A member of MUFG
a global financial group

ENHANCING SUSTAINABILITY WITH FINANCIAL INNOVATION

SUSTAINABILITY REPORT 2017

ENHANCING SUSTAINABILITY WITH FINANCIAL INNOVATION

Contents

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 everyday 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 within and outside of Thailand.

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

2017 marks another successful year on Krungsri's sustainability journey, listed on the Thailand Sustainability Index for the second time, as well as garnering The Asset Corporate Platinum Award for the second consecutive year exhibiting the Bank's excellence in environmental, social, and corporate governance factors and investor relations performance for sustainable growth and development.

While being subject to intense competition from both traditional competitors and the newly emerging FinTech competitors, and coping with the challenges of fast-changing technology and customer behavior, we continue to conduct our businesses in a transparent and accountable manner as well as performing quality financing functions responsibly. We truly believe that sustainability banking encompasses not only acting responsibly in minimizing negative externalities but also capturing opportunities to positively contribute to society and the economy concurrently through our sustainable business conduct and by creating shared value. Krungsri's competitiveness and sustainable business growth, the health of the communities we serve, and the economy are mutually dependent.

Recognizing and capitalizing on these connections Krungsri established the Krungsri Foundation in 2017 and our Environmental, Social, and Governance (ESG) Division on January 1, 2018. For us, this undertaking reflects a voluntary adherence to commitment that transcends the letter and spirit of the law as well as current societal, and investment community expectations or regulatory requirements.

Krungsri Foundation activities will focus on philanthropic support for environmental and societal causes. Key mandates will include immediate disaster relief support for natural disaster victims, while societal mandates will include support for educational attainment through scholarships and construction of a school in the remote area in collaboration with the Border Patrol Police Bureau.

Establishing the ESG Division indeed reflects our aspiration to embed sustainability practices into the organization as our competitive competency in growing our businesses not only sustainably but also in creating shared values with our stakeholders. We will implement ESG changes internally incorporating ESG factors when formulating business strategies, executions, and processes, as well as product development and offerings.

As for creating shared and sustainable value with our stakeholders, financial inclusion delivered in a responsible and sustainable way has also been our key competitive differentiator from other commercial banks. Through the Bank and subsidiaries, Krungsri has supported micro business development both in Thailand and neighboring CLMV countries through financial products and advisory services.

Leveraging our employees' financial skills, Krungsri's flagship financial literacy project has been conducted for three consecutive years benefiting more than fourteen thousand students from 268 schools in Thailand and Lao PDR. More than one hundred and eighty thousand volunteer hours were contributed to educating young people on personal finance management and basic savings skills.

As we look to the future we are working toward the organization's sustainable banking goals, with values, strategies, policies, and business processes supporting the three dimensions of sustainability excellence: environmental, societal, and governance.


Veraphan Teepsuwan
Chairman


Takayoshi Futae
Vice-Chairman


Noriaki Goto
President
and Chief Executive Officer

Cultivating Knowledge Moving Toward Sustainability

We promote financial literacy to youth to develop intellectual capital, and pave ways for their future financial security.

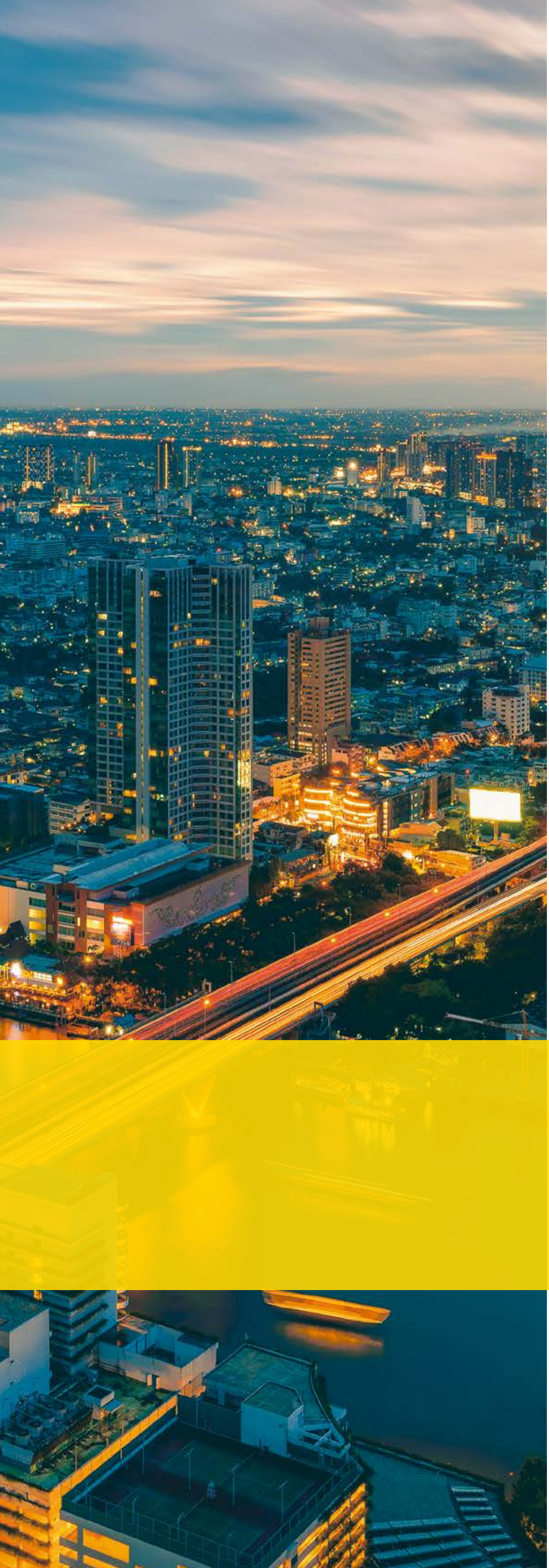
Delivering Simplicity with Financial Innovation

We provide innovative financial services and products
that serve both business and lifestyle needs.

Growing Green Business
Enhancing Sustainability

We support environmentally and socially responsible businesses
in attaining sustainable growth and development.

Fostering Sustainable Growth through Financial Innovation



Krungsri's 4 CSR Pillars

Creating Sustainability Value

Giving Back to Community

Preserving Environment

Providing Financial Support

The year of 2017 was the first year that saw the economic system driven by the 'Thailand 4.0' model and innovations increasing their role significantly in the development of the country. All industries and stakeholders in the economic system, including manufacturers, vendors, or consumers, must adapt to the changing governmental policies in order to maintain their competitiveness. This also included the financial sector which must brace for changing customer needs across all segments.

Financial institutions, as the 'upstream' sector of the economic system, are crucial to the development of the country according to the Thailand 4.0 policy. All economic activities need important financial resources to keep them running to achieve the goals. Therefore, providing financial services facilitating both business and household sectors with speed, service channels, and accessibility to financial resources, all of which are made available through a variety of technology and innovation development tailored toward service users, can be the focal strengths for business competitiveness. Additionally, the general public can benefit from the enhanced convenience in conducting transactions with financial institutions, which ultimately benefits the overall economic system.

Despite the fast-paced changes in society, as a leading financial service provider, Krungsri attaches great significance to our 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" through our financial innovations to achieve the mission of being a responsible financial service provider who is willing to support the economy and society but not overlooking the impacts on the environment. The mission will drive our business development along with the sustainable development of our nation. In so doing, Krungsri takes into account the sustainable development in the following three 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

2017 was the second consecutive year that the Bank operated under the organization's two-year CSR plan (2016-2017) which augmented coverage of material sustainability issues in being the regional financial service provider by focusing mainly on creating proper understanding among employees and collaborating among internal business units for improved business process. This should enhance our contribution to society and the community and promote sound environmental management while maintaining the highest financial service standards. The two-year CSR plan (2016-2017) consisted of the following four pillars.

Creating Sustainability Value

Focusing on creating the understanding of social responsibility and sustainability among employees and executives and promoting long-term participation of stakeholders. Sustainability reports are also prepared in order 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

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

This short-term plan aimed to pave the way for Krungsri's long-term CSR plan which will be developed in line with the Medium-Term Business Plan 2018-2020 of the Financial Business Group. Ultimately, Krungsri plans to integrate all the Bank's social responsibility and business strategies into one for concrete sustainable development.

Sustainable Development Goals 2030

Moreover, the UN Sustainable Development Goals 2030 (SDG2030) will serve as our guidelines in the planning process in order to achieve partnerships for the goals – especially for poverty eradication by providing financial literacy; promotion of good health and well-being; quality education; decent work and economic growth; industry, innovation and infrastructure; sustainable cities and communities; climate action; and peace, justice and strong institutions. These said issues align with the material sustainability issues of the organization.

This long-term plan is executed under our flagship concept of 'Simple to Share' and is run in tandem 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.

Source: https://sustainabledevelopment.un.org

Remark: Colored boxes refer to sustainable development goals to which Krungsri can positively continue.

Highlights of Sustainability Awards and Achievements


IoT BUSINESS PLATFORM
Excellence in Enterprise Innovation, Thailand
July 2017
ASIAN EXCELLENCE
2017
of ESG100 Company
SG100
THE VOICE OF AMERICAN BUSINESS IN THAILAND
AMCHAM
2017 AMCHAM CORPORATE SOCIAL RESPONSIBILITY EXCELLENCE RECOGNITION
CERTIFICATE OF RECOGNITION AWARDED TO
BANK OF AYUDHYA PUBLIC COMPANY LIMITED (KRUNGSRI)
ESG
Best CEO
Banking & Finance
Noriaki Goto

Sustainability Excellence Awards

- **Listed in Thailand Sustainability Investment (THSI) 2017** (two consecutive years), from the Stock Exchange of Thailand

- **Sustainability Report Award 2017 – Excellence** (two consecutive years with the 2017 award representing a better ranking than 2016), from the Office of the Securities and Exchange Commission, the CSR Club of the Thai Listed Companies Association, and the Thaipat Institute

- **Listed in the 2017 ESG100** and received the certificate of recognition (second recognition), from the Thaipat Institute

- **2017 AMCHAM CSR Excellence Recognition Award** (five consecutive years with 2017 being the first year Krungsri reached the 'Gold' level), from the American Chamber of Commerce in Thailand (AMCHAM)

- **Best Bank for Corporate Social Responsibility Award**, from Asiamoney

- **The Asset Corporate Award – Platinum 2017**: In recognition of Krungsri's excellence in Environmental, Social, and Corporate Governance (two consecutive years), from The Asset

Good Corporate Governance Awards

- **Asia's Best CEO (Investor Relations)** (three consecutive years), from Corporate Governance Asia
- **Asia's Best CFO (Investor Relations)** (three consecutive years), from Corporate Governance Asia
- **Best Investor Relations Company (Thailand)** (four consecutive years), from Corporate Governance Asia
- **Asia's ICON on Corporate Governance Award** (four consecutive years), from Corporate Governance Asia
- **Asian Corporate Director Recognition Award** (four consecutive years), from Corporate Governance Asia
- **Certificate for Excellence in Investor Relations,** from IR Magazine
- **The Asian Banker Promising Young Banker Awards 2017** for Mr. Piyasak Ukritnukun, from The Asian Banker
- **The Asian Banker Promising Young Banker Awards 2017** for Ms. Siriporn Sinacharoen, from The Asian Banker
- **Drive Award – Finance,** MBA, from Chulalongkorn University
- **The Asset Best CEO Award** in Banking and Finance, from The Asset

Labor Practice Excellence Awards

- **Diversity Impact Award**, from the Employer Branding Institute
- **Award for Innovation on Recruitment**, from the Employer Branding Institute
- **Certificate of Honor for Organizations Providing Benefits to Society Through Employment Promotion for the Disabled 2017**, from the Ministry of Labor

Financial Service and Innovation Excellence Awards

Financial Innovations for Economic and Social Development

- **Thailand Domestic Technology and Operations Bank of the Year Award**, from Asian Banking & Finance
- **Best Brand Performance (Finalist)**, from the Thoth Zocial Co., Ltd.
- **Best Digital Bank**, from Asiamoney

Financial Services

- **Agent of the Year**, from Western Union
- **Mortgage and Home Loan Product of the Year – Thailand**, from Asian Banking & Finance
- **Private Banking & Wealth Management**, from Euromoney
- **Mortgage Product of the Year**, from The Asian Banker
- **Best Lending Platform Implementation Project in Thailand**, from The Asian Banker
- **STP Performance Excellence Award** for USD Payment with the STP score of 98.2 percent, from Standard Chartered Bank (NY, USA)

Expanding the Success of the Krungsri Financial Literacy Project

The 'Simple to Learn' Krungsri Financial Literacy Project

Krungsri carried on with the third year of its 'Krungsri Financial Literacy Project' under the 'Simple to Learn' concept. This flagship project was initiated in 2015 on the occasion of the Bank's 70th anniversary with the objective to provide financial knowledge to students in 4th to 6th grades nationwide in order to develop their financial discipline and immunity to financial difficulties. The contents focus on the value and significance of money, smart spending, and smart savings, all of which were simplified and designed as games and activities suitable for the children.

Progress of Financial Literacy Project

Kicked off
the project to provide financial knowledge to **3,839** students in **70** schools from **30** provinces nationwide

Expanded the success
to ASEAN youths in **2** provinces, Lao PDR

H.R.H. Princess Maha Chakri Sirindhorn graciously granted permission for
a briefing on the success of the project

Expanded Opportunities
for financial learning equity to **250**
hearing impaired students
from 5 schools for the deaf countrywide

Following the achievement in 2015, Krungsri broadened the execution scope in 2016 by introducing the Financial Literacy Project to schools in Vientiane and Savannakhet, Lao PDR, where Krungsri branches are located. The project received excellent cooperation from employees organization-wide, succeeding in providing financial knowledge to students from 103 schools.

In 2017, it was a great honor for the Bank that Her Royal Highness Princess Maha Chakri Sirindhorn granted an audience to Krungsri people as well as the opportunity to give her a briefing on the background and progress of the 'Krungsri Financial Literacy Project'.

Moreover, Krungsri expanded educational opportunities to create equity for all social groups, reaching the underprivileged and vulnerable groups. We provided financial literacy to the hearing impaired students from five schools for the deaf nationwide as well as the ethnic youths in mountainous areas in Chiang Rai Province. This affirms our goal in fulfilling the shared responsibility to create equal opportunities in society.

Krungsri Auto Financial Literacy for the Hearing Impaired

Krungsri Auto initiated a project expanding educational opportunities, providing financial literacy to a total of 250 hearing impaired students in the elementary level from five schools for the deaf countrywide. The project aimed to support the students in overcoming barriers to education by cultivating financial discipline and basic financial knowledge through activities suitable for this children group.

1

June 9, 2017

Thungmahamek School for the Deaf, Bangkok

2

August 4, 2017

Prachinburi School for the Deaf, Prachinburi

3

August 18, 2017

Udon Thani School for the Deaf, Udon Thani

4

September 1, 2017

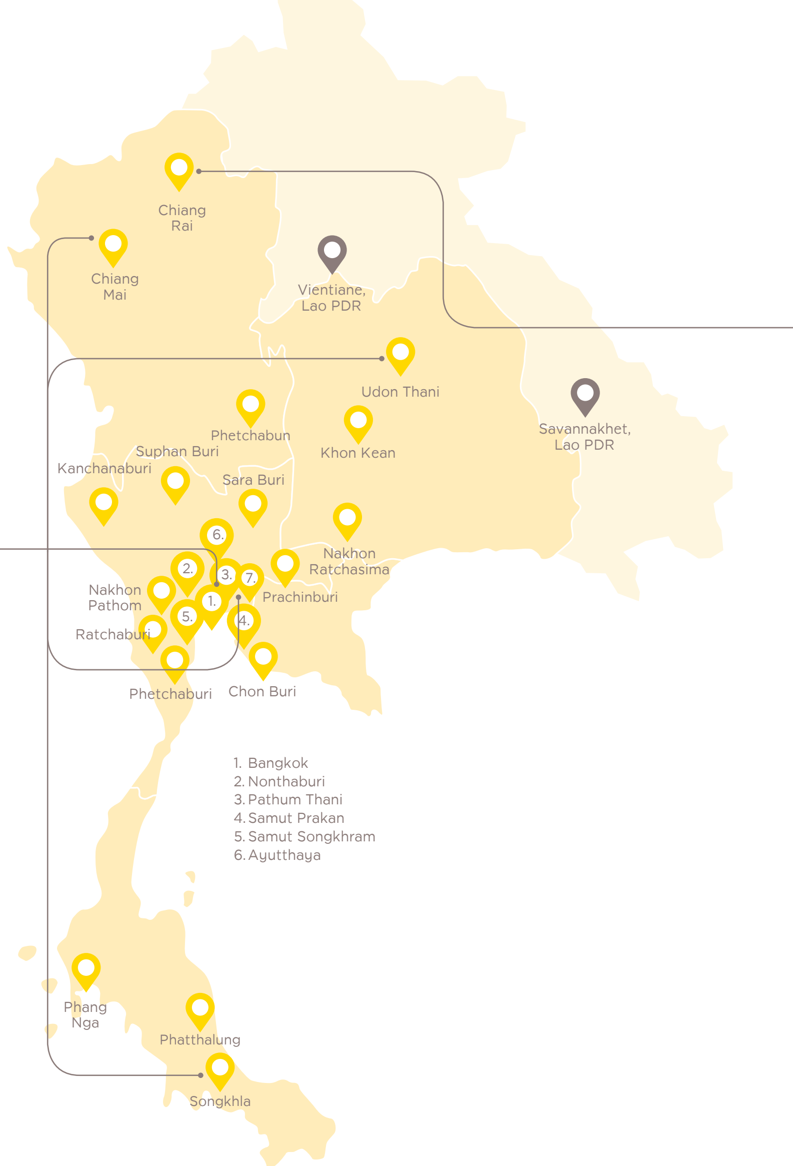
Anusarnsunthorn School for the Deaf, Chiang Mai

5

November 9, 2017

Songkhla School for the Deaf, Songkhla

Krungsri Financial Literacy Project on Map



Krungsri Financial Literacy Project at Insi Asa Ban Huay Nam Kuen Border Patrol Police School

Insi Asa Ban Huay Nam Kuen Border Patrol Police School, located in Wawi Sub-district, Mae Saruay District, Chiang Rai Province, was among the schools that participated in 2017's Krungsri Financial Literacy Project, wherein Krungsri volunteers shared financial knowledge to elementary students, mostly local youths and ethnic youths in mountainous areas. Apart from providing financial knowledge to young people in remote areas, this activity saw the first cooperation among three parties, namely Siam City Cement PCL, the main sponsor of the school construction; Bangkok Broadcasting & TV Co., Ltd. (BBTV Channel 7), the main sponsor of the school library renovation and computer room construction; and Krungsri, the financial knowledge provider for the school's students.

On the occasion of educating students in the said remote area on financial knowledge, Krungsri was also granted a royal audience with Her Royal Highness Princess Maha Chakri Sirindhorn while she graciously presided over the official opening of Insi Asa Ban Huay Nam Kuen Border Patrol Police School on August 3, 2017. At the event, Mr. Phong-adul Kristnaraj, Krungsri's Independent Director, reported Her Royal Highness on the background and progress of the Krungsri Financial Literacy Project.

In 2017, the Krungsri Financial Literacy Project succeeded in sharing financial knowledge with a total of 5,174 students from 95 schools in 26 provinces in Thailand and Lao PDR. Since its initiation in 2015, a total of 14,271 youths have benefited from the project. Moving forward, Krungsri aims to continuously carry out the project providing financial knowledge to all groups of stakeholders in order to build a solid foundation for the economy and society, which will in turn gear us toward sustainability.

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:	4 countries, i.e. Thailand, Lao People's Democratic Republic (two branches and a joint venture), 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; Facebook / Instagram: Krungsri Simple
Total workforce:	31,545 employees (Permanent and temporary employees of the Bank and its subsidiaries)
Fee income:	26,341 million baht

(Information as of December 31, 2017)

Nature of Business[G4-9]

The direct services that Krungsri offers to customers can be classified into three core categories as follows:

Deposit services

The Bank accepts deposits from ordinary persons and business organizations, providing the following four types of accounts.

- Current accounts
- Savings accounts
- Time deposit accounts
- Foreign currency deposit accounts

Loan services

The Bank provides various loan services as follows:

- Overdrafts (O/D)
- Promissory notes 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, issuance of certificate of financial status

Other financial services

- Electronic 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 regulated 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.

As a member of one of the country's leading financial groups, Krungsri operates its business following national as well as international standards, charters, principles, and initiatives significant for financial service providers such as the International Financial Standard 9 (IFRS9), Sarbanes-Oxley Act, the Basel III, Domestic Systemically Important Banks (D-SIBs), ISO20022 Universal Financial Industry Message Scheme, and guidelines for good governance business practices 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). Krungsri is also 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), the Thai-Japanese Association (TJA), and other agencies to form strong networks and partnerships 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 further contribute to society. In 2017, Krungsri and MUFG signed a memorandum of understanding with the Board of Investment of Thailand (BOI) to support Japanese business operators investing in Thailand as well as Thai businesses operating overseas. In addition, Krungsri, along with 14 other commercial banks, signed the memorandum of understanding (MOU) on the revised Banking Industry Code of Conduct to contribute together with the member banks in strengthening our society in the future.

Significant Changes[G4-13]

On March 27, 2017, Krungsri successfully launched its latest subsidiary, Krungsri Finnovate Co., Ltd. or 'Krungsri Finnovate', aiming at driving venture capital for SMEs, financial technology, and private equity trust or private equity investing in financial technology businesses to gain a competitive edge in the digital era and support FinTech startups in Thailand and ASEAN. Krungsri Finnovate aspires to adopt innovative financial solutions to Krungsri's products and services, creating good customer experience in the long run.

In addition, Krungsri established the E-Business Division, which was subsequently renamed the 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, follow Krungsri's direction of becoming a leader in providing digital banking services, and cultivate the innovation culture of the organization to secure the position of a leading financial innovator.

KRUNGSRI
FINNOVATE

List of Companies in Krungsri Group[G4-17]

Krungsri Consumer

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

Operated by:
- Krungsriayudhya Card Co., Ltd.
- Ayudhya Capital Services Co., Ltd.
- Krungsri General Insurance Broker Ltd.
- Tesco Card Services Ltd.
- Tesco Life Assurance Broker Ltd.
- General Card Services Ltd.
- Total Services Solutions Plc.
- Krungsri Life Assurance Broker Ltd.
- Tesco General Insurance Broker Ltd.

Krungsri Microfinance

Type of service: Provides sale and leaseback services via hire purchase and secured loan contracts to customers who already hold titles to cars and other types of 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 Securities

Type of service: Serves as a securities broker and its business can be divided into securities brokerage, investment banking, personal fund management, mutual fund selling agent, and investment.

Operated by:
- Krungsri Securities Plc.

Krungsri Auto

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

Operated by:
- Bank of Ayudhya PCL
- Ayudhya Capital Auto Lease Plc.

Krungsri Asset Management

Type of service: Provides a comprehensive range of products and services, including mutual funds, private funds, provident funds, and management of investment in future contracts. The products and services are catered 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: Purchases and accepts the transfer of impaired assets (NPL and NPA) for management through debt restructuring and/or purchase the 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 Services

Type of service: 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 Leasing

Type of service: Provides financial lease and hire purchase services to enable SMEs and corporations to acquire machinery, equipment, and commercial vehicles by offering various solutions through structured leases

Operated by:
- Ayudhya Development Leasing Co., Ltd.

Krungsri Factoring

Type of service: 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.

Krungsri Leasing Services – Lao PDR

Type of service: 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.

Hattha Kaksekar Limited - Cambodia

Type of service: Provides microfinance services in Cambodia. The company is one of the third largest and longest-standing corporations in the country.

Operated by:
- Hattha Kaksekar Limited

Krungsri Finnovate

Type of service: Advances the mission in venture capital such as
1) SME venture capital; or
2) Financial technology venture capital; or
3) Private equity trust or private equity investing in financial technology.

Operated by:
- Krungsri Finnovate Co., Ltd.

Management Structure and Good Corporate Governance

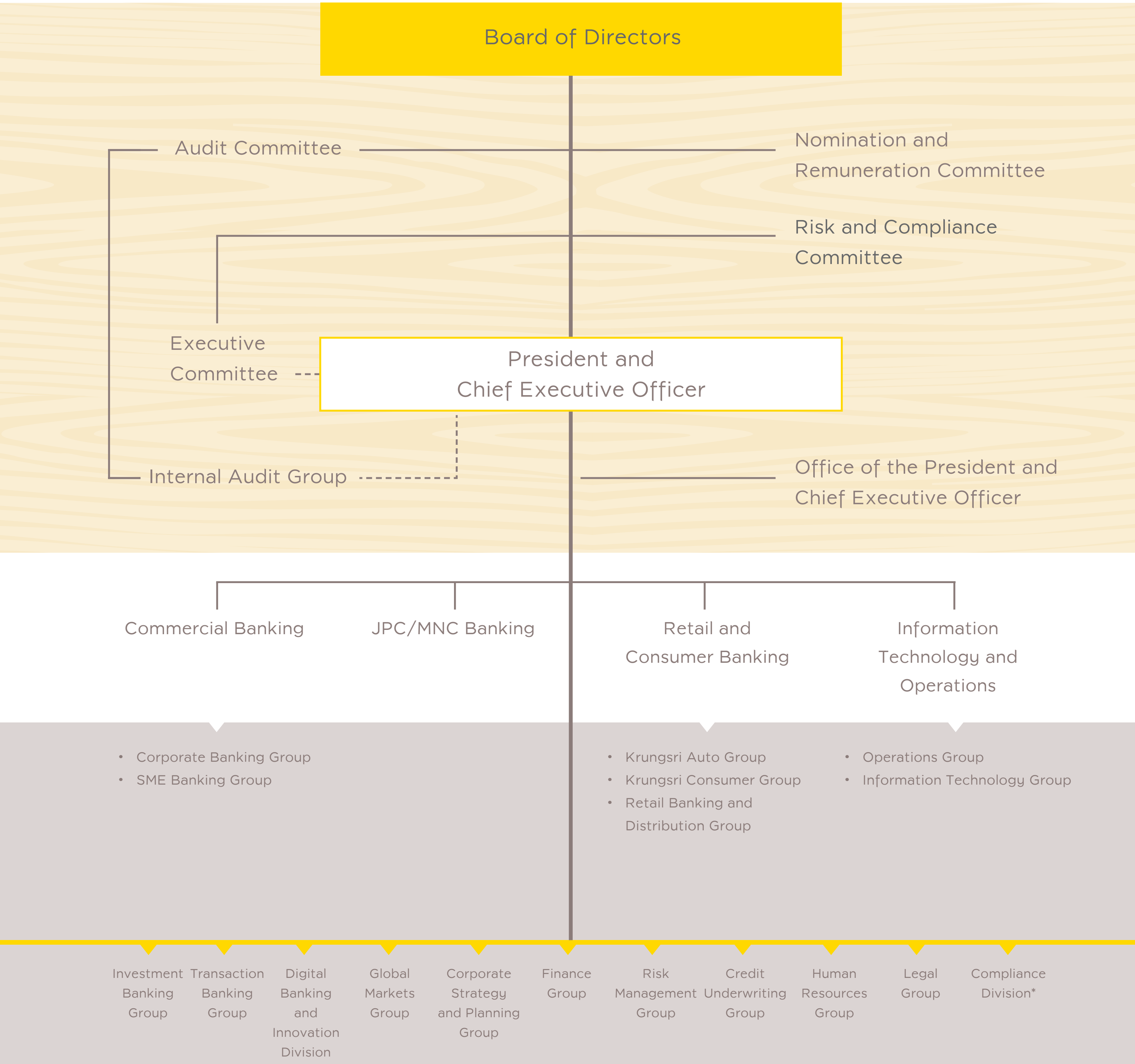

SUC

Management Structure and Good Corporate Governance

In order to achieve the business operation goals of the organization, the drive to success does not derive solely from one factor or resource but from integration and collaboration of all segments in pushing the organization toward the determined objectives.

Corporate governance is a key factor that incorporates operations of all segments for the organization to operate the business in a correct, appropriate, verifiable, and reliable manner. 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.

Senior executives as well as employees in all levels play an important role in fostering good corporate governance in the organization, driving Krungsri to become a trustworthy financial institution with operational transparency and accountability as well as ensuring that employees 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 that a financial institution achieves stability, growing in tandem with Thailand's development.



* Compliance Division reported directly to the Risk and Compliance Committee

(Information as of January 1, 2018)

Risk Assessment and Internal Control[G4-14]

Krungsri implemented measures and processes to prevent and manage risks that may be inherent in its business undertakings in compliance with the COSO internal control framework which comprises five components, namely control environment, risk assessment, control activities, information and communication, and monitoring. 2017 was the first year the COSO internal control framework was featured as another compulsory training course all executives and employees must complete and retake every two years.

As regards risk management, Krungsri put in place risk identification, measurement, control, as well as monitoring and management, all of which are embedded in policies on credit risk, enterprise-wide risk, market risk, liquidity risk, and 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 change, and so forth, which could disrupt Krungsri and the general public and whose effects may adversely impact the well-being of the population and the stability of the economy in a long run.

The Whistleblowing Program

The Whistleblowing 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 through various channels

In this regard, new changes were made to the Krungsri Whistleblowing Program in 2018 including a direct reach to the Mitsubishi UFJ Financial Group, Inc (MUFG) Whistleblowing Channel via email or postal mail which can be made in either English or Japanese. The changes came into effect on January 3, 2018 onwards.

The whistleblowing leads will be kept strictly confidential and any retaliation against the whistleblower will be subject to a disciplinary action. These are our principles in upholding a sound Krungsri Whistleblowing Program.

Whistleblowing Channels[G4-57 to G4-58]

1. **Ombudsperson**
   - Tel. 0 2296 0000 ext. 85588, 83901
   - PO box 169 Yan Nawa, Bangkok 10210
   - www.onekrungsriportal.net/legal&compliance/ombudscorner
2. **Branch Operational Risk Management Department (Branch Compliance)**
   - Tel. 0 2296 0000 ext. 83456 followed by 1 or 2
3. **Human Resources Group**
   - HR Hotline tel. 0 2296 0000 ext. 85577
4. **Audit Committee**
   - Email: audit.committee@krungsri.com
   - Audit Committee
Bank of Ayudhya PCL Head Office
1222 Rama III Road, Bang Phongphang,
Yan Nawa, Bangkok 10120

New Channel

5. **MUFG Channel**
   - Nishimura & Asahi Law Firm
Otemon Tower, 1-1-2 Otemachi, Chiyoda-ku,
Tokyo 100-8124, Japan
Email: mufgwhistleblow@jurists.co.jp
   - MUFG Audit Committee
JP-Tower, 2-7-2, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
Email: mufg-group-helpline_kansaiinkai_PF@mufg.jp

The Spirit & The Letter

To ensure that the Bank's business practices are in compliance with good corporate governance, Krungsri stipulated **'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). Krungsri's S&L comprises of six sections as follows:

The Spirit and The Letter

- **Section 1** Regulatory excellence
- **Section 2** Working with customers & suppliers
- **Section 3** Government business
- **Section 4** Competing globally
- **Section 5** In the Krungsri community
- **Section 6** Protecting Krungsri assets

Good Corporate Governance

The Board of Directors established **'Good Corporate Governance Principles'** (the Principles) in writing which cover the shareholders' rights and equitable treatment of shareholders, information disclosure and transparency, composition, qualifications, roles and responsibilities of the Board of Directors and subcommittees, 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 employees' code of conduct and compliance. In addition, Krungsri stipulated 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 Krungsri Group, and other relevant regulations.

In 2017, the Board of Directors reviewed the Principles in accordance with the good corporate governance criteria stipulated by the Stock Exchange of Thailand, the Securities and Exchange Commission, and the Thai Institute of Directors Association as well as the Banking Industry Code of Conduct and the ASEAN Corporate Governance Scorecard. The Principles serve as the guidelines for operating business and improving business operating standards to achieve international acceptance. These Principles also serve as the behavior framework to be strictly adhered to by all directors, executives, and employees in performing their duties. In addition, they are the basic guidelines to be applied by Krungsri Group companies by either adopting these Principles or creating their own good corporate governance principles in alignment with their nature of business.

Additionally, it is Krungsri employees' duty to gain a sound understanding of the S&L by studying the details disseminated in the Bank's website www.krungsri.com. The S&L is also featured as a compulsory course for employees to refresh their knowledge via the e-learning system every two years.

Banking Industry Code of Conduct

The content of the Banking Industry Code of Conduct was revised to ensure alignment with the changing enviroment and the Thai Bankers' Association five-year strategic plan for the Thai banking industry, yet the three main principles still include integrity, fairness, and accountability to stakeholders.

The recent revision is a part of the effort to maintain the standard and code of conduct for commercial banks as well as to promote trust customers, one of our key stakeholers, in the Thai commercial banking business.

Banking Industry Code of Conduct

1. **Code of Conduct**
   The Bank shall exercise supervision to ensure that employees perform operations with integrity and adhere to ethical standards. Also, operations shall be in accordance with relevant laws, rules, and regulations in a strict and professional manner by exhibiting expertise and competency as well as exercising prudence during operations.

2. **Roles of Directors and Executives**
   Directors and executives of the Bank shall be responsible for performing operations under the moral and ethical framework in order to promote good governance at every level of the organization.

3. **Service Standard**
   The Bank is required to instill confidence among all customers and stakeholders by ensuring efficient management of overall operation, provision of excellent services, good governance system, control of management and internal control system, as well as appropriate risk management systems.

4. **Employees and Working Environment**
   The Bank shall treat employees fairly, respectfully, and equally. Also, all employees shall be offered opportunities to develop skills or chances to attend training courses properly, and remuneration shall be paid to employees in a fair manner.

5. **Commitment to Customers**
   The Bank shall place importance on and treat customers in a fair manner by providing products and services that match and suit their needs, disclosing information of the Bank's products and services covering relevant conditions and associated risks, protecting and treating customers' information as confidential, and providing a process to receive complaints as well as managing all customers' complaints appropriately.

6. **Conflict of Interest**
   The Bank shall arrange for measures to manage conflict of interest regarding prevention against insider tipping and trading, transactions with related parties, and accepting gifts, entertainment, or other benefits.

7. **Information Management**
   The Bank shall put in place appropriate information management in protecting, retaining, and treating customers' and the Bank's information as confidential and not to be disclosed.

8. **Overall Governance**
   The Bank is obliged to conduct business in a manner that is in accordance with applicable laws, policies, and its own regulations, including governance practices. The Bank shall ensure that its employees understand the laws and regulations, establish supervisory functions to oversee operations independently from the Bank's management, review operations regularly, take disciplinary action against those who fail to comply with applicable laws and regulations, and arrange whistleblowing channels for reporting suspicions.

9. **Commercial Competition and Dispute Settlement**
   In order to ensure efficient and sustainable operations, the Bank shall freely operate business and fairly compete with other commercial banks. Also, the Bank shall offer products and services for customers to choose freely. The Bank must not criticize competitors or perform any action to establish monopoly. In case of dispute, the Bank shall have an appropriate settlement process in place.

Anti-Corruption

Credibility, transparency, and auditability are essential attributes of financial institutions. Corruption and lack of transparency, on the other hand, are burdens to the operating cost and impact the reputation of an organization.

Krungsri sees the prevention and elimination of corruption 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 Krungsri Group to ensure it is carried out in a prudent, cautious, and efficient manner. An anti-corruption oversight meeting is organized at least once a month.

Anti-Corruption Policy and Program

The principles of Krungsri's **Anti-Corruption Policy** and **Anti-Corruption Program** are zero tolerance against any forms of direct or indirect corruption or violation 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 the completeness and adequacy of the entire process by the Audit Committee prior to reporting to the Board of Directors. Moreover, within each business unit, there is a 'compliance champion', a representative communicating compliance knowledge as well as monitoring and reporting issues related to compliance with rules/regulations and anti-corruption.

The Bank conducts risk and control self-assessments (RCSA) and identifies key risk indicators (KRI) as these are the tools for close monitoring and evaluation of various aspects of risks that could occur in every business unit (100 percent) without exception. 'Corruption' is also included among the aspects of assessment. Each business unit is to designate a compliance champion to submit the monthly RCSA report to the Operational Risk Management Department – the business unit directly responsible for risk-related tasks. The monthly report is included in key performance indecators (KPIs) of the compliance champion to ensure all risks are reported in a timely manner, causing the Bank to be more prudent in operations.

In addition, on March 9, 2017, the Bank was certified for compliance with Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) for the second time.

Promoting Corporate Governance in the Organization

To ensure good corporate governance in order to mitigate operational risks and promote ethical conduct, 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 among employees. In addition, Krungsri stipulates that executives and employees at all levels are required to learn about fraud and risk awareness by taking five 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.

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 a thorough understanding of working with adherence to honesty, transparency, and auditability, which are the core concepts of Krungsri's anti-corruption guideline. Other communications included affixing posters in high traffic areas of the Bank, sending out internal news, and sending news from the Corporate Compliance Department to inform employees of whistleblowing channels for reporting fraud or non-compliance with policies or regulations.

Furthermore, in September 2017, Krungsri participated in the 'Anti-Corruption Day 2017' event organized by the Anti-Corruption Organization of Thailand under the theme 'New Government, Same Corruption?' at Centara Grand and Bangkok Convention Centre. Also, in December 2017 Krungsri participated in the International Anti-Corruption Day 2017 (Thailand) event under the theme 'Zero Tolerance' at Impact Muang Thong Thani convention center to join international efforts to curb corruption.

Good Corporate Governance Compulsory Training Programs

- The Spirit & The Letter (S&L)
- Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)
- COSO* Internal Control Framework
- Corporate Governance (CG)
- Gift and Entertainment (G&E)

* Featured as a compulsory course for the first time in 2017

Promoting Corporate Governance and Risk Management Learning for Directors and Senior Executives

Good corporate governance is considered an organization-wide collective achievement. On that note, sufficient education on risk management, good corporate governance, anti-corruption, and the likes is provided to the top management of the Bank, meaning that the Board of Directors and Senior Management team (SMT) receives sufficient training in risk prevention, good corporate governance, and anti-corruption, etc. Doing so enhances the Bank's credibility and helps it embrace changes to meet the expectations of stakeholders as well as requirements of new laws, rules, and regulations to enhance its operational transparency.

Training Programs for the Board of Directors

Average
7.83
hours/person/year

- **'Steering Governance in a Changing World' Conference** held by Thai Institute of Directors
- **'Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance' Forum** held by Thai Institute of Directors
- **'Legal Update: Criminal Liabilities of Directors' Seminar** held by Thai Institute of Directors
- **'The Audit Committee's Role in Compliance and Ethical Culture Oversight' Forum** held by Thai Institute of Directors
- **'Boards' Roles in Mitigating Cybersecurity Risks / Threats - Challenges and Solutions' Seminar** jointly held by the Securities and Exchange Commission and BSA - The Software Alliance
- **'Learning for KAM's development in order to truly benefit the Thai capital market' Seminar** jointly held by the Securities and Exchange Commission, Federation of Accounting Professions, and Thai Listed Companies Association

Training Programs for the Board of Directors

In 2017, the Board of Directors attended several internal and external training courses relating to corporate governance and risk management

Training Programs for the Senior Management Team

Krungsri's Senior Management Team also enrolled in training programs relating to anti-corruption, risk management and internal control, and IT and cybersecurity, all of which are considered key risks to the organization. Throughout 2017, the SMT's average training hours/person/year are as follows:

Training Program for the Senior Management Team

Average
11.36 hours/person/year

Anti-Corruption
- Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)
- Review guidelines for auditing anti-money laundering and combating the financing of terrorism

Average
8.84 hours/person/year

Risk Management and Internal Control
- COSO Internal Control Framework
- Credit risk management and market risk management
- Technological changes in the digital age and regulatory guidelines

Average
6.82 hours/person/year

IT and Cybersecurity
- Strategic IT Governance
- Policy for Enterprise IT Security

Krungsri's Annual Report 2017

Annual Registration Statement (Form 56-1)

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 2017 and Annual Registration Statement (Form 56-1).

Sensitive Data Security and Cybersecurity

The banking landscape will change following the FinTech and Digital ID laws, which are expected to come into force in 2018. As a result, we are actively focusing on developing platforms to fully support the digital banking business with a wide range of services such as e-KYC and e-Signature, and open banking platforms with application program interfaces (APIs). We established business units responsible for researching and developing new technologies such as artificial intelligence (AI), machine learning, and blockchain to change the way we offer services to customers. Since 2017, we have been studying and conducting experiments on Robotic Process Automation (RPA) — a promising technology currently employed by leading global financial institutions to improve operational efficiency, save costs, and enhance the customer experience.

Subsequently, more and more financial transactions will be conducted online in the cyber world. Hence, with our strong commitment to bolstering customer confidence in maintaining security for sensitive data and uncompromising efforts to tackle cyber threats, we constantly reinforce security measures with controls over sensitive data and services.

Cybersecurity Measures and Guidelines

Cybersecurity has become a priority for our executives and the Board of Directors, particularly in the digital era. To safeguard against cyber threats, we strengthened IT security and controls to protect important information and services across customer touchpoints. We extended the advanced malware protection program, applied the FFIEC cybersecurity assessment tool, established a threat intelligence program, and regularly organized training courses to provide knowledge and raise awareness among employees in line with the cybersecurity practices of MUFG.

As part of infrastructure development to support the National e-Payment service, which is part of the Financial Sector Master Plan Phase III according to the government's Thailand 4.0 strategy, the Bank launched systems to support Any ID registration, PromptPay, and Thai QR Code Payment under the Bank of Thailand's regulatory sandbox. We plan to continue developing the systems to support a variety of e-Payment services, namely Request-To-Pay, e-Tax and e-Receipt, capital market, and ISO20022 compliance.

To advance to the digital society and upgrade security for online transactions, Krungsri strengthened debit card security measures by ensuring that all new cards are equipped with chips (chip cards) according to the Thai bank chip card standard. Also, 3D secure technology was employed for e-commerce transactions and an ATM whitelisting program is being developed, now approximately 80 percent complete and expected to be rolled out by the end of the second quarter of 2018.

Good governance principles and regulatory compliance are embedded in our core values. We continue to comply with the Sarbanes-Oxley Act, the Third Basel Accord (Basel Committee on Banking Supervision III), and the domestic systemically important banks (D-SIBs) requirements. Moreover, the Bank has invested in the development of four major IT projects to support such practices as follows:

- The credit risk management system is for calculating credit risk based on the risk and return assessment criteria

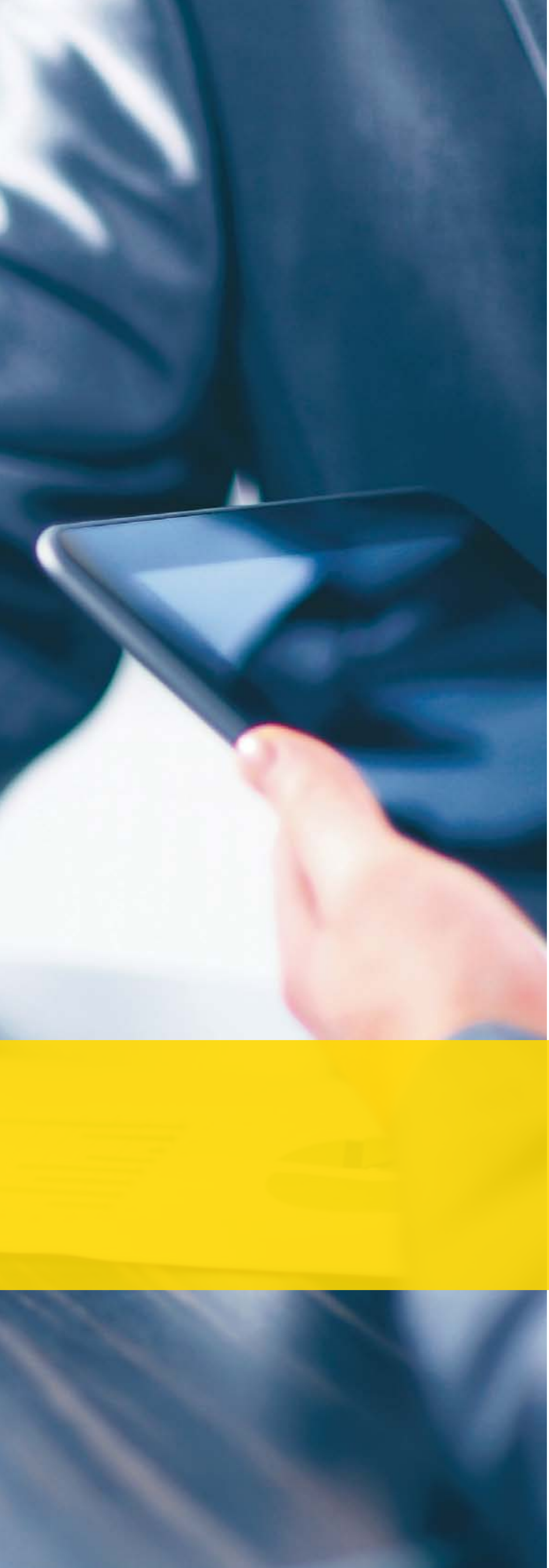
- The Basel Standardized Approach for Measuring Counterparty Credit Risk Exposures (SA-CCR), which was used before the enforcement date set by the Bank of Thailand, is for assessing the impact of SA-CCR and for determining the strategy for clearing and derivative transaction profitability.
- The development of Finance & Risk Analytics (FRA) system is for supporting asset liability management, liquidity management, and fund transfer pricing; and
- The International Financial Reporting Standard 9 (IFRS 9) platform is being developed and expected to be completed by the end of the second quarter of 2018, allowing us to make preparations before submitting official reports to the Bank of Thailand in the first quarter of 2019.

Furthermore, we also shared IT governance, policies, and best practices with our subsidiary, Hattha Kaksekar Limited (HKL), a leading microfinance institution in Cambodia. We also established IT security standards, IT compliance, disaster recovery procedures, and a project governance strategy that serves as key foundations for transforming HKL into a financial institution in the future.

Information Technology Aspiration

In the new Medium-Term Business Plan (2018-2020) we will incorporate RPA into the Digital Roadmap. Along with the organization's advancement in innovation and technology development, the maintenance of sensitive data security and cybersecurity must be increased in order to seamlessly blend digital banking with traditional banking. We aim to fulfill our IT aspiration: Go digital and simplify customers' lives through flexible and advanced technology platforms by emphasizing system agility and cutting-edge innovation.

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 categorizes 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 stipulated a guideline for dealing with each stakeholder group, including channels, communication frequency, and expectations of each group as follows:

Employees

Treatment of stakeholders

- Policies on fair and reasonable compensation
- Welfare schemes that exceed legal requirements including remuneration in other forms to boost working motivation and ease their concerns
- Stipulation of principles relating to environment, health, and safety in the S&L and establishment of a committee responsible for employees' safety and occupational health
- Maintenance of safe working environment for employees' lives and assets
- Training design and development for Krungsri employees to foster knowledge and support their advancement in the direction aligned with Krungsri's vision and mission

Expectations or concerns[G4-27]

- Reasonable compensation
- Benefits, safety and occupational health, and workplace environment
- Career development and advancement

Communication channels and frequency[G4-26]

Executive Meeting

- Krungsri Leadership Meeting (once per year)

Executive and Employee Meeting

- Town Hall Meeting (at least once per year)

HR Management

- Employee engagement survey (Voice of Krungsri: VOK) (once per year)
- Meeting with representatives from Krungsri Labor Union (once per month)
- Consultation services provided by the Human Resources Business Partner (HRBP) Department available all year long

Krungsri Internal Communications

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

- Monthly messages from the President and CEO
- Bi-monthly 'Krungsri Life' magazine
- Weekly 'Around Krungsri' electronic newsletters
- An array of news flashes, including Krungsri News Flash, Krungsri Synergy, and Krungsri Daily News Summary
- Krungsri Portal (intranet)
- Internal emails
- Intercom announcements; and

Other activities arranged within the organization throughout the year

Customers

• Retail • SME • Corporate

Treatment of stakeholders

- Business operation under the 'Customer Centricity' core value
- Adherence to the principles of integrity and equal treatment; and the provision of services, advice, and support to customers
- Optimization of customers' benefits and satisfaction
- Provision of 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 as well as implementation of a strict measure on customer information confidentiality maintenance according to the Employee Handbook
- Disclosure of customers' information either confidential or not is prohibited, unless required by laws or by written consent obtained from customers.
- Abstention 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 meet customers' needs
- Prevention against violation 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
- Engagement activities between the organization and customers conducted throughout the year
- 1 business matching event

Shareholders

Treatment of stakeholders

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

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 of stakeholders

- Disclosure of the Bank's financial and general information with particular attention to information accuracy, adequacy, transparency, frequency, and timeliness
- Dissemination of news updates via communication channels and media
- Establishment of the Public and Investor Relations Department as a contact point in managing relations with investors, especially on disclosure of information and Krungsri financial performance as well as answering inquiries from various groups of investors and stakeholders

Expectations or concerns[G4-27]

- Compliance with the good corporate governance principles
- Satisfactory financial performance
- Disclosure of operating performance
- Organization communication channels

Communication channels and frequency[G4-26]

- Investor/analyst meetings (company visits) (15 times)
- Domestic road shows (27 times)
- Annual Analyst Meeting (1 time)
- Quarterly performance and business plan reports (4 times per year)
- Emails to communicate any significant development of Krungsri (18 times)

Commercial banks or other financial institutions

Treatment of stakeholders

- 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 or actions that lead to mutual understanding
- Adherence to related rules and regulations on competition against other commercial banks

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 member banks of TBA's CSR Club (once per quarter)
- Meetings between banks on other occasions throughout the year

Regulators

Treatment of stakeholders[G4-24]

- Adherence to related laws and regulations as well as policies and standards stipulated by the relevant regulators of each business group
- Collaborative support for the policies and activities of the relevant regulators

Expectations or concerns[G4-27]

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

Communication channels and frequency[G4-26]

Annual dialogues and cooperation with regulators (at least once per year), 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 seminars relating to regulations to be implemented, exchange of ideas, opinions, expectations and concerns raised during the previous year
- Securities and Exchange Commission (SEC), The Stock Exchange of Thailand (SET), and Thai Institute of Directors (IOD): Attending seminars relating to regulations to be implemented and related issues

Business partners

Treatment of stakeholders

- Adherence to the principles of integrity and fair treatment by taking into consideration optimum benefits of the business partners
- Provision of correct and adequate information and conditions with equal treatment
- Strict adherence to the contracts or conditions agreed with partners
- Promoting actions or activities that lead to mutual understanding by stipulating policies relating to treatment of partners in the S&L and the supplier relationship policy as well as in the Procurement Department's operating manual in which the criteria for partner selection are stipulated
- Selecting business partners who abide by the law, treat their employees fairly, provide safe working environment, and conserve the environment
- Abstention from disclosing the confidential information of business partners to unrelated persons

Expectations or concerns[G4-27]

- Fair and equal treatment of business partners
- Accuracy, adequacy, and equality in receiving information
- Business partner selection criteria
- Business partner confidentiality

Communication channels and frequency[G4-26]

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

Creditors

Treatment of stakeholders

- Compliance with the agreed conditions as well as related requirements and laws strictly with adherence to the principles of integrity and fair and equal treatment
- Abstention from disclosing confidential information of creditors
- Provision of correct and adequate news/information updates and promoting of activities that lead to mutual understanding
- Stipulation of management structure thoroughly covering all operations with clear strategies in managing financial resources for Krungsri's stability and strength, avoiding difficulties in repaying creditors
- Managing liquidity to ensure readiness for timely repayment to creditors according to due dates as well as in emergencies so that debt can be repaid to creditors despite being under liquidity crisis
- Advance notification to creditors to jointly consider solutions in case of inability to comply with the agreed conditions
- Stipulation of clear and tangible policies for fair and responsible treatment of creditors, particularly regarding guarantee conditions, capital management, and defaults

Expectations or concerns[G4-27]

- Compliance with requirements
- Debt repayment
- Debtor liquidity
- Contingencies

Society and the nation

Treatment of stakeholders

Conducting business with ethics and being a good corporate citizen with responsibility toward local communities, society, and the environment by implementing the short-term two-year CSR plan (2016-2017):

- Creating sustainability value
- Giving back to community
- Preserving environment
- Providing financial support

Expectations or concerns[G4-27]

- Supporting businesses to grow through Krungsri's responsible lending practices
- Provision of complete and correct financial product information

Communication channels and frequency[G4-26]

- Financial literacy education at 86 schools across the country
- A total of 16 financial management training sessions for local communities by Ngern Tid Lor Co., Ltd. (NTL) as well as field visits to engage the communities throughout the year
- Provision of breast cancer screening service to underprivileged women in the vicinity of the Head Office
- Collaboration with local authorities in holding activities throughout the year
- Permission for using the space at the Head Office for social causes and such

Reporting Methodology

Reporting Guidelines

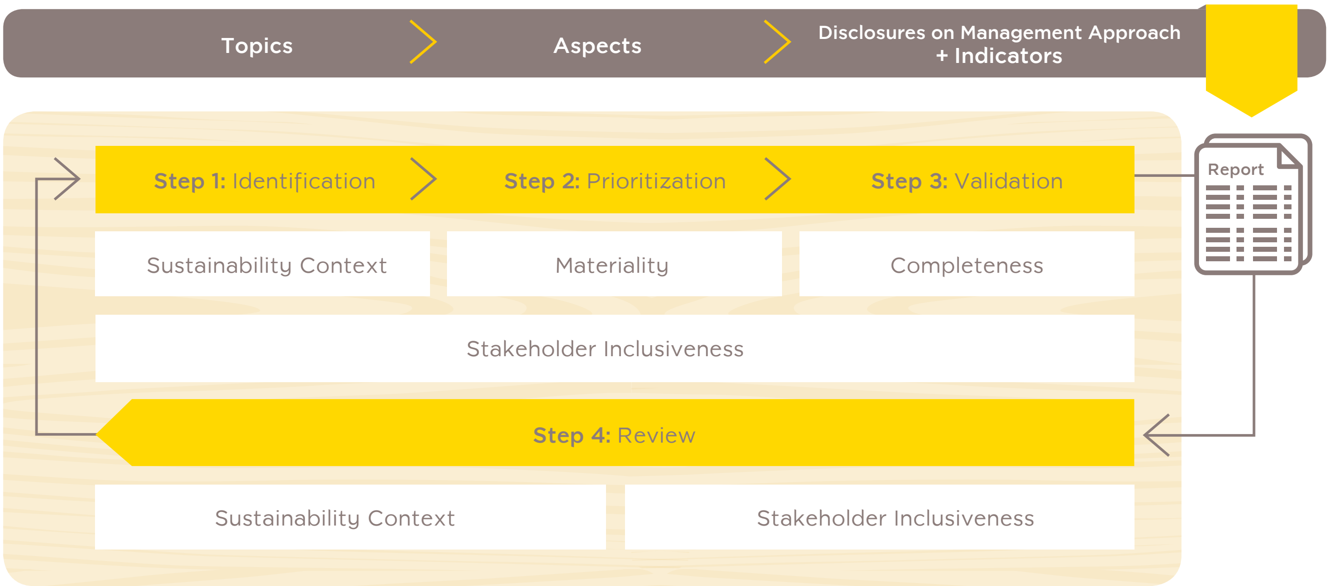
[G4-28 to G4-30]

Krungsri's 2017 Sustainability Report is the fourth report, following the launch of the first report in 2014. The report, covering the period from January to December 2017, is intended to monitor and disclose the Bank's operations and performance in three sustainability development dimensions – economy, environment, and society. The content presented herein also covers Krungsri 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 United Nation's 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.

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.

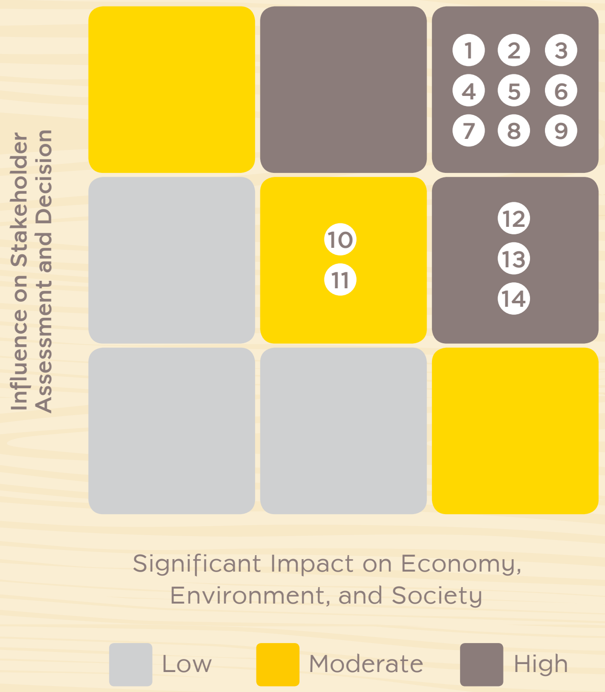
Step 3: Validate Material Aspects

The Corporate Social Responsibility (CSR) Committee, consisting of the President and CEO and senior executives from various business units of the Bank and its subsidiaries, verified material aspects in order to ensure that impacts and issues that are significant to Krungsri Group's 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 Krungsri's materiality diagram (page 60)

Step 4: Review

In a move toward 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]



1. Responsible Lending and Product Suitability
2. Corporate Governance (ethics and integrity, anti-corruption)
3. Customer Satisfaction
4. Fair Labor Practices
5. Local Economy and Community (microfinance, nano-finance, and financial inclusion)
6. Innovation and Digitalization
7. Cybersecurity*
8. Customer Privacy
9. Financial and Economic Performance, Systematic Risk, and Risk Management
10. Local Community Engagement
11. Indirect Economic Impacts
12. Material Utilization
13. Energy Saving
14. Water Consumption

Remark: * New material aspect in 2017

External Assurance Report [G4-33]

To ensure the reliability of Krungsri's Sustainability Report, the Bank requested an assurance review by an external entity in accordance with the GRI Reporting Guidelines version 4 detailed in page 134-137.

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'
- 700 hard copies of the Thai version and 500 hard copies of the English version
- 12,500 CD-ROMs

Krungsri Sustainability Report

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

Environmental, Social, and Governance Division
Bank of Ayudhya Public Company Limited (Head Office)
1222 Rama III Road, Bang Phongphang,
Yan Nawa, Bangkok 10120
Tel. 0 2296 2000 Ext. 85811, 82971, 82977
Email: CorporateSocial.Responsibility@krungsri.com

Reporting Scope and Boundary

Sustainability Aspects			Reporting Boundary													
			Within Krungsri [G4-20]													Outside Krungsri [G4-21]
			The Bank and Subsidiaries[G4-17]													
Krungsri Group	GRI Reporting Framework	SDG2030	Bank of Ayudhya	Krungsri Consumer	Krungsri Microfinance	Krungsri Auto	Krungsri Securities	Krungsri Asset Management	Krungsri AMC	Krungsri Leasing	Krungsri Leasing Service – Lao PDR	Krungsri Services	Krungsri Factoring	Hattha Kaksekar Limited – Cambodia	Krungsri Finnovate	
Responsible Lending and Product Suitability	Product and service labeling, marketing communications, product portfolio	1, 7	●	●	●	●	●	●	●	●	●			●	●	Customers, Society and the Nation
Corporate Governance (ethics and integrity, anti-corruption)	Ethics and integrity, anti-corruption	16	●	●	●	●	●	●	●	●	●	●	●	●		Employee Regulators, Government, Society and the Nation
Customer Satisfaction	Product and service labeling	-	●	●	●	●	●	●	●	●	●	●	●	●	●	Customers
Fair Labor Practices	Employment, labor/management relations, occupational health and safety, training and education, diversity and equal opportunity, labor practices, grievance mechanisms	8	●	●	●	●	●	●	●	●	●	●	●	●		Employees and their Families
Local Economy and Community (microfinance, nano-finance, and financial inclusion)	Local communities	11	●	●	●	●	●	●	●	●	●			●		Customers, Society and the Nation
Innovation and Digitalization	-	9	●	●	●	●	●	●	●	●	●	●	●	●	●	Customers, Employees
Cybersecurity	-	9	●	●	●	●	●	●	●	●	●			●	●	Customers
Customer Privacy	Customer privacy	-	●	●	●	●	●	●	●	●	●			●	●	Customers
Financial and Economic Performance, Systematic Risk, and Risk Management	Direct economic impacts	8	●	●	●	●	●	●	●	●	●	●	●	●	●	Society and the Nation
Material Utilization	Materials	13	●	●		●		●	●	●		●	●		●	Environment
Energy Saving	Energy	13	●	●		●		●	●	●		●	●		●	Environment
Local Community Engagement	Local communities	4, 3	●	●	●	●	●	●	●	●	●	●	●	●	●	Society and the Nation, Environment
Indirect Economic Impacts	Indirect economic impacts	8	●	●	●	●	●	●	●	●	●	●	●	●	●	Society and the Nation

Creating Sustainability Value

Krungsri upholds the concept of 'sustainability' consisting of economic, environmental, and societal dimensions as the foundation for achieving the 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.' This reflects our ambition to conduct business by taking into consideration the impacts on all stakeholders. Krungsri firmly believes that an organization can only grow alongside a strengthened society through engagement and sharing. Therefore, management and employees are instructed to observe the organization's corporate social responsibility policy and principles. Krungsri encourages our people to a create shared value as well as sustainability through our CSR-in-process practices while strengthening society with our engagement and responsibility toward stakeholders. This way, the power of Krungsri will contribute to creating a shared value for a sustainable society.

For more than 70 years, Krungsri considers its role as the 'upstream' of the economic and social ecosystems important to the Thai society and ASEAN in various areas, including economic growth and stability, being a stable and strong business partnership, improvement of retailers' life, being a leading financial institution that is reliable and trustworthy to the public, as well as being the financial institution that helps liberate merchants from the informal credit system. We realize these stakeholders rely on funding resources to run their business as well as creating jobs and improving their life. Such financing from Krungsri, a key contributor, brings about an infinite cycle that increases employment and nurtures 'downstream' businesses -- the household and business sectors depending on and benefiting from Krungsri's operations.

Spirit of Sustainability

[DMA: FS1, FS2]

Given the changing competition in the economy and the emergence of new technology and innovation which are taking an increasingly important role impacting financial service providers and users, it is certain that Krungsri as a responsible lender also has to expand its scope of responsibility. Apart from providing knowledge of financial products to society, placing importance on threats that may arise from financial technology and innovation such as cybersecurity, customer privacy, and enhancing customers' understanding of using financial applications to avoid transactional errors are other responsibility to take into account following the changing situation. In this regard, Krungsri does not overlook the use of financial technologies and innovations to create benefits for customers' business in cost cutting and faster transactions which otherwise might be opportunity costs.

To ensure that Krungsri operates responsibly toward society in all significant aspects as a financial service provider, Krungsri does not neglect to respond to the UN Sustainable Development Goals 2030 (SDG2030) concerning poverty, economic growth and employment, infrastructure, industry, and innovation. All of which are Krungsri's material issues for being the upstream of the economy to create positive impacts and mitigate negative ones while supporting environmental friendly businesses with suitable financial products and responsible lending, thus sustainably creating a shared value in the Thai society and ASEAN.

Responsible Lending and Product Suitability

Lending is among the top priority operations for financial service providers, since the financial resources the Bank provides including credit underwriting for investments granted to business operators affect the entire economy in both societal and environmental aspects. Therefore, Krungsri places importance on credit underwriting as a sustainability risk the Bank can engage in exercising vigilance.

Policy on Credit Risk Management

In 2017, Krungsri reviewed the **'Policy on Credit Risk Management'**. We continue to categorize customers whose business releases pollution with significant negative impacts on society and the environment as 'credit to be avoided'. Moreover, the Bank shall refrain from financing the 'prohibited' category covering illegal businesses, those with unlawful objectives, those related to cartels, mobsters, extortionists (sokaiya), political parties, businesses or persons explicitly known to utilize credit for political activities, grey businesses, or entities whose business violates environmental laws or any other laws, rules, and regulations concerning ceiling on interest rate. Krungsri shall not grant any loans to persons on the list of blocked persons as per the database of the Bank, customers and/or related persons and/or ultimate beneficial owners (UBO) on the list of blocked and/or designated persons as per the Policy on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT), including persons on the list of Anti-Social Element (ASE) as per the Bank's regulations.
Each transaction shall be made in accordance with the 'Know Your Customer (KYC)' principles to ensure that the Bank does not finance any wrongdoing nor create any unwanted impact toward society and environment.

Furthermore, in reviewing the procedure for **'Credit Risk Management'** which came into effect in 2017, the 'training' section was added to instill accountability in all levels of the Bank's staff as well as the **'Responsible Lending'** section among the core principles.

Responsible Lending

No Discrimination

All customers shall receive equal treatment regardless of gender, age, ethnicity, nationality, belief, religion, social status, and disability.

Confidentiality

Customers' sensitive information 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 customer shall be forced or pressured to perform any transactions due to abuse of bargaining power by the Bank.

Creditor's Responsibility

Officers shall have confidence and good faith in debtors and the Bank as the creditor shall refrain from making any inquiries that express any doubts about debtors' debt service coverage and responsibility.

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.

Krungsri recognizes credit services as a key contributor to social development. The Bank adheres to exemplary practices and contributes as a good corporate citizen through being a strong and stable financial resource. Employees at all levels must realize the shared responsibility toward the society not only by complying with laws and regulations, but also by being a good role model for communities. The Bank shall support customers' business development and sustainable growth as well as social development by way of lending loans with social purposes. Furthermore, the Bank shall partake in maintaining the credit system in line with standards while keeping the strength in management efficiency of the organization.

In this regard, the Bank established a responsible division for credit examination – a unit separated from the credit underwriting divisions and departments responsible for sales and business expansion – in order to prevent conflict of interest and promote effective credit examination. Credit audit both risk and quality are required on an annual basis.

Financial Services and Innovations for Sustainability

Adhering to our core business strategic framework that focuses on maintaining a leadership role in lending, as well as being customers' main bank, Krungsri acquires new customers based on the concept of 'customer centricity', while upgrading our retail foreign exchange business utilizing the synergy between Krungsri and MUFG, along with strengthening collaboration between the corporate and retail businesses. Moreover, importance is placed upon balance lending portfolio. Our service channels for all customer segments have been managed appropriately for ultimate customer satisfaction. Financial technology and innovation have been employed to maximize customer benefits, internal procedures, and financial services. Not only will these excellent strategies fortify our business, but they also enable us to create a balance between business and sustainability of society and environment.

2017 saw Krungsri highlighting product and service development in response to customer needs, while creating a great customer experience. Amid rapid trends driven by innovation and technology leading to many breakthroughs, particular financial technology (FinTech), a phenomenon rising on the back of the government's Thailand 4.0 policy, Krungsri did not rest in enhancing financial innovation in addressing changing customer demand and building impressive customer experience.

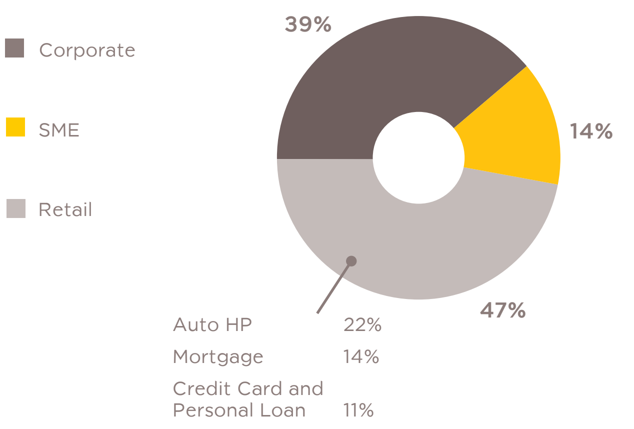
Balanced Portfolio Management

[G4-FS6]

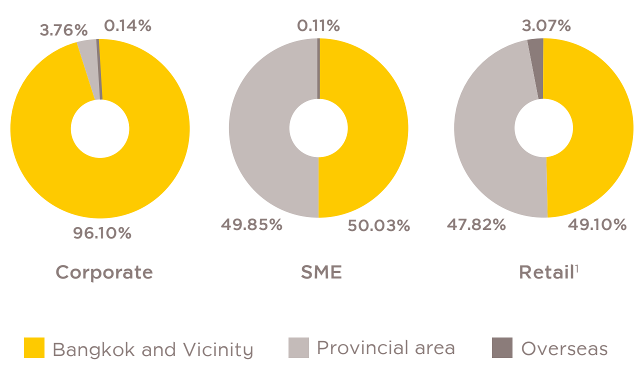
As at the end of 2017, Krungsri's loans to commercial banking customers totaled 601,797 million baht (or 39 percent). Loans to Thai corporates were 431,136 million baht (28 percent) while loans to Japanese and multi-national corporations were 170,661 million baht (11 percent). Loans to SMEs were 220,627 million baht (14 percent); and loans to retail customers were 727,980 million baht (47 percent). These loans consisted of auto hire purchase loans[1] of 22 percent while personal loans and credit cards accounted for 11 percent and mortgage loans were 14 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 that 15.10 percent of loans were in Bangkok and vicinity while 84.78 percent of loans were in provincial areas.

Krungsri's Portfolio



Loan Distribution



[1] Hire purchase, mortgage, and personal loan

[1] Inclusive of microfinance and nano-finance loans

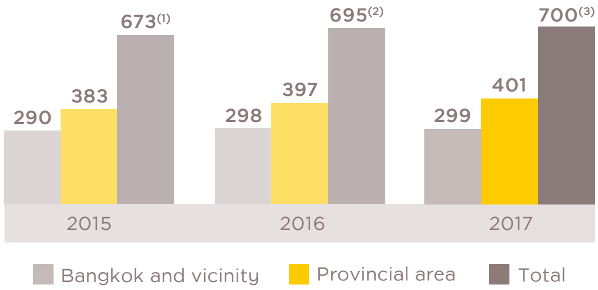
(Information as of 31 December 2017)

Financial Service Channels of Krungsri [G4-FS16]

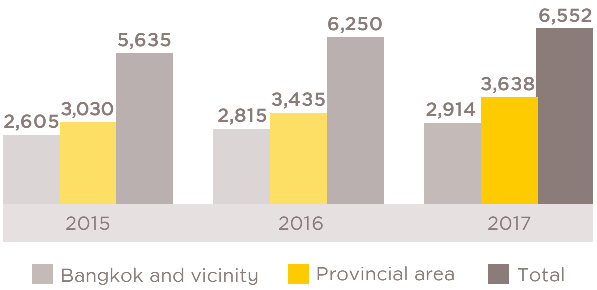
Consumers have, to a large extent, embraced financial technology and innovation into their lifestyles, conducting some financial transactions effortlessly through mobile applications or online channels. Many believe brick and mortar will be significantly replaced by cyber transactions.

Nevertheless, almost all Krungsri service channels continued to expand for better customer service across all segments in 2017, while financial access was promoted in accordance with each segment's preference, both in greater Bangkok and provincial areas.

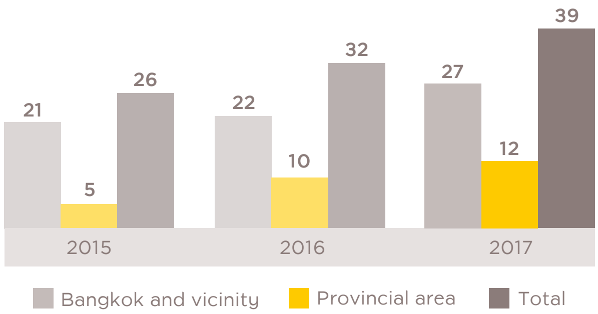
Krungsri Branches



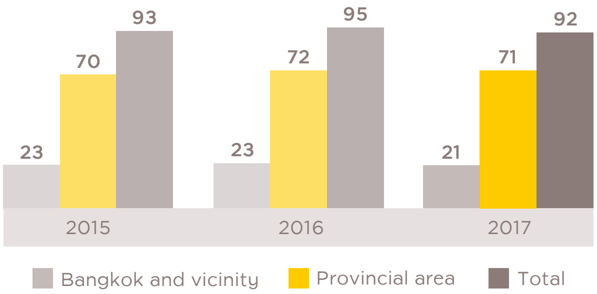
ATMs



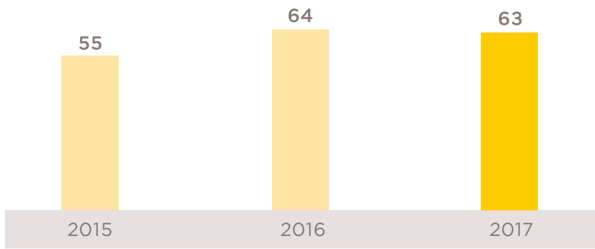
Krungsri Exclusive



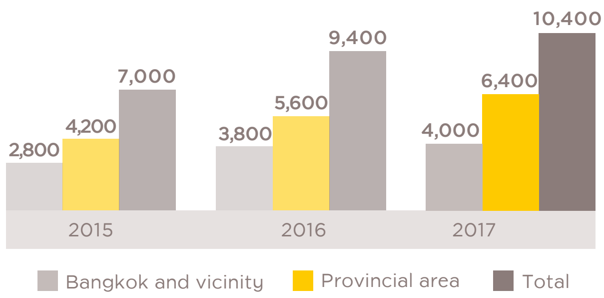
Foreign Exchange Booths



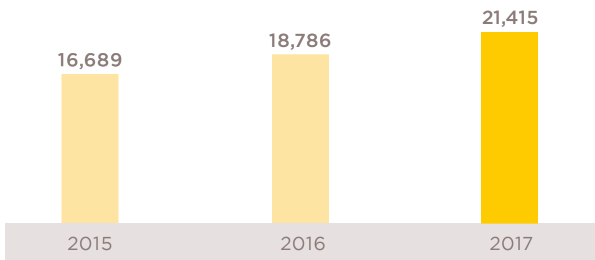
Krungsri Business Centers[4]



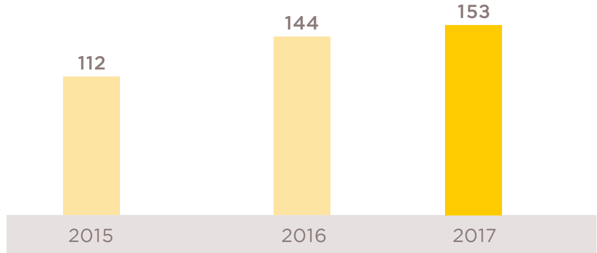
Krungsri Auto Dealer's Network



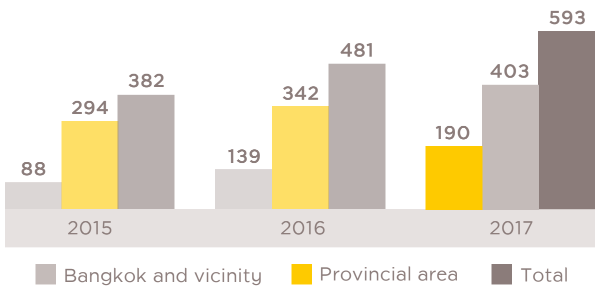
First Choice and Dealers



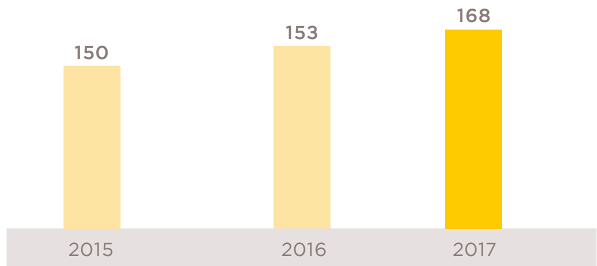
First Choice Branches



Microfinance Branches (NTL)



Microfinance Branches (HKL)



Remarks: [1] 636 full-scale branches and 37 auto loan branches
[2] 658 full-scale branches and 37 auto loan branches
[3] 663 full-scale branches and 37 auto loan branches
[4] Including Krungsri Business Centers and SME Business Centers

(Information as of 31 December 2017)

Corporate Loans and Investment Banking

"We strive to grow sustainably with the goal to be the 'Trusted Banking Partner' for customers through financial solutions and the synergy between Krungsri's strength and MUFG's global network."

As our business strategy has centered around 'customer centricity', Krungsri has put a considerable effort into studying customer demand, while adopting financial innovation for business enhancement and consequently the best customer experience. Extending credits for large corporates, the Bank is well aware that every step of business operations has a significant impact on the economy, as well as direct and indirect consequences on society and environment. To create value both for business and society, we need a collaborative network that enhances our business potential and financial innovation that drives the industry, as well as boosting Thailand's economic competitiveness. Creating a synergy with MUFG, Krungsri utilizes our parent bank's product expertise and strength of global networks in driving the Thai economy toward the global arena, with a greater capability in satisfying all customers' financial needs. Examples include business expansion abroad, a business matching service for customers, and service channel enhancement in new markets. Therefore, Krungsri has comfortably grown its loan portfolio, as well as its market share, in 2017. Thanks to our solid financial status, strong global partnership networks, along with our credibility, Krungsri has provided full-fledged financial solutions, lending, an advisory service for issuing debentures among a variety of corporates, including hedging against financial risks which is part of our responsibility as a financial service provider. (See more details: Krungsri Annual Report 2017, the topic of Commercial Banking Page 41-48)

Innovation for Greater Customer Experience

Playing a crucial role in all business procedures, financial technology and innovation have been used to reduce operating cost and opportunity losses in the corporate loan business. To enhance operations and deliver the greatest customer experience, digital innovations have been integrated into the financial solutions for our business partners. They are IRCP Public Company Limited, Southeast Asia's complete petrochemical business operator, and Siam Global House Public Company Limited, Thailand's construction material and home decoration center. This service provision, we believe, will help shape the market toward a sustainable economic and social development.

Financial technology and innovation for business partners

Krungsri Blockchain's Interledger is a first-of-its-kind real-time international funds transfer service used for trading settlement between IRCP and its trading partners, providing a complete funds transfer in a matter of seconds, rather than one to three days previously. Not only does the service offer a cheaper cost, it also helps mitigate foreign exchange risk, one of business costs. Given the strong collaboration between Krungsri and IRCP, the Bank successfully introduced this exclusive service to the industry, while taking part in rapidly driving the country's business sector forward.

QR Code Payment System has been installed at all Siam Global House branches nationwide to deliver customer convenience with payment innovation, in line with the government's National e-Payment policy.

Small and Medium Enterprises (SME) Loans

"Our focus is on becoming 'a main bank' for SME customers"

Small and medium enterprises or SMEs resemble small cogs connecting conglomerates to other manufacturing sectors as they are essential to the ecosystem of the Thai economy, especially in terms of creating jobs, value addition, foreign capital inflow, and import reduction. The SME sector is an institution producing skilled labors and a solid foundation of the economic system. According to the statistics, there were a total of 3,004,679 SME entrepreneurs, creating a total of 11,747,093 jobs or 99.70 percent of total employment[2].

Apart from developing Krungsri Value Chain Solutions to help SMEs to achieve growth, our other financial products and services have drawn much attention from SME customers, in line with our business strategy to create good customer experience under the 'customer centricity' concept.

In 2017, Krungsri took part in supporting the government's soft-loan policy, offering 4 percent of lending rate per annum for seven years to finance SMEs' machine replacement and capacity increase. This 30-billion-baht scheme was available from July 27, 2016 until the total credit line will be totally used, while borrowers must disburse all the lines by June 30, 2017. Other non-financial support to SMEs included the foreign exchange risk hedging program using FX options, which provided useful knowledge for SME customers and also demonstrated Krungsri's responsibility in dissemination of financial literacy.

Innovation for Greater Customer Experience

To deliver the best customer experience, Krungsri is dedicated to pursue appropriate financial services integrated with technology and innovation in tandem with changing government's policies and global business environment. Collaboration with both public and private sectors has been sought in an attempt to support National e-Payment under the government's Thailand 4.0 policy. Krungsri PromptPay, therefore, has been introduced to take part in driving the Thai economy toward a cashless society. As of the end of December 2017, at least 2,888 accounts were registered under Krungsri PromptPay for SMEs.

Financial Knowledge Enhancement Activities for Stakeholders

- **Krungsri Business Connect:** Online communication for corporate and SME customers starting in March 2017, with a read rate of 22.74 percent and a click-through rate at 2.62 percent.
- **Krungsri SME Index:** An SME index report starting in March 2017, with 415 respondents in the first quarter of 2017 and 469 respondents in the third quarter of the same year.
- **Krungsri Business Talk:** A business talk held in March 2017 in Myanmar to provide insights of the strong synergy between MUFG and Krungsri, attended by 355 participants, of which 293 participants were SMEs.
- **Krungsri Business Journey:** The Opportunities in Myanmar: The event was organized in June 2017 and participated by 26 leading SME companies.
- **Krungsri Business Journey: Life Care Business Opportunities:** The business trip to Osaka, Japan, to visit businesses of aging was held in September 2017 and attended by 30 business operators from various industries.

[2] SME business report for the year 2017, the Office of Small and Medium Enterprise Promotion (OSMEP) 2017

Retail Loans

With clear policies and procedures relating to the approval process of all loan types of Krungsri, we take into account customers' ability to service debts and the credit limit. The Bank ensures sound risk management and conservative loan approval criteria. Frequency of data updates from the National Credit Bureau Company Limited 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

"Prudent and high-quality lending for sustainable growth"

Krungsri adheres to prudent loan approval principles to maintain the quality of credits for sustainable growth. In 2017, the Bank's home loan registered 56.8 billion baht in total, in line with our Medium-Term Business Plan and lending target.

Krungsri Mortgage Loan

- Krungsri Home Loan
- Krungsri Home Loan for Condominiums
- Krungsri Home Loan for Second Hand Home
- Krungsri Home Construction Loan
- Krungsri Home Loan for Special Occupation Group
- Krungsri Home Refinance
- Krungsri Home for Cash

Innovation for Greater Customer Experience

Krungsri adjusted its business strategy to be commensurate with the government's Thailand 4.0 policy, as well as market trends and customer demand. Through digitalization, the Bank improved loan approval procedures, while boosting our sales officers' capability in service provision by training of product presentation in line with customer needs. Technology has been adopted to create a great customer experience of easier access to a home loan as follows:

- **Best response to customer demand:**
  Procedures have been adjusted for greater unified collaboration among business units, while increasing engagement of stakeholders and being more open to their opinions. This can be materialized by visiting business operators in both Bangkok and the provinces which will consequently strengthen mutual ties and allow us to listen to their voices for service enhancement.

- **Loan approval process improvement:**
  Relevant systems have been enhanced for better data management, reduction of duplication of duties for better efficiency. The Retail Origination System (ROS) has been implemented to automate the loan underwriting process in order to mitigate the risk of human errors.

- **Boosting service efficiency:**
  To provide customers beneficial information on home loan, a calculation tool has been used to measure their ability to service debts, so that customers can prudently conduct financial planning before making a decision to buy a house. In addition, a welcome call will be made for customers whose loan applications are approved to not only welcome them but also inform them about loan details. A home loan interest rate certificate can also be requested online and submitted through email rather than traditional postal mail.

- **Digitalization for exceptional customer experience:**
  Channels for home loan access have been increased through a newly-developed web application designed to assist homebuyers in the decision-making process. Surveys have found that most homebuyers are worried about many relevant issues. Being well aware of their concerns, Krungsri has developed this user-friendly application to ensure customers of easy access to home loan for greater financial security in life.

Krungsri Auto Loan

Krungsri Auto Products

- Krungsri New Car
- Krungsri New Car Jew Jew
- Krungsri Used Car
- Krungsri Car4Cash
- Krungsri Car4Cash 'PO'
- Krungsri Big Bike
- Krungsri Used Car
- Krungsri Fleet and Leasing
- Krungsri Inventory Finance
- Krungsri Truck

Krungsri, through Krungsri Auto, continues to maintain its leadership in the auto finance industry with complete auto finance products. The company delivered solid performance with outstanding loan balance of 322 billion baht and new loans of 166 billion baht, an increase of 23 percent over-year, with a 26.9 percent market share.

Technology and Innovation to Promote Secure Access to Financial Services

In 2017, Krungsri Auto enhanced financial service channels to enable an easier access by more diverse borrowers through technology and innovation, as well as business partnership, for mutual benefits between our organization and society.

- **The Application Programming Interface (API) technology has been used to connect the information of 'Krungsri Rod Baan' with the RodKaidee platform,** where customers are allowed to specify their preferred down payment amounts, and the system will display installment amount, comparison tables, and interest rate for each vehicle for customer convenience in installment payment.

- **Technology-based sales channels for dealers and customers have been enhanced for easy access.** Examples include service enhancement on the websites, such as Krungsriauto.com, Car4Cash.com, Krungsrimarket.com, and Microsite 'Big Bike Loy Lom', as well as the introduction of a new sales channel through Line Business Connect and the online advisory hotline service, Tel. 1572, ext. *6.

Product for Sustainable Life

Apart from economic and social development toward a digital society, another strong trend which has been a talk of the town topic for a while is Thailand's ageing population. Given Thailand's population aged 60 years or over totaling 10 million people, becoming ageing society is apparently an inevitable demographic development.

'Wai Chill Wheelchair' Loan

'Wai Chill Wheelchair' Loan has been developed with Krungsri Auto's awareness of Thailand's ageing population and the company's crucial role in helping seniors to rest assured in commuting and doing daily activities comfortably with their family. This financial product has been designed to cover financing of both vehicle and wheelchair equipped in the vehicle. Due to high prices, many senior consumers find it difficult to afford the handicap and wheelchair accessible vehicle.

Equally important, this auto finance product for the handicap and wheelchair accessible vehicle will enable customers to pay flat-rate installments. Given this product, Krungsri Auto takes part in helping family members to spend quality time together which subsequently leads to well-being and a better quality of life for society.

Provision of Financial Literacy for Life Stability

Started in 2009, Krungsri Auto $mart Finance project aims at educating entrepreneurs on financial literacy and financial management. Phase one of the project (2009-2012) offered seminars on personal finance for individuals and small community enterprises, then the following phase (2014-2015) moved on to enhance business and financial management for small local entrepreneurs in border areas to prepare them for the AEC. The latest focus is on small SMEs in need of new knowledge on digital competency in response to customer needs. Krungsri Auto $mart Finance: Digitized Small SMEs seminar sessions were held continuously during 2016-2017. In 2017, the company organized the Krungsri Auto $mart Finance project in Rayong, entitled 'Power Up Small SMEs with Digitalization' for the second consecutive year. A survey found that there was an increase of at least 50 percent of participants that have embraced digital media in enhancing their business. Moreover, a group of business operators called '$mart Finance Rayong' has been founded as an information center of digital media for business. There were 224 participants with 94.97 percent satisfaction.

Credit Cards and Personal Loans

"Adhering responsible lending initiatives which embedded in all of our processes"

Krungsri, through Krungsri Consumer, operates credit card business, sales finance and personal loan business, as well as life and non-life insurance brokerage business with the largest market share of 28 percent. Boosting its business growth as targeted, the company managed to maintain its market leadership with a combined customers of 8.4 million accounts for all products, with total customer spending of 340 billion baht and a loan growth of 7 percent. Krungsri Consumer's total NPLs remained lower than the industry average.

Offering credit card and personal loans, Krungsri Consumer realized that the company's products have much impacts on everyday life of society. Therefore, 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.

Technology and Innovation for Secure Access for Financial Services

- **Enhance technology for in-depth analysis through big data and data science:** Adopting greater big data analytics, Krungsri developed the Real-Time Decision Management (RTDM) system in better response to customer demand with more diverse and timely services, including automatic card activation alerts, promotional campaigns tailored for individual preference, immediate notifications of cashback, and customer alerts upon unusually high spending to prevent car frauds. Big data technologies have been employed to enhance operational efficiency, including building machine learning models for customer loan application screening, and establishing strategies in customer contact at the most suitable timing. These cutting-edge technologies have been brought in for greater operational efficiency.

- **Develop innovation for better service quality:** Examples include UCHOOSE mobile application, a one-stop-service application for convenience of Krungsri Consumer credit cardholders, the document submission service via Line@SimpleService, an additional service channel for customer document submission through Line, and Process Digitalization that boosts efficiency, reduces procedures and resources, while shifting from paper-based operation to online-based operation and making the company to become an innovative organization. Other innovation developments include Employee Mobile Application & Employee Intranet for internal communications among our employees, the key driver of organization development, so that they will be well informed anywhere, anytime, regarding the company's news and business directions, as well as latest information of the company's products and services.

- **Improve operational efficiency for customers' utmost satisfactions** through Krungsri WEPartner website (www.krungsriwepartner.com): The website was designed for convenience of partner merchants with complete online services namely Promotion Search, Online Installment Transaction, Online Payment & Disbursement, Merchant Profile, Online Request, and Krungsri Quick Pay which turns a smartphone or tablet into an electronic data capture device for bill payment, anywhere, anytime. Merchants, therefore, can boost their sales volume with greater convenience of payment channel, while sales can be checked on a real-time basis with transaction confirmation through the short message service (SMS) or email.

Provision of Financial Literacy for Life Stability

In 2017, Krungsri Consumer introduced the 'Smart Thinking, Smart Spending' project, under which personal financial management knowledge has been shared to the general public, particularly those in early working age, through websites and online media of Krungsri Consumer and subsidiaries. In addition, the financial literacy media contest was organized for third- and fourth-year students from universities nationwide. Another financial literacy project is **'Smart Thinking, Smart Spending – U Contest'**, under which relevant awareness and participation are promoted among the youth, the future working-age population. This program, it is hoped, will help convey beneficial messages that match demand of the new generation for their better understanding of appropriate financial planning, and consequently reduce household debt over the long term.

'Smart Thinking, Smart Spending - U Contest'

People of the same generation, we believe, would understand and raise awareness of financial literacy among those their age. Therefore, the 'Smart Thinking, Smart Spending – U Contest' project has been launched for third- and fourth-year students from universities nationwide, so that they can participate in producing financial literacy media to raise awareness with attractive contents that could be used to promote financial disciplines among university students, as well as members of the public going forward.

Through this activity, it is expected that the newly graduated consumers will have sufficient useful knowledge in financial management for their quality future life and financial security. There were more than 1,500 students from 14 universities across the country participated in the project with more than 120 works. The project has proved successful marking the first milestone of a constructive activity targeting the unserved market in terms of their lifestyles and spending ideas.

To introduce the project, a roadshow was organized in universities around the country, with online media promoting the project to the target group. Then, student works were selected, while students were required to present their ideas to the judge committee. Also, training on financial management, media production and graphic presentation was held for 20 selected teams, of which 10 teams will be selected to enter the next round and offered 20,000 baht each for further media production.

The winning team was 'Tagmang' that presented the work named 'Be Memorize' winning 100,000 baht in prize, along with a trophy and certificates. They were students from the Faculty of Communication Arts, Panyapiwat Institute of Management. The first runner up team was Kep Home Aom Rak that presented the 'Ma Aom Kan Thoe' application winning 50,000 baht in prize, as well as a trophy and certificates. They were from the Faculty of Economic, Prince of Songkla University. The second runner up team was 1100 that presented the work name 'Please Come Back, My Money' winning 20,000 baht in prize, together with a trophy and certificates.

The winning works from the contest will be enhanced and utilized for maximum benefits in promoting financial literacy further.

Krungsri Microfinance and Nano-finance

Promoting greater financial inclusion with fairness could help build a strong financial foundation for members of the public. Funding or financial services may be needed to cope with future expenses that are unexpected or exceed their ability to pay. Some may have financial records at financial institutions or possessed some financial knowledge and decide that they better use financial services of formal financial institutions or commercial banks. On the other hand, some may opt to borrow loans from informal funding sources which easily access retail borrowers, although they charge illegally higher interest rates with unfair installment requirements and collection methods. Upon borrowing money from a loan shark, it would be difficult to reduce the debt burden, while adversely affecting borrowers' quality of life and financial security.

Krungsri has profound understanding about distribution of equal opportunity to obtain access to financial services for people from all walks of life, especially low-income earners. Also, it is necessary to convince them that financial services are necessary for better quality of life. With this in mind, the Bank has expanded its microfinance services through two specialized entities serving in the domestic market and ASEAN countries. Krungsri's domestic microfinance is under management of Ngern Tid Lor Company Limited, the owner of the top-of-mind 'Ngern Tid Lor' brand. Regarding the international presence, Krungsri provides microfinancing through Hattha Kaksekar Limited or HKL.

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."

Krungsri provides microfinance service through Ngern Tid Lor Company Limited, the brand owner of 'Ngern Tid Lor', the leader in providing auto loan services using all types of automobiles as collateral and also the largest branch-based, non-life insurance broker. Ngern Tid Lor's vision is that "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." This is also reflected through various products and services that create opportunity for low-income earners, self-employed operators and individuals, while becoming a standard, fair, and transparent funding source that offers a financial alternative for customers troubled by financial matters. These ideas have been conveyed into its business mission.

It is Ngern Tid Lor's intention to help Thai people in staying away from loan sharks and instead accessing fair and transparent financial services, while their appreciation in us has made the company continues to vigorously enhance our products and services.

In 2017, Ngern Tid Lor expanded customer base as targeted by 25 percent to 340,000 accounts representing an outstanding loan balance of 26.40 billion baht, an increase of 26 percent over-year. The company increased branch number by 115 to a total of 593 branches, in an attempt to distribute our services throughout the country, in line with its plan to achieve a nationwide service network, to create an opportunity in accessing a fair and transparent funding source for customers. Moreover, the '0% Six-installment Car Insurance Plan, with No Credit Card Needed, for Immediate Coverage' service was launched to reduce the burden of one-time premium payment, while customers continue to benefit from coverage hedging their risk of possible accidents.

In 2018, Ngern Tid Lor will continue to offer fair and transparent financial opportunity with products and services appropriate for customers with simple, convenient, fast and sincere services. The company provides all types of car title loans as a funding source for retail borrowers, while insurance products will allow people from all walks of life to access insurance and coverages to relieve their financial burden in case of unexpected incidents.

Provision of Financial Literacy for Life Stability

Upon successful financial inclusion efforts, there is still an endeavor needed to be completed which include providing financial literacy to the general public, namely spending or investment planning, financial risk mitigation, among others, so that the benefit of funds received will be maximized.

Ngern Tid Lor believes that financial literacy provision to low-income earners in diverse communities, retail traders, employees in factories, or even Ngern Tid Lor staff, is part of our responsibility toward society while undertaking business under the creating shared value concept (CSV). We, therefore, started the "Life Roll Onward" project to provide financial literacy among communities in 2015, encouraging staff to participate on a voluntary basis through the 'Nern Tid Lor Volunteer' activity. Under this project, the company's employees will be offered a chance to give back to society through financial literacy provision, while getting to know community lifestyles, as well as the importance of sustainable fair and transparent financial opportunities for society.

The 'Life Roll Onward' Project

1 **Research Place:**
Researches of potential target communities are conducted by allowing branch staff nationwide to propose potential target communities and make initial collaboration with community leaders.

2 **Plan for Activities:**
Activities are planned, while official collaboration is made to set timing for survey researches and activities.

3 **Communicate with Volunteers:**
Application is open for volunteers whose names will be registered. Then meetings will be held to establish duties and responsibilities of relevant parities before setting an activity budget.

4 **Conduct Survey:**
The team and volunteers conducted field surveys of the target community through survey questionnaire covering issues of financial behaviors and interests. Survey results will be analyzed, while a training course appropriate for their demand will be created.

5 **Activities:**
The team organizes the training activity to share financial knowledge to the target community. The activity results will be concluded for further improvement and greater efficiency.

6 **Follow up Results:**
Upon the end of the activity, the team contacts attendees of the training course for follow-ups of the training benefits they received.

At least 16 training activities were held under the 'Life Roll Onward' Project with a total of 585 attendees and 247 volunteers. It is Ngern Tid Lor's policy to continue to improve financial literacy for communities.

Hattha Kaksekar Limited

"It is the company's mission to provide financial services for customers in the urban areas as well as those in remote provinces."

In September 2016, Krungsri successfully acquired 100 percent share of Hattha Kaksekar Limited (HKL), Cambodia's Third largest microfinance operator with the longest experience in the business. 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 background; 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.

At the end of 2017, HKL's total loans stood at USD 577 million, up 30 percent from USD 445 million in 2016. The company has flourished nationwide with a total of 168 branches and 123 ATMs, the country's largest network that can deliver financial services thoroughly in both urban and rural areas.

HKL is committed to achieve its social and financial sustainability, while honoring the environment and society through the support to clients upon the certified 'Smart Campaign' and development of community's services, employee health, safety and well-being.

Technology and Innovation for Secure Access for Financial Services

HKL has drafted an innovation-based roadmap for 2018 with four main business strategies, under which technologies will be significantly enhanced, with an aim to become the most admired microfinance institute within the next three years. The four strategies are:

1. Rebranding the organization
2. Developing internal platforms
3. Strengthening growth through value-added services tailored for specific customer segments
4. Organization restructuring to enhance manpower and organizational culture

Provision of Financial Literacy for Life Stability

Starting the partnership with Krungsri in 2016, HKL, however, has been undertaking responsible business, in line with that of Krungsri, for a long period of time. To provide financial literacy to people in the grass-root economy, the company has designed a variety of training programs and financial management tools for the utmost benefit of users.

Product Suitability and Access to Financial Service

Accurate and appropriate product design and delivery

- Prevention of over-indebted
- Transparency
- Responsible pricing
- Fair treatment of customers and customer right protection
- Customer privacy policy
- Governance mechanism

A service network accessible by the local customers

more than **82%**

Services have been accessed by female customers and low-income households

more than **66%**

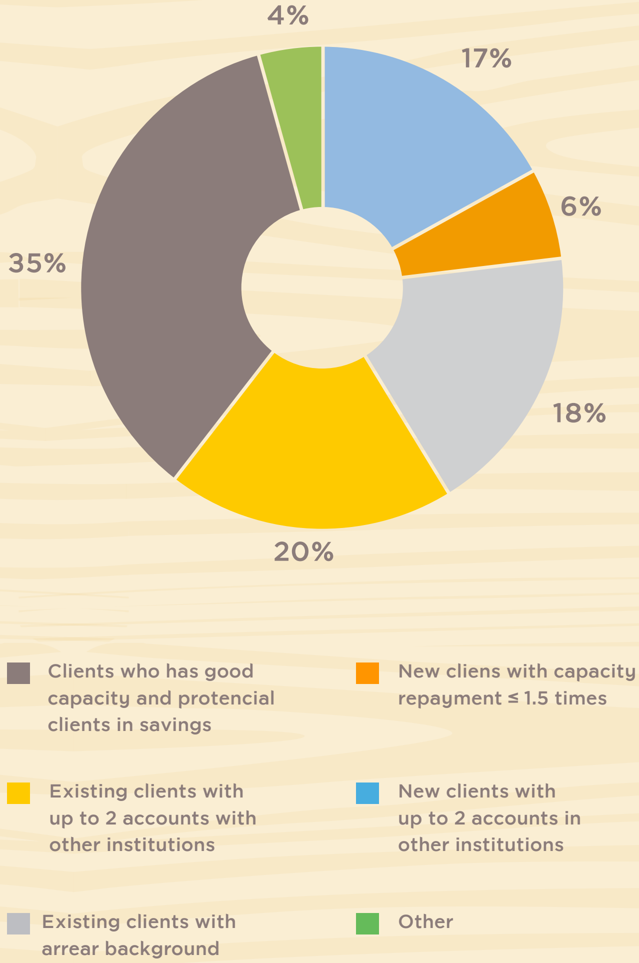
Financial Education to Clients

The program has been introduced to HKL by PlaNet Finance in late 2011 as this is recognized as one of the main indicators to prevent the clients from over-indebtedness, which serves as the hot issues after the global financial crisis. After 2012, HKL has sent two staff members: Head Credit Unit and Service Post Leader to training and become the Financial Education Trainers. These two trainers have conducted the training on a case-by-case basis and reported to the Environmental and Social Unit. They further trained 42 Credit Officers and Sub Branch Chiefs Credit Unit in four branches in Kampong Cham in 2015.

Objectives: The Financial Education Program has been developed to help change the clients 'attitude and habit of clients toward managing their household finance and to help clients prevent over-indebtedness, maintain good loan quality and increase their savings. HKL then has developed a guideline on Financial Education Empowerment to Clients in August 2016 and has been set to work out in 4 branches in Kampong Cham with a total number of 561 participants.

After the training, clients have voiced their comments which requested for the time extension for this training and for next time training. However, most requests suggested for lower interest rates.

Clients Trained by Set Criteria

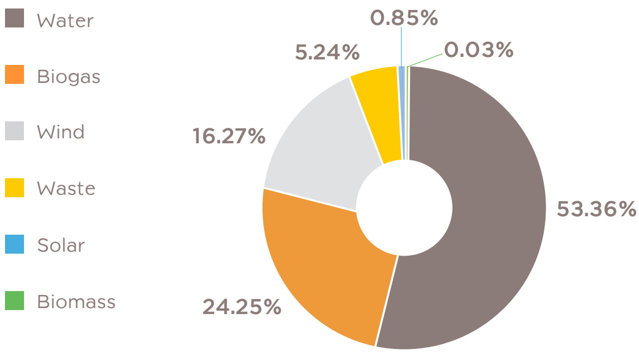


Clean Energy Loans for the Environment

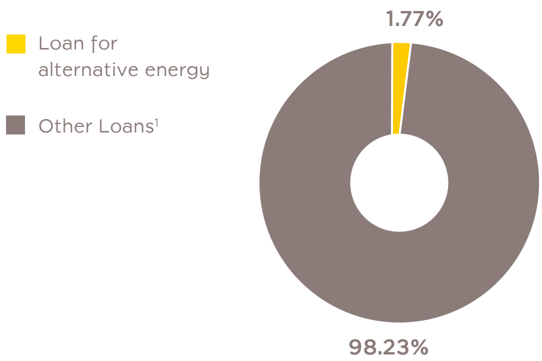
In 2017, Krungsri extended 945 million baht in credit line through project financing to Green Power Energy Company Limited, a renewable energy company operating a thermal power plant from industrial waste in Sa Kaeo, with capacity of 9.9 Megawatts. With a total project value of 1.3 billion baht, the power plant uses refused derived fuel (RDF) from non-hazardous waste, e.g. residues of construction materials or demolition, dry non-toxic solid waste from landfill sites in Samut Sakhon, Chachoengsao, and Sa Kaeo. The project not only generates renewable energy, but also helps reduce industrial and community waste which subsequently decreases carbon footprint.

We are committed to being a responsible lender, thereby taking pride in supporting eco-friendly businesses by project financing for power plants using alternative energy which are clean and eco-friendly, including solar, wind, water, biogas and biomass, and industrial waste. At the end of 2017, Krungsri's lending to alternative energy projects totaled 13,388 million baht, representing 1.77 percent of the Bank's total of other loans. Loan distribution by type of renewable energy is presented as follows:

Loans for each type of alternative energy



Alternative energy loan eco-friendly business



[1] Corporate and SME (exclude Retail) loans of Krungsri bank only

(Information as of December 31, 2017)

Creating Excellent Customer Experience

In 2017, Krungsri delivered a great customer experience through enhancing procedures, financial innovations, as well as the best services, while monitoring service assessment results through customer satisfaction scores, number and issues of complaints for further improvement and timely rectification in tandem with customer demand.

Customer Satisfaction

Krungsri implemented a tool to measure customer satisfaction on an annual basis. The 'Net Promoter Score' or NPS was 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.

Data Disclosure, Complaints Handling, and Confidentiality

Krungsri facilitates every customer by providing information and receiving complaints, comments or suggestions through Krungsri Phone 1572, a telephone banking service channel under Krungsri Call Center & Customer Complaint Resolution (CCRP). At Krungsri, we place great importance on handling each and every complaint to best satisfy the customers' requirements as well as keeping customers' information confidential. 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 2017 the Bank received relevant complaints, which can be separated into 32 cases of miss-selling (telesales), 9 cases of data disclosure, and 33 cases of data maintenance (data input), and 292 complimented cases.

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 (BOT). The Bank is required to disclose the service level agreement of its financial services to retail customers and submit a monthly report to the BOT. In 2017 (from March onward), 99.96 percent of all cases were resolved within 15 days from the complaint date while the 0.04 percent of all cases were not resolved within 15 days, which were a satisfying rate.

Provision of information to customers and marketing and communication 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 2017, 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.

Net Promoter Score

61	60	62
2015	2016	2017

Krungsri Call Center 1572

Complimented
292 cases

99.96%
were resolved within 15 days

(Information as of December 31, 2017)

Constructive Financial Innovation for All Dimensions of Society

As a leading financial institution, Krungsri maintains our dedication in striving to enhancing innovation and technology in response to customer demand across all segments. We adhere to the Seven Pillars of Digital and Innovation Strategy: 1) Multi-channel and Omni-channel, 2) Branch Transformation, 3) Process Digitization, 4) Digital Marketing and Social Media, 5) Innovation Culture, 6) StartUp/FinTech Experiment, and 7) National e-Payment.

To achieve complete digital financial services with maximum efficiency, Krungsri has laid down technology development and investment guidelines on nine fronts:

The rise of financial innovation, we believe, could take a crucial role in advancing living conditions that affect the way people live in society, their spending, careers, business operations, resource utilization, the use of innovation for financial service access, as well as financial support for businesses that take into account the interest of society and the environment through innovation toward sustainable well-being.

Innovation for Financial Service Access

It is important to keep in mind that providing financial service access is the basic responsibility of a financial institution. In 2017, Krungsri's focus was on launching platforms for diverse financial innovations for better financial access across all customer segments.

Guidelines for IT Development and Investment

1 Artificial Intelligence and Machine Learning
to enhance learning and recognition

2 Big Data/ Data Analytics
to interpret and analyze data, build appropriate product and service presentation model

3 Blockchain
to improve transaction speed and transparency

4 Smart Application Programming Interface
to provide efficient and rapid online services

5 Super Mobile App
to support diverse payment services

6 Biometric Authentication
to use the biometric security technology for data access

7 Digital Lending Platform
to join hands with partners in initiating new service platforms

8 Insurance Technology
to enhance online insurance platforms

9 Robo-Advisor for Wealth Management
to adopt technology for advisory services

Krungsri Mobile Application (KMA)

Krungsri Mobile Application (KMA) has been built as a technology-based platform powered by artificial intelligence (AI) and machine learning, with chatbot that offers greater efficiency in responding to customer demand and provide them convenience through interactive text and voice responses. The application will remain a platform for other future products, particularly the end-to-end digital lending where the entire process from loan application, loan approval follow-ups, to loan funds receiving is digitalized. Under this complete loan product, customers will be given a virtual card to conduct diverse transactions including real-time statement request through KMA. This financial innovation not only offers a greater customer experience but also contributes to society in terms of promoting greater financial service access in an easier and speedier manner among members of the public. This represents a sustainability issue recognized by leading international financial service providers as a foundation for further sustainable economic stability and development.

QR Code for payment

In addressing the National e-Payment policy, the standardized QR code has been developed as a KMA feature, while another application is under development exclusively for merchants to support them in spending and funds transfer through the standardized QR code, with additional features perfectly matching merchant demand. The move was aimed to promote the QR code system for payment in Thailand toward a truly cashless society.

Innovation for Retail and Consumer Services

Apart from KMA, the foundation platform for most digital transactions, and the standardized QR code, Krungsri also integrates technology and innovation into many dimensions of our products and service procedures for excellent customer experience, a reduction in the economic cost, making life simple, as well as promoting financial security.

Deposits

Krungsri is committed to adopting digital technology for enhancing deposit service efficiency and customer convenience with an aim to expand customer base and deposit volume. Two dominant features, namely PromptPay and QR code payment, have been added into KMA for greater consumer convenience, security and cost saving particular for depositors who register their savings account for the PromptPay service.

Investments

In 2017, the Bank launched 16 new funds as alternative investments for diversification and chances for higher potential returns for customers, comprising mixed funds, equity funds, long-term equity funds, retirement mutual funds, and foreign investment funds.

As for retail customers, the Bank's KMA offers greater efficiency and features for mutual fund investment. Moreover, infrastructure for diverse digital innovations will be enhanced to pave the way for online account opening and robo-advisor services appropriate for consumers' changing behaviors toward a technology-based lifestyle.

Krungsri Exclusive

Focus in 2017 was on business and customer base expansion through internal collaboration among Distribution Group, SME Banking Group, and Corporate Banking Group, as well as the Bank's subsidiaries, in line with our policy of collaborating for greater customer experience. In addition, personal financial managers were increased in accordance with more diverse customer needs. From early 2018 onward, the wealth management service center will be established at branches with a high market potential, while Branch Wealth Officers will be available to serve Krungsri Exclusive and Kungsri Prime customers. More personal financial managers and service team members will be added and regularly trained on investment and service standards.

Krungsri Prime

In 2017, the Krungsri Prime application was launched for communicating beneficial information, and promotional campaigns and providing a new service channel to strengthen mutual ties with customers.

'Be One Step Ahead in Life' with Plan Your Money

Under Krungsri Prime's 'Be One Step Ahead in Life' concept, the Bank will act as a partner in guiding them toward their set targets. Our support include providing new financial opportunities, the advisory service 'Plan Your Money' covering personal financial management on all fronts, recommendation of products and services appropriate for customer demand, with outstanding advisory services and privileges catering to customer lifestyles. To provide useful information for customers' confident decision making in financial management, Krungsri Prime organized financial and investment seminars where customers have been equipped with in-depth information and relevant views shared by experts. In 2017, the Bank successfully expanded customer base under this segment by 20 percent, with assets under management (AUM) accounting for 24 percent of the Bank's total AUM for retail customers.

Debit Cards

To pursue the government's policy of moving toward cashless society, Krungsri introduced the promotional campaigns of bill payment through Krungsri PromptPay, along with discounts for those using Krungsri debit cards at leading online and offline merchants, in a bid to promote electronic and online payment among customers.

Money Transfer and ATM Channel Service

Advancing further from the Bank's electronic payment system in response to the government-initiated National e-Payment policy, Krungsri continues to promote the use of electronic channels with benefits offered for customers, along with new service channels introduced in 2017 as follows:

1. **Krungsri PromptPay:** four channels available, namely Krungsri ATM, Krungsri Online. Krungsri Mobile Application (KMA) and Krungsri Biz Online, with PromptPay service both for customer to customer (C2C) and customer to business (C2B)

2. **PromptPay Top Up Service for e-Wallet:** Apart from the PromptPay service for individuals, users can also transfer funds from their bank accounts to top up e-wallet accounts of service providers -- either banks or non-banks -- using only a 15-digit e-wallet account number through four service channels, i.e. Krungsri ATM, Krungsri Online, KMA and Krungsri Biz Online

Krungsri Western Union

Krungsri never rest in enhancing service channels and efficiency with new development projects queuing up to be gradually rolled out. They include the project of money transfer with Western Union through KMA, and the Stage and Pay project that allow users to fill out information to conduct transactions through the application before receiving QR code or barcode as a reference for receiving or sending money at the Bank's branches, thereby reducing branch transaction time. In addition, to speed up service procedures, forms for money transfer with Western Union have been amended to make them more concise, while other improvements include applying data management to enhance efficiency of the data recording process, as well as redesigning documents that need customer signatures. Scheduled to be completed by the middle of 2018, these projects are expected to help provide greater convenience and swift services for customers transferring money with Krungsri Western Union.

Life Insurance Products

Technology has been adopted in enhancing life insurance products, customers applying for life insurance products through the Digital for Life application, developed by an insurance firm which is the Bank's partner, will be notified of initial approval results within six minutes and is operated on tablets. We rolled this out for 114 metropolitan branches by year-end 2017

Fund Products

To provide improved convenience for customers who are members of provident funds managed by Krungsri Asset Management Company Limited, the trade date system has been enhanced with more frequent investment unit calculation on a daily rather than weekly basis. Also, EM@ccess Online Service has been upgraded to make it more convenient for employers to access information of provident fund members, while it is easier to request relevant reports. In addition, sales channels have been expanded and fortified through new supporting partners, including banks and securities companies, while new procedures have been created through the infrastructure system to improve access channels, e.g. FundConnext. The wealth management system has been enhanced based on digital technology, along with collaborations that boost the company's product and service efficiency. Also important, the company has made the 'Profit/Loss' report compatible to be displayed in the newly-designed KMA, of which new features have been added to serve mutual fund services for customers' complete information beneficial for their investment decision making.

Securities Products

The online reports of mutual funds and securities trading have been enhanced by upgrading IT infrastructure, as well as Centralized Customer Management (CCM), for better customer communication and consequently greater customer experience and satisfaction. The account opening process has been shortened to one day from previously two days for more efficiency in depositing or transferring collateral. In addition, the website and application have been developed to make them user-friendly on mobile phone and tablet screens, a move that takes into account the customer centricity strategy.

In 2017, Krungsri, in collaboration with our partner Stock Radar, introduced the first stock mobile application 'Krungsri Stock Expert', making it easier for customers to access data of listed companies, securities trading, fundamental and technical analysis, our excellent research papers guaranteed by many awards and recognition, and latest updates of the capital market.

Initiatives on Innovation for Sustainability

Striving to aforementioned digital and innovation strategies, Krungsri has adopted innovation and technology in a variety of products and services, while initiating many projects which are under development for greater efficiency and customer experience. They will not only be adopted as a foundation for further service development in response to customer demand, but will also bring about positive impacts on the economic and social ecosystem with financial innovation integrated into overall business operations. Examples include the Robo-advisor service that heightens service efficiency for investors with insightful investment information and advisor service, allowing our staff to provide investment advice with greater efficiency, underlining the key responsibility of financial service providers. Besides, our operational process digitalization has been to a greater extent carried out, namely 'Easyflow' or Worklite', to reduce paperwork and, in a way, to save paper.

As for regional payment development, Krungsri has employed blockchain technology to promote regional e-commerce, as well as online transactions. Recently, our subsidiary, Krungsri Finnovate joined hands with OmiseGo, Thailand's most successful online payment startup, through a Series B plus round. The move will not only offer a superb customer experience but also upgrade the economic and e-commerce infrastructure with greater flexibility and speed that are competitive in the global market. Under the cooperation, cross-border funds transfer will be conducted with greater efficiency.

Beyond these considerations, Krungsri also provided support for other startups whose operations are beneficial for society, through Krungsri RISE:

- **Investment in FINNOMENA:** It is a Thai startup with the expertise of hybrid robo-advisor based on data science extracted from a large number of FINNOMENA's customers who used insightful knowledge provided by the company for their investment portfolio management. The company's investment solutions have been tailored for different segments of Thai investors, including making the first one million baht, accumulating value, generating income after retirement, etc., which help promote smart savings and investment among Thai people.

- **iTax program:** The program helps taxpayers in their tax planning.

- **Jabjai program:** It is the most complete and modern digital-based school administration program that covers all school administration tasks, allowing parents to follow their children's school attending and student performance at school.

In simpler terms, digital innovation will not only respond to various customer needs in this digital age, but also enhance the country's economic infrastructures, while reducing transaction cost for greater business operation efficiency. In addition, quality financial inclusion has been promoted among all customer segments, along with secure transactions and reduced resource utilization thanks to automated paperwork. All in all, responsible finance advanced by the Bank in its operations will lead to positive consequences on the regional and international sustainable economic, environment and social development.

Personnel Development for Sustainability

Developing the organization's human resources is regarded as vital to keeping up with all the fast-paced changes, including the technologies used in daily life, waves of financial innovation, and diversity in terms of colleagues and corporate cultures, especially following the MUFG-Krungsri business partnership which brought about diversity and new business opportunities as well as local and international customers acquired through our subsidiaries. Furthermore, coupled with the increase in employment rate and ethnic diversity, it is essential to ensure Krungsri employees' readiness for these changes in order to respond to business developments and create a sustainable working life for our employees who are the primary stakeholders critical to the success of any organization. Krungsri aims to boost hand-in-hand the growth of both the organization and employees by achieving two goals: becoming 'the employer of choice' and providing the best customer experience. In addition, we can say that diversity is in our DNA and is reflected in our employees, our businesses, and our customers.

In 2017, Krungsri focused on personnel development to embrace the shift of innovation and technology which involves not only the business operations of financial service providers, but promoting employees' creative and innovative thinking, which are qualifications for fostering innovation development, will also be beneficial to employees' potential development, the organization's business process development, and valuable knowledge for national economic and social development.

Human Resources Development

Krungsri's professional development focuses on creating people excellent future through embedding Krungsri Core Values, developing strong leadership, building professionalism, and reinforcing good corporate citizenship with the aim of supporting the organization's achievements and grooming employees for the organization's sustainable growth and the employees' own career advancement.

Learning and Development Policy and Strategy

In 2017, the Human Resources Learning and Development Division (HRL&D)'s strategy continued to support organization and people capability development. This is in line with Krungsri's business goals and strategies in respond to business requirements as well as customer needs through professional development for Krungsri employees, accelerating customer-centric organization. The learning and development strategy also aims at cultivating innovation culture and supporting Krungsri's employees to cope with rapid financial technology advancement and changes of customer behaviors in digital era. In addition, we intend to incorporate innovation in our operations and services to deliver our promise 'Make Life Simple' to all customers.

Learning and Development Management

Aside from training programs focusing on Krungsri Core Values, leadership, and professionalism building, the learning and development programs in 2017 were designed to promote Krungsri's digital strategy to inspire new ideas among our employees in developing innovation to establish Krungsri as a leader in the market. The learning programs are designed into three categories to develop the right Mindset, Knowledge, and Skills. All of which will support cultivating innovation culture among all employees and responding to customers' rapidly changing behaviors amidst the digital revolution. Thus, Krungsri recognizes the importance of grooming our employees, supporting and developing employees to encourage creative thinking, generating new ideas, opening to changes and new things, and turning ideas into real practices on following three fronts:

Principles for Human Resource Learning and Development

Mindset
- Inspiration
- Openness to New Knowledge
- Collaboration/Connectivity

Knowledge
- Customer Insight
- New Trends and Technologies
- Business Acumen and Industries Knowledge

Skills
- Creative Thinking & Idea Generation
- Innovative Thinking
- Problem Solving
- Analytical & Conceptual Thinking
- Turning Ideas into Actions

Learning and Development Monitoring and Quality Maintenance

To control the quality of learning management approach, the HRL&D Division worked closely with executives and other employees to understand development needs and business requirements using various approaches, such as interviewing executives to determine business directions and needs; conducting focus groups with training representatives from each function; conducting annual online training needs surveys for all employees; and analyzing enrollment tendency of each course. These practices 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 as well as ensure availability of the courses. This is to provide equal opportunities and freedom to learn as well as encouraging a continual corporate self-development culture.

In addition, Krungsri's HRL&D monitors and regularly submits the training report to executives of each business unit. The report contains the information about training coverage of all employees, number of training hours, and number of employees who completed compliance or compulsory courses. Moreover, Krungsri conducts annual review of training and development plan after seeking approval from senior executives and related parties to ensure that all training courses and development plans 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.

Necessary Skills and Lifelong Learning Encouragement

With the change in the social context in which the economic system of Thailand 4.0 is increasingly driven by innovation and technology, Krungsri realizes that it is vital to equip our employees with skills to handle change and promote awareness and readiness. This effort helps drive not only the development of innovation of financial service providers, but also the employees' daily lives which are progressively involved with digital world.

Krungsri' HRL&D designed and developed various training courses to establish Krungsri as the innovation culture. The courses are included in the 2018 annual training calendar of all employees, the functional training calendar of a specific functional unit, and the leadership program for executives. These courses are classified into three main categories as follows:

Training Courses to Promote Krungsri Innovation Culture

Innovative Mindset

To build inspiration
- Inspiring your innovative thinking
- Think differently for different results
- Creativity and innovative mindset

To develop positive change attitudes
- Working in digital age
- Driving innovation for leader workshop
- Change for growth
- Power of change
- Embracing change

Knowledge for Innovative Organization

To prepare for the digital era
- FinTech: Digital trends and update
- Thailand 4.0
- Blockchain in so easy version
- Agile Concept

To increase industry knowledge
- Business outlook and Economics Update
- Industry Update
- The changing banking business strategy: Insightfulness to threats and opportunities
- The modern banking strategy and driving execution with current changes

Critical Skills for Innovative Organization

To promote creativity and innovation
- Thinking outside the box
- Sparking ideas through creative thinking; Innovation for success
- Service excellence innovation
- Practical innovation
- Innovation: Management for leader to change

To develop design thinking skill
- Introduction to design thinking
- Design thinking for innovation business

To support continuous self-development
- Kaizen for success
- People side of process improvement

To build effective problem-solving and decision-making skills
- Systematic problem solving
- Problem solving and decision making

To support change management
- Change management
- Change management in team for line manager

Aside from training courses on innovation, Krungsri training and support programs include transition assistance for continued employability and counselling 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; and Retirement Planning.

Employee Training Hours

Krungsri has set a total of 36 training hours/person/year as a key performance indicator (KPI) for all employees. Nonetheless, referring to continuous tracking and monitoring report, 99.46 percent of employees attended and completed the training and development courses with an average of 60.66 training hours/employee reflecting Krungsri's determination to enhance the potential of our people. The statistics implied that the capacities of the majority of Krungsri employees were satisfactorily improved which exceeds our target and the figure also corresponds to business requirements and development needs. Moreover, the numerical data from the report indicates that our employees truly focused on ongoing development and were highly self-motivated to improve their capabilities as the number of employees who accessed and completed online self-learning reaches 95.24 percent.

Employee Training Statistics

Average training hours
60.66 hours/person/year

323 on-the-job
and development activities

95.24%
of employees accessed and completed online self-learning

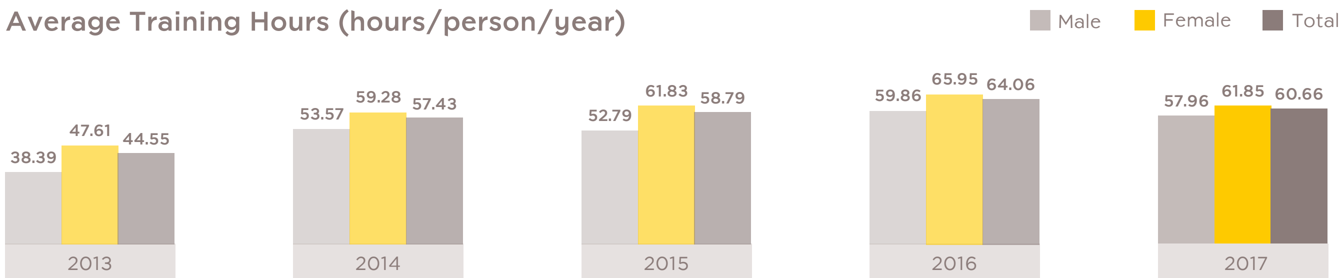
545 e-learning courses

Total **1,769** training
and development courses
4,161 sessions

901 courses
and workshop sessions
(both local and overseas)

Employee Training and Development Report	2013	2014	2015	2016	2017
Average training hours (hours/person/year)	44.55	57.43	58.79	64.06	60.66
Male	38.39	53.57	52.19	59.86	57.96
Female	47.61	59.28	61.83	65.95	61.85
Officer 1-3	58.50	63.33	66.39	70.21	64.87
Officer 4-6	35.37	51.49	53.04	56.75	55.58
Executive level 7-8	34.76	59.46	59.98	68.67	64.16
Executive level 9 and above	43.93	52.38	48.04	59.95	59.41

Average Training Hours (hours/person/year)



(Information as of December 31, 2017)

Employment and Employee Diversity

Realizing that committing to the highest ethical standards and meeting our financial responsibilities are both 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 forms of diversity. Today, Krungsri employees undoubtedly are ready to embrace change, learn about and understand global diversity, and open themselves to new cultural experiences.

In 2017, Krungsri was the only organization in Thailand recognized by the Employer Branding Institute with their 'Diversity Impact Award', reflecting how we treat our employees with respect and awareness of diversity without discrimination.

In addition, Krungsri has entered the Bloomberg Gender-Equality Index as a member of MUFG's financial business group. MUFG was recognized for its creative working environment that promotes gender equality. Although Krungsri stands for a small part in this success, having been measured for such index will guide us toward the sustainable development goal of gender equality as well as equality of opportunity.

By the end of 2017, Krungsri Group's headcount was 31,545 comprising of 28,971 permanent employees and 2,574 temporary (contract) employees classified by entity, gender, age, nationality, turnover rate, operating area, and other forms of diversity as per the details on pages 128-129.

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 help alleviate their financial concerns with compensation and fringe benefits, some of which extend to their families as well. In addition, we promote saving by offering employee provident fund planning choices, granting members the privilege of selecting the investment policy that best suits oneself. 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 Subcommittee supervises and approves incentive and reward principles and guidelines for all companies under the Krungsri brand 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 the 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.

Furthermore, talent management and succession planning are key priorities for Krungsri's Human Resources Group. Talent identification criteria have been reviewed and fine-tuned based on the MUFG Global Talent Framework to ensure common criteria and standards. Job rotations and international assignment programs were implemented to enhance talent management and development efficiency and to ensure a seamless platform with MUFG. International assignments through the BTMU global network can expand employees' horizons and provide them with personal growth and professional development opportunities in the global arena and thus help us retain talented employees.

Respect for Human Rights and Employee Privacy

Krungsri highly values human rights and employee privacy. In alignment with good corporate governance, we do not support any business where such rights are violated. 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. 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 non-discriminatory working conditions where employee information is properly safeguarded, the Bank formulated criteria and guidelines for fair recruitment. This ensures that Krungsri complies with labor laws and reflects our unwavering intention to protect human rights.

Fair Employee Benefits

Krungsri employees[3] 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. Such benefits are divided into four categories as follows:

- **Financial benefits**
  i.e., newborn cash gift; 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; mobile phone allowances; and other financial support

- **Health and life insurance**
  i.e., annual medical check-up packages tailored for age range and gender; group insurance; and personal accident group insurance

- **Employee loans**
  i.e., welfare loans; family loans; housing loans; computer loans; education loans; car loans; and other loans

- **Funds**
  i.e., provident funds; compensation funds; social security funds; and the Funeral Assistance Association

In 2017, the Bank arranged a vaccination program for four types of influenza: H1N1 (2009), H3N2 (2014), B/Brisbane and B/Phuket as according to World Health Organization (WHO) standards to our employees (metropolitan and provincial) and their families at a special price.

[3] Permanent and contract employees of each company under Krungsri Group receive employee benefits varying in detail.

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 care room and a maternity room as dedicated areas for parents and children; a fitness center to improve and maintain employee physical strength; a relaxation corner; an infirmary where professional medics can administer primary care to the ill; and Happy Heart Center for psychological wellness consulting. In addition, a library helps enhance personal development and potential.

Happy Heart Center

The Happy Heart Center was initiated in January 2017 with the purpose to provide psychological wellness consulting with experts for employees and families. This project resulted from the Bank's awareness of the rising competition in the current economic condition coupled with more living burdens. Consequently, employees may be under stress due to their mental state, problems with friends and families, or problems at work, all of which could affect their work efficiency and mind.

Krungsri cares not only for employees' physical health, but also for their mental health. Hence, the Human Resources Operations Department, Human Resources Group, launched such project to provide psychological and consultation services for employees and families. We hope to help our employees better understand their issues and find suitable solutions to their problems as well as broadening their vision of the world and ways of living to cope with their life situations in a stable way.

Krungsri offers employees and families two services:

1. **Hotline**
   via dialing the hotline number during the scheduled time

2. **Individual counseling**
   via scheduling with the listed experts the Bank provides

To ensure respect for employee privacy, employees can rest assured that all information provided will be kept confidential.

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 not exceeding 90 days (including holidays) for each pregnancy whereby they continue to receive salary equivalent to 45 working days. To date, most female employees have resumed work afterwards.

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

Maternity Leave Statistics	Number of Female Employees (Persons)		
	2015	2016	2017
Number of employees entitled to maternity leave	9,504	10,187	10,423
Number of employees having marital status	2,209	2,516	2,647
Number of employees taking maternity leave	269	319	319
Number of employees returning to work after maternity leave	265	313	319
Number of employees returning to work after maternity leave who were still employed twelve months after their return to work	205	261	303
Return-to-work Rate[1] of employees taking maternity leave	98.51	98.12	100.00
Retention Rate[2] of employees taking maternity leave	77.35	83.39	94.98

Remarks: [1]Return-to-work Rate = (The number of employees returning to work after maternity leave/the number of employees taking maternity leave per each gender) x 100
[2]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 December 31, 2017)

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 changes happen 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 the labor union will be based on the length of the period of the relevant agreement.

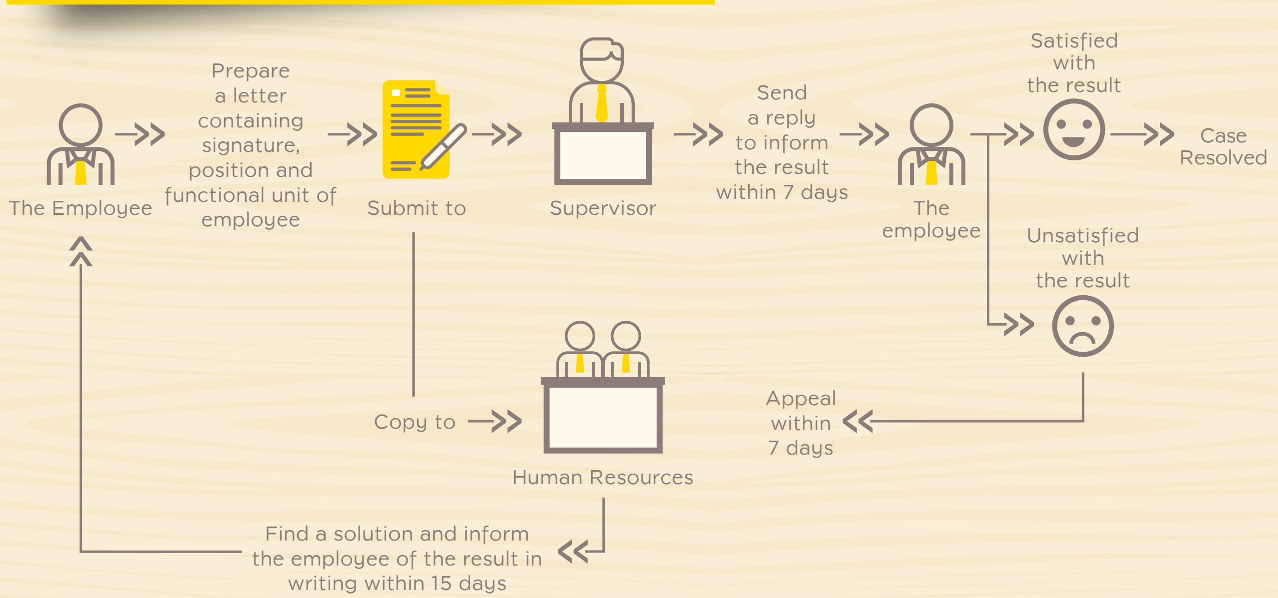
Occupational Health, Safety, and Working Environment

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 risk. For example, we observed that 62 out of 87 officers in the document custodian unit of the Bank's Domestic Cheque Operations Department are highly prone to respiratory and hearing problems as their duties require paper and document handling, exposing them to dust from paper tissues. Therefore, the Human Resources Management Division provides an additional physical check-up for respiration, hearing, and heavy metal for these risk-prone employees to ensure that they are in good physical condition and safe from work-related ailments. In 2017, all employees in this risk group had normal health.

The Bank has provided proper workplace and working environment in compliance with legal requirements relating to the environment, health, and security. We regularly invited health care experts to provide lectures for our employees. We also encouraged 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.

The Safety, Occupational Health, and Environment Committee of the Rama III Head Office was established to ensure efficient management of safety, occupational health, and working environment for our employees. The eleven committee members comprised of representatives from employees and the Bank (55:45 ratio) with a two-year term of office. It is the committee's responsibility to hold a meeting monthly to ensure compliance with regulations relating to safety, occupational health, and working environment.

Channel for filing complaints regarding employment and work issues



Freedom of Association and Collective Bargaining[G4-11]

Krungsri gives employees the right to establish and apply for membership in the Krungsri Labor Union according to the Labor 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.

Listening to Employees' Voices

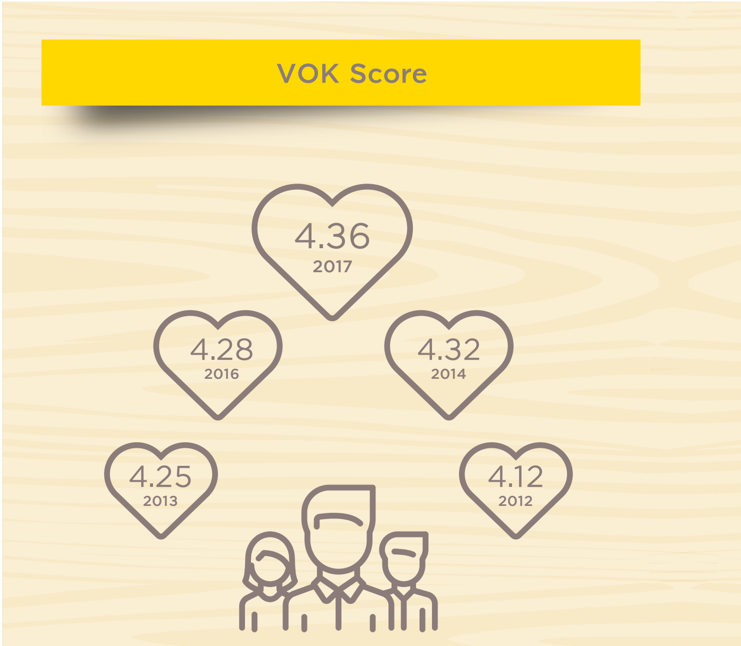
[G4-57, DMA]

Krungsri employees' voices are always heard since they are among our most important stakeholders. The various communication channels below 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 Procedure Department
   12th Floor, Head Office, Tel. 0 2296 2000, Ext. 72834/72837
3. HR Service, 12th Floor, Head Office, Tel. 0 2296 2000, Ext. 85577
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

Voice of Krungsri: VOK

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.

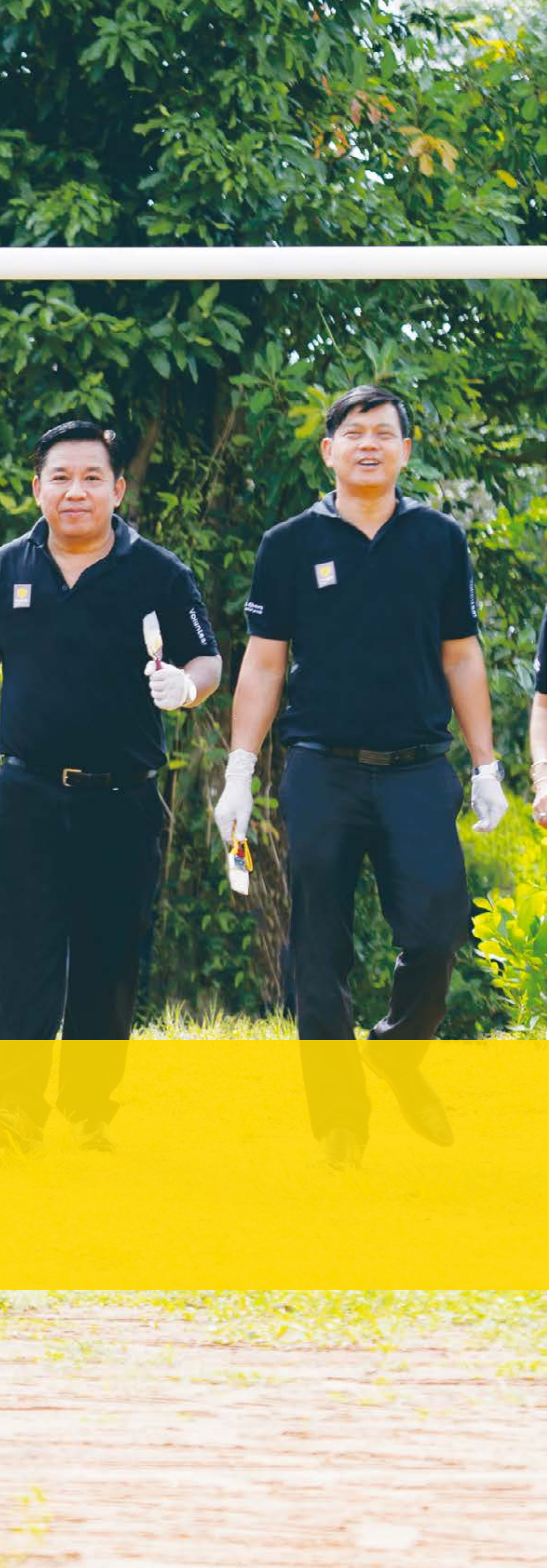


Remark: The survey was not conducted in 2015 due to organization restructuring during the year.

(Information as of December 31, 2017)

In 2017, 99.69 percent of employees 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.

Giving Back to Community



Expanding Financial Literacy

to **5,174** youths from **95** schools

in Thailand and Lao PDR

(2016: to 5,258 youths from 101 schools)

to **923** youths

from **7** universities in Cambodia

Achieving blood donation target of

1,068,100 cc.

(2016: 974,950 cc.)

Krungsri CSR volunteer hours

223,361.50 hours

or

96.37%

of employee engagement

The advancement of innovations and technologies resulting in opportunities for financial service providers such as Krungsri to offer products and services, allowing more access to financial services in a wider range with more convenience and speed at less transaction costs. These are part of the ingredients in boosting the efficiency of the economic ecosystem as retailers can conveniently conduct funds transfers for business operation with ease, creating a well-balanced life, whereas large corporates can reduce costs while expanding their businesses, leading to more investments in other dimensions.

Krungsri embraces its social responsibility not only by being a responsible financial service provider, but also by building involvement with the communities and society wherein the organization operates in order to strengthen the relationship between the Bank and society. The CSR-after-process activities create opportunities for Krungsri to listen to and learn of the public voices and expectations. Involvement with the communities is, therefore, encouraged as a principle our employees should uphold in order to create a shared value and contribute to the sustainable development of society. In this regard, Krungsri promotes and provides opportunities for employees to give back to society by arranging numerous volunteer activities with corporate social responsibility included in employee key performance indicators (KPIs) since 2015. Our people are asked to spare one working day (eight hours) to participate in CSR activities. Many of these activities received positive feedback from our people because they regarded 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 employees' experiences of sharing will further contribute to our value of accountability to our customers and to society in general.

Most 2017 CSR activities are ongoing activities from the previous years but the Bank has increased the impact and the business relatedness by teaching financial knowledge to more diverse groups of youths as well as expanding the scope of impact, operating areas, and performance tracking matrices. Krungsri also reaches out to alliances and partners in various industries to maximize the benefits of these programs aligned with the 17th sustainable development goal set by the United Nations.

Providing Financial and Educational Support

Education, the solid foundation for the nation's sustainable development, is the matter requiring involvement from everyone in society. Quality education is also listed among the United Nations' Sustainable Development Goals (SDGs) or the 2030 Agenda for Sustainable Development.

Providing financial literacy counts as another significant mission to take on along with broadening access to financial services for the general public. Krungsri realizes that access to fair financial resources and suitable financial products and services can promote the well-being of the public. However, despite having access to financial services, the lack of financial management knowledge can lead to an endless cycle of indebtedness, non-performing loans in the economic system, and informal loans. Thus, Krungsri, as a financial service, uses its financial expertise and resources to share financial knowledge with the communities, contributing to the implementation of the SGDs in ending poverty and promoting equality and well-being for all.

Providing Financial Knowledge

Krungsri Financial Literacy Project – Simple to Learn

In 2017, Krungsri continues for the third consecutive year its flagship CSR project, 'Krungsri Financial Literacy' under the concept 'Simple to Learn'. The project to date has succeeded in providing financial literacy to a total of 14,271 students both in Thailand and Lao PDR. Particularly in 2017, Krungsri expanded the educational opportunity to 5,174 students from 95 schools with a total of 7,530 Krungsri volunteer. In addition, we have reached out to the vulnerable group in society, providing financial literacy to the students from schools for the deaf with contents suitably adapted for the group.

The Krungsri Financial Literacy Project stresses on the cooperation of Krungsri employees across Krungsri Group in sharing financial knowledge, another role to take in being a responsible financial service provider. Through such activity, our employees can share their financial expertise to contribute to society. The project aims at delivering financial knowledge to Grade 4-6 students, who are at the age ready to start learning about saving. The activities are designed to equip the students with financial discipline, smart spending, and immunity to financial difficulties as well as knowledge of the value of money. In this regard, Krungsri intends to carry out the project every year, extending the target groups continuously.

More Trust More Gain Workshop

In 2017, Krungsri fully expanded its business operation into Cambodia as well as extended its areas of social responsibility to the regional level through Hattha Kaksekar Limited (HKL), Cambodia's large micro-finance business sharing the same sustainable development goal with Krungsri's policy. HKL has conducted financial education workshops for university students to help pave their career path and plan their finance.

The target of the **'More Trust More Gain'** workshop, named after HKL's motto, is to earn university students' trust in the HKL team's financial management support, allowing the students to gain more through wise financial planning. The objectives of the project are as follows:

1. **Career planning:** Students learn how to plan their career in the finance and banking industry and learn about institutions' recruitment process

2. **Financial education:** Students understand financial products, concepts, and usage; manage their money wisely; become aware of financial risks and opportunities; and grow their savings.

Based on the satisfaction scores after each workshop, the students rated high satisfaction and in overall, HKL gained around 80 percent of students' satisfaction in terms of workshop content and organization. The majority of students suggested having the workshops continued.

Date of event	Venue	Name of university	No. of participants	Satisfaction
Jun 12, 2017	Kampong Cham Province	Chea Sim Kamchay Mea University	84	95%
Jun 16, 2017	Takeo Province	Build Bright University	126	100%
Aug 5, 2017	Kampot Province	Regional Polytechnic Institute Techo Sen Kampot	111	70%
Sep 17, 2017	Kampong Thom Province	Cambodian University for Specialties	104	70%
Oct 17, 2017	Banteay Meanchey Province	University of Management and Economic	111	70%
Oct 26, 2017	Preah Sihanouk Province	Build Bright University	91	75%
Nov 17, 2017	Svay Rieng Province	Svay Rieng University	296	70%
		Total	923	79%

(Information as of December 31, 2017)

Educational Facilities and Equipment Support

Krungsri's Library for Kids Project

The Krungsri Auto Library Project was launched in 2010 to improve educational quality and provide a learning center and intelligence archive for children and communities. The goal is to encourage disadvantaged children to pursue education in a sustainable way. To date thirteen Krungsri Auto libraries have been delivered nationwide. For the 2017-2018 plan, Krungsri Auto set to renovate all the delivered libraries by adding more book and modern materials such as computers, Wi-Fi routers, and smart televisions, including improving the surrounding landscape for twelve schools. In 2017 the renovation project was carried out at six schools altogether, details of which are as follows:

Krungsri Auto Library Renovation

Library 1
June 3, 2017
- Baan Salao School, Buriram Province
- Approximately **260** students;
- Krungsri Auto Library constructed in **2010**

Library 2
June 24, 2017
- Wicha Wadi School, Nakhon Sawan Province
- Approximately **70** students;
- Krungsri Auto Library constructed in **2011**

Library 3
July 15, 2017
- Wat Plak Chamao Community School, Songkhla Province
- Approximately **100** students;
- Krungsri Auto Library constructed in **2011**

Library 4
August 5, 2017
- Ban Khlong Ta Man School, Prachinburi Province
- Approximately **90** students;
- Krungsri Auto Library constructed in **2012**

Library 5
August 19, 2017
- Ban Na Ang School, Udon Thani Province
- Approximately **70** students;
- Krungsri Auto Library constructed in **2012**

Library 6
September 16, 2017
- Ban Wang Yao School, Prachuap Khiri Province
- Approximately **80** students;
- Krungsri Auto Library constructed in **2012**

Krungsri Consumer Library Renovation at Ban Nong Phak Nok, Saraburi Province

Krungsri Consumer also gave back to communities by promoting educational development and opportunities for youths in remote areas in order to ensure equitable education for those children, enabling them to access knowledge like the children in urban areas. Krungsri Consumer initiated a project to renovate libraries as well as donate books and textbooks. On November 25, 2017, a total of 110 Krungsri Consumer executives and volunteers renovated the library at Ban Nong Phak Nok School in Saraburi Province.

Passing Love, Giving Lunch to Student in Need under the Sufficiency Economy Philosophy Project

Krungsri's Legal Group started the Passing Love, Giving Lunch to Student in Need under the Sufficiency Economy Philosophy project in 2017. Fundraising activities were organized to mobilize fund to support Agriculture for School Lunch Project for five schools in remote rural areas. The proceeds were delivered to support the schools in purchasing vegetable and seeds, fish, chicken, frogs, including agricultural tools. With this, schools can grow agricultural products to ensure sufficient lunches for the students throughout the year.

Social and Community Development

Krungsri Breast Cancer Awareness

Initiated since 2010, the 'Krungsri Breast Cancer Awareness' project is a collaborative effort between Krungsri and Thanyarak Foundation under the patronage of H.R.H. the Princess Mother to provide free breast cancer screenings for disadvantaged women residing in the communities in the vicinity of the Head Office. In 2017, the coverage area expanded to Yan Nawa and Klong Toei districts. Through the years, mobile mammograms have been provided to a total of 2,336 women. In addition, Krungsri donated 500,000 baht to cover these cancer screening costs.

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 2017, Krungsri exceeded its goal to acquire one million cc of blood donated by employees in commemoration of its 10th collaboration with the National Blood Center. By the end of 2017, Krungsri organized 13 blood donation drives at 12 provincial branches and four drives at the Rama III Head Office, receiving a total of 1,068,700 cc of blood from 2,677 donors.

Arts, Cultural, and Traditional Support

Krungsri Volunteers for Historical Site Preservation in Ayutthaya Province

Phra Nakhon Si Ayutthaya Province is the 'hometown' of Krungsri and is also recognized as a historic city and world heritage site by the United Nations Educational, Scientific and Cultural Organization (UNESCO). Since 2005, Krungsri has supported the preservation of historic arts and sites in the province in the form of funds for architectural restoration, informative signage, landscape improvement, including artifact conservation so that all these national treasures will continue to serve as timeless reminders of Thailand's proud history.

In 2017, Krungsri has helped preserve six ancient temples in the historic city of Ayutthaya by improving the landscape, cleaning up the area, and removing the weeds burrowing into cracks along the structures, which can cause the historic buildings to crumble if left unattended. Under the guidance of Fine Arts Department officials, 657 Krungsri volunteers took part in preserving our country's cultural heritage so that the generations to come will be able to admire and take pride in these places.

Krungsri has helped preserve six ancient temples in the historic city of Ayutthaya

1. Wat Jao Ya, on March 25, 2017 and September 16, 2017
2. Wat Jong Krom, on May 20, 2017
3. Wat Phra Ngam, on June 24, 2017
4. Wat Takrai, on July 22, 2017
5. Wat Choeng Tha, on August 26, 2017
6. Wat Phraya Man, on September 30, 2017

Dok Mai Chan from the Heart in Remembrance of H.M. King Bhumibol Adulyadej

In remembrance of H.M. King Bhumibol Adulyadej and his boundless benevolence, President and Chief Executive Officer Mr. Noriaki Goto together with the senior executives and employees of every unit in Krungsri Group joined dok mai chan crafting sessions to pay their respects to His Majesty. Under the 'Dok Mai Chan from the Heart in Remembrance of H.M. King Bhumibol Adulyadej' project, Krungsri delivered a total of 500,000 artificial sandalwood flowers to the Bangkok Metropolitan Administration for distribution to the public during the royal cremation ceremony.

In this regard, the Bank organized crafting workshops for all business units, subsidiaries, and employees including gave craft materials to branches countrywide so that every Krungsri employee as well as customer could join in showing loyalty through dok mai chan crafting during the period from May to September 2017.

Furthermore, in organizing activities for disadvantaged youths, Krungsri volunteers also taught hearing-impaired students to craft dok mai chan, providing them a channel to pay their respects to His Majesty. The workshops were held for the students of Nakhon Pathom School for the Deaf, Nakhon Pathom Province, and Thungmahamek School for the Deaf, Bangkok, on June 24, 2017 and July 29, 2017, respectively.

The success of **'Dok Mai Chan from Our Heart in Remembrance of H.M. King Bhumibol Adulyadej'** activity was achieved through the combined efforts of Krungsri people devoted to H.M. King Bhumibol Adulyadej, who will forever live on in our hearts.

Preserving Environment

6,374 trees and mangrove forest planted
(2016: 13,443 trees)

39 check dams built from collaboration between Krungsri and stakeholders and more than **100** check dams from our financial support
(2009-2016: totaling 599 check dams)

8.96 % of water saved

1.27 % electricity consumption increased

50.24 kg of paper saved from payments via mobile application Di-Wallet

Recycle more papers for **5.45%**

Financial technology and innovation do not only impact the economic structure development in terms of boosting convenience, speed, and access to financial services which will lead to social development in all dimensions, but the economic activities driven by the digital age also have both positive and negative impacts on the environment.

It is quite obvious that, once transactions are processed on the digital platform, the use of tangible materials such as paper consequently reduces while the demand for the use of devices or tools which facilitate the services in digital form increases. Examples can be seen from many organizations mentioning paperless operations or providing information via electronic systems like e-statement. We have to admit that the increasing role of financial technology and innovation is beneficial to the environment in terms of reducing the use of resources.

However, while financial transactions are driven by digital systems, the electric energy consumption unavoidably rises as more electronic tools and devices are required for information technology processes and operations. For example, if the number of computers or server rooms increases, it is necessary to have a good air-conditioning system and suitable temperature maintenance. This may result in a higher energy consumption in the organization.

Environmental Policy

We continue our efforts in minimizing our environmental impact which resonate through our policies and their implementation. In 2017, the Bank appointed the **Energy Management Committee** to assess and improve the energy consumption pattern of the Bank to ensure maximum efficiency. Communications campaigns were launched to encourage all employees to join in the collective energy-saving effort. Furthermore, the energy-saving and management policy is reviewed on a regular basis.

In this regard, the Bank announced an **Efficient Use of Resources to Promote Environmental Conservation Policy** with the Central Administration Division as the policy owner. The policy covers the use of resources in all our operations and Krungsri 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.

- Consideration of supply options to increase the use of by-products and eco-friendly materials such as 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
- Assignment to the heads of all business units responsible for implementation to ensure alignment and compliance with policies

Environmental Measures

Environmental Education

In 2017, Krungsri promoted environmental knowledge among our employees, particularly focusing on energy-saving which is a significant sustainability issue for Krungsri as a financial service provider. We invited guest speakers to share their knowledge in the **'Building energy management system standards for Bank of Ayudhya PCL's Head Office'** training course, promoting understanding of the related law (The Energy Conservation Promotion Act B.E. 2535), correct energy-saving methods with clear and verifiable objectives, and involvement in energy-saving within the organization. A total of 51 participants enrolled in the course. In addition, representatives from the Energy Management Committee were sent to be trained in **'A practical training course on air-conditioning system 2017'**. This intensive training course, organized by the Department of Alternative Energy Department and Efficiency, Ministry of Energy, covered practical and theoretical knowledge, aiming at enhancing personnel knowledge and skills regarding air-conditioning systems.

Fuel Consumption

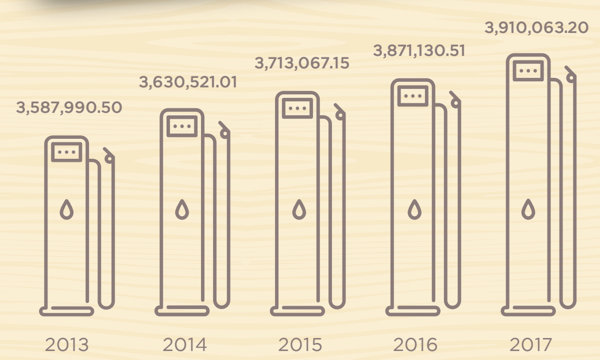
Krungsri's fuel consumption derives from two main operations. One is the shuttle van service providing transportation service for employees commuting between Krungsri buildings and certain connecting points to public transportation. The service helps employees save expenses as well as reduce fuel consumption. The other main source of fuel consumption is the vehicle use for the organization's logistics. Krungsri's fuel consumption is summarized as below.

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

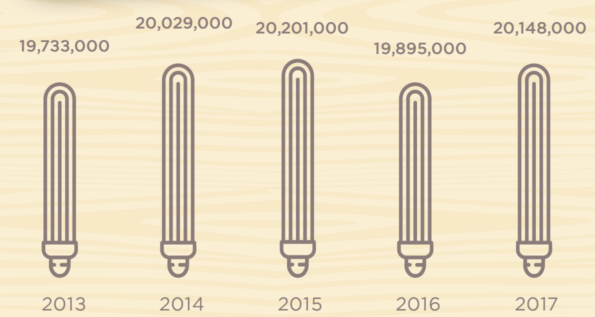
Electricity

In becoming a financial service provider of the digital age, Krungsri has adjusted its information technology operating system structure for changes in 2017 by moving the main servers supporting Krungsri Consumer's and Krungsri Auto's IT systems from the data center at Bang Na Tower, to floors 9-10B, Rama III Head Office. In addition, the Bank extends the turn-on time of the air-conditioning system after office hours and during closing days. Moreover, after the improvement of the wastewater treatment system, machines are set for 24-hour operation to treat wastewater in line with the wastewater management standards. This has resulted in a 1.27 percent rise of energy consumption or 253,000 kilowatts/hour, a slight increase from 2016.

Krungsri Fuel Consumption (Liter)



Electricity Consumption (kWh)[1]



[1]Krungsri Head Office

(Information as of December 31, 2017)

However, Krungsri closely monitors the organization's energy consumption and tries to improve the efficiency of operations consuming energy. Furthermore, we also opted for alternative energy such as using solar cells at some building areas to mitigate energy consumption, keeping the level close to that of the previous years.

Electric Energy Management

Along with tracking the energy consumption level of the organization, Krungsri established a number of measures relating to energy-saving. Apart from stipulating policies and operating guidelines, Krungsri also seeks consultation and assessment of energy conservation from external parties in order to raise the organization's efficiency and credibility. Additionally, training courses for employees are also provided. The energy conservation potential was analyzed in line with regulations and categorized into three levels of measure as follows:

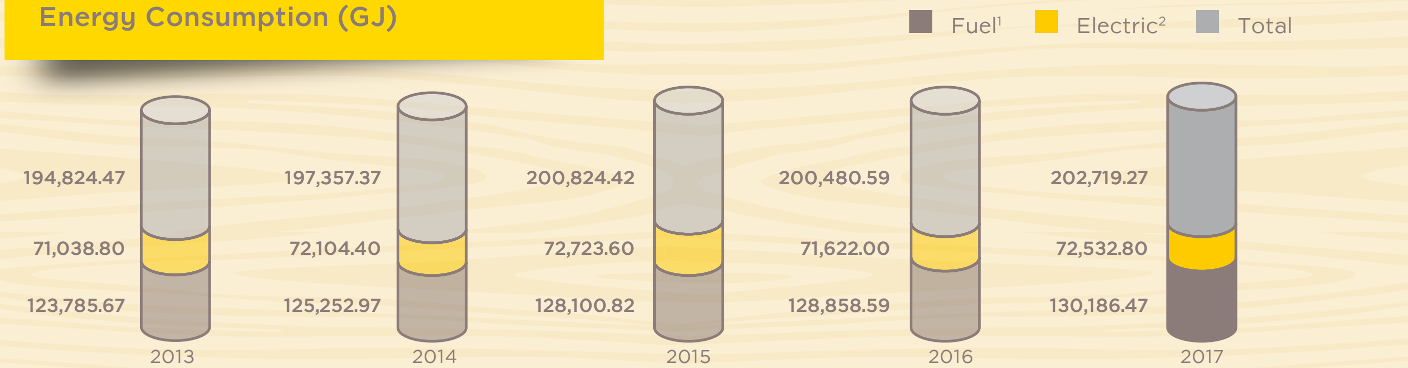
1. House Keeping Measure – can be immediately implemented, at no or low cost, and the payback period is short
2. Process Improvement Measure – by replacing or repairing parts of machines for higher efficiency may require capital budget and the implementation period and payback period are medium-term (around one to three years)
3. Machine Change Measure – by switching to more efficient or modern machines for higher efficiency requires capital budget and the payback period is long (around five to seven years)

Hence, in 2017, Krungsri ran its energy-saving practices in accordance with its designated Head Office's Energy Efficiency Plan. The Plan has also demonstrated an estimation of energy consumption and reduction as illustrated below

In overall, Krungsri's electric energy and fuel consumption totaled 202,719.27 GJ, a 1.12 percent increase from 2016.

Implementation	Implementation period	Amount	Energy (kW)		Energy consumption (kWh)	Energy saved (kW)
			Before implementation	After implementation		
Replace T5 light bulbs with LED light bulbs in buildings and parking areas - 11,7000 18W light bulbs - 300 9W light bulbs	Aug 1 – Oct 31	12,000	367.80	213.30	695,250.00	154.50
Reduce the speed of the AC induction motors of the Information Technology and Operations Section from 50 hertz to 30 hertz after office hours (19.00 - 07.00 hrs.)	Jun 1 – Dec 31	4	5.80	4.23	7,065.00	1.57
Replace 18W light bulbs with LED 8W light bulbs in the canteen and the VIP zone on 8B floor	Apr – Jun	200	3.60	1.60	9,000.00	2.00
Electrical energy from solar cell installations at the Rama III Head Office building extension	Jan – Dec	26.5 kWh			34,915.71	
Total energy consumption					746,230.71	

Energy Consumption (GJ)



[1] kilowatt/hour equals 0.0036 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 December 31, 2017)

Water Consumption

In 2017, Krungsri's water consumption significantly dropped by 13,909 cubic meters or 8.96 percent following its improvement of restrooms and the plumbing system of the Rama III Head Office.

Water Resource Management

Our water consumption was optimized due to the implementation of the following implementation:

- 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

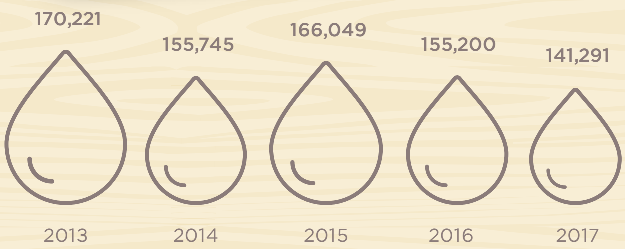
Paper Usage

Paper is a consumable required for financial business operations such as for documenting letters, forms, receipts, and financial statements, all of which requires hard copy evidence. Therefore, Krungsri, has monitored the volume of paper used and encourages employees to use less paper.

Paper Management

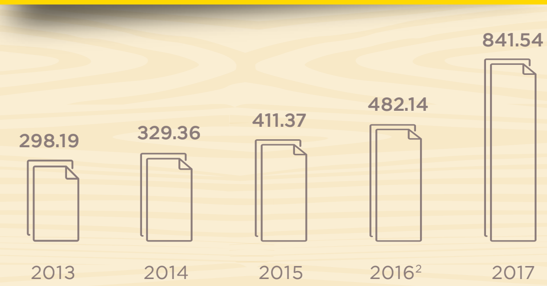
Krungsri designs its paper management in various levels. Two-sided printing has been promoted to increase awareness along with the well-established 'Think Before Print' campaign, technology implementation, and eco-friendly recycled paper usage to eliminate unnecessary consumption.

Water Consumption (m^3)[1]



[1] Krungsri Head Office

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 kilograms

(Information as of December 31, 2017)

Paper Management via Recycling Process

Krungsri has joined in the Shred2Share project of InfoZafe Co., Ltd. to send paper for recycling as well as to encourage proper paper assortment habit among Krungsri employees.

Since 2014, Krungsri Consumer, a leader in credit card and personal loan business, has continued to use 100% recycled envelopes made from UHT milk boxes as a conscious effort to reduce garbage. Throughout the implementation, more than 30 million envelopes[4] were sent out to customers, which accounted for 300 tons of paper or 5,000 trees[5] being felled.

Although recycled paper incurs higher costs than normal paper, its meaningful contribution through environmental cost saving is invaluable. This campaign, albeit deemed as a small milestone in the steps toward environmental protection, is believed to create awareness among consumers, competitors, and other companies about how we can jointly contribute concretely and sustainably to the environment and society.

Furthermore, Krungsri SD Report 2017 was produced using recycled paper accounted for 576.30 kilograms[6], which translated to 9.80 trees saved.

Financial Innovation for Waste Minimizing

The revolution of the financial service provider business has advanced into the digital transaction world. Numerous transactions are recorded in communication devices and online systems. This requires less paper for transaction records or receipts.

In 2017, Krungsri launched a project for payment via a mobile application called 'Di-Wallet', which is compatible with Android and iOS operating systems, for employees and visitors to make purchases at the Krungsri Head Office canteen. Users can top up money into the application to make payment via scanning a QR code. Krungsri expects Di-Wallet to replace the existing payment method made only with gift cards and debit cards via electronic data capture (EDC) machines. The production of single-use gift cards consumes a considerable amount of plastic. Moreover, the payment made with an EDC machine generates payment slips, which cause more waste of materials and resources. However, transactions made via the application will be recorded and kept on users' smart phones, thus minimizing waste.

Paper sent for recycling (tons)[1]

2014	2015	2016
345.79	374.73	395.14

[1] Information from InfoZafe under the Shred2Share project of the Bank, Krungsri Auto, and Krungsri Consumer

156,987 Payments via Di-Wallet saved paper slips accounted for

50.24 Kg.[1]

[1] Paper slip weighs 0.32 grams

(Information as of December 31, 2017)

[4] Calculation for 2017 was estimated based on the statistic of 12-13 million envelops/year in 2015-2016
[5] 1-ton paper requires the pulp of 17 trees
[6] Calculated from 300-gram A4 covers; 142 pages of 100-gram A4 for 1,200 hard copies

Environmental and Natural Resource Conservation Activities

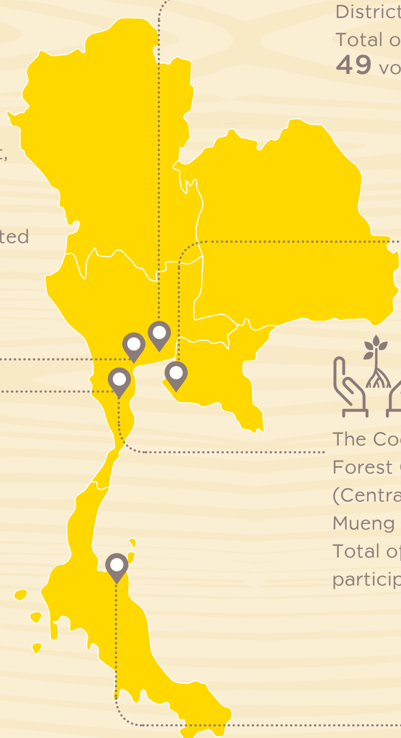
Krungsri also promotes environmental conservation awareness and habits among our employees through various voluntary activities, particularly those in the areas of forest and natural resources conservation, including mangrove plantation and check dam building projects. The environmental conservation activities held throughout 2017 were organized by the organization as well as initiated by the staff with the sense of environmental accountability.

Mangrove Forest Planting, Upstream Forest, and Landscape Improvement

Mangrove forests are important to the marine ecosystem and soil. They provide shelter and food for many living organisms, prevent coastal erosion, and protect shorelines against natural disasters. Mangrove forests' diversity serves as a good place for nature education. In addition, they also help reduce carbon dioxide significantly.

Realizing the magnificent ecological values of mangrove forests, Krungsri volunteers held a number of mangrove forest conservation activities in 2017 with a total of 6,374 mangrove trees planted in the following areas.

Mangrove Forest Planting in 2017



Bang Pakong Subdistrict, Bang Pakong District, Chachoengsao Province
Total of **1,000** trees planted and **49** volunteers participated

Khlong Khon Subdistrict, Mueang District, Samut Songkhram Province
Total of **214** trees planted and **24** volunteers participated

Center of Expertise on Eco-tourism for Mangrove Conservation Ang Sila Subdistrict and Samed Subdistrict, Mueang District, Chonburi Province
Total of **2,800** trees planted and **242** volunteers participated

The Coordination Center for Mangrove Forest Conservation of the Thai Royal Army (Central Region) Chao Samran Beach Subdistrict, Mueng District, Petchburi Province
Total of **2,133** trees planted and **120** volunteers participated

The Sirindhorn International Environmental Park Cha-am Subdistrict, Cha-am District, Petchburi Province
Total of **150** trees planted and **137** volunteers participated

Ao Taled, Khanom District, Nakhon Si Thammarat Province
Total of **77** tress planted and **17** volunteers participated

Check Dams

Every year Krungsri, in collaboration with supervisory authorities, business partners, customers, and local communities, promotes environmental and social sustainability through supporting the Mae Fah Luang Foundation under Royal Patronage (MFLF) in a check dam building activity which has been carried out continually since 2009.

On November 25, 2017, Mr. Noriaki Goto, President and CEO, led a team of over 300 executives and volunteers from Krungsri and Krungsri Group subsidiaries, namely Krungsri Auto and Ngern Tid Lor, as well as Phatra Securities PCL and the Bank of Thailand, in building altogether 34 check dams to maintain moisture and fertility in the forest for the 16-rai (2.56-hectare) area of Ban Pa Yang Musoe and Ban Huai Pu Mai villages in the Doi Tung Development Project (Royal Working Area), Chiang Rai Province. These check dams can help slow the velocity of runoff from watersheds, resulting in retention of soil sediments. This fertilizes the soil, allowing trees to thrive while soil moisture also acts as an insulator against forest fires.

Additionally, Krungsri presented financial support of one million baht, one million bath, and 500,000 baht under the names of Bank of Ayudhya PLC, Krungsri Auto, and Ngern Tid Lor to the MFLF, respectively. This activity saw a successful collaboration among volunteers from Krungsri Group, government and private sectors, as well as villagers in contributing to environmental and social sustainability development.

In this regard, from 2009 to 2017, Krungsri has contributed to the building of a total of 633 check dams and presented over 8 million baht of financial support to the MFLF.

Furthermore, the Corporate Social Responsibility Department along with other functional units, subsidiaries, and employee clubs of the Bank also organized five additional check dams which resulted in a total of 39 check dams built, contributing to various locations as follows:

- The Huai Sai Royal Development Study Centre, Cha-am District, Petchburi Province
- Forest Rangers Unit 5, Kaeng Krachan National Park, Lin Chang Village, Nong Ya Plong District, Petchburi Province
- The Siri Charoenwat Forest Plantation Project, Sattahip District, Chonburi Province
- Nong Yao Forest Guard, Queen Sirikit Forest Park, Suan Peung District, Ratchaburi Province

Forest, Biodiversity and Wild Animals

Krungsri contributed further in supporting environmental conservation through activities promoting biodiversity and wildlife preservation, for instance, upstream reforestation, raising seedlings, preserving food sources for wild animals, and nursing land and marine life. Most activities were initiated by employees themselves, reflecting Krungsri people's strong conscience in fostering a sustainable society and environment. Below are example activities.

- Building 60 reservoirs to store water for wild animals during droughts at 15 points around the Khao Somphot non-hunting area, Chai Badan District, Lopburi Province;
- Restoring the coastal ecosystem by planting 1,110 coral branches in Sattahip District, Chonburi Province; and
- Raising seedlings at the Siri Charoenwat Forest Plantation Project, Sattahip District, Chonburi Province

Providing Financial Support

In 2017, Krungsri mobilized funds for social causes through CSR activities and campaigns classified into four categories: general donation, educational support, disaster relief, and fundraising programs.

After the establishment of Krungsri Foundation in 2017, with the aim of providing educational support to students in need, Krungsri began to run activities or projects through the Foundation. In addition, fund mobilization for disaster relief was raised via the Foundation's saving account.

Throughout 2017, Krungsri and our employees raised more than 30 million baht of financial support for CSR activities and projects covering all sectors aligned with our policy.

General Donation

- 12,888,600 baht donation for the extension construction project of Chulabhorn Hospital
- 5,722,232.40 baht donation for the archaeological restoration of Wat Choeng Tha, Phra Nakhon Si Ayutthaya Province, by Krungsri Group
- 2,500,000 baht donation to Mae Fah Luang Foundation Under Royal Patronage by Krungsri, Krungsri Auto, and Ngern Tid Lor
- 1,000,000 baht donation for the restoration of Japanese Village in Phra Nakhon Si Ayutthaya Province of the Thai-Japanese Association
- 929,000 baht donation for public benefits to Wat Pa Na Kham Noi, Udon Thani Province, by Krungsri Auto
- 500,000 baht donation for breast cancer screening test to Thanyarak Foundation under the Patronage of the Late Princess Mother
- 300,153 baht donation for public benefits to Wat Phra That Pang Mu, Mae Hong Son Province, and another 300,153 baht donation by Ngern Tid Lor

- 250,000 baht donation for the 'Royal Tribute: One Million and Five Hundred Thousand Paces Run (Chiang Mai – Bangkok route)' project
- 200,000 baht donation to the Foundation of the 50th Anniversary Mahavajiralongkorn Hospital
- 1,980,000 baht and 12,706,144.84 baht donations (Including the budget for archaeological restoration of Wat Choeng Tha) from the Bank and its employees to support annual Kathin ceremonies held at nine temples consisting of Wat Chotikul Suwannaram in Chiang Mai, Wat Amphawan in Bangkok, Wat Pho Si Sattanak in Udon Thani, Wat Tha It in Nonthaburi, Wat Nong Kabok in Rayong, Wat Rong Khe in Samut Sakhon, Wat Par Sri Boon Reung in Nakhon Ratchasima, Wat Samae Khao Charoen Rat Sattharam in Chachoengsao, and Wat Choeng Tha in Phra Nakhon Si Ayutthaya

Educational Support

- Providing scholarships through 'Krungsri Foundation':
  - 360,000 baht converted into 72 scholarships on the occasion of 72nd Krungsri Anniversary
  - 97,000 baht on the occasion of National Youth Day
  - 50,000 baht donation to Bank of Ayudhya PCL-Ruamchit Normklao Foundation permanent fund
- 170,000 baht scholarships for the financially challenged students of the Faculty of Commerce and Accountancy, Chulalongkorn University, by Krungsri Consumer
- 100,000 baht scholarships through financial institutions in Lao PDR by Krungsri's Vientiane and Savannakhet branches

Disaster Relief

- 2,500,000 baht and 1,200,000 baht donations to the 'OPM Disaster Relief Fund' saving account through the Thai Bankers' Association to aid flood victims in the Southern and Northeastern flooded areas, respectively
- 1,020,000 baht donation, raised through the 'Krungsri Than Nam Jai' saving account, to the Relief and Public Health Bureau, the Thai Red Cross Society, to aid flood victims in the south of Thailand
- 156,918.12 bath donation, raised through the 'Krungsri Foundation for Disaster Victims' saving account, to aid flood victims in the Northeastern flooded areas with the remaining balance of which later donated to the Relief and Public Health Bureau, the Thai Red Cross Society

Fundraising Programs

- 297,593 baht proceed from the 'Following HM the Queen's Footsteps in Supporting Thai Arts and Crafts' fair
- 159,500 baht proceed from the donation and sale of products of the Operation Smile Thailand Foundation
- 142,950 baht proceed from donation activities for Pan Kan Shop to provide scholarships for youths of Yuvabadhana Foundation
- 100,000 baht proceed from polo shirt sales to aid the Southern flood victims, donated to the First Army Area by Krungsri Consumer
- 100,000 baht proceed from polo shirt sales and 100,000 baht donation from Krungsri, totalling 200,000 baht, granted as scholarships to students in three southern provinces by Krungsri Consumer
- Other fundraising programs and activities organized by external parties were also welcomed throughout the year, including sales of Love Earth tote, glass set, and bag by Thai Red Cross Society; sales of Mother's Day jasmine flower by the National Council on Social Welfare of Thailand; sales of Baan Cheun flowers by the Foundation for the Welfare of the Mentally Retarded of Thailand; and so on.

These projects partially represent the support provided by Krungsri. We aim to share part of our financial resources in supporting community and social development as well as charitable organizations and their activities. Our support, made directly and through 'Krungsri Foundation', will be an action fostering a sustainable society.

Krungsri Foundation

Foundation's Board of Directors

- **Mr. Veraphan Teepsuwan**
  Chairman
- **Mr. Noriaki Goto**
  Vice-chairman, Secretary, and Treasurer
- **Mr. Karun Kittisataporn**
  Director
- **Ms. Potjanee Thanavaranit**
  Director

Throughout seven decades of Krungsri's business alongside Thai society, apart from our determination on financial dimension, we also emphasize on our responsibilities toward community development. We listen to the public voice and 'share' with the society by means of voluntary involvement and financial expertise, and our resources. All of which are the driving forces contributing to the growth of business and society in order to achieve strength and sustainability.

'Krungsri Foundation' was officially established on January 16, 2017 to promote and support educational development activities, art and culture, environmental conservation, public health, mitigation of disaster impact, and other social causes. This includes activities that align with Krungsri's sustainability objectives through collaboration with all sectors by promoting volunteerism for sustainable development as our ultimate goal.

In the first year following its establishment, Krungsri Foundation aimed at promoting social sustainability – particularly in the area of educational support for youths since the Foundation recognized that education is the key foundation to country development. Throughout 2017, Krungsri Foundation initiated and undertook several projects, including the 72nd anniversary 72 scholarships and National Youth Day scholarship projects which were previously under the responsibility of the Bank's CSR Department.

72nd Krungsri Anniversary 72 Scholarships

On the occasion of the Bank's 72nd anniversary of operating business alongside the Thai society, Krungsri Foundation awarded 72 scholarships, each worth 5,000 baht, totaling 360,000 baht, to youths with good conduct and good academic records under the care of seven foster homes and foundations. Held on March 31, 2017, the scholarship presentation ceremony was presided over by Mr. Veraphan Teepsuwan, Chairman of the Board of Directors and Chairman of Krungsri Foundation.

2017 marked the 8th consecutive year that the project has been carried out as one of the Bank's CSR activities in providing scholarships for youths under the care of the aforementioned foundations and foster homes under the name of 'Krungsri'.

National Youth Day Scholarships

On the occasion of 2017 National Youth Day, Krungsri Foundation, led by Mr. Poonsit Wongthawatchai, Krungsri Foundation's Assistant Secretary, granted scholarships to 15 underprivileged youths with good academic records and behavior under the care of Baan Mahamek Home for Boys.

Computer Donation to Support Education for Youths

In 2017, Krungsri provided educational support for youths by donating a total of 100 write-off computers to Dhammajarinee Wittaya School, Ratchaburi Province, and Wat Pathum Wanaram School, Suphan Buri Province, under the name of 'Krungsri Foundation'.

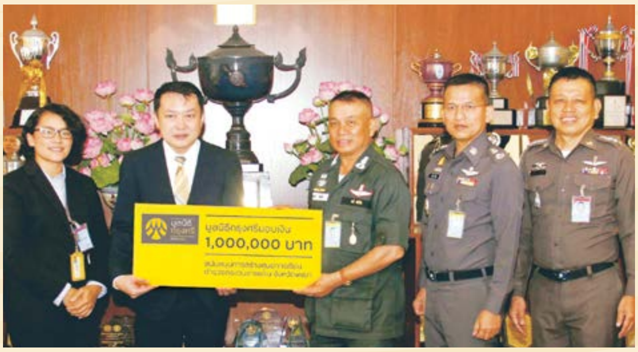
Krungsri Foundation for Disaster Victims

Flash floods in many northeastern provinces in late July 2017 brought about damage to thousands of families. In this regard, Krungsri Foundation conducted fund mobilization activities to support the emergency reliefs. A total financial donation received from Krungsri colleagues through the 'Krungsri Foundation for Disaster Victims' account was 156,918.12 baht. The funds were used in accordance with the fundraising objectives – partial sum of which was disbursed and given to the Provincial Branch Business Regional Office 106 in Sakon Nakhon, the most severely damaged area. Urgent assistance measures provided by Krungsri branches included 500 relief supplies bags distributed to flood victims in three districts of Sakon Nakhon Province, namely Mueang District, Phang Khon District, and Wa Non Niwat District.

After the flood critical period, Krungsri Foundation donated the remaining amount to the Relief and Community Health Bureau, the Thai Red Cross Society, in order to be used for flood reliefs and assistances as initially stated during the funds mobilization campaign.

1-million Baht Donation for Construction of Border Patrol Police School Project

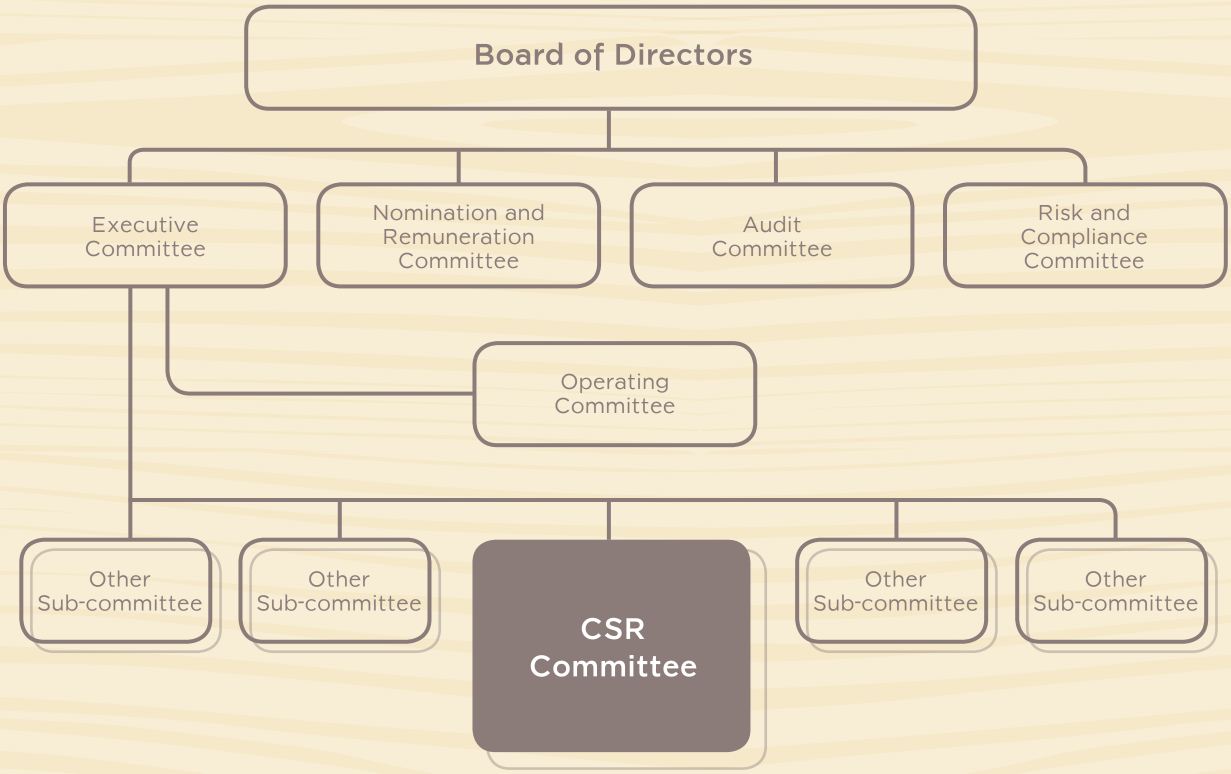
Reflecting the mission in providing literacy support for youths nationwide under its sustainable development framework, Krungsri Foundation donated one million baht to Pol. Lt. Gen. Praphan Chan-aim, Acting Border Patrol Police Commander, to support the construction of the Border Patrol School project in Chiang Kham District, Phayao Province.



Engagement in Sustainability Practices of Senior Management

Corporate Social Responsibility Committee

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



* Members holding directorship position in the Board of Directors

[G4-34]

Krungsri CSR Committee, led by the President and Chief Executive Officer, who is also a member of the Bank's Executive Director, positioning as the CSR Committee Chairman, along with high-level executives of Krungsri and subsidiaries taking positions as vice-chairman, members, and secretary in the CSR Committee.

The CSR Committee continued to play a major role in determining business directions covering economic, environmental, and social dimensions as well as establishing directions and governing CSR and sustainability practices of the Bank.

Krungsri is divided into groups and divisions to ensure efficient business undertaking. Therefore, the CSR Committee consists of executives from various business units and subsidiaries for integrated operations.

As Krungsri is playing a major role as a leader in the markets such as microfinance, retail loans as a credit card and personal loan service provider, and auto loans executives from Krungsri Auto, Krungsri Consumer, and Krungsri microfinance business were therefore appointed as members of the CSR Committee.

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.

Numerical Data on Sustainability Performance

Social Performance

Employment Data[G4-10, G4-LA1]

- **2017's Krungsri Headcount (persons)**

Company / Type of Contract	Full-time Employee (FTE)			Temporary Employee (1)			Total
	Male	Female	Total	Male	Female	Total	
Bank of Ayudhya	4,596	10,423	15,019	50	246	296	15,315
Krungsri Consumer	1,187	4,067	5,254	-	-	712	5,966
Krungsri Microfinance	1,379	2,010	3,389	-	-	288	3,677
Krungsri Auto	613	894	1,507	-	-	19	1,526
Krungsri Service	10	10	20	-	-	1,059	1,079
Krungsri Securities	128	149	277	-	-	29	306
Krungsri Asset Management	58	111	169	-	-	35	204
Krungsri AMC	42	41	83	-	-	20	103
Krungsri Leasing	26	40	66	-	-	9	75
Krungsri Factoring	2	1	3	-	-	-	3
Krungsri Finnovate	-	-	-	-	-	-	-
Hattha Kaksekar Limited	2,118	906	3,024	-	-	107	3,131
Krungsri Leasing – Lao PDR	75	85	160	-	-	-	160
Krungsri Group	**10,234**	**18,737**	**28,971**	-	-	**2,574**	**31,545**

Remark: (1) Temporary employee pertaining to GRI definition

- **Operational Change Statistics (1) (persons)**

Diversity Criteria / Change by Year		New Hires						Terminated Employees					
		2015		2016		2017		2015		2016		2017	
		No.	% (2)	No.	% (2)	No.	% (2)	No.	% (2)	No.	% (2)	No.	% (2)
Total		13,892	100.00	14,775	100.00	15,019	100.00	13,892	100.00	14,775	100.00	15,019	100.00
Change		2,737	19.70	2,576	17.43	2,037	13.56	1,964	14.14	2,576	17.43	1,797	11.96
Gender	Male	780	5.61	682	4.62	568	3.78	588	4.23	511	3.46	565	3.76
	Female	1,957	14.09	1,894	12.82	1,469	9.78	1,376	9.90	1,213	8.21	1,232	8.20
Age Range (year)	< 30	1,446	10.41	1,377	9.32	1,076	7.16	773	5.56	669	4.53	668	4.45
	30 – 50	1,266	9.11	1,188	8.04	949	6.32	1,095	7.88	946	6.40	1,008	6.71
	> 50	25	0.18	11	0.07	12	0.08	96	0.69	109	0.74	121	0.81
Operational Site	Head Office	1,222	8.80	1,248	8.45	900	5.99	790	5.69	764	5.17	701	4.67
	BKK and Vicinity	745	5.36	772	5.23	594	3.95	573	4.12	533	3.61	564	3.78
	Upcountry	769	5.54	556	3.76	543	3.62	599	4.31	427	2.89	529	3.52
	Overseas	1	0.01	-	0.00	-	0.00	2	0.01	-	0.00	-	0.00

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

- ## Employee Diversities [1] (persons)

Criteria / Employee Level		2015						2016						2017					
		Board of Directors [2]	Officer 9 and above	Officer 7-8	Officer 4-6	Officer 1-3	Total [3]	Board of Directors [2]	Officer 9 and above	Officer 7-8	Officer 4-6	Officer 1-3	Total [3]	Board of Directors [2]	Officer 9 and above	Officer 7-8	Officer 4-6	Officer 1-3	Total [3]
Total		12	13,892					12	14,775					12	15,019				
Gender	Male	9	401	743	1,994	1,250	4,388	9	426	819	2,017	1,326	4,588	9	467	846	2,018	1,265	4,596
	Female	3	348	1,015	3,662	4,479	9,504	3	391	1,133	3,892	4,771	10,187	3	429	1,251	4,108	4,635	10,423
Age Range (year)	< 30	-	1	3	169	2,704	2,877	-	1	1	176	2,763	2,941	-	1	4	180	2,534	2,719
	30 – 50	-	490	1,205	4,637	2,985	9,317	2	536	1,324	4,740	3,283	9,883	2	561	1,354	4,829	3,312	10,056
	> 50	12	258	550	850	40	1,698	10	280	627	993	51	1,951	10	334	739	1,117	54	2,244
Race	Thai	7	-				13,660	8	-				14,695	8	-				14,943
	Japanese	4	-				63	4	-				66	4	-				62
	Chinese	-	-				11	-	-				9	-	-				9
	Indian	-	-				3	-	-				2	-	-				2
	American	1	-				1	-	-				-	-	-				-
	French	-	-				1	-	-				1	-	-				1
	English	-	-				1	-	-				-	-	-				-
	Indonesian	-	-				1	-	-				1	-	-				1
	Taiwanese	-	-				1	-	-				1	-	-				-
	Vietnamese	-	-				-	-	-				-	-	-				1
Operational Site				Male		Female				Male		Female				Male		Female	
	Head Office	12		2,823		4,241	7,064	12		2,980		4,596	7,576	12		3,224		5,542	8,766
	BKK and Vicinity	-		723		2,384	3,107	-		749		2,564	3,313	-		449		1,759	2,208
	Upcountry	-		835		2,876	3,714	-		853		3,023	3,856	-		915		3,116	4,031
	Overseas	-		7		3	10	-		6		4	10	-		8		6	14

Remark: [1] Only Bank of Ayudhya's FTE
[2] Consisting of non-executive directors, executive directors, and independent directors
[3] Excluding the Board of Directors

Economic Performance

- ## Direct Economic Performance [G4-EC1]

Unit: Million Baht

Direct Economic Value Generated	**133,609**	**100.00%**
Total operating revenue excluding interest expense (Revenue)	133,609	100.00%
Direct Economic Value Distributed	**82,618**	**61.84%**
Operating costs such as directors' remuneration and expenses relating to buildings, premises, and other equipment (Operating Costs)	21,167	15.84%
Deferred tax income/expense	-349	-0.26%
Employee expenses	22,970	17.19%
Dividends to shareholders and interest expense (Payment to providers of capital)	32,715	24.49%
Duty tax and income tax excluding deferred tax income/expense (Payments to government)	6,088	4.56%
Donations to charitable organizations and community development investments through financial literacy and social service activities*	27	0.02%
Economic Value Retained	**50,991**	**38.16%**

Remark: *Bank of Ayudhya Pcl.

(Information as of December 31, 2017)

Independent Assurance Statement

To Bank of Ayudhya PCL on the Sustainability Report 2017

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 2017

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 2017 of Krungsri for the year ended 31 December 2017.

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 2017 of Krungsri
- Analyzed information on performance provided in the Sustainability Report 2017 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 2017 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 ,SDGs 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 stakeholder feedback process may be further continuously addressed.

To shape future sustainability reporting in according to GRI Reporting Framework, we have made the following suggestions:

- In General Standard Disclosure, it should clearly indicate organization's supply chain, also the committees who responsible for decision-making on economic, environmental and social impacts.

- Performance Disclosure on Economic Performance should be indicated a breakdown of community investment by theme, geographical area, type and by motivation.

- 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 FY2017, we did not provide any services to Krungsri that could conflict with the independence of this work.

For Thaipat Institute

By Vorranut Piantam

Bangkok
7 March 2018

AA1000
Licensed Assurance Provider
000-153

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.8-9	-
Organizational Profile			
G4-3	a. Report the name of the organization.	SD: p.34	-
G4-4	a. Report the primary brands, products, and services.	SD: p.34-35	-
G4-5	a. Report the location of the organization's headquarters.	SD: p.34	-
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.34	-
G4-7	a. Report the nature of ownership and legal form.	SD: p.34	-
G4-8	a. Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	SD: p.34-37	-
G4-9	a. Report the scale of the organization	SD: p.34, 36-37 AR: p.24-25, 98-103	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.128-129	No significant variations in employment numbers
G4-11	a. Report the percentage of total employees covered by collective bargaining agreements.	SD: p.132	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.64	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.36	Establishment of a new Company; Krungsri Finnovate
G4-14	a. Report whether and how the precautionary approach or principle is addressed by the organization.	SD: p.42, 48-49 AR: p.106-119	-
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.35	-
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.35	-
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.36-37 AR: p.24-25, 98-103	-
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.58-61	-
G4-19	a. List all the material Aspects identified in the process for defining report content.	SD: p.60	-
G4-20	a. For each material Aspect, report the Aspect Boundary within the organization	SD: p.61	-

	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.61	-
G4-22	a. Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	SD: p.133	No restatement
G4-23	a. Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	SD: p.60, 133	'Cybersecurity' is a new material aspect, and Krungsri Finnovate is added in the report boundary
Stakeholder Engagement			
G4-24	a. Provide a list of stakeholder groups engaged by the organization.	SD: p.52	-
G4-25	a. Report the basis for identification and selection of stakeholders with whom to engage.	SD: p.52	-
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.52-55	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.52-55	-
Report Profile			
G4-28	a. Reporting period (such as fiscal or calendar year) for information provided.	SD: p.58	-
G4-29	a. Date of most recent previous report (if any).	SD: p.58	Last year (Krungsri SD Report 2016)
G4-30	a. Reporting cycle (such as annual, biennial).	SD: p.58	Annually
G4-31	a. Provide the contact point for questions regarding the report or its contents.	SD: p.60	-
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.130-131 2) p.132-135	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.60, 130-131	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.40-41, 126	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.6-7, 43-44	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.42	-
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.42	-

Category		Specific Standard Disclosure Title	Source or Page(s)	Additional Explanation
Category: Economic	Aspect: Economic Performance			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.64-65 AR: p.38-46	Krungsri business strategy – Medium-Term Business Plan (MTBP) and others (Yr. 2015-2017, Yr. 2018-2020)
	G4-EC1	Direct economic value generated and distributed	SD: p.129	-
	Aspect: Indirect Economic Impacts			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.64-65, 77-80	-
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	SD: p.18-19, 77-80, 100-105	Service for low income, support supply chain, financial literacy for all, educational support for rural areas, etc.
Category: Environment	Aspect: Materials			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.110-111	-
	G4-EN1	Materials used by weight or volume	SD: p.114	Paper usage
	G4-EN2	Percentage of materials used that are recycled input materials	SD: p.115, 134	100% of envelopes are made from recycled paper
	Aspect: Energy			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.111-113	-
	G4-EN3	Energy consumption within the organization	SD: p.112-113	Calculation of electricity and fuel consumption only
	G4-EN6	Reduction of energy consumption	SD: p.113	-
	G4-EN7	Reductions in energy requirements of products and services	SD: p.112	-
	Aspect: Water			
	G4-DMA	Generic Disclosures on Management Approach	SD: P.111, 114	-
	G4-EN8	Total water withdrawal by source	SD: P.114	Water source: Mainly from municipal water supply
	G4-EN10	Percentage and total volume of water recycled and reused	SD. P.114	Approximated amount
Sub-Category: Lobor Practices and Decent Works	Aspect: Employment			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.88, 92-94	-
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	SD: p.128-129	-
	G4-LA3	Return to work and retention rates after parental leave, by gender	SD: p.95	-
	Aspect: Occupational Health and Safety			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.92-94	-
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	SD: p.95	-
	Aspect: Training and Education			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.88-91	-
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	SD: p.91	-
	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.90	-
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	SD: p.134	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.88, 92	-
	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.128-129	-
	Aspect: Grievance Mechanism			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.96	-
Sub-Category: Social	Aspect: Local Communities			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.18-19	-
	G4-FS13	Access points in low-populated or economically disadvantaged areas by type	SD: p.68-69	-
	G4-SO2	Operations with significant actual and potential negative impacts on local communities	SD: p.28-31	Local community refers to Thai society
	Aspect: Anti-Corruption			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.45-47	-
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	SD: p.45	-
	G4-SO4	Communication and training on anti-corruption policies and procedures	SD: p.46-47	-

		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.83-87	-
	G4-PR5	Results of surveys measuring customer satisfaction	SD: p.82	-
	Aspect: Customer Privacy			
	G4-DMA	Generic Disclosures on Management Approach	SD: p.65-66	-
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	SD: p.81	-
	Aspect: Product Portfolio			
	G4-DMA	Policies with specific environmental and social components applied to business lines	SD: p.65-66	-
	G4-DMA	Procedures for assessing and screening environmental and social risks in business lines	SD: p.65-66	-
	FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/ SME/large) and by sector	SD: p.67	-
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	SD: p.77-80	Soft loan for SME, microfinance, nano-finance, mortgage, hire purchase
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	SD: p.81	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.64-66, 77-81
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.104-105
4.	Quality Education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	SD: p.28-31, 101-103
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: p.8-9, 64-66, 77-81
9.	Industry, Innovation and Infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	SD: p.83-87
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.18-19, 64-65, 74, 76-80
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.82, 110-111
14.	Life Below Water	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	SD: p.117
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.116-117
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.43-47
17.	Partnerships for the Goals	Strengthen the means of implementation and revitalize the global partnership for sustainable development	SD: p.35

References in the report
- 2017 Krungsri Sustainability Report (SD)
  https://www.krungsri.com/bank/en/Other/CSR/sustainability-development-reports.html
- 2017 Krungsri Annual Report (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 2017 Krungsri Sustainability Report

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)

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3.2 Other suggestions and comments

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

Corporate Social Responsibility Department
Environmental, Social and Governance Division
Bank of Ayudhya PCL (Head Office)
Address: 1222 Rama III 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.

This eco-friendly report is printed with soy ink on 100% recycled paper
to help save trees and reduce carbon emission.

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