Auto. Some customers have demands for auto loan to ease their daily life while others finance their business for a brighter and stable future.

2016 was another challenging year for the auto finance industry. Nevertheless, Krungsri Auto achieved 134 billion baht in new loans, a 7 percent increase from the previous year. We moved ahead with robust infrastructure, innovative thinking, and marketing campaigns throughout the year. Krungsri Auto has maintained its leading position in the industry and developed innovative products and services for an optimal customer experience across all touch points. In 2016 Krungsri Auto pushed forward with a Customer Experience strategy focusing on digitization to develop products, services, and marketing campaigns to meet their needs by integrating social media and online channels to provide easier and more



convenient access to our products and services. Krungsri Auto has operated in Lao PDR through Krungsri Leasing Services Co.,Ltd., a joint venture owned by a Krungsri Group affiliate and a local company, to provide automotive and personal finance options to Lao customers. Krungsri Auto continues looking forward to expand possibilities in these markets.

Krungsri Auto was also able to leverage the strength of our corporate customer base with MUFG/BTMU by offering automotive financial solutions to original equipment manufacturers (OEM) and major dealers using BTMU’s network. Moreover, we have supported marketing campaigns and offered hire-purchase service for new cars. In addition, Krungsri Auto focused on strengthening relationships with car manufacturers, used-car dealers, and motorcycle dealers around the country by introducing innovations to sustain growth throughout our supply chain and expand to our alliance in all areas.



Krungsri Auto \$mart Finance for Sustainable Life Improvement

It is one of our flagship corporate social responsibility projects. Started in 2009, the project aims at educating entrepreneurs on financial literacy and financial management. The project offered a seminar on personal finance for individuals and small community enterprises (2009-2012), then moved on to enhance business and financial management for

small local entrepreneurs in border areas to prepare them for the AEC in 2014-2015. The focus for 2016 was on small SMEs in need of new knowledge on digital competency. In the digital era, they need to learn how to respond to customers' needs. Krungsri Auto \$mart Finance: Digitized Small SME was kicked off in Ayutthaya Province. There were 166 participants with 93.22 percent satisfaction.



Krungsri Auto deployed corporate social marketing as it introduced an advertisement with an aim to act as change agent to improve the mindset of road users in 2016. The 'Give Way, Give Life' short film was launched on Krungsri Auto Facebook fanpage and KrungsriAutoTV on YouTube to encourage drivers to clear up the road for ambulances and emergency vehicles to pass in case of emergency.

The advertisement was under the 'LET'sponsible' campaign—a new initiative encouraging individual responsibility for the general public. During the past two years, more than 14 LET'sponsible short films have been produced and shown on the KrungsriAutoTV, YouTube channel to instill a sense of responsibility about the importance of good citizenship in the society.



'Give Way, Give Life' Commercial under Let'sponsible Campaign

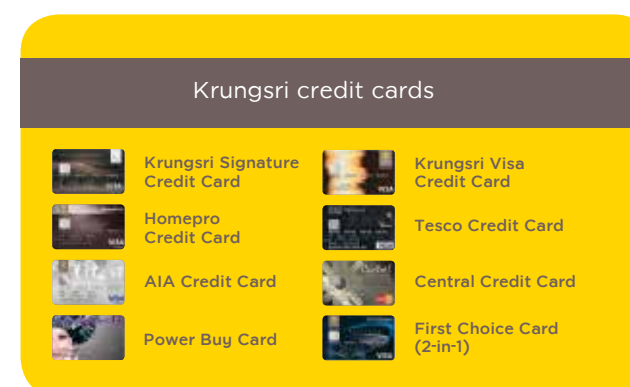
Krungsri Auto produced the 'Give Way, Give Life' short film to raise awareness of the society to clear up the road for emergency vehicles. It has received excellent feedback with over 7 million views.

The ad was among short films produced under the LET'sponsible—a pun of 'responsible'—to promote public responsibility to audience and those around them. The LET's do it! Initiative has been ongoing for the 2nd consecutive year on KrungsriAutoTV on YouTube and Krungsri Auto Facebook fan page.

Credit Cards and Personal Loans

Amid challenging economic environment in 2016, Krungsri Consumer, a credit card market leader, personal loan, sales finance (merchandise installment financing) provider and insurance brokerage services, achieved growth of 7.6 percent at year-end 2016 from 2015 and remained

a market leader. The Group's credit card portfolio holds 7.8 million accounts with 319 billion baht while non-performing loans was lower than the industrial average. With flagship brands of Krungsri Credit Cards, First Choice 2-in-1 Credit Card (2 services in 1 card), and Power Buy Credit Card, Krungsri Consumer secured the market leader position with 25 percent market share.



Krungsri Consumer emphasizes on transparency and compliance with laws, rules, and regulations. We are determined to support and give back to the society, reflected in our responsible lending embedded in all of our processes. For example, our credit approval is made based on the repayment capability and credit limit is set in line with the sound risk management system. In addition, seminars and lectures have been organized to educate our employees, students, and the general public about proper financial management.

Krungsri Microfinance and Nano-finance

Krungsri has profound understanding about distribution of equal opportunity to obtain access to financial services for people in all walks of life, especially low-income earners. With this in mind, the Bank has expanded its microfinance services through two entities specializing in microfinance, one of which focuses in domestic market while the other serves in another ASEAN country. Krungsri's domestic microfinance is under management of Ngern Tid Lor Company Limited (Ngern Tid Lor), the owner of the top-of-mind Ngern Tid Lor brand, is the leader in providing auto loan services using all types of automobiles as collateral, hire-purchase loans for used trucks, and nano-financing to underserved customer segments. In addition, Ngern Tid Lor is the largest branch-based, non-life insurance broker offering various insurance products such as motor insurance, personal accident, cancer insurance, and compulsory car insurance under the Road Victim Protection Act. Ngern Tid Lor began rebranding in 2016 to accentuate its brand DNA.

Regarding the international presence, Krungsri provides microfinancing through Hattha Kaksekar Limited or HKL. The acquisition of HKL was successfully completed in September 2016.

Also in 2016, Krungsri Consumer—the leader in the retail and credit card market—introduced the latest financial solution called 'Tao Kae Tan Jai' nano-finance loan for entrepreneurs.

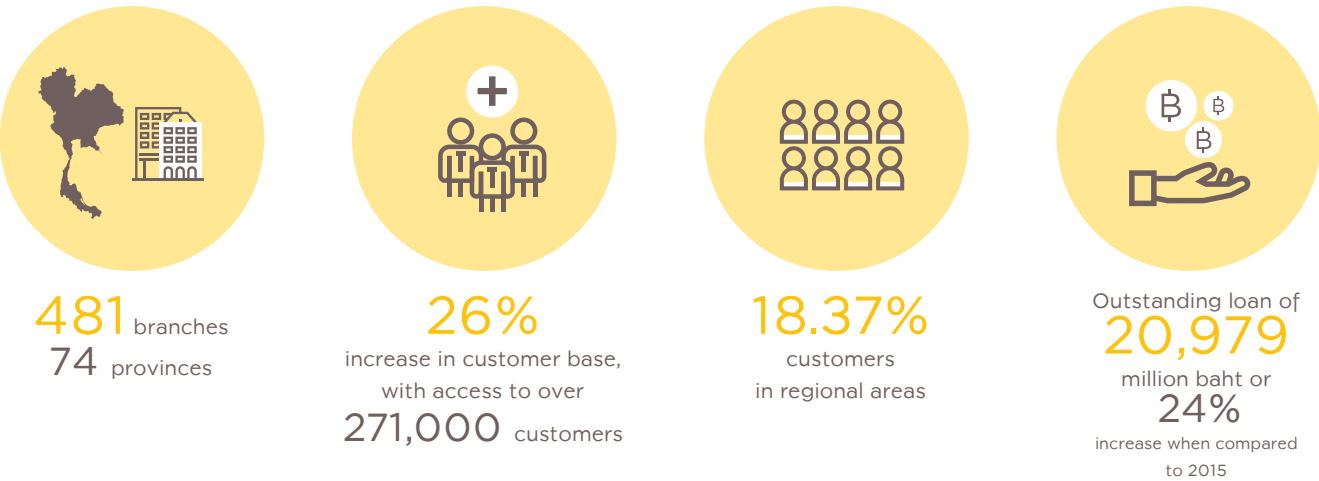
• Ngern Tid Lor Co., Ltd.

"Everything we do, we strive to empower people and enrich lives. We BELIEVE that access to fair, transparent, and responsible financial services is everyone's right."

Ngern Tid Lor's key goal is upgrade vehicle-for-cash in Thailand while delivering well-intentioned financial services, serving as a transparent financial resource for consumers, including the underbanked. Moreover, it should help to resolve the informal-loan issue and to offer customers better choices in times of financial difficulty. All these concepts were captured in the 'Life Roll Onward' slogan.

In 2016 Ngern Tid Lor's service upgrades included expanding its branches to 481 in line with its plan to achieve a nationwide service network. Service speed was enhanced; for example, auto loan service was streamlined from two hours to only 30 minutes, making it more convenient than ever for customers. In addition, Ngern Tid Lor formulated a policy to provide complimentary personal accident insurance (PA) to all motorcycle-loan applicants to lessen the burden on customers in case of accidents. More than 280,000 PA policies were distributed during the year. In addition, Ngern Tid Lor continued its efficient and yet flexible operations, a nationwide network, strong risk management practices, state-of-the-art IT systems, and quality financial services provided at affordable prices with convenience, respect, and dignity.

In 2016 Ngern Tid Lor introduced a 3-minute commercial under the concept of 'New Life', designed based on the corporate social marketing of Ngern Tid Lor. This advertisement reflected Ngern Tid Lor's intention to alleviate a social problem with its financial solution that offers a chance for anyone to overcome their money issue and be freed from debts; and at the same time, reminded all debtors to spend wisely and avoid being indebted again. The ad raised the bar of the auto loan commercial and spoke the mind of its target group. These efforts secured Ngern Tid Lor as the top-of-mind brand offering fair and transparent products for customers to get their 'Life Roll Onward'.



Stakeholder Communications Channels



In 2017 Ngern Tid Lor will continue to improve our customers' quality of life by offering fair and transparent financial products, a variety of affordable, non-life insurance products that meet customer needs,

along with excellent customer service to ensure that 'Ngern Tid Lor' secures a brand status trusted by customers nationwide.



'New life' Commercial to Promote Wise Spending

Ngern Tid Lor joined hand with a renowned film director-- Khun 'Tor' Thanonchai Sornsriwichai—to produce a mind-blowing short film under the concept of 'New Life', expressing the intention of Ngern Tid Lor "We strive to empower people and

enrich lives. We BELIEVE that access to fair, transparent, and responsible financial services is everyone's right." The commercial referred to the previous comical ad to remind audience of Ngern Tid Lor's engagement and communicated with striking phrase "We don't ever want to see you again". This strongly reflects consumer insight. Over 1 million views was achieved only after 1-week broadcast.

- **Hattha Kaksekar Limited**

"HKL is committed to providing practical financial services to customers in both rural and urban areas."

HKL is a microfinance institution that operates across Cambodia, with practices characterized by quality and transparency. HKL is committed to providing practical financial services to meet demand of customers from different backgrounds; a wide range of products and services has been developed and rigorously promoted, including loans for micro, small, medium, and large entrepreneurs, along with deposit and other services.

HKL is one of the longest-operating microfinance firms in Cambodia and retains its strong leadership in the industry among the top five microfinance companies who earned a large market share in terms of loans outstanding and deposits. HKL's My MobileBanking service won Best Innovation in Financial Service (global) award from the Sustainable Finance Network (GSFN) from Germany in 2016. The award was given based on GSFN's survey on service efficiency, security level, access, accuracy, and user-friendly interface. The service offered convenient access for customers and enhanced financial inclusion in Cambodia while reducing financial cost of HKL.

Hattha Kaksekar Limited (HKL)



339,117
accounts, or an increase of
2.52%
from 2015



Total deposit of USD
360 million, or
12,902 million baht,
representing **51.20%**
increase



Total loan outstanding of USD
445 million, or
15,953 million baht,
representing **22.49%**
increase



154
branches and
123
ATMs nationwide

- **Tao Kae Tan Jai Loans—the nanofinance product for enterprise by Krungsri Consumer**

"Easy approval without financial documents"

Krungsri Consumer, the leader in retail and credit card segment, strengthened its presence in the microfinance and nano-finance business by introducing 'Tao-Kae-Tan-Jai' nano-finance product for retail customers in September 2016. The product targets small business owners who have operated their businesses for at least one year with permanent business locations. Customers can apply without financial documents such as bank statements or guarantors. The maximum loan size is 100,000 baht

Tao Kae Tan Jai offers an unsecured loan that could easily be the beacon guiding the way for entrepreneurs in search for a chance to expand their business without any complicated requirements. The aim of Tao Kae Tan Jai loan is to allow small retail entrepreneurs to access working capital loans in the financial system corresponding to government policy. During the initial launch phase, the company operated in the Greater Bangkok Metropolitan Area and Chon Buri Province as high-potential areas. Plans for 2017 are to roll out service areas in major provinces in each region.

Small and Medium Enterprises (SME) Loans

SME entrepreneurs are essential to the ecosystem of Thai economy, especially in terms of creating jobs, value addition, foreign capital inflow, and import reduction. The segment grooms enterprises that connect to and support large corporates' economic activities as well as other manufacturing industries. SME sector is an institution producing skilled labors and a solid foundation of the economic system. SME industry accounts for over 90 percent³ of business entities in Thailand. According to the statistics, there were a total of 2,765,986 SME

entrepreneurs, creating a total of 10,749,735 jobs or 80.44 percent⁴ of total employment.

Recognizing the importance of SME business, which resembles small cogs connecting conglomerates to other manufacturing sectors, Krungsri has continuously studied the demands of SME customers and used the insight to develop 'Krungsri Value Chain Solutions' to help SME achieving growth in a sustainable manner with simplified process and operations that make their financial transactions 'simple' in alignment with Krungsri's brand promise to 'Make Life Simple'.

Financial Knowledge Enhancement Activities for Stakeholders

- **Knowledge Seminar** that featured professional speakers from various fields and our MUFG partners from around the world providing knowledge and insights on issues that benefit our customers, for example, economic analysis and offshore business opportunities. In 2016 we organized the seminar 'Krungsri Business Talk: CLMV Opportunity' for SME customers recognizing Krungsri's strong overseas network and partners who provided advice and financial support for CLMV business expansion.
- **Krungsri Business Forum 2016: Thailand's Opportunities seminar** to broadened SME and corporate customer perspectives on Thailand and the global economic outlook by organizing a large business-oriented seminar
- **Krungsri Leadership Academy Wave 6**, a training course tailored to help young business successors and new-generation leaders keep abreast of the highly competitive and volatile business environment in the digital age, was conducted to steer their businesses toward sustainable success. The program uses a holistic approach to teach with the combined knowledge and expertise of Krungsri, Assumption University (ABAC), and the National Institute of

Development Administration (NIDA). It also offers extensive networking along with opportunities to exchange business-related ideas and knowledge for customers.

- **Business Matching for SME** were held exclusively for Krungsri's customers to create opportunities for SME to present their products and extend their channels to international markets. In addition to business-matching events in Thailand, we also launched one in Lao PDR, 'Krungsri Business Journey: The Opportunity in Lao PDR'. This event resulted from studying customer needs and foreseeing AEC business expansion opportunities, then using the event to support Thai SME customers expanding into Lao PDR.
- **'Krungsri-MUFG Business Matching Fair in Bangkok'** that covered a wide range of industries, with numerous companies from Japan invited to meet Thai, Laos, and Vietnamese companies. We also continued to support our customers' business expansion via online channel where SME customer were provided with and opportunity to pitch their products services for leading companies in Thailand and Krungsri website.



³ Statistic of SME in Thailand, Thai Credit Guarantee Corporation (TCG)

⁴ SME business Report for the year 2016 by Office of Small and Medium Enterprise Promotion (OSMEP)

Furthermore, Krungsri contributed to the low-interest loan program of the government by entering into a MOU with 17 specialized financial institutions and commercial banks to provide 30,000 million baht loans with interest rate of 4 percent p.a. for a period of 7 years for SME customers for the purpose of machinery and production efficiency improvement. The loan application period was from 27 July to 31 December 2016 or until credit was depleted and customers were to drawdown the loan by 30 June 2017.



Corporate Loans and Investment Banking

The Krungsri-MUFG synergy helps strengthen our business connections and makes global financial services available to customers in several areas such as offshore funding, project financing, and bridge-loan underwriting facilities. Krungsri also supports customers to expand their businesses into countries that are part of the MUFG global network and acts as a business partner.

Domestically, despite gradual economic recovery, corporate and investment banking of Krungsri marked another successful year in alignment with our Mid-Term Business Plan. Krungsri's corporate banking lending portfolios grew 8.0 percent in 2016 driven mainly by loan demand in transportation, retail, hospital, and construction materials. Krungsri's investment banking also provide advisory service for leading corporations in Thailand as well as various financial solutions, namely project finance, syndicated loans, debt market capital mobilization, and securitization.



Customer Centricity

'Customer Centricity' is embedded in the DNA of Krungsri people. It has earned its place among Krungsri core values. Krungsri people are devoted to satisfy customers with a variety of products that best respond to customers' demands while enabling Krungsri to progress with corporate social responsibility.

Retail and Consumer Services

In 2016 Krungsri added new products in the retail and consumer portfolio, which were tailor-made and introduced to dedicated target groups as seen below.

- KRUNGSRI PRIME**
 Focusing on 'mass affluent' segment which includes customers with a net worth above one million baht but less than five million baht who are considered high-potential customers. To let customers know how much the bank values their business, special service through 'Plan Your Money' is provided to support their financial success.
- KRUNGSRI EXCLUSIVE**
 Continuing to move forward to expand the customer base in line with its key strategic focuses –collaborating with branches, SME banking, and Krungsri subsidiaries. Initiatives included recruiting a considerable number of relationship managers and enhanced training courses to equip them with knowledge to better serve the varied needs of our valued customers. Courses run year-round ranging from investment and financials to other skill sets.
- DEPOSITS**
 Through our two flagship deposit products 'Mee Tae Dai' and 'Jad Hai' Krungsri increased low-cost deposit or current and savings account and notably expanded the retail customer base in 2016. In recognition of these innovative features, we were voted the Best Deposit Product for 2016 by The Asian Banker.
- INVESTMENT**
 Introducing five new funds: the Global Equity Long Short Fund; the Global Property Dividend Fund; the Global Brands Equity Dividend Fund; the Global Smart Income Fund; and the Krungsri Global Collective Smart Income Fund.

• DEBIT AND ATM CARDS

Krungsri has recognized the importance of government policy to change the ATM and debit card system from magnetic to chip cards to protect customers from card-skimming and card forgery due to vulnerability of magnetic card. Chip cards can solve this problem and increase customer confidence in ATM and POS machine transactions. All cards are now debit chip cards that support the government policy of a cashless society, changing from cash to digital payments. In addition, in 2017 Krungsri will continue to focus on developing a card system in line with the government's national e-payment policy using cards compatible with 'Thai bank chip-card standards' to support the domestic payment system. Krungsri will also launch debit cards for online spending in early 2017 to address customer needs and provide more convenience.

• MONEY TRANSFER AND ATM CHANNEL SERVICE

- **Krungsri PromptPay**
 Krungsri collaborated with the Bank of Thailand to develop a payment system called 'PromptPay' aligned with the National e-Payment Master Plan: This is a new money transfer service requiring customers to link their national ID or mobile phone number to their accounts without the need for their bank account details to transfer funds. It offers more convenience and saves time for customers. In the first phase the service enabled individuals to make person-to-person payments (P2P) using six channels including Krungsri branches, Krungsri Website, Krungsri Online, Krungsri Biz Online, Krungsri Mobile App, and Krungsri ATM. Money transfer services will also be included using four channels (Krungsri ATM, Krungsri Online, Krungsri Biz Online, and Krungsri Mobile App) that will go live according to the Bank of Thailand's plan.

- **Special Privileges for Foreign Tourists**
 Krungsri collaborated with Central FamilyMart Co., Ltd. to offer special privileges to foreign tourists who are UnionPay cardholders.

• BANCASSURANCE

In 2016 we launched a new life insurance product called Krungsri Big Bonus 15/9, and a comprehensive health insurance product called Krungsri Exclusive Health Plan.

Financial Education for Stakeholders

• Plan Your Money



Krungsri provides the 'Plan Your Money' service to educate customers to spend wisely. The service contains advice for customers to obtain 'compass to smart money planning...to reach the financial goals faster and wiser'.

User-friendly programs are available at customers' disposal, namely 'Tax

Saving is Easy' simple tax calculation program, 'Invest for Wealth' investment program, 'Retirement Planning' retirement preparation program, 'Get Ready to Save and Invest' financial health check-up program. Interested persons can start their financial planning with these programs to

reach their goals in life very easily. Just download the programs from Krungsri's website under the menu "Plan Your Money" (<https://www.krungsri.com/bank/en/planyourmoney/main.html>)

• Mutual Fund Master Course

The Bank and KSAM collaborated to develop a new program for branch officers, not only to educate them with in-depth knowledge about funds, but also to train them for fund pitching in line with the goals and objectives of customers. Most importantly, a team of experts was dispatched to each branch to give a one-on-one training session with participating officers, who underwent test and received recommendations to improve their future service. This program is useful to our officers as their potential is enhanced as an effective financial advisor; and it is also beneficial to customers as they will obtain correct financial information.



Customer Satisfaction

Krungsri implements a tool to measure customer satisfaction on an annual basis. The 'Net Promoter Score' or NPS is deployed to measure interest and preference over Krungsri as a brand. The Bank's aim is to get the insight of customers, who are among the most significant stakeholders of the organization.

Net Promoter Score



(Information as of 31 December 2016)

Data Disclosure, Complaints Handling, and Confidentiality

'Krungsri Phone 1572' is a telephone banking service channel available for customers to make enquiries, report service problems, or make comments or suggestions as well as file grievances or complaints via Krungsri Call Center & Customer Complaint Resolution Process (CCRP). At Krungsri, we place great importance on handling each and every complaint to best satisfy the customers' requirements as well as on confidentiality keeping of customers' information. We take it seriously to handle our customers' personal and business information with the utmost care in providing financial services and it is one of our corporate ethics to maintain confidentiality and privacy of our customers in a most professional manner.

In 2016 the Bank received relevant complaints, which can be separated into 38 cases of miss-selling (Telesales), 7 cases of data disclosure, and 30 cases of data maintenance (Data Input).

In addition, we pay close attention to customers in case of any complaints in compliance with the policies on customer complaint resolution process of the Bank of Thailand. The Bank is required to disclose the service level agreement of its financial services to retail customers and submit a monthly report to the Bank of Thailand. In 2016 (from March onwards), 99.93 percent of all cases were resolved within 15 days from the complaint date while the 0.07 percent of all cases were not resolved within 15 days, which were a satisfactory rate.



(Information as of 31 December 2016)

Provision of information to customers and marketing and communications channels are essential to financial service providers. As such, Krungsri is prudent in providing information about its products and services to customers to ensure that it is clear and correct and that it is free of distorted or misleading content. Our communications are to be made with correct content and contain risk exposure related to our products as well as terms and conditions in accordance with the laws and regulations of the Bank of Thailand, Securities and Exchange Commission, Consumer Protection Board, Office of Insurance Commission, and good corporate governance principles. The Bank is to ensure that consumers shall be provided with sufficient information to make decisions. In 2016 the Bank did not receive any complaints about any marketing communications which failed to comply with the laws, rules, or any regulations; and there were no cases where the Bank was imposed material punitive action as a result of its products and services.

Financial Innovation and for Customers and Society

Financial technology and innovations are core drivers for the Bank to save both time and direct as well as indirect cost of our customers. The enhanced products and services will deliver satisfactory customer experience while expanding our coverage and accessible channels. Thus, our innovations can contribute to the society and serve as significant expediting factors for the economic growth in a sustainable manner.

Aspiring to become the leader in 'Digital Innovation Banking', Krungsri ceaselessly introduces new products and services to meet the digital needs of clients in various target groups. In building perfect digital-age financial services with maximum efficiency, we are guided by the Seven Pillars of Digital and Innovation Strategy and the Eleven Boxes for Technological Innovation and Investment.

The Seven Pillars of Digital and Innovation Strategy

1. Multi-Digital Channel and Omni-Channel
2. Branch Transformation
3. Process Digitization
4. Digital Marketing and Social Media
5. Innovation Culture
6. Startup/FinTech Experiment
7. National e-Payment

The Eleven Boxes for Technological Innovation and Investment

1. Artificial Intelligence (AI) and Machine Learning
2. Big Data and Data Analytics
3. Blockchain
4. Smart Application Programing Interface (API)
5. Super Mobile App
6. Biometric Authentication
7. Social Lending Platform
8. Insurance Technology
9. Wealth Management
10. E-Commerce
11. Cross-Border Money Transfer

2016 was the first year of the third phase for Thai financial sector development plan for the years 2016 to 2020. This is in accordance with the master plan developed by the Bank of Thailand and the Finance Ministry for the first phase (2004-2008) and second phase (2010-2014). The plan is aimed at strengthening the competitiveness, promoting financial inclusion, developing infrastructure and maintaining stability of the Thai financial sector. The launch of digital banking via electronics channels is part of the third phase and it has brought about several financial innovations and business development plan.

- **Financial Technology (FinTech)**

One of Krungsri's aims is to offer innovative products and services equipped with high security for our customers. In the era of fast-paced digitization. The swift change in new technology has led to advance development for banking services. Technology has played a major role in supporting businesses especially financial services or so called Financial Technology (FinTech). In line with the global trend, FinTech is a major catalyst that drives changes to financial services. It enables consumers to have fast and multiple accesses to funding and financial services. For banks, FinTech will not only help boost efficiency and reduce operating costs, but also increase the competitiveness in domestic and overseas markets. Commercial banks have prepared their readiness for FinTech in several ways such as setting up internal research and development teams to create new types of services

and investments in FinTech Startup through venture capitals or business cooperation between banks and FinTech.

- **National e-Payment system**

The Bank of Thailand and the government have joined hands to create a strategic plan to develop the national infrastructure for electronic payment (National e-Payment Master Plan) and PromptPay will be the first project to be materialized under the master plan. PromptPay is a new system that allows users to transfer money by registering their identification numbers or mobile phone numbers linked with a bank account. So far, 21 banks have participated in the project. PromptPay is scheduled to begin services in the first quarter of 2017, promoting public and private sector an increase in financial access and e-Payment channel.

In 2016, Krungsri implemented several digital and technological advances to stay ahead in the digital era, to welcome the economy 4.0, and to ensure all customers' demands were met in all facets of our operations.

There are various innovative products and services in our pipeline to ensure Krungsri can deliver an impressive customer experience, which fit their demands while contributing to the social and economic development. Along with creating social value, Krungsri adheres to our brand promise to deliver products and services under the concept of 'Customer Centricity', namely:



- **Full launch of new-look corporate website** of Krungsri Asset Management to better serve customers and interested investors at large: Customers will find it more convenient to update news, NAV, performance, and fund information through this new user-friendly website that is compatible with all platforms whether accessing the site on a mobile phone, tablet, or desktop computer.
- **Online Application for @ccess Online Service** has long served as an online transaction platform for simple fund transactions featuring user-friendly, easy-to-access functions. We have recently made significant progress on online applications by allowing completion of application forms through our website (www.krungsriasset.com), with a link to apply for direct debit at bank accounts online. All processes can be completed easily within a few minutes.
- **'Uchoose' – the credit card mobile application for everyone**, designed as a one-stop service, the application offers a variety of functions to better serve all Krungsri Consumer Group cardholders. The application is available for download for both iOS and Android mobile users in February, 2017.
- **Samsung Pay – a new milestone in mobile payment technology**, partnered with Samsung to offer 'Samsung Pay' for all Krungsri Consumer credit cards. To enjoy this service, Krungsri Consumer cardholders, whether Visa card or MasterCard, simply need to register Krungsri Consumer credit cards using the 'Samsung Pay' application. Our customers can then use their compatible Samsung phones to make payments at participating stores worldwide. Payment can be made easily either by tapping or waving their compatible Samsung phones at contactless payment machines or by placing the phones next to the EDC (Electronic Data Capture) machines. To prevent fraud, Tokenization Security Technology has been deployed, changing a credit card number into a token for Samsung Pay transactions to ensure the highest security for our customers. Cardholders could experience the service since December 2016.

- **Financial Technology and applications for optimal customer benefits by Krungsri Group** in collaboration with RISE, an expert in startups and the first corporate accelerator in Thailand, Krungsri has launched the 'Krungsri RISE Fintech Accelerator' in May 2016. The project reflects Krungsri's vision of collaboration between the banking sector and the financial technology industry for optimal benefits to customers and consumers. Krungsri RISE expands the know-how and investment opportunities for financial technology innovation or Fintech startups and unleashes growth opportunities for financial digital business advancement.
- **'My IVR' – customized Interactive Voice Response (IVR) menu** based on usage history to enhance our service standard, Krungsri Consumer has introduced 'Big Data' technology for customer data analytics. The project boasts various functions including 'My IVR', launched in September 2016. 'My IVR' is a calculating function to customize the best IVR menu for each customer by analyzing the customer's IVR usage history.
- **Personalized Marketing – right promotions communicated to individual customer**, by using our Big Data, a new innovative technology called 'Machine Learning' which was introduced in November 2016 to promote our Personalized Marketing approach. Machine Learning is a mathematical and statistical algorithm to analyze customers' spending histories and predict their preferences for various merchants. Thus, only appropriate promotions are communicated to each customer. Consequently, customers do not receive unwanted promotions and messages.
- **Krungsri Biz Online, Krungsri Biz Alert** for SME customers, Krungsri Biz Payment Gateway for commercial customers, and user-friendly corporate income tax payment system for corporate customers.
- **New platform 'Digital For Life' or e-Application by Krungsri Bancassurance** the new platform should boost customer satisfaction by shortening application processing turnaround time from three to one day without medical examinations.

Fair Employee Treatment and Practices



Krungsri Group's Staff
29,595 persons



Permanent
26,884 persons



Contract
2,711 persons



Krungsri's
Board of Directors
12 persons



9 males



3 females



Total Training Coverage
99.47%



Total Training hours
945,899 hours

Creating sustainable value extends much further than merely providing financial services to external stakeholders--our valued customers. It also requires sound management and accountability for 'internal stakeholders'--our valued employees.

Employees are primary stakeholders that are critical to the success of any organization as they are the force behind our mission and our future success. Thus good working conditions, employee well-being management, fair compensation and benefits, building and maintaining employee loyalty, satisfaction and engagement, and potential development are essential management tools. Realizing that both committing to the highest ethical standards and meeting our financial responsibilities are of equally great importance, Krungsri promotes employee well-being by supporting work-life balance, equal treatment of employees at all levels, and fair hiring practices regardless of gender, race, religious beliefs, or other diversities.

Employment

Following the successful MUFG-Krungsri business partnership since December 2013 we have seen greater diversity and newly emerging opportunities for our workforce, including the appreciation of different

corporate cultures, higher employment rates, and a diversified culture.

Today Krungsri employees undoubtedly are ready to embrace change, learn about and understand global diversity, and open themselves to new cultural experiences.

By the end of 2016 Krungsri Group's headcount was 29,595: comprising 26,884 permanent employees and 2,711 temporary (contract) employees, with this breakdown for Krungsri employees by entities, genders, ages, nationalities, turnover rates, operationing areas and other diversities as per details on page p.84-85:

Fair Treatment, Remuneration, and Benefits

Krungsri's greatest asset is our people, which is why providing proper care for them in all facets of their lives is vital. We arrange for facilities to encourage our people to maintain good physical and emotional health and help alleviate their financial concerns with compensation and fringe benefits, some extended to their families as well. Furthermore, our remuneration, benefits, and working conditions exceed legal requirements while ensuring fair and equitable treatment for all employees.

Fair Remuneration

Krungsri regularly conducts reviews to ensure fair, competitive compensation and benefits compared to our industry peers. We also collaborate with other Krungsri Group companies to ensure that our benefit policies are aligned. Moreover, the **Incentive Sub-Committee** supervises and approves incentive and reward principles and guidelines for all companies under Krungsri's umbrella to ensure consistent remuneration for the entire organization in line with the Bank's strategy.

The Human Resources Group has identified talent as per our succession plan to work in Greater Mekong Subregion (GMS) countries in line with the Bank's strategy to expand into CLMV markets and to become a regional financial powerhouse. In addition, an internationally acclaimed compensation and benefit structure was adopted to ensure that employee pay accorded with that of BTMU and to maintain our competitive edge in the financial industry.

Respect for Human Rights and Employee Privacy

Krungsri highly values human rights and employee privacy. Aligned with good corporate governance, we do not support any business where such freedom is deprived. The Bank respects the rights of our people to associate or form groups of their choice and to join collective efforts to create bargaining power. Moreover, we ensure that employee privacy is protected and that discrimination is not tolerated in our hiring process, except for legal requirements. Krungsri practices fair recruitment as we are determined to promote working conditions that suit all our people at all our operating areas. Such practices not only comply with the labor and other related laws, but also nurture a culture of respect for one another. The Board of Directors, executives, and all other employees deem it their duty to ensure adherence and compliance.

As part of good corporate governance, another key duty of the Board and our executives is to provide proper benefits for employees as well as ensuring workplace safety and compliance with the laws, rules, and regulations relating to safety and hygiene. To achieve nondiscriminatory working conditions where employee information is properly safeguarded, the Bank formulated criteria and guidelines for fair recruitment: This ensures Krungsri's compliance with labor laws and reflects our unwavering intention to protect human rights.

Fair Employee Benefits

Krungsri employees are provided with other benefits to reduce their cost of living and ease their financial concerns. Certain benefits are also provided for their families to encourage sound health, which can improve their quality of life and employee performance. These benefits are communicated to our people through various channels such as the Employee Handbook and our online portal called Krungsri People, and includes:

- **Financial Benefits** – child education allowances; financial support in case of death or the death of a spouse, or parents; financial relief and special non-interest loans in case of disaster; and mobile phone allowances
- **Health and Life Insurance** – group insurance; personal accident group insurance; and annual medical check-up packages tailored for age range and gender
- **Employee Loans** such as welfare loans, family loans, housing loans, computer loans, education loans, and car loans, and
- **Funds** such as provident funds, compensation funds, social security funds, and the Funeral Assistance Association.

In 2016 the Bank arranged a vaccination program for four types of influenza: H1N1 (2009); HTN2 (2014); B/Brisbane; and B/Phuket as declared by the World Health Organization (WHO). The Bank subsidized our employees and their families at a special price. This was the first year that the program was extended to provincial branch employees.

Work-Life Balance for Employees and Families

Facilities are made available at Krungsri operating areas to improve employees' quality of life while at work, including prayer rooms for Buddhists and Muslims, a child care room and a maternity room as dedicated areas for parents and children, and a fitness center to improve and maintain employee physical strength. In addition, a library helps enhance personal development and potential.

Krungsri respects employees' personal lives and encourages them to achieve a work-life balance. Besides

providing facilities, including the maternity and child care rooms, we allow parents to bring their children to work to ensure that the children's rights are protected appropriately. This strengthens the family institution and is aligned with the Children's Rights and Business Principles (CRBP) of the United Nations Children's Fund (UNICEF). Moreover, Krungsri offers benefits for employees with increased family responsibilities: we grant proper child allowances and maternity leaves. Female employees are entitled maternity leaves not exceeding 90 days (including holiday) for each pregnancy whereby they continue to receive salary equivalent to 45 working days. To date, most female employees have resumed work afterwards.

Fairness is embedded in all aspects of our recruitment process, from beginning to end. Krungsri has a practice guideline that is formulated in case significant change incurs to employees. For instance, terminated employees are notified by the Human Resources Group before their payday for that month so that the effective date of termination falls on the payday of the following month. In addition, severance is paid to such employees as per legal requirements to ensure fair treatment. Any change according to the period of negotiation between the Bank and labor union will be based on the length of the period of the relevant agreement.

Technology as Employee Benefits

To stay abreast of the age of digital and innovative transformation, Krungsri adopts new technologies to improve its processes and flexibility, to build accurate databases, and to enhance operational efficiency. In 2016 the Human Resources Group announced its long-term plan to centralize the Group's payroll (Krungsri Payroll CoE), expanding the original service to five subsidiaries, with the goal of serving as the payroll center for all Krungsri Group companies by 2020. The OneKrungsri Platform and payroll digitalization have been developed for this. An application is also being developed to facilitate employee access to change the provident fund contribution rate via the Intranet.

In 2017 the Human Resources Group plans to adopt new applications for employee benefits in several areas. Employees can access their own benefit packages through the employee self-service menu containing the latest medical reimbursement status and loan application process. The new system will reduce service turnaround time and operating cost for faster, better service quality for our people.

Occupational Health, Safety, and Working Environment

Krungsri provides health, life, and accident insurance for all employees to ease any concerns about occupational health and safety expenses. Nevertheless, some work processes may incur health risks: for example, we observed that 51 out of a total of 87 officers attached to the document custodian function of the Domestic Cheque

Operations Department of the Bank that are highly prone to respiratory and hearing problems as their duties require paper and document handling exposing them to dust from paper tissues. Thus the Human Resources Management Division provides an additional physical check-up for respiratory, hearing, and heavy metal these risk-prone employees to ensure that they are in good physical condition and safe from work-related ailments. In 2016 all employees in this risk group had normal health.

The Bank has provided proper workplace, working environment, in compliance with legal requirement relating to the environment, biosafety, and security. We encourage our people to maintain good health by arranging evening yoga and aerobic classes for interested employees. In addition to good health, our employees saved money as they did not have to pay for personal fitness training elsewhere.



Krungsri Fitness Center

One 2016 highlight was the major renovation of the Krungsri Fitness Center to expand the fitness training area, add new and innovative exercise equipment, and modernize the locker room facilities. In addition, fitness trainers and nutritionists are available to provide personal consultancy to achieve desired results safely. We installed a registration system for employees to track their progress and exercise records for each session. After this revamp the Fitness Center saw positive feedback, with registration in the second half of 2016 totaling 24,300, or an average of 115 employees using our service daily.



Return to Work and Retention Rates after Maternity Leave of Female Employees [G4-LA3]

Maternity Leave Statistics	Number of Female Employees (Persons)		
	2014	2015	2016
Number of employees entitled to maternity leave	8,459	9,504	10,187
Number of employees having marital status	1,955	2,209	2,516
Number of employees taking maternity leave	209	269	319
Number of employees returning to work after maternity leave	206	265	313
Number of employees returning to work after maternity leave who were still employed 12 months after their return to work	203	205	261
Return-to-Work Rate* of employees taking maternity leave	98.56	98.51	98.12
Retention Rate** of employees taking maternity leave	98.54	77.35	83.39

Remarks: * Return to Work Rate = (The number of employees returning to work after maternity leave/the number of employees taking maternity leave per each gender) x100
** Retention Rate = (The number of employees returning to work after maternity leave who were still employed 12 months after their return to work/the number of employees returning to work after maternity leave) x 100

(Information as of 31 December 2016)

Personnel Development ^[G4-LA9 to G4-LA10]

Krungsri recognizes the importance of learning and development as our people are our most valuable asset and the key driver to achieve our Group's mission and objectives the Bank. Mindful of this, Krungsri designed and delivered a basic framework for developing executives and other employees to enhance their competencies aligned with our goals and strategies. The aim is to ensure they efficiently respond to business requirements and customer needs by embedding Krungsri Core Values, developing strong leadership, building professionalism, and reinforcing good corporate citizenship to support the organization's achievements and groom employees for career advancement and for our sustainable growth.

To achieve optimum results from our human resources development efforts we attach great importance to continually developing training programs and activities for executives and other employees, encouraging employees at all levels to enhance their competencies through various learning channels with equal development opportunities by following these principles:

Training Strategy

- 1. Enhancing Performance of Employees** – To determine guidelines and design training programs that meet our business requirements in alignment with Krungsri Core Values, leadership competencies, and specific functional competencies to support the customer-centric organization based on the concept that 'All employees are our customers'
- 2. Consistently Developing Talent** – To determine guidelines and design learning programs to develop talent and successors the skills required and to prepare employees for future business growth
- 3. Increasing Employee Engagement** – To broaden experience and create an impressive learning environment through various learning programs and interesting educational media delivering content that reflects real-life contexts

- 4. Promoting a Self-Development Culture** – To foster self-development and encourage self-learning using modern learning channels
- 5. Applying Management Technology** – To consistently improve working processes and apply advanced technology to knowledge management, increasing efficiency, promoting organizational knowledge sharing
- 6. Sharing Knowledge and Synergizing** – To encourage knowledge-sharing along with learning and professional development tools between Group companies enhancing overall efficiency and gaining optimum benefits, and to leverage knowledge-management synergy aligned with Mitsubishi UFJ Financial Group strategies.

To ensure an effective learning management approach Krungsri has worked closely with executives and other employees to understand business requirements and development needs using various approaches such as interviewing executives to determine business directions and needs, conducting focus groups with training representatives from each function, and conducting training needs surveys for all employees. These inputs are used to design learning programs and to continually improve them for optimum efficiency and effectiveness. Krungsri focuses on providing a variety of courses and formats and ensures availability of courses developed to provide equal opportunities and freedom to learn as well as encouraging a continual corporate self-development culture.



Potential Development

Krungsri's strategies continue to support our business direction and growth to ensure that they are aligned with our business requirements. This can be achieved through building Krungsri's professionalism and supporting customer-centricity following the Bank's strategy to meet the needs and expectations of our customers and to maintain long-lasting relationships with them.

Krungsri has designed and developed learning programs that focus on creating employee excellence by embedding our Krungsri Core Values, developing strong leadership, building professionalism, and reinforcing good corporate citizenship to enhance individual and organizational performance in line with our goals and strategies. This helps us to respond efficiently to business requirements and customer needs as well as grooming employees and developing their competencies for our sustainable growth and for their own career advancement.

To achieve optimum efficiency and effectiveness, we attach importance to continually developing training programs and activities for executives and other employees as well as encouraging them to enhance their competencies through various learning channels with equal development opportunities:

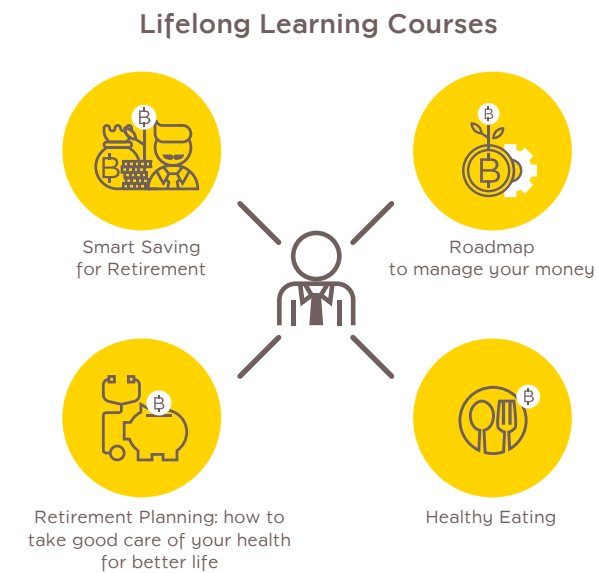
- 1. In-house training and development**
 - Embedding Krungsri Core Values, Developing Leadership Competencies, and Building professionalism.** We develop required knowledge, skills, and competencies through core training programs for all employees, functional training calendars such as the branch training program, SME training programs, commercial banking programs, and transactional banking programs.

- Reinforcing Good Corporate Citizenship** by supporting internal and external activities and acting as a good corporate citizen. All our people are expected to uphold and live by this concept by; for example, doing business with respect for human rights, showing responsibility to customers, jointly developing communities and society, preserving the environment, and promoting anti-corruption.
- Developing Talent and Successors** with the Krungsri Leadership and Talent Development Program, we prepare talented employees to become effective successors to guarantee success at the next level—to give future business leaders the capacity and capability to power future growth of our organization.

- 2. Alternative Learning and Development** means training or development activities that offer learning opportunities and encouraging consistent self-development as well as promoting a self-development culture through learning channels such as online courses, online publications, the Krungsri Library, and master's degree scholarships.
- 3. Public Training (outside and overseas training)** offers learning and development opportunities from external training courses both locally and internationally when certain developmental needs may not be met by existing internal learning or alternative programs. In providing this type of training, factors including individual and the Bank's demand for improvement of such skills, training budget management, overall budget management, and urgency are considered.
- 4. MUFG/BTMU Learning Programs** refer to opportunities to receive training and join learning activities designed and developed by the Mitsubishi UFJ Financial Group made available for our people, including their Global Rotation Training Program and other short-term training.

Lifelong Learning Encouragement

Krungsri training and support programs include transition assistance for continued employability and counseling for retirement or termination. We provide knowledge and consulting services on employee benefits, health care, and financial planning for retirees such as one-on-one consultation for employment contract expiration along with courses that enhance lifelong learning, for example: Smart Saving for Retirement; A Roadmap to Manage Your Money; Retirement Planning – How to take good care of your health for a better life; Healthy Eating; and Smart Saving for Retirement.



Employee Training Hours

In addition, Krungsri monitors and provides regular training report to executives of each business units by focusing on training coverage of all employees, number of training and development hours and number of employees who completed compliance or compulsory courses. Moreover, Krungsri conducts training and development plan annual review with key stakeholders or senior executives to ensure that all training and development were delivered with quality.

A selection of learning and development courses and activities are provided to all employees with equal opportunities and freedom to choose. Referring to continuous tracking and monitoring report in 2016, 99.47

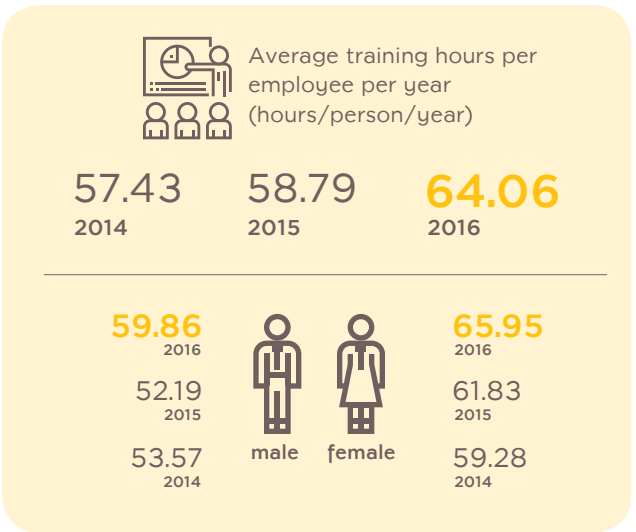
percent of employees received training and development and each employee achieved and average 64.06 training hours. This means almost of employees were rigorously developed in response to business requirements and development needs. The number from the report also shows that our employees truly focused on continuous development and were highly self-motivated to improve capabilities as the number of employees who accessed and did self-learning via online is 97.21 percent.

Krungsri’s determination to enhance the potential of our people is reflected in visible success: The 2016 average number of employee training hours increased by 8.96 percent from the previous year, with a total of 945,899 hours.

Unit: (hours/person/year)

Topic	2014	2015	2016
Average training hours	57.43	58.79	64.06
By Gender			
Male	53.57	52.19	59.86
Female	59.28	61.83	65.95
By Corporate Level*			
Officer 1–3	63.33	66.39	70.21
Officer 4–6	51.49	53.04	56.75
Officer 7–8	59.46	98.59	68.67
Executive Level 9 and above	38.52	48.04	59.95

Remark: * According to the Bank structure



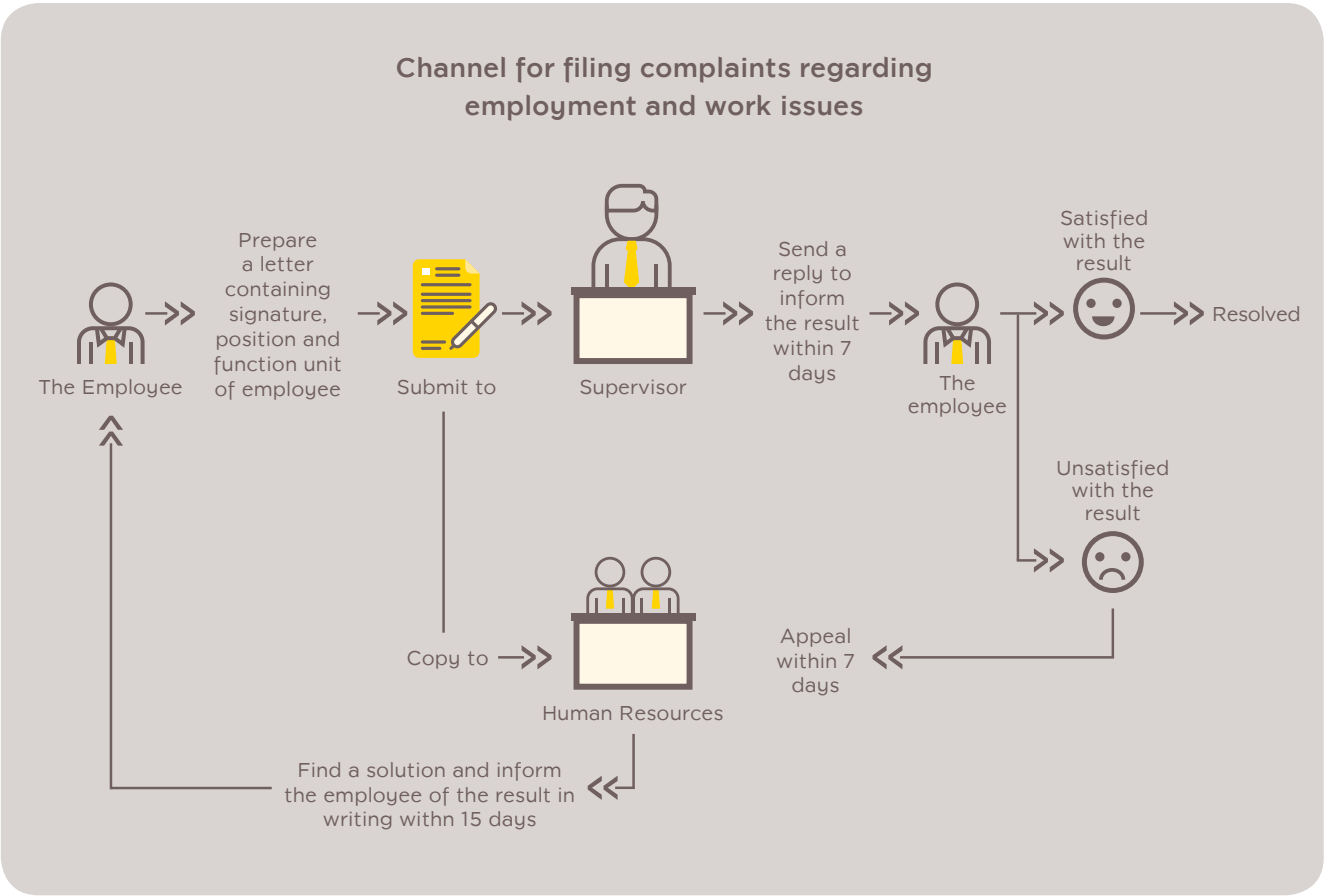
(Information as of 31 December 2016)

Listening to Employees’ Voices

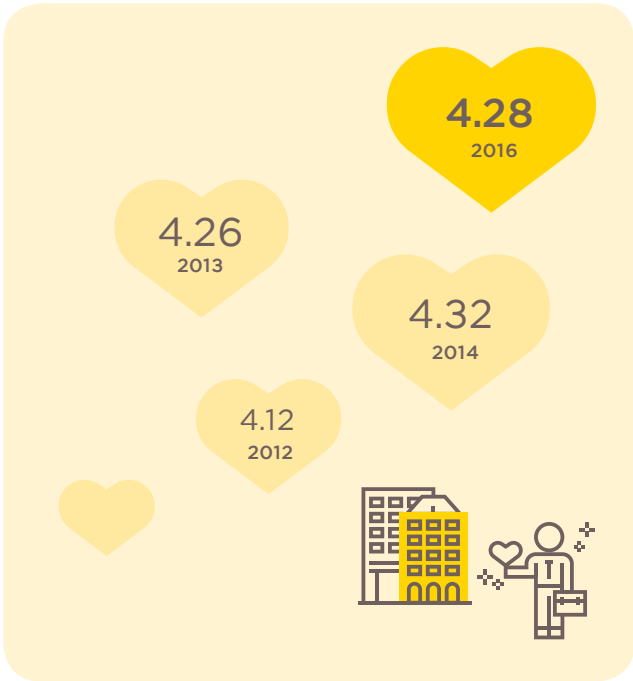
Krungsri employees’ voices are always heard since they are among our most important stakeholders. Various communication channels enable employees to raise issues or concerns and to file complaints:

- 1. Communication channels for employment or work-related issues
 - 2. Communication channel for behavior, ethics and integrity
- Contact: Employee Relations and Disciplinary Procedures Department, 12th Floor, Head Office, Tel. 0-2296-2000, Ext. 62834/62837

- 3. HR Service, 12th Floor, Head Office, Tel. 0-2296-2000, Ext. 5577
- 4. Workplace Welfare Committee, consisting of employees appointed as committee members responsible for discussing and making recommendations about benefits for employees and the Bank
- 5. The Voice of Krungsri (VOK) program to gather employee opinions.



Employee loyalty scores (Voice of Krungsri)



Remark: The survey was not conducted in 2015 due to organization restructuring during the year.

(Information as of 31 December 2016)

Krungsri has implemented a project to measure employee engagement to identify areas for improvement in maintaining and enhancing its status as an organization that provides a sound workplace environment to help increase productivity—a factor indirectly translating into business growth. The program is divided into two steps: measuring employee engagement and formulating working environment improvement plans.

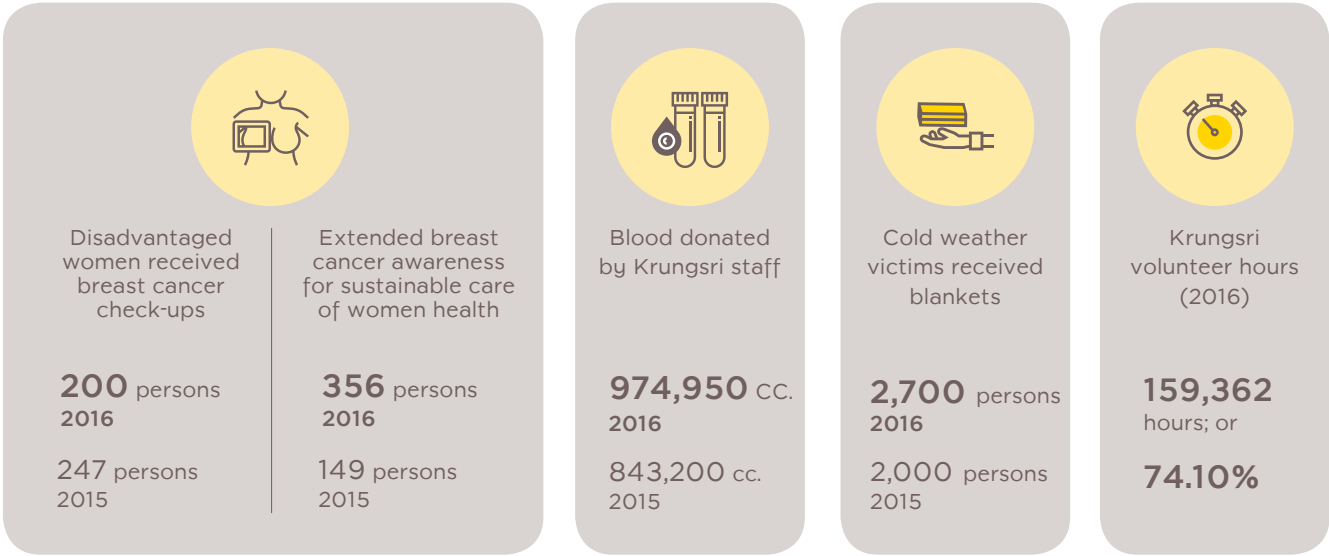
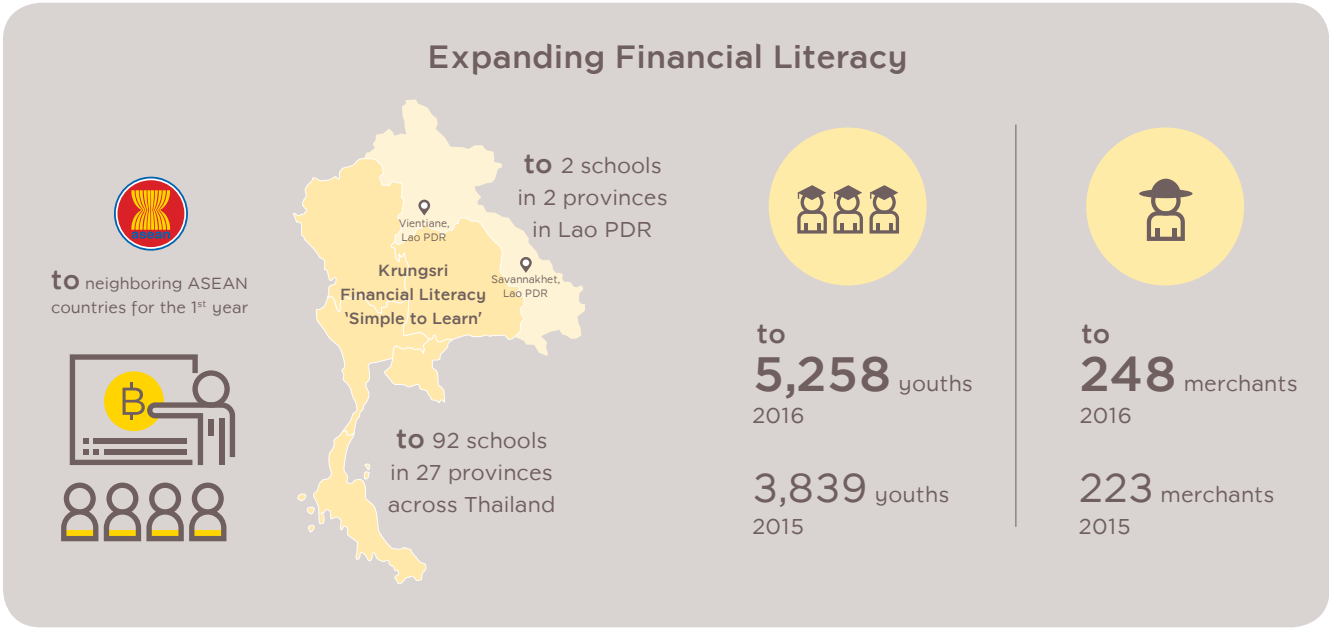
In 2016, 83.36 percent of employees⁵ participated in the Voice of Krungsri survey with questions including work-related expectations, team working atmosphere, career stability, and core values. Total scores and division breakdowns reported to the Executive Committee for acknowledgement by the Human Resources Group, which is responsible for further data analysis and improvement planning.

Freedom of Association and Collective Bargaining^[G4-11]

Krungsri gives employees the right to establish and apply for membership in the Krungsri Labour Union according to the Labour Relations Act of 1975, allowing employees to exchange ideas and opinions with the Bank, reflecting good labor relations within the organization. Monthly meetings between the union and the Human Resources Group are held to discuss and share issues and concerns about the working environment and welfare, and to make recommendations for the benefit of employees and Krungsri based on mutual respect for rights and duties between the two parties and the shared goal of developing solidarity and a prosperous, competitive organization with sustainable growth.



Giving Back to Community



Being successful as an organization recognized by society takes more than mere business operations practicing corporate social responsibility. A business may attain this status by strengthening societal relationships. Krungsri opts for several approaches, among them is to constantly listen to gain a better understanding of our stakeholders' expectations and increase our community participation. On one level, these serve as an opportunity to give back to society, at the same time enabling the Bank to cultivate our people to be more considerate, to share more with others, and to embrace the volunteer spirit. Our ultimate aspiration is for these people to be strong contributors to a sustainable society wherever they are or will be in the future.

Krungsri promotes and provides opportunities for employees to give back to society by arranging numerous volunteer activities, with corporate social responsibility included in employee KPIs since 2015. Our people are asked to donate one working day (8 hours) to participate in CSR activities. Many of these activities received positive feedback from our people because they saw their social contribution as refreshing and an enjoyable diversion from routine operations. Furthermore, numerous first-time volunteers were inspired by these CSR activities as they switched roles from 'receiver' to 'giver'. It is our hope that these experiences inspire employees to do more to ensure that we are responsible in our lending and value accountability to our customers and to society in general.

Most 2016 CSR activities have been ongoing for some time with the impact, operating areas, and progress tracking matrices of these programs continually improved and expanded. Krungsri also reaches out to alliances and partners in various industries to maximize the benefits of these programs aligned with the 17th target of the United Nations Sustainable Development Goals (SDG 2030).

Providing Financial and Educational Support

The key to being a responsible lender is to do business while providing financial knowledge to society—both for our customers and for the public. We leverage our financial expertise and deliver a simple version of such knowledge to society to further create social value from our business operations.

Providing Financial Knowledge

We also share our knowledge to help build the future foundation of society—young people, to instill good financial discipline and guide them to become valuable members of society, hoping that they can share this knowledge with parents who may be troubled with debt burdens in the present.

Krungsri Financial Literacy Project: Simple to Learn

After the success of the 70th Krungsri Anniversary 70 Schools Financial Literacy Project in 2015, Krungsri continued the project as the Krungsri Financial Literacy Project with the theme Simple to Learn to maintain its role as a responsible financial institution. Through this project the Group's aim was to reach 70 more schools nationwide in 2016. Thanks to the cooperation of Krungsri employees across the Group, the 70-school target was easily attained, with the number of schools participating increased to 94 by year-end. This achievement exemplifies Krungsri's excellence as a responsible financial service provider.

The project educated elementary school students to save and spend money wisely and equipped them with financial knowledge and discipline from a young age. The project driven by Krungsri staff as volunteer trainers, benefited 5,258 students in 27 provinces across Thailand and was extended to 2 cities; Vientiane and Savannakhet in Lao PDR, marking the first time it was offered outside Thailand.



To provide access to financial knowledge extensively and equitably, 22 volunteers from Krungsri Auto organized a financial literacy activity for students with hearing disabilities at the Setsatian School on 10 June 2016. Apart from sharing financial knowledge, Krungsri's contribution to the participating schools also included activities such as service to the school and recreational activities to make learning fun and effective. Overall, 7,223 employees were engaged in the project.

In 2017 Krungsri plans to extend the project to youths on campuses as they are only a few steps away from being the first jobber who are expected to manage their own finances, so it is opportune to equip them with sound financial discipline and smart financial management.

Krungsri Simple Finance with Ngern Tid Lor

As a leading financial institution with a strong competitive edge in the retail segment, Krungsri places importance on financial inclusion together with financial and debt-management knowledge to propel both the organization and society forward together.

For this reason Krungsri provided six financial training courses initiated by the Bank of Thailand to its retail customers served by Krungsri subsidiary Ngern Tid Lor to help them learn how to manage money and reduce household debt. A total of 21 sessions were organized in 2016 in Bangkok and other provinces with Krungsri and Ngern Tid Lor employees serving as coaches. Some 248 customers benefited from the courses. The Group plans to continue this program in the future, seeing it as responsible business practice within the process that genuinely promotes responsibility within the value chain.



Saving for Change Project II: Collaborative Effort with Thai Bankers Association's CSR Club

The Thai Bankers Association (TBA) recognizes significance of equipping members of society with basic financial knowledge and discipline. Thus, TBA's CSR Club, consisting of representatives of 15 member commercial banks, was assigned to drive the Saving for Change Project, with the first phase undertaken from 2014 to 2015; and the second phase from 2016. The main objective was to provide



sound financial management tenets and discipline to key undergraduate university students in Nakhon Pathom Province. The CSR Club cooperated with social organizations such as the National Council for Child and Youth Development under the Royal Patronage of HRH Princess Maha Chakri Sirindhorn, the Stock Exchange of Thailand, BOT's Financial Consumer Protection Center (FCC), the Office of the National Anti-Corruption Commission (NACC), and the Friends of Facilitators Network to drive positive changes in the attitude and behavior of targeted youth.

2016 in review:

1. Training development for coaches of The 4 Keys to Unlock Wealth training course for children was organized for 84 representatives of 15 member commercial banks. 10 representatives were selected as trainers for other FCC financial courses.
2. Knowledge related to personal financial planning, financial discipline, and integrated anti-corruption was provided to 312 key undergraduate students and 35 mentors from seven universities in Nakhon Pathom Province.
3. 191 key student body members attended a peer educator course to share knowledge and ethics with peers and surrounding communities in 25 extended activities.
4. A manual was developed for peer educators to spread the knowledge and ethics to target audiences.

5. Relationships between the banking sector and educational institutions as well as surrounding communities were improved after the project.

As one of the 15 members of the TBA's CSR Club, Krungsri fully supports the Saving for Change Project. We are well aware of the importance of guiding future generations to master financial planning, adhere to financial discipline, and practice ethical behavior as part of their approach to society at a young age. With healthy finance, new generations can build a solid, sustainable foundation for the future economy and society.

Educational Facilities and Equipment Support

Krungsri's Library for Kids Project

Krungsri Consumer organized the Library for Kids Project to provide a much-needed source of knowledge for underserved schools and to promote a love for reading among children. Krungsri volunteers also helped repaint school buildings and playgrounds as well as repairing and replenishing book corners. Books and sports equipment were given to these schools:

1. Huay Yang Tone School in Ratchaburi Province on 1 October 2016
2. Kok Kra Chai School in Buriram Province on 21 September 2016



Krungsri Auto extended the momentum of the Krungsri Auto Library Project as its volunteers built the 13th Krungsri Auto Library for the Baan Huay Ta Ming School in Surat Thani Province on 19 November 2016 to meet the needs of underserved students who lacked textbooks, learning materials, and sports equipment to give them a level playing field on par with their urban peers. The project also cultivated good reading habits to drive their curiosity and acquire knowledge outside the classroom to maximize their potential. In addition, Krungsri Auto volunteers built libraries for two schools during the year:

1. Baan Tang Trong School in Chon Buri Province, on 17 September 2016
2. Baan Huay Yai School in Lopburi Province, on 19 September 2016

Krungsri's Landscaping Improvement for Schools

During each financial literacy activity Krungsri volunteers also joined in landscaping to beautify the schools, including painting, playground improvement, tree-planting, and vegetable bed building demonstrations.



Learning Materials and Sports Science Support

To ensure operating efficiency, Krungsri's electronic and computer devices are due for replacement on a periodical basis each year, with most in good condition and ready for use. The Information Technology and Operations Segment in collaboration with the Bank's Central Administration Division provided these devices to schools where such equipment is in demand. In 2016 a total of 998 computers were given to a total of 66 schools, charitable organizations and other entities that in need of these devices to improve learning technology for youths.



In addition to learning materials, some volunteers arrived at schools with sports equipment. For instance, the Krungsri Simple Celebrates 1,000,000 Likes by Giving Stationery and Sports Gear Activity was organized at the Child Life Foundation and the community in Chiang Rai Province and the Baan Don Chai School (Kantarot Wittayakarn) in Phrae Province.

Social and Community Development

Krungsri Breast Cancer Awareness

Breast cancer is the second most common type of cancer diagnosed among Thai women. Mindful of this, Krungsri has joined the Thanyarak Foundation under the patronage of HRH the Princess Mother to provide free breast cancer screenings to disadvantaged women residing along Rama III Road and in the Yan Nawa District where the Group's Head Office is located. Mobile mammograms have been provided since 2010 and have benefited 2,195 women through the years. In 2016, 231 employees attended a 'Breast Cancer Awareness' training session, with lecture and workshop on breast cancer self-examination included in the class. Krungsri also extended impact of the project for this year by providing a lesson on breast cancer self-examination in three communities with 125 women participating; the sessions were conducted by trained Krungsri volunteers that attended the Breast Cancer Awareness course.

500,000 baht donation was also contributed as a cost to cover free mammogram screening, targeted at groups of disadvantaged and underserved women as well as the Bank's housekeepers, caretakers, and others living in the vicinity of the Head Office.



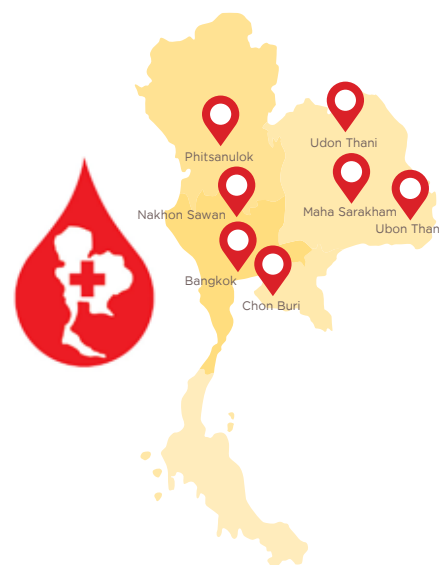
Krungsri Cold Weather Relief Campaign

Under our Simple to Share theme Krungsri has extended its support to those suffering from the cold weather through a winter relief campaign: Regional branch managers and employees donated 2,700 blankets worth 306,234 baht to locals suffered from cold weather in 14 northern and northeastern provinces for this cause.



Giving More ... Receiving More

Krungsri, in collaboration with the Red Cross Society's National Blood Center, has been organizing blood donation drives since 2007. In 2016 we organized four blood donation events at our Head Office and expanded the program to our branches in six other provinces – Ubon Ratchathani, Udon Thani, Phitsanulok, Maha Sarakham, Nakhon Sawan, and Chon Buri. Through this program the Thai Red Cross Society received 974,950 cc. of blood from 2,425 donors.



Krungsri for Underprivileged Children

In 2016, 64 Krungsri volunteers participated in activities promoting financial literacy, arts, and music for underprivileged children at:

1. The Sri Sangwan School for Disabled Children on 4 June 2016
2. The Nonthaburi School for the Deaf on 23 July 2016



Krungsri Consumer's Donation of Organic Rice to Children

The donation was the fruit of the efforts of Krungsri volunteers, with 70 kilograms of organic rice from an organic rice-planting project provided to children under the care of the Wat Bote Worradit Shelter in Amphoe Pamok, Ang Thong Province.



Lunch and Edutainment Activity for Underprivileged Children

Various departments and divisions under Krungsri Group gathered internal volunteers to organize lunch and edutainment activities for seniors, disadvantaged people, disabled people, and youth under the care of various shelters and foundations around Thailand to provide them moral support, forming part of Krungsri's giving back to society.

Arts, Cultural and Traditional Support

Krungsri Support of Thai Handicrafts for Sustainability Development

On 21 January 2016, Krungsri signed off on a memorandum of understanding between the Bank of Ayudhya Pcl. and the SUPPORT for Arts and Crafts International Centre of Thailand (SACICT), officially marking its support for SACICT. The aim was to promote SACICT’s knowledge base and Thai handicrafts through various collaborations such as developing financial management and better funding resource access for SACICT members and alliances to enable them to maximize their potential and expand from being handicraft makers to operators. This should lead to sustainable development of the community economy.

In 2016 Krungsri and SACICT jointly facilitated activities to support Thailand’s handicrafts legacy to ensure the continuity of related professions and to preserve Thai traditional wisdom, including the 9th Fai Tor Jai Fair showcasing quality cotton fabric produced using Thai traditional wisdom and craftsmanship organized in June at SACICT in Amphoe Bangsai, Ayutthaya Province. The event was held during 23-26 June 2016 at SACICT under the concept of the mastery of craftsmanship, passion, and pride in producing cotton fabric.

Krungsri, as part of a SACICT alliance, provided access to business opportunities for local participating operators and boosted sales with our Krungsri credit card promotional campaigns. The Bank also deployed its public relations channels to promote the fair and to preserve a profession of long-standing culture and tradition sustainably. The ‘Following in HM the Queen’s Footsteps in Supporting Thai Arts and Crafts’ fair, an annual Krungsri event organized at our Rama III Head Office allows us to follow in the footsteps of Her Majesty Queen Sirikit in supporting the Thai arts and crafts. The 2016 event was held on 9-11 August 2016 of Mother’s Day in August featuring products made by SACICT members, with proceeds totaling 470,398 baht.



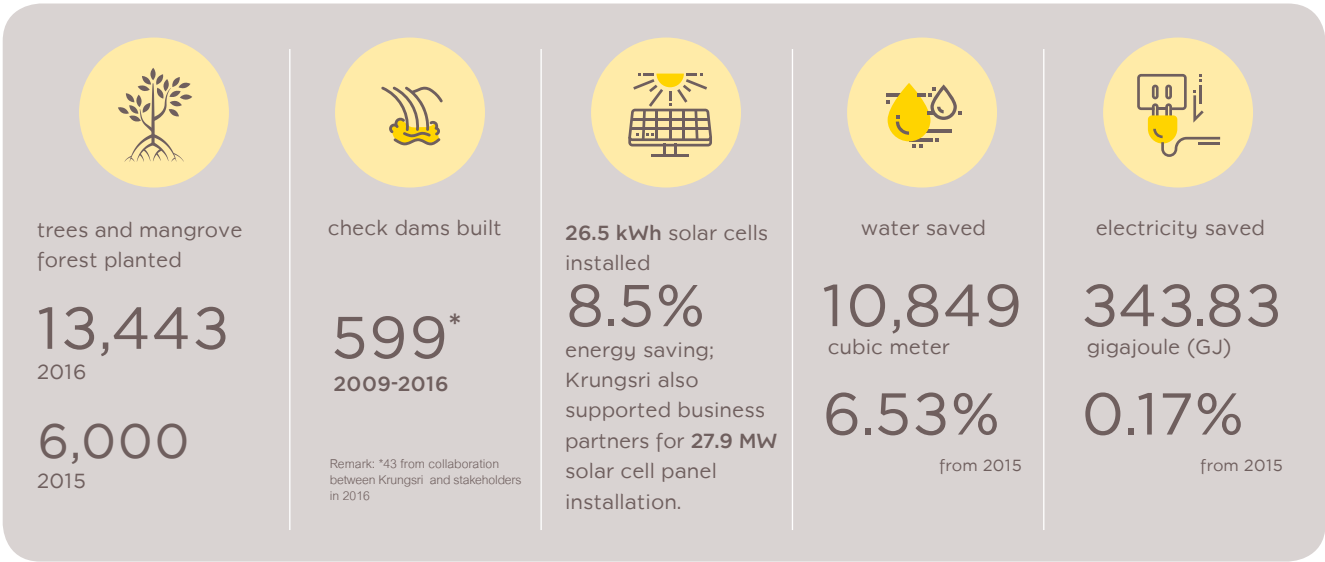
Krungsri Volunteers for Historical Site Preservation in Ayutthaya Province

Every year we invite Krungsri volunteers to take part in cultural heritage site preservation by helping to conserve the Ayutthaya Historical Park temples--part of the country’s valuable heritage. A total of 335 Krungsri volunteers engaged in these heritage preservation activities. Along with the conservation work, unwanted weeds were removed to prevent damage to the ancient buildings at these five temples:

1. Wat Maheyong, on 2 April 2016
2. Wat Chao Ya, on 14 May 2016
3. Wat Chong Klom, on 10 September 2016
4. Wat Ratchaburana, on 12 November 2016
5. Wat Kae, on 19 November 2016



Preserving Environment



Natural disasters most familiar to Thailand are water-related. Thai people encounter floods and droughts as well as seasonal fluctuations due to the climate change phenomena around the world, with mild to catastrophic impacts on people’s lives and the economy. Such crises are partly natural phenomena, but human household and economic activity also play a part.

Early 2016 saw Thailand suffering a major drought. Thais tried to cope with the disruptions, but certain agricultural sectors failed to recover productivity rate, leading to a farmer debt relief scheme. Families were affected by household water shortages, with the public and private sectors promoting water-saving measures, including an announcement to tone down the annual Songkran festival (Thailand’s famous traditional festive holidays) to minimize water usage. This action was intended to increase awareness of just how severe the environmental impact from the rapid climate change was.

Even if these natural disasters might be occurred from changing environment of the planet, but as the dominant users of natural resources, we should be aware of being catalysts for these disasters.

Krungsri strongly believes that as an upstream business in the economy, we can relieve and reduce the environmental impact of household and economic activity if we can embed environmental awareness for all our operating processes.

Not only water conservation is critical for achieving sustainability, but also energy literacy, materials usage, and waste management. As a service provider, we not only stress responsible lending applying environmental conservation guidelines, for we recognize the importance of conserving key resources for our day-to-day operations—electricity, paper, office supplies, equipment, and electronic devices.

Environmental Policy

Our efforts to minimize our environmental impact resonates both in our policies and in their implementation. In 2016 the Bank announced a policy on the efficient use of resources to promote environmental conservation. The policy owner was the Central Administration Division, with the policy covering the use of resources in all our operations and Group companies to promote optimal use of resources while boosting awareness of resource optimization and environmental conservation. The policy is subject to review every two years based on four principles:

- Consideration of supply options to increase the use of byproducts and ecofriendly materials—for example recycled paper, water, and green-labeled products
- Selection of products made of or from materials or raw materials of energy-saving or eco-friendly quality for use with equipment, furniture, office supplies, and electrical appliances

- Support for our people to learn and understand how to optimize resource consumption to promote environmental preservation and proper consumption behavior, and
- Assignment to heads of all units responsible for implementation to ensure alignment and compliance with policies.



Energy-Saving Practices

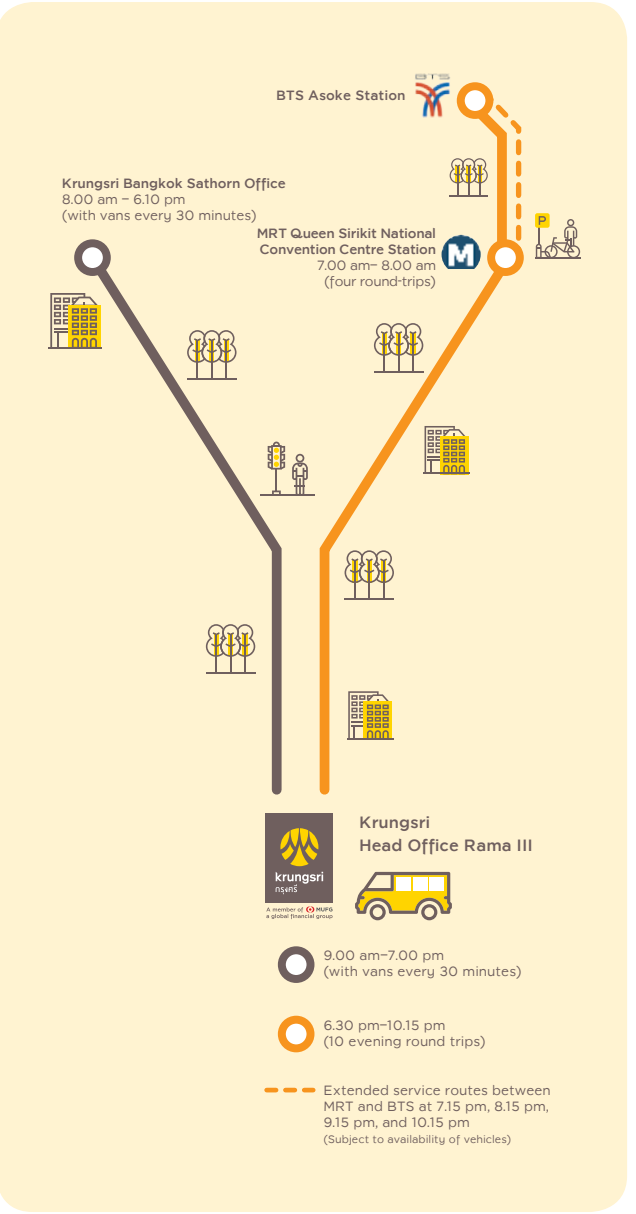
Krungsri appointed the Energy Management Working Group in 2015 to assess and improve energy consumption patterns and to ensure maximum propriety and efficiency. Communication campaigns were launched to encourage all employees to join in these collective energy-saving efforts. This policy is reviewed regularly.

Fuel Consumption

As fuel is a non-renewable energy source, it is everyone's duty to save energy and ensure minimum consumption in all our operating processes and related external operations such as logistics and employee travel.

Shuttle Van Service

Krungsri arranges a shuttle service on business days to reduce employee living costs and fuel consumption for daily commutes.

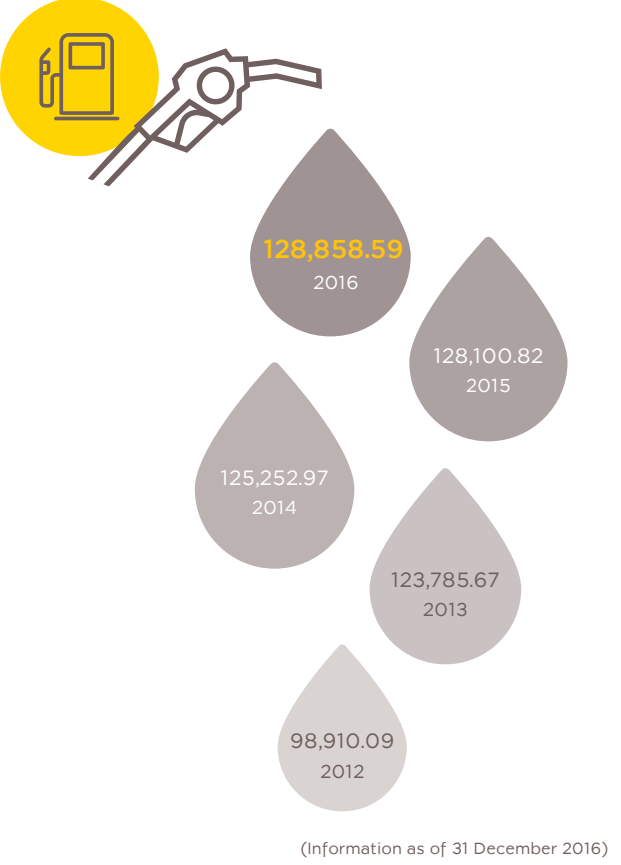


Car Pool Campaign

During rush hours or when the service vans are crowded Krungsri employees continue to adhere to green principles and gather colleagues in groups of four, commuting together by taxi between the Head Office Rama III and the MRT Queen Sirikit National Convention Centre Station.

Krungsri continues to improve its employee commuting and car pool system to better serve our employees, with many having formed groups to commute together, an effort driven by the largest number of employees at the Head Office Rama III and the location of the building which is far from the mass transportation system. Thus a new system is ongoing to minimize travel costs and fuel consumption.

Krungsri Fuel Consumption (Litre)



(Information as of 31 December 2016)

The Sathorn Model

Besides socially responsible practices to improve quality of life for the community, Krungsri attaches significance to sustainable development as it relates to Bangkok’s notorious traffic problems to minimize traffic congestion and fuel consumption—key causes of pollution. In 2016 Krungsri participated in the Sathorn Model campaign—a pilot project for sustainable solutions to heavy traffic on Sathorn Road, a central business district, to lessen adverse effects such as stress, fuel depletion, and environmental impact.

The project was initiated in collaboration with the World Business Council for Sustainable Development, Toyota Motor Thailand, the Bangkok Metropolitan Administration (BMA), the National Police Bureau, the Ministry of Transport, and the Chulalongkorn University Faculty of Engineering. The aim was to identify solutions and measures to decrease the number of personal vehicles and attract more people to use public transportation. Knowledge and technology were applied optimally, focusing on sustainable solutions contributed by all related sectors.

To raise awareness for the project Krungsri organized the ‘Krungsri Happy Journey’ event in July at the Bangkok Sathorn Office in the Harindhorn Building. Employees were invited to join various activities such as introduction of Park and Ride and the link flow application that made employee commuting simpler and more enjoyable. Many Krungsri Bangkok Sathorn Office employees participated in the Park and Ride activity and downloaded the link flow application enabling them to plan their travel, check travel routes, and get the latest traffic reports on Sathorn Road.



Electricity

For modern financial service providers, electricity connects all technologies that enable smooth, swift, and simple operations. Recognizing its importance, Krungsri instills energy-saving awareness in our corporate culture aiming to be an eco-friendly, innovative financial provider.

Supply Chain Collaboration for Clean Energy

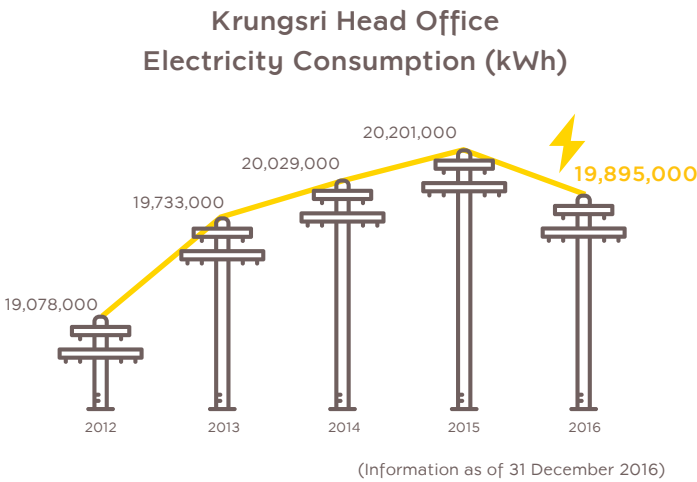
Krungsri continually expands its clean energy initiative to increase solar energy use in electricity generation—a collaborative effort using various channels between Krungsri and stakeholders in the value chain. An outstanding success in 2016 was a cooperative effort between Krungsri and the SPCG Public Company Limited, a bank customer, to install 26.50 kWh at the Head Office Rama III building extension as part of Krungsri’s business expansion. The building houses the Information Technology Group, the Mortgage Center, the Cheque Distribution Center, the Recruitment Center, and the Krungsri Learning Center. Its structure was suitable for solar cell installation and the project serves as a pilot energy-saving model for Krungsri, with an expected increase in the energy-saving rate of 8.5 percent.

Integrated among measures to further strengthen the firm business ties between Krungsri and value chain stakeholders, the Bank has offered eco-friendly business matching to introduce solar cell installations at operating sites of Krungsri’s entrepreneurial customers—factories, manufacturing bases, and distribution centers throughout Thailand. We are proud to report that our customers increased their solar energy consumption using solar cells equivalent to 27.90 kWh in 2016. This was one of the ways we contributed to clean energy consumption in Thai industry.

Air-Conditioning Maintenance

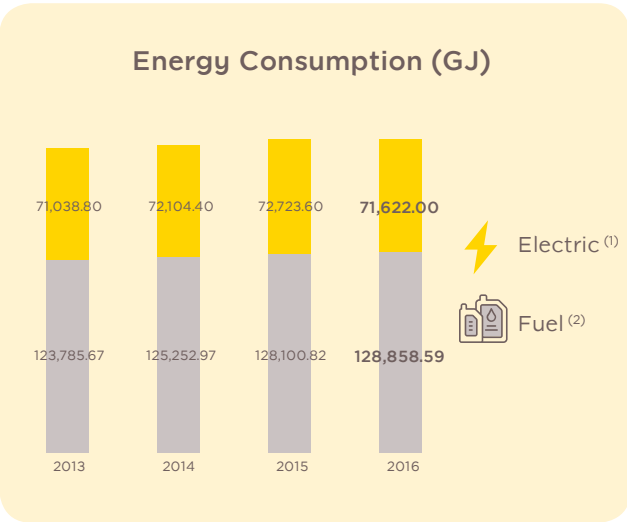
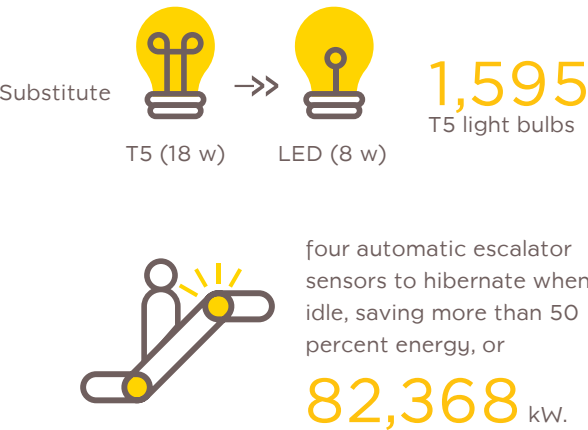
Similar to any office buildings, our air-conditioning system is vital to the bank’s operations. In 2016 Krungsri adjusted the system management to enhance its efficiency and energy-saving attributes in these ways:

- **Change** the operating hours of the air-conditioning system in response to the change of temperature outside the building i.e. the turn-on time was set at 1-hour delay while the turn-off time was set at one hour earlier, provided that the temperature outside the building was below 29 Celsius degree. Such new parameter helped saving approximately 116,050 kWh per month
- **Increase** default temperature of cold water in the building to keep the building’s temperature at around 22-23 Celsius degree
- **Replace** existing airconditioners at 70 ATM booths with new air-conditioners using air coolant R32—the new coolant with zero ozone-depletion potential (ODP) and a lower boiling point that boosts energy-saving as it eases compressor workload, corresponding to joint efforts to minimize climate change impact by the year 2030; and
- **Clean** the central air-conditioning system and stand-alone air-conditioners every three months to achieve 10 percent energy saving or 470,074 kW per year while extending the useful life of these units.



Building Interior Materials

Krungsri Head Office Rama III implemented an energy management policy decreasing electricity consumption by 71 percent, or 126,324 kW per year,



remark: ⁽¹⁾ 1 kilowatt/hour equals 0.0036 Gigajoule (GJ)
⁽²⁾ Gasohol 91, 95 equal 0.0330 GJ/liter
Gasohol E20, E85 equal 0.0320 GJ/liter
Diesel equals 0.0360 GJ/liter
(Information as of 31 December 2016)

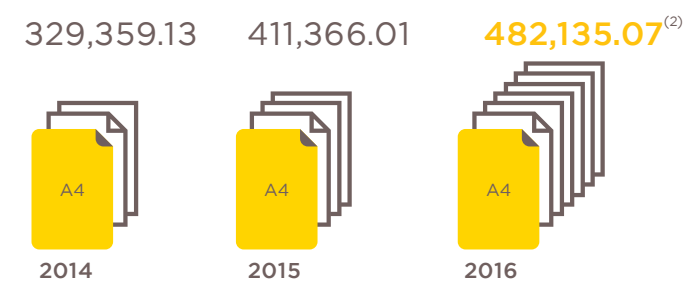
Resource Management to Minimize Waste

Paper remains in demand for financial service providers, but Krungsri designs its documentation processes to minimize paper usage and encourage employees to use less paper. Two-sided printing has been promoted to increase awareness along with the well-established 'Think Before Printing campaign' and the use of technology to eliminate unnecessary consumption.

Recycled Paper and Eco-friendly Recycling Management

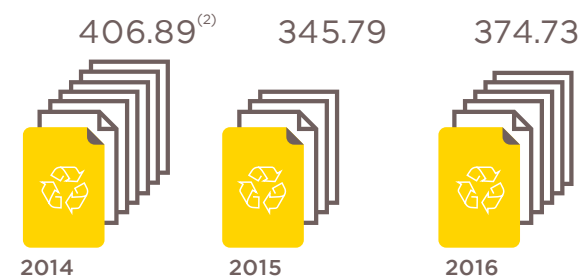
Proper paper assortment habits are encouraged to ensure that our employees adhere to the best processes when preparing used paper for recycling. InfoZafe Shred2Share project recycling cabinets are placed at convenient locations on different floors of the office building for our employees to gather paper for recycling.

Paper Usage (70-gram A4) (tons)⁽¹⁾



⁽¹⁾ Krungsri Head Office
⁽²⁾ Calculation was refined where 1 ream of 70-gram A4 weighs 2.18295 kilogram

Paper sent for recycling (tons)⁽¹⁾



⁽¹⁾ Information from InfoZafe under the Shred2Share project of the Bank, Krungsri Auto, and Krungsri Consumer
⁽²⁾ Including paper to be destroyed after switching from InfoZafe to new shredding service provider

Riding the momentum of success of a project that began in 2014, the project initiator and credit card and personal loan service leader—Krungsri Consumer Group—maintained a full-scale operation of the initiative to enhance the eco-contribution of the organization and Krungsri credit card holders across Thailand. This project began by replacing more than 12.5 million envelopes provided to Krungsri credit card customers with those made of 100 percent recycled paper made from recycled UHT milk carton boxes. In addition to saving more trees, this also reduced waste. The operation has been ongoing since 2015.

In 2016 more than 12.98 million envelopes sent to customers accounted for 103.83 tons of paper, equivalent to 1,765 trees⁶ saved. Even though production of recycled paper cost more, the environmental cost it saved is priceless. The project may seem small, but we believe in its ripple effect to increase awareness to consumers, peers, and other entities to follow and jointly create activities with concrete, positive results for the society and environment.

Furthermore, Krungsri SD report switched to recycled paper accounted for 412.98 kilograms, which translated to 7 trees saved.



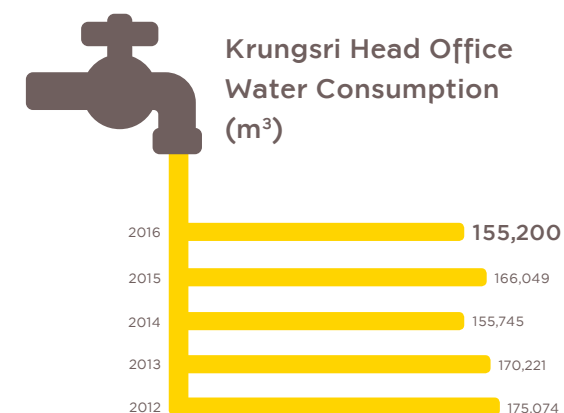
12.98 Million envelopes were made from 100% recycled UHT milk carton boxes



Water Consumption

The year that Thailand encountered the worst drought crisis in decades was the same year that Krungsri finished the improvement of its restrooms and plumbing system of the Head Office Rama III to optimize the use of water.

- **Install** water-saving sanitary wares to save 65 percent of water from 20 to 7 liters per one toilet flush
- **Switch** to sensor-embedded basin taps
- **Replace** existing urine basins with sensor-embedded ones
- **Use** recycled water accounting for 10 percent of water volume with the building's cooling system
- **Raise** the awareness and participation of employees for sustainably reduced water consumption on the World's Water Day under the 'Krungsri Saves Water to Relieve Drought campaign'



Environmental Conservation Activities

Activities organized by and for Krungsri volunteers effectively cultivate and strengthen the sense of social and environmental accountability of Krungsri people. These activities have been held on a regular basis and expanded to different branches of environmental conservation as follows:

In 2016, more than a thousand of Krungsri volunteers earned the cohesive achievement to contribute more for the environment through check dam building and mangrove forest planting, including:

Mangrove Forest Planting

- Krungsri Consumer planted a mangrove forest in an activity to honor Her Majesty Queen Sirikit and to follow Her Majesty's royal initiative to preserve the forest. The activity was organized at the Coordination Center for Mangrove Forest Conservation of the Thai Royal Army (Central Region) in Petchburi Province and participated by 70 executives and employees, planting over 2,400 seedlings.
- Over 3,000 mangrove trees were planted as a tribute to the royal initiative on mangrove forest conservation of His Majesty King Bhumibol Adulyadej. The activity was organized at the conservation and restoration area of the Thai Royal Army in Tambon Lam Pak Bia, Amphoe Baan Lam, Phetchaburi Province.
- The 2,000-mangrove trees planting activity was held in Amphoe Ang Sila, Chon Buri Province on 23 July 2016 and in Amphoe Bang Pakong, Chachoengsao Province on 27 August 2016.



⁶ 1-ton paper requires the pulp of 17 trees



Check Dams

- Cement check dam building activity was organized in collaboration with Siam City Cement PLC. at the Huay Sai Learning and Development Center under Royal Initiative Project in Amphoe Cha-Am, Phetchaburi province on 4 June 2016.
- Check dam building activity at Doi Tung Project (Royal Working Area) under the Royal Patronage was organized during 25-27 November 2016 whereby 30 check dams were built.

Upstream Forest and Landscape Improvement

- Forest planting activity in honor of Her Majesty Queen Sirikit on the occasion of Her Majesty's 84th birthday anniversary on 12 August 2016. The activity was organized in the Land and Forest Conservation Project in the land of the SUPPORT Arts and Crafts International Centre of Thailand in Baan Tha Kra Toom, Amphoe Ta Yang, Petchburi Province. Over 300 seedlings were planted by 110 executives and employees.
- A volunteer activity was organized to repair a bridge on the nature learning route of the Thammachart Wittaya Park under Royal Initiative of Her Royal Highness Princess Maha Chakri Sirindhorn in Amphoe Suan Pheung, Ratchaburi Province.

Biodiversity and Wild Animals

Various activities relating to biodiversity preservation were driven by hearts of Krungsri volunteers from different entities and employee clubs under Krungsri Group. Artificial salt earth was built for wild animals. EM balls for water treatment were produced and given to the communities near the Bank, shores were cleaned and corals were built to conserve the oceans, seas and marine resources in tourist attraction areas like Chon Buri and Chanthaburi Province, Canals were cleaned and water hyacinth and litter were cleared up, etc.

Although biodiversity is not considered to be material sustainability issue for financial service provider sector, Krungsri believes that these activities could perform as a driver to instill conscience of almost 30,000 Krungsri employees across the region in collaborating, sharing value to society, and creating sustainability for Thailand.



Providing Financial Support



Financial support
for education
2.04
Million baht



Social and public benefits
11.21
Million baht



Fund mobilization for
public causes
2.13
Million baht



Religious support
6.25
Million baht

Collaboration for sustainability development through financial support is considered crucial for activities and occasions such as scholarships, fund for social development of a public benefit organization, or aid for disaster relief. Although monetary contribution is a short-term support, it enables financial flexibility, which is the most effective factor for any immediate assistance.

Apart from direct contribution for environmental and social development, Krungsri, as a financial service provider, also acts as an intermediate channel to mobilize fund between public and entities that are in need of fund. In addition, Krungsri occasionally welcomes external parties to arrange on-site fund raising activities at some of our offices.

Scholarships

71st Krungsri Anniversary 71 Scholarships

In celebration of the Bank's 71st anniversary on 1 April 2016, Krungsri held a special event granting educational opportunities to underprivileged children. The Bank's Board of Directors and senior executives presented 71 scholarships of 5,000 baht each, totaling 355,000 baht to children with good academic records and good behavior from seven foster homes and foundations: Srisangwan School for Disabled Children Foundation for the Welfare of the Crippled under the Royal Patronage of HRH the Princess Mother; Pakkred Home for Children with Disabilities;



Foundation for the Blind in Thailand under the Royal Patronage of HM the Queen; Maharaj Home for Boys; Setsatian School for the Deaf under the Royal Patronage of HRH Crown Prince Maha Vajiralongkorn; Rajvithi Home for Girls; and Foundation for Slum Child Care under the Royal Patronage of HRH Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra.

National Youth Day Scholarships

Krungsri awarded scholarships to 15 youths with continually good academic performance and behavior under the care of the Mahamek Home for Boys totaling 107,000 baht on National Youth Day. The activity has been organized for 31 consecutive years to promote and provide educational support to disadvantaged youth up to their college graduation.



Krungsri Consumer's Scholarships for Students in 3 Southern Provinces

On 8 March 2016 Krungsri Consumer raised 400,000 baht from polo shirt sales to employees to provide 150 scholarships to students in three Southern provinces, with the scholarship presentation organized at the Southern Border Provinces Administration Centre (SBPAC).



Krungsri Consumer's Scholarships for Financially Challenged Thammasat University Students

On 6 and 7 September 2016, Krungsri Consumer provided scholarships totaling 300,000 baht to students of Thammasat University who encountered financial difficulty to support their education and to promote quality candidates for the financial industry.

Other CSR Activities

- 1,300,000 baht donation to Mae Fah Luang Foundation Under Royal Patronage
- 500,000 baht donation for breast cancer screening test to Tanyarak Foundation
- 251,937 baht donation for cattle lifesaving project of the Thai Bankers Association

And other financial support to various organizations.



Fundraising Programs



1. 470,398 baht proceed from the 'Following HM the Queen's Footsteps in Supporting Thai Arts and Crafts' fair
2. 455,498 baht proceed from the Doi Tung Thank You Sale fair for Mae Fah Luang Foundation
3. 181,861 baht proceed from the donation and sale of products of the Operation Smile Thailand Foundation
4. 210,000 baht proceed from sale of first aid kit of the Thai Red Cross
- 5-6. 202,179 baht proceed from simple to share donation activity for Pan Kan Shop to provide scholarship for youth of Yuvabadhana Foundation
7. 50,230 baht proceed from sales of Love Earth tote, glass set, and bag of Thai Red Cross
8. 16,578 baht proceed from sales of Mother's Day jasmine flower of the National Council on Social Welfare of Thailand
9. 175,434 baht proceed from sales of Baan Cheun flower sales to raise fund for the Foundation for the Welfare of the Mentally Retarded of Thailand.
10. 30,000 baht proceed from sales of Dok Kaew Kanlaya flower of the National Council on Social Welfare of Thailand

In addition, other fundraising programs of external parties were also welcomed to arrange their on-site activities throughout the year.

Engagement in Sustainability Practices of Top Management



The Board of Directors and high-level executives of Krungsri played a major role in determining business directions covering economic, environmental, and social dimensions in 2016. The Corporate Social Responsibility Committee (CSR Committee) was restructured to involve the President and Chief Executive Officer in establishing directions and governing CSR and sustainability practices of the Bank in the capacity of CSR Committee Chairman.

Adding diversity to the Committee, an executive from Krungsri Microfinance business (Ngern Tid Lor) was appointed as member of the CSR Committee. This also emphasizes on our determination to expand financial inclusion to customers in the microfinance segment as well as to increase contribution from and integrated CSR programs of all companies in Krungsri Group. Consequently, key performance of Krungsri as a financial institution is reflected clearer; and our shared value creation becomes more solid.

Krungsri is divided in groups and divisions to ensure efficient performance and therefore, the CSR Committee consisted of executives from various business units to build an integrated CSR platform. Certain committee members also hold directorship of the Bank as described below.

Corporate Social Responsibility Committee		
1. President and Chief Executive Officer (Mr. Noriaki Goto)*		Chairman
2. Head of Corporate Strategy and Planning Group (Mr. Rohit Khanna)		Vice-Chairman
3. Chief Financial Officer (Ms. Duangdao Wongpanitkrit)*		Member
4. General Counsel (Ms. Phawana Niemloy)		Member
5. Head of Human Resources Group (Mr. Pornsanong Tuchinda)*		Member
6. Head of Marketing and Branding Division (Mr. Somwang Toraktrakul)		Member
7. SVP, Head of Krungsri Auto Communications and Public Affairs Department (Ms. Siriporn Suparuchatakarn)		Member
8. SVP, Krungsri Consumer Communications and Public Affairs Department (Ms. Kanchama Sri-aroon)		Member
9. Managing Director of Ngern Tid Lor Co., Ltd. or representative (Ms. Nipa Vanichavat)		Member
10. Head of Corporate Communications Division (Mr. Poonsit Wongthawatchai)		Secretary

[G4-34]

Remark: * Members holding directorship position in the Board of Directors

Beside formulation of policies and implementation thereof, the Board of Directors and senior executives of Krungsri Group regularly collaborated to contribute as Krungsri

volunteers in various CSR activities, bringing forth positive energy and inspiration for employees to be a person of social conscience.



1. Mr. Veraphan Teepsuwan, Krungsri's Chairman of the BoD, BoD members, and senior executives engaged in the scholarship presentation ceremony on the occasion of the 71th anniversary of the establishment of the Bank on April 1, 2016.
2. Mr. Karun Kittisataporn, Independent Director, participated in the fundraising activity promoting handicrafts from the SUPPORT Arts and Crafts International Centre of Thailand (Public Organization) during August 9 and 11, 2016.
3. Mr. Noriaki Goto, President and CEO, participated in the fundraising activity promoting handicrafts from the SUPPORT Arts and Crafts International Centre of Thailand (Public Organization) during August 9 and 11, 2016.
4. Mr. Noriaki Goto, President and CEO, helped build check dams in the Doi Tung Development Project (Royal Work Area) initiated by Her Royal Highness Princess Srinagarindra during November 25 and 27, 2016.
5. Krungsri senior executives helped build check dams in the Doi Tung Development Project (Royal Work Area) initiated by Her Royal Highness Princess Srinagarindra during November 25 and 27, 2016.



- 6- 10. Krungsri Board of Directors and senior executives made mourning black ribbons to be distributed to customers and the general public.

Numerical Data on Sustainability Performance

Social Performance

Employment Data ^[G4-10, G4-LA1]

- 2016's Krungsri Headcount (persons)

Type of Contract Company	Full-time Employee (FTE)			Temporary Employee ⁽¹⁾			Total
	Male	Female	Total	Male	Female	Total	
Bank of Ayudhya	4,588	10,187	14,775	46	210	256	15,031
Krungsri Consumer	1,145	3,875	5,020	-	-	834	5,854
Krungsri Microfinance	1,327	1,353	2,680	-	-	250	2,930
Krungsri Auto	530	812	1,342	-	-	10	1,352
Krungsri Securities	120	156	276	-	-	27	303
Krungsri Asset Management	54	104	158	-	-	42	200
Krungsri AMC	44	43	87	-	-	66	153
Krungsri Leasing	31	40	71	-	-	13	84
Krungsri Service	8	8	16	-	-	1,125	1,141
Krungsri Factoring	2	1	3	-	-	-	3
Krungsri Leasing - Lao PDR	60	69	129	-	-	-	129
Hattha Kaksekar Limited - Cambodia	1,621	706	2,327	-	-	88	2,415
Krungsri Group	9,530	17,354	26,884	-	-	2,711	29,595

Remark: ⁽¹⁾ Temporary employee pertaining to GRI definition

- Operational Change Statistics ⁽¹⁾ (persons)

Change by Year		New Hires						Terminated Employees					
		2014		2015		2016		2014		2015		2016	
		No.	% ⁽²⁾	No.	% ⁽²⁾	No.	% ⁽²⁾	No.	% ⁽²⁾	No.	% ⁽²⁾	No.	% ⁽²⁾
Diversity Criteria													
Total		12,490	100.00	13,892	100.00	14,775	100.00	12,490	100.00	13,892	100.00	14,775	100.00
Total Changes		2,244	17.97	2,737	19.70	2,576	17.43	1,863	14.92	1,964	14.14	1,724	11.67
Gender	Male	583	4.67	780	5.61	682	4.62	556	4.45	588	4.23	511	3.46
	Female	1,661	13.30	1,957	14.09	1,894	12.82	1,307	10.46	1,376	9.90	1,213	8.21
Age Range (year)	< 30	1,236	9.90	1,446	10.41	1,377	9.32	723	5.79	773	5.56	669	4.53
	30 – 50	1,000	8.01	1,266	9.11	1,188	8.04	1,032	8.26	1,095	7.88	946	6.40
	> 50	8	0.06	25	0.18	11	0.07	108	0.86	96	0.69	109	0.74
Operational Site	Head Office	633	5.07	1,222	8.80	1,248	8.45	592	4.74	790	5.69	764	5.17
	BKK and Vicinity	790	6.33	745	5.36	772	5.23	657	5.26	573	4.12	533	3.61
	Upcountry	820	6.57	769	5.54	556	3.76	612	4.90	599	4.31	427	2.89
	Overseas	1	0.01	1	0.01	0	0.00	2	0.02	2	0.01	0	0.00

Remarks: ⁽¹⁾ Only full-time employees of Bank of Ayudhya
⁽²⁾ Percent out of all employees each year

- Employee Diversities ⁽¹⁾ (persons)

Employee Level Criteria		2014						2015						2016						
		Board of Directors ⁽²⁾	Executive Level 9 and above	Officer 7-8	Officer 4-6	Officer 1-3	Total ⁽³⁾	Board of Directors ⁽²⁾	Executive Level 9 and above	Officer 7-8	Officer 4-6	Officer 1-3	Total ⁽³⁾	Board of Directors ⁽²⁾	Executive Level 9 and above	Officer 7-8	Officer 4-6	Officer 1-3	Total ⁽³⁾	
Total		12		12,490				12		13,892				12		14,775				
Gender	Male	9	332	667	1,921	1,111	4,031	9	401	743	1,994	1,250	4,388	9	426	819	2,017	1,326	4,588	
	Female	3	286	850	3,223	4,100	8,459	3	348	1,015	3,662	4,479	9,504	3	391	1,133	3,892	4,771	10,187	
Age Range (year)	< 30	-	-	2	91	2,456	2,549	-	1	3	169	2,704	2,877	-	1	1	176	2,763	2,941	
	30 – 50	2	389	1,043	4,351	2,722	8,505	-	490	1,205	4,637	2,985	9,317	2	536	1,324	4,740	3,283	9,883	
	> 50	10	229	472	702	33	1,436	12	258	550	850	40	1,698	10	280	627	993	51	1,951	
Race	Thai	6		-			12,450	7		-			13,810	8		-			14,695	
	Japanese	4		-			20	4		-			63	4		-			66	
	Chinese	-		-			11	-		-			11	-		-			9	
	Indian	-		-			3	-		-			3	-		-			2	
	American	2		-			1	1		-			1	-		-			-	
	French	-		-			1	-		-			1	-		-			1	
	British	-		-			1	-		-			1	-		-			-	
	Indonesian	-		-			1	-		-			1	-		-			1	
	Taiwan	-		-			1	-		-			1	-		-			1	
Malaysian	-		-			1	-		-			-	-		-			-		
Operational Site				Male		Female					Male		Female				Male		Female	
	Head Office	12		2,462		3,515 5,977		12		2,823		4,241 7,064		12		2,980		4,596 7,576		
	BKK and Vicinity	-		729		2,235 2,964		-		723		2,384 3,107		-		749		2,564 3,313		
	Upcountry	-		833		2,705 3,538		-		835		2,876 3,711		-		853		3,023 3,876		
	Overseas	-		7		4 11		-		7		3 10		-		6		4 10		

Remark: ⁽¹⁾ Only Bank of Ayudhya's FTE
⁽²⁾ Consisting of non-executive directors, executive directors, and independent directors
⁽³⁾ Including executive directors

Economic Performance

- Direct Economic Performance ^[G4-EC1]

Unit: Million Baht		
Direct Economic Value Generated	121,402.00	100%
Total operating revenue excluding interest expense (Revenue)	121,402.00	100%
Direct Economic Value Distributed	75,789.21	62.43%
Operating costs such as directors' remuneration and expenses relating to buildings, premises and other equipment (Operating Costs)	19,202.00	15.82%
Deferred tax income/expense	358.00	0.29%
Employee Expenses	21,334.00	17.57%
Dividends to shareholders and interest expense	29,833.00	24.57%
Duty tax and income tax excluding deferred tax income/expense	5,051.00	4.16%
Donations to charitable organizations and community development investments through financial literacy and social service activities*	11.21	0.01%
Economic Value Retained	45,612.79	37.57%

Remark: *Bank of Ayudhya Pcl.

(Information as of 31 December 2016)

External Assurance Report



Independent Assurance Statement

To Bank of Ayudhya PCL on the Sustainability Report 2016

Bank of Ayudhya PCL or Krungsri requested Thaipat Institute (the Foundation for Thailand Rural Reconstruction Movement under Royal Patronage) to carried out an assurance engagement response to the Sustainability Report 2016

Criteria for report preparation

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

Criteria for assurance standards

- The AA1000 Assurance Standard (AA1000AS 2008)

Addressee

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

Scope of Assurance

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

Disclosures Covered

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

Methodology

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

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

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

Findings and Conclusions

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

Observations and Recommendations

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

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

Materiality: KRUNGSRI clearly illustrates its reporting process and the linkage between material aspects and content disclosures in its report.

Responsiveness: KRUNGSRI demonstrates its intensive response to the material issues that affect sustainability considerations through its governance structure, policies, plans, actions and performances against its commitment. However, Krungsri should indicate medium and long term sustainability plan for achieving the SDGs, including measurement, performance monitoring system and stakeholder feedback process may be further continuously addressed.

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

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

- In General Standard Disclosure, the organization's supply chain should be indicated by infographic or equivalent visual representation.
- Performance Disclosure on Occupational Health and Safety should be indicated policies and practices regarding threats and violence in place

to assist workforce members, their families, or community members which might occur for example attacks and aggressions by customers (verbal or physical), Bank robberies (e.g. kidnapping etc.), criminal activities (e.g. money laundering, terrorism). Including Policies and practices in education, training, counselling, prevention, and risk-control programs.

- Performance Disclosure on Anti-corruption should be indicated in term of numbers and percentages of governance body members, employees and business partners who receive communications and training of anti-corruption policies and procedures. Also, its evidence should identify and collect as a process.

Competencies and Independence

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

For Thaipat Institute

By Vorranut Piantam

Bangkok
10 March 2017



Content Index ^[G4-32]

This report contains Standard Disclosures and Financial Service Sector Disclosures as per GRI Sustainability Reporting Guidelines (G4) in accordance with 'core' option.

General Standard Disclosure Requirements		Source or Page(s)	Additional Explanation
Strategy and Analysis			
G4-1	a. Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	SD: p.4-5	-
Organizational Profile			
G4-3	a. Report the name of the organization.	SD: p.16	-
G4-4	a. Report the primary brands, products, and services.	SD: p.16-17	-
G4-5	a. Report the location of the organization's headquarters.	SD: p.16	-
G4-6	a. Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	SD: p.16	-
G4-7	a. Report the nature of ownership and legal form.	SD: p.16	-
G4-8	a. Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	SD: p.16-19	-
G4-9	a. Report the scale of the organization	SD: p.16, 18-19 AR: p.18-19, 86-91	Financial part is externally assured
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	SD: p.84-85	No significant variations in employment numbers
G4-11	a. Report the percentage of total employees covered by collective bargaining agreements.	SD: p.60	All employees have the rights to have collective bargaining agreement, either through Krungsri Labor Union or on individual basis
G4-12	a. Describe the organization's supply chain.	SD: p.34, 45	Be an 'upstream' agent in the economy, provide financial service to corporates, SMEs and retail customers
G4-13	a. Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	SD: p.18	-
G4-14	a. Report whether and how the precautionary approach or principle is addressed by the organization.	SD: p.22-25, AR: p.73-74, 93-107	-
G4-15	a. List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	SD: p.9, 17	GRI, SDG2030, ASEAN Scorecard, etc.
G4-16	a. List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization holds a position on the governance body, participates in projects or committees, provides substantive funding beyond routine membership dues, views membership as strategic.	SD: p.17	-
Identified Material Aspects and Boundaries			
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	SD: p.18-19, 33 AR: p.76-85	-
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	SD: p.30-33	-
G4-19	a. List all the material Aspects identified in the process for defining report content.	SD: p.32	-
G4-20	a. For each material Aspect, report the Aspect Boundary within the organization	SD: p.33	-

General Standard Disclosure Requirements		Source or Page(s)	Additional Explanation
G4-21	a. For each material Aspect, report the Aspect Boundary outside the organization	SD: p.33	-
G4-22	a. Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	SD: p.89	No restatement
G4-23	a. Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	SD: p.89	'Water' is a new material aspect, 'Digitalization' is revised to 'Innovation and Digitalization', 'Hattha Kaksekar Limited' is added in the report boundary
Stakeholder Engagement			
G4-24	a. Provide a list of stakeholder groups engaged by the organization.	SD: p.26	-
G4-25	a. Report the basis for identification and selection of stakeholders with whom to engage.	SD: p.26	-
G4-26	a. Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	SD: p.27-29	Some issues addressed during the reporting process had been taken into consideration throughout the report preparation process and would be included in the next reporting period as well
G4-27	a. Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	SD: p.27-29	-
Report Profile			
G4-28	a. Reporting period (such as fiscal or calendar year) for information provided.	SD: p.30	-
G4-29	a. Date of most recent previous report (if any).	SD: p.30	Last year (Krungsri SD Report 2015)
G4-30	a. Reporting cycle (such as annual, biennial).	SD: p.30	Annually
G4-31	a. Provide the contact point for questions regarding the report or its contents.	SD: p.32	-
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report, if the report has been externally assured.	SD: 1) p.86-87, 2) p.88-91	1) External Assurance Report, 2) GRI Content Index
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	SD: p.89	Krungsri plans to improve creditability and reliability of its disclosed sustainability performances each year. Senior executive are involved in seeking for external assurer who is independent from Krungsri
Governance			
G4-34	a. Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	SD: p.20-21, 80-81	CSR Committee
Ethics and Integrity			
G4-56	a. Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	SD: p.2-3, 22-23	Krungsri Mission, Vision, Core Value, S&L, etc.
G4-57	a. Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	SD: p.25 AR: p.119-120	-
G4-58	a. Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	SD: p.25 AR: p.119-120	-

Specific Standard Disclosure Title			Source or Page(s)	Additional Explanation
Category: Economic	Aspect: Economic Performance			
	G4-DMA	Generic Disclosures on Management Approach	AR: p.33-39	Krungsri business strategy – Midterm Business Plan (MTBP) and others
	G4-EC1	Direct economic value generated and distributed	SD: p.85	-
	Aspect: Indirect Economic Impacts			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.26-27, 24-37	-
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	SD: p.10-11,42-46, 62-65, 66-68	Service for low income, support supply chain, financial literacy for all, educational support for rural areas, etc.
	Aspect: Materials			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.70, 74	-
Category: Environment	G4-EN1	Materials used by weight or volume	SD: p.74	-
	G4-EN2	Percentage of materials used that are recycled input materials	SD: p.74	100% of envelopes are made from recycled paper
	Aspect: Energy			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.70-73	-
	G4-EN3	Energy consumption within the organization	SD: p.73	Calculation of electricity and fuel consumption only
	G4-EN6	Reduction of energy consumption	SD: p.69, 73	-
	G4-EN7	Reductions in energy requirements of products and services	SD: p.73	-
	Aspect: Water			
	G4-DMA	Generic Disclosures on Management Approach	SD: P.75	
	G4-EN8	Total water withdrawal by source	SD: P.75, 90	Water source: Mainly from municipal water supply
	G4-EN10	Percentage and total volume of water recycled and reused	SD: P.75	Approximated amount
	Aspect: Employment			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.52-55	-
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	SD: p.84-85	-
	G4-LA3	Return to work and retention rates after parental leave, by gender	SD: p.54	-
	Aspect: Occupational Health and Safety			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.55	-
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	SD: p.55	-
Sub-Category: Labor Practices and Decent Works	Aspect: Training and Education			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.56-57	-
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	SD: p.58	-
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	SD: p.58	-
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	SD: p.56-57, 90	All employees (100%) received performance and career development review regardless of gender and other diversities
	Aspect: Diversity and Equal Opportunity			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.52-53	-
	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	SD: p.84-85	-
	Aspect: Grievance Mechanism			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.59	-
Sub-Category: Social	Aspect: Local Communities			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.8-9, 35	-
	G4-FS13	Access points in low-populated or economically disadvantaged areas by type	SD: p.37-38	-
	G4-SO2	Operations with significant actual and potential negative impacts on local communities	SD: p.8, 34-35	Local community refers to Thai society
	Aspect: Anti-Corruption			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.22-24	-
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	SD: p.23	-
	G4-SO4	Communication and training on anti-corruption policies and procedures	SD: p.23-24	-

Specific Standard Disclosure Title			Source or Page(s)	Additional Explanation
Sub-Category: Product Responsibility	Aspect: Product and Service Labeling			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.47-48	-
	G4-PR5	Results of surveys measuring customer satisfaction	SD: p.48	-
	Aspect: Marketing Communication			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.48-49	-
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	SD: p.49	-
	Aspect: Customer Privacy			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.35, 48-49	-
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	SD: p.48-49	-
	Aspect: Product Portfolio			
	G4-DMA	Policies with specific environmental and social components applied to business lines	SD: p.34-36	-
	G4-DMA	Procedures for assessing and screening environmental and social risks in business lines	SD: p.35-36	-
	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/ SME/large) and by sector	SD: p.36	-
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	SD: p.38-39, 42-46	Soft loan for SME, microfinance, nano-finance, mortgage, hire purchase

Sustainable Development Goals 2030		
Topics	Initiatives	Source or Page(s)
1. No Poverty	End poverty in all its forms everywhere	SD: p.34-36, 43
2. Zero Hunger	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	-
3. Good Health and Well-being	Ensure healthy lives and promote well-being for all at all ages	SD: p.66-67
4. Quality Education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	SD: p.40, 45, 48, 62-65
5. Gender Equality	Achieve gender equality and empower all women and girls	-
6. Clean Water and Sanitation	Ensure availability and sustainable management of water and sanitation for all	-
7. Affordable and Clean Energy	Ensure access to affordable, reliable, sustainable and modern energy for all	-
8. Decent Work and Economic Growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	SD: 52, 56-57, 84-85 AR: p.28-31, 33-39, 57
9. Industry, Innovation and Infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	SD: p.49-51 AR: p.36-39
10. Reduced Inequality	Reduce inequality within and among countries	-
11. Sustainable Cities and Communities	Make cities and human settlements inclusive, safe, resilient and sustainable	SD: p.8-9, 34-36, 61-67
12. Responsible Consumption and Production	Ensure sustainable consumption and production patterns	-
13. Climate Action	Take urgent action to combat climate change and its impacts*	SD: p.70-74
14. Life Below Water	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	SD: p.76
15. Life on Land	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	SD: p.75-76
16. Peace, Justice and Strong Institutions	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	SD: p.22-29
17. Partnerships for the Goals	Strengthen the means of implementation and revitalize the global partnership for sustainable development	SD: p.17

References in the report

- Krungsri Sustainability Report 2016 (SD)
<https://www.krungsri.com/bank/en/Other/CSR/sustainability-development-reports.html>
- Krungsri Annual Report 2016 (AR)
<https://www.krungsri.com/bank/en/InvestorRelations/annual-report/AnnualReport.html>
- Annual Registration Statement (Form 56-1)
<https://www.krungsri.com/bank/en/InvestorRelations/FinancialInformationandReports/AnnualRegistrationStatement.html>

Questionnaire on Krungsri Sustainability Report 2016

Part 1: General Information

1.1 Which of the following best describes you or your relationship to Krungsri

☐ Customer

☐ Employee

☐ Shareholder

☐ Investor

☐ Peer commercial bank or financial institution

☐ Partner/creditor

☐ Regulator

☐ General public

☐ Others (please specify).....

1.2 Have you ever read Krungsri Sustainability Report before?

☐ Yes

☐ No

Part 2: Content and Reporting Format

	High	Moderate	Low	Need Improvement
2.1 You have better understanding on general business operations of Krungsri	☐	☐	☐	☐
2.2 You have better understanding on Krungsri's responsibility on social, economic and environmental practices	☐	☐	☐	☐
2.3 Content of the Report comprises material operations of Krungsri in line with your expectations	☐	☐	☐	☐
2.4 The report content is clear	☐	☐	☐	☐
2.5 The report content is easy to understand	☐	☐	☐	☐
2.6 The presentation of the report is attractive	☐	☐	☐	☐
2.7 Overall report is satisfactory	☐	☐	☐	☐

Part 3: Improvement of Reporting

3.1 Does this report mention on any topics of your interest?

☐ Yes

☐ No (please, specify the topics of your interest expected in the Bank's next report)

3.2 Other suggestions and comments

Please send your feedbacks via post or email to the address below:

Corporate Social Responsibility Department
Corporate Communication Division
Krungsri Head Office
Address: 1222 Rama 3 Road, Bang Phongphang, Yan Nawa District, Bangkok 10120
Email: CorporateSocial.Responsibility@krungsri.com



Thank you for your kind corporation.
Your feedbacks are very much appreciated and crucial to sustainability development that Krungsri can significantly contribute to society.

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